

FINANCIAL STATEMENTS

SBI Resurgent India Opportunities Fund

FOR THE YEAR ENDED

31 MARCH 2011

SI Resurgent India Opportunities Fund
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2011

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SBI Resurgent India Opportunities Fund
CORPORATE DATA

1.

		Date of appointment	Date of resignation
Directors	Marie Desire Pierre Dinan	January 17, 2006	-
	Craig Thomas Downes	January 12, 2009	-
	Achal Kumar Gupta	August 25, 2008	January 12, 2011
	Deepak Kumar Chatterjee	February 23, 2011	-

Administrator
and Secretary

Multiconsult Limited
Rogers House
5, President John Kennedy Street
Port- Louis
Mauritius

Registered Office

C/o Multiconsult Limited
Rogers House
5, President John Kennedy Street
Port- Louis
Mauritius

Investment Manager

SBI Funds Management International (Private) Limited
C/o Multiconsult Limited
Rogers House
5, President John Kennedy Street
Port- Louis
Mauritius

Legal advisors

<i>As to English and U.S. Law</i>	Linklaters One Silk Street London EC2Y 8HQ United Kingdom
<i>As to Mauritian Law</i>	Iqbal Rajabalee BLC Chambers 5th Floor, Unicorn House 18, Frère Félix de Valois Street Port- Louis Mauritius
<i>As to Indian Law</i>	Nishith Desai Associates 93-B Mittai Court Nariman Point Mumbai 400 021 India
Auditors	Ernst & Young 9 th Floor NeXTeracom, Tower 1 Cybercity Ebene Mauritius
Banker	Barclays Bank Plc 3rd Floor, Barclays House 68-68A Cybercity Ebene Mauritius

General Information

SBI Resurgent India Opportunities Fund (the "Fund") was incorporated on 17 January 2006 as a public company limited by shares and hold a Category 1 Global Business Licence Company issued by the Financial Services Commission under the Financial Services Act 2007('FSA 2007').

The Fund invests all or substantially all of its assets into the units of SBI Resurgent India Opportunities Scheme ('the Scheme'), a dedicated scheme of SBI Mutual Fund, which is authorised by SEBI (Mutual Fund) regulations 1996.

The Fund's objective is to provide the investors with opportunities for long term growth in capital through well researched investments in a diversified investment portfolio of Indian companies.

The Fund has appointed SBI Fund Management (International) Private Limited (the "Investment Manager"), a company incorporated in Mauritius as its investment manager.

The Fund holds standards of corporate governance through awareness of business ethics and supervision of its management team by the Board of Directors.

The main objects and functions of the Board as regards Corporate Governance are to:

- determine, agree and develop the Fund's general policy on corporate governance in accordance with the applicable Code of Corporate Governance;
- select candidates for eventual Board appointments; and
- review the terms and conditions of all service agreements between the Fund and service providers.

The Board is satisfied that it has discharged its responsibilities for the year in respect of Corporate Governance.

The Board of Directors

The Board is composed of directors coming from different sectors. The directors have been selected based on their professional background and expertise to positively contribute to the Board's activities. The Board is currently made up of one non-resident directors and two resident directors.

Directors

Non-Resident

Mr. Deepak Kumar Chatterjee

Resident

Mr. Marie Desire Pierre Dinan

Mr. Craig Thomas Downes

The Board is responsible for directing the affairs of the Fund in the best interests of shareholders, in conformity with legal and regulatory framework, and consistent with its constitution and best governance practices.

The Directors' profile

Mr. Deepak Kumar Chatterjee

Mr. Deepak Kumar Chatterjee was appointed as director on the Board of the Fund on 23 February 2011. Mr. Chatterjee has over 32 years experience in State Bank of India in various areas such as Credit Administration, Investment Banking, International Banking Operations, Branch Management etc. In the previous assignment, Mr. Chatterjee was General Manger (Financial Institutions Group), International Business Group in SBI where he was handling fund raising for SBI outside India, Country Risk and Bank exposures.

During the last 10 years, Mr. Chatterjee has worked as the EVP and Head Regional Office of SBI Capital Markets Ltd, SVP and Group Head of Project Finance group of SBI Capital Markets Ltd, AGM and Head of Commercial Branch of State Bank of India, Faculty at State Bank Academy Gurgaon and Manager (Forex & Trade) of State Bank of India, Antwerp, Belgium. He is currently the Managing Director of SBI Mutual Fund.

The Directors' profile

Mr. Marie Desire Pierre Dinan

Mr. Pierre Dinan holds a degree in Economics from the London School of Economics and Political Science and is a Fellow of the Institute of Chartered Accountants of England and Wales. He has a vast experience in conducting economic and financial studies for Mauritian companies and the world bank. He has been engaged in promoting and managing global business services since 1992 and has been a member of various committees set up by Government ministries in the matters of finance and international trade. He was the first Chairman of the Mauritius Institute of Directors.

Mr. Craig Thomas Downes

Mr. Downes is the Chief Operating Officer of Multiconsult Limited. He joined Multiconsult Limited in June 2008 after working with Maitland Fund Services both in Cape Town, where he headed the New Business Take-on team, and in Luxembourg, where he was responsible for Fund Administration operations. Mr. Downes started his career with Absa Private Bank and prior to his departure was providing Estate Planning and Financial Planning solutions to clients in the mass affluent market. He holds a Bachelor of Business Science degree in the special field of Finance with the University of Cape Town. Craig is CFA Charter holder and a member of CFA South Africa as well as the Financial Analysts Society of Mauritius. Mr. Downes is also a member of the Mauritius Institute of Directors.

Constitution

The Constitution of the Fund was adopted on the 27th February 2006. On 26 October 2010, the Fund had amended its Constitution and same was approved by a special resolution of shareholders.

Prospectus

The Prospectus of the Fund was adopted on the 15 February 2006. On 23 February 2011, the Company had amended its Prospectus to reflect the fact that NAV will be calculated and released on a daily basis.

Board Meetings

The Board have at least 4 quarterly meetings, one of which is a physical meeting. In addition, Board meetings are being convened as and when required. The matters being considered at the meetings are as follows:

1. to examine all statutory matters;
2. to approve the audited financial statements and reviews important accounting issues;
3. to review the Fund's performance;
4. to ensure compliance of the Fund with the legislations;
5. to take note of changes in the legislations which may affect the Fund;
6. to approve the quarterly management accounts; and
7. to discuss any other business.

