Leading the way

in Asia, Africa and the Middle East

Standard Chartered
Here for good

About us

About us

Standard Chartered Bank is India's largest and oldest international bank with 94 branches in 37 cities. We bank more than 2 million retail customers and over 2,000 corporate and institutional clients. Through our significant presence across the country and a powerful international network, we are powering the ambitions of India's fast globalising citizens and corporations.

Consumer Banking

Consumer Banking serves India's increasingly sophisticated Priority and Personal Banking clients. We also help entrepreneurs and small businesses with innovative solutions to address their unique needs. Through a customer-centric approach, we aim to understand our customers' objectives and deliver the best banking experience.

Wholesale Banking

Wholesale Banking partners with India's fast globalising corporations as they expand their businesses in the domestic and international markets. With deep local knowledge, the capabilities and network of an international bank, with a focus on emerging markets, we are connecting clients across the world's most exciting markets, facilitating global trade and business.

Operational highlights in 2012

- Record income and strong working profit growth
- Total income at ₹109 billion, up by 24 percent
- Profit after tax at ₹17.36 billion, down by 16 percent
- Total assets at ₹1.22 billion, up by 14 percent
- Advances at ₹556 billion, up by 13 percent
- Deposits at ₹640 billion, up by 9 percent

Cover: **Chhaya, a graduate of Standard Chartered's GOAL programme, is now interning at Standard Chartered in Mumbai. Here she is seen with Priya, one of her mentors at work.**

What's inside this report

Regional Chief Executive's Review

Sunil Kaushal
Regional Chief Executive, India & South Asia, Standard Chartered Bank

As the economic landscape intensified and global cues weakened over the last financial year, the impact was indeed felt across the banking industry. Standard Chartered Bank India negotiated the challenging times and as we look in our rear-view mirror, our core strengths of being close to customers and focussing intently on core business has seen us emerge on a stable footing to build the momentum and scale.

Income and profit growth slowed over financial year 2011-12 (April-March) due to business environment we are operating in. However, we took prudent steps by implementing decisions that ensured that the quality of our balance sheet remained intact, despite a challenging and volatile environment.

As in the past, we continued to partner closely with our clients. We have also selectively leveraged opportunities that complement our strategy of building a more sustainable business stream over the year.

In Wholesale Banking, the flow business performed well with several key mandates won over the year. This will generate sustained income over the years and will continue to be a core part of our strategy. We are also becoming a significant contributor to the Standard Chartered Group as many of our local corporate clients now have cross-border banking relationships with us.

Consumer Banking which is well placed in key Indian centres is focussed on high-value segment with products, services and experience that differentiates Standard Chartered from the competition.

We continue to commit to investments in technology, people and infrastructure. To enable significant synergies across various functions, we moved to our head office to Bandra Kurla Complex, Mumbai.

Despite a challenging year, we continued to win several accolades including six awards at Asian Leadership Awards held in Dubai.

While the economic environment both in India and abroad continues to be challenging, we are ensuring that our commitment to clients and business delivery continues to be our key priorities. In line with our brand promise 'Here for good', we will continue to invest and grow our business in India, which remains core constituency for Standard Chartered.

At work at Esjay International's clothing factory in Mumbai. Esjay is an SME client

The Transaction Banking team ironing out the details of a mandate

Colours of Joy: The day-care centre in our Mumbai head office

Financial Performance

Our business in India maintained a good momentum in a challenging environment. Income rose 24 percent to ₹109.31 billion for the year. We maintained a healthy advances-to-deposits ratio of 86.9 percent and a provision coverage ratio of 88 percent. We continue to maintain discipline on cost, while continuing to invest in people, product innovations, technology and infrastructure.

- Profit After Tax at ₹17.36 billion was down 16 percent
- Total Income at ₹109.31 billion was up 24 percent
- Total Assets at ₹1.22 trillion was up 14 percent
- Deposits at ₹639.65 billion was up 9 percent
- Advances at ₹555.70 billion was up 13 percent

Consumer Banking

Consumer Banking's strategy is built around a customer centric model that focuses on understanding the unique needs of our clients and building deep, long-standing multi-product relationships with them. Our differentiated propositions around Private Banking, Priority and International Banking and SME Banking with customised products, services and benefits help achieve this end.

Despite weaker macro-economic conditions, we continued to invest in our chosen High Value Segment (HVS) businesses, which accounted for a higher percentage of total revenues versus previous years.

The financial needs of the high value client segment are becoming increasingly sophisticated presenting a significant opportunity to Standard Chartered. We have made investments in building a pool of high quality HVS RMs and augmenting Wealth Management capabilities to provide best-in-class advisory experience. We have redesigned our branches and upgraded our call centres and other service channels to provide an enhanced banking experience to our customers. We would continue implementing a customer-focused transformation process through customised services, establishing ourselves as their right partner.

Technology is another focus area. Breeze Mobile, our intuitive, design-rich mobile banking platform has become the tenth largest in India in terms of transaction value within a year of being launched.

Over the year we acquired the Barclays Credit Card portfolio. This complements our organic growth by adding quality unsecured assets to our business. We will continue to seek out such opportunities to build scale in focus businesses.

We have continued to invest in the franchise with the number of Express Banking Centres increasing to 91 from 80 a year earlier. By December 2012, we will have added new branches to the network, taking the total to 96 branches, the highest amongst all foreign banks in India. We have also made investments in micro-marketing and catchment area marketing activities across branches.

Consumer Banking won some of the most prestigious awards in the industry including the 'Structured Products India Award 2011' from the Structured Products magazine, which we have won for the third time in a row, Global Private Banking Award 2011 for the Best Private Bank in India and CNBC UTI Financial Advisor Awards for 2012.

Wholesale Banking

Standard Chartered is a dominant Wholesale Banking player in India. We partner with the most dynamic clients spanning large multinationals and mid-sized companies, even supporting small businesses in partnership with Consumer Banking. What differentiates Standard Chartered for our clients is our consistency and the depth of the relationships we are able to build with them.

In fact, one of the most significant actions that Standard Chartered has taken over recent years is to consistently and overtly partner with clients through challenging economic times, extending credit when it was really needed. We believe this has been a prime force of our success.

Comprehensive customised solutions has made us a leading player with many prestigious mandates won over the past year including the government's Employee Provident Fund Organisation's custody services mandate.

Even in a challenging environment, Standard Chartered participated in several key deals. The Bank was sole financial advisor and the mandated lead arranger for Reliance Power's Sasan Ultra Mega Power Project. This was the largest cross-border term debt borrowing programme undertaken by the Reliance Group for its Independent Power Producer business.

Standard Chartered also executed large-sized and innovative deals for Reliance Gas, Tata Power Perpetual, and Vedanta. The Bank is also the largest book runner of Qualified Institutions Placements by volume and value and the leader in rupee debt syndication for the real estate sector. We are a key thought leadership partner in the market and continuously engage with regulators on key initiatives.

Wholesale Banking has won many awards locally and globally. This includes the Asset Country Awards - Best M&A House in India for two years running, firmly reinforcing our credentials as the advisor of choice for India Inc. Our Structured Trade Financing franchise has been recognised, for a third year in a row, with the Best Structured Trade Deal in India in the Asset Awards 2012.

The Bank has also been awarded Best Foreign Exchange Provider in India (Global Finance, 2012), Best Debt Bank in India (The Asset Asian Awards, 2011), Best MNC / Large Corporate Bank (International) in India (The Asset Asian Awards, 2012) and the Best Foreign Bank in India award from Bloomberg UTV Financial Leadership Awards 2012.

The Dream Run gets underway at the Standard Chartered Mumbai Marathon 2012

Adil, 6, plays with his sister. A successful cataract surgery funded by Seeing is Believing has helped Adil join school

Girl students at a municipal school enjoy the new sanitation and water facilities installed in their school under Standard Chartered's WASHE project.

Human Resources

Standard Chartered's success is built on its people. People are what differentiate Standard Chartered.

Our people philosophy is based on 'strengths'. Our people are encouraged to decide how best they leverage their strengths to contribute to the Bank's growth and their own.

Delivering this takes focussed efforts. A robust in-house talent acquisition process helps us identify people who can partner with us to deliver on our ambitions. We recruit premium talent from campuses or the industry, train them and provide them with challenging assignments across our global franchise.

And 'how' we work is just as important as 'what' we achieve. Our appraisal process includes a five-point values rating scale which emphasises on how our staff live up to our brand promise of being 'Here for good'. Our reward practice places our staff on par with the market.

Creating an inclusive culture and celebrating diversity is important to us. Women comprise 30% of our workforce and we want to see that number grow, including in senior roles. We have a similar approach to differently-abled individuals and staff from financially challenged backgrounds.

Employee benefits set us apart, helping us retain talent. Facilities such as child care, paid maternity leave, flexible work opportunities and health and well-being benefits are available to staff. Last year, we introduced Sabbaticals for employees who want an extended time away to balance their professional aspirations and personal needs.

Highly engaged people are highly productive. The Gallup's Employee Engagement Survey (Q^{12}) placed Standard Chartered's engagement score at '4.12' in 2011 on a scale of 1 to 5, a testament to our efforts to create a conducive working environment for staff.

At the Asian Leadership Awards held in Dubai, Standard Chartered India won six awards including for Best HR Strategy in line with the Business, Best HR Company – Continuous Innovation, Best Service Provider in HR, Best Employer Brand, Best HR Company (Global HR Strategy) and Best in Managing Health at Work.

We also won the 'Best Learning and Development Strategy' at the Hindustan Times Shine.com HR Leadership Awards in February, while Bloomberg UTV recognised us as one of the top five 'Dream Companies to work for' in India.

India is the Standard Chartered Group's largest employer globally with around 18,500 people from 20 different nationalities. We are also a key talent pool for the Group.

Brand

When we launched the 'Here for good' campaign in 2010, we weren't saying anything new. 'Here for good' was the promise we had lived by through our history of over 150 years. But the refreshed articulation of our brand promise has resonated strongly with stakeholders, clearly establishing us as a force for good.

Through advertising campaigns and sponsorships, we have successfully communicated 'Here for good', what it means to Standard Chartered and what it means for our stakeholders. The third phase of the campaign launched in 2012 deconstructs 'Here for good' through representations of how the Bank has been a force for good through its progressive practices.

In India, our brand building efforts hinge significantly on sponsorship of sports. Sports are hugely popular with our clients and establish a strong platform to communicate our brand promise. We sponsor the Standard Chartered Mumbai Marathon, one of Mumbai's most loved events, the Liverpool Football Club and Cricket.

The Standard Chartered Mumbai Marathon (SCMM), of which we have been title sponsors since 2004, continues to be our marquee event and the largest contributor to our brand in the country. The 9th edition in 2012 had over 42,000 runners, while US$ 3 million was raised for charity.

In 2012, The India Athletics Federation recognised SCMM as the national marathon of India. Consequently, contestants are eligible on the basis of their performance to participate in global sporting events like the Olympics. SCMM retains its credence as Asia's Most Prestigious Marathon and one of the top 10 marathons in the world.

Another sponsorship that's giving us a lot of leverage is Liverpool Football Club. Liverpool has a huge fan base across our core markets in Asia, Africa and the Middle East and the widely followed telecast of the English Premier League ensures that our brand awareness scores remain high.

Cricket continues to be the most watched sport in the region. In early 2012 we sponsored the Asia Cricket Cup (held once in two years covering India, Bangladesh, Sri Lanka and Pakistan) to reach out to our audiences effectively. The sponsorship of the Asia Cricket Cup gave us the desired results by reaching out to our franchise markets in the region.

Sustainability

Getting directly involved in the communities we are in, is perhaps the most effective way to make a difference. We partner with organisations at the grass-root level to understand how we can help, be it through financial investments, volunteering or even getting others involved.

Our long-standing initiatives including Seeing is Believing and GOAL are growing from strength to strength. So far, Seeing is Believing has helped over 3 million Indians improve their eyesight. GOAL has been transformational for over 4,100 girls with its sports and life-skills training programme. Five of the young women have joined the Bank. GOAL has even gone international, launching in Nigeria, Jordan, Zambia and China.

Breeze Mobile from Standard Chartered is one of the top 10 mobile banking services in India

Jaspal Bindra, Group Executive Director and CEO Asia, gets a de-brief on the pilot launch of eOperations

A desk inside Standard Chartered's state - of - the art dealing room in Mumbai

In 2011, we added WASHE (Water, Sanitation, Hygiene, Education), which provides the girl child in municipal schools easy access to safe water and sanitation, thus encouraging them to come to school. In just a year, WASHE has reached over 20,000 girls across 8 municipal schools in Mumbai and Delhi, providing them with improved water and sanitation facilities.

Our programmes have earned recognition including the Blue Dart Star News Global CSR Awards 2012 and the Aaj Tak Care Awards 2012 in the 'Concern for Health' category in India, while we were acknowledged as one among the top three in the Best Community Programme category at the Global CSR Awards Asia 2012 held in the Philippines.

Sustainable Finance is how we create an impact as a business. We offer full banking services to the microfinance sector and have so far extended over US$ 250 million in funding to over 20 microfinance institutions across India.

Volunteering is a pillar of our integrated community strategy. We facilitate staff involvement through projects and three volunteering leave days in a year. In 2011, staff spent 9,835 hours volunteering, a number which is rising each year.

We are also conscious of our impact on the environment and continually take measures to make our workspace as environment friendly as is possible. Our Mumbai head office has received the LEED Gold Certification for Commercial and Interiors by the US Green Building Council.

Diversity and Inclusion is an important facet of Sustainability. Standard Chartered took a pioneering step, launching a pilot project by hiring and training 12 visually impaired tele-consultants. Another revolutionary innovation, Talking ATMs, makes banking simpler for visually impaired customers. So far, we have 6 Talking ATMs across India.

Technology

Technology, a growth enabler, is taking Standard Chartered ahead of competition with path-breaking initiatives such as Breeze Mobile and eOperations.

Breeze Mobile is already India's 10th largest mobile banking service in terms of transaction value. An easy to use interface, rich in features and supported on over 700 handsets, Breeze can be used by just about anyone. Breeze enables customers to see, move and transact money with the minimum number of clicks. Additional features include locating a Standard Chartered Bank ATM using Google Maps or buying an airline or movie ticket.

A pilot project we are excited about is eOperations, which is helping us generate jobs in rural India, thus furthering the cause of financial inclusion. Via an online portal, staff in remote locations can perform operational tasks such as data entry via the internet. The pilot is currently running in Tamil Nadu state: 25 women work in a BPO set-up in Masinagudi village, while 7 physically challenged women work from home in Chennai.

Technology and Operational Excellence is creating an advantage for us by enhancing client experience through initiatives such as real time tracking of cheques using GPRS technology, door-step trade services, dedicated hotlines and real-time dashboards to monitor client call traffic for Wholesale Banking clients.

For Consumer Banking clients, we rolled out the Customer Experience Management System (CEMS) - a single window Relationship Management solution across India. This has allowed a structured approach to client contact management and servicing by way of in-built triggers resulting in enhanced customer experience.

Outlook

India is clearly facing its challenges and so far has been no different in that sense. While the longer-term potential is tremendously exciting, we can expect a few hiccups in the near future.

The macroeconomic environment, now characterised by high inflation and relatively subdued growth, remains challenging. Against a high inflationary environment, the possibility of interest rates softening is limited. More importantly, unless such steps are complemented by supporting policy action from the government, any positive impact on growth will be limited.

What investors are looking for is a fresh trigger to invest in India once again. This will necessitate decisive policy action from the authorities to enhance the country's attractiveness as an investment destination. What could also go a long way are steps to rein in the fiscal deficit.

Our focus is on continuing to deepen relationships with clients and partner with them through a challenging environment. We remain confident of India's longer-term potential and will continue to invest strategically to grow the business. This includes investments in people, technology, infrastructure, product and service innovations, the community and whatever it takes to build a sustainable business.

We are, after all, here for good, here for the long run. India remains one of our key markets, one of the top contributors to the Standard Chartered Group's business performance delivering outstanding shareholder value.

Sunil Kaushal
Regional Chief Executive, India & South Asia,
Standard Chartered Bank

India Management Committee

Sunil Kaushal

Regional Chief Executive, India & South Asia

Sunil provides leadership for the Standard Chartered Group in India and South Asia by driving overall strategy and direction and overseeing corporate governance, people, relationships with customers, regulators and other stakeholders. Sunil's experience spans more than two decades and covers a range of markets and functions.

Venkataramanan Anantharaman

MD, Origination & Client Coverage & Regional Co-Head, Wholesale Banking, India & South Asia

Ananth is responsible for managing relationships with the Bank's corporate and institutional clients. This involves closely engaging with clients and developing cutting edge solutions for them leveraging the Bank's network and balance sheet. As Co-Head of Wholesale Banking, he is jointly responsible for strategy, business development and people.

Ananth Narayan

MD, Global Markets & Regional Co-Head, Wholesale Banking, India & South Asia

Ananth oversees the Financial Markets business and also has governance responsibility for Corporate Advisory, Project Finance, Structured Trade Finance and the Alternative Investment Group. As Co-Head of Wholesale Banking he shares responsibility for strategy, business development and people.

Sanjeeb Chaudhuri

Regional Head, India and South Asia, & Group Chief Marketing Officer, Consumer Banking

Sanjeeb is responsible for Retail Banking, SME and the Private Bank. His mandate is to identify fast growing customer segments and grow market share leveraging product innovations, world class service experience and technology. Sanjeeb is also responsible for Consumer Banking's Marketing function globally and is a member of the Global Brand Council.

Anurag Adlakha

Chief Financial Officer, India & South Asia

Anurag provides strategic direction and governance for the finance function in India and the region with key responsibilities covering business performance analysis, financial reporting and control, balance sheet management, financial compliance and tax.

Ravi Duvvuru

Regional Head, Compliance, India and South Asia

Ravi oversees all matters pertaining to the regulatory framework in which the Bank operates as well as independent assessments of operational controls in the Bank. He is responsible for looking after relationships with regulatory authorities and ensures internal compliance.

Madhavi Lall

Regional Head Human Resources, India and South Asia

Madhavi is responsible for the strategic People agenda of the Bank. This involves building organisation and leadership agility, reinforcing a strengths-based organisation and delivering a differentiated employee experience in line with our brand promise Here for good. Partnering with businesses, she plays a key role in fostering an environment in which our people can excel.

James Berry

Chief Information Officer, India

James is responsible for developing and executing world-class technology and operations strategies that drive the business agenda, helping businesses deliver cutting-edge product innovations and best-in-class service to the customer while managing cost and risk.

Pradeep Rana

Country Chief Risk Officer, India

With oversight on risk management, Pradeep ensures that risks are adequately assessed and 'risk-return' decisions are made transparently and controlled in accordance with the Bank's standards and its risk appetite. He exercises direct risk control ownership for credit, market, country cross border, short term liquidity and operational risk.

Srinivasan Iyengar

Managing Director, India Strategy

Srinivasan formulates executable strategies to spur organic growth and is responsible for exploring and executing transformational inorganic opportunities. He is also responsible for ensuring strong linkages with regional and Group business and strategy teams.

Sushen Jhingan

Resident Director, Public Affairs

Sushen drives and maintains the Bank's relationships with the government to support the India Business by positioning the Bank and its key initiatives at appropriate levels in the government and influencing relevant national policies. He also identifies, develops and manages access to key trade bodies and delegations to shape future strategy.

Sumeet Singla

Regional Head, Corporate Affairs, India & South Asia

Sumeet is responsible for managing Standard Chartered's brand and reputation in India and South Asia. As part of the portfolio, Sumeet has responsibility for corporate brand campaigns, key sponsorships, internal and external communications, sustainability and community investments.

Balance Sheet
as at 31 March 2012

	Schedule	**As at 31.3.2012 (₹ in 000s)**	As at 31.3.2011 (₹ in 000s)
Capital and Liabilities			
Capital	1	**6,757,992**	6,757,992
Reserves and Surplus	2	**134,670,829**	123,865,558
Deposits	3	**639,646,971**	584,191,102
Borrowings	4	**126,182,071**	108,436,604
Other Liabilities and Provisions	5	**309,597,220**	239,838,570
Total Capital and Liabilities		**1,216,855,083**	1,063,089,826
Assets			
Cash and Balances with Reserve Bank of India	6	**33,353,316**	45,462,112
Balances with banks and money at call and short notice	7	**15,271,405**	22,570,155
Investments	8, 18(D (1))	**273,238,813**	230,881,648
Advances	9, 18(D (2))	**555,700,088**	492,007,928
Fixed Assets	10, 18(D (6))	**25,269,569**	25,932,846
Other Assets	11	**314,021,892**	246,235,137
Total Assets		**1,216,855,083**	1,063,089,826
Contingent Liabilities	12	**16,787,473,773**	17,185,296,919
Bills for Collection		**235,259,996**	139,552,747

Significant accounting policies and notes to financial statements 18

The accompanying schedules form an integral part of the Balance Sheet.

As per our report of even date

For Deloitte Haskins & Sells
Chartered Accountants
Firm Registration No: 117365W

For Standard Chartered Bank – India Branches

Kalpesh J. Mehta
Partner
Membership No. 48791

Sunil Kaushal
Regional Chief Executive - India and South Asia

Mumbai
22 June 2012

Anurag Adlakha
Chief Financial Officer - India and South Asia

Profit and Loss Account

for the year ended 31 March 2012

	Schedule	**For the year ended 31.3.2012 (₹ in 000s)**	For the year ended 31.3.2011 (₹ in 000s)
Income			
Interest Earned	13, 18(D (5))	**79,432,328**	63,524,253
Other Income	14, 18(D (5))	**29,882,236**	24,714,760
Total Income		**109,314,564**	88,239,013
Expenditure			
Interest Expended	15	**36,903,672**	23,506,005
Operating Expenses	16	**27,408,196**	25,969,066
Provisions and Contingencies	17, 18(D (11))	**27,645,004**	18,171,073
Total Expenditure		**91,956,872**	67,646,144
Net Profit		**17,357,692**	20,592,869
Profit available for appropriation		**17,357,692**	20,592,869
Appropriations			
Transfer to Statutory Reserve	2	**4,339,423**	5,148,217
Transfer to Capital Reserve-Surplus on sale of immovable properties	2	**238,820**	284,767
Transfer to Investment Reserve	2	**666,230**	401,499
Balance carried over to Balance Sheet	2	**12,113,219**	14,758,386
Total appropriations		**17,357,692**	20,592,869
Significant accounting policies and notes to financial statements	18		

The accompanying schedules form an integral part of the Profit & Loss Account.

As per our report of even date

For Deloitte Haskins & Sells
Chartered Accountants
Firm Registration No: 117365W

For Standard Chartered Bank – India Branches

Kalpesh J. Mehta
Partner
Membership No. 48791

Sunil Kaushal
Regional Chief Executive - India and South Asia

Mumbai
22 June 2012

Anurag Adlakha
Chief Financial Officer - India and South Asia

Schedules to the financial statements
for the year ended 31 March 2012

1. Capital

		As at 31.3.2012 (₹ in 000s)	As at 31.3.2011 (₹ in 000s)
	Deposit kept with Reserve Bank of India under Section 11(2)(b) of the Banking Regulation Act, 1949	**38,500,000**	32,250,000
a.	Head office reserves		
	Balance, beginning of the year	**21,960**	21,960
	Balance, end of the year	**21,960**	21,960
b.	Head Office Capital		
	Balance, beginning of the year	**6,736,032**	6,736,032
	Balance, end of the year	**6,736,032**	6,736,032
	Total capital	**6,757,992**	6,757,992

2. Reserves and Surplus

		As at 31.3.2012 (₹ in 000s)	As at 31.3.2011 (₹ in 000s)
a.	Statutory Reserves		
	Balance, beginning of the year	**41,957,559**	36,809,342
	Transfer from Profit and Loss Account	**4,339,423**	5,148,217
	Balance, end of the year	**46,296,982**	41,957,559
b.	Property Revaluation Reserve		
	Balance, beginning of the year	**12,204,764**	12,324,298
	Additions during the year (net)	**–**	925,950
	Reduction during the year	**(94,035)**	–
	Transfer to Capital Reserves-Surplus on sale of immovable properties	**(1,464,081)**	(1,045,484)
	Balance, end of the year	**10,646,648**	12,204,764
c.	Capital Reserves-Surplus on sale of immovable properties		
	Balance, beginning of the year	**3,748,184**	2,417,933
	Additions during the year	**238,820**	284,767
	Transfer from Property Revaluation Reserve	**1,464,081**	1,045,484
	Balance, end of the year	**5,451,085**	3,748,184
d.	Capital Reserves-Surplus on sale of Held To Maturity investments		
	Balance, beginning of the year	**984,772**	984,772
	Balance, end of the year	**984,772**	984,772
e.	Capital Reserve		
	Balance, beginning of the year	**302,387**	302,387
	Balance, end of the year	**302,387**	302,387
f.	Remittable Surplus retained in India for Capital to Risk-Weighted Assets Ratio (CRAR)		
	Balance, beginning of the year	**49,299,855**	40,299,855
	Transfer from Profit and Loss Account	**8,300,000**	9,000,000
	Balance, end of the year	**57,599,855**	49,299,855

		As at 31.3.2012 (₹ in 000s)	As at 31.3.2011 (₹ in 000s)
g.	Profit and Loss Account		
	Balance, beginning of the year	**14,758,386**	15,952,760
	Net profit for the year transferred to Profit and Loss Account	**12,113,219**	14,758,386
	Transfer to Remittable Surplus retained in India for Capital to Risk Weighted Assets Ratio (CRAR)	**(8,300,000)**	(9,000,000)
	Remitted to Head Office during the year	**(6,458,386)**	(6,952,760)
	Balance, end of the year	**12,113,219**	14,758,386
h.	Exchange reserve		
	Balance, beginning of the year	**1,229**	1,229
	Balance, end of the year	**1,229**	1,229
I.	Property Investment Reserve		
	Balance, beginning of the year	**206,923**	206,923
	Balance, end of the year	**206,923**	206,923
j.	Investment Reserve		
	Balance, beginning of the year	**401,499**	–
	Transfer from Profit and Loss Account	**666,230**	401,499
	Balance, end of the year	**1,067,729**	401,499
	Total reserves and surplus	**134,670,829**	123,865,558

3. Deposits

			As at 31.3.2012 (₹ in 000s)	As at 31.3.2011 (₹ in 000s)
A	I	Demand deposits		
		from banks	**13,259,085**	11,077,074
		from others	**147,638,704**	147,159,815
	Total demand deposits		**160,897,789**	158,236,889
	II	Savings bank deposits	**95,849,763**	91,345,015
	Total savings bank deposits		**95,849,763**	91,345,015
	III	Term deposits		
		from banks	**17,882,241**	13,787,141
		from others	**365,017,178**	320,822,057
	Total term deposits		**382,899,419**	334,609,198
	Total deposits		**639,646,971**	584,191,102
B	I	Deposits of branches in India	**639,646,971**	584,191,102
	II	Deposits of branches outside India	**–**	–
	Total deposits		**639,646,971**	584,191,102

Schedules to the financial statements
for the year ended 31 March 2012 continued

4. Borrowings

	As at 31.3.2012 (₹ in 000s)	As at 31.3.2011 (₹ in 000s)
I Borrowings in India from		
(i) Reserve Bank of India	**31,800,000**	23,000,000
(ii) Other banks	**–**	–
(iii) Other institutions and agencies	**40,976,838**	20,989,250
II Borrowings outside India		
(i) Subordinated Debt [Refer Note 18 E (4) (ii)]	**25,437,500**	22,297,500
(ii) Others	**27,967,733**	42,149,854
Total borrowings	**126,182,071**	108,436,604
Secured Borrowings included in I and II above	**47,420,588**	37,300,000

5. Other Liabilities and Provisions

	As at 31.3.2012 (₹ in 000s)	As at 31.3.2011 (₹ in 000s)
Bills payable	**9,503,293**	9,528,261
Inter Office Adjustment (net)	**–**	–
Interest accrued	**5,741,883**	4,320,248
Mark–to-market adjustments on Foreign Exchange and Derivative contracts	**252,797,483**	193,709,830
Provision against Standard Assets	**4,427,175**	4,427,175
Others	**37,127,386**	27,853,056
Total other liabilities and provisions	**309,597,220**	239,838,570

6. Cash and balances with the Reserve Bank of India

	As at 31.3.2012 (₹ in 000s)	As at 31.3.2011 (₹ in 000s)
(i) Cash in hand (including foreign currency notes)	**2,022,258**	3,630,620
(ii) Balance with Reserve Bank of India		
(a) In Current Accounts	**31,331,058**	41,831,492
(b) In Other Accounts	**–**	–
Total cash and balances with the Reserve Bank of India	**33,353,316**	45,462,112

7. Balances with Banks and money at call and short notice

	As at 31.3.2012 (₹ in 000s)	As at 31.3.2011 (₹ in 000s)
In India		
(i) Balances with Banks		
(a) In current accounts	**3,201,615**	2,479,547
(b) In other deposit accounts	**1,917,300**	2,131,600
(ii) Money at call and short notice		
(a) with banks	**–**	5,000,000
(b) with other institutions	**–**	–
Total (i and ii)	**5,118,915**	9,611,147

	As at 31.3.2012 (₹ in 000s)	As at 31.3.2011 (₹ in 000s)
Outside India		
(i) In current accounts	**5,400,940**	12,959,008
(ii) In other deposit accounts	**4,751,550**	–
(iii) Money at call and short notice	**–**	–
Total (i, ii and iii)	**10,152,490**	12,959,008
Total balances with banks and money at call and short notice	**15,271,405**	22,570,155

