

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

Financial statements  
together with Independent Auditors' Report  
for the year ended 31 March 2014

# Standard Chartered Investments and Loans (India) Limited

## **Financial statement together with Independent Auditors' Report**

*for the year ended 31 March 2014*

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## **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 2014, 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, 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.

#### **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 auditor's 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 2014;
- 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 (Auditor's 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 2014, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March 2014, 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. LLP**  
*Chartered Accountants*  
Firm's Registration No: 101248W

Mumbai  
24 May 2014

**Manoj Kumar Vijai**  
*Partner*  
Membership No: 046882

# Standard Chartered Investments and Loans (India) Limited

## Annexure to the Independent Auditors' Report – 31 March 2014

(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) No material fixed assets were disposed off during the year, and therefore, does not affect 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 Act.
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. The activities of the Company do not involve purchase of inventory and the sale of goods. We have not observed continuing failure by the Company to correct major weakness in the internal control system in regard to above, during the course of the audit.
5.
  - (a) In our opinion, and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
  - (b) In our opinion, and having regard to our comments in paragraph 5(a) above and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements entered in the register maintained under section 301 of the Act and exceeding the value of Rs. 5 lakh during the period, have been made for items of special nature and in respect of which suitable alternative market quotations are not available in general. However, on the basis of information and explanations provided, the same appear reasonable.
6. According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of section 58A, section 58AA or any other relevant provisions of the Act and the rules framed there under, apply.

**Standard Chartered Investments and Loans (India) Limited**  
**Annexure to the Independent Auditors' Report – 31 March 2014**  
**(Continued)**

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 Act for any of the services rendered by the Company.
9. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Income-tax, Service tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Provident fund, Employees' State Insurance, Sales tax, Wealth tax, Excise duty, Customs duty, Cess and Investor Education and Protection Fund as at 31 March 2014.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, Service tax and other material statutory dues were in arrears as at 31 March 2014 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, other than those stated in the following table, there are no dues of Income-tax, Service tax and other material statutory dues which have not been deposited by the Company on account of disputes:

Sr. No.	Amt (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	CIT(A) order received and rectification application pending before the A.O..
4	9	Income tax	AY 2008-09	Appeal filed and pending before CIT(A).
5	21	Income tax	AY 2008-09	Appeal filed and pending before CIT(A) and rectification application for 26Q Q3 pending before AO.
6	1	Income tax	AY 2009-10	Appeal filed and pending before ITAT.
7	4	Income tax	AY 2010-11	Order u/s 201 received and appeal filed and pending before CIT(A).
8	79	Income tax	AY 2010-11	Order u/s 143(3) received and appeal filed and pending before CIT(A).

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.

**Standard Chartered Investments and Loans (India) Limited**  
**Annexure to the Independent Auditors' Report – 31 March 2014**  
**(Continued)**

12. In our opinion and according to the information and explanation given to us, 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 of dealing and trading in securities and other investments, 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.
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. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
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 on the basis of their residual maturity. On our examination of the same, where the maturity bucketing of loans has been made considering the residual period and the earliest exercise date for the call option of such loans available with the Company, 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 or other parties covered in the register maintained under section 301 of the Act.
19. The Company did not have any outstanding debentures during the year.
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. LLP**  
*Chartered Accountants*  
Firm's Registration No: 101248W

Mumbai  
24 May 2014

**Manoj Kumar Vijai**  
*Partner*  
Membership No: 046882

## **Auditors' Additional Report**

### **Private and confidential**

The Board of Directors  
Standard Chartered Investments and Loans (India) Limited  
Floor No 6, Crescenzo Building  
Plot No C - 38 & 39, G Block  
Bandra Kurla Complex  
Bandra (E)  
MUMBAI 400 051

24 May 2014

Dear Sirs

We have audited the balance sheet of Standard Chartered Investments and Loans (India) Limited ('the Company') as at 31 March 2014 and the related statement of profit and loss and the cash flow statement for the year ended on that date and issued our report dated 20 May 2014 thereon.

### **Management's responsibility for the financial statements**

The Company's management is responsible for the preparation of the 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.

### **Auditors' responsibility**

In addition to the report made under section 227 of the Companies Act, 1956 on the financial statements of the Company for the year ended 31 March 2014 and as required by the Non-Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 2008 vide Circular No. DNBS.(PD)CC.No.347/03.10.38/2013-2014 dated 1 July 2013 ('the Directions'), we are required to report on the matters specified in paragraph 3 and 4 of the aforesaid Directions to the extent applicable.

