

**S R R K SHARMA ASSOCIATES  
CHARTERED ACCOUNTANTS**



Pranava Complex, Mezzaine Floor,  
V th Cross, Malleshwaram,  
Bangalore 560003.  
Ph: 080-23366990  
Mobile: 9845129825, 9845699894  
E mail: casrrksharma@yahoo.com  
sak.ca1988@gmail.com  
GST No. 29AADFS6605C1ZC

**INDEPENDENT AUDITORS REPORT**

To,

**The Members,  
Sri Guru Raghavendra Sahakara Bank Niyamitha  
Bengaluru.**

1. We have audited the accompanying financial statements of **Sri Guru Raghavendra Sahakara Bank Niyamitha**, Bengaluru (henceforth referred as Bank) as at 31 March 2025 which comprise the Balance Sheet as at 31 March 2025 and the Profit and Loss Account for the year ended, and a summary of significant accounting policies and other explanatory information. The returns of Basavangudi branch audited by us are incorporated in these financial statements.

**Management's Responsibility for the Financial Statements**

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Bank in accordance with the Banking Regulation Act 1949 (as applicable to co-operative societies), the guidelines issued by the Reserve Bank of India and the guidelines issued under section 63(1) of the Karnataka Co-operative Societies Act, 1959 (as applicable) and generally accepted accounting principles in India so far as applicable to the Bank. This responsibility includes 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 Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements, plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.
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 controls 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 for the purpose of expressing an opinion on 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 Bank, as well as evaluating the overall presentation of the financial statements.

5. We conducted our audit in accordance with Standards on Auditing (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence, we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion. Relevant information pertaining to financial impact are reported in this Independent Auditors Report and all other administrative related issues are provided in the main LFAR with annexures which forms part of this report.

- a) As part of an audit in accordance with Standard on Auditing (SAs), we exercise professional judgment and maintain professional skepticism 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.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 entity'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 entity to cease to continue as a going concern.

## 6. Qualified Opinion

In our opinion and to the best of our knowledge and according to the information and explanations provided to us, except for the effect of the matter described in the **Qualified Opinion** section of our report, the aforesaid financial statements 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 31.03.2025 and Profit for the year ended on that date.

### Details of Auditor's Qualified Opinion on the Financial Statements:

**i) Security – Enforceability :** The Bank has appointed three advocates for legal due diligence of the available securities and the same is said to be in progress. Physical verification of these enforceable assets are also to be carried out by the bank. The bank has appointed 8 valuers to ascertain the realizable value of the securities. This process also in progress. Hence, we are unable to comment on the enforceability of securities pledged and realisable values of these securities based on forensic auditor's observations also. We are also unable to comment on the secured and unsecured portion of the Loan balances.

**ii) Fraud in other GL accounts- Fraud in pay order, bank accounts, cash account, inter branch account, deposit account, recovery from staff/management :** The bank does not have full break up details of the each of the transactions pertaining to the frauds and also the beneficiaries of the same.

1) Fraud in cash Account	Rs. 58.38 Crore
1) Fraud in Bank A/c	Rs. 20.92 Crore
2) Fraud in inter branch	Rs. 1.18 Crore
3) Fraud in Deposits	Rs. 3.14 Crore
4) Fraud in pay orders	Rs. 10.35 Crore
5) Fraud to be recov from Staff/Management	Rs. 0.56 Crore

The bank has made 100% provision for the above frauds. These provisions are continuing since 2019-20. We are unable to comment on effect of these frauds on the financial results of the bank. Technical written off of these balances may be considered after proper approval from regulators.

**iii) Non - Maintenance of deposit of tittle deeds and security register:** The bank is not maintaining Security register and also Equitable Mortgage register. It is observed that Bank does not hold list of securities taken by CID. However, CID authorities addressed a letter to the Bank on 21-10-2022 giving details of securities for 155 properties returned back to the bank. In the absence of list of properties taken by them, we are unable comment on the number of property documents still retained by them.

**iv) Non - obtention of debt acknowledgement/ Balance confirmation:** There was no procedure laid down by the Bank for periodic review/renewal of advances including obtention of periodic balance confirmation and acknowledgment of debts or documents



revival from the borrowers. In the absence of system of identification of loans where limitation is expiring, we are unable to comment on the enforceability loan documents.

**v) Interest on matured deposits:** Interest is not paid/provided on matured deposits, these interest is credited at the time of renewal of the deposit by the depositor. Hence bank is not followed the mercantile system of accounting for accounting the expenditure in this regard. We are unable to comment on the amount of interest to be charged against current year profits.

**vi) Non-compliance to RBI Guidelines:** Pl refer to Annexure 12 of the list of non-compliance to the RBI Circular guidelines.

## 7. Other matters

### 1) Audit by Reserve Bank of India- for the position as on 31-03-2019, 31-03-21, 31-03-22, 31-03-2023 and 31.03.2024.

**Serious irregularities observed by RBI-** The Reserve Bank of India (RBI) had conducted inspection of the Bank during the year 2019-2020 for the position as on 31-03-2019, during the year 2022-23 for the position as on 31-03-2021, during year 2023-24 for the position as on 31-03-2022 and during 24-25 for the position as on 31-03-2023 & position as on 31.03.2024. RBI has observed serious irregularities in loans & advances, deposits and internal controls.

RBI has forwarded its Risk assessment and inspection report on 22.05.2025 for the position as on 31-03-2024 bank is yet to submit compliance report for the same.

### 2) Action taken by RBI based on it's inspection report for the position as on 31-03-2019.

- a) **Significant changes in the Board of the Bank** - On 17.05.2020 the Board of Directors was superseded and Administrator was appointed due to large scale irregularities and fraud detected during RBI inspection.
- b) RBI has issued directives under Section 35A read with Section 56 of the Banking Regulation Act 1949, the validity of which was extended from time to time. The latest extension is up to 10-08-2025.
- c) **All Inclusive Directions were issued by RBI :** Effective from 10-01-2020 based on its report dt 06-01-2020 has imposed All Inclusive directions. As per this directive, bank is not allowed to do regular banking transactions except recovery of loans, renewal of deposits, allowing withdrawals up to Rs.1, 00,000/ per deposit holder (this directive was complied with as one time) and pay the administrative expenses as per the limits and conditions set out in the order.