The Board papers are usually sent to the directors one week in advance, except where urgent meetings are convened.

The Board promotes, encourages and expects open and frank discussions at meetings. Board meetings provide a forum for challenging and constructive debate.

Board Committees

The Board of Directors collectively consider the measures in respect of the Code of Corporate Governance issues. Due to the size of the Board, no sub-committees (Audit Committees, the Corporate Governance Committee, Board Risk Committee, Remuneration Committee and the Nomination Committee) have been established.

Statement of remuneration policy

The resident directors, Mr. Marie Desire Pierre Dinan and Mr. Craig Thomas Downes are paid USD 4,000 and USD 2,000 per annum respectively.

Identification of key risks for the Company

The Board is ultimately responsible for the Fund's system of internal control and for reviewing its effectiveness. The Board confirms that there is an ongoing process for identifying, evaluating and managing the various risks faced by the Fund.

Financial risk factors

The financial risk factors have been set out in note 13 of these financial statements.

Related party transactions

The related party transactions have been set out in note 14 of these financial statements.

Code of Ethics, Health and Safety and Social issues

These issues are not applicable to the Fund given the nature of activities of the Fund and the Fund has no employees. The Fund is managed under service agreements with third parties detailed in the Corporate Data section.

Environment

Due to the nature of its activities, the Fund has no adverse impact on the environment.

Corporate social responsibility and donations

During the year, the Fund has not made any donations (2010: nil).

Nature of business

The principal activity of the Fund is that of a Collective Investment Scheme.

Auditor's Report and financial statements

The auditor's report is set out on pages 9 and 10 and the statement of comprehensive income is set out on page 12 of this financial statements.

Audit fees

Audit fees payable to Ernst & Young (Mauritius) for the year amounted to USD 9,975 (2010: USD 11,701).

Appreciation

The Board expresses its appreciation and gratitude to all those involved for their contribution during the year.

The directors present their commentary, together with the audited financial statements of SBI Resurgent India Opportunities Fund (the 'Fund') for the year ended 31 March 2011.

PRINCIPAL ACTIVITIES

The Fund was incorporated on 17 January 2006 in Mauritius as a public company limited by shares and has been granted a Category 1 Global Business Licence by the Financial Services Commission.

The Fund is an open-ended investment fund of unlimited duration structured to operate in a similar manner to an open-ended unit trust of mutual fund and formed under the laws of Mauritius.

The Fund's objective is to provide the investors with opportunities for long term growth in capital through well researched investments in a diversified investment portfolio of Indian companies.

RESULTS AND DIVIDENDS

The Fund's profit for the year under review is USD 681,978 (2010: USD 7,031,951).

The directors do not recommend the payment of a dividend for the year under review (2010: USD Nil).

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Fund's directors are responsible for the preparation and fair presentation of the financial statements, comprising the Fund's statement of financial position at 31 March 2011 and the statement of comprehensive income, statement of changes in net assets attributable to holders of redeemable participating shares and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and Mauritius Companies Act 2001.

The directors' responsibilities include: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors have made an assessment of the Fund's ability to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

DIRECTORS' INTEREST

- There are no service contracts in existence between the Fund and any of its directors, nor are any such contracts proposed.
- No director has any interest, direct or indirect, in the promotion of, or in any equity and debt securities of the Fund.
- Mr. Craig Thomas Downes, being also the Chief Operating Officer of Multiconsult Limited is interested in the administration agreement, within the Company.

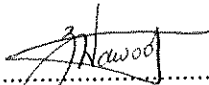
AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual meeting of shareholders.

**SECRETARY'S CERTIFICATE
FOR THE YEAR ENDED 31 MARCH 2011**

7.

We certify that, to the best of our knowledge and belief, we have filed with the Registrar of Companies, all such returns as are required of SBI Resurgent India Opportunities Fund under the Mauritius Companies Act 2001 for the year ended 31 March 2011.

A handwritten signature in black ink, appearing to read "Newood", written over a horizontal dotted line.

**For Multiconsult Limited
Secretary**

Date: 08 April 2011

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SBI Resurgent India Opportunities Fund**

Report on the Financial Statements

We have audited the financial statements of SBI Resurgent India Opportunities Fund (the "Fund") on pages 10 to 37 which comprise the statement of financial position as at 31 March 2011 and the statement of comprehensive income, statement of changes in net assets attributable to holders of redeemable participating shares and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritian Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements on pages 10 to 37 give a true and fair view of the financial position of the Fund as at 31 March 2011 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SBI Resurgent India Opportunities Fund (CONTINUED)**

Report on the Financial Statements (*Continued*)

Other matter

This report, including the opinion, has been prepared for and only for the Fund's members, as a body, in accordance with Section 205 of the Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

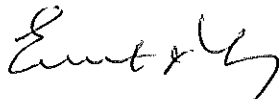
Report on Other Legal and Regulatory Requirements

Companies Act 2001

We have no relationship with or interests in the Fund other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Fund as far as it appears from our examination of those records.



ERNST & YOUNG
Ebène, Mauritius



PATRICK NG TSEUNG, A.C.A

Date: **08 APR 2011**

SBI Resurgent India Opportunities Fund

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011

10.

	Notes	2011	2010
		USD	USD
<u>Assets</u>			
Cash and cash equivalents		29,263	53,492
Prepayments	4	5,925	5,248
Financial assets designated at fair value through profit or loss	5	9,639,643	12,265,221
Total assets		9,674,831	12,323,961
<u>Liabilities</u>			
Other payables and accruals	6	28,813	58,044
Total liabilities excluding net assets attributable to shareholders		28,813	58,044
Net assets attributable to shareholders		9,646,018	12,265,917
<u>Represented by:</u>			
Management shares	7(a)	1	1
Net assets attributable to holders of redeemable participating shares	8	9,646,017	12,265,916
Net assets attributable to shareholders		9,646,018	12,265,917

Approved by the Board of Directors on 08 April 2011 and signed on its behalf by:

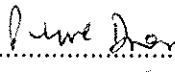
NAMES OF DIRECTORS

SIGNATURE

Sahjahan Ally Nauthoo
(As alternate director for Craig Thomas Downes)


.....

Marie Desiree Pierre Dinan


.....

The notes on pages 14 to 37 form part of these financial statements.

SBI Resurgent India Opportunities Fund
 STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 MARCH 2011

11.