### **Conclusion**

Based on our examination of the books and records of the Company and according to the information and explanations given to us, we report that:

- The Company is engaged in the business of non-banking financial institution and has obtained from the 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 at 31 March 2014;
- Based on the criteria set forth by the RBI in its Circular No. DNBS.CC No.85/03.02.089/2006-07 dated 6 December 2006 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 2014;
- Based on the criteria set forth by the RBI in the Non-Banking Financial Company (NBFC) – 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 2014;
- The Board of Directors have passed a resolution not to accept deposits from the public at its board meeting dated 10 April 2013;
- The Company has not accepted public deposits during year ended 31 March 2014;
- 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 2014; and
- 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 report is issued pursuant to our obligations under Non Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 2008 to submit a report on exceptions noted, while issuing our report dated 20 May 2014, on additional matters as stated in the Directions to the RBI and may not be suitable for any other purpose. Accordingly, our report should not be quoted or referred to in any other document made available to any other person or persons without our prior written consent.

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

Mumbai  
24 May 2014

**Manoj Kumar Vijai**  
*Partner*  
Membership No: 046882

# Standard Chartered Investments and Loans (India) Limited

## Balance sheet

as at 31 March 2014

(Currency : Indian rupees in Lakhs)

	Note	31 March 2014	31 March 2013
<b>Equity and liabilities</b>			
<b>Shareholder's funds</b>			
Share capital	3	45,439	45,439
Reserves and surplus	4	21,284	16,258
<b>Non-current liabilities</b>			
Long term borrowings	5	20,000	-
Other non-current liabilities	15	823	938
Long term provisions	17	110	153
<b>Current liabilities</b>			
Short term borrowings	6	20,778	48,292
Other current liabilities	16	904	1,055
Short term provisions	17	109	77
<b>Total</b>		<b>109,447</b>	<b>112,212</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	7, 2.8	3	3
Non-current investments	8	1,526	1,799
Deferred tax asset	25	290	370
Long term loans and advances	14	53,236	70,168
Other non-current assets	12	1,806	1,823
<b>Current assets</b>			
Current investments	9	-	2,500
Cash and bank balances	10	8,435	3,226
Trade receivables	11	80	190
Short term loans and advances	14	43,781	30,833
Other current assets	13	290	1,300
<b>Total</b>		<b>109,447</b>	<b>112,212</b>
<b>Contingent liabilities and commitments</b>	26	<b>5,699</b>	<b>8,767</b>
<b>Summary of significant accounting policies</b>	2		

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

As per our report of even date.

For **B S R & Co. LLP**  
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  
DIN No: 05190092

**Kumar Keswani**  
Managing Director & CEO  
DIN No: 05256081

24 May 2014  
Mumbai

**Dhiren Parekh**  
Whole Time Director & COO  
DIN No: 02087940

**Kanchan Bhawe**  
Company Secretary

20 May 2014  
Mumbai

# Standard Chartered Investments and Loans (India) Limited

## Statement of profit and loss

for the year ended 31 March 2014

(Currency : Indian rupees in Lakhs)

	Note	31 March 2014	31 March 2013
<b>Revenue</b>			
Revenue from operations	18	13,086	18,394
Other income	19	-	696
<b>Total revenue</b>		<b>13,086</b>	<b>19,090</b>
<b>Expenditure</b>			
Finance costs	20	3,868	2,674
Staff costs	21, 30	576	312
Other expenses	22	875	988
Depreciation on fixed assets	7, 2.8	1	4
		<b>5,320</b>	<b>3,978</b>
<b>Profit before prior period item and tax</b>		<b>7,766</b>	<b>15,112</b>
<b>Prior period income</b>			
Revenue from operations	32	-	855
<b>Profit before tax</b>		<b>7,766</b>	<b>15,967</b>
- Current tax		1,934	3,184
- MAT credit (entitlement) / utilisation		725	(725)
- Deferred tax charge / (credit)		81	(304)
<b>Profit after tax</b>		<b>5,026</b>	<b>13,812</b>
<b>Basic and diluted earnings per share of face value of Rs 10 each</b>	23	<b>1.11</b>	<b>3.04</b>
<b>Summary of significant accounting policies</b>	2		

The accompanying notes form an integral part of financial statements.

As per our report of even date.

