Standard Chartered

Annual Report and Accounts 2010-11

Leading the way

in Asia, Africa and the Middle East

Here for good

- We have recorded a 20% growth in balance sheet size with robust growth in advances of 18% and deposits of 21%. Our TD book has grown by ₹82 billion (32%) to ₹335 billion as on 31 March 2011. Whereas given the upward bias in interest rate trends, CA & SA growth moderated to 11% & 5% respectively. As a result CASA ratio declined from 47% to 43% on YoY basis.

- Both income and profit levels are marginally lower than last year at ₹88.24 billion and ₹20.59 billion, respectively. There is pressure on margins and volatility in financial markets has affected corporate activity.

- Cost – Operating expenses have increased by 7% to ₹25.97 billion. Cost Income ratio has increased to 40% compared to 36% in the previous year. We have continued to invest in our infrastructure and people.

- Debt charge increased to ₹7.51 billion up by 19% on back of higher provisions made to achieve PCR.

- Gross NPA to Advances ratio declined from 2.6% in the previous year to 2.3% as growth in Credit (18%) outpaced the growth of NPAs (5%). Net NPA to advances ratio declined from 1.4% of previous year to 0.3% as additional provisions were created to achieve PCR, which increased from 47% to 89%.

- CAR has decreased marginally by 53 bps from 12.41% to 11.88% on the back of 18.6% increase in the overall risk weighted assets and contingents. We are well capitalised and CAR remains above the 9% minimum prescribed by RBI.

Financial performance – key highlights

- Profit after tax at ₹20.59 billion marginally down by 3 percent
- Total income at ₹88.24 billion up by 4 percent
- Total assets at ₹1,066.83 billion up by 20 percent
- Deposits at ₹584.19 billion up by 21 percent
- Advances at ₹492.01 billion by 18 percent.

Standard Chartered Bank

St. Helen's Nominees India Pvt. Ltd.

Supplementary Information

Get More On Line
Please visit us online at www.standardchartered.co.in for more information on India and the full range of banking services.

Chief Executive's Statement

The year 2010-11 was a landmark year for Standard Chartered Bank in India. Already one of India's largest, oldest and most important international banks, this was the year when Standard Chartered Plc, the London-listed parent company, took the step to become the first foreign company to list in India through issue of India Depositary Receipts.

2010 was also the year when we verbalised our brand promise 'Here for good', which, though new in terms of its vocalisation, has always been embedded in the way we have done business. Being Here for good underpins the commitment inherent in our brand promise, our commitment to our markets, customers, people, regulators, and the community.

The external environment continues to remain challenging and volatile with continuous interest rate increases to curb inflationary pressures, along with an increase in competitive pressures. But our business remains fundamentally strong, well-placed to withstand market swings and well-poised for sustainable long-term growth.

We continue to invest in the franchise, whether it is setting up of a new state-of-the art Corporate Head Office in Mumbai, launching new businesses such as Equity Capital Markets, strengthening the existing propositions in Consumer or Wholesale Banking, or building the brand. Our close partnership with India Inc coupled with our strong focus on human talent, risk management, capital and technology will ensure that we continue to remain relevant to our customers.

We have won the Finance Asia Best Foreign Bank in India Award for the second year in a row for the strong performances of our key businesses, Consumer and Wholesale Banking.

Rt. Hon. George Osborne, MP and Chancellor of the United Kingdom, inaugurated Standard Chartered's first mobile ATM in Mumbai, in the presence of Group Chief Executive Peter Sands, Group Executive Director and CEO Asia Jaspal Bindra, Regional Chief Executive Neeraj Swaroop.

Green Walk at Mulund, Mumbai.

The IDR Issue

Standard Chartered PLC listed in India in June 2010 through the issue of India Depository Receipts which was the first such listing in the Indian capital market, offering Indian investors the opportunity to invest in an overseas company through domestic bourses.

The intent was not as much to raise capital as it was to enhance the visibility of our brand and provide us with a strong platform to differentiate ourselves vis-à-vis our peers in this market and internationally. The listing has clearly demonstrated our commitment to India and earned us goodwill among staff, customers, regulators and the government.

Financial Performance

Our financial performance during fiscal 2010-11 has been relatively stable despite a challenging environment and volatile financial markets which have slowed corporate activity. While margins have been under pressure, the balance sheet has grown by a healthy 20%. We have however, ensured prudence with an Advances-to-Deposits ratio of 84.2% and Provision Coverage Ratio of 88.5%. We continue to invest in infrastructure and people with a view to capture the long term growth that the Indian market offers. One of the best examples of this is our new head office in Bandra Kurla complex in Mumbai.

- Profit after tax at ₹20.59 billion was down 3%
- Total income at ₹88.24 billion was up 4%
- Total assets at ₹1.07 trillion was up 20%
- Deposits at ₹584.19 billion was up 21%
- Advances at ₹492.01 billion was up 18%

Consumer Banking

The Consumer Banking business has strategically reshaped itself by adopting a customer-centric model that focuses on building deep, long standing, multi-product relationships with customers.

Our differentiated propositions around Private Banking, Priority Banking, Preferred Banking and SME Banking among others cater to the needs of affluent and emerging affluent customers through differentiated service, unique benefits and customized financial products. With 94 branches spread across the country and backed by our global footprint and expertise, we are well poised to deliver an enhanced customer experience and be the partner of choice to our customers.

Over the year we have invested in the franchise by setting up over 80 Express Banking Centers, hiring and training relationship managers and enhancing remote banking channels, thus building a base for strong future growth. Having positioned the business in line with our customers' needs, we are seeing strong momentum for future growth particularly in focus areas such as Private Banking, Wealth Management and SME Banking.

Industry recognition has come in the form of the 'Structured Products India Award 2010' from the Structured Products magazine that we have won for the second time in a row, the Asiamoney Private Banking Poll ranking that placed our Private Banking arm amongst the top 3 in India and the 'Best New Credit Card' award from MasterCard for the Preferred World Credit Card.

Our priority is to continue implementing a customer focused transformation process by taking a holistic view of customers' evolving needs and through customized services, establishing ourselves as their right partner. We will also continue to invest in the franchise whilst maintaining discipline on risk and expenses in order to drive future growth and superior financial performance.

Wholesale Banking

Wholesale Banking in India continues to remain the Standard Chartered Group's single largest business unit. A consistent client-led strategy has helped Wholesale Banking achieve superior financial performance over a period of time. It remains well positioned to benefit from the India growth story with a product suite now covering the full spectrum of client needs.

Over the past year, Wholesale Banking's Corporate Advisory services were highly sought after by Indian Inc. Standard Chartered partnered leading companies in high profile transactions including Bharti's acquisition of Zain's African assets, iGate-Apax Partner's acquisition of Patni Computer Systems and Aircel's tower business sale, catapulting us to the top of the M&A league tables. In the Debt Capital Markets too, the Bank's involvement in key high-yield bond transactions for our clients like Rural Electrification Corporation Limited and Vedanta placed us at the top of the tables.

Wholesale Banking won many awards during the year including Global Finance World's Best Foreign Exchange Provider 2011 (India), Global Finance Best Foreign Exchange Bank 2010 (India), Asia Risk Corporate Rankings 2010 Number 1 in Vanilla Hedging in Currency Derivatives (rupee).

Human Resources

At Standard Chartered Bank we believe that our people are our biggest assets.

The Standard Chartered Mumbai Marathon 2011

Standard Chartered in India is the single largest employer across our global footprint. As a Group, we employ around 20,000 people across 15 nationalities in India. We have built our business performance and growth through our people.

Helped by an approach that involves leveraging an employee's strengths, engaging them, embracing diversity and creating an inclusive work environment, Standard Chartered's talent pool in India is a highly productive one. We continue to expand and diversify our talent base by hiring from campuses across India, leveraging on the diverse skills and talent of professionals from alternate industries and also differently-abled individuals. About 30% of our employees are women. Focused efforts are made to strengthen our human capital and leadership capability by providing our employees with challenging assignments across geographies, and through innovative development solutions. Our in-house talent acquisition capability continues to deliver strong hiring results through a capable pipeline in a cost effective manner. Our people are behind our brand promise 'Here for good'

We invest heavily in our people, in training to develop not just business skills, but also to be leaders and great managers, motivating staff across the bank. Our employee engagement scores have improved year on year. The Bank has won awards in many categories at the 5th Employer Branding Awards 2010-11. At the World HRD Congress, Standard Chartered Bank India was declared the 2nd Best Employer Brand. Standard Chartered also won awards in eight individual categories of Talent Management, Best HR Strategy in Line With Business, Excellence in HR through Technology, Continuous Innovation in HR Strategy at Work, Innovation in Recruitment, Innovative Retention Strategy, Innovation in Career Development and Global HR Strategy.

We strongly believe that focus on work-life balance helps deliver productivity and loyalty. Our employee benefits set us apart; crèche facilities, 6 months maternity leave, flexible and work from home opportunities and independent counselling services from a professional organisation are just some of them.

Brand

As I said in my overview, the year 2010 was a watershed year as Standard Chartered unveiled 'Here for good' around the world. This was the first global positioning campaign produced by the Bank in 40 years. Here for good is an authentic expression of Standard Chartered's values and aims to resonate with customers, clients and staff. It attests to the Bank's commitment – to its customers and clients, to the communities and markets in which it operates, and to the way in which the Bank chooses to conduct its business.

The very simplicity of the expression differentiates us from conventional banking industry communication, which have traditionally focused on power claims – of scale, claims of service, range of products or innovation. Here for good is intended to be a new manifesto for a new era of banking – one in which trust is the common currency and those with humility are poised to lead. The launch of the Here for good campaign in India in 2010 catapulted Standard Chartered Bank into the league of banks who consistently advertise to ensure their brand is visible and understood in a competitive market.

Our brand continued to benefit from our primary sponsorships, The Standard Chartered Mumbai Marathon. Now one of the world's top 10 marathons, the Standard Chartered Mumbai Marathon was honoured in 2010 with the Gold Label from the International Association of Athletics Federation and the 'Marathon Flame', which travelled to Mumbai from Marathon in Greece for the first time.

The Marathon is the biggest platform to showcase that fact that we are here for good. Over the last 8 editions, a total of ₹5.5 billion ($ 12 million) has been raised for various charities by marathon runners and their supporters.

Another sponsorship which is showing a lot of promise is our global tie-up with the Liverpool Football Club. Football is fast growing in popularity in India, and the sponsorship offers us an immense opportunity to connect with this market. If you have driven down Marine Drive in Mumbai sometime in the past few months, you would have seen our advertisement campaign on our sponsorship on Bus Shelters along the drive. There is clearly an appetite for Liverpool in India as we discovered when we ran a contest in a popular Mumbai Mall last year. Over the year, we will continue to invest in properties to both increase visibility for the brand and demonstrate our commitment to football.

Sustainability

As an international financial institution, the greatest contribution we can make to the societies in which we operate is through our direct contribution to the real economy in a manner that promotes sustainable growth and development. This includes direct investments in the community.

Our key community investment initiatives such as Seeing is Believing, GOAL, and Living with HIV are growing

Senior Management participating in a cricket match for the visually impaired.

Staff participating on World Environment Day.

from strength to strength. The Kolkata Urban Comprehensive Eye care Project under the Seeing is Believing umbrella was launched in October 2010. This is a project that Standard Chartered Private Bank has adopted as part of its philanthropic advisory services; it plans to raise $ 1 million for the project by 2015. Our GOAL initiative has over 2,000 girls and has now runs in three other countries – Nigeria, Jordan and China.

The country received several local Sustainability awards in 2010, 'Excellence in CSR Award' from Great Place to Work and Economic Times for its Seeing is Believing projects and related staff engagement activities, and the 'Golden Peacock Award' for Health, Safety and Environment initiatives.

Two of our country projects were showcased in global awards including the 'Mumbai Eye Care Campaign' project under Seeing is Believing Phase IV for the FT Arcellor Mittal Boldness in Business Award and 'GOAL: Reaching New Heights' for the Global Sports Forum Award. These are recognitions for the impact our projects are having on our community. Our staff is actively involved with the community and in 2010 they recorded 64,328 volunteering hours.

Another key pillar of our Sustainability agenda is sustainable finance. Our microfinance portfolio in India at USD 130 million spans more than a million customers.

Diversity and Inclusion is also an important facet of Sustainability. Recognising the challenges women face in the corporate world, Standard Chartered sponsored a report titled 'Women on Corporate Boards in India 2010'. Produced by Community Business and Cranfield School of Management, the report strikes a chord with Corporate India and the broader community.

Technology

Technology at Standard Chartered is a business partner and a key growth enabler. Over 2010-11, our technology-based accomplishments helped us to better customer experience even as we handled more volumes. Technology also facilitated a sound management of operational risks, cost controls and stability of our systems as we grew the business.

A key technology agenda is to constantly enhance our reach to customers. For our retail clients, a line of 'Express Banking' centres and SMS Banking, integrating the wealth management platform with the internet banking platform, has greatly enhanced customer experience. For Wholesale banking clients, a state-of-the-art call centre and enhanced payment engine which accommodated a greater number of payment transaction requests using internet banking channel has brought significant value to the customers.

Outlook

The monetary policy actions to engineer a calibrated slowdown in growth in order to curb inflationary pressures have come at a time when policy uncertainties have anyway cast a shadow over the near term growth outlook. While some improvement is likely in investment and industrial activity, especially in the second half of the year, these near-term headwinds are likely to weigh on economic activity in the first half. We are confident however, that India's growth potential continues to be promising, primarily because of its strong fundamentals.

Margin pressure and near-term headwinds are expected to have a moderating effect on the Bank's performance in India. Our close partnership with India Inc. coupled with our strong focus on human talent, risk management, capital and technology will ensure that we continue to remain relevant to our customers.

We continue to be well-aligned to the country's priorities, especially in improving our capability and reach to service under-banked areas. The opportunity in the Indian market is huge and we are confident that the Regulator's proposals to offer new private bank licenses and increase the freedom given to foreign banks will surely benefit customers and help the Industry grow in the medium to long term.

In conclusion, as I had observed earlier in this note, the business environment is throwing up fresh challenges. The cycle of interest rate hikes by the Reserve Bank of India will sooner or later take a toll on corporate India and one has to be prepared for slower growth. This will impact performance not just for us but the industry as a whole.

But we have built a solid robust business, we have strong relationships and franchise and we expect to withstand competitive pressures as they come. We are confident of holding our position as one of the leading banks in this country and a key partner to our customers, the market and the community.

Neeraj Swaroop

Regional Chief Executive -
India & South Asia

Senior Management Team – India

Neeraj Swaroop,

Regional Chief Executive, India & South Asia

Neeraj joined Standard Chartered Bank in 2005 after successfully building the Consumer Banking business at HDFC Bank. As CEO for India and South Asia, his role is to provide leadership for the Group in India through developing overall country strategy and direction, balancing corporate governance, people and talent management, customers and franchise, and performance. Neeraj has also worked with Bank of America and Unilever India.

Sreeram Iyer,

Regional Chief Operating Officer, India & South Asia

Sreeram is responsible for providing an effective situational supporting role to the Regional CEO in his capacity as the Governance Head of the Region. He also provides leadership to key Support Functions in India including Corporate Affairs, Legal; Compliance, Operational Risk Assurance, Global Technology & Operations; Corporate Real Estate Services and Subsidiaries in India (excluding SC Caps)

Anurag Adlakha,

Chief Financial Officer, India & South Asia

Anurag joined the bank in 2007 and is responsible for the regional finance function. His key responsibilities cover financial reporting and control, business performance analysis, balance sheet management, financial compliance and tax.

Venkataramanan Anantharaman,

Head Origination & Client Coverage, India & South Asia, Wholesale Banking

Venkat is responsible for the strategy and business development of wholesale banking across South Asia. In his current role his focus is on deepening Client Relationships and growing relationships at the level of decision makers to drive business.

Sanjeeb Chaudhuri,

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

Sanjeeb is responsible for Standard Chartered's Consumer Banking operations in India, Bangladesh, Nepal and Sri Lanka. As Chief Marketing Officer, he is responsible for providing leadership of Consumer Banking's Marketing function. He is also a member of the Consumer Bank Steering Group (CBSG) and will focus on setting the strategic direction and business priorities for Consumer Banking globally.

Harinder Singh,

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

Harinder Singh is currently Regional Head of Global Markets and Co-Head of Wholesale Bank, South Asia. His responsibility encompasses Trading and Sales across asset classes like Fixed Income, Credit, Commodities and Equity. In addition, he is also responsible for Debt Capital Markets and management of the bank's balance sheet. He has governance responsibility for Corporate Advisory, Project Finance, Structured Trade Finance and Alternative Investment Group.

Srinivasan Iyengar,

Managing Director & Head of Strategy, India

Working on inorganic opportunities for the India business and identify ways of spurring organic growth Country point person for competition scan and ensures strong linkages with Regional and Group business and strategy teams.

