



STATE BANK OF MAURITIUS LTD

(Incorporated in the Republic of Mauritius with Limited Liability)

INDIAN OPERATIONS

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	As at 31/03/2009 (Rs)	As at 31/03/2008 (Rs)
CAPITAL & LIABILITIES			
Capital	1	1,153,987,349	833,889,122
Reserves & Surplus	2	489,555,020	757,592,949
Deposits	3	3,722,459,027	2,481,027,466
Borrowings	4	750,000,000	339,965,274
Other liabilities and provisions	5	152,409,285	139,687,295
TOTAL :		6,268,410,681	4,552,162,106
ASSETS			
Cash and Balances with R B I	6	158,428,825	244,549,320
Balances with banks and money at call and short notice	7	1,119,475,966	654,839,677
Investments	8	1,328,068,504	900,067,408
Advances	9	3,026,563,874	2,141,447,857
Fixed Assets	10	308,175,557	323,637,656
Other Assets	11	327,697,955	287,620,188
TOTAL :		6,268,410,681	4,552,162,106
Contingent Liabilities	12	2,719,404,776	1,720,631,437
Bills for Collection		157,722,491	207,256,645
Notes on Accounts	17		

The Schedules referred to above form an integral part of the Balance Sheet.

As per our attached Report of even date.

For **M/s Devdhar Joglekar and Srinivasan**
Chartered Accountants

FOR STATE BANK OF MAURITIUS LTD.

V.V. Joglekar
(Partner)
Membership No. 33631

S. Ravikumar
Country Head - India

Place : Mumbai
Date : 03.06.2009



STATE BANK OF MAURITIUS LTD

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PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

	Schedule	Year ended 31/03/2009 (Rs)	Year ended 31/03/2008 (Rs)
I. INCOME			
Interest earned	13	445,199,921	370,462,065
Other income	14	30,725,923	57,053,595
TOTAL :		475,925,844	427,515,660
II. EXPENDITURE			
Interest expended	15	305,398,152	257,402,706
Operating expenses	16	62,218,866	64,861,011
Provisions & contingencies		51,736,062	54,098,399
TOTAL :		419,353,079	376,362,116
III. PROFIT/LOSS			
Net profit/loss (-) for the year		56,572,765	51,153,544
Profit/Loss brought forward		-	281,733,069
TOTAL :		56,572,765	332,886,613
IV. APPROPRIATIONS			
Transfer to statutory reserves		14,143,191	12,788,386
Transfer to Capital reserve		-	-
Transfer to Investment Fluctuation reserve		-	-
Profit remitted to Head Office		-	-
Balance carried over to Balance Sheet		42,429,575	320,098,227
TOTAL :		56,572,766	332,886,613

The Schedules referred to above form an integral part of the Profit & Loss Account.

As per our attached Report of even date.

For **M/s Devdhar Joglekar and Srinivasan**
Chartered Accountants

FOR STATE BANK OF MAURITIUS LTD.

V.V. Joglekar
(Partner)
Membership No. 33631

S. Ravikumar
Country Head - India

Place : Mumbai
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SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2009

	As at 31/03/2009 (Rs)	As at 31/03/2008 (Rs)		As at 31/03/2009 (Rs)	As at 31/03/2008 (Rs)
SCHEDULE 1 : CAPITAL			SCHEDULE 4 : BORROWINGS		
Capital	833,889,122	833,889,122	I. Borrowings in India		
Retained Earnings	320,098,227		(i) Reserve Bank of India	-	-
TOTAL :	1,153,987,349	833,889,122	(ii) Other banks	750,000,000	250,000,000
Notes:			(iii) Other institutions and agencies	-	89,965,274
1) Capital includes start-up (assigned) capital brought in as per RBI Prescription, in respect of Mumbai, Chennai and Hyderabad offices Rs.822,350,000			II. Borrowings outside India	-	-
2) Amount of deposit kept with RBI in the form of approved securities under section 11(2) of the Banking Regulation Act, 1949 Rs. 17,50,12,882.13 (Previous Year Rs 14,53,57,863.25/-) - Face value Rs 180,000,000/-(Previous Year Rs.150,000,000)			TOTAL :	750,000,000	339,965,274
SCHEDULE 2 : RESERVES AND SURPLUS			Secured Borrowings included in I & II above.	-	89,965,274
I. Statutory Reserve			SCHEDULE 5 : OTHER LIABILITIES AND PROVISIONS		
Opening Balance	212,041,998	142,137,674	I. Bills payable	6,619,442	7,639,677
Additions during the year	14,143,191	12,788,386	II. Interest accrued	39,244,631	28,008,965
Transfer of Investment Fluctuation Reserve	-	57,115,938	III. Deferred Tax Liability (Net)	38,240,549	39,421,678
Deductions during the year	-	-	iv. Others (including provisions)	68,304,662	64,616,975
TOTAL :	226,185,189	212,041,998	TOTAL :	152,409,285	139,687,294
II. Capital Reserve			SCHEDULE 6 : CASH AND BALANCES WITH RESERVE BANK OF INDIA		
Opening Balance	58,054,335	58,054,335	I. Cash in hand (including foreign currency - notes)	2,685,788	2,200,755
Additions during the year	-	-	II. Balances with Reserve Bank of India		
Deductions during the year	-	-	(i) in Current Account	155,743,037	242,348,565
TOTAL :	58,054,335	58,054,335	TOTAL :	158,428,825	244,549,320
III. Revenue and other Reserves			SCHEDULE 7 : BALANCES WITH BANKS & MONEY AT CALL & SHORT NOTICE		
Investment Fluctuation Reserves			I. In India		
Opening Balance	-	57,115,938	i) Balances with banks in		
Additions during the year	-	-	(a) Current Accounts	1,618,218	5,426,774
Transfer to Statutory reserve	-	57,115,938	(b) Other Deposit Accounts	-	-
TOTAL :	-	57,115,938	ii) Money at call and short		
IV. Revaluation Reserve			(a) with banks	50,720,000	314,372,000
Opening Balance	167,398,390	171,910,005	(b) with other institutions	1,009,725,143	319,852,315
Additions during the year	-	-	TOTAL :	1,062,063,361	639,651,089
Deductions during the year	4,512,469	4,511,615	II. Outside India		
TOTAL :	162,885,921	167,398,390	i) in Current Accounts	50,163,605	9,202,088
V. Balance in Profit and Loss Account	42,429,575	320,098,227	ii) in Other Deposit Accounts	7,249,000	5,986,500
TOTAL : (I + II + III + IV + V)	489,555,020	757,592,949	iii) Money at call and short Notice	-	-
SCHEDULE 3 : DEPOSITS			TOTAL :	57,412,605	15,188,588
A.I. Demand Deposits			GRAND TOTAL : (I & II)	1,119,475,966	654,839,677
(i) From banks	4,521,860	10,434,109			
(ii) From others	222,037,003	250,454,764			
A.II.Savings Bank Deposits	35,336,873	48,961,749			
A.III.Term Deposits					
(i) From banks	-	-			
(ii) From others	3,460,563,291	2,171,176,844			
TOTAL :	3,722,459,027	2,481,027,466			
B.I. Deposits of branches in India	3,722,459,027	2,481,027,466			
B.II. Deposits of branches outside India.	-	-			
TOTAL :	3,722,459,027	2,481,027,466			



