

**Serial No. 01**

**Private & Confidential – For Private Circulation Only**  
(This Information Memorandum is neither a Prospectus  
nor a Statement in Lieu of Prospectus)



A private limited company incorporated under the Companies Act, 1956 on October 22, 2003  
Registered Office: Oriental Building, 364, Dr. D.N Road, Fort, Mumbai – 400 001,  
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**E001 - Private Placement of 357 INR Equity Index Linked Principal Protected Debentures aggregating to Rs. 35,700,000 by Standard Chartered Investments and Loans (India) Limited ("Issuer").**

**These Debentures are only principal protected when held to their scheduled maturity. In the event that Debentures are sold prior to maturity or are redeemed prior to maturity due to early redemption, Debenture Holders may receive less than the Face Value of the Debentures.**

**BACKGROUND:** This Information Memorandum relates to Debentures to be issued by Standard Chartered Investments and Loans (India) Limited and contains relevant information and disclosures required for the purposes of listing the Debentures (as defined below).

The Debentures being issued under this Information Memorandum are part of a multiple series of debentures aggregating to Rs. 10 billion ("**Programme**"), authorized by the Issuer through a shareholders resolution dated September 29, 2005.

**LISTING:** The Debentures are proposed to be listed on the National Stock Exchange of India Limited.

**TRUSTEE FOR THE DEBENTURE HOLDERS:** IDBI Trusteeship Services Limited have given their consent to the Issuer to act as trustee for the Debenture Holders vide their letter dated July 23, 2009

## **GENERAL DISCLAIMER:**

This Information Memorandum may not be circulated by any party other than the Issuer or any person authorized by the Issuer. In case this Information Memorandum is circulated by any person authorized by the Issuer, the same should be circulated to only those identified recipients in a manner such that the Debentures are not available for circulation to recipients not approved by the Issuer. The Issuer is not responsible for any statement in this Information Memorandum made to any person other than the intended recipients of this Information Memorandum.

None of the Debentures issued pursuant to this Information Memorandum will be guaranteed by Standard Chartered Bank UK or its affiliates and no investor will have any recourse against such entities, except the Issuer.

**RBI DISCLAIMER:** The Reserve Bank of India (“**RBI**”) does not accept any responsibility or guarantee about the present position as to the financial soundness of the Issuer or for the correctness of any of the statements or representations made or opinions expressed by the Issuer and for discharge of liability by the Issuer. Neither is there any provision in law to keep, nor does the Issuer keep, any part of the deposits with the RBI and by issuing the certificate of registration dated February 14, 2004 to the Issuer, the RBI neither accepts any responsibility nor guarantee for the payment of the deposit amount to any depositor.

**ISSUER DISCLAIMER:** Please note that only those persons to whom this Information Memorandum has been specifically addressed are eligible to apply under this Information Memorandum. However, an application, even if complete in all respects, is liable to be rejected without assigning any reasons for the same. The Issuer may, but is not bound to, revert to any investor for any additional documents / information, and can accept or reject an application as it deems fit. The regulations / notifications regarding investment mentioned above are merely in the form of guidelines and the Issuer does not warrant that they are accurate, or have not been modified. Each of the above categories of investors is required to check and comply with current rules / regulations / guidelines, etc. governing or regulating their investments as issued by their respective regulatory authorities and the Issuer is not, in any way, directly or indirectly, responsible for any statutory or regulatory breaches by any investor, neither is the Issuer required to check or confirm the same.

The Issuer accepts no responsibility for statements made other than in this Information Memorandum or any other material expressly stated to be issued by or at the instance of the Issuer in connection with the issue of any Series. Any person placing reliance on any other source of information would be doing so at his own risk.

This Information Memorandum is not a prospectus or a statement in lieu of prospectus as per the provisions of the Companies Act, 1956 (“**Companies Act**”) and has not been or will not be registered as a prospectus. The offer being made through this Information Memorandum is being made only to those persons to whom this Information Memorandum has been distributed by the Issuer or any person authorized by the Issuer.

The Debentures to be listed on the wholesale debt market (“**WDM**”) segment of the National Stock Exchange of India Limited (“**NSE**”) are being offered strictly on a private placement basis. Multiple copies hereof given to the same entity shall be deemed to be given to the same person and shall be treated as such. This information memorandum is only an information brochure intended for private use and does not constitute and shall not be deemed to constitute an offer

or an invitation to subscribe for the Debentures to the public in general. Accordingly, this information memorandum has neither been delivered for registration nor is it intended to be registered.

This Information Memorandum has been prepared to provide general information about the Issuer to potential investors to whom it is addressed and who are eligible to subscribe for the Debentures. This Information Memorandum does not purport to contain all the information that any potential investor may require. This Information Memorandum or any other information supplied in connection with the Debentures is not intended to provide the basis for any credit rating or any other evaluation and any recipient of this Information Memorandum must not consider such receipt a recommendation to purchase any Debentures issued pursuant to this Information Memorandum. Each investor contemplating the purchase of any Debentures should make its own independent investigation of the financial condition and affairs of the Issuer and its own appraisal of the creditworthiness of the Issuer as well as the legality of such investment. Potential investors should consult their own financial, legal, tax and other professional advisors as to whether such investor is authorised by law to make such an investment as well as the risks and investment considerations arising from an investment in the Debentures and should possess the appropriate resources to analyse such investment and the suitability of such investment to such investor's particular circumstances. No guarantees are made as to any returns or profits from the Debentures. It is the responsibility of investors, distributors and all other intermediaries to ensure that they will on-sell these Debentures in strict accordance with this Information Memorandum and applicable laws, so that such on-sale does not constitute an offer to the public within the meaning of the Companies Act. None of the intermediaries or their agents or advisors associated with the programme or a undertake to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Information Memorandum or have any responsibility to advise any investor or potential investor in the Debentures of any information available to or subsequently coming to the attention of the intermediaries, agents or advisors.

No person has been authorized to give any information or to make any representation not contained in this Information Memorandum or in any material made available by the Issuer to any potential investor pursuant hereto and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer.

The contents of this Information Memorandum are intended to be used only by those potential investors to whom it is distributed. It is not intended for distribution to any other person. Each copy of this Information Memorandum will be serially numbered, and the person to whom a copy of this Information Memorandum is sent would be alone entitled to apply for the Debentures. No issue is calculated to result directly or indirectly in the Debentures being available for circulation to recipients not approved by the Issuer prior to circulation. No invitation is being made to any persons other than those to whom application forms along with this Information Memorandum have been sent. Any application by a person to whom this Information Memorandum and / or the application form has not been sent by the Issuer may be rejected without assigning any reason.

Regardless of the time of delivery of this Information Memorandum or of the sale of the Debentures. The Issuer does not undertake to update this Information Memorandum to reflect subsequent events after the date of this Information Memorandum and, thus, it should not be relied upon with respect to such subsequent events. Neither the delivery of this Information Memorandum nor any sale of the Debentures made hereunder shall, under any circumstances,

constitute a representation or create any implication that there has been no change in the affairs of the Issuer since the date hereof.

This Information Memorandum does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. The distribution of this Information Memorandum and the offering and sale of the Debentures may be restricted by law in certain jurisdictions. persons into whose possession this Information Memorandum comes are required to inform themselves about such restrictions and to observe any such restrictions.

**DISCLAIMER CLAUSE OF THE DESIGNATED STOCK EXCHANGE(S):** As required, a copy of this Information Memorandum has been filed with the NSE in terms of the Securities And Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (“**Debt Guidelines**”).

It is to be distinctly understood that submission of this Information Memorandum to the NSE should not in any way be deemed or construed to mean that this Information Memorandum has been reviewed, cleared or approved by the NSE; nor does the NSE in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum, nor does the NSE warrant that the Issuer’s Debentures will be listed or will continue to be listed on the NSE; nor does the NSE take any responsibility for the soundness of the financial and other conditions of the Issuer, its promoters, its management or any scheme or project of the Issuer.

As per the provisions of the Debt Guidelines, a copy of this Information Memorandum has not been filed with or submitted to the Securities And Exchange Board of India (“**SEBI**”). It is to be distinctly understood that this Information Memorandum should not in any way be deemed or construed to have been approved or vetted by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the project(s) for which the programme or the Debentures issued thereof is proposed to be made or for the correctness of the statements made or opinions expressed in this Information Memorandum.

**GENERAL RISK:** Investment in these Debentures involve a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Potential investors are advised to read the risk factors on page 30 carefully before making an investment decision in this offering. For taking an investment decision, the investors must rely on their own examination of the Issuer and the Offer/ Issue including the risks involved. The Offer/ Issue being made on private placement basis, this Information Memorandum has not been submitted to or cleared by Securities and Exchange Board of India (“**SEBI**”). The Debentures have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this Information Memorandum. Specific attention of the investors is invited to the summarized and detailed Risk Factors mentioned elsewhere in this Information Memorandum.

## FORWARD-LOOKING STATEMENTS

While no forecasts or projections relating to the Issuer's financial performance are included in this Information Memorandum, this document contains certain "forward-looking statements" like "intends", "believes", "expects" and other similar expressions or variations of such expressions. These statements are primarily meant to give Investors an overview of the Issuer's future plans or expected outcomes, as they currently stand. The Issuer operates in a highly competitive, regulated and ever-changing business environment, and a change in any of these variables may necessitate an alteration of the Issuer's plans. Further, these plans are not static, but are subject to continuous internal review, and may be altered if the altered plans suit the Issuer's needs better. Further, many of the plans may be based on one or more underlying assumptions (all of which may not be contained in this Information Memorandum) which may not come to fruition. Thus, actual results may differ materially from those suggested by the forward-looking statements. The Issuer cannot be held liable by estoppels or otherwise for any forward-looking statement contained herein.

All statements contained in this Information Memorandum that are not statements of historical fact constitute "forward-looking statements" and are not forecasts or projections relating to the Issuer's financial performance. All forward-looking statements are subject to risks, uncertainties and assumptions that may cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that may cause actual results to differ materially from the Issuer's expectations include, among others, the risk factors set out in the section titled "Risk Factors" on pages 30 and 51 of this Information Memorandum.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. The forward looking statements made in this Information Memorandum speak only as of the date of this Information Memorandum. Neither the Issuer nor its Directors nor any of the Issuer's affiliates have any obligation, or intention, to update or otherwise revise any forward looking statement to reflect circumstances arising after the date hereof or to reflect the events occurring after the date hereof, even if the underlying assumptions do not come to fruition and the Issuer does not assume any responsibility to do so.

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## DEFINITIONS/ ABBREVIATIONS

Term	Meaning/ Definition/ Complete Term
<b>“we”, “us”, “Issuer”, “the company”, “our company”, or “SCILL”, “Issuer Company”</b>	Unless the context otherwise indicates or implies, refers to Standard Chartered Investments and Loans (India) Limited.
<b>Application Form</b>	The form in terms of which, the investors shall apply for the Debentures of the Issuer.
<b>Articles of Association</b>	The Articles of Association of the Issuer.
<b>Beneficial Owner(s)</b>	Debenture holder(s) holding Debenture(s) in dematerialized form (Beneficial Owner of the Debenture(s) as defined in clause (a) of sub-section of Section 2 of the Depositories Act, 1996).
<b>Beneficiary/Beneficiaries</b>	Person(s) whose name(s) appear(s) as a beneficiary of the Debenture in the details provided by the Depositories (NSDL and/ or CSDL) as of the record date.
<b>Board / BoD / BOD / Board of Directors</b>	Board of Directors of the Issuer or a Committee thereof.
<b>BSE</b>	Bombay Stock Exchange Limited.
<b>Business Day</b>	A day (other than Saturday or Sunday) on which commercial banks are open for business in Mumbai.
<b>CDSL</b>	Central Depository Services (India) Limited.
<b>Companies Act</b>	The Companies Act, 1956.
<b>COR</b>	Certificate of Registration dated February 14, 2004 granted to the issuer by the RBI under S. 45 1A of the Reserve Bank of India Act, 1934.
<b>CRISIL</b>	Credit Rating Information Services of India Limited.
<b>Debenture(s)</b>	357 INR equity index linked principal protected debenture issued pursuant to this Information Memorandum.
<b>Debenture holder(s)</b>	The holder(s) of the Debenture(s) in dematerialized form.
<b>Debenture Trustee</b>	IDBI Trusteeship Services Ltd.
<b>Debenture Trust Deed</b>	Debenture Trust Deed dated December 29, 2009 for the Programme entered into between the issuer and the Debenture Trustee and registered with the Sub Registrar of Assurances on January 21, 2010
<b>Debt Guidelines</b>	The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
<b>Depositories</b>	NSDL and CSDL
<b>DP</b>	Depository Participant.
<b>EBITDA</b>	Earnings before Interest, Tax, Depreciation. Amortization and Pre Operating Cost.
<b>ECS</b>	Electronic Clearing System
<b>FDI</b>	Foreign Direct Investment.
<b>FII</b>	Foreign Institutional Investors.
<b>Fiscal Year</b>	Financial Year ending March 31.
<b>FY</b>	Financial Year.
<b>GDP</b>	Gross Domestic Product.
<b>GIR</b>	General Index Registration number.

<b>GOI / GoI</b>	Government of India
<b>Guidelines</b>	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
<b>IISL</b>	India Index Services & Products Limited.
<b>Information Memorandum/ Offer Document</b>	This memorandum of information dated October 23, 2009 for private placement of the Debentures.
<b>INR / Rs.</b>	The lawful currency of the Republic of India.
<b>Investors</b>	Those persons (who fall within a class listed under the heading "who can apply" on Page 21 of this information memorandum) may be sent, specifically numbered and addressed to such person, with a view to offering the Debentures for sale on a private placement basis only under this Information Memorandum.
<b>Issue / Offer / Offering</b>	Private Placement of 357 INR index linked principal protected debentures aggregating to Rs. 35,700,000.
<b>Issuer Tax Event</b>	Means the imposition of any withholding or deduction on any payments in respect of the Debentures by or on behalf of the Issuer if such withholding or deduction is required by law.
<b>IT</b>	Income Tax.
<b>MoA / MOA / Memorandum</b>	Memorandum of Association of the Issuer.
<b>NBFC</b>	Non-Banking Finance Company
<b>NBFC-ND</b>	Non Deposit Non Banking Finance Company.
<b>NEFT</b>	National Electronic Funds Transfer.
<b>NPA</b>	Non-Performing Assets.
<b>NRI</b>	Non Resident Indian.
<b>NSDL</b>	National Securities Depository Limited.
<b>NSE</b>	National Stock Exchange of India Limited.
<b>OCBs</b>	Overseas Corporate Bodies.
<b>PAN</b>	Permanent Account Number.
<b>Programme</b>	Private Placement of Debentures to be raised in several tranches aggregating to Rs. 10,000,000,000
<b>RBI</b>	Reserve Bank of India.
<b>Registrar and Transfer Agent</b>	Link Intime India Private Limited
<b>Replacement Security</b>	Security replacing the initial security created for the Debenture, on the request of the Issuer by the Debenture Holders.
<b>RoC / ROC</b>	Registrar of Companies, Marine Lines, Mumbai.
<b>RTGS</b>	Real Time Gross Settlement.
<b>SEBI</b>	Securities and Exchange Board of India.
<b>Security</b>	Security created on a pari passu basis for the issue of all debentures under the Programme.
<b>Series</b>	Any of debentures issued under the Programme.
<b>Stock Exchange(s)</b>	NSE
<b>TDS</b>	Tax Deducted at Source.
<b>WDM</b>	Wholesale Debt Market



**PART A**  
**REGULATORY DISCLOSURES**

**1. THE FOLLOWING DOCUMENTS HAVE BEEN SUBMITTED TO THE NSE:**

- (i) Memorandum and articles of association.
- (ii) A copy of the latest audited balance sheet and annual report of the Issuer.
- (iii) A copy of the trust deed dated December 29, 2009
- (iv) Statement containing particulars of dates of, and parties to all material contracts and agreements

**2. NAME AND ADDRESS OF THE REGISTERED OFFICE OF THE ISSUER:**

Name: Standard Chartered Investments and Loans (India) Limited  
Address: Oriental House, 364, Dr. D.N.Road, Fort, Mumbai – 400 001.

