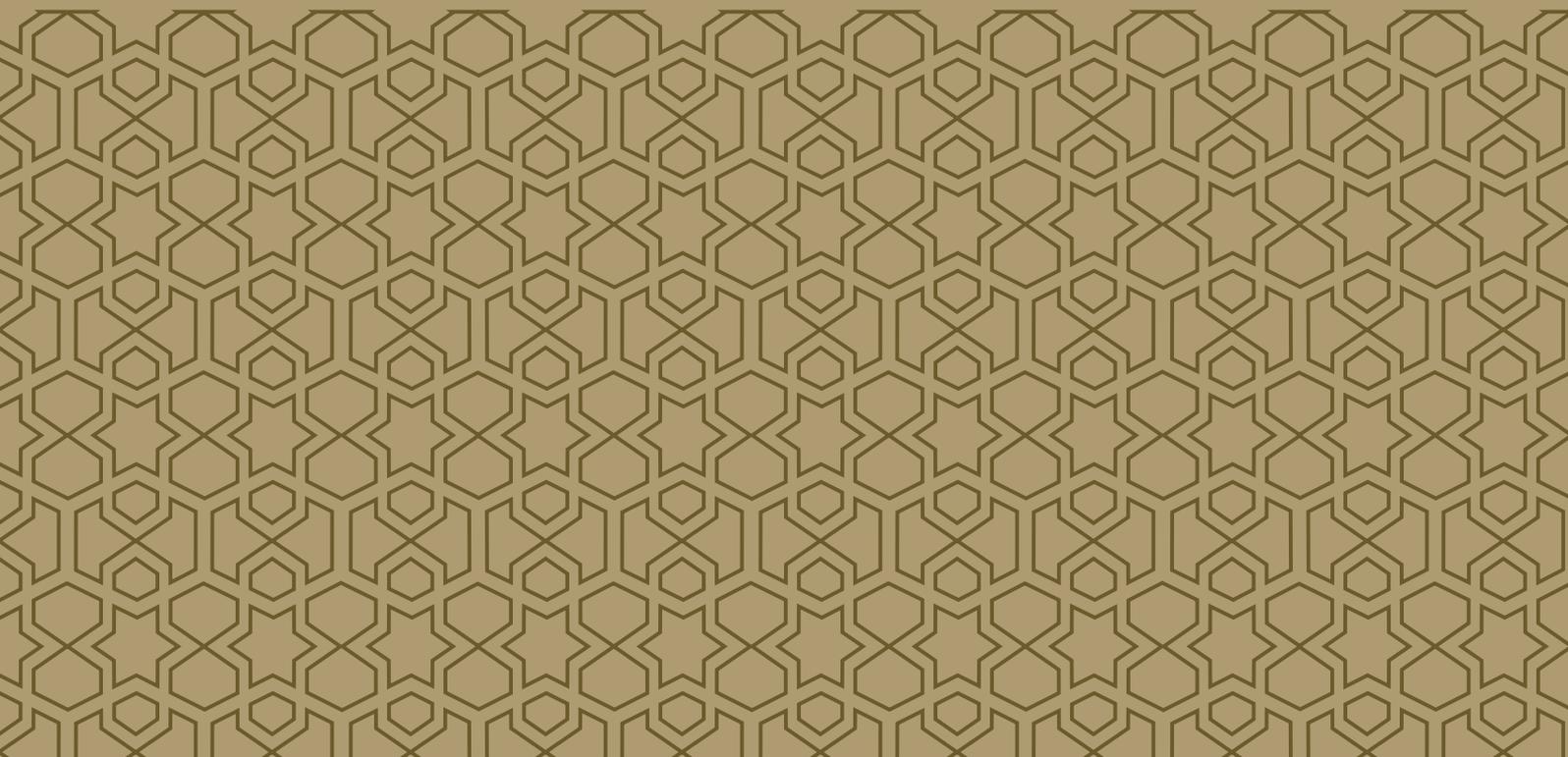
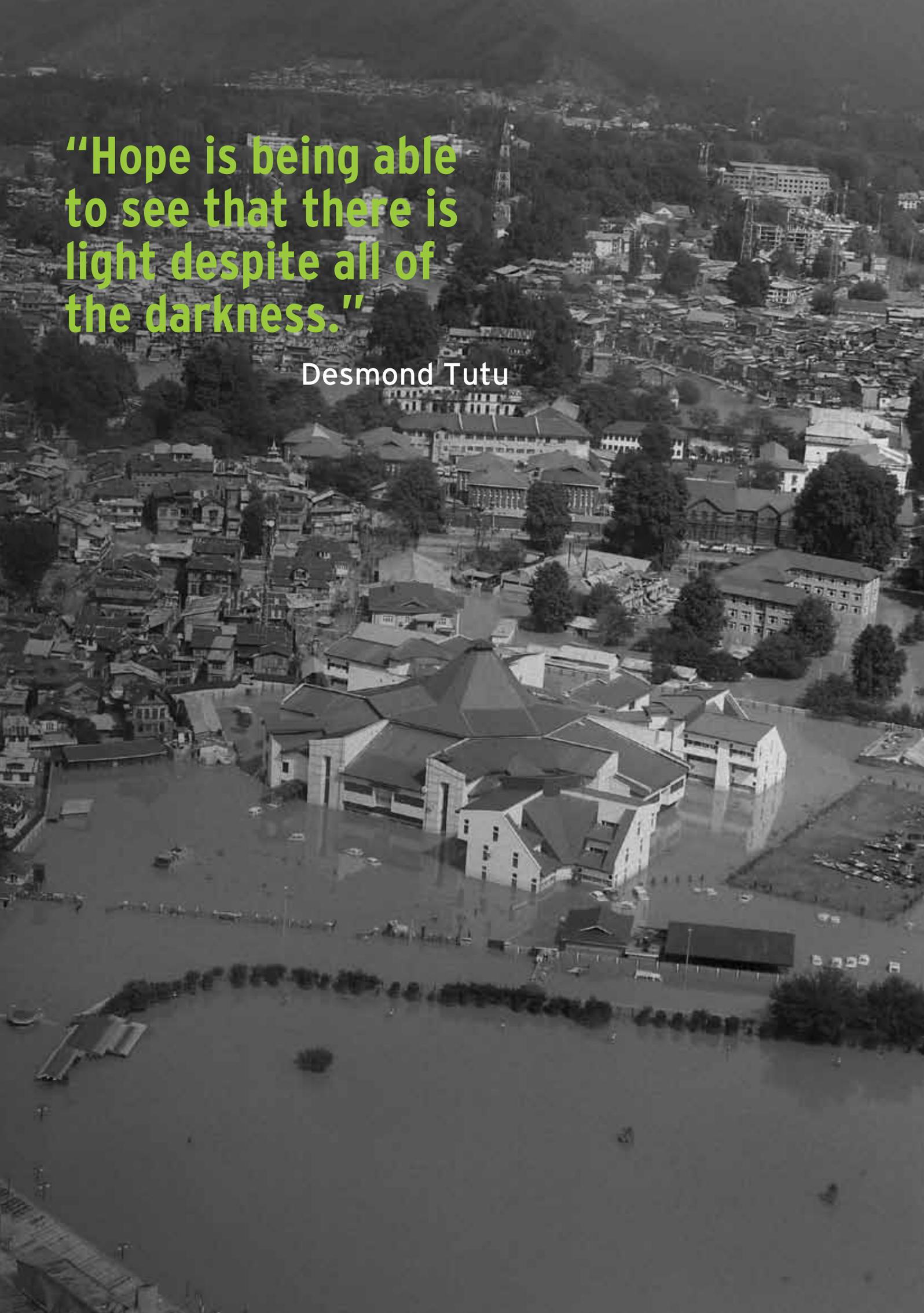


Restoring Hope. Rebuilding Lives.



Annual Report
2014-15

An aerial, black and white photograph of a city, likely Durban, South Africa, showing extensive flooding. The foreground is dominated by a large, multi-story building with a complex roof structure, partially submerged in water. The surrounding urban area is densely packed with smaller buildings, many of which are also surrounded by floodwater. The water reflects the sky and the structures, creating a somber and desolate atmosphere. The text is overlaid on the upper left portion of the image.

“Hope is being able to see that there is light despite all of the darkness.”

Desmond Tutu

An aerial photograph of a city, likely Srinagar, showing extensive flooding. The water has inundated the lower parts of the city, surrounding buildings and structures. The sky is overcast. Three stylized birds in blue, red, and green are flying in the upper right quadrant of the image. The text 'Human spirit has the unique ability of rising above nature's fury' is overlaid in white on the lower part of the image.

Human spirit has the unique ability of rising above nature's fury

On the night intervening 6th and 7th September, incessant rain across Jammu & Kashmir culminated in a flash flood, the intensity of which was unprecedented in recent history. As riverbanks gave way, villages, towns and almost entire Srinagar city got inundated with flood water, almost instantly.

By the time the world woke up to the visuals of a great civilisation submerged in water, the irreparable damage to human lives, livelihoods and shelters was already done. Fear was the only emotion prevalent and palpable. The water submerged everything but human spirit. Human spirit of resilience, brotherhood and hope, which rose and rose high, almost as instantly as the havoc. The local populace responded in unparalleled way. Anything and everything that could float became the rescue vehicle, charting the rough waters across every nook and corner. Thousands of voluntary saviours sailed to rescue every possible human life and distribute food, water and medicine. The spirit of togetherness and love rose above the sea of mud and murk, just like a Phoenix does and set a precedent of spirited rescue for generations to follow.

As a mark of tribute to the human heroism, one that truly was of the people, for the people, by the people; at J&K Bank, we are humbled to dedicate our Annual Report 2014-15 to this inspiring human spirit of resilience!



For what is lost



we will bring back to life...





Chase away the darkness



and restore light...



The path to happiness



is what we strive for...





And for that we are

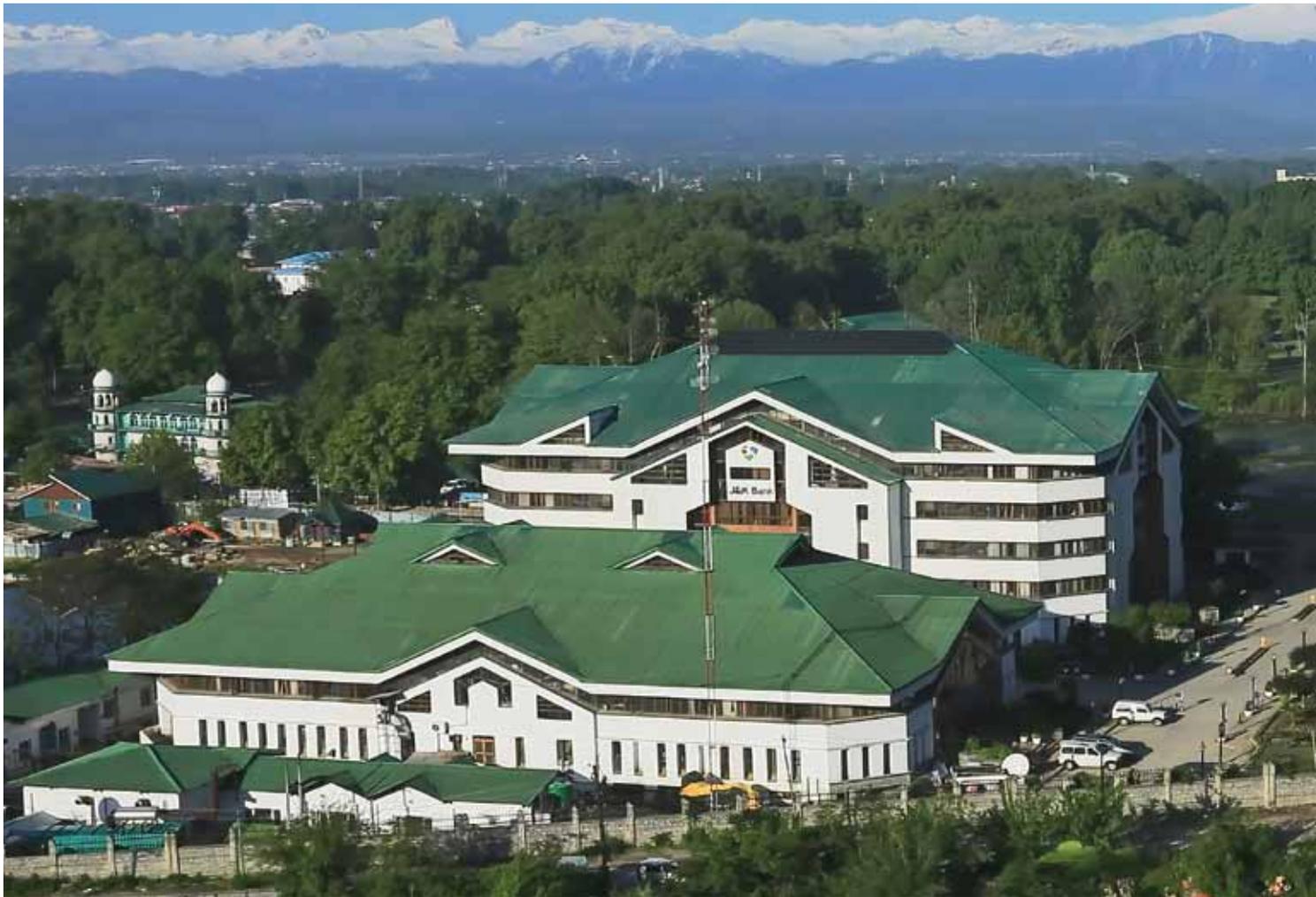




**Restoring Hope,
Rebuilding Lives.**



This is J&K Bank



Incorporated in the year 1938 and promoted by the Government of Jammu and Kashmir (J&K) state, which holds 53.17% stake in the Bank, J&K Bank is head quartered at Srinagar and has a National Business Centre at Mumbai and North Zone headquarters at Gurgaon, Haryana.

J&K Bank functions as a universal bank in Jammu & Kashmir and as a specialist bank in rest of country. It conducts banking business of the Central Government like Direct Tax collection, Indirect Tax collection and Utility bills collection. J&K Bank operates on the principle of 'socially empowering banking' and seeks to deliver innovative financial solutions for households and small & medium enterprises.

J&K Bank dominates in the region of Jammu & Kashmir with its branch network spread across every block of J&K. It has 704 branches and 802 ATMs in the state of Jammu & Kashmir. J&K Bank's Certificate Deposit Programme has been rated as P1+ by CRISIL, which is the highest degree of safety for timely payment of principal and interest.



VISION

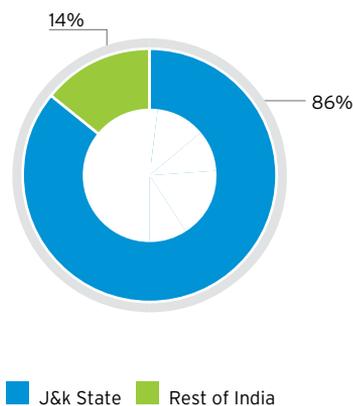
"To catalyze economic transformation and capitalize on growth".

Our vision is to engender & catalyze economic transformation of Jammu & Kashmir and capitalize from growth induced financial prosperity thus engineered. The Bank aspires to make Jammu & Kashmir the most prosperous state in the country by helping in creation of a vibrant financial architecture for the Jammu & Kashmir economy, at the center of which will be the J&K Bank.

MISSION

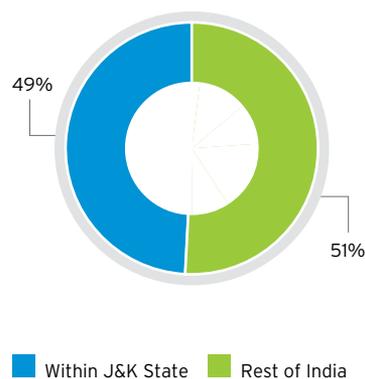
Our mission is two-fold: "To provide the people of Jammu & Kashmir international quality financial services and solutions and to be a super specialist Bank in the rest of the country"

Branch Network: 821

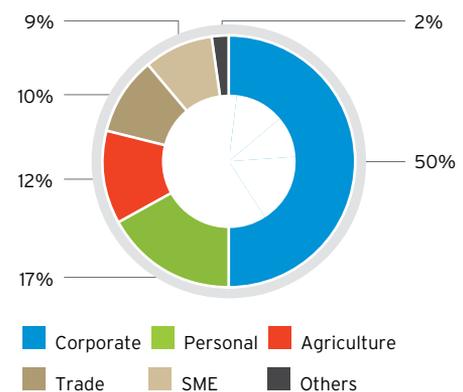


Total Advances: ₹ 44,586 Crores

Region-wise



Sector-wise



Financial Highlights

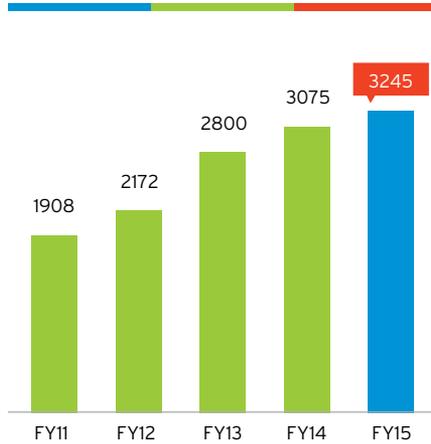
KEY FIGURES (₹ Crores)

Particulars	FY15	FY14	FY13	FY12	FY11
PROFIT & LOSS STATEMENT					
Net Interest Income (NII)	2,651	2,684	2,316	1,838	1,544
Other Income (OI)	594	390	484	334	365
NII + OI	3,245	3,075	2,800	2,172	1,908
Operating Expenses	1,409	1,175	989	802	759
Profit Before Provisions & Contingencies	1,836	1,900	1,811	1,370	1,149
Provisions & Contingencies	1,327	717	756	567	534
Net Profit	509	1,182	1,055	803	615
BALANCE SHEET					
Total Advances	44,586	46,385	39,200	33,077	26,194
Priority Sector Advances	14,817	12,793	11,448	9,961	10,274
Total Deposits	65,756	69,336	64,221	53,347	44,676
Demand Deposits	6,547	6,840	6,401	5,734	5,360
Saving Bank Deposits	20,930	20,243	18,789	15,981	12,727
Term Deposits	38,280	42,253	39,030	31,632	26,589
Total Investments	25,124	26,195	25,741	21,624	19,696
Shareholders' Funds	6,110	5,724	4,865	4,093	3,479
KEY RATIOS					
Return on Equity (%)	8.60	22.34	23.56	21.22	18.96
Return on Assets (%)	0.70	1.74	1.70	1.56	1.38
Net Interest Margin (%)	3.81	4.16	3.97	3.84	3.69
Cost/Income (%)	43.42	38.21	35.32	36.92	39.77
Advances/Deposit (%)	67.80	66.90	61.04	62.00	58.63
CASA Ratio (%)	41.79	39.06	39.23	40.71	40.48
Business per Employee (₹ Crores)	11.89	12.35	11.00	9.34	8.93
Net Profit per Employee (₹ In Lacs)	5.48	12.62	11.22	8.68	7.75
Gross NPA Ratio (%)	5.97	1.66	1.62	1.54	1.95
Net NPA Ratio (%)	2.77	0.22	0.14	0.15	0.20
NPA Coverage Ratio (%)	59.02	90.30	94.01	93.76	92.71
Book Value Per Share (BVPS) (₹)	126.04	118.07	100.35	84.43	71.76
P/BV(x)	0.83	1.60	1.33	1.00	1.13
EPS (₹)	10.49	24.39	21.76	16.57	12.69
P/E (X)	9.93	7.74	6.13	5.11	6.35
Dividend (₹)	2.10	5.00	5.00	3.35	2.60
Dividend Payout Ratio (%)	20.02	20.50	22.97	20.22	20.49

KEY PERFORMANCE INDICATORS

Net Interest Income +
Other Income

(₹ in Crores)



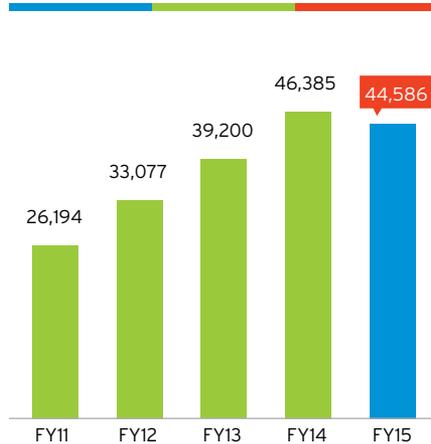
Net Interest Margin

(in %)

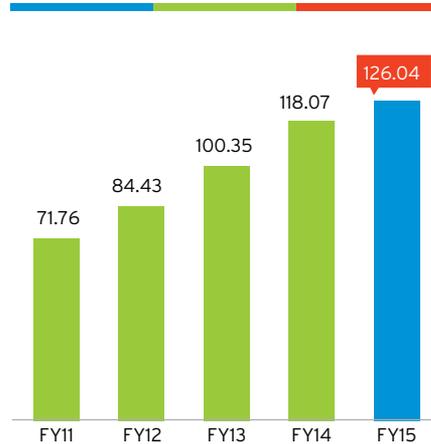


Total Advances

(₹ in Crores)

Book Value
Per Share (BVPS)

(in ₹)



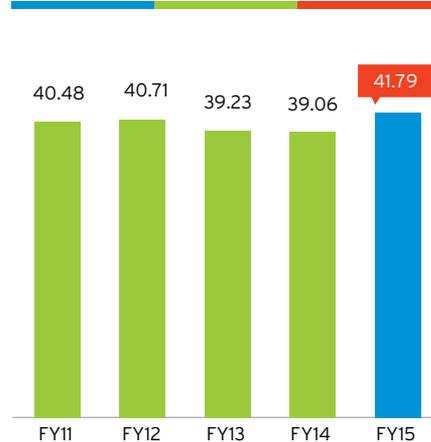
Saving Bank Deposits

(₹ in Crores)



CASA Ratio

(in %)





Chairman's Message

The Indian banking industry continues to be besieged by a complexity of adverse factors. Basic and major reasons being years of stifled economy, high proportion of stalled projects, poor credit off-take and severe impairment in the repaying capacity of most of the Corporates.

There are, however, visible signs that the hostile factors are bottoming out and second half of the current year is strongly presumed to mark beginning of a new era of positives for the banking industry.

