



## INDEPENDENT AUDITORS' REPORT

To  
The Members  
PUNJAB & MAHARASHTRA CO.OP BANK LTD,

### Report on the Audit of the Financial Statements

#### Qualified Opinion

1. We have audited the accompanying Financial Statements of **Punjab & Maharashtra Cooperative Bank Ltd.** as at March 31, 2021 which comprise the Balance Sheet as at March 31, 2021, the Profit and Loss Account for the year then ended and a summary of significant accounting policies and other explanatory information in which are included returns for the year ended on that date of Central Office including its Departments and 5 branches audited by us. Also incorporated in the Balance Sheet and the Profit and Loss Account are the returns from 105 branches which have not been subjected to audit. These unaudited branches account for 17.12 percent of advances, 93.23 per cent of deposits, 63.33 per cent of interest income and 94.46 per cent of interest expenses. The data related to unaudited branches and branches not visited by us was obtained to the extent available from the centralized data base system of the Bank at the Head Office.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the aforesaid financial statements together with the Notes thereon give the information required by the Banking Regulations Act, 1949 and the Multi State Co-operative Societies Act, 2002 and the rules made thereunder (together referred to as "the Act"), the guidelines issued by the National Bank for Agricultural and Rural Development (NABARD), Reserve Bank of India (RBI) and the Central Registrar of Cooperative Societies, to the extent applicable, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Bank as at 31 March 2021 and its loss for the year ended on that date.

#### Basis for Qualified Opinion

2. Reference is invited to the following notes to accounts in schedule 13(III) to the Financial Statements :
- Note No. 1 & 39 regarding fraud of substantial amount detected at the bank during the previous year & material effect of changes in accounting policies/ non-provisioning.
  - Effect of the pending compliances of RBI guidelines, Accounting Standards issued by ICAI and other laid down procedures , weakness in internal controls and matters stated in the following notes to accounts in Schedule 13(III) , on the financial statements dealt with by this report has remained unascertained for the reasons stated therein and therefore cannot be commented upon :
    - Note No.13 regarding, original cost of land and building, revaluation reserve, Fixed deposits etc. effect of which on the accounts has not been ascertained;
    - Note No. 5 regarding reliance placed on the reports of unit visits/stock inspection carried out by the internal auditors and the valuation reports issued by these valuers whose role in under investigation.
    - Note No 8 regarding non availability of CBS reports of deposits and advances
    - Note No. 7 regarding non receipt of direct balance confirmation for the Bank balances / investments and balances of fixed deposits held by the Bank and carried as Bank balances & lapse in following various RBI Guidelines.
    - Note No.6 regarding non availability of records of the Branches and offices due to lockdown and non functional status of these branches/offices and reliance placed on the scanned copies of the reports /documents received to the extent available;