**3. NAME AND ADDRESSES OF THE DIRECTORS OF THE ISSUER:**

The composition of the Board of Directors as of the date of this Information Memorandum is as follows:

as on March 31, 2009

S. No.	Name	Designation	Date of Appointment	Residential Address
1.	Neeraj Swaroop	Chairman	December 28, 2005	Flat No. 107, Samudra Mahal, Dr. Annie Besant Road, Worli, Mumbai – 400 018
2.	Dhiren Parekh	Managing Director	March 13, 2008	Gita, A-14, 3 <sup>rd</sup> Floor, Pandita Ramabai Road, Gamdevi, Mumbai – 400 007
3.	Anurag Adlakha	Director	August 31, 2007	8 Ridgeway, 29 A Ridge Road, Malabar Hill, Mumbai 400 006
4.	Hemant Mishr	Additional Director	December 12, 2008	Jupiter Apt, Flat No 42, 4th Floor, Cuffe Parade, Mumbai 400 005
5.	Arup Roy	Director	June 30, 2008	2 Bishopsgate, B.D Road, Mumbai 400 026
6.	S.Krishnan	Director	June 30, 2008	Sagar Tarang, Flat No 34, 5th Floor, 81-83 Bhulabhai Desai Road, Mumbai 400 026
7.	Srinivasan Iyengar	Additional Director	January 5, 2009	Maker Tower L, Flat No 111, 11th Floor, Cuffe Parade, Mumbai –

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**4. A BRIEF SUMMARY OF THE BUSINESS/ ACTIVITIES OF THE ISSUER AND ITS LINE OF BUSINESS**

Standard Chartered Investments & Loans (I) Ltd (SCILL) is a registered NBFC. It is a wholly owned subsidiary of Standard Chartered Bank UK. It taps emerging market opportunities in commercial financing. It also has a consumer finance division. SCILL wants to establish its presence in the commercial financing space and specialize in structured deals, syndicated lending as well as portfolio and asset buy outs from other banks, NBFCs and financial institutions. SCILL wants to capitalize on its established relationships with various corporates for achieving its objectives. It is also looking at newer lines of business like buying asset portfolios from banks and financial institutions for building its balance sheet size. Effective July, 2008, the Company has discontinued fresh disbursement of consumer finance loans.

**5. A BRIEF HISTORY OF THE ISSUER SINCE ITS INCORPORATION GIVING DETAILS OF ITS ACTIVITIES INCLUDING ANY REORGANIZATION, RECONSTRUCTION OR AMALGAMATION, CHANGES IN ITS CAPITAL STRUCTURE, (AUTHORIZED, ISSUED AND SUBSCRIBED) AND BORROWINGS, IF ANY**

Standard Chartered Investments and Loans (India) Limited was incorporated on October 22, 2003 as a public limited company under the Companies Act. In February 2004, the Issuer obtained its COR from the RBI to carry out the business of a NBFC ND. As at March 31, 2009, the principal shareholders of the Issuer and their shareholdings are set out below:

Standard Chartered Bank UK holds 454,385,000 shares of INR. 10 each amounting to 100% of the Issuer's share capital.

Details of share capital:

The share capital as at date of filing of this Information Memorandum with the NSE is set forth below:

Particulars	INR. Millions
<b>Authorized Capital</b>	
460,000,000 equity shares of INR. 10 each	4,600
<b>Issued, subscribed and paid up</b>	
454,385,000 equity shares of INR. 10 each fully paid up	4,543.9

5.1 Share capital history of the Issuer

Date of Allotment	No. of Equity Shares	Face Value (INR.)	Issue Price (INR.)	Nature of Consideration	Reason for Allotment	Cumulative No. of Equity Shares	Cumulative of Paid up Share Capital (INR.)	Cumulative Share Premium (INR. in Million)
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							in million)	
December 26, 2003	34,120,500	10	10	Cash	Subscription	34,120,500	341.2	Nil
July 22, 2004	194,837,000	10	10	Cash	Further issue	228,957,500	2,289.5	Nil
July 15, 2005	109,025,000	10	10	Cash	Rights Issue	337,982,500	3,379.82	Nil
July 29, 2006	116,402,500	10	10	Cash	Further Issue	454,385,000	4,543.85	Nil

**6. DETAILS OF DEBT SECURITIES ISSUED AND SOUGHT TO BE LISTED INCLUDING FACE VALUE, NATURE OF DEBT SECURITIES MODE OF ISSUE I.E. PUBLIC ISSUE OR PRIVATE PLACEMENT.**

Private placement of 357 Debentures with a face value of INR 100,000 each aggregating to INR 35,700,000. For further details of the Debentures, please refer to the terms and conditions of the Debentures set out in the Schedule to this Information Memorandum.

**7. ISSUE SIZE.**

Private placement of 357 Debentures with a face value of INR 100,000 each aggregating to INR 35,700,000.

**8. DETAILS OF UTILIZATION OF THE ISSUE PROCEEDS.**

The net proceeds from the issue of the Debentures will be applied by the Issuer for its general corporate purposes, hedging, onward lending, advances and investments, subject to applicable law. Further, the proceeds shall be used for onward lending, hedging, advances and investments subject to applicable law.

**9. A STATEMENT CONTAINING PARTICULARS OF THE DATES OF, AND PARTIES TO ALL MATERIAL CONTRACTS, AGREEMENTS INVOLVING FINANCIAL OBLIGATIONS OF THE ISSUER**

Currently, there are no material contracts involving any financial obligations of the Issuer.

**10. DETAILS OF OTHER BORROWINGS INCLUDING ANY OTHER ISSUE OF DEBT SECURITIES IN PAST**

All non-convertible debentures issued by SCILL have matured and there are none outstanding.

**11. ANY MATERIAL EVENT/ DEVELOPMENT OR CHANGE AT THE TIME OF ISSUE OR SUBSEQUENT TO THE ISSUE WHICH MAY AFFECT THE ISSUE OR THE INVESTOR'S DECISION TO INVEST / CONTINUE TO INVEST IN THE DEBT SECURITIES**

There have been no material event/ development or change at the time of the Issue of the Debentures or subsequent to the issue which may affect the issue or the investor's decision to invest / continue to invest in the Debentures.

**12. PARTICULARS OF THE DEBT SECURITIES ISSUED (I) FOR CONSIDERATION OTHER THAN CASH, WHETHER IN WHOLE OR PART, (II) AT A PREMIUM OR DISCOUNT, OR (III) IN PURSUANCE OF AN OPTION.**

The Issuer has not issued any debt securities: (i) for consideration other than cash, whether in whole or part or (ii) in pursuance of an option.

The Issuer has not issued any securities at a premium /discount to date.

**13. A LIST OF HIGHEST TEN HOLDERS OF EACH CLASS OR KIND OF SECURITIES OF THE ISSUER AS ON THE DATE OF APPLICATION ALONG WITH PARTICULARS AS TO NUMBER OF SHARES OR DEBT SECURITIES HELD BY THEM AND THE ADDRESS OF EACH SUCH HOLDER.**

List of top 10 share holders as on March 31, 2009:

<b>Name of Shareholder</b>	<b>Number of Shares Held</b>	<b>% Shareholding</b>	<b>Address of the shareholder</b>
Standard Chartered Bank, UK	454,384,994	100	Aldermansbury Square, London EC 2V 7SB.
<u>Nominee Shareholders:</u> Dhiren Parekh Navneet Singh Neeta Rege Manoj Sood PR Somasundaram Sanjay Mehta	Each holding one share on behalf of SCB, UK  Total 6 shares of INR 10 each		90 M.G. Road, Fort, Mumbai – 400001

List of top 10 Debenture Holders (as on October 23, 2009):

There are no outstanding debentures issued by the Company as of October 23, 2009

No other class of securities, apart from those set out above, have been issued.

**14. AN UNDERTAKING THAT THE ISSUER SHALL USE A COMMON FORM OF TRANSFER**

The Issuer undertakes that there shall be a common form of transfer for the Debentures and the provisions of the Companies Act, 1956 and all applicable laws shall be duly complied with in respect of all transfer of debentures and registration thereof.

**15. REDEMPTION AMOUNT, PERIOD OF MATURITY, YIELD ON REDEMPTION.**

Please refer to page 26 in Part B of this Information Memorandum

**16. INFORMATION RELATING TO THE TERMS OF OFFER OR PURCHASE**

For information relating to the terms of offer or purchase, please refer to the terms and conditions of the Debentures set out in the Schedule of the Information Memorandum on page 27

**17. THE DISCOUNT AT WHICH SUCH OFFER IS MADE AND THE EFFECTIVE PRICE FOR THE INVESTOR AS A RESULT OF SUCH DISCOUNT**

The Debentures are being issued at the following price:

Face Value: 100,000  
Discount: N/A  
Effective Price: 100,000

**18. THE DEBT EQUITY RATIO PRIOR TO AND AFTER ISSUE OF THE DEBT SECURITY.**

The debt equity ratio prior to the issuance of Debentures is 0.29 based on long term debt of INR 1.40 billion and equity of INR 4.74 billion. The debt equity ratio post such issuance of Debentures (assuming full subscription) is 0.30, based on long term debt of INR 1.43 billion and equity of INR 4.74 billion.

**19. SERVICING BEHAVIOR ON EXISTING DEBT SECURITIES, PAYMENT OF DUE INTEREST ON DUE DATES ON TERM LOANS AND DEBT SECURITIES.**

As on the date of this Information Memorandum, no payment of principal or interest has fallen due on any debt security issued by the Issuer in the past.

**20. THAT THE PERMISSION / CONSENT FROM THE PRIOR CREDITOR FOR A SECOND OR PARI PASSU CHARGE BEING CREATED IN FAVOR OF THE TRUSTEES TO THE PROPOSED ISSUE HAS BEEN OBTAINED**

There is no outstanding debt obligation as of the issuance date of these debentures.

**21. THE NAMES OF THE DEBENTURE TRUSTEE(S) SHALL BE MENTIONED WITH A STATEMENT TO THE EFFECT THAT DEBENTURE TRUSTEE(S) HAS GIVEN HIS CONSENT TO THE ISSUER FOR HIS APPOINTMENT UNDER REGULATION 4 (4) AND ALSO IN ALL THE SUBSEQUENT PERIODICAL COMMUNICATIONS SENT TO THE HOLDERS OF DEBT SECURITIES.**

The Debenture Trustee has given their consent to the Issuer vide their letter dated July 23, 2009 for their name to be used as Trustee for the Debenture holders in relation to the

Programme. However, as the Debentures are being issued on a private placement basis, a separate undertaking under Regulation 4 (4) has not been obtained.

## 22. THE RATING RATIONALE (S) ADOPTED BY THE RATING AGENCIES SHALL BE DISCLOSED

The rationale as set out in CRISIL's rating letter dated August 2009 relating to the Debentures is reproduced below.

<b>Rs.10 Billion Equity-Linked Debentures</b>	<b>AA+r/Negative (Assigned)</b>
<b>Rs.5 Billion Non-Convertible Debentures</b>	<b>AA+/Negative (Reaffirmed)</b>
<b>Rs.21.5 Billion Short-Term Debt Programme (Reduced from Rs.31.5 billion)</b>	<b>P1+ (Reaffirmed)</b>

### Rating Driver

- Strong expectation of support from ultimate parent, Standard Chartered PLC (SCPLC; rated 'A/Negative/A-1' by Standard & Poor's [S&P]).

### Rating sensitivity factors

- Extent of ownership by, and support from, SCPLC
- Significant changes in S&P's view on SCPLC's credit risk profile

### Outlook: Negative

CRISIL believes that Standard Chartered Investments and Loans (India) Ltd (SCILL) will continue to benefit from the support from SCPLC, which will help maintain its overall credit risk profile. The ratings could be downgraded in case of a downward revision in S&P's rating on SCPLC, a change in CRISIL's view on the parent's expected support to SCILL, or a weakening in SCILL's presently comfortable capitalisation. Conversely, the outlook could be revised to 'Stable' in case of a revision in S&P's outlook on SCPLC to 'Stable', or a substantial improvement in SCILL's business activity and earnings profile, resulting in a material improvement in the economic benefit that SCILL can bring to SCPLC.

### Rationale

SCILL is a wholly-owned subsidiary of SCB UK, which, in turn, is a 100 per cent subsidiary of Standard Chartered Holdings Ltd (SCHL). SCPLC, which is the ultimate parent, holds 100 per cent stake in SCHL. SCILL was incorporated in 2003, with the objective of leveraging SCB UK's sizeable Indian presence (through the branches of SCB UK) in financial services. It is registered with the Reserve Bank of India (RBI) as a non-deposit-taking NBFC. SCILL has been largely focused on raising wholesale resources and deploying them in corporate assets. However, after RBI's guidelines on NBFCs in December 2006, SCILL's incremental business on the corporate lending side has been affected. For 2008-09 (refers to financial year, April 1 to March 31), SCILL has earned a marginal profit after tax (PAT) of Rs.1 million, as against a PAT of Rs.14 million in the previous year.

The ratings are driven by:

### Strong expectation of support from SCPLC

In CRISIL's opinion, the 100 per cent ultimate ownership by SCPLC implies a strong moral obligation on the parent to continue supporting its subsidiary. The ratings on SCILL's debt instruments also factor in the management, capital, funding, and operational support it receives from SCB UK. SCB UK has complete management control over all of SCILL's

operations; both SCILL and branches of SCB UK operate under common policies. SCILL's management personnel are on deputation from SCB UK's Indian banking operations arm (SCB India), while SCILL's board of directors comprises directors from associate companies. SCB UK provides operational support to SCILL in sourcing of business. Operational support also comes in the form of inputs on treasury and credit analyses, legal issues, and risk management systems. SCILL, being a subsidiary of SCB UK, also sources funds leveraging on its parent's favourable relationships with other banks and corporate houses; the company has flexibility to raise funds in the form of working capital lines from SCB India. Ownership by SCB UK helps SCILL remain adequately capitalised: it had a capital adequacy ratio (CAR) of 65.30 per cent and low gearing level of 0.43 times as on March 31, 2009. Given the cautious approach that SCILL is likely to adopt in business growth, capitalisation levels would remain adequate in the medium term.

SCILL continues to face business growth and profitability challenges, thereby weakening the standalone credit profile. However, CRISIL believes that the 100 per cent ownership by SCPLC implies a strong moral obligation on the parent to continue supporting its subsidiary; according to SCPLC, this moral obligation remains undiminished, despite the weakened standalone credit risk profile of SCILL. This premise is centrally factored into the ratings.

**23. NAMES OF ALL THE RECOGNISED STOCK EXCHANGES WHERE SECURITIES ARE PROPOSED TO BE LISTED CLEARLY INDICATING THE DESIGNATED STOCK EXCHANGE AND ALSO WHETHER IN PRINCIPLE APPROVAL FROM THE RECOGNISED STOCK EXCHANGE HAS BEEN OBTAINED.**

The Debentures are proposed to be listed on the NSE. The designated stock exchange is the NSE. The Issuer has obtained an in principle approval from the NSE for listing of the Debentures on October 12, 2009.

**24. A SUMMARY TERM SHEET SHALL BE PROVIDED WHICH SHALL INCLUDE BRIEF INFORMATION PERTAINING TO THE SECURED / UNSECURED NON CONVERTIBLE DEBT SECURITIES (OR A THEREOF) AS SET OUT IN THE GUIDELINES.**

Please find below a summary term sheet with the requisite details as set out in the Guidelines.

<b>Issuer</b>	Standard Chartered Investments and Loans (India) Limited.
<b>Minimum Subscription</b>	A minimum of ten Debentures with one Debenture multiples thereafter.
<b>Face Value</b>	100,000
<b>Tenor</b>	18 months from the deemed date of allotment of the Debentures.
<b>Principal Protection</b>	Repayment of 100% of the nominal amount of INR 100,000 per Debenture applies only to redemption at maturity.
<b>Coupon rate/Coupon date</b>	Not applicable
<b>Redemption Date</b>	April 28, 2011, subject to the Business Day Convention (as defined below)
<b>Put / Call option</b>	Not applicable.
<b>Listing</b>	Application will be made to the NSE for the final listing of the Debentures on

	the WDM segment of the NSE.
<b>Issuance</b>	In dematerialised form.
<b>Trading</b>	In dematerialised form only.
<b>Depository</b>	NSDL and CDSL.
<b>Security</b>	The Debentures are proposed to be secured through a combination of floating charge over movable assets and/or investments made by the Issuer and by way of mortgage over immovable property or any other immovable property, in consultation with the Trustees.
<b>Rating</b>	<p>As at the date of this Information Memorandum, CRISIL has assigned a AA+r/ Negative rating for an issuance of INR 10,000,000,000 equity linked debentures.</p> <p>CRISIL has confirmed a AA+r/ Negative rating for the issuance of Debentures under the Programme for an aggregate amount of INR 35,700,000 (Rupees thirty five million and seven hundred thousand only)</p> <p>This rating indicates that the degree of safety with regard to credit risk on timely payment of obligations on the instrument is high. <i>The 'r' suffix indicates that payments on the rated instrument have significant risks other than credit risk. The terms of the instrument specify that the payments to investors will not be fixed, and could be linked to one or more external variables such as commodity prices, equity indices, or foreign exchange rates. This could result in variability in payments—including possible material loss of principal—because of adverse movement in value of the external variables. The risk of such adverse movement in price / value is not addressed by the rating.</i> The risks represented by the 'r' symbol for the captioned instrument are the variability of returns and/or loss of principal, if any, on account of market risk arising due to changes in equity prices.</p>
<b>Settlement</b>	<p>Payment will be made through RTGS in favor of the person whose name appears on the list of beneficiary owner provided by the depository of the company as on the record date. The RTGS details shall be provided to us by the beneficiary owner.</p> <p>In case payment is not made by RTGS, it will be made by an account payee or pay order drawn by the company on its banker in favor of the person whose name appears on the list of beneficiary owner provided by the depository of the company as on the record date.</p>
<b>Issue Schedule</b>	<p>Issue opens on October 28, 2009</p> <p>Issue closes on October 28, 2009</p>
<b>Pay in date</b>	October 28, 2009
<b>Deemed date of allotment</b>	<p>October 28, 2009</p> <p>All the benefits under the Debentures, including but not limited to the payment of interest, will accrue to the Investors from this date.</p>

For detailed terms and conditions of the Debentures, please refer to the Part B.