8. Investments

	As at 31.3.2012 (₹ in 000s)	As at 31.3.2011 (₹ in 000s)
In India		
– Government securities	**222,296,819**	197,768,907
– Other approved securities	**–**	–
– Shares	**140,182**	140,182
– Debentures and bonds	**1,602,778**	1,820,821
– Subsidiaries	**100**	100
– Others (including Certificates of Deposits, Commercial Papers and Pass Through Certificates)	**49,198,934**	31,151,638
	273,238,813	230,881,648
Outside India		
– Government securities (including local authorities)	**–**	–
– Subsidiaries and / or joint ventures abroad	**–**	–
– Other Investments	**–**	–
Total investments	**273,238,813**	230,881,648

9. Advances

		As at 31.3.2012 (₹ in 000s)	As at 31.3.2011 (₹ in 000s)
a.	Bills purchased and discounted	**49,277,810**	40,658,564
	Cash credits, overdrafts and loans repayable on demand	**297,513,984**	266,687,807
	Term loans	**208,908,294**	185,411,557
	Less: Floating Provision [Refer Note 18 E (4) (x)]	**–**	(750,000)
	Total	**555,700,088**	492,007,928
b.	Secured by tangible assets (includes advances secured against book debts)	**338,957,543**	265,537,836
	Covered by bank / government guarantees	**9,038,242**	1,441,438
	Unsecured	**207,704,303**	225,778,654
	Less: Floating Provision [Refer Note 18 E (4) (x)]	**–**	(750,000)
	Total	**555,700,088**	492,007,928

Schedules to the financial statements
for the year ended 31 March 2012 continued

			As at 31.3.2012 (₹ in 000s)	As at 31.3.2011 (₹ in 000s)
c	i.	Advances in India		
		Priority sector	**146,627,906**	129,766,638
		Public sector	**108,612**	294,460
		Banks	**500,000**	–
		Others	**408,463,570**	362,696,830
		Less: Floating Provision [Refer Note 18 E (4) (x)]	**–**	(750,000)
		Total	**555,700,088**	492,007,928
c	ii.	Advances Outside India		
		Due from Banks	**–**	–
		Due from Others		
		(a) Bills purchased and discounted	**–**	–
		(b) Syndicated loans	**–**	–
		(c) Others	**–**	–
		Total	**–**	–
		Total advances	**555,700,088**	492,007,928

10. Fixed Assets

	As at 31.3.2012 (₹ in 000s)	As at 31.3.2011 (₹ in 000s)
Premises		
Balance, beginning of the year	**15,825,903**	16,157,382
Additions during the year *	**9,509,924**	–
Additions on account of revaluation during the year (net)	**–**	797,388
Deductions during the year (at cost)	**(1,650,272)**	(1,128,867)
	23,685,555	15,825,903
Less: Depreciation to date	**(415,300)**	(267,806)
Net book value of Premises	**23,270,255**	15,558,097
Other fixed assets (including furniture and fixtures)		
Balance, beginning of the year	**3,181,977**	3,380,228
Additions during the year	**1,619,348**	420,556
Deductions during the year (at cost)	**(155,865)**	(618,807)
	4,645,460	3,181,977
Less: Depreciation to date	**(2,734,473)**	(2,131,668)
Net book value of other fixed assets	**1,910,987**	1,050,309
Intangible (Capitalised Software)		
Balance, beginning of year	**182,343**	174,317
Additions during the year	**15,528**	8,026
Deductions during the year at cost	**–**	–
	197,871	182,343
Less: Depreciation to date	**(170,855)**	(146,379)
Net book value of Capitalised Software	**27,016**	35,964
Work In Progress *	**61,311**	9,288,476
Total net book value of fixed assets	**25,269,569**	25,932,846

* includes capitalisation of borrowing cost ₹955,337 (in 000's) – (2010-11: ₹821,774) (in 000's)

11. Other Assets

	As at 31.3.2012 (₹ in 000s)	As at 31.3.2011 (₹ in 000s)
Inter-office adjustment (net)	**–**	–
Interest accrued	**3,666,138**	3,872,257
Tax paid in advance / TDS (net of provision for tax)	**4,555,750**	2,352,121
Deferred Tax asset [Refer Note 18 E (10)]	**13,535,364**	6,536,559
Stationery and stamps	**857**	842
Mark-to-market adjustments on Foreign exchange and Derivative contracts	**264,964,528**	208,236,072
Non-banking assets acquired in satisfaction of claims	**–**	–
Others	**27,299,255**	25,237,286
Total other assets	**314,021,892**	246,235,137

12. Contingent Liabilities

	As at 31.3.2012 (₹ in 000s)	As at 31.3.2011 (₹ in 000s)
Claims against the Bank not acknowledged as debts	**5,556,531**	2,572,000
Liability for partly paid investments in shares	**–**	–
Liability on account of outstanding foreign exchange contracts	**6,620,130,947**	3,955,653,988
Liability on account of derivative contracts	**9,784,362,465**	12,890,482,498
Guarantees given on behalf of constituents		
– in India	**134,882,499**	107,904,161
– outside India	**49,987,622**	75,247,264
Acceptances, endorsements and other obligations	**188,202,185**	151,583,799
Other items for which the Bank is contingently liable	**4,351,524**	1,853,209
Total contingent liabilities	**16,787,473,773**	17,185,296,919

13. Interest Earned

	For the year ended 31.3.2012 (₹ in 000s)	For the year ended 31.3.2011 (₹ in 000s)
Interest / discount on advances / bills	**59,158,136**	44,246,615
Income on investments	**19,884,030**	18,601,957
Interest on balances with Reserve Bank of India and other inter-bank funds	**337,032**	344,122
Others	**53,130**	331,559
Total interest earned	**79,432,328**	63,524,253

14. Other Income

	For the year ended 31.3.2012 (₹ in 000s)	For the year ended 31.3.2011 (₹ in 000s)
Commission, exchange and brokerage	**20,752,498**	21,418,715
Net loss on sale of investments	**(2,578,425)**	(6,232,065)
Profit / (Loss) on revaluation of investments	**1,532,198**	926,662
Net profit on sale of premises and other assets	**643,059**	749,576
Net profit on exchange transactions	**5,237,336**	5,512,416

Schedules to the financial statements
for the year ended 31 March 2012 continued

	For the year ended 31.3.2012 (₹ in 000s)	For the year ended 31.3.2011 (₹ in 000s)
Income by way of dividends, etc from subsidiary companies and/or joint ventures abroad / in India	**–**	–
Miscellaneous income (including derivatives and long term Fx contracts)	**4,295,570**	2,339,456
Total other income	**29,882,236**	24,714,760

15. Interest Expended

	For the year ended 31.3.2012 (₹ in 000s)	For the year ended 31.3.2011 (₹ in 000s)
Interest on deposits	**30,164,796**	18,406,041
Interest on Reserve Bank of India and inter-bank borrowings	**1,934,273**	3,590,373
Others	**4,804,603**	1,509,591
Total interest expended	**36,903,672**	23,506,005

16. Operating Expenses

	For the year ended 31.3.2012 (₹ in 000s)	For the year ended 31.3.2011 (₹ in 000s)
Payments to and provisions for employees	**13,378,588**	12,607,277
Rent, taxes and lighting	**1,508,994**	1,541,609
Printing and stationery	**347,111**	279,592
Advertisement and publicity	**3,098,861**	3,168,145
Depreciation on Bank's property	**939,049**	591,686
Director's Fees, allowances and expenses	**–**	–
Auditors' fees and expense	**7,309**	6,644
Legal and professional charges	**380,056**	353,666
Postage, telegrams, telephones, etc.	**793,583**	790,071
Repairs and maintenance	**643,191**	741,234
Insurance	**657,339**	771,387
Travelling	**351,673**	419,252
Business Support Cost	**3,791,960**	3,429,011
Other expenditure	**1,510,482**	1,269,492
Total operating expenses	**27,408,196**	25,969,066

17. Provisions and Contingencies

	For the year ended 31.3.2012 (₹ in 000s)	For the year ended 31.3.2011 (₹ in 000s)
Specific provisions against advances and claims (net)	**19,554,643**	7,509,896
General provision against Standard Assets	**–**	–
Charge / (Release) against Investments	**–**	271
Provision on account of tax		
– Current tax expense [Refer note 18 D(10)	**15,089,166**	12,978,584
– Deferred tax credit [Refer note 18 E(10)]	**(6,998,805)**	(2,317,678)
Total provisions and contingencies	**27,645,004**	18,171,073

18. Significant accounting policies and notes to financial statements

A) Background

The accompanying financial statements for the year ended 31 March 2012 comprise the accounts of India branches of Standard Chartered Bank ('SCB' or 'the Bank'), which is incorporated with limited liability in the United Kingdom. The Bank's ultimate holding company is Standard Chartered Plc ('SCPLC'), which is incorporated in the United Kingdom.

B) Basis of preparation

The financial statements are prepared under the historical cost convention on the accrual basis of accounting, unless otherwise stated, and in accordance with Generally Accepted Accounting Principles ('GAAP') in India, statutory requirements of the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time, the Accounting Standards ('AS') prescribed by the Companies (Accounting Standards) Rules, 2006 to the extent applicable and current practices prevailing within the banking industry in India.

The financial statements are presented in Indian Rupees rounded off to the nearest thousand, unless otherwise stated.

C) Use of estimates

The preparation of the financial statements in conformity with GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosures relating to the contingent liabilities reported in the financial statements. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

D) Significant Accounting Policies

(1) Investments

Classification and valuation of the Bank's investments is carried out in accordance with RBI Circular DBOD No.BP.BC.19/ 21.04.141/2011-12 dated 01 July 2011.

Classification

Investments are classified as 'Held to Maturity' ('HTM') or 'Held for Trading' ('HFT') or 'Available for Sale' ('AFS') at the time of their purchase. Investments acquired by the Bank with the intention of holding up to maturity are classified as HTM. Investments acquired with the intention to trade by taking advantage of short-term price / interest rate movements and are to be sold within 90 days are classified as HFT. All other investments are classified as AFS.

The Bank follows settlement date accounting for its investments.

In the financial statements, investments in India are disclosed under six categories in Schedule 8 – Investments.

Valuation

Investments classified as HTM are carried at acquisition cost. Any premium on acquisition is amortised over the remaining period till maturity on the basis of a constant yield to maturity. In terms of RBI guidelines, discount on securities held under HTM category is not accrued and such securities are held at the acquisition cost till maturity. Where in the opinion of management and in accordance with RBI guidelines, any diminution in the value of any HTM security, which is other than temporary, appropriate provisions are made.

Investments classified as AFS are marked to market on a quarterly or a more frequent basis and those classified under HFT are marked to market on a monthly basis. Net depreciation for each classification in respect of any category mentioned in Schedule 8 – Investments, is recognised in the Profit and Loss account. Net appreciation, if any, is ignored.

The mark to market value of investments in debt securities, classified as HFT and AFS, is determined using prices or Yield to Maturity ('YTM') rate as notified by Fixed Income Money Market and Derivatives Association ('FIMMDA') jointly with Primary Dealers Association of India ('PDAI').

Treasury Bills, Certificate of Deposits and Commercial Paper, being discounted instruments, are valued at carrying cost including the pro rata discount accreted for the holding period.

Brokerage and commission on debt instruments paid at the time of acquisition are charged to the Profit and Loss account.

Transfer between categories

Transfer of investments between categories is accounted in accordance with provisions of the above referred RBI Circular:

a) Securities transferred from AFS/HFT category to HTM category are transferred at the lower of book value or market value.

b) Securities placed under the HTM category at a discount, are transferred to AFS / HFT category at the acquisition price / book value.

c) Securities placed under the HTM category at a premium, are transferred to the AFS / HFT category at the amortised cost.

d) Securities transferred from AFS to HFT category or vice-versa, are transferred at book value and provisions held for accumulated depreciation, if any, is transferred to provisions for depreciation against the HFT securities and vice-versa.

Schedules to the financial statements
for the year ended 31 March 2012 continued

Accounting for repos / reverse repos

In accordance with the RBI Circular DBOD No.BP.BC.19/21.04.141/2011-12 dated 01 July 2011, repurchase (repos) and reverse repurchase (reverse repos) are accounted as collateralised borrowing and lending.

The Bank also follows the aforesaid principle to account repo and reverse repo transactions undertaken under Liquidity Adjustment Facility ('LAF').

(2) Advances

Classification and provisioning of advances of the Bank are carried out in accordance with the RBI Master Circular No. DBOD.No.BP.BC.12 /21.04.048/2011-12 dated 01 July 2011 on prudential norms on income recognition, asset classification and provisioning pertaining to advances.

Classification

Advances are classified into performing and non-performing advances ('NPA') based on management's periodic internal assessment and RBI's prudential norms on classification. Further, NPAs are classified into substandard, doubtful and loss assets based on the criteria stipulated by RBI.

Provisioning

Advances are stated net of specific provisions and interest in suspense. Specific provisions, subject to minimum provisioning norms laid down by the RBI, are made based on management's assessment of the degree of impairment of the advances and in accordance with the Bank's internal policy on specific provisioning for non-performing advances.

Floating Provisions are created in accordance with the Bank's internal policy on the same.

The Bank also maintains a general provision at rates and as per norms prescribed by RBI in the above referred circular and discloses the same in Schedule 5 - Other Liabilities and Provisions.

(3) Securitisation

The Bank securitises corporate and retail advances to Special Purpose Vehicles ('SPV'). Securitised assets are derecognised if they are transferred to the SPV in compliance with all the conditions of true sale as prescribed in 'Guidelines on Securitisation of Standard Assets' vide circular DBOD.No. B.P.BC.60/21.04.048/2005-06 dated 01 February 2006 issued by the RBI. Securitisation transactions which do not meet the criteria for derecognition are accounted for as secured borrowings.

In accordance with the above referred circular, gain arising on securitisation is amortised over the life of the securities issued / to be issued by the SPV. Loss, if any, is recognised immediately in the Profit and Loss Account.

The Bank also follows the aforesaid principles to ascertain de-recognition of loans and advances through direct assignment and the gain arising upon such direct assignment is amortised over the life of the loans and advances sold. Loss, if any, is recognised immediately in the Profit and Loss Account.

In respect of credit enhancements provided or recourse obligations accepted by the Bank at the time of securitisation or direct assignment, appropriate provisions / disclosures are made in accordance with AS 29 – Provisions, Contingent Liabilities and Contingent Assets.

(4) Derivative transactions

Derivative transactions comprise forward exchange contracts, interest rate swaps, currency futures, cross currency swaps and options and are undertaken for either trading or hedging purposes.

Trading derivatives and other derivatives not designated as hedges are marked to market and the resultant unrealised gain or loss is recognised in the Profit and Loss Account under Schedule 14 - Other Income.

Hedging transactions are undertaken by the Bank to protect the change in the fair value or the cash flow of the underlying assets or liabilities. The hedging instrument is accounted for on accrual basis except for a instrument designated with an asset or liability that is carried at market value or lower of cost or market value in the financial statements. In that case the hedging instrument is marked to market with the resulting gain or loss recorded as an adjustment to the market value of the designated asset.

Options are marked to market and the premium received or paid, is recognised in the Profit and Loss Account.

(5) Income recognition

Interest income on advances is recognised on accrual basis, except in case of interest on NPAs, which is recognised as income on receipt in accordance with RBI guidelines.

Interest income on discounted instruments is recognised over the tenor of the instrument on a constant effective yield basis. Commission on guarantees and letters of credit are recognised over the facility tenure. Fees on loans and credit cards are recognised at the inception of the transactions. Fees from management advisory services are recognised based on applicable service contracts and when the service has been rendered.

Realised gains on investments under the HTM category are recognised upfront in the Profit and Loss Account and subsequently appropriated to Capital Reserve net of tax expense and transfer to statutory reserve. Losses are recognised in the Profit and Loss Account in accordance with RBI guidelines.

(6) Fixed assets and depreciation

Fixed assets and depreciation thereon are accounted for as per AS 10 – Accounting for Fixed Assets and AS 6 – Depreciation Accounting.

Fixed assets are stated at acquisition cost less accumulated depreciation, with the exception of premises which are revalued periodically and are stated at revalued cost less accumulated depreciation.

Borrowing costs that are attributable to the acquisition of qualifying assets are capitalised as part of the cost of such assets in accordance with AS 16 - Borrowing Costs. A qualifying asset is one that necessarily takes a substantial period of time to get ready for intended use.

Depreciation is provided on a straight line basis over the useful life of the asset subject to the minimum rates of depreciation prescribed under Schedule XIV to the Companies Act, 1956. In the case of premises, depreciation is provided on revalued cost. On disposal of revalued premises, the amount standing to the credit of revaluation reserve is transferred to Capital Reserve in accordance with RBI guidelines.

Profit on disposal of premises is recognised in the Profit and Loss Account and subsequently appropriated to Capital Reserve net of tax expense and transfer to statutory reserve. Losses are recognised in the Profit and Loss Account.

Fixed assets individually costing less than ₹250 (in 000s) are expensed in the year of purchase, except where individual assets are purchased and installed as part of the owned and leasehold improvement projects, in which case they are capitalised as improvements to property. Computer software less than ₹25,000 (in 000s) is also expensed in the year of purchase.

The depreciation rates applied on other fixed assets are as follows:

Category	**Depreciation rate per annum (%)**
Computers	33
Plant	20
Furniture and Fixtures [1]	10 / 20
Motor Vehicles	33
Electrical Installations [2]	14 / 20
Improvements to property [3]	20
Computer Software [4]	33

(1) Furniture and Fixtures are depreciated over the expected useful lives, subject to a maximum period of ten years. The additions from 01 April 2008 onwards are depreciated over the expected useful lives, subject to a maximum period of five years.

(2) Electrical Installations include Automated Teller Machines (ATMs) which, from 01 April 2008, are depreciated over the expected useful lives, subject to a maximum period of seven years.

(3) Improvements to owned and leasehold property are depreciated over the remaining useful life / lease period subject to a maximum period of five years.

(4) Acquisition costs and development costs are amortised over the expected useful lives, subject to a maximum period of three years.

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net discounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment is recognised by charging the Profit and Loss account and is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

(7) Accounting for leases

Assets given / taken on lease are accounted for in accordance with provisions of AS 19 – Leases. Lease payments under operating leases are recognised as an expense on a straight line basis over the lease term.

(8) Foreign currency transactions and balances

Transactions in foreign currency are recorded at exchange rates prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Profit and Loss Account.

Monetary assets and liabilities denominated in foreign currencies are translated at the Balance Sheet date at rates of exchange notified by the Foreign Exchange Dealers' Association of India ('FEDAI') and the resultant exchange differences are recognised in the Profit and Loss Account.

Foreign currency contracts and forward rate agreements are revalued at the exchange rates notified by FEDAI and where exchange rates are not notified by FEDAI, are revalued at foreign exchange rates implied by swap curves. The profit or loss on revaluation is recognised in the Profit and Loss Account.

Contingent liabilities on account of foreign exchange contracts, guarantees, acceptances, endorsements and other obligations denominated in foreign currencies are disclosed at the closing rates of exchange notified by FEDAI.

Schedules to the financial statements
for the year ended 31 March 2012 continued

(9) Retirement and other employee benefits

Retirement and other employees benefits are accounted for as per AS 15 (Revised 2005) - Employee Benefits as set out below:

a) Provident fund

The Bank contributes to a recognised provident fund, which is a defined contribution scheme, for all its eligible employees. The contributions are accounted for on an accrual basis and recognised in the Profit and Loss Account.

b) Gratuity

The Bank has a gratuity scheme, which is a defined benefit plan. The Bank's net obligation in respect of the gratuity benefit is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods. This benefit is discounted to determine the present value of the obligation under the benefit plan.

The present value of the obligation under such benefit plan is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method which recognises each period of service that give rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at present values of estimated future cash flows. The discount rates used for determining the present value are based on the market yields on Government Securities as at the balance sheet date.

Actuarial gains and losses are recognised immediately in the Profit and Loss Account.

c) Superannuation

The Bank contributes to an approved superannuation fund, which is a defined contribution scheme, for all its eligible employees who have opted for the scheme. The contributions are accounted for on an accrual basis and recognised in the Profit and Loss Account.

d) Pension

The Bank has a pension scheme for its award staff, which is a defined benefit plan. The Bank's net obligation in respect of the pension benefit is calculated by estimating the amount of future benefit that the award staff have earned in return for their service in the current and prior periods. This benefit is discounted to determine the present value of the obligation under the benefit plan.

The present value of the obligation under such benefit plan is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method which recognises each period of service that give rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at present values of estimated future cash flows. The discount rates used for determining the present value are based on the market yields on Government Securities as at the balance sheet date.

Actuarial gains and losses are recognised immediately in the Profit and Loss Account.

e) Compensated absences

The Bank has a leave encashment scheme for its award staff, which is a defined benefit plan. The Bank's net obligation in respect of the leave benefit is calculated by estimating the amount of future benefit that the award staff have earned in return for their service in the current and prior periods. This benefit is discounted to determine the present value of the obligation under the benefit plan.

The present value of the obligation under such benefit plan is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method which recognises each period of service that give rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at present values of estimated future cash flows. The discount rates used for determining the present value are based on the market yields on Government Securities as at the balance sheet date.

Actuarial gains and losses are recognised immediately in the Profit and Loss Account.

Short term compensated absences are provided for on an estimated basis.

(10) Taxation

Income tax comprises current tax (i.e. amount of tax for the period, determined in accordance with the Income Tax Act, 1961 and the rules framed there under) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year).

Current tax expense is recognised on an annual basis under the taxes payable method based on the estimated liability computed after taking credit for allowances and exemptions in accordance with the provisions of Income Tax Act, 1961.

The Bank accounts for deferred taxes in accordance with the provisions of AS 22 – Accounting for Taxes on Income. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. In case there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets.

Deferred tax assets are reviewed at each balance sheet date and appropriately adjusted to reflect the amount that is reasonably / virtually certain to be realised.

(11) Provisions, contingent liabilities and contingent assets

The Bank creates a provision when there is a present obligation as a result of past events that probably requires an outflow of resources embodying economic benefits and a reliable estimate can be made of the amount of such obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

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

Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

(12) Provision for reward points awarded to customers

The Bank has a policy of awarding reward points to customers for credit / debit card spends, remote banking and certain ECS transactions. Provision for such reward points is made on the basis of behavioural analysis of utilisation trends.

(13) Change in accounting policy

Commission on guarantees and letters of credit

With effect from 01 April 2011, the Bank is recognising commission on guarantees and letters of credit over the tenure of the said facilities instead of at the inception of the transaction.

If the Bank had continued to account such commission income at inception, the Profit Before Tax for the year would have been higher by ₹349.30 million and Other Liabilities and Provisions would have been lower by the same amount.

Hedge accounting

With effect from 01 April 2011, the Bank is accounting hedging instruments on accrual basis as stated in Para 4 above.

If the Bank had not adopted hedge accounting, the Profit Before Tax for the year would have been higher by ₹517.11 million, the Other Assets would have been higher by ₹1,541.20 million and Other Liabilities and Provisions would have been higher by ₹1,024.09 million.

E) Notes to accounts

(1) Claims and Inquiry Proceedings

(i) Claims on the Bank on account of deficiencies in its assets, arising from transactions in the securities markets relating to the period from April 1991 to May 1992, involving civil actions against several banks, financial institutions and individuals to recover amounts, some of which have been investigated by the Central Bureau of Investigation. An amount of ₹322 million (2010-11: ₹322 million) excluding interest, if any, has been included in Schedule 12 – Contingent Liabilities (under 'Claims against the Bank not acknowledged as debts').

(ii) Proceedings in relation to securities transactions, vostro accounts and NRE accounts pertaining to the year 1992 onwards are in progress. The outcome of such proceedings is uncertain; hence no provision has been made in these financial statements to reflect the effect, if any. Certain NRE civil adjudication proceedings were concluded vide Delhi High Court order dated 18 December 2009 in favour of SCB setting aside all the Enforcement Directorate ('ED') penalty orders. The ED has appealed to the Supreme Court against the Delhi High Court order dated 18 December 2009 and the matter came up in the Supreme Court on 10 May 2011 and the appeal has been admitted.

(2) Specific liabilities of the erstwhile Standard Chartered Grindlays Bank ('SCGB')

As per clause 1.7 of the Scheme of Amalgamation of the Indian Undertaking of SCGB with that of SCB, approved by the RBI in August 2002 under Section 44A of the Banking Regulation Act 1949, certain 'Specified Liabilities' were excluded from the amalgamation. These 'Specified Liabilities' are defined in Schedule A to the said Scheme and comprise the Indian Special Court Exposures and the FERA inquiry / proceedings in this regard. SCPLC had written to RBI vide letter dated 26 July 2002 stating that SCB will be responsible for all liabilities of SCGB excluded under clause 1.7 of the Scheme, should these liabilities crystallise and in the event that SCGB does not fulfill its obligations in meeting these liabilities either from India or abroad within the required time under due process of law, as and when such liabilities become enforceable. An amount of ₹67 million was ordered as penalty in the adjudication proceedings in respect of FERA inquiry / proceedings conducted by the ED and the same was deposited in July 2007. These orders have been challenged before the Appellate Tribunal and the hearings are not yet completed.

Schedules to the financial statements
for the year ended 31 March 2012 continued

(3) Taxation

Provision on account of tax for the year ended 31 March 2012 is ₹8,090 million (2010-11: ₹10,661 million).

Tax liabilities (including interest) of the Bank amounting to ₹5,235 million (2010-11: ₹2,250 million for the assessment years 1991-92 to 2007-08) (included in Schedule 12 – Contingent Liabilities) for the assessment years 1991-92 to 2008-09, are pending final outcome of the appeals filed by the Bank / Revenue Authorities. The Bank believes that these demands are largely unsustainable and accordingly, no provisions have been made.

(4) Statutory Disclosures

(i) Capital Adequacy

	As at 31.3.2012 (₹ in 000s)	As at 31.3.2011 (₹ in 000s)
Tier I Capital	**102,082,696**	94,875,451
Tier II Capital	**35,626,405**	31,763,949
Total Capital	**137,709,101**	126,639,400
Total Risk weighted assets and contingents	**1,245,747,202**	1,065,903,743
Capital Ratios		
Tier I Capital	**8.19%**	8.90%
Tier II Capital	**2.86%**	2.98%
Total Capital	**11.05%**	11.88%
Amount of subordinated debt as Tier II capital	**25,437,500**	22,297,500

The Bank has not issued any Innovative Perpetual Debt Instrument ('IPDI').

Capital adequacy has been calculated based on 'Prudential Guidelines on Capital Adequacy and market discipline - New Capital Adequacy Framework (NCAF)' (Basel II), issued vide circular DBOD.No.BP.BC.11/21.06.001/2010-11 dated 01 July 2011.

(ii) Subordinated Debt

Schedule 4 - Borrowings includes an amount of ₹25,438 million (2010-11: ₹22,298 million) pertaining to subordinated debts raised from Head Office, details of which are given below:

Date of allotment	**Amount Coupon (₹ in 000s)**	**Frequency**	**Maturity date**
03 March 2008	12,718,750	Semi - annual	02 March 2018
30 June 2008	12,718,750	Semi - annual	29 June 2018

(iii) Key Ratios

Sr. No.		**For the Year ended 31.3.2012**	For the Year ended 31.3.2011
i.	Interest income as a % to working funds [1]	**6.84%**	7.54%
ii.	Non-interest income as a % to working funds [1]	**2.57%**	2.93%
iii.	Operating profit as a % to working funds [1]	**3.88%**	4.60%
iv.	Return on assets [1]	**1.49%**	2.44%
v.	Business (deposits + advances) per employee (₹' in 000s) [2]	**154,671**	134,562
vi.	Profit per employee (₹ in '000s)	**2,306**	2,636

[1] Computed based on average of total assets as per Form X submitted to RBI

[2] Computed based on deposits plus advances (excluding inter-bank deposits) outstanding as at the year end

(iv) Maturity Patterns of Assets and Liabilities

As at 31.3.2012

Maturity Bucket	**Loans and Advances* (₹ in 000s)**	**Investments (₹ in 000s)**	**Deposits* (₹ in 000s)**	**Borrowings* (₹ in 000s)**	**Foreign Currency Assets (₹ in 000s)**	**Foreign Currency Liabilities (₹ in 000s)**
Day 1	**17,370,418**	**67,635,432**	**6,623,276**	**413,833**	**12,302,664**	**3,119,523**
2 – 7 days	**37,761,586**	**11,546,171**	**64,872,383**	**34,670,588**	**9,211,067**	**11,718,599**
8-14 days	**42,183,857**	**6,053,338**	**77,162,613**	**6,573,050**	**5,914,177**	**19,774,794**
15-28 days	**24,717,975**	**13,140,947**	**57,136,123**	**15,218,750**	**12,473,690**	**17,560,988**
29 days – 3 mths	**115,256,562**	**40,630,828**	**123,070,387**	**15,602,350**	**120,252,625**	**101,558,956**
Over 3 mths – 6 mths	**65,184,922**	**15,994,785**	**57,369,470**	**9,544,150**	**89,857,028**	**83,001,533**
Over 6 mths – 1 yr	**37,451,249**	**39,333,845**	**55,568,820**	**5,921,850**	**34,695,760**	**76,341,953**
Over 1 year – 3 yrs	**80,507,701**	**47,227,280**	**191,203,507**	**12,800,000**	**36,255,118**	**53,256,146**
Over 3 years – 5 yrs	**30,326,616**	**21,833,114**	**6,476,135**	**–**	**18,321,874**	**16,820,638**
Over 5 years	**104,939,202**	**7,407,269**	**164,257**	**25,437,500**	**16,714,094**	**46,879,486**
Total	**555,700,088**	**270,803,009**	**639,646,971**	**126,182,071**	**355,998,097**	**430,032,616**

* Including foreign currency balances.

