

M/s GANESAN AND COMPANY
Chartered Accountants
New No. 9 / old no.36
South Beach Avenue, M R C Nagar
Main Road R A Puram **CHENNAI - 600 028**

M/s MANIAN & RAO
Chartered Accountants
361, 1st Floor, 7th Cross,
Jayanagar I Block,
BANGALORE- 560011

M/s. P G BHAGWAT
Chartered Accountants
Suite 101-102, Orchard
Dr. Pai Marg,
Baner
PUNE- 411045

M/s S N KAPUR & ASSOCIATES
Chartered Accountants
311, Vinay Palace
11, Ashok Marg
LUCKNOW-226001

M/s AGASTI & ASSOCIATES
Chartered Accountants
97, Bhoi Nagar
PO: Bhoi Nagar
BHUBANESHWAR - 751022

INDEPENDENT AUDITORS' REPORT

To

The President of India

Report on the Financial Statements

1. We have audited the accompanying financial statements of SYNDICATE BANK, which comprise the Balance Sheet as on March 31, 2016, Profit and Loss Account, 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, 1678 branches audited by branch auditors and 1 foreign branch audited by a local auditor. 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 2067 branches which have not been subjected to audit. These unaudited branches account for 4.11 percent of advances, 22.22 percent of deposits, 6.74 percent of interest income and 21.46 percent 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 Regulation Act, 1949. 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.

Auditors' 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 upon the auditors' 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 auditors consider 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.
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 and 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 on March 31, 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 accounts; 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. Without qualifying our report we draw attention to Note 11(a) disclosing write off of ₹ 882.65 Crores on account of fraud.

Report on Other Legal and Regulatory Requirements:

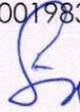
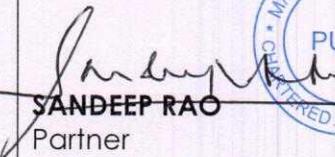
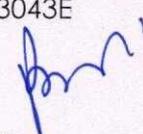
8. The Balance Sheet and the Profit and Loss Account have been drawn up in Forms "A" and "B" respectively of the Third Schedule to the Banking Regulation Act, 1949.



9. Subject to the limitations of the audit indicated above and as required by the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, 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.
- 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, Profit and Loss Account and Cash Flow Statement comply with the applicable Accounting Standards.

<p>For GANESAN AND COMPANY Chartered Accountants FRN : 000859S</p>   <p>V. JAYACHANDER Partner Membership No. 023394</p>	<p>For MANIAN & RAO Chartered Accountants FRN : 001983S</p>   <p>SRIKANTH R Partner Membership No. 203138</p>	<p>For P G BHAGWAT Chartered Accountants FRN : 101118W</p>   <p>SANDEEP RAO Partner Membership No. 047235</p>
<p>For S N KAPUR & ASSOCIATES Chartered Accountants FRN : 001545C</p>   <p>S.N KAPUR Partner Membership No. 014335</p>	<p>For AGASTI & ASSOCIATES Chartered Accountants FRN : 313043E</p>   <p>B AGASTI Partner Membership No. 051026</p>	

Place : Bengaluru
Date : 17.05.2016

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Independent Auditors' Report on the Consolidated Financial Statements

To

The Board of Directors of Syndicate Bank

Report on the Financial Statements

1. We have audited the accompanying consolidated financial statements of SYNDICATE BANK ("the Group"), which comprise the Consolidated Balance Sheet as on March 31, 2016, 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, in which the following are incorporated:
 - a. The financial statements of SYNDICATE BANK (The Bank), audited by us, vide our audit report dated May 17, 2016.
 - b. The financial statements of the lone Subsidiary audited by its auditors, whose financial statements reflect total assets of ₹ 10.22 crores as on March 31, 2016 and total revenue of ₹ 5.55 crores for the year then ended.
2. We have also relied on the unaudited financial statements of the 3 Associates whose financial statements reflect total assets of ₹ 38,586 crores as on March 31, 2016 and total revenue of ₹ 3429 crores



Management's Responsibility for the Consolidated Financial Statements

3. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the Banking Regulation Act 1949, complying with 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 and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

- 4) Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.
- 5) An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected, depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view 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 consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Opinion

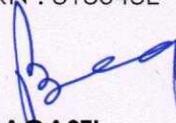
- 6) In our opinion and to the best of our information and according to the explanations given to us and based on consideration of the report of the other auditors on the financial statements as noted above, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:



- a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as on March 31, 2016;
- b) in the case of the Consolidated Profit and Loss Account, of the loss 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

- 7) Without qualifying our report we draw attention to Note 14(a) disclosing write off of ₹ 882.65 Crores on account of fraud.

<p>For GANESAN AND COMPANY Chartered Accountants FRN : 000859S</p>   <p>V. JAYACHANDER Partner Membership No. 023394</p>	<p>For MANIAN & RAO Chartered Accountants FRN : 001983S</p>   <p>SRIKANTH R Partner Membership No. 203138</p>	<p>For P G BHAGWAT Chartered Accountants FRN : 101118W</p>   <p>SANDEEP RAO Partner Membership No. 047235</p>
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Place : Bengaluru
Date : 17.05.2016

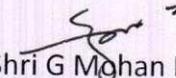
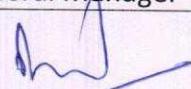
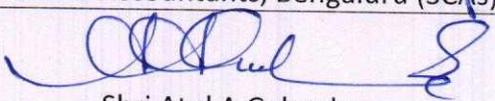
Audit & Tax Cell

Ref. No.: 1144/2924/ACC/2015/SNP

Date: 17/05/2016

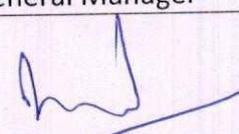
The Bombay Stock Exchange / National Stock Exchange,

FORM A

1.	Name of the Company	Syndicate Bank
2.	Annual Financial Statements for the year ended	March 31, 2016
3.	Type of Audit Observations	<p>As stated in the Auditor's Report, it is reproduced as under:</p> <p>Emphasis of Matter</p> <p>Without qualifying our opinion, we draw attention to Note 11(a) disclosing write off of Rs. 882.65 Crores on account of fraud.</p>
4.	Frequency of Audit Observations	Appeared First Time
5.	Signed By	
	CFO	 Shri G Mohan Rao Dy. General Manager
	CEO	 Shri Arun Shrivastava Managing Director & CEO
	Auditor of the Company	 M/s. Manian & Rao Chartered Accountants, Bengaluru (SCAs)
	Audit Committee Chairman	 Shri Atul A Galande Director

Compliance to Matter of Emphasis by the Bank:

1. The Bank has classified the amount identified of major fraud discovered in its Jaipur Region and on prudent basis written off fully as on 31.03.2016.

Signed By	
CFO	 Shri G. Mohan Rao Dy. General Manager
CEO	 Shri Arun Shrivastava Managing Director & CEO

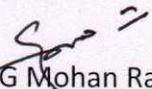
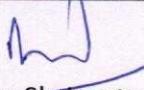
Audit & Tax Cell

Ref. No.: 1145/2924/ACC/2015/SNP

Date: 17/05/2016

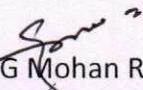
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