### 3) Re-audit by Director of Co-operative Audit under Section 63

The State Government has ordered the Director of Co-operative Audit to conduct the re-audit of the Bank under the Section 63(13) for the period 2014-15 to 2018-19. The Auditor has provided with the Audit reports communicated vide letter 02/2019-20/3683 date 09 March 2022 for the year 2014-15 to 2018-19 conducted by the Director of Co-operative Audit (DCA). Based on the report, The Director of Co-operative Audit Department, Govt. of Karnataka vide reference no.2/2019-20/1447 dated 18th August, 2022 has issued the order based on the revised Re-audit report dated 29-07-2022, to incorporate the revised re-audited numbers in the subsequent financial statements. The re-audit had revised the amount of loss from Rs.3057.52 crores to Rs.1294.38 crores and provision from Rs.2574.14 crores to Rs.811.00 crores. The Bank has given effect to the above order in their books of account during financial year 2020-21 by making the additional provision of loss amounting to Rs. 483.38 crores.

The forensic auditors have observed that, the bank has made the required provision in the books of accounts for the FY 2019-20 totaling to Rs. 1806.76 crores. However reconciled re audit considered a cumulative loss of Rs 1294.38 crores towards Advances, Deposits, pay order, interest on deposits and others. This signifies the Bank has already made adequate provision as required by the reconciled re audit report and they have recommended withdrawal of above Rs 483.38 crores of provision. Accordingly, the bank has withdrawn the provision of Rs. 483.38 crores and shown under prior period and extraordinary items in the profit and loss account during the year.

### 4) Forensic Audit:

The RBI has appointed CA firm to carry out the Forensic audit for the bank on the specific areas to be covered. Accordingly, Forensic Auditor has conducted the audit and issued the report dt.26.05.2025. As per forensic audit recommendation, Bank has incorporate the following in their books of accounts.

a) Reversal of provision for prior period loss (Re audit) Rs.483.38 Crores:  
The department of Co-Operative Audit has recommended vide their re audit report for provision of Rs.483.38Cr. As such the entries have been passed during the year 2020-21. But, as per the forensic audit observation this provision is in excess of provision actually required and recommended for reversal of the same provision. Accordingly, the bank has reversed the said provision by passing entry validating as on 31.3.2025 and shown under prior period and extraordinary items in the profit and loss account during the year.

b) Reversal of Provision for Pay Order account Rs 14.73 Crores. :  
The Bank has made the provision for Pay Order amounting to Rs. 35.43 crores during the year 2020-21. Out of this provision, the forensic auditor has recommended for reversal of Rs.14.72 Cr vide their report based on their examination of books of accounts stating the actual receipt of funds in the account of the payer is less than the amount of the pay order issued as well some pay order made for the purpose of availing secured housing loan and secured vehicle loan.



The effect of this has been shown under prior period and extraordinary items in the profit and loss account.

**c) Provision for Bank/Cash Fraud:**

The Bank has made the provision for cash fraud amounting to 60.95 Crores during earlier years. After due verification of entries in both cash and bank books, the forensic auditor has suggested to retain provision to the extent of Rs. 39.14 crores and reverse Rs.21.81 Crores excess provided by the Bank. Based on the recommendation, the bank has reversed the excess provision made in earlier year and shown under prior period and extraordinary items in the profit and loss account during the year.

**d) Provision for Fraud in Investments Rs 244.68 Crores:**

The Bank has identified that these investments were created to falsify the fraudulent interest and principal recover from the fraudulent advances accounts and thereby preventing their classification as Non-Performing Assets. This has the effect of reclassifying advances as investments, giving the false impression that the advances had been recovered and subsequently invested in various deposits in order to match the bank current closing balances as on the date of audit of each year. This provision is accounted during the course of audit for the year ended 31.03.2020. The forensic auditor opine that, after obtaining regulatory approval the same may be written off from the books of account as there were no fund transfers to create these investments.

**e).Advances:**

**i) Tangibility of loans and advances:**

Due to large scale irregularities in sanction and disbursement of loans as reported in the RBI audit report for the financial year ending 2018-2019, Bank has treated the entire loan portfolio as fraud and classified as loss assets in the year 2019-20.

One of the scope of the Forensic Audit was to identify the fake and genuine loan portfolio.

In the report dated:26-05-2025 submitted by them they have regarding the loans and advance portfolio concluded that the fraudulent accounts are opened to evergreen other existing accounts wherein no payments are received or are frequently opened to conceal the trail of the frauds carried out over the years and that the Bank is holding security documents on very few accounts, the recoverability on disposal as such securities would amount to maximum of Rs.162.13 Crores subject to legal dispute and complications.

The report confirms that the entire advances outstanding under AAD category are opened fraudulently/fictitiously without having any deposit relation and hence the deposits would not reduce due to the nomenclature used as Advance against deposit.

The Mortgage loans/Secured Housing Loans were opened without any security or inadequate security or single property is attached to multiple loans and actual



recoverability from 230 title deeds reported in the LDD as enforceable is subject to various factors, legal disputes, Marketability etc.

Due to All Inclusive Directions imposed by RBI, the Bank has not sanctioned/disbursed any fresh advances during the year 2024-25 except recovery of interest and principal dues.

In this regard, the Bank has to explore the possibility of recovering as much as possible from the title deeds available with the Bank either by way of SARFAESI Action or through Regular Court of Law.

**ii) Fake loans/ Ever green entries.**

Evergreening typically involves using new loans to repay the old ones and to avoid NPA classification.

