

ALL INDIA KARNATAKA BANK EMPLOYEES' ASSOCIATION (REGD.)



(Affiliated to A.I.B.E.A.)

AND

KARNATAKA BANK OFFICERS' ORGANISATION (REGD.)

(Affiliated to A.I.B.O.A.)



Circular 03/2025

READ AND CIRCULATE

29-05-2025

Dear Members,

SERIOUS GOVERNANCE LAPSES FLAGGED IN AUDITED FINANCIAL STATEMENTS 2024-25

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We wish to bring to your attention a deeply concerning issue highlighted in the **Audited Financial Statements (AFS) of our Bank for the year 2024-25**. The Joint Central Statutory Auditors, in their report dated 14-05-2025, have pointed out that **revenue and capital expenditure amounting to Rs.1.16 crore and Rs.0.37 crore respectively were incurred beyond the delegated powers of the Whole-Time Directors, and were not ratified by the Board**. Furthermore, they also noted that **no accounting effect was given for the amount recoverable from the concerned Directors**.

This is an **unprecedented and serious breach of governance in the history of our Bank**. Both the Unions have jointly addressed a letter to **the Chairman and the Board of Directors of the Bank on 19-05-2025**, expressing our strong objection and urging immediate corrective action to uphold transparency, accountability, and the long-standing ethical values of our institution.

We furnish below the text of our joint letter OR/493/2025 dated 19-05-2025 for the information of our members:

To,

**The Chairman,
Karnataka Bank Ltd.,
HO, Mangaluru – 575 002**

**The Board of Directors,
Karnataka Bank Ltd.,
HO, Mangaluru -575 002**

Dear Sir,

**Subject: Transgression of Delegated Powers in Capital Expenditure and Revenue Expenditure-
As Noted in Audited Financial Statements (AFS) 2024-25 dated 14-05-2025.**

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We, the recognised Trade Unions of our Bank express our deep concern and strong objection regarding several serious lapses observed in the AFS report for the financial year 2024-25.

Having carefully reviewed the recently published **AFS for FY 2024-25**, we are shocked and dismayed by the alarming observations made by the Independent Auditors in their report dated 14-05-2025.

Transgression of Delegated Powers – Joint Central Statutory Auditors Observations:

The Independent Auditors, under “**Emphasis of Matter**” (Point 4), have raised serious concerns as follows:

“We draw attention to Note 14 of the Standalone Financial Results, which states that the total expenditure includes an amount of Rs.1.16 crore incurred in connection with engaging consultants and other revenue expenditure and total fixed assets include capital expenditure amounting to Rs.0.37 crore, which were incurred beyond the delegated powers of the Whole-Time Directors and was not ratified by the Board. Consequently, the said amount is recoverable from the concerned directors. However, no effect has been given in the accounts in respect of the recoverable amount.”

This is the first instance in the history of our Bank that **Auditors have had to explicitly flag such a grave governance lapses**. The decision of the Board not to ratify these expenditures clearly indicates that the individuals involved exceeded their defined limits of authority. **Such wilful breaches of corporate governance principles demand appropriate action by the Board.**

We urge the Board to act with seriousness, uphold ethical governance, and protect the legacy, values of our esteemed institution.

Thanking you,

Yours faithfully,

Sd/-
(Paneendra K G)
GENERAL SECRETARY, AIKBEA


Sd/-
(Suresha Hegde S)
GENERAL SECRETARY, KBOO

As important stakeholders of our beloved Bank, we assure our members that both Unions are closely monitoring the matter and will continue to safeguard the interests of our Bank, its workforce, and the integrity of our Institution.

STAY UNITED! STAY INFORMED!

With warm greetings,

Yours comradely,


(Paneendra K G)
GENERAL SECRETARY, AIKBEA


(Suresha Hegde S)
GENERAL SECRETARY, KBOO

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| A I B E A & A I B O A | ... | ... | ... | ZINDABAD |
| AII INDIA KARNATAKA BANK EMPLOYEES' ASSOCIATION | ... | ... | ... | ZINDABAD |
| KARNATAKA BANK OFFICERS' ORGANISATION | ... | ... | ... | ZINDABAD |
| OFFICERS - WORKMEN UNITY | ... | ... | ... | ZINDABAD |