During 2014-15, the aggregate deposit of all banks grew by less than 13 percent, the lowest in last 19 years. Aggregate credit growth was also highly disappointing and fell to an 18 year low of 12.6 percent as on April 3, 2014. Net Profits of most of the banks were also badly hit on account of higher provisioning requirements arising out of high stress on assets, which may continue in the days ahead.

For J&K Bank, the situation was compounded by the unprecedented floods in the home state of Jammu and Kashmir in September, 2014. As a result, the operations of the bank within the state went out of gear. Due to exemplary and dedicated role played by the bank's staff across all levels, we brought things back on track within a weeks time. However, the floods had the impact and compounded stress on the quality of the bank's assets and also exerted pressure on its bottom line.

The year has on the whole been quite stressful for banking industry. The gross NPAs for the banking system increased to 4.45 percent of gross advances from 4.10 percent in March-end 2014. The net NPAs also climbed to 2.36 percent of net advances from 2.20 percent. The stressed assets ratio (gross non-performing assets plus restructured standard advances to gross advances) for the system as a whole rose to 10.9 percent at the end of March 2015 compared with 10 percent in March last year. Thus, nearly ₹ 7.05 Lacs crores worth of bank loans were categorized under stressed category at the end of March, 2015 compared with ₹ 5.91 Lacs crore last year.

J&K Bank could not remain exception to the situation and also had to face an increase in the NPA level. The rise in NPAs was, however, primarily due to problems in a few large corporate borrowal accounts and not on account of any systemic concerns. The higher level of restructured assets is also mainly attributable to relief measures extended within permissible and approved regulatory norms for restructuring of borrowal accounts partly impacted by floods in J&K. Similarly, the subdued credit growth was largely on account of our conscious decision of being cautious and selective in credit dispensation at national level. The floods also eroded the credit absorption capacity of the J&K State.

Moving forward, I expect significant improvement in the operating environment of the bank, at the national level as well and the J&K State level. The outlook for the national economy for 2015-16 is positive. The government's reform agenda, positive business sentiments and upbeat financial market conditions are expected to stimulate economic growth.

Retail inflation, which has been a persistent problem in recent years, is projected to remain below 6 percent in 2015-16, hovering around 5 percent in the first half and a little above 5.5 percent in the second half of the fiscal year. Agriculture, which recorded a dismal growth of an estimated 1.1 percent last year, is expected to be one of the main propellers of growth in 2015-16. Industrial sector is also expected to continue its positive momentum at 6.3 percent. Services sector, which propelled much of the growth in 2014-15 is projected to continue its high rate of growth during this year also. Overall, the Indian economy is expected to grow around 7 percent in 2015-16.

J&K economy is also expected to witness revival during the 2015-16. Measures announced by the J&K Government for rebuilding the State's economy, better forecast for some of its vital sectors and above all the resilience of people of J&K are bound to catalyze rapid restoration of the economy.

LEVERAGING THE LATEST TECHNOLOGY FOR OFFERING ROBUST ALTERNATIVE DELIVERY CHANNELS HAS BEEN A KEY STRATEGY OF THE BANK. IN THIS RESPECT, THE MOST RECENT TECHNOLOGICAL ADVANCEMENTS ARE BEING INCULCATED INTO THESE DELIVERY CHANNELS TO OFFER SERVICES AT PAR WITH THE BEST IN THE INDUSTRY.

2015-16, on the whole, should present us better opportunities as compared to the last year. We have, therefore, targeted a moderately aggressive growth in both deposits and credit during this fiscal. We also expect significant improvement in our net income and de-stressing of some of the currently stressed assets.

Dear Shareholders, maintenance of asset quality and adequate provision coverage shall remain thrust area for us. Effective and real - time monitoring mechanism has been put in place for detection of early warning signals in credit portfolio for initiation of timely corrective measures.

From a strategic perspective, we shall continue low ticket high volume credit dispensation in J&K State and selective big ticket lending in the rest of the country. The policy of branch expansion in J&K State, particularly in unbanked and under banked areas, shall be continued with as these branches have proven to be substantial contributors of low cost CASA deposits for us. In J&K State, our strategy shall also be focused on credit dispensation directed at rebuilding the State's economy and restoration of the disrupted income flows.

Leveraging the latest technology for offering robust alternative delivery channels has been a key strategy of the bank. In this respect, the most recent technological advancements are being inculcated into these delivery channels to offer services at par with the best in the industry. This year we also plan substantial proliferation of cash deposit machines to expand the facility for self-deposit of cash by our customers.

J&K Bank envisages itself as a developmental institution central to the prosperity of J&K State and as such lays high emphasis on inclusive growth to bring into its fold the weakest sections of the society. We undertook the task of achieving comprehensive financial inclusion under Pradhan Mantri Jan Dhan Yojna as a mission and carried out awareness campaigns, household surveys and opened bank accounts in large swaths of unbanked and underbanked areas, often spread over inaccessible and challenging topographies. We surveyed all the 10.80 Lacs households in the identified villages allocated to us by the State Level Bankers Committee and opened more than 1 million accounts till 31st March, 2015. So far, we have also procured 9.60 Lacs RuPay Debit Cards. The delivery process for the same is on . These efforts of the bank were accorded due recognition and we were felicitated with "Excellence Award" for outstanding performance under the Pradhan Mantri Jan Dhan Yojna.

As a Corporate Citizen of the State, J&K Bank was quite prompt in reaching the flood affected areas. Throughout the crisis we contributed immensely towards the comprehensive relief and rehabilitation of the flood affected people across the state. These activities were undertaken under the Corporate Social Responsibility (CSR) Project of the bank.

Dear Shareholders, 2014-15 was one of the most challenging year in recent times. Throughout the year we were confronted with numerous impediments and uncertainties. However, with your unwavering support, we succeeded in navigating safely through the turbulence.

I take this opportunity to express gratitude to our main promoter, the J&K State Government for their continued patronage and support. I also acknowledge and express gratitude to RBI for their guidance and assistance on every occasion. I am also thankful to the Union Government for their support. I also thank NABARD and other members of our stakeholder fraternity who have always been extending a helping hand in our various initiatives. Finally, I acknowledge the vital contribution of all the staff members of J&K Bank family whose commitment and dedication has propelled us to present day heights.

Esteemed Shareholders, J&K Bank has over the years earned the reputation of being one of the best banks in the industry. Our journey has not been easy and we have been facing incessant challenges throughout. However with resolute perseverance, we braved all challenges to emerge stronger and more resilient.

The future appears promising. All the vital parameters indicate a favorable operating environment in the near as well as the medium term. With your continued love and support, we remain poised to harness the conditions and achieve newer heights in business for the mutual benefit of all our stakeholders.

Mushtaq Ahmad
Chairman & CEO

Rising to the Onerous Responsibility



In the aftermath of a natural calamity, the story of human spirit can best be described as that of courage, resilience, faith, hope and togetherness. Disasters inflicted by mother nature have the unique ability of bringing people together in the face of adversity.

September 2014 witnessed one such example of nature's fury when a vast majority of Jammu & Kashmir suffered the worst flooding in more than a century caused by torrential rains. Wherever the sight followed, there were boats trawling through the streets rescuing people and delivering food, water and basic medicines to those who chose to stay back and camp in the upper storey of their houses. The floods ravaged the valley to the point of shaking its socio-economic spine. People were rendered homeless, jobless and in some cases bereaved of their near and dear ones. Amid the omnipresent scenes of massive destruction, what still kept the people going was hope.

SEPTEMBER DELUGE

The floods caused the embankments along river Jhelum to breach at multiple locations, inundating large parts of Anantnag, Pulwama, Kulgam, Srinagar, Budgam, Ganderbal, Bandipore and Baramulla. The devastating water volumes kept on swelling along Jhelum's course and overran the human and business artery of the valley. From the sources of Jhelum to its basin at Wullar Lake and ahead towards Baramulla; huge swathes of habitation was drowned in mud-and-muck of dashed dreams and hollowed hopes of hundreds of thousands of people. The loss of life, thankfully, was far less in proportion to the magnitude and expanse of calamity that befell the valley.

The public as well as private infrastructure and utility services of the state took a severe hit. The entire telecommunication infrastructure tripped, snapping all communication lines. This added to the miseries of people who found themselves caught between murky waters at one end and no home to return to at the other.

ONE BANK BREACHED, ANOTHER CHALLENGED

The bank of Jhelum extended to submerge a vast majority of J&K Bank's administrative, IT, Branch and ATM assets across the affected areas. With the corporate headquarters, zonal offices and IT center among the worst hit; the business operations within the affected areas came to a standstill.

Given the extent of intervention information technology and telecom have in our operations, the flooding of our IT infrastructure coupled with tripping of telecom networks dealt a severe blow. Our networking equipment, computers, connectivity, safety equipment and devices incurred heavy damages. The deluge inflicted huge loss to our real estate assets as well.



“ ”

Our hard work of so many years got reduced to rubbish by the floods. Amid our darkest times, J&K Bank supported us morally and financially. Slowly we came out of those horrible times with the bank helping us get our insurance claims settled swiftly and providing fresh term-loan of ₹ 50 Lacs and working capital of ₹ 1 crores. Within 9 months from the disaster, we were back on track with monthly sales reaching over ₹ 60 Lacs. J&K Bank is the safest bank one can have at ones back in times of high rising waters of Jhelum. It never breaches your trust or lets the situation break your will to overcome.

Shaheen Mushtaq and Mushtaq Ahmad,
AL-Noor Trading Company
Rawalpura (Badgam)



HE WHO SURVIVES A DISASTER, SURVIVES IT ALL



The world looked totally dark as the entire earnings of my life were laid waste by flood waters in a flash. I had lost all my hopes and was just wandering here and there for support. It was at this lowest point in my life J&K Bank proved to be a savior for me. Since all my stocks were insured by the bank, the bank helped me to file my insurance claim with Bajaj Allianz and my claim got settled swiftly. Besides, the Bank allowed me to avail my un-availed portion of Cash Credit limit to re-establish my business, wherein I had invested my entire capital.

Mohammad Rashid Mir,
Entrepreneur,
Poonch District (Jammu)



Mohammad Rashid Mir, a dynamic first generation entrepreneur from Poonch district of Jammu division, started a small business under the trade name M/s Asian Builders. He set up a small shop where he would trade in plywood and hardware materials. Soon his business started picking up and he felt the need for finance.

J&K Bank not only financed him but also counseled him to expand his business through a cash credit limit of ₹ 10 Lacs. That proved literally a shot in his arm and within just two years his business flourished and his cash-credit limit increased to ₹ 27 Lacs.

His commitment to business, market reputation and increasingly high annual turnover earned him unprecedented trust and credibility in the entire market. But as fate would have it, at the peak of his business career a tragedy hit him in the form of flood. The Poonch river washed away not only his assets but his dreams too. In a wink, the stocks worth ₹ 50 Lacs along with the infrastructure was destroyed and it appeared to be the death of his dream.

Today, just nine months after that devastating flood, he has not only re-established his business in a rented shop but his sales have almost doubled. He says, "It is because of Almighty's grace and support from J&K bank, I am surely on my way to go further ahead of the glory that floods washed away last September."

Disruption of communication network and internet services led to complete isolation of the valley from the rest of the country, rendering our 190 telecom-based business units of Kashmir division non-operational. As a measure of additional safeguards, these business units used to avail primary and secondary terrestrial connectivity from not one but at least two of the internet service providers, which were terminated at Srinagar NAP Location from where data is transmitted live to DC/DR on the Bank. Our 115 ATM sites also got flooded and became non-functional. Only the Business Units having VSAT connectivity, either primary or secondary, remained functional.

SILVER LINING AMID MURKY WATERS

In order to speedily restore operations, the first and foremost task was to mobilise our human resource and start from the proverbial scratch. Coincidentally, when the deluge acquired instant severity, inflicting personal damages to bank's own personnel just like other fellow citizens, the bank's Chairman and CEO besides few other officers were out of Jammu & Kashmir owing to their routine organizational engagements in Delhi, Mumbai and Bangalore.

Sensing the gravity of situation and expected role of the bank, the quintessential backbone of state's socio-economic fabric, leading from the front Chairman along with other senior officers posted outside J&K took upon himself the responsibility of kick-starting the restoration drive. Completely cutoff from the ground, at a location thousands of miles away from the ground zero, the preliminary assessment indicated the situation to be very grim. To reach the ground zero in the valley appeared the only way forward and also the first sensible step.

Few officers, who were outside J&K on an official visit, volunteered to brave the deluge and reach Srinagar to feed first-hand information about the situation back to their superiors. Soon after being apprised of the situation, Chairman supervised arrangements for rushing emergency supplies to Srinagar. Thereafter, he took complete charge of the bank's systematic response that was already evolving on the ground.

While the government declared natural calamity in the state, the Bank invoked Business Continuity Plan (BCP) and began working on both business continuity processes and disaster recovery planning from 10th September 2014.



“ ”

J&K Bank has been real benefactor of this society. They helped me wholeheartedly at the time of need for they knew it means a major relief for thousands of patients from across the valley to get their disease diagnosed and cured on monthly basis. Isn't this a great act of benevolence on part of the bank besides their routine business post floods?

Syed Mustafa Shah,
Medicare Diagnostic Centre,
Karan Nagar (Srinagar)



OF HOPE LOST AND FOUND



The bank's rehabilitation scheme helped us come out of deep crisis we found ourselves in after 90-95% bookings were cancelled because of the emerging flood situation. We are very thankful to the bank for their complete support in such bad times.

Ramesh Chandra
Hotel Vipul Palace
Katra (Jammu)

When Ramesh Chandra, a resident of Katra in Jammu, decided to expand his hotel business he took loan form J&K Bank. With hopes of building a better life for himself and his family, he dreamt of taking his hotel business to newer heights. Little did he know that the fury of nature was soon to cut short his dream. The floods in September led to a major loss. Tourists and pilgrims cancelled their bookings leaving 90-95% of the rooms in the hotel vacant. The loss of customers proved to be a big jolt to Ramesh. With mounting bills and EMIs to pay, Ramesh had lost all hopes of recovering from the losses incurred.

Then one day he got to know about J&K Bank's special rehabilitation packages for flood victims. He approached the bank and discussed in detail his problems and his inability to pay the bank its EMI due to loss of business. The Bank employees very patiently listened to his problem and offered him an easy payback option under the rehabilitation package.

As a result Ramesh today has been able to not just restore his hotel business but aspires to expand it further.

EMPLOYEES: OUR TRUE HEROES

Even before expecting their contribution in restoring normalcy, the first and foremost job was to reach out to the staff and ascertain their conditions and safety. Mobilizing some of the available staff members through personal contacts and by visiting their homes, the bank sprung into the damage control mode with all its might. Word-of-mouth campaign and repeated announcements were made on Radio Kashmir that resumed its emergency service from Shankar Acharya hilltop at Dal-gate, Srinagar since its main station got submerged.

The available human resource at hand were directed to report to operational business units and IT sites. Business units at Nallahmar and Rawalpura in Srinagar were declared as nodal branches for inter-branch related operations and IT related operations were managed from Nagbal, Ganderbal and the zonal office in Jammu. Functional business units were also instructed to remain open on sundays and holidays so that they could reach out to people in need.

The constituted teams worked 24x7, not getting deterred by the task and risk of regular crisscrossing through the waters

in order to reach the inundated Corporate Headquarter and other affected business-units. Two of our engineers even met with accidents, fracturing their limbs. The valour and bravery towards their duty at the time of customers' and fellow people's distress won over ardour of their personal difficulties.

EMPLOYEES FIRST

As a mark of respect for the daring workforce that helped the Bank day in and day out despite facing innumerable hurdles, the first measure taken by the bank was to arrive at an assessment of the material losses suffered by staffers and adequately contribute for the same. To ensure suitable rehabilitation of the employees who were rendered homeless or suffered partial damage of property, 'J&K Bank Employees Relief Fund' was created towards which general employees donated 5 days privilege leave by way of encashment. A sum of around ₹ 7.00 crores was distributed among such employees quite in proportion to the extent of damages suffered.



EXTENDING SUPPORT BEYOND J&K

“ ”

There were certain complex pre & post sanction issues like creation of mortgage, stock statement, preparation of financials etc. in which J&K Bank has helped a lot. The business has grown four-fold and is increasing further. It has given me satisfaction to achieve my childhood dream of setting up a factory and J&K Bank has been of immense help to accomplish it.

Shabbir Ahmed Mehmood Butt,
M/s Decent Apparels,
Mumbai



COURAGE IN THE FACE OF ADVERSITY



It was the most horrible day of my life and for a moment we all began panting amid those dark and dirty waters. It seemed the end of world for all of us and people scrambled for their lives and there was chaos all around. My wife and mother felt numb to see the kids terrified by the eerily rising waters. And the life was not the same afterwards.

Mohammad Ashraf Dar
*Flood Affected,
Resident Pattan*



Mohammad Ashraf Dar's life turned upside down as his home got completely damaged after the gushing flood waters inundated the entire area of Hanjiveera Pattan, district Baramulla. Within hours, he along with his entire family comprising of three little kids aged 2, 4 and 6 and his wife and mother were rendered homeless. Without choice, he overnight had to move temporarily to Tangmarg area of Budgam.

With no savings to fall back upon, Mohammad Ashraf Dar could see his life tumbling down like a pack of cards. While he was contemplating on how to provide for a shelter for his family, he heard about J&K Bank's housing finance scheme under the title of 'ASHIANA'. He immediately approached the Bank to know more about the scheme and the benefits he could avail under it. The Bank after listening to his story, provided him hassle free loan of more than ₹ 6 Lacs.

Today, his new house is under construction and he and his family can't contain their happiness.

Meeting the objectives of business continuity, the Bank's dedicated staff ensured continuity of Data-center Operations from Corporate Headquarter, Srinagar and the zonal office in Jammu; saving disruption of services to business units and offices outside Kashmir Valley.

RESTORING TO NORMALCY

In the most affected districts of Srinagar, Budgam, Anantnag, Pulwama, Shopian, Kulgam, Baramulla, Bandipora, and Kupwara, the function of business units was impacted on account of prolonged flooding of premises and complete breakdown of the network connectivity.

The immediate task was to restore connectivity of the affected Business Units. Restoration of core communication set-up from Srinagar NAP location to DC and DR location, which involves restoration of BSNL Setup, Bharti Setup, Sify Setup and Banks NAP Services, was the immediate requirement for ensuring delivery of connectivity services of Business Units located in Kashmir Valley through NAP location in Bank's headquarters.

Despite the hurdle, the bank staff braved the challenge and managed immediate relief from 11th September 2014 onwards by providing VPN connectivity at 67 Business Units and 37 ATM locations using Aircel data cards, which was the sole provider of limited 3G data service facility at these locations. 20 business units were made functional using stocked VSATs. As per BCP, the impacted business units, where no means of communication was available or which were inundated, were asked to perform their business functions from nearest working business units of the Bank. This ensured almost total business continuity.

Other teams working on Disaster Recovery procedure of the impacted business units ensured that services were restored immediately by either restoring the terrestrial or wireless connectivity by service providers on immediate basis or by installing the VSATs at some impacted business units where restoration of terrestrial connectivity was a challenge.

Subsequently the connectivity at the bank got restored on 20th September, 2014 and normal operations of all remaining Business Units were ensured from 22nd September, 2014, onwards.



EXTENDING SUPPORT BEYOND J&K

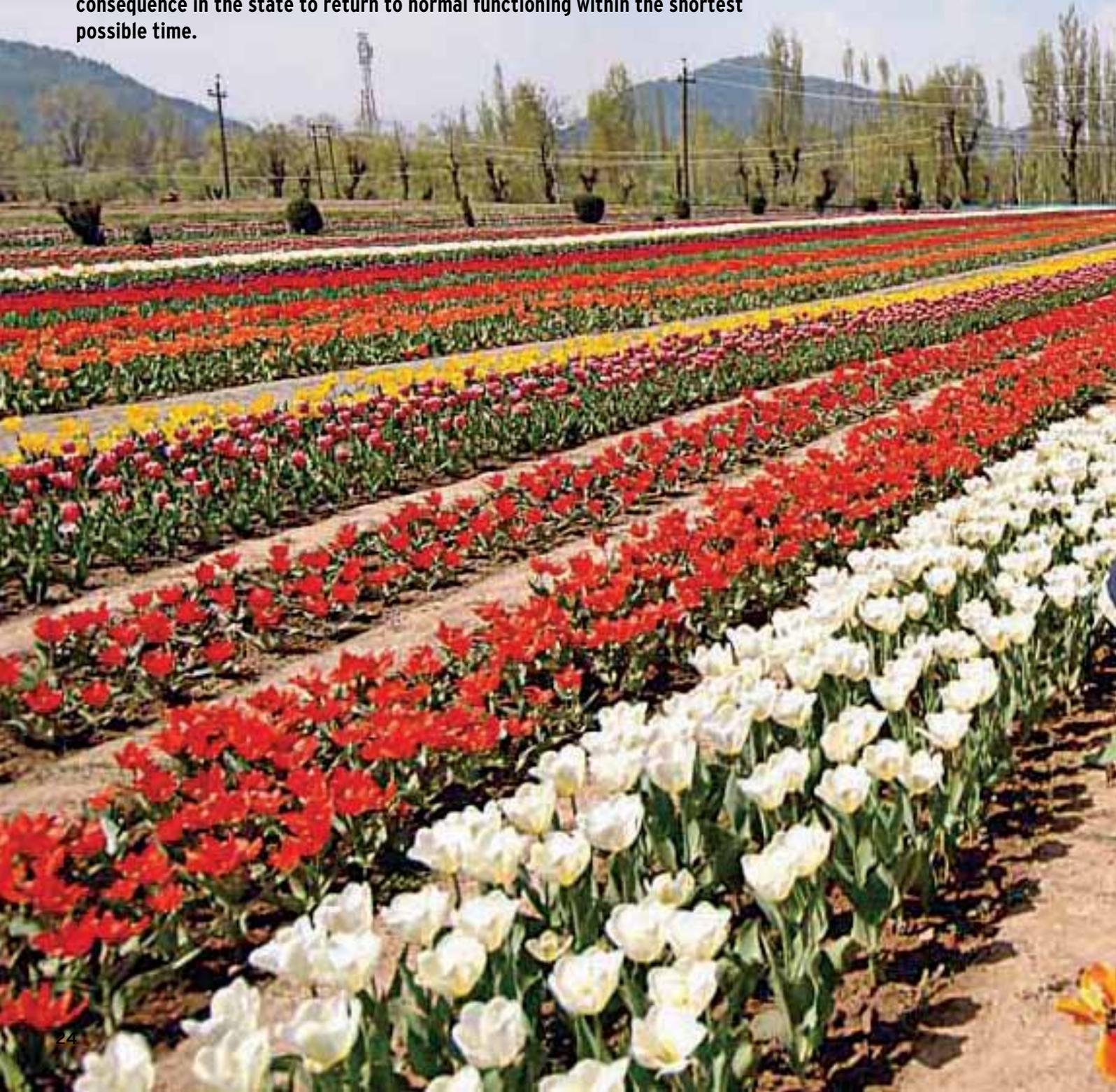


When we started our business, market was tough and very competitive. Survival of new entrants was very difficult as existing players were too strong. Service expectation from clients was high. With strong determination, we tried our level best to service our clients to their satisfaction. Our performance coupled with strong financial support from J&K Bank helped us survive and progress. The Bank was generous in advice and extremely helpful in providing adequate and timely finance.