Matthew Norris,

Chief Information Officer, India & South Asia

Mathew joined the bank in 2005 and is responsible for developing and executing world-class technology and operations strategies that drive the business agenda for the region. In this role, he ensures resources are effectively and efficiently applied, by identifying and capturing synergies across Operations and Technology.

Madhavi Lall,

Regional Head Human Resources, India & South Asia

Madhavi joined the Bank in 1997. She is responsible for evolving people strategy and culture in business to deliver the Bank's strategic people agenda.

Pradeep Rana,

Country Chief Risk Officer, India

Pradeep is responsible for risk management of the Bank's operations in India and in particular for ensuring that risks are properly assessed and are 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.

Ravi Duvvuru,

Head of Compliance and Assurance, India & South Asia

Ravi joined the bank in March 2010. In this role, he is responsible for overseeing all matters pertaining to the regulatory framework in which the Bank operates as well as independent assessment of all Operational Controls in the Bank. Ravi brings with him rich experience in numerous areas such as Banking Supervision and the Administration of Foreign Exchange Regulation Act.

Sushen Jhingan,

Director, Public Affairs

Sushen joined the Bank in August 1997. His main responsibilities includes developing the Government Relations framework for the Bank in India, position the Bank and its sustainability and other initiatives at the appropriate levels in the Government, identify, develop and manage access to key trade bodies and delegations to shape future strategy.

Sumeet Singla,

Regional Head, Corporate Affairs, India & South Asia

Sumeet joined the bank in 2000 and he is responsible for developing strategy and direction for the brand's development and reputation in South Asia. In his current role he provides leadership for the Group in India, Nepal, Bangladesh and Sri Lanka.

Balance Sheet

as at 31 March 2011

	Schedule	**As at 31.3.2011 (₹ in 000s)**	As at 31.3.2010 (₹ in 000s)
Capital and Liabilities			
Capital	1	**6,757,992**	6,757,992
Reserves and Surplus	2	**123,865,558**	109,299,499
Deposits	3	**584,191,102**	481,923,855
Borrowings	4	**108,436,604**	87,214,944
Other Liabilities and Provisions	5	**243,582,083**	202,553,360
Total Capital and Liabilities		**1,066,833,339**	887,749,650
Assets			
Cash and Balances with Reserve Bank of India	6	**45,462,112**	38,016,330
Balances with banks and money at call and short notice	7	**22,570,155**	9,790,003
Investments	8, 18(D (1))	**230,881,648**	184,774,223
Advances	9, 18(D (2))	**492,007,928**	415,521,514
Fixed Assets	10, 18(D (6))	**25,932,846**	24,862,855
Other Assets	11	**249,978,650**	214,784,725
Total Assets		**1,066,833,339**	887,749,650
Contingent Liabilities	12	**17,185,296,919**	12,519,909,812
Bills for Collection		**139,552,747**	105,461,167
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 B S R & Co.
Chartered Accountants
Firm Registration No: 101248W

For Standard Chartered Bank – India Branches

Akeel Master
Partner
Membership No. 046768

Neeraj Swaroop
Regional Chief Executive – India and South Asia

Mumbai
30 May 2011

Anurag Adlakha
Chief Financial Officer – India and South Asia

Profit and Loss Account

for the year ended 31 March 2011

	Schedule	**For the year ended 31.3.2011 (₹ in 000s)**	For the year ended 31.3.2010 (₹ in 000s)
Income			
Interest Earned	13, 18(D (5))	**63,524,253**	56,748,901
Other Income	14, 18(D (5))	**24,714,760**	28,376,176
Total Income		**88,239,013**	85,125,077
Expenditure			
Interest Expended	15	**23,506,005**	17,837,816
Operating Expenses	16	**25,969,066**	24,189,745
Provisions and Contingencies	17, 18(D (11))	**18,171,073**	21,827,131
Total Expenditure		**67,646,144**	63,854,692
Net Profit		**20,592,869**	21,270,385
Profit available for appropriation		**20,592,869**	21,270,385
Appropriations			
Transfer to Statutory Reserve	2	**5,148,217**	5,317,596
Transfer to Capital Reserve – Surplus on sale of immovable properties	2	**284,767**	29
Transfer to Investment Reserve	2	**401,499**	–
Balance carried over to Balance Sheet	2	**14,758,386**	15,952,760
Total appropriations		**20,592,869**	21,270,385
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 B S R & Co.
Chartered Accountants
Firm Registration No: 101248W

For Standard Chartered Bank – India Branches

Akeel Master
Partner
Membership No. 046768

Neeraj Swaroop
Regional Chief Executive – India and South Asia

Mumbai
30 May 2011

Anurag Adlakha
Chief Financial Officer – India and South Asia

Schedules to the financial statements

for the year ended 31 March 2011

		As at 31.3.2011 (₹ in 000s)	As at 31.3.2010 (₹ in 000s)
1.	**Capital**		
	Deposit kept with Reserve Bank of India under Section 11(2)(b) of the Banking Regulation Act, 1949	**32,250,000**	26,700,000
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**		
a.	Statutory Reserves		
	Balance, beginning of the year	**36,809,342**	31,491,746
	Transfer from Profit and Loss Account	**5,148,217**	5,317,596
	Balance, end of the year	**41,957,559**	36,809,342
b.	Property Revaluation Reserve		
	Balance, beginning of the year	**12,324,298**	12,331,076
	Additions during the year (net)	**925,950**	–
	Transfer to Capital Reserves – Surplus on sale of immovable properties	**(1,045,484)**	(6,778)
	Balance, end of the year	**12,204,764**	12,324,298
c.	Capital Reserves – Surplus on sale of immovable properties		
	Balance, beginning of the year	**2,417,933**	2,411,126
	Additions during the year	**284,767**	29
	Transfer from Property Revaluation Reserve	**1,045,484**	6,778
	Balance, end of the year	**3,748,184**	2,417,933
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	**40,299,855**	40,985,031
	Transfer from Profit and Loss Account	**9,000,000**	–
	Deduction for erstwhile AEBL Tax Assets	**–**	(685,176)
	Balance, end of the year	**49,299,855**	40,299,855

		As at 31.3.2011 (₹ in 000s)	As at 31.3.2010 (₹ in 000s)
g.	Profit and Loss Account		
	Balance, beginning of the year	**15,952,760**	7,295,807
	Net profit for the year transferred to Profit and Loss Account	**14,758,386**	15,952,760
	Transfer to Remittable Surplus retained in India for Capital to Risk-Weighted Assets Ratio (CRAR)	**(9,000,000)**	–
	Remitted to Head Office during the year	**(6,952,760)**	(7,295,807)
	Balance, end of the year	**14,758,386**	15,952,760
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	**–**	–
	Additions during the year	**401,499**	–
	Balance, end of the year	**401,499**	–
	Total reserves and surplus	**123,865,558**	109,299,499

			As at 31.3.2011 (₹ in 000s)	As at 31.3.2010 (₹ in 000s)
3.	**Deposits**			
A	I	Demand deposits		
		from banks	**11,077,074**	7,696,995
		from others	**147,159,815**	134,359,198
	Total demand deposits		**158,236,889**	142,056,193
	II	Savings bank deposits	**91,345,015**	86,795,298
	Total savings bank deposits		**91,345,015**	86,795,298
	III	Term deposits		
		from banks	**13,787,141**	13,887,937
		from others	**320,822,057**	239,184,427
	Total term deposits		**334,609,198**	253,072,364
	Total deposits		**584,191,102**	481,923,855
B	I	Deposits of branches in India	**584,191,102**	481,923,855
	II	Deposits of branches outside India	**–**	–
	Total deposits		**584,191,102**	481,923,855
4.	**Borrowings**			
	including subordinated debt [Refer Note 18 E (4) (ii)]			
	I	Borrowings in India from		
		(i) Reserve Bank of India	**23,000,000**	–
		(ii) Other banks	**–**	9,300,000
		(iii) Other institutions and agencies	**20,989,250**	29,949,500
	II	Borrowings outside India	**64,447,354**	47,965,444
	Total borrowings		**108,436,604**	87,214,944
	Secured Borrowings included in I and II above		**37,300,000**	16,500,000

	As at 31.3.2011 (₹ in 000s)	As at 31.3.2010 (₹ in 000s)
5. Other Liabilities and Provisions		
Bills payable	**9,528,261**	5,743,339
Inter Office Adjustment (net)	**–**	–
Interest accrued	**4,320,248**	2,189,285
Mark-to-market adjustments on Foreign Exchange and Derivative contracts	**197,453,343**	157,303,585
Provision for Tax (net of Advance Tax)	**–**	211,249
Provision against Standard Assets	**4,427,175**	4,427,175
Others	**27,853,056**	32,678,727
Total other liabilities and provisions	**243,582,083**	202,553,360
6. Cash and balances with the Reserve Bank of India		
(i) Cash in hand (including foreign currency notes)	**3,630,620**	1,975,415
(ii) Balance with Reserve Bank of India		
(a) In Current Accounts	**41,831,492**	36,040,915
(b) In Other Accounts	**–**	–
Total cash and balances with the Reserve Bank of India	**45,462,112**	38,016,330
7. Balances with Banks and money at call and short notice		
In India		
(i) Balances with Banks		
(a) In current accounts	**2,479,547**	2,345,111
(b) In other deposit accounts	**2,131,600**	3,497,250
(ii) Money at call and short notice		
(a) with banks	**5,000,000**	–
(b) with other institutions	**–**	–
Total (i and ii)	**9,611,147**	5,842,361
Outside India		
(i) In current accounts	**12,959,008**	3,947,642
(ii) In other deposit accounts	**–**	–
(iii) Money at call and short notice	**–**	–
Total (i, ii and iii)	**12,959,008**	3,947,642
Total balances with banks and money at call and short notice	**22,570,155**	9,790,003
8. Investments		
In India		
Government securities	**197,768,907**	149,445,810
Other approved securities	**–**	–
Shares	**140,182**	140,452
Debentures and bonds	**1,820,821**	9,944,986
Subsidiaries	**100**	100
Others (including Certificates of Deposits, Commercial Papers and Pass Through Certificates)	**31,151,638**	25,242,875
	230,881,648	184,774,223
Outside India		
Government securities (including local authorities)	**–**	–
Subsidiaries and / or joint ventures abroad	**–**	–
Other Investments	**–**	–
Total investments	**230,881,648**	184,774,223

				As at 31.3.2011 (₹ in 000s)	As at 31.3.2010 (₹ in 000s)
9.	**Advances**				
a.	Bills purchased and discounted			**50,509,821**	52,455,119
	Cash credits, overdrafts and loans repayable on demand			**256,836,550**	197,963,376
	Term loans			**185,411,557**	165,853,019
	Less: Floating Provision			**(750,000)**	(750,000)
	Total			**492,007,928**	415,521,514
b.	Secured by tangible assets (includes advances secured against book debts)			**265,537,836**	228,861,947
	Covered by bank / government guarantees			**1,441,438**	1,413,837
	Unsecured			**225,778,654**	185,995,730
	Less: Floating Provision			**(750,000)**	(750,000)
	Total			**492,007,928**	415,521,514
c.	i.	Advances in India			
		Priority sector		**129,766,638**	114,524,194
		Public sector		**294,460**	82,018
		Banks		**–**	–
		Others		**362,696,830**	301,665,302
		Less: Floating Provision		**(750,000)**	(750,000)
		Total		**492,007,928**	415,521,514
c.	ii.	Advances Outside India			
		Due from Banks		**–**	–
		Due from Others			
		(a)	Bills purchased and discounted	**–**	–
		(b)	Syndicated loans	**–**	–
		(c)	Others	**–**	–
		Total		**–**	–
		Total advances		**492,007,928**	415,521,514
10.	**Fixed Assets**				
	Premises				
	Balance, beginning of the year			**16,157,382**	16,190,419
	Additions during the year			**–**	–
	Additions on account of revaluation during the year (net)			**797,388**	–
	Deductions during the year (at cost)			**(1,128,867)**	(33,037)
				15,825,903	16,157,382
	Less: Depreciation to date			**(267,806)**	(229,379)
	Net book value of Premises			**15,558,097**	15,928,003
	Other fixed assets (including furniture and fixtures)				
	Balance, beginning of the year			**3,380,228**	3,542,182
	Additions during the year			**420,556**	285,237
	Deductions during the year (at cost)			**(618,807)**	(447,191)
				3,181,977	3,380,228
	Less: Depreciation to date			**(2,131,668)**	(2,208,888)
	Net book value of other fixed assets			**1,050,309**	1,171,340

		As at 31.3.2011 (₹ in 000s)	As at 31.3.2010 (₹ in 000s)
	Intangible (Capitalised Software)		
	Balance, beginning of year	**174,317**	126,870
	Additions during the year	**8,026**	51,356
	Deductions during the year at cost	**–**	(3,909)
		182,343	174,317
	Less: Depreciation to date	**(146,379)**	(117,864)
	Net book value of Capitalised Software	**35,964**	56,453
	Work In Progress*	**9,288,476**	7,707,059
	Total net book value of fixed assets	**25,932,846**	24,862,855
	* includes capitalisation of borrowing cost ₹821,774 (in 000's) – (2009-10: ₹489,355) (in 000's)		
11.	**Other Assets**		
	Inter-office adjustment (net)	**–**	–
	Interest accrued	**3,865,506**	4,403,019
	Tax paid in advance / TDS (net of provision for tax)	**2,352,121**	–
	Deferred Tax asset [Refer Note 18 E (10)]	**6,536,559**	4,218,881
	Stationery and stamps	**842**	891
	Mark-to-market adjustments on Foreign exchange and Derivative contracts	**211,979,585**	169,960,816
	Non-banking assets acquired in satisfaction of claims	**–**	–
	Others	**25,244,037**	36,201,118
	Total other assets	**249,978,650**	214,784,725
12.	**Contingent Liabilities**		
	Claims against the Bank not acknowledged as debts	**2,572,000**	2,225,305
	Liability for partly paid investments in shares	**–**	–
	Liability on account of outstanding foreign exchange contracts	**3,955,653,988**	3,013,892,212
	Liability on account of derivative contracts	**12,890,482,498**	9,151,272,543
	Guarantees given on behalf of constituents		
	- in India	**107,904,161**	103,582,339
	- outside India	**75,247,264**	47,751,614
	Acceptances, endorsements and other obligations	**151,583,799**	134,251,574
	Other items for which the Bank is contingently liable	**1,853,209**	66,934,225
	Total contingent liabilities	**17,185,296,919**	12,519,909,812

		For the year ended 31.3.2011 (₹ in 000s)	For the year ended 31.3.2010 (₹ in 000s)
13.	**Interest Earned**		
	Interest / discount on advances / bills	**44,246,615**	41,742,707
	Income on investments	**18,601,957**	14,124,359
	Interest on balances with Reserve Bank of India and other inter-bank funds	**344,122**	449,729
	Others	**331,559**	432,106
	Total interest earned	**63,524,253**	56,748,901

		For the year ended 31.3.2011 (₹ in 000s)	For the year ended 31.3.2010 (₹ in 000s)
14.	**Other Income**		
	Commission, exchange and brokerage	**21,408,443**	24,756,400
	Net loss on sale of investments	**(6,232,065)**	(1,111,081)
	Profit / (Loss) on revaluation of investments	**926,662**	(3,485,541)
	Net profit on sale of premises and other assets	**749,576**	15,526
	Net profit on exchange transactions	**5,512,416**	4,660,728
	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)	**2,349,728**	3,540,144
	Total other income	**24,714,760**	28,376,176
15.	**Interest Expended**		
	Interest on deposits	**18,406,041**	14,415,996
	Interest on Reserve Bank of India and inter-bank borrowings	**3,590,373**	2,023,805
	Others	**1,509,591**	1,398,015
	Total interest expended	**23,506,005**	17,837,816
16.	**Operating Expenses**		
	Payments to and provisions for employees	**12,607,277**	10,245,479
	Rent, taxes and lighting	**1,541,609**	1,487,158
	Printing and stationery	**279,592**	193,210
	Advertisement and publicity	**3,168,145**	2,696,082
	Depreciation on Bank's property	**591,686**	598,443
	Directors’ fees, allowances and expenses	**–**	–
	Auditors' fees and expenses	**6,644**	6,070
	Legal and professional charges	**606,492**	671,997
	Postage, telegrams, telephones, etc.	**790,071**	787,907
	Repairs and maintenance	**741,234**	553,850
	Insurance	**771,387**	594,335
	Travelling	**419,252**	301,837
	Business Support Cost	**2,882,226**	3,962,987
	Other expenditure	**1,563,451**	2,090,390
	Total operating expenses	**25,969,066**	24,189,745
17.	**Provisions and Contingencies**		
	Specific provisions against advances and claims (net)	**7,509,896**	6,290,022
	General provision against Standard Assets	**–**	–
	Floating Provision [Refer Note 18 D (2)]	**–**	750,000
	Charge / (Release) against Investments	**271**	(4,000)
	Provision on account of tax		
	- Current tax expense [Refer note 18 D (10)]	**12,978,584**	15,623,820
	- Deferred tax credit [Refer note 18 E (10)]	**(2,317,678)**	(832,711)
	Total provisions and contingencies	**18,171,073**	21,827,131

18. Significant accounting policies and notes to financial statements

A) Background

The accompanying financial statements for the year ended 31 March 2011 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 amount of assets, liabilities, income and expenses and disclosure of contingent liabilities at 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.

