

**Standard Chartered Investments
and Loans (India) Limited**

Financial statements
together with Independent Auditors' Report
for the year ended 31 March 2013

Standard Chartered Investments and Loans (India) Limited

Financial statement together with Independent Auditors' Report

for the year ended 31 March 2013

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Private and confidential

The Board of Directors
Standard Chartered Investments and Loans (India) Limited
Floor No 3A, Crescenzo Building
Plot No C - 38 & 39, G Block
Bandra Kurla Complex
Bandra (E)
MUMBAI 400 051

29 May 2013

Dear Sirs

Auditors' report required by the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008

In addition to the report made under section 227 of the Companies Act, 1956 on the financial statements of Standard Chartered Investments and Loans (India) Limited ('the Company') for the year ended 31 March 2013 and as required by the 'Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008' vide notification No. DNBS (PD) CC No.280/03.02.001/2012-13 dated 2 July 2012 ('the Notification'), we report as follows on the matters specified in paragraph 3 and 4 of the said directions, to the extent applicable.

Management's responsibility

The Company's management is responsible for the preparation of the financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of 'the Companies Act, 1956' (the 'Act'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Pursuant to the requirements of the Notification it is our responsibility to examine the books and records of the Company and report on the matters specified in the Directions to the extent applicable to the Company.

We conducted our examination in accordance with the Guidance Note on Special Purpose Audit reports and Certificates issued by Institute of Chartered Accountants of India.

Conclusion

To the best of our knowledge and according to the information and explanations given to us and as shown by the records examined by us, we report that:

- The Company is engaged in the business of non-banking financial institution and it has obtained from Reserve Bank of India ('RBI') a certificate of registration No. N-13.01756 dated 14 February 2004, in pursuance of section 45-IA, of the RBI Act, 1934;
- The Company is entitled to continue to hold such certificate of registration in terms of its asset/income pattern as on/ for the year ended 31 March 2013;
- Based on the criteria set forth by RBI in the Company Circular No. DNBS.CC No.85/03.02.089/2006-07 dated 6 December 2007 for classification of Non-Banking Finance Companies as Asset Finance Company ('AFC'), the Company is not classified as AFC as defined in Non-Banking Financial Companies Acceptance of Public Deposit (Reserve Bank) Directions, 1998 with reference to the business carried on by it during the year ended 31 March 2013;
- Based on the criteria set forth by the RBI in the Non-Banking Financial Company – Micro Finance Institutions (Reserve Bank) Directions, 2011 dated 2 December 2011 ('MFI Directions') for classification of NBFCs as NBFC- MFIs, the Company is not classified as a Micro Finance Institution with reference to the business carried on by it during the year ended 31 March 2013;
- The Board of Directors have passed a resolution not to accept deposits from the public at its board meeting dated 29 March 2012;
- The Company has not accepted public deposits during year ended 31 March 2013;
- The Company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 in the preparation of financial statements for the year ended 31 March 2013;
- The Company being a Systemically Important Non-deposit taking NBFC as defined in paragraph 2(1)(xix) of the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 is in the process of furnishing to RBI the annual statement of capital funds, risk assets/ exposures and risk asset ratio (form NBS-7) within the stipulated period.

Restrictions on use

This certificate is issued solely for the purposes of complying with the requirements of the aforementioned RBI guidelines and may not be suitable for any other purpose. Accordingly, our certificate should not be quoted or referred to in any other document made available to any other person or persons without our prior written consent.

Yours Sincerely

For **B S R & Co.**

Chartered Accountants

Firm's Registration No: 101248W

Manoj Kumar Vijai

Partner

Membership No: 046882

Independent Auditors' Report

To the Members of Standard Chartered Investments and Loans (India) Limited

Report on the financial statements

We have audited the accompanying financial statements of Standard Chartered Investments and Loans (India) Limited ('the Company'), which comprise the balance sheet as at 31 March 2013, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, the financial performance and the cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report (Continued)

Standard Chartered Investments and Loans (India) Limited

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2013;
- b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on other legal and regulators matters

1. As required by the Companies (Auditors' Report) Order, 2003 ('the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order to the extent applicable to the Company.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) in our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examination of these books;
 - (c) the balance sheet, statement of profit and loss, and cash flow statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the balance sheet, statement of profit and loss, and cash flow statement comply with the Accounting Standards referred to in subsection (3C) of Section 211 of the Companies Act, 1956; and
 - (e) on the basis of written representations received from the Directors as on 31 March 2013, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March 2013, from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

For B S R & Co.
Chartered Accountants
Firm's Registration No: 101248W

Mumbai
29 May 2013

Manoj Kumar Vijai
Partner
Membership No: 046882

Standard Chartered Investments and Loans (India) Limited

Annexure to the Independent Auditors' Report – 31 March 2013

(Referred to in our report of even date)

1.
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a programme of physical verification of its fixed assets by which all fixed assets are verified on a yearly basis. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - (c) During the year, the Company has disposed of a major part of its fixed assets by way of sale of premises. In our opinion and according to the information and explanations given to us, the aforesaid disposal has not affected the going concern assumption.
2.
 - (a) The Company has conducted a physical verification of securities relating to the Company's current investments on the basis of actual verification or statement received from depository participants at reasonable intervals.
 - (b) The procedures for the physical verification of Company's current investments followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company is maintaining proper records of Company's current investments. No material discrepancies have been noticed on physical verification of current investments or statement received from depository participants.
3. According to the information and explanations given to us, the Company has not given / taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, with regard to the purchase of fixed assets and sale of services. We have not observed any major weakness in the internal control system during the course of our audit.
5. In our opinion, and according to the information and explanations given to us, there are no contracts and arrangements the particulars of which need to be entered into the register maintained under section 301 of the Companies Act, 1956.
6. The Company has not accepted any deposits from the public.
7. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business
8. The Central Government has not prescribed the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 for any of the services rendered by the Company.

Standard Chartered Investments and Loans (India) Limited

Annexure to the Independent Auditors' Report – 31 March 2013 (*Continued*)

9. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been regular in depositing undisputed statutory dues including Income-tax, Service tax, Cess and other material statutory dues during the year with the appropriate authorities. As explained to us, the Company did not have any dues on account of provident fund, sales tax, wealth tax, excise duty, customs duty and investor education and protection fund.

According to the information and explanations given to us, the following dues of Income tax have not been deposited by the Company on account of disputes.

