



INDEPENDENT AUDITOR'S REPORT

To,
The Board of Directors,
State Bank of India,
Corporate Centre,
State Bank Bhavan,
Mumbai

1. We have audited the accompanying Consolidated Financial Statements of State Bank of India (the "Bank") and its Subsidiaries, Joint Ventures and Associates (the "Group") which comprise the Consolidated Balance Sheet as at 31st March, 2014, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.
2. Incorporated in these consolidated financial statements are the: (a) audited accounts of the Bank audited by 14 (fourteen) Joint Auditors including us which reflect total assets of ₹17,92,235 crores as at 31st March, 2014, total revenue of ₹1,54,904 crores, profits of ₹10,891 crores and net cash inflows amounting to ₹17,729 crores for the year then ended; (b) Audited accounts of 28 (twenty eight) Subsidiaries, 8 (eight) Joint Ventures and 21 (twenty one) Associates audited by other auditors whose financial statements reflects the Group's share in total assets of ₹6,15,868 crores as at 31st March, 2014, the Group's share in total revenue of ₹74,376 crores, the Group's share in net cash inflows amounting to ₹2,905 crores, and the Group's share in profit from associates of ₹310 crores for the year then ended; (c) Unaudited accounts of 1 (one) Subsidiary and 1 (one) Associate whose financial statements reflect total assets of ₹3,360 crores as at 31st March, 2014, total revenue of ₹129 crores, net cash outflows amounting to ₹553 crores and the Group's share in profit from associates of ₹8 crores for the year then ended. The entities of the Group whose Financial Statements are included in the Consolidated Financial Statements are listed in Schedule 18 - Notes to Accounts - which forms part of the Consolidated Financial Statements of the Group.
3. We did not audit the financial statements of its Subsidiaries, Joint Ventures and Associates. These financial statements have been furnished to us, and

our opinion, insofar as it relates to the amounts included in respect of other entities, is based solely on the report of the other auditors.

4. We have relied on the unaudited financial statements of 1 (one) subsidiary and 1 (one) associate, which have been consolidated on the basis of management certified financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

5. The Management of State Bank of India 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 Accounting Standard 21 - "Consolidated Financial Statements", Accounting Standard 23 - "Accounting for Investment in Associates in Consolidated Financial Statements" and Accounting Standard 27 - "Financial Reporting of Interest in Joint Ventures" issued by the Institute of Chartered Accountants of India, the requirements of Reserve Bank of India, the State Bank of India Act 1955 and other accounting principles generally accepted in India. This responsibility of the management of State Bank of India includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements of the Group that give a true and fair view and are free from material misstatement, whether due to fraud or error. In making those risk assessments, the managements of the individual entities of the Group have 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 Group are effective.

AUDITOR'S RESPONSIBILITY

6. 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.



7. 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 Group's preparation 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 Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management of the entities of the Group, as well as evaluating the overall presentation of the financial statements.
8. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
9. The Audit Reports/Management Certifications on the financial statements of the Subsidiaries/Joint Ventures/Associates of State Bank of India have been forwarded to us and dealt with in preparing our report in the manner considered by us and our opinion is based solely on the reports of the other auditors/management certificates.

OPINION

10. Subject to the limitations as indicated in Para 1 to 9 herein above, based on our audit and on consideration of the reports of other auditors on separate financial statements of Subsidiaries, Joint Ventures and Associates, the unaudited financial statements and the other financial information of a subsidiary and an associate, in our opinion and to the best of our

information and according to the explanations given to us, the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2014;
- (b) in the case of the Consolidated Profit and Loss Account, of the consolidated profit of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

EMPHASIS OF MATTER

11. We draw attention to Schedule 18: 'Notes to Accounts' regarding:
 - (a) Para 7: utilisation of specific provisions of ₹2,056.26 crores made in earlier years;
 - (b) Para 9: utilization of counter cyclical provisioning buffer amounting to ₹750 crores towards specific provision for Non-Performing Assets;
 - (c) Para 11: charge of ₹2,052.76 crores to Revenue and Other Reserves for creation of Deferred Tax Liability on Special Reserve created u/s 36(1)(viii) of Income Tax Act, as per RBI guidelines.

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

FOR S.VENKATRAM & CO.
Chartered Accountants

(G. Narayanaswamy)
Partner

Place : Kolkata
Date : 23.05.2014

Membership No.002161
Firm Regn. No. 004656 S