# REPORT OF THE AUDITORS

To
The President of India,

1. We, the undersigned Auditors of State Bank of India, appointed under Section 41 (1) of the State Bank of India Act, 1955, do hereby report to the Central Government upon the Balance Sheet, Profit and Loss Account and the Cash Flow Statement of the Bank.

2. We have audited the accompanying financial statements of State Bank of India as at 31st March 2012, which comprise the Balance Sheet as at March 31, 2012, Profit & Loss Account and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. Incorporated in the said financial statements are the returns of:

   i) The Central Office, fourteen Local Head Offices, Global Markets Group, International Business Group, Corporate Accounts Group (Central), Mid-Corporate Group (Central), Stressed Assets Management Group (Central) and forty two branches audited by us;

   ii) 11060 Indian Branches audited by branch auditors; and

   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 Reserve Bank of India.

   Also incorporated in the Balance Sheet and the Statement of Profit and Loss are the returns from 3811 Indian branches and other accounting units, which have not been subjected to audit. These unaudited branches account for 1.18% of advances, 4.56% of deposits, 1.06% of interest income and 4.89% of interest expenses.

3. The management is responsible for the preparation of these financial statements 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 recognized accounting policies and practices, including the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

4. 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.

5. 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 risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

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भारतीय स्टेट बैंक STATE BANK OF INDIA वित्तीय रिपोर्टिंग एवं कर-निर्धारण विभाग Financial Reporting & Taxation Dept. CORPORATE CENTRE, MUMBAI कॉरपोरेट केन्द्र, मुंबई

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. 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.

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

7. Without qualifying our opinion, we draw attention to:
   a) Note 18 of Schedule 18: 'Notes to Accounts' regarding the additional provision of Rs. 1350 crores in respect of certain non performing domestic advances.

   b) Note 13 of Schedule 18: 'Notes to Accounts' regarding deferment of gratuity liability of the bank to the extent of Rs. 300 crore in accordance with RBI circular no.DBOD.BP.BC.80/21.04.018/2010-11 dated February 9, 2011 and the exemption granted by the Reserve Bank of India to the Bank from applicability of provisions of accounting Standard 15: Employee Benefits.

8. 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:

   a) the Balance Sheet, read with the significant accounting policies and 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 2012 in conformity with accounting principles generally accepted in India;

   b) 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

   c) the Cash Flow Statement gives a true and fair view of the cash flows for the year ended on that date.

9. 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, 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.

10. Subject to limitations of the audit indicated in paragraphs 2 to 5 above and as required by the SBI 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.

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

STATUTORY CENTRAL AUDITORS

**For Kalyaniwalla & Mistry**
Chartered Accountants

Viraf Mehta
Partner : M.No. 32083
Firm Regn. No. 104607 W

**For Essveeyar**
Chartered Accountants

B. Shanmuganathan
Partner : M.No. 027882
Firm Regn. No.000808 S

**For K C Mehta & Co.**
Chartered Accountants

Chirag Bakshi
Partner : M.No. 047164
Firm Regn. No.106237 W

**For Krishnamoorthy& Krishnamoorthy**
Chartered Accountants

C R Rema
Partner: M.No. 029182
Firm Regn. No.001488 S

**For Singhi & Co.**
Chartered Accountants

Rajiv Singhi
Partner : M No.053518
Firm Regn. No.302049 E

**For B M Chatrath & Co**
Chartered Accountants

S Krishnan
Partner : M.No.051626
Firm Regn. No.301011 E

**For Venugopal & Chenoy**
Chartered Accountants

D V Jankinath
Partner : M.No.029505
Firm Regn. No.004671 S

**For Dagliya & Co.**
Chartered Accountants

P Manohara Gupta
Partner : M.No. 016444
Firm Regn. No.000671 S

**For Todi Tulsyan & Co.**
Chartered Accountants

Sushil Kumar Tulsyan
Partner: M.No. 075899
Firm Regn. No.002180 C

**For SCM ASSOCIATES**
Chartered Accountants

P K Bal
Partner : M.No.055147
Firm Regn. No.314173 E

**For K K Soni & Co.,**
Chartered Accountants

K K Soni
Partner : M.No.007737
Firm Regn. No. 000947 N

**For K G Somani & Co**
Chartered Accountants

Anuj Somani
Partner : M.No. 511267
Firm Regn. No.006591 N

**For M Verma & Associates**
Chartered Accountants

M Verma
Partner : M No.080939
Firm Regn. No. 501433 C

**For SBA & Company**
Chartered Accountants

Ashok Kumar Jain
Partner : M No.072262
Firm Regn. No. 004651 C

Place : Kolkata
Date : 18th May 2012

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भारतीय स्टेट बैंक
STATE BANK OF INDIA
वित्तीय रिपोर्टिंग एवं कर-निर्धारण विभाग
Financial Reporting & Taxation Dept.
CORPORATE CENTRE, MUMBAI
कॉरपोरेट केन्द्र, मुंबई