

INDEPENDENT AUDITOR'S REPORT

To
The President of India,

Report on the Financial Statements

1. We have audited the accompanying financial statements of State Bank of India ("the Bank") as at 31st March 2015, which comprises the Balance Sheet as at March 31, 2015, the Profit and Loss Account and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. Incorporated in these financial statements are the returns of
 - i) The Central Offices, **14** Local Head Offices, Global Market Group, International Business Group, Corporate Accounts Group (Central), Mid-Corporate Group (Central), Stressed Assets Management Group (Central) and **42** branches audited by us;
 - ii) **8928** Indian Branches audited by other auditors;
 - iii) **52** Foreign Branches audited by the local auditors.

The branches audited by us and those audited by other auditors have been selected by the Bank in accordance with the guidelines issued to the Bank by the Reserve Bank of India. Also incorporated in the Balance Sheet and the Profit and Loss Account are the returns from **8144** Indian Branches (including other accounting units) which have not been subjected to audit. These unaudited branches account for **4.19%** of advances, **17.54%** of deposits, **5.30%** of interest income and **16.26%** of interest expenses.

Management's Responsibility for the Financial Statements

2. The Bank's management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the requirements of the Reserve Bank of India, the provisions of the Banking Regulation Act, 1949, the State Bank of India Act, 1955 and recognised accounting policies and practices, including the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI). This responsibility of the management includes the design, implementation and maintenance of internal controls and risk management systems relevant to the preparation of the financial statements that are free from material misstatement, whether



due to fraud or error. In making those risk assessments, the management has implemented such internal controls that are relevant to the preparation of the financial statements and designed procedures that are appropriate in the circumstances so that the internal control with regard to all the activities of the Bank is effective.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 auditor considers internal control relevant to the Bank'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 the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, as shown by books of the Bank, and to the best of our information and according to the explanations given to us:
 - (i) the Balance Sheet, read with the significant accounting policies and the notes thereon is a full and fair Balance Sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of state of affairs of the Bank as at 31st March 2015 in conformity with accounting principles generally accepted in India;



- (ii) the Profit and Loss Account, read with the significant accounting policies and the notes thereon shows a true balance of profit, in conformity with accounting principles generally accepted in India, for the year covered by the account; and
- (iii) the Cash Flow Statement gives a true and fair view of the cash flows for the year ended on that date.

Emphasis of Matter

7. We draw attention to Schedule 18: "Notes to Accounts" regarding:
- i) Notes 18.7 – para [a]: change in method/rate of depreciation on Fixed Assets resulting in an increase in profit by Rs.420.76 crores.
 - ii) Notes 18.7 – para [b(i)(1c)]: change in valuation of Plan Assets of long-term benefits from Book Value to Fair Value, resulting in increase in the value of Plan Assets by Rs. 2182.87 crores.
 - iii) Notes 18.8 – para 21: non-amortization of Rs. 2179.42 crores on account of loss on sale of assets to Reconstruction Companies.
 - iv) Notes 18.8 – para 22: utilization of Counter Cyclical Buffer of Rs.382 crores during the year.

Our opinion is not qualified in respect of the above stated matters.

Report on Other Legal and Regulatory Requirements

8. The Balance Sheet and the Profit and Loss Account have been drawn up in Forms "A" and "B" respectively of the Third Schedule to the Banking Regulation Act 1949, and that these give information as required to be given by virtue of the provisions of the State Bank of India Act, 1955 and regulations there under.
9. Subject to the limitations of the audit indicated in paragraphs 1 to 5 above and as required by the State Bank of India Act, 1955, and subject also to the limitations of disclosure required there in, we report that:
- a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory.
 - b) The transactions of the Bank, which have come to our notice, have been within the powers of the Bank.
 - c) The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.



10. In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement comply with the applicable accounting standards.

For S Venkatram & Co.
Chartered Accountants

For S N Nanda & Co.
Chartered Accountants

For S Jaykishan
Chartered Accountants

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Firm Regn. No. 004656 S

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For V P Aditya & Co.
Chartered Accountants

For Sriramamurthy & Co.
Chartered Accountants

For T R Chadha & Co.
Chartered Accountants

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For Prakash & Santosh
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For Dhamija Sukhija & Co.
Chartered Accountants

For K B Sharma & Co.
Chartered Accountants

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For Mehra Goel & Co.
Chartered Accountants

For SRRK Sharma Associates
Chartered Accountants

For V Sankar Aiyar & Co.
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For S N Mukherji & Co.
Chartered Accountants

For B Chhawchharia & Co.
Chartered Accountants

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Place : Kolkata
Date : 22nd May 2015

