THE IRINJALAKUDA TOWN CO-OPERATIVE BANK LTD. TANA SOUTH, IRINJALAKUDA,THRISSUR- 680121

Notes to the Financial Statements for the year ended 31st March, 2026

1. NATURE OF OPERATION

The Irinjalakuda Town Co-operative Bank Ltd was incorporated on 16th February 1918 as a Co-operative Society. The Society operates as a Bank under RBI License No: UBDKER 0006 P. The Irinjalakuda Town Co-operative Bank Ltd is governed by the Banking Regulation Act 1949 and other applicable Acts/Regulations.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. BASIS OF ACCOUNTING

The accounts are prepared on accrual basis under the historical cost convention and conforms to statutory provisions, practices prevailing in the Banking Industries and guidelines issued by the Reserve Bank of India for Banks.

The preparation of Financial Statements requires the management to make estimates and assumptions in reported amount of assets and liabilities (including contingent liabilities) as of that date of the financial statement and the reported income and expenses during this period. Management believes that the estimates and assumptions used in the preparation of the financial statement are prudent and reasonable. Actual results could differ from these estimates.

2.2 GOING CONCERN

The Bank has incurred substantial losses of ₹49.11 Crores during the year ended March 31, 2026, resulting in a negative net worth of ₹ -59.45 Crores as at that date. Further, the Bank has reported a significant and continuing increase in Non-Performing Assets (NPAs) (Gross NPA of 267.74 Crore as compared to 196 Crore in the previous year), adversely impacting its capital adequacy, liquidity position, and operational performance.

The Reserve Bank of India (RBI), in exercise of its powers under Section 35A read with Section 56 of the Banking Regulation Act, 1949, issued Directions to the Bank with effect from the close of business on 30 July 2025. The validity of the said Directions has been extended from time to time and continues to remain in force as at the date of approval of these financial statements. Under the said Directions, the Bank is subject to restrictions on, inter alia, acceptance of deposits, grant and renewal of loans and advances, and certain other banking operations, except to the extent specifically permitted by the RBI.

These restrictions, together with the Bank's financial position and operating conditions, indicate the existence of material uncertainty that may cast significant doubt on the Bank's ability to continue as a going concern.

Notwithstanding the above, the financial statements have been prepared on a going concern basis, as the management is of the view that the Bank will continue its operations with the continued regulatory oversight of the RBI, implementation of corrective measures under the Administrator-in-Office, and the expectation of improving its financial position and operational performance

Management has carefully evaluated this matter and believes that the going concern assumption continues to remain appropriate, based on the following mitigating actions and strategic initiatives currently underway:

Risk Mitigation and Revival Plan Undertaken by the Management

1. Strategic review of non-core assets for monetization to improve capital base.
2. Enhanced NPA Recovery Strategy by Strengthening the loan monitoring and recovery division, including:
a) Appointment of legal advisors
b) Targeted settlement and one-time settlement (OTS) schemes for delinquent borrowers
c) Close tracking and faster escalation of overdue accounts to legal recovery.
3. Operational Restructuring
a) Rationalization of operating costs through branch-level consolidation
b) Internal restructuring to optimize staff deployment and reduce fixed overheads.

The Management is confident that these initiatives will significantly improve the financial and operational position of the Bank. With improved capital adequacy, a focused approach to NPA and NBA resolution, and prudent cost management, the Bank expects to restore positive net worth and financial stability in the near term.

Accordingly, the financial statements have been prepared on a going concern basis, and the management is committed to addressing the concerns raised by the auditors with sustained efforts and transparency.

2.3. REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Bank and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

(a) Interest income is recognized on accrual basis except in the case of Non- performing Assets where it is recognized upon realization as per RBI guidelines.

(b) Dividends on Investments are accounted on cash basis at the time of actual receipt

2.4. DICGC Liability

During the year, the Bank received an amount of ₹462.07 crore from DICGC towards settlement of insured deposit claims, which was disbursed to the eligible depositors of the Bank. The said amount is payable by the Bank to DICGC as on 31st March 2026, and is disclosed under Other Liabilities as ₹369.66 crore payable long-term and ₹92.41 crore payable short-term.

2.5 ADVANCES

(a). Advances are classified into standard, sub-standard, doubtful and loss asset in accordance with the Reserve Bank of India guidelines.

(b). Provision for non-performing advances is made in accordance with the Reserve bank of India guidelines. In addition, the bank adopts an approach to provisioning that is based on past experience, evaluation of securities and other related factors.