D) Significant Accounting Policies

(1) Investments

Classification and valuation of the Bank's investments is carried out in accordance with the RBI Circular DBOD.No.BP.BC.18/21.04.141/2010-11 dated 01 July 2010.

<u>Classification</u>

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 are classified as HFT. All other investments are classified as AFS.

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

<u>Valuation</u>

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. Where in the opinion of the management, any diminution has occurred 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 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 is ignored.

The mark to market value of investments 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 papers, being discounted instruments, are valued at carrying cost including the pro rata discount accreted for the holding period. Further, Treasury bills held under primary dealership are marked to market using YTM rate as notified by FIMMDA jointly with PDAI.

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

<u>Transfer between categories</u>

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.

Accounting for repos / reverse repos

In accordance with the RBI Circular No. IDMD/4135/11.08.43/2009-10 dated 23 March 2010, the Bank has started accounting repurchase (repos) and reverse repurchase (reverse repos) as collateralised borrowing and lending effective 01 April 2010.

The Bank also follows 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.21/21.04.048/2010-11 dated 01 July 2010 on prudential norms on income recognition, asset classification and provisioning pertaining to advances.

Classification

Advances are classified into performing and non-performing advances based on the management's periodic internal assessment and RBI's prudential norms on classification.

Provisioning

Advances are stated net of specific provisions and interest in suspense. Specific provisions are made based on the 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, subject to minimum provisioning norms laid down by the RBI.

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 the 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 financial instruments comprising forward exchange contracts, currency futures, cross currency swaps, currency options, forward rate agreements, interest rate swaps and interest rate options are marked to market and the resultant unrealised gain or loss is recognised in the Profit and Loss account under Schedule 14 – Other Income.

(5) Income recognition

Interest income on advances is recognised on accrual basis, except in case of interest on non-performing advances, which is recognised as income on receipt.

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, fees on loans and credit card 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.

(6) Fixed assets and depreciation

Fixed assets and depreciation thereon is 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.

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 swaps and forward rate agreements are revalued at the exchange rates notified by FEDAI. 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.

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

(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

Upto 31 March 2010, repos and reverse repos including those undertaken under LAF were accounted for as sale and repurchase transactions. In accordance with the RBI Circular No. IDMD/4135/11.08.43/2009-10 dated 23 March 2010, the Bank has started accounting repos and reverse repos as collateralised borrowing and lending effective 01 April 2010.

If the Bank had continued to account the repos and reverse repos including those undertaken under LAF as sale and repurchase as at 31 March, 2011, the investments would have been lower by ₹23,812 million, borrowings would have been lower by ₹23,000 million and contingent liability would have been higher by ₹23,021 million.

E) Notes to accounts

(1) Claims and Inquiry Proceedings

(i) Claims on the Bank on account of deficiencies in its assets, arising from earlier 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 also been investigated by the Central Bureau of Investigation, continue to be pursued. An amount of ₹322 million (2009-10: ₹322 million) excluding interest 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, of the outcome of such proceedings. 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 their letter Ref. DBOC IBS 145/23.13.116/2002-03 dated 22 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 the FERA inquiry / proceedings conducted by the Enforcement Directorate and the same was deposited between May–July 2007. These orders have been challenged before the Appellate Tribunal and the hearing is in progress.

(3) Taxation

Provision on account of tax for the year ended 31 March 2011 is ₹10,661 million (2009-10: ₹14,791 million).

Tax liabilities (including interest) of the Bank amounting to ₹2,250 million (2009-10: ₹1,903 million for the assessment years 1991-92 to 2006-07) (included in Schedule 12 – Contingent Liabilities) for the assessment years 1991-92 to 2007-08, 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

(₹ in 000s)

	As at 31.3.2011	As at 31.3.2010
Tier I Capital	**94,875,451**	80,367,722
Tier II Capital	**31,763,949**	31,148,937
Total Capital	**126,639,400**	111,516,659
Total Risk weighted assets and contingents	**1,065,903,743**	898,365,827
Capital Ratios		
Tier I Capital	**8.90%**	8.94%
Tier II Capital	**2.98%**	3.47%
Total Capital	**11.88%**	12.41%
Amount of subordinated debt as Tier II capital	**22,297,500**	22,450,000

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.15/21.06.001/2010-11 dated 01 July 2010.

(ii) Subordinated Debt

Schedule 4 – Borrowings include an amount of ₹22,298 million (2009-10: ₹24,450 million) pertaining to subordinated debts raised from Head Office, details of which are given below:

(₹ in 000s)

Date of allotment	Amount	Coupon Frequency	Maturity date
03 March 2008	₹11,148,750	Semi – annual	02 March 2018
30 June 2008	₹11,148,750	Semi – annual	29 June 2018

(iii) Key Ratios

Sr. No.		**For the Year ended 31.3.2011**	For the Year ended 31.3.2010
i.	Interest income as a % to working funds[1]	**7.54%**	8.08%
ii.	Non-interest income as a % to working funds[1]	**2.93%**	4.04%
iii.	Operating profit as a % to working funds[1]	**4.60%**	6.14%
iv.	Return on assets[1]	**2.44%**	3.03%
v.	Business (deposits + advances) per employee (₹ '000s) [2]	**134,562**	108,345
vi.	Profit per employee (₹ in '000s)	**2,636**	2,631

[1] Computed based on average of total assets as per Form X submitted to the 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 March 2011

(₹ in 000s)

Maturity Bucket	Loans and Advances*	Investments	Deposits*	Borrowings*	Foreign Currency Assets	Foreign Currency Liabilities
Day 1	9,513,947	63,048,254	6,541,994	9,732,363	19,216,450	11,943,275
	(8,126,526)	(46,074,953)	(6,352,517)	(292,166)	(6,806,556)	(12,891,933)
2-7 days	31,785,610	6,313,833	66,151,829	23,000,000	2,503,356	11,815,614
	(20,664,765)	(15,846,556)	(59,487,039)	(17,634,000)	(3,411,300)	(16,214,106)
8-14 days	36,680,739	6,952,901	66,395,040	891,900	3,153,635	14,572,212
	(24,754,284)	(6,601,045)	(60,365,126)	(3,250,000)	(1,629,405)	(9,852,532)
15-28 days	33,648,598	10,423,349	45,250,200	1,200,991	11,331,906	5,601,664
	(20,161,686)	(9,493,265)	(44,310,625)	(5,000,000)	(8,885,452)	(1,772,000)
29 days – 3 months	88,063,409	31,829,078	118,328,556	31,979,975	71,228,232	80,492,159
	(62,288,283)	(29,600,143)	(81,115,865)	(11,623,243)	(46,866,768)	(46,479,104)
Over 3 months –	52,118,760	21,454,680	42,736,697	10,033,875	46,483,027	35,681,256
6 months	(62,550,654)	(9,726,023)	(25,864,371)	(20,465,535)	(55,491,821)	(45,381,473)
Over 6 months –	47,842,655	32,937,560	64,048,152	2,500,000	24,361,258	42,574,581
1 year	(39,409,221)	(20,400,681)	(41,879,485)	–	(25,803,206)	(42,337,465)
Over 1 year – 3 years	74,296,195	45,032,078	173,687,001	6,800,000	29,913,085	37,436,026
	(78,911,597)	(41,733,512)	(159,786,209)	(6,500,000)	(24,312,740)	(29,326,821)
Over 3 years – 5 years	19,693,642	5,627,396	898,371	–	15,207,114	12,753,422
	(23,424,831)	(2,159,495)	(2,612,617)	–	24,169,312)	(19,217,962)
Over 5 years	98,364,373	5,057,385	153,262	22,297,500	(10,300,769	33,258,397
	(75,229,667)	(2,498,856)	(150,001)	(22,450,000)	11,438,449)	(29,089,159)
Total	**492,007,928**	**228,676,514**	**584,191,102**	**108,436,604**	**233,698,832**	**286,128,606**
	(415,521,514)	**(184,134,529)**	**(481,923,855)**	**(87,214,944)**	**(208,815,009)**	**(252,562,555)**

* Including foreign currency balances.

Figures in brackets relate to the previous year.

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

(v) Investments

(₹ in 000s)

	As at 31.3.2011	As at 31.3.2010
Value of Investments		
(i) Gross Value of Investments	**233,681,955**	188,500,921
(a) In India	**233,681,955**	188,500,921
(b) Outside India	**–**	–
(ii) Provisions for Depreciation	**2,800,307**	3,726,698
(a) In India	**2,800,307**	3,726,698
(b) Outside India	**–**	–
(iii) Net Value of Investments	**230,881,648**	184,774,223
(a) In India	**230,881,648**	184,774,223
(b) Outside India	**–**	–

(vi) Movement of Provision towards Depreciation on Investments

(₹ in 000s)

	For the Year ended 31.3.2011	For the Year ended 31.3.2010
Balance, beginning of the year	**3,726,698**	245,158
Add: Provisions made during the year	**271**	3,551,550
Less: Write-off / write back of excess provisions during the year	**(926,662)**	(70,010)
Balance, end of the year	**2,800,307**	3,726,698

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

For the year ended 31 March 2011

(₹ in 000s)

	Minimum outstanding during the year*	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as at 31.3.2011
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)	–	–	–	–

For the year ended 31 March 2010

(₹ in 000s)

	Minimum outstanding during the year*	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as at 31.3.2010
Securities sold under repos (Government Securities)	3,961,900	53,087,500	18,708,661	53,087,500
Securities purchased under reverse repos (Government Securities)	3,150,000	21,000,000	492,603	–

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

(viii) Issuer composition of non-SLR investments

As at 31 March 2011

(₹ in 000s)

Issuer	Total Amount	Extent of Private Placement (a)	Extent of 'Below Investment Grade' Securities (b)	Extent of Unrated Securities (c)	Extent of Unlisted Securities (d)
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 ventures	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**

As at 31 March 2010

(₹ in 000s)

Issuer	Total Amount	Extent of Private Placement (a)	Extent of 'Below Investment Grade' Securities (b)	Extent of Unrated Securities (c)	Extent of Unlisted Securities (d)
PSU	7,989,700	7,989,700	–	39,700	39,700
Financial institutions	3,358,870	2,492,540	–	867,000	1,992,540
Banks	12,550,776	9,451,013	–	127	12,550,776
Private corporate	774,209	774,209	44,802	151,209	148,678
Subsidiaries / Joint ventures	100	100	–	100	100
Others	10,699,579	10,699,579	19	392,519	10,699,579
Provisions held towards depreciation	(44,821)	(44,821)	(44,821)	(44,821)	(43,041)
Total	**35,328,413**	**31,362,320**	**–**	**1,405,834**	**25,388,332**

Note: Total investments include investments in Pass Through Certificates ('PTCs') of ₹11,638 million (2009–10: ₹10,307 million).

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

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

(₹ in 000s)

	For the year ended 31.3.2011	For the year ended 31.3.2010
Balance, beginning of the year	**44,821**	48,821
Additions during the year	**271**	8,000
Reductions during the year	**–**	(12,000)
Balance, end of the year	**45,092**	44,821
Total provisions held at end of the year	**45,092**	44,821

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

The percentage of net NPA to net advances is 0.27% as at 31 March 2011 (2009-10: 1.40%).

The Provision Coverage Ratio ('PCR') is 88.51% as at 31 March 2011 (2009-10: 47.02%).

(₹ in 000s)

Movement of Gross NPA	**For the year ended 31.3.2011**	For the year ended 31.3.2010
Balance, beginning of the year	**10,955,995**	9,279,976
Additions during the year	**9,855,055**	14,760,805
Reductions during the year	**(9,333,166)**	(13,084,786)
Balance, end of the year	**11,477,884**	10,955,995

(₹ in 000s)

Movement of Net NPA	**For the year ended 31.3.2011**	For the year ended 31.3.2010
Balance, beginning of the year	**5,804,875**	5,140,890
Additions during the year	**1,854,761**	8,690,966
Reductions during the year	**(6,340,740)**	(8,026,981)
Balance, end of the year	**1,318,896**	5,804,875

(₹ in 000s)

Movement in Provision for NPA (excluding provisions on standard assets)	**For the year ended 31.3.2011**	For the year ended 31.3.2010
Balance, beginning of the year	**5,151,120**	4,139,086
Add: Provisions made during the year	**11,753,012**	6,069,839
Less: Write off / Write back of excess provisions	**(6,745,144)**	(5,057,805)
Balance, end of the year	**10,158,988**	5,151,120

(₹ in 000s)

Concentration of NPAs	**As at 31.3.2011**	As at 31.3.2010
Total exposure to top four NPA accounts	**3,356,203**	2,613,826

	Percentage of Net NPAs to total advances in that sector	
Sector wise Net NPA	**As at 31.3.2011**	As at 31.3.2010
Agriculture & allied activities	**0.64**	–
Industry (Micro & Small, Medium and Large)	**0.46**	1.25
Services	**0.34**	1.76
Personal Loans	**0.43**	2.05

(₹ in 000s)

Movement of Gross NPA	For the year ended 31.3.2011	For the year ended 31.3.2010
Gross NPAs as on 01 April	**10,955,995**	9,279,976
Additions (fresh NPAs) during the year	**9,855,055**	14,760,805
Sub-total (A)	**20,811,050**	24,040,781
Less:		
(i) Upgradations	**(2,530,342)**	(4,040,221)
(ii) Recoveries (excluding recoveries made from upgraded accounts)	**(3,525,081)**	(3,562,258)
(iii) Write-offs	**(3,277,743)**	(5,482,307)
Sub-total (B)	**(9,333,166)**	(13,084,786)
Gross NPAs as on 31 March (A-B)	**11,477,884**	10,955,995

(xi) Concentration of Advances*

(₹ in 000s)

	As at 31.3.2011	As at 31.3.2010
Total advances to twenty largest borrowers	**230,672,507**	210,748,169
Percentage of advances to twenty largest borrowers to total advances of the Bank	**13.91%**	14.30%

* Advances are computed as per definition of credit exposure (including derivatives) as per RBI Master Circular on Exposure Norms DBOD.No.DIR.BC.14/13.03.00/2010-11 dated 01 July 2010

(xii) Concentration of Exposures*

(₹ in 000s)

	As at 31.3.2011	As at 31.3.2010
Total exposure to twenty largest borrowers / customers	**420,614,490**	347,309,918
Percentage of exposures to twenty largest borrowers / customers to total exposure of the Bank on borrowers / customers	**20.33%**	19.29%

* Exposures are computed based on credit and investment exposure as per RBI Master Circular on Exposure Norms DBOD.No.DIR.BC.14/13.03.00/2010-11 dated 01 July 2010

(xiii) Provision towards Standard Assets and Country Risk Exposure

(₹ in 000s)

	As at 31.3.2011	As at 31.3.2010
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 (2009–10: Nil)

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

(₹ in 000s)

		For the year ended 31.3.2011	For the year ended 31.3.2010
(a)	Number of accounts sold during the year	**3**	252,879
(b)	Aggregate outstanding*	**–**	–
(c)	Aggregate consideration received	**61,500**	156,536

* Net book value on date of sale.

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

(₹ in 000s)

		For the year ended 31.3.2011	For the year ended 31.3.2010
i)	No of accounts	**7**	1
ii)	Aggregate value (net of provisions) of accounts sold to SC / RC*	**16,949**	2,243
iii)	Aggregate consideration	**136,580**	5,000
iv)	Additional consideration realised in respect of accounts transferred in earlier years	**–**	–
v)	Aggregate gain over net book value	**119,631**	2,757

* Net book value on date of sale.

(xvii) Unsecured Advances

Total amount of advances for which intangible securities such as charge over the rights, licenses, authority, etc., has been taken as Nil (2009–10: Nil).

