



# K.S. Dua & Co.

Chartered Accountants

B.O. : Flat-D, 1st Resi. Floor, Surya Kiran Building  
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## INDEPENDENT AUDITOR'S REPORT

To,

**The Members of The Punjab State Co-operative Bank**

### Report on the Financial Statements

I. We have audited the attached Balance Sheet of The Patiala Central Cooperative Bank Ltd., Patiala as at 31st March 2021 and the Profit and Loss Account annexed thereto for the year ended on that date in which are incorporated the returns of all the 43 branches audited by us. 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.

### II. Management's Responsibility for the Financial Statement

Management is responsible with respect to the preparation of these Financial Statements that give a True and Fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards issued by ICAI, and provisions of the Banking Regulation Act, 1949, the circulars and guidelines issued by the Reserve Bank of India and the guidelines issued by the Central Registrar of Co-operative Societies, the Multi-State Co-operative Societies Act, 2002, the Multi-State Co-operative Societies Rules, 2002 from time to time.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Acts for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### III. Auditor's Responsibility for the Audit of the Financial Statements.

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs and will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and as part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.





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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### IV. Key Audit Matter (Modified Audit Procedures carried out in light of COVID-19 outbreak):

Due to the outbreak of COVID-19 pandemic that caused nationwide lockdown and other travel restrictions imposed by the Central and State Governments/local administration during the period of our audit, we could not travel and carry out the audit processes physically at some Branches.

Accordingly, we modified our audit procedures as follows:

- a) Wherever physical access was not possible, necessary records/ reports/ documents were made available to us by the Bank through digital medium and emails. To this extent, the audit process was carried out on the basis of such documents, reports and records made available to us on which were relied upon as audit evidence for conducting the audit and reporting for the current period.
- b) Conducted verification of necessary records/ documents/electronically through digital medium, emails and CBS in respect of Branches and other offices of the Bank wherever physical access was not possible.
- c) Carried out verification of scanned copies of the documents, certificates and the related records made available to us through digital medium /emails over secure network of the Bank.
- d) Making enquiries and gathering necessary audit evidence related to branches from Head office of the Bank through telephonic communication and e-mails.
- e) Resolution of our audit observations on telephone/through email instead of a face-to-face interaction.





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## V. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements together with the Notes thereon give the information required by the Banking Regulation Act, 1949, the Multi State Co-operative Societies Act, 2002 and the Multi State Co-operative Societies Rules, 2002 and guidelines issued by Reserve Bank of India and the Central Registrar of Cooperative Societies, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India. In our opinion, the Balance Sheet and Profit and Loss Account comply with the applicable accounting standards subject to the following discrepancies

- a) Few Branches of Bank has a Term deposit migration amounting to Rs 492492.40; saving migration of Rs 184985.70; Loan migration of Rs 193192.93 and Cash credit migration of Rs 35613.00. No, sincere efforts has been done by bank to clear this migration amounts.
- b) The bank is not recovering interest during the moratorium period on commercial dairy loans and education loans and nothing is recovered before the end of moratorium period which is not correct as Interest must be recovered during the moratorium period also.
- c) There are incidences of imbalances with the PACS. Provision has not been created on PACS imbalances in respect of societies to the extent of 11959.75 Lakhs.
- d) An amount of Rs. 448.6 Lakhs recoverable as on 31.03.2020 from U/L Socs. only Rs. 0.64 Lakhs recovered during the financial year. No hard step was taken to recover the same.



**For K.S. Dua & Co.**  
Chartered Accountants

  
**CA. Neeraj Kumar**  
Partner  
M.No. 547824  
FRN: 017478N

Date: 31-07-2021

Place: Patiala

UDIN 21547824AAAAAN6451