## **Mode of Transfer/ Transmission of Debentures**

The Debentures shall be transferable freely to all classes of eligible Investors. The Debenture(s) shall be transferred and/ or transmitted in accordance with the applicable provisions of the Companies Act and other applicable laws. The provisions relating to transfer, transmission and other related matters in respect of shares of the Issuer contained in the Articles of Association and the Companies Act shall apply, *mutatis mutandis* (to the extent applicable to debentures), to the Debentures as well. The Debentures held in dematerialised form shall be transferred subject to and in accordance with the rules/ procedures as prescribed by NSDL/ CDSL and the relevant DP's of the transferor or transferee and any other applicable laws and rules notified in respect thereof. The transferee(s) should ensure that the transfer formalities are completed prior to the record date. In the absence of the same, interest will be paid/ redemption will be made to the person, whose name appears in the register of Debenture Holders maintained by the Depositories. In such cases, claims, if any, by the transferees would need to be settled with the transferor(s) and not with the Issuer. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Debentures held in electronic form. The seller should give delivery instructions containing details of the buyer's DP account to his DP.

Investors may note that subject to applicable law, the Debentures of the Issuer would be issued and traded in dematerialised form only.

### **Debentures held in Dematerialised form**

In case of the Debentures held in dematerialised form, no action is required on the part of the Debenture Holder(s) for redemption purposes and the redemption proceeds will be paid by cheque to those Debenture Holder(s) whose name(s) appear on the list of Beneficiaries provided by the Depositories to the Issuer. The name(s) would be as per the Depositories' records on the relevant record date fixed for the purpose of redemption. All such Debentures will be simultaneously redeemed through appropriate debit corporate action.

The cheque for redemption proceeds will be dispatched by the Issuer through courier or hand delivery or registered post at the address provided in the application form or at the address as notified by Debenture Holder(s). Once the cheque for redemption proceeds is dispatched to such Debenture Holder(s) at the addresses provided or available from the Depositories' record, the Issuer's liability to redeem the Debentures on the date of redemption shall stand extinguished and the Issuer will not be liable to pay any interest, income or compensation of any kind from such date.

The list of Beneficiaries as of the relevant record date setting out the relevant Beneficiaries' name and account number, address, bank details and DP's identification number will be given by the Depositories to the Issuer and the Registrar. Based on the information provided above, the Issuer will dispatch the cheque for interest / coupon payments to the Beneficiaries. If permitted, the Issuer may transfer payments required to be made in relation to any Debentures by electronic transfer of funds, to the bank account of the Debenture Holder for redemption and interest/ coupon payments.

The specific redemption mechanism will be decided at the time of issue of each proposed to be issued and if it is different from the procedure stated above, it shall be set out in Part B of this Information Memorandum.

### **Trustee for the Debenture Holders**

The Issuer has appointed IDBI Trusteeship Services Ltd. to act as trustee for the Debenture Holders. The Issuer and the Debenture Trustee have entered into the Debenture Trust Deed for the Programme, *inter alia*, specifying the powers, authorities and obligations of the Debenture Trustee and the Issuer. The Debenture Holder(s) shall, without further act or deed, be deemed to have irrevocably given their consent to the Debenture Trustee or any of its agents or authorized officials to do all such acts, deeds, matters and things in respect of or relating to the Debentures as the Debenture Trustee may in its absolute discretion deem necessary or require to be done in the interest of the Debenture Holder(s). Any payment made by the Issuer to the Debenture Trustee on behalf of the Debenture Holder(s) shall discharge the Issuer *pro tanto* to the Debenture Holder(s). The Debenture Trustee will protect the interest of the Debenture Holders in the event of default by the Issuer in regard to timely payment of interest and repayment of principal and they will take necessary action, subject to and in accordance with the Debenture Trust Deed, at the cost of the Issuer. No Debenture Holder shall be entitled to proceed directly against the Issuer unless the Debenture Trustee, having become so bound to proceed, fails to do so.

### **Future Borrowings**

The Issuer shall be at liberty from time to time during the term of any or all to issue at such future dates and in such denomination as it considers advisable, further convertible and/ or non-convertible debentures and/ or to raise further loans, advances and/ or avail further financial and/ or guarantee facilities from financial institutions, banks and/ or any other person(s) or entities in any other form which may be secured on the movable assets of the Issuer on a *pari passu* basis, without obtaining any approval from or intimation to the Debenture Holders and to the Debenture Trustee.

### **Joint-Holders**

Where two or more persons are holders of any Debenture(s), they shall be deemed to hold the same as joint tenants with benefits of survivorship subject to other provisions contained in the Articles of Association.

### **Sharing of Information**

The Issuer may, at its option, but subject to applicable laws, use on its own, as well as exchange, share or part with any financial or other information about the Debenture Holders available with the Issuer, with its subsidiaries and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required and neither the Issuer nor its subsidiaries and affiliates nor their agents shall be liable for use of the aforesaid information.

### **Debenture Holder not a Shareholder**

The Debenture Holders will not be entitled to any of the rights and privileges available to the shareholders of the Issuer.

### **Modification of Debentures/Information Memorandum**

The Registrar and the Issuer may agree, without the consent of the Debenture Holders to:

1. any modification to the Debentures, which is not prejudicial to the interest of the Debenture Holders; and
2. any modification of this Information Memorandum which is a manifest or proven error or is in violation of any provision of law.

### **Right to Accept or Reject Applications**

The Board of Directors/ committee of directors reserves its full, unqualified and absolute right to accept or reject any application for subscription to any Series, in part or in full, without assigning any reason thereof. The rejected applicants will be intimated along with the refund warrant, if applicable, to be sent. The application forms that are not complete in all respects are liable to be rejected and would not be paid any interest on the application money. An application would be liable to be rejected on one or more technical grounds, including but not restricted to:

1. number of Debentures applied for is less than the minimum application size;
2. applications exceeding the issue size;
3. bank account details not given;
4. details required for the issue of Debentures not given;
5. PAN/ GIR and income tax circle/ ward/ district not given; and
6. in case of applications under power of attorney by limited companies, corporate bodies, trusts, etc. relevant documents not submitted.

In the event if any Debenture(s) applied for is/ are not allotted in full, the excess application monies of such Debentures will be refunded, as may be permitted.

### **Computation of interest**

Interest, if any, for each of the interest periods, including interest on application money, shall be computed on such basis as set out in this Information Memorandum on the principal outstanding of the Debentures at the applicable rate stated in this Information Memorandum.

Tax exemption certificate / document, if any, must be lodged at the registered office or the designated office of the Issuer prior to the record date or as specifically required. Tax applicable on coupon / discount will be deducted at source on accrual thereof in the Issuer's books and/ or on payment thereof, in accordance with the provisions of the Income Tax Act, 1961 and/ or any other statutory modification, enactment or notification as the case may be. A tax deduction certificate will be issued for the amount of tax so deducted.

### **Notices**

All notices to the Debenture Holder(s) required to be given by the Issuer or the Debenture Trustee shall have been given if sent either by registered post, by facsimile or by email to the original/ first allottees of the Debenture(s), or as may be prescribed by applicable law.

All notice(s) to be given by the Debenture Holder(s) shall be sent by registered post or by hand delivery to the Issuer or to such persons at such address as may be notified by the Issuer from time to time through suitable communication.

Notice(s) shall be deemed to be effective (in the case of registered post) seven business days after posting, (in the case of facsimile/email) twenty four hours after dispatch or (in the case of personal delivery) at the time of delivery.

### **How to Apply**

Only eligible Investors as given hereunder may apply for the Debentures by completing the application form in the prescribed format in BLOCK LETTERS in English as per the instructions contained therein. The minimum number of Debentures that can be applied for and the multiples thereof shall be set out in the relevant application form. No application can be made for a fraction of a Debenture. Applications not completed in the said manner are liable to be rejected. Application forms duly completed in all respects must be submitted through the Registrar or any distributor appointed by the Issuer in the manner specified in such application form. The name of the applicant's bank, type of account and account number must be duly completed by the applicant. This is required for the applicant's own safety and these details will be printed on the refund orders and interest/ redemption warrants.

Applications may be made in single or joint names (not exceeding three). In the case of joint applications, all payments will be made out in favour of the first applicant. All communications will be addressed to the first named applicant whose name appears in the application form at the address mentioned therein. The applicant must have at least one beneficiary account with any of the DPs of NSDL or CDSL prior to making the application. The applicant must necessarily fill in the details (including the beneficiary account number and Depository Participant's ID) appearing in the Application Form. The names in the Application Form should be identical to those appearing in the account details in the depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the depository.

The applicant or in the case of an application in joint names, each of the applicants, should mention his/ her PAN where the same has not been allotted, the GIR and the income tax circle/ ward/ district. As per the provision of Section 139A (5A) of the Income Tax Act 1961, PAN or the GIR would have to be mentioned on the TDS certificates. Hence, the Investor should mention his/ her PAN/ GIR. In case neither the PAN nor the GIR has been allotted, the applicant shall mention "Applied for" and in case the applicant is not assessed to income tax, the applicant shall mention "Not Applicable" (stating reasons for non-applicability) in the appropriate box provided for the purpose. Application forms without this information will be considered incomplete and are liable to be rejected.

For allotment of Debentures, the address, nomination details and other details of the applicant as registered with his/her DP shall be used for all correspondence with the applicant. The Applicant is therefore responsible for the correctness of his/her demographic details given in the Application Form vis-à-vis those with his/her DP. In case the information is incorrect or insufficient, the Issuer would not be liable for losses, if any.

Unless the Issuer specifically agrees in writing with or without such terms or conditions it deems fit, a separate single cheque must accompany each application form. Applicants are

requested to write their names and application serial number on the reverse of the instruments by which the payments are made.

All applicants are requested to tick the relevant column "Category of Investor" in the application form. Investors are advised to exercise due caution in selecting the appropriate option under which they wish to apply for the Debentures.

An application form must be accompanied by either cheque(s) drawn or made payable in favour of the Issuer or otherwise as may be set out in the application form and crossed "Account Payee Only". Cheque(s) may be drawn on any bank including a co-operative bank, which is a member or a sub-member of the bankers clearing house located at Mumbai. If permitted, the applicant may transfer payments required to be made in relation to any by electronic transfer of funds, to the bank account of the Issuer.

Investors in centres which do not have any bank, including a co-operative bank, which is a member or sub-member of the banker's clearing house located at any of the centres mentioned above, will be required to make payments only through cheque(s) payable at any one of the above centres. Cash, money orders, postal orders and stockinvest shall not be accepted. The Issuer assumes no responsibility for any applications/ cheques lost in transit.

### **Who Can Apply**

The following categories of Investors may apply for the Debentures, subject to fulfilling their respective investment norms/ rules and compliance with laws applicable to them by submitting all the relevant documents along with the application form:

1. Scheduled Commercial Banks;
2. Financial Institutions;
3. Insurance Companies;
4. Provident, Gratuity and Superannuation Funds;
5. Mutual Funds;
6. Companies, Bodies Corporate authorised to invest in bonds;
7. High Net Worth Individuals
8. Partnership Firms; and
9. FIs subject to compliance with applicable law.

Applications not to be made by

1. Hindu Undivided Family (in the name of the Karta);
2. Overseas corporate bodies; and
3. Trusts, Association of Persons, Societies registered under the applicable laws in India which are duly authorised to invest in bonds;
4. NRI's as such term is understood under the Foreign Exchange Management Act, 1999 and the applicable rules and regulations made thereunder.
5. Regional Rural Banks
6. Primary/ State/ District/ Central Co-operative Banks (subject to permission from the RBI);

### **Depository Arrangements**

The Issuer shall make necessary depository arrangements with CDSL and NSDL for issue and holding of Debentures in dematerialised form.

### **List of Beneficiaries**

The Issuer shall request the Depositories to provide a list of Beneficiaries as at the end of the relevant record date. This shall be the list, which will be used for payments of interest or repayment of redemption monies, as the case may be.

### **Applications under Power of Attorney**

A certified true copy of the power of attorney or the relevant authority as the case may be along with the names and specimen signature(s) of all the authorized signatories and the tax exemption certificate/ document, if any, must be lodged along with the submission of the completed application form. Further modifications/ additions in the power of attorney or authority should be notified to the Issuer or to its agents or to such other person(s) at such other address(es) as may be specified by the Issuer from time to time through a suitable communication.

In case of an application made by companies under a power of attorney or resolution or authority, a certified true copy thereof along with memorandum and articles of association and/ or bye-laws along with other constitution documents must be attached to the application form at the time of making the application, failing which, the Issuer reserves the full, unqualified and absolute right to accept or reject any application in whole or in part and in either case without assigning any reason thereto. Names and specimen signatures of all the authorized signatories must also be lodged along with the submission of the completed application.

### **Application by Banks/ Financial Institutions**

Investment by banks and financial institutions in the Debentures will be taken into account together with the investment in other instruments eligible for capital status while computing compliance with the overall ceiling of 10% for cross holding of capital among banks and financial institutions prescribed by the RBI through a circular DBOD.BP.BC.No.3/21.01.002/2004-05 dated July 6, 2004 and also subject to cross holding limits. Further, bank's investments in these Debentures would attract a 100% risk weight for capital adequacy purposes.

### **Application by Mutual Funds/ Venture Capital Funds**

In case of applications by mutual funds and venture capital funds, a separate application must be made in respect of each scheme of an Indian mutual fund/ venture capital fund registered with the SEBI and such applications will not be treated as multiple applications, provided that the application made by the asset management company/ trustee/ custodian clearly indicates their intention as to the scheme for which the application has been made.

### **Succession**

In the event of winding-up of the holder of the Debenture(s), the Issuer will recognize the executor or administrator of the concerned Debenture Holder(s), or the other legal representative as having title to the Debenture(s). The Issuer shall not be bound to recognize such executor or administrator or other legal representative as having title to the Debenture(s), unless such executor or administrator obtains probate or letter of administration

or other legal representation, as the case may be, from a court in India having jurisdiction over the matter.

The Issuer may, in its absolute discretion, where it thinks fit, dispense with production of probate or letter of administration or other legal representation, in order to recognize such holder as being entitled to the Debenture(s) standing in the name of the concerned Debenture Holder on production of sufficient documentary proof or indemnity.

#### **Debenture/ Debenture Redemption Reserve**

The Government of India, Ministry of Company Affairs through, a general circular 9/2002 No.6/3/20001-CL.V dated April 18, 2002, has clarified that NBFCs need not create a debenture redemption reserve as specified under Section 117C of the Companies Act in respect of privately placed debentures.

#### **Applications to be accompanied with bank account details**

Every application shall be required to be accompanied by the bank account details of the applicant and the magnetic ink character reader code of the bank for the purpose of availing direct credit of interest and all other amounts payable to the Debenture Holders through ECS, RTGS or NEFT.

#### **Basis of Allotment**

The Issuer reserves the right to reject fully or partly any or all the offers received by it to invest in the Debentures without assigning any reason for such rejections. Kindly note that those Investors, who are being contacted for making investment, should inform the Issuer before making any investment in the Debentures.

#### **Letters of Allotment/ Refunds**

The Issuer shall credit the allotted securities to the respective beneficiary account/ dispatch the refund order(s), by registered post or as per prevailing postal rules at the sole risk of the applicant as the case may be, within thirty days from the date of closing of the subscription list. Further, the Issuer agrees that:

- i. as far as possible, allotment of securities shall be made within 30 days of the closure of the issue of the Debentures; and
- ii. interest shall be paid at the rate to be specified in this Information Memorandum, if the allotment has not been made and/ or the refund order(s) have not been dispatched to the Investors within 30 days from the date of the closure of the issue, for any delay beyond 30 days from the 31st day till the date of dispatch of refund order.

The Issuer will ' earmark ' adequate funds for the purpose of dispatch of refund order(s).

The Issuer shall, unless, otherwise, requested by the relevant applicant(s) issue the Debentures in dematerialised form and has made necessary arrangements with the NSDL and the CDSL for the same. Investors shall hold the Debentures in dematerialised form and deal with the same as per the provisions of the Depositories Act, 1996 rules as notified by the NSDL/CDSL from time to time. Investors should, therefore, mention their DP's name, DP

identification number and beneficiary account number in the appropriate place in the application form. The Issuer shall credit the Debentures allotted to the respective beneficiary accounts of the applicants within two days from the deemed date of allotment and deliver a certificate in relation to the same within three months from the deemed date of allotment.

Subject to the completion of all legal formalities within the time period set out above, or such extended period as may be permitted by applicable law, the initial credit will be akin to a Letter of Allotment in the beneficiary account of the Investor would be replaced with the number of Debentures allotted.