Sr. No.	Amount (Rs in lakhs)	Nature of dues	Period to which amount relates	Forum where dispute is pending
1	10	Income tax	AY 2005-06	Appeal filed and pending before CIT(A)
2	488	Income tax	AY 2006-07	Appeal filed and pending before ITAT.
3	73	Income tax	AY 2006-07	Order u/s 201 received and appeal filed and pending before CIT(A).
4	9	Income tax	AY 2008-09	Appeal filed and pending before CIT(A).
5	81	Income tax	AY 2008-09	Order u/s 201 received and appeal filed and pending before CIT(A).
6	4	Income tax	AY 2010-11	Order u/s 201 received and appeal filed and pending before CIT(A).

- (b) According to the information and explanations given to us, there are no dues of service tax and cess which have not been deposited with the appropriate authorities on account of any dispute.
10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to any financial institution or bank.
12. In our opinion, the company has maintained adequate records in cases where it has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanation given to us, the Company is not a chit fund, nidhi or mutual benefit society.
14. According to the information and explanations given to us, in respect dealing and trading in securities, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company in its own name.

Standard Chartered Investments and Loans (India) Limited

Annexure to the Independent Auditors' Report – 31 March 2013 (*Continued*)

15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The Company did not have any term loans outstanding during the year.
17. In terms of the Guidelines of the Reserve Bank of India on Asset Liability Management System for non-banking finance companies, the Company regularly carries out an analysis of its assets and liabilities, based on their residual maturity, where maturity bucketing of loans has been made considering the residual period for the earliest exercise date of the call option for such loans available with the Company. Our examination of the same indicates that generally the funds raised on short-term basis have not been used for long-term purposes.
18. The Company has not made any preferential allotment of shares to companies/ firms/ parties covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company did not have any outstanding debentures as at 31 March 2013.
20. The Company has not raised any money by public issues.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For B S R & Co.
Chartered Accountants
Firm's Registration No: 101248W

Mumbai
29 May 2013

Manoj Kumar Vijai
Partner
Membership No: 046882

Standard Chartered Investments and Loans (India) Limited

Balance sheet

as at 31 March 2013

(Currency : Indian rupees in Lakhs)

	Note	31 March 2013	31 March 2012
Equity and liabilities			
Shareholder's funds			
Share capital	3	45,439	45,439
Reserves and surplus	4	16,258	2,446
Non-current liabilities			
Other non-current liabilities	14	938	760
Long term provisions	16	153	95
Current liabilities			
Short term borrowings	5	48,292	15,480
Other current liabilities	15	1,055	4,423
Short term provisions	16	77	3,130
Total		112,212	71,773
Assets			
Non-current assets			
Fixed assets			
Tangible assets	6, 2.9	3	170
Deferred tax asset	24	370	66
Non-current investments	7	1,799	6,931
Long term loans and advances	13	70,168	46,976
Other non-current assets	11	1,823	2,337
Current assets			
Current investments	8	2,500	-
Cash and bank balances	9	3,226	2,053
Trade receivables	10	190	682
Short term loans and advances	13	30,833	11,883
Other current assets	12	1,300	675
Total		112,212	71,773
Contingent liabilities and commitments	25	8,767	5,017
Summary of significant accounting policies	2		

The accompanying notes form an integral part of the financial statements.

As per our report of even date.

For B S R & Co.

Chartered Accountants

Firm's Registration No: 101248W

For and on behalf of the Board of Directors of
Standard Chartered Investments and Loans (India) Limited

Manoj Kumar Vijai

Partner

Membership No: 046882

Sunil Kaushal

Chairman

Dhiren Parekh

Managing Director

29 May 2013

Mumbai

Kanchan Bhawe

Company Secretary

Standard Chartered Investments and Loans (India) Limited

Statement of profit and loss

for the year ended 31 March 2013

(Currency : Indian rupees in Lakhs)

	Note	31 March 2013	31 March 2012
Revenue			
Revenue from operations	17	18,394	6,077
Other income	18	696	553
Total revenue		19,090	6,630
Expenditure			
Finance costs	19	2,674	1,010
Staff costs	20, 29	312	188
Other expenses	21	988	271
Depreciation on fixed assets	6, 2.9	4	5
		3,978	1,474
Profit before prior period item and tax		15,112	5,156
Prior period income			
Revenue from operations	31	855	315
Profit before tax		15,967	5,471
- Current tax		3,184	1,724
- MAT credit entitlement		(725)	-
- Prior year tax		-	(68)
- Deferred tax credit		(304)	(61)
Profit after tax		13,812	3,876
Basic and diluted earnings per share of face value of Rs 10 each	22	3.04	0.85

Summary of significant accounting policies

2

The accompanying notes form an integral part of financial statements.

As per our report of even date.

For **BSR & Co.**
Chartered Accountants
Firm's Registration No: 101248W

For and on behalf of the Board of Directors of
Standard Chartered Investments and Loans (India) Limited

Manoj Kumar Vijai
Partner
Membership No: 046882

Sunil Kaushal
Chairman

Dhiren Parekh
Managing Director

29 May 2013
Mumbai

Kanchan Bhawe
Company Secretary

Standard Chartered Investments and Loans (India) Limited

Cash flow statement

for the year ended 31 March 2013

(Currency : Indian rupees in Lakhs)

	31 March 2013	31 March 2012
Cash flows from operating activities		
Net profit before tax	15,967	5,471
Adjustments :		
Add / (Less) :		
Depreciation on fixed assets	4	5
(Profit) / Loss on sale of fixed assets including write off	(696)	(3)
Discount amortised on commercial paper issued	2,518	618
Debt issue expenses amortised	52	40
Bad debts	-	10
Provision / (write-back) for Service tax (input tax credit)	(66)	(83)
(Profit) on securitisation	(2)	(3)
Interest on working capital loan	69	124
Dividend received	(106)	(254)
Income from derivatives	(0)	(24)
Interest on Privately Placed Debentures (PPD)	35	228
Gain on disposal of investments	(8,629)	(230)
Contingent provisions against standard assets	104	14
Other interest income	-	(536)
Operating cash flow before working capital changes	(6,717)	(94)
Adjustments for :		
Add / (Less) :		
(Increase) / decrease in other bank balances	406	805
Increase / (decrease) in other long term liabilities	178	229
Increase / (decrease) in other current liabilities	552	(188)
(Increase) / decrease in other current assets	(560)	50
(Increase) / decrease in other non current assets	514	84
(Increase) / decrease in long term loans and advances	(23,921)	(11,547)
(Increase) / decrease in short term loans and advances	(18,949)	2,346
(Increase) / decrease in trade receivables	493	(682)
	(41,287)	(8,903)
Net cash from operating activities before taxes	(32,037)	(3,526)
Less: taxes paid (net of refunds)	(1,728)	(368)
Net cash from operating activities	(A) (33,765)	(3,894)
Cash flow from investing activities		
Purchase of fixed assets	(3)	(1)
Proceeds from sale of fixed assets	862	3
Dividend received	106	254
Proceeds from sale / redemption of investments	11,260	538
Net cash from investing activities	(B) 12,225	794