	Notes	2011 USD	2010 USD
INCOME			
Net realised gain on investment transactions		1,388,971	615,465
Net unrealised gain on revaluation of investments designated at fair value through profit or loss		-	6,592,157
Net unrealised gain on foreign exchange transactions		153	45
Total income		1,389,124	7,207,667
EXPENSES			
Net unrealised loss on revaluation of investments designated at fair value through profit or loss		519,559	-
Audit fees		11,744	20,478
Licence and annual registration fees		4,332	4,352
Administration fees	9	25,442	25,000
Investment manager fees	10	116,112	113,838
Custody fees		667	4,000
Directors' fees		6,000	6,000
Realised loss on foreign exchange		-	145
Professional fees		20,583	-
Insurance premium		1,122	-
Other costs		1,585	1,903
Total operating expenses		707,146	175,716
Increase in net assets attributable to holders of redeemable participating shares from operations		681,978	7,031,951

The notes on pages 14 to 37 form part of these financial statements.

SBI Resurgent India Opportunities Fund

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES

FOR THE YEAR ENDED 31 MARCH 2011

12.

	Management share	Net assets attributable to holders of redeemable participating shares	Total
	USD	USD	USD
At 01 April 2009	1	6,678,230	6,678,231
Issue of redeemable participating shares	-	238,153	238,153
Redemption of redeemable participating shares	-	(1,682,419)	(1,682,419)
Increase in net assets attributable to holders of redeemable participating shares from operations	-	7,031,951	7,031,951
At 31 March 2010	1	12,265,915	12,265,916
At 01 April 2010	1	12,265,915	12,265,916
Issue of redeemable participating shares	-	300,675	300,675
Redemption of redeemable participating shares	-	(3,602,551)	(3,602,551)
Increase in net assets attributable to holders of redeemable participating shares from operations	-	681,978	681,978
At 31 March 2011	1	9,646,017	9,646,018

The notes on pages 14 to 37 form part of these financial statements.

SBI Resurgent India Opportunities Fund
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 31 MARCH 2011

13.

	2011	2010
	USD	USD
Cash flows from operating activities		
Increase in net assets attributable to holders of redeemable participating shares	681,978	7,031,952
<i>Adjustments for:</i>		
Net realised gain on investment transactions	(1,388,971)	(615,465)
Net unrealised gain on foreign exchange transactions	(153)	(45)
Net movement in unrealised loss / (gain) on revaluation of investments designated at fair value through profit or loss	519,559	(6,592,157)
	(187,587)	(175,715)
Net changes in operating assets and liabilities		
Prepayments	(678)	(3,978)
Other payables and accruals	(29,231)	(6,695)
Proceeds from disposal of investments	3,594,990	1,725,675
Acquisition of investments	(100,000)	(50,000)
Net cash used in operating activities	3,277,494	1,489,287
Cash flows from financing activities		
Proceeds from issues of shares	300,675	238,153
Payments for redemptions of shares	(3,602,551)	(1,682,419)
Net cash flows used in financing activities	(3,301,876)	(1,444,266)
Net increase in cash and cash equivalents	(24,382)	45,021
Cash and cash equivalents at the beginning of the year	53,492	8,426
Effect of foreign exchange rate differences	153	45
Cash and cash equivalents at the end of the year	29,263	53,492

The notes on pages 14 to 37 form part of these financial statements.

1. CORPORATE INFORMATION

SBI Resurgent India Opportunities Fund (the 'Fund') was incorporated on 17 January 2006 in Mauritius as a public company limited by shares and obtained its Category 1 Global Business Licence under the Financial Services Act 2007 ('FSA 2007').

The Fund is an open-ended investment fund of unlimited duration structured to operate in a similar manner to an open-ended unit trust of mutual fund, formed under the laws of Mauritius.

The Fund invests all or substantially all of its assets into the units of SBI Resurgent India Opportunities Scheme (the "Scheme"), a dedicated scheme of SBI Mutual Fund, which is authorised by SEBI (Mutual Fund) regulations 1996.

The Fund's objective is to provide the investors with opportunities for long term growth in capital through well researched investments in a diversified investment portfolio of Indian companies.

The Fund has made an application to the Financial Services Commission's ("FSC") on 14 May 2010 to seek approval to operate as a Global Scheme, in accordance with sub-part C (15) of the Securities (Collective Investment Scheme and Closed-end Fund) Regulations 2008 (the "CIS Regulations").

The Fund has appointed SBI Fund Management (International) Private Limited (the "Investment Manager") as investment manager with administration delegated to Multiconsult Limited.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss that have been measured at fair value.

The financial statements are prepared under the historical cost convention and are presented in United States dollar ('USD'). The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

2.2 STATEMENT OF COMPLIANCE

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of more significant accounting policies, which have been applied consistently, is set out below:

(a) Foreign currency transactions

Functional and presentation currency

The Fund's functional and presentation currency is the USD which is the currency of the primary economic environment in which it operates. The Fund's performance is evaluated and its liquidity is managed in USD. Therefore, the USD is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Foreign currency transactions (Continued)

Transactions and balances

Foreign currency transactions are translated into USD using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(b) Financial instruments

Financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way purchases) are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

The Fund's financial assets include financial assets designated at fair value through profit or loss, cash and cash equivalents and other receivables and prepayments.

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, available-for-sale investments, held-to-maturity investments or loans and receivables. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Fund determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates the designation at each financial year end.

Financial assets designated at fair value through profit or loss

Financial assets designated at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in profit or loss.

Financial liabilities

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Fund determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Fund's financial liabilities consist of other payables and accruals only.

(c) Impairment

The Fund assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Derecognition of financial instruments

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a Fund of similar financial assets) is derecognised when:

- (i) The rights to receive cash flows from the asset have expired;
- (ii) The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Fund has transferred substantially all the risks and rewards of the asset, or (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset; or
- (iii) The Fund has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(e) Determination of fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

Where the Fund has assets and liabilities with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies the bid or asking price to the net open position as appropriate.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible.

(f) Redeemable participating shares

The Fund issues redeemable participating shares, which are redeemable at the holder's option and are classified as financial liabilities. Currently, there are two classes of redeemable participating shares, the USD class and the EUR class. The redeemable participating share is carried at the redemption amount that is payable at the reporting date if the holder exercises the right to put back to the Fund.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Redeemable participating shares (Continued)

The redeemable participating shares are issued and redeemed at the holder's option at price based on the Fund's net asset value per share, for the different class, at the time of issue or redemption. The Fund's net asset value per share for each class is calculated on a daily basis by dividing the net assets attributable to the holders of the particular redeemable participating shares with the total number of outstanding redeemable participating shares in issue for each class.