For **B S R & Co. LLP**  
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  
DIN No: 05190092

**Kumar Keswani**  
Managing Director & CEO  
DIN No: 05256081

24 May 2014  
Mumbai

**Dhiren Parekh**  
Whole Time Director & COO  
DIN No: 02087940

**Kanchan Bhawe**  
Company Secretary

20 May 2014  
Mumbai

# Standard Chartered Investments and Loans (India) Limited

## Cash flow statement

for the year ended 31 March 2014

(Currency : Indian rupees in Lakhs)

	31 March 2014	31 March 2013
<b>Cash flows from operating activities</b>		
Net profit before tax	7,766	15,967
<b>Adjustments :</b>		
<b>Add / (Less) :</b>		
Depreciation on fixed assets	1	4
(Profit) / Loss on sale of fixed assets including write off	-	(696)
Discount amortised on commercial paper issued	3,300	2,518
Debt issue expenses amortised	55	52
Provision / (write-back) for Service tax (input tax credit)	(6)	(66)
(Profit) on securitisation	(1)	(2)
Interest on working capital loan	90	69
Dividend received	-	(106)
Interest on Privately Placed Debentures (PPD)	-	35
Interest on inter corporate borrowings	164	-
Interest on secured term loans	259	-
Gain on disposal of investments	-	(8,629)
Provision for other than temporary diminution in non current investments	273	-
Contingent provisions against standard assets	(10)	104
Operating cash flow before working capital changes	<u>4,125</u>	<u>(6,717)</u>
<b>Adjustments for :</b>		
<b>Add / (Less) :</b>		
(Increase) / decrease in other bank balances	-	406
Increase / (decrease) in other long term liabilities	(115)	178
Increase / (decrease) in other current liabilities	(150)	552
(Increase) / decrease in other current assets	1,016	(560)
(Increase) / decrease in other non current assets	17	514
(Increase) / decrease in long term loans and advances	15,532	(23,921)
(Increase) / decrease in short term loans and advances	(12,948)	(18,949)
(Increase) / decrease in trade receivables	108	493
	<u>3,460</u>	<u>(41,287)</u>
<b>Net cash from operating activities before taxes</b>	15,351	(32,037)
Less: taxes paid (net of refunds)	(1,232)	(1,728)
<b>Net cash from operating activities</b>	<u>14,119</u>	<u>(33,765)</u>
	(A)	
<b>Cash flow from investing activities</b>		
Purchase of fixed assets	(2)	(3)
Capital advances	(26)	-
Proceeds from sale of fixed assets	-	862
Dividend received	-	106
Proceeds from sale / redemption of investments	2,500	11,260
<b>Net cash from investing activities</b>	<u>2,472</u>	<u>12,225</u>
	(B)	

# Standard Chartered Investments and Loans (India) Limited

## Cash flow statement (*Continued*)

for the year ended 31 March 2014

(Currency : Indian rupees in Lakhs)

		31 March 2014	31 March 2013
<b>Cash flow from financing activities</b>			
(Redemption) of Privately Placed Debentures		-	(3,953)
Issue of inter corporate deposits		9,250	-
Redemption of inter corporate deposits		(8,200)	-
Proceeds from term loan from Bank's		20,000	-
Debt issue expenses		(55)	(52)
Issue of commercial paper		82,136	103,145
(Repayment) of commercial paper		(114,000)	(72,850)
Interest paid on working capital loan		(90)	(69)
Interest on inter corporate borrowings		(164)	-
Interest on secured term loans		(259)	-
Equity dividend paid for the previous year (including dividend distribution tax thereon)		-	(3,102)
<b>Net cash from financing activities</b>	(C)	<u>(11,382)</u>	<u>23,119</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	(D=A+B+C)	<u>5,209</u>	<u>1,579</u>
<b>Cash and cash equivalents at the beginning of the year (E) (refer note 10)</b>		3,226	1,647
<b>Cash and cash equivalents at the end of the year (D+E) (refer note 10)</b>		<u><u>8,435</u></u>	<u><u>3,226</u></u>

The accompanying notes form an integral part of financial statements.

As per our report of even date.

For **B S R & Co. LLP**

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

DIN No: 05190092

**Kumar Keswani**

Managing Director & CEO

DIN No: 05256081

24 May 2014

Mumbai

**Dhiren Parekh**

Whole Time Director & COO

DIN No: 02087940

**Kanchan Bhawe**

Company Secretary

20 May 2014

Mumbai

# Standard Chartered Investments and Loans (India) Limited

## Notes to the financial statements

for the year ended 31 March 2014

### 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 2014

### 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 2014

### 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 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.

#### 2.7 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.



# Standard Chartered Investments and Loans (India) Limited

## Notes to the financial statements

for the year ended 31 March 2014

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

#### 2.8 *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:

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.

#### 2.9 *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.

# Standard Chartered Investments and Loans (India) Limited

## Notes to the financial statements

for the year ended 31 March 2014

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

#### 2.10 *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.

#### 2.11 *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.

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.