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SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2009

	As at 31/03/2009 (Rs)	As at 31/03/2008 (Rs)		As at 31/03/2009 (Rs)	As at 31/03/2008 (Rs)
SCHEDULE 8 : INVESTMENTS			SCHEDULE 10 : FIXED ASSETS		
I. Investments in India in			I. Premises		
i) Government securities	1,321,384,650	888,934,075	At Cost at beginning of year	196,484,656	196,484,656
ii) Other approved securities	-	-	Additions during the year	-	-
iii) Shares	-	-	Revaluation of assets	173,448,269	173,448,269
iv) Debentures and Bonds	7,366,667	11,133,333	Deductions during the year	-	-
v) Subsidiaries and /or joint ventures	-	-	Depreciation to date	66,278,109	57,876,214
vi) Others (to be specified)	-	-	TOTAL :	303,654,816	312,056,711
TOTAL :	1,328,751,317	900,067,408	II. Other Fixed Assets (including furniture & fixtures)		
(-) Provision for Depreciation	682,813	-	At Cost at beginning of year	49,825,218	48,272,502
TOTAL :	1,328,068,504	900,067,408	Additions during the year	267,549	1,597,416
II. Investments outside India	-	-	Deductions during the year	-	44,700
GRAND TOTAL : (I & II)	1,328,068,504	900,067,408	Depreciation to date	46,852,847	43,639,849
SCHEDULE 9 : ADVANCES			TOTAL :	3,239,920	6,185,369
A i) Bills purchased and discounted	381,933	53,322,327	III. Capitalised Software		
ii) Cash credits, overdrafts and loans repayable on demand	639,177,489	405,837,640	At cost at beginning of year	17,133,631	16,766,151
iii) Term loans	2,387,004,452	1,682,287,890	Additions during the year	33,000	367,480
TOTAL :	3,026,563,874	2,141,447,857	Deductions during the year	-	-
B i) Secured by tangible assets (includes advances against Book debts)	2,759,536,847	1,697,489,543	Depreciation to date	15,885,810	11,738,054
ii) Covered by Bank/Government Guarantees (includes advance to Banks)	-	9,990,091	TOTAL :	1,280,821	5,395,577
iii) Unsecured	267,027,027	433,968,223	Capital Work in Progress	-	-
TOTAL :	3,026,563,874	2,141,447,857	TOTAL (I ,II & III) :	308,175,557	323,637,657
C. I Advances in India			SCHEDULE 11 : OTHER ASSETS		
i) Priority Sectors	786,891,696	504,903,845	I. Inter-Office Adjustment (net)	-	-
ii) Public Sector	-	-	II. Interest Accrued	36,962,960	32,388,766
iii) Banks	-	-	III. Tax paid in advance/Tax deducted at Sources (Net of Provisions)	236,057,500	228,998,370
iv) Others	2,239,672,178	1,636,544,012	IV. Stationery and Stamps	5,320	5,410
TOTAL :	3,026,563,874	2,141,447,857	V. Non Banking assets acquired in satisfaction of claims.	-	-
II Advances outside India	-	-	VI. Cash Margin Deposits with CCIL	33,024,800	21,154,000
TOTAL :(CI&II)	3,026,563,874	2,141,447,857	VII. Others	21,647,376	5,073,642
			TOTAL :	327,697,955	287,620,188
			SCHEDULE 12 : CONTINGENT LIABILITIES		
			I. Claims against the bank not acknowledged as debts	-	-
			II. Liability for partly paid investme	-	-
			III. Liability on account of outstanding forward exchange contracts & IRS	2,249,466,976	1,597,435,920
			IV. Guarantees given on behalf of constituents		
			a) In India	374,152,891	45,254,472
			b) Outside India	-	-
			V. Acceptances, endorsements and other obligation	25,053,043	7,656,816
			VI. Other items for which the bank is contingently liable	70,731,866	70,284,229
			TOTAL :	2,719,404,776	1,720,631,437



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SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT AS ON 31ST MARCH 2009

	Year ended 31/03/2009 (Rs)	Year ended 31/03/2008 (Rs)		Year ended 31/03/2009 (Rs)	Year ended 31/03/2008 (Rs)
SCHEDULE 13 : INTEREST EARNED			SCHEDULE 16 : OPERATING EXPENSES		
I. Interest/discount on advances/bills	290,246,045	194,292,495	I. Payments to and provision for employees	18,404,123	19,359,542
II. Income on investments	80,916,258	85,058,739	II. Rent, Taxes and Lighting	2,743,006	2,802,765
III. Interest on balances with R B I and other inter-bank funds	74,036,754	91,110,831	III. Printing and Stationery	549,165	665,885
IV. Other	864	-	IV. Advertisement and publicity	280,891	109,156
TOTAL :	445,199,921	370,462,065	V. Depreciation on bank's property	11,250,180	12,236,506
SCHEDULE 14 : OTHER INCOME			VI. Directors' fees, allowances and expenses	-	-
I. Commission, exchange and brokerage	8,290,425	4,976,449	VII. Auditors' fees and expenses (including branch audit fees)	255,000	260,000
II. Profit on sale of investments	(6,815,353)	26,364,805	VIII. Law charges (incl. Professional fees)	43,505	481,425
Less : Loss on sale of investments	-	-	IX. Postages, Telegrams, Telephones, etc.	3,105,400	3,051,153
III. Profit on revaluation of investments	-	-	X. Repairs and maintenance	3,463,118	3,332,049
Less : Loss on revaluation of investments	-	-	XI. Insurance	2,662,946	2,985,810
IV. Profit on sale of land building & other assets	-	-	XII. Other expenditure	19,461,532	19,576,720
Less : Loss on sale of land, building and other assets	-	(10,900)	TOTAL :	62,218,866	64,861,011
V. Profit on exchange transactions	1,214,101	7,884,864			
VI. Income earned by way of Dividends, etc. from companies and/or Joint ventures in India & aboard	-	-			
VII. Miscellaneous Income	28,036,750	17,838,377			
TOTAL :	30,725,923	57,053,595			
SCHEDULE 15 : INTEREST EXPENDED					
I. Interest on Deposits	218,644,965	183,353,181			
II. Interest on Reserve Bank of India/inter bank borrowing	86,753,125	74,049,525			
III. Others	62	-			
TOTAL :	305,398,152	257,402,706			



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SCHEDULE 17- NOTES ON ACCOUNTS