Standard Chartered Investments and Loans (India) Limited

Cash flow statement (Continued)

for the year ended 31 March 2013

(Currency : Indian rupees in Lakhs)

	31 March 2013	31 March 2012
Cash flow from financing activities		
(Redemption) of Privately Placed Debentures	(3,953)	(675)
Income from derivatives	-	24
Debt issue expenses	(52)	(40)
Issue of commercial paper	103,145	21,150
(Repayment) of commercial paper	(72,850)	(17,000)
Interest paid on working capital loan	(69)	(124)
Equity dividend paid for the previous year (including dividend distribution tax thereon)	(3,102)	(1,586)
Net cash from financing activities (C)	<u>23,119</u>	<u>1,749</u>
Net increase / (decrease) in cash and cash equivalents (D=A+B+C)	<u>1,579</u>	<u>(1,351)</u>
Cash and cash equivalents at the beginning of the year (E) (refer note 9)	1,647	2,998
Cash and cash equivalents at the end of the year (D+E) (refer note 9)	<u>3,226</u>	<u>1,647</u>

The accompanying notes form an integral part of financial statements.

As per our report of even date.

For **B S R & Co.**
Chartered Accountants
Firm's Registration No: 101248W

For and on behalf of the Board of Directors of
Standard Chartered Investments and Loans (India) Limited

Manoj Kumar Vijai
Partner
Membership No: 046882

Sunil Kaushal
Chairman

Dhiren Parekh
Managing Director

29 May 2013
Mumbai

Kanchan Bhawe
Company Secretary

Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements (Continued)

as at 31 March 2013

(Currency : Indian rupees in Lakhs)

Note - 3

	31 March 2013	31 March 2012
Share capital		
Authorised:		
460,000,000 (Previous year: 460,000,000) Equity shares of Rs.10 each	46,000	46,000
Issued, subscribed and paid-up:		
454,385,000 (Previous year : 454,385,000) Equity shares of Rs.10 each fully paid up	45,439	45,439
	<u>45,439</u>	<u>45,439</u>
A Reconciliation of number of shares (No of shares):		
Number of shares at the beginning of the year	454,385,000	454,385,000
Number of shares at the end of the year	454,385,000	454,385,000
B Reconciliation for the amount of share capital		
At the beginning of the year	45,439	45,439
At the end of the year	45,439	45,439
C Terms / rights attached to equity shares		
The Company has only one class of equity shares having a par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. There are no restrictions on payment of dividend to equity shareholders. The Company declares and pays dividend to its shareholders. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. During the year ended 31 March 2013, the amount of per share dividend recognised as distributions to equity shareholders was Rs Nil (Previous Year: Rs 0.587).		
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.		
D Shares held by holding / ultimate holding company and / or their subsidiaries / associates		
The entire share capital is held by Standard Chartered Bank, United Kingdom and its nominees.		

Note - 4

Reserves and surplus

Statutory reserve fund

(Under section 45 IC of The Reserve Bank of India Act, 1934)

Opening balance	2,446	1,672
Transfer from statement of profit and loss	2,762	774
Closing balance (A)	<u>5,208</u>	<u>2,446</u>

Surplus in the Statement of profit and loss

Opening balance	-	-
Profit for the year	13,812	3,876
Less: Appropriations		
Transfer to statutory reserve fund	2,762	774
Proposed final equity dividend [amount per share Rs Nil (Previous Year: Rs 0.587)]	-	2,668
Tax on proposed equity dividend	-	434
Closing balance (B)	<u>11,050</u>	<u>-</u>
(A+B)	<u>16,258</u>	<u>2,446</u>

Note - 5

Short term borrowings (unsecured)

Commercial papers	49,500	16,250
Unamortised discount	(1,208)	(770)
	<u>48,292</u>	<u>15,480</u>

The outstanding commercial papers are of a face value of Rs. 100 each, issued at a price ranging between Rs. 95.48 to Rs. 97.21 and are redeemable at face value upon maturity. The original maturity of commercial papers ranges between 109 days to 180 days and their maturities range between 29 May 2013 to 30 August 2013.

Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements (Continued)

as at 31 March 2013

(Currency : Indian rupees in Lakhs)

Note - 6 - Fixed assets

Description	Gross block at cost		Depreciation		Net block	
	As at 1 April 2011	For the Year Additions	Deletions	As at 31 March 2012	As at 31 March 2012	As at 31 March 2011
<i>Tangible assets</i>						
Computer hardware	17	1	(2)	15	1	-
Office equipment	7	-	-	6	1	3
Premises	199	-	-	31	168	171
<i>Intangible assets</i>						
Computer software	276	-	(3)	273	-	-
Total	499	1	(5)	325	170	174

Description	Gross block at cost		Depreciation		Net block	
	As at 1 April 2012	For the Year Additions	Deletions	As at 31 March 2013	As at 31 March 2013	As at 31 March 2012
<i>Tangible assets</i>						
Computer hardware	16	2	-	16	2	1
Office equipment	7	1	-	7	1	1
Premises	199	-	(199)	-	-	168
<i>Intangible assets</i>						
Computer software	273	-	-	273	-	-
Total	495	3	(199)	296	3	170

Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements (Continued)

as at 31 March 2013

(Currency : Indian rupees in Lakhs)

31 March 2013

31 March 2012

Note - 7

Non-current investments

Non trade investments (valued at cost unless otherwise stated)

Unquoted equity instruments

Investment in fellow subsidiaries

1,109,300 (Previous year: 1,109,300) Equity shares of face value of Rs 10 each of Standard Chartered Finance Limited, fully paid up

28

28

Investment in associates

13,000,000 (Previous year: 13,000,000) Equity shares of face value of Rs 10 each of Standard Chartered (India) Wealth Advisory Services Private Limited, fully paid up

1,771

1,771

Investment in preference shares (unquoted)

Investment in fellow subsidiaries

Nil (Previous year: 2,500,000), 8% Non Convertible Cumulative Preference Shares of Standard Chartered Securities (India) Limited of face value 100 each for a tenor of 5 years. As on 31 March 2013, these investments have been classified as current based on the receipt of the early redemption notice from the issuer, notifying a redemption on 8 April 2013, i.e. within 12 months after year end

-

2,500

1,799

4,299

Quoted

Nil (Previous year: 2,025,060) Equity shares of face value of Rs 5 each of PI Industries Limited

-

2,632

1,799

6,931

Aggregate book value of quoted investments

-

2,632

Aggregate market value of quoted investments

-

10,700

Aggregate book value of unquoted investments

1,799

4,299

Note - 8

Current investments

Investment in preference shares (unquoted)

Investment in fellow subsidiaries

2,500,000 (Previous year: Nil), 8% Non Convertible Cumulative Preference Shares of Standard Chartered Securities (India) Limited of face value 100 each for a tenor of 5 years.