#### 2.12 *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.

# Standard Chartered Investments and Loans (India) Limited

## Notes to the financial statements

for the year ended 31 March 2014

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

#### 2.13 *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 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.

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 (Continued)

as at 31 March 2014

(Currency : Indian rupees in Lakhs)

### Note - 3

	31 March 2014	31 March 2013
<b>Share capital</b>		
<b>Authorised:</b>		
460,000,000 (Previous year: 460,000,000) Equity shares of Rs.10 each	<u>46,000</u>	<u>46,000</u>
<b>Issued, subscribed and paid-up:</b>		
454,385,000 (Previous year : 454,385,000) Equity shares of Rs.10 each fully paid up	<u>45,439</u>	<u>45,439</u>
	<u><u>45,439</u></u>	<u><u>45,439</u></u>
<b>A Reconciliation of number of shares (No of shares):</b>		
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>B Reconciliation for the amount of share capital</b>		
At the beginning of the year	45,439	45,439
At the end of the year	45,439	45,439
<b>C Terms / rights attached to equity shares</b>		
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 2014, the amount of per share dividend recognised as distributions to equity shareholders was Nil (Previous Year: Nil).		
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.		
<b>D Shares held by holding / ultimate holding company and / or their subsidiaries / associates</b>		
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		5,208	2,446
Transfer from statement of profit and loss		1,005	2,762
<b>Closing balance</b>	<b>(A)</b>	<u>6,213</u>	<u>5,208</u>
<b>Surplus in the Statement of profit and loss</b>			
Opening balance		11,050	-
Profit for the year		5,026	13,812
Less: Appropriations			
Transfer to statutory reserve fund		1,005	2,762
<b>Closing balance</b>	<b>(B)</b>	<u>15,071</u>	<u>11,050</u>
	<b>(A+B)</b>	<u><u>21,284</u></u>	<u><u>16,258</u></u>

# Standard Chartered Investments and Loans (India) Limited

## Notes to the financial statements *(Continued)*

as at 31 March 2014

(Currency : Indian rupees in Lakhs)

### Note - 5

#### Long term borrowings (secured)

31 March 2014

31 March 2013

##### *Non Current*

##### **Term Loan**

Secured term loan from banks

<b>20,000</b>	-
<u><b>20,000</b></u>	<u>-</u>

(Indian Rupee loan from a bank with final maturity date between 2 to 3 years. The rate of interest is the bank's base rate at the time of disbursement. The loan is secured against first and exclusive charge over receivables of the Company.)

### Note - 6

#### Short term borrowings (unsecured)

##### *Current*

Commercial papers

Unamortised discount

20,500	49,500
(772)	(1,208)
<b>(A) 19,728</b>	<b>48,292</b>

Inter corporate borrowings

1,050	-
<b>(B) 1,050</b>	<b>-</b>

<b>(A+B) 20,778</b>	<b>48,292</b>
---------------------	---------------

The outstanding commercial papers are of a face value of Rs. 100 each, issued at weighted average price of Rs. 93.69 and are redeemable at face value upon maturity. Their average residual maturity is 105 days.

The outstanding Intercompany deposits are borrowed at weighted average rate of 9.75%. Their average residual maturity is 16 days.

## Standard Chartered Investments and Loans (India) Limited

### Notes to the financial statements (Continued)

as at 31 March 2014

(Currency : Indian rupees in Lakhs)

#### Note - 7 - Fixed assets

Description	Gross block at cost			Depreciation			Net block	
	As at 1 April 2013	For the Year Additions	As at 31 March 2014	As at 1 April 2013	For the Year Additions	As at 31 March 2014	As at 31 March 2014	As at 31 March 2013
<b>Tangible assets</b>								
Computer hardware	18	-	7	16	1	6	1	2
Office equipment	8	2	3	7	-	1	2	1
<b>Intangible assets</b>								
Computer software	273	-	139	273	-	139	-	-
<b>Total</b>	<b>299</b>	<b>2</b>	<b>149</b>	<b>296</b>	<b>1</b>	<b>146</b>	<b>3</b>	<b>3</b>

Description	Gross block at cost			Depreciation			Net block	
	As at 1 April 2012	For the Year Additions	As at 31 March 2013	As at 1 April 2012	For the Year Additions	As at 31 March 2013	As at 31 March 2013	As at 31 March 2012
<b>Tangible assets</b>								
Computer hardware	16	2	18	15	1	16	2	1
Office equipment	7	1	8	6	1	7	1	1
Premises	199	-	-	31	2	-	-	168
<b>Intangible assets</b>								
Computer software	273	-	273	273	-	273	-	-
<b>Total</b>	<b>495</b>	<b>3</b>	<b>299</b>	<b>325</b>	<b>4</b>	<b>296</b>	<b>3</b>	<b>170</b>