(g) Management shares

The management shares are classified as equity in accordance with the Fund's constitution. These shares do not participate in the profits of the Fund.

(h) Revenue recognition

Revenue is recognised to the extent that it is possible that the economic benefits will flow to the Fund and the revenue can be reliably measured.

Interest income is accounted on an accruals basis.

(i) Cash and cash equivalents

Cash and cash equivalents include cash at bank.

(j) Net gain or loss on financial assets and liabilities at fair value through profit or loss

This item includes changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as 'held at fair value through profit or loss' and excludes interest and dividend income and expense.

Net unrealised gain / loss on revaluation of investments designated at fair value through profit or loss

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised in the reporting period.

Net realised gain / loss on investment transactions

Realised gains and losses on disposals of financial instruments classified as 'at fair value through profit or loss' are calculated using the average cost (AVCO) method. They represent the difference between an instrument's initial carrying amount and disposal amount.

(k) Expenses

All expenses, including investment management fees, are recognised in the statement of comprehensive income on an accruals basis.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Related parties

Related parties are individuals and companies where the individual or companies has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

(m) Provisions

A provision is recognised if, as a result of a past event, the Fund has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(n) Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit, nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred income tax assets relating to the deductible temporary difference arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. ACCOUNTING POLICIES (CONTINUED)

2.3 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

(n) Taxes (Continued)

Deferred income tax (Continued)

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(o) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.4 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Fund has adopted the following new and amended IFRS and IFRIC interpretations.

	Effective for accounting period beginning on or after
<i>Arrangements</i>	01 January 2010
Consolidated Separate Financial Statements (Amended)	01 July 2009
<i>Eligible hedged items</i> (Amendment)	01 July 2009
IFRIC 17 <i>Distributions of Non-cash Assets to Owners</i>	01 July 2009
IFRIC 18 <i>Transfers of Assets from Customers</i>	01 July 2009
Improvements to IFRSs (May 2008)	
Improvements to IFRSs (April 2009)	

The adoption of the above standard or interpretation did not have impact on the financial position or performance of the Company.

2.4 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

Improvement to IFRS

In May 2008 and April 2009, the IASB issued omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments did not have any impact on the financial position or performance of the Company.

Issued in May 2008

- IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*

Issued in April 2009

- IAS 7 *Statement of Cash Flows*: Explicitly states that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities.
- IAS 36 *Impairment of Assets*: When discounted cash flows are used to estimate 'fair value less cost to sell' additional disclosure is required about the discount rate, consistent with disclosures required when the discounted cash flows are used to estimate 'value in use'. This amendment had no immediate impact on the financial statements of the Fund because the recoverable amount of its cash generating units is currently estimated using 'value in use'.

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Company:

Issued in April 2009

- IFRS 2 *Share-based Payment*
- IAS 1 *Presentation of Financial Statements*
- IAS 17 *Leases*
- IAS 34 *Interim Financial Reporting*
- IAS 38 *Intangible Assets*
- IAS 39 *Financial Instruments: Recognition and Measurement*
- IFRIC 9 *Reassessment of Embedded Derivatives*
- IFRIC 16 *Hedge of a Net Investment in a Foreign Operation*

2.5 STANDARDS, INTERPRETATIONS AND AMENDMENTS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Fund's financial statements are listed below. The listing is of standards and Interpretations issued, which the Fund reasonably expects to be applicable at a future date. The Fund intends to adopt those standards when they become effective.

	Effective for accounting period beginning on or after
IAS 24 <i>Related Party Disclosures (Amendment)</i>	01 January 2011
IAS 32 <i>Financial Instruments: Presentation - Classification of Rights Issues (Amendment)</i>	01 February 2010
IFRS 9 <i>Financial Instruments - Classification and Measurement</i>	01 January 2013
IFRIC 14 <i>Prepayments of a Minimum Funding Requirement (Amendment)</i>	01 January 2011
IFRIC 19 <i>Extinguishing Financial Liabilities with Equity Instruments</i>	01 July 2010

2.5 STANDARDS, INTERPRETATIONS AND AMENDMENTS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

Improvements to IFRSs (issued in May 2010)

The IASB issued Improvements to IFRSs, an omnibus of amendments to its IFRS standards. The amendments have not been adopted as they become effective for annual periods beginning on or after either 1 July 2010 or 1 January 2011. The amendments listed below are not expected to have any significant impact on the financial position and financial performance of the Fund:

- IFRS 3 Business Combinations
- IFRS 7 Financial Instruments: Disclosures
- IAS 1 Presentation of Financial Statements
- IAS 27 Consolidated and Separate Financial Statements
- IFRIC 13 Customer Loyalty Programmes

The Fund is still considering the impact of the adoption of the pronouncements listed above on the Fund's financial statements in the period of initial application but additional disclosures will be required where applicable.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical accounting judgements in applying the Fund's accounting policies

The preparation of the Fund's financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

In the process of applying the Fund's accounting policies, which are described note 2.3, the directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Determination of functional currency

The determination of the functional currency of the Fund is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. As described in note 2.3, the Directors have considered factors such as the economic effects of the underlying transactions, events and conditions and have determined that the functional currency of the Fund is the USD.

Going concern

The Fund's management has made an assessment of the Fund's ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Fund's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

SBI Resurgent India Opportunities Fund
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2011

22.

4. PREPAYMENTS

	2011	2010
	USD	USD
Licence fees prepaid	4,997	5,000
Annual registration fees prepaid	249	248
Professional fees	401	-
Insurance prepaid	278	-
	<u>5,925</u>	<u>5,248</u>

5. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

		2011	2010
		USD	USD
Cost at beginning of year		8,327,701	9,387,911
Addition during the year		100,000	50,000
Disposal during the year		(2,206,019)	(1,110,210)
Cost at 31 March		<u>6,221,682</u>	<u>8,327,701</u>
Unrealised gain on revaluation		<u>3,417,961</u>	<u>3,937,520</u>
Market value as at 31 March		<u>9,639,643</u>	<u>12,265,221</u>
Net assets of the Scheme	INR	<u>429,879,900</u>	<u>550,647,094</u>
Exchange rate		44.60	44.89
Net assets of the Scheme	USD	<u>9,639,643</u>	<u>12,265,221</u>
Holdings in the Scheme at 31 March	Units	<u>25,620,918</u>	<u>34,452,475</u>

The Fund invests all or substantially all of its assets into the units of SBI Resurgent India Opportunities Scheme, a dedicated scheme of SBI Mutual Fund, a Mutual Fund registered and regulated by SEBI (Mutual Funds) regulations 1996. The fair value of the units held in the scheme has been valued based on the Net Asset Value of SBI Mutual Fund as at 31 March 2011.