Explanation:

As on 31 March 2013, these investments have been classified as current based on the receipt of the early redemption notice from the issuer, notifying a redemption on 8 April 2013, i.e. within 12 months after year end. Consequently, the redemption premium accrued on these preference shares has also been classified as current

2,500

-

2,500

-

Aggregate book value of quoted investments

-

-

Aggregate market value of quoted investments

-

-

Aggregate book value of unquoted investments

2,500

-

Note - 9

Cash and bank balances

Cash and cash equivalents

Balances with Banks

In current accounts

Deposits with original maturity of less than three months

526

1,647

2,700

-

(A)

3,226

1,647

Other bank balances

Deposits with original maturity of more than three months but residual maturity of less than twelve months

-

403

Margins with custodian

-

3

(B)

-

406

(A+B)

3,226

2,053

Note - 10

Trade receivables

Unsecured and considered good

Debts outstanding for a period exceeding six months

-

-

Other debts

190

682

190

682

Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements (Continued)

as at 31 March 2013

(Currency: Indian rupees in Lakhs)

Note - 11

Other non-current assets

Interest accrued on tax refunds	1,803	1,803
Redemption premium accrued on preference shares (Refer explanation to Note 8)	-	515
Others	20	19
	<u>1,823</u>	<u>2,337</u>

31 March 2013

31 March 2012

Note - 12

Other current assets

Interest accrued on advances	583	643
Redemption premium accrued on preference shares (Refer explanation to Note 8)	715	-
Interest accrued on fixed deposits	2	32
	<u>1,300</u>	<u>675</u>

Note - 13

Loans and advances

Long term loans and advances

Loans to companies * (Secured and considered good)	41,775	22,488
Loans to companies * (Unsecured and considered good)	19,242	15,700
Advance tax [Net of provision for tax (including Fringe benefits tax and MAT credit)] (Refer note 33)	<u>9,151</u>	<u>8,788</u>
	<u>70,168</u>	<u>46,976</u>

Short term loans and advances

Loans to companies ** (Secured and considered good)	21,218	11,351
Loans to companies ** (Unsecured and considered good)	9,585	500
Security deposits	30	32
	<u>30,833</u>	<u>11,883</u>

* includes loans aggregating to Rs 10,029 (Previous year: Rs 11,500) classified under secured for which security has been registered subsequent to the balance sheet date and loans aggregating to Rs 19,242 (Previous year: Rs 15,700) classified under unsecured for which securities are in the process of being perfected.

** includes loans aggregating to Rs 7,796 (Previous year: Rs Nil) classified under secured for which security has been registered subsequent to the balance sheet date and loans aggregating to Rs 9,585 (Previous year: Rs Nil) classified under unsecured for which securities are in the process of being perfected.

Current year figures of loans and advances to customers, have been presented as long term / short term based on the timing of the cash flows stipulated in the repayment schedule, as against the prior year practice of long term / short term classification based on the credit maturity of loans. Had the current year's methodology been adopted, the loan balances as at 31 March 2012 would be - Long term secured loans Rs 21,747, Long term unsecured loans Rs 15,256, Short term secured loans Rs 12,091 and Short term unsecured loans Rs 944.

Note - 14

Other non current liabilities

Others	7	7
Unamortised fee/cost	931	753
	<u>938</u>	<u>760</u>

Note - 15

Other current liabilities

Trade payables	397	201
Unamortised fee/cost	658	303
Current maturities of long-term borrowings	-	3,919
	<u>1,055</u>	<u>4,423</u>

Note - 16

Provisions

Long term provisions

Contingent provisions against standard assets [see note 35]	153	95
	<u>153</u>	<u>95</u>

Short term provisions

Proposed dividend	-	2,668
Dividend distribution tax	-	434
Contingent provisions against standard assets [see note 35]	77	28
	<u>77</u>	<u>3,130</u>

Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2013

(Currency : Indian rupees in Lakhs)

Note - 17

Revenue from operations

Interest income

Interest income on loans and advances

8,634

4,983

Interest income on bank deposits

279

195

Other financial services

Fee income

544

187

Dividend income

106

254

Amortisation of redemption premium

200

201

Income from derivatives

-

24

Gain on sale of investments

8,629

230

Other income

2

3

18,394

6,077

Note - 18

Other income

Profit on sale of fixed assets including write off

696

3

Rental income

-

14

Other interest income

-

536

696

553

Standard Chartered Investments and Loans (India) Limited
Notes to the financial statements (Continued)

for the year ended 31 March 2013

(Currency : Indian rupees in Lakhs)

31 March 2013

31 March 2012

Note - 19

Finance costs

Interest expenses

Interest on Privately Placed Debentures	35	228
Interest on working capital loan	69	124

Other borrowing costs

Discount amortised on commercial papers issued	2,518	618
Debt issue expenses amortised	52	40
	<u>2,674</u>	<u>1,010</u>

Note - 20

Staff costs (Refer note 29)

Salaries, bonus, staff welfare expenses and allowances	312	188
	<u>312</u>	<u>188</u>

Note - 21

Other expenses

Rent	90	64
Outsourcing expenses	56	64
Royalty charges	172	59
Support service charges (Refer note 30)	440	28
Brokerage and other fees	39	26
Communication expenses	4	17
Collection charges	0	14
Auditors' remuneration		
- Statutory audit	11	11
- Tax audit	3	3
- Other services	2	4
- Reimbursement of expenses	<u>1</u>	<u>1</u>
	17	19
Contingent provision against standard assets	104	14
System maintenance charges	14	13
Exchange (gain)/loss on foreign exchange conversion	-	5
Printing and stationery	2	3
Travelling and conveyance	4	3
Repairs and maintenance - Premises	3	2
Repairs and maintenance - Others	1	2
Legal expenses	2	2
Bad debts [net of recoveries Rs 6 (Previous year: Rs 55)]	(6)	(46)
Provision for service tax (input tax credit)	(66)	(83)
Others	112	65
	<u>988</u>	<u>271</u>

Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements

for the year ended 31 March 2013

1. Background

Standard Chartered Investments and Loans (India) Limited ('the Company') was incorporated under the Companies Act, 1956 on 22 October 2003. The Company was issued a registration certificate dated 14 February 2004, by the Reserve Bank of India ('RBI') to act as a Category B Non – Banking Financial Company ('NBFC') not accepting public deposits. The entire share capital of the Company is held by Standard Chartered Bank, United Kingdom and its nominees. The activities of the Company involve lending and investments.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention on the accrual basis of accounting, unless as otherwise stated, and comply with the Accounting Standards prescribed in the Companies (Accounting Standard) Rules, 2006 ('AS') (to the extent applicable), and in accordance with the generally accepted accounting principles ('GAAP') and the relevant provisions of the Companies Act, 1956, and the guidelines issued by the RBI in respect of NBFCs ('RBI guidelines'), as adopted consistently by the Company to the extent applicable. The financial statements are presented in Indian rupees rounded off to the nearest lakhs, unless otherwise stated.