# Standard Chartered Investments and Loans (India) Limited

## Notes to the financial statements (*Continued*)

as at 31 March 2014

(Currency : Indian rupees in Lakhs)

31 March 2014

31 March 2013

### Note - 8

#### 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

**1,799**

**1,799**

Less: Provision for depreciation in the value of investments

(273)

-

**1,526**

**1,799**

Aggregate book value of quoted investments

-

-

Aggregate market value of quoted investments

-

-

Aggregate book value of unquoted investments

1,526

1,799

### Note - 9

#### Current investments

##### *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, redeemed on 8 April 2013.

-

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 - 10

#### Cash and bank balances

##### *Cash and cash equivalents*

##### Balances with Banks

In current accounts

1,435

526

Deposits with original maturity of less than three months

7,000

2,700

**8,435**

**3,226**

### Note - 11

#### Trade receivables

##### *Unsecured and considered good*

Debts outstanding for a period exceeding six months

-

-

Other debts

80

190

**80**

**190**

# Standard Chartered Investments and Loans (India) Limited

## Notes to the financial statements (*Continued*)

as at 31 March 2014

(Currency : Indian rupees in Lakhs)

### Note - 12

#### Other non-current assets

	31 March 2014	31 March 2013
Interest accrued on tax refunds	1,803	1,803
Others	3	20
	<u>1,806</u>	<u>1,823</u>

### Note - 13

#### Other current assets

Interest accrued on advances	283	583
Redemption premium accrued on preference shares	-	715
Interest accrued on fixed deposits	7	2
	<u>290</u>	<u>1,300</u>

### Note - 14

#### Loans and advances

##### Long term loans and advances

Capital advances	26	-
Loans to companies * (Secured and considered good)	36,197	41,775
Loans to companies * (Unsecured and considered good)	8,000	19,242
Advance tax [Net of provision for tax (including Fringe benefits tax and MAT credit)] (Refer note 34)	9,013	9,151
	<u>53,236</u>	<u>70,168</u>

##### Short term loans and advances

Loans to companies ** (Secured and considered good)	39,251	21,218
Loans to companies ** (Unsecured and considered good)	4,500	9,585
Security deposits	30	30
	<u>43,781</u>	<u>30,833</u>

\* includes loans aggregating to Rs Nil (Previous year: Rs 10,029) classified under secured for which security has been registered subsequent to the balance sheet date and loans aggregating to Rs 8,000 (Previous year: Rs 19,242) classified under unsecured for which securities are in the process of being perfected.

\*\* includes loans aggregating to Rs Nil (Previous year: Rs 7,796) classified under secured for which security has been registered subsequent to the balance sheet date and loans aggregating to Rs 4,500 (Previous year: Rs 9,585) classified under unsecured for which securities are in the process of being perfected

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.

### Note - 15

#### Other non current liabilities

Others	7	7
Unamortised fee/cost	816	931
	<u>823</u>	<u>938</u>

### Note - 16

#### Other current liabilities

Trade payables	302	397
Unamortised fee/cost	562	658
Accrued interest payable on borrowings	40	-
	<u>904</u>	<u>1,055</u>

### Note - 17

#### Provisions

##### Long term provisions

Contingent provisions against standard assets [see note 36]	110	153
	<u>110</u>	<u>153</u>

##### Short term provisions

Contingent provisions against standard assets [see note 36]	109	77
	<u>109</u>	<u>77</u>



# Standard Chartered Investments and Loans (India) Limited

## Notes to the financial statements (*Continued*)

for the year ended 31 March 2014

(Currency : Indian rupees in Lakhs)

	31 March 2014	31 March 2013
<b>Note - 18</b>		
<b>Revenue from operations</b>		
<i>Interest income</i>		
Interest income on loans and advances	12,011	8,634
Interest income on bank deposits	240	279
<i>Other financial services</i>		
Fee income	830	544
Dividend income	-	106
Amortisation of redemption premium	4	200
Gain on sale of investments	-	8,629
Other income	1	2
	<u>13,086</u>	<u>18,394</u>
<b>Note - 19</b>		
<b>Other income</b>		
Profit on sale of fixed assets	-	696
	<u>-</u>	<u>696</u>

# Standard Chartered Investments and Loans (India) Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2014

(Currency : Indian rupees in Lakhs)