The Forensic Audit analysis has revealed a more concerning practice that appears to involve fictitious loan repayments and disbursements, where book entries were passed to create the appearance of loan servicing without any actual inflow of funds from borrowers or genuine outflow for new loans. This manipulation seems designed to conceal the true delinquency status of loan accounts and artificially inflate the bank's financial health. To reconcile the fabricated repayments, corresponding fictitious disbursements or investments were often recorded, creating a circular flow within the bank's books without real economic substance.

The bank has created many fake loans in the system without any application/processing/sanction/Documentation/KYC and without any actual borrowers.

The Modus-Operandi involved primarily two distinct types of funding- One which is direct funding between two accounts and the other one which is involving other internal GLs to mask / layer the opening and closing of loan accounts.

In the direct funding accounts involving the credit entry corresponding to the first debit of the new loan account directly credited an existing loan account either to close the existing one or to represent repayment of a portion of the loan account. Further, the creation of new loan by closing old ones consisted of many scenarios e.g. closing one and opening once account (one to one), closing many old and opening one new account (many to one), opening many accounts by closing one old account (one to many) and opening many accounts by closing multiple loan accounts on the same day (many to many).

Whereas, in the in-direct funding mode- the existing loan accounts were credited by debiting intermediary General Ledger (GL), generally bank GL to show repayment of loan and new loan accounts were debited by crediting bank GL for corresponding amount to show disbursement of loan. However, there are no corresponding transactions in the Bank statements.

This category involved the credit entry corresponding to the first debit of the new loan account being directed to intermediary GL accounts.



The intermediary accounts inter-alia used are:

- a. Current Account with Indian Bank
- b. Current Account with IDBI Bank
- c. Inter-branch Accounts

The Forensic Audit report thus concludes that the opening of the new loan account did not involve any actual outflow of funds from the bank. These were essentially book entries, transferring balances between loan accounts. The primary impact of this direct funding mechanism appears to be the repayment of existing loan accounts by opening new ones, potentially to avoid the classification of the older loan accounts as Non-Performing Assets (NPA)

Further, the absence of any actual outflow of funds from the bank for the "new" loans and no genuine inflow of funds from borrowers for the "repayments". These were essentially accounting manipulations designed to misrepresent the true status of the loan portfolio and potentially conceal the extent of Non-Performing Assets.

f) Deposits:

Forensic audit has identified and crystalised the fraud in deposit account of individual CASA/FD & Societies to the extent of Rs. 54.40 crores (72 accounts) and Rs. 9.57 Crores (28 accounts) respectively. Hence, needs to be classified as fraudulent and not payable. Bank needs to take appropriate action with proper communication with the concerned depositors/societies.

5) Due to All Inclusive Directions imposed by RBI, the Bank has not accepted any fresh deposits during the year except the renewal of matured deposits. During the year 2024-25, there is upward movement of deposits to the extent of Rs 27.93 Crore as compared to the previous year. This is due to credit of interest on the deposits and reconciliation of total deposits.

6) **Cash** : - As we were appointed as Statutory Auditors of the Bank vide appointment letter No SGR/SR-H243/1693/2024-25 dated 18-12-2024, we have verified closing cash balance as on 29-03-2025. Physical Cash balance Rs.28,536.50 is tallied with the cash book on the date of verification.

7) **Investments**- Bank's investments in Central and State Government Securities and fixed deposits with the Banks of Rs. 532.11 crores as on 31-03-2025 were confirmed with balance certificates as produced for verification by the bank. There is an increase in the investments by Rs.44.57 Crores on account of interest received and renewal of matured deposits.

8) **Security Register** – The Bank has not maintained security register containing details of securities under lien/mortgage. It is advised to maintain the same.

The Bank has also not obtained/renewed insurance policies covering the securities mortgaged/hypothecated.



## 9) DICGC Claims/Instalments/premium :

- a) The Bank has made payment of DICGC claims for 22270 depositors amounting to Rs.714.79 crore till 31-03-2025. About 385 applicants with claim amount of Rs.8.60 crore were with-held/freeze/rejected by DICGC.
- b) The Bank has not meet its obligation towards repayment of DICGC instalments, which required to pay before 31.03.2025, since the bank has obtained the stay vide stay order dt.14.02.2023 from the high court for repayment of DICGC instalments.
- c) Bank has requested the DICGC authorities to refund of Rs. 8, 85, 29,524.36 towards the premium paid from September, 2020 to March 2025 on the insurance coverage of deposits on the ground that bank is not collecting any new fresh deposit from the public from 10.1.2020 and existing eligible deposits are already covered by DICGC Premium and the DICGC settlement was done as per the guidelines, and bank is not supposed to make the further payment of premium. Bank is awaiting the refund amount from the DICGC authorities. Pending confirmation from DICGC no entries have been passed during the year in the books of accounts by the bank.

## 10) Balancing of accounts:

- i) **Suspense others:** The opening balance as on 01-04-2024 is Rs. 39, 49,301.17. The closing balance as on 31-03-2025 is Rs. 6, 70,516.17. Bank is advised to clear the suspense duly transferring to the respective accounts.
- ii) **Debit balance in Savings Bank Accounts:** As per Balance sheet is Rs. 21, 13, 360.48 and as per schedule is Rs. 29, 75, 408.24. There is a difference of Rs. 8, 62,047.76 between Balance sheet and Schedule. This needs to be reconciled.
- iii) **Debit balance in Current Accounts :** As per Balance sheet is Rs. 1,76, 59,686.00 and as per schedule is Rs.2,39,71,169.70. There is a difference of Rs.63, 11,483.70 between Balance sheet and Schedule. This needs to be reconciled.
- iv) **Premises, Furniture's and Fixtures.**

With respect to Furniture and Fixtures, fixed Assets register is not matching with the books balances. Balance as per the Balance Sheet is Rs. 1, 33, 29,561.33 and as per Asset Register is Rs.72, 26,685.00. There is a difference of Rs. 61, 02,873.33 between Balance sheet and Asset Register. If the bank is unable to trace out the difference, the same to be charged off after necessary approvals from the Regulators.