(c). In accordance with the Reserve Bank of India guidelines, the bank creates provisions in respect of advances at the following rates.

Category of Asset	Period in Category	Rate of Provisioning
Standard Asset	No time limit	0.40%
Sub-standard (Secured & unsecured)	Up to one year from NPA date	10%
Doubtful Assets		
Doubtful I	Above 1 year to 2 years from NPA date	(20% + 100% of Unsecured portion)
Doubtful II	Above 2 years to 4 years from NPA date	(30% + 100% of Unsecured portion)
Doubtful III	More than 4 years from NPA date	100%
Loss Assets	No time limit	100%

2.6. FIXED ASSETS

(a). The fixed assets are stated at historical cost less accumulated depreciation.

(b). There has not been any revaluation of fixed assets during the financial year.

(c). Depreciation is provided using Written down value method at rates prescribed in the various circulars issued by the Registrar of Co-operative Society

2.7 EMPLOYEE BENEFITS

(a) Provident Fund: Eligible employees are covered under a defined contribution plan. The contribution made by the Bank to the Employees Provident Fund Account is charged to Profit and Loss Account.

(b) Pension Fund: There is no separate Pension Fund.

(c) Gratuity: Eligible employees are covered under the Group Gratuity Life Assurance Scheme of Life Insurance Corporation of India and the premium paid to LIC is charged to Profit and Loss Account.

(d) Compensation for absence on Privilege/Sick/Casual leave: The employees of the Bank are entitled to compensate absence on account of privilege/sick/casual leave as per leave rules. The Bank has not made a provision for leave encashment liability for the year ended 31st march, 2026 as required under accounting standard 15- Employee Benefits, on the basis that, in the opinion of the management, no provision is considered necessary for leave encashment.

2.8. SEGMENT REPORTING

Business segments have been identified and reported considering, the target customer profile, the nature of the products and services, the differing risks and returns, the organization structure, the internal business reporting system and guidelines issued by RBI vide notification dated April 18th,2007.

2.9. EARNINGS PER SHARE

The Bank reports the Basic Earnings per share in accordance with Accounting Standard 20. Basic EPS has been computed by dividing Net profit for the year by number of equity shares outstanding at the end of the year. As there are no profit, diluted EPS has not been computed.

2.10. NET PROFIT OR LOSS FOR THE PERIOD, PRIOR PERIOD ITEMS AND CHANGE IN ACCOUNTING POLICIES

The Bank's profit and loss statement does not include any extraordinary items. Accounting policies are adopted on a uniform basis; there is no change in accounting policies adopted by bank.

2.11. IMPAIRMENT OF ASSET

The Bank assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required. the Bank estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's value or cash generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market selling price, recent market transactions are considered, if available. If no such transactions can be identified, an appropriate valuation model is used.

After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

The Bank assesses at each Balance sheet date whether there is any indication of any asset being impaired. Impairment loss, if any is provided in the Profit and Loss. Account to the extent the carrying amount of assets exceeds their realizable value.

2.12. CASH FLOW STATEMENTS

Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past/future cash receipts/payments. The cash flows from operating, investing & financing activities of the Bank are segregated based on the available information.

2.13. LEASES

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset, are classified as operating leases. Operating lease payments in respect of non-cancellable leases are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

2.14. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset which takes a substantial period to get ready for its intended use are capitalized as a part of cost of the respective asset. All other borrowing costs are expensed in the period in which they occur.

2.15. TAXES ON INCOME

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. At each balance sheet date, Bank reassesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Bank writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain as the case may be, that sufficient future taxable income will be available against which deferred tax assets can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain as the case may be, that sufficient future taxable income will be available.

The Bank recognizes Deferred Tax only on difference between depreciation provided in the Books of Account and Income Tax in the current year. However, the bank also recognizes Deferred Tax on the provision for House Loan interest, but all other provisions are excluded from the calculation of deferred tax.

2.16. FOREIGN CURRENCY TRANSACTIONS

Transactions involving foreign exchange: NIL

2.17. PROVISIONS

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

2.18. CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by occurrence or non-occurrence of one or more uncertain future events beyond the control of the Bank or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Bank does not recognize a contingent liability but discloses its existence in the financial statements as there is no indication of the uncertainties relating to any outflow.