Ashish Mokul, Vidyadhar Patil & Shekhar
Prism Facilities Management Services,
Bengaluru

The Lessons Learnt

This was a first disaster of such a colossal magnitude faced by the Bank and it was dealt and managed in a highly professional manner and in total compliance to the detailed BCP devised by the Bank. Besides giving a reality check to the Bank's readiness for such natural disasters, the calamity brought in its trail a trove of valuable learning and lessons. In fact, J&K Bank was the first institution of great consequence in the state to return to normal functioning within the shortest possible time.





CSR: A Philosophy of Caring & Sharing



J&K Bank takes pride in being socially conscious and focuses on projects that bode well for the well-being of people and communities. Providing long-term and sustainable relief to people and initiating projects that offer better means of living, education and healthcare is a top priority for the Bank.

Since our employees are the real force in taking the bank's vision of 'doing good for all' forward successfully; we are proud of them for the spirit they exhibited when the state was caught in a mayhem caused by floods last September. Their dedication and missionary zeal towards their work during the hour of need was exemplary and we salute them for their valour and noble volition.



Donation of ambulance fleet to
Government Medical College, Srinagar



Donation of high-tech medical equipment to Government Medical College, Jammu

IMMEDIATE RELIEF TO PEOPLE IN NEED

When the disaster struck the valley, our only concern at that point was to reach out to as many people as possible and rescue them from the situation. We were at it to the best of our abilities providing relief to people in the form of food and medical facilities and most importantly by restoring operations of the Bank. At this time, when there was no electricity in the valley and all the internet connections had been badly affected, we still managed to keep our branches operational. The thought behind mobilizing the workforce was to help provide financial and banking services to our customers that could help them buy things of daily use or attend to a medical emergency.

J&K Bank swung into action with all the resources at its disposal. The most pressing need during the floods was of food, clothes and medicines. As the waters began to recede, the bank immediately got truckloads of rice, the staple diet of people here, from outside the valley and distributed it among the flood-hit at almost 50 affected different locations in the valley. Almost 7200 families were provided with basic rations.

Food packets, basic amenities like water bottles, masks, soaps, medicines etc. worth ₹ 10 lacs were airlifted from Jammu and distributed as immediate relief in flood affected areas.

The Bank organised medical camps in the affected regions wherein highly trained medicos provided first aid besides counselling for ailments arising out of the flood aftermath. Psychiatrists were also called in to counsel the depressed. Medicines worth lacs of rupees were distributed among the poor and the needy. The medical counsel and aid was provided to almost 2000 patients.



Medical camp for flood affected



Painting competition on World Environment Day



High level meeting in Corporate Headquarter for distribution of kits among flood affected

A four day 'Free Medical Camp' in association with a local NGO Help Poor Voluntary Trust (HPVT), was organized at Iqbal Park in Srinagar. During the 4-day camp, the make-shift check-up counter witnessed a beeline of patients, mostly middle-aged and elders especially women from flood affected areas of the Srinagar city, getting free counseling and consultations from senior doctors in General Medicine, Endocrinology and Psychiatry.

Expanding its efforts to further help the flood-affected people of valley, J&K Bank along with its bancassurance partner MetLife India began its support program of distributing winter-kits among the severely-affected families. Chairman and CEO Mushtaq Ahmad kicked off the program at the Bank's Corporate Headquarters by handing over five thousand winter-kits containing ten thousand blankets, five thousand solar lamps, five thousand hot-water bottles and five thousand non-electric water purifiers to the respective zonal heads of the bank for onward distribution among the already mapped worst-hit families across their service areas. The support programme eventually covered more than 23200 identified families.

MONETARY RELIEF UNDER CM'S FLOOD RELIEF FUND

On October 17th 2014, Chairman & CEO of J&K Bank, Mushtaq Ahmad presented a cheque of ₹ 5 crores as interim relief towards Chief Minister's Flood Relief Fund.



EXTENDING SUPPORT BEYOND J&K



Launch of Sahyog, a project for education of children in remote villages, in association with Metlife



J&K Bank always honours our commitments and ensures that we are never let down during any business crisis.

Our Bank is always cooperative and accommodative. It is because of the continued patronage of our Bank that we have become hero from zero!

J&K Bank is our second office and lifeline.

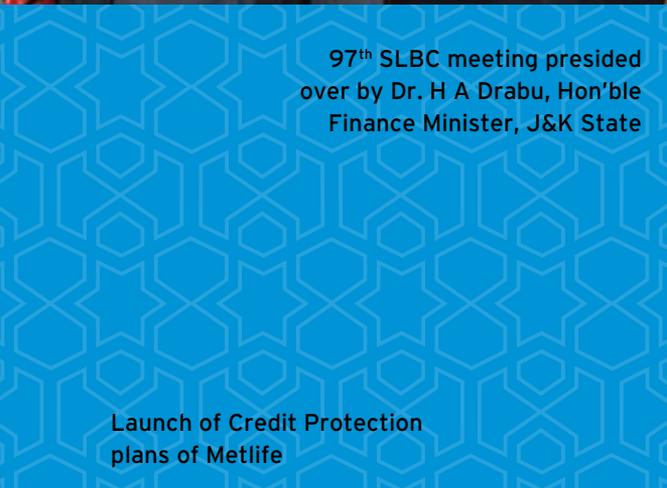
Jahir Hussain,
Director,

JSM Logistics Pvt. Ltd., Bengaluru

Key Events: FY 2015



Chairman & CEO Mushtaq Ahmad inaugurating currency chest at Ganderbal



97th SLBC meeting presided over by Dr. H A Drabu, Hon'ble Finance Minister, J&K State



Launch of Credit Protection plans of Metlife



Launch of 3 social security schemes at SKICC Srinagar. This was part of National function launched by Hon'ble PM Mr. Narendra Modi



Jyoti Bima Yojana (PMJJBY)

Suraksha Bima Yojana (PMSBY)

Pension Bima Yojana (AP)

Saturday, 9th May, 2015 - SKICC, Srinagar, J&K

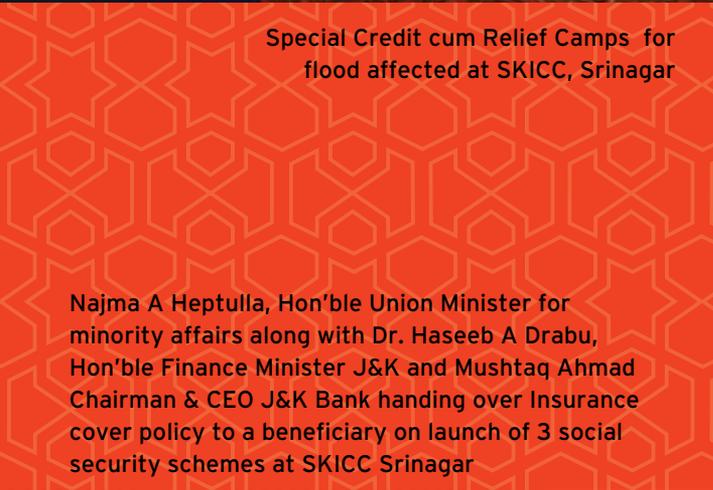
Dr. Najma Akbarali Heptulla
Hon'ble Union Minister for Minority Affairs
(Chief Guest)

Dr. Haseeb A. Drabu
Hon'ble Finance Minister, J&K State
(Guest of Honor)

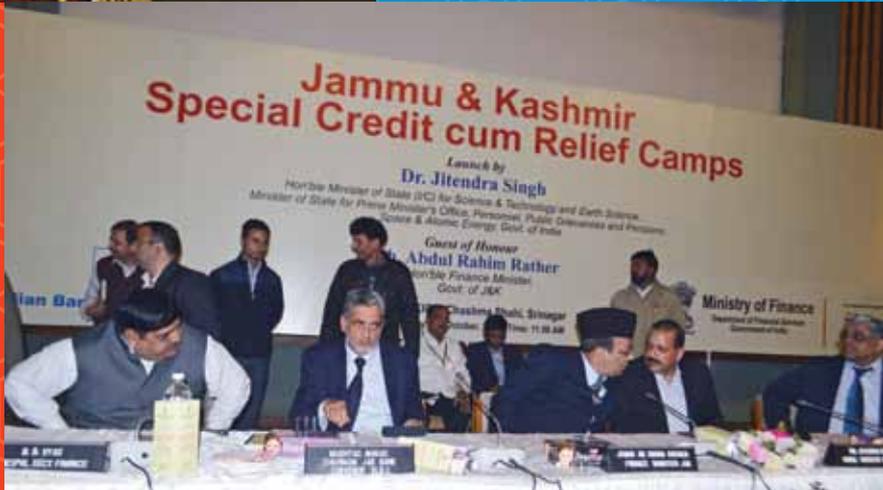




Mushtaq Ahmad, Chairman & CEO addressing 76th AGM



Special Credit cum Relief Camps for flood affected at SKICC, Srinagar



Najma A Heptulla, Hon'ble Union Minister for minority affairs along with Dr. Haseeb A Drabu, Hon'ble Finance Minister J&K and Mushtaq Ahmad Chairman & CEO J&K Bank handing over Insurance cover policy to a beneficiary on launch of 3 social security schemes at SKICC Srinagar



Inauguration of Currency chest at Kulgam by Executive President Mr. Parvez Ahmad



Awards & Accolades

Excellence Award for PMJDY

J&K Bank was felicitated with Excellence Award for its outstanding performance under the Pradhan Mantri Jan Dhan Yojna (PMJDY), the scheme that aims to eradicate financial untouchability and bring all the unbanked areas within the ambit of formal economy.

Global CSR Excellence & Leadership Award

J&K Bank was awarded Global CSR Excellence & Leadership Award by ABP News in the category of Community Service at a ceremony in Mumbai.

The Awards recognize outstanding achievements in economic, environmental and social dimensions by identifying and rewarding exemplary businesses in various aspects of Corporate Social Responsibility.

Star Performance Award

JKB Financial Services Limited, a wholly owned subsidiary of J&K Bank Limited, was conferred Star Performance Award 2014 under best performer among active Demat accounts (Big DP's Category) by NSDL at its 29th DP Conference at Delhi.



JKB Financial Services Limited wins Star Performance Award 2014



Receiving Excellence Award for PMJDY



Receiving Global CSR Excellence & Leadership Award



Brief Profile of Directors

J&K Bank's diverse and rich culture is abundantly evident in its Board Members, who provide direction to the Bank in order to achieve its vision. A brief profile of our eminent Board Members is as under:



Mr. Mushtaq Ahmad

Mr. Mushtaq Ahmad, Chairman & Chief Executive Officer of the Bank, has more than 42 years of experience in banking. Mr. Mushtaq Ahmad joined the Bank in the year 1972 as Probationary Officer and during his banking career he has held various important and senior positions in the Bank as a part of Corporate Management Team. He has practical experience in the field of Finance, Corporate and Retail Banking, Treasury & Investment Management, International Banking, Liability & Risk Management and General Administration/ HRD.



Mr. Navin Kumar Choudhary, IAS

Mr. Navin K. Choudhary is serving the Govt. of J&K as Finance Secretary, since May, 2015. Prior to this, he was serving as Joint Secretary (Planning and International Cooperation) in the Ministry of Defence.

Mr. Navin K. Choudhary belongs to the Indian Administrative Service. As a civil servant he has, in the last 21 years or so, undertaken a variety of assignments in the Government of India and in the Jammu & Kashmir (State Government). His postings include in the Ministry of Finance (as Director in the Department of Economic Affairs) and in the International Monetary Fund (IMF) as Advisor to the Executive Director, where he has served for more than 3 years.

Mr. Navin K Choudhary holds a Post Graduate degree in Economics.



Mr. J P Sharma

Mr. J. P. Sharma, General Manager, Human Resources Management Department, Reserve Bank of India, Jaipur holds a Master's Degree in Chemistry and CAIIB. Mr. J. P. Sharma is a career Banker with 23 years of Central Banking experience, in the fields of Supervision of Commercial Banks, Co-operative Banks, NBFCs, and Currency Management etc.



Mr. Mohammad Ibrahim Shahdad

Mr. M.I. Shahdad is a holder of Master's Degree in Economics and LLB from Aligarh Muslim University. He started his professional carrier in 1963 and practiced Law in J&K High Court for a period of more then 10 years and thereafter started his own manufacturing and export business specializing in Kashmir Handicrafts. Mr. Shahdad has made significant contribution to Commerce & Industry by being associated with Kashmir Chamber of Commerce & industry in the capacity of President and other prominent positions. He was awarded the lifetime achievement award by Kashmir Chamber of Commerce & industry in the year 2006-2007. Mr. Shahdad has also remained on the board of IDBI for the period of 3 years as a member from North zone.

Mr. M.I. Shahdad has had a long association with J&K Bank as Director, during which he has made valuable contribution and provided tremendous value addition to the organization.



Mr. Vikrant Kuthiala

Mr. Vikrant Kuthiala is B.com (Hons.) from Hindu College, Delhi University. He is a prominent Businessman from Jammu with interests in Hospitality, Educational and Hydel projects. He is the Chairman, J&K State Committee of PHD Chamber of Commerce and Industry, New Delhi; Executive Committee Member of Indian Institute of Public Administration, Regional Branch, Jammu; National Executive Committee Member Mayo College Old Boys Society, Ajmer; President Mayo Old Boys Association, Jammu. Executive Committee Member, Jammu Chamber of Commerce & Industry. He is also a Member of India Islamic Cultural Centre, New Delhi and INTACH, J&K Chapter, Jammu.



Prof. Nisar Ali

Professor Nisar Ali did his B.A (Hon's) in Economics from University of Kashmir in 1970, M.A in Economics from Delhi School of Economics, University of Delhi and M.Phil and Ph.D from Osmania University, Hyderabad. He completed successfully six training courses at National Institute of Rural Development, Hyderabad and Indian Institute of Science, Bangalore.

He has over 60 research publications in national and international research Journals which include few books. There are over 100 research papers which he presented at national, international and state level seminars/conferences in the country and abroad.

He has held various positions in the University of Kashmir during 38 years of uninterrupted career which include Head, Department of Economics, Head, Media Education Research Centre, Director Population Research Centre, Director, Centre for Energy Studies, Dean Faculty of Social Sciences, Dean, College Development Council, Coordinator/Director NAAC and Acting Vice-Chancellor (in the absence of Vice-Chancellor) during 2007-09.

He has been associated with development planning of State and budget making process. He was Member of various Working Groups constituted by the Government from 5th five year plan to 10th five year plan. He has been member of various High Power Committees of J&K Government and continues to be member of Technical Advisory Committee, Planning and Development.

He is member of various national level committees and statutory bodies of various Universities in the country. He continues to be a Resource Person of various national level institutions including Staff Selection Commission, Govt. of India and UPSC, Academic Staff Colleges in the country and IMPA (J&K). He has been assessor for central allied services and Indian Economic Service conducted by UPSC.

He has also been at Institute of Economics of Hungarian Academy of Sciences, and University of Economic Sciences, Budapest, International Institute of Economics, former Belgrade, Yugoslavia, Central School of Statistics and Planning (SGPI), Poland, University of Berlin, George Washington University, Kansas University, Duke University, Park University, Chicago University, North Collins University, USA. His visits abroad also include Rome, Austria, Sri Lanka, Bangladesh, Pakistan and Maldives for academic pursuits and international policy issues.

He has also been engaged in Indo-Pak peace process and made presentations in the country and abroad. He has been Member of J&K State Finance Commission 2007-10, J&K Government and is presently Director on the Board of State Finance Corporation, J&K Government for six years. He has assessed more than 160 higher learning education institutions including Universities in the country as Chairperson/Member Secretary of the national team on behalf of NAAC/UGC. He has been Advisor Higher Education, J&K Government during 2013. Presently, he is Member of SIT Research Project of Five Country partnership (Poland, Russia, Italy, Norway and India) under FP 7 Mari Curie Action People, 2013-15, sponsored by European Union, Brussels.



Mr. R.K. Gupta

Mr. R.K. Gupta, aged 53 years, is a professional Chartered Accountant with 29 years standing, possessing skill in Finance, Taxation, Auditing and Corporate Legal Affairs. He started his professional career with M/s Gupta Gupta & Associates in January 1986 and heads this renowned firm of Chartered Accountants since then. Mr. Gupta remained in Executive Committee of the Jammu & Kashmir Branch of the Institute of Chartered Accountants of India for three terms 1991-1994; 1994-1998 and 2006-2009. During these three terms he represented the Branch as its Treasurer Secretary, Vice Chairman and Chairman. Mr. Gupta has been member of Tax Payers Committee of this Region. He has also been member of Research Committee & Direct Tax Committee of the Institute of Chartered Accountants of India. He is also empanelled as Peer Reviewer with Peer Review Board of ICAI. Having authored various articles, Mr. Gupta has to his credit published Articles in the Chartered Accountants Journal and also in Current Tax.Com on the issue of Taxation and Accounting Standards. Mr. Gupta has been Guest Speaker on many occasions for various Seminars and study Circle meets of the Chartered Accountants & others. Mr. Gupta is a member of Taxation Advisory Committee of the Chamber of Commerce & Industry, Jammu. In view of his interest in social activities and sports, Mr. Gupta is also a member of Finance Committee of Prestigious Social Club. Mr. Gupta has been nominated as PATRON of Akhil Bhartiya Mahajan Shiromani Sabha and also worked on faculty of Business Studies by Vice-Chancellor of Jammu University for the triennial period of 2009-2012. Presently Mr. Gupta is also a member of Board Of Studies at Parade College for Women an Autonomous College of State.



Mr. Abdul Majid Matto

Mr. A. M. Matto is a Graduate in Commerce and World Explorer. He is a high silhouette Businessman having his interests in the manufacture and export of Kashmir Handicrafts. He has made significant contribution to Commerce & Industry by being associated with Kashmir Chamber of Commerce & Industry in the capacity of President and other prominent positions. Mr. A. M. Matto has had a long association with the Bank as Director, during which he has made valuable contribution to the Institution with his rich and varied experiences.



Mr. Dalip Kumar Kaul

Mr. Dalip Kumar Kaul is a Managing Partner of Baweja & Kaul, a firm of Chartered Accountants. He has an experience of over 32 years across audit, tax, risk, assurance and advisory. He is a Fellow Member of the Institute of Chartered Accountants of India (ICAI) and has a Bachelor's Degree in Commerce (Honours) and LLB from University of Delhi. He also has a Master's Degree in Business Administration (Finance) and has specialized in Merchant Banking, Risk Management, Treasury and International Finance. He has also undertaken a Certificate Course on Valuation.

Presently Mr. Dalip Kumar Kaul is a member of Executive Committee of J&K Branch of NIRC of ICAI. He was also Chairman of J&K Branch of NIRC of ICAI for the year 2013-14. He is also Peer Reviewer on the panel of reviewers maintained by the Peer Review Board of ICAI. He is also a Member of Kashmir Education Cultural and Science Society, New Delhi. He was Member- (Finance Committee) Sports and Cultural Club, Noida and Chairman- Commerce Advisory Board, SGTB Khalsa College, University Of Delhi. Mr. Dalip K Kaul was also Special Invitee Member- Committee on Banking, Insurance & Pension of ICAI.

He has also been conferred with the prestigious Gaurav Samman by the Kashmiri Samiti, New Delhi.



Mr. Khaver Alam Jeelani

Mr. Khaver Alam Jeelani, aged 36, is CEO of Hotel Highlands Park, Gulmarg. Prior to this he was associated with Morgan Stanley Investment Management (London) from the year 2002 to 2007. He has represented Morgan Stanley at the European Fund Categorization Forum (EFCF), a working group of the European Fund and Asset Management Association (EFAMA). Mr. Jeelani is holding degrees of B.A. Hons in Industrial Economics from the University of Nottingham (Business School) and M.Sc in Economics and Finance from the University of Warwick (Warwick Business School). He is also an Associate of Securities Institute (UK). His interests vary from Sports to travel. He has achieved a Grade 3 in fencing (foil) awarded by the British Fencing Association and has travelled extensively to UK, Switzerland, Singapore, Parts of Indonesia, Thailand, France, Spain, Germany, Norway, Canada and the US.