## v) **Adverse Balances in H O and Branch Books:**

	As per HO Books	As per Branch Books
Tax Deducted at Source	20, 41, 19,297.40 Dr	Rs 20, 62, 72,532.40 Cr
IGST output tax payable	1.50 Dr	Rs. 1.50 Cr
CGST output tax payable	21, 20,359.55 Dr	Rs. 21, 21,947.97 Cr
SGST output tax payable	58,596.65 Dr	Rs. 4, 60,185.07 Cr



These adverse balances are on account of non-reconciliation of GST and TDS liabilities with HO books and Branch books, which needs to be passed by HO and Branch.

### **11) Immovable properties-**

- a) Property No. 15 Subba Rama Chetty Road, Nettkallappa Circle, Basavanagudi, Bangalore 560004. Bank is holding proper title deeds.
- b) Property No 50, Subbaramachetty road, Nettakallappa circle, Basavanagudi, Bangalore-560044. As per letter No SBR/SBA/KJA/124/2020 dated 21st July 2020, the original documents of Property are under the custody of CID office for their verification duly acknowledged by them. Hence, the original documents are not made available for our verification.
- c) The water bills and electricity bills are being issued in name of the seller of the building. The same is to be transferred in favour of Bank.

### **12) Other Audits:**

During the year any of audits like System audit (EDP Audit), Concurrent Audit, Revenue Audit are not conducted by the bank.

### **13) Maintenance of Registers and records:**

- 1) Earned leave details are not filled in the Staff attendance register.
- 2) Earned Leave register is maintained in excel sheet and not authenticated by any officer.
- 3) Fixed Asset register is maintained in excel sheet and not authenticated by any officer.
- 4) Registrar of Members not updated with five records.

### **14) Shares Issue :**

No Shares have been allotted during the year either for cash or otherwise during the year.

### **15) Recall Notices issued-**

After imposition of All Inclusive Directions by RBI with effect from 10-01-2020, no fresh advances and fresh deposits except recovery of advances and renewal of deposits. Bank has started working on issuing notices duly arriving the balances after removing fake/ever green entries and adding interest.

- a) Number of recall notices issued from 01<sup>st</sup> April 2022 to 31<sup>st</sup> March 2025

1. Mortgage loan -	47
2. Secured housing loan -	20
3. Overdraft -	06
4. Secured Business Loan -	01
5. Vehicle loan -	17



6. Retail Business Loan -	32
7. Demand loan -	127
Total -	249

- b) The Bank has issued SARFAESI notices for 144 borrowers. Symbolic procession has been taken with respect to 76 borrowers till 31-03-2025.
- c) Suit filed by the bank against the borrowers are -82 cases.

#### 16) Signature on the Financial Statements:

As per Bye law 99 'Balance Sheet, profit & loss account and other Financial Statements' shall be signed by the President, at least two Directors and the Chief Executive officer.

The Bank was managed by Board of Directors from 01 April 2019 to 16 May 2020. On 17 May 2020, the Board of Directors was superseded and Administrator was appointed due to large scale irregularities and fraud detected during RBI inspection.

Hence, the financial statements for the year ended 31 March 2025 are signed only by the Administrator of the Bank appointed under Section 30 and vested with powers of the Board under Section 30(3) of KCS Act, 1959.

#### 17) Going Concern-

The bank has incurred substantial losses on account of fraudulent activities and the Bank is being under All Inclusive Directions of Reserve Bank of India with effect from 10-01-2020, thereby restrictions imposed on the operations, closure of non-functional branches and offices of the Bank, entire net worth of the Bank has become negative by (-) Rs.2092.75 crore. These conditions indicate the existence of a material uncertainty as a going concern.

#### 18) Income tax provision:

During the year the Bank has not made the income tax provision on account of carried forward of business and depreciation loss from the Assessment year 2020-21 to 2024-25 as per books and ITR filed manually and belatedly u/s 139(4) of the Income tax Act. The bank has filed the manual Income tax return for the AY 2021-22 to 2024-25 since the due date for online filings u/s 139(4) was over by the time statutory audit was completed for the respective years. The bank has approached the Income Tax Department to condone the delay and requested to permit the online filing of ITR for the AY 2021-22 to 2024-25. Bank is confident that the Income Tax department will condone the delay and allow the carried forward of business loss and depreciation loss from the Assessment year 2020-21 to 2024-25. Hence bank has not made any provision for income tax during the year. However if the IT department reject the bank's request, the income tax liability will be around Rs. 7.64 crore plus applicable interest and penalty.



**19) Asset Classification (IRAC Norms):**

Housing Loan: Rs 20 lakhs Housing loan sanctioned to Jayalakshmi (Bank Staff) on 21.03.2019 the repayment EMI is fixed and the same is recovered regularly through her salary account. The present outstanding of Rs. 12, 02,119/- is within DP Limit and there is no overdue in the account. Hence this account to be classified as Standard Asset, however bank has made all advance as loss assets and provided 100% provision uniformly.

**20) Contingent liabilities:**

The Bank has legal cases which are ongoing in various Courts in Bangalore as at 31 March 2025 and not acknowledged as debt. The details are forming part of notes to the financials.

**21) Steps taken by the bank for recovery of advances and action taken for reporting of frauds to CID/CBI and ED.**

1. Lodging of complaints with CID, Police against employees and related persons

**A) Frauds- loans and advances;** Bank has made various complaints to CID for investigation through various letters during the period from April-22 to July 2023.