(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.21/21.04.048/2010-11 dated 01 July 2010:

For the year ended 31 March 2011

(₹ in 000s)

	Particulars of Accounts Restructured	CDR Mechanism	SME Debt Restructuring	Others
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

For the year ended 31 March 2010

(₹ in 000s)

	Particulars of Accounts Restructured	CDR Mechanism	SME Debt Restructuring	Others
Standard advances restructured	No. of Borrowers	1	–	7
	Amount Outstanding	500,283	–	2,797,885
	(of which amount restructured)	368,030	–	2,365,460
	Sacrifice (diminution in fair value)	222,271	–	4,594
Sub standard advances restructured	No. of Borrowers	–	–	7,415
	Amount outstanding	–	–	1,710,824
	(of which amount restructured)	–	–	1,482,801
	Sacrifice (diminution in fair value)	–	–	170,704
Doubtful advances restructured	No. of Borrowers	–	–	4
	Amount outstanding	–	–	268
	(of which amount restructured)	–	–	268
	Sacrifice (diminution in fair value)	–	–	42
TOTAL	No. of Borrowers	1	–	7,426
	Amount outstanding	500,283	–	4,508,977
	(of which amount restructured)	368,030	–	3,848,529
	Sacrifice (diminution in fair value)	222,271	–	175,340

(xx) Lending to Sensitive Sectors

(₹ in 000s)

Category		As at 31.3.2011	As at 31.3.2010
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:	**111,751,616**	101,077,680
	Of which individual housing loans eligible for inclusion in priority sector advances	**12,959,425**	15,724,451
(ii)	Commercial Real Estate		
	Lending secured by mortgages on commercial real estates	**111,948,522**	40,646,376
(iii)	Other Direct Exposure (Loans backed by Commercial Property not falling under the definition of Commercial Real Estate Exposure as per the RBI circular No. DBOD.BP.BC.No. 42/08.12.015/2009-10 dated 09 September, 2009)	**12,992,555**	7,047,195
(iv)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
	a. Residential	**2,083,612**	2,083,612
	b. Commercial Real Estate	**1,401,161**	392,500
Indirect Exposure			
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)		**1,960,782**	2,078,868
Total Exposure to Real Estate Sector		**242,138,248**	153,326,231
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	**43,578**	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	**161,173**	102,154
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	**2,538,853**	4,411,260
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	**–**	700,000
5	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	**12,039,065**	12,767,429
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	**–**	550,000
7	Bridge loans to companies against expected equity flows / issues	**–**	–
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) *	**841,700**	–
	Total Exposure to Capital Market	**15,624,369**	18,574,421

* Effective from 01 November 2010 as per the RBI Circular No. DBOD.Dir.BC.46/13.03.00/2010-11 dated 30 September, 2010.

(xxi) Assets Securitised (including assignments)

In accordance with the 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:

(₹ in 000s)

	For the year ended 31.3.2011	For the year ended 31.3.2010
Book value of loans securitised	**346,402**	1,379,050
Total number of loans securitised (nos.)	**3**	6,093
Sale consideration received	**346,150**	1,376,815
Net (loss) / profit on securitisation*	**(252)**	(2,235)

* 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:

(₹ in 000s)

	As at 31.3.2011	As at 31.3.2010
Credit Enhancement given in the form of Cash Collateral	**755,104**	755,104
Credit Enhancement given in the form of Guarantees	**1,522,785**	1,715,095
Liquidity Support	**–**	–
Post securitisation asset servicing	**–**	–

(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 (2009-10: ₹3.95 crore) and there is no amount outstanding at the year end (2009-10: Nil).

(b) Qualitative Disclosures

Risk Management in derivative trading

The Bank enters into derivative contracts in the normal course of business to meet customer requirements and to manage its own exposures to fluctuations in price, interest and exchange rates.

The derivatives are primarily subject to market risk, credit risk, interest rate and foreign exchange risk.

The Bank uses Value at Risk ('VaR') to measure and monitor all market risk related activities. VaR models are back tested against actual results to ensure that pre-determined level of accuracy is maintained. Additional limits are placed specific to instruments and currency concentrations where appropriate. In addition to VaR, other sensitivity measures like PV01 and stress testing are applied as risk management tools. Option risks are managed through revaluation limits on currency and volatility shifts and other control limits.

Appropriate internal limits and policies in this regard are set by the Bank's Group Risk Committee and Group Market Risk Committee and exposures against these limits are monitored on a daily basis by an independent department at the country level, as well as, at the Head Office level.

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 the 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. 21/21.04.048/2010-11 dated 01 July 2010.

(xxii) Risk Exposure in Derivatives *(Continued)*

(c) Quantitative Disclosures

(₹ in crores)

Sr. No.	Particulars	**Currency Derivatives as at 31.3.2011**	**Interest rate derivatives as at 31.3.2011**	Currency Derivatives as at 31.3.2010	Interest rate derivatives as at 31.3.2010
1	Derivatives(Notional Principal Amount)				
	a) For hedging	**–**	**–**	–	–
	b) For trading	**541,375**	**1,143,238**	485,436	731,081
2	Marked to Market Positions				
	a) Asset (+)	**11,094**	**10,104**	11,282	5,714
	b) Liability (-)	**(9,858)**	**(9,887)**	(9,822)	(5,908)
3	Credit Exposure[1]	**29,171**	**19,230**	27,921	11,706
4	Likely impact of one percentage change in interest rate (100*PV01)[2]				
	a) on hedging derivatives	**–**	**–**	–	–
	b) on trading derivatives	**189.59**	**530.82**	131.48	331.98
5	Maximum of 100*PV01 observed during the year[2]				
	a) on hedging	**–**	**–**	–	–
	b) on trading	**202.62**	**556.07**	195.18	394.85
6	Minimum of 100*PV01 observed during the year[2]				
	a) on hedging	**–**	**–**	–	–
	b) on trading	**68.22**	**236.27**	0.59	26.19

[1] Computed as per the current exposure method under "New Capital Adequacy Framework" (Basel II), issued vide circular DBOD.No.BP.BC.15/21.06.001/2010-11 dated 01 July 2010.

[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:

(₹ in 000s)

	As at 31.3.2011	As at 31.3.2010
IRS	**11,325,439,076**	7,219,279,970
IRO	**98,614,545**	86,792,332
FRA	**8,328,628**	4,732,675
	11,432,382,249	7,310,804,977

The credit risk is the pre-settlement risk which is estimated in accordance with the Bank's Loan Equivalent Risk approach. All IRS, IRO and FRA are monitored for price risks under the Value at Risk approach.

The Bank has not taken any collateral from counterparties in respect of IRS and FRA contracts.

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 counterparties fail to fulfill their obligations are:

(₹ in 000s)

	As at 31.3.2011	As at 31.3.2010
IRS	**99,566,686**	56,524,742
IRO	**1,476,095**	609,079
FRA	**1,643**	2,927
	101,044,424	57,136,748

As at 31 March 2011, the exposure on IRS contracts, IRO and FRA is spread over various industries. However, based on the notional principal amount, the maximum single industry exposure lies with banks at 93% (2009-10: 92%).

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

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

(₹ in 000s)

	As at 31.3.2011	As at 31.3.2010
IRS	**2,173,525**	(1,942,084)
IRO	**–**	–
FRA	**–**	–
	2,173,525	(1,942,084)

Note: Figures in bracket denote negative MTM.

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 IRS and IRO as on 31 March 2010 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	68	44,492,208	INBMK	Fixed Payable v/s Floating Receivable
Trading	37	15,575,000	INBMK	Fixed Receivable v/s Floating Payable
Trading	33	35,422,771	LIBOR	Fixed Payable v/s Fixed Receivable
Trading	386	432,208,617	LIBOR	Fixed Payable v/s Floating Receivable
Trading	31	47,241,812	LIBOR	Floating Payable v/s Fixed Receivable
Trading	28	37,735,279	LIBOR	Floating Payable v/s Floating Receivable
Trading	33	35,422,771	LIBOR	Fixed Receivable v/s Fixed Payable
Trading	284	346,244,962	LIBOR	Fixed Receivable v/s Floating Payable
Trading	30	44,042,687	LIBOR	Floating Receivable v/s Fixed Payable
Trading	8	20,555,955	LIBOR	Floating Receivable v/s Floating Payable
Trading	4,123	2,707,841,517	MIBOR	Fixed Payable v/s Floating Receivable
Trading	3,930	2,583,017,082	MIBOR	Fixed Receivable v/s Floating Payable
Trading	1,112	495,460,635	MIFOR	Fixed Payable v/s Floating Receivable
Trading	1,094	459,058,026	MIFOR	Fixed Receivable v/s Floating Payable
Trading	1	121,230	OTHERS	Fixed Receivable v/s Fixed Payable
	11,200	7,306,072,302		

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

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		

The nature and terms of the FRA as on 31 March 2010 are set out below:

Nature	Number of Contracts	Notional Principal (₹ in 000s)	Benchmark	Term
Trading	11	2,366,337	LIBOR	Fixed Payable v/s Floating Receivable
Trading	11	2,366,338	LIBOR	Fixed Receivable v/s Floating Payable
	22	4,732,675		

(xxiv) Country Risk Exposure

Provision for country risk exposure in accordance with the RBI Master Circular No. DBOD.BP.BC No. 3/21.04.018/ 2010-11 dated 01 July 2010 is given below:

(₹ in 000s)

Risk Category	**Funded Exposure (net) as at 31.3.2011**	**Provision held as at 31.3.2011**	Funded Exposure (net) as at 31.3.2010	Provision held as at 31.3.2010
Insignificant	**29,352,240**	**9,227**	14,670,620	9,227
Low	**2,499,480**	**–**	3,458,523	–
Moderately Low	**656,894**	**–**	571,332	–
Moderate	**14,952**	**–**	198,643	–
Moderately High	**–**	**–**	898	–
High	**4,460**	**–**	4,355	–
Very High	**–**	**–**	–	–
Total	**32,528,026**	**9,227**	18,904,371	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 the RBI. The Bank has enhanced the credit exposure by an additional 5 per cent of capital funds in respect of Reliance Industries Limited with the approval of the Management Committee ("MANCO") of the Bank (2009-10: Nil).

If intraday exposure is also considered the exposure to Birla Sun Life Mutual Fund has exceeded the limit for single borrower under the prudential norms during the year. MANCO approval for enhancement in credit exposure by additional 5% was obtained on 01 April 2011.

(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:

(₹ in 000s)

	For the year ended 31.3.2011		For the year ended 31.3.2010	
	Reward Points[1]	**Other Provisions**	Reward Points[1]	Other Provisions
Opening provision	**142,575**	**533,183**	119,732	425,255
Provision made during the year	**119,842**	**95,651**	102,244	214,335
Utilisation / write back of provision during the year	**(42,361)**	**(132,072)**	(79,401)	(106,407)
Closing provision	**220,056**	**496,762**	142,575	533,183

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

(xxvi) Provisions and contingencies *(Continued)*

(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 with inter-bank participants 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 include capital commitments, recourse obligations representing credit enhancements in the form of cash collaterals in respect of securitised loans and obligations undertaken on sell down of certain assets and amount payable on securities purchased.

(c) Breakup of Schedule 17 – Provisions and Contingencies

(₹ in 000s)

Particulars	**For the year ended 31.3.2011**	For the year ended 31.3.2010
Specific provisions against advances and claims (net)	**7,509,896**	6,290,022
Floating Provision	**–**	750,000
Charge / (Release) Investments	**271**	(4,000)
Provision towards Standard Assets	**–**	–
Provision on account of tax		
- Current tax expense[1]	**12,978,584**	15,623,820
- Deferred tax	**(2,317,678)**	(832,711)

[1] includes provision for Wealth Tax.

(d) Floating Provisions

(₹ in 000s)

Particulars	**For the year ended 31.3.2011**	For the year ended 31.3.2010
Opening Balance	**750,000**	–
Provisions made during the year	**–**	750,000
Utilisation during the year	**–**	–
Closing Balance	**750,000**	750,000

(e) Draw down from Reserves

During the year ended 31 March 2011, there has not been any draw down from reserves (2009-10: ₹685 million).

(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:

(₹ in 000s)

	For the year ended 31.3.2011	For the year ended 31.3.2010
Changes in present value of defined benefit obligations		
Opening balance as at 01 April	**1,303,937**	1,319,104
Current service cost	**45,333**	47,055
Interest cost	**101,374**	123,878
Past service cost	**263,917**	–
Acquisition adjustment	**750**	–
Actuarial losses / (gains)	**223,347**	(74,626)
Benefits paid	**(185,283)**	(111,474)
Closing balance as at 31 March (A)	**1,753,375**	1,303,937
Changes in fair value of plan assets		
Opening balance as at 01 April	**675,421**	621,518
Expected return on plan assets	**51,967**	49,008
Contributions paid by the Bank	**214,003**	97,502
Acquisition adjustment	**750**	–
Benefits paid	**(185,283)**	(111,474)
Actuarial gains	**3,432**	18,867
Closing balance as at 31 March (B)	**760,290**	675,421
Net liability recognised (B-A)	**(993,085)**	(628,516)
Present value of defined benefit obligations as at 31 March	**1,753,375**	1,303,937
Fair value of plan assets as at 31 March	**760,290**	675,421
Funded status – Deficit	**(993,085)**	(628,516)
Unrecognised assets as per paragraph 59 (b) of AS 15	**(3,201)**	(15,201)
Net liability recognised in Balance Sheet	**(996,286)**	(643,717)

(₹ in 000s)

	For the year ended 31.3.2011	For the year ended 31.3.2010
Components of employer's expense		
Current service cost	**45,333**	47,055
Interest cost	**101,374**	123,878
Expected return on assets	**(51,967)**	(49,008)
Past Service Cost	**263,917**	–
Net actuarial losses / (gains)	**219,914**	(93,493)
Effect of the limit in paragraph 59 (b) of AS 15	**(12,000)**	11,600
Net cost recognised in the Profit and Loss Account	**566,571**	40,032

Key Assumptions	31.3.2011	31.3.2010
Discount rate	**8.05%**	8.00%
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%

(xxvii) Retirement Benefits *(Continued)*

(a) Defined Benefit Plans *(Continued)*

Details of plan assets, defined benefit obligations and experience adjustments

(₹ in 000s)

	31.3.2011	31.3.2010	31.3.2009	31.3.2008	31.3.2007
Plan assets	**760,290**	675,421	621,518	515,418	350,495
Defined benefit obligations	**1,753,375**	1,303,937	1,319,103	964,730	835,464
Amount not recognised as an asset (limit in para 59 (b))	**3,201**	15,201	3,601	1,530	–
Deficit	**(996,286)**	(643,717)	(701,186)	(450,842)	(484,969)
Experience adjustment on plan assets	**3,432**	18,867	4,532	2,518	–
Experience adjustment on plan liabilities	**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:

(₹ in 000s)

Particulars	For the year ended 31.3.2011	For the year ended 31.3.2010
Provident Fund	**287,264**	246,452
Superannuation Fund	**40,810**	40,215

(xxviii) Primary dealership

In line with the RBI circular IDMD.PDRD.01/03.64.00/2010-11 dated 01 July 2010, the details pertaining to net borrowing in call money markets are as under:

For the year ended 31 March 2011

(₹ in 000s)

Particulars	Average net call borrowing	Maximum net call borrowing
Net Call Borrowing	**223,699**	5,500,000

For the year ended 31 March 2010

(₹ in 000s)

Particulars	Average net call borrowing	Maximum net call borrowing
Net Call Borrowing	**147,260**	12,000,000

(xxix) Customer complaints and awards of Banking Ombudsman

In accordance with RBI circular DBOD.No.Leg.BC.19/09.07.006/2010-11 dated 01 July 2010, details with respect to customer complaints and awards passed by the Banking Ombudsman are given below:

Customer complaints:

(₹ in 000s)

		For the year ended 31.3.2011	For the year ended 31.3.2010
(a)	No. of complaints pending at the beginning of the year	**294**	88
(b)	No. of complaints received during the year	**3,384**	3,487
(c)	No. of complaints redressed during the year	**3,543**	3,281
(d)	No. of complaints pending at the end of the year	**135**	294

(xxix) Customer complaints and awards of Banking Ombudsman *(Continued)*

Awards passed by the Banking Ombudsman:

(₹ in 000s)

		For the year ended 31.3.2011	For the year ended 31.3.2010
(a)	No. of unimplemented awards at the beginning of the year	**1**	2
(b)	No. of awards passed by the Banking Ombudsman during the year	**4**	5
(c)	No. of awards implemented during the year	**4**	6
(d)	No. of unimplemented awards at the end of the year	**1**	1

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

During the year ended 31 March 2011, the Bank has not issued any LoC in favour of subsidiaries (2009-10: Nil).

(xxxi) Fees earned in respect of the bancassurance business

(₹ in 000s)

Nature of income	For the year ended 31.3.2011	For the year ended 31.3.2010
For selling life insurance policies (including ULIPs)	**985,553**	1,027,095
For selling non life insurance policies	**77,897**	55,802
Total	**1,063,450**	1,082,897

(xxxii) Concentration of Deposits

(₹ in 000s)

	As at 31.3.2011	As at 31.3.2010
Total deposits of twenty largest depositors	**116,852,155**	84,082,999
Percentage of deposits of twenty largest depositors to total deposits of the Bank	**20.00%**	17.45%

(xxxiii) Off – Balance Sheet Special Purpose Vehicles sponsored

The Bank has not sponsored any Special Purpose Vehicle (2009-10: 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 the 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 aforementioned segments.