2.2 Use of estimates

The preparation of the financial statements is in conformity with the GAAP in India and requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities, as on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

2.3 Current /non-current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- i. it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- ii. it is held primarily for the purpose of being traded;
- iii. it is expected to be realised within 12 months after the reporting date; or
- iv. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current assets.

Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements

for the year ended 31 March 2013

2. Summary of significant accounting policies (*Continued*)

2.3 *Current /non-current classification (Continued)*

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- i. it is expected to be settled in the Company's normal operating cycle;
- ii. it is held primarily for the purpose of being traded;
- iii. it is due to be settled within 12 months after the reporting date; or
- iv. the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current liabilities.

All other liabilities are classified as non-current.

2.4 *Investments*

Investments are classified into long term and current investments based on management's intention at the time of purchase.

Long-term investments are carried at cost less diminution in value, if any, which is other than temporary, determined separately for each individual investment.

Current investments are carried at cost or market value (book value in case of unquoted) whichever is lower. Current investments are valued scrip-wise. Net depreciation, if any, is provided for and net appreciation, if any, is ignored.

Brokerage and commission paid at the time of sale is accounted as cost in the statement of profit and loss.

Profit or loss on sale of investments is determined on the basis of weighted average carrying cost of the investment.

Transfer between categories

Transfer of investments between categories, if any, is accounted at the acquisition cost / book value / market value, whichever is lower, as at the date of transfer. Depreciation, if any, on such transfer is fully provided for.

Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements

for the year ended 31 March 2013

2. Summary of significant accounting policies (Continued)

2.5 Loans

Loans are classified into 'performing' and 'non-performing' and are stated after deduction of specific provisions and interest in suspense in accordance with the prescribed RBI guidelines.

Non-performing loans are identified by periodic appraisals of the portfolio by the management and appropriate provisions are made based on management's assessment of the degree of impairment of the loans, subject to minimum provisioning level prescribed by the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 and the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, issued by the RBI.

The Company also maintains a contingent provision against standard assets, at rates and as per norms prescribed by the RBI.

2.6 Derivative financial instruments

The Company issues non-convertible debentures, returns on which are linked to performance of specified equity indices over the period of the debentures. The embedded derivative component of the instrument is separated from host contract and accounted for at fair value and changes in the fair value are recognised in the statement of profit and loss. The host debt instrument is accounted at amortised cost like any other regular fixed rate debenture. In case of scheduled redemption, the difference between the settlement value and the amortised book value of the debenture is recognised as interest cost.

Equity index- futures

Open trading futures positions at the balance sheet date are Marked to Market ('MTM') as per the rates declared by National Stock Exchange of India and any unrealised loss / gain is recognised in the statement of profit and loss.

Equity index – options

As on the balance sheet date premium paid / received on options purchased / sold are MTM against the premium prevailing on that date. Any gain / loss arising thereon is recognised in the statement of profit and loss.

When the option contracts are squared up before the expiry of options, premium prevailing on that date is recognised in the statement of profit and loss. If more than one option contract in respect of the same index / stock with the same strike price and expiry date to which the squared up contract pertains is outstanding at the time of squaring up of the contract, weighted average method is followed for determining profit or loss. On expiry of the contracts and on exercising of the options, the difference between final settlement price and the strike price is recognised in the statement of profit and loss.

Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements

for the year ended 31 March 2013

2. Summary of significant accounting policies (*Continued*)

2.7 *Securitisation*

Securitisation transactions are accounted for in accordance with Guidelines on Securitisation of Standard Assets vide circular No. 2005-06/294 DBOD.No.BP.BC.60/21.04.048/2005-06 dated 1 February, 2006, issued by RBI.

Securitized assets are derecognised upon sale when the Company surrenders control over the contractual rights relating to the underlying assets. In respect of credit enhancements provided or recourse obligations accepted by the Company at the time of securitisation, appropriate provisions/ disclosures are made at the time of sale in accordance with AS 29 – Provisions contingent liabilities and contingent assets.

Pursuant to the RBI guidelines, the Company amortises any profit / premium arising on account of sale of assets over the life of the securities sold while any loss arising on account of sale is recognised in the statement of profit and loss in the period in which the sale occurs. Securitisation transactions that do not meet the criteria for surrender of control are accounted for as secured borrowing. There are no securitisations under the new securitisation guidelines issued vide circular No RBI//2012-13/170 DNBS. PD. No. 301/3.10.01/2012-13 dated 21 August 2012.

2.8 *Revenue recognition*

- Interest income is recognised on accrual basis of accounting, except in case of interest on non-performing loans which is recognised as income on receipt.
- Fee income is recognised upfront except for amounts in excess of a threshold (Rs. 20 lakhs), where they are accounted over the tenor of the loan if they are determined to be yield enhancing.
- Dividend is recognised as income as and when the right to receive the same is established.

2.9 *Fixed assets and depreciation*

- Fixed assets are carried at cost of acquisition less accumulated depreciation and impairments, if any. Acquisition cost includes all expenses incidental to the acquisition of the fixed assets and any attributable cost of bringing the asset to its working condition for its intended use.
- As per the provisions of the Companies Act, 1956, individual fixed assets costing less than Rs. 5,000 are depreciated fully in the year of purchase.
- Depreciation is provided on the straight-line method over the estimated useful life of the asset, subject to minimum rates of depreciation prescribed under Schedule XIV to the Companies Act, 1956. The depreciation rates are as follows:

Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements

for the year ended 31 March 2013

2. Summary of significant accounting policies (*Continued*)

2.9 Fixed assets and depreciation (*Continued*)

Fixed assets	Rate of depreciation
Computer hardware	33.33%
Office equipment	20%
Furniture and fittings	20%
Premises	2%

- Intangible assets (computer software) are capitalised on the basis of the cost incurred to acquire and put to use. These costs are amortised over the expected useful lives, subject to a maximum of three years.
- On disposal of fixed assets, the profit or loss is calculated as the difference between net sales proceeds and the net carrying amount as on the date of sale.
- The Company assesses at each balance sheet date, or as and when significant event occurs, whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs to is less than its carrying value, the carrying value is reduced to the recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss for the year. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

2.10 Discount and issue expenses

- Discount on commercial paper issued is amortised on a constant effective yield basis over the tenor of the instrument.
- Debt issue expenses include stamp duty and fees paid to credit rating agencies relating to the issue of commercial paper, which are accounted for as follows:
 - Stamp duty expenses are amortised on a straight-line basis over the life of the instrument.
 - Fees paid to credit rating agencies are amortised on a straight-line basis over the period for which the instrument has been rated.