**Details of various complaints are listed in the Annexure 2 enclosed.**

**B) Cash fraud-** The Bank has identified the fraudulent withdrawal of cash from bank to the extent of Rs. 58.38 crores and has lodged a complaint with Superintendent of Police, Office of CID Bangalore vide various letters –

- i) Letter no. SGRSBN /OR/718/2020-21 dated 18/01/2021 for fraud of Rs. 48.80 crores
- ii) Letter no. SGR/PK/518/2022-23 dated 15-06-2022 for fraud of against Rs 1.79 crore
- iii) Letter no. SGRSBN/OR/1339/2021-22 dated 06-09-2021 against Rs. 7.79 crore

Superintend of Police, CID vide its letter 4/CRM/H&B/CID/2020 dated 24-05-2022 informed the arrest of officers –Santosh Kumar A, Kulkarni S, Prashanth H.R etc., and it is said that matter is under investigation and case is yet to be filed in the Court by the Police department.

Vide order of the Govt. of Karnataka, Order No. HD 67 COD 2023, dated 02.12.2023 State Govt. consented to the CBI, for investigation of Fraud, CBI informed that they could not take over the investigation because of shortfall of police personnel in the state, subsequently meeting held with Chief Secretary to the GOK on 28.02.2025. has decided to withdraw the case and give it back to CID for investigation by them, vide Government order No. HD 67 COD 2023/dated 20.05.2025.

We observed that there seems to be no further developments in these cases.

Bank has made 100% provision fraud in cash –Rs.58.38 crore.



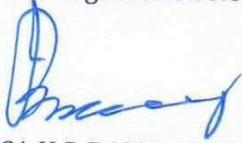
**22) CAMEAL Rating:** Bank has been categorised as "D" during the year 2024-25 as per rating sheet enclosed. Percentage of marks scored is 95 out of 600 and weighted average percentage of marks is 18. The bank has to recover substantial recoveries in NPAs so as to improve its rating also comply with corporate governance.

### **8. Report on Regulatory Requirements:**

Subject to the above, 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 purpose of our audit.
- b) In our opinion, proper books of accounts have been kept by the Bank so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from branch office of the Bank.
- c) The transactions of the Bank which have come to our notice are within the powers of the Bank.
- d) The Bank's Balance sheet and Profit and loss account dealt with by this report are in agreement with the books of account and returns.

For S R R K SHARMA ASSOCIATES  
Chartered Accountants  
Firm Registration No: 003790S



(CA H R RAMA SWAMY)  
Partner  
Membership No: 207116  
UDIN: 25207116BMNWUR4861



Place: Bengaluru  
Date: 19-06-2025

**Sri Guru Raghavendra Co-operative Bank Niyamita**  
Balance Sheet of as on 31st March 2025

Capital and Liabilities	Schedule	Current year As on 31-03-2025	Previous Year As on 31 03-2024
			Rs.
Capital	1	74,85,49,600	74,85,49,600
Reserve and Surplus	2	-21,67,61,02,670	-26,86,29,78,738
Deposits	3	19,40,25,02,097	19,12,31,03,582
Borrowings	4	0	0
Other Liabilities & Provisions	5	7,28,67,16,996	12,31,53,74,406
<b>TOTAL</b>		<b>5,76,16,66,024</b>	<b>5,32,40,48,850</b>
<b>ASSETS</b>			
Cash & Balances with Reserve Bank of India, State Bank of India, State Co-op. Bank & Central Co-op. Bank	6	28,75,663	10,25,763
Balances with Banks and Money At Call & Short Notice	7	30,50,25,597	49,56,76,660
Investments	8	5,02,88,80,000	4,40,33,03,710
Advances *	9	-	-
Fixed Assets	10	24,09,87,063	24,37,14,880
Other Assets	11	18,38,97,700	18,03,27,837
<b>TOTAL*</b>		<b>5,76,16,66,024</b>	<b>5,32,40,48,850</b>
Contingent Liabilities and Bills for Collection	12		
<b>TOTAL</b>		<b>5,76,16,66,024</b>	<b>5,32,40,48,850</b>

\*Note on balance sheet total- The provisions were net off against respective assets. Since, the bank has provided 100% of loans & advances, the same is shown as zero. Respective schedules give full details of the same.

Notes to Accounts forms part of this Financial Statements  
As per our report of even date  
For S R R K Sharma Associates  
Chartered Accountants

(CA H R Rama Swamy)  
Partner

Membership No: 207116  
UDIN: 25207116BMNWUR4861  
Place: Bengaluru  
Date: 19.06.2025