The classification of exposures to the respective segments conform to the guidelines issued by the 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 Management's 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.

(iv) Segment Reporting:

For the year ended 31 March 2011

(₹ in 000s)

		Treasury	Wholesale Banking	Retail Banking	Others	Total
A.	Net Segment Revenue	12,482,070	32,463,346	18,785,696	1,001,896	64,733,008
B.	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
Other information						
F.	Segment Assets	501,714,061	394,520,552	132,183,948	38,414,778	1,066,833,339
G.	Segment Liabilities	348,276,058	407,024,323	299,551,332	11,981,626	1,066,833,339

For the year ended 31 March 2010

(₹ in 000s)

		Treasury	Wholesale Banking	Retail Banking	Others	Total
A.	Net Segment Revenue	13,309,270	36,097,656	18,371,244	(490,909)	67,287,261
B.	Segment Results	8,733,033	21,878,202	4,340,564	1,109,695	36,061,494
C.	Operating Profit	–	—	–	–	36,061,494
D.	Income Taxes	–	–	–	(14,791,109)	(14,791,109)
E.	Net Profit	–	–	–	–	21,270,385
Other information						
F.	Segment Assets	411,968,775	311,006,220	129,117,995	35,656,660	887,749,650
G.	Segment Liabilities	286,446,010	338,882,007	246,924,451	15,497,182	887,749,650

(6) Penalties

On 30 July 2010, a penalty of ₹500 (in 000s) was imposed on the Bank by the RBI under section 47A (1) (b) read with section 46 (4) (i) of the Banking Regulation Act, 1949 for non compliance of instructions issued by the RBI regarding furnishing of documents relating to a foreign currency loan.

A penalty of ₹1,000 (in 000s) was imposed on 26 April 2011 by the RBI under section 47A (1) (b) read with section 46 (4) of the Banking Regulation Act, 1949 for non compliance of the RBI directions and instructions on foreign exchange derivatives.

(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 Limited

(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 Jersey
- Standard Chartered Bank (Germany) (w.e.f. June 2009)
- 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 Brunei
- Standard Chartered Bank Indonesia
- Standard Chartered Bank Thailand
- Standard Chartered Bank Vietnam
- 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 (Germany) GmbH (till June 2009)
- 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 Grindlays Pty 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 (Jersey) 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'Ivoire

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

(g) **Key Management Personnel**

In accordance with the RBI circular DBOD No BP.BC.3/21.04.018/2010-11 dated 01 July 2010, only Mr. Neeraj Swaroop, the Chief Executive Officer of the Bank, falls under the category of key management personnel for the year 2010-11, hence, no disclosures pertaining to him are provided.

(ii) **Transactions and Balances**

In line with the RBI circular DBOD.BP.BC No. 3/21.04.018/2010-11 dated 01 July 2010, 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.

(7) **Related Party** ***(Continued)***

(ii) **Transactions and Balances** ***(Continued)***

(₹ in 000s)

	Parent Company		Head Office & Branches		Subsidiaries & Fellow Subsidiaries	
	For the year ended 31.3.2011	For the year ended 31.3.2010	**For the year ended 31.3.2011**	For the year ended 31.3.2010	**For the year ended 31.3.2011**	For the year ended 31.3.2010
Leasing arrangements availed	**–**	–	**–**	–	**16,093**	8,214
Leasing arrangements provided	**–**	–	**–**	–	**132,801**	150,220
Purchase of Fixed Assets	**–**	–	**–**	–	**1,024**	–
Sale of Fixed Assets	**–**	–	**–**	–	**308**	125,445
Employee Share Options	**–**	–	**768,866**	695,415	**–**	–
Rendering of services	**–**	–	**266,788**	283,583	**1,055,615**	753,302
Receiving of services	**–**	–	**6,434**	2,423,202	**3,680,509**	3,257,175
Interest Paid	**–**	–	**877,857**	982,565	**158,159**	120,251
Interest Received	**–**	–	**7,925**	3,030	**51,681**	137,242
Sale of foreign exchange	**–**	–	**3,118,643,021**	3,131,966,956	**20,286,446**	6,420,423
Purchase of foreign exchange	**–**	–	**3,107,740,829**	3,208,402,393	**14,100,747**	1,590,357
Fee and commission / other income	**–**	–	**4,930,564**	4,941,433	**88,399**	89,593
Service Fees received on Guarantees / LCs	**–**	–	**5,579**	45,271	**6,880**	7,895
Service Fees paid on Guarantees / LCs	**–**	–	**682**	24,189	**413**	1,349
Assignment of loans	**–**	–	**–**	–	**346,150**	–
Purchase of investments	**–**	–	**679,666**	–	**17,677,943**	12,704,483
Sale of investments	**–**	–	**11,140,986**	–	**31,870,880**	48,094,784

(₹ in 000s)

	Parent Company		Head Office & Branches		Subsidiaries & Fellow Subsidiaries	
	As at 31.3.2011	**Maximum Outstanding during the year**	**As at 31.3.2011**	**Maximum Outstanding during the year**	**As at 31.3.2011**	**Maximum Outstanding during the year**
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)
Deposits / 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)

(7) Related Party *(Continued)*

(₹ in 000s)

	Parent Company		Head Office & Branches		Subsidiaries & Fellow Subsidiaries	
	As at 31.3.2010	Maximum Outstanding during the year	As at 31.3.2010	Maximum Outstanding during the year	As at 31.3.2010	Maximum Outstanding during the year
Lease Rentals Payable	–	–	–	–	–	(4,571)
Lease Rentals Receivable	–	–	–	–	12,190	22,373
Employee Share Options	–	–	(564,485)	(564,485)	–	–
Borrowings	–	–	(25,223,278)	(53,288,017)	–	–
Subordinated Debts	–	–	(22,450,000)	(25,356,250)	(340,000)	(340,000)
Deposits / Vostros	–	–	(1,624,552)	(1,624,552)	(7,099,963)	(8,257,517)
Investments	–	–	–	–	1,125,640	1,138,893
Placements	–	–	–	17,636,383	–	–
Advances	–	–	–	–	546,740	1,731,090
Nostro Balances	–	–	2,367,592	19,466,245	26,774	431,979
Derivative Notional & Trade Contingents	–	–	1,110,945,665	1,220,501,365	31,155,441	51,007,317
Sundry Balances (Net)	–	–	(1,640,854)	(6,948,887)	(1,450,223)	(1,450,223)
Positive MTM	–	–	17,825,752	30,977,037	2,217,168	2,217,168
Negative MTM	–	–	(26,460,648)	(39,042,507)	(22)	(1,674,394)

(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 2011. 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 ₹13.5 million (2009-10: ₹6.6 million) and Standard Chartered Investments and Loans (India) Limited ₹1.6 million (2009-10: ₹1.6 million).

For providing leasing services – receipt of rent from Standard Chartered Finance Limited ₹99.7 million (2009-10: ₹124.4 million) and Standard Chartered Securities (India) Limited ₹18.3 million (2009-10: ₹11.4 million).

Purchase of Fixed Assets

Purchase of Fixed Assets from Standard Chartered Finance Limited ₹1 million (2009-10: Nil).

Sale of Fixed Assets

Sale of Fixed Assets to Scope International Private Limited ₹0.3 million (2009-10: ₹125.4 million).

Employee Share Options

Expenses incurred on employee share options payable to Head Office ₹768.9 million (2009-10: ₹695.4 million).

Rendering of Services

During the year the Bank provided secondment, amenities and other services to related parties. The material transactions were with Standard Chartered Finance Limited ₹329.2 million (2009-10: ₹344.6 million), Standard Chartered Private Equity (Mauritius) Limited ₹539.8 million (2009-10: ₹239.6 million) and Standard Chartered Bank Singapore ₹94.3 million (2009-10: ₹162.3 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 ₹1,792.5 million (2009-10: ₹1,307.5 million), marketing services and back office support from Standard Chartered Finance Limited ₹1,218.5 million (2009-10: ₹1,253.8 million) and Standard Chartered Bank Singapore: Nil (2009-10: ₹2,223.9 million) and royalty payable to Standard Chartered Strategic Brand Management Limited ₹647.3 million (2009-10: ₹672.9 million).

Interest Paid

Interest on subordinated debt to Head Office ₹653.7 million (2009-10: ₹827.5 million), interest on money market borrowings to Head Office ₹196.2 million (2009-10: ₹81.9 million)

Interest Received

Interest on term loan from Scope International Private Limited ₹38.8 million (2009-10: ₹93.6 million), interest on commercial paper from Standard Chartered Securities (India) Limited ₹11.3 million (2009-10: ₹21.1 million) and interest on money market lending from Head Office ₹7.5 million (2009-10: ₹3 million).

Foreign Exchange Transactions

Sale of foreign currencies to Standard Chartered Bank USA ₹2,134,267 million (2009-10: ₹1,651,674 million), Head Office ₹555,317 million (2009-10: ₹727,189 million) and Standard Chartered Bank Singapore ₹363,269 million (2009-10: ₹611,823 million).

Purchase of foreign currencies from Standard Chartered Bank USA ₹2,112,218 million (2009-10: ₹1,653,676 million), Head Office ₹560,129 million (2009-10: ₹769,476 million) and Standard Chartered Bank Singapore ₹370,388 million (2009-10: ₹651,540 million).

Fee and Commission Income / Other Income

Receipt of fees from Head Office ₹3,759.3 million (2009-10: ₹4,339 million) and Standard Chartered Bank Singapore ₹1,090.1 million (2009-10: ₹513.2 million).

Service Fees on Guarantees & Letters of Credit

Receipt of trade fees from Standard Chartered Bank Kenya Limited ₹2.5 million (2009-10: ₹1.7 million), Standard Chartered Bank Singapore ₹2.1 million (2009-10: ₹1.9 million), Standard Chartered Bank United Arab Emirates ₹1.8 million (2009-10: Nil) and Head Office ₹0.6 million (2009-10: ₹37.2 million).

Payment of fees to Standard Chartered Bank Sri Lanka ₹0.1 million (2009-10: ₹1.6 million) and Standard Chartered Bank, United Arab Emirates ₹0.2 million (2009-10: Nil).

Assignment of Loans

Assignment of Loans to Standard Chartered Investments and Loans (India) Limited ₹346.2 million (2009-10: Nil)

Purchase and Sale of Investments

Purchase of investments from Standard Chartered Bank (Mauritius) Limited ₹17,436 million (2009-10: ₹9,841.3 million) and Standard Chartered Investments and Loans (India) Limited Nil (2009-10: ₹2,132 million).

Sale of investments to Standard Chartered Bank Singapore ₹11,140.9 million (2009-10: Nil) and Standard Chartered Bank (Mauritius) Limited to ₹27,670.8 million (2009-10: ₹41,688.9 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:

(₹ in 000s)

	For the year ended 31.3.2011	For the year ended 31.3.2010
Lease payments recognised in the Profit and Loss account in respect of operating leases	**1,132,212**	1,131,075

(₹ in 000s)

	For the year ended 31.3.2011	For the year ended 31.3.2010
Assets given on lease – Premises		
Gross carrying amount	**902,949**	1,944,548
Accumulated depreciation	**11,717**	51,506
Depreciation charge for the year	**1,946**	10,819

- 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.

(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'):

(₹ in 000s)

	As at 31.3.2011	As at 31.3.2010
Number of suppliers registered with competent authorities	**30**	35
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 ₹2,318 million for the year ended 31 March 2011 (2009-10: ₹833 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:

(₹ in 000s)

	As at 31.3.2011	As at 31.3.2010
Deferred tax assets		
Provision for Advances	**5,551,040**	3,562,503
Depreciation	**186,020**	143,275
Disallowances under section 43B of Income Tax Act 1961	**637,054**	363,648
Others	**162,445**	149,455
Deferred tax assets	**6,536,559**	4,218,881
Deferred tax liabilities	**–**	–
Net deferred tax assets	**6,536,559**	4,218,881

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

(₹ in 000s)

	For the year ended 31.3.2011	For the year ended 31.3.2010
Provision for Income Tax (excluding Wealth Tax)	**12,965,584**	15,608,820*

* Including ₹744 million relating to prior assessment years.

(12) Portfolio Purchase

The Bank has not purchased any loan portfolio during the year (2009-10: ₹5,602 million) from NBFCs 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 ₹769 million (2009-10: ₹695 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. During the year revaluation was conducted in March 2011 by external registered valuers. The revaluation gain (net) of ₹926 million was transferred to the Property Revaluation Reserve under Schedule 2 – Reserves and Surplus and revaluation loss of ₹129 million has been 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 2011

Particulars		For the year ended 31.3.2011 (₹ in 000s)	For the year ended 31.3.2010 (₹ in 000s)
Cash flow from operating activities			
Profit Before Tax		**31,253,775**	36,061,494
Adjustments for:			
Depreciation on Bank's property		**591,686**	598,443
Interest on subordinated debt		**685,440**	1,196,478
Provision in respect of non-performing assets (including prudential provision on standard assets)		**7,509,896**	6,290,022
Floating Provision		**–**	750,000
(Appreciation) / depreciation on investments		**(926,391)**	3,481,541
Revaluation loss on fixed assets		**128,562**	–
Profit on sale of fixed assets		**(749,576)**	(15,526)
		38,493,392	48,362,452
Adjustments for:			
(Increase) / decrease in investments (excluding HTM investments)		**(46,048,034)**	(39,279,224)
(Increase) / decrease in advances		**(83,996,310)**	(47,670,256)
(Increase) / decrease in other assets		**(30,524,126)**	161,259,846
Increase / (decrease) in borrowings		**23,221,660**	(6,370,987)
Increase / (decrease) in deposits		**102,267,247**	63,906,194
Increase / (decrease) in other liabilities and provisions		**41,250,017**	(155,273,732)
		44,663,846	24,934,293
Direct taxes paid		**(15,541,954)**	(13,377,684)
Net Cash flow from operating activities	(A)	**29,121,892**	11,556,609
Cash flow from investing activities			
Purchase of fixed assets (Including capital work in progress)		**(2,009,999)**	(2,145,438)
Proceeds from the sale of fixed assets		**1,895,284**	175,146
Decrease in HTM Investments		**867,000**	6,539,071
Net Cash flow from investing activities	(B)	**752,285**	4,568,779
Cash flow from financing activities			
Remittance to Head Office		**(6,952,760)**	(7,295,807)
Repayment of Subordinated debt		**(2,000,000)**	(1,950,000)
Interest on subordinated debt		**(695,483)**	(1,268,324)
Net cash flow from / (used in) financing activities	(C)	**(9,648,243)**	(10,514,131)
Net increase / (decrease) in cash and cash equivalents (A+B+C)		**20,225,934**	5,611,257
Cash and cash equivalents at the beginning of the year		**47,806,333**	42,195,076
Cash and cash equivalents at the end of the year		**68,032,267**	47,806,333

Note: Cash and Cash Equivalent represents

	Schedule	**As at 31.3.2011**	As at 31.3.2010
Cash and balances with the RBI	6	**45,462,112**	38,016,330
Balance with Banks and Money at call and short notice	7	**22,570,155**	9,790,003
Total		**68,032,267**	47,806,333

As per our report of even date

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

For Standard Chartered Bank – India Branches

Akeel Master
Partner
Membership No. 046768

Neeraj Swaroop
Regional Chief Executive – India and South Asia

Mumbai
30 May 2011

Anurag Adlakha
Chief Financial Officer – India and South Asia

Auditors' Report on the financial statements of Standard Chartered Bank – India Branches under Section 30 of the Banking Regulation Act, 1949

The Chief Executive Officer
Standard Chartered Bank – India Branches

We have audited the attached Balance Sheet of Standard Chartered Bank- India branches ("the Bank") as at 31 March 2011 and the related Profit and Loss Account and the Cash Flow Statement annexed thereto for the year ended on that date. 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.

We conducted our audit of the Bank including its branches 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 misstatements. 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 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.

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 sub-regulation (1), (2) and (5) of Section 211 and sub-section (5) of section 227 of the Companies Act, 1956.

In respect of the matters mentioned in the Schedule 18 (E) (1) to the financial statements, we are unable to form an opinion on their outcome and consequently their effect, if any, on the results of the Bank for the year.