	31 March 2014	31 March 2013
<b>Note - 20</b>		
<b>Finance costs</b>		
<i>Interest expenses</i>		
Interest on inter corporate borrowings	164	-
Interest on secured term loans	259	-
Interest on working capital loan	90	69
Interest on privately placed debentures	-	35
<i>Other borrowing costs</i>		
Discount amortised on commercial papers issued	3,300	2,518
Debt issue expenses amortised	55	52
	<u>3,868</u>	<u>2,674</u>
<b>Note - 21</b>		
<b>Staff costs (Refer note 30)</b>		
Salaries, bonus, staff welfare expenses and allowances	576	312
	<u>576</u>	<u>312</u>
<b>Note - 22</b>		
<b>Other expenses</b>		
Rent	97	90
Business support costs	63	56
Royalty charges	92	172
Support service charges (Refer note 31)	188	440
Brokerage and other fees	12	39
Communication expenses	3	4
Subscription charges	14	-
Auditors' remuneration		
- Statutory audit	12	11
- Tax audit	3	3
- Other services	4	2
- Reimbursement of expenses	1	1
	<u>20</u>	<u>17</u>
Contingent provision against standard assets	(10)	104
System maintenance charges	5	14
Exchange (gain)/loss on foreign exchange conversion	(1)	-
Printing and stationery	1	2
Travelling and conveyance	4	4
Repairs and maintenance - Premises	1	3
Repairs and maintenance - Others	1	1
Legal expenses	6	2
Bad debts	(6)	(6)
Provision for other than temporary diminution in non current investments	273	-
Bank charges	1	-
Provision for service tax (input tax credit)	(6)	(66)
Fines and penalties	0.2	-
CSR costs	1	-
Others	116	112
	<u>875</u>	<u>988</u>

# Standard Chartered Investments and Loans (India) Limited

## Notes to the financial statements

for the year ended 31 March 2014

(Indian rupees in Lakhs)

### 23 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 2014	31 March 2013
Net profit (gross of transfer to statutory reserve) attributable to equity shareholders	5,026	13,812
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.)	1.11	3.04

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

### 24 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 for the year ended 31 March 2014 is Rs. 97 (Previous year Rs. 90).
- Premises given on lease:

Description	31 March 2014	31 March 2013
Gross carrying amount	-	-
Accumulated depreciation	-	-
Depreciation charge for the year	-	2

# Standard Chartered Investments and Loans (India) Limited

## Notes to the financial statements

for the year ended 31 March 2014

(Indian rupees in Lakhs)

### 25 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 2014	31 March 2013
<b>Deferred tax assets</b>		
Depreciation on fixed assets	39	44
Contingent provision against standard assets	71	74
Unamortised fees	452	522
Unamortised profit on assignment of loans	-	1
Provision for un-utilised service tax credit	316	318
<b>Total deferred tax asset</b>	<b>878</b>	<b>959</b>
<b>Deferred tax liabilities</b>		
Unamortised cost	(3)	(4)
Interest accrued on income tax refunds	(585)	(585)
<b>Total deferred tax liability</b>	<b>(588)</b>	<b>(589)</b>
<b>Net deferred tax asset</b>	<b>290</b>	<b>370</b>

### 26 Contingent liabilities and commitments

	As at 31 March 2014	As at 31 March 2013
<b>Contingent liabilities</b>		
Taxation [see note (1)]	4,990	5,017
Undisbursed sanctions [see note (2)]	700	3,750
<b>Commitments</b>		
Capital commitments for purchase of software	9	-
<b>Total</b>	<b>5,699</b>	<b>8,767</b>

Notes:

(1) Tax liabilities (including interest and penalty) of the Company for the assessment years 2005-06, 2006-07, 2007-08, 2008-09, 2009-10 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 2014

(Indian rupees in Lakhs)

### 27 Expenditure in foreign currency

Rs. Nil (Previous year: Rs. 2,668) of equity dividend was remitted during the year for the period 1 April 2012 to 31 March 2013 (excluding dividend distribution tax) on 4,544 shares (Lakhs) held by Standard Chartered Bank, UK.

Rs 153 (Previous year: Rs. 53) 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 2012 to 31 March 2013.