As at 31.3.2011

Maturity Bucket	Loans and Advances* (₹ in 000s)	Investments (₹ in 000s)	Deposits* (₹ in 000s)	Borrowings* (₹ in 000s)	Foreign Currency Assets (₹ in 000s)	Foreign Currency Liabilities (₹ in 000s)
Day 1	9,513,947	63,048,254	6,541,994	9,732,363	19,216,450	11,943,275
2 – 7 days	31,785,610	6,313,833	66,151,829	23,000,000	2,503,356	11,815,614
8-14 days	36,680,739	6,952,901	66,395,040	891,900	3,153,635	14,572,212
15-28 days	33,648,598	10,423,349	45,250,200	1,200,991	11,331,906	5,601,664
29 days – 3 mths	88,063,409	31,829,078	118,328,556	31,979,975	71,228,232	80,492,159
Over 3 mths – 6 mths	52,118,760	21,454,680	42,736,697	10,033,875	46,483,027	35,681,256
Over 6 mths – 1 yr	47,842,655	32,937,560	64,048,152	2,500,000	24,361,258	42,574,581
Over 1 year – 3 yrs	74,296,195	45,032,078	173,687,001	6,800,000	29,913,085	37,436,026
Over 3 years – 5 yrs	19,693,642	5,627,396	898,371	–	15,207,114	12,753,422
Over 5 years	98,364,373	5,057,385	153,262	22,297,500	10,300,769	33,258,397
Total	492,007,928	228,676,514	584,191,102	108,436,604	233,698,832	286,128,606

* Including foreign currency balances.

Note: Non term assets and liabilities have been bucketed based on behavioural maturities in line with the RBI guidelines.

(v) Investments

	As at 31.3.2012 (₹ in 000s)	As at 31.3.2011 (₹ in 000s)
Value of Investments		
(i) Gross Value of Investments	**274,506,922**	233,681,955
(a) In India	**274,506,922**	233,681,955
(b) Outside India	**–**	–
(ii) Provisions for Depreciation	**1,268,109**	2,800,307
(a) In India	**1,268,109**	2,800,307
(b) Outside India	**–**	–
(iii) Net Value of Investments	**273,238,813**	230,881,648
(a) In India	**273,238,813**	230,881,648
(b) Outside India	**–**	–

The Bank did not have any investment under HTM category during the year and hence, the disclosre related to sale or transfer from HTM category is not applicable.

Schedules to the financial statements
for the year ended 31 March 2012 continued

(vi) Movement of Provision towards Depreciation on Investments

	For the Year ended 31.3.2012 (₹ in 000s)	For the Year ended 31.3.2011 (₹ in 000s)
Value of Investments		
Balance, beginning of the year	**2,800,307**	3,726,698
Add: Provisions made during the year	**573**	271
Less: Write-off / write back of excess provisions during the year	**(1,532,771)**	(926,662)
Balance, end of the year	**1,268,109**	2,800,307

(vii) Repurchase and Reverse repurchase transactions including LAF (in face value terms)

	For the year ended 31.3. 2012			
	Minimum outstanding during the year* (₹ in 000s)	**Maximum outstanding during the year (₹ in 000s)**	**Daily average outstanding during the year (₹ in 000s)**	**Outstanding as at 31.3.2012 (₹ in 000s)**
Securities sold under repos (Government Securities)	**1,745,100**	**55,344,000**	**24,189,833**	**34,200,000**
Securities purchased under reverse repos (Government Securities)	**50,000**	**50,000**	**410**	**–**

	For the year ended 31.3.2011			
	Minimum outstanding during the year* (₹ in 000s)	Maximum outstanding during the year (₹ in 000s)	Daily average outstanding during the year (₹ in 000s)	Outstanding as at 31.3.2011 (₹ in 000s)
Securities sold under repos (Government Securities)	1,836,100	89,719,400	49,170,634	24,150,000
Securities purchased under reverse repos (Government Securities)	–	–	–	–

* Minimum outstanding during the year excludes the days with nil outstanding.

(viii) Issuer composition of non-SLR investments

	As at 31.3. 2012				
Issuer	**Total Amount (₹ in 000s)**	**Extent of Private Placement (a) (₹ in 000s)**	**Extent of 'Below Investment Grade' Securities (b) (₹ in 000s)**	**Extent of Unrated Securities (c) (₹ in 000s)**	**Extent of Unlisted Securities (d) (₹ in 000s)**
PSU	**39,700**	**39,700**	**–**	**39,700**	**39,700**
Financial institutions	**773,939**	**773,939**	**–**	**–**	**773,939**
Banks	**21,595,481**	**19,751,938**	**–**	**127**	**21,595,481**
Private corporate	**1,748,905**	**1,649,394**	**45,073**	**249,393**	**247,133**
Subsidiaries / Joint Venture	**100**	**100**	**–**	**100**	**100**
Others	**26,829,534**	**26,829,533**	**19**	**19**	**26,829,533**
Provisions held towards depreciation	**(45,665)**	**(45,092)**	**(45,092)**	**(45,092)**	**(43,313)**
Total	**50,941,994**	**48,999,512**	**–**	**244,247**	**49,442,573**

Issuer	As at 31.3.2011 Total Amount (₹ in 000s)	Extent of Private Placement (a) (₹ in 000s)	Extent of 'Below Investment Grade' Securities (b) (₹ in 000s)	Extent of Unrated Securities (c) (₹ in 000s)	Extent of Unlisted Securities (d) (₹ in 000s)
PSU	39,700	39,700	–	39,700	39,700
Financial institutions	1,812,619	1,000,000	–	–	–
Banks	18,112,808	15,309,209	–	127	18,112,808
Private corporate	153,757	153,757	45,073	153,757	150,569
Subsidiaries / Joint Venture	100	100	–	100	100
Others	13,038,849	13,038,849	19	19	13,038,849
Provisions held towards depreciation	(45,092)	(45,092)	(45,092)	(45,092)	(42,386)
Total	33,112,741	29,496,523	**–**	148,611	31,299,640

Note: Total investments include investments in Pass Through Certificates (PTCs) of ₹25,540 million (2010-11: ₹11,638 million)

Amounts reported under column (a), (b), (c) and (d) above are not mutually exclusive.

(ix) Movement in non-performing non-SLR investments

	For the year ended 31.3.2012 (₹ in 000s)	For the year ended 31.3.2011 (₹ in 000s)
Balance, beginning of the year	**45,092**	44,821
Additions during the year	**–**	271
Reductions during the year	**–**	–
Balance, end of the year	**45,092**	45,092
Total Provisions held at end of the year	**45,092**	45,092

(x) Disclosures relating to Non Performing Assets ('NPAs') and related provisions:

The percentage of net NPA to net advances is 0.70% as at 31 March 2012 (2010-11: 0.27%).

The Provision Coverage Ratio ('PCR') is 87.96% as at 31 March 2012 (2010-11: 88.51%).

Movement of Gross NPA	**For the year ended 31.3.2012 (₹ in 000s)**	For the year ended 31.3.2011 (₹ in 000s)
Balance, beginning of the year	**11,477,884**	10,955,995
Additions during the year	**26,076,669**	9,855,055
Reductions during the year	**(5,432,991)**	(9,333,166)
Balance, end of the year	**32,121,562**	11,477,884

Movement of Net NPA	**For the year ended 31.3.2012 (₹ in 000s)**	For the year ended 31.3.2011 (₹ in 000s)
Balance, beginning of the year	**1,318,896**	5,804,875
Additions during the year	**2,963,735**	1,854,761
Reductions during the year	**(414,565)**	(6,340,740)
Balance, end of the year	**3,868,066**	1,318,896

Schedules to the financial statements
for the year ended 31 March 2012 continued

Movement in Provision for NPA	**For the year ended 31.3.2012 (₹ in 000s)**	For the year ended 31.3.2011 (₹ in 000s)
Balance, beginning of the year	**10,158,988**	5,151,120
Additions during the year	**23,112,934**	11,753,012
Reductions during the year *	**(5,018,426)**	(6,745,144)
Balance, end of the year	**28,253,496**	10,158,988

* In line with RBI circular No. DBOD.No.BP.BC.87/21.04.048/2010-11 dated 21 April 2011, Floating Provision is transferred to Countercyclical Provisioning Buffer under Schedule 5 - Other Liabilities & Provisions and shown as reductions during the current year.

Concentration of NPAs	**As at 31.3.2012 (₹ in 000s)**	As at 31.3.2011 (₹ in 000s)
Total exposure to top four NPA accounts	**19,892,137**	3,356,203

Sector wise Net NPA	Percentage of Net NPAs to total advances in that sector **As at 31.3.2012 (₹ in 000s)**	As at 31.3.2011 (₹ in 000s)
Agriculture & allied activities	**–**	0.64
Industry (Micro & Small, Medium and Large)	**0.65**	0.46
Services	**1.01**	0.34
Personal Loans	**0.38**	0.43

Movement of Gross NPA	**For the year ended 31.3.2012 (₹ in 000s)**	For the year ended 31.3.2011 (₹ in 000s)
Gross NPAs as on 01 April	**11,477,884**	10,955,995
Additions (fresh NPAs) during the year	**26,076,669**	9,855,055
Sub-total (A)	**37,554,553**	20,811,050
Less:		
(i) Upgradations	**(1,517,562)**	(2,530,342)
(ii) Recoveries (excluding recoveries made from upgraded accounts)	**(2,657,129)**	(3,525,081)
(iii) Write-offs	**(1,258,300)**	(3,277,743)
Sub-total (B)	**(5,432,991)**	(9,333,166)
Gross NPAs as on 31 March (A-B)	**32,121,562**	11,477,884

(xi) Concentration of Advances*

	As at 31.3.2012 (₹ in 000s)	As at 31.3.2011 (₹ in 000s)
Total advances to twenty largest borrowers	**322,522,826**	230,672,507
Percentage of advances to twenty largest borrowers to total advances of the Bank	**16.24%**	13.91%

* Advances are computed as per definition of credit exposure (including derivatives) as per RBI Master Circular on Exposure Norms DBOD.No.Dir.BC.7/13.03.00/2011-12 dated 01 July 2011

(xii) Concentration of Exposures*

	As at 31.3.2012 (₹ in 000s)	As at 31.3.2011 (₹ in 000s)
Total exposure to twenty largest borrowers / customers	**516,220,535**	420,614,490
Percentage of exposures to twenty largest borrowers / customers to total exposure of the Bank on borrowers / customers	**20.97%**	20.33%

* Exposures are computed as per definition of credit and investment exposure as per RBI Master Circular on Exposure Norms DBOD.No.Dir.BC.7/13.03.00/2011-12 dated 01 July 2011

(xiii) Provision towards Standard Assets and Country Risk Exposure

	As at 31.3.2012 (₹ in 000s)	As at 31.3.2011 (₹ in 000s)
Provisions towards Standard Assets	**4,427,175**	4,427,175
Provisions towards Country Risk Exposure	**9,227**	9,227
Total	**4,436,402**	4,436,402

(xiv) Details of non performing financial assets purchased

The amount of non performing financial assets purchased during the year is Nil (2010–11: Nil)

(xv) Details of non performing financial assets sold (other than sold to Securitisation Company / Reconstruction Company)

	For the year ended 31.3.2012 (₹ in 000s)	For the year ended 31.3.2011 (₹ in 000s)
(a) Number of accounts sold during the year	**2**	3
(b) Aggregate outstanding*	**–**	–
(c) Aggregate consideration received	**30,561**	61,500

* Net book value on date of sale.

(xvi) Details of sale of financial assets to Securitisation Company ('SC') / Reconstruction Company ('RC') for asset reconstruction

	For the year ended 31.3.2012 (₹ in 000s)	For the year ended 31.3.2011 (₹ in 000s)
(i) No of accounts	**147**	7
(ii) Aggregate value (net of provisions) of accounts sold to SC / RC *	**–**	16,949
(iii) Aggregate consideration	**536,500**	136,580
(iv) Additional consideration realised in respect of accounts transferred in earlier years	**–**	–
(v) Aggregate gain over net book value	**536,500**	119,631

* Net book value on date of sale.

(xvii) Unsecured Advances

The bank has unsecured advances amounting to ₹1,191 million (2010-11: ₹1,150 million) for which it holds intangible securities such as charge over the rights, licenses, authority, etc. and the estimated value of such intangible collateral is ₹2,800 million (2010-11: ₹2,800 million).

(xviii) Overseas Assets, NPA and Revenue

As the Bank is a branch of a foreign bank, this disclosure is considered not applicable.

(xix) Accounts Restructured

Particulars of accounts restructured vide RBI Circular No. DBOD.No.BP.BC.12/21.04.048/2011-12 dated 01 July 2011:

		For the year ended 31.3.2012		
	Particulars of Accounts Restructured	**CDR Mechanism (₹ in 000s)**	**SME Debt Restructuring (₹ in 000s)**	**Others (₹ in 000s)**
Standard advances restructured	No. of Borrowers	**–**	**–**	**1,747**
	Amount Outstanding	**–**	**–**	**181,216**
	(of which amount restructured)	**–**	**–**	**177,313**
	Sacrifice (diminution in fair value)	**–**	**–**	**22,158**
Sub standard advances restructured	No. of Borrowers	**1**	**–**	**158**
	Amount outstanding	**237,507**	**–**	**915,286**
	(of which amount restructured)	**195,229**	**–**	**914,495**
	Sacrifice (diminution in fair value)	**23,099**	**–**	**22,153**

Schedules to the financial statements
for the year ended 31 March 2012 continued

	Particulars of Accounts Restructured	**CDR Mechanism (₹ in 000s)**	**SME Debt Restructuring (₹ in 000s)**	**Others (₹ in 000s)**
Doubtful advances restructured	No. of Borrowers	–	–	–
	Amount outstanding	–	–	–
	(of which amount restructured)	–	–	–
	Sacrifice (diminution in fair value)	–	–	–
TOTAL	**No. of Borrowers**	**1**	**–**	**1,905**
	Amount outstanding	**237,507**	**–**	**1,096,502**
	(of which amount restructured)	**195,229**	**–**	**1,091,808**
	Sacrifice (diminution in fair value)	**23,099**	**–**	**44,311**

		For the year ended 31.3.2011		
	Particulars of Accounts Restructured	CDR Mechanism (₹ in 000s)	SME Debt Restructuring (₹ in 000s)	Others (₹ in 000s)
Standard advances restructured	No. of Borrowers	–	–	2,743
	Amount Outstanding	–	–	302,870
	(of which amount restructured)	–	–	302,639
	Sacrifice (diminution in fair value)	–	–	34,684
Sub standard advances restructured	No. of Borrowers	–	–	230
	Amount outstanding	–	–	275,638
	(of which amount restructured)	–	–	275,638
	Sacrifice (diminution in fair value)	–	–	36,183
Doubtful advances restructured	No. of Borrowers	–	–	1
	Amount outstanding	–	–	37,342
	(of which amount restructured)	–	–	37,342
	Sacrifice (diminution in fair value)	–	–	2,400
TOTAL	No. of Borrowers	–	–	2,974
	Amount outstanding	–	–	615,850
	(of which amount restructured)	–	–	615,619
	Sacrifice (diminution in fair value)	–	–	73,267

(xx) Lending to Sensitive Sectors

Category	**As at 31.3.2012 (₹ in 000s)**	As at 31.3.2011 (₹ in 000s)
Exposure to Real Estate Sector		
Direct exposure		
(i) Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented:	**120,539,001**	111,751,616
Of which individual housing loans eligible for inclusion in priority sector advances	**13,542,246**	12,959,425
(ii) Commercial Real Estate		
Lending secured by mortgages on commercial real estates	**117,836,047**	111,948,522
(iii) Other Direct Exposure (Loans backed by Commercial Property not falling under definition of Commercial Real Estate Exposure as per RBI circular No. DBOD.BP.BC.No. 42/08.12.015/2009-10 dated 09 September, 2009)	**15,743,742**	12,992,555
(iv) Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
a. Residential	**2,083,612**	2,083,612
b. Commercial Real Estate	**1,289,996**	1,401,161
Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	**2,785,442**	1,960,782
Total Exposure to Real Estate Sector	**260,277,840**	242,138,248

Category		As at 31.3.2012 (₹ in 000s)	As at 31.3.2011 (₹ in 000s)
Exposure to Capital Market			
1	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	**43,554**	43,578
2	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	**82,689**	161,173
3	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	**1,879,638**	2,538,853
4	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances	**–**	–
5	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	**15,885,597**	12,039,065
6	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	**4,181,818**	–
7	Bridge loans to companies against expected equity flows / issues	**250,000**	–
8	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	**–**	–
9	Financing to stockbrokers for margin trading	**–**	–
10	All exposures to Venture Capital Funds (both registered and unregistered)	**–**	–
11	Others (Irrevocable Payment Commitments) *	**1,686,261**	841,700
Total Exposure to Capital Market		**24,009,557**	15,624,369

* Effective from 01 November 2010 as per RBI Circular No. DBOD.No.Dir.BC.7/13.03.00/2011-12 dated 1 July 2011

(xxi) Assets Securitised (including assignments)

In accordance with RBI circular DBOD.NO.BP.BC.60/21.04.048/2005-06 dated 01 February 2006, the details of loans securitised (including assignments) are given below:

	For the year ended 31.3.2012 (₹ in 000s)	For the year ended 31.3.2011 (₹ in 000s)
Book value of loans securitised	**–**	346,402
Total number of loans securitised (nos.)	**–**	3
Sale consideration received	**–**	346,150
Net (loss) / profit on securitisation *	**–**	(252)

* Profit is amortised over the residual maturity of the securities or loans assigned.

Form and quantum of outstanding value of services provided by way of:

	As at 31.3.2012 (₹ in 000s)	As at 31.3.2011 (₹ in 000s)
Credit Enhancement given in the form of Cash Collateral	**755,104**	755,104
Credit Enhancement given in the form of Guarantees	**1,328,508**	1,522,785
Liquidity Support	**–**	–
Post securitisation asset servicing	**–**	–

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(xxii) Risk Exposure in Derivatives

(a) Exchange traded interest rate derivatives
The Bank has not entered into exchange traded interest rate derivatives during the year (2010-11: Nil) and there is no amount outstanding at the year-end (2010-11: Nil).

(b) Qualitative Disclosures

Structure and organisation of management of risk in derivatives trading
The derivatives business is managed by the front office with independent back office for confirmation and settlement of trades. A separate middle office team validates all the derivative transactions and the processing and settlement is done by the back office team. The market risk team is responsible for monitoring market risk limits for derivative instruments. The limits comprise of PV01, Vega, RHO, spot volatility matrix and desk-wise VaR limits. There is clear segregation of duties and different reporting lines to ensure independent monitoring and reporting.

Risk monitoring team
The Bank is exposed to market risk, liquidity risk, operational risk and credit risk on the derivatives portfolio. The Bank's risk management group, compliance group and internal audit group assist in identifying, assessing and monitoring of these principal risks in accordance with policies and procedures.

Provisioning, collateral and credit risk mitigation
Counterparties are reviewed by credit officers who set their credit limits. The Bank does a credit analysis which includes a review of facility detail, credit grade determination and financial spreading/ ratio analysis. The Bank uses a numerical grading system, for quantifying the risk associated with counterparty.

The Bank applies the Current Exposure methodology to manage credit risk associated with derivative transactions. This is calculated by taking the cost of replacing the contract, where its mark-to-market value is positive together with an estimate of the potential future change in the market value of the contract, reflecting the volatilities that affect it. The credit risk on contracts with a negative mark-to-market value is restricted to the potential future change in their market value.

Provisioning on the exposure taken on derivative contracts is made as prescribed by RBI Circular No. DBOD.No.BP.BC.12 /21.04.048/2011-12 dated 01 July 2011.

(c) Quantitative Disclosures

		As at 31.3.2012		As at 31.3.2011	
Sr. No.	Particulars	**Currency Derivatives (₹ in crores)**	**Interest rate derivatives (₹ in crores)**	Currency Derivatives (₹ in crores)	Interest rate derivatives (₹ in crores)
1	Derivatives (Notional Principal Amount)				
	a) For hedging	**8,979**	**500**	–	–
	b) For trading	**806,292**	**824,679**	541,375	1,143,238
2	Marked to Market Positions				
	a) Asset (+)	**20,069**	**6,427**	10,820	10,004
	b) Liability (-)	**(19,127)**	**(6,153)**	(9,584)	(9,787)
3	Credit Exposure[1]	**43,944**	**13,074**	28,891	19,180
4	Likely impact of one percentage change in interest rate (100*PV01)[2]				
	a) on hedging derivatives	**25.45**	**11.17**	–	–
	b) on trading derivatives	**127.55**	**355.07**	189.59	530.82
5	Maximum of 100*PV01 observed during the year[2]				
	a) on hedging	**25.85**	**11.55**	–	–
	b) on trading	**189.60**	**534.01**	202.62	556.07
6	Minimum of 100*PV01 observed during the year[2]				
	a) on hedging	**8.29**	**–**	–	–
	b) on trading	**69.02**	**224.81**	68.22	236.27

[1] Computed as per the current exposure method under "New Capital Adequacy Framework" (Basel II), issued vide circular DBOD.No.BP.BC.11/ 21.06.001 / 2010-11 dated 01 July 2011

[2] Only for INR currency

(xxiii) Interest Rate Swaps, Interest Rate Options and Forward Rate Agreements

The notional principal amount of Interest Rate Swaps ('IRS'), Interest Rate Options ('IRO') and Forward Rate Agreements ('FRA') are:

	As at 31.3.2012 (₹ in 000s)	As at 31.3.2011 (₹ in 000s)
IRS	**8,121,951,561**	11,325,439,076
IRO	**124,120,568**	98,614,545
FRA	**5,713,740**	8,328,628
Total	**8,251,785,869**	11,432,382,249

The credit risk is the pre-settlement risk which is estimated in accordance with the Current Exposure Method. All IRS, IRO and FRA are monitored for price risks under the Value at Risk approach.

The Bank has taken ₹579 million as collateral from counter parties in respect of derivative contracts. (2010-11: Nil).

The gross positive mark to market on the IRS, IRO and FRA, which is the potential loss that the Bank would incur in case the counter parties fail to fulfill their obligations are:

	As at 31.3.2012 (₹ in 000s)	As at 31.3.2011 (₹ in 000s)
IRS	**64,132,365**	99,566,687
IRO	**136,185**	473,732
FRA	**719**	1,643
Total	**64,269,269**	100,042,062

As at 31 March 2012, the exposure on IRS, IRO and FRA is spread over various industries. However, based on the notional principal amount, the maximum single industry exposure lies with banks at 88% (2010-11: 93%).

Fair value (net MTM value) which the Bank would receive or pay to terminate the IRS, IRO and FRA is given below:

	As at 31.3.2012 (₹ in 000s)	As at 31.3.2011 (₹ in 000s)
IRS	**2,743,600**	2,173,525
IRO	–	–
FRA	–	–
Total	**2,743,600**	2,173,525

Note: Figures in bracket denote negative MTM.

The nature and terms of the IRS and IRO as on 31 March 2012 are set out below:

Nature	**Number of Contracts**	**Notional Principal (₹ in 000s)**	**Benchmark**	**Term**
Trading	**2**	**1,631,750**	INBMK	Fixed Payable v/s Fixed Receivable
Trading	**83**	**57,172,578**	INBMK	Fixed Payable v/s Floating Receivable
Trading	**37**	**18,500,000**	INBMK	Fixed Receivable v/s Floating Payable
Trading	**14**	**23,018,228**	LIBOR	Fixed Payable v/s Fixed Receivable
Trading	**528**	**525,228,311**	LIBOR	Fixed Payable v/s Floating Receivable
Trading	**19**	**58,540,646**	LIBOR	Floating Payable v/s Fixed Receivable
Trading	**25**	**46,428,377**	LIBOR	Floating Payable v/s Floating Receivable
Trading	**30**	**79,015,124**	LIBOR	Fixed Receivable v/s Fixed Payable
Trading	**458**	**443,844,295**	LIBOR	Fixed Receivable v/s Floating Payable
Trading	**3**	**2,543,750**	LIBOR	Floating Receivable v/s Fixed Payable
Trading	**11**	**25,856,536**	LIBOR	Floating Receivable v/s Floating Payable
Trading	**3**	**1,140,000**	MIBOR	Fixed Payable v/s Floating Receivable
Trading	**3**	**750,000**	MIBOR	Fixed Receivable v/s Floating Payable
Trading	**1,033**	**531,229,013**	MIFOR	Fixed Payable v/s Floating Receivable

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Nature	Number of Contracts	Notional Principal (₹ in 000s)	Benchmark	Term
Trading	**956**	**470,319,243**	MIFOR	Fixed Receivable v/s Floating Payable
Trading	**3,355**	**3,033,877,744**	OIS	Fixed Payable v/s Floating Receivable
Trading	**3,339**	**2,903,649,780**	OIS	Fixed Receivable v/s Floating Payable
Hedging	**10**	**5,000,000**	OIS	Fixed Payable v/s Floating Receivable
Trading	**7**	**2,785,859**	OTHERS	Fixed Payable v/s Floating Receivable
Trading	**1**	**26,833**	OTHERS	Floating Payable v/s Floating Receivable
Trading	**5**	**6,063,388**	OTHERS	Floating Payable v/s Fixed Receivable
Trading	**5**	**6,063,388**	OTHERS	Floating Receivable v/s Fixed Payable
Trading	**7**	**3,360,453**	OTHERS	Fixed Receivable v/s Floating Payable
Trading	**1**	**26,833**	OTHERS	Floating Receivable v/s Floating Payable
	9,935	**8,246,072,129**		

The nature and terms of the IRS and IRO as on 31 March 2011 are set out below:

Nature	Number of Contracts	Notional Principal (₹ in 000s)	Benchmark	Term
Trading	2	1,631,750	INBMK	Fixed Payable v/s Fixed Receivable
Trading	88	61,261,584	INBMK	Fixed Payable v/s Floating Receivable
Trading	43	19,275,000	INBMK	Fixed Receivable v/s Floating Payable
Trading	16	22,957,843	LIBOR	Fixed Payable v/s Fixed Receivable
Trading	409	413,853,026	LIBOR	Fixed Payable v/s Floating Receivable
Trading	35	51,537,023	LIBOR	Floating Payable v/s Fixed Receivable
Trading	29	36,966,428	LIBOR	Floating Payable v/s Floating Receivable
Trading	16	22,957,843	LIBOR	Fixed Receivable v/s Fixed Payable
Trading	346	350,708,443	LIBOR	Fixed Receivable v/s Floating Payable
Trading	35	51,537,023	LIBOR	Floating Receivable v/s Fixed Payable
Trading	13	21,344,461	LIBOR	Floating Receivable v/s Floating Payable
Trading	6,627	4,800,304,318	MIBOR	Fixed Payable v/s Floating Receivable
Trading	6,643	4,759,471,393	MIBOR	Fixed Receivable v/s Floating Payable
Trading	936	444,285,013	MIFOR	Fixed Payable v/s Floating Receivable
Trading	812	363,766,870	MIFOR	Fixed Receivable v/s Floating Payable
Trading	1	120,407	OTHERS	Fixed Receivable v/s Fixed Payable
Trading	2	515,826	EURIBOR	Fixed Payable v/s Floating Receivable
Trading	3	1,559,370	EURIBOR	Fixed Receivable v/s Floating Payable
	16,056	11,424,053,621		

The nature and terms of the FRA as on 31 March 2012 are set out below:

Nature	Number of Contracts	Notional Principal (₹ in 000s)	Benchmark	Term
Trading	**3**	**2,856,870**	LIBOR	Fixed Payable v/s Floating Receivable
Trading	**3**	**2,856,870**	LIBOR	Fixed Receivable v/s Floating Payable
	6	**5,713,740**		

The nature and terms of the FRA as on 31 March 2011 are set out below:

Nature	Number of Contracts	Notional Principal (₹ in 000s)	Benchmark	Term
Trading	21	4,164,314	LIBOR	Fixed Payable v/s Floating Receivable
Trading	21	4,164,314	LIBOR	Fixed Receivable v/s Floating Payable
	42	8,328,628		

(xxiv) Country Risk Exposure

Disclosure for country risk exposure in accordance with RBI Master Circular No. DBOD.BP.BC No.16/ 21.04.018/2011-12 dated 01 July 2011 is given under:

Risk Category	**As at 31.3.2012** Funded Exposure (net) (₹ in 000s)	**As at 31.3.2012** Provision held (₹ in 000s)	As at 31.3.2011 Funded Exposure (net) (₹ in 000s)	As at 31.3.2011 Provision held (₹ in 000s)
Insignificant	**42,140,436**	**9,227**	29,352,240	9,227
Low	**8,314,413**	**–**	2,499,480	–
Moderately Low	**920,305**	**–**	656,894	–
Moderate	**15,507**	**–**	14,952	–
Moderately High	**20,476**	**–**	–	–
High	**126**	**–**	4,460	–
Very High	**3**	**–**	–	–
Total	**51,411,266**	**9,227**	32,528,026	9,227

The above provision has been included in Schedule 5 – Other Liabilities and Provisions.