Investment in units on the SBI Mutual Fund Scheme are denominated in Indian Rupees and are valued at the net asset value of the Scheme translated in United States Dollars at the reporting date.

5. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)
 PORTFOLIO OF INVESTMENTS UNDER THE SBI MUTUAL SCHEME

EQUITY SHARES	Holding	% mix	2011 FAIR VALUE	
			INR	USD
<i>QUOTED</i>				
ACC LTD (PREVIOUSLY ASSOCIATED CEMENT COMPANIES LIMITED)	4,000	1.03%	4,300,800	96,441
AGRO TECH FOODS LTD	30,000	2.68%	11,182,500	250,757
ALL CARGO GLOBAL LOGISTICS LIMITED	34,600	1.44%	6,011,750	134,808
BANK OF INDIA	26,000	2.98%	12,430,600	278,744
BAJAJ AUTO LTD (NEW DEMERGED)	3,000	1.05%	4,379,400	98,204
BHARAT HEAVY ELECTRICALS LIMITED	6,750	3.33%	13,910,738	311,935
BHARTI AIRTEL LTD (PREV. BHARTI TELE-VENTURES LIMITED)	22,080	1.89%	7,893,600	177,006
COAL INDIA LIMITED	22,450	1.87%	7,792,395	174,737
DR. REDDYS LABORATORIES	2,600	1.02%	4,260,230	95,532
GAIL (INDIA) LTD (PREV. GAS AUTHORITY OF INDIA)	14,363	1.60%	6,678,795	149,766
GUJARAT MINERAL DEVELOPMENT CORPORATION	54,586	1.77%	7,407,320	166,102
GRASIM INDUSTRIES LIMITED	1,650	0.97%	4,061,063	91,065
AMBUJA CEMENTS LIMITED	60,600	2.13%	8,911,230	199,826
HDFC BANK LIMITED	12,970	7.28%	30,388,061	681,423
ICICI BANK LTD	25,750	6.86%	28,653,312	642,523
INFOSYS TECHNOLOGIES LIMITED	11,300	8.76%	36,575,275	820,165
IPCA LABORATORIES LTD.	27,600	1.99%	8,324,160	186,661
ITC LIMITED	124,100	5.39%	22,517,945	504,943
LARSEN & TOUBRO LIMITED	15,500	6.14%	25,625,375	574,624
LUPIN LIMITED	9,800	0.98%	4,070,430	91,275

5. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

PORTFOLIO OF INVESTMENTS UNDER THE SBI MUTUAL SCHEME (CONTINUED)

EQUITY SHARES	HOLDING	% mix	2011 FAIR VALUE	
			INR	USD
<i>QUOTED</i>				
MAHINDRA & MAHINDRA LIMITED	19,450	3.25%	13,587,770	304,693
MARUTI SUZUKI INDIA LTD (PREV MARUTI UDYOG LIMITED)	3,250	0.98%	4,106,538	92,085
NTPC LIMITED (PREV. NATIONAL THERMAL POWER CORPORATION)	30,200	1.40%	5,828,600	130,701
OIL & NATURAL GAS CORPN LTD	51,500	3.58%	14,940,150	335,018
PERSISTENT SYSTEMS LIMITED	11,057	0.97%	4,054,602	90,921
PUNJAB NATIONAL BANK.	5,400	1.58%	6,588,810	147,748
RELIANCE INDUSTRIES LIMITED	35,212	8.84%	36,895,133	827,338
STATE BANK OF INDIA	4,720	3.13%	13,064,488	292,959
SUN PHARMACEUTICAL INDUSTRIES	9,000	0.95%	3,976,200	89,162
TATA CONSULTANCY SERVICES LIMITED	11,000	3.12%	13,007,500	291,681
TATA MOTORS LIMITED	900	0.27%	1,122,750	25,177
TATA MOTORS LIMITED-DVR-A-ORDY	11,000	1.85%	7,650,500	171,555
TATA STEEL LIMITED	5,000	0.74%	3,102,500	69,571
UNION BANK OF INDIA	35,000	2.91%	12,160,750	272,693
USHA MARTIN LIMITED	65,250	0.89%	3,732,300	83,692
AXIS BANK LTD (PREV. UTI BANK LTD.)	5,400	1.82%	7,579,710	169,968
YES BANK LIMITED	34,500	2.56%	10,691,550	239,748
TOTAL	847,538	100.00%	417,464,830	9,361,247
CURRENT ASSETS			14,082,004	315,775
CURRENT LIABILITIES			(1,666,934)	(37,379)
TOTAL NET ASSETS UNDER THE SCHEME			429,879,900	9,639,643

5. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

PORTFOLIO OF INVESTMENTS UNDER THE SBI MUTUAL SCHEME

EQUITY SHARES	Holding	% mix	2010 FAIR VALUE	
			INR	USD
<i>QUOTED</i>				
3I INFOTECH LTD	66,290	0.97%	5,203,765	115,910
ABAN OFFSHORE LTD	6,000	1.30%	6,990,900	155,717
ABB LTD	6,824	1.05%	5,665,285	126,190
ACC LTD (PREVIOUSLY ASSOCIATED CEMENT COMPANIES LIMITED)	8,800	1.56%	8,363,960	186,300
ALL CARGO GLOBAL LOGISTICS LIMITED	28,000	0.97%	5,206,600	115,973
APOLLO TYRES LTD	110,000	1.45%	7,804,500	173,839
AXIS BANK LTD	11,000	2.39%	12,860,100	286,448
BANK OF INDIA	21,500	1.36%	7,326,125	163,184
BHARAT HEAVY ELECTRICALS LIMITED	3,775	1.68%	9,005,074	200,581
BHARTI AIRTEL LTD (PREV. BHARTI TELE-VENTURES LIMITED)	54,730	3.18%	17,070,287	380,227
CENTURY TEXTILES AND INDUSTRIES LTD	24,800	2.35%	12,623,200	281,172
CUMMINS INDIA LTD	15,000	1.43%	7,704,000	171,600
DISH TV INDIA LTD	150,000	1.02%	5,490,000	122,285
ENTERTAINMENT NETWORK INDIA LTD	24,950	0.94%	5,066,098	112,843
FDC LTD	100,000	1.50%	8,050,000	179,307
GAIL (INDIA) LTD (PREV. GAS AUTHORITY OF INDIA)	28,363	2.16%	11,623,157	258,896
GUJARAT MINERAL DEVELOPMENT CORPORATION	54,586	1.44%	7,737,566	172,348
HDFC BANK LIMITED	12,840	4.62%	24,813,300	552,696
HINDUSTAN UNILEVER LTD	29,000	1.29%	6,922,300	154,189
HOUSING DEVELOPMENT & INFRASTRUCTURE LTD	19,000	1.01%	5,437,800	121,123
ICICI BANK LTD	47,440	8.41%	45,196,088	1,006,706
INFOSYS TECHNOLOGIES LIMITED	11,590	5.64%	30,309,009	675,109

5. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

EQUITY SHARES	Holding	% mix	2010 FAIR VALUE	
			INR	USD
<i>QUOTED</i>				
IRB INFRASTRUCTURE DEVELOPERS LTD	32,200	1.54%	8,257,690	183,933
ITC LIMITED	40,000	1.96%	10,526,000	234,458
JINDAL STEEL & POWER LTD	6,300	0.82%	4,424,175	98,545
LARSEN & TOUBRO LIMITED	12,460	3.77%	20,264,321	451,371
MAHINDRA & MAHINDRA LIMITED	51,000	5.18%	27,805,200	619,338
MINDTREE LTD	27,620	3.03%	16,264,037	362,268
OIL INDIA LTD	10,638	2.28%	12,239,551	272,626
OPTO CIRCUIT (I) LTD	22,526	0.91%	4,885,889	108,829
PANTALOON RETAIL INDIA LTD	11,599	0.84%	4,524,770	100,786
POWER FINANCE CORPORATION LTD	20,720	1.00%	5,350,940	119,188
REDINGTON (INDIA) LTD	37,137	2.57%	13,785,254	307,055
RELIANCE INDUSTRIES LIMITED	48,212	9.64%	51,811,026	1,154,049
RELIANCE INFRASTRUCTURE LTD	7,300	1.36%	7,287,955	162,333
ROYAL ORCHID HOTELS LTD	167,711	2.39%	12,829,892	285,776
STATE BANK OF INDIA	9,770	3.78%	20,311,830	452,430
SUZLON ENERGY LTD	35,000	0.47%	2,516,500	56,053
TATA CONSULTANCY SERVICES LIMITED	6,300	0.92%	4,919,040	109,568
TATA POWER COMPANY LTD	8,538	2.18%	11,719,259	261,037
TATA STEEL LIMITED	10,000	1.18%	6,326,500	140,918
UNITED SPIRITS LTD	5,510	1.35%	7,283,669	162,238
USHA MARTIN LIMITED	98,750	1.86%	9,978,688	222,268
UTV SOFTWARE COMMUNICATIONS LTD	37,985	3.25%	17,444,611	388,565
TOTAL	1,541,764	100.00%	537,225,911	11,966,275
CURRENT ASSETS			13,842,359	308,327
CURRENT LIABILITIES			(421,175)	(9,381)
TOTAL NET ASSETS UNDER THE SCHEME			550,647,094	12,265,221

6. OTHER PAYABLES AND ACCRUALS

	2011	2010
	USD	USD
Administration fees	6,589	6,164
Investment management fees	8,078	31,355
Directors' fees	1,500	1,500
Audit fees	12,276	18,692
Other expenses accrued	370	333
	<u>28,813</u>	<u>58,044</u>

7. SHARE CAPITAL

(a) Management shares

	2011	2010
	USD	USD
<i>Issued and fully paid</i>		
1 management share of USD 1 each	<u>1</u>	<u>1</u>

The management share is non redeemable and is not entitled to receive dividends and in a winding up, rank only for a return of paid up capital after the return of capital paid up on participating shares. The holder of the management share is entitled to one vote at a members' meeting of the Fund.

(b) Redeemable participating shares

The net assets attributable to holders of redeemable participating shares are at all times equal to the net asset value of the Fund. The redeemable participating shares which comprise the share capital of the Fund are in substance a liability of the Fund to shareholders under IAS 32 as they can be redeemed at the option of the shareholders. The movement in the number of redeemable participating shares is as follows:

	USD Class Number of shares	USD	EUR Class Number of shares	USD
At 31 March 2009	9,066,348	8,536,364	368,823	496,787
Shares issued	193,517	238,154	-	-
Shares redeemed	(1,381,906)	(1,642,257)	(27,467)	(40,162)
At 31 March 2010	7,877,959	7,132,261	341,356	456,625
Shares issued	196,072	300,674	-	-
Shares redeemed	(2,093,785)	(3,405,923)	(98,922)	(196,628)
At 31 March 2011	<u>5,980,246</u>	<u>4,027,012</u>	<u>242,434</u>	<u>259,997</u>

7. SHARE CAPITAL (CONTINUED)

(b) Redeemable participating shares (Continued)

The holders of redeemable participating shares carry the right to dividends, as determined by the directors. The holders of redeemable participating shares are not entitled to vote at shareholders' meetings of the Fund on any resolutions except where Article 20 of the Fund's constitution applies. In a winding up, each share has a preferential right to share in all surplus of the distribution after return to Management shareholders.