For Sri Guru Raghavendra Sahakara Bank Niyamitha

Ajit Krishnan Nair  
Administrator



**AJIT KRISHNAN NAIR**  
Administrator  
Sri Guru Raghavendra Sahakara Bank (N)  
Basavanagudi, Bangalore - 560 004.

<b>Schedule 1</b>			
<b>Share Capital</b>			
		<b>As on 31.03.2025</b>	<b>As on 31.03.2024</b>
<b>I Authorised Capital</b>			
(a) 10800000, Shares of Rs.100/- each		1,08,00,00,000	1,08,00,00,000
<b>II Issued Capital</b>			
(a) 7485496, shares of Rs.100/- each		74,85,49,600	74,85,49,600
<b>III Subscribed Capital</b>			
(a) 7485496, shares of Rs.100/- each		74,85,49,600	74,85,49,600
<b>IV Called up Capital</b>			
(a) On 7485496 shares of Rs 100/- Each		74,85,49,600	74,85,49,600
Less: Calls Unpaid			
Add: Forfeited shares			
<b>IV Of (3i) above, held by :-</b>			
(a) Individuals		74,85,49,600	74,85,49,600
(b) Co-operative institutions		0	0
(c) State Government		0	0
<b>Total</b>		<b>74,85,49,600</b>	<b>74,85,49,600</b>
<b>Schedule 2</b>			
<b>Reserves and Surplus</b>			
<b>I Statutory Reserve</b>			
(a) Opening Balance		54,13,49,705	54,13,49,705
Add/Deduction during the year		0	0
<b>TOTAL</b>		<b>54,13,49,705</b>	<b>54,13,49,705</b>
<b>III Building Fund</b>			
(a) Opening Balance		32,87,84,570	32,87,84,570
Add/Deduction during the year		0	0
<b>TOTAL</b>		<b>32,87,84,570</b>	<b>32,87,84,570</b>
<b>IV Dividend Equalization Fund</b>			
(a) Opening Balance		2,03,24,082	2,03,24,082
(b) Additions during the year		0	0
(c) Deductions during the year		0	0
<b>TOTAL</b>		<b>2,03,24,082</b>	<b>2,03,24,082</b>
<b>V Other Funds and Reserves (to be specified)</b>			
<b>a) FEDERATION FUND</b>			
(a) Opening Balance		5,000	5,000
Add/Deduction during the year		0	0
<b>TOTAL</b>		<b>5,000</b>	<b>5,000</b>
<b>b) MEMBERS DEATH RELIEF</b>			
Opening Balance		1,22,18,274	1,22,18,274
Add/Deduction during the year		0	0
<b>TOTAL</b>		<b>1,22,18,274</b>	<b>1,22,18,274</b>
<b>c) SPL. RESERVE FUND (HOUSING)</b>			
Opening Balance		3,47,89,598	3,47,89,598
Add/Deduction during the year		0	0
<b>TOTAL</b>		<b>3,47,89,598</b>	<b>3,47,89,598</b>
<b>d) INV. FLUCTUATION FUNDS</b>			
Opening Balance		3,04,35,360	3,04,35,360
Add/Deduction during the year			
<b>TOTAL</b>		<b>3,04,35,360</b>	<b>3,04,35,360</b>
<b>e) STAFF WELFARE FUND</b>			
Opening Balance		1,95,31,213	1,95,31,213
Add/Deduction during the year		0	0
<b>TOTAL</b>		<b>1,95,31,213</b>	<b>1,95,31,213</b>
<b>f) JUBILEE FUND</b>			
Opening Balance		46,01,584	46,01,584



	As on 31.03.2025	As on 31.03.2024
Add/Deduction during the year	0	0
<b>TOTAL</b>	<b>46,01,584</b>	<b>46,01,584</b>
<b>g) MEMBERS WELFARE FUND</b>		
Opening Balance	71,55,936	71,55,936
ADD/Deduction during the year	0	0
<b>TOTAL</b>	<b>71,55,936</b>	<b>71,55,936</b>
<b>h) CHARITY FUND</b>		
Opening Balance	53,01,584	53,01,584
ADD/Deduction during the year	0	0
<b>TOTAL</b>	<b>53,01,584</b>	<b>53,01,584</b>
<b>i) Profit and Loss account Debit Balance</b>		
Accumulated losses	-27,86,74,75,643	-27,77,01,07,608
Add - Loss for the Year	0	-9,73,68,035
Less - Profit for the Year	5,18,68,76,068	0
<b>Total Of Accumulated losses</b>	<b>-22,68,05,99,575</b>	<b>-27,86,74,75,643</b>
<b>GRAND TOTAL(I to III)+(IV a to m)</b>	<b>-21,67,61,02,670</b>	<b>-26,86,29,78,738</b>
<b>SCHEDULE 3</b>		
<b>Deposits</b>		
I Demand Deposits ( Current and Matured Deposits)		
(i) From Individuals #	3,72,56,70,046	2,90,08,15,983
(ii) From Central Co-Op Banks	0	0
(iii) From other Societies	1,85,38,15,451	1,51,26,91,446
II Savings Bank Deposits		
(i) From Individuals #	8,21,94,85,396	7,43,98,31,524
(ii) From Central Co-Op Banks	0	0
(iii) From other Societies	89,30,35,600	76,27,51,505
III Term Deposits *		
(i) From Individuals #	3,26,83,32,203	4,63,97,32,275
(ii) From Central Co-Op Banks	0	0
(iii) From other Societies	1,44,21,63,401	1,86,72,80,849
<b>Total (I,II,III)</b>	<b>19,40,25,02,097</b>	<b>19,12,31,03,582</b>
*Including deposits of Societies , staff security deposits, recurring deposits, cash certificates, etc. #Individual include deposits from institutions other than co-operative banks and societies.		
<b>Schedule 4</b>		
<b>Borrowings</b>		
I From the Reserve Bank of India and the State & Central Co-operative Banks : Co-operative Banks :	NIL	NIL
II From the State Bank of India	NIL	NIL
III From the State Government of which secured against	NIL	NIL
(i) Government and other Approved Securities	NIL	NIL
(ii) Other tangible securities	NIL	NIL
<b>Total (I, II, III and IV)</b>	<b>NIL</b>	<b>NIL</b>
<b>Schedule 5</b>		
<b>Other Liabilities and Provisions</b>		
<b>A Other Liabilites</b>		
i Bills payable (net)	0	0
ii Inter-office adjustments (net)	0	0
iii Interest accrued	11,52,694	46,47,751
iv Unclaimed Dividends	34,79,328	34,79,328
v Other Liabilities	7,17,83,96,066	7,22,24,95,870
<b>Total of Other Liabilites (A)</b>	<b>7,18,30,28,088</b>	<b>7,23,06,22,949</b>



