

INDEPENDENT AUDITOR'S REPORT

To

The President of India

Report on the Financial Statements of Punjab & Sind Bank

1. We have audited the accompanying financial statements of Punjab & Sind Bank as at 31st March, 2017, which comprise the Balance Sheet as at March 31, 2017, 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 549 branches audited by branch auditors. The branches audited by us and those audited by other branch 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 are the returns from 931 branches which have not been subjected to audit. These unaudited branches account for 10.19 per cent of advances, 28.50 per cent of deposits, 6.78 per cent of interest income and 23.81 per cent of interest expenses.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements in accordance with accounting standards generally accepted in India and applicable banking laws. 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 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 bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not the purpose of expressing an opinion on the effectiveness of the Bank'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 generally sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matter:

6. Without qualifying our report, we draw attention to:
- (i) Note no. 1.1, 1.2 and 1.3 regarding non reconciliation of balances and clearances/identification of outstanding items in respect of various accounts of income, expenditure, assets and liabilities, the impact of which is not ascertainable
 - (ii) Note no. 10.9.5 regarding disputed tax liabilities pending in appeals, the effect of which is not ascertainable
 - (iii) Capital adequacy as per Basel – II and Basel – III and other ratios disclosed in the accounts by the bank are subject to adjustment arising out of the Notes on accounts, accounting policies and our remarks in Para 6 (i) to (iii) above.
 - (iv) Note No.10.9.6 regarding allowability of claim of bad debts by the Income Tax Authorities vis-a-vis stand taken by the bank based on expert independent opinion.
7. In our opinion, as shown by books of bank, and to the best of our information and according to the explanations given to us we further report that:
- (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 2017 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 profit, 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.

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 in paragraph 1 to 5 above and as required by the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980, read with Notes on Accounts attached 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.

For Tiwari & Associates
Chartered Accountants

For Dhillon & Associates
Chartered Accountants

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For Dhawan & Co.
Chartered Accountants

For Davinder Pal Singh & Co.
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May 16, 2017
New Delhi