(xxv) Prudential Credit Exposure Limits – Single and Group Borrower Exposure

The Bank's exposure to single and group borrowers has been within limits specified by RBI. The Bank has enhanced the credit exposure by an additional 5 per cent of capital funds in respect of Birla Sun Life Mutual Fund, Clearing Corporation of India Limited and Reliance Industries Limited with the approval of the Management Committee ("MANCO") of the Bank (2010-11: Reliance Industries Limited and Birla Sun Life Mutual Fund).

(xxvi) Provisions and contingencies

(a) As per AS 29 – Provisions, Contingent Liabilities and Contingent Assets, movement in provision for reward points awarded to customers and movement in other provisions are given below:

	For the year ended 31.3.2012 Reward Points[1] (₹ in 000s)	**For the year ended 31.3.2012** Other Provisions (₹ in 000s)	For the year ended 31.3.2011 Reward Points[1] (₹ in 000s)	For the year ended 31.3.2011 Other Provisions (₹ in 000s)
Opening provision	**220,056**	**475,057**	142,575	533,183
Provision made during the year	**412,896**	**199,972**	119,842	95,652
Utilisation / write back of provision during the year	**(282,087)**	**(143,244)**	(42,361)	(153,778)
Closing provision	**350,865**	**531,785**	220,056	475,057

[1] Basis of calculation of provision for reward points is explained in Note 18 (D) (12). The provision is utilised when actual claims for redemption are made by customers.

(b) Description of Contingent Liabilities

(i) Claims against the Bank not acknowledged as debts:
These represent claims filed against the Bank relating to certain legal and tax proceedings that are currently in progress.

(ii) Liability on account of outstanding foreign exchange contracts:
The Bank enters into foreign exchange contracts on its own account and for customers. Forward exchange contracts are commitments to buy or sell foreign currency at a future date at the contracted rate. The Bank also undertakes currency futures transactions.

(iii) Liability on account of derivative contracts:
These include notional principal on outstanding cross currency swaps, currency options, forward rate agreements, interest rate swaps and interest rate options.

(iv) Guarantees given on behalf of constituents, acceptances, endorsements and other obligations:
As a part of its commercial banking activities, the Bank issues documentary credit and guarantees on behalf of its customers. Documentary credit such as letters of credit enhances the credit standing of the customers of the Bank. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfill its financial or performance obligations. Irrevocable Payment Commitments are included under guarantees given on behalf of constituents in India.

(v) Other items for which the Bank is contingently liable:
These includes capital commitments, recourse obligations representing credit enhancements in the form of cash collaterals in respect of securitised loans, forward asset purchase and obligations undertaken on sell down of certain assets and amount payable on securities purchased.

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(c) Breakup of Schedule 17 – Provisions and Contingencies

Particulars	**For the year ended 31.3.2012 (₹ in 000s)**	For the year ended 31.3.2011 (₹ in 000s)
Specific provisions against advances and claims (net)	**19,554,643**	7,509,896
Charge / (Release) Investments	**–**	271
General Provision towards Standard Assets	**–**	–
Provision on account of tax		
– Current tax expense [1]	**15,089,166**	12,978,584
– Deferred tax	**(6,998,805)**	(2,317,678)

[1] includes provision for Wealth Tax.

(d) Floating Provisions

Particulars	**For the year ended 31.3.2012 (₹ in 000s)**	For the year ended 31.3.2011 (₹ in 000s)
Opening Balance	**750,000**	750,000
Provisions made during the year	**–**	–
Utilisation during the year *	**(750,000)**	–
Closing Balance	**–**	750,000

* Transferred to Countercyclical Provisioning Buffer in line with RBI Circular No. DBOD.No.BP.BC.87/21.04.048/2010-11 dated 21 April 2011 and the same is shown under Schedule 5 - Other Liabilities & Provisions

(e) Draw down from Reserves

During the year ended 31 March 2012, there has not been any draw down from reserves (2010-11: Nil).

(xxvii) Retirement Benefits

(a) Defined Benefit Plans

Reconciliation of opening and closing balance of the present value of the defined benefit obligations for retirement benefits which includes pension, gratuity and compensated absences is given below:

	For the year ended 31.3.2012 (₹ in 000s)	For the year ended 31.3.2011 (₹ in 000s)
Changes in present value of defined benefit obligations		
Opening balance as at 01 April	**1,753,375**	1,303,937
Current service cost	**82,767**	45,333
Interest cost	**132,479**	101,374
Past service cost	**–**	263,917
Acquisition adjustment	**50**	750
Actuarial losses / (gains)	**(69,733)**	223,347
Benefits paid	**(189,050)**	(185,283)
Closing balance as at 31 March (A)	**1,709,888**	1,753,375
Changes in fair value of plan assets		
Opening balance as at 1 April	**760,290**	675,421
Expected return on plan assets	**62,557**	51,967
Contributions paid by the Bank	**99,611**	214,003
Acquisition adjustment	**50**	750
Benefits paid	**(189,050)**	(185,283)
Actuarial gains / (losses)	**(8,488)**	3,432
Closing balance as at 31 March (B)	**724,970**	760,290
Net liability recognised (B-A)	**(984,918)**	(993,085)

	For the year ended 31.3.2012 (₹ in 000s)	For the year ended 31.3.2011 (₹ in 000s)
Present value of defined benefit obligations as at 31 March	**1,709,888**	1,753,375
Fair value of plan assets as at 31 March	**724,970**	760,290
Funded status – Deficit	**(984,918)**	(993,085)
Unrecognised assets as per paragraph 59(b) of AS 15	**(5,678)**	(3,201)
Net liability recognised in Balance Sheet	**(990,596)**	(996,286)

	For the year ended 31.3.2012 (₹ in 000s)	For the year ended 31.3.2011 (₹ in 000s)
Components of employer's expense		
Current service cost	**82,767**	45,333
Interest cost	**132,479**	101,374
Expected return on assets	**(62,557)**	(51,967)
Past Service Cost	**–**	263,917
Net actuarial losses / (gains)	**(61,245)**	219,914
Effect of the limit in paragraph 59(b) of AS 15	**2,478**	(12,000)
Net cost recognised in the Profit and Loss Account	**93,922**	566,571

Key Assumptions	**31.3.2012**	31.3.2011
Discount rate	**8.60%**	8.05%
Expected return on plan assets	**7.50%**	7.50%
Salary escalation rate		
• Management Staff	**7.50%**	7.50%
• Non Management Staff	**6.00%**	6.00%

Details of plan assets, defined benefit obligations and experience adjustments

	31.3.2012 (₹ in 000s)	31.3.2011 (₹ in 000s)	31.3.2010 (₹ in 000s)	31.3.2009 (₹ in 000s)	31.3.2008 (₹ in 000s)
Plan assets	**724,970**	760,290	675,421	621,518	515,418
Defined benefit obligations	**1,709,888**	1,753,375	1,303,937	1,319,103	964,730
Amount not recognised as an asset (limit in para 59(b))	**5,678**	3,201	15,201	3,601	1,530
Deficit	**(990,596)**	(996,286)	(643,717)	(701,186)	(450,842)
Experience adjustment on plan assets	**1,324**	3,432	18,867	4,532	2,518
Experience adjustment on plan liabilities	**31,876**	198,630	41,745	20,152	31,614

The estimates of future salary increases in the actuarial valuation takes into consideration inflation, seniority, promotion and other relevant factors.

The actuarial assumptions have been made on the basis of legislation enacted upto the Balance Sheet date.

The Bank's pension and gratuity funds are managed by its trust and insurer respectively. Plan assets are invested in the approved securities.

(b) Defined Contribution Plans

The amount recognised as an expense for the Defined Contribution Plans is as under:

Particulars	**For the year ended 31.3.2012 (₹ in 000s)**	For the year ended 31.3.2011 (₹ in 000s)
Provident Fund	**350,957**	287,264
Superannuation Fund	**46,530**	40,810

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(xxviii) Primary dealership

In line with the RBI circular IDMD.PDRD.01 /03.64.00/2011–12 dated 1 July 2011, the details pertaining to net borrowing in call money markets are as under:

Particulars	**For the year ended 31.3. 2012** Average net call borrowing (₹ in 000s)	Maximum net call borrowing (₹ in 000s)
Net Call Borrowing	**10,528**	**900,880**

Particulars	For the year ended 31.3.2011 Average net call borrowing (₹ in 000s)	Maximum net call borrowing (₹ in 000s)
Net Call Borrowing	717,413	10,097,411

(xxix) Customer complaints and awards of Banking Ombudsman

In accordance with RBI circular DBOD No.Leg.BC.18/09.07.006/2011-12 dated 1 July 2011, details with respect to customer complaints and awards passed by the Banking Ombudsman are given below:

Customer complaints:

	Particulars	**For the year ended 31.3.2012 (₹ in 000s)**	For the year ended 31.3.2011 (₹ in 000s)
(a)	No. of complaints pending at the beginning of the year	**135**	294
(b)	No. of complaints received during the year	**3,917**	3,384
(c)	No. of complaints redressed during the year	**4,013**	3,543
(d)	No. of complaints pending at the end of the year	**39**	135

Awards passed by the Banking Ombudsman:

	Particulars	**For the year ended 31.3.2012 (₹ in 000s)**	For the year ended 31.3.2011 (₹ in 000s)
(a)	No. of unimplemented awards at the beginning of the year	**1**	1
(b)	No. of awards passed by the Banking Ombudsman during the year	**1**	4
(c)	No. of awards implemented during the year	**2**	4
(d)	No. of unimplemented awards at the end of the year	**–**	1

(xxx) Letters of Comfort (LoC) issued in favour of subsidiaries

During the year ended 31 March 2012, the Bank has not issued any LoC in favour of subsidiaries (2010-11: Nil).

(xxxi) Fees earned in respect of the bancassurance business

Nature of income	**For the year ended 31.3.2012 (₹ in 000s)**	For the year ended 31.3.2011 (₹ in 000s)
For selling life insurance policies (including ULIPs)	**759,205**	985,553
For selling non life insurance policies	**76,873**	77,897
Total	**836,078**	1,063,450

(xxxii) Concentration of Deposits

	As at 31.3.2012 (₹ in 000s)	As at 31.3.2011 (₹ in 000s)
Total deposits of twenty largest depositors	**126,597,154**	116,852,155
Percentage of deposits of twenty largest depositors to total deposits of the Bank	**19.79%**	20.00%

(xxxiii) Off – Balance Sheet Special Purpose Vehicles sponsored

The Bank has not sponsored any Special Purpose Vehicle (2010-11: Nil).

(5) Segment reporting

(i) Segment description

The Bank has disclosed its operations under the following segments:

Segment Definition	**Activities**
Treasury	Treasury activities include foreign exchange, fixed income, money market and derivative transactions.
Wholesale Banking	Local corporate financing, corporate advisory and all advances to trusts, partnership firms, companies and statutory bodies, which are not included under the "Retail Banking" segment, are reported under Wholesale Banking.
Retail Banking	Retail banking serves retail customers through the branch network and other delivery channels. This segment raises deposits from customers and makes loans and provides other services to such customers. This segment also includes activities relating to credit cards, debit cards, mortgage loans, third party product distribution and their associated costs. Exposures are classified under retail banking taking into account the orientation, product, granularity and individual exposure criteria. All mortgage loans below ₹5 crore have been classified as retail exposure and for exposures in SME business segment, classification as per orientation criterion has been made based on data available.
Others	Others include Corporate Real Estate Services and other items not allocable in the forementioned segments

The classification of exposures to the respective segments conform to the guidelines issued by RBI vide DBOD.No.BP.BC.81/21.01.018/2006-07 dated 18 April, 2007 based on the information available for classification.

(ii) Segment Accounting Policy

Segment revenues stated below are aggregate of Schedule 13 - Interest earned and Schedule 14 - Other income less Schedule 15 - Interest expended. Segment results are determined after considering the following inter-unit notional charges / recoveries:

a. Fund Transfer Pricing:
Treasury gives notional interest benefit to other divisions for the funds mobilised by the latter through deposits, and similarly charge notional interest to other divisions for the funds utilised by them for lending and investment purposes. Based on tenor of assets / liabilities and market scenarios, Treasury calculates notional interest rates used for this purpose.

b. Premises Rental Chargeback:
Individual business segments are charged rent based on notional market values and the same is credited to 'Others' (Corporate Real Estate Services) in respect of the premises occupied by them.

c. Support costs (costs pertaining to Finance, HR, Corporate Real Estate Services, Legal & Compliance etc) are allocated to Treasury, Retail & Wholesale banking segments based on Managements' estimates of the benefits accruing to these segments for the costs incurred. This is similar to the basis used for the internal management reporting.

d. Capital & Reserves and attributable earnings thereon are allocated to individual business segments based on period end Risk Weighted Assets.

(iii) Geographic Segments

As the Bank does not have any material earnings or assets originating outside India, the Bank is considered to operate only in the domestic segment.

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(iv) Segment Reporting

		For the year ended 31.3.2012				
		Treasury (₹ in 000s)	**Wholesale (₹ in 000s)**	**Retail Banking (₹ in 000s)**	**Others Banking (₹ in 000s)**	**Total (₹ in 000s)**
A.	Net Segment Revenue	**15,110,309**	**38,829,200**	**17,964,538**	**506,845**	**72,410,892**
B.	Net Segment Results	**10,154,559**	**9,347,692**	**4,251,274**	**1,694,528**	**25,448,053**
C.	Operating Profit	–	–	–	–	**25,448,053**
D.	Income Taxes	–	–	–	**(8,090,361)**	**(8,090,361)**
E.	Net Profit	–	–	–	–	**17,357,692**
F.	Segment Assets	**586,790,898**	**439,764,069**	**143,423,956**	**46,876,160**	**1,216,855,083**
G.	Segment Liabilities	**444,262,696**	**415,694,456**	**348,285,996**	**8,611,935**	**1,216,855,083**
H.	Capital Expenditure to acquire Fixed Assets	–	–	–	**1,917,635**	**1,917,635**
I.	Depreciation	–	–	–	**939,049**	**939,049**

		For the year ended 31.3.2011				
		Treasury (₹ in 000s)	Wholesale (₹ in 000s)	Retail Banking (₹ in 000s)	Others Banking (₹ in 000s)	Total (₹ in 000s)
A.	Net Segment Revenue	12,482,070	32,463,346	18,785,696	1,001,896	64,733,008
B.	Net Segment Results	8,892,223	17,535,736	2,571,212	2,254,604	31,253,775
C.	Operating Profit	–	–	–	–	31,253,775
D.	Income Taxes	–	–	–	(10,660,906)	(10,660,906)
E.	Net Profit	–	–	–	–	20,592,869
F.	Segment Assets	497,970,548	394,520,552	132,183,948	38,414,778	1,063,089,826
G.	Segment Liabilities	348,511,149	409,789,115	299,551,332	5,238,230	1,063,089,826
H.	Capital Expenditure to acquire Fixed Assets	–	–	–	2,009,998	2,009,998
I.	Depreciation	–	–	–	591,686	591,686

(6) Penalties

During the year no penalty was levied by RBI in exercise of powers under section 46(4) of the Banking Regulation Act, 1949.

(Previous year: Penalty of ₹500 (in 000s) under section 47A (1) (b) read with section 46 (4) (i) and ₹1,000 (in 000s) under section 47A (1) (b) read with Section 46 (4) of Banking Regulation Act, 1949)

(7) Related Party Disclosures

(i) The list of related parties as defined in AS 18 – Related Party Disclosures and the nature of their relationship with Standard Chartered Bank - India Branches are given below:

(a) Ultimate Parent Company
Standard Chartered Plc

(b) Parent Company
Standard Chartered Holding Ltd

(c) Head Office
Standard Chartered Bank, UK

(d) 100% Subsidiary
St Helen's Nominees India Private Limited

(e) Branches of Head Office

- Standard Chartered Bank China
- Standard Chartered Bank USA
- Standard Chartered Bank UK
- Standard Chartered Bank Sri Lanka
- Standard Chartered Bank Bahrain
- Standard Chartered Bank Qatar
- Standard Chartered Bank United Arab Emirates
- Standard Chartered Bank Dubai International Financial Centre
- Standard Chartered Bank Oman
- Standard Chartered Bank Singapore
- Standard Chartered Bank Indonesia
- Standard Chartered Bank Thailand
- Standard Chartered Bank Korea
- Standard Chartered Bank Japan
- Standard Chartered Bank Australia
- Standard Chartered Bank South Africa
- Standard Chartered Bank Philippines
- Standard Chartered Bank Bangladesh
- Standard Chartered Bank Jordan
- Standard Chartered Bank Jakarta

(f) Subsidiaries of Head Office (Standard Chartered Bank UK)

- Scope International Private Limited
- Standard Chartered (India) Wealth Advisory Services Private Limited
- Standard Chartered Bank (China) Limited
- Standard Chartered Bank (Hong Kong) Limited
- Standard Chartered Bank (Mauritius) Limited
- Standard Chartered Bank (Pakistan) Limited
- Standard Chartered Bank (Taiwan) Limited
- Standard Chartered Bank (Thai) Public Company Limited
- Standard Chartered Bank Nepal Limited
- Standard Chartered Finance Limited
- Standard Chartered Investments and Loans (India) Limited
- Standard Chartered Private Equity (Mauritius) Limited
- Standard Chartered Bank Botswana Limited
- Standard Chartered Bank Ghana Limited
- Standard Chartered Bank Kenya Limited
- Standard Chartered Bank Tanzania Limited
- Standard Chartered Bank Uganda Limited
- Standard Chartered Bank Zambia Plc
- Standard Chartered Private Equity Advisory (India) Private Limited
- Standard Chartered Securities (India) Limited
- Standard Chartered Bank Malaysia - Berhad
- Standard Chartered First Bank Korea Limited
- Standard Chartered Strategic Brand Management Limited
- Standard Chartered Bank Sierra Leone Limited
- Standard Chartered Bank Nigeria Limited
- Standard Chartered Bank Cote D'lvoire
- Standard Chartered Capital (Saudi Arabia)

Note: Categories (e) and (f) above include only those related parties with whom transactions have occurred during the current and previous year.

Schedules to the financial statements
for the year ended 31 March 2012 continued

(g) Key Management Personnel

In accordance with the RBI circular DBOD.BP.BC No.16 /21.04.018/2011-12 dated 01 July 2011, only the Chief Executive Officer of the Bank, falls under the category of key management personnel for the year 2011-12, hence, no disclosures pertaining to him are provided.

Chief Executive Officer of the bank:

1. Mr. Sunil Kaushal – since 19 January 2012
2. Mr. Neeraj Swaroop – upto 18 January 2012

(ii) Transactions and balances

In line with the RBI circular DBOD.BP.BC No.16 /21.04.018/2011-12 dated 01 July 2011, related party disclosures exclude transactions in a category where there is only one related party (i.e. key management personnel) and where the Bank has an obligation under law to maintain confidentiality in respect of their customer transactions.

	Parent Company		**Head Office & Branches**		**Subsidiaries & Fellow Subsidiaries**	
	For the year ended 31.3.2012 (₹ in 000s)	For the year ended 31.3.2011 (₹ in 000s)	**For the year ended 31.3.2012 (₹ in 000s)**	For the year ended 31.3.2011 (₹ in 000s)	**For the year ended 31.3.2012 (₹ in 000s)**	For the year ended 31.3.2011 (₹ in 000s)
Leasing arrangements availed	**–**	–	**–**	–	**33,293**	16,093
Leasing arrangements provided	**–**	–	**–**	–	**233,684**	132,801
Purchase of Fixed Assets	**–**	–	**–**	–	**49**	1,024
Sale of Fixed Assets	**–**	–	**–**	–	**2,616**	308
Employee Share Options	**–**	–	**968,328**	768,866	**–**	–
Rendering of services	**–**	–	**396,970**	266,788	**1,054,457**	1,055,615
Receiving of services	**–**	–	**55,114**	6,434	**3,923,403**	3,680,509
Interest Paid	**–**	–	**1,054,092**	877,857	**219,929**	158,159
Interest Received	**–**	–	**38,197**	7,925	**50,962**	51,681
Sale of foreign exchange	**–**	–	**2,069,856,545**	3,118,643,021	**6,725,959**	20,286,446
Purchase of foreign exchange	**–**	–	**2,084,646,763**	3,107,740,829	**7,193,468**	14,100,747
Fee and commission / other income	**–**	–	**5,111,506**	4,930,564	**184,419**	88,399
Service Fees received on Guarantees / LCs	**–**	–	**10,587**	5,579	**7,175**	6,880
Service Fees paid on Guarantees / Lcs	**–**	–	**764**	682	**513**	413
Assignment of loans	**–**	–	**–**	–	**–**	346,150
Purchase of investments	**–**	–	**16,987,458**	679,666	**4,242,429**	17,677,943
Sale of investments	**–**	–	**42,141,993**	11,140,986	**55,237,239**	31,870,880

	Parent Company		Head Office & Branches		Subsidiaries & Fellow Subsidiaries	
	As at 31.3.2012 (₹ in 000s)	**Maximum Outstanding during the year (₹ in 000s)**	**As at 31.3.2012 (₹ in 000s)**	**Maximum Outstanding during the year (₹ in 000s)**	**As at 31.3.2012 (₹ in 000s)**	**Maximum Outstanding during the year (₹ in 000s)**
Lease Rentals Payable	**–**	**–**	**–**	**–**	**–**	**–**
Lease Rentals Receivable	**–**	**–**	**–**	**–**	**25,912**	**53,091**
Employee Share Options	**–**	**–**	**(751,656)**	**(862,636)**	**–**	**–**
Borrowings	**–**	**–**	**(27,553,900)**	**(73,010,754)**	**–**	**(5,641,125)**
Subordinated Debts	**–**	**–**	**(25,437,500)**	**(26,842,475)**	**–**	**–**
Deposit / Vostros	**–**	**–**	**(8,213,342)**	**(9,954,015)**	**(4,408,193)**	**(9,577,934)**
Investments	**–**	**–**	**–**	**–**	**774,039**	**774,039**
Placements	**–**	**–**	**4,751,550**	**31,715,142**	**–**	**–**
Advances	**–**	**–**	**–**	**–**	**205,690**	**955,440**
Nostro Balances	**–**	**–**	**3,712,344**	**23,933,338**	**13,003**	**379,429**
Derivative Notional & Trade Contingents	**–**	**–**	**1,359,072,589**	**1,390,145,683**	**44,447,710**	**58,856,355**
Sundry Balances (Net)	**–**	**–**	**(5,183,722)**	**(7,251,277)**	**(911,736)**	**(911,736)**
Positive MTM	**–**	**–**	**33,256,049**	**44,691,256**	**276,111**	**2,882,970**
Negative MTM	**–**	**–**	**(30,085,419)**	**(33,524,198)**	**(378,161)**	**(2,304,857)**

	Parent Company		Head Office & Branches		Subsidiaries & Fellow Subsidiaries	
	As at 31.3.2011 (₹ in 000s)	Maximum Outstanding during the year (₹ in 000s)	As at 31.3.2011 (₹ in 000s)	Maximum Outstanding during the year (₹ in 000s)	As at 31.3.2011 (₹ in 000s)	Maximum Outstanding during the year (₹ in 000s)
Lease Rentals Payable	–	–	–	–	(142)	(142)
Lease Rentals Receivable	–	–	–	–	11,490	13,936
Employee Share Options	–	–	(819,515)	(899,695)	–	–
Borrowings	–	–	(33,532,366)	(48,035,373)	–	(3,412,575)
Subordinated Debts	–	–	(22,297,500)	(23,846,000)	–	(340,000)
Deposit / Vostros	–	–	(2,514,413)	(6,495,294)	(8,086,368)	(15,890,832)
Investments	–	–	–	–	100	1,130,100
Placements	–	–	–	20,988,009	–	–
Advances	–	–	–	–	402,590	676,740
Nostro Balances	–	–	2,380,829	18,018,674	11,513	570,183
Derivative Notional & Trade Contingents	–	–	1,066,160,263	1,174,956,738	61,083,165	61,668,499
Sundry Balances (Net)	–	–	(5,275,016)	(6,456,764)	(802,629)	(1,598,474)
Positive MTM	–	–	26,660,493	32,423,316	2,653,095	2,653,095
Negative MTM	–	–	(23,217,837)	(31,038,784)	–	(163,766)

Figure in bracket denote payable

(iii) Material related party transactions are given below:

The following were the material transactions between the Bank and its related parties for the year ended 31 March 2012. A specific related party transaction is disclosed as a material related party transaction wherever it exceeds 10% of all related party transactions in that category.

Leasing Arrangements

For availing leasing service - payment of rent to Scope International Private Limited ₹16.3 million (2010-11: ₹13.5 million) and Standard Chartered Finance Limited ₹15.6 million (2010-11: ₹1 million).

For providing leasing services - receipt of rent from Standard Chartered Finance Limited ₹88.2 million (2010-11: ₹99.7 million) and Standard Chartered Securities (India) Limited ₹124.5 million (2010-11: ₹18.3 million).

Purchase of Fixed Assets

Purchase of Fixed Assets from Standard Chartered Investments & Loans India Ltd. ₹0.05 million (2010-11: Nil).

Schedules to the financial statements
for the year ended 31 March 2012 continued

Sale of Fixed Assets
Sale of Fixed Assets to Standard Chartered Securities (India) Limited ₹2.6 million (2010-11: Nil).

Employee Share Options
Expenses incurred on employee share options payable to Head Office ₹968.3 million (2010-11: ₹768.9 million).

Rendering of Services
During the year the Bank provided secondments, amenities and other services to related parties. The material transactions with Standard Chartered Finance Limited ₹363.9 million (2010-11: ₹329.2 million), Standard Chartered Private Equity Advisory (India) Private Limited ₹464.3 million (2010-11: ₹539.8 million), Standard Chartered Bank, Singapore ₹176.3 million (2010-11: ₹94.3 million) & Standard Chartered Securities (India) Limited ₹147.4 million (2010-11: ₹85.8 million).

Receiving of Services
During the year the Bank availed of back office support, brokerage, marketing and other services from related parties. The material transactions were back office support services from Scope International Private Limited ₹2,002.5 million (2010-11: ₹1,792.5 million), marketing services and back office support from Standard Chartered Finance Limited ₹1,190.3 million (2010-11: ₹1,218.5 million) and royalty payable to Standard Chartered Strategic Brand Management Limited ₹725.6 million (2010-11: ₹647.3 million).

Interest Paid
Interest on subordinated debt to Head Office ₹684.6 million (2010-11: ₹653.7 million), interest on money market borrowings to Head Office ₹226.7 million (2010-11: ₹196.2 million) and interest on money market borrowings to Standard Chartered Bank, Japan ₹123.3 million (2010-11: ₹4.4 million).

Interest Received
Interest on term loan from Scope International Private Limited ₹24.5 million (2010-11: ₹38.8 million), interest on commercial paper & working capital loan from Standard Chartered Investments & Loans Limited ₹26.4 million (2010-11: ₹1.6 million) and interest on money market lending & bank balances from Head Office ₹13.5 million (2010-11: ₹7.5 million) and interest on money market lending & bank balances from Standard Chartered Bank, USA ₹23.8 million (2010-11: ₹0.02 million).

Foreign Exchange Transactions
Sale of foreign currencies to Head Office ₹855,270 million (2010-11: ₹555,317 million), Standard Chartered Bank, USA ₹740,072 million (2010-11: ₹2,134,267 million), and Standard Chartered Bank, Singapore ₹384,753 million (2010-11: ₹363,269 million).

Purchase of foreign currencies from Head Office ₹898,891 million (2010-11: ₹560,129 million), Standard Chartered Bank, USA ₹718,152 million (2010-11: ₹2,112,218 million) and Standard Chartered Bank, Singapore ₹380,311 million (2010-11: ₹370,388 million).

Fee and Commission Income / Other Income
Receipt of fees from Head Office ₹4,364.3 million (2010-11: ₹3,759.3 million) and Standard Chartered Bank, Singapore ₹655.5 million (2010-11: ₹1,090.1 million).

Service Fees on Guarantees & Letters of Credit
Receipt of trade fees from Standard Chartered Bank USA ₹4.4 million (2010-11: ₹0.5 million), Standard Chartered Bank, Nigeria ₹2.4 million (2010-11: ₹0.5 million), Standard Chartered Bank, United Arab Emirates ₹1.8 million (2010-11: ₹1.8 million).

Payment of fees to Standard Chartered Bank, United Arab Emirates ₹0.3 million (2010-11: ₹0.2 million), Standard Chartered Bank, Nepal ₹0.2 million (2010-11: ₹0.1 million), Standard Chartered Bank, Singapore ₹0.2 million (2010-11: Nil) and Standard Chartered Bank, Bangladesh ₹0.1 million (2010-11: ₹0.1 million).

Purchase and Sale of Investments
Purchase of investments from Standard Chartered Bank (Mauritius) Limited ₹3,232 million (2010-11: ₹17,436 million) and Standard Chartered Bank, Singapore ₹16,987 million (2010-11: ₹680 million).

Sale of investments to Standard Chartered Bank, Singapore ₹42,142 million (2010-11: ₹11,141 million) and Standard Chartered Bank (Mauritius) Limited to ₹55,237 million (2010-11: ₹27,671 million).