Mr. Abdul Majid Bhat

Secretary to Board of Directors

Executive Committee

EXECUTIVE PRESIDENTS



Mr. PARVEZ AHMAD



Mr. ABDUL HAMID BANDAY
(Upto April 30, 2015)

SENIOR PRESIDENTS



Mr. VAGISH CHANDER



Mrs. MEERA JAMWAL
(Upto June 30, 2015)



Mr. ROOP KRISHAN SHAH
(Upto June 30, 2015)



Mr. SURJEET SINGH SEHGAL



Mr. ABDUL RAUF BHAT

PRESIDENTS



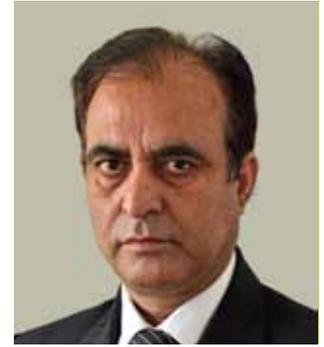
Mr. ABDUL RASHID



Mr. MOHAMMAD SYED WANI



Mr. SURENDER KRISHAN BHAT



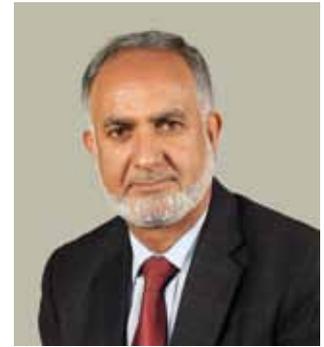
Mr. NAYEEM-ULLAH AHMAD
(Upto March 31, 2015)



Mr. PUSHAP KUMAR TICKOO



Mr. RAJESH KUMAR CHIBBER



Mr. MOHAMMAD AMIN MIR

VICE PRESIDENTS

ASHRAF ALI MALIK (Law)
SHAFAT HUSSAIN (Law)
MOHAMMAD FAROOQ RATHER (Law)
VINOD KUMAR SHARMA (Law)
KHAN ROSHAN KHAYAL (Law)
TASADUQ AHMAD DAR
ASHUTOSH SARIN
TABASSUM NAZIR
SYED SHUJAAT HUSSAIN ANDRABI
KARANJIT SINGH
NISSAR AHMAD ZARGAR
SUDHIR GUPTA
RAMAN KUMAR KOUSHAL
GULAM MOHAMMAD SADIQ
SYED RAIS MAQBOOL
SUNIT KUMAR
CHETAN PALJOR
ARUN GANDOTRA
RAKESH KOUL

SUSHIL KUMAR
MOHAMMAD AYUB WANCHOO
ARSHAD HUSSAIN DAR
NARJAY GUPTA
JANAK RAJ
GURCHARAN SINGH
FAYAZ AHMAD SIDDIQI
IMTIYAZ AHMAD HUSSAINI
GHULAM NABI TELI
SAJAD HUSSAIN
ASHOK KUMAR KOUL
MOHAMMAD IBRAHIM WANI
VINAY KUMAR SAWHANEY
FAYAZ AHMAD ZARGAR
MANZOOR HUSSAIN BHAT
ANIL DEEP MEHTA
KHURSHID AHMAD FAZILI
MANZOOR AHMAD RATHER
MOHAMMAD YOUSUF DOBI

NISHI BARU
AFTAB AHMAD QAZI
RAJNI SARAF
RAKESH KUMAR
ABDUL RASHID SHEIGAN
ARVIND GUPTA
RAKESH GANDOTRA
SUNIL GUPTA
MOHAMMAD YOUNIS PATOO
MOHAMMAD MAQBOOL LONE
SHAREESH SHARMA
PEER MASOOD AHMAD
NAZIR AHMAD TELI
SURASH KUMAR KOTWAL
JAVOID AHMAD BHAT
MANZOOR AHMAD ATTAR
ROMESH VAID

Corporate Functions Report

Corporate Social Responsibility-CSR

As a responsible institution, J&K Bank is committed to Corporate Social Responsibility (CSR). The bank aims to instill a sense of relief and protection among the most vulnerable sections of society through its Corporate Social Responsibility (CSR) policy. The bank identifies key responsibility areas towards the society and seeks to assimilate the CSR ideals into its mission for optimizing its social performance.

FY 2014-15 witnessed unprecedented floods in J&K State that left devastation of colossal magnitude in its wake. J&K Bank, being the premiere flagship company of the state, rose to the occasion with matching ardor and aid to meet its obligations as a socially relevant institution, its vision of "People's Empowerment through Servant Leadership" and the expectations of the public at large.

Throughout the crisis situation J&K Bank, through its CSR plan, contributed immensely towards the comprehensive relief and rehabilitation of the flood affected people across the state.

Meanwhile, J&K Bank retained its collective focus on activities for the larger community welfare through CSR initiatives concentrating on people and their health, environment, education and society at large.

Major CSR activities in the year 2014-15

Relief and Rehabilitation of the flood affected people across the J&K State.

Rising to the occasion, J&K Bank was the first organization to provide relief to the people affected by devastating September floods that hit the state in FY 2014-15. Notably, the Bank contributed ₹ 5.00 Crores towards J&K Flood Relief Fund for being partners in providing succor to the people of the state in rebuilding their shattered dwellings.

Shortly, after the floods the Bank donated 500 tents to the flood hit families. Under its major rehabilitation package, around 23000 kits comprising of blankets, water purifiers, hot water bottles & solar lamps were also distributed among the people as a relief measure.

The bank also facilitated distribution of medicines and food packets among the flood hit people at various locations of the state. This major CSR activity was undertaken under a reactive project called, "HUM HAIN SAATH SAATH"

After the floods, the bank also organized mega health camps at various locations to provide health advisory and free medicines to the affected people.

Health

Responsive towards individual as well as collective health, the Bank unfailingly implements its robust endowment programme. The Bank donated three life-saving machines to Jammu Medical College and two at SKIMS for catering to the health needs of

people who can't afford to bear exorbitant costs of treatment. These machines were delivered under the CSR project of the bank christened "RAAHAT", which shall continue from now onwards to improve healthcare system and also to benefit the people in preventive healthcare facilities.

At the same time, Bank made reasonable monetary contributions towards various health projects undertaken by reputed not-for-profit groups like Cancer society of Kashmir, Maya Foundation (Dealing with free surgeries in cleft lip & palate) and other organizations dealing with critical diseases. This intervention on part of the bank resulted in changing the lives of many people, for better, who were suffering from various forms of cancer. Partnering with Maya Foundation under the project "MUSKAAN" the bank helped many infants in regaining facial disorders to become socially acceptable and healthy in more than one way.

Besides, to have a sustained programme under "preventive Health Care", the bank began a mega series of Blood donation camps across the state with the help of NGOs so that people in general are benefitted. Targeting 1000 blood points to be stored at major hospitals of the state, this CSR act of the bank aims at helping the people in times of emergency.

Education

Education, as means to socio-economic empowerment, receives a substantial part of the Bank's CSR funds.

Disability, as we know, is probably one of the least understood and accepted conditions in the society which believes that everything not normal is abnormal. Thus, to ensure equal opportunities and dignity to persons with 'special abilities' require efforts, awareness and mobilization besides addressing their basic medical needs.

In this regard, the Bank has adopted more than hundred Children having multiple disabilities under the project "MUSKAAN", so as to take care of their all-round development.

Under the Project, the bank has engaged the professional services of leading NGOs like Voluntary Medicare Society, Chhotey Taarey Foundation and Humanity welfare Organization Bijbehara.

Apart from basic education, need-based knowledge, consultation and supplementary training, these children are provided with life skills, computer training and / or arts and crafts which would further become a source of employment for them. These learning techniques or classes not only give them a platform to boost their confidence but also act as avenues for development of cognitive, physical and socio-emotional skills along with improved chances for livelihood.

Moreover, under "promotion of education", the Bank has adopted 30 under privileged children in association with a leading NGO CHINAR through RCSP programme.

Special Project

During the year 2014-15, the Bank identified a project, with a leading Delhi based NGO Child Rights and You (CRY) through a local project partner KOSHISH, to meet the nutritional, health and educational needs of the children of forty (40) far flung areas/villages of three Districts of Srinagar, Budgam & Ganderbal.

On the basis of baseline research, the overall number of children to be covered under the project is 9224 in 5100 Households. Project is likely to have a long-term impact in the society with particular reference to under-privileged children in their survival, participation, development and protection. In view of contents of the project, it has been named as "KOSHISH".

HR Initiatives

The Bank aims to utilize its human resources to the best of their capabilities so as to meet the organizational goals. To develop the human resources, the bank has a very comprehensive human resource policy to identify the best talent and provide them significant opportunities for growth and development. The bank endeavors to attract competent and well motivated professionals in order to maintain a quality work life. Initiatives are taken for creating a healthy climate where a value system based on sincerity, passion, trust and collaboration, all other essential traits for developing better human resources, is inculcated.

J&K Bank is the second largest employer in the State of J&K. The recruitment process of the bank is driven by systematic man power planning and is focused on transparency, professionalism and merit based selection. The employment generation drives are initiated by the Bank in line with its new business model and expansion plan.

During the year 2014-15, Bank initiated the process for appointment of faculty for RSETI. The Bank also appointed 17 Relationship Executives (Law), 6 Draftsmen and 2 Chief Security officers during FY 2014-15.

In order to empower employees across all levels, many initiatives were taken till the end of financial year 2015. These include promotion of six Presidents as Senior Presidents, 5 Assistant Vice Presidents as Vice President and 170 Senior Executives as Executive Manager. The process of Career progression was percolated down the line where by 267 Banking Attendants were promoted as Banking Associates and Assistant Banking Associates. All these initiatives were aimed at empowering the employees to bring out the best from them.

Trainings

During FY 2014-15, the bank conducted various refresher courses and training programmes within and outside the state. These training programmes were conducted at places like NIBSCOM, NIBM, IIMS, NABARD, IIBF and other reputed institutes of India. These programmes were facilitated for sharpening the talent of the employees and to prepare them for

facing new challenges posed by the operational environment.

The bank has also been imparting in-house trainings to a large number of its employees at its Staff Training Colleges and Technology Training Centers at Srinagar and Jammu.

On the whole, Three Thousand One Hundred Forty (3140) officers across all ranks and One Thousand Two Hundred Eighty Nine (1289) Banking Associates were deputed for various trainings, both external and in-house, to upgrade their skills and also to acquaint them with the latest developments in the banking industry.

Risk Management

The bank views the various risks as integral to its business as a banking entity and accordingly has laid down well defined risk management objectives that aim to ensure optimum risk-adjusted return on capital. Risk management is done through an architecture that comprises of policies and principles approved by the Board. These are supported by specific committees to facilitate risk oversight. The policies and procedures established for this purpose are continuously benchmarked with industry best practices.

The Board of Directors has oversight on all the risks assumed by the Bank. The Integrated Risk Management Committee (IRMC) of the Board reviews the risk management policies and practices and evaluates risks covering areas of credit risk, market risk, operational risk, interest rate risk, liquidity and other residuary risks. Our Audit Committee provides direction to and also monitors the quality of the internal audit function. The IRMC of Board is supported by four separate Executive level Committees viz, Credit Risk Management Committee (CRMC), Asset-Liability Management Committee (ALCO), Market Risk Management Committee (MRMC) and Operational Risk Management Committee (ORMC).

Credit Risk

The Bank's credit risk management framework aims at managing credit risk inherent in individual exposures as well as portfolio level risk and to maximize the Bank's risk-adjusted rate of return on capital by maintaining a healthy credit portfolio. The Credit Risk Management Committee is entrusted with the job of managing credit risk through proactive identification, measurement, monitoring and effective control of credit risk arising from bank's credit and investment operations. The Board approved credit policy provides basic framework for implementation of sound credit risk management system in the Bank. The policy embodies in itself the areas of risk identification, risk measurement, risk grading techniques, risk control systems, reporting and mitigation of credit risk. Credit exposures are controlled through a series of individual and portfolio limits for reducing concentration risk as well as curtailing exposure as credit risk increases. A mechanism of clear and well defined delegation of authority operates within the bank, which links risk and exposure amount to level of approval. In order to assess and

measure the credit risk in Bank's credit portfolio, the bank has put in place a comprehensive credit rating system that serves as an indicator of diverse risk factors of counterparty and also for taking credit decisions in a consistent manner.

Operational Risk

The Bank has put in place an operational risk management policy with the objective to identify the operational risks that the Bank is exposed to from failed, inadequate and /or missing controls, processes, people, systems or from external events or a combination of all. The policy outlines measures for assessing the magnitude of operational risk, its monitoring, control and mitigation measures through use of checks and balances to manage operational risk in an efficient and proactive manner. The ORM framework processes and services introduced are subject to rigorous risk evaluation, reporting and approval. The Bank also has specific operational policies in place covering (inter alia) IT Security, Outsourcing and Business Continuity.

Market Risk

Market Risk is the possibility of loss that the Bank may suffer on account of changes in values of its trading portfolio due to change in market variables like exchange rates, interest rates, equity price, etc. The Bank has Board approved Investment, Trading, ALM and Market Risk policies in place. The Market Risk management process at the Bank consists of identification and measurement of risks, control measures, monitoring and reporting systems. An independent risk control unit is functional at treasury department to monitor the risks of trading book at the Bank.

Market risks are controlled through various risk limits such as Net Overnight Open Position, Modified Duration, Stop Loss, VaR Limits, PVoI Limit, Concentration & Exposure Limits etc mentioned in the respective policies. The Bank uses various tools for measurement of liquidity risk including the statement of structural liquidity, dynamic liquidity gap statements, liquidity ratios and stress testing. The Bank maintains diverse sources of liquidity to facilitate flexibility in meeting funding requirements. The Asset Liability Management structure reviews the positions of interest rate and liquidity gap positions in the banking book, sets deposit and benchmark lending rates, reviews the business profile and its impact on asset liability management and determines the asset liability management strategy, as deemed fit, in light of the current and expected business environment.

To ensure that the Bank's business plans are achievable within its capital and liquidity resources, Internal Capital Adequacy Assessment Process (ICAAP) and Stress Testing are drawn and put up to the Board.

Marketing & Product Development

The Marketing strategy of the bank is driven by the philosophy of being proactive in understanding ever-changing customer requirements and in delivering customized solutions to satisfy them. In accordance with this strategy, the bank is regularly introducing new products and services and upgrading the existing ones. More and more technology based offerings are

introduced to benefit our customers with the comforts assured by technology.

The bank has a well defined and structured Marketing Department and has deployed marketing teams in various parts of its operational area to achieve its strategic business objectives. The long term business strategy is broken down into smaller marketing objectives and executed by the marketing teams of the Bank. There is a continuous review and monitoring mechanism in place which helps bank in taking timely corrective measures in terms of plans, targets and operational strategies, in case of adverse deviations from the planned course.

Multi layer marketing structure of the Bank also provides valuable inputs to enrich the marketing intelligence of the Bank. The feedback received from the market is used as an input by the product development teams to create competitive products for the customers.

Advertising and Publicity

The Corporate Communications Department of the bank undertook various promotional campaigns and initiatives throughout FY 2014-15 to further position the brand deeper within the ever-widening public consciousness and thereby enhanced the brand equity of the bank.

The bank's products, services and facilities were successfully advertised while as its functioning and achievements were effectively communicated to the respective target audiences including customers, share-owners and general public through properly tailored and packaged messages using relevant multi-media outlets across the bank's operational geography. Present in the virtual space of social media networking, the bank firmed up its online presence and processes of image-building.

IT Initiatives during FY 2014-15

Adoption of latest banking technology and innovation continues to remain a thrust area of the Bank with the affirmed objective of offering banking facilities to the delight of its customers. Technology and Information Systems Division (T&ISD Division) of the Bank has always delivered solutions in line with the changing business needs of the organization and has provided industry best solutions to support the business goals with desired technology. The details of various technology initiatives taken during the financial year 2014-15 are enumerated below:

Online Kiosk Banking System for Financial Inclusion

Having already setup 800+ kiosks under CSC programme and engaged entrepreneurs running these centers as BCs for Financial Inclusion within their respective villages, online financial solution was deployed having full integration with Banks core banking system through a middleware (web application) to enable online transactions.

PMJDY Implementation

Technology readiness for implementation of PMJDY in a time

bound manner was ensured by putting in place the required infrastructure. Operations of more than 10 lac RuPay cards issued under PMJDY were enabled through the ATM network of the Bank.

Relocation of Data Centre

With the objective of housing Bank's Data Center in a professionally managed and industry standard compliant hosting center, Data Center of the Bank was shifted from Gurgaon to Sify Technologies Hosting Centre at Noida. The project was planned in a phased manner and completed within 6 months in December 2014, without any disruption of services.

Business continuity during Sept 2014 floods in J&K State

The unprecedented floods in J&K State in first week of September, 2014 caused extensive damage to IT infrastructure of the bank comprising of networking equipment, networking connectivity and Computers/ other accessories, CCTV set up installed in CHQ/ Zonal Offices / Branches and ATM locations installed in affected areas. Communication network of all major telecom companies of the State got completely disrupted. Only such branches having VSAT connectivity, either primary or secondary, remained functional whereas about 190 branches of the bank were isolated. 115 ATM sites of the bank were flooded and became non functional.

Immediate relief was managed by providing VPN connectivity at 67 branches and 37 ATM locations through Aircel data cards, which was the only service provider with availability of data service facility. Data Center Operations were managed from Nagabal, Ganderbal and Jammu Zonal Office. Subsequently, Core connectivity was got restored on 20th September, 2014 and normal operations of all branches and ATMs were ensured from 22nd Dec. 2014. This was a major disaster faced by the bank and was handled in a highly professional and efficient manner by restoration of normal services. In fact, bank was the first institution in the State to return to normalcy within the shortest possible time earning accolades of all the stakeholders.

ATMs

During the financial year 2014-15, 85 ATMs, both onsite & offsite, were commissioned, thereby taking the number of ATMs to 885 as on 31.03.2015. Number of ATM cards issued increased from 13,81,836 to 29,00,588 during the financial year which includes 10 lac RuPay cards issued under PMJDY.

High speed Network for ATMs & Branches

In order to enhance service quality of branches and ATMs, network of 150 branches and 130 ATMs in J&K State were upgraded to high speed MPLS and 3G network respectively.

Enhanced Security measures

During FY 2014-15, the bank took several measures to secure data in transit from eavesdropping/wiretapping. A tiered architecture has been put in place at the bank's Data Centre with security at each tier resulting in adequate segmentation of services with requisite security to ensure Confidentiality, Integrity and Authenticity of customer data.

Financial Inclusion:

The objective of financial inclusion is to reach out to the large hitherto unbanked population and extend financial services to unlock its growth potential. The bank formulated financial inclusion plan (FIP) envisaging reaching out to and providing banking out lets for delivery of basic banking services in allotted identified unbanked villages. The details of village allocation and other FIP related information is mentioned hereunder:

- SLBC allocated 536 villages having population of above 2000 and 3271 villages having population of below 2000 to the bank for providing ICT based financial services by the end of March 2016. Bank has already brought all the 536 villages (>2000 Population) under the ambit of financial inclusion by opening of branches and providing BC (Business Correspondent) coverage in all the villages.
- Out of 3271 below 2000 population villages scheduled to be covered by the end of March 2016, 2465 villages have been rolled out for extending ICT (Information Communication Technology) based financial services at the end of March 2015, which is well above the target of 2400 villages set for FY 2014-15.
- Bank has also identified and rolled out to BCs 334 unbanked villages under self set target, thereby taking the total number of villages rolled out under financial inclusion to 3335 as on March 2015.
- As on March 2015, Bank had opened 151 branches in identified allocated villages under financial inclusion comprising of 36 branches in villages having above 2000 population and 115 branches in villages having below 2000 population.
- The target for household coverage in the rolled out villages stands at 8.21 lakh, out of which 5.31 lakh households have been covered, which constitutes 64.66 percent of total households.
- 856 VLE's of CSC's have been engaged as BC's and are linked to 463 base branches for providing ICT enabled financial services in the State, thereby taking the total number of BCs to 858.
- Number of accounts opened in 3335 rolled out villages have reached 13.89 lakh comprising of 7.22 lakh No Frill Accounts/ Basic saving bank deposit accounts/ ISSS/ MGNREGA and 6.67 lakh other accounts.
- Upto March 2015, 106939 transactions have been generated through the operation of Smart Cards involving an amount of ₹ 23.73 Crore.
- Micro Credit products as mentioned below are being utilized for credit delivery through ICT based smart card mechanism, especially for financial inclusion programme
 - Differential Rate of Interest (F I)
 - Micro Credit Card (F I)
 - Micro-Overdraft to Ujala accounts (F I)

RBI selected Villages (Progress/ Achievements)

- 15 model villages selected by RBI for 100 percent financial inclusion in the State allocated to bank have been made functional through Smart Cards.

- 5252 smart cards have been issued in 15 RBI selected model villages and 10828 accounts have been opened.

Implementation of EBT & DBT

The J&K State Government entrusted the responsibility of execution of EBT/DBT in all the districts of the State to the J&K Bank. SLBC has identified six districts (Srinagar, Ganderbal, Rajouri, Jammu, Kargil, and Leh) for implementation of EBT/DBT on pilot basis. In these six districts, the monthly benefits under IGNOAP scheme are being released directly to the beneficiary accounts through the electronic mode. Validation of accounts in remaining districts of the State is in progress.

Financial Literacy cum Credit counseling centre's

- In compliance to RBI directives, J&K SLBC assigned setting up of FLC's in 12 districts of the State where J&K Bank is the Lead Bank. The Bank has made FLCs operational in the allocated lead districts and appointed financial literacy facilitators in each of them.
- 696 outdoor financial literacy camps were conducted by 12 FLCs in respective lead districts and 60443 persons attended these camps.

Financial Literacy Camps through Rural Branches

- The Bank conducted financial literacy camps through rural branches in the villages situated in the close vicinity of the branch.
- 2750 financial literacy camps were conducted by rural branches in close vicinity of villages and 127694 persons attended these camps.

Prime Minister's Jan Dhan Yojna (PMJDY)

- Prime Minister's Jan Dhan Yojana (PMJDY) was launched on 28th of August 2014 under comprehensive financial inclusion plan, with an objective to bring the entire unbanked population particularly living below poverty line within the ambit of banking fold, by extending the facility of financial services at their door step at an affordable cost.
- SLBC allocated 1367 SSA's (Sub Services Areas) and wards to J&K Bank comprising of 4550 villages, 549 wards and approximately 10.80 lakh households for conducting household survey and opening of accounts under PMJDY for 100 percent household coverage. Villages and wards under these SSA's have been allocated to the concerned branches and BC's for arranging the household survey and opening of accounts within time frame prescribed by Mission Office DFS Ministry of Finance, GoI

Status of house hold survey, account opening and Rupay cards as on 31st March, 2015:

- All 10.80 lakh households in the identified allocated villages were surveyed.
- 11.10 lakh accounts were opened under the scheme since August 2014 with deposit of ₹ 146.40 Crore in these accounts.

- Bank procured 9.60 Lakh RuPay Debit Cards under the scheme for onward delivery to concerned account holders.

Steps taken for improvement in the position of e-KYC & AEPS.

- J&K Bank signed the agreement with UIDAI for the implementation of e-KYC & AEPS.
- J&K Bank organized 292 financial literacy camps under PMJDY programme which included 106 Mega Camps in all of the districts of J&K State.

Status of displaying names/locations of all the Bank Correspondents/Bank Mitrs on the website of the bank.

- Name and Location of the CSC's engaged for the implementation of PMJDY have already been put on Bank's website under FI program.

Technology readiness for PMJDY Implementation (Online FI Solution (Kiosk Solution)

Bank decided to implement Online FI Solution prior to launching of PMJDY by Prime Minister in Aug. 2014. Basic requirement for implementing technology platform for PMJDY is to have an online FI system in place which is integrated with banks Core Banking Solution. Bank has engaged the M/S TCS as technology service provider for the implementation of web based online FI solution. Bank also procured 550 biometric authentication devices required to be installed at branches and BC locations for the implementation of the project. Process has already been initiated for the implantation of PIN based Rupay card transaction and interoperability at BC locations under PMJDY.