8. NET ASSET VALUE PER REDEEMABLE PARTICIPATING SHARE

	2011			2010		
	Net asset value	No. of shares	NAV per share	Net asset value	No. of shares	NAV per share
EUR Fund	USD		EURO	USD		EURO
EUR Retail Class	452,554	242,434	1.32	617,517	341,356	1.34
EUR Institutional Class	-	-	-	-	-	-
	<u>452,554</u>	<u>242,434</u>		<u>617,517</u>	<u>341,356</u>	
	2011			2010		
	Net asset value	No. of shares	NAV per share	Net asset value	No. of shares	NAV per share
USD Fund	USD		USD	USD		USD
USD Retail Class	3,273,976	2,185,883	1.50	4,693,272	3,239,417	1.45
USD Institutional Class	5,919,487	3,794,362	1.56	6,955,127	4,638,541	1.50
	<u>9,193,463</u>	<u>5,980,245</u>		<u>11,648,399</u>	<u>7,877,958</u>	
TOTAL	<u>9,646,017</u>	<u>6,222,679</u>		<u>12,265,916</u>	<u>8,219,314</u>	

9. ADMINISTRATION FEES

Multiconsult Limited, a company incorporated in the Republic of Mauritius, was appointed as administrator of the Fund pursuant to the Administration Agreement dated 20 January 2006. Under the terms of the agreement, the administrator charges a fee based on the aggregate month end net assets of the Fund per annum and all reasonable out-of-pocket expenses incurred by it in the performance of its duties.

During the year ended 31 March 2011, USD 25,442 (2010: USD 25,000) was payable to the administrator for their services to the Fund.

Effective as from 1 March 2011, the administration fees was increased from USD 25,000 to USD 30,000 per annum.

10. INVESTMENT MANAGER FEES

The Fund pays a management fee to the Investment Manager at the maximum rate of 1.5% per annum of the weekly net assets under the retail plan of both USD Class and EUR Class and 0.75% per annum of the weekly net assets under the institutional plan of both USD Class and EUR Class. The management fee is payable to the Investment Manager, in arrears, on a monthly basis. The management fee may be subject to changes from time to time. At 31 March 2011, USD 8,078 management fee was outstanding (2010: USD 31,355).

11. TAXATION

The Fund is a Category 1 Global Business Licence Company for the purposes of the Financial Services Act 2007. The Fund is subject to income tax in Mauritius at 15% but is entitled to a tax credit for foreign taxes equivalent to the higher of the actual foreign taxes paid and 80% of the Mauritius tax chargeable with respect to the foreign source of income. The tax charge for the year is nil (2010: nil), and the accumulated tax losses for the year is nil.

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Fair values

The Fund's assets and liabilities include cash and cash equivalents, other receivables and prepayments, financial assets at fair value through profit or loss and other payables and accrued expenses which are realised or settled within a short period of time. The carrying amounts of these other assets and liabilities approximate their fair values.

	2011	2010
	Total	Total
	USD	USD
ASSETS		
Cash and cash equivalents	29,263	53,492
Other receivables and prepayments	5,925	5,248
Financial assets designated at fair value through profit or loss	9,639,643	12,265,221
TOTAL ASSETS	9,674,831	12,323,961

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Associated risks

Risk is inherent in the Fund's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risks limits and other controls. The process of risk management is critical to the Fund's continuing profitability. The Fund is exposed to credit risk, liquidity risk and market risk (which includes other price risk, currency risk and interest rate risk) arising from the financial instruments it holds.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund.

Financial assets contain an element of risk that the counterparty may be unable to meet the terms of the agreement. According to the Fund's investment policy, the investment transactions are carefully allocated to counterparties reflecting the credit-worthiness of the financial institution. The Investment Manager also constantly monitors the outstanding investments.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the statement of financial position date. At the reporting date, the Fund's financial assets exposed to credit risk amounted to the following:

	Carrying Amount	On demand	Of which: not impaired and past due in the following periods		
			Between 91 and 180 days	More than 180 days	
	USD	USD	USD	USD	USD
<u>As at 31 March 2011</u>					
Cash and cash equivalents	29,263	29,263	-	-	-
<u>As at 31 March 2010</u>					
Cash and cash equivalents	53,492	53,492	-	-	-

Amounts in the above table are based on the carrying value of all accounts.

The Fund's assets will only be traded on or subject to the rules of a recognised stock exchange. All transactions in listed and unlisted securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal since the delivery of securities sold is made only once the broker has received payment. A purchase payment is only made once the securities have been received by the broker. If either party fails to meet their obligations, the trade will fail.

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Associated risks (Continued)

Credit risk (Continued)

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered small due to the short settlement period involved and the high credit quality of the brokers used.

There is no explicit credit risk in the portfolio.

Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. During the year ended 31 March 2011 and the year ended 31 March 2010, shareholders could subscribe and redeem redeemable participating shares on a bi-weekly basis and the Fund is therefore exposed to the liquidity risk of meeting redemption requests.

Effective as from 01 March 2011, NAV are prepared and released on a daily basis and thus shareholders could subscribe and redeem redeemable participating shares on a daily basis.

The Fund's fair value through profit or loss are considered readily realisable as they are listed on recognised stock exchanges.

The Fund's liquidity risk is managed on a daily basis by the Investment Manager in accordance with policies and procedures in place and as specified in the Fund's prospectus. The Fund's overall liquidity risks are monitored on a quarterly basis by the board of directors. The Fund's redemption policy only allows processing of redemptions if request reached the registered office one day before the valuation day.

Residual contractual maturity of financial liabilities are presented below (in United States Dollars).

	2011		2010	
	On demand	Total	On demand	Total
	USD	USD	USD	USD
Other payables and accruals	28,813	28,813	58,044	58,044
Net assets attributable to holders of redeemable participating shares	9,646,017	9,646,017	12,265,916	12,265,916
	9,674,830	9,674,830	12,323,960	12,323,960

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rate, interest rates and equity prices will affect the Fund's income or the value of its holdings if financial instruments.

The Fund's strategy on the management of investment risk is driven by the Fund's investment objective. The Fund's principal objective is to generate capital growth by maximising returns from a portfolio of long and short investments in Indian equities and related securities. Secondary objectives are to reduce the correlation of returns with broad market indices and to minimise monthly fluctuations in net asset value. The Fund's market risk is managed on a daily basis by the Investment Manager in accordance with policies and procedures in place.

Other price risk

Other price risk is the risk that the value of the instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

As the majority of the Fund's financial instruments are carried at fair value with fair value changes recognised in the statement of comprehensive income, all changes in market conditions will directly affect net assets.

Price sensitivity analysis

The Scheme's underlying investments are listed on Asian stock exchanges. A 3% increase in stock prices at 31 March 2011 would have increased the net assets attributable to holders of redeemable participating shares and the changes in net assets attributable to holders of redeemable participating shares by USD 280,806 (2010: USD 367,957); an equal change in the opposite direction would have decreased the net assets attributable to holders of redeemable participating shares by an equal but

Currency risk

The Fund invests in securities denominated in currencies other than its functional currency, the United States dollars, mainly Indian rupees. Consequently, the Fund is exposed to risks that the exchange rate of the United States dollars relative to the Indian rupees may change in a manner which has an adverse effect on the reported value of that portion of the Fund's assets which are denominated in Indian rupees.