(8) Leases
Commercial and residential premises are taken on operating leases, which are cancellable in nature. Information provided herein pertains to premises taken / given on operating leases:

	For the year ended 31.3.2012 (₹ in 000s)	For the year ended 31.3.2011 (₹ in 000s)
Lease payments recognised in the Profit and Loss account in respect of operating leases	**986,701**	1,132,212

	For the year ended 31.3.2012 (₹ in 000s)	For the year ended 31.3.2011 (₹ in 000s)
Assets given on lease – Premises		
Gross carrying amount	**2,606,586**	902,949
Accumulated depreciation	**27,392**	11,717
Depreciation charge for the year	**9,456**	1,946

- There are no provisions relating to contingent rent
- The terms of renewal / purchase options and escalation clauses are those normally prevalent in similar agreements
- There are no undue restrictions or onerous clauses in the agreements
- Initial direct costs for leases given are recognised as an expense in Profit and Loss account

(9) Disclosure under Micro, Small & Medium Enterprises Development Act, 2006

The following disclosure is made as per the requirement under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED'):

	As at 31.3.2012 (₹ in 000s)	As at 31.3.2011 (₹ in 000s)
Number of suppliers registered with competent authorities	**31**	30
Principal amount remaining unpaid to any supplier as at the year end	**–**	–
Interest due thereon	**–**	–
Amount of interest paid and payments made to the supplier beyond the appointed day during each accounting year	**–**	–
Amount of interest due and payable for period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	**–**	–
Amount of interest accrued and remaining unpaid at the year end	**–**	–

(10) Deferred Tax

The deferred tax benefit of ₹6,999 million for the year ended 31 March 2012 (2010-11: ₹2,318 million) is included in provision on account of tax under Schedule 17- Provisions and Contingencies.

The primary components that gave rise to deferred tax assets and liabilities included in the balance sheet are as follows:

	As at 31.3.2012 (₹ in 000s)	As at 31.3.2011 (₹ in 000s)
Deferred tax assets		
Provision for Advances	**13,090,890**	5,551,040
Depreciation	**178,179**	186,020
Disallowances under section 43B of Income Tax Act 1961	**704,277**	637,054
Others	**–**	162,445
Deferred tax assets	**13,973,346**	6,536,559
Deferred tax liabilities	**(437,982)**	–
Net deferred tax assets	**13,535,364**	6,536,559

(11) Amount of Provisions made for Income Tax during the year

	For the year ended 31.3.2012 (₹ in 000s)	For the year ended 31.3.2011 (₹ in 000s)
Provision for Income Tax (excluding Wealth Tax)	**15,079,166**	12,965,584

Schedules to the financial statements
for the year ended 31 March 2012 continued

(12) Portfolio Purchase

The Bank has purchased loans (Retail loans/ credit cards) amounting to ₹5,280 million (2010-11: Nil) from various NBFCs; Banks or other institutions.

(13) Employee Share Based Payment

The eligible employees of the Bank have been granted stock awards as equity shares of the ultimate holding company, SCPLC, under various share schemes such as Restricted Share Scheme (RSS), Supplementary Restricted Share Scheme (SRSS), Performance Share Plan (PSP), Sharesave Scheme, etc.

During the year, the Bank has recognised an amount of ₹968 million (2010-11: ₹769 million) under the head 'Payments to and provisions for employees', as cost on account of share-based payments under Schedule 16 – Operating Expenses.

(14) Revaluation of Premises

Premises are revalued periodically and are stated at revalued cost less accumulated depreciation. The most recent valuation of the premises was conducted in March 2011. The premises were stated at market values as at that date as determined by an external valuer. The resulting revaluation surplus amounting to ₹926 million was transferred to Property Revaluation Reserve under Schedule 2 – Reserves and Surplus and revaluation loss of ₹129 million was recognised in the Profit and Loss account under Schedule 16 Operating Expenses.

(15) Prior Year Comparatives

Previous year figures have been reclassified or regrouped wherever necessary to conform to the current year's presentation.

Cash Flow Statement
for the year ended 31 March 2012

Particulars		For the year ended 31.3.2012 (₹ in 000s)	For the year ended 31.3.2011 (₹ in 000s)
Cash flow from operating activities			
Profit Before Tax		**25,448,053**	31,253,775
Adjustments for:			
Depreciation on Bank's property		**939,049**	591,686
Interest on subordinated debt		**684,607**	685,440
Provision in respect of non-performing assets (including prudential provision on standard assets)		**19,554,643**	7,509,896
(Appreciation) / depreciation on investments		**(1,532,198)**	(926,391)
Revaluation loss on fixed assets		**–**	128,562
Profit on sale of fixed assets		**(643,059)**	(749,576)
		44,451,095	38,493,392
Adjustments for:			
(Increase) / decrease in investments (excluding HTM investments)		**(40,824,967)**	(46,048,034)
(Increase) / decrease in advances		**(83,246,803)**	(83,996,310)
(Increase) / decrease in other assets		**(58,384,975)**	(26,780,613)
Increase / (decrease) in borrowings		**17,745,467**	23,221,660
Increase / (decrease) in deposits		**55,455,869**	102,267,247
Increase / (decrease) in other liabilities and provisions		**69,307,113**	37,503,627
		4,502,799	44,660,969
Direct taxes paid		**(17,492,141)**	(15,541,954)
Net Cash flow from / (used in) operating activities	(A)	**(12,989,342)**	29,119,015
Cash flow from investing activities			
Purchase of fixed assets (Including capital work in progress)		**(1,492,294)**	(2,007,122)
Proceeds from the sale of fixed assets		**2,190,887**	1,895,284
Decrease in HTM Investments		**–**	867,000
Net Cash flow from investing activities	(B)	**698,593**	755,162
Cash flow from financing activities			
Remittance to Head Office		**(6,458,386)**	(6,952,760)
Repayment of Subordinated debt		**–**	(2,000,000)
Interest on subordinated debt		**(658,411)**	(695,483)
Net cash flow from / (used in) financing activities	(C)	**(7,116,797)**	(9,648,243)
Net increase / (decrease) in cash and cash equivalents (A+B+C)		**(19,407,546)**	20,225,934
Cash and cash equivalents at the beginning of the year		**68,032,267**	47,806,333
Cash and cash equivalents at the end of the year		**48,624,721**	68,032,267

Note: Cash and Cash Equivalent represents

	Schedule	As at 31.3.2012 (₹ in 000s)	As at 31.3.2011 (₹ in 000s)
Cash and balances with the RBI	6	**33,353,316**	45,462,112
Balance with Banks and Money at call and short notice	7	**15,271,405**	22,570,155
Total		**48,624,721**	68,032,267

As per our report of even date

For Deloitte Haskins & Sells
Chartered Accountants
Firm Registration No: 117365W

Kalpesh J. Mehta
Partner
Membership No. 48791

Mumbai
22 June 2012

For Standard Chartered Bank – India Branches

Sunil Kaushal
Regional Chief Executive - India and South Asia

Anurag Adlakha
Chief Financial Officer - India and South Asia

Auditors' Report to the Management Committee of Standard Chartered Bank – India Branches under Section 30 of the Banking Regulation Act, 1949

The Chief Executive Officer
Standard Chartered Bank – India Branches

1. We have audited the attached Balance Sheet of STANDARD CHARTERED BANK- INDIA BRANCHES ("the Bank") as at 31 March 2012, the Profit and Loss Account and the Cash Flow Statement of the Bank for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Bank's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. Attention is invited to notes E (1) (i) and E (1) (ii) in Schedule 18 to the financial statements relating to claims of ₹322 million and inquiry proceedings against the Bank. We are unable to form an opinion on their outcome and consequently their effect, if any, on the results of Bank for the year.

4. We report thereon as follows:

   (a) The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949, read with Section 211 of the Companies Act, 1956.

   (b) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and have found them to be satisfactory.

   (c) In our opinion, the transactions of the Bank which have come to our notice have been within the powers of the Bank.

   (d) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books.

   (e) The financial accounting systems of the Bank are centralised and, therefore, accounting returns are not required to be submitted by the Branches.

   (f) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

   (g) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 in so far as they apply to banks.

   (h) In our opinion, subject to the effect of the adjustments in respect of matters referred in para 3 above, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Banking Regulation Act 1949 and the Companies Act, 1956 in the manner so required for banking companies and the Guidelines issued by the Reserve Bank of India from time to time and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (i) in the case of Balance Sheet, of the state of affairs of the Bank as at 31 March 2012;

      (ii) in the case of the Profit and Loss Account, of the profit of the Bank for the year ended on that date and

      (iii) in case of the Cash Flow Statement, of the cash flows of the Bank for the year ended on that date.

5. We report that during the course of our audit we have visited 9 Branches. Since the key operations of the Bank are completely automated with the key applications integrated to the core banking systems, the audit is carried out centrally at the Head Office as all the necessary records and data required for the purposes of our audit are available therein.

For Deloitte Haskins & Sells
Chartered Accountants
Firm Registration No: 117365W

Kalpesh J. Mehta
Partner
Membership No. 48791

Mumbai
22 June 2012

Risk review and disclosures under Basel II Framework
for the year ended 31 March 2012

1. Background

The Standard Chartered Group (SCB Group or the Group) is an international banking and financial services group particularly focused on the markets of Asia, Africa and the Middle East. It has a network of over 1,500 branches and outlets in more than 70 countries and territories; and over 86,000 employees. The Group is regulated by its home regulator, viz. Financial Services Authority (FSA), in the United Kingdom (UK).

SCB India (SCBI or the Bank) is a branch of Standard Chartered Bank UK, which is part of the SCB Group. The ultimate parent company of the Bank is Standard Chartered PLC, which is listed on the London Stock Exchange and the Stock Exchanges of Hong Kong and India. Indian branch operations are conducted in accordance with the banking license granted by the Reserve Bank of India (RBI) under the Banking Regulation Act, 1949.

2. Overview

The Basel Committee on Banking Supervision published a framework for International Convergence of Capital Measurement and Capital Standards (commonly referred to as Basel II), which replaced the original 1988 Basel I Accord. The RBI adopted the same in March 2008.

Basel II is structured around three "pillars" which are outlined below:

- Pillar 1 sets out minimum regulatory capital requirements – the minimum amount of regulatory capital banks must hold against the risks they assume;
- Pillar 2 sets out the key principles for supervisory review of a bank's risk management framework and its capital adequacy. It sets out specific oversight responsibilities for the Board and senior management, thus reinforcing principles of internal control and other corporate governance practices; and
- Pillar 3, covered in this report, aims to bolster market discipline through enhanced disclosure by banks.

Basel II provides three approaches of increasing sophistication to the calculation of credit risk capital; the Standardised Approach (SA), the Foundation Internal Ratings Based Approach and the advanced Internal Ratings Based Approach (IRB). Basel II also introduced capital requirements for operational risk (OR) for the first time.

3. Scope of Basel II Framework

3.1. Pillar 1

The SCB Group and local management of the Indian operations recognise that Basel II is a driver for continuous improvement of risk management practices and believe that adoption of leading risk management practices are essential for achieving its strategic intent. Accordingly, the Group has adopted the IRB model for the measurement of credit risk covering 79% of the portfolio. The Group applies Value at Risk (VaR) model for market risk capital. The Group applies The Standardised Approach for determining its OR capital requirements. SCBI has adopted RBI's prevailing Basel II regulations related to SA for credit and market risk and Basic Indicator Approach (BIA) for OR for computing local regulatory Pillar 1 capital.

In accordance with RBI guidelines, the Bank computes its capital under both Basel I and Basel II requirements. The minimum regulatory capital is the higher of Basel II and 80% of Basel I (prudential floor).

3.2. Pillar 2

Pillar 2 requires banks to undertake a comprehensive assessment of their risks and to determine the appropriate amounts of capital to be held against these risks where other suitable mitigants are not available. This risk and capital assessment is commonly referred to as an Internal Capital Adequacy Assessment Process (ICAAP). The range of risks that need to be covered by the ICAAP is much broader than Pillar 1, which covers only credit risk, market risk and OR.

The Group has developed an ICAAP framework which closely integrates the risk and capital assessment processes and ensures that adequate levels of capital are maintained to support the current and projected demand for capital under expected and stressed conditions. The ICAAP framework has been designed to be applied consistently across the organisation to meet the Pillar 2 requirements of local regulators. As a branch of a foreign bank in India, the India ICAAP is largely based on the Group ICAAP framework, so as to maintain consistency in reporting of the risk and capital management aspects. However, wherever necessary, local customisation has been incorporated to align with the RBI requirements as well.

3.3. Pillar 3

Pillar 3 aims to provide a consistent and comprehensive disclosure framework that enhances comparability between banks and further promotes improvements in risk management practices. The Bank has implemented the requirements laid down by RBI for Pillar 3 disclosure, covering both the qualitative and quantitative items. These are also published in the Bank's annual report and hosted on the Bank's website.

The risk related disclosures and analysis provided herein below, are primarily in the context of the disclosures required under the RBI's Pillar 3 – Market Discipline of the New Capital Adequacy Framework (commonly referred to as NCAF) and are in respect of SCBI, except where required and specifically elaborated, to include other Group entities operating in India. The information provided has been reviewed by senior management and is in accordance with the guidelines prescribed by the RBI.

Risk review and disclosures under Basel II Framework
for the year ended 31 March 2012 continued

3.4. Accounting and Prudential Treatment / Consolidation Framework

The consolidation norms for accounting are determined by the prevailing Indian Generally Accepted Accounting Principles (GAAP) viz. AS 21 Consolidated Financial Statements and AS 27 Financial Reporting of Interests in Joint Ventures. The regulatory requirements are governed by circulars and guidelines of the RBI. The differences between consolidation for accounting purposes and regulatory purposes are mainly on account of following reasons:

1) Control over other entities to govern the financial and operating policies of the subsidiaries or joint ventures

As per Indian GAAP, existence of control/joint control to govern the financial and operating policies of the subsidiary or joint venture is necessary for accounting consolidation. However, certain entities such as Non Banking Finance Companies (NBFC) have to be consolidated for regulatory capital adequacy purposes even where the above requirement is not fulfilled. Such cases are where the ability to control financial and operating policies of the entities legally vests with the Parent or Group entities and not with the India branch operations.

2) Nature of business of the entities to be consolidated

As per Indian GAAP, subsidiaries are not excluded from consolidation because of dissimilar nature of business activities between subsidiary and other entities within the Group. However, RBI regulations do not require consolidation of entities engaged in insurance business and businesses not pertaining to financial services.

3) Method of consolidation

The accounting consolidation methodology requires 'line by line' consolidation and elimination of all inter-group balances. However, for the purpose of regulatory consolidation under the capital adequacy framework, the risk weighted assets (RWA) and capital requirements for each entity can be computed separately by applying the Basel II norms as applicable for a bank and simply added together with that of the lead bank in the consolidated group. The Bank has adopted the latter approach for consolidation of entities for limited purpose of capital adequacy framework, as the accounting consolidation method is not appropriate considering the legal ownership pattern of the consolidated entities.

Details of the entities consolidated for regulatory purposes is summarised below:

Name of the entity	Status for regulatory purposes	Nature of business	Description of the entity	Type of consolidation
Standard Chartered Bank India Branches	Licensed bank in India	Banking and financial services	Branch operation of foreign bank viz. SCB, UK	Full
St. Helens Nominees India Pvt. Limited	Fully owned subsidiary of licensed bank	Nominee business-holding shares/debentures in limited companies on behalf of SCBI and customers. Security trusteeship business for SCBI.	Private Limited Company incorporated under Indian Companies Act	Full
Standard Chartered Investments and Loans India Limited	Entity controlled by licensed bank's Parent/ Group	Financial services acceptable for an NBFC, other than accepting public deposits, e.g. lending, investments, etc.	a) Private Limited Company incorporated under Indian Companies Act b) NBFC registered with RBI and categorised as non deposit taking systemically important NBFC	Full
Standard Chartered Securities (India) Limited	Entity controlled by licensed bank's Parent/ Group	Category I merchant banker, rendering broking services to retail and institutional customers and depository services	Limited Company incorporated under Indian Companies Act	Full

Quantitative Disclosures	
The aggregate amount of capital deficiencies in all subsidiaries not included in the consolidation, i.e., that are deducted and the name(s) of such subsidiaries.	NIL
The aggregate amounts (e.g., current book value) of the bank's total interests in insurance entities, which are risk-weighted, as well as, their name, their country of incorporation or residence, the proportion of ownership interest and, if different, the proportion of voting power in these entities. In addition, indicate the quantitative impact on regulatory capital of using this method versus using the deduction.	NIL

4. Capital Management

4.1. Objectives

The Bank's approach to capital management is driven by its desire to maintain a strong capital base to support the development of its business and meet regulatory capital requirements at all times.

4.2. Approach

Strategic, business and capital plans are drawn up annually covering a five year horizon. The plans ensure that adequate levels of capital and an optimum mix are maintained by the Bank to support its strategy. This is integrated with the Bank's annual planning process which takes into consideration business growth assumptions across products and the related impact on capital resources.

The capital plan takes the following into account:

- Regulatory capital requirements;
- Demand for capital due to business growth, market stresses and potential risks; and
- Available supply of capital and capital raising options.

The Group uses internal models and other quantitative techniques in its internal risk and capital assessment at an overall Group level. The Bank also considers additional risk types other than those considered under Pillar 1 as part of its ICAAP. Each material risk is assessed, relevant mitigants considered, and appropriate levels of capital determined.

Stress testing and scenario/sensitivity analysis are used to assess the Bank's ability to sustain operations during periods of extreme but plausible events. They provide an insight into the potential impact of significant adverse events on the Bank's earnings, risk profile and capital position and how these could be mitigated.

The capital that the Bank is required to hold by the RBI is mainly determined by its balance sheet, off-balance sheet and market risk positions, after applying collateral and other risk mitigants.

4.3. Governance

The Group operates processes and controls to monitor and manage capital adequacy across the organisation. At a country level, capital is maintained on the basis of the local regulator's requirements. It is overseen by the country Asset and Liability Committee (ALCO), which is responsible for managing the country balance sheet, capital and liquidity, with the active support and guidance from Group ALCO (GALCO), Group Capital Management Committee (GCMC) and Group Treasury (GT). The responsibility of capital management has been assigned to a dedicated sub-group of ALCO, the Capital Management Group (CMG), which meets at least once a month.

Suitable processes and controls are in place to monitor and manage capital adequacy and ensure compliance with local regulatory ratios in all legal entities. These processes are designed to ensure that each entity and the consolidated Bank has sufficient capital available to meet local regulatory capital requirements at all times.

4.4. Mobility of Capital Resources

The Bank operates as a branch in India, hence under current RBI regulations it cannot raise capital externally. The Group's policy in respect of profit repatriation requires that each local entity should remit its profits that are considered surplus to local regulatory minimum requirements. The amount to be remitted/injected and the mix/mode of capital (Tier 1 v/s Tier 2) is determined in conjunction with GT, after taking into account local capital adequacy regulations and other relevant factors.

4.5. Capital Structure

Tier 1 capital mainly comprises of:

i) Capital funds injected by Head Office (HO).

ii) Net profits of each year retained as per statutory norms (currently 25%).

iii) Remittable net profits retained in India for meeting minimum regulatory capital requirements.

iv) Capital reserves created out of profits on account of sale of immovable properties / held to maturity investments, as per RBI regulations.

These above are not repatriable/distributable to HO as long as the Bank operates in India. Also, no interest is payable on the same.

Tier 2 capital mainly comprises of:

i) 45% of reserve created on periodic revaluation of immovable properties in accordance with the Indian GAAP.

ii) General provisions on standard (performing) assets created as per RBI regulations.

iii) Reserve created out of unrealised gain on revaluation of investments as per RBI regulations.

iv) Subordinated debts from HO in foreign currency. These are unsecured, unguaranteed and subordinated to the claims of other creditors, including without limitation, customer deposits and deposits by banks. Refer note 18(E)(4)(ii) of the financial statements for details of outstanding subordinated debts.

As per RBI regulations, Tier 2 capital cannot exceed 100% of Tier 1, subordinated debts cannot exceed 50% of Tier 1 and general provisions qualifying as Tier 2 is restricted to 1.25% of RWA.

Risk review and disclosures under Basel II Framework
for the year ended 31 March 2012 continued

4.6. Capital and RWA

	As at 31.3.2012		
	Solo Bank*		Consolidated Basis*
	Basel II (₹ in 000s)	Basel I (₹ in 000s)	Basel II (₹ in 000s)
Tier 1 Capital :	**102,082,696**	**102,449,575**	**107,767,442**
Head Office capital	6,757,992	6,757,992	6,757,992
Paid-up capital of subsidiaries / associates	–	–	5,075,257
Eligible reserves	110,843,234	110,843,234	112,089,270
Intangible assets	(13,562,380)	(13,562,380)	(14,197,315)
Unconsolidated subsidiaries / associates	(50)	(50)	(50)
Other regulatory adjustments	(1,956,100)	(1,589,221)	(1,957,712)
Tier 2 Capital :	**35,626,405**	**35,993,285**	**35,637,302**
Eligible revaluation reserves	4,790,992	4,790,992	4,790,992
General provision and other eligible reserves/provisions	6,432,392	6,432,392	6,444,900
Debt capital instruments eligible to be reckoned as capital funds and included in Lower Tier 2 (of which amount raised during the year Rs. Nil)	25,437,500	25,437,500	25,437,500
Less: Amortisation of qualifying subordinated debts	–	–	–
Other regulatory adjustments	(1,034,479)	(667,599)	(1,036,090)
Total Capital Base	**137,709,101**	**138,442,860**	**143,404,744**
Minimum Regulatory Capital Requirements			
Credit Risk	**96,136,043**	**89,113,873**	**96,775,462**
Standardised approach portfolios	76,007,125	–	76,646,544
Securitisation exposures	–	–	–
Counterparty Risk on FX and Derivatives	20,128,918	–	20,128,918
Market Risk - Standardised Duration Approach	**6,275,521**	**8,182,983**	**6,278,859**
Interest rate risk	5,887,134	7,794,597	5,887,134
Foreign exchange risk (including gold)	360,000	360,000	360,000
Equity Risk	28,387	28,386	31,725
Operational Risk – Basic Indicator Approach	**9,705,684**	**–**	**9,894,048**
Total Minimum Regulatory Capital Requirements	**112,117,248**	**97,296,856**	**112,948,369**
Risk Weighted Assets and Contingents:			
Credit Risk	1,068,178,257	990,154,145	1,075,282,901
Market Risk	69,728,012	90,922,038	69,765,101
Operational Risk – Basic Indicator Approach	107,840,933	–	109,933,855
Total Risk Weighted Assets and Contingents	**1,245,747,202**	**1,081,076,183**	**1,254,981,857**
Capital Ratios			
Tier 1 Capital	8.19%	9.48%	8.59%
Tier 2 Capital	2.86%	3.33%	2.84%
Total Capital	**11.05%**	**12.81%**	**11.43%**

	As at 31.3.2011		
	Solo Bank*		Consolidated Basis*
	Basel II (₹ in 000s)	Basel I (₹ in 000s)	Basel II (₹ in 000s)
Tier 1 Capital :	94,875,451	95,112,272	100,008,735
Head Office capital	6,757,992	6,757,992	6,757,992
Paid-up capital of subsidiaries / associates	–	–	4,954,257
Eligible reserves	96,500,910	96,500,910	97,105,847
Intangible assets	(6,572,523)	(6,572,523)	(6,990,933)
Unconsolidated subsidiaries / associates	(50)	(50)	(50)
Other regulatory adjustments	(1,810,878)	(1,574,057)	(1,818,378)
Tier 2 Capital :	31,763,949	32,000,770	31,775,055
Eligible revaluation reserves	5,492,144	5,492,144	5,492,144
General provision and other eligible reserves/provisions	5,016,161	5,016,161	5,027,267
Debt capital instruments eligible to be reckoned as capital funds and included in Lower Tier 2 (of which amount raised during the year Rs. Nil)	22,297,500	22,297,500	22,297,500
Less: Amortisation of qualifying subordinated debts	–	–	–
Other regulatory adjustments	(1,041,856)	(805,035)	(1,041,856)
Total Capital Base	126,639,400	127,113,042	131,783,790
Minimum Regulatory Capital Requirements			
Credit Risk	84,099,895	75,296,788	84,676,496
Standardised approach portfolios	67,131,734	–	67,708,335
Securitisation exposures	8,742	–	8,742
Counterparty Risk on FX and Derivatives	16,959,419	–	16,959,419
Market Risk - Standardised Duration Approach	2,797,700	3,718,467	2,808,087
Interest rate risk	2,409,313	3,330,080	2,409,313
Foreign exchange risk (including gold)	360,000	360,000	360,000
Equity Risk	28,387	28,387	38,774
Operational Risk – Basic Indicator Approach	9,033,741	–	9,263,439
Total Minimum Regulatory Capital Requirements	95,931,336	79,015,255	96,748,022
Risk Weighted Assets and Contingents:			
Credit Risk	934,443,284	836,630,978	940,849,953
Market Risk	31,085,556	41,316,299	31,200,971
Operational Risk – Basic Indicator Approach	100,374,903	–	102,927,099
Total Risk Weighted Assets and Contingents	1,065,903,743	877,947,277	1,074,978,023
Capital Ratios			
Tier 1 Capital	8.90%	10.83%	9.30%
Tier 2 Capital	2.98%	3.65%	2.96%
Total Capital	11.88%	14.48%	12.26%

* Solo bank represents the main licensed bank of the Group in India and consolidated basis includes Group controlled entities operating in India and consolidated for the limited purpose of capital adequacy framework.

Risk review and disclosures under Basel II Framework
for the year ended 31 March 2012 continued

5. Risk Management

The management of risk lies at the heart of the Bank's business. One of the main risks incurred arises from extending credit to customers through trading and lending operations. Beyond credit risk, the Bank is also exposed to a range of other risk types such as market, liquidity, operational, pension, country cross border, reputational and other risks that are inherent to its strategy, product range and geographical coverage.

5.1. Risk Management Framework (RMF)

Effective risk management is fundamental to being able to generate profits consistently and sustainably and is thus a central part of the financial and operational management of the Bank.

Through the RMF the Bank manages enterprise-wide risks, with the objective of maximising risk-adjusted returns, while remaining within its risk profile.

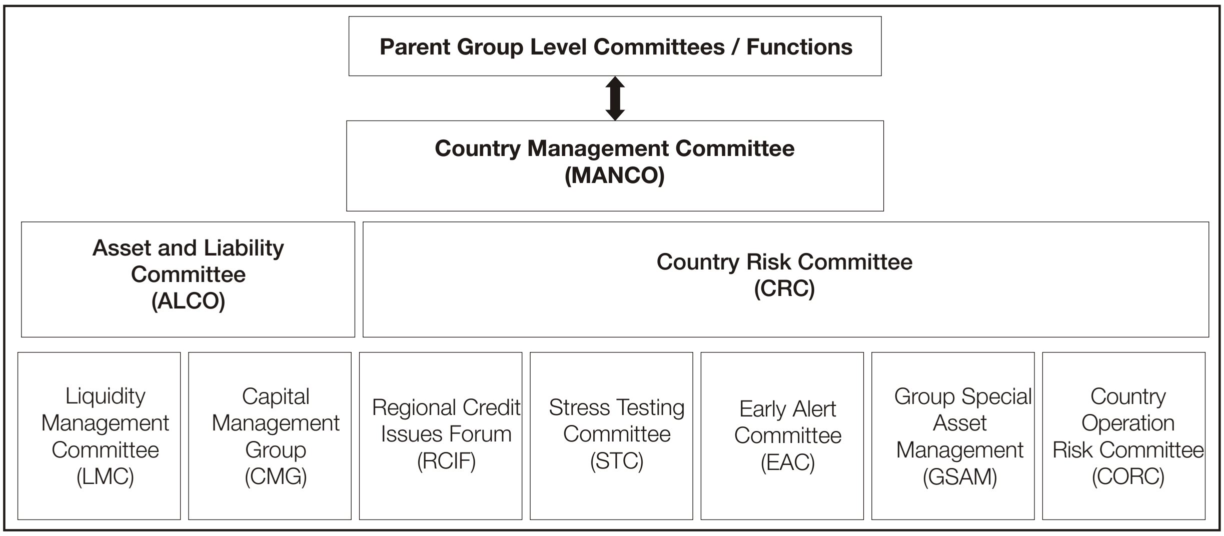
As part of this framework, the Bank uses a set of principles that describe the risk management culture it wishes to sustain:

- Balancing risk and return: risk is taken in support of the requirements of stakeholders, in line with the Bank's strategy and within its risk profile;
- Responsibility: it is the responsibility of all employees to ensure that risk-taking is disciplined and focused. The Bank takes account of its social responsibilities, and its commitment to customers in taking risk to produce a return;
- Accountability: risk is taken only within agreed authorities and where there is appropriate infrastructure and resource. All risk-taking must be transparent, controlled and reported;
- Anticipation: the Bank seeks to anticipate future risks and ensure awareness of all known risks;
- Competitive advantage: the Bank seeks to achieve competitive advantage through efficient and effective risk management and control.

The RMF establishes common principles and standards for the management of and control of all risks and to inform behaviour across the organisation. The core components of the RMF include risk classifications, risk principles and standards, definitions of roles and responsibilities and governance structure.

5.2. Risk Governance

The diagram below illustrates the high level risk committee structure.