In our opinion, subject to the effect of such adjustments in respect of matters mentioned in Schedule 18 (E) (1) if any, that might have become necessary had the outcome of the matter referred to above been known, and to the best of our information and according to the explanations given to us, the said accounts give the information required under the Banking Regulation Act, 1949 and the Companies Act, 1956 in the manner so required for banking companies and give a true and fair view:

a) In the case of Balance Sheet, of the state of affairs of the Bank as at 31 March 2011;
b) In the case of Profit and Loss Account, of the profit for the year ended on that date; and
c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Further, in our opinion, the financial statements dealt with by this report comply with the Accounting Standards, referred to in sub section 3(c) of Section 211 of the Companies Act, 1956, to the extent they are not inconsistent with the accounting policies prescribed by the Reserve Bank of India.

We further report that:

- We have obtained all information and explanations which to the best of our knowledge and belief, were necessary for the purpose of the audit and have found them to be satisfactory;
- The financial accounting systems of the Bank are centralised and therefore, accounting returns for the purpose of preparing financial statements are not required to be submitted by the branches;
- The transactions of the Bank, which have come to our notice have been within the powers of the Bank;
- In our opinion, the Bank has maintained proper books of account as required by the law insofar as appears from our examination of those books;
- The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- In our opinion, and to the best of our information and according to the explanation given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required for banking companies and guidelines issued by the Reserve Bank of India from time to time; and
- The requirements of Section 274(1)(g) of the Companies Act, 1956 are not applicable considering the Bank is a branch of Standard Chartered Bank, which is incorporated with limited liability in United Kingdom.

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

Akeel Master
Partner
Membership No: 046768

30 May 2011

Risk review and disclosures under Basel II Framework

for the year ended 31 March 2011

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 1,700 branches and offices in more than 70 countries and territories; and over 85,000 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 (AIRB). 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 AIRB and Value at Risk (VaR) model for the measurement of credit risk and market risk capital respectively and 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 Pillar 1 and the Basel I transition floor (80% as of March 2010 and onwards).

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.

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 the 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 its 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

Name of the entity	Status for regulatory purposes	Nature of business	Description of the entity	Type of consolidation
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 three 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, Group Capital Management Committee (CMC) and Group Treasury (GT). The responsibility of capital management has been assigned to a dedicated sub-group of ALCO, the CMC, 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.

4.6 Capital and RWA

(₹ in 000s)

	31.3.2011		
	Solo Bank*		Consolidated Basis*
	Basel II	Basel I	Basel II
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 ₹ 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

(₹ in 000s)

	31.3.2011 Solo Bank* Basel II	31.3.2011 Solo Bank* Basel I	Consolidated Basis* Basel II
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%**

(₹ in 000s)

	31.3.2010 Solo Bank* Basel II	31.3.2010 Solo Bank* Basel I	Consolidated Basis* Basel II
Tier 1 Capital:	**80,367,722**	**80,783,434**	**85,141,025**
Head Office capital	6,757,992	6,757,992	6,757,992
Paid-up capital of subsidiaries / associates	–	–	4,864,936
Eligible reserves	81,022,441	81,022,441	81,405,795
Intangible assets	(4,275,333)	(4,275,333)	(4,475,469)
Unconsolidated subsidiaries / associates	(50)	(50)	(50)
Other regulatory adjustments	(3,137,328)	(2,721,616)	(3,412,179)
Tier 2 Capital:	**31,148,937**	**31,564,648**	**31,148,937**
Eligible revaluation reserves	5,545,934	5,545,934	5,545,934
General provision and other eligible reserves / provisions	4,521,050	4,521,050	4,521,050
Debt capital instruments eligible to be reckoned as capital funds and included in Lower Tier 2 (of which amount raised during the year ₹ Nil)	24,450,000	24,450,000	24,450,000
Less: Amortisation of qualifying subordinated debts	(2,000,000)	(2,000,000)	(2,000,000)
Other regulatory adjustments	(1,368,047)	(952,286)	(1,368,047)
Total Capital Base	**111,516,659**	**112,348,082**	**116,289,962**

Minimum Regulatory Capital Requirements

(₹ in 000s)

	31.3.2010 Solo Bank*		Consolidated Basis*
	Basel II	Basel I	Basel II
Credit Risk	**70,651,217**	**64,073,280**	**71,248,620**
Standardised approach portfolios	55,790,954	–	56,388,357
Securitisation exposures	8,742	–	8,742
Counterparty Risk on FX and Derivatives	14,851,521	–	14,851,521
Market Risk - Standardised Duration Approach	**2,705,607**	**4,216,121**	**2,715,141**
Interest rate risk	2,317,165	3,827,679	2,317,165
Foreign exchange risk (including gold)	360,000	360,000	360,000
Equity risk	28,442	28,442	37,976
Operational Risk – Basic Indicator Approach	**7,496,101**	**–**	**7,757,753**
Total Minimum Regulatory Capital Requirements	**80,852,925**	**68,289,401**	**81,721,514**
Risk Weighted Assets and Contingents:			
Credit Risk	785,013,516	711,925,336	791,651,336
Market Risk	30,062,296	46,845,786	30,168,234
Operational Risk – Basic Indicator Approach	83,290,015	–	86,197,257
Total Risk Weighted Assets and Contingents	**898,365,827**	**758,771,122**	**908,016,827**
Capital Ratios			
Tier 1 Capital	8.94%	10.65%	9.38%
Tier 2 Capital	3.47%	4.16%	3.43%
Total Capital	**12.41%**	**14.81%**	**12.81%**

* 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.

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.

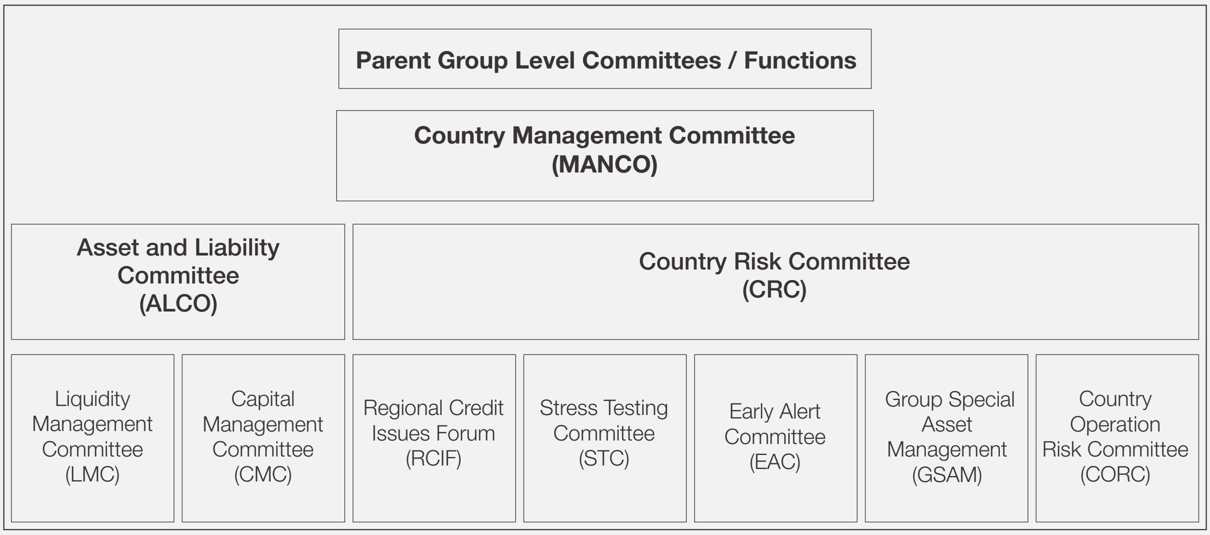
As part of this framework, the Bank uses a set of principles that describe the risk management culture it wishes to sustain:

- 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: seek to anticipate future risks and ensure awareness of all known risks;
- Competitive advantage: seek 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 approach, definitions of roles and responsibilities and risk 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 Indian operations 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 governance of the Bank in India, 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 of the Bank in India. 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 Indian operations 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 interest rate risk. ALCO membership includes the CEO, Business Heads, Country Chief Risk Officer (CCRO), Chief Financial Officer (CFO), Head of Asset Liability Management (ALM) and Country Economist. The committee is chaired by the CEO

  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 CMC 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 for the Bank, except those for which ALCO has direct responsibility, and for implementing the RMF. The CRC ensures:
  - Risk identification and measurement are objective;
  - Compliance with regulations and Group standards; and
  - Risk control and risk origination decisions are properly informed.

  CRC membership includes the CEO, CCRO, Business Heads, CFO, and the Compliance Head.

  The STC is a subcommittee of the CRC which is responsible for developing, reviewing and challenging the stress scenario used in the ICAAP; the local economist and Group Risk assume an advisory role in the development of the stress testing scenario. The STC is also responsible for reviewing the results of the ongoing stress testing and providing recommendations to CRC. The STC, chaired by the CCRO, includes membership from the Finance and Risk functions.

The CORC is a sub-committee of the CRC which provides a forum for the identification, assessment, mitigation and subsequent monitoring of country level OR trends and issues. It is responsible for providing assurance to the MANCO and the Group Risk Committee (GRC) that the Operational RMF is operating effectively in the country and that key risks are being managed. CORC membership includes the CEO, CCRO, business heads, support functions heads and Country Operational Risk Officer (CORO). The CORC meets monthly to review the country's significant risk exposures and to ensure appropriateness and adequacy of mitigation actions.

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.

5.4. Risk Appetite

The Group / Bank manages 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 annual risk appetite assessment is performed, 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 Group ALCO (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.

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. Stress testing activity in 2010 focused on specific certain asset classes, customer segments and the potential impact of macro economic factors. Stress testing themes are co-ordinated by the STC to ensure consistency of impacts on different risk types or countries.

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 2010-11 included oil price increase, commercial real estate portfolio review, mortgage portfolio review, poor monsoon, 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.

Expected loss (EL), in addition to absolute nominal, is used in the assessment of individual exposures and portfolio analysis. EL is the long-run average credit loss across a range of typical economic conditions. 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 AIRB 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 AIRB 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, corporate accounts or portfolios are placed on 'Early Alert' when they display signs of weakness or financial deterioration, for example, where there is a decline in the customer's position within the industry, a breach of covenants, non-performance of an obligation, or there are issues relating to ownership or management. Such accounts and portfolios are subjected to a dedicated process overseen by GSAM, the specialist recovery unit. Account plans are re-evaluated and 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.

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 subsegments, 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, which meets bi-monthly, 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 defined risk appetite; and
- Directing appropriate courses of action if material credit risk issues emerge.

The EAC, chaired by the CEO, meets monthly to oversee the early alert portfolio and review the proposed actions / escalations on these accounts.

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

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 managed via portfolio standards for WB, where concentration caps are defined for industry sectors, internal credit grade bands, business segments as well as collateralisation level target; and by products in CB.

For managing single name concentrations, the Bank monitors compliance to single and group borrower norms and also uses a credit reference level mechanism, whereby it sets out maximum risk exposure in monetary terms that it is willing to accept for a customer / group in each of the credit grades. 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 AIRB 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. AIRB 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 (review of performance and compliance with risk triggers / covenants) is undertaken for WB customers on a quarterly basis and on a monthly basis for CB customers. 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

(₹ in 000s)

Nature and Category of Exposures	Credit Risk Exposures	
	31.3.2011	31.3.2010
Inter-bank exposures	**22,570,155**	9,790,003
Investments (HTM)	**–**	872,655
Advances	**502,173,557**	423,938,376
Total gross fund based exposures	**524,743,712**	434,601,034
Specific provisions / Provisions for depreciation in the value of investments[1]	**(9,408,988)**	(4,338,877)
Total net fund based exposures	**515,334,724**	430,262,157
Fx and derivative contracts	**484,006,712**	396,267,443
Guarantees, acceptances, endorsements and other obligations	**251,510,505**	205,493,441
Other commitments and credit Lines[2]	**36,841,893**	77,004,313
Total gross non-fund based exposures[3]	**772,359,110**	678,765,197
Specific Provisions	**(737)**	(737)
Total net non-fund based exposures	**772,358,373**	678,764,460

[1] Excluding floating provision (Refer note 18(D)(2)) 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 6.9.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**

(₹ in 000s)

Nature & category of industry	**31.3.2011 Credit Risk Exposures**			31.3.2010 Credit Risk Exposures		
	Fund based	**Non-fund based**	**Total**	Fund based	Non-fund based	Total
Coal	**381,973**	**240,932**	**622,905**	872,393	359,504	1,231,897
Mining	**5,135,839**	**2,959,207**	**8,095,046**	779,590	128,508	908,098
Iron and Steel	**12,826,092**	**13,978,995**	**26,805,087**	3,933,301	9,752,559	13,685,860
Other Metals and Metal Products	**13,743,083**	**11,209,739**	**24,952,822**	13,134,356	6,533,737	19,668,093
All Engineering	**19,528,909**	**21,570,741**	**41,099,650**	15,339,725	23,307,658	38,647,383
Of which:						
- *Electronics*	***4,924,248***	***9,457,679***	***14,381,927***	*3,454,417*	*9,518,344*	*12,972,761*
Cotton Textiles	**521,069**	**–**	**521,069**	561,591	50	561,641
Other Textiles	**10,891,181**	**1,855,995**	**12,747,176**	8,501,827	1,381,890	9,883,717
Sugar	**3,089,349**	**2,047,799**	**5,137,148**	4,394	2,616,431	2,620,825
Tea	**44,595**	**78,666**	**123,261**	–	153,659	153,659
Food Processing	**8,617,144**	**1,668,677**	**10,285,821**	11,871,324	2,287,975	14,159,299
Vegetables Oils (including Vanaspati)	**2,245,633**	**9,460,535**	**11,706,168**	1,843,528	5,877,139	7,720,667
Tobacco and Tobacco Products	**3,286,882**	**402,900**	**3,689,782**	699,416	342,893	1,042,309
Paper and Paper Products	**1,965,628**	**815,116**	**2,780,744**	1,518,253	776,371	2,294,624
Rubber and Rubber Products	**2,355,508**	**2,623,503**	**4,979,011**	2,353,566	2,867,109	5,220,675
Chemicals, Dyes, Paints	**21,167,315**	**12,239,487**	**33,406,802**	19,370,103	9,393,426	28,763,529
Of which:						
- *Fertilisers*	***534,125***	***2,088,613***	***2,622,738***	*290,580*	*2,102,739*	*2,393,319*
- *Petro-chemicals*	***5,207,197***	***3,350,744***	***8,557,941***	*4,579,303*	*2,807,153*	*7,386,456*
- *Drugs and Pharmaceuticals*	***10,609,639***	***1,627,685***	***12,237,324***	*10,309,790*	*1,233,489*	*11,543,279*
Cement	**2,011,873**	**771,125**	**2,782,998**	4,337,773	1,094,873	5,432,646
Leather and Leather Products	**608,615**	**105,692**	**714,307**	545,154	27,268	572,422
Gems and Jewellery	**3,947,972**	**4,031,113**	**7,979,085**	4,726,645	3,452,935	8,179,580
Constructions	**5,267,941**	**10,049,862**	**15,317,803**	7,564,574	10,323,196	17,887,770
Petroleum	**247,248**	**10,912,531**	**11,159,779**	12,688,223	6,758,334	19,446,557
Automobiles including Trucks	**8,832,189**	**6,135,419**	**14,967,608**	8,583,912	5,100,194	13,684,106
Computer Software	**6,850,816**	**8,375,096**	**15,225,912**	11,192,606	4,373,498	15,566,104

(₹ in 000s)

Nature & category of industry	31.3.2011 Credit risk exposures Fund based	Non-fund based	Total	31.3.2010 Credit risk exposures Fund based	Non-fund based	Total
Infrastructure	**38,951,784**	**27,465,983**	**66,417,767**	27,377,897	28,447,001	55,824,898
Of which:						
- Power	***1,470,988***	***2,256,018***	***3,727,006***	*1,255,763*	*1,559,128*	*2,814,891*
- Telecommunications	***30,340,562***	***14,601,003***	***44,941,565***	*13,030,871*	*13,925,207*	*26,956,078*
- Roads and Ports	***5,347,280***	***8,113,535***	***13,460,815***	*9,725,805*	*12,962,666*	*22,688,471*
NBFC and Trading	**63,503,624**	**10,434,627**	**73,938,251**	57,642,408	13,004,679	70,647,087
Real Estate	**50,142,905**	**3,812,431**	**53,955,336**	17,627,158	2,993,832	20,620,990
Mortgages	**70,768,607**	**–**	**70,768,607**	61,650,018	–	61,650,018
Small & Medium Enterprises	**83,178,875**	**12,034,289**	**95,213,164**	59,548,680	7,116,992	66,665,672
Others retail advances	**50,206,205**	**1,328,508**	**51,534,713**	48,931,986	1,328,508	50,260,494
Others	**11,854,703**	**74,901,537**	**86,756,240**	20,737,975	55,693,222	76,431,197
Total Gross Advances	**502,173,557**	**251,510,505**	**753,684,062**	423,938,376	205,493,441	629,431,817
Specific provisions	**(9,408,988)**	**(737)**	**(9,409,725)**	(4,338,877)	(737)	(4,339,614)
Total Net Advances	**492,764,569**	**251,509,768**	**744,274,337**	419,599,499	205,492,704	625,092,203
Total Inter-bank exposures	**22,570,156**	**–**	**22,570,156**	9,790,003	–	9,790,003
Total Investments (HTM)	**–**	**–**	**–**	872,655	–	872,655

