
INDEPENDENT AUDITORS' REPORT

To the Members of Indian Overseas Bank

Report on the Financial Statements

1. We have audited the accompanying financial statements of Indian Overseas Bank ("the Bank") as at 31st March 2016, which comprise the Balance Sheet as at 31st March 2016, and 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 20 branches audited by us and 1754 branches including 8 overseas branches audited by statutory branch 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 Statement of Profit and Loss are the returns from 1665 branches and 39 Regional Offices which have not been subjected to audit. These unaudited branches account for 8.13% of advances, 22.79% of deposits, 5.70% of interest income and 19.55% of interest expenses.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements in accordance with Banking Regulations Act 1949, Reserve Bank of India guidelines from time to time and accounting standards generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.



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 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 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 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 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, 2016 in conformity with accounting principles generally accepted in India;
 - (ii) the Profit and Loss Account, read with the notes thereon shows a true balance of loss, 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.



7. Emphasis of Matter

- a) We draw attention to Note No. 2.5 (Schedule 18) regarding utilization of floating provision and counter cyclical provisioning buffer held as on 31st December 2014 for meeting specific provision for non performing assets during the year ended 31st March, 2016 amounting to Rs.170 crores (Previous year Rs. 150 crore).
- b) We draw attention to Note No. 7.2 (Schedule 18) with regards to migration to new Operating System during the year and the relevant issues.

Our opinion is not qualified in respect of the above.

Report on Other Legal and Regulatory Requirements

8. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with Section 29 of the Banking Regulation Act, 1949.
9. Subject to the limitations of the audit indicated in paragraph 1 to 5 above and as required by the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980, and subject also to the limitations of disclosure required therein, 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; and
 - (c) The returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit.
10. We further report that:
 - a) the Balance Sheet and Profit and Loss account dealt with by this report are in agreement with the books of account and returns;



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- b) the reports on the accounts of the branch offices audited by branch auditors of the Bank under section 29 of the Banking Regulation Act, 1949 have been sent to us and have been properly dealt with by us in preparing this report;
- c) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the applicable accounting standards.

For **VARDHAMAN & Co**

Chartered Accountants
FRN 004522S



(CA. V. BASKARAN)

Partner

M.No. 012202



For **ASA & ASSOCIATES LLP**

Chartered Accountants
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(CA. S. SUNDAR RAJAN)

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For **A V DEVEN & Co**

Chartered Accountants
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(CA. R. MURALIDHARAN)

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For **HARIBHAKTI & Co LLP**

Chartered Accountants
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(CA. G. N. RAMASWAMI)

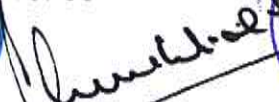
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For **TALATI & TALATI**

Chartered Accountants
FRN 110758W



(CA. UMESH H. TALATI)

Partner

M.No.034834



Place : Chennai

Date : 27.05.2016