CUSTOMER SERVICE

Customer service is one of the most important components of the marketing mix for products and services. High quality customer service helps to create customer loyalty. Customers today are not only interested in the product they are being offered but all the additional elements of service that they receive, from the greeting they receive when they enter a retail outlet, to the redressal of the complaint about a faulty product or service that they have paid for. The relationship we have with each and every customer is incredibly important to us and we at the bank are working tirelessly every day to provide quality services to the customers to their delight with wider choice of products and services.

The bank is working continuously to improve the quality of our service through customer satisfaction surveys and customer advisory forum meets, regularly conducted at operative levels. Bank believes in strong customer service that will make the difference between standing out from the pack and staying competitive.

Prompting Compliance

The policy standards and systems adopted by the bank are in conformity with the regulatory guidelines and strict adherence is ensured through a well-defined structure of roles and responsibilities for enterprise-wide compliance.

Director's Report

To the Members,

Your Board of Directors have pleasure in presenting the 77th Annual Report of your Bank, together with the audited Balance Sheet, Profit and Loss Account and the report on business and operations for the year ended 31st March, 2015.

Performance at a Glance

- The aggregate business of the bank stood at ₹ 110342.01 Crore at the end of the financial year 2014-15.
- The bank achieved deposit figure of ₹ 65756.19 Crore as on 31st March, 2015. CASA deposits of the bank at ₹ 27476.39 Crore constituted 41.79 percent of total deposits of the bank.
- Cost of deposits for current FY stood at 6.72 percent.
- The net advances of the bank stood at ₹ 44585.82 Crore as on 31st March, 2015.
- Yield on advances for the current FY stood at 11.52 percent.
- Priority sector advances (Gross) stood at ₹ 17124 Crore as on 31st March, 2015.
- The bank effected cumulative cash recovery, up-gradation of NPA's and technical write-off of ₹ 545.14 Crore during FY 2014-15.
- Investment portfolio of the bank stood at ₹ 25124.30 Crore as on 31st March, 2015.

Financial Performance

Particulars	₹ In Crore	
	April 1, 2014 to March 31, 2015	April 1, 2013 to March 31, 2014
Deposits	65,756	69,336
Borrowings	2,340	1,765
Advances	44,586	46,385
Total Assets/ Liabilities	76,085	78,620
Net Interest Income	7,061	6,767
Non Interest Income	594	390
Operating Profit	1,836	1,900
Provisions and Contingencies	1,016	148
Profit before Tax	821	1,752
Provision for taxes	312	570
Net Profit	509	1,182
Amount available for appropriation	509	1,182
Appropriations		
Statutory Reserve under section 17 of the Banking Regulation Act, 1949	127	296
Capital Reserve	--	--
General Reserves	247	596
Investment Reserve	12	7
Proposed Dividend and Tax thereon	123	283
Key Performance Indicators		
Net Interest Margin	3.81%	4.16%
Post tax return on assets	0.70%	1.74%
Post Tax Return on Equity	8.60%	22.34%
Cost to Income Ratio	43.42%	38.21%

Insurance Business

The bank earned an income of ₹ 33.42 Crore from the Insurance Business. In life insurance, the bank mobilized business of ₹ 199.61 Crore and in non-life segment, business of ₹ 122.35 Crore was mobilized during the year.

Income Analysis

- The Interest income of the bank recorded a growth of ₹ 294.13 Crore and increased from ₹ 6767.00 Crore in the year 2013-14 to ₹ 7061.13 Crore in the year 2014-15. Interest expenses increased from ₹ 4082.52 Crore to ₹ 4410.22 Crore during the year. The Net Interest Income stood at ₹ 2650.91 Crore for FY 2014-15.
- The Net Income from operations [Interest Spread plus Non-interest Income] increased to ₹ 3244.88 Crore in the financial year 2014-15 from ₹ 3074.74 Crore in the financial year 2013-14.
- The Operating Expenses registered an increase of ₹ 234.06 Crore during the financial year 2014-15 and stood at ₹ 1409.05 Crore as compared to ₹ 1174.99 Crore in 2013-14.
- The Cost to Income ratio (Operating Expenses to Net Operating Income) stood at 43.42 percent in the financial year 2014-15.

Gross Profit

The Gross Profit for the financial year 2014-15 stood at ₹ 1835.83 Crore.

Provisions

The Provision for Loan Losses, Provision on Standard Assets, Taxation and others aggregated to ₹ 1327.23 Crore in the financial year 2014-15.

Net Profit

The bank registered a Net Profit of ₹ 508.60 Crore for the financial year 2014-15.

Branch/ATM Network

During the financial year 2014-15, 40 new branches were established, thereby taking the number of branches to 817 as on 31-03-2015, spread over 20 states and one union territory. The area-wise breakup of the branch network (excluding extension counters/ mobile branches and Service branches) as at the end of FY 2014-15 is as under:

Area	Branches
Metro	45
Urban	186
Semi-Urban	152
Rural	434
Total	817

During the financial year 2014-15, 85 ATMs were commissioned thereby taking the number of ATMs to 885 as on 31.03.2015.

Dividend

Your Bank is rewarding its shareholders by way of consecutive cash dividends considering the consistent financial performance of your bank and promising future prospects while retaining capital to maintain a healthy Capital Adequacy Ratio and to support future growth. In continuance of the earlier trends of cash dividends, the Board of Directors have recommended Dividend at a rate of 210% (₹ 2.10 per equity share) for approval by the shareholders at this Annual General Meeting.

Net worth & Capital Adequacy Ratio (CAR)

- The Net Worth of the Bank increases to ₹ 6110.05 Crore on 31st March, 2015 from ₹ 5723.61 Crore on 31st March, 2014. The Bank has implemented the Basel III guidelines on capital regulations w.e.f. June, 2013.
- Capital Adequacy Ratio under Basel III stood at 12.57% as on 31st March, 2015 well above RBI stipulated norm of 9%. The tier I component of CRAR is 11.26% as on 31st March, 2015. The Return on Average Net Worth stood at 8.60% for the FY 2014-15. Earnings per share and Book Value per Share for the FY 2014-15 stood at ₹ 10.49 and ₹ 100.54 respectively.

Awards & Recognitions

During the year under review, your bank was recognized by various institutions and following awards were presented to the Bank.

- Excellence Award for PMJDY for outstanding performance under the Pradhan Mantri Jan Dhan Yojna which aims to eradicate financial untouchability and bring all the unbanked areas within the folds of formal economy.
- Global CSR Excellence & Leadership Award by ABP News in the category of Community Service for outstanding achievements in economic, environmental and social dimensions by identifying and rewarding exemplary businesses in various aspects of Corporate Social Responsibility.
- Star Performance Award 2014 to JKB Financial Services Ltd. (A wholly owned subsidiary of the Bank) under best performer among active Demat accounts (Big DP's Category) by National Securities Depository Limited.

Advertising and Publicity

Promoting our brand image proactively, we further positioned our brand deeper within the ever-widening public consciousness and thereby enhanced our brand equity during the year.

The bank's products, services and facilities were successfully advertised while as it's functioning and achievements were effectively communicated to the respective target audiences including customers, share-owners, stakeholders and general public through properly tailored and packaged messages using

relevant multi-media outlets across our operational geography. Present in the virtual space of social media networking, the bank firmed up its online presence and processes of image-building.

Subsidiary Company

As on March 31, 2015, your Bank has one Subsidiary, JKB Financial Services Limited (JKBFSL)

Performance and Financial Position of JKBFSL

JKB Financial Services Ltd. performed well during the Financial year 2014-15. The operating income of the Company for the year ended 31st March, 2015 stands at ₹ 506.61 lacs as against ₹ 293.27 lacs for the year ended 31st March, 2014, registering an increase of 72.74%. Other incomes of the company increased by ₹ 100.51 lacs to ₹ 164.47 lacs from ₹ 63.96 lacs for the immediately preceding year, registering an increase of 158%. The Total income of the Company has registered an increase of 88% during the year increasing from ₹ 357.23 lacs for the year ended March 31, 2014 to ₹ 671.08 lacs for the year ended March 31, 2015. The Company has been able to reduce its net loss before tax to ₹ 11.60 lacs for the year ended 31st March, 2015 as against a loss of ₹ 142.06 lacs for the year ended 31st March 2014, registering a decrease of 91.83%.

During the year under review, bank increased its stake in JKBFSL by 100% by contributing ₹ 1000 lacs in share capital of the company, increasing its paid up capital to 2000 lacs for the year ended 31st March, 2015 as against ₹ 1000 lacs as on 31st March, 2014.

J&K Grameen Bank (Regional Rural Bank Sponsored by J&K Bank)

The J & K Grameen Bank (JKGB) came into existence on 30th June ,2009 with the issuance of statutory notification by Gol, MoF, Department of Financial Services under sub-section (1) of section 23 (A) of the Regional Rural Banks Act, 1976 vide F. No. 1/4/2006-RRB providing for amalgamation of Kamraz Rural Bank and Jammu Rural Bank into a single new Regional Rural Bank under the name of J & K Grameen Bank with its Head Office at Jammu and has commenced business effective from 01.07.2009.

Area of Operation:

The area of operation of the J&K Grameen Bank comprises of 11 districts of the State viz. Baramulla, Bandipora, Kupwara, Jammu, Kathua, Rajouri, Poonch, Leh, Kargil, Samba, Kishtwar and parts of three districts viz. Ganderbal, Srinagar and Samba.

No. of Branches (as on 31-03-2015):	216
No. of Employees (as on 31-03-2015):	960

Capital Structure:

In terms of the RRBs Act, 1976, the authorized capital of J&K Grameen Bank is fixed at ₹ 5.00 Crore. The issued and paid up capital of the bank is ₹ 2.00 Crore, fully subscribed by the Central Government, State Government and Sponsor Bank in the ratio of 50:15:35 respectively. Like-wise the Additional Share Capital of the bank amounting to ₹ 95.16 Crores is fully subscribed by all the three shareholders as per above prescribed ratio.

Performance of J&K Grameen Bank as on 31.03.2015 (Audited):

Business:

The business of the bank increased from ₹ 3430.82 Crores to ₹ 3760.61 Crores during the year 2014-15, registering a growth rate of 9.61 percent.

Deposits:

The deposits of the bank increased from ₹ 2405.90 Crore to ₹ 2586.69 Crore during the year 2014-15, thereby registering a growth rate of 7.51 percent.

Advances:

The gross advances of the bank as on 31st March 2015 stood at ₹ 1173.92 Crores as against ₹ 1024.92 Crore as on the corresponding date of the previous year, recording a growth of 14.54 percent.

CD Ratio:

The CD Ratio of the bank stood at 45.38 percent as on 31st March 2015 against 42.60 percent as on 31st March 2014 indicating an increase of 2.78 percent.

Priority Sector Advances:

The priority sector advances of the bank as on 31st March 2015 stood at ₹ 857.19 Crore as against ₹ 725.71 Crore as on the corresponding date of the previous year, recording a growth of 18.12 percent. Priority sector constituted 72 percent of total advances against benchmark of 60 percent (RRB Specific).

NPA Position:

The gross NPAs of the bank as on 31.03.2015 stood at ₹ 156.99 Crore which accounts for 13.37 percent of gross advances. The Net NPA as on 31.03.2015 stood at ₹ 105.23 Crore which accounts for 9.38 percent of net advances.

Business per Employee:

The business per employee as on 31st March 2015 stood as ₹ 3.92 Crore.

Business per Branch:

The business per branch as on 31st March 2015 stood as ₹ 17.41 Crore as against ₹ 16.74 Crores as on corresponding date of the previous year, recording a growth of 4 percent.

Profitability:

The bank has shown net profit of ₹ 1.79 Crore as on 31st March 2015 against previous year's Net profit of ₹ 12.55 Crore.

Per Employee Net profit:

The Net Profit per employee as on 31st March 2015 stood as ₹ 0.19 lacs.

Lead Bank Responsibility

a. Convener JKSLBC

The J&K Bank is the only Private Sector Bank in the country assigned with the responsibility of convening State Level Bankers' Committee (SLBC) meetings. The bank continued to discharge its Lead Bank responsibility in 12 districts i. e Srinagar, Ganderbal, Budgam, Baramulla, Bandipora, Kupwara, Anantnag, Kulgam, Pulwama,

Shopian, Poonch and Rajouri out of 22 districts of J&K State satisfactorily. The other 10 districts i.e. Jammu, Samba, Kathua, Udhampur, Reasi, Doda, Ramban, Kishtwar, Leh and Kargil are managed by State Bank of India.

The State Annual Credit Plan (ACP) for the FY 2014-15 was launched in time and its implementation was monitored on quarterly intervals in State Level Bankers' Committee meetings. During the FY 2014-15, out of the total ACP target of ₹ 19,993.88 Crore for the State, banks operating in the State disbursed credit of ₹ 16,886.64 Crore, registering an achievement of 84.46 percent. This includes Priority Sector credit of ₹ 9,025.40 Crore disbursed by banks in favour of 3,74,083 beneficiaries against the target of ₹12,464.10 Crore for 6,74,773 beneficiaries (72.41 percent achievement in financial terms and 55.44 percent in physical terms) and Non-priority sector credit of ₹ 7,861.24 Crore in favour of 1,30,173 beneficiaries against the target of ₹ 7,529.78 Crore for 2,08,685 beneficiaries (104.40 percent achievement in financial terms and 62.37 percent in physical terms).

Out of the total Priority Sector credit of ₹ 9,025.40 Crore disbursed by all banks in the State upto 31st March 2015, J&K Bank alone has disbursed ₹ 6,245.92 Crore against the target of ₹ 7,036.58 Crore, thereby achieving 89 percent of its annual ACP target, which accounts for a lion's share of 69 percent of the total flow of credit to priority sector by all banks in the State.

During FY 2014-15, following meetings were conducted

- Four Quarterly J&K State Level Bankers Committee (SLBC) meetings, viz. 93th, 94th, 95th and 96th to review performance under ACP 2014-15 were held on 22nd May 2014, 20th August 2014, 3rd December 2014 and 23rd February 2015 respectively.
 - One meeting of Steering Sub-Committee of J&K SLBC to monitor IT enabled Financial Inclusion, FLCCs & Credit Plus Activities was held on 24th June 2014.
 - A Meeting of the Sub-Committee of J&K SLBC on Relaxation to Trade and Industry in J&K State was held on 24th June 2014.
 - Two meetings of the Sub-Committee of J&K SLBC for Export Promotion in J&K State were held on 28th June 2014 and 30th January 2015.
 - One meeting of Sub-Committee of J&K SLBC for State Level Rural Livelihood Mission (SRLM) was held on 10th July 2014.
 - Two meetings of Sub-Committee of State Level Inter Institutional Committee (SLIIC) to work out the rehabilitation of Sick MSMEs units in J&K State were held on 3rd July 2014 and 20th January 2015.
 - One Special J&K SLBC meeting was conducted on 23rd September 2014 for taking stock of the situation in aftermath of natural calamity (Floods) that hit the J&K State in the month of September 2014.
 - One meeting of Sub-Committee of J&K SLBC for reviewing the progress made in implementation of various packages approved by RBI post 2014 floods was held on 4th October 2014.
 - One meeting of State Level Implementation Committee (SLIC) for Pradhan Mantri Jan Dhan Yojana (PMJDY) was held on 31st December 2014.
 - One meeting of State Level Steering Committee (SLRC) for RSETIs was held on 29th January 2015.
 - One meeting to review the progress made in implementation of National Crop Insurance Programme / Rashtriya Fasal Bima Karyakaram was held on 26th March 2015.
- b. Implementation of Financial Inclusion Plan (FIP) under SLBC**
- The target for providing Information & Communication Technology (ICT) based banking services in the 795 identified unbanked villages (having population over 2000) in Phase-I of Financial Inclusion Plan was accomplished successfully by providing coverage to all the 795 villages. The progress in bringing the house-holds under the ambit of banking in the said 795 villages is being monitored regularly in quarterly SLBC meetings.
 - The Roadmap for coverage of 5582 villages (having population below 2000) during the years 2012-13, 2013-14, 2014-15 and completion upto August 14, 2015, was formulated as per regulatory requirements of RBI, which were allocated to five Financial Inclusion participating banks, viz. J&K Bank (3271 villages), SBI (753 villages), Punjab National Bank (294 villages), J&K Grameen Bank (1026 villages) and EDB (238 villages). Its implementation is being monitored quarterly by Lead Bank Department and against the target of 4077 villages set for coverage upto the end of FY 2014-2015 - 4319 villages stand covered by the FIP Participating banks upto 31st March 2015 constituting 106 percent of the target set for said period. The remaining 1263 villages are to be covered till August 14, 2015, as per the revised statutory directives.
- c. Setting up of RSETIs in J&K State:**
- In terms of Ministry of Rural Development guidelines, Government of India, setting up the Rural Self Employment Training Institutes (RSETIs) in all the districts of J&K State was assigned by Lead Bank Department /J&K SLBC to two banks, viz. J&K Bank and SBI as per their Lead Bank responsibility. Accordingly, J&K Bank has set up 12 RSETIs in its allocated 12 lead districts of Srinagar, Ganderbal, Budgam, Baramulla, Bandipora, Kupwara, Anantnag, Kulgam, Pulwama, Shopian, Poonch and Rajouri. State Bank of India has also set up 10 RSETIs in its allocated 10 lead districts of Jammu, Samba, Kathua, Udhampur, Reasi, Doda, Ramban, Kishtwar, Leh and Kargil. The Performance of RSETIs in conducting training camps and the number of persons benefited is being regularly reviewed in quarterly SLBC meetings.

d. Setting up of FLCs in J&K State:

In terms of RBI guidelines, target of setting of Financial Literacy Centres (FLCs) in all the districts of the state has been fully accomplished with J&K Bank having made 12 FLCs operational in its 12 allocated lead districts and SBI having made 10 FLCs operational in its 10 allocated lead districts. The performance of FLCs in conducting the Financial Literacy Camps in their respective districts is being reviewed at various forums including SLBC meetings.

e. 100 percent coverage of farmers under KCC Scheme:

The initiative of 100 percent coverage of farmers under KCC Scheme was launched in J&K State in terms of GoI, MoF directives. Its implementation is being vigorously pursued with all the stakeholders including banks, Agriculture Department, Lead District Managers, etc. Upto the end of March 2015, banks sanctioned a total number of 8,41,879 KCCs in J&K State against which 7,17,576 KCCs holders have been disbursed credit amounting to ₹ 5276.47 Crore.

Board of Directors

Your Bank has ten (10) Directors consisting of two (2) promoter Directors (Non Independent) including Chairman & CEO, Three (03) Non Executive Independent Directors, Four (04) Non Executive Rotational Directors, and One (1) RBI Nominee Director, as on March 31, 2015.

Independent and Non-Independent**Non Independent Executive Director**

Mr. Mushtaq Ahmad, Non Independent Executive Director has been serving as the Chairman & CEO of the Bank since October 6, 2010, with the approval of Reserve Bank of India (RBI).

Non Independent Non Executive Director

Mr. Bharat Bhushan Vyas, IAS, Principal Secretary to Govt. Finance Department, J&K Govt. is the Non Independent non Executive Director of the Bank.

Independent Non Executive Directors

In terms of the definition of 'Independent Director' as prescribed under Clause 49 of the Listing Agreement entered with Stock Exchanges and Section 149(6) of the Companies Act, 2013 and based on the declarations/disclosures received from the Directors, the following Non-Executive Directors are Independent Directors:-

1. Mr. Vikrant Kuthiala
2. Mr. Dalip Kumar Kaul
3. Mr. Khaver Alam Jeelani

Non Executive Rotational Directors

The following directors are non Executive Rotational directors on the Board of the bank.

1. Mr. M. I. Shahdad Rotational Director
2. Prof. Nisar Ali Rotational Director
3. Mr. A. M. Matto Rotational Director
4. Mr. R. K. Gupta Rotational Director

Non Executive Reserve Bank Nominee Director

Mr. J. P. Sharma, General Manger, Reserve Bank of India is the RBI Nominee Director on the Board of the Bank.

Appointments/Resignations from the Board of Directors

- a. Mr. Hari Narayan Iyer, Additional Director was replaced by the Reserve Bank of India on 31-10-2014 and Mr. D. K. Meena, General Manager RBI was put on the Board of the Bank. Mr. D. K., Meena was replaced by Mr. N. P. Topno General Manager by the Reserve Bank of India on 26-11-2014. Mr. J. P. Sharma, General Manager, Reserve Bank of India replaced Mr. N. P. Topno as additional Director on the Board of the Bank w.e.f 12.03.2015
- b. Mr. Nihal C. Garware, appointed as Additional Director of the Bank w.e.f 4th August, 2014, resigned from the Board of the Bank with effect from 23rd December, 2014 owing to personal reasons.

Directors place on record their deep appreciation for the valuable services rendered by Mr. Hari Narayan Iyer, Mr. N. P. Topno and Mr. Nihal C. Garware during their tenure as Directors of the Bank.

- c. Mr. R. K. Gupta was reappointed as Director in the last Annual General Meeting of the Shareholders of the Bank held on 2nd August, 2014.
- d. Mr. Vikrant Kuthiala, Mr. Dalip Kumar Kaul and Mr. Khaver Alam Jeelani were appointed as Independent Directors in the last Annual General Meeting of the Shareholders of the Bank held on 2nd August, 2014.

Directors Retiring by Rotation

In terms of Section 152 of the Companies Act, 2013, Mr. M. I. Shahdad being longest in the office shall retire at the ensuing Annual General Meeting of the Bank.

Appointments/Resignations of the Key Managerial Personnel

Mr. Mushtaq Ahmad Chairman & CEO, Mr. R. K. Shah, Chief Financial Officer and Mr. Abdul Majid Bhat, Company Secretary of the Bank are the Key Managerial Personnel as per the provisions of the Companies Act, 2013. Mr. Mushtaq Ahmad and Mr. Abdul Majid Bhat were already in office before the commencement of the Companies Act, 2013, while as Mr. R. K. Shah was appointed as Chief Financial officer of the Bank by the Board of the Bank on 16th May, 2015.

None of the Key Managerial Personnel has resigned during the year under review.

Number of Meetings of the Board

During the year under review, eleven Board Meetings were held, in due compliance with statutory provisions, on following dates:

15.05.2014; 12.06.2014; 14.07-2014; 04.08.2014; 13.08.2014; 25.08.2014; 09.10.2014; 12.11.2014; 22.12.2014; 07.02.2015; 17.03.2015.