The Bank's committee governance structure ensures that risk-taking authority and risk management policies are cascaded down from the MANCO to the appropriate functional, divisional and country-level committees. Information regarding material risk issues and compliance with policies and standards is communicated through the business and functional committees up to the Group-level committees, as appropriate.

Ultimate responsibility for implementing the risk appetite and effective management of risks of the Bank rests with the MANCO, headed by the Country Chief Executive Officer (CEO), with other members representing the functional heads of the businesses, control and support functions in India. It is responsible for the overall strategic direction of the Bank including management of its capital position, governance, including compliance with all local laws and regulations, internal policies, processes and standards mandated by the Group, and effective cooperation and coordination between the businesses. The MANCO comprises senior bankers who are well qualified, experienced and competent individuals and are well acknowledged in their respective fields.

The governance structure of the Bank also reflects the Group's functional structure, and therefore, the various functional heads and country committees have reporting lines to their Group functional heads and committees as well as to the Country CEO.

The following committees are the primary committees with oversight of risk and capital for the Bank on behalf of the MANCO:

- The ALCO, through its authority delegated by the MANCO, is responsible for the management of capital and liquidity ratios and the establishment of and compliance with policies relating to balance sheet management, including management of the Bank's liquidity, capital adequacy and structural foreign exchange and interest rate risk. ALCO is responsible for reviewing and approving the ICAAP stress test outcomes based on the stress testing scenario approved by MANCO. ALCO is chaired by the Country CEO. The ALCO's membership includes the business heads, Country Chief Risk Officer (CCRO), Chief Financial Officer (CFO), Head of Asset Liability Management (ALM) and Country Economist. ALCO meets monthly.

  The LMC is a sub-group of the ALCO which manages liquidity in the Bank. It draws its members from Finance, ALM and the businesses. The CMG is a sub-group of the ALCO which manages capital. It is chaired by the CFO and draws its members from Finance, Risk and the businesses.

- The CRC is responsible for the management of all risks, except those for which ALCO has direct responsibility, and for implementing the RMF. The CRC ensures that risk identification and measurement are objective, and compliance with regulations and Group standards and risk control and risk origination decisions are properly informed. CRC is chaired by the CCRO and its membership includes the CEO, the business heads, the CFO, and the Compliance Head. CRC meets bi-monthly.

  The STC is a subcommittee of the CRC. The STC comprises members from the Finance and Risk functions and the Country Economist. It is responsible for reviewing and challenging the stress scenario used in the ICAAP. The STC is also responsible for reviewing the results of the ongoing stress testing and providing recommendations to CRC. The STC is chaired by the CCRO and meets on a quarterly basis.

  The CORC is a sub-committee of the CRC. It is responsible for providing assurance to the MANCO and the Group Risk Committee (GRC) that the RMF is operating effectively in the country and that key risks are being managed. The CORC meets monthly to review the Bank's significant risk exposures and to ensure appropriateness and adequacy of mitigating action plans. The CEO is the chairman of the CORC and its membership includes the CCRO, business heads and support functions heads. The Group OR Policy governs the management of OR. Locally, this policy is managed by the CORC, which exercises oversight of the Bank's OR exposures to ensure that it is managed in a manner consistent with the RMF and controlled in line with risk appetite.

Roles and responsibilities for risk management are defined under a Three Lines of Defence model. Each line of defence describes a specific set of responsibilities for risk management and control (refer section 11 for further details).

5.3. The Risk Function

The CCRO manages the risk function which is independent of the businesses. The CCRO also chairs the CRC and is a member of the MANCO. The role of the Risk function is:

- To maintain the RMF, ensuring it remains appropriate to the Bank's activities and is effectively communicated and implemented across the Bank and for administering related governance and reporting processes.
- To uphold the integrity of the Bank's risk/return decisions, and in particular for ensuring that risks are properly assessed, that risk/return decisions are made transparently on the basis of this proper assessment, and are controlled in accordance with its standards.
- To exercise direct risk control ownership for credit, market, country cross-border, short-term liquidity and operational risk types.

The Risk function is independent of the origination, trading and sales functions to ensure that the necessary balance in risk/return decisions is not compromised by short-term pressures to generate revenues. This is particularly important given that most revenues are recognised immediately while losses arising from risk positions only manifest themselves over time.

In addition, the Risk function is a centre of excellence that provides specialist capabilities of relevance to risk management processes in the wider organisation.

5.4. Risk Appetite

The Group/Bank manages its risks to build a sustainable franchise in the interests of all stakeholders. Risk appetite is an expression of the amount of risk the Group is willing to take in pursuit of its strategic objectives, reflecting its capacity to sustain losses and continue to meet its obligations arising from a range of different stress trading conditions. When setting the risk appetite, it considers overall risk management strategy/approach and appropriate margin between actual risk exposure and its risk capacity.

At a country level, a detailed risk appetite assessment is performed annually, where the country portfolio is assessed for how it contributes towards upholding the Group's risk appetite statement and to assess key issues and potential concerns around the country's business strategy and portfolio composition. The assessment of the country portfolio's contribution to the Group's risk appetite is performed through a 'bottom-up' analytical approach at a business/customer segment/product level.

The risk appetite forms the basis for establishing the risk parameters within which the businesses must operate, including policies, concentration limits and business mix. The GRC and GALCO are responsible for ensuring that the Group's risk profile is managed in compliance with the risk appetite set by the Board; MANCO, CRC and ALCO are responsible for the same at country level.

Risk review and disclosures under Basel II Framework
for the year ended 31 March 2012 continued

5.5. Stress Testing

Stress testing and scenario/sensitivity analysis are used to assess the financial and management capability of the Group/Bank to continue operating effectively under extreme but plausible trading conditions. Such conditions may arise from economic, legal, political, environmental and social factors.

The Group's stress testing framework is designed to:

- Contribute to the setting and monitoring of risk appetite;
- Identify the key risks to strategy, financial position and reputation;
- Examine the nature and dynamics of the risk profile and assess the impact of stresses on profitability and business plans;
- Ensure effective governance, processes and systems are in place to co-ordinate and integrate stress testing;
- Inform senior management; and
- Ensure adherence to regulatory requirements.

A Group level STC, led by the Risk function with participation from the businesses, Group Finance, Global Research and GT, aims to ensure that the earnings and capital implications of specific stress scenarios are fully understood. The STC generates and considers pertinent and plausible scenarios that have the potential to adversely affect the Group/Bank's business.

The India STC leverages on work done by Group and, in addition, reviews scenarios specific to the local context, including for ICAAP. Stress tests/impact analysis done in India during 2011-12 included increased level of inflation, commodity price volatility assessment, fall in diamond prices, oil price increase, mortgage portfolio review, etc.

6. Credit Risk

Credit risk is the potential for loss due to the failure of counterparty to meet its obligations to pay the Bank in accordance with agreed terms. Credit exposures may arise from both, the banking and trading books.

Credit risk is managed through a framework that sets out policies and procedures covering the measurement and management of credit risk. There is a clear segregation of duties between transaction originators in the businesses and approvers in the Risk function. All credit exposure limits are approved within a defined credit approval authority framework.

6.1. Credit Policies

Group-wide credit policies and standards are considered and approved by the GRC, which also oversees the delegation of credit approval and loan impairment provisioning authorities. Policies and procedures specific to each business are established by authorised risk committees within Wholesale and Consumer Banking. These are consistent with the Group-wide credit policies, but are more detailed and adapted to reflect the different risk environments and portfolio characteristics. These Group policies/procedures are customised locally to incorporate any local regulatory and governance needs.

6.2. Credit Assessment Process

Wholesale Banking

Within the Wholesale Banking (WB) business a pre-sanction appraisal is carried out by the relationship manager through a Business Credit Application (BCA). BCA's are reviewed and duly approved by the relevant credit authority using an alphanumeric grading system for quantifying risks associated with counterparty. The grading is based on a probability of default measure, with customers analysed against a range of quantitative and qualitative measures. The numeric grades run from 1 to 14 and some of the grades are further sub-classified A, B or C. Lower credit grades are indicative of a lower likelihood of default. Credit grades 1A to 12C are assigned to performing customers or accounts, while credit grades 13 and 14 are assigned to non-performing or defaulted customers. The Bank's credit grades are not intended to replicate external credit grades, and ratings assigned by external ratings agencies are not used in determining the Bank's internal credit grades. Nonetheless, as the factors used to grade a borrower may be similar, a borrower rated poorly by an external rating agency is typically assigned a worse internal credit grade.

Loss Given Default (LGD), in addition to Exposure at Default (EAD), is used in the assessment of individual exposures and portfolio analysis. LGD is the credit loss incurred if an obligor defaults. It is used in the delegation of credit approval authority and must be calculated for every transaction to determine the appropriate level of approval. In accordance with the credit authority delegation, significant exposures are reviewed and approved centrally through a Group or regional/country level credit committee. All the credit facilities are subject to an annual credit review process.

The Bank's Credit Policy, including local/governance/regulatory needs, requires strict adherence to laid down credit procedures and deviations, if any, are approved and captured through the credit appraisal process. Sufficient checks are also undertaken at various levels, including Credit Risk Control, to ensure that deviations are justified and appropriately approved and would not result in any undue loss/risk to the Bank.

Consumer Banking

For Consumer Banking (CB), standard credit application forms are generally used, which are processed in central units using largely automated approval processes. Where appropriate to the customer, the product or the market, a manual approval process is in place. As with WB, origination and approval roles are segregated.

Sale of credit products is governed by the Direct Sales Representative Policy, which among other requirements, lays down policies governing recruitment, verification, training and monitoring of sales staff. Credit decisions are independent of the sales/marketing functions and there are clear and specific delegated authorities. Department level Key Control Standards and regular assurance reviews and audits ensure compliance to policy and delegated authorities.

Credit grades within CB are based on a probability of default calculated using IRB models. These models are based on application and behavioural scorecards which make use of external credit bureau information, as well as, the Bank's own data. In case of portfolios where such IRB models have not yet been developed, the probability of default is calculated using portfolio delinquency flow rates and expert judgement, where applicable. An alphanumeric grading system identical to that of the WB is used as an index of portfolio quality.

6.3. Credit Approval

Major credit exposures to individual counterparties, groups of connected counterparties and portfolios of retail exposures are reviewed and approved by the Group Credit Committee (GCC). The GCC derives its authority from the GRC. All other credit approval authorities are delegated by the GRC to individuals based on their judgement and experience, and based on a risk-adjusted scale which takes account of the estimated maximum potential loss from a given customer or portfolio. Credit origination and approval roles are segregated in all but a very few authorised cases. In those very few exceptions where they are not, originators can only approve limited exposures within defined risk parameters.

6.4. Credit Monitoring

The Bank regularly monitors credit exposures, portfolio performance and external trends which may impact risk management outcomes. Internal risk management reports are presented to risk committees, containing information on key environmental, political and economic trends across major portfolios, portfolio delinquency and loan impairment performance.

In WB, clients or portfolios are placed on 'Early Alert' when they display signs of actual or potential weakness. For example, where there is a decline in the client's position within the industry, financial deterioration, a breach of covenants, non-performance of an obligation within the stipulated period, or there are concerns relating to ownership or management. Such accounts and portfolios are subjected to a dedicated process overseen by the EAC. Client account plans and credit grades are re-evaluated. In addition, remedial actions are agreed and monitored. Remedial actions include, but are not limited to, exposure reduction, security enhancement, exiting the account or immediate movement of the account into the control of GSAM, the specialist recovery unit.

In CB, portfolio delinquency trends are monitored continuously at a detailed level. Individual customer behaviour is also tracked and is considered for lending decisions. Accounts which are past due are subject to a collections process, managed independently by the Risk function. Charged-off accounts are managed by a specialist recovery team. The small and medium-sized enterprise business is managed within CB in two distinct customer sub-segments, small businesses and medium enterprises, differentiated by the annual turnover of the counterparty. The credit processes are further refined based on exposure at risk. Larger exposures are managed through the Discretionary Lending approach, in line with WB procedures, and smaller exposures are managed through Programmed Lending, in line with CB procedures.

The CRC is responsible for the effective management of credit risk, among other risks. CRC's primary responsibilities in this regard include:

- Monitoring of all material credit risk exposures and key external trends;
- Approving key credit risk-related policies;
- Ensuring adherence to exposure limits and other credit risk-related policies ;
- Reviewing trends in composition, quality and concentration/correlation of the Bank's portfolio;
- Ensuring business is operating within the risk appetite; and
- Directing appropriate courses of action if material credit risk issues emerge.

The Regional Credit Issues Forum, chaired by the Regional Credit Officer, meets monthly to assess the impact of external events and trends on the credit risk profile and to initiate appropriate measures to realign the portfolio and underwriting standards where necessary.

The EAC, which meets monthly, is responsible for identifying and monitoring corporate customers showing potential signs of weakness and/or may be exposed to higher risks. The EAC reviews the existing Early Alert portfolio and new accounts presented to the committee. It is chaired by the CEO and its membership also includes Head of Origination and Client Coverage, Head of Global Markets the Country Credit Officer, Senior Credit Officer-WB, the CCRO, Head GSAM and Head of Credit Documentation Unit.

6.5. Concentration Risk

Credit concentration risk can arise from pools of exposures with similar characteristics which may lead to highly correlated changes in credit quality, for example individual large exposures or significantly large groups of exposures whose likelihood of default is driven by common underlying factors.

Credit concentration risk is governed by the Group's Large Exposure Policy and MANCO also approved the Local Lending Policy (LLP); adherence to these policies is managed by the CRC. Effectively, these policies are managed via portfolio standards and within concentration caps set for counterparties or groups of connected counterparties, and for industry sectors, credit grade bands for WB; and by products in CB. Credit concentration risk is principally managed based on two components: single-name borrower exposure and industry concentrations.

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For managing single-name concentrations, the Bank monitors compliance to the single and group borrower regulatory guidelines. The LLP establishes industry concentration limits. The CRC monitors adherence to these prescribed limits. Any excesses from the ceilings prescribed in the LLP are escalated to the CCRO or MANCO for approval in accordance with the escalation grid established in the LLP.

For CB, as part of the annual budget, the product mix of the portfolio and the secured/unsecured share is planned. The planned portfolio mix is monitored on a bi-monthly basis and reported to the CRC in country. In addition; quarterly reviews are conducted by the regional risk head.

Both WB and CB portfolios are reviewed periodically to ensure compliance with caps and risk appetite. In respect of industry/sectoral concentration caps, the CRC monitors adherence to approved limits based on a bi-monthly review of the Bank's portfolio.

6.6. Risk Reporting and Measurement

Risk measurement plays a central role, along with judgement and experience, in informing risk-taking and portfolio management decisions. It is a primary area for sustained investment and senior management attention.

Various risk measurement systems are available to risk officers to enable them to assess and manage the credit portfolio. As the Group has adopted IRB for credit risk under Basel II, these include systems to calculate Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) on a transaction, counterparty and portfolio basis. The Group has implemented a single risk reporting system to aggregate risk data. This is used to generate management information to assist business and Risk users with risk monitoring and management.

A number of internal risk management reports are produced on a regular basis, providing information on; individual counterparty, counterparty group, portfolio exposure, credit grade migration, the status of accounts or portfolios showing signs of weakness or financial deterioration, models performance and updates on credit markets. IRB portfolio metrics are widely used in these reports. Regular portfolio risk reports are made available at risk committee meetings.

6.7. Problem Credit Management and Provisioning

Credit monitoring is undertaken on a monthly basis. In addition, account conduct is also tracked on a monthly basis in terms of past dues, excesses, documentation, compliance with covenants and progress on exit accounts through the Account Subject To Additional Review Process (ASTAR). Potential problem credits are identified through the credit monitoring process and reported to the EAC for additional review. In addition, portfolio level review for both WB and CB is undertaken to track portfolio performance against local underwriting standards/Group policy. Outcomes of such reviews are placed before the CRC on a bi-monthly basis.

Wholesale Banking
Loans are classified as impaired and considered non-performing where analysis and review indicates that full payment of either interest or principal becomes questionable, or as soon as payment of interest or principal is 90 days or more overdue. Impaired accounts are managed by GSAM, which is independent of the main businesses.

Specific provisions are made in accordance with the Bank's internal policy, subject to minimum provisions required under the RBI guidelines. When all sources of recovery have been exhausted and no further source of recovery is apparent, then the debt is written off by applying the impairment provision held.

Consumer Banking
Within CB, an account is considered to be delinquent when payment is not received on the due date. For delinquency reporting purposes, the Bank follows international industry standards measuring delinquency as of 1, 30, 60, 90, 120 and 150 days past due. Accounts that are overdue by more than 30 days are closely monitored and subject to a specific collections process. Loans are classified as impaired and considered non-performing where analysis and review indicates that full payment of either interest or principal becomes questionable, or as soon as payment of interest or principal is 90 days or more overdue.

The process used for raising provisions is dependent on the product category and adheres to the Bank's internal policy, subject to minimum provisions required under the RBI guidelines. In case of unsecured products, outstanding balances are written off at 150 days past due except discretionary lending. Unsecured products under discretionary lending are fully provided for at 90 days past due. In case of secured products like Mortgages, provision is raised after considering the realisable value of the collateral. For all products there are certain accounts, such as, cases involving bankruptcy, fraud and death, where the loss recognition process is accelerated.

The Bank also maintains general provision as a percentage of performing standard advances (across both WB and CB) as prescribed by the RBI to cover the inherent risk of losses.

6.8. Quantitative Disclosures

a) Analysis of total gross credit risk exposures; fund based and non-fund based separately

Nature and Category of Exposures	As at 31.3.2012 Credit Risk Exposures (₹ in 000s)	As at 31.3.2011 Credit Risk Exposures (₹ in 000s)
Inter bank exposures	**15,271,405**	22,570,155
Investments (HTM)	–	–
Advances	**583,960,332**	502,173,557
Total gross fund based exposures	**599,231,737**	524,743,712
Specific provisions / Provisions for depreciation in the value of investment[1]	**(28,253,496)**	(9,408,988)
Total net fund based exposures	**570,978,241**	515,334,724
Fx and derivative contracts	**570,181,922**	484,006,712
Guarantees, acceptances, endorsements and other obligations	**280,491,942**	251,510,505
Other commitments and credit lines[2]	**41,692,366**	36,841,893
Total gross non-fund based exposures[3]	**892,366,230**	772,359,110
Specific provisions	**(737)**	(737)
Total net non fund based exposures	**892,365,493**	772,358,373

[1] Excluding provision on standard assets. (Previous Year: Excluding Floating provision and provision on standard assets).

[2] Excluding credit lines which are unconditionally cancellable at the Bank's sole discretion or, effectively provide for automatic cancellation of credit lines due to deterioration of borrower's creditworthiness.

[3] For non-fund based exposures, credit risk exposures or, equivalents are computed as under:

- In case of exposures other than Fx and derivative contracts, credit equivalent is arrived at by multiplying the underlying contract or notional principal amounts with the credit conversion factors prescribed by the RBI under the Basel II capital framework.
- In case of Fx and derivative contracts, credit equivalents are computed using the current exposure method which includes, two steps as under:
  - Computation of current credit exposure, which is sum of the positive MTM value of the outstanding contracts.
  - Potential future credit exposure, which is determined by multiplying the notional principal amounts by the relevant 'add-on' factor based on tenor and type of underlying contracts.

b) Analysis of geographic distribution of exposures; fund based and non-fund based separately

As all the exposures under Para 6.8.a) above are domestic, the analysis of geographic distribution of exposures into fund and non-fund based has not been disclosed separately.

c) Analysis of industry wise distribution of exposures; fund based and non-fund based separately

	As at 31.3.2012			As at 31.3.2011		
	Credit Risk Exposures			Credit Risk Exposures		
Nature & category of industry	**Fund based (₹ in 000s)**	**Non-fund based (₹ in 000s)**	**Total (₹ in 000s)**	Fund based (₹ in 000s)	Non-fund based (₹ in 000s)	Total (₹ in 000s)
Coal	**519,267**	**204,145**	**723,412**	381,973	240,932	622,905
Mining	**19,866,281**	**2,879,306**	**22,745,587**	7,511,119	2,959,207	10,470,326
Iron & Steel	**13,211,811**	**10,502,334**	**23,714,145**	16,632,505	13,938,184	30,570,689
Other Metals & Metal Products	**19,962,078**	**11,552,939**	**31,515,017**	16,334,895	10,363,807	26,698,702
All Engineering	**27,340,817**	**32,358,548**	**59,699,365**	22,053,919	23,296,377	45,350,296
Of which:						
– Electronics	**6,905,773**	**12,271,638**	**19,177,411**	7,267,782	10,326,975	17,594,757
Cotton Textile s	**202,625**	**–**	**202,625**	521,069	–	521,069
Other Textiles	**22,471,402**	**2,784,106**	**25,255,508**	19,617,725	2,463,358	22,081,083
Sugar	**3,856,899**	**2,036,272**	**5,893,171**	3,089,349	2,047,799	5,137,148
Tea	**170,605**	**162,497**	**333,102**	70,112	80,967	151,079

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Nature & category of industry	As at 31.3.2012 Credit Risk Exposures Fund based (₹ in 000s)	Non-fund based (₹ in 000s)	Total (₹ in 000s)	As at 31.3.2011 Credit Risk Exposures Fund based (₹ in 000s)	Non-fund based (₹ in 000s)	Total (₹ in 000s)
Food Processing	**10,981,859**	**1,851,212**	**12,833,071**	10,439,031	734,294	11,173,325
Vegetables Oils (including Vanaspati)	**1,756,549**	**4,456,065**	**6,212,614**	2,393,845	6,571,801	8,965,646
Tobacco &Tobacco Products	**5,920,477**	**395,073**	**6,315,550**	4,256,530	425,321	4,681,851
Paper & Paper Products	**5,024,113**	**1,281,300**	**6,305,413**	4,723,795	1,056,006	5,779,801
Rubber & Rubber Products	**3,750,664**	**1,795,241**	**5,545,905**	3,531,445	2,751,497	6,282,942
Chemicals, Dyes, Paints etc.	**30,798,208**	**15,123,370**	**45,921,578**	27,328,194	14,304,817	41,633,011
Of which:						
– Fertiliser	**771,563**	**605,004**	**1,376,567**	577,618	2,193,602	2,771,220
– Petro-chemicals	**6,329,059**	**3,920,496**	**10,249,555**	6,087,610	3,350,744	9,438,354
– Drugs & Pharmaceuticals	**15,867,843**	**2,136,540**	**18,004,383**	12,931,961	1,790,118	14,722,079
Cements	**1,969,869**	**1,399,820**	**3,369,689**	2,388,575	781,234	3,169,809
Leather & Leather Products	**1,046,462**	**103,705**	**1,150,167**	1,201,724	140,066	1,341,790
Gems & Jewellery	**6,871,363**	**4,416,931**	**11,288,294**	6,785,659	4,192,962	10,978,621
Constructions	**12,527,397**	**11,773,637**	**24,301,034**	11,174,259	11,031,457	22,205,716
Petroleum	**603,692**	**13,107,004**	**13,710,696**	821,972	11,780,310	12,602,282
Automobiles including trucks	**13,203,721**	**8,563,014**	**21,766,735**	10,669,282	6,940,566	17,609,848
Computer software	**9,276,524**	**11,532,219**	**20,808,743**	8,040,251	8,717,049	16,757,300
Infrastructure	**55,492,130**	**28,743,064**	**84,235,194**	33,081,102	26,682,961	59,764,063
Of which:						
– Power	**1,678,028**	**4,629,905**	**6,307,933**	1,471,785	2,256,018	3,727,803
– Telecommunications	**34,453,595**	**11,509,085**	**45,962,680**	23,424,971	12,061,846	35,486,817
– Roads & Ports	**7,828,075**	**5,694,504**	**13,522,579**	5,347,280	8,113,535	13,460,815
NBFC and Trading	**66,435,889**	**13,854,382**	**80,290,271**	62,767,720	15,501,533	78,269,253
Mortgages	**76,404,850**	**–**	**76,404,850**	70,768,607	–	70,768,607
Real Estate	**52,032,218**	**2,756,976**	**54,789,194**	50,142,905	3,812,431	53,955,336
Other Retail Advances	**51,588,927**	**1,328,508**	**52,917,435**	51,757,017	1,328,508	53,085,525
Others	**70,673,635**	**95,530,274**	**166,203,909**	53,688,978	79,367,061	133,056,039
Total Gross Advances	**583,960,332**	**280,491,942**	**864,452,274**	502,173,557	251,510,505	753,684,062
Specific provisions	**(28,253,496)**	**(737)**	**(28,254,233)**	(9,408,988)	(737)	(9,409,725)
Total Net Advances	**555,706,836**	**280,491,205**	**836,198,041**	492,764,569	251,509,768	744,274,337
Total Inter-bank exposures	**15,271,405**	**–**	**15,271,405**	22,570,156	–	22,570,156
Total Investments (HTM)	**–**	**–**	**–**	–	–	–

Fund based exposure comprises loans and advances, inter-bank exposures and HTM Investments. Non-fund based exposure comprises guarantees, acceptances, endorsements and letters of credit.

d) Analysis of residual contractual maturity of assets

	As at 31.3.2012					
	Cash and Bank balances with RBI (₹ in 000s)	Balances with Banks and money at call and short notice (₹ in 000s)	Investments (₹ in 000s)	Advances (₹ in 000s)	Fixed Assets (₹ in 000s)	Other Assets (₹ in 000s)
1day (d)	**5,781,206**	**8,602,555**	**67,635,432**	**17,370,417**	**–**	**16,634,609**
2d-7d	**1,421,243**	**4,894,050**	**11,546,171**	**37,761,586**	**–**	**969,253**
8d - 14d	**1,086,978**	**55,000**	**6,053,338**	**42,183,857**	**–**	**1,499,440**
15d - 28d	**2,359,677**	**242,500**	**13,140,947**	**24,717,975**	**–**	**3,510,537**
29d - 3month(m)	**7,261,062**	**1,477,300**	**40,630,828**	**115,256,562**	**–**	**84,306,964**
3m - 6m	**2,768,041**	**–**	**15,994,785**	**65,184,922**	**–**	**58,131,516**
6m - 1year (y)	**3,129,427**	**–**	**39,333,845**	**37,451,249**	**–**	**36,977,595**
ly - 3y	**7,960,167**	**–**	**47,227,280**	**80,507,701**	**–**	**62,721,164**
3y- 5y	**57,051**	**–**	**21,833,114**	**30,326,616**	**–**	**33,869,341**
>5y	**1,528,464**	**–**	**7,407,269**	**104,939,203**	**25,269,569**	**15,401,473**
Total	**33,353,316**	**15,271,405**	**270,803,009**	**555,700,088**	**25,269,569**	**314,021,892**

	As at 31.3.2011					
	Cash and Bank balances with RBI (₹ in 000s)	Balances with Banks and money at call and short notice (₹ in 000s)	Investments (₹ in 000s)	Advances (₹ in 000s)	Fixed Assets (₹ in 000s)	Other Assets (₹ in 000s)
1day (d)	11,196,487	15,438,555	63,048,254	9,513,947	–	13,883,709
2d-7d	1,578,458	5,088,100	6,313,833	31,785,610	–	1,017,612
8d - 14d	1,738,225	487,000	6,952,901	36,680,739	–	898,033
15d - 28d	2,605,837	519,000	10,423,349	33,648,598	–	3,324,509
29d - 3month (m)	7,957,269	1,037,500	31,829,078	88,063,409	–	50,507,012
3m - 6m	4,165,173	–	21,454,680	52,118,760	–	22,529,451
6m - 1year (y)	3,800,444	–	32,937,560	47,842,655	–	25,803,358
1y - 3y	10,436,922	–	45,032,078	74,296,195	–	63,667,044
3y - 5y	59,678	–	5,627,396	19,693,642	–	52,534,943
> 5y	1,923,619	–	5,057,385	98,364,373	25,932,846	12,069,466
Total	45,462,112	22,570,155	228,676,514	492,007,928	25,932,846	246,235,137

The above has been prepared on similar guidelines as used for the statement of structural liquidity.

e) Details of Non-Performing Assets (NPAs) - Gross and Net

Particulars	**As at 31.3.2012 (₹ in 000s)**	As at 31.3.2011 (₹ in 000s)
Sub Standard	**8,331,132**	4,320,945
Doubtful	**6,417,573**	5,316,344
– Doubtful 1	**2,871,767**	4,160,490
– Doubtful 2	**3,091,449**	855,777
– Doubtful 3	**454,357**	300,077
Loss	**17,372,857**	1,840,595
Gross NPAs	**32,121,562**	11,477,884
Provisions	**(28,253,496)**	(10,158,988)
Net NPAs	**3,868,066**	1,318,896
Cover ratio	**87.96%**	88.51%

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f) NPA Ratios

	As at 31.3.2012	As at 31.3.2011
Gross NPAs to gross advances	**5.50%**	2.29%
Net NPAs to net advances	**0.70%**	0.27%

g) Movement of NPAs

	For the year ended 31.3.2012		For the year ended 31.3.2011	
	Gross (₹ in 000s)	Net (₹ in 000s)	Gross (₹ in 000s)	Net (₹ in 000s)
Balance, beginning of the year	**11,477,884**	**1,318,896**	10,955,995	5,804,875
Additions during the year	**26,076,669**	**2,963,735**	9,855,055	1,854,761
Reductions during the year	**(5,432,991)**	**(414,565)**	(9,333,166)	(6,340,740)
Balance, end of the year	**32,121,562**	**3,868,066**	11,477,884	1,318,896

h) Movement of provisions for NPAs

	For the year ended 31.3.2012 (₹ in 000s)	For the year ended 31.3.2011 (₹ in 000s)
Balance, beginning of the year	**10,158,988**	5,151,120
Add: Provisions during the year	**23,112,934**	11,753,012
Less: Utilisation / Writeback of provisions no longer required	**(5,018,426)**	(6,745,144)
Balance, end of the year	**28,253,496**	10,158,988

i) Amount of non-performing Investments and amount of provisions held for non-performing investments

	For the year ended 31.3.2012 (₹ in 000s)	For the year ended 31.3.2011 (₹ in 000s)
Balance, beginning of the year	**45,092**	44,821
Additions during the year	**–**	271
Reductions during the year	**–**	–
Balance, end of the year	**45,092**	45,092
Total provisions held at the end of the year	**45,092**	45,092

j) Movement of provisions for depreciation on investments

	For the year ended 31.3.2012 (₹ in 000s)	For the year ended 31.3.2011 (₹ in 000s)
Balance, beginning of the year	**2,800,307**	3,726,698
Add: Provisions during the year	**573**	271
Less: Utilisation/writeback of provisions no longer required	**(1,532,771)**	(926,662)
Balance, end of the year	**1,268,109**	2,800,307

6.9. Credit Risk: Disclosures for portfolios subject to the standardised approach

As per the provisions of the Basel II framework in India, all banks have to mandatorily adopt a SA for measurement of credit risk. The risk weights applied under the SA are prescribed by the RBI and are based on the asset class to which the exposure is assigned. This approach permits use of external ratings for credit exposures to counterparties in the category of sovereigns, international banks, corporate and securitisation exposures. The specified credit rating agencies used for these types of exposures are as under:

Domestic Credit Rating Agencies	International Credit Rating Agencies
Credit Rating Information Services of India Limited	Standard and Poors
ICRA Limited	Moody's
Fitch Limited	
Credit Analysis and Research Limited	

The process used to transfer public issue ratings onto comparable assets in the banking book is in accordance with the requirements laid down by RBI. Rated facilities have been considered as those facilities where the Bank's exposure has been explicitly considered; else, the exposure has been treated by the Bank as unrated.