The Debentures issued in electronic (dematerialized) form will be governed as per the provisions of the Depositories Act, 1996, Securities and Exchanges Board of India (Depositories and Participants) Regulations, 1996, rules notified by the NSDL/ CDSL/ DP from time to time and other applicable laws and rules notified in respect thereof.

The beneficiary account of the Investor(s) with the NSDL/ CDSL/ DP will be given initial credit as per the details furnished in the respective application forms. The initial credit in the account will be akin to the Letter of Allotment. On completion of all the statutory formalities, such credit in the account will be akin to a debenture certificate.

#### **Deemed Date of Allotment**

All the benefits under the Debentures, including but not limited to the payment of interest, will accrue to the Investor from the specified deemed date of allotment, which will be set out in this Information Memorandum.

#### **Record Date**

The record date for payment of interest or repayment of principal shall be 15 days prior to the date on which interest is due and payable on a relevant Series, or the date of redemption of such Series.

#### **Refunds**

For applicants whose applications have been rejected or allotted in part, refund orders will be dispatched within 30 days from the deemed date of allotment of the Debentures.

In case the Issuer has received money from applicants for Debentures in excess of the aggregate of the application money relating to the Debentures in respect of which allotments have been made, the Registrar shall upon receiving instructions in relation to the same from the Issuer repay the moneys to the extent of such excess forthwith along with applicable interest payable on such refund, if any.

#### **Dispatch of Refund Orders**

The Issuer shall ensure dispatch of refund order(s), if any, by registered post/ courier only and adequate funds for the purpose shall be made available to the Registrar by the Issuer.

#### **Depository arrangement**



The Issuer has entered into depository arrangements with the NSDL and the CDSL for issue and holding of the Debenture(s) in dematerialised/ electronic form.

As per the provisions of the Depositories Act, 1996, the Debentures issued by the Issuer may be held in a dematerialised/ electronic form that is, not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode.

### **Effect of Holidays**

Should any of the dates defined above or elsewhere in this Information Memorandum, excepting the deemed date of allotment, fall on a Saturday, Sunday or a public holiday, or in case, for any reason whatsoever, a holiday is declared, the next working day shall be considered as the effective date.

### **Application Form**

The application procedure set out herein shall be subject to any specific requirements or modifications set out in Part B of this Information Memorandum and the application form.

Please note that this Information Memorandum relates to issuance of Debentures under the Programme made on a private placement basis. There may be instances in the future in which the Issuer shall undertake a further issuance of Debentures before the application monies for the Debentures, if any, have been refunded, if applicable.

**PART B**  
**ADDITIONAL INFORMATION ABOUT THE DEBENTURE**

**I. SUMMARY TERMS AND CONDITIONS OF THE DEBENTURES**

Principal Terms

<b>Issuer:</b>	Standard Chartered Investments and Loans (India) Limited
<b>Debenture Trustee:</b>	IDBI Trusteeship Services Ltd.
<b>Registrar and Transfer Agent:</b>	Link Intime India Private Limited
<b>Depositories:</b>	NSDL and CDSL
<b>Issue Size:</b>	INR 35,700,000

The actual amount of Debentures issued will correspond to the sum of all valid subscriptions or orders received and accepted by the Issuer.

**Denomination (or Face Value):** INR 100,000 per Debenture

**Nominal Amount :** INR 100,000 per Debenture (or 100% of Denomination)  
Principal Protection: Investors should note that the repayment of 100% of the Nominal Amount only applies to redemption at maturity.

Subject to applicable laws and regulations, prior to the Maturity Date, under normal market conditions and upon request by a Debentureholder, the Issuer may offer a price at which it will purchase the Debentures, specifying the principal amount of Debentures which the Issuer offers to purchase at such price and the date on which the Issuer will purchase such Debentures. Nothing in this provision shall obligate the Issuer to provide any price for the Debentures for early redemption at any time. If the Issuer offers a price under this provision, such price will be the fair value of the Debenture on the Calculation Date as determined in a reasonable manner and in good faith by the Calculation Agent based upon the sum of the following:

1. the present value of the Face Value of the Debenture discounted at yield to maturity existing as at the Calculation Date; and
2. the fair value on the Calculation Date of the underlying equity hedges entered into by the Issuer or its affiliates for the purpose of hedging the Issuer's exposure under the Debentures, as determined by the Calculation Agent.

For the purposes of this provision, "Calculation Date" means the date on which the Calculation Agent determines the price to be offered under this provision.

**Issue Price:** 100% of INR 100,000 per Debenture (or 100% of Denomination)

**Minimum subscription amount per investor:** INR 1,000,000 (10 Debentures) and in multiples of INR 100,000 (1 Debenture)

**Deemed Date of Allotment:** October 28, 2009

**Form:** The Debentures will be held in dematerialised form.

**ISIN:** INE403G07020

**Eligibility** Categories of investors eligible to apply are mentioned under the Section 'Who can Apply' on page 21

**Distribution Restrictions** The Debentures shall be distributed on a private placement basis. There are restrictions on the offer of the Debentures in India, and this offering or invitation should not be calculated or issued with the intent to result directly or indirectly, in the Debentures being available for subscription or purchase by persons other than those receiving the offer or invitation.

**Underlying:** Please see below

Type of Underlying	Name of Underlying	Sponsor or Issuer of Underlying	Bloomberg Ticker	Reference Source
Index	S&P CNX NIFTY Index	India Index Services & Products Ltd	Bloomberg NIFTY <Index>	National Stock Exchange of India Limited

**Primary Market Start Date:** October 28, 2009

**Primary Market End Date:** October 28, 2009

**Initial Reference Valuation Date ("Initial"):** October 28, 2009

**Final Reference Valuation Date:** January 28, 2011

**Interest on Delayed Refunds, if any:** Rate will be as determined by the Calculation Agent  
Interest shall be paid at the above rate, ONLY if the allotment has not been made and/ or the refund order(s) have not been dispatched to the Investors within 30 days from the date of the closure of the issue, for any delay beyond 30 days from the 31st day till the date of dispatch of refund order.

**Maturity Date:** April 28, 2011, subject to the Applicable Business Day Convention

**Record Date:** 15 Business Days before the Maturity Date or, if applicable, the Early Redemption Payment Date. Payment of the Redemption Cash Amount or, if applicable, the Early Redemption Amount shall only be made to the persons holding the Debentures on the Record Date.

**Participation Factor (“PF”):** 2.50%

**Barrier Level:** Not Applicable

**Settlement:** Cash Settlement

**Settlement Currency:** INR

**Redemption at Maturity:** Each Debenture will be redeemed on the Maturity Date at the Redemption Cash Amount

**Redemption Cash Amount:** In respect of each Debenture, an amount determined by the Calculation Agent as follows:

$$\text{Nominal Amount} * [100\% + \text{Floor Coupon} + \text{Max} (\text{PF} * \text{Underlying Return}, 0)]$$

The Redemption Cash Amount will be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

**Floor Coupon:** 11.85%

**Underlying Return:**  $\frac{\text{FinalValuationLevel}}{\text{InitialValuationLevel}} - 100\%$

**Initial Valuation Level:** The Reference Level of the Underlying on Initial Reference Valuation date

**Final Valuation Level:** An amount determined by the Calculation Agent as follows:

$$\frac{1}{3} \times \sum_{t=1}^3 [\text{FinalIndexPerformance}]$$

Where:

Final Index Performance: The Reference Level of the Underlying on each Observation Date (t) (where t = 1, 2 and 3)

**Observation Date (t)**

t	Observation Date (t)
1	November 28, 2010
2	December 28, 2010
3	January 28, 2011

**Reference Level:** In respect of any day, an amount (which shall be deemed to be a monetary value in INR) equal to the official closing level of the Underlying quoted by the Reference Source on such day, as determined by the Calculation Agent;

<b>Minimum Trade Size:</b>	The trading in the Debentures would be permitted in standard denomination of INR 100,000 in the anonymous, order driven system of the NSE on the relevant trading segment. The marketable lot would be INR 100,000.
<b>Security:</b>	The Debentures are proposed to be secured through a combination of floating charge over movable assets and/or investments made by the Issuer and by way of mortgage over immovable property or any other immovable property, in consultation with the Trustees.
<b>Enforcement of Security:</b>	There will be no events of default or other acceleration events applicable to any Series issued under the Programme. In the event that the Issuer fails to make any payment of any amount due under any particular Series, and such default continues for a period of 30 days, then the Debenture Trustee may at its discretion or, in certain circumstances (as more fully set out in the Debenture Trust Deed), shall enforce the Security but only to the extent required to satisfy payment of such defaulted amount.
<b>Listing and Trading:</b>	Application will be made to list the Debentures on the WDM of the NSE.
<b>Calculation Agent:</b>	The Issuer shall act as the Calculation Agent
<b>Governing Law:</b>	Laws of India.
<b>Jurisdiction:</b>	Any dispute arising in relation to the Debentures will be subject to the exclusive jurisdiction of the courts and tribunals of Mumbai.
<b>Taxation:</b>	The Issuer shall be entitled to deduct any applicable Taxes (including withholding taxes) from any of amounts payable to the Debenture Holders.
<b>Negative Pledge:</b>	No negative pledge provision applicable to the Debentures.
<b>Cross Default:</b>	No cross default provision with other Series.
<b>The Subscription Period:</b>	Applications to subscribe for the Debentures may be made from the Primary Market Start Date until the Primary Market End Date. The Issuer reserves the right for any reason to reduce the number of Debentures offered. The minimum subscription amount per investor is INR 1,000,000 (or 10 Debentures) and in multiples of INR 100,000 (or 1 Debenture).
<b>Cancellation of the Issuance of the Debentures:</b>	The Issuer reserves the right for any reason to cancel the issuance of the Debentures. In particular, the issuance of the Debentures is conditional, amongst other matters, on the Issuer receiving valid subscriptions for Debentures amounting to an aggregate subscription value of at least INR 30,000,000 on or prior to the Primary Market End Date. In the event that this condition is not satisfied, the Issuer may cancel the issuance of the Debentures as of the Primary Market End Date.
<b>Early Closing of the</b>	The Issuer reserves the right for any reason to close the

**Subscription of the Debentures:**

subscription period early. If the aggregate subscription of the Debentures at any time on any Business Day prior to the Primary Market End Date reaches INR 300,000,000 the Issuer will close the subscription of the Debentures at such time on such Business Day, without any prior notification.

**II. RISK FACTORS**

The risk factors set out below should be read in conjunction with the risk factors set out in page 50 of Part C of this Information Memorandum and other related documents.

**A. PRODUCT SPECIFIC RISK FACTORS**

**1. Introduction**

The discussion below is intended to describe various risk factors associated with an investment in the Debentures. No investment should be made in the Debentures until after careful consideration of all those factors which are relevant in relation to the Debentures. The Issuer believes that the factors described below represent the principal risks inherent in investing in the Debentures, but does not represent that the statements below regarding risks of holding the Debentures are exhaustive. Investors should also read the detailed information set out elsewhere in this Information Memorandum and reach their own views prior to making any investment decision.

Investors should also consider carefully the description of the Underlying in the sections "Product Conditions" and "Information relating to the Underlying" and the further information which is available in relation to the Underlying.

This Information Memorandum is not, and does not purport to be, investment advice.

An investment in the Debentures involves risks. These risks may include, among others, equity market, bond market, interest rate, market volatility and economic, political and regulatory risks and any combination of these and other risks. Some of these are briefly discussed below. Prospective investors should be experienced with respect to transactions in instruments such as the Debentures and in the Underlying. Prospective investors should understand the risks associated with an investment in the Debentures and should only reach an investment decision after careful consideration, with their legal, tax, accounting and other advisers, of (a) the suitability of an investment in the Debentures in the light of their own particular financial, tax and other circumstances, (b) the information set out in this Information Memorandum and (c) the Underlying.

The Debentures may decline in value and Investors should note that, whatever their investment in the Debentures, the cash amount due at maturity will only be equal to the nominal amount.

An investment in the Debentures should only be made after assessing the direction, timing

and magnitude of potential future changes in the value of the Underlying, and/or in the composition or method of calculation of the Underlying, as the return of any such investment will be dependent, *inter alia*, upon such changes. More than one risk factor may have simultaneous effect with regard to the Debentures such that the effect of a particular risk factor may not be predictable. In addition, more than one risk factor may have a compounding effect which may not be predictable. No assurance can be given as to the effect that any combination of risk factors may have on the value of the Debentures.

## **2. Rights under the Debentures**

Investors should note that the return (if any) on their investment in the Debentures will depend on the value or average value of the Underlying on the specified valuation day(s) as calculated by the Calculation Agent. If such value is less than the value of the Underlying at or about the time of issuance of the Debentures, investors that have bought the Debentures at the time of issuance and hold them for their entire term will receive a limited return or no return on their investment.

## **3. Index Methodology**

Please refer to the section "VI" under Part B. The Underlying is an Index currently comprising shares of companies listed or traded on the NSE or other exchanges in India. The index sponsor may at any time change its approach to the compilation of the index, the weighting given to any security comprising the index or the frequency of rebalancing and such other event which may have an impact on the level or value of the Index.

## **B. GENERAL RISK FACTORS RELATING TO THE DEBENTURES**

### **1. No Payments until Settlement**

Investors should note that no periodic interest payments or other distributions may be made during the term of the Debenture. A realisation in the secondary market of the Debentures may be the only return potentially available to the investor prior to settlement of the Debentures. However, investors should note the risk factors described under the headings "Market value" and "The Debentures may be Illiquid" below in this regard.

### **2. Early Redemption for Extraordinary Reasons, Illegality and Force Majeure**

If the Issuer determines that, for reasons beyond its control, the performance of its obligations under the Debentures has become illegal, impossible or impractical in whole or in part for any reason, or the Issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging arrangements with respect to the Debentures for any reason, the Issuer may at its discretion and without obligation terminate early the Debentures. If the Issuer terminates early the Debentures, the Issuer will, if and to the extent permitted by applicable law, pay the holder of each such Debenture an amount (the "Early Redemption Amount") determined by the Calculation Agent to be its fair market value notwithstanding the illegality or impracticality less the cost to the Issuer of unwinding any underlying related hedging arrangements. The early redemption amount per Debenture may be less than, or substantially less than, the principal amount of the Debentures originally invested by the investors.

### **3. Market Disruption Events, Adjustments and Early Redemption of the Debentures**

If so indicated in the Conditions at page 41 the Calculation Agent may determine that a market disruption event has occurred or exists at a relevant time. Any such determination may delay valuation in respect of the Underlying which may have an effect on the value of the Debentures and/or may delay settlement in respect of the Debentures.

In addition, if so indicated in the Conditions, the Calculation Agent may make adjustments to the Conditions to account for relevant adjustments or events in relation to the Underlying including, but not limited to, determining a successor to the Underlying or its issuer or its sponsor, as the case may be. In addition, in certain circumstances, the Issuer may terminate early the Debentures following any such event. In this case, in relation to each Debenture, the Issuer will pay an amount, if any, determined as provided in the Conditions.

Investors should review the Conditions to ascertain whether and how such provisions apply to the Debentures and what constitutes an event or relevant adjustment event.

### **4. Taxation**

Potential purchasers and sellers of the Debentures should be aware that they may be required to pay documentary charges in accordance with the laws and practices of India. Debenture Holders are subject to the provisions of General Information -General Taxation Information on page 36 and 48. Payment and/or delivery of any amount due in respect of the Debentures will be conditional upon the payment of all applicable taxes, duties and/or expenses as provided in the Product Conditions.

Potential Investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, potential Investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

### **5. Subscription Period**

The Issuer has the right to close the offering of the Debentures prior to the end of the subscription period in case of adverse market conditions, as determined by the Issuer in its reasonable discretion, including but not limited to increased equity market volatility.

### **6. Principal Protection at Maturity Only**

These Debentures are only principal protected when held to their scheduled maturity. In the event that Debentures are sold prior to maturity or are redeemed prior to maturity due to early redemption, Debenture Holders may receive less than the Face Value of the Debenture.

### **7. Not direct investment in the underlying index**

These Debentures are structured investment products. Buying these Debentures is not the same as a direct investment in the Underlying. The market value of these Debentures may not have a direct relationship with the movements of the Underlying and may be affected by other factors including market interest rate movements, the financial condition of the Issuer



and/or its Promoters, the market's view of the credit quality of the Issuer and/or its Promoters and the availability of potential buyers in the market.

**C. MARKET FACTORS**

As used in this section "**Market Factors**", references to the Underlying shall be deemed to include any of its constituents, if applicable.

**1. Valuation of the Underlying**

An investment in the Debentures involves risk regarding the value of the Underlying. The value of the Underlying may vary over time and may increase or decrease by reference to a variety of factors which may include corporate actions, macroeconomic factors and/or speculation.

**2. The Historical Performance of the Underlying is not an Indication of Future Performance**

The historical value (if any) of the Underlying does not indicate the future performance of the Underlying. Changes in the value of the Underlying will affect the trading price of the Debentures, but it is impossible to predict whether the value of the basket constituents will rise or fall.