Participation of directors in board Meetings is provided in the Statement on Corporate Governance annexed to this report

Committees of the Board

The Bank has following Committees of the Board:

- Audit Committee
- Management Committee
- Monitoring of Large Value Frauds Committee
- Stakeholders Relationship Committee
- Information Technology Strategy Committee
- Corporate Social Responsibility Committee
- Integrated Risk Management Committee
- Customer Service Committee
- Nomination Committee
- Nomination and Remuneration Committee
- Legal & Estates Committee

The compositions, powers, roles, terms of reference, etc. of relevant committees are given in detail in the statement on Corporate Governance annexed to this report.

Corporate Social Responsibility Policy

The Bank has in place Board approved Policy on Corporate Social Responsibility. The policy is available on the website of the Bank. (<http://www.jkbank.net>). The statutory disclosures with respect to the CSR Committee and an Annual Report on CSR Activities forms part of this Report as **Annexure 1**.

Performance Evaluation of the Board

The Nomination & Remuneration Committee and the Board of Directors at their meetings held on 16th May, 2015 had laid down the criteria for performance evaluation of Directors, Chairman & CEO, Board level Committees and Board as a whole and also the evaluation process for the same.

The performance of the members of the Board, the Board level Committees and the Board were evaluated at the meetings of the Committee of Independent Directors and the Board of Directors held on 22nd June, 2015.

Process of Performance Evaluation

The Companies Act, 2013 and revised Clause 49 of the Listing Agreement entered with the Stock Exchanges stipulates the performance evaluation of the Directors including Chairperson, Board and its Committees. Considering the said provisions, the Bank has devised the process and the criteria for the performance evaluation which has been recommended by the Nomination & Remuneration Committee and approved by the Board at their meetings held on May 16, 2015.

The process for performance evaluation is as under:

- Committee of Independent Directors evaluates the performance of Non-Independent Directors including Chairman of the Bank and the Board as a whole
- The Board evaluates the performance of the Independent Directors and Board level Committees of the Board.
- Based on the recommendation of Independent Directors in their report, Board takes the appropriate action, wherever required.

The criteria for performance evaluation are as under:

Performance Evaluation of Non-Executive Directors, MD & CEO and Chairman

Attendance at the meetings; Participation and contribution; Responsibility towards stakeholders; Contribution in Strategic Planning; Compliance and Governance; Participation and Updation of Knowledge.

Performance Evaluation of Board

Composition and Diversity; Committees of the Board; Board & Committee meetings; Induction Program; Team Work; Cohesiveness of Board decisions; Board Procedure; Performance Culture; Succession planning; Discussions at Board Meetings; Understanding of the business of the Bank; Understanding the role and effectiveness; Foresight to avoid crisis and effectiveness in crisis management; Understanding of the regulatory environment; Strategy and Growth; Risk Management and Financial Controls; Quality of Decision making and Board's Communication systems.

Performance by the Board Level Committees

Composition and Balance of skill sets; Frequency and duration; Overall contribution; Relationships; Communication; Understanding of regulatory environment and developments; Interaction with the Board.

Corporate Governance

The Bank has established a tradition of exemplary practices in corporate governance. It encompasses not only regulatory and legal requirements, but also several voluntary practices, aimed at high level business ethics, effective supervision and enhancement of stakeholder volume.

Several matters have been voluntarily included in the statement on corporate governance annexed to this report, besides certificate from the Central Statutory Auditors regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

Management Discussion and Analysis

The Management Discussion and Analysis Report for the year under review as stipulated under Clause 49 of the listing agreement with the Stock Exchanges is presented in a separate section forming part of this Report.

Vigil Mechanism

The Bank has implemented a Whistle Blower Policy pursuant to which Whistle Blowers can raise concerns relating to reportable matters (as defined in the policy) such as breach of J&K Bank Code of Conduct, fraud, bribery, corruption, employee misconduct, illegality, health & safety, environmental issues and wastage/misappropriation of banks funds/assets, etc. Further, the mechanism adopted by the Bank encourages the Whistle Blower to report genuine concerns or grievances and provides for adequate safeguards against victimization of Whistle Blower who avail of such mechanism and also provides for direct access to Chairman of the Audit Committee, in exceptional cases. The details of the Whistle Blower Policy are available on the website of the Bank (<http://www.jkbank.net>)

Risk Management Policy

Bank has Board approved risk management policies to identify measure and manage all types of risk inherent in the banking operations.

The credit risk policy aims at ensuring sustained growth of healthy loan portfolio while identifying and managing various risk components of credit portfolio. The policy articulates the different areas of credit risk in the backdrop of strategy and business goals of the Bank. It identifies high risk areas / promising industries / sectors / segments and aims at striking a balance between risk and return on assets to ensure optimal value to all stakeholders.

The Market Risk Policy aligned to regulatory guidelines, defines and stipulates internal limits for various products and business activities relating to trading book and for taking exposures across all segments of the market based on relevant market analysis, business strategy and Bank's risk appetite. The policy stipulates risk limits such as stop-loss limits, overnight limit, daylight limit, aggregate gap limit, individual gap limit, inter-bank dealing limits and Investment limits. These are aligned with market dynamics, business strategy, investment size, management experience and Bank's risk appetite.

The operational risk management policy outlines a suitable framework for managing operational risk as per the regulatory guidelines. The policy addresses a wide range of matters relating to organizational structure for operational risk, role of various operational risk responsibility centres, identification, assessment, control and mitigation of operational risk and framework for risk reporting. A comprehensive Business Continuity Plan (BCP) has been formulated and Disaster Recovery setup has been put in place to ensure continuity of critical operations in the event of any business disruption.

A Board approved Internal Capital Adequacy Assessment Process (ICAAP) policy has been put in place to assess adequacy of capital under stress conditions that supports not only three primary risks of credit, market and operational risk but other residual risks like Interest rate risk in banking book, liquidity risk, credit concentration risk, strategic risk and reputational risk.

The Bank has Board approved Stress Testing Policy in place that determines the stress testing framework in tune with the regulatory guidelines and market practices. The two categories of stress tests used by the Bank are Sensitivity Analysis and Scenario Analysis. Stress testing is undertaken with respect to relevant parameters at three levels of severity - Baseline, Medium, and Severe. The Bank adopts different approaches of running a stress test to see the net impact on Bank's Capital Adequacy under stress condition.

Loans, Guarantees or Investment in Securities

Pursuant to section 186(11) of the Companies Act, 2013 loans made, guarantees given or securities provided or acquisition of shares by a Banking company in the ordinary course of its business are exempted from disclosure in the Annual Report.

Contracts or Arrangements with related parties

Considering the nature of the Industry in which the Bank operates, transactions with related parties of the Bank are in the ordinary course of business and are also on arm's length basis. There were no materially significant related party

transactions entered by the Bank with promoters, Directors, Key managerial personnel or other persons which may have a potential conflict with the interests of the Bank. However, M/s Gupta Gupta & Associates, Chartered Accountants, a firm in which Mr. R. K. Gupta, Director of the Bank, is a partner acts as Tax Consultants of the Bank at an annual consultation fee of ₹ 5 lakhs. Keeping in view third proviso to Section 188(1) of the Companies Act, 2013 read with Ministry of Corporate Affairs, Govt. of India Notification No. 1/22/2013-CL-V dated 9th June, 2014 the said transaction has been entered into in the ordinary course of business of the Bank and is at Arm's length. Hence, no disclosure relating to the same needs to be made by the Bank.

The policy on Related party transactions and also on dealing with related party transactions as approved by the Audit Committee and the Board of Directors is uploaded on the website of the Bank and the link for the same is (<http://www.jkbank.net/disclosure&policy/relatedpartytransactionspolicy.html>)

Consolidated Financial Statements

Pursuant to Section 129 of the Companies Act, 2013, the Bank has prepared Consolidated Financial Statements of the Bank and also of its Subsidiary, JKBFSL, in the same form and manner as that of the Bank which shall be laid before the ensuing 77th Annual General Meeting of the Bank along with the laying of the Banks Financial Statements under sub-section (20) of Section 129 i.e. Standalone Financial Statements of the Bank.

Further, pursuant to the provisions of Accounting Standard (AS) 21, Consolidated Financial Statements notified under section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules 2014 issued by the Ministry of Corporate Affairs, the Consolidated Financial Statements of the Bank along with its subsidiary for the year ended March 31, 2015 form part of this Annual Report.

Internal Financial Control systems and their adequacy

Your bank had laid down set of standards, processes and structures which enables to implement internal financial control across the organization and ensure that the same are adequate and operating effectively.

Auditors

Statutory Auditors

The Central Statutory and Branch auditors of the Bank are appointed by the Comptroller & Auditor General of India (C&AG) pursuant to Section 139(5) of the Companies Act, 2013. The Bank had five (5) Central Statutory auditors appointed by the C&AG of India for the year under review as under:

1. Gupta Sharma & Associates, Chartered Accountants, Jammu
2. Dhar Tikoo & Co, Chartered Accountants, Srinagar
3. Arora Vohra & Co, Chartered Accountants, Jammu
4. Darshan Nagpal & Associates, Chartered Accountants, Srinagar
5. Dhram Raj & Co., Chartered Accountants, Jammu

Secretarial Auditors

Pursuant to Section 204 of the Companies Act 2013, your Bank has appointed M/s Ghulam Geelani Reshi & Associates,

Practicing Company Secretaries, Srinagar as its Secretarial Auditors to conduct the secretarial Audit of the Bank for the FY 2014-15. The Bank provided all assistance and facilities to the Secretarial Auditor for conducting their audit.

Secretarial Audit Report

The report of Secretarial Auditor for the FY 2014-15 is annexed to this report as **Annexure 2**. The Board's reply to Observations of the Secretarial Auditor are furnished as under:

Observation 1:

Appointment of the Woman Director on the Board is yet to take place, as mandated by the provisions of the Section 149 of the Companies Act, 2013 and in pursuance to Clause 49 of the Listing Agreement governing Corporate Governance

Board's response:

Bank is in the process of identifying suitable candidate with relevant banking experience and knowledge for appointment as woman Director on the Board of the Bank

Observation 2:

The Reserve Bank of India (RBI) Nominee director, Mr. D.K. Meena has not intimated Director identification Number to the Bank and consequently Bank has not filed form DIR_12/11 in respect of his appointment and removal, appointed vide RBI Order DBOD.PSBD.NO.62981/16.05.08/2014-15 dated Oct, 28th, 2014 However RBI has overriding power on companies Act, 2013 to appoint Director pursuant to provisions of Sub Section (1) of Section 36AB of Banking Regulation Act, 1949.

Board's Response:

Mr. D. K. Meena was appointed as Director on the Board of the Bank on 1st Nov. 2014 by the Reserve Bank of India vide its order DBOD. PSBD.No 6298/16.05.08/2014-15 Dated 28th Oct. 2014 under section 36AB of the Banking Regulation Act, 1949. However, 36AC of the Act provides that any appointment or removal of a director, chief executive officer or other officer or employee in pursuance of section 36AA or section 36AB shall have effect notwithstanding anything to the contrary contained in the Companies Act, 1956 (1 of 1956) or any other law for the time being in force or in any contract or any other instrument. Thus an order issued by the RBI under section 36AB of the Act has overriding effect over the provisions of the Companies Act, 1956 (Now Companies Act, 2013). However the relevant forms stand filed as on date.

Employee Remuneration

- A. PARTICULARS OF EMPLOYEES AS PER RULE 2 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 FOR THE YEAR ENDED 31st MARCH, 2015, ARE AS UNDER:
- I. EMPLOYED THROUGHOUT THE FINANCIAL YEAR AND IN RECEIPT OF REMUNERATION AGGREGATING ₹ 60,00,000/- OR MORE PER ANNUM

Sr. No.	Name of the Employee	Designation/ Nature of Duties	Remuneration received per month (₹ In lakhs)	Nature of Employment	Qualification	Experience In Years	Date of Commencement of Employment	Age of the Employee (Years)	Last Employment held before joining the Company
1	Mr. Mushtaq Ahmad	Chairman & Chief Executive Officer	5.50	In Whole time employment of the Bank	B. A: CAIIB -I	43 years	06-10-2010	64	J&K Bank Ltd.

In addition during the year Chairman & CEO of the Bank was paid performance bonus @ 35% of basic pay for the FY 2013-14, which was duly approved by the Reserve Bank of India.

- II. EMPLOYED FOR A PART OF THE FINANCIAL YEAR AND IN RECEIPT OF REMUNERATION AGGREGATING ₹ 5, 00,000/- OR MORE PER MONTH NIL
- B. The ratio of the remuneration of each director to the median employees' remuneration and other details in terms of sub-section 12 of section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are forming part of this report as Annexure 3.

Statutory Disclosures

- (1) The disclosures to be made under sub-section (3)(m) of Section 134 of the Companies Act 2013 read with Rule (8) (3) of the Companies (Accounts) Rules, 2014 by your Bank are explained as under:
- (A) Conservation of Energy
- (i) The steps taken or impact on conservation of energy: Technology initiatives aimed at reducing the carbon footprint of the Bank are mentioned below:-
- Relocation of Banks Data centre to a high energy efficient and environment friendly Data Centre at Noida from Sify Technologies.
 - Discontinuation of paper circulars for internal communication.

- Automation of MIS reports to discontinue paper based regulatory and internal reports.
- Dedicated intranet site for E-newsletter in place of a paper newsletter.
- Use of energy star compliant computing and communication hardware.
- Web Page for Green Banking
- (ii) The steps taken by the Bank for utilizing alternate source of energy:
 - Endeavour to use Energy efficient Devices: Bank of late has started using the equipments which consume less power and are more Energy efficient as per the BEE Indian Standards.
 - a) Switching over from CFL/ Fluorescent Lamp To LED Lights
 - b) Shifting to new technology for Air Conditioning i.e VRV/VRF
 - c) Shall explore the possibility of using sensor based Electrical devices in future.
 - Bank has installed Solar UPS in some of the ATMs of the Bank. We shall further explore the use of renewable energy for street lights etc.

(B) Technology Absorption

(i) The efforts made towards technology absorption;

Technology absorption needs stable and conducive policy and governance framework. As such, J&K Bank has adopted IT governance model for restructuring the IT organizational structure as per the recommendations of RBI. As part of the implementing IT governance model, J&K bank has taken following steps:

- a) Board level IT Strategy Committee was constituted to assist the Board on all aspects of IT Governance including monitoring the implementation of all strategic plans.
- b) IT Steering Committee and Project Steering Committee were constituted to take the Bank closer to a more effective and efficient way of managing IT so as to deliver the ultimate value.
- c) Restructured IT organizational structure in the bank by creating different functional departments/divisions like i) Technology and Development ii) IT Operations and iii) IT Assurance.

Trainings are being conducted on regular basis to train the banks staff at gross root level to make full use of the technology in order to reduce the operating costs and bring in efficiencies to business processes.

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution

Following technology initiatives taken by the bank have brought efficacy in the processes besides reduction in the effort and cost involved in handling such operations.

a. Fixed Asset Management Automation

In order to centralize the Asset data of the Bank for effective monitoring and application of depreciation,

a centralized system was put in place. Automation of Asset Management has helped the bank in effective and efficient centralized monitoring of banks assets besides saving effort and time involved in application of depreciation.

b. MIS Reporting Automation

Implementation of MIS system in the Bank has replaced time consuming periodic paper reports/statements submitted by the branches to the concerned authorities besides building an efficient decision support system. The MIS application provides timely, accurate, reliable and verifiable information that hasten reporting as well as Banks decision-making process.

c. Automation of Banks Stationery Department.

Automation of Banks Stationery department has integrated the central stationery department and all stationery depots of the bank through a centralized software application which has an industry standard inventory management system. The system provides stock issuance/management services with real-time inventory maintenance.

d. WAN Acceleration.

Implementation of WAN acceleration was taken up to accelerate the wide area application traffic of VSATs and low speed leased lines to ensure improved and efficient delivery of services to the customer of the Bank.

e. High speed Network for ATMs & Branches.

In order to enhance service quality of branches and ATMs, network of 150 branches and 130 ATMs in J&K State were upgraded to high speed MPLS and 3G network respectively.

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year).

Nil

(iv) Your Bank has not incurred any expenditure on Research and Development during the year under review.

(C) Foreign Exchange Earnings and Outgo

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflow.

During the year ended March 31st, 2015 the bank earned ` 24.78 Lacs and spent ₹ 5.59 Lacs in Foreign currency. This does not include Foreign currency cash flows in derivatives and Foreign currency exchange transactions.

(2) No significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status of the Bank's operations in future.

(3) Number of cases filed, if any, and their disposal under Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and redressal) Act, 2013.

Your Bank has Zero tolerance towards any action on the part of any executive/employee which may fall under the ambit of 'Sexual Harassment' at workplace, and is fully committed to

uphold and maintain the dignity of every women executive/ employee working in the Bank.

(4) No Stock options were issued to the Director's of your Bank

Extracts of Annual Return

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014 the extracts of the Annual Return as at March 31, 2015 forms part of this report as **Annexure 4.**

Directors Responsibility Statement

The Board of Directors hereby confirms that:-

- i. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- iii. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv. the directors had prepared the annual accounts on a going concern basis; and
- v. the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

Explanation.—“internal financial controls” means the policies and procedures adopted by the company for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information;

- vi. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Acknowledgement

The Directors thank the valued customers, shareholders, well-wishers and correspondents of the bank in India and abroad for their goodwill, patronage and support. The Directors acknowledge with gratitude the valuable and timely advice, guidance and support received from Government of India, Government of Jammu & Kashmir, Reserve Bank of India, Securities and Exchange Board of India (SEBI), Insurance Regulatory Developmental Authority (IRDA), NABARD, SIDBI, IBA, FIMMDA, FEDAI, Stock Exchanges, Ministry of Corporate Affairs, Registrar of Companies, Comptroller & Auditor General of India, Financial Institutions and the Central Statutory Auditors of the bank in the functioning of the bank.

The Directors place on record their deep appreciation of the valuable contribution of the members of the staff at all levels for the progress of the bank during the year and look forward to their continued cooperation in realization of the corporate goals in the years ahead.

For and on behalf of the Board of Directors

Place: Srinagar (J&K)
Date: 22nd June, 2015

Mushtaq Ahmad
Chairman & CEO

ANNEXURE 1

The Annual Report on Corporate Social Responsibility (CSR) Activities

A brief outline of the Bank's CSR Policy, including overview of projects or programs proposed to be undertaken

J&K Bank CSR Policy

The Idea of Corporate Social Responsibility has gained prominence for quite some time now. The general notion has evolved all over that the downtrodden of society cannot be reached only by the government. In fact, Corporate Sector has also responsibility to pitch in this effort. With the result it is felt that the Corporate Houses, banks and other institutions can also be involved in the endeavour to take care of these segments of society. With the same realization amidst swiftly changing corporate environment, J&K Bank, the oldest and the largest commercial institution in J&K State, has adopted Corporate Social Responsibility (CSR) as a considered means for sustainable growth. For the Bank in the present context, CSR means not only venturing of financial resources for social activity but also integration of Business processes with Social processes.

Much before the issue of CSR became an inclusive concern for the banks and companies, J&K Bank has been aware and involved in its CSR endeavours. It has been fulfilling the aspiration of the society particularly the neglected ones within the state thereby creating a harmonious relationship between the bank and the peripheral segments of society in particular and stakeholders at large.

It is in this backdrop that the J&K Bank CSR Policy is framed which encompasses the Bank's Philosophy for delineating its responsibility as a Corporate Citizen and lays down the Guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large. This Policy applies to all CSR initiatives and activities taken up for the benefit of different segments of the society and all other causes which are socially, economically and environmentally relevant for one and all.

Major focus areas of J&K Bank CSR programmes/activities

- Promotion of education of Under-privileged & Differently abled
- Preventive Healthcare & Improving Public Health Delivery system
- Disaster Relief
- Eradication of poverty & Hunger

Overview of activities

In line with the CSR Policy and in accordance of Schedule VII of the Companies Act, 2013, J&K Bank undertook various programmes during the year having an impact of positivity on the lives of the people. Key initiatives which were undertaken during the reporting year were:

- Disaster Relief remained key CSR Initiative which was "Reactive " in nature as the flood mayhem in the month of September left thousands homeless, craving for food, shelter etc. Food, tents, medicines, daily use things in the form of kits were distributed among thousands of people.
- Under Preventive healthcare & improving public health delivery system, Bank under the Project "RAAHAT" took many steps to cater to the health needs of the under-privileged sections of society and also tried to fill the gaps in improving the public health system by providing machinery, vehicles and other necessary equipments for the public welfare at large. Bank also collaborated with the leading not for profit organizations in extending preventive healthcare for the people. Cancer society of Kashmir, Maya Foundation (Dealing with free surgeries in cleft lip & palate), and other organizations of repute are few organizations to make a mention.
- KOSHISH was another initiative of the Bank towards facilitating education and basic needs of under-privileged children in far flung areas. The project is operative in three Districts of Kashmir catering to more than 9000 children on long term basis.
- Under "MUSKAAN "Project for differently abled, Bank adopted more than 100 children for their educational and health needs in association with professional NGOs.

Web link to the CSR Policy www.jkbank.net

Composition of CSR Committee

Recognizing its role and responsibility towards its CSR part, Bank constituted CSR Committee of the Board to monitor the CSR activities on 06.03.2014.

Members of the Committee are:

Mr. Mushtaq Ahmad Chairman & CEO	Chairman of Committee
Mr. Abdul Majid Mattoo Director	Member
Mr. Vikrant Kuthialia Independent Director	Member

Average net profit before tax of the Company

for last three financial years ₹ 1493.19 Crores

Prescribed CSR expenditure (2%) of the amount as above ₹ 29.87 Crore

Details of CSR Spent during the Financial year

- a. Total Amount to be spent for the financial year : ₹ 29.87 Crore
 b. Amount spent: ₹ 13.74 Crore
 c. Amount unspent : ₹ 16.13 Crores

(During the period under review, devastating floods caused massive destruction in the state. The floods derailed every activity of normal life. Our Controlling Offices and Business Units got submerged and daily life /activities came to a standstill. Therefore, the primary focus of the bank shifted towards relief & rehabilitation of the flood affected people.)