### 28 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 2014

(Indian rupees in Lakhs)

### 28 Segmental reporting (*Continued*)

Description	OCC		Global Markets		Unallocated		Total	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013	31 March 2014	31 March 2013
<b>Segment revenue</b>								
Revenue from operations	12,841	9,179	240	8,967	5	944	13,086	19,090
Inter segment allocations *	(1,876)	1,484	2,092	(1,220)	(216)	(264)	-	-
<b>Total</b>	<b>10,965</b>	<b>10,663</b>	<b>2,332</b>	<b>7,747</b>	<b>(211)</b>	<b>680</b>	<b>13,086</b>	<b>19,090</b>
<b>Segment results*</b>	<b>10,331</b>	<b>10,185</b>	<b>(1,838)</b>	<b>4,517</b>	<b>(727)</b>	<b>410</b>	<b>7,766</b>	<b>15,112</b>
<b>Prior period income</b>	<b>-</b>	<b>855</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>855</b>
<b>Segment results after prior period income</b>	<b>10,331</b>	<b>11,040</b>	<b>(1,838)</b>	<b>4,517</b>	<b>(727)</b>	<b>410</b>	<b>7,766</b>	<b>15,967</b>
<b>Income taxes</b>								
Current tax (including MAT credit)	-	-	-	-	(2,659)	(2,459)	(2,659)	(2,459)
Deferred tax	-	-	-	-	(81)	304	(81)	304
<b>Profit after tax</b>							<b>5,026</b>	<b>13,812</b>
<b>Other information</b>								
Carrying amount of segment assets	88,422	93,124	8,311	2,702	12,714	16,386	109,447	112,212
Carrying amount of segment liabilities**	56,376	50,669	44,157	50,557	8,914	10,986	109,447	112,212
Capital expenditure	-	-	-	-	28	3	28	3
Depreciation	-	-	-	-	(1)	(3)	(1)	(3)
Non cash expenditure other than depreciation	(20)	(39)	(3,300)	(2,518)	1	-	(3,319)	(2,557)

\* 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 2014

(Indian rupees in Lakhs)

### 29 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 Strategic Brand Management 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 2014	For the year ended 31 March 2013
Leasing arrangements availed	97	90
Receiving of services (secondment of staff * and other support charges)	764	752
Fee income	42	17
Reimbursement of expenses	-	2

\* includes Rs 35 (Previous year: Rs 33) paid for secondment of key management personnel

Balances with Standard Chartered Bank – India Branches	As at 31 March 2014	Maximum outstanding during the year#	As at 31 March 2013	Maximum outstanding during the year#
Sundry balances – payables for services availed	155	214	141	320
Sundry balances – Fee receivable	-	-	35	115

Banking transactions and balances	For the year ended 31 March 2014	For the year ended 31 March 2013
<b>Transactions</b>		
Maturity of commercial papers	-	8,125
Term loans	20,000	-
Accrued expense on term loan	6	-
Discount amortised on commercial papers	-	385
Interest cost on working capital loan	90	69
Interest cost on term loans	259	-
Interest received on fixed deposits	97	204
Purchase of foreign exchange	153	2,721
Account maintenance charges	0.2	-
IPA charges	11	-

# Figures indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each month-end.

# Standard Chartered Investments and Loans (India) Limited

## Notes to the financial statements

for the year ended 31 March 2014

(Indian rupees in Lakhs)

### 29 Related parties disclosure (Continued)

Balances	As at 31 March 2014	Maximum outstanding during the year#	As at 31 March 2013	Maximum outstanding during the year#
Bank balance	1,311	1,311	505	4,885
Working capital loan	-	10,900	-	13,480
Term loan	20,000	20,000	-	-
Commercial paper	-	-	-	8,125
Fixed deposits	-	6,700	-	6,800

Transactions with Scope International Private Limited	For the year ended 31 March 2014	For the year ended 31 March 2013
Business support costs	29	23

Balances with Scope International Private Limited	As at 31 March 2014	Maximum outstanding during the year#	As at 31 March 2013	Maximum outstanding during the year#
Sundry balances – payable for services provided	2	7	2	6

Transactions with Standard Chartered (India) Wealth Advisory Services Private Limited	For the year ended 31 March 2014	For the year ended 31 March 2013
Dividend income	-	47

Transactions with Standard Chartered Securities (India) Limited	For the year ended 31 March 2014	For the year ended 31 March 2013
Redemption premium on preference shares	4	200
Brokerage and other charges paid	0.3	38

Balances with Standard Chartered Securities (India) Limited	As at 31 March 2014	Maximum outstanding during the year#	As at 31 March 2013	Maximum outstanding during the year#
Investments in preference shares	-	2,500	2,500	2,500
Redemption premium accrued on preference shares	-	719	715	715

# Figures indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each month-end.



# Standard Chartered Investments and Loans (India) Limited

## Notes to the financial statements

for the year ended 31 March 2014

(Indian rupees in Lakhs)

### 29 Related parties disclosure (*Continued*)

Transactions with Standard Chartered Strategic Brand Management Limited	For the year ended 31 March 2014	For the year ended 31 March 2013
Royalty costs	92	172

Balances with Standard Chartered Strategic Brand Management Limited	As at 31 March 2014	As at 31 March 2013
Royalty payable (net of TDS)	78	154
Reimbursement of expenses	-	10

### 30 Staff costs

All employees of the Company are seconded from the Bank. Related costs (including retirement benefit costs) are recovered by the Bank from the Company on a monthly basis. These costs are disclosed in Note 21.