**3. The Basis of Calculating the Level of the Underlying may Change over Time**

The basis of calculating the level of the Underlying may from time to time be subject to change (as described in "Information relating to the Underlying") which may affect the market value of the Debentures at any time and therefore the cash amount payable on settlement.

**4. The Value of the Underlying will Affect the Value of the Debentures**

The value of the Underlying on any day will affect the value of the Debentures on such day. Changes in the composition of the Underlying and factors (including those described in these Risk Factors) which either affect or may affect the value of the Underlying will affect the value of the Debentures.

**5. Interest Rate Risk**

An investment in the Debentures may involve interest rate risk in situations where there are fluctuations in the interest rates payable on deposits in the Settlement Currency of the Debentures. This may influence the market value of the Debentures.

Interest rates are determined by factors of supply and demand in the international money markets which are influenced by macroeconomic factors, speculation and central bank and government intervention or other political factors. Fluctuations in short term and/or long term interest rates may affect the value of the Debentures.

**6. Market Value**

The market value of the Debentures during their term depends primarily on the value and the volatility of the Underlying and the level of interest rates for instruments of comparable maturities.

The level of market volatility is not purely a measurement of the actual volatility, but is largely determined by the prices for instruments which offer investors protection against such market volatility. The prices of these instruments are determined by forces of supply and demand in the options and derivative markets generally. These forces are, themselves, affected by factors such as actual market volatility, expected volatility, macroeconomic factors and speculation.

Interest rate changes generally have the same impact on the value of the Debentures as for fixed rate bonds: Under normal conditions, rising interest rates will result in a lower value of the Debentures while falling interest rates result in a higher value of the Debentures.

The value of the Underlying on any day will reflect the value of its constituents on such day. Changes in the composition of the Underlying and factors (including those described above) which either affect or may affect the value of the constituents, will affect the value of the Underlying and therefore may affect the return on an investment in the Debentures.

#### **7. Certain Hedging Considerations**

Certain risks apply to purchasers that acquire the Debentures for hedging purposes.

Investors intending to purchase the Debentures for the purpose of hedging their exposure to the Underlying or any constituents should recognise the risks of utilising the Debentures in such manner. No assurance is or can be given that the value of the Debentures will correlate with movements in the value of the Underlying or any constituents and the composition of the Underlying or any basket constituents may change over time. Furthermore, it may not be possible to liquidate the Debentures at a price which directly reflects the value of the Underlying or any constituents. Therefore, there can be no assurance as to the level of any correlation between the return on an investment in the Debentures and the return on a direct investment in the Underlying or any constituents.

Hedging transactions in order to limit the risks associated with the Debentures might not be successful.

#### **8. The Debentures may be Illiquid**

It is not possible to predict if and to what extent a secondary market may develop in the Debentures or at what price the Debentures will trade in the secondary market or whether such market will be liquid or illiquid. If so specified in this Information Memorandum, application has been made to list or quote or admit to trading the Debentures on the stock exchange(s) or quotation system(s) specified. If the Debentures are so listed or quoted or admitted to trading, no assurance is given that any such listing or quotation or admission to trading will be maintained. The fact that the Debentures may be so listed or quoted or admitted to trading does not necessarily lead to greater liquidity than if they were not so listed or quoted or admitted to trading.

The Issuer may, but is not obliged to, at any time purchase Debentures at any price in the open market or by tender or private agreement. Any Debentures so purchased may be resold

or surrendered for cancellation. Since the Issuer may be the only party purchasing the Debentures, the secondary market may be limited. The more limited the secondary market is, the more difficult it may be for holders of the Debentures to realise value for the Debentures prior to settlement of the Debentures.

**9. Creditworthiness of the Issuer**

The value of the Debentures is expected to be affected, in part, by Investors' general appraisal of the Issuer's creditworthiness. Any reduction in the creditworthiness of the Issuer could result in a reduction in the value of the Debentures. If a bankruptcy proceeding is commenced in respect to the Issuer, the return to a Debenture Holder may be limited and any recovery will likely be substantially delayed.

**D. CONFLICTS OF INTEREST**

**1. Transactions Involving the Underlying**

The Issuer and its affiliates may from time to time engage in transactions involving the Underlying for their proprietary accounts and for accounts under their management. Such transactions may have a positive or negative effect on the value of the Underlying and consequently upon the value of the Debentures. As used in this section "Conflicts of Interest", references to the Underlying shall be deemed to include any of its constituents, if applicable.

**2. Acting in other Capacities**

The Issuer and its affiliates may from time to time act in other capacities with regard to the Debentures, such as calculation agent, agent and/or index sponsor. Such functions can allow the Issuer to determine the composition of the Underlying or to calculate its value, which could raise conflicts of interest where securities or other assets issued by the Issuer itself or a group company can be chosen to be part of the Underlying, or where the Issuer maintains a business relationship with the issuer of such securities or assets.

**3. Issuing of other Derivative Instruments in respect of the Underlying**

The Issuer and its affiliates may issue other derivative instruments in respect of the Underlying and the introduction of such competing products into the market place may affect the value of the Debentures.

**4. Conducting of Hedging Transactions**

The Issuer may use all or some of the proceeds received from the sale of the Debentures to enter into hedging transactions. The Issuer believes that such hedging activity will under normal circumstances not have a material impact on the value of the Debentures. However, it cannot be assured that the Issuer's hedging activities will not affect the value of the Debentures. The value of the Debentures might in particular be affected by the liquidation of all or a portion of the hedging positions (a) at or about the time of the maturity or expiration of the Debentures or (b), if the Debentures provide for a knock-out, knock-in or a similar feature, at the time when the price or value of the Underlying approaches the relevant price or level for the knock-out, knock-in or other feature.

## **5. Issue Price**

The issue price charged for the Debentures can, in addition to loading charges, management or other fees charged, comprise a premium on the original mathematical ("fair") value of the Debentures which is not visible to investors. Such premium is determined by the Issuer in its discretion and can differ from premiums charged by other issuers for comparable securities. *Such premium may be paid as commission by the Issuer to the distributor and the amount paid will be in accordance with the regulatory requirements under the Companies Act, 1956*

## **6. Market-Making for the Underlying**

The affiliates of the Issuer may, in certain cases, act as a market-maker for the Underlying, which might in particular be the case when any of such affiliates has also issued the Underlying. By such market-making, such affiliate will, to a large extent, determine the price of the Underlying, and consequently influence the value of the Debentures itself. The prices quoted by such affiliate in its market-making function will not always correspond to the prices which would have prevailed without such market-making and in a liquid market.

## **7. Acting as Underwriter or otherwise for the issuer of Underlying**

The affiliates of the Issuer may also act as underwriter in connection with future offerings of the Underlying or may act as financial adviser to the issuer of an Underlying or in a commercial banking capacity for the issuer of an Underlying. Such activities could present certain conflicts of interest and may affect the value of the Debentures.

## **8. Obtaining of Non-public Information**

The Issuer and/or its affiliates may acquire non-public information with respect to the Underlying, and neither the Issuer nor any of its affiliates undertakes to disclose any such information to any Debenture Holder. In addition, one or more of the Issuer's affiliates may publish research reports with respect to the Underlying. Such activities could present conflicts of interest and may affect the value of the Debentures.

# **III. GENERAL INFORMATION**

## **GENERAL TAXATION INFORMATION**

Purchasers and/or sellers of Debentures may be required to pay stamp taxes and other charges in accordance with the laws and practices of India in addition to the issue price or purchase price of the Debentures.

Transactions involving the Debentures (including purchases, transfers, exercise or non-exercise or redemption, the accrual or receipt of any interest payable on the Debentures and the death of a holder of any Debentures) may have tax consequences for holders and potential purchasers which may depend, amongst other things, upon the tax status of the holder or potential purchaser and may relate to – amongst other taxes and duties – stamp duty, stamp duty reserve tax, income tax, corporation tax, trade tax, capital gains tax, withholding tax, service tax, commodity transaction tax, security transaction tax and inheritance tax.

In relation to each Debenture the relevant Debenture Holder shall pay all Debenture Holder Expenses as provided in the Product Conditions. All payments or, as the case may be, deliveries in respect of the Debentures will be subject in all cases to all applicable fiscal and other laws and regulations (including, where applicable, laws requiring the deduction or withholding for, or on account of, any tax, duty or other charge whatsoever). The Issuer shall not be liable for or otherwise obliged to pay, and the relevant Debenture Holder shall be liable for and/or pay, any tax, duty, charge, withholding or other payment whatsoever which may arise as a result of, or in connection with, the ownership, any transfer, any payment and/or any delivery in respect of the Debentures held by such Debenture Holder. The Issuer shall have the right, but shall not be obliged, to withhold or deduct from any amount payable or, as the case may be, any delivery due to the Debenture Holder such amount or portion as shall be necessary to account for or to pay any such tax, duty, charge, withholding or other payment. Each Debenture Holder shall indemnify the Issuer against any loss, cost or other liability whatsoever sustained or incurred by the Issuer in respect of any such tax, duty, charge, withholding or other payment as referred to above in respect of the Debentures of such holder.

Tax applicable on coupon/discount, if any, will be deducted at source on accrual thereof in Issuer's books and/or on payment thereof, in accordance with the provisions of Income Tax Act, 1961 and/or under any other statutory modification, enactment, notification, as the case may be. Tax Deduction Certificate will be issued for the amount of tax so deducted.

Tax exemption certificate/document, if any, must be lodged at the Registered Officer or the designated office of the Issuer prior to record date and/or as specifically required.

Potential Investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.

***Potential purchasers of Debentures are advised to consult their own tax advisors as to the tax consequences of transactions involving the Debentures.***

#### **IV. INFORMATION RELATING TO THE DEBENTURES**

##### **A. PRODUCT CONDITIONS**

*These Product Conditions relate to the Debentures and must be read in conjunction with, and are subject to, the General Conditions set out in Part B of this Information Memorandum. The Product Conditions and the General Conditions together constitute the Conditions of the Debentures.*

##### **1. Product Condition 1 – Definitions**

###### **1.1 Single Underlying Linked Notes**

"**Affiliate**" means any entity controlled, directly or indirectly, by the Issuer, any entity that controls, directly or indirectly, the Issuer, or any entity under common control with the Issuer. As used herein "**control**" means ownership of a majority of the voting power of the entity or, as the case may be, the Issuer and "**controlled by**" and "**controls**" shall be construed accordingly;

"**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks settle payments and are open for general business in Mumbai and a day on which each Depository is open for business;

"**Calculation Agent**" means the Issuer, subject to the provisions of General Conditions 5;

"**Debenture Holder Expenses**" means, in respect of a Debenture, all taxes, duties and/or expenses, including any applicable depository charges or transaction charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties, arising in connection with any payment due on redemption or otherwise in respect of such Debenture;

"**Deemed Date of Allotment**" means October 28, 2009;

"**Depositories**" means National Securities Depository Limited and Central Depository Services (India) Limited (each a "Depository");

"**Final Reference Valuation Date**" means January 28, 2011 or, if such day is not a Trading Day, the next following Trading Day unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the Final Reference Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the eighth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been the Final Reference Valuation Date, then (A) that eighth Trading Day shall be deemed to be the Final Reference Valuation Date notwithstanding the Market Disruption Event and (B) the Calculation Agent shall determine the Reference Level for the Final Reference Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that eighth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded level or price of the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;

"**Final Valuation Level**" means, subject to adjustment in accordance with Product Condition 3, an amount determined by the Calculation Agent as follows and without regard to any subsequently published correction(s):

$$\frac{1}{3} \times \sum_{t=1}^3 [FinalIndexPerformance]$$

Where:

Final Index Performance: The Reference Level of the Underlying on each Observation Date (t) (where t = 1, 2, 3)

"**Floor Coupon**" means minimum coupon of 11.85% paid on Maturity Date.

"**Initial Reference Valuation Date**" or "**Initial**" means October 28, 2009 or, if such day is not a Trading Day, the next following Trading Day unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then the Initial Reference Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the eighth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been the Initial Reference Valuation Date, then (A) that eighth Trading Day shall be deemed to be the Initial Reference Valuation Date notwithstanding the Market Disruption Event and (B) the Calculation Agent shall determine the Reference Level for the Initial Reference Valuation Date by determining the price or level of the Underlying that would have prevailed but for the occurrence of a Market Disruption Event as of that eighth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded

level or price of the Underlying and, if applicable, of each asset included in the Underlying and such other factors as the Calculation Agent considers relevant;

**"Initial Valuation Level"** means, subject to adjustment in accordance with Product Condition 3, the Reference Level of the Underlying quoted by the Reference Source on the Initial Reference Valuation date, as determined by the Calculation Agent.

**"Issuer"** means Standard Chartered Investments and Loans (India) Limited;

**"Market Disruption Event"** means each event specified to be a Market Disruption Event in Product Condition 3;

**"Maturity Date"** means April 28, 2011 (subject to adjustment in accordance with Product Condition 3) or, if such day is not a Payment Day, the next following Payment Day;

**"Nominal Amount"** means INR 100,000 per Debenture;

**"Observation Date"** means each day set out under the heading "Observation Date" in the table below or, if any such day is not a Trading Day, the next following Trading Day unless, in the opinion of the Calculation Agent, a Market Disruption Event has occurred on such day. If there is a Market Disruption Event on such day, then such day shall be the first succeeding Trading Day on which there is no Market Disruption Event. If the first succeeding Trading Day on which there is no Market Disruption Event has not occurred by the eighth Trading Day immediately following the original date which, but for the occurrence of a Market Disruption Event, would have been such date, then (A) that eighth Trading Day shall be deemed to be the Observation Date and (B) the Calculation Agent shall determine the Reference Level of an Underlying on such Observation Date by determining the price or level of the Underlying as of that eighth Trading Day having regard to the then prevailing market conditions, the last reported, published or traded price of such Underlying and such other factors as the Calculation Agent considers relevant:

t	Observation Date (t)
1	November 28, 2010
2	December 28, 2010
3	January 28, 2011

**"Payment Day"** means any day which is a day on which commercial banks settle payments and are open for general business in Mumbai;

**"Participation Factor"** or **"PF"** means 2.50%;

**"Primary Market End Date"** means October 28, 2009 or, if such day is not a Business Day, the first succeeding Business Day;

**"Redemption Cash Amount"** means, with respect to each Debenture, an amount determined by the Calculation Agent as follows:

Nominal Amount \* [100% + Floor Coupon + Max (PF \* Underlying Return, 0)]

Where:

Underlying Return: Final Valuation Level / Initial Valuation Level - 100%

The Redemption Cash Amount will be rounded to the nearest two decimal places in the Settlement Currency, 0.005 being rounded downwards;

**"Reference Level"** means, in respect of any day, subject to adjustment in accordance with Product Condition 3, an amount (which shall be deemed to be a monetary value in INR) equal to the official closing level of the Underlying quoted by the Reference Source on such day, as determined by the Calculation Agent;

**"Reference Source"** means, in relation to the Underlying, the reference source or reference sources specified in the table under the definition of "Underlying" below or any successor to any such reference source acceptable to the Calculation Agent, as determined by the Calculation Agent;

**"Trading Day"** means any day on which (i) each Reference Source which is an exchange, a trading system or a quotation system and (ii) each Related Exchange for each such Underlying is scheduled to be open for trading for its regular trading session; and

**"Underlying"** means the following index of the Sponsor or issuer of the Underlying and with the Reference Source (if any) set out in the table below:

Type of Underlying	Name of Underlying	Sponsor or Issuer of Underlying	Bloomberg Ticker	Reference Source
Index	S&P CNX NIFTY Index	India Index Services & Products Ltd	Bloomberg NIFTY <Index>	National Stock Exchange of India Limited

Terms with initial capital letters which are not defined in these Product Conditions shall have the meanings ascribed to them in the General Conditions.

## 2. Product Condition 2 – Rights and Procedures

### 2.1 *Redemption at Maturity*

Unless previously redeemed or purchased and cancelled and subject as provided in the Conditions, each Debenture will be redeemed by the Issuer, by payment of the Redemption Cash Amount, such redemption to occur, subject as provided below, on the Maturity Date.

### 2.2 *Accrual of Interest*

No interest shall accrue in respect of any Debenture by reason of late payment of any amounts to be paid to a holder of such Debenture.

### 2.3 *Method of payment*

All payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in India and subject to the provisions of General Condition 6.

### 2.4 *Presentation*

Payments of principal and interest / coupon, if any, will, subject as provided below, be made in the manner provided in Product Condition 2.3. The bearer of a Debenture shall be the only person entitled to receive payments of principal and/or interest and the Redemption Cash Amount. Each of the persons shown in the records of the Depositories as the holder of a particular Debenture will be considered as the holder of such Debenture.

### 2.5 *Payment Day*



If any date for payment of any amount in respect of any Debenture is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day and shall not be entitled to any interest or other payment in respect of such delay.

## 2.6 *General*

In the absence of gross negligence or wilful misconduct on its part, none of the Issuer, the Calculation Agent and any Agent shall have any responsibility for any errors or omissions in the calculation of any amount payable hereunder or on any other determination pursuant to the provisions hereof.