2.19. NON-BANKING ASSETS

Non-Banking Assets are assets acquired to settle the claim against borrowers' liability whose assets are acquired under the SARFAESI Act as per Banking Regulation Act. As per Banking Regulation Act Section 9, no banking company shall hold any immovable property however acquired, except such is required for its own use, for any period exceeding seven years from the acquisition thereof or from the commencement of this Act, whichever is later or any extension of such period as in this section provided, and such property shall be disposed of within such period or extended period, as the case may be: However, Bank has its own policy to monetize the assets so acquired by allowing the borrowers to repossess their owned property by one time settlement. The non-banking assets are valued at the amount recoverable from the non-settled claims. On transfer of claims to non-banking assets valuation report from approved valuers is taken.

The Bank has applied to the Reserve Bank of India for extension for 38 of the holding period in respect of certain Non-Banking Assets held for more than seven years.

2.20. ADDITIONAL PROVISION OF UNREALISED INTEREST OF NON-BANKING ASSETS

While settling the claim of borrowers as stated in Note No. 2.19 the Non-Banking Assets were valued at the total amount recoverable from borrowers including unrealized interest or value as per valuation certificate, whichever is lower. As a prudential measure, a provision of Rs. 65,89,41,745.46/-was provided during previous years. During the financial year, an amount of Rs. 1,40,61,016.76/- is reversed and credited to Profit and Loss Account being actual interest realized by way of partial payment, settlement, and sale of property.

2.21. INVESTMENTS

Investments in approved Central and State Government Securities are carried at their acquisition cost and any diminution, other than temporary, in the value of such securities is provided for by way of creating Investment Fluctuation Reserve Fund. The balance in Investment Fluctuation Reserve Fund as on 31st March 2026 is Rs. 6,93,43,898.00 and the balance in Investment Depreciation Reserve is Rs. 36,36,983.75 Investments are classified under Held to Maturity Rs. 24,617.78 lakhs and Available for sale Rs. 7,403.42 lakhs. Premium paid on purchase of securities classified under Held to Maturity is amortized over the remaining period of maturity of the securities.

3. NET PROFIT

Net profit is arrived at after provisions for contingencies, which include provisions for;

(a) Diminution in value of investments

(b) Standard assets and non-performing advances.

(c) Taxation in accordance with statutory requirements.

4. PREVIOUS YEAR COMPARATIVES

Previous year figures have been re-grouped/reclassified, wherever necessary, to confirm to this year's classification.

Independent Auditors Report

To, The Members of the IRINJALAKUDA TOWN CO-OPERATIVE BANK LTD

Report on Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of The IRINJALAKUDA TOWN CO-OPERATIVE BANK LTD., which comprise the Balance Sheet as at 31st March 2026, the Statement of Profit and Loss and the Statement of Cash-Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion of our report, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 in the manner so required for Urban Co-Operative Bank and are in conformity with accounting principles generally accepted in India and give a true and fair view of the state of affairs of the Bank as at 31st March 2026, and its loss and its cash flows for the year ended on that date.