PRINCIPAL ACCOUNTING POLICIES

1. **General:**

The financial statements are drawn up on the historical cost basis, except in respect of assets for which revaluation is carried out, by following the going concern concept and conform in all material respects to statutory provisions and practices prevalent in India unless otherwise stated.
2. **Foreign Currency Transactions:**
 - a) Assets and liabilities including outstanding forward exchange contracts are revalued at the year-end exchange rates notified by FEDAI, and resultant gain / loss is taken to revenue.
 - b) Guarantees, Acceptances, Endorsements and other obligations are revalued at the year-end exchange rates as notified by FEDAI.
 - c) Income and expenditure items are recognised at the exchange rates ruling on the date of transaction.
3. **Investments:**
 - a) The investment portfolio of the Bank is classified into a) Held to Maturity, b) Available for Sale and c) Held for Trading and has been valued in accordance with the Reserve Bank of India Guidelines.
 - b) Profit / loss on sale of investments in any category is taken to the Profit & Loss Account. However, in case of profit on sale of investments in "Held to Maturity" category, an equivalent amount is appropriated to the Capital Reserve Account.
 - c) Interest rate swaps (IRS) pertaining to Trading Position, outstanding as on Balance Sheet date are marked to market and net appreciation \ depreciation is recognised in Profit and Loss account. Whenever Interest Rate Swaps (IRS) have been undertaken they are also used as hedging instruments. The notional principle of these instruments is regarded as off balance sheet items. Interest Income and expense are accounted on accrual basis.
 - d) Investments classified under "Held to Maturity" are stated at lower of acquisition cost or book value. In case the acquisition cost/book value is more than the face value, the premium is amortised over the remaining period to maturity.
 - e) The individual scrips in the Available for Sale and Held for Trading categories are marked to market at monthly intervals. Securities under each of the above categories are valued scrip-wise and depreciation/ appreciation is aggregated within each category. Net depreciation, if any in each category is fully provided for and net appreciation, if any, is ignored.
 - f) Shifting of scrips from one category to another is done at lower of the acquisition cost or book value on the date of transfer and the depreciation, if any, on such transfer is fully provided for.
 - g) Brokerage paid and broken period interest paid / received at the time of acquisition / sale is treated as revenue.
4. **Advances:**
 - a) The Bank follows prudential norms formulated by RBI for classifying the assets as Standard, Sub-Standard, Doubtful & Loss assets.
 - b) Provision for advances classified as Standard, Sub-Standard, Doubtful & Loss assets are made based on management's assessment, subject to minimum provisions as per RBI guidelines.
 - c) Advances are stated net of provision for non-performing assets, made based on management's assessment, subject to minimum provisions as per RBI guidelines
5. **Fixed Assets:**
 - a) Premises have been stated at revalued amount less accumulated depreciation.
 - b) Fixed assets other than premises are stated at historical cost less accumulated depreciation.
 - C) Depreciation is provided for on fixed assets at under stated rates, which are equal to/higher than those prescribed under Schedule XIV to the Companies Act, 1956.

Type of Assets	Rates (in %)	Method of Depreciation
Office Premises	2.00	Straight Line Method
General Plant and equipment (including A/C Plant)	10.00	Straight Line Method
EDP Equipments, Computers	33.33	Straight Line Method
Software	33.33	Straight Line Method
Furniture & Fixtures	10.00	Straight Line Method
Motor Car	20.00	Straight Line Method

Assets of value below Rs.5000 purchased during the year are fully depreciated. Depreciation on additions to assets is charged on pro-rata basis, from the month of acquisition.

d) Depreciation on the revalued portion of asset is adjusted from revaluation reserves.

6. **Staff Benefits:**

Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due.
Unless otherwise stated, Gratuity liability and other defined benefit obligations are provided for on the basis of an actuarial valuation made at the end of each financial year.
7. **Revenue Recognition:**
 - a) Income & expenditure is accounted for on accrual basis, except otherwise stated
 - b) Income on Non-performing assets (NPAs) is recognised to the extent actually realised in cash as per the prudential norms prescribed by the Reserve Bank of India from time to time.
8. **Taxes on Income**
 - a) Current Tax is measured at the amount expected to be paid to the Taxation Authorities, using the applicable tax laws, tax rates and favourable judicial pronouncements / legal opinions.
 - b) Deferred Tax, comprising of tax effect of timing differences between taxable and accounting income for the year is in accordance with the Accounting Standard 22 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India.



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NOTES TO THE ACCOUNTS

1. Capital Adequacy:

Sr.No.	Particulars	2008-09	2007-08
I.	CRAR (%)		
	Basel I	34.62	41.13
	Basel II	38.01	41.66
ii.	CRAR - Tier I Capital (%)		
	Basel I	32.33	37.85
	Basel II	35.52	38.34
iii.	CRAR - Tier II Capital (%)		
	Basel I	2.29	3.28
	Basel II	2.49	3.32
iv.	Percentage of the shareholding of the Government of India in bank	Nil	Nil
v.	Amount of subordinated debt raised as Tier II capital	Nil	Nil

2. Investments

a) Total investments made in shares, convertible debentures and units of equity-oriented mutual funds and also advances against shares are Rs.Nil crores. (Previous year Rs. Nil crores)

b) As per RBI guidelines, banks which have maintained capital of at least 9 per cent of the risk weighted assets for both credit risk and market risks for both HFT and AFS category as on March 31, 2006, would be permitted to treat the entire balance in the investment Fluctuation Reserve (IFR) as Tier I capital. As on 31st March 2009 Bank's CRAR was 32.33% and the balance in IFR was Rs.Nil Crores.

(Rs. in Crores)

Sr.No	Items	Current Year	Previous Year
1.	Value of Investments		
	i. Gross Value of Investments		
	a) In India	132.88	90.01
	b) Outside India	Nil	Nil
	ii. Provisions for depreciation		
	a) In India	0.07	Nil
	b) Outside India	Nil	Nil
	iii. Net Value of Investments		
	a) In India	132.81	90.01
	b) Outside India	Nil	Nil
2.	Movements of provisions held towards depreciation on investments		
	i. Opening balance	Nil	0.03
	ii. Add: Provisions made during the year	0.07	Nil
	iii. Less: Write-off / write-back of excess provisions during the year	Nil	0.03
	iv. Closing balance	0.07	Nil

3. Repo / Reverse Repo Transactions

(Rs. in Crores)

Particulars	Minimum Outstanding during the Year	Maximum Outstanding during the Year	Daily average Outstanding during the Year	As on 31.03.09
Securities Sold under Repos.	Nil	Nil	Nil	Nil
Securities purchased under reverse Repos	5.25	89.25	9.19	Nil



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4. Issuer wise Composition of Non-SLR Investments as on 31st March 2009:

(Rs. in Crores)

Sr.No	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(i)	PSU's	Nil	Nil	Nil	Nil	Nil
(ii)	Fi's*	0.18	0.18	Nil	0.18	0.18
(iii)	Banks	Nil	Nil	Nil	Nil	Nil
(iv)	Private Corporate	0.56	0.56	Nil	0.56	0.56
(v)	Subsidiaries/ Joint Ventures	Nil	Nil	Nil	Nil	Nil
(vi)	Others	Nil	Nil	Nil	Nil	Nil
(vii)	Provision held towards depreciation	Nil	Nil	Nil	Nil	Nil
	Total	0.74	0.74	Nil	0.74	0.74

*Deposits placed with SIDBI (Rs. 0.11 Crs) & NHB (Rs. 0.07 Crs) towards priority sector.

5. Non Performing Non-SLR Investment as on 31.03.2009:

(Rs. in Crores)

Particulars	Amount
Opening balance	Nil
Additions during the year since 1st April	Nil
Reductions during the above period	Nil
Closing balance	Nil
Total provisions held	Nil

6. Derivatives

- The Bank has not entered into any new Interest Rate Swap transactions for hedging/ trading during the year.
- The notional principal of Interest Rate Swap transactions outstanding at the year end is Rs.80.00 crores (Previous year 80.00 crores)
- The terms of the swap are floating to fixed and fixed to floating interest rates.
- All the interest Rate swap transactions undertaken with counter parties were within the exposure limits.
- Collateral required upon entering in to swaps is Nil.
- The loss of income has been estimated at Rs. 0.17 crores (Net) (Previous year 0.05 crores) for Interest Rate Swaps in case counter parties fail to fulfil their obligations.
- There is no concentration of credit risk arising from the Interest Rate Swaps undertaken during the year.