## 2.7 *Debenture Holder Expenses*

In respect of each Debenture, all Debenture Holder Expenses in respect thereof shall be for the account of the relevant Debenture Holder and where any Redemption Cash Amount and/or other amount in respect of a Debenture is payable no payment shall be made until all Debenture Holder Expenses in respect thereof have been paid to the satisfaction of the Issuer, provided however, that the Issuer shall be entitled to deduct any applicable withholding taxes from any of the Redemption Cash Amounts paid to the Debenture Holder.

## 2.8 *Redemption and Settlement Risk*

Redemption of, and any payment in respect of, the Debentures is subject to all applicable laws, regulations and practices in force at all relevant times, and neither the Issuer nor any agent shall incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. Neither the Issuer nor the agents shall under any circumstances be liable for any acts or defaults of any Depository in relation to the performance of its duties in relation to the Debentures.

# 1. **Product Condition 3 – Adjustment Provisions**

## *Adjustment Provisions – Indices*

### 3.3.1 Definitions

"**Affiliate**" is as defined in Product Condition 1;

"**Exchange Business Day**" means any Trading Day on which each Reference Source and each Related Exchange are open for trading during their respective regular trading sessions, notwithstanding any such Reference Source or Related Exchange closing prior to its Scheduled Closing Time;

"**Hedging Party**" means any party providing the Issuer directly or indirectly with a hedging arrangement;

"**Index**" means (i) the Underlying or, as the case may be, each index specified in the definition of "Underlying" or "Basket", as the case may be, in Product Condition 1 (each a "**Principal Index**") and (ii) any index included in any Principal Index (a "**Sub-Index**");

"**Index Constituent**" means any security or other asset or reference value (other than a Sub-Index) constituting an Index at a relevant time;

**"Index Sponsor"** means (i) in relation to a Principal Index, the sponsor specified for such Principal Index in the definition of "Underlying" or "Basket", as the case may be, in Product Condition 1 and (ii) in relation to a Sub-Index, the entity determined by the Calculation Agent to be principally responsible for the determination and publication of such Sub-Index, provided that, in either case all references to an Index Sponsor shall include any Successor Sponsor (as defined below);

**"Reference Level"** is as defined in Product Condition 1;

**"Reference Source"** (i) in relation to a Principal Index, is as defined in Product Condition 1 and (ii) in relation to any Sub-Index or Index Constituent, is the reference source or reference sources determined by the Calculation Agent to be applicable to the valuation of such Sub-Index or such Index Constituent, as the case may be, for the purposes of determining the Reference Level;

**"Related Exchange"** means unless otherwise defined in Product Condition 1, with respect to an Index, each exchange, trading system or quotation system whose trading has an effect on the overall market for options contracts or futures contracts on such Index, as determined by the Calculation Agent and any successor acceptable to the Calculation Agent;

**"Relevant Time"** means with respect to an Index or an Index Constituent,

- (i) where the relevant Index is not a Multi-Exchange Index, the relevant time by reference to which the relevant Index Sponsor determines the price or value of such Index or such Index Constituent for the purposes of determining the Reference Level; and
- (ii) where the relevant Index is a Multi-Exchange Index,
  - (A) for the purposes of determining whether a Market Disruption Event has occurred,
    - (aa) in respect of any relevant Index Constituent, the Scheduled Closing Time (as defined below) on the relevant Reference Source in respect of such Index Constituent; and
    - (bb) in respect of any options contracts or futures contracts on or relating to such Index, the close of trading on the Related Exchange; and
  - (B) in all other circumstances, the time at which the official closing level of such Index is calculated and published by the relevant Index Sponsor;

**"Scheduled Closing Time"** means in respect of a Reference Source or Related Exchange and a Trading Day, the scheduled weekday closing time of such Reference Source or Related Exchange on such Trading Day without regard to after hours or any other trading outside of the regular trading session hours;

**"Trading Day"** is as defined in Product Condition 1.

Terms with initial capital letters which are not defined in this Product Condition 3 shall have the meanings ascribed to them in Product Condition 1.

### 3.2 Market Disruption

The Calculation Agent shall give notice as soon as practicable to the Debenture Holders in accordance with General Condition 4 if a Market Disruption Event has occurred on any date with respect to which the Calculation Agent would, but for the occurrence of a Market Disruption Event, have been required by the Product Conditions to determine the level of an Index.

**"Market Disruption Event"** means:

- (i) where the Reference Source for an Index or an Index Constituent is an exchange, a trading system or a quotation system as determined by the Calculation Agent,
- 3.2.1 where the relevant Index is not a Multi-Exchange Index, the failure of a relevant Reference Source or any Related Exchange to open for trading during its regular trading session on any Trading Day; or
- 3.2.2 the occurrence or existence on any Trading Day at the Relevant Time for the relevant Index or at any time during the one hour period that ends at the Relevant Time for such Index:
  - (A) of any suspension of or limitation imposed on trading by any relevant Reference Source(s) or Related Exchange(s) or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Reference Source(s) or Related Exchange(s) or otherwise:
    - 3.2.2.1 relating to Index Constituents that comprise 20 per cent. or more of the level of the relevant Index; or
    - 3.2.2.2 in any options contracts or futures contracts on or relating to the relevant Index;
  - (B) of any event (other than an event as described in 3.2.3 below) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in relation to, or to obtain market values for the relevant Index Constituents that comprise 20 per cent. or more of the level of the relevant Index on the relevant Reference Source(s) or (ii) to effect transactions in, or to obtain market values for, options contracts or futures contracts on or relating to a relevant Index on any Related Exchange(s) for such Index or such Index Constituent, as the case may be; or
- 3.2.3 the closure on any Exchange Business Day of any relevant Reference Source(s) relating to Index Constituents that comprise 20 per cent. or more of the level of the relevant Index, or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Reference Source(s) or Related Exchange(s), as the case may be, at least one hour prior to the earlier of (aa) the actual closing time for the regular trading session on such Reference Source(s) or Related Exchange(s) on such Exchange Business Day and (bb) the submission deadline (if applicable) for orders to be entered into the Reference Source or Related Exchange system for execution at the Relevant Time on such Exchange Business Day.

For the purposes of determining whether a Market Disruption Event pursuant to Product Condition 3.2.2 and/or 3.2.3 exists in respect of a relevant Index Constituent at any time, if a Market Disruption Event occurs in respect of such Index Constituent at that time, then the relevant percentage contribution of that Index Constituent to the level of such Index shall be based on a comparison of (x) the portion of the level of such Index attributable to that Index Constituent to (y) the overall level of such Index, in each case immediately before the occurrence of such Market Disruption Event or if the relevant Index is a Multi-Exchange Index, using official opening weightings as published by the relevant Index Sponsor as part of the market "opening data"; or
- 3.2.4 a general moratorium is declared in respect of banking activities in India; or
- 3.2.5 Subject to Product Condition 3.4.2.4, India (a) imposes any controls or announces its intention to impose any controls or (b)(i) implements or announces its intention to implement or (ii) changes or announces its intention to change the interpretation or

administration of any laws or regulations, in each case which the Calculation Agent determines is likely to affect the Issuer and/or any of its Affiliates and/or any Hedging Party's ability to acquire, hold, transfer or realise such Index Constituent or to otherwise effect transactions in relation to such Index, if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates and/or any Hedging Party in relation to the Debentures; and

- (ii) where the Reference Source for an Index or an Index Constituent is not an exchange, a trading system or a quotation system as determined by the Calculation Agent,
  - (a) it is not possible, for reasons beyond the reasonable control of the Calculation Agent, to determine the price or value (or an element of such price or value) of such Index or Index Constituent by reference to such Reference Source in the manner specified in the definition of "Reference Level" in Product Condition 1 or in "Information relating to the Underlying", or otherwise according to the rules or normal or accepted procedures for the determination of such price or value (whether due to non-publication of such price or value or otherwise); or
  - (b) any event occurs, as described in 3.2.4. and/or 3.2.5 above in relation to any such Index or Index Constituent,

if, in the determination of the Calculation Agent, any of the foregoing is material and in determining what is "material" the Calculation Agent may have regard to such circumstances as it in its reasonable discretion deems appropriate, including any hedging arrangements of the Issuer and/or any of its Affiliates and/or any Hedging Party in relation to the Debentures.

### 3.3 Adjustments to the Index

The Calculation Agent shall give notice as soon as practicable to the Debenture Holders in accordance with General Condition 4 of any determination made by it pursuant to paragraph 3.3.1 or 3.3.2 below.

#### 3.3.1 If an Index is:

3.3.1.1 not calculated and announced by the relevant Index Sponsor but is calculated and published by a successor sponsor (the "**Successor Sponsor**") acceptable to the Calculation Agent; or

3.3.1.2 replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index,

then in each case that Index will be deemed to be the index so calculated and announced by such Successor Sponsor or that successor index, as the case may be.

#### 3.3.2 If:

3.3.2.1 on or prior to any date with respect to which the Calculation Agent is required by the Product Conditions to determine the level of an Index, the relevant Index Sponsor or, if applicable, the Successor Sponsor (i) makes or announces that it will make a material change in the formula for or the method of calculating that Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to

maintain that Index in the event of changes in constituent stock and capitalisation and other routine events) (an "**Index Modification**") or (ii) permanently cancels that Index (an "**Index Cancellation**") or (iii) fails to calculate and announce that Index (an "**Index Disruption**") and, in each case, Product Condition 3.3.1.1 or 3.3.1.2 does not apply,

then the Issuer may take any action described in 3.3.2.2 or 3.3.2.3 below:

3.3.2.2 require the Calculation Agent to determine the level of that Index on that date using, in lieu of a published level for that Index, the level for that Index as at that date as determined by the Calculation Agent in accordance with the formula for and method of calculating that Index last in effect prior to the Index Modification, Index Cancellation or Index Disruption but using only those Index Constituents that comprised that Index immediately prior to the Index Modification, Index Cancellation or Index Disruption; or

3.3.2.3 cancel the Debentures by giving notice to Debenture Holders in accordance with General Condition 4. If the Debentures are so cancelled, the Issuer will pay an amount to each Debenture Holder in respect of each Debenture held by such Debenture Holder which amount shall be the fair market value of a Debenture taking into account the Index Modification, Index Cancellation or Index Disruption, as the case may be, less the direct or indirect cost to the Issuer and/or any of its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its reasonable discretion. Payment will be made in such manner as shall be notified to the Debenture Holders in accordance with General Condition 4.

3.3.3 The Calculation Agent shall, as soon as practicable after receipt of any written request to do so, advise a Debenture Holder of any determination made by it pursuant to this Product Condition 3 which occurs on or before the date of receipt of such request. The Calculation Agent shall make available for inspection by Debenture Holders copies of any such determinations.

#### 3.4 Additional Disruption Events

3.4.1 Without prejudice to Product Condition 3.2 or General Condition 2, following the declaration by the Issuer of the occurrence of any Additional Disruption Event and provided that such Additional Disruption Event has an effect on the Issuer and/or any of its Affiliates in connection with (i) obligations of the Issuer under the Debentures and/or (ii) any related hedging arrangements, the Issuer may take any one of the following actions:

3.4.1.1 require the Calculation Agent to determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Additional Disruption Event and determine the effective date of that adjustment. Without limitation, such adjustment may take into account and pass on to the Debenture Holder(s) any increased direct or indirect cost to the Issuer and or/any of its Affiliates as a result of or in connection with the relevant Additional Disruption Event; or

3.4.1.2 cancel the Debentures by giving notice to Debenture Holders in accordance with General Condition 4. If the Debentures are so cancelled, the Issuer will pay an amount to each Debenture Holder in respect of each Debenture held by such Debenture Holder which amount shall be the fair market value of a Debenture taking into account the Additional Disruption Event less the direct or indirect cost to the Issuer and/or any of its Affiliates of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its reasonable discretion. Payment will be made in such

manner as shall be notified to the Debenture Holders in accordance with General Condition 4.

3.4.2 **"Additional Disruption Event"** means any of the following:

- 3.4.2.1 the Issuer determines that (i) due to the adoption of or any change in any applicable law or regulation (including without limitation, any tax law), or (ii) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), (A) it has or will become illegal or impractical for the Issuer and/or any of its Affiliates and/or any Hedging Party to hold, acquire or dispose of the Shares or (B) the Issuer and/or any of its Affiliates has or will incur a materially increased direct or indirect cost in performing its obligations under the Debentures and/or any related hedging arrangements (including, without limitation, due to any increase in tax liability, decrease in tax benefits or other adverse effect on the tax position of the Issuer and/or any of its Affiliates and/or any Hedging Party); or
- 3.4.2.2 the Issuer determines that it and/or any of its Affiliates and/or any Hedging Party is unable, after using commercially reasonable efforts, to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any arrangement(s), transaction(s) or asset(s) it deems necessary to hedge the risks of the Issuer entering into and performing its obligations with respect to the Debentures, or (B) realise, recover or remit the proceeds of any such arrangement(s), transaction(s) or asset(s); or
- 3.4.2.3 the Issuer determines that it and/or any its Affiliates and/or any Hedging Party has or would incur a materially increased amount of tax, duty, expense or fee (other than brokerage commissions) to (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any arrangement(s), transaction(s) or asset(s) it deems necessary to hedge the risks of the Issuer entering into and performing its obligations with respect to the Debentures or (B) realise, recover or remit the proceeds of any such arrangement(s), transaction(s) or asset(s); or
- 3.4.2.4 i. the Issuer determines, at any time, that a Market Disruption Event pursuant to Product Condition 3.2.4 and/or (if specified) Product Condition 3.2.5 has existed for eight or more Trading Days and continues to exist and that any alternative valuation methods provided for in the Product Conditions would, in the determination of the Issuer, not be appropriate for the purposes of making the relevant calculation; and  
ii. the Issuer then elects to treat such Market Disruption Event as an Additional Disruption Event.

## **V General Conditions**

*These General Conditions relate to the Debentures and must be read in conjunction with, and are subject to, the Product Conditions set out in this Information Memorandum and all other documents issued by the Issuer in relation to the Debentures including this Information Memorandum. The Product Conditions and the General Conditions together constitute the Conditions of the Debentures.*

### **1. Status of the Debentures**

The Debentures constitute unsubordinated, secured contractual obligations of the Issuer and rank *pari passu* in all respects with each other.

## **2. Early Exercise, Redemption or Termination for Extraordinary Reasons, Illegality and Force Majeure**

If the Issuer determines that, for reasons beyond its control, the performance of its obligations under the Debentures has become illegal or impractical in whole or in part for any reason, or the Issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging arrangements with respect to the Debentures for any reason, the Issuer may at its discretion and without obligation, redeem or terminate the Debentures early by giving notice to the Debenture Holders in accordance with General Condition 4.

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

If the Issuer exercises, redeems or terminates the Debentures early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Debenture Holder in respect of each Debenture held by such holder equal to the fair market value of a Debenture notwithstanding such illegality or impracticality less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Calculation Agent in its reasonable discretion. Payment will be made in such manner as shall be notified to the Debenture Holders in accordance with General Condition 4.

## **3. Purchases**

The Issuer may, but is not obliged to, at any time purchase Debentures at any price in the open market or by tender or private agreement. Any Debentures so purchased may be held or resold or surrendered for cancellation.

## **4. Notices**

All notices to the Debenture Holder(s) required to be given by the Issuer or the Debenture Trustee shall have been given if sent by either registered post, by facsimile or by email to the original/first allottees of the Debenture(s), or as may be prescribed by applicable law.

All notice(s) to be given by the Debenture Holder(s) shall be sent by registered post or by hand delivery to the Issuer or to such persons at such address as may be notified by the Issuer from time to time through suitable communication.

Notice(s) shall be deemed to be effective (in the case of registered post) seven business days after posting, (in the case of facsimile/email) twenty four hours after dispatch or (in the case of personal delivery) at the time of delivery.

## **5. Calculation Agent, Determinations and Modifications**

### *5.1 Calculation Agent*

The Issuer shall undertake the duties of calculation agent (the "**Calculation Agent**" which expression shall include any successor calculation agent) in respect of the Debentures unless the Issuer decides to appoint a successor Calculation Agent in accordance with the provisions below.

The Issuer reserves the right at any time to appoint another institution as the Calculation Agent, provided that no termination of appointment of the existing Calculation Agent shall become effective until a replacement Calculation Agent shall have been appointed. Notice of any such termination or appointment will be given to the Debenture Holders in accordance with General Condition 4.

The Calculation Agent (except where it is the Issuer) acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Debenture Holders. Any calculations or determinations in respect of the Debentures made by the Calculation Agent shall (save in the case of manifest error) be final, conclusive and binding on the Debenture Holders.

The Calculation Agent may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate.

#### **5.2** *Determinations by the Issuer*

Any determination made by the Issuer pursuant to the Conditions shall (save in the case of manifest error) be final, conclusive and binding on the Debenture Holders.