Basis for Qualified Opinion

1. As per the circular issued by RBI vide Circular No DOR.CAP.REC.03/09.18.201/2025-26 dated April 01, 2025, Urban Co-Operative Banks in Tier 2 to 4, shall maintain minimum Capital to Risk Weighted Assets Ratio (CRAR) of 12 % of Risk Weighted Assets. UCBs which do not Currently meet the revised CRAR of 12% of RWAs, shall achieve the same in a phased manner. The Bank was required to achieve CRAR of at least 11% by March 31,2026. The Bank is having a CRAR of -6.77% of RWAs, which is lower than the required CRAR.
2. The Bank has not complied with the requirements of Accounting Standard 15 – Employee Benefits. The Bank has not obtained an actuarial valuation of its gratuity and other long term benefits, and has not provided for the same in the financial statements. In the absence of such valuation, we are unable to determine the impact of the same on the financial results and position of the Bank for the year ended March 31, 2026 but is considered material..
3. As per RBI's Circular on "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances – Clarifications" and the instructions issued under Risk-Based Supervision (RBS), banks are required to ensure complete and accurate classification of advances in an automated, system-driven manner without manual intervention. During the course of our audit for the year ended March 31, 2026, we observed that the bank's core banking solution (CBS) was not fully aligned with the above guidelines.
Note: In connection with the above, the Reserve Bank of India (RBI), through its supervisory Risk Mitigation Plan (RMP), had issued specific directions to the Bank for rectification of the identified control and compliance gaps, with the stipulated timeline for compliance being June 30, 2025. However, as at March 31, 2026, the Bank had not fully implemented the required system-based controls. Consequently, the deficiencies in the system-based asset classification process continue to persist.
4. The Reserve Bank of India, vide Directive No. CO.DOS.SED.No.D-01/12-22-350/2025-26 dated July 29, 2025, issued under Section 35A read with Section 56 of the Banking Regulation Act, 1949 (as applicable to Co-operative Societies), placed Irinjalakuda Town Co-operative Bank Ltd. under All Inclusive Directions (AID) with effect from July 30, 2025. As per the said directions, withdrawals by a depositor were restricted to an amount not exceeding ₹10,000, subject to the conditions prescribed therein.
During the course of our audit, we observed that the Bank had permitted withdrawals in excess of the aforesaid limit in certain instances after the effective date of the directions. Accordingly, the Bank has not complied with the withdrawal restrictions prescribed under the RBI's All Inclusive Directions. We were not provided with, nor were we able to independently determine, the aggregate amount of such excess withdrawals from the records made available to us.
5. As per the applicable directions governing settlement of deposit insurance claims under the Deposit Insurance and Credit Guarantee Corporation Act, 1961, read with the directions issued by the Reserve Bank of India, the maximum amount payable to an eligible depositor towards deposit insurance is restricted to ₹5,00,000 (Rupees Five Lakh only), inclusive of principal and interest.
During the course of our audit, we observed that the Bank had, in certain instances, made payments to depositors in excess of the aforesaid prescribed limit. This is not in compliance with the applicable statutory provisions and regulatory directions. In the absence of adequate records and reconciliations, we were unable to determine the aggregate amount of such excess payments and, consequently, were unable to quantify the financial impact, if any, on the accompanying financial statements.
6. We observed that the Bank's Automated Teller Machine (ATM) and Cash Deposit Machine (CDM) have remained non-operational consequent to the restrictions imposed by the Reserve Bank of India with effect from 30 July 2025. The prolonged non-use of these assets constitutes an indicator of impairment. However, the Bank has neither carried out an impairment assessment nor recognised any impairment loss, as required under the applicable accounting principles..
7. We observed that certain immovable properties acquired by the Bank in recovery of its dues have been classified as Non-Banking Assets (NBA). However, the title deeds of these properties continue to remain in the names of the respective borrowers and have not been transferred in favour of the Bank. The absence of legal title may affect the Bank's enforceable ownership rights over such assets and is not in compliance with the applicable regulatory requirements relating to assets acquired in satisfaction of claims.

We conducted our audit in accordance with the Standards on Auditing (SAs) issued by ICAI. 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 Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.2 to the financial statements, which indicates that the company has incurred net loss of Rs. 49.11 Crores during the current year ended 31 March 2026 and as of that date, has accumulated losses amounting to Rs. 123.44 Crores which has resulted in complete erosion of its net-worth. Further, the Bank has reported a significant increase in Non-Performing Assets (NPAs), adversely impacting its capital adequacy, liquidity position, and operational performance. The above factors indicate a material uncertainty, which may cast significant doubt about the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

We draw attention to Note 2.2 to the financial statements, which states that the Reserve Bank of India, in exercise of its powers under Section 35A read with Section 56 of the Banking Regulation Act, 1949, issued Directions to the Bank with effect from the close of business on 30 July 2025. The validity of the said Directions has been extended from time to time and the restrictions continue to remain in force as at the date of this report. These restrictions on the Bank's operations indicate the existence of a material uncertainty that may cast significant doubt on the Bank's ability to continue as a going concern. However, the financial statements have been prepared on a going concern basis for the reasons stated in Note 2.2. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of thefinancial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reporting of Key Audit Matters as per SA 701. Key Audit matters are not applicable since the entity is an Urban Co-Operative Bank.

Other Information

The Bank's Board of Directors is responsible for preparation of other information. The other information comprises the information included in the Director's report, but does not include the financial statements and our auditor's report thereon. The Director's report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Bank's Board of Directors is responsible for 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 Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act 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.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with 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. We are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls system in place and the operating effectiveness of such controls.
- 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.

Materiality is the magnitude of the misstatements in the financial statements that, individually or aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning of the scope of our audit work and evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatement in the financial statements.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act,1949.