Forward Rate Agreement/ Interest Rate Swap

(Rs. in Crores)

Sr. No	Items	Current Year	Previous Year
i.	The notional principal of swap agreements	80.00	80.00
ii.	Losses which would be incurred if counter parties failed to fulfil their obligations under the agreements	0.17	0.05
iii.	Collateral required by the bank upon entering into swaps	Nil	Nil
iv.	Concentration of credit risk arising from the swaps	Nil	Nil
v.	The fair value of the swap book	0.12	0.21

7. Exchange Traded Interest Rate Derivatives:

(Rs. in Crores)

Sr. No	Particulars	Amount
(i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the year (instrument-wise)	Nil
(ii)	Notional principal amount of exchange traded interest rate derivatives outstanding as on 31st March 2009 (instrument-wise)	Nil
(iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	Nil
(iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	Nil



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8. Derivative Contracts:

8.1 Qualitative Disclosure

The bank's derivative policy (as a part of composite risk policy) was last revised in June 2008. The policy covers Forwards, IRS / FRAs and options. The policy allowed the derivative products both for hedging as well trading purposes. The policy was generally compliant with the extant guidelines and had prescribed various prudential limits for derivative products. As on 31st March 2009, two IRS transactions, categorized for trading purpose, with notional amount of Rs 40.00 crores each were outstanding in the books of the bank. The IRS deals were fixed to floating based on NSE MIBOR benchmark.

8.2 Quantitative Disclosures:

Outstanding Derivative Contracts as on 31.03.2009:

(Rs. in Crores)

Sr. No	Particulars	Currency derivatives	Interest derivatives
1	Derivatives including forward contracts (Notional Principal Amount)		
	a) for hedging	72.54	-
	b) for trading	Nil	80.00
2	Marked to Market Positions. (1)	0.05	0.12
	a) Assets (+)	0.52	1.08
	b) Liabilities (-)	(0.47)	(0.96)
3	Credit Exposure (2)	1.25	1.48
4	Likely Impact of one percentage change in interest rate (100* PV 01)		
	a) On Hedging derivatives	Nil	Nil
	b) On Trading derivatives	Nil	0.03
5	Maximum and minimum of 100 PV01 observed during the year		
	a) on hedging	Not Available	Not Available
	b) on trading	Not Available	Not Available

9. Movement in NPAs:

(Rs. in crores)

Sr.No	Items	Current Year	Previous Year
i.	Net NPAs to Net Advances (%)	Nil	Nil
ii.	Movement of NPAs (Gross)		
	a) Opening balance	Nil	Nil
	b) Additions during the year	Nil	Nil
	c) Reductions during the year	Nil	Nil
	d) Closing balance	Nil	Nil
iii.	Movement of Net NPAs		
	a) Opening balance	Nil	Nil
	b) Additions during the year	Nil	Nil
	c) Reductions during the year	Nil	Nil
	d) Closing balance	Nil	Nil
iv.	Movement of provisions for NPAs (Excluding provisions on standard assets)		
	a) Opening balance	Nil	Nil
	b) Provisions made during the year	Nil	Nil
	c) Write-off / write-back of excess provisions	Nil	Nil
	d) Closing balance	Nil	Nil



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10. Details of Loan Assets subjected to Restructuring:

(Rs. in Crores)

Sr.No	Items	Current Year	Previous Year
i.	Total amount of loan assets subjected to restructuring, rescheduling, renegotiation; - of which under CDR	0.87	2.04
ii.	The amount of Standard assets subjected to restructuring, rescheduling, renegotiation; - of which under CDR	0.87	2.04
iii.	The amount of Sub-Standard assets subjected to restructuring, rescheduling, renegotiation; - of which under CDR	Nil	Nil
iv.	The amount of Doubtful assets subjected to restructuring, rescheduling, renegotiation; - of which under CDR	Nil	Nil
Note: [I = ii + iii + iv]			

The outstanding represents balance in the account of Shreyans Industries Ltd., which was restructured during the earlier years.

11. Details of financial assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

(Rs. in Crores)

Sr.No	Items	Current Year	Previous Year
i.	No. of accounts	Nil	Nil
ii.	Aggregate value (net of provisions) of accounts sold to SC/RC	Nil	Nil
iii.	Aggregate consideration	Nil	Nil
iv.	Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
v.	Aggregate gain/loss over net book value	Nil	Nil

12. Details of non-performing financial assets purchased / sold

A. Details of non-performing financial assets purchased

(Rs. in Crores)

Sr.No	Particulars	Current Year	Previous Year
1.	(a) No. of accounts purchased during the year	Nil	Nil
	(b) Aggregate outstanding	Nil	Nil
2.	(c) Of these, number of accounts restructured during the year	Nil	Nil
	(d) Aggregate outstanding	Nil	Nil

B. Details of non-performing financial assets sold

(Rs. in Crores)

Sr.No	Particulars	Current Year	Previous Year
1.	No. of accounts sold	Nil	Nil
2.	Aggregate outstanding	Nil	Nil
3.	Aggregate consideration received	Nil	Nil

13. Provision for Standard Advances:

(Rs. in Crores)

Item	Current year	Previous Year
Provisions towards Standard Assets	2.66	1.96

Provision made for Standard advances as on 31st March 2009 is included under schedule 5 of Balance Sheet " Other Liabilities and provisions-Others."
Provision for Standard advances held as on 31.03.2009 of Rs 2.66 crores is equal to 0.88 % of Standard advances.

14. Business Ratios:

Sr.No	Particulars	2008-09(%)	2007-08(%)
i.	Interest Income as a % to working funds	8.66	7.73
ii.	Non interest Income as a % to working funds	0.60	1.19
iii.	Operating Profit as a % to working funds	2.11	2.20
iv.	Return on assets	0.90	1.12
v.	Business (deposits + advances) per employee (Rs. in crores.)	23.27	14.91
vi.	Profit per employee (Rs. in crores.)	0.20	0.17



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15. Maturity Pattern:

(Rs. in Crores)

Maturity Pattern	Loans and Advances	Investments	Deposits	Borrowings	Foreign Currency Assets	Foreign Currency Liabilities
1-14 days	30.81	22.17	35.36	-	13.08	10.37
15-28 days	2.71	16.66	5.90	75.00	-	-
29days - 3 months	31.61	10.60	3.42	-	-	0.11
3 months - 6 months	44.06	37.55	107.91	-	-	0.19
6 months - 12months	109.19	30.38	145.52	-	-	16.38
1year - 3 years	83.85	15.26	74.11	-	-	0.01
3 years - 5 years	0.26	0.12	0.03	-	-	-
Over 5 yrs	0.10	0.07	-	-	-	-
Total	302.59	132.81	372.25	75.00	13.08	27.06

16. Lending to sensitive sectors:

Exposure to Real estate Sector

(Rs. in Crores)