Manner in which the amount spent during the financial year is detailed below:

(Amount in ₹)						
S.No	CSR Project or activity identified	Project or Programmes Local Area or other Specify the state and District where projects or programmes were undertaken	Amount outlay (Budget) Project or programme wise	Amount spent on the projects or programmes Sub heads: • Direct Expenditure • Overhead expenditure	Cumulative expenditure upto the reporting period	Amount spent Directly or through implementing agency
1	Disaster Relief	Local Area (Kashmir part of J&K)	Reactive CSR 115,070,151	1,15,070,151	1,15,070,151	Directly spent
2	Preventive Healthcare	Local Area	8,63,092	8,63,092	8,63,092	Directly spent ₹ 113,092 & Through Implementing Agency ₹ 750,000
3	Promotion of Education (Differently abled)	Local Area	23,17,500	23,17,500	23,17,500	• through NGOs
4	Improving Public Health Delivery System	Jammu & Kashmir	12,456,588	12,456,588	12,456,588	Directly spent
5	Promotion of Education	Local Area	48,17,781	48,17,781	48,17,781	*₹ 47,52,911 through NGOs & ₹ 64,870 directly by the bank
6	Promotion of sports (differently abled)	Local Area	1,43,500	1,43,500	1,43,500	Directly spent
7	Healthcare (Differently Abled)	Local Area	10,00,000	10,00,000	10,00,000	Through NGO
8	Eradication of Poverty & Hunger	Local Area	5,43,200	5,43,200	5,43,200	Through NGO ₹ 5,00,000 & ₹ 43,000 directly
9	Promotion of Education (Health)	Local Area	2,50,000	2,50,000	2,50,000	Directly spent
10	Expenditure on administrative overhead	NII	NII	NII	NII	NII

*Details of implementing agency

- (S.No 2) Greater Kashmir welfare Trust (GKWT): The TRUST was incorporated on 24th February, 2005 as a Public Charitable Trust with multipurpose Objectives like disaster Relief, Preventive Healthcare etc.
- (S.No 3) a. Voluntary Medicare Society, Registered Under the Societies Registration Act , VI of 1998 since 1970 ,

b) Chotey Taaray Foundation , a Registered NGO since 16.11.2006, C) Humanity welfare Organization "Help Line" Bijbehara, a registered NGO under the Societies Registration Act, VI of 1998 since 21st October 2003. (All the NGOs work for the cause of Differently abled children)

- (S.No 1) Child Rights & You (CRY) registered as a Trust under Bombay Public Trust since 1979 for the cause of Children rights. 2) CHINAR- an NGO registered under the Societies Registration Act , VI of 1998 (1941) since 2004
- (S.No 7) Maya Foundation : Registered NGO , Bangalore (Karnataka) Since 2006
- (S.No 8) Ahmad & Haris Khan Trust - Registered Trust Since 02.06.2011

Responsibility Statement of the CSR Committee

As a responsible institution, J&K Bank is committed to corporate social responsibility (CSR). Understanding Jammu and Kashmir's society, culture and geography well, the Bank goes beyond philanthropic symbolism and envisions its CSR Policy from the broader perspective of socio-economic empowerment and of late in the light of new legislation on CSR since 1st April 2014.

The target groups of the bank's entire CSR Programme comprise of the disadvantaged sections of the society like poor people, women, children, differently abled and others. All these CSR programmes were implemented by the bank in the foregone year either directly or through implementing agencies like NGOs etc.

Major CSR initiatives during the year 2014-15 revolved around health, education and community welfare at large.

Rising to the occasion, J&K Bank was the first organization to provide relief to the people affected by devastating floods that hit the state in the first week of September 2014. It is of note that Bank also contributed ₹ 5.00 Crores towards J&K Flood Relief Fund for being partners in providing succor to the people of the state in rebuilding their shattered dwellings. It was simply a reactive CSR measure.

Under its major rehabilitation package, the Bank donated 500 tents to the flood hit families. Around 23000 kits comprising of blankets, water purifiers, hot water bottles & solar lamps were also distributed among the people as a relief measure. The bank also facilitated distribution of medicines and food packets among the flood hit people at various locations of the state.

Under Preventive Healthcare & Improving Public Health delivery system, Bank was proactive in providing succor to the underprivileged sections of society and also tried to fill the gaps in improving the public health system by providing machinery, vehicles and other necessary equipments for the public welfare at large. Bank also collaborated with the leading

not for profit organizations in extending preventive healthcare for the people. Cancer society of Kashmir, Maya Foundation (Dealing with free surgeries in cleft lip & palate), and other organizations are few ones to make a mention.

The Bank also supported various Government hospitals that cater to the needs of the poor patients who find it difficult to meet the exorbitant expenses on their treatment outside, like Bank donated five (05) Critical Care machines to Sher-I-Kashmir Institute of Medical Sciences (SKIMS) and Government Medical College Jammu. Besides, after the devastating floods, Bank helped the largest public hospital SMHS by way of ambulances to make them accessible to critical patients.

Education, as means to socio-economic empowerment, receives a substantial part of the Bank's CSR funds. The Bank contributes meaningfully to the education of the downtrodden, besides helping the agencies and reputed NGOs active in the field of women and children empowerment. It is pertinent to mention that far flung and backward areas of the state lack many basic amenities for reasons of varied nature like connectivity, difficult terrains and other social taboos, thus affecting the local populace in unconventional ways. These also include the health and education of the children of such areas barring them to move along normally in the society.

Under CSR policy, J&K Bank identified a project, with a leading NGO of international repute Child Rights and You (CRY) Delhi through a local project partner KOSHISH, to meet the nutritional, health and educational needs of the children of forty (40) far flung areas/villages of three Districts of Srinagar, Budgam & Ganderbal. On the basis of baseline research, the overall number of children to be covered for these basic needs is 9224 in 5100 Households. Project is likely to have a long-term impact on the society with particular reference to under-privileged children in their survival, participation, development & protection. In view of contents of the project, it has been named as "KOSHISH". Moreover, under "promotion of education", the Bank has adopted 30 under privileged children in association with a leading NGO CHINAR through RCSP programme.

Disability is probably one of the least understood and accepted conditions in the society which believes that everything not normal is abnormal. To ensure equal opportunities and dignity to persons with 'special abilities' require efforts, awareness and mobilization besides addressing their basic medical needs. In this regard, the Bank has adopted more than Hundred Children having multiple disabilities under the project "MUSKAAN". Under the Project, J&K bank has engaged the professional services of leading NGOs like Voluntary Medicare Society, Chotey Taarey Foundation and Humanity welfare Organization Bijbehara.

CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the company:

(Mr. Mushtaq Ahmad)
Chairman & CEO
(Chairman of CSR Committee)

(Mr. Vikrant Kuthialia)
Director

Mr. Abdul Majid Mattu)
Director

Annexure 2

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

The Jammu and Kashmir Bank Limited

Corporate Head Quarters, M A Road

Srinagar, J&K

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by The Jammu and Kashmir Bank Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of The Jammu and Kashmir Bank Limited books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31.03.2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by The Jammu and Kashmir Bank Limited for the financial year ended on 31.03.2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) The Banking Regulation Act, 1949.

I have also examined compliance with the applicable clauses of the Listing Agreements entered into by the Company with the Stock Exchange(s).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

During the period under review, provisions of the following regulations were not applicable to the Bank:

- (i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (ii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998

- (iii) Secretarial Standards issued by The Institute of Company Secretaries of India (since not made mandatory by the Central Government during the period);
- (iv) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (v) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Seven days notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent adequately in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

The Company has complied with all the provisions of the Companies Act, 2013 and the Rules made there under with the exception of following:-

1. Appointment of the Woman Director on the Board is yet to take place, as mandated by the provisions of the Section 149 of the Companies Act, 2013 and in pursuance to Clause 49 of the Listing Agreement governing Corporate Governance.
2. The Reserve Bank of India (RBI) Nominee director, Mr. D.K. Meena has not intimated Director identification Number to the Bank and consequently Bank has not filed form DIR_12/11 in respect of his appointment and removal, appointed vide RBI Order DBOD.PSBD.NO.62981/16.05.08/2014-15 dated Oct, 28th, 2014 However RBI has overriding power on companies act, 2013 to appoint Director pursuant to provisions of Sub Section (1) of Section 36AB of Banking Regulation Act, 1949.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For Ghulam Jeelani Reshi & Associates
Company Secretaries

Place: Srinagar
Date: May 30, 2015

Ghulam Jeelani Reshi
(Proprietor)
ACS 27595 / CP No. 10020

Annexure 3

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Sl. No	Requirements	Disclosure
I	The ratio of the remuneration of each director to the median remuneration of the employees for the financial year	Chairman & CEO 12.7x
II	The percentage increase in remuneration of each director, CFO, CEO, CS in the financial year	Chairman & CEO 0% CFO 63.22% CS 18.45%
III	The percentage increase in the median remuneration of employees in the financial year	The median remuneration of the employees in the financial year was increased by 6.8%.
IV	The number of permanent employees on the rolls of the Bank	There were 9382 employees as on March 31, 2015.
V	The explanation on the relationship between average increase in remuneration and Bank performance	The performance of the Bank as a whole is linked to the performance of its management and employees
VI	Comparison of remuneration of the Key Managerial Personnel against the performance of the Bank	As mentioned above performance of the Bank as a whole is linked to the performance of its management
VII	Variations in the market capitalization of the Bank, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Bank in comparison to the rate at which the Bank came out with the last public offer	The market capitalization of shares of the Bank as on 31-03-2015 and 31-03-2014 is ₹4607.82 Crore and ₹7455.89 Crore due to Market fluctuation in share price of the Bank coupled with sub division of Bank's Equity Shares of the Face Value of ₹10/- each into 10 (ten) Equity Shares of ₹1/- each. The Price earning ration of the Bank as on 31-03-2015 and 31-03-2014 is 9X & 6X respectively.
VIII	Average percentile increase already made in the salaries of the employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average percentile increase already made in the salaries of the employees other than the Managerial personnel is 8.9%. There is no exceptional increase in the salary of employees or management.
IX	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Bank	The comparison of remuneration of each of the key managerial personnel against the performance of the Bank is as under Particulars %age of Net profit for 2014-15 Chairman & CEO 0.13% CFO 0.06% CS 0.02 %
X	The key parameters for any variable component of remuneration availed by the directors	Not Applicable
XI	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration	Not Applicable
XII	Affirmation that the remuneration is as per the remuneration policy of the Bank	Yes, it is confirmed

ANNEXURE 4

EXTRACTS OF ANNUAL RETURN

AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2015

{Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014}

I. REGISTRATION AND OTHER DETAILS

i. CIN :-	L65110JK1938SGC000048
ii. Registration Date	1st October, 1938
iii. Name of the Company	Jammu & Kashmir Bank Limited
iv. Category/sub category of the Company	Government Company under the Companies Act, 2013 Old Private Sector Bank under RBI Guidelines
v. Address of the Registered office and Contact details	Corporate Headquarters, M. A. Road, Srinagar 190001 J&K (India)
vi. Whether listed Company	Yes on Bombay Stock Exchange Ltd. & National Stock Exchange of India Ltd.
vii. Name, Address and contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited (Unit:- J&K Bank) Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 Andhra Pradesh - India Email jkbank@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of Main products/ services	NIC code of the product/service	% to total turnover of the company
1	Banking Business	65191	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name of the Company	CIN/GLM	Holding/ subsidiary / associate	% of shares held	Applicable section
1.	JKB Financial Services Ltd.	U65990JK2008SGC002931	Subsidiary	100%	2(87) (i) & (ii)
2.	J&K Grameen Bank Ltd.	Not Applicable	Associate	35%	2(6)

IV. SHAREHOLDING PATTERN (Equity share Capital breakup as percentage of total equity)

i) Category-wise shareholding

Category of Shareholders	No. of shares held at the beginning of the year (Pre Split @ ₹ 10/- per Share)				No. of shares held at the end of the year (Post Split @ ₹ 1/- per Share)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Promoter and Promoter Group (Indian)									
Individuals/Hindu Undivided Family	0	0	0	0	0	0	0	0	0
Central Government/ State Government of Jammu & Kashmir	25775266	0	25775266	53.17	257752660	0	257752660	53.17	Nil
Bodies Corporate	0	0	0	0	0	0	0	0	0
Financial Institutions/Banks	0	0	0	0	0	0	0	0	0
Any Other (Total)	0	0	0	0	0	0	0	0	0
Sub-Total (A)(I)	25775266	0	25775266	53.17	257752660	0	257752660	53.17	Nil

Category of Shareholders	No. of shares held at the beginning of the year (Pre Split @ ₹ 10/- per Share)				No. of shares held at the end of the year (Post Split @ ₹ 1/- per Share)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Foreign									
NRIs - Individuals	0	0	0	0	0	0	0	0	0
Other Individuals	0	0	0	0	0	0	0	0	0
Bodies Corporate	0	0	0	0	0	0	0	0	0
Banks / Financial Institutions	0	0	0	0	0	0	0	0	0
Any Other (Total) (FIIS)	0	0	0	0	0	0	0	0	0
Sub-Total (A)(2)	0	0	0	0	0	0	0	0	0
Public shareholding³									
Institutions									
Mutual Funds/UTI	2078467	0	2078467	4.29	23674525	0	23674525	4.88	+ 0.59
Financial Institutions/Banks	20713	0	20713	0.04	88801	0	88801	0.02	- 0.02
Central Government/State Government(s)	0	0	0	0	0	0	0	0	0
Venture Capital Funds	0	0	0	0	0	0	0	0	0
Insurance Companies	215608	0	215608	0.44	13516632	0	13516632	2.79	+2.35
Foreign Institutional Investors	13585848	0	13585848	28.02	118854248	0	118854248	24.52	- 3.50
Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	0
Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
Any Other (Total)	0	0	0	0	0	0	0	0	0
Sub-Total (B)(1)	15900636	0	15900636	32.80	156134206	0	156134206	32.21	+ 0.59
Non-institutions									
Bodies Corporate	1507283	17294	1524577	3.14	10947326	172940	11120266	2.29	- 0.85
Individuals - i. Individual Shareholders Holding Nominal Share Capital Up To > ₹ 1 Lakh.	2714539	1679830	4394369	9.06	36495644	15878430	52374074	10.80	+ 1.75
Individuals - ii. Individual Shareholders Holding Nominal Share Capital In Excess Of ₹ 1 Lakh	530251	22666	552917	1.14	3000736	226660	3227396	0.67	- 0.77
Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
Any Other (Total)	328537	1500	330037	0.68	4154418	15000	4169418	0.86	+ 0.18
Clearing Members	60894	0	60894	0.13	922983	0	922983	0.19	+ 0.06
Non Resident Indians	255049	1500	256549	0.53	3074282	15000	3089282	0.64	+ 0.11
TRUSTS	12594	0	12594	0.03	157153	0	157153	0.03	0
Sub-Total (B)(2)	5080610	1721290	6801900	14.03	54598124	16293030	70891154	14.62	+ 0.59
Total Public Shareholding (B)= (B)(1)+(B)(2)	20981246	1721290	22702536	46.83	210732330	16293030	227025360	46.83	0
TOTAL (A)+(B)	46756512	1721290	48477802	100	468484990	16293030	184778020	100	0
Shares held by Custodians and against which Depository Receipts have been issued (C)	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	46756512	1721290	48477802	100	468484990	16293030	84778020	100	0

ii) Shareholding of Promoters

Name of the shareholder	Shareholding at the beginning of the year			Shareholding at the end of the year			
	No. of Shares (Pre- Split @ ₹ 10/- per share)	% of total shares of the company	% of shares pledged/ encumbered to total shares	No. of Shares	% of total shares of the company (Post Split @ ₹ 1/- per Share)	% of shares pledged/ encumbered to total shares	% change in shareholding during the year
Chief Secretary Jammu & Kashmir Govt	24322598	50.17	0	243225980	50.17	0	Nil
Secretary Finance Deptt Jammu & Kashmir Govt	1452668	3.00	0	14526680	3.00	0	Nil

iii) Changes in Promoters Shareholding

No Change

iv) Shareholding patterns of top ten Shareholders (other than directors, promoters and Holders of GDRs and ADRs)

Name of the Shareholder	Shareholding at the beginning of the year(Pre-Split @ ₹ 10/- per share)		Cumulative Shareholding during the year		Shareholding at the end of the year (Post Split @ ₹ 1/- per Share)		Reasons for increase/decrease
	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company	
Aberdeen Global Indian Equity (Mauritius) Limited	1718000	3.54%	0	0.00%	17180000	3.54%	Stock split
Route one Investment Company, L.P. A/c Route one	859357	1.77%	-859357	-0.18%	0	0.00%	Sale of shares
Route one Investment Company, L.P. A/c Route one	787333	1.62%	-787333	-0.16%	0	0.00%	Sale of shares
Wellington Management Company, LLP A/c Bay Pond MB	774994	1.60%	-774994	-0.16%	0	0.00%	Sale of shares
Morgan Stanley Asia (Singapore) PTE.	715903	1.48%	-715903	-0.15%	0	0.00%	Sale of shares
Reliance CapitalTrustee co. Ltd a/c Reliance bank	653933	1.35%	2162817	0.45%	2816750	0.58%	Sale of shares
Wellington Management Company, LLP a/c Bay Pond BM	559731	1.15%	-559731	-0.12%	0	0.00%	Sale of shares
Merrill Lynch Capital Markets Espana s.a. S.v.	515346	1.06%	3585414	0.74%	4100760	0.85%	Sale of shares
Acacia Partners, LP	500655	1.03%	-500655	-0.10%	0	0.00%	Sale of shares
Sanlam Universal Funds PLC	486624	1.00%	-486624	-0.10%	0	0.00%	Sale of shares
Life Insurance Corporation of India	215608	0.44%	11360552	2.34%	13516632	2.79%	Acquisition of shares
ICICI Prudential Value Discovery fund	0	0.00%	10000000	2.06%	10000000	2.06%	Acquisition of shares
The Pabrai Investment Fund IV LP	0	0.00%	7580450	1.56%	7580450	1.56%	Acquisition of shares
Morgan Stanley Asia (Singapore) PTE.	0	0.00%	7521758	1.55%	7521758	1.55%	Acquisition of shares
Fidelity Investment Trust Fidelity International	0	0.00%	7127060	1.47%	7127060	1.47%	Acquisition of shares
Government Pension Fund Global	0	0.00%	5846760	1.21%	5846760	1.21%	Acquisition of shares
Pabrai Investment fund 3, Ltd	0	0.00%	4872410	1.01%	4872410	1.01%	Acquisition of shares
ICICI Prudential Midcap Fund	0	0.00%	4250481	0.88%	4250481	0.88%	Acquisition of shares

v) Shareholding of Directors and Key Managerial Personnel:

A. Directors

Name of the Shareholder	Shareholding at the beginning of the year (Pre- Split @ ₹ 10/- per share)		Cumulative Shareholding during the year		Shareholding at the end of the year (Post Split @ ₹ 1/- per Share)		Date wise increase/decrease with reasons	
	No. of Shares (Pre- Split @ ₹ 10/- per share)	% of total shares of the company	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company		
Mr. Mushtaq Ahmad	230	0.0004%	0	0	2300	0.0004%	5th Sept. 2014	Sub-division of each equity share of ₹ 10/- each into ten (10) equity shares of ₹ 1/- each
Mr. M. I. Shahdad	7048	0.0150%	0	0	70480	0.0150%	5th Sept. 2014	
Mr. A. M. Matto	1693	0.0035%	0	0	16930	0.0035%	5th Sept. 2014	

B. Key Managerial Personnel

Name of the Shareholder	Shareholding at the beginning of the year (Pre- Split @ ₹ 10/- per share)		Cumulative Shareholding during the year		Shareholding at the end of the year (Post Split @ ₹ 1/- per Share)		Date wise increase/decrease with reasons	
	No. of Shares (Pre- Split @ ₹ 10/- per share)	% of total shares of the company	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company		
Mr. Mushtaq Ahmad	230	0.0004%	0	0	2300	0.0004%	5th Sept. 2014	Sub-division of each equity share of ₹ 10/- each into ten (10) equity shares of ₹ 1/- each

vi) INDEBTEDNESS

Indebtedness of the company including interest outstanding/accrued but not due for payment.

(Amount in Crore)

	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
1. Principal Amount	0.00	600.00	0.00	600.00
2. Interest due but not paid	0.00	0.00	0.00	0.00
3. Interest accrued but not due	0.00	13.80	0.00	13.80
Total (1 + 2 + 3)	0.00	613.80	0.00	613.80
Changes in indebtedness during the year				
• Addition	0.00	0.00	0.00	0.00
• Reduction	0.00	0.00	0.00	0.00
Net Change	0.00	0.00	0.00	0.00
Indebtedness at the end of the financial year				
1. Principal Amount	0.00	600.00	0.00	600.00
2. Interest due but not paid	0.00	0.00	0.00	0.00
3. Interest accrued but not due	0.00	13.80	0.00	13.80
Total (1 + 2 + 3)	0.00	613.80	0.00	613.80

vii) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration of Managing Director, Whole-time Directors and / or Manager

Particulars of Remuneration	Name of the MD : Mr. Mushtaq Ahmad				Total Amount
	Basic	DA	other	Others	
Gross Salary					
a. Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	66,00,000	-	-	-	66,00,000
b. Value of perquisites u/s 17(2) of the Income tax Act, 1961	10,800	-	-	-	10,800
c. Profits in lieu of salary under section 17(3) of the Income tax Act, 1961	-	-	-	-	-
Stock Option	-	-	-	-	-
Sweat Equity	-	-	-	-	-
Commission					
- As % of Profit	-	-	-	-	-
- Others, - (Performance Bonus 2013-14)	19,95,000	-	-	-	19,95,000
Others	-	-	-	-	-
Total (A)	86,05,800	-	-	-	86,05,800

B. Remuneration to other Directors - Independent Directors

Particulars of Remuneration	Mr. Vikrant Kuthiala	Mr. Dalip Kumar Kaul	Mr. Khaver Alam Jeelani	Total Amount
• Fee for attending Board/Committee Meetings	6,60,000	4,65,000	2,85,000	14,10,000
• Commission	-	-	-	-
• Others (please specify)	-	-	-	-
Total (1)	6,60,000	4,65,000	2,85,000	14,10,000

C. Remuneration to other Non Executive Directors

Particulars of Remuneration	Mr. M. I. Shahdad	Mr. A. M. Matto	Prof. Nisar Ali	Mr. R. K. Gupta	Mr. Nihal C. Garware	Total amount
• Fee for attending Board/Committee Meetings	5,70,000	5,70,000	4,05,000-	7,50,000	3,60,000	26,55,000
• Commission	-	-	-	-	-	-
• Others (please specify)	-	-	-	-	-	-
Total (a)	5,70,000	5,70,000	4,05,000	7,50,000	3,60,000	26,55,000

REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Particulars of Remuneration	Key Managerial Personnel		Total Amount
	Company Secretary	Chief Financial Officer	
	Mr. Abdul Majid Bhat	Mr. R. K. Shah	
Gross Salary			
a. Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	₹ 8,70,957	₹ 29,11,819	₹ 37,82,776
b. Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	-	-
c. Profits in lieu of salary under section 17(3) of the Income tax Act, 1961	-	-	-
Stock Option	-	-	-
Sweat Equity	-	-	-
Commission			
- As % of Profit	-	-	-
- Others, Specify	-	-	-
Others	-	-	-
Total	₹ 8,70,957	₹ 29,11,819	₹ 37,82,776

PENALTIES / PUNISHMENT/COMPOUNDING OF OFFENCES:

NIL

Management Discussion and Analysis

Global Economy

Global economy in 2014 was shaped by an array of complex forces emanating from different geographies and economies across the world. Factors with longer perspectives like legacies of past financial crises and decline in potential output growth and factors with more immediate influences like the decline in the price of oil and large exchange rate movements resulted in conflicting influences on growth in different economies. The net outcome was a continuance of modest recovery in growth at Global level, at around 3.4 percent, with a pickup in growth in advanced economies and a slowdown in emerging market and developing economies.