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 March 2011

(₹ in 000s)

	Cash and Bank Balances with RBI	Balances with Banks and money at call and short notice	Investments	Advances	Fixed Assets	Other Assets
1day (d)	11,196,487	15,438,555	63,048,254	9,513,947	–	14,055,375
2d-7d	1,578,458	5,088,100	6,313,833	31,785,610	–	1,483,613
8d - 14d	1,738,225	487,000	6,952,901	36,680,739	–	1,200,363
15d - 28d	2,605,837	519,000	10,423,349	33,648,598	–	5,670,302
29d - 3month (m)	7,957,269	1,037,500	31,829,078	88,063,409	–	49,042,755
3m - 6m	4,165,173	–	21,454,680	52,118,760	–	23,480,488
6m - 1year (y)	3,800,444	–	32,937,560	47,842,655	–	28,277,555
1y - 3y	10,436,922	–	45,032,078	74,296,195	–	64,641,444
3y - 5y	59,678	–	5,627,396	19,693,642	–	52,629,937
> 5y	1,923,619	–	5,057,385	98,364,373	25,932,846	15,776,244
Total	**45,462,112**	**22,570,155**	**228,676,514**	**492,007,928**	**25,932,846**	**256,258,076**

As at 31 March 2010

(₹ in 000s)

	Cash and Bank balances with RBI	Balances with Banks and money at call and short notice	Investments	Advances	Fixed Assets	Other Assets
1day (d)	12,331,553	6,292,753	46,074,953	8,126,526	–	10,686,934
2d - 7d	937,019	193,100	15,846,556	20,664,765	–	3,280,575
8d - 14d	1,430,922	186,400	6,601,045	24,754,284	–	1,577,574
15d - 28d	1,869,268	1,380,100	9,493,265	20,161,686	–	7,291,041
29d - 3 month (m)	6,751,251	1,737,650	29,600,143	62,288,283	–	42,422,756
3m - 6m	2,236,985	–	9,726,023	62,550,654	–	28,623,733
6m - 1year (y)	2,252,790	–	20,400,681	39,409,221	–	25,115,945
1y - 3y	8,669,334	–	41,733,512	78,911,597	–	48,631,881
3y - 5y	145,306	–	2,159,495	23,424,831	–	34,164,229
> 5y	1,391,902	–	2,498,856	75,229,667	24,862,855	20,800,534
Total	**38,016,330**	**9,790,003**	**184,134,529**	**415,521,514**	**24,862,855**	**222,595,202**

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**

(₹ in 000s)

	31.3.2011	31.3.2010
Substandard	**4,320,945**	7,495,737
Doubtful	**5,316,344**	1,337,158
- Doubtful 1	**4,160,490**	390,212
- Doubtful 2	**855,777**	941,088
- Doubtful 3	**300,077**	5,858
Loss	**1,840,595**	2,123,100
Gross NPAs	**11,477,884**	10,955,995
Provisions	**(10,158,988)**	(5,151,120)
Net NPAs	**1,318,896**	5,804,875
Cover Ratio	**88.51%**	47.02%

f) **NPA Ratios**

(₹ in 000s)

	31.3.2011	31.3.2010
Gross NPAs to gross advances	**2.29%**	2.60%
Net NPAs to net advances	**0.27%**	1.40%

g) **Movement of NPAs**

(₹ in 000s)

	31.3.2011		31.3.2010	
	Gross	**Net**	Gross	Net
Balance, beginning of the year	**10,955,995**	**5,804,875**	9,279,976	5,140,890
Additions during the year	**9,855,055**	**1,854,761**	14,760,805	8,690,966
Reductions during the year	**(9,333,166)**	**(6,340,740)**	(13,084,786)	(8,026,981)
Balance, end of the year	**11,477,884**	**1,318,896**	10,955,995	5,804,875

h) **Movement of provisions for NPAs**

(₹ in 000s)

	31.3.2011	31.3.2010
Balance, beginning of the year	**5,151,120**	4,139,086
Add: Provisions made during the year	**11,753,012**	6,069,839
Less: Utilisation / write-back of provisions no longer required	**(6,745,144)**	(5,057,805)
Balance, end of the year	**10,158,988**	5,151,120

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

(₹ in 000s)

	31.3.2011	31.3.2010
Balance, beginning of the year	**44,821**	48,821
Additions during the year	**271**	8,000
Reductions during the year	**–**	(12,000)
Balance, end of the year	**45,092**	44,821
Total provisions held at the end of the year	**45,092**	44,821

j) **Movement of provisions for depreciation on investments**

(₹ in 000s)

	31.3.2011	31.3.2010
Balance, beginning of the year	**3,726,698**	245,158
Add: Provisions made during the year	**271**	3,551,550
Less: Utilisation / write-back of provisions no longer required	**(926,662)**	(70,010)
Balance, end of the year	**2,800,307**	3,726,698

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 March 2011

(₹ in 000s)

Nature and category of exposures	Total gross credit exposure	Credit risk mitigation	Net exposure (before provision)	Credit risk weight buckets summary < 100%	100%	> 100%	Deduction from capital
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**	**–**

(₹ in 000s)

Nature and category of exposures	Total gross credit exposure	Credit risk mitigation	Net exposure (before provision)	Credit risk weight buckets summary < 100%	100%	> 100%	Deduction from capital
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**

As at 31 March 2010

(₹ in 000s)

Nature and category of exposures	Total gross credit exposure	Credit risk mitigation	Net exposure (before provision)	Credit risk weight buckets summary < 100%	100%	> 100%	Deduction from capital
Inter bank exposures	9,790,003	–	9,790,003	9,790,003	–	–	–
Investments (HTM)	872,655	–	872,655	–	872,655	–	–
Advances	423,938,376	(4,857,147)	419,081,229	85,798,123	305,522,920	27,760,186	–
Total fund based exposures	**434,601,034**	**(4,857,147)**	**429,743,887**	**95,588,126**	**306,395,575**	**27,760,186**	**–**
Fx and derivative contracts	396,267,443	–	396,267,443	309,230,697	86,978,240	58,506	–
Guarantees, acceptances, endorsements and other obligations	205,493,441	(275,599)	205,217,842	86,520,966	113,541,518	3,826,850	1,328,508
Undrawn commitments and others	77,004,313	(51,764,226)	25,240,087	3,014,539	21,450,296	33,650	741,602
Total non fund based exposures	**678,765,197**	**(52,039,825)**	**626,725,372**	**398,766,202**	**221,970,054**	**3,919,006**	**2,070,110**

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, credit insurance 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.

Collateral is valued in accordance with the risk mitigation policy, which prescribes the frequency of valuation for different collateral types, based on 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. The frequency of collateral valuation is driven by the volatility in each class of collateral. The valuation of collateral is monitored and back tested regularly. In the case of WB, the BCA's provide details of credit facilities, and terms and conditions governing the security, margin, covenants, risk triggers and the documentation. The collateral security is inspected per facility agreement and is generally carried out on an annual basis. Charges are created on security, where applicable.

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.

Guarantees taken can be categorised as follows:

- Guarantee from a bank (including central banks), insurance company credit wrap, 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.

(₹ in 000s)

	31.3.2011	31.3.2010
Exposure covered by eligible financial collateral after application of haircuts	**7,970,553**	7,446,708
Exposure covered by guarantees	**1,628,466**	1,698,079

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.

Regulatory capital approach

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 2011: ₹4,971,141 (Previous Year: ₹6,239,897).

b) Securitisation losses recognised by the Bank during 2010-11

(₹ in 000s)

Exposure Type	Underlying Security Outstanding	Losses
Corporate Loans	246,690	541

Year 2009-10

(₹ in 000s)

Exposure Type	Underlying Security Outstanding	Losses
Personal Loans (sale without recourse)	–	2,235

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 March 2011

(₹ in 000s)

Exposure Type	Outstanding	Unrecognised gain / (loss)
Housing Loans	4,724,451	1,566
Corporate Loans	246,690	289

As at 31 March 2010

(₹ in 000s)

Exposure Type	Outstanding	Unrecognised gain / (loss)
Housing Loans	6,239,897	1,763

e) Securitisation exposures retained or purchased

As at 31 March 2011

(₹ in 000s)

Exposure Type	On Balance Sheet	Off Balance Sheet
Housing Loans	755,104	1,328,508
Vehicle Loans	–	194,277
Total	**755,104**	**1,522,785**

As at 31 March 2010

(₹ in 000s)

Exposure Type	On Balance Sheet	Off Balance Sheet
Housing Loans	755,104	1,328,508
Vehicle Loans	–	386,587
Total	**755,104**	**1,715,095**

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

As at 31 March 2011

(₹ in 000s)

Exposure Type	<100% risk weight	100% risk weight	>100% risk weight	Total
Vehicle Loans	194,277	–	–	194,277
Capital Charge	8,742	–	–	8,742

As at 31 March 2010

(₹ in 000s)

Exposure Type	<100% risk weight	100% risk weight	>100% risk weight	Total
Vehicle Loans	386,587	–	–	386,587
Capital Charge	8,742	–	–	8,742

g) Securitisation exposures deducted from capital

As at 31 March 2011 (₹ in 000s)

Exposure Type	Exposures deducted entirely from Tier-1 capital	Credit enhancing I/Os deducted from total capital	Other exposures deducted from total capital
Housing Loans	–	–	2,083,612

As at 31 March 2010 (₹ in 000s)

Exposure Type	Exposures deducted entirely from Tier-1 capital	Credit enhancing I/Os deducted from total capital	Other exposures deducted from total capital
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 March 2011 (₹ in 000s)

Exposure Type	On Balance Sheet	Off Balance Sheet
Vehicle Loans	11,637,669	–

As at 31 March 2010 (₹ in 000s)

Exposure Type	On Balance Sheet	Off Balance Sheet
Vehicle Loans	10,307,060	–

c) Securitisation exposures retained or purchased

As at 31 March 2011 (₹ in 000s)

	Total
Exposures subject to Comprehensive Risk Measure for specific risk	11,637,669

	<100% risk weight	100% risk weight	>100% risk weight	Total
Exposures subject to the securitisation framework for specific risk	11,637,669	–	–	11,637,669

As at 31 March 2010 (₹ in 000s)

	Total
Exposures subject to Comprehensive Risk Measure for specific risk	10,307,060

	<100% risk weight	100% risk weight	>100% risk weight	Total
Exposures subject to the securitisation framework for specific risk	9,671,562	–	–	9,671,562

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

As at 31 March 2011 (₹ in 000s)

Risk Weight Bands	Capital Requirement
<100% risk weight	208,178
100% risk weight	–
>100% risk weight	–
Total	**208,178**

As at 31 March 2010	(₹ in 000s)
Risk Weight Bands	**Capital Requirement**
<100% risk weight	176,277
100% risk weight	–
>100% risk weight	–
Total	**176,277**

e) Securitisation exposures deducted from capital

As at 31 March 2011 (₹ in 000s)

Exposure Type	Exposures deducted entirely from Tier-1 capital	Credit enhancing I/Os deducted from total capital	Other exposures deducted from total capital
	–	–	–

As at 31 March 2010 (₹ in 000s)

Exposure Type	Exposures deducted entirely from Tier-1 capital	Credit enhancing I/Os deducted from total capital	Other exposures deducted from total capital
Vehicle Loans	–	–	652,383

7. Market Risk

The Bank recognises market risk as the risk of loss resulting from changes in market prices and rates. 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 arising from changes in yield curves and credit spreads;
- Currency exchange rate risk arising from changes in exchange rates and implied volatilities on foreign exchange options; and
- Equity price risk arising from changes in the prices of equities and equity indices.

7.1. Market Risk Governance

The GRC approves the Group's market risk appetite taking account of market volatility, the range of traded products and asset classes, the business volumes and transaction sizes. The Group Market Risk Committee (GMRC) is responsible, under authority delegated by the GRC, for setting VaR limits at a business level and recommends Group level VaR and stress loss limits for market risk. 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.

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 uses VaR as the primary measure of market risk in the trading book. The VaR model for risk management is based on the historical simulation methodology at 97.5% confidence level and a one day holding period.

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. 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 banking 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 Financial Markets 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 March 2011 (₹ in 000s)

Currency	If interest rates were to go up by 200 basis points	If interest rates were to go down by 200 basis points
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)**

As at 31 March 2010 (₹ in 000s)

Currency	If interest rates were to go up by 200 basis points	If interest rates were to go down by 200 basis points
INR	1,324,607	(1,324,607)
USD	69,201	(69,201)
EUR	(12,912)	12,912
GBP	(105,620)	105,620
JPY	(35,272)	35,272
Total	**1,240,004**	**(1,240,004)**

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-benefit trade-offs. To facilitate proactive risk identification and assessment, the Group / Bank further sub-divides OR into specific risk sub-types, where each risk sub-type represents a grouping of material potential OR losses that need to be managed. Designated risk control owners (RCO) ensure that the risk sub-types are managed within appetite across their respective risk control areas.

Governance over OR management is achieved through a defined structure of OR control committees, which are responsible for overseeing all material risks, responses to risk issues and the adequacy and effectiveness of controls within a given OR control area. The Group OR Committee is responsible for overseeing the adequacy of risk governance and control by the OR control committees. OR governance is also ensured at business and country levels via a defined structure of risk committees that integrate into the Group's overall risk committee structure at each level. All OR committees operate on the basis of a defined structure of delegated authorities and terms of reference, derived from the GRC.

Responsibility for the management of OR rests with business and function management as an integral component of their first line risk management responsibilities. They are assisted in their responsibilities by embedded unit OR managers. An independent OR function (part of the Risk function) along with RCOs, constitutes the second line of defence and ensures that the Group / Bank's exposure to OR is controlled within acceptable residual risk levels through a framework of effective controls.

Effective and timely risk management is facilitated through the following key OR processes:

- Risk registers – business units use the risk register to document their gross risk exposures, mitigating controls and monitor residual risk exposures to ensure they are managed within appetite;
- Control self assessments – first line business units perform regular self assessments to ensure key controls are being complied with and are effective;
- Event / issue reporting and management – OR related events and issues are reported to the appropriate level of management to ensure that they are understood, receive necessary attention and are appropriately managed;
- New product approval – OR exposures related to the introduction of new products and services are thoroughly assessed, addressed during the product approval process and monitored during the product lifecycle;
- Key risk indicators – specific measures are developed and monitored against set thresholds for possible risk trends.

Identified OR exposures are classified as 'Low', 'Medium', 'High' or 'Extreme', based on their risk assessment and accepted accordingly by designated OR committees. A framework of policies, procedures and controls drives proactive management of the gross risk exposures down to acceptable residual levels. The Group OR Policy and Procedures are aligned to the RMF and establish clear rules and standards for the effective management of OR Group / Bank-wide. OR policies for risk control areas, business units and countries ensure consistency with the Group OR Policy and Procedures. Timely OR reporting and escalation underpins risk decision making across the key operating levels within the Group / Bank.

The Bank uses the BIA to assess its local regulatory capital requirements for OR.

10. Other Key Risks

10.1. Liquidity Risk

Liquidity risk is the potential that the Bank either does not have sufficient financial resources available to meet all its obligations and commitments as they fall due, or can only access these financial resources at excessive cost. It is the policy of the Bank to maintain adequate liquidity at all times and hence to be in a position to meet all obligations as they fall due.

The GALCO is the responsible governing body that approves the Group's liquidity management policies. The Group LMC receives authority from the GALCO and is responsible for setting liquidity limits, and proposing liquidity risk policies and practices. Liquidity in each country is managed by the Country ALCO within the pre-defined liquidity limits set by the Group LMC and in compliance with Group liquidity policies and local regulatory requirements. The GT and GMR functions propose and oversee the implementation of policies and other controls relating to the above risks.

In line with minimum liquidity requirements, the Bank maintains cash reserves with RBI and a large portfolio of marketable securities as a liquidity buffer. The Bank also reviews deposit concentrations on a regular basis to ensure associated risks are assessed and managed as part of its overall liquidity planning. The Bank forecasts the balance sheet as part of the budget process and then re-forecasts during the year. This forecasting ensures that business growth is balanced and liquidity metrics remain appropriate for the prudent management of the balance sheet.

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.

Reputational risk will arise from the failure to effectively mitigate one or more of country, credit, liquidity, market, regulatory and operational risk. It may also arise from the failure to comply with environment, social and governance standards. All employees are responsible for day-to-day identification and management of reputational risk.