The Fund will invest primarily in securities denominated in currencies other than US dollars, but the Shares will be denominated in US dollars. Accordingly, a change in the value of those currencies against the US dollar would result in a corresponding change in the value of the shares. This could affect the redemption proceeds.

In addition, if the value of the local currency falls against the value of the US dollar, the Fund may be required to liquidate securities in order to make redemptions or distributions if the Fund has insufficient cash in US dollars to meet such requirements.

The liquidation of investments, if required, may have an adverse impact on the performance of the Fund. The Fund will also bear the costs of conversion between currencies. At present, the Fund may not hedge against currency exposure but, if it is allowed to in the future, it may do so.

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Currency profile

	Financial assets 2011	Financial liabilities 2011	Financial assets 2010	Financial liabilities 2010
	USD	USD	USD	USD
Indian rupees	9,639,643	-	12,265,221	-
Euro	3,224	-	3,071	-
United States dollars	26,039	28,813	50,421	58,044
	<u>9,668,906</u>	<u>28,813</u>	<u>12,318,713</u>	<u>58,044</u>

Currency sensitivity analysis

At 31 March 2011, had the US Dollar strengthened by 5% in relation to all currencies, with all other variables held constant, Net assets attributable to holders of redeemable participating shares and the change in Net assets attributable to holder of redeemable participating shares would have decreased by the amount shown below. The analysis is performed on the same basis for 2010.

All amount stated in US Dollar.

Currency	% Change	2011 USD	2010 USD
Euro	+ 5%	161	153
Indian rupees	+ 5%	481,982	613,261
Total		<u>482,143</u>	<u>613,414</u>

A 5% weakening of the United States Dollars against the above currency would have resulted in an equal but opposite effect on the above financial statement amounts to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's financial assets and liabilities are non-interest bearing. As a result, the Fund is not exposed to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates.

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Other risks

Even though it is the policy of the Fund to diversify its investments, the investment programme adopted by the Fund involves risks. Any investment in securities entails a risk of capital loss. Shares in the Fund are not readily realisable as they may only be redeemed weekly, or less frequently if any restrictions apply. The Fund pursues an investment policy, which may entail high risk factors. An investment in the Fund is suitable only for financially sophisticated investors who are capable of evaluating the risks and merits of such investment. Prospective investors should give careful consideration to the following factors, amongst others, in evaluating the merits and suitability of an investment in the shares.

Values

Securities held directly by the Fund will be valued at values which may or may not reflect the net asset value of the underlying issuer. The value of investments in securities and the income derived from them may go down as well as up and the holders of shares and the Fund may not get back the amounts they respectively invest. The past performance of any of the securities that the Fund may invest in, or of the shares, is not necessarily a guide to the future performance of those securities. There is no certainty that the investment objectives will be achieved.

Financial risk

The Fund adopted the amendment to IFRS 7 with effect from 1 January 2009. This requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- ▶ Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- ▶ Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- ▶ Inputs for asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Financial risk (Continued)

The following table analyses within the fair value hierarchy the Fund's financial assets measured at fair value at 31 March 2011:

Assets	2011			Total
	Level 1	Level 2	Level 3	
	USD	USD	USD	USD
Financial assets designated at fair value through profit or loss	-	9,639,643	-	9,639,643

Assets	2010			Total
	Level 1	Level 2	Level 3	
	USD	USD	USD	USD
Financial assets designated at fair value through profit or loss	-	12,265,221	-	12,265,221

The investments held by the Fund as at 31 March 2011 and in 31 March 2010 are in SBI Mutual Scheme. The Scheme invests in Indian companies quoted in an active market and are therefore classified within Level 2.

Redemptions

Substantial redemptions of shares could require the Fund to liquidate positions more rapidly than would otherwise be desirable, which would adversely affect the trading performance of the Fund and even cause liquidation of the Fund.

Shareholders who wish to realise their investment in the Fund may be precluded from doing so by reason of limitations on, or suspension, of redemption. Shareholders may wish to redeem their shares at a time when the Fund is unable to realise its investments on satisfactory terms. The Fund may otherwise be precluded from seeking to dispose of an investment which it has made.

Market characteristics

The disclosure and regulatory standards applicable to Indian companies are in many respects less stringent than in other, more developed, equity markets. Accounting, auditing and financial standards are also less rigorous. The securities market in India is smaller, less liquid and more volatile than more developed stock markets.

The equities of smaller or medium-sized Indian companies may be less marketable than securities of similar companies traded on more developed markets and such investments may carry a higher risk than investments in larger Indian companies.

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Financial risk (Continued)

Investment and repatriation restrictions

Under the current guidelines, Foreign Institutional Investors, such as the Fund, may freely convert into Rupees amounts for investment in India and convert into foreign currency, and repatriate from India capital and income. The continued attractiveness of the Fund as an investment vehicle depends inter alia upon these guidelines remaining in force in substantially the same form.

Political and economic considerations

The Fund may be affected by political and economic developments including changes in government policy, taxation and social, ethnic and religious instability in India. India's population comprises diverse religious and linguistic groups and has been subject to periods of considerable ethnic and religious tension in the past. The government continues to exercise significant influence over many aspects of the economy and there can be no assurance that there will be no change in policies implemented by the present or any other future government.

The current regional and global tensions, and/or any escalations therein including any conflicts, could adversely affect the Fund and/or those companies in which it invests and/or could impair the ability of the Fund to realise its investments and/or repatriate the proceeds or returns from such investments.

13. RELATED PARTY DISCLOSURES

During the year the Fund transacted with related parties. The nature and amount of the transaction with the parties can be summarised below:

Directors' fees and expenses

For the year ended 31 March 2011, the total remuneration of the directors was USD6,000 (2010: USD 6,000).

Name	Relationship	Transactions	As per statement of comprehensive income	
			2011	2010
			USD	USD
SBI Funds Management (International) Private Limited	Investment Manager	Investment management fees	116,112	113,838
			As per statement of financial position	
Name	Relationship	Transactions	2011	2010
			USD	USD
SBI Funds Management (International) Private Limited	Investment Manager	Investment management fees	8,078	31,355

14. CAPITAL RISK MANAGEMENT

The Fund's objectives when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.