1. As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, 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 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;
(d) The profit and loss account shows a true balance of loss for the year then ended.
2. Further,we report that
a)We have sought and 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 account as required by law have been kept by the Bank so far as it appears from our examination of those books;
c)The Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flows dealt with in this report are in agreement with the books of accounts;
d)In our opinion, the aforesaid financial statements comply with the Accounting Standards issued by ICAI, to the extent they are not inconsistent with the accounting policies prescribed by RBI
e)With respect to the other matters to be included in the Auditor's Report, in our opinion and to the best of our information and according to the explanations given to us:
i. The Bank does not have any pending litigations which would impact its financial position;
ii.The Bank did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;
iii.There has been no delay in transferring amounts, required to be transferred, to the Depositor Education and Awareness Fund by the Bank;
iv. (a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
(b)The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the Bank from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise ,that the Bank shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
(c)Based on such audit procedures that were considered reasonable and appropriate by us in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub- clause (a) and (b) contain any material misstatement.
(d) There is no dividend declared during the financial year.

Place: Thrissur
Date: 14.07.2026

For SGS & COMPANY
Chartered Accountants
CA. SANJO.N.G,F.C.A.,D.I.S.A.(ICAI)
(PARTNER)
MEMBERSHIP NO: 211952
ICAI Firm Reg No: 009889S
UDIN:26211952KVBPLW7475

OTHER RECEIPTS SHOWN ON THE INCOME SIDE OF P & L A/C AS ON 31.03.2026

Sl.No.	Description	Amount Rs. Ps.
1	LOCKER RENT	1467650.00
2	K.S.E.B.SECURITY DEPOSIT INTEREST	26238.00
3	INTEREST ON INCOME TAX	858897.00
4	A.R.C OTHER CHARGES	23414.00
5	ENTRANCE FEE	410.00
6	WRITING FEE	750.00
7	TAXI FARE	186367.00
8	NOTICE CHARGE	63070.00
9	PRINTING & STATIONERY	386235.95
10	MISCELLANEOUS INCOME	752.00
11	TELEPHONE	6758.31
12	REPAIRS	25778.02
13	SUBSCRIPTION FEES	4000.00
14	GST(ROUND OFF DIFF)	69.41
15	SERVICE CHARGES	358236.44
16	SARFAESI DEMAND NOTICE EXP	1293004.00
17	SARFAESI POSSESSION NOTICE EXP	2285158.00
18	SARFAESI ADVT EXP (POSSESSION)	318930.00
19	SARFAESI ADVT. EXP (SALE)	6325.00
20	SARFAESI DEMAND NOTICE ADVT	182027.00
21	LOAN PROCESSING FEE	587629.00
22	POS RENT	2400.00
23	PROFIT/LOSS ON SALE OF GOI SECURITIES	2815550.00
	Total	**10,899,649.13**

OTHER EXPENDITURE SHOWN ON THE EXPENDITURE SIDE OF P & L A/C AS ON 31.03.2026

Sl No.	Description	Amount
1	TAXI FARE	166320.00
2	CAR EXPENSES	795336.46
3	MISCELLANEOUS EXPENSES	1528348.23
4	COOLIE & TRANSPORTING	55770.00
5	BOOKS & PERIODICALS	150323.00
6	SALE OFFICER COST	403288.00
7	AFFILIATION FEE	6000.00
8	G.B & ELECTION	22000.00
9	T.A. & D.A	142097.00
10	A.M.C. OF VARIOUS EQUIPMENTS	2057993.29
11	LABOUR REGISTRATION FEE	2678.00
12	EXCESS RECEIPT IN LOCKER RENT	6696.00
13	SUBSCRIPTION FEES	8940.00
14	PROFIT/LOSS ON SALE OF GOI SECURITIES	2265000.00
15	ELE.INSPECTION SCRUTINY FEE	43445.00
16	SWEEPER ALLOWANCE	2718759.00
17	SECURITY GUARDS CONTRACT AMOUNT	2664000.00
18	SERVICE CHARGES	3932401.38
19	MISCELLANEOUS EXPENSE	380.00
20	ATM SERVICE FEES	3002232.35
21	LOAN PROCESSING FEE	209100.00
22	ATM INTERCHANGE FEE	278538.25
23	NPCI	117794.38
24	IFTAS NEW	276000.00
25	PREMIUM AMORTIZED	942540.58
26	PROFIT ON SALE OF NON BANKING ASSET	3082700.00
27	NBA ASSET MAINTENANCE	27109.00
28	CONSULTATION CHARGES	503500.00
	Total	**25,409,289.92**

for THE IRINJALAKUDA TOWN CO-OPERATIVE BANK LTD.

sd/-
JOHN A.L.
Managing Director

sd/-
GOPI KRISHNAN C R
Administrator

sd/-
MOHANAN K
Advisor

sd/-
MOHAN T M
Advisor

ITUBank
IRINJALAKUDA TOWN CO-OPERATIVE BANK