Analysis of outstanding credit exposures (after considering credit mitigation) and credit risk by regulatory risk weight

As at 31.3.2012

Nature & category of exposures	**Total gross credit exposure (₹ in 000s)**	**Credit risk mitigation (₹ in 000s)**	**Net exposure (before provision) (₹ in 000s)**	**Credit risk weight buckets summary < 100% (₹ in 000s)**	**100% (₹ in 000s)**	**> 100% (₹ in 000s)**	**Deduction from capital (₹ in 000s)**
Inter bank exposures	**15,271,405**	**–**	**15,271,405**	**15,271,405**	**–**	**–**	**–**
Investments (HTM)	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Advances	**583,960,332**	**(8,798,497)**	**575,161,835**	**101,526,307**	**407,223,244**	**66,412,284**	**–**
Total fund based exposures	**599,231,737**	**(8,798,497)**	**590,433,240**	**116,797,712**	**407,233,244**	**66,412,284**	**–**
Fx and derivative contracts	**570,181,922**	**–**	**570,181,922**	**462,708,718**	**106,853,499**	**619,705**	**–**
Guarantees, Acceptances, endorsements and other obligations	**280,491,942**	**(3,816,576)**	**276,675,366**	**97,434,092**	**171,835,151**	**6,077,615**	**1,328,508**
Undrawn Commitments and others	**41,692,366**	**–**	**41,692,366**	**3,275,754**	**37,675,042**	**1,223**	**740,347**
Total non fund based exposures	**892,366,230**	**(3,816,576)**	**888,549,654**	**563,418,564**	**316,363,692**	**6,698,543**	**2,068,855**

As at 31.3.2011

Nature & category of exposures	Total gross credit exposure (₹ in 000s)	Credit risk mitigation (₹ in 000s)	Net exposure (before provision) (₹ in 000s)	Credit risk weight buckets summary < 100% (₹ in 000s)	100% (₹ in 000s)	> 100% (₹ in 000s)	Deduction from capital (₹ in 000s)
Inter-bank exposures	22,570,155	–	22,570,155	22,570,155	–	–	–
Investments (HTM)	–	–	–	–	–	–	–
Advances	502,173,557	(2,955,281)	499,218,276	101,409,762	349,890,425	47,918,089	–
Total fund based exposures	524,743,712	(2,955,281)	521,788,431	123,979,917	349,890,425	47,918,089	–
Fx and derivative contracts	484,006,712	–	484,006,712	393,713,710	90,209,392	83,610	–
Guarantees, acceptances, endorsements and other obligations	251,510,505	(984,693)	250,525,812	72,402,316	173,896,570	2,898,418	1,328,508
Undrawn commitments and others	36,841,893	–	36,841,893	1,960,000	34,142,258	12,088	727,547
Total non-fund based exposures	772,359,110	(984,693)	771,374,417	468,076,026	298,248,220	2,994,116	2,056,055

6.10. Credit risk mitigation: Disclosures for standardised approaches

Potential credit losses from any given account, customer or portfolio are mitigated using a range of tools such as collateral, netting agreements and guarantees. The reliance that can be placed on these mitigants is carefully assessed in light of issues such as legal certainty and enforceability, market valuation correlation and counterparty risk of the guarantor.

Risk mitigation policies determine the eligibility of collateral types. Collateral types for credit risk mitigation include cash; residential, commercial and industrial property; fixed assets such as motor vehicles, aircraft, plant and machinery; marketable securities; commodities; bank guarantees and letters of credit.

The above collateral types are applicable to all customer segments, including, corporates and financial institutions, though exposures to banks are generally non-collateralised. There are well laid down policies and processes for valuation/revaluation of collaterals, covering source of valuation, independent professional valuations, hair-cuts/margins on collateral market values, re-margining requirements and re-assessment of credit limits. However, from a local regulatory perspective, the main "eligible" collaterals under the SA are restricted to cash (including fixed deposits) and units of mutual funds. These are mainly collateral against retail loans.

Risk review and disclosures under Basel II Framework
for the year ended 31 March 2012 continued

Collateral is valued in accordance with the Bank's risk mitigation policy, which prescribes the frequency of valuation for different collateral types. The valuation frequency is driven by the level of price volatility of each type of collateral and the nature of the underlying product or risk exposure. Collateral held against impaired loans is maintained at fair value, which is revalued at least annually as prescribed in risk mitigation policy and procedures. In case of stock and book debts, monthly statements are obtained from the clients. In case of marketable securities listed on recognised exchanges, the valuation frequency is daily.

Guarantees taken can be categorised as follows:

- Guarantee from a bank (including central banks), or surety bond which is repayable on demand.
- Guarantee from a related corporate (including government owned commercial enterprises).
- Guarantee from an unconnected corporate.
- Guarantee from a government department, or an entity classified as government risk (excluding those classified as banks or commercial enterprises).
- Guarantee or indemnity from a SCB Group entity (subsidiary/associate or branch).
- Guarantee from one or more individuals.

	As at 31.3.2012 (₹ in 000s)	As at 31.3.2011 (₹ in 000s)
Exposure covered by eligible financial collateral after application of haircuts	**30,199,352**	7,970,553
Exposure covered by guarantees	**9,067,203**	1,628,466

6.11. Securitisation: Disclosure for standardised approach

Securitisation transactions are generally undertaken with the objective of credit risk transfer, liquidity management, meeting regulatory requirements, such as, capital adequacy, priority sector lending and asset portfolio management. The Bank participates in securitisations in the role of originator, as well as, investor. In general, it provides credit enhancement services (as originator or as a third party), liquidity facilities, interest rate derivative products and acts as a service provider.

The key risks inherent in securitisation transactions include:

- Credit risk/market risk: risk arising on account of payment delinquencies from underlying obligors/borrowers in the assigned pool.
- Liquidity risk: risk arising on account of lack of secondary market to provide ready exit options to the investors/participants.
- Interest rate/currency risk: mark to market risks arising on account of interest rate/currency fluctuations.
- Prepayment risk: prepayments in the securitised pool results in early amortisation and loss of future interest to the investor on the prepaid amount.
- Co-mingling risk: risk arising on account of co-mingling of funds belonging to investor(s) with that of the originator and/or collection and processing servicer, when there exists a time lag between collecting amounts due from the obligors and payment made to the investors.

Monitoring credit risk
The Bank in the capacity of collection and processing agent prepares monthly performance reports which are circulated to investors/assignees/rating agencies. The securitised pools are continuously monitored and those requiring attention are subjected to specific interventions (e.g. focused collection efforts in affected geographies etc.) to improve their performance.

The risk assessment of the pools is done continuously by the rating agencies based on amortisation level, collection efficiency, credit enhancement utilisation levels and credit cover available for balance deal tenor.

The Bank has not used credit risk mitigants to mitigate retained risks.

The Bank provides credit enhancements in the form of cash deposits or guarantees in its securitisation transactions and also provides credit enhancement as a third party. The Bank makes appropriate provisions for any delinquency losses assessed at the time of sale as well as over the life of the securitisation transactions in accordance with the RBI guidelines.

Valuation
Pass Through Certificates (PTC) purchased have been marked to market on the basis of the Base Yield Curve and the applicable spreads as per the spread matrix relative to the Weighted Average Maturity of the paper as notified by Fixed Income Money Market and Derivative Association of India (FIMMDA).

Summary of the Bank's accounting policies for securitisation activities
Refer note 18(D)(3) of the financial statements.

<u>Regulatory capital approach</u>
As per the provisions of the Basel II framework, all banks have to mandatorily adopt SA for capital treatment of securitisation transactions. This approach requires use of external rating agencies for risk weighting securitisation exposures. The credit rating agencies used by the Bank for these types of exposures are those recognised by the RBI (refer section 6.9 above).

Quantitative Disclosures

6.11.1. Banking Book

a) The outstanding exposures securitised by the Bank as on 31 March 2012: ₹3,625,171 (Previous Year: ₹4,971,141).

b) Securitisation losses recognised by the Bank during 2011-12

	For the year ended 31.3.2012	
Exposure Type	**Underlying Security Outstanding (₹ in 000s)**	**Losses (₹ in 000s)**
Corporate Loans	–	–

	For the year ended 31.3.2011	
Exposure Type	Underlying Security Outstanding (₹ in 000s)	Losses (₹ in 000s)
Personal Loans (sale without recourse)	246,690	541

c) Assets intended to be securitised within a year – NIL (Previous Year: NIL).
The securitisation transactions are undertaken on a need basis to meet the objectives as disclosed above.

d) The total amount of exposures securitised with unrecognised gain / (loss)

	As at 31.3.2012	
Exposure Type	**Outstanding (₹ in 000s)**	**Unrecognised gain/(Loss) (₹ in 000s)**
Housing Loans	**3,534,271**	**60,045**
Corporate Loans	**90,900**	**45**

	As at 31.3.2011	
Exposure Type	Outstanding (₹ in 000s)	Unrecognised gain/(Loss) (₹ in 000s)
Housing Loans	4,724,451	77,513
Corporate Loans	246,690	289

e) Securitisation exposures retained or purchased

	As at 31.3.2012	
Exposure Type	**On Balance Sheet (₹ in 000s)**	**Off Balance Sheet (₹ in 000s)**
Housing Loans	**755,104**	**1,328,508**
Vehicle Loans	**–**	**–**
	755,104	**1,328,508**

	As at 31.3.2011	
Exposure Type	On Balance Sheet (₹ in 000s)	Off Balance Sheet (₹ in 000s)
Housing Loans	755,104	1,328,508
Vehicle Loans	–	194,277
Total	755,104	1,522,785

f) Aggregate amount of securitisation exposures retained or purchased and the associated capital charges

	As at 31.3.2012			
Exposure Type	**<100% risk weight (₹ in 000s)**	**100% risk weight (₹ in 000s)**	**>100% risk weight (₹ in 000s)**	**Total (₹ in 000s)**
Vehicle Loans	–	–	–	–
Capital Charge	–	–	–	–

Risk review and disclosures under Basel II Framework
for the year ended 31 March 2012 continued

	As at 31.3.2011			
Exposure Type	<100% risk weight (₹ in 000s)	100% risk weight (₹ in 000s)	>100% risk weight (₹ in 000s)	Total (₹ in 000s)
Vehicle Loans	194,277	–	–	194,277
Capital Charge	8,742	–	–	8,742

g) Securitisation exposures deducted from capital

	As at 31.3. 2012		
Exposure Type	**Exposures deducted entirely from Tier-1 capital (₹ in 000s)**	**Credit enhancing I/Osdeducted from total capital (₹ in 000s)**	**Other exposures deducted from total capital (₹ in 000s)**
Housing Loans	**–**	**–**	**2,083,612**

	As at 31.3.2011		
Exposure Type	Exposures deducted entirely from Tier-1 capital (₹ in 000s)	Credit enhancing I/Os deducted from total capital (₹ in 000s)	Other exposures deducted from total capital (₹ in 000s)
Housing Loans	–	–	2,083,612

6.11.2. Trading Book

a) There are no outstanding exposures securitised for which the Bank has retained any exposure which is subject to Market Risk.

b) Securitisation exposures retained or purchased – On Balance Sheet and Off Balance Sheet.

	As at 31.3.2012	
Exposure Type	**On Balance Sheet (₹ in 000s)**	**Off Balance Sheet (₹ in 000s)**
Vehicle Loans	**20,103,014**	**–**
SME Loans	**5,436,505**	**–**
Total	**25,539,519**	**–**

	As at 31.3.2011	
Exposure Type	On Balance Sheet (₹ in 000s)	Off Balance Sheet (₹ in 000s)
Vehicle Loans	11,637,669	–

c) Securitisation exposures retained or purchased

	As at 31.3.2012 Total (₹ in 000s)
Exposures subject to Comprehensive Risk Measure for specific risk	**25,539,519**

Exposure Type	**<100% risk weight (₹ in 000s)**	**100% risk weight (₹ in 000s)**	**>100% risk weight (₹ in 000s)**	**Total (₹ in 000s)**
Exposures subject to the securitisation frame work for specific risk	**25,539,519**	**–**	**–**	**25,539,519**

	As at 31.3.2011 Total (₹ in 000s)
Exposures subject to Comprehensive Risk Measure for specific risk	11,637,669

Exposure Type	<100% risk weight (₹ in 000s)	100% risk weight (₹ in 000s)	>100% risk weight (₹ in 000s)	Total (₹ in 000s)
Exposures subject to the securitisation frame work for specific risk	11,637,669	–	–	11,637,669

d) Aggregate amount of the capital requirements for the securitisation exposures

Risk Weight Bands	**As at 31.3.2012 Capital Requirement (₹ in 000s)**
<100% risk weight	**459,082**
100% risk weight	**–**
>100% risk weight	**–**
Total	**459,082**

Risk Weight Bands	As at 31.3.2011 Capital Requirement (₹ in 000s)
<100% risk weight	208,178
100% risk weight	–
>100% risk weight	–
Total	208,178

e) Securitisation exposures deducted from capital

	As at 31.3.2012		
Exposure Type	**Exposures deducted entirely from Tier-1 capital (₹ in 000s)**	**Credit enhancing I/Os deducted from total capital (₹ in 000s)**	**Other exposures deducted from total capital (₹ in 000s)**
	–	**–**	**–**

	As at 31.3.2011		
Exposure Type	Exposures deducted entirely from Tier-1 capital (₹ in 000s)	Credit enhancing I/Os deducted from total capital (₹ in 000s)	Other exposures deducted from total capital (₹ in 000s)
	–	–	–

7. Market Risk

The Bank recognises market risk as the potential for loss of earnings or economic value due to adverse changes in financial market rates or prices. The Bank is exposed to market risk arising principally from customer-driven transactions. The objective of the Bank's market risk policies and processes is to obtain the best balance of risk and return while meeting customers' requirements.

The primary categories of market risk for the Group/Bank are interest rate risk, currency exchange rate risk, commodity price risk and equity price risk.

7.1. Market Risk Governance

The GRC approves the Group's market risk appetite taking account of market volatility, the range of products and asset classes, business volumes and transaction sizes. The Group Market Risk Committee (GMRC), under authority delegated by the GRC, is responsible for setting VaR and stress loss triggers for market risk within the Group's risk appetite. The GMRC is also responsible for policies and other standards for the control of market risk and overseeing their effective implementation. These policies cover both trading and non-trading books. At a country level, there is an independent market risk function to implement Group market risk policies/limits and to monitor the market risk exposures in accordance with both Group and local governance/regulatory norms.

Risk review and disclosures under Basel II Framework
for the year ended 31 March 2012 continued

Group Market Risk (GMR) approves the limits within delegated authorities and monitors exposures against these limits. Additional limits are placed on specific instruments and position concentrations, where appropriate. Sensitivity measures are used in addition to VaR as risk management tools. For example, interest rate sensitivity is measured in terms of exposure to a one basis point increase in yields, whereas, foreign exchange, commodity and equity sensitivities are measured in terms of the underlying values or amounts involved. Option risks are controlled through revaluation limits on underlying price and volatility shifts, limits on volatility risk and other variables that determine the options' value.

The CRC, in conjunction with GMR, provides market risk oversight, reporting and management of the market risk profile.

Value at Risk
The Bank measures the risk of losses arising from future potential adverse movements in market rates, prices and volatilities using a VaR methodology. VaR, in general, is a quantitative measure of market risk that applies recent historical market conditions to estimate the potential future loss in market value that will not be exceeded in a set time period at a set statistical confidence level. VaR provides a consistent measure that can be applied across trading businesses and products over time and can be set against actual daily trading profit and loss outcome. VaR is calculated for expected movements over a minimum of one business day and to a confidence level of 97.5 per cent. This confidence level suggests that potential daily losses, in excess of the VaR measure, are likely to be experienced six times per year.

Back Testing
To assess their predictive power, VaR models are back tested against actual results. Back testing is conducted daily against clean profit and loss, which is the actual profit and loss for a given business day, adjusted to remove the effect of certain items unrelated to market risk.

Stress Testing
Losses beyond the confidence interval are not captured by a VaR calculation, which therefore gives no indication of the size of unexpected losses in these situations. GMR complements the VaR measurement by regularly stress testing market risk exposures to highlight potential risk that may arise from extreme market events that are rare but plausible.

Stress testing is an integral part of the market risk management framework and considers both, historical market events and forward looking scenarios. A consistent stress testing methodology is applied to trading and non-trading books. The stress testing methodology assumes that scope for management action would be limited during a stress event, reflecting the decrease in market liquidity that often occurs. Stress scenarios are regularly updated to reflect changes in risk profile and economic events.

Regular stress test scenarios are applied to interest rates, credit spreads, exchange rates and equity prices thereby covering asset classes in the Financial Markets (FM) non-trading and trading books. Ad hoc scenarios are also prepared, reflecting specific market conditions and for particular concentrations of risk that arise within the businesses.

7.2. Foreign Exchange Exposure

The foreign exchange exposures comprise trading and non-trading foreign currency translation exposures. Foreign exchange trading exposures are principally derived from customer driven transactions.

7.3. Interest Rate Exposure

The interest rate exposures arise from trading and non-trading activities. Structural interest rate risk arises from the differing re-pricing characteristics of commercial banking assets and liabilities.

7.4. Derivatives

Refer note 18(E)(4)(xxii)(b) of the financial statements for qualitative disclosures related to derivatives.

For quantitative details, refer "Minimum Regulatory Capital Requirements" under para 4.6 of this disclosure.

8. Interest Rate Risk in the Banking Book (IRRBB)

Interest rate risk from across the non-trading book portfolios is transferred to FM where it is managed by the local ALM desk under the supervision of ALCO. The ALM desk deals in the market in approved financial instruments in order to manage the net interest rate risk, subject to approved VaR and risk limits. VaR and stress tests are applied to non-trading book exposures in the same way as for the trading book. Impact on earnings for upward/downward rate shock of 200 basis points test is done every quarter end.

Impact on earnings for upward/downward rate shock of 200 basis points, broken down by currency, is as follows:

	As at 31.3.2012	
Currency	**If interest rates were to go up by 200 basis points (₹ in 000s)**	**If interest rates were to go down by 200 basis points (₹ in 000s)**
INR	**1,889,137**	**(1,889,137)**
USD	**254,567**	**(254,567)**
EUR	**(57,536)**	**57,536**
GBP	**(104,531)**	**104,531**
JPY	**(12,000)**	**12,000**
Total	**1,969,637**	**(1,969,637)**

	As at 31.3.2011	
Currency	If interest rates were to go up by 200 basis points (₹ in 000s)	If interest rates were to go down by 200 basis points (₹ in 000s)
INR	564,412	(564,412)
USD	628,621	(628,621)
EUR	(14,866)	14,866
GBP	(67,615)	67,615
JPY	(11,844)	11,844
Total	1,098,708	(1,098,708)

9. Operational Risk

OR is defined as the potential for loss arising from the failure of people, process or technology or the impact of external events. The Bank's exposure to OR arises as a consequence of its business activities. It is the Bank's objective to minimise exposure to OR, subject to cost trade-offs.

The Group Operational Risk Committee (GORC) oversees the management of OR across the Group, supported by business, functional and country-level committees. All OR committees operate on the basis of a defined structure of delegated authorities and terms of reference, derived from the GRC.

OR exposures are managed through consistent policies and procedures that drive risk identification, assessment, control and monitoring. These policies and procedures are challenged and revised regularly to ensure their ongoing effectiveness. Responsibility for the management of OR rests with business and function management as an integral component of their first line risk management responsibilities. Group OR is responsible for setting and maintaining standards for OR management and measurement. In addition, specialist operational Risk Control Owners (RCOs) have responsibility for the management of OR arising from the following activities Group-wide: legal processes, people management, technology management, vendor management, property management, security management, accounting and financial control, tax management, corporate authorities and structure and regulatory compliance. Each RCO is responsible for identifying risks that are material to the Group and for maintaining an effective control environment, which includes defining appropriate policies and procedures for approval by authorised risk committees.

Identified OR exposures are classified as 'Low', 'Medium', 'High' or 'Very High', in accordance with standard risk assessment criteria. Risks which are outside of set materiality thresholds receive a differential level of management attention and are reported to senior management and risk committees up to Board/MANCO level.

The Bank uses the Basic Indicator Approach consistent with the RBI's capital adequacy requirements to assess its regulatory capital requirements for operational risk. Under the Basic Indicator Approach, a pre-determined beta co-efficient is applied to the average income for the previous three years, to determine the operational risk capital requirement.

10. Other Key Risks

10.1. Liquidity Risk

Liquidity risk is the potential that the Bank either does not have sufficient liquid financial resources available to meet all its obligations and commitments as they fall due, or can only access these financial resources at excessive cost.

The Liquidity Risk Framework governs liquidity risk and is managed by ALCO. In accordance with the framework, the Bank maintains a liquid portfolio of marketable securities as reserve assets. The level of the Bank's aggregate liquid reserves is in accordance with local regulatory minimum liquidity requirements.

Risk review and disclosures under Basel II Framework
for the year ended 31 March 2012 continued

10.2. Reputational Risk

Reputational risk is the potential for damage to the franchise, resulting in loss of earnings or adverse impact on market capitalisation as a result of stakeholders taking a negative view of the organisation or its actions. It is Group/Bank policy that it will protect its reputation and not undertake any activities that may cause material damage to its franchise.

The Reputational Risk Policy governs reputational risk and is managed by the MANCO through its sub-committees – CRC and CORC, which has the responsibility to ensure that the Bank does not undertake any activities that may cause material damage to the Group's franchise.

Reputational risk is recorded and reviewed by the Country Head of Corporate Affairs, and key issues are flagged to the CRC and relevant Business heads. Reputational risk is reported to the CEO through the CRC. Whilst the CRC covers all forms of risk in country, key reputational risk is also discussed and escalated to Group Communications Management team. Corporate Affairs representatives sit on CORC and CRC. Monthly reporting from Corporate Affairs to Group Communications Management team is in place to ensure that significant risks are duly escalated. A fast track reporting process outside the normal reporting process is in place to respond to ad hoc issues or events which pose potential reputational risk to the Bank. The process involves alerting the appropriate level of the Bank and the Group promptly to give as much time as possible for steps to be taken to limit damage to its reputation.

11. Monitoring

Monitoring of risk management is achieved through independent reviews by Risk Control Owners, Group Internal Audit (GIA), Compliance & Monitoring, concurrent audits and spot checks by the external specialists as required under regulations. The role of GIA is defined and overseen by the Board Audit Committee.

To ensure the effectiveness of risk management processes in maintaining the risk profile of the Bank within risk appetite, the Bank maintains three 'lines of defence'. Each 'line of defence' describes a specific set of responsibilities for risk management and control. Under this framework, there are three lines of defence.

- The First Line of Defence is that all employees are required to ensure the effective management of risks within the scope of their direct organisational responsibilities, which includes material risks are identified, assessed, mitigated, monitored and reported; compliance with internal policies, procedures, limits, other risk control requirements and external laws/regulations are implemented and complied with; identify activities that should be a focus for independent control monitoring; propose control enhancements to ensure that any known risks are controlled within acceptable boundaries and to consistent standards; align business/functional strategy with risk appetite and seek to optimise the risk-return profile of the business; and set the right tone for the risk management culture of the team in internal communications and performance objectives.
- The Second Line of Defence comprises the Risk Control Owners ("RCOs"), supported by their respective functional organisation at each applicable layer of the organisation: Group, Business and Country. RCOs are responsible for ensuring that the residual risks within the scope of their responsibilities remain within appetite. There are three central aspects to discharging the responsibility: the identification of material risks; maintaining an effective control environment; and the understanding and accepting levels of residual risk. The RCO must also engage whatever skills and experience are necessary, including working with other RCOs to ensure comprehensive risk identification and effective control. The second line is independent of the origination, trading and sales functions to ensure that the necessary balance and perspective is brought to risk/return decisions. This is particularly important given that revenues are recognised immediately while losses arising from risk positions only manifest themselves over time. The Second Line has the authority to challenge, constrain and, if required, stop business activities where risks are not aligned with control requirements or risk appetite. The scope of a RCO's responsibilities is defined by a given Risk Type and the risk management processes which relate to that Risk Type. The application of laws, regulations, rules and other codes of practice that the Bank is subject to are the responsibility of the RCO within whose scope of activities they apply. Given the nature of OR, there are multiple RCO's. Risk control ownership for OR is shared between the OR function which has overall responsibility for OR and the specialist OR control owner. Each specialist OR control owner has responsibility for all OR which arise from a given set of specialist activities rather than a single operational risk type.
- The Third Line of Defence is GIA. It is an independent function whose role is defined and overseen by the Board Audit Committee/MANCO and is set out in the Group's Internal Audit Charter. GIA provides independent assurance of the effectiveness of management's control of its own business activities (the first line of defence) and of the processes maintained by the risk control functions (the second line of defence). As a result, GIA provides assurance that the overall system of control effectiveness is working as required within the RMF. The findings from GIA's audits are reported to all relevant management and governance bodies accountable line managers, relevant oversight function or committee and sub-committees of the MANCO/Board. GIA has no responsibility for any of the activities it examines. It has unrestricted access to all records, information, personnel and physical properties of the Bank that are relevant to the audits and reviews being undertaken.

St. Helen's Nominees India Private Limited
Balance sheet
as at 31 March 2012

	Note	**31.3.2012 (₹ in 000s)**	31.3.2011 (₹ in 000s)
Equity and Liabilities			
Shareholder's funds			
Share capital	2	**100,000**	100,000
Reserves and surplus	3	**664,023**	317,029
		764,023	417,029
Current liabilities			
Other current liabilities	4	**4,664,150**	3,759,308
		4,664,150	3,759,308
Total		**5,428,173**	4,176,337
Assets			
Non-current Assets			
Other non current assets	6	**630,333**	299,794
		630,333	299,794
Current Assets			
Cash and cash equivalents	5	**4,361,362**	3,677,299
Other current assets		**8,114**	–
Trade receivables	7	**428,364**	199,244
		4,797,840	3,876,543
Total		**5,428,173**	4,176,337
Summary of significant accounting policies	1 (C)		

The accompanying notes form an integral part of the Balance Sheet.

As per our report of even date.

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

For and on behalf of the Board of Directors of
St. Helen's Nominees India Private Limited

N Sampath Ganesh
Partner
Membership No. 042554

Anurag Adlakha
Director

Dhiren Parekh
Director

10 May 2012
Mumbai

St. Helen's Nominees India Private Limited
Profit and Loss Account
for the year ended 31 March 2012

	Note	**31.3.2012 (₹ in 000s)**	31.3.2011 (₹ in 000s)
Revenue			
Revenue from operations		**3,965,449**	3,801,403
Total		**3,965,449**	3,801,403
Expenditure			
Staff costs	9 (9)	**2,437,099**	1,991,506
Other Expenses	8	**1,041,370**	1,335,163
		3,478,469	3,326,669
Profit before tax		**486,980**	474,734
Provision for Taxation			
– Current tax		**151,000**	157,705
– Prior year tax		**(11,014)**	–
Profit for the year		**346,994**	317,029
Amount available for Appropriation		**346,994**	317,029
Appropriations			
Balance carried forward to Balance Sheet		**346,994**	–
Total		**346,994**	317,029
Basic and diluted earnings per share of face value of ₹10 each	9 (1)	**34.70**	31.70
Summary of significant accounting policies	1 (C)		

The accompanying notes form an integral part of the Statement of profit and loss.