2.11 Accounting for leases

Assets given/ taken on lease are accounted in accordance with provisions of AS 19-Leases. Lease payments made under operating leases are recognised as an expense in the statement of profit and loss.

2.12 Provisions and contingencies

The Company recognises a provision when there is a present obligation as a result of past events that probably requires an outflow of resources embodying economic benefits and a reliable estimate can be made of the amount of the obligation.

Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements

for the year ended 31 March 2013

2. Summary of significant accounting policies (*Continued*)

2.12 Provisions and contingencies (*Continued*)

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

2.13 Earnings per share (*EPS*)

The basic EPS is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the reporting year.

Number of equity shares used in computing diluted EPS comprises the weighted average number of shares considered for deriving basic earnings per share and also weighted average number of equity shares, which would have been issued on the conversion of all dilutive potential shares. In computing diluted EPS only potential equity shares that are dilutive are included.

2.14 Income taxes

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the period).

Current tax expense is recognised on an annual basis under the taxes payable method, based on the estimated tax liability computed after taking credit for allowances and exemption in accordance with the Income Tax Act, 1961. In case of matters under appeal due to disallowance or otherwise, full provision is made when the said liabilities are accepted by the Company.

Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the asset can be realised in future, however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised.

Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements

for the year ended 31 March 2013

2. Summary of significant accounting policies (*Continued*)

2.14 *Income taxes (Continued)*

Minimum Alternate Tax ('MAT') under the provisions of Income Tax Act, 1961 is recognised as current tax in the statement of profit and loss. The credit available under the act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements

for the year ended 31 March 2013

(Indian rupees in Lakhs)

22 Earnings Per Share (EPS)

EPS has been calculated by dividing the net profit after taxation for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

The computation of EPS is set out below:

Description	31 March 2013	31 March 2012
Net profit (gross of transfer to statutory reserve) attributable to equity shareholders	13,812	3,876
Weighted average number of equity shares (in Lakhs) outstanding during the year for calculation of earnings per share	4,544	4,544
Basic and Diluted Earnings per share of face value of Rs 10 (Rs.)	3.04	0.85

The basic and diluted EPS is same as there are no potential dilutive equity shares.

23 Leases

Disclosures as required by Accounting Standard 19 – Leases pertaining to lease arrangement entered into by the Company are given below:

- The assets taken / given on lease primarily relate to commercial and residential premises and are in the nature of operating leases.
- All leases are cancellable leases. Rentals are as per the agreements. Lease agreements do not have any undue restrictive or onerous clauses, other than those normally prevalent in similar agreements, for use of assets, rental increases and lease renewals.
- Lease rent charged (net) for the year ended 31 March 2013 is Rs. 90 (Previous year Rs. 64).
- Premises given on lease:

Description	31 March 2013	31 March 2012
Gross carrying amount	-	199
Accumulated depreciation	-	31
Depreciation charge for the year	2	4

Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements

for the year ended 31 March 2013

(Indian rupees in Lakhs)

24 Deferred tax

Deferred tax assets / liabilities as per AS 22 – Accounting for taxes on income, included in the balance sheet comprise of the following:

Description	31 March 2013	31 March 2012
Deferred tax assets		
Depreciation on fixed assets	44	101
Contingent provision against standard assets	74	41
Unamortised fees	522	348
Loss on sale of fixed assets	-	1
Unamortised profit on assignment of loans	1	1
Provision for un-utilised service tax credit	318	340
Total deferred tax asset	959	832
Deferred tax liabilities		
Unamortised cost	(4)	-
Interest accrued on income tax refunds	(585)	(766)
Total deferred tax liability	(589)	(766)
Net deferred tax asset	370	66

25 Contingent liabilities and commitments

	As at 31 March 2013	As at 31 March 2012
Taxation [see note (1)]	5,017	5,017
Undisbursed sanctions [see note (2)]	3,750	-
Total	8,767	5,017

Notes:

- (1) Tax liabilities (including interest and penalty) of the Company for the assessment years 2005-06, 2006-07, 2007-08, 2008-09 and 2010-11 are pending final outcome of the rectification and appeals filed by the Company. The Company believes that these demands are largely unsustainable and accordingly, no provisions have been made.
- (2) Undisbursed sanctions represents sanctioned lines not drawn by the customer.

Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements

for the year ended 31 March 2013

(Indian rupees in Lakhs)

26 Expenditure in foreign currency

Rs. 2,668 (Previous year: Rs. 1,365) of equity dividend was remitted during the year for the period 1 April 2011 to 31 March 2012 (excluding dividend distribution tax) on 4,544 shares (Lakhs) held by Standard Chartered Bank, UK.

Rs 53 (Previous year: Rs. 46) was paid to Standard Chartered Strategic Brand Management Company Limited, UK during the year in respect of Brand Royalty costs for the period 1 April 2011 to 31 March 2012.

27 Segmental reporting

Segment descriptions

Segment definition	Activities
Origination and Client Coverage (OCC)	Primarily consists of loans to corporate customers
Global Markets	Fixed income and other asset liability management products
Unallocated	Primarily consists of corporate level items such as tax and income thereon, investment in group companies, fixed assets and related costs such as depreciation

Notes:

1. The segment definition has been determined in line with AS 17 - Segment reporting.
2. Inter segment allocations stated below represent Global Markets segment's internal fund transfer pricing which it charges to other segments for the funds mobilised. Based on tenors of assets / liabilities and market scenarios, Global Markets segment calculates notional interest rates used for this purpose.
3. Capital, Reserves and attributable earnings thereon are allocated to individual segments based on average assets.
4. As the Company operates only in the Indian market, there are no reportable geographical segments.

Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements for the year ended 31 March 2013

(Indian rupees in Lakhs)

27 Segmental reporting (Continued)

Description	OCC 31 March 2013	31 March 2012	Global Markets 31 March 2013	31 March 2012	Unallocated 31 March 2013	31 March 2012	Total 31 March 2013	31 March 2012
Segment revenue								
Revenue from operations	9,179	5,171	8,967	530	1	3	18,147	5,704
Other income	-	-	-	-	943	922	943	922
Inter segment allocations *	1,484	(814)	(1,220)	1,043	(264)	(229)	-	-
Total	10,663	4,357	7,747	1,573	680	696	19,090	6,626
Segment results*	10,185	3,949	4,517	585	410	622	15,112	5,156
Prior period income	855	-	-	-	-	315	855	315
Segment results after prior period income	11,040	3,949	4,517	585	410	937	15,967	5,471
Income taxes								
Current tax (including MAT credit)	-	-	-	-	(2,459)	(1,656)	(2,459)	(1,656)
Deferred tax	-	-	-	-	304	61	304	61
Profit after tax							13,812	3,876
Other information								
Carrying amount of segment assets	93,124	52,040	2,702	3,965	16,386	15,768	112,212	71,773
Carrying amount of segment liabilities**	50,669	35,197	50,557	22,305	10,986	14,271	112,212	71,773
Capital expenditure	-	-	-	-	3	1	3	1
Depreciation	-	-	-	-	(3)	(6)	(3)	(6)
Non cash expenditure other than depreciation	(39)	76	(2,518)	(618)	-	42	(2,557)	(500)

* Refer note 2 of segmental reporting

** Refer note 2 and 3 of segmental reporting

Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements

for the year ended 31 March 2013

(Indian rupees in Lakhs)

28 Related parties disclosure

Name of Related Party	Nature of relationship
Standard Chartered PLC	Ultimate parent company
Standard Chartered Bank – UK	Holding company
Standard Chartered Bank – India Branches ('the Bank')	Branch of holding company
Scope International Private Limited	Fellow subsidiary
Standard Chartered Securities (India) Ltd	Fellow subsidiary
Standard Chartered Finance Limited	Fellow subsidiary
Standard Chartered Strategic Brand Management Limited	Fellow subsidiary
Standard Chartered Bank Nepal Limited	Fellow subsidiary
Standard Chartered (India) Wealth Advisory Services Private Limited	Associate enterprise

Transactions with Standard Chartered Bank – India Branches	For the year ended 31 March 2013	For the year ended 31 March 2012
Leasing arrangements availed	90	64
Leasing arrangements provided	-	14
Receiving of services (secondment of staff * and other support charges)	752	216
Other expenses	-	1
Profit on disposal of assets	-	1
Fee income	17	3
Sale of assets (cost)	-	2
Reimbursement of expenses	2	-

* includes Rs 33 (Previous year: Rs 32) paid for secondment of key management personnel

Balances with Standard Chartered Bank – India Branches	As at 31 March 2013	Maximum outstanding during the year	As at 31 March 2012	Maximum outstanding during the year
Sundry balances – payables for services availed	141	320	40	109
Sundry balances – Fee receivable	35	115	55	55

Banking transactions and balances	For the year ended 31 March 2013	For the year ended 31 March 2012
Transactions		
Issuance of commercial papers	-	10,100
Maturity of commercial papers	8,125	10,625
Unamortised discount on commercial papers	-	385
Discount amortised on commercial papers	385	140
Interest on working capital loan	69	124
Interest received	204	151
Purchase of foreign exchange	2,721	1,411

Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements

for the year ended 31 March 2013

(Indian rupees in Lakhs)

28 Related parties disclosure (Continued)

Balances	As at 31 March 2013	Maximum outstanding during the year	As at 31 March 2012	Maximum outstanding during the year
Bank balance	505	4,885	1,599	2,129
Working capital loan	-	13,480	-	7,050
Commercial paper	-	8,125	8,125	8,125
Fixed deposits	-	6,800	-	4,000
Margin money	-	3	3	575

Transactions with Scope International Private Limited	For the year ended 31 March 2013	For the year ended 31 March 2012
Outsourcing expenses	23	22

Balances with Scope International Private Limited	As at 31 March 2013	Maximum outstanding during the year	As at 31 March 2012	Maximum outstanding during the year
Sundry balances – payable for services provided	2	6	1	4

Transactions with Standard Chartered Finance Limited	For the year ended 31 March 2013	For the year ended 31 March 2012
Dividend income	-	129

Transactions with Standard Chartered (India) Wealth Advisory Services Private Limited	For the year ended 31 March 2013	For the year ended 31 March 2012
Dividend income	47	43

Transactions with Standard Chartered Securities (India) Limited	For the year ended 31 March 2013	For the year ended 31 March 2012
Redemption premium on preference shares	200	515
Brokerage and other charges paid	38	18
Profit on disposal of assets	-	2
Sale of assets (cost)	-	3

Balances with Standard Chartered Securities (India) Limited	As at 31 March 2013	Maximum outstanding during the year	As at 31 March 2012	Maximum outstanding during the year
Investments in preference shares	2,500	2,500	2,500	2,500
Redemption premium accrued on preference shares	715	715	515	515

Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements

for the year ended 31 March 2013

(Indian rupees in Lakhs)

28 Related parties disclosure (Continued)

Transactions with Standard Chartered Strategic Brand Management Limited	For the year ended 31 March 2013	For the year ended 31 March 2012
Royalty costs	172	59

Balances with Standard Chartered Strategic Brand Management Limited	As at 31 March 2013	As at 31 March 2012
Royalty payable (net of TDS)	154	53
Reimbursement of expenses	10	-

Transactions with Standard Chartered Bank Nepal Limited	For the year ended 31 March 2013	For the year ended 31 March 2012
Reimbursement of costs	-	2

Transactions with Standard Chartered Bank, UK	For the year ended 31 March 2013	For the year ended 31 March 2012
Equity dividend paid	-	2,668

29 Staff costs

All employees of the Company are seconded from Standard Chartered Bank, India. Related costs (including retirement benefit costs) are recovered by the Bank from the Company on a monthly basis. These costs are disclosed in Note 20.

30 Support service charges

The Bank incurs expenditure on support functions like Corporate Real Estate Services, Human Resources, Finance, Taxation, Legal, Compliance, Audit, Information Technology, Corporate Affairs etc., which is for the common benefit of the Bank and Group companies in India. Such costs are recovered from other Group companies based on an identifiable criteria and such expenditure is shown as Support Service Charges under Note 21.

31 Prior period income

During the year ended March 2013, the Company has recognised interest income on loan amounting Rs 855 pertaining to the period 31 August 2010 to 31 March 2012.