Amongst advanced economies, growth in the United States was stronger than expected, averaging about 4 percent annualized in the last three quarters of 2014. Increased consumption, steady job creation, income growth, lower oil prices and improved consumer confidence were the major drivers of this growth.

The Euro Area continued to recover during the past year, but private investment remained weak, with Ireland, Spain, and Germany being notable exceptions. Signs of a pickup were more profound in the fourth quarter and in early 2015, with increased consumption supported by lower oil prices and higher net exports providing the main impetus.

Among other advanced economies, United Kingdom exhibited a steady growth at 2.6 percent, supported by lower oil prices and improved financial market conditions. Canada's growth of 2.5 percent was much higher than 2 percent registered by it in 2013. This growth was pillared mainly by the strength of the U.S. recovery. On the whole, the other advanced economies registered a growth of 2.8 percent compared to 2.2 percent in 2013.

However, at minus 0.1 percent, the growth was highly disappointing in Japan, resulting amongst others from the April 2014 consumption tax hike, which caused a sharper-than-predicted contraction in consumption.

Emerging and Developed Economies (EMDEs) experienced a slowdown in growth vis-a-vis the last year's growth of 5 percent. At 4.6 percent, the slowdown was a result of subdued performance by some large emerging market economies and oil exporters.

In China, growth fell to 7.4 percent in 2014 from 7.8 percent in 2013 as previous excesses in real estate, credit, and investment began to unwind. Growth in Latin America and the Caribbean slowed to 1.3 percent in 2014 against the previous year's 2.7 percent. In Brazil, growth fell from 2.7 percent in 2013 to 0.1 percent in 2014 on account of worst ever fiscal deficit, high inflation and reduced private sector sentiments.

Going forward, the complex forces which shaped the global economy in 2014 are expected to continue their influence in 2015, with a net positive impact. Overall, global growth is projected to reach 3.5 percent with better outlook for advanced

economies than in EMDEs where the growth is projected to be lower than the last year.

United States is likely to continue providing foremost impetus despite the projected gradual rise in interest rates and some drag on net exports from recent dollar appreciation. The pickup in growth exhibited by Euro area in latter part of last year is expected to continue this year also. Lower oil prices, lower interest rates, and euro depreciation, as well as the shift to a broadly neutral fiscal stance, are projected to boost activity. On the whole, Euro area is projected to grow moderately at 1.5 percent this year with main thrust coming from countries like France and Spain.

The slowdown exhibited by EMDEs last year is likely to continue and somewhat deepen in 2015 on account of sharp downward revisions to growth for oil exporters; a slowdown in China on account of expected government efforts to reduce susceptibilities arising from recent rapid credit and investment growth; and a continued weakening of the outlook for Latin America. Overall, EMDEs are exhibited to slowdown to 4.6 percent this year compared to 5 percent achieved in 2014.

Domestic Economy

The macro economic conditions of domestic economy improved during the last financial year, primarily on the back of increased domestic demand, contained inflation, increased investments and decline in oil prices. Although rebasing of GDP on base year 2011-12 cloud to some extent the actual assessment of the performance of the economy compared to the previous years, the high advance estimates of 7.4 percent for the Indian economy in 2014-15 and the positive sentiments across some important constituents do indicate an overall improvement.

Inflation, which has persistently remained a major problem for the Indian economy in recent years, finally relented in 2014-15 and witnessed a durable decline on both Wholesale Price Index (WPI) and Consumer Price Index (CPI). The average Wholesale Price Index (WPI) inflation declined in 2014-15 to 3.4 per cent (April-December) vis-à-vis 8.9 per cent in 2013-14. This decline was aided by a sharp fall in global commodity prices and domestic food inflation which moderated to 4.8 per cent during April-December 2014 as compared to 9.4 per cent in 2013-14. Average retail inflation, measured by Consumer Price Index (CPI), moderated to 6.3 per cent in 2014-15 (April -December) from 9.5 percent in 2013-14.

Advance estimates indicate that the industrial sector grew for the second consecutive year in 2014-15 and achieved an estimated growth of 6.5 percent compared to 5.3 achieved in FY2013-14. The main impetus came from manufacturing sector which grew at 6.8 percent compared to previous years 5.3 percent. However, the high growth figures shown by Industrial sector and the robust expansion depicted by the manufacturing sector may be influenced to some extent by shift to new series as the same are not exactly validated by subdued corporate sector performance and weak industrial production.

The foremost stimulus for revival in overall growth in 2014-15 came from the services sector, which is estimated to have grown by 9.8 per cent as compared to 8.1 percent in 2013-14. Major contributors were 'financial, real estate and professional services' and 'public administration, defence and other services'.

Agricultural activity, however, slowed down through 2014-15 and collectively with allied activities recorded a dismal growth of 1.1 percent compared to 3.7 percent achieved last year. Deficient monsoon and its erratic distribution affected crop production throughout the year, with insufficient and belated southwest monsoon hitting the Kharif crops and inadequate and skewed north-east monsoon impacting the Rabi Crops.

Outlook for Indian Economy

The outlook for domestic economy for 2015-16 is positive. The government's reform agenda, positive business sentiments and upbeat financial market conditions are expected to stimulate economic growth.

Retail inflation is projected to remain below 6 per cent in 2015-16, hovering around 5 percent in first half and a little above 5.5 percent in the second half of the fiscal year. Agriculture is likely to be one of the main propellers of growth with projections of 3.4 percent compared to the gloomy 1.1 percent achieved last year. Industrial sector is also expected to continue its positive momentum at 6.3 percent. Services sector which propelled much of the growth in 2014-15 is projected to continue its high rate of growth during this year also.

Overall, the Indian economy is expected to grow at 7.6 percent in FY 2015-2016. However, the projected growth shall be subject to downside risks emanating from firming up of international crude prices hastened by the materialization of geo-political tensions, consequent resurgence of inflationary pressures, deficient monsoon and other global and idiosyncratic domestic factors.

Monetary Policy Stance

The second bi-monthly monetary policy 2015-16 of RBI reflects its sanguine assessment of external factors like delaying of normalization of US monetary policy and optimism on key domestic factors like controlled inflation, muted administered price increases and passing through of some of the past rate cuts into the lending rates by most of the banks. It also highlights its concern over contingent risks in the forms of sub-normal southwest monsoon, the effect and pass through to inflation in the form of ag-flation (agriculture-led-inflation); risk of increase in crude prices on account of rising geopolitical tensions; and volatility in the external environment. Simultaneously, it also indicates its recognition of the need for overcoming subdued investment, low domestic capacity utilization and supply constraints over the medium term to stay on the envisaged disinflationary path.

Monetary and Liquidity Measures

On the basis of the assessment of the current & evolving macroeconomic situation, RBI in its second bi-monthly monetary policy for 2015-16 decided to:

- reduce the policy repo rate under the liquidity adjustment

facility (LAF) by 25 basis points from 7.5 percent to 7.25 percent.

- keep the cash reserve ratio (CRR) of scheduled banks unchanged at 4.0 per cent of net demand and time liabilities (NDTL);
- continue to provide liquidity under overnight repos at 0.25 per cent of bank-wise NDTL at the LAF repo rate and liquidity under 14-day term repos as well as longer term repos of up to 0.75 percent of NDTL of the banking system through auctions; and
- continue with overnight/term variable rate repos and reverse repos to smooth liquidity.

Consequently, the reverse repo rate under the LAF stands adjusted to 6.25 per cent, and the marginal standing facility (MSF) rate and the Bank Rate to 8.25 per cent.

J&K State Economy

During FY2014-15, J&K State was hit by one of the worst ever floods in its recorded history. The catastrophe caused unprecedented losses to the J&K economy, estimated to be in hundreds of billions of rupees, besides claiming more than 280 human lives.

All the sectors of the J&K State economy were devastated by the floods. Around 12.50 lakh families were directly or indirectly affected and an estimated 2.5 lakh houses were completely or partially damaged. Agricultural crops suffered losses to an estimated tune of ₹ 4,000 Crore while in case of horticulture, the estimated losses are more than ₹ 1500 Crore. Heavy damage was also caused to public utility services and infrastructure, including roads, electric power supply and water supply schemes.

Consequently, the Gross State Domestic Product (GSDP) of the state at constant (2004-05) prices for the year 2014-15 is estimated at ₹ 45126.30 Crores (Advance Estimates) as against ₹ 45847.15 Crores for the year 2013-14, registering a negative growth of minus 1.57 percent over the previous year. The major setback was on account of an estimated deceleration of minus 16.23 percent in Agriculture and Livestock sector as compared to positive growth of 6.25 percent in the year 2013-14. Overall Agriculture & the allied sectors is estimated to have decelerated to minus 14.9 percent as compared to growth of 5.14 percent in the year 2013-14

The impact of floods was also severe on Industry which is estimated to have grown at gloomy 1.47 percent (A.E) during the year 2014-15 as compared to 7.08 percent in the year 2013-14. Among the sub sectors, Manufacturing grew at advance estimates of 0.23 percent, Construction 2.99 percent while as Electricity, Gas & Water Supply at 5.95 percent during 2014-15. The corresponding figures for these subsectors for the year 2013-14 were 6.8 percent, 4.81 percent and 13.84 percent respectively.

Service sector, which is the major contributor to the State economy also registered a dismal growth at 1.96 percent (advance estimates) as compared to 5.17 percent during 2013-14. Inevitably, the total income of the state also declined by 1.5 per cent in 2014-15 to a little less than ₹ 88,000 Crore and the

average per capita income in J&K declined from ₹ 59,279 to ₹ 58,888.

Although life in the state is slowly limping back to normalcy, the negative impact on the economy shall take years to be reversed. The rebuilding of destroyed assets and more importantly the restoration of disrupted income flows is a major challenge faced by the state.

Understanding the urgency and focus required, J&K State Govt created a Relief and Rehabilitation Department to coordinate all the relief and rehabilitation activities across all sectors of the state. A special "Project Monitoring Unit (PMU)" has also been created to monitor the multi-sectoral projects to be implemented under Flood Recovery and Restoration Programme.

A slew of measures were announced by the J&K Government in the Annual State Budget 2015-16 for rebuilding of the wrecked economy of the State and restoration of confidence of its various sectors. Tourism which suffered major direct and indirect losses has been supported through exemption from payment of entry tax on furniture/office equipment/kitchen equipment/other goods imported into the state for replacement and refurbishment to allow rebuilding of hotels before the start of tourist season. Exemption under the GST in respect of lodging services provided by hotels, lodges and guest houses has also been continued up to end March, 2016.

Agriculture, which contributes around 19 percent of the J&K State's SDP, suffered heavy losses on account of the floods with major impact on small and marginal farmers. To provide relief to these farmers, the J&K Govt announced, inter-alia, plans to waive off 50 per cent of the KCC loans for farmers who have an outstanding balance of less than ₹ 1 lakh.

For common masses, zero percent tax rate under the J&K VAT Act, 2005 has been continued with for FY 2015-16 for commodities like Paddy, Rice and Wheat. The remission on stamp duty chargeable under the Stamps Act in case of instruments/documents executed between borrowers and the lending financial institutions on the fresh loans advanced by such institutions to the persons affected by the floods has been extended up to March 31, 2016.

In addition to the above mentioned and many other such measures planned to reverse the destructive impact of floods, J&K Govt announced plans to undertake an array of developmental activities during the current financial year. Some of these include setting up of Model Business Villages to be piloted through setting up of Model Basmati village in Jammu Division and Model Apple village & Model Saffron village in Kashmir Division. One village is also planned for Ladakh region to demonstrate the use of solar dryers and modern technologies for horticultural processing.

Model ethnographic villages to showcase intrinsic cultural and heritage strengths of J&K, setting up of an Asset Reconstruction Company in partnership with the J&K Bank for dealing with sick micro, small and medium enterprises, creation of land bank of over 10,000 kanals across the state for development as Industrial Estates, higher capital investment subsidy on plant and machinery to encourage setting up of new industrial units in backward areas and distribution of modern carpet looms to

improve and enhance the production capacities of weavers are some of the various other developmental initiatives announced by the State Government.

J&K State Government also plans to float a Dal Development Bond for restoration of the Dal lake. J&K Govt also announced various plans for providing employment avenues to educated youth. One such initiative is setting up of a Venture Capital Fund with an initial corpus of ₹ 100 Crore to provide equity finance to promising start-ups. J&K State Govt also announced "Aasra" insurance cum saving scheme to provide succor to 50,000 widows and destitute women of the state.

Besides above, the State plans to undertake various other initiatives for its overall economic development.

Indian Banking Sector

The operating environment for the banking system in India continued to be challenging in FY 2014-15 with muted growth in industrial production, poor credit off-take, continued logjam of stalled projects and concerns over high non-performing and restructured assets.

During 2014-15, the aggregate deposit of banks grew by less than 13 percent which is much lower than 14.1 percent achieved in FY 2013-14 and the lowest achieved in last 19 years. Aggregate bank credit growth was also highly disappointing and fell to an 18 year low of 12.6 percent as on 3rd April, 2014. Net Profits of most of the banks were also badly hit on account of higher provisioning requirements arising out of elevated NPAs.

The disproportionately sharp increase in the magnitude of stressed assets reinforced itself as the most serious issue confronting the Indian Banking System. As per the preliminary data released by RBI, the gross NPAs for the banking system increased to 4.45 per cent of gross advances from 4.10 per cent in March-end 2014. The net NPAs also climbed to 2.36 per cent of net advances from 2.20 percent. The stressed assets ratio (gross non-performing assets plus restructured standard advances to gross advances) for the system as a whole rose to 10.9 per cent at the end of March 2015 compared with 10 per cent in March last year. This means that nearly ₹ 7.05 lakh Crore worth of bank loans were categorized under stressed category at the end of March, 2015 compared with ₹ 5.91 lakh Crore last year.

The level of affliction in Indian banking system can be gauged from the recent IMF's Global Financial Stability Report that 36.9 per cent of India's total debt is at risk, which is among the highest in the emerging economies while India's banks have only 7.9 per cent loss absorbing buffer, which is among the lowest.

The extent of distress is, however, not uniform across bank groups and is more pronounced for public sector banks (PSBs). The gross NPAs for PSBs as on March 2015 stood at 5.17 per cent while the stressed assets ratio stood at 13.2 per cent, nearly 2.30 percent more than that for the banking system.

During FY 2014-15, Capital conservation and efficient utilization of Capital also emerged as bigger than expected challenge in view of stringent Basel -III capital norms, asset quality challenges and higher provisions.

The outlook for the banking sector remains negative for the first half of FY2014-15 as the overall risks to the sector remain unchanged. Deterioration in asset quality and low capitalization are expected to continue as major problems confronting banks. The profitability of banks is also likely to remain under pressure on account of more provisions for the stressed loans. Additionally, credit growth is likely to be tepid in the initial part of the year.

However, the trend is expected to reverse by mid of FY 2015-16 on account of projected improved growth of economy, revival of stalled projects, revitalization in investment activity and expected improvement in the asset quality of banks.

J&K Bank-Surmounting Challenges.

FY 2014-15 was a difficult year for J&K Bank. The unfavorable macro economic conditions at national level were compounded by the devastation caused to property, infrastructure and economy of the State by unprecedented floods in September, 2014. The consequence thereof was stress on the bank's assets with disproportionate increase in the restructured book as well as non-performing assets. Bottom-line of the bank was also impacted because of higher provisioning requirements.

The sharp rise in NPAs during FY 2014-15 was, however, not systemic in nature but was primarily on account of default in a few large corporate borrowal accounts. Within permissible and approved regulatory norms, special drive for restructuring of borrowal accounts impacted by floods in Kashmir valley was launched. These measures provided much needed relief to effected units but resulted in increase in restructured loan book and additional provisioning. The unfavorable economic environment at national level and the extensive damage caused by floods in the State was not conducive for credit growth and business turnover of the Bank did not record envisaged growth as was planned at the beginning of FY 2014-15.

Going ahead, the stress in economy at national level is expected to continue during the initial part of the current fiscal but significant improvement in the economic environment is expected in the second half. Similarly, there are expectations of revival of J&K economy during the current year. Combined with the better credit off-take and the optimistic figures for overall growth of economy forecast at the national level, it is expected that even though the bank may continue to face some stress in the first quarter of FY2015-16, the fiscal on the whole shall present better macroeconomic conditions to operate in. The bank, therefore, expects to achieve desirable growth in both deposits and credit segments. Significant improvement in net income and de stressing of some of the currently stressed assets is also expected.

Strengthening of balance sheet shall remain the top priority of the bank during FY2015-16. In fact, major step in this direction was taken in the last quarter of previous fiscal when bank increased its Provision Coverage Ratio (PCR) to 59 percent from 51 percent recorded in the quarter ending 31st December, 2014. The bank plans to increase the coverage ratio further during the current financial year.

Maintenance of asset quality shall be the thrust area of the bank. Effective and real - time monitoring mechanism has been put in place for detection of early warning signals in credit portfolio for initiation of timely corrective measures.

From Strategic perspective, the bank shall continue low ticket high volume credit dispensation in J&K State and selective big ticket lending in rest of the country. The policy of branch expansion in J&K State particularly in unbanked and under banked areas, shall be continued with as these branches have proven to be substantial contributors of low cost CASA deposits for the bank. In J&K State, our strategy shall also be directed towards lending for rebuilding the State's economy so as to restore the disrupted income flows, which is critical for the growth of the bank.

Independent Auditors Report

To,
The Members of
The Jammu and Kashmir Bank Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **The Jammu and Kashmir Bank Limited** (here-in-after called the "Bank") which comprise the Balance Sheet as at 31st March, 2015, Profit and Loss account and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies, other explanatory information and notes forming part of accounts. Also incorporated in these financial statements are the returns of 59 Branches/Offices audited by us and 784 Branches/Offices audited by Statutory Branch Auditors. The Branches/Offices audited by us and those audited by the other auditors have been selected by the Comptroller & Auditor General of India in accordance with the guidelines issued to the Bank by the Reserve Bank of India.
5. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Management's Responsibility for the Standalone Financial Statements

2. The Bank's Management is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and in accordance with the Banking Regulation Act, complying with Reserve Bank of India Guidelines from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with 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 internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
6. 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 control relevant to the Bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Bank has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Bank management, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

8. In our opinion, and to the best of our information and according to their explanations given to us, the aforesaid standalone financial statements together with the notes there on give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013, in the manner so required for the banking companies and give a true and fair view of the state of affairs of the Bank as at 31st March 2015 and its profit and its cash flows for the year then ended.

Emphasis of Matter

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken in to account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
9. We draw attention to the following matters in the notes to the financial statement:
 - a) Note no. 24.1 regarding change in accounting policy of charging depreciation on fixed assets effective 1st April, 2014 from WDV method under the provisions of Income Tax Act, 1961 to Straight Line Method based on remaining useful life of assets

as per provisions of the Companies Act, 2013. The Bank has as per new method charged depreciation of ₹94.50 crores on fixed assets during the financial year 2014-15. Had the bank followed earlier method of providing depreciation, the charge for the year would have been less by ₹11.49 crores and resultant profit would have increased to that extent.

- b) Note no. 24.3 regarding change in method of depreciation and accordingly re-computation of depreciation pertaining to earlier years resulted in excess charge of depreciation amounting to ₹135.67 crores (₹89.55 crores net of deferred tax liability) which has been credited to profit and loss account for the year ended 31st March, 2015.
- c) Note no. 26 regarding utilization of floating provisions to the extent of ₹35.17 crores for making specific provisions for NPAs.

Our opinion is not qualified in respect of above matters.

Report on Other Legal and Regulatory Matters

10. The Balance Sheet and Profit and Loss Account have been drawn up in accordance with the provisions of section 29 of the Banking Regulation Act, 1949 read with Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014
11. As required subsection (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 purposes 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.

12. Further, as required by section 143(3) of the Companies Act, 2013, we further report that:
- (i) we have sought and obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (ii) in our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books.
- (iii) the reports on the accounts of the branches/offices audited by branch auditors of the Bank under section 143(8) of the Companies Act, 2013 and RBI Act have been sent to us and have been properly dealt with by us in preparing this report.
- (iv) the Balance Sheet, the statement of Profit and Loss and the Cash Flow Statement dealt with by us in the Report are in agreement with the books of account and returns.
- (v) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards Specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (vi) with respect to other matters to be included in the Auditor's Report in accordance with Rule II of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us,
- a) The Bank has disclosed the impact of pending litigations on its financial position in its financial statements.

For **Gupta Sharma & Associates**
Chartered Accountants
FRN:001466N

CA Vinay Saraf
Partner
M.No.087262

For **DharTiku & Co**
Chartered Accountants
FRN:003423N

CA Madhusudan Meher
Partner
M.No.097409

For **Arora Vohra & Co**
Chartered Accountants
FRN:009487N

CA Karanbir S Sethi
Partner
M.no.091188

For **Darshan Nagpal & Associates**
Chartered Accountants
FRN:011022N

CA Neeraj Nagpal
Partner
M.No.503881

For **Dharam Raj & Co**
Chartered Accountants
FRN:014461N

CA Dharam Raj
Partner
M.No.094108

Place : Srinagar
Dated: 16th May 2015

Balance Sheet

as at 31st March, 2015

Particulars	Schedule	As at 31.03.2015 ₹ '000' Omitted	As at 31.03.2014 ₹ '000' Omitted
CAPITAL AND LIABILITIES			
Capital	1	484,922	484,922