### 31 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 22.

### 32 Prior period income

During the previous 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.

# Standard Chartered Investments and Loans (India) Limited

## Notes to the financial statements

for the year ended 31 March 2014

(Indian rupees in Lakhs)

### **33 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.

### **34 MAT Credit**

MAT credit of Rs. 725 brought forward from the previous financial year ended 31 March 2013, has been fully utilised against the normal income tax liability during the year ended 31 March 2014.

### **35 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 2014 (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.

### **36 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/2013-14/35 DNBS (PD) CC No 333/03.02.001/2013-14 dated 1 July 2013. This provision has been separately disclosed under Note 17 – Contingent provision against standard assets.

### **37 Restructured advances**

There are no advances which have been restructured during the year ended 31 March 2014 (previous year: Nil) and accordingly there are no amounts which are required to be disclosed in accordance with the RBI notification No. DNBS(PD).No. 272 / CGM(NSV)-2014 dated 23 January 2014.



# Standard Chartered Investments and Loans (India) Limited

## Notes to the financial statements

for the year ended 31 March 2014

(Indian rupees in Lakhs)

### 38 NBFC disclosures (*Continued*)

		Amount Outstanding
(4)	<u>Break-up of Investments</u>	
	Current Investments:	
	1. <u>Quoted</u> :	
	(i) Shares : (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds (Net of Depreciation)	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others	-
	2. <u>Unquoted</u> :	
	(i) Shares : (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others	-
	Long Term investments :	
	1. <u>Quoted</u> :	-
	(i) Shares : (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others	-
	2. <u>Unquoted</u> :	
	(i) Shares : (a) Equity	1,526
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others	-

(5) Borrower group-wise classification of all Leased Assets, Stock on Hire and Loans and Advances: See Note 2			
Category	Amount (Net of Provisions)		Total
	Secured	Unsecured	
1. Related Parties**			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	75,448	12,500	87,948
<b>Total</b>	<b>75,448</b>	<b>12,500</b>	<b>87,948</b>

\*\* As per Accounting Standard issued by ICAI (See Note 3 below)

# Standard Chartered Investments and Loans (India) Limited

## Notes to the financial statements

for the year ended 31 March 2014

(Indian rupees in Lakhs)

### 38 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 #	2,563	1,526
(c) Other related parties	-	-
2. Other than related parties	-	-
<b>Total</b>	<b>2,563</b>	<b>1,526</b>

(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 2013.

# Standard Chartered Investments and Loans (India) Limited

## Notes to the financial statements

for the year ended 31 March 2014

(Indian rupees in Lakhs)

### 38 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 2014	31 March 2013
(i) CRAR (%)	<b>73.85%</b>	62.31%
(ii) CRAR - Tier I capital (%)	<b>73.61%</b>	62.08%
(iii) CRAR - Tier II Capital (%)	<b>0.24%</b>	0.23%

Exposures		
Exposure to Real Estate Sector		
Category	31 March 2014	31 March 2013
(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	<b>52,651</b>	37,709
(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)

### 38 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	7,000	-	-	-	-	-	-	-	<b>7,000</b>
Loans and Advances #	524	975	6,376	3,409	32,468	35,496	8,700	-	<b>87,948</b>
Investments	-	-	-	-	-	-	-	1,526 **	<b>1,526</b>
Borrowings from banks	-	-	-	-	-	20,000	-	-	<b>20,000</b>
Market borrowings*	1,050	2,500	8,000	-	10,000	-	-	-	<b>21,550</b>
* 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. LLP**

*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

24 May 2014  
Mumbai

**Sunil Kaushal**  
*Chairman*

*DIN No: 05190092*

20 May 2014  
Mumbai

**Kumar Keswani**  
*Managing Director  
& CEO*

*DIN No: 05256081*

**Dhiren Parekh**  
*Whole Time Director  
& COO*

*DIN No: 02087940*

**Kanchan Bhawe**  
*Company Secretary*