

AUDITORS' REPORT

To,
The President of India,
New Delhi

We have audited the attached Balance Sheet of Punjab & Sind Bank as at March 31, 2009 the Profit & Loss Account and the Cash Flow Statement of the Bank for the year ended on that date annexed thereto in which are incorporated returns of 20 branches, Zonal Offices and Central Office Departments audited by us as part of allocation of work among the Statutory Central Auditors, 702 branches audited by other auditors and 190 returns in respect of unaudited branches not visited by us. These unaudited branches account for 1.56 per cent of the advances, 11.90 per cent of deposits, 3.63 per cent of interest income on advances and 10.41 percent of interest expenses on deposits. The branches audited by us and those by other auditors, we are informed, have been selected by the Bank in accordance with the guidelines issued by the Reserve Bank of India. These financial statements are the responsibility of the Bank's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material mis-statements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Subject to the limitations of the audit indicated in above paras and as required by the Banking Companies (Acquisitions and Transfer of Undertaking) Act, 1980 and also subject to the limitation of the disclosure required therein, we report as under:-

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

II. Attention is invited to -

a) Note No. 1.1, 1.2 and 1.3 regarding adjustments required on account of non reconciliation of balances and clearance/ identification of outstanding items in respect of various accounts of income, expenditure, assets and liabilities, the effect of which is not ascertainable.

b) Note No.9.7.4 regarding disputed tax liabilities pending in appeals, the effect of which is not ascertainable.

III. *Capital Adequacy as per Basel-I and Basel-II and other ratios disclosed in the Accounts by the Bank is subject to adjustments arising out of the Notes on Accounts, Accounting Policies and our remarks in para II above.*

We further report that:-

(a) In our opinion and to the best of our information and according to the explanations given to us and as shown by the books of the Bank and *subject to our comments in para II above:*

(i) The Balance Sheet read together with the Significant Accounting Policies and Notes on Accounts thereon is a full and fair Balance Sheet containing the necessary particulars, and is properly drawn up so as to exhibit a true and fair view of the affairs of the Bank as at March 31, 2009.

(ii) The Profit & Loss Account, read together with the Significant Accounting Policies and Notes on Accounts thereon reflects a true balance of profit for the year ended on March 31, 2009.

(iii) The Cash Flow Statement gives a true and fair view of the Cash flow for the year ended March 31, 2009.

(b) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and have found them to be satisfactory.

(c) The transactions of the Bank which have come to our notice have been within the powers of the Bank.

(d) The returns of the accounts received from the offices and branches of the Bank have generally been found adequate for the purpose of our audit except that in the case of some branches where particulars were inadequate, the information available at the Zones / Head Office has been relied upon.

**For K. B. CHANDNA & CO.
CHARTERED ACCOUNTANTS**

**For PRASAD AZAD & CO.
CHARTERED ACCOUNTANTS**

**[SANJEEV CHANDNA]
Partner
M. No. 87354**

**[DEEPAK AZAD]
Partner
M. No. 94115**

**For S. LALL & CO.
CHARTERED ACCOUNTANTS**

**For BANSAL SINHA & CO.
CHARTERED ACCOUNTANTS**

**[S.L. AGGARWAL]
Partner
M. No. 7959**

**[RAVINDER KHULLAR]
Partner
M.No.82928**

**For BALRAM CHANDRA & ASSOCIATES
CHARTERED ACCOUNTANTS**

**[BALRAM CHANDRA]
Partner
M. No. 070875**

**Dated: 29th April, 2009
Place: New Delhi**