MANCO ultimately is responsible for protecting the Group's reputation locally and has the responsibility to ensure that the Bank does not undertake any activities that may cause material damage to the Group's franchise.

Reputational risks are registered, recorded and reviewed by the Country Head of Corporate Affairs, and if required, key issues are flagged to the CRC and relevant business heads. Reputational risks are discussed and escalated to the Communications Management and Group Sustainability Corporate Affairs teams. Monthly reporting from country Corporate Affairs is in place to ensure that no significant risks are missed. Adhoc processes to deal with exceptional reputational risk issues complement the normal reporting process. 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.

Under the Bank's three lines of defence model, 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 compliance with internal controls and external laws and regulations. The second line of defence is that each risk type to which the Bank is exposed is controlled by a designated RCO who have responsibility for ensuring that risks that are material to the Bank are identified, assessed and monitored, and for maintaining a framework of controls and mitigants to contain material risk exposures and comply with applicable laws and regulations. They are responsible for advising governance bodies on key risks, the effectiveness of mitigants and controls, and alignment of residual risks with appetite. RCOs exercise their responsibilities with the support of their respective control functions at each applicable layer of the organisation – Group, business and country. Lastly, GIA provides independent assurance as the third line of defence in the RMF.

St. Helen's Nominees India Private Limited

Balance sheet as at 31March 2011

(Currency: Indian rupees)

Particulars	Schedule	**As at 31.3.2011**	As at 31.3.2010
Shareholder's funds			
Share capital	1	**100,000**	100,000
Reserves and surplus	2	**317,029**	–
Total		**417,029**	100,000
Application of Funds			
Current assets, loans and advances			
Cash and bank balances	3	**3,677,299**	3,001,295
Loans and advances	4	**299,794**	–
Sundry debtors	5	**199,244**	20,957
		4,176,337	3,022,252
Less: Current liabilities and provisions			
Current liabilities	6	**3,759,308**	2,922,252
		3,759,308	2,922,252
Net current assets		**417,029**	100,000
Total		**417,029**	100,000
Significant accounting policies and notes to financial statements.	9		

The accompanying schedules 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

Akeel Master
Partner
Membership No. 046768

Anurag Adlakha
Director

Dhiren Parekh
Director

Mumbai
30 May 2011

St. Helen's Nominees India Private Limited

Profit and loss account for the year ended 31 March 2011

(Currency: Indian rupees)

Particulars	Schedule	**for the year ended 31.3.2011**	for the year ended 31.3.2010
Income			
Fee income (TDS: ₹457,500 : Previous year: Nil)		**3,801,403**	–
Total		**3,801,403**	–
Expenditure			
Staff Costs	7	**1,991,506**	–
Administrative and Other Expenses	8	**1,335,163**	–
		3,326,669	–
Profit Before Tax		**474,734**	–
Provision for Taxation – Current Tax		**157,705**	–
Profit After Tax		**317,029**	–
Amount Available For Appropriation		**317,029**	–
Appropriations			
Balance carried forward to Balance Sheet		**317,029**	–
Total		**317,029**	–
Basic and diluted earnings per share of face value of ₹10 each	9 (E)(1)	**31.70**	–
Significant accounting policies and notes to financial statements	9		

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

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

Akeel Master
Partner
Membership No. 046768

Anurag Adlakha
Director

Dhiren Parekh
Director

Mumbai
30 May 2011

St. Helen's Nominees India Private Limited

Cash flow statement for the year ended 31 March 2011

(Currency: Indian rupees)

Particulars	**for the year ended 31.3.2011**	for the year ended 31.3.2010
Cash flow from Operating Activities		
Profit before Taxation	**474,734**	–
Adjustments for:		
(Increase) in Loans and Advances	**(457,500)**	–
(Increase) in Other Current Assets	**(178,287)**	–
Increase in Current Liabilities	**837,057**	643,835
	201,270	643,835
Net cash from Operating Activities before Taxes	**676,004**	643,835
Less: Taxes paid	**–**	–
Net cash flow from Operating Activities after taxes (A)	**676,004**	643,835
Cash flow from Investing activities (B)	**–**	–
Cash flow from financing activities (C)	**–**	–
Net Increase in cash and cash equivalents (D=A+B+C)	**676,004**	643,835
Cash and cash equivalents as at beginning of the year (E)	**3,001,295**	2,357,460
Cash and cash equivalents as at the end of the year (D+E) (Refer schedule 3)	**3,677,299**	3,001,295

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

Akeel Master
Partner
Membership No. 046768

Anurag Adlakha
Director

Dhiren Parekh
Director

Mumbai
30 May 2011

St. Helen's Nominees India Private Limited

Schedules to financial statements for the year ended 31 March 2011

(Currency: Indian rupees)

	31.3.2011	31.3.2010
Schedule - 1		
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
The entire share capital is held by Standard Chartered Bank, India branches	**100,000**	100,000
Schedule - 2		
Reserves and Surplus		
Balance in Profit and Loss Account	**317,029**	–
	317,029	–
Schedule - 3		
Cash and Bank balances		
Balance with scheduled banks in current accounts	**3,677,299**	3,001,295
	3,677,299	3,001,295
Schedule - 4		
Loans and advances		
(Unsecured and considered good)		
Tax deducted at source / Advance tax (net of provision for taxes ₹157,705; Previous year: Nil)	**299,794**	–
	299,794	–
Schedule - 5		
Sundry Debtors		
Debts outstanding for a period exceeding six months	**–**	–
Other debts		
Considered good (due from Standard Chartered Bank, India Branches)	**199,244**	20,957
	1,99,244	20,957
Schedule - 6		
Current Liabilities		
Sundry Creditors for Expenses	**131,695**	20,957
Sundry Creditors – Dividend received on pledged shares	**3,566,954**	2,901,295
Other Liabilities	**60,659**	–
	3,759,308	2,922,252
Schedule - 7		
Staff Costs (Refer note 9(E)(10))		
Salaries and Allowances	**1,991,506**	–
	1,991,506	–

(Currency: Indian rupees)

	31.3.2011	31.3.2010
Schedule - 8		
Administrative and other expenses		
Rent, Rates and Taxes	**744,505**	–
Processing charges	**475,000**	–
Legal and Professional Fees	**27,729**	–
Support Service Charges (Refer 9 (E) (10))	**74,929**	–
Auditors Remuneration		
- Audit fees	**13,000**	–
	1,335,163	–

9 Significant accounting policies and notes to accounts

A. Background

St Helen's Nominees India Private Limited ('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 does not earn any income for providing this service.

During the current year the Company has commenced providing security trustee services from 1 April 2010.

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. 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.

D. Significant accounting policies

1 Revenue Recognition

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

2 Accounting for Leases

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

3 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 reporting 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.

4 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.

St. Helen's Nominees India Private Limited

Significant accounting policies and notes to accounts as at 31 March 2011

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.

5 **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.

E. Notes to 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 March 2011 Basic and Diluted	31 March 2010 Basic and Diluted
Net profit attributable to equity shareholders	**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	**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 2011 (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 pertain to principal and interest were due or remained as at and for the year ended 31 March 2011 (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
1.	Standard Chartered PLC	Ultimate Holding Company
2.	Standard Chartered Bank, UK (including branches)	Holding Company of SCB, India
3.	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 Nil.

(c) Transactions of the Company with related parties:

Particulars	**For the year ended 31.3. 2011**	For the year ended 31.3.2010
Transactions with parties by whom control is exercised		
Transactions with Standard Chartered Bank, India Branches		
Fee income from Security Trustee Services	**3,792,404**	–
Staff costs (Refer Schedule 7)	**1,991,506**	–
Rent	**744,505**	–
Processing charges	**475,000**	–
Support Service Charges	**74,929**	–
Expenses borne by the Bank (refer Note 7)	**36,000**	22,357

(d) Receivable / (Payable):

Particulars	**As at 31.3. 2011**	As at 31.3.2010
Balances with Standard Chartered Bank, India Branches		
Receivable	**199,244**	20,957
Payable	**131,695**	–

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

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 ₹20,000 (Previous year: ₹20,957), registrar of companies filing fee ₹ Nil (Previous year: ₹1,957) and legal charges of ₹16,000 (Previous year: ₹ Nil) 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 payables 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 2011 is ₹744,505 (Previous year: ₹ Nil)

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. These costs are disclosed in Schedule 7.

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 Schedule 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 2011 are set out below:

	31.3.2011	31.3.2010
Registered shares / debentures	**1,496**	1,735

Note: Quoted shares are disclosed at market value at the reporting date whereas debentures and unquoted shares are disclosed at nil value.

b) The market value as at 31 March 2011 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 ₹40,045,809 (Previous year: ₹37,466,353).

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.

12 **Schedule VI disclosures**

Disclosures under Schedule VI to the Companies Act, 1956 have been made to the extent applicable to the Company. The activities of the Company are not capable of being expressed in any generic unit and hence not possible to give the quantitative details under paragraph 3, 4(C) and 4(D) of part II of Schedule VI of Companies Act, 1956.

13 **Prior year figures**

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

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

Akeel Master
Partner
Membership No. 046768

Anurag Adlakha
Director

Dhiren Parekh
Director

Mumbai
30 May 2011

St. Helen's Nominees India Private Limited

Additional information pursuant to Part IV of Schedule VI to the Act, to the extent applicable

Balance sheet abstract and Company's general business profile

I. Registration details

Registration no.	11728	State code	11

Balance sheet date	31	03	11
	Date	Month	Year

II. Capital raised during the year (Amount in ₹ thousands)

Public issue	Rights issue
Nil	Nil
Bonus issue	**Private placement**
Nil	Nil

III. Position of mobilisation and deployment of funds (Amount in ₹ thousands)

Total liabilities	Total assets
4,176	4,176

Source of Funds

Paid-up capital	Reserves and surplus
100	317
Secured loans	**Unsecured loans**
Nil	Nil

Application of Funds

Net fixed assets	Investments
Nil	Nil
Net current assets	**Miscellaneous expenditure**
417	Nil
Accumulated losses	
Nil	

IV. Performance of Company (Amount in ₹ thousands)

Turnover	Total expenditure
3,801	3,326
Profit before tax	**Profit after tax**
475	Nil
Earning per share (₹)	**Dividend**
31.70	Nil

V. Generic names of three principal products / services of Company
(As per monetary terms)

Item code no (ITC code)	Not Applicable
Product description	Not Applicable

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

Anurag Adlakha
Director

Dhiren Parekh
Director

Mumbai
30 May 2011

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 2011, the 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, 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, 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 2011, and taken on record by the Board of Directors, we report that no Director are disqualified as on 31 March 2011 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:
        i. in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2011; and
        ii. in the case of the profit and loss account, of the profit for the year ended on that date; and
        iii. 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

Akeel Master
Partner
Membership No: 046768

30 May 2011

Standard Chartered Branches in India

WEST BRANCHES

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 - 425 001.
Tel: +91 257 2237400 • Fax: +91 257 2237401

Mumbai
23-25, M.G. Road,
Mumbai - 400 001.
Tel: 022-67355692 • Fax: 022-2285 2870

90 M. G. Road
90 M. G. Road, Mumbai - 400 001.
Tel: 022-67350389 • Fax: 022-22623226

Andheri
Ameya House, Raj Kumar Corner, J. P. Road,
Andheri (W), Mumbai - 400 058.
Tel: 022-26774261, 022-26790236 / 34
Fax: 022-26790237

Bandra
Unique Centre, Waterfield Road,
Bandra (W), Mumbai - 400 050.
Tel: 022-26443908 • Fax: 022-2645 4953

Bandra Kurla Complex
Plot no. C-38 & 39, G-Block,
Bandra Kurla Complex, Bandra (E)
Mumbai - 400 051.
Tel: 022 26757019 / 022 26757023

Breach Candy
87, Bhulabai Desai Road,
Breach Candy, Mumbai - 400 036.
Tel: 022-2369 6265, 022-2363 1214
Fax: 022-2363 4299

Borivali
Aditya Apts, CTS No. 639, Chandavarkar Road,
Borivali (West), Mumbai - 400 092.
Tel: 022-28924900 • Fax: 022-2890 3902

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 0203 • Fax: 022-2364 2173

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

Juhu
B 21, Sanghvi Paritosh, V. L. Mehta Road,
J. V. P. D. Scheme, Vile Parle (W),
Mumbai - 400 049.
Tel: 022-26145236 / 26123747
Fax: 022- 26103720

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

Santa Cruz
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
201 B/1, Western Express Highway,
Goregaon (East), Mumbai - 400063.
Tel: 022 6737 3178 / 79, 022 6737 4329
Fax: 022-67373185

S. G. Marg
(Temporarily Closed)

Thane
Emerald Plaza, Block No. 2,
Hiranandani Meadows, Pokhran Road No.2,
Thane - 400 601.
Tel: 022-21730902 • Fax: 022-21730912

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: 020-25521880 • Fax: 020-25521883

Kalyani Nagar
B2 The Cerebrum IT Park,
Behind Gold Big Cinemas,
Kalyani Nagar, Pune - 411014.
Tel: 020-66803800 • Fax: 020-66803815

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 0110 • Fax: 0261-222 0078

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

EAST BRANCHES

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: 0361-263 2264 / 263 2255
Fax: 0361-254 3192

Kolkata
142, M. G. Road
142, M. G. Road, Kolkata - 700 007.
Tel: 033-6613 4705-08 • Fax: 033-66134700

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 5301; 6627 5303; 6627 5304
Fax: 033-2226 3481

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

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

347, Salt Lake
CF 347, Sector 1, Salt Lake,
Kolkata - 700 064.
Tel: 033-2337 0927 / 2334 3305
Fax: 033-2321 6205

Church Lane
6, Church Lane, Kolkata - 700 001.
Tel: 033-2242 0998 / 2248 6234
Fax: 033-2242 9200

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: 033-2675 9043 - 48 • 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, S. A. 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: 033-22223036 / 22223026
033-64490897

R. G. Kar Road
21A, R. G. Kar Road,
Shambazar, Kolkata - 700 004.
Tel: 033-2555 1870

Rash Behari Avenue
163, Rash Behari Avenue, Kolkata - 700 019.
Tel: 033-2466 1906 • Fax: 033-2466 4560

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

Shambazaar
139 C, 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

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: 0532-242 7070 • Fax: 0532-242 7066

Chandigarh
SCO, 137-138, Sector 9C, Madya Marg,
Chandigarh - 160 017.
Tel: 0172-507 2880 • Fax: 0172-507 2881

Jaipur
H 8, Showroom No. 1, Bhagwat Bhawan,
M. I. Road, Jaipur - 302 001.
Tel: 0141-6452224 • Fax: 0141-511 6072

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

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

Dwarka
H L Wings, Pocket - 4, Plot 2, Sector 11,
Dwarka, New Delhi - 110 075.
Tel: 011-45636512 • Fax: 011-45636510

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

Connaught Circus
H-2 Block, Connaught Place,
New Delhi - 110 001.
Tel: 011-2340 6450 • Fax: 011-2335 5188

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

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

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: 011-41589327 • 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: 011-49861199 • Fax: 011-23340761

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.
Tel: 0120-432 3759 • Fax: 0120-423 1901

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, M. G. Road,
Bangalore - 560 001.
Tel: 080-6631 0004 • Fax: 080-2558 9739

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

Chennai

Anna Salai
187, Anna Salai, 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
(Temporarily Closed)

Sorrento
No. 6, Lattice Bridge Road, Adyar,
Chennai - 600 020.
Tel: 044-2446 0804 • Fax: 044-2491 9473

T. Nagar
Sagar Court 59, G. N. Chetty Road,
T. Nagar, Chennai - 600 017.
Tel: 044-2815 8707
Fax: 044-2815 2138

Coimbatore
(Temporarily Closed)

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 - 2534 9328 • Fax: 044 - 25350225

Hyderabad
(Temporarily Closed)

Somajiguda
6-3-1090, TSR Towers, Rajbhavan Road,
Somajiguda, Hyderabad - 500 082.
Tel: 040-2332 1160 / 2330 8443
Fax: 040-2332 1288

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 - 516 360.
Tel: 08564248842 • Fax: 08564248841

NORTH

Dehra Dun
Krishna Towers, 69, Rajpur Road,
Dehradun - 248 001.
Tel: 0135-324 2061 • Fax: 0135-274 7090

Mathura
Pacific Mall, Plot No. C-1/B, Site B,
Industrial Area, Mathura - 281 006.
Tel: 0565-320 6014

Saharanpur
Mundarja No. 262, Delhi - Saharanpur -
Yamunotri Road, Saharanpur - 247 001.
Tel: 0132-2764855 • Fax: 0132-2764857

Standard Chartered

Seeing is Believing is our global initiative to help tackle avoidable blindness. Visit our dedicated website for more information and ways to support the programme.

www.seeingisbelieving.org.uk