During the year ended March 2012, the Company had recognised premium on redemption of preference shares amounting Rs 315 pertaining to the period 3 September 2009 to 31 March 2011.

Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements

for the year ended 31 March 2013

(Indian rupees in Lakhs)

32 Transfer pricing

The Company has established a system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income Tax Act, 1961.

33 MAT Credit

As the MAT computed on book profits (Rs 3,184) is higher than the tax under the normal provisions of Income tax Act, 1961 (Rs 2,459), the tax liability is discharged based on MAT.

A MAT credit of Rs. 725 has been disclosed under Note no 13 – Long term loans and advances as the Company has convincing evidence to utilise the said credit against normal income tax liability during the period for which the MAT credit can be carried forward for set off against the normal tax liability.

34 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED')

On the basis of the information and records including confirmations sought from suppliers on registration with specified authority under MSMED; no amounts pertaining to principal and interest were due or remained due as at and for the year ended 31 March 2013 (Previous year: Nil). There have been no reported cases of delay in payments in excess of 45 days to MSME or of interest payments due to delay in such payments.

35 Contingent provision against standard assets

A general provision at 0.25% of the outstanding standard assets, has been made as prescribed by RBI vide its circular no RBI/2012-13/37 DNBS (PD) CC No. 279 / 03.02.001 / 2012-13 dated 2 July 2012. This provision has been separately disclosed under Note 16 – Contingent provision against standard assets.

Standard Chartered Investments and Loans (India) Limited

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for the year ended 31 March 2013

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36 NBFC disclosures

(i) In accordance with RBI notification No. DNBS 167/CGM (OPA)-2003 dated 29 March 2003, the following are the additional disclosures required under the format as prescribed vide paragraph 9BB of non-deposit taking non-banking financial company (as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 1998.

Amounts as at 31 March 2013

Liabilities:	Amount Outstanding	Amount Overdue
(1) Loans and advances availed by the non banking financial company inclusive of interest accrued thereon but not paid::		
(a) Debentures : Secured	-	-
: Unsecured	-	-
(other than falling within the meaning of public deposits*)	-	-
(b) Deferred Credits	-	-
(c) Term Loans	-	-
(d) Inter-Corporate Loans and Borrowing	-	-
(e) Commercial Paper	48,292	-
(f) Other Loans:	-	-
See Note 1 below	-	-

Assets:	Amount Outstanding
(2) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:	
(a) Secured	62,993
(b) Unsecured	28,827
	Amount Outstanding
(3) (i) Lease assets including lease rentals under sundry debtors	
(a) Financial Lease	-
(b) Operating Lease	-
(ii) Stock on hire including hire charges under sundry debtors:	
(a) Assets on hire	-
(b) Repossessed assets	-
(iii) Other loans counting towards Asset Finance Company activities:	
(a) Loans where assets have been repossessed	-
(b) Loans other than (a) above	-

Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements

for the year ended 31 March 2013

(Indian rupees in Lakhs)

36 NBFC disclosures (*Continued*)

(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) (Please see Note 3 below):

Category	Market Value / Break-up or Fair Value or NAV	Book Value (Net of Provisions)
1. Related Parties		
(a) Subsidiaries	-	-
(b) Companies in the same group #	4,851	4,299
(c) Other related parties	-	-
2. Other than related parties	-	-
Total	4,851	4,299

(7) Other information

Particulars	Amount
(i) Gross Non-Performing Assets	-
(a) Related Party	-
(b) Other than Related Parties	-
(ii) Net Non-Performing Assets	-
(a) Related Party	-
(b) Other than Related Parties	-
(iii) Assets acquired in satisfaction of debts	-

Notes:

- As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
 - Provisioning norms shall be applicable as prescribed in the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.
 - All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (4) above.
- # Investments being unquoted, net assets value has been calculated as per the last available audited financial statements of the investee company as at 31 March 2012 except Preference share which is taken at cost.

Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements

for the year ended 31 March 2013

(Indian rupees in Lakhs)

36 NBFC disclosures (*Continued*)

- (ii) In accordance with RBI circular No DNBS(PD)CC No.125/03.05.002/2008 dated 1 August 2008 (Guidelines for NBFC-ND-SI as regards to capital adequacy, liquidity and disclosure norms following additional Disclosures are made in format as prescribed vide paragraph (5) of the circular as regards to Capital Adequacy, Liquidity and Disclosure norms.

Capital to Risk Adjusted Ratio ('CRAR')

Items	31 March 2013	31 March 2012
(i) CRAR (%)	62.31%	81.12%
(ii) CRAR - Tier I capital (%)	62.08%	80.91%
(iii) CRAR - Tier II Capital (%)	0.23%	0.21%

Exposures		
Exposure to Real Estate Sector		
Category	31 March 2013	31 March 2012
(a) Direct exposure	-	-
(i) Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to Rs.15 lakh may be shown separately)	-	-
(ii) Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	-	-
(iii) Investments in Mortgage Backed Securities and other securitized exposures -	-	-
a. Residential	-	-
b. Commercial Real Estate	-	-
(b) Indirect Exposure	-	-
Fund based and non-fund based exposures on National Housing Bank and Housing Finance Companies.	-	-

Standard Chartered Investments and Loans (India) Limited

Notes to the financial statements

for the year ended 31 March 2013

(Indian rupees in Lakhs)

36 NBFC disclosures (Continued)

Maturity pattern of certain items of Assets and Liabilities

	1 Day to 30/31 days (one month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 Months upto 6 months	Over 6 Months upto 1 year	Over 1 Year upto 3 Years	Over 3 years upto 5 years	Over 5 years	Total
Fixed deposits with Banks	2,700	-	-	-	-	-	-	-	2,700
Loans and Advances #	232	650	2,734	36,934	14,986	27,378	8,906	-	91,820
Investments	2,500	-	-	-	-	-	-	1,799 **	4,299
Borrowings from banks	-	-	-	-	-	-	-	-	-
Market borrowings*	-	10,000	16,500	23,000	-	-	-	-	49,500
* above disclosed at face value									
** represents investments in equity shares of fellow subsidiaries / associates.									
# the maturity bucketing of loans has been made considering the residual period for the earliest exercise date for the call option for such loans available with the Company.									

For B S R & Co.

Chartered Accountants

Firm's Registration No: 101248W

For and on behalf of the Board of Directors of
Standard Chartered Investments and Loans (India) Limited

Manoj Kumar Vijai
Partner

Membership No. 046882

Sunil Kaushal
Chairman

Dhiren Parekh
Managing Director

Kanchan Bhawe
Company Secretary

29 May 2013

Mumbai