As on 31.03.2025

As on 31.03.2024

		As on 31.03.2025	As on 31.03.2024
<b>B</b>	<b>Provisions</b>		
	Provision for prior period Loss - Reaudit	0	4,83,38,19,060
	Provision for PAY ORDER Account - REAUDIT	10,36,88,908	25,09,32,397
	<b>Total of B</b>	<b>10,36,88,908</b>	<b>5,08,47,51,457</b>
	<b>Total of other liabilities &amp; Provisions(A+B)</b>	<b>7,28,67,16,996</b>	<b>12,31,53,74,406</b>
	<b>Schedule 6</b>		
	<b>Cash and Balances with Reserve Bank of India, State Bank of India, State Co-op. Bank and Central Co-op. Bank and Central Co-op. Bank</b>		
I	Cash in Hand	28,537	1,61,066
	Cash in ATM		
II	Balances with Reserve Bank of India		
	(a) In Current Account	0	0
	(b) In other Accounts	0	0
III	Balances with State Bank of India		
	(a) In Current Account	28,30,794	2,77,377
	(b) In other Accounts		
IV	Balances with State and Central Co-operative banks		
	(a) In Current Account	16,333	5,87,321
	(b) In other Accounts		
	<b>Total (I, II, III and IV)</b>	<b>28,75,663</b>	<b>10,25,763</b>
I	Balance with other Banks		
a)	Current deposits	1,27,76,848	2,35,54,785
b)	Fixed deposits		
	i) With Co-op Banks	0	0
	ii) With Other Banks	29,22,48,749	47,21,21,875
	<b>Total of Balance with other Banks(a+b+c)</b>	<b>30,50,25,597</b>	<b>49,56,76,660</b>
II	Money at Call and Short Notice		
	(a) With banks	NIL	NIL
	(b) With other institutions	NIL	NIL
	<b>Total of Money at Call and Short Notice</b>	<b>-</b>	<b>0</b>
	<b>Total Balances with Banks &amp; Money at Call &amp; Short Notice(I and II)</b>	<b>30,50,25,597</b>	<b>49,56,76,660</b>
	<b>Schedule 7</b>		
	<b>Balances with Banks &amp; Money at Call &amp; Short Notice</b>		
	<b>Schedule 8</b>		
	<b>Investments</b>		
I	In Central & State Government Securities	5,02,88,80,000	4,40,33,03,710
II	In shares of co-operative institutions (other than out of the Principal/ Subsidiary State Partnership Fund)	0	0
III	In debentures and bonds	0	0
IV	Others (To be specified)	0	0
V	<b>Total (I, II, III, IV)</b>	<b>5,02,88,80,000</b>	<b>4,40,33,03,710</b>
VI	Less : Provision for Depreciation in Investments		
	<b>Total (V minus VI)</b>	<b>5,02,88,80,000</b>	<b>4,40,33,03,710</b>
	<b>Schedule 9</b>		
	<b>Advances*</b>		
I	(a) Bills purchased & discounted	0	0
	(b) Cash credits, overdrafts & loans repayable on demand	6,99,89,32,088	7,00,29,80,857
	(c) Term Loans		
	i) Medium Term Loans	1,86,61,871	1,97,76,417
	ii) Long Term loans	6,82,75,69,863	6,85,60,73,048
	<b>Total of Term Loans ( i + ii )</b>	<b>6,84,62,31,734</b>	<b>6,87,58,49,465</b>
	<b>Total</b>	<b>13,84,51,63,822</b>	<b>13,87,88,30,323</b>



As on 31.03.2025

As on 31.03.2024

		As on 31.03.2025	As on 31.03.2024
II	(a) Secured by tangible assets (b) Secured by bank/ government guarantees / Priority sectors (c) Unsecured <b>Note - Category wise breakup not available</b>		
		13,84,51,63,822	13,87,88,30,323
III	LESS: Provision for Bad and Doubtful Debts	13,84,51,63,822	13,87,88,30,323
	*Note: Entire loans and advances are classified as fraud in the CBS system generated Balance Sheet-on account of fake/fictitious entries for evergreening of NPAs based on the RBI Report, Re-audit Reports and Enquiry report dt 29-07-2022 and directions under section 68 of KCS Act,1959. Hence,100% provision made since 2019-20 and shown under Provisions on Liability Side. Provision for bad and doubtful debts was net off against loans.		
IV	<b>Total (I - III)</b>	0	0
<b>Schedule 10</b>			
<b>Fixed Assets</b>			
<b>Premises</b>			
	a) Written down value of premises/Immovable properties	22,21,93,715	22,24,54,927
	(b) Additions	0	0
	(c) Deductions during the year	0	0
	(d) Total (a and b minus c)	22,21,93,715	22,24,54,927
	(e) Less : Depreciation to date	2,35,091	2,61,212
	<b>(f) Total Of Written down value of immovable properties(d minus e)</b>	<b>22,19,58,624</b>	<b>22,21,93,715</b>
II	Other Fixed Assets (including furniture and fixtures)		
	(a) Written down value of other Fixed assets	2,15,21,165	2,41,22,679
	(b) Additions during the year	0	2,20,800
	(c) Deductions during the year	0	0
	<b>(d) Total Cost (a + b minus c)</b>	<b>2,15,21,165</b>	<b>2,43,43,479</b>
	(e) Less : Depreciation	24,92,726	28,22,314
	<b>(f) Total (d minus e)</b>	<b>1,90,28,439</b>	<b>2,15,21,165</b>
	<b>GRAND TOTAL</b>	<b>24,09,87,063</b>	<b>24,37,14,880</b>
<b>Schedule 11</b>			
<b>Other Assets</b>			
A	<b>OTHER ASSETS</b>		
	Inter-office adjustment (net)		
	Interest receivables	9,47,51,756	9,18,46,719
	Stationery and stamps	3,835	19,505
	Non-banking assets acquired in satisfaction of claims		
	Others	8,91,42,109	8,84,61,613
	<b>Total of A</b>	<b>18,38,97,700</b>	<b>18,03,27,837</b>
B	<b>FRAUD &amp; MISAPPROPRIATIONS</b>		
	Cash Fraud	58,38,97,636	58,38,97,636
	Fraud in PO+Investments+Bank Account +IBT	2,77,14,68,913	2,98,93,14,782
	FRAUD- TO RECOVER FROM STAFF/MGMT-REAUDIT	55,89,169	55,89,169
	Fraud in Deposits	3,14,34,817	13,12,61,670
	<b>Total of Fraud &amp; Misappropriations</b>	<b>3,39,23,90,535</b>	<b>3,71,00,63,257</b>
	<b>Less Provisions for Fraud &amp; Misappropriations</b>	<b>3,39,23,90,535</b>	<b>3,71,00,63,257</b>
	Net Of Provisions For Fraud & Misappropriations		
	<b>Total of B</b>	0	0
	<b>Total of other asstes (A+B)</b>	<b>18,38,97,700</b>	<b>18,03,27,837</b>