### **6. Taxation**

In relation to each Debenture the relevant Debenture Holder shall pay all Debenture Holder Expenses as provided in the Product Conditions. All payments or, as the case may be, deliveries in respect of the Debentures will be subject in all cases to all applicable fiscal and other laws and regulations (including, where applicable, laws requiring the deduction or withholding for, or on account of, any tax, duty or other charge whatsoever). The Issuer shall not be liable for or otherwise obliged to pay, and the relevant Debenture Holder shall be liable for and/or pay, any tax, duty, charge, withholding or other payment whatsoever which may arise as a result of, or in connection with, the ownership, any transfer, any payment and/or any delivery in respect of the Debentures held by such Debenture Holder. The Issuer shall have the right, but shall not be obliged, to withhold or deduct from any amount payable or, as the case may be, any delivery due to the Debenture Holder such amount or portion as shall be necessary to account for or to pay any such tax, duty, charge, withholding or other payment. Each Debenture Holder shall indemnify the Issuer against any loss, cost or other liability whatsoever sustained or incurred by the Issuer in respect of any such tax, duty, charge, withholding or other payment as referred to above in respect of the Debentures of such holder.

Tax applicable on coupon/discount will be deducted at source on accrual thereof in Issuer's books and/ or on payment thereof, in accordance with the provisions of Income Tax Act, 1961 and/or under any other statutory modification, enactment, notification, as the case may be. Tax Deduction Certificate will be issued for the amount of tax so deducted.

Tax exemption certificate/document, if any, must be lodged at the Registered Office or the designated office of the Issuer prior to record date and/or as specifically required.

### **7. Definitions**

Terms in capitals which are not defined in these General Conditions shall have the meanings ascribed to them in the Product Conditions or this Information Memorandum.

## **VI Information Relating to the Underlying**

S&P CNX Nifty is a well diversified 50 stock index accounting for 21 sectors of the economy. It is used for a variety of purposes such as benchmarking fund portfolios, index based derivatives and index funds.

S&P CNX Nifty is owned and managed by India Index Services and Products Ltd. ("IISL"), which is a joint venture between the NSE and CRISIL. IISL is India's first specialised company focused upon the index as a core product. IISL has a consulting and licensing agreement with Standard & Poor's ("S&P"), who are world leaders in index services.

(Source: India Index Services & Products Ltd)



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*Information on the historical and ongoing performance of the Underlying and its volatility can be obtained on the Bloomberg or Reuters page as provided for each security composing the Underlying in the table under "Underlying" contained in Product Condition 1 above.*

*Information about the past and the further performance of the Underlying and its volatility can be found on the Bloomberg or Reuters page as provided for the, or each, index, as the case may be, composing the Underlying in the table under Product Condition 1 in "Underlying" above.*

*The sponsor of the, or each, index composing the Underlying also maintains an Internet Site at the following address where further information may be available in respect of the Underlying. Disclaimers*

Name of Index Sponsor	Website
India Index Services & Products Ltd.	<a href="http://www.nseindia.com/content/indices/ind_iisl.htm">http://www.nseindia.com/content/indices/ind_iisl.htm</a>

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any damages or losses arising out of or related to the Products, including any and all direct, special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

## PART C

### OTHER GENERAL INFORMATION

#### **THE PROMOTERS**

The company is a 100% subsidiary of Standard Chartered Bank UK.

#### **RISK FACTORS**

In addition to the risk factors relating to the Debentures as set out in Part B of this Information Memorandum, the following are the risks relating to the Issuer and the market in general envisaged by the management of the Issuer. Potential investors should consider carefully all the risk factors in this Information Memorandum for evaluating the Issuer and its business and the Debentures before making any investment decision relating to the Debentures. Unless the context requires otherwise, the risk factors described below apply to the Issuer only. If any one of the following stated risks actually occurs, the Issuer's business, financial conditions and results of operations could suffer and, therefore, the value of the Issuer's Debentures could decline.

Unless specified or quantified in the relevant risk factors, the Issuer is not in a position to quantify the financial or other implications of any risk mentioned herein below:

#### **A. INTERNAL RISK FACTORS**

##### **1. As an NBFC, one of the most important risks affecting our profitability is the risk of non-payment by the borrowers and other counterparties.**

Our Company's loan asset size as of October 23, 2009 is Rs.4.20 billion, the size of our Company's loan assets is expected to continue to increase in the future as our Company expands its business in India and offers new products.

Our Company is exposed to the risk that third parties which owe us money, securities or other assets may not perform their obligations. These parties may default on their obligations to us due to various reasons including bankruptcy, lack of liquidity, operational failure, and other reasons. Further any delay in enforcing the collateral due to delays in enforcement proceedings before Indian courts or otherwise could expose our Company to potential losses.

A nationwide credit bureau has only recently been established in India. This may affect the quality of information available to our Company about the credit history of our Company's new borrowers. In deciding whether to extend credit to or enter into transactions with customers and counter parties, our Company relies largely on information furnished by or on behalf of its customers, including financial information, based on which the Company performs its credit assessment. The Company may also depend on certain representations and undertakings as to the accuracy, correctness and completeness of information, and the verification of the same by agencies to whom such functions are outsourced. Any such information if materially misleading may increase the risk of default. Our financial condition and results of operations could be negatively affected by relying on information that may not be true or may be materially misleading.

Although our Company regularly reviews credit exposures to clients and counterparties and to industries and geographical regions that our Company believes may present credit concerns, defaults may arise from events or circumstances that are difficult to detect or foresee.

**2. The Company may be exposed to the potential loss of less recovery of value of collaterals due to delays in their enforcement on defaults by the Company's borrowers and also due to market conditions**

Out of the Company's total loan portfolio of Rs.4.20 billion for half year ended September 30, 2009 53% of the corporate and retail loan portfolio is secured by collaterals. The value of collaterals especially if the same is real estate, may decline due to adverse market conditions. Delays in bankruptcy and foreclosure proceedings, defects in title, documentation of collateral and the necessity of obtaining regulatory approvals for the enforcement of such collaterals may affect the valuation of the collateral and the Company may not be able to recover the estimated value of the collateral, thus exposing the Company to potential losses.

**3. No guarantee and no cross default**

Standard Chartered Bank UK has not provided any guarantee in any manner with respect to the Debentures, including Debentures and no Investor shall have any recourse against Standard Chartered Bank UK or any other company in the Standard Chartered Bank Group, except the Issuer, with respect to the performance of the terms and conditions of the issue of any of Series issued pursuant to the Programme.

All Series shall share, on a pari passu basis, the same Security created by the Issuer for all Debentures issued under the Programme. However, there will not be any cross default between different Series or between Debentures issued under the Programme and other indebtedness of the Issuer.

**4. We may not be able to attract or retain talented professionals required for our business**

The complexity of our business operations requires highly skilled and experienced manpower. Further the successful implementation of our growth plans would largely depend on the availability of such skilled manpower and our ability to attract such qualified manpower. We may lose many business opportunities and our business would suffer if such required manpower is not available on time. Though we have our appropriate human resource policies in place, we may face the risk of losing our key management personnel due to reasons beyond our control and we may not be able to replace them in a satisfactory and timely manner which may adversely affect our business and our future financial performance.

**5. The Company faces increasing competition from other established banks and NBFCs.**

The successful implementation of our growth plans depends on our ability to face the competition. The Company's main competitors are established commercial banks and NBFCs. Over the past few years, financial services area has seen the entry of banks, both nationalized as well as foreign. Banks have access to low cost funds which enables them to enjoy higher margins and / or offer finance at lower rates. NBFCs do not have access to large quantities of low cost deposits, a factor which can render them less competitive. In the event we are unable to manage our growth effectively, our business and results of operations may be adversely affected.

**6. No events of default or other acceleration events**

There will be no events of default or other acceleration events applicable to any Series issued under the Programme. In the event that the Issuer fails to make any payment of any amount due under any particular Series, and such default continues for a period of 30 days, then the Debenture Trustee may at its discretion or, in certain circumstances (as more fully set out in the Debenture Trust Deed), shall enforce the Security but only to the extent required to satisfy payment of such defaulted amount.

**7. Decisions may be made on behalf of all Debenture Holders that may be adverse to the interest of individual Debenture Holders**

The terms of the Debentures contain provisions for calling meetings of Debenture Holders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Debenture Holders including Debenture Holders who did not attend and vote at the relevant meeting and Debenture Holders who voted in a manner contrary to the majority.

**8. Downgrading in credit rating**

The Programme has been rated by CRISIL as having a AA+r/Negative rating for the issuance of Debentures for an aggregate amount of INR. 10,000,000,000 (Rupees 10 billion only).

The Issuer cannot guarantee that this rating will not be downgraded. Such a downgrade in the credit rating may lower the value of the Debentures and may also result in the Issuer having to withdraw the Programme.

**9. Debenture Redemption Reserve**

Section 117C of the Companies Act states that any company that intends to issue debentures must create a debenture redemption reserve to which adequate amounts shall be credited out of the profits of the company until the redemption of the debentures. However, the Ministry of Company Affairs has, through its circular no. 9/2002 No.6/3/20001-CL.V dated April 18, 2002, clarified that NBFCs are exempt from this requirement in respect of privately placed debentures. Pursuant to this exemption, the Issuer does not intend to create any reserve funds for the redemption of the Debentures issued under the Programme.

**10. Credit Risk**

Any lending and investment activity by the Issuer is exposed to credit risk arising from repayment default by borrowers and other counterparties. The Issuer will institutionalise a systematic credit evaluation process monitoring the performance of its asset portfolio on a regular and continual basis to detect any material development, and constantly evaluate the changes and developments in sectors in which it has substantial exposure. The Issuer will also undertake a periodic review of its entire asset portfolio with a view to determine the portfolio valuation, identify potential areas of action and devise appropriate strategies thereon. Despite these efforts, there can be no assurance that repayment default will not occur and in such circumstances may have an effect on its results of operations.

**11. Interest Rate Risk**

The Issuer's business will to an extent depend on factors such as interest income from its operations. The Issuer is exposed to interest rate risk principally as a result of lending to customers at interest rates and in amounts and for periods, which may differ from its funding sources (bank borrowings and permitted debt offerings). The Issuer seeks to match its interest rate positions to minimize interest rate risk. Despite these efforts, there can be no assurance that significant interest rate movements will not have an effect on its results of operations. Interest rates are highly sensitive to many factors beyond the control of the Issuer, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. Due to these factors, interest rates in India have historically experienced a relatively high degree of volatility.

**12. Competition from within the Standard Chartered Bank Group**

Various members of the Standard Chartered Bank Group in India, such as the branch network of Standard Chartered Bank in India, the asset management business and other such entities engaged in the securities business, compete for the same business and may in certain cases provide similar financial services and products and target the same clientele as the Issuer. The Issuer's results may suffer due to the competition it faces from other members of the Standard Chartered Bank Group

**13. Access to Capital Markets and Commercial Borrowings**

The Issuer's growth will depend on its continued ability to access funds at competitive rates. With the growth of its business, the Issuer will increasingly rely on funding from the debt capital markets and commercial borrowings. The market for such funds is competitive and its ability to obtain funds at competitive rates will depend on various factors including its ability to maintain its credit ratings. If the Issuer is unable to access funds at an effective cost that is comparable to or lower than its competitors, the Issuer may not be able to offer competitive interest rates for its loans or have adequate funds for its investment activities. This may adversely impact its business results and its future financial performance. The value of its collateral may decrease or the Issuer may experience delays in enforcing its collateral when its customers default on their obligations, which may result in failure to recover the expected value of collateral and adversely affect its financial performance.

**14. Potential Conflicts of Interest**

The Issuer may appoint an affiliate as its calculation agent for the purposes of calculating amounts payable or deliverable to holders under a Series. Under certain circumstances, the agent as an affiliate and its responsibilities as calculation agent for the Debentures could give rise to conflicts of interest. The calculation agent is required to carry out its duties in good faith and using its reasonable judgment. However, because the Issuer and the affiliate may be controlled by the same holding company, potential conflicts of interest could arise. The Issuer also may enter into an arrangement with an affiliate to hedge market risks associated with its obligations under the Debentures. Such an affiliate would expect to make a profit in connection with this arrangement. The Issuer may not seek competitive bids for such arrangements from unaffiliated parties.

**15. Operational and System Risk**

The Issuer is faced with operational and system risks, which may arise as a result of various factors, viz., improper authorizations, inappropriate documentation, failure in maintenance of proper security policies, frauds, inadequate training and employee errors. Further, there can also be a security risk in terms of handling information technology related products which involves certain risks like data loss, confidentiality, and business continuity and network security.

**16. The Issuer relies heavily on its Promoter**

The Issuer relies heavily on its Promoter's financial standing and support and should there be any event which affects it in a materially negative way it will have an adverse impact on the business of the Issuer.

**B. EXTERNAL RISK FACTORS**

**1) Uncertain Trading Market**

The Issuer intends to list the Debentures on the WDM segment of the NSE. The Issuer cannot provide any guarantee that the Debentures will be frequently traded on the Stock Exchange(s) and that there would be any market for the Debenture(s).

Further, the Issuer may not be able to issue any further Debentures under the Programme, in case of any disruptions in the securities market.

**2) Future legal and regulatory obstructions**

Future government policies and changes in laws and regulations in India (including their interpretation and application to the operations of the Issuer) and comments, statements or policy changes by any regulator, including but not limited to the SEBI or the RBI, may adversely affect the Debentures, and restrict the Issuer's ability to do business in its target markets. The timing and content of any new law or regulation is not within the Issuer's control and such new law, regulation, comment, statement or policy change could have an adverse effect on its business, results of operations and financial condition.

Further, the SEBI, the relevant Stock Exchange(s) or other regulatory authorities may require clarifications on this Information Memorandum, which may cause a delay in the issuance of Debentures or may result in the Debentures being materially affected or even rejected.

**3) Material changes in regulations to which the Issuer is subject could cause the Issuer's business to suffer**

NBFCs in India are subject to detailed supervision and regulation by the RBI, though currently NBFCs not accepting public deposits are exempt from most such provisions. In addition, the Issuer is generally subject to changes in Indian law, as well as to changes in regulations and policies and accounting principles. The RBI also requires the Issuer to make provisions in respect of NPAs. Any changes in the regulatory framework affecting NBFCs including the provisioning for NPAs or capital adequacy requirements could adversely affect the profitability of the Issuer or its future financial performance by requiring a restructuring of its activities, increasing costs or otherwise. The Issuer is classified as a NBFC-ND-SI as defined in applicable the RBI guidelines, which is subject to certain statutory, regulatory, exposure and

prudential norms and this may limit the flexibility of the Issuer's loans, investments and other products.

**4) A slowdown in economic growth in India could cause the Issuer's business to suffer**

The Issuer's performance and the quality and growth of its assets are necessarily dependent on the health of the overall Indian economy. A slowdown in the Indian economy may adversely affect its business, including its ability to enhance its asset portfolio and the quality of its assets, and its ability to implement certain measures could be adversely affected by a movement in interest rates, or various other factors affecting the growth of industrial, manufacturing and services sector or a general down trend in the economy.

**5) Political instability or changes in the government could delay further liberalization of the Indian economy and adversely affect economic conditions in India generally, which could impact the Issuer's financial results and prospects**

Since 1991, successive Indian governments have pursued policies of economic liberalization. The role of the Central and State Governments in the Indian economy as producers, consumers and regulators has remained significant. If there was to be any slowdown in the economic liberalization, or a reversal of steps already taken, it could have an adverse effect on the Issuer's business. Financial difficulties and other problems in certain financial institutions in India could cause the Issuer's business to suffer. The Issuer is exposed to the risks of the Indian financial system, which in turn may be affected by financial difficulties, trends and other problems faced by certain Indian financial institutions. The problems faced by such Indian financial institutions and any instability in or difficulties faced by the Indian financial system generally could create an adverse market perception about Indian financial institutions, banks and NBFCs. This in turn could adversely affect the Issuer's business, its future financial performance and its shareholders' funds. General elections for the Parliament and other state legislatures will be held at the latest by May, 2009 and may result in a change in the economic and other policies which may have a material adverse effect on the operations, results and performance of the Issuer.

**6) Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and the Issuer's business**

Terrorist attacks and other acts of violence or war may negatively affect the Indian markets and may also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence. In addition, adverse social, economic and political events in India could have a negative impact on the Issuer. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on the Issuer's business.

**7) Market Risk (Product Demand)**

The Issuer is in the business of the provision of financial services. The overall demand for the Issuer's products is linked to macro economic parameters like GDP growth, capital markets and liquidity. Any adverse movement in these factors will have an adverse impact on the business of the Issuer. The performance may also be affected by political and economic developments and natural disasters like earthquake, flood, drought, etc. These factors may affect the capital markets as well as realisability of the Issuer's assets.