Sr. No	Category	Current Year	Previous Year
a.	Direct Exposure		
i.	Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to 15 lakhs may be shown separately)	0.30	0.83
ii.	Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	0.16	0.21
iii.	Investments in Mortgage Backed Securities (MBS) and other securitised exposures- a. Residential, b. Commercial Real Estate.	23.05	7.77
iv.		Nil	Nil
b.	Indirect Exposure		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	15.00	20.00

Exposure to Capital Market

Sr. No	Items	Current Year	Previous Year
i.	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;	Nil	Nil
ii.	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;	Nil	Nil
iii.	Advances for any other purposes where 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;	Nil	Nil
iv.	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;	Nil	Nil
v.	Secured and unsecured advances to stockbrokers and guarantees issued On behalf of stockbrokers and market makers;	Nil	Nil
vi.	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;	Nil	Nil
vii.	Bridge loans to companies against expected equity flows/issues;	Nil	Nil
viii.	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible debentures or units of equity oriented mutual funds;	Nil	Nil
ix.	Financing to stockbrokers for margin trading;	Nil	Nil
x.	All exposures to Venture Capital Funds (both registered and unregistered) will be deemed to be on par with equity and hence will be reckoned for compliance with the capital market exposure ceilings (both direct and indirect)	Nil	Nil
	Total Exposure to Capital Market	Nil	Nil



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17. Risk Category wise Country Exposure

(Rs. in Crores)

Risk Category	Exposure (net) as at March 2009 (Current Year)	Provision held as at March 2009 (Current Year)	Exposure (net) as at March 2008 (Previous Year)	Provision held as at March 2008 (Previous Year)
Insignificant	5.25	Nil	2.13	Nil
Low	0.74	Nil	1.61	Nil
Moderate	Nil	Nil	Nil	Nil
High	Nil	Nil	Nil	Nil
Very High	Nil	Nil	Nil	Nil
Restricted	Nil	Nil	Nil	Nil
Off-credit	Nil	Nil	0.98	Nil
Total	5.99	Nil	4.72	Nil

18. Details of Single Borrower Limit, Group Borrower Limit exceeded by the bank. Nil

19. Income Tax

a) Provision for Income Tax for the year is arrived at after due consideration of the various favorable judicial decisions on certain disputed issues.

b) Income tax authorities have raised demands, which have been disputed by the Bank and appeals have been referred to appropriate authorities. Amount of disputed demands of Rs 7.07 crores (Previous year Rs.7.03 crores) has been included under contingent liabilities (representing total demand raised less provisions already made by the bank). Tax / TDS of the bank for these years is sufficient to take care of demands raised by authorities (including disputed demands). In a view of favourable judicial decisions on such disputed issues, the bank does not envisage any liabilities in respect of the said disputed issues and therefore no provision is made in the books.

Amount of Provisions made for Income tax during the year.

(Rs. in Crores)

Particulars	Current year	Previous year
Provision for Income Tax	4.50	4.10

20. Penalties imposed by RBI : NIL

21. Accounting Standards (AS-17) Segment Reporting:

In terms of AS 17 issued by Institute of Chartered Accountants of India (ICAI) and the related guidelines issued by Reserve Bank of India, the segment wise details are as follows:

Part A: Business Segment

(Rs. in Crores)

Business Segments	Treasury		Corporate/Wholesale Banking		Retail Banking		Other Banking Operations		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue	9.24	15.22	26.58	19.02	4.56	2.10	7.25	6.38	47.59	42.75
Result	(3.30)	1.66	7.73	5.06	1.51	0.31	4.93	3.48	10.83	10.52
Unallocated expenses	-	-	-	-	-	-	-	-	0.00	Nil
Operating profit	-	-	-	-	-	-	-	-	10.83	10.52
Total Provision	-	-	-	-	-	-	-	-	0.71	1.27
Income taxes	-	-	-	-	-	-	-	-	4.50	4.13
Extraordinary profit/loss	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net profit	-	-	-	-	-	-	-	-	5.66	5.11
Other Information:										
Segment assets	256.22	179.34	251.94	195.89	52.81	19.61	65.87	60.37	626.84	455.21
Unallocated assets	-	-	-	-	-	-	-	-	Nil	Nil
Total assets	-	-	-	-	-	-	-	-	626.84	455.21
Segment liabilities	75.69	34.34	196.64	74.28	178.31	175.53	176.20	171.06	626.84	455.21
Unallocated liabilities	-	-	-	-	-	-	-	-	Nil	Nil
Total liabilities	-	-	-	-	-	-	-	-	626.84	455.21



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Part B: Geographic Segments:

(Rs. in Crores)

	Domestic		International		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Revenue	47.59	42.75	Nil	Nil	47.59	42.75
Assets	626.84	455.22	Nil	Nil	626.84	455.22

22. Related Party Disclosure (AS - 18)

Related party disclosures as required by Accounting Standard 18 "Related Party Disclosures issued by the Institute of Chartered Accountants of India are given below:

(i) Relationship during the year:

(a) Parent : State Bank of Mauritius Ltd.,

(b) Key Management personnel : Mr. Ravikumar.S - Country Head, India

(ii) In relation with the RBI circular DBOD.No.BP.BC.89/21.04.018/2002-03 dated March 29, 2003, this excludes transactions where there is only one related party (i.e. key management personnel and HeadOffice & its branches) and where the Branch has an obligation under law to maintain confidentiality in respect of their customer transactions.

23. Deferred Tax (AS - 22)

The Deferred Tax Assets & Liabilities are recognized in accordance with Accounting Standard 22 - Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India. Major components of DTA & DTL as on 31.03.2009 are as under:

(Rs. in Crores)

Components	As on 31.03.2009	As on 31.03.2008
<u>Deferred Tax Liabilities / (Assets)</u>		
Depreciation on Fixed Assets	3.14	3.26
Provision for NPAs / Standard Assets	0.71	0.71
Prov for Bonus and Gratuity	(0.05)	(0.05)
Previous years disallowed exp now allowed	0.03	0.03
NDL	3.83	3.95

Reduction in liability of Rs 0.12 crores has been credited to Profit & Loss Account.

24. Impairment of Assets

In the opinion of the management, there is no impairment to the fixed assets of the bank.

25. Provisions and Contingencies include provision for:

(Rs in Crores)

Sr. No	Particulars	Year ended 31.03.09	Year ended 31.03.08
a)	Non performing/doubtful Debt	0.00	0.00
b)	Provision on Standard Assets	0.70	0.87
c)	Income Tax	4.50	4.10
d)	Deferred Tax (Asset)/ Liability	(0.12)	(0.01)
e)	Depreciation on Investments	0.11	*0.46
f)	Provision for Country Exposure	0.00	(0.04)
g)	Interest Sacrifice Restructured A/c's	0.00	-
h)	Fringe Benefit Tax	0.02	0.03
	Total	5.21	5.41

* Amortization on Securities also included



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26. Floating Provisions

(Rs in Crores)

S.No	Particulars	Current Year	Previous Year
(a)	Opening balance in the floating provisions account	Nil	Nil
(b)	The quantum of floating provisions made on the accounting year	Nil	Nil
(c)	Amount of draw down made during the accounting year	Nil	Nil
(d)	Closing balance in the floating provisions account	Nil	Nil

27. Retirement Benefits

- a. The Premium paid to Life Insurance Corporation of India towards "Group Gratuity Policy" has been charged to Profit & Loss Account.
- b. The Bank has a policy to pay leave encashment to employees only on their retirement on super-annuation and not on the intermediate separations. In the opinion of the management, there shall not be any significant liability towards leave encashment and as such, no provision has been made for the same.