As on 31.03.2025

As on 31.03.2024

<b>Schedule 12</b>			
<b>Contingent liabilities and bills for collection</b>			
Claims against the bank not acknowledged as debts		NIL	NIL
Liability for partly paid investments		NIL	NIL
Liability on account of outstanding forward exchange contracts		NIL	NIL
Guarantees given on behalf of constituents		NIL	NIL
Acceptances, endorsements and other obligations (including bills for collection)		NIL	NIL
Other items for which the bank is contingently liable- Refer Notes to Accounts for details			

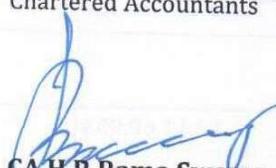
Previous year figures have been re grouped/re arranged wherever necessary for confirming with current year figures



**Sri Guru Raghavendra Co-operative Bank Niyamita**  
Statement of Profit and Loss Account for the year ended 31st March 2025

		Current year As on 31.03.2025	Previous year As on 31.03.2024
I	<b>Income</b>		
	Interest earned	13 44,58,61,934	38,83,09,240
	Other income	14 14,05,86,280	4,62,95,355
	<b>Total</b>	<b>58,64,48,214</b>	<b>43,46,04,595</b>
II	<b>Expenditure</b>		
	Interest expended	15 18,11,60,954	50,07,21,929
	Operating expenses	16 9,96,46,887	3,12,50,701
	Provisions & contingencies	0	0
	<b>Total</b>	<b>28,08,07,841</b>	<b>53,19,72,630</b>
III	<b>Profit/(Loss) (I - II)</b>		
	Net Profit/Loss (-) for the year	30,56,40,373	-9,73,68,035
	Prior period and extraordinary items	4,88,12,35,696	0
	<b>Total</b>	<b>5,18,68,76,069</b>	<b>-9,73,68,035</b>
IV	<b>Appropriations</b>		
	Transfer to statutory reserves Transfer to other reserves (to be specified)	0	0
	Proposed Dividend	0	0
	<b>Balance carried to Balance Sheet</b>	<b>5,18,68,76,069</b>	<b>-9,73,68,035</b>
	Notes to Accounts forms part of this Financial Statements	17	

As per our report of even date  
For S R R K Sharma Associates  
Chartered Accountants

  
CA H R Rama Swamy  
Partner

Membership No: 207116  
UDIN: 25207116BMNWUR4861  
Place: Bengaluru  
Date: 19.06.2025

For and on behalf of the  
Sri Guru Raghavendra Sahakara Bank Niyamitha

  
Ajit Krishnan Nair  
Administrator



**AJIT KRISHNAN NAIR**  
Administrator  
Sri Guru Raghavendra Sahakara Bank (N)  
Rasavanagudi, Bangalore - 560 004.



<b>Schedule 13</b>				
<b>Interest Earned</b>				
			<b>As on 31.03.2025</b>	<b>As on 31.03.2024</b>
I	Interest/discount on advances/bills		5,63,46,278	2,59,23,181
II	Income on investments		38,95,15,656	36,23,86,059
III	Interest on balances with Reserve Bank of India, State Bank of India, State Co-op. Bank and Central Co-op. Bank		0	0
	<b>Total</b>		<b>44,58,61,934</b>	<b>38,83,09,240</b>
<b>Schedule 14</b>				
<b>Other Income</b>				
I	Commission, exchange and brokerage*		56,235	11,39,089
II	Profits on sale of investments		0	0
	Less : Loss on sale of investments		0	0
III	Profit on revaluation of investments		0	0
	Less : Loss on revaluation of investments		0	0
IV	Discount Received on Investments		4,70,19,499	0
V	Sale of furniture and fixtures other assets#		0	1,36,492
	Less : Loss on sale of land, buildings and other assets		0	0
VI	Profit on exchange transactions		0	0
	Less : Loss on exchange transactions		0	0
VII	Income from non-banking assets and profit (Loss) on sale of or dealing in such assets		0	0
VIII	Reversal of Provisions for Bad and doubtful debts		3,28,95,536	4,50,16,574
IX	Unclaimed liabilities written back		6,00,82,844	0
X	Other income		5,32,166	3,200
	<b>Total</b>		<b>14,05,86,280</b>	<b>4,62,95,355</b>
<b>Schedule 15</b>				
<b>Interest Expended</b>				
	Interest on Deposits		18,11,60,954	50,07,21,929
	Interest on Borrowings		0	0
	<b>Total</b>		<b>18,11,60,954</b>	<b>50,07,21,929</b>



<b>Schedule 16</b>				
<b>Operating Expenses</b>			<b>As on 31.03.2025</b>	<b>As on 31.03.2024</b>
I	Payments to and provisions for employees		1,97,08,589	1,56,57,109
II	Rent, taxes and lighting		9,57,402	10,18,882
III	Printing and stationery		75,033	1,38,458
IV	News paper publication for recovery		1,09,212	0
V	Depreciation on bank's property		27,27,817	30,83,527
VI	Directors' fees, allowances and expenses		0	0
VII	Auditors' fees and expenses		10,90,000	11,00,000
VIII	Legal, Recovery & Valuation Charges		28,97,178	34,500
IX	Postages, Telegrams, Telephones, etc.		99,679	70,780
X	Professional charges		15,00,000	0
XI	Repairs and maintenance		7,948	0
XII	Premium & Interest paid on Investments		6,04,49,705	0
XII	Insurance		67,06,887	66,78,803
XIII	Other Expenditure		33,17,437	34,68,642
	<b>TOTAL</b>		<b>9,96,46,887</b>	<b>3,12,50,701</b>
XIV	Provisions & contingencies		0	0
XV	Income tax provisions		0	0
	<b>TOTAL</b>		<b>9,96,46,887</b>	<b>3,12,50,701</b>