**C. GENERAL RISKS:**

Investment in Debentures involve a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Potential investors are advised to read the risk factors carefully before taking an investment decision in the offering. In order to make an investment decision, investors must rely on their own examination of the Issuer and the offering, including the risks involved. The Debentures have not been recommended or approved by the SEBI nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of investor is invited to the Risk Factors in this Information Memorandum. This Information Memorandum has not been submitted, cleared or approved by SEBI and has been prepared to facilitate investors to take a well informed decision for making investment in the Debentures issued / to be issued

**APPLICATION FORM**

(Under the Information Memorandum for Index Linked Principal Protected Debentures for an amount of Rs. 35,700,000 to be filed by SCILL with the National Stock Exchange of India Limited and accessible at [www.nse-india.com](http://www.nse-india.com)..

FOR  
PRIVATE PLACEMENT OF  
INDEX LINKED PRINCIPAL PROTECTED DEBENTURES  
- E001  
OF FACE VALUE OF Rs. 100,000 EACH  
AGGREGATING TO Rs. 35,700,000  
("DEBENTURES")

To be issued by

**STANDARD CHARTERED INVESTMENTS AND LOANS (INDIA) LIMITED**  
(Incorporated as a private Limited Company under the (Indian) Companies Act, 1956.)

Regd. Office:  
Oriental Building, 364, Dr. D.N Road, Fort, Mumbai – 400 001,  
Tel: 022 - 22021936 Fax: 022 - 22021948

DEBENTURES RATED AA+/r/ Negative BY CRISIL

This rating indicates that the degree of safety with regard to credit risk on timely payment of obligations on the instrument is high. *The 'r' suffix indicates that payments on the rated instrument have significant risks other than credit risk. The terms of the instrument specify that the payments to investors will not be fixed, and could be linked to one or more external variables such as commodity prices, equity indices, or foreign exchange rates. This could result in variability in payments—including possible material loss of principal—because of adverse movement in value of the external variables. The risk of such adverse movement in price / value is not addressed by the rating.* The risks represented by the 'r' symbol for the captioned instrument are the variability of returns and/or loss of principal, if any, on account of market risk arising due to changes in equity prices.

Important Note: This Debenture Issue is being made by Standard Chartered Investments and Loans (India) Limited (" Company"), strictly on a private placement basis. The Information Memorandum does not constitute an offer to the public in general. No invitation to make an application for the Debentures is being made to any person other than the person to whom this application form along with the Information Memorandum have been sent. Please note that only those persons to whom this application form has been specifically addressed are eligible to apply. The Information Memorandum does not constitute a commitment on the part of the Company to issue the Debentures to an applicant. Each copy of the Information Memorandum is addressed to specific person(s) and the person to whom a copy of the Information Memorandum is sent alone is entitled to apply for the Debentures, using this application form. Any application by a person other than the person to whom the Information Memorandum has been sent by the Company shall not be entertained at all. An application, even if complete in all respects, is liable to be rejected without assigning any reasons for

the same. The Issuer may, but is not bound to, revert to any investor for any additional documents / information, and can accept or reject an application as it deems fit.

This Information Memorandum is not intended to provide the sole basis of your decision to subscribe to the Debentures. Potential investors are required to make their own independent valuation and judgment as regards the investment before applying for the Debentures.

This Information Memorandum is made available to potential investors on the strict understanding that it is confidential. No recipient of the Information Memorandum shall be entitled to disclose any information contained in it to any other person. No recipient shall be entitled to use any of the information other than for the purpose of deciding whether or not to subscribe to these Debentures.

## INSTRUCTIONS FOR APPLICATION

1. Application must be completed in the BLOCK LETTERS IN ENGLISH. A blank must be left between two or more parts of the name.
2. Signatures should be made in English.
3. The Debentures are being issued at face value. The amount to be paid on application should be the total face value of the Debentures applied for. Applications for incorrect amounts are liable to be rejected.
4. Minimum application shall be for 10 Debentures thereafter in the multiples of 1 Debentures.
5. Payment Instructions: **Cheques** must be made in the favor of "Standard Chartered Investments and Loans (India) Limited" and crossed "Account Payee only" payable at Mumbai. Money orders or Postal orders will not be accepted. Payment can be made through **RTGS** using the below details:

Name of Bank:	Standard Chartered Bank
Address:	90 M.G. Road, Fort, Mumbai 400-001
Name of Beneficiary:	Standard Chartered Investments and Loans (India) Limited
Account no. of Beneficiary:	23105130057
IFSC Code:	SCBL0036001
Branch Code:	231

SCILL should receive funds by 4.00 P.M. on the relevant Pay in date.

6. No cash or stock invest will be accepted.
7. The Applicant should mention permanent account number allotted under the Income Tax Act, 1961 and also the Income-tax circle/ward/District.
8. APPLICATIONS UNDER POWER OF ATTORNEY/RELEVANT AUTHORITY

In case of an application made under a Power of Attorney or resolution or authority to make the application together with a certified true copy thereof along with Memorandum and Articles of Association and/or bye-laws must be attached to the Application Form at the time of making the application, failing which, the Company reserves the full, unqualified and absolute right to accept or reject any application in whole or in part and in either case without assigning any reason thereof. Names and specimen signatures of all the authorised signatories, duly attested, must also be lodged along with the submission of the completed application.

9. Applications once submitted cannot be withdrawn. The applications should be submitted during business hours at the office mentioned below:

Standard Chartered Bank  
1<sup>st</sup> Floor, Dealing Room  
90 M.G Road, Fort  
Mumbai 400 001

Tel: +91 22 2267 6400      Fax: +91 22 2265 5620  
Email: [vinod.holani@sc.com](mailto:vinod.holani@sc.com)

10. The applications would be scrutinised and accepted as per the Terms and Conditions specified in the Information Memorandum .
11. The Company is entitled at its sole and absolute discretion to accept or reject any application, in part or in full without assigning any reason whatsoever. Applications, not complete in any respect, are liable to be rejected.
12. Applicants residing at places other than Mumbai may send the application along with the Cheque(s) to the centre mentioned above. The Cheque(s) must be payable at par at Mumbai. Charges if any will have to be borne by the Applicant.
13. The Applicant shall hold the Debentures in dematerialized mode and shall mention their Depository Participant's name, DP-ID and Beneficiary Account Number in the Application Form. In case of any discrepancy in the information of Depository/Beneficiary Account the Company shall deliver the Debentures Certificate(s) in Physical Form to such Applicants/reject the application.
14. The Applicant is requested to contact the office of the Company as mentioned above for any clarifications.

## APPLICATION FORM

### STANDARD CHARTERED INVESTMENTS AND LOANS (INDIA) LIMITED

(Regd. Office : Oriental Building, 364, Dr. D.N Road, Fort, Mumbai – 400 001,  
Tel: 022 - 22021936 Fax: 022 – 22021948)

DEBENTURE – E001 APPLICATION FORM SERIAL NO.	0	1
ISSUE OF 357 INDEX LINKED PRINCIPAL PROTECTED DEBENTURES OF Rs. 100,000 EACH AGGREGATING TO Rs. 35,700,000. AMOUNT PAID UP PER DEBENTURE RS. 100,000		

DETAILS OF DEBENTURES APPLIED FOR (Refer instructions nos. 3 & 13 respectively)

DEBENTURE CATEGORY	TOTAL NO.S	TOTAL FACE VALUE
DEMATERIALIZED FORM		
PHYSICAL FORM	N.A	N.A
TOTAL		

DETAILS OF PAYMENT :

( )	Cheque No. _____	Drawn on _____	
( )	Account transfer from SCB. Account No.: _____		
( )	RTGS transfer. UTR No.: _____		
Instrument / Instructions Dated _____ Total Amount Enclosed			
(In Figures) _____ (In words) _____			

FIRST/SOLE APPLICANT'S DETAILS

NAME																		
ADDRESS																		
STREET																		
CITY																		
PIN						PHONE						FAX						
PAN/GIR NO								IT CIRCLE/WARD										

SECOND APPLICANT'S NAME

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THIRD APPLICANT'S NAME

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IF THE APPLICANT IS AN INSTITUTION / COMPANY / BODY CORPORATE, THEY MAY ADD ADDITIONAL SIGNATORY (IES) AS PROVIDED BELOW.

Name of the Authorised Signatory (ies)	Designation	Signature

I/WE ARE BANK ( ) FINANCIAL INSTITUTION ( ) COMPANY ( ) OTHERS ( ) SPECIFY \_\_\_\_\_

TAX STATUS NON EXEMPT ( ) EXEMPT ( )

(If exempt please specify the status and please provide supporting documents from income tax authorities)

In case the applicant(s) desires to hold Debenture(s) in dematerialized form, the following particulars relating to details of the Beneficiary (Electronic) account as given below are required to be filled up.

Depository Name	
Depository Participant Name	
DP-ID	
Beneficiary Account Number	
Name of the Applicant(s)	

We confirm that Standard Chartered Investments and Loans (India) Limited shall be entitled to borrow/ raise loans or avail of financial assistance in whatever form as also issue Debentures/ Debentures/ Notes/ other securities in any manner with ranking as pari-passu basis or otherwise and to change its capital structure, including issue of shares of any class or redemption or reduction of any class of paid up capital, on such terms and conditions as the Issuer may think appropriate, without the consent of, or intimation to, the Debentureholder(s) or the IDBI Trusteeship Services Limited (the Trustee's for the Debentureholders in this connection).

I/We understand that: i) in case of allotment of Debentures to me/us, my/our Beneficiary Account as mentioned above would get credited to the extent of allotted Debentures, ii) applicant must ensure that the sequence of names as mentioned in the Application Form matches the sequence of name held with DP, iii) if the names of the applicant(s) in this application are not identical and also not in the same order as the Beneficiary Account details with the above mentioned DP or if the Debentures can not be credited to my/our Beneficiary Account for any reason whatsoever, the Company shall be entitled at its sole option to issue the Debentures to me/us in the physical form or reject the application.

I/We have read and understood the Terms and Conditions of the issue of Debentures including as detailed in the Information Memorandum including but not limited to the Risk Disclosure. I/We bind ourselves to these Terms and Conditions, confirm the presumptions of the Company, and wish to

apply for allotment of these Debentures. We request you to please place our name(s) on the Register of Debenture holders.

Sole/First Applicant's	Second Applicant's	Third Applicant's
Signature	Signature	Signature

**Partnership Firms to additionally complete:**

Our investing in the Debentures on its terms is within the scope of our investment policy and is not in conflict with the provisions of the partnership deed currently in force.

We confirm that the investment in the Debentures are being made by and on behalf of the Partners (and binds all the Partners jointly and severally), and that the Partnership is in force and existing, and the investment is, for good order, hereby acknowledged and ratified by all of us, jointly and severally.

The execution and delivery of this Form and investment in the Debentures have been and remain duly authorised by all the partners, and do not contravene any provisions of the Partnership Deed as currently in force, or any law, regulation or contractual restriction or obligation or undertaking binding on or affecting the Partnership or its assets or any of the Partners or their respective assets.

As the legal guardian of [\_\_\_\_\_] a minor, introduced to the benefits of the Partnership w.e.f. [\_\_\_\_], Mr. [\_\_\_\_\_], hereby confirms that the above applies equally to [\_\_\_\_\_] as if he/she were a Partner.]

Name(s) of Partner /Guardian	Signature
1. _____	
2. _____	
3. _____	
4. _____ (Guardian of minor)	

**Companies to additionally complete:**

All necessary corporate or other necessary action has been taken to authorise the valid delivery of this Form, and we have corporate ability and authority, to invest in the Debentures.

This application, and subscribing to the Debentures does not and will not contravene any provisions of the Memorandum and the Articles of Association, or any law, regulation or contractual restriction or obligation or undertaking binding on or affecting us or our assets.

For and on behalf of

_____ Authorised Signatory For Name:	_____ Authorised Signatory For
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**COMPANIES/BODY CORPORATE/INSTITUTIONS TO ADDITIONALLY COMPLETE**

Name of the Authorised Signatory(ies)	Designation	Specimen Signature

(For additional signatories, please provide details as an annexure to this application form)

I/WE ARE : (Please Select)	<input type="checkbox"/> BANK	<input type="checkbox"/> FINANCIAL INSTITUTION
	<input type="checkbox"/> COMPANY	<input type="checkbox"/> OTHERS (Please Specify) _____

TAX STATUS	<input type="checkbox"/> NON EXEMPT
	<input type="checkbox"/> EXEMPT

(If exempt please specify the status and please provide supporting documents from income tax authorities)

**Portfolio Managers to additionally complete:**

1. We, as Portfolio Managers, are fully in compliance with the laws and regulations applicable to us including the Securities and Exchange Board of India (Portfolio Managers) Rules, 1993 and the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993, including, but not limited to regulations 14 and 16 (8) and the requirements of Circular dated 20th March 2006 "Guidelines on Anti-Money Laundering Standards" of the Securities and Exchange Board of India, 'know your client/customer requirements ("Regulations")', and are authorized to make this investment/subscription in the name of our client(s);
2. we consent to the disclosure or provision by the Company to any governmental or regulatory authority, or under any requirement of law, any information regarding us and the investment in the Equity Linked Debenture by our client(s), as required by the Company under applicable regulations and/or as requested by any governmental or regulatory authority or under a provision of law;
3. we further agree to provide to the Company such additional information that the Company deems necessary or appropriate in order for the Company to comply with any such regulations and/or requests or requirements;
4. we also further agree (including on the basis of any request made by the Company in this regard), to provide to any governmental or regulatory authority any information regarding us and the investment in the Index Linked Debenture by our client(s) as required under regulations and/or as requested by any governmental or regulatory or other authority;

5. we represent (for ourselves and on behalf of the beneficial owner of the Debentures) that: (a) we have not relied on any communication from the Company, the Promoter or the Promoter's affiliates as investment advice or a recommendation or as a recommendation to purchase the Debentures and no communication shall be deemed to be an assurance or guarantee as to the expected results of the purchase of Debentures and (b) the terms and conditions of the Debentures are exclusively set forth in the Information Memorandum and Issue Documents (as defined below) and are not entitled to rely on any description of the terms and conditions of the Debentures or any undertaking by any party with respect to the Debentures which is not set forth in those documents ;

6. we acknowledge that no action has been or will be taken by the Company, the Promoter or the Promoter's affiliates that would permit a public offering of the Debentures, or possession or distribution of any offering documentation or any other offering or publicity material relating to the Debentures, in any country or jurisdiction where action for that purpose is required; and

7. neither we, nor our client(s) are "US person" as defined under Regulation S under the United States Securities Act of 1933, as amended.

8. We are appropriately investing in the Debentures in the name of our clients in accordance with the Regulations. We shall ensure that a serially numbered copy of the issue documents which shall include a consolidated document setting out all the information as required by the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 along with the pricing supplement and/or the information memorandum (where relevant) and/or the equity annex and/or any other material connected with the Debentures ("Issue Documents") shall be made available to the client(s). Client identity:

- (a) is not disclosed by us (\_\_\_\_\_)
- (b) is disclosed by us (\_\_\_\_\_)

We confirm that the investment in the Debentures is within the scope of our authority as provided for by Regulation 14 of the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993 and accordingly binds the client and that the clients shall be made to understand the terms and conditions of the Issue Documents.

For and on behalf of

\_\_\_\_\_  
 Authorised Signatory  
 For  
 Name:

\_\_\_\_\_  
 Authorised Signatory

FOR OFFICE USE ONLY	
DATE OF RECEIPT OF APPLICATION	DATE CLEARANCE

Note : Cheques are subject to clearance.

ACKNOWLEDGEMENT SLIP

**STANDARD CHARTERED INVESTMENTS AND LOANS (INDIA) LIMITED**

(To be filled in by applicant)

DEBENTURE – E001 APPLICATION FORM SERIAL NO.	0	1
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Received from (First / Sole Applicant's Name)	
Address	
For an application of the following no. of Debentures	
Total No. of Debentures Applied	Total Face Value of Debentures applied
For payment made by	
<input type="checkbox"/> Cheque No.                      Drawn on	
<input type="checkbox"/> Account transfer from SCB	Account No.
<input type="checkbox"/> RTGS transfer	UTR No.

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

Oriental Building, Mezzanine Floor,  
364 Dr. D.N.Road, Fort, Mumbai – 400 001  
Tel.: + 91 22 2202 1929  
Fax: 91 22 2202 1948  
Contact person: Dhiren Parekh  
e-mail: dhiren.parekh@sc.com

**Debenture Trustee**  
**IDBI Trusteeship Services Limited**

Asian Building Ground Floor  
17, R Kamani Marg  
Ballard Estate  
Mumbai 400 001  
Tel: +91 22 6631 1771  
Fax: +91 22 6631 1776  
Website: [www.idbitrustee.co.in](http://www.idbitrustee.co.in)  
e-mail: [itsl@idbitrustee.co.in](mailto:itsl@idbitrustee.co.in)

**Registrar**

**Link Intime (India) Private Limited**

C-13, Pannalal Silk Mills Compound,  
L.B.S Marg,  
Bhandup (W)  
Mumbai 400 078  
Tel: +91 22 2596 3838  
Fax: +91 22 2594 6979  
Website: [www.linkintime.co.in](http://www.linkintime.co.in)  
e-mail: [ganesh.jadhav@intimespectrum.com](mailto:ganesh.jadhav@intimespectrum.com)