As per our report of even date.

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

For and on behalf of the Board of Directors of
St. Helen's Nominees India Private Limited

N Sampath Ganesh
Partner
Membership No. 042554

Anurag Adlakha
Director

Dhiren Parekh
Director

10 May 2012
Mumbai

St. Helen's Nominees India Private Limited
Cash flow statement
for the year ended 31 March 2012

	31.3.2012 (₹ in 000s)	31.3.2011 (₹ in 000s)
Cash flow from operating activities		
Profit before taxation	**486,980**	474,734
Adjustments for:		
(Increase) in Other non current assets	**(470,528)**	(457,500)
(Increase) in Current assets	**(237,232)**	(178,287)
Increase in Other current liabilities	**904,843**	837,057
	197,083	201,270
Net cash from Operating activities before taxes	**684,063**	676,004
Net cash flow from Operating activities after taxes (A)	**684,063**	676,004
Cash flow from Investing activities (B)	**–**	–
Cash flow from financing activities (C)	**–**	–
Net increase in cash and cash equivalents (D=A+B+C)	**684,063**	676,004
Cash and cash equivalents as at beginning of the year (E)	**3,677,299**	3,001,295
Cash and cash equivalents as at the end of the year (D+E) (Refer note 5)	**4,361,362**	3,677,299

As per our report of even date.

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

For and on behalf of the Board of Directors of
St. Helen's Nominees India Private Limited

N Sampath Ganesh
Partner
Membership No. 042554

Anurag Adlakha
Director

Dhiren Parekh
Director

10 May 2012
Mumbai

Notes to the financial statements
for the year ended 31 March 2012

1. Notes forming part of financial statements

A. Background

The Company was incorporated on 22 June 1960 to hold in its name, on behalf of Standard Chartered Bank – India branches ('the Bank') and its customers, various shares / debentures and other securities in limited companies lodged with the Bank including security against loans advanced and other facilities. The Company has no beneficial interest in such securities, other than as nominee of the Bank who has certified to the Company that all responsibilities, financial or otherwise, including maintenance of related records arising from such holdings rest with the Bank. During the current year, no further securities were held in the Company's name on behalf of the Bank. The Company also provides security trustee services.

B. Basis of preparation

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

C. Summary of significant accounting policies

1 Presentation and disclosure of financial statement

During the year ended 31 March 2012, the revised schedule VI notified under the Companies Act 1956, has become applicable to the Company for preparation and presentation of its financial statements. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of the financial statements. However, it has an impact on presentation and disclosures made in the financial statements. The Company has also re-classified the previous year figures in accordance with the requirements applicable in the current year.

2 Use of estimates

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

3 Revenue recognition

Income from security trustee services is recognised on the accrual basis of accounting.

4 Accounting for leases

Lease payments made under operating leases are recognised as an expense on a straight line basis over the lease term.

5 Earnings per share ('EPS')

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

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

6 Provisions and contingencies

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

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

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

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

7 Taxation

Income tax comprises current tax expense (i.e. amount of tax for the year, determined in accordance with the Income Tax Act, 1961 and the rules framed there under) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year).

Current tax expense is recognised on an annual basis under the taxes payable method based on the estimated liability computed after taking credit for allowances and exemption in accordance with the provision of Income Tax Act, 1961.

The Company accounts for deferred tax in accordance with the provisions of AS 22-"Accounting for Taxes on Income". The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that assets can be realised. In case there is unabsorbed depreciation and carried forward loss under taxation laws, the deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. These are reviewed for appropriateness of their carrying value at each balance sheet date.

Note – 2

	31.3.2012 (₹ in 000s)	31.3.2011 (₹ in 000s)
Share capital		
Authorised:		
10,000 (Previous year: 10,000) equity shares of ₹10 each	**100,000**	100,000
Issued, subscribed and paid-up:		
10,000 (Previous year: 10,000) equity shares of ₹10 each	**100,000**	100,000
	100,000	100,000
A Reconciliation of number of shares:		
Number of shares at the beginning of the year	**10,000**	10,000
Number of shares at the end of the year	**10,000**	10,000

B Terms / Rights attached to equity shares

St. Helens Nominees India Private Limited ('the Company') has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. There are no restrictions on payment of dividend to equity shareholders. As per records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

C Shares held by holding / ultimate holding company and / or their subsidiaries / associates

The entire share capital is held by Standard Chartered Bank - India branches ('SCB').

Note – 3

	31.3.2012 (₹ in 000s)	31.3.2011 (₹ in 000s)
Reserves and Surplus		
Surplus in the Statement of profit and loss		
Opening balance	**317,029**	–
Profit for the year	**346,994**	317,029
	664,023	317,029

Note – 4

	31.3.2012 (₹ in 000s)	31.3.2011 (₹ in 000s)
Other current liabilities		
Sundry Creditors - Dividend received on pledged shares	**4,294,358**	3,566,954
Sundry creditors for expenses	**311,792**	131,695
Other liabilities	**58,000**	60,659
	4,664,150	3,759,308

Note – 5

	31.3.2012 (₹ in 000s)	31.3.2011 (₹ in 000s)
Cash and cash equivalents		
Current		
Balance with banks in current accounts	**4,361,362**	3,677,299
	4,361,362	3,677,299

Notes to the financial statements
for the year ended 31 March 2012 continued

Note – 6

	31.3.2012 (₹ in 000s)	31.3.2011 (₹ in 000s)
Other non current assets		
(Unsecured and considered good)		
Tax deducted at source / Advance tax (net of provision for taxes)	**630,333**	299,794
	630,333	299,794

Note – 7

	31.3.2012 (₹ in 000s)	31.3.2011 (₹ in 000s)
Trade receivables		
Debts outstanding for a period exceeding six months	**–**	–
Other debts		
– Unsecured and considered good (due from SCB)	**428,364**	199,244
	428,364	199,244

Note – 8

	31.3.2012 (₹ in 000s)	31.3.2011 (₹ in 000s)
Other expenses		
Rent	**794,452**	744,505
Processing charges	**114,028**	475,000
Legal and professional fees	**29,292**	27,729
Support service charges (Refer note 9 (9))	**60,704**	74,929
Auditors remuneration		
– Audit fees	**33,000**	13,000
– Out of pocket expenses	**400**	–
Outsourcing charges	**9,494**	–
	1,041,370	1,335,163

9. Notes forming part of financial statements

1 Earnings per share ('EPS')

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

The computation of EPS is set out below:

	31.3.2012 Basic and Diluted	31.3.2011 Basic and Diluted
Net profit attributable to equity shareholders	**346,994**	317,029
Weighted average number of equity shares outstanding during the year for calculation of earnings per share (number)	**10,000**	10,000
Basic and diluted earnings per share of face value of ₹10 (₹)	**34.70**	31.70

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

2 Contingent liabilities and capital commitments

Capital commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for ₹Nil (Previous year: ₹Nil).

3 Transfer pricing

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

4 Director's remuneration

No remuneration, sitting fees and commission was paid to any of the Directors during the year ended 31 March 2012 (Previous year: ₹ Nil).

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

On the basis of the information and records including confirmations sought from suppliers on registration with specified authority under MSMED; no amounts pertaining to principal and interest were due or remained due as at and for the year ended 31 March 2012 (Previous year: Nil). There have been no reported cases of delay in payments in excess of 45 days to MSME or of interest payments due to delay in such payments.

6 Related party disclosure

The related parties are classified as follows:

(a) Name and nature of relationship of related parties where control exists is as under:

Name of related party	Nature of relationship
Standard Chartered PLC	Ultimate Holding Company
Standard Chartered Bank, UK (including branches)	Head office of SCB India branches
Standard Chartered Bank, India Branches	Branch of SCB UK

(b) Name and nature of relationship of other related parties with whom the transactions have occurred during the year

SCOPE International Private Limited — Fellow Subsidiary

(c) Transactions of the Company with related parties:

Particulars	**For the year ended 31.3.2012**	For the year ended 31.3.2011
Transactions with parties by whom control is exercised		
Transactions with Standard Chartered Bank, India Branches		
Fee income from security trustee services	**3,965,449**	3,792,404
Staff costs	**2,437,099**	1,991,506
Rent	**794,452**	744,505
Processing charges	**114,028**	475,000
Support Service Charges (refer Note 9 (9))	**60,704**	74,929
Expenses borne by the Bank (refer Note 9 (7))	**–**	36,000
Transactions with other related parties		
Transactions with SCOPE International Private Limited		
Outsourcing charges	**9,489**	–

(d) Receivable / (Payable):

Particulars	**As at 31.3.2012**	**Maximum o/s during the year**	As at 31.3. 2011	Maximum o/s during the year
Balances with Standard Chartered Bank, India branches				
Receivable	**428,364**	**2,742,991**	199,244	4,048,217
Payable	**(301,325)**	**(2,731,437)**	(131,695)	(3,551,067)
Balances with SCOPE International Private Limited				
Payable	**(10,466)**	**(10,466)**	–	–

Banking transactions in the normal course of business with related parties have not been considered.

Notes to the financial statements
for the year ended 31 March 2012 continued

7 Expenses borne by SCB for Nominee business

The Company continues to hold certain securities in its name on behalf of the Bank and expenses incurred for audit fee of ₹ Nil (Previous year: ₹ 20,000) and legal charges of ₹ Nil (Previous year ₹ 16,000), relating to nominee business are borne by the Bank.

8 Leases

Disclosures as required by Accounting Standard 19 – 'Leases', prescribed in the Companies (Accounting Standard) Rules, 2006, pertaining to lease arrangement entered into by the Company are given below:

- The premise taken on lease primarily relates to commercial premises and is in the nature of 'Operating' lease.
- The lease is a cancellable lease. Rentals payable are as per the agreement. Lease agreement does not have any undue restrictive or onerous clauses; other than those normally prevalent in similar agreements, for use of assets, rental increases and lease renewal.
- Lease rent charged to Profit and Loss Account for the year ended 31 March 2012 is ₹ 794,452 (Previous year: ₹ 744,505).

9 Staff costs and support service charges

Employee of the Company is seconded from the Bank. Related costs (including retirement benefits costs) are recovered by the Bank from the Company on a monthly basis.

The Bank incurs expenditure on support functions like Corporate Real Estate Services, Human Resources, Finance, Legal, Compliance, Information Technology, Corporate Affairs etc. which is for the common benefit of the Bank and Group Companies in India. Such costs are recovered from other group companies based on the specific or identifiable criteria and these expenditure are shown as support service charges under Note 8.

10 Nominee holdings in shares / securities

a) The Company holds on behalf of the Bank certain securities that were the subject matter of a legal suit filed by the Bank in relation to the Bank's transactions in the securities market relating to the period April 1991 to May 1992.

The details of the values of these securities at 31 March 2012 are set out below:

	31.3.2012	31.3.2011
Registered shares / debentures	**912**	1,496

b) The market value as at 31 March 2012 of securities registered in the name of the Company, which were pledged to the Bank by its customers, in connection with security based lending made by the Bank was approximately ₹36,791,400 (Previous year: ₹ 40,045,809).

Note: Quoted shares are disclosed at market value at the reporting date whereas other securities are disclosed at nil value.

11 Segment reporting

The Company is in the business of providing nominee and trusteeship services. Considering there are no revenues / costs assignable to the nominee business, all the amounts reported in the financial statements represent the trusteeship business. Further all the business operations are based in India. Accordingly no further disclosures as required under AS 17 – Segment Reporting have been made.

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

For and on behalf of the Board of Directors of
St. Helen's Nominees India Private Limited

N Sampath Ganesh
Partner
Membership No. 042554

Anurag Adlakha
Director

Dhiren Parekh
Director

10 May 2012
Mumbai

Auditors' Report
To the Members of St. Helen's Nominees India Private Limited

We have audited the attached balance sheet of St. Helen's Nominees India Private Limited ('the Company') as at 31 March 2012, the statement of profit and loss account and cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. The Companies (Auditor's Report) Order, 2003 and amendments thereto (together referred to as 'the Order') issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 ('the Act'), is not applicable to the Company. Accordingly, we have not commented on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comment above, we report that:
   a. we have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
   b. in our opinion, proper books of account as required by law have been kept by the Company, so far as, appears from our examination of those books;
   c. the balance sheet, statement of profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
   d. in our opinion, the balance sheet, statement of profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;
   e. on the basis of written representations received from the Directors of the Company as on 31 March 2012, and taken on record by the Board of Directors, we report that no Director are disqualified as on 31 March 2012 from being appointed as a Director of the Company under clause (g) of sub-section (1) of section 274 of the Act;
   f. in our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
      a. in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2012; and
      b. in the case of the profit and loss account, of the profit for the year ended on that date; and
      c. in the case of the cash flow statement, of the cash flows for year ended on that date.

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

N. Sampath Ganesh
Partner
Membership No: 042554

Mumbai
10 May 2012

Standard Chartered Branches in India

WEST

Ahmedabad

Abhijeet II, Ground Floor,
Mithakali Six Roads
Ahmedabad 380 006
Tel: 079-26468300/9009/9005
Fax: 079-2647 0041

Bhopal

Alankar Complex, Ground Floor,
Northern Wing, Plot no. 10, Zone II,
M.P. Nagar, Bhopal 462 011
Tel: 0755- 421 4203
Fax: 0755-255 2892

Indore

D.M. Towers, 21/1, Race Course Road,
Indore 452 001, MP
Tel: 0731-420 6902
Fax: 0731-420 6901

Jalgaon

Baba Plaza, Mumbai Nagpur Road,
Akashwani Square, Jalgaon 425001
Tel: +91 257 2237400
Fax: +91 257 2237401

Nagpur

Narang Towers 27, Palm Road,
Civil Lines, Nagpur 440 001
Tel: 91-0712-6620700
Fax: 91-712-662 0710

Pune

J. M. Road

364/365, Shrirang House, Junglee
Maharaj Road, Pune 411 005
Tel:020-30591071
Fax: 020-30591086

Kalyani Nagar

B2 The Cerebrum IT Park, Behind Gold
Big Cinemas, Kalyani Nagar - 411014
Tel: 020 - 6680 3800
Fax:020-6680 3815

Rajkot

Business Empire, 5, Jagnath Plot Corner,
Gymkhana Road, Rajkot 350 002
Tel: 0281-662 6002
Fax: 0281-662 6010

Surat

1st Floor, C.K. Tower,Near Sargam
Shopping Centre, Towards Surat
Dumas Road, Parle Point,
Surat - 395 007.
Tel: 0261-222 0108
Fax: 0261-222 0078

Vadodara

Gokulesh, R C Dutt Road,
Baroda 390 007.
Tel: 0265-232 0071
Fax: 0265-232 2923

Mumbai

23-25 M.G. Road

23-25, M.G. Road, Mumbai 400 001.
Tel: 022-6735 5692
Fax: 022-2285 0879

90 M.G. Road

90 M.G Road, Mumbai 400 001
Tel: 022-6735 0389
Fax: 022-2262 3226

Andheri

Ameya House, Raj Kumar Corner,
J.P. Road, Andheri (W),Mumbai 400 058
Tel: 022-26794420/16/26790 2348
Fax: 022-2679 0237

Bandra

Unique Centre, Waterfield Road,
Bandra (W), Mumbai 400 050
Tel: 022-26457104/26457105
Fax: 022-2645 4953

BKC

Plot no. C-38 & 39, G-Block,
Bandra Kurla Complex,
Bandra (E), Mumbai - 400051.
Tel: 022 2675 7019/022-26757023

Borivali

Aditya Apts, CTS No. 639, Chandavarkar
Road, Borivali (West), Mumbai 400 092.
Tel: 022-2892 4900
Fax: 022-2890 3902

Breach Candy

87, Bhulabai Desai Road,
Breach Candy, Mumbai 400 036
Tel: 022 3004 2478/2491/24862488
Fax: 022-2363 4299

Centre Point

Junction of Juhu & S.V. Road,
Santa Cruz, Mumbai 400 054
Tel: 022-2464 64153/54
Fax: 022-2649 3965

Chowpatty

Shree Pant Bhuvan, Sandhurust Bridge,
Chowpatty, Mumbai 400 007
Tel: 022-2368 2797
Fax: 022-2361 3699

Chembur

Garden Apartment, Diamond Garden
CHS Ltd., A Sores Road,
Chembur, Mumbai 400 071.
Tel: 022-2520 7395
Fax: 022-2520 7390

Dadar

Shivaji Mandir, N.C. Kelkar Road,
Dadar (West), Mumbai 400 028.
Tel: 022-2433 1920
Fax: 022-2437 4097

Ghatkokar

170A Derasar Lane, Ghatkopar (E),
TPS II, Mumbai 400 077.
Tel: 022-2501 5542
Fax: 022-2501 6220

Juhu

B21 Sanghvi Paritosh, V.L. Mehta Road,
J. V. P. D. Scheme, Vile Parle (W),
Mumbai 400 049.
Tel: 022-2614 5236 / 2612 3747
Fax: 022- 2610 3720

Lokhandwala

21/23, Samarth Vaibhav, Near Milat
Nagar Circle, Lokhandwala,
Andheri (W), Mumbai 400 053.
Tel: 022-2632 7732
Fax: 022-2634 0093

Santacruz

65-F, Vithalbhai Patel Road,
Santa Cruz (W), Mumbai 400 054.
Tel : 022-2648 7510/2604 1435
Fax: 022-2649 3959

SCT

Standard Chartered Bank, SCT,
Standard Chartered Towers,
201B/1, Western Express Highway,
Goregaon (East), Mumbai - 400063.
Tel: 022 6737 3178 / 79/022 6737 4329
Fax: 022-6737 3185

Powai

Unit 101, Delta Building,
Hiranandani Garden, Powai.
Tel: 022 2570 7920 / 7921

Thane

Emerald Plaza, Block No.2, Hiranandani
Meadows, Pokhran Road No.2,
Thane 400 601.
Tel: 022-2173 0902
Fax : 022-2173 0912

EAST

Bhubaneshwar

Plot No 3, Bapujinagar, Janpath,
Bhubaneshwar 751 009.
Tel: 0674- 2597485
Fax: 0674 – 2597681

Guwahati

G. N. Bardoloi Road, Ambari,
Guwahati 781 001.
Tel: 0361-254 0597/263 2255
Fax: 0361-254 3192

Kolkata

142 M.G. Road

142 M.G. Road, Kolkata 700 007.
Tel: 033-6613 4705-08
Fax: 033-6613 4700

19 N.S. Road

19 N S Road, Kolkata 700 001.
Tel: 033-391-20101/391-20122
Fax: 033- 2230 1696

31 Chowringhee Road

31 Chowringhee Road, Kolkata 700 016.
Tel: 033-6627 530/6627 5303/
6627 5304 • Fax: 033-2226 3481

41 Chowringhee Road

41 Chowringh[ee Road, Kolkata 700 071.
Tel: 033 6627-9626 to 6627-9635
Fax: 033-2288 7501

Salt Lake AB

AB-17 Sector 1, Salt Lake,
Kolkata 700 064.
Tel: 033-2359 8893 / 2358 3483
Fax: 033-2334 9958

Salt Lake CF
CF347 Sector 1, Salt Lake,
Kolkata 700 064.
Tel: +913366160823 / +913366160832
Fax: 033-2321 6205

Church Lane
6, Church Lane, Kolkata 700 001.
Tel: 033-2248-1548/ 2248-1549
Fax: 033- 22428059

Gariahat
208 R. B. Avenue, Kolkata 700 029.
Tel: 033-6613 7801/ 6613 7803
Fax: 033-2464 0669

Howrah
49 Dobson Road, Howrah 711 101.
Tel : 033 6616 0874-0892
Fax: 033-2666 0551

Jodhpur Park
1/425 Gariahat Road, South
Jodhpur Park, Kolkata 700 068.
Tel: 033-2414 8718 / 2473 3413
Fax: 033-2473 3038

New Alipore
17 SA Nalini Ranjan Avenue,
Kolkata 700 053.
Tel: 033-2396 9770
Fax: 033-2396 6383

Old Court House
21, Old Court House Street,
Kolkata – 700 001.
Tel: 033-2222 3036/2222 3026
Fax: 033-64490897

R. G. Kar Road
21A, R. G. Kar Rd, Shambazar,
Kolkata 700 004.
Tel: 033-2543 1677

Rash Behari Avenue
163, Rash Behari Avenue,
Kolkata 700 019.
Tel: 033-2466 4771/2464 3542
Fax: 033-2466 4560

Shakespeare Sarani
21A, Shakespeare Sarani,
Kolkata 700 017.
Tel: 033-2280 9055/2280 9056/
22809054
Fax: 033 2290 7333

Shambazaar
139C, Bidhan Sarani, Shambazar,
Kolkata 700 004.
Tel: 033-2555 6482
Fax: 033-2555 5315

Patna
Bhagwati Dwaraka Arcade, Plot No.830P,
Exhibition Road, Patna 800 001.
Tel: 0612-222 3124 / 3125 / 3158
Fax: 0612-222 3136

Siliguri
144 Hill Cart Road, Siliguri 734 001.
Tel: 0353 2535900 • Fax: 0353 2535990

NORTH BRANCHES

New Delhi

Barakhamba Road
Narain Manzil, 23 Barakhamba Road,
New Delhi 110 001.
Tel: 011-4152 4305
Fax: 011-4152 4306

Dwarka
HL Wings, Pocket - 4, Plot 2, Sector- 11,
Dwarka, New Delhi 110 075.
Tel: 011-4563 6512
Fax 011-4563 6510

Chankyapuri
13, Malcha Marg,Chankyapuri,
New Delhi 110 021.
Tel : 011-45874585
Fax: 011-45874560

Connaught Circus
H-2 Block,Connaught Place,
New Delhi - 110001.
Tel – 01123406450
Fax - 01123355188

Greater Kailash
B-68, Greater Kailash Part I,
New Delhi 110 048.
Tel: 011-46517896
Fax: 011-2924 6857

Gurgaon Sector 14
SCF-77, Sector-14, Gurgaon 122 001.
Tel: 0124-408 8702
Fax: 0124-408 8701

Gurgaon DLF
DLF Building No. 7A, DLF Cyber City,
Sector - 24 / 25 / 25A, Gurgaon 122 001.
Tel: 01244876033

Hamilton House
Express Building, ITO, Bahadur
Shahzafar Marg, New Delhi – 110 001.
Tel: 011 49861199
Fax: 011-2334-0761

Janakpuri
B-1/517, Opp. District Centre,
Janakpuri 110 058.
Tel: 011-4158 9327
Fax: 011-41021449

Karol Bagh
13/37, WEA, Arya Samaj Road,
Karol Bagh, New Delhi 110 005.
Tel: 011-4154 6964
Fax: 011-4154 6963

New Friends Colony
20 Community Centre, New Friends
Colony, New Delhi 110 025.
Tel: 011-46605721
Fax: 011-4167 2306

Preet Vihar
Aditya Arcade, Plot No 30, Community
Centre, Preet Vihar, New Delhi 110 092.
Tel: 011-46107823
Fax: 011-22024706

Punjabi Bagh
41, Central Market, Punjabi Bagh West,
New Delhi 110 026.
Tel: 011-4246 6792
Fax: 011-2522 8776

Pitampura
A2,3,4 HB Twin Towers, District Centre,
Netaji Subash Place, Wazirpur,
Pitampura, New Delhi 110 088.
Tel: 011-4247 0867
Fax: 011-4247 0880

Sansad Marg
10, Sansad Marg, New Delhi 110 001.
Tel: 011-4986 1199
Fax: 011-2334 0761

South Extension
M-1, South Extension Part II,
New Delhi 110 049.
Tel: 011-4164 4866
Fax: 011-4164 4860

Saket
E-26, Saket, New Delhi 110 017.
Tel: 011-41021456
Fax: 011-4102 1464

Vasant Vihar
2-3 Basant Lok, Vasant Vihar,
New Delhi 110 057.
Tel: 011-4166 9256
Fax: 011-4166 9258

Noida
Brahm Datt Tower, Plot No. K-3,
Sector 18, Noida 201 301.
Te1: 0120-432 3759
Fax: 0120-423 1901

Amritsar
360, The Mall, Amritsar Post
Code 143 001.
Tel: 0183-500 3756
Fax: 0183-501 4111

Allahabad
2- Sardar Patel Marg, Civil Lines,
Allahabad 211 001.
Tel: 0532-2427070 • Fax: 0532-2427068

Chandigarh
SCO, 137-138 Sector 9C,
Madya Marg, Chandigarh 160 017.
Tel: 0172-5072880 • Fax: 0172-5045561

Jaipur
H8, Showroom #1, Bhagwat Bhawan,
MI Road, Jaipur 302 001.
Tel: 0141-6452225• Fax: 0141-511 6073

Jalandhar
Plot No. 34, G. T. Road,
Jalandhar 144 001.
Tel: 0181-507 3412
Fax: 0181-222 0295

Kanpur
16/105, M. G. Road, Kanpur 208 001.
Tel : 0512-230 6536
Fax: 0512-230 4705

Lucknow

Narain Automobiles, 4, Shanazaf Road,
Lucknow 226 001.
Tel: 0522-220 1870
Fax: 0522- 220 1826

Ludhiana

SCO 16-17, Feroze Gandhi Market,
Ludhiana 141 001.
Tel: 0161-508 4030
Fax: 0161-508 4031

Dehradun

Krishna Towers, 69 Rajpur Road,
Dehradun 248001.
Tel: 0135- 3242061
Fax: 0135- 2747090

Mathura

Pacific Mall, Plot No. C-1/B, Site B,
Industrial Area, Mathura 281006.
Tel: 0565 -3206014

Saharanpur

Mundarja No. 262, Delhi - Saharanpur
Road, Opp: Shakti Petrol Pump,
Near Vikas Bhawan,
Saharanpur - 247 001.
Tel: 0132-2764855
Tel: 0132-2764856

SOUTH BRANCHES

Bangalore

Koramangala

Serenity, 112, Ground Floor,
Koramangala Industrial Area,
5th Block, Bangalore 560 052.
Tel: 080-6707 9501
Fax: 080-6707 9500

M. G. Road

Raheja Towers, 26/27, No.138,
M. G. Road, Bangalore 560 001.
Tel: 080 3062 6242
Fax: 080-2558 4074

Prestige Poseidon

G2-G3, Prestige Poseidon,
139, Residency Road,
Bangalore 560 025.
Tel: 080 41188952

Chennai

Anna Salai

187, Mount Road, Chennai - 600 006.
Tel: 044 28564014

Haddows Road

No. 1, Haddows Road, Nungambakkam
Chennai 600 006.
Tel: 044-2821 9657 / 30818551
Fax: 044-2821 9660

Mylapore

29/30 Dr. Radhakrishna Salai,
Raja Rajeshwari Towers,
Chennai 600 004.
Tel: 044-43526093
Fax: 044-2811 0060

Rajaji Salai

19 Rajaji Salai, Chennai 600 001.
Tel: 044-28158707/044-25341814
Fax: 044-2534 2781

Sorrento

No.6, Lattice Bridge Rd, Adyar,
Chennai 600 020.
Tel: 044-24460804
Fax: 044-2491 9473

T. Nagar

Sagar Court 59 - G. N. Chetty Road,
T. Nagar, Chennai 600 017.
Tel: 044-28158707• Fax: 044-28152138

Coimbatore

Grindlyas Centre, 509, D. B. Road,
R. S. Puram, Coimbatore - 641 002.
Tel: 0422-255 0589 / 254 4620
Fax: 0422-254 2592

Ernakulam

HDFC House, M. G. Road,
Ravipuram Junction, Ernakulam,
Cochin 682 015.
Tel: 0484 6536563/6536616
Fax: 0484 2358743/2358837

Cochin

1633, K. P. K. Menon Road,
Willingdon Island, Cochin – 682003 .
Tel: 044-25349328 • Fax: 044 25350225

Hyderabad

Somajiguda

6-3-1090, TSR Towers, Rajbhavan Road,
Somajiguda, Hyderabad 500 082.
Tel: 040-2332 1160 / 2330 8443
Fax: 040-2332 1288

Jubilee Hills

Door No. 8-2-293/82/A/646A,
Ground Floor, Road No.36,
Jubilee Hills, Hyderabad - 500 033.
Tel: 040 23606701
Fax: 040 23606705

Secunderabad

Ground Floor, Unit No.2A&3,
Ashok Bhoopal Chambers, S. P. Road,
Secunderabad 500 003.
Tel: 040-6690-7050
Fax: 040-6690 7060

Proddatur

Meghana Mansion G/F, 24/25 Opp.
Laxmi Vilas Bank, Gandhi Road,
Cuddapah Dist. Proddatur - 516360
Tel: 08564248842
Fax: 08564248841

GOAL girls show off the Certificates they received for completing 'Be Money Savvy', a financial literacy module organised by Standard Chartered staff.

100 girls from the programme's Delhi site of Jaitpur had attended the programme at our Chanakyapuri branch. As part of the programme, a walk-through of the branch was organised with various banking operations demonstrated. They learned how to deposit cash in an account, use an ATM machine and write a cheque. The programme concluded with the Graduation Ceremony.

GOAL is Standard Chartered's community investment initiative that aims at building confidence in young women through sports and life-skills training. GOAL has transformed the life of over 4,100 girls so far and has gone international, launching in Nigeria, Jordan, Zambia and China.

Goal reaching new heights

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