28. Disclosure of complaints

A. Customer Complaints

(a)	No. of complaints pending at the beginning of the year	Nil
(b)	No. of complaints received during the year	Nil
(c)	No. of complaints redressed during the year	Nil
(d)	No. of complaints pending during the year	Nil

B. Awards passed by the Banking Ombudsman

(a)	No. of unimplemented awards at the beginning of the year	Nil
(b)	No. of awards passed by the Banking Ombudsmen during the year	Nil
(c)	No. of awards implemented during the year	Nil
(d)	No. of unimplemented awards at the end of the year	Nil

29. Disclosure of Letter of Comforts (LoCs) issued by the Bank:

As of 31st March, 2009, 10 LoCs were issued by the Bank amounting Rs. 33.78 Crores and the same has been grouped under 'Guarantees issued on behalf of constituents - Outside India' in Balance sheet. These LoCs are fully cash collateralized in form of Fixed Deposits held with the Bank.

30. Previous year's figures have been regrouped / rearranged, wherever necessary to conform to the current year's presentation.

For Schedules 1 to 17

As per our attached report of even date

For M/s Devdhar Joglekar and Srinivasan

Chartered Accountants

V.V. Joglekar

Partner

Membership No. 33631

Place : Mumbai

Date : 03.06.2009

For State Bank of Mauritius Ltd.

S. Ravikumar

Country Head - India



STATE BANK OF MAURITIUS LTD

(Incorporated in the Republic of Mauritius with Limited Liability)

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STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH 2009

	Amount (Rs.)	Amount (Rs.)
A Cash Flow from Operating Activities		
Net Profit after Taxes		56,572,765
Adjustments for:		
Depreciation Charges	11,250,180	
Provision for Standard Advances	7,000,000	
Depreciation on Investment	682,813	
Amortization of premium on securities	410,760	
Loss on sale of Fixed Assets	-	
Reversal for country provision	-	
Other Provisions - deferred tax	(1,181,129)	
Other Provisions - FBT	234,378	
Direct Taxes	45,000,000	63,397,002
Sub-Total		119,969,767
Adjustment for:		
Increase/(Decrease) in Deposits	1,241,431,561	
Increase/(Decrease) in Borrowings	410,034,726	
(Increase)/Decrease in Investments	(429,094,669)	
(Increase)/Decrease in Advances	(885,116,016)	
Increase/(Decrease) in Other Liabilities	6,903,118	
(Increase)/Decrease in Other Assets	(35,129,768)	309,028,953
Net Cash from Operating Activities before Income Tax		428,998,721
Advance Income tax paid		(49,948,000)
Advance Fringe Benefit Tax paid		(234,378)
Refund Recd from IT		-
Net Cash from Operating Activities after Income Tax		378,816,343
B Cash Flow from Investing Activities		
(Increase)/Decrease in Fixed Assets (Net)	(300,549)	(300,549)
Net Cash from Investing Activities		(300,549)
C Cash Flow from Financing Activities		
Dividend Paid	-	-
Issue of Subordinated Bond	-	-
Net Cash from Financing Activities		-
D Cash and Cash Equivalent at the beginning of the year		
I. Cash in Hand (including foreign currency notes and gold)	2,200,755	
II. Balances with Reserve Bank of India	242,348,565	
III. Balances with Banks and Money at Call and Short Notice	654,839,678	899,388,998
		899,388,998
E Cash and Cash Equivalent at the end of the year		
I. Cash in Hand (including foreign currency notes and gold)	2,685,788	
II. Balances with Reserve Bank of India	155,743,037	
III. Balances with Bank and Money at Call and Short Notice	1,119,475,966	1,277,904,791
		1,277,904,791
A Cash Flow from Operating Activities	378,816,343	
B Cash Flow from Investing Activities	(300,549)	
C Cash Flow from Financing Activities	-	
Net change in Cash & Cash Equivalents	378,515,794	
D Cash and Cash Equivalent at the beginning of the year	899,388,998	
E Cash and Cash Equivalent at the end of the year (A+B+C+D)	1,277,904,791	

For M/s Devdhar Joglekar and Srinivasan
Chartered Accountants

FOR STATE BANK OF MAURITIUS LTD.

V.V. Joglekar
(Partner)
Membership No. 33631
Place : Mumbai
Date : 03.06.2009

S. Ravikumar
Country Head - India



STATE BANK OF MAURITIUS LTD

(Incorporated in the Republic of Mauritius with Limited Liability)

INDIAN OPERATIONS

Auditor's Report

**The Country Head-India
State Bank of Mauritius Ltd.
Indian Operations
MUMBAI**

We have audited the attached Balance Sheet of the Indian Operations of State Bank of Mauritius Ltd. (**incorporated in Mauritius with limited liability**) as at 31st March 2009, the **related** Profit and Loss account and the Cash Flow Statement annexed thereto for the year ended on that date

The 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 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 used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion of the Banking Regulation Act,

In accordance with the provisions of the Banking Regulation Act, 1949, of India, read with the provisions of sub-sections (1), (2) and (5) of Section 211 and sub-section (5) of Section 227 of the Companies Act, 1956, of India, the Balance Sheet and Profit and Loss Account of the bank together with notes thereon are not required to be drawn up in accordance with schedule VI of the Companies Act, 1956, of India. The financial statements are therefore drawn up in conformity with Forms 'A' and 'B' of the Third Schedule referred to in Section 29 of the Banking Regulation Act, 1949, of India. Subject to the foregoing observations we report, in accordance with Section 30 of the Banking Regulation Act, 1949, of India that :

- a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit, and found them to be satisfactory.
- b. The transactions of the Bank, which have come to our notice, have been within the powers of the Bank.
- c. In our opinion, proper books of account, as required by law have been kept by the Bank so far as it appears from our examination of those books.
- d. The Balance Sheet and Profit and Loss Account of the Indian Operations of the Bank dealt with by this report are in agreement with the books of account.
- e. The requirements of Section 274(1) (g) of the Companies Act, 1956 are not applicable considering that the Branches are of State Bank of Mauritius Ltd. which is incorporated in Mauritius with limited liability. Moreover, there is no 'Board of Directors' or 'Local Advisory board' in India.
- f. In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in sub - section (3C) of Section 211 of the Companies Act, 1956, of India to the extent applicable and in so far as they are not inconsistent with the Banking Regulation Act, 1949, of India and the method of accounting and disclosure norms prescribed by the Reserve bank of India.
- g. The financial accounting systems of the Bank are centralized and therefore, accounting returns of the branches, viz., Mumbai, Chennai and Hyderabad, for the purpose of preparing financial statements are not required to be submitted by the branches.
- h. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 1956 in the manner so required for the Banking Companies and give a true and fair view in conformity with the accounting principles generally accepted in India :
- i. In the case of Balance Sheet, of the State of Affairs of the Indian Operations of the Bank as at 31st March 2009.
- ii. In the case of Profit and Loss Account of the profit of Indian Operations of the Bank for the year ended on that date and
- iii. In the case of Cash Flow Statement, of the cash flow of Indian Operations of the Bank for the year ended on that date.

For Devdhar Joglekar & Srinivasan

Chartered Accountants

V. V. Joglekar

Partner

Membership No. 33631

Place: Mumbai
Date: June 3, 2009



STATE BANK OF MAURITIUS LTD

(Incorporated in the Republic of Mauritius with Limited Liability)

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Disclosures under the new Capital Adequacy Framework (Basel II Guidelines)

Scope of Application

Qualitative Disclosures:

(a) State Bank of Mauritius Limited was incorporated in Mauritius in 1973. The Indian Operations of the State Bank of Mauritius Limited ("hereinafter referred to as the 'Bank') operates in commercial banking and as a foreign branch of the State Bank of Mauritius Limited. The information provided in this statement is consolidated for the Bank's operations in India.

Quantitative Disclosures :

- (b) The aggregate amount of capital deficiencies in subsidiaries : Not Applicable.
(c) The aggregate amount of the bank's total interests in insurance entitles : Not Applicable.

Capital Structure:

Qualitative Disclosures:

(a) Summary information and main features of capital instruments are given below.

Tier I capital comprises of funds from Head Office for the purpose of meeting capital adequacy norms, statutory reserves, Capital Reserves and retained earnings.

Tier II capital comprises of general loan loss provisions and revaluation reserve.

(b) The details of tier I capital with separate disclosures of each component is as follows:

The Composition of the Capital structure:

	(Rs. in Crores)
Funds from Head Office	115.40
Statutory reserve	22.62
Capital Reserve	5.81
Deffered Tax Assets	-0.97
Total - Tier 1	142.85
Provision for Standard assets	2.66
Property Revaluation Reserve	7.33
Total - Tier II	9.99
Total eligible capital	152.84

Capital Adequacy:

Qualitative disclosures

(a) Bank's approach to assessing the adequacy:

The Bank's policy is to maintain a strong capital base so as to maintain confidence of depositors and market and to sustain future business developments.

The bank is fully committed to implementing the Basel II as adopted by the Reserve Bank of India and currently follows Standardised approach for credit and market risk and Basic Indicator approach for operational risk.

Quantitative disclosures:

(a) to (e) Capital requirement for credit, market and operational risk and Tier I capital ratio.

The details of capital, risk weighted assets and capital adequacy ratio as at 31 March 2009 are as follows:

		(Rs. in Crores)
	PARTICULARS	AMOUNT
A	Capital requirement for credit risk	
	- Portfolios subject to standardised approach	34.29
	- Securitisation exposures	-
B	Capital requirement for market risk	
	Standardised duration approach	
	- Interest rate risk	0.07
	- Foreign exchange risk	0.13
	- Equity risk	-
C	Capital requirement for operational risk	
	- Basic indicator approach	2.39
D	Capital Adequacy ratio of the Bank (%)	38.01
E	Tier I CRAR (%)	35.52



STATE BANK OF MAURITIUS LTD

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INDIAN OPERATIONS

Disclosures under the new Capital Adequacy Framework (Basel II Guidelines)

Risk Exposure and Assessment

The Bank has an enterprise-wide risk management framework as recommended by Basel II, which is a coordinated and focused approach to identify and manage the credit, market and operational risks. The framework provides for not only the management of each individual risk type but also the management of risks on an integrated basis.

General qualitative disclosure on risk area, risk management objective policies and processes etc:

The Bank has exposure to the following major risks from its business

- Credit Risk
- Liquidity Risk
- Market Risk
- Operational Risk

Risk Management framework

Bank's Risk Management is controlled at its Head Office in Mauritius. Risk Management forms integral part of the SBM Group's business strategy and business planning processes. The Group has a comprehensive risk governance structure which promotes making sound business by balancing risk and reward. The Board of Directors is ultimately responsible for the risk management process across the Group and sets risk appetite limits to guide risk-taking within the Group. The policies are reviewed on a regular basis to ensure they provide effective guidance for the governance of our risk taking activities.

In India, we have Investment Committee, Asset Liability Committee, Credit Forum and Operation Risk Forum for Risk Management.

Risk Management Committee's at Head Office:

- A) Risk Committee : Determines risk tolerance and appetite for credit, market and Operational risk.
Monitors and reviews significant risks and effectiveness of processes.
Sets out management responsibilities

Risk Management Forums supports Risk Committee, which formulates and implements the business strategy, credit, market and operational risk policies, risk policies and operational plans and recommends changes to policies, processes and parameters for approval.

Risk Management Forums comprises of:

- a) Portfolio Management Forum
- b) Market Risk Forum
- c) Operational Risk Forum

These forums are further supported by individual teams to plan, guide and monitor the accumulation of assets, monitor prudential limits and group risk profile and ensure compliance with regulatory norms.

- B) Audit Committee: Approves the audit programme and
Reviews the adequacy and effectiveness of the internal control systems.
Monitors the financial performance and veracity of the balance sheet
Responsible for public disclosure

The Systems Control Audit Team and IT Audit Team supports the Audit Committee by recommending and ensuring implementation of new control systems and checking the adequacy of internal controls.

The Risk Management Department oversees the risk management of the Bank. Risk Management through its policies and procedures maps the key risks that threaten achievement of the Bank's objectives. Ownership and implementation of the risk policies and procedures lie with the business units.

Credit Risk

Credit Risk Management

Credit Risk is defined as the risk of loss arising from the failure of a borrower or counterparty to fulfill its financial or contractual obligation to the bank as and when they fall due. Credit risk is the most significant risk type accounting for approximately 85% of the Group's economic capital requirement. The credit risk exposure is managed at the Bank through a portfolio management approach that guides the Group in diversifying its risks across geographical borders, sectors, client segments and products. The standards for accumulation of assets throughout the Group are set out in the Credit Risk Policy which is reviewed at least once a year by the Board Risk Committee.



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(Incorporated in the Republic of Mauritius with Limited Liability)

INDIAN OPERATIONS

Disclosures under the new Capital Adequacy Framework (Basel II Guidelines)

Credit Approval Process

To maintain independence and integrity of credit decision-making, credit approval function is segregated from loan origination. Credit approval authority is delegated within a structure that is tiered according to borrower rating, exposure, credit risk type and facility type. Key parameters are periodically reviewed to improve turnaround time between origination and disbursement, without compromising on the quality of credit being granted.

Credit Risk Measurement

Risk rating is an important element in credit risk management as it provides a framework for establishing limits that reflect the bank's tolerance for risk. In order to standardise the credit rating and assessment process across all credit exposures, the Moody's international rating scales are used.

Collateral and Credit Enhancements

The Bank obtains collaterals for corporate credits, unless the business case warrants clean lending.

Large exposures and Concentration

Exposure to a person, company or group (i.e the Single Borrower Lending Limit - SBLL) is restricted to maximum 15% of the Bank's net worth and for group at 40% of bank's net worth.

Credit risk: General disclosures

Qualitative Disclosures

(a) Credit quality of Loans and Advances

All loans and advances in the Bank are classified according to asset quality, nature and passage of time from the date of identification of credit weaknesses in accordance with RBI guidelines. For accounting purposes definition of RBI for past due and impaired assets are adopted. Standard accounts include all facilities which demonstrate good financial condition, minimum risk factors and capacity to repay in line with the original terms of sanction.

Non Performing Assets

Non performing assets are those loans for which the Bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms. During the financial year 2008-09 bank do not have any non performing assets in it's book.

The Bank has adopted the Standardised Approach under Basel II for credit risk.

(b) Total Gross credit risk exposures including Geographic Distribution of Exposure

(Rs. in Crores)

Particulars	Domestic	Overseas	Total
Fund Based	621.10	5.74	626.84
Non Fund Based	228.23	52.41	280.64
Total	849.33	58.15	907.48

Residual Contractual maturity break down of Assets

(Rs. in Crores)

MATURITY BUCKETS	Cash balances with RBI and other Banks	Investment and Securities	Loan and Advances	Other Assets including fixed assets
Next Day	6.25	1.43	11.32	-
2 TO 7 Days	106.72	16.20	9.62	6.01
8 TO 14 Days	0.86	4.54	9.88	-
15 to 28 days	8.60	16.66	2.71	-
29 days to 3 months	0.76	10.60	31.61	0.15
Over 3 months upto 6 months	1.23	37.55	44.06	0.82
Over 6 months upto 12 months	1.66	30.38	109.19	0.38
Over 1 year to 3 years	1.71	15.26	83.85	-
Over 3 years to 5 years	-	0.12	0.26	-
Over 5 years	-	0.07	0.10	51.26
Total	127.79	132.81	302.60	58.62



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Movement of NPA's and Provision for NPA's

Gross NPAs in various categories (Sub standard, doubtful, loss etc): NIL

(Rs. in Crores)]

A	Amount of NPA's (Gross)	NIL
B	Net NPA's	NIL
C	NPA's ratios	NIL
	Gross NPAs to gross advances	NIL
	Net NPAs to net advances	NIL
D	Movement of NPA's	
	Opening Balance as on 1.4.2008	NIL
	Additions	NIL
	Reductions	NIL
	Closing Balance as on 31.03.2009	NIL
E	Movement of Provision for NPA's	
	Opening Balance as on 1.4.2008	NIL
	Provision made in 2008-09	NIL
	Write offs	NIL
	Write back of excess provision	NIL
	Closing balance as on 31.03.2009	NIL
F	Amount of Non performing investments and Provisions	NIL
	Amount of provisions held for Non performing investments	NIL
G	Movement of provisions for depreciation on investment	
	Opening Balance as on 1.4.2008	0.49
	Add: Provision made during the year	
	Less: Write back of excess provisions	0.42
	Add: Amortisation of premium on HTM category	0.04
	Closing balance as on 31.03.2009	0.11

Credit Risk: Portfolios under the standardised approach:

Qualitative Disclosures:

- The Bank is using sophisticated rating system of Moody's Financial Analyst for internal credit rating assessment.
- Transfer of public issue rating to comparable assets in banking book - Not applicable

Quantitative Disclosures:

The exposure under each credit risk category is as follows:

(Rs. in Crores)

Risk Bucket	Amount
Below 100% Risk Weight	376.18
100% risk weight	297.16
More than 100% risk weight	0.56

Credit Risk Mitigation: Disclosures for standardised approaches

Qualitative Disclosures:

It is the policy of the bank to obtain collaterals for corporate credits, unless the business case warrants clean lending. Collaterals stipulated are usually mortgages, charge over business, stock and debtors, financial instruments. Cash Security is however recognized only as a fallback option and repayment of facilities are primarily sought from the cash flow of the borrower's business. However, collateral may be an important mitigant of risk. The bank has adopted norms of valuation of collateral as stipulated in the prudential guidelines of RBI.

Quantitative Disclosures:

The total value of eligible financial collateral for credit risk portfolio is Rs 58.34 Crores.



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Securitisation: disclosure for standardised approach

Qualitative and Quantitative disclosures:

Not applicable as Bank has not entered into any securitisation activity

Market risks in the trading book

Qualitative disclosures

Market risk is the risk to the Bank's condition resulting from adverse movement in market rates or prices such as interest rates, foreign exchange rates, credit spreads, commodity and equity prices. The framework encompasses new products processes to ensure that market risk issues identified are adequately addressed prior to the launch of new products or service.

Market Risk Management

The Group's Market Risk Framework comprises market risk policies, market risk limit and risk methodologies. The market risk policies are reviewed at least once a year to align with regulatory guidelines and best international practices.

The capital requirements for market risk are as follows:

(Rs. in Crores)

Interest Rate Risk	0.07
Equity position risk	NIL
Commodities position risk	NIL
Foreign Exchange risk	0.13
Total	0.20

Operational Risk:

Qualitative disclosures: The approaches for operational risk capital assessment

Operational Risk

Operational Risk is inherent in all business activities. The Basel Committee defines Operational Risk as the "risk of loss arising out of inadequate or failed processes, people, systems and external events."

The primary aim of the Bank is the early identification, prevention and mitigation of operational risks. The Bank has an operational risk framework to ensure that operational risks within the Bank are properly identified, monitored, managed and reported in a structured, systematic and consistent manner.

In order to manage operational risk, the Bank promotes an organisational structure that puts emphasis on high levels of ethical behaviour and integrity across all levels of the Bank whereby each and every employee is responsible for the management of operational risk, with additional encumbrance on managers and specialists units to ensure that there is adherence to operation controls. All major operational risk issues are reported and discussed at the monthly operational risk forum and quarterly to the Board Risk Management Committee.

Processes and procedures are continuously updated with the introduction of new products, services and activities. Segregation of duties between key functions is in place including origination, authorization and execution of transactions to promote better controls. Appropriate levels of delegated authority are given to staff based on capability and experience.

Training is an integral part of the SBM culture so that staff is kept abreast of developments in their areas of operations.

As permitted by RBI, the Bank presently follows the Basic Indicator Approach for assessing the capital requirement for computing capital charge for Operational Risk.



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Interest rate risk in the banking book (IRRBB)

Qualitative Disclosures

Interest Rate Risk:

SBM is exposed to interest rate movements arising from repricing and/or maturity mismatches, underlying rates and other characteristics of assets and liabilities in the course of normal business.

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates. Interest rate risk is managed through monitoring interest rate gaps. The ALCO is the monitoring body for compliance with various limits and is assisted by Risk Management in its day-to-day monitoring activities. Monitoring is carried out through the statement of interest rate sensitivity with impact study on any change in the movement in interest.

Loan Prepayment and behaviour of deposits:

In view of majority credit exposure to the rated corporate at fixed rate on short term basis bank do not have any loan prepayment risk. The management of liquidity and funding is carried out in accordance with the practices and limits set by the Board and in line with the guidelines issued by RBI. The Bank has adopted the duration gap analysis with behavioural pattern for monitoring liquidity. The Treasury Department of the Bank is responsible for liquidity management under the guidance and supervision of ALCO. ALCO meets periodically to monitor funding strategies, liquidity planning, prudential limits etc. Current accounts and savings deposits form a significant part of the Bank's funding. Mid office has therefore carried out behavioural study of term deposit and based on the results cash flows are structured and presented to ALCO.

Frequency of IRRBB measurement

As stipulated by RBI, modification duration analysis based on the movement of price and yield is captured and presented to ALCO in monthly meeting with the total amount of depreciation on account of such movement.

Quantitative Disclosures

The impact of an incremental 200 basis points parallel fall or rise in all yield curves at the beginning of the year on net interest income for the next 12 months amounts to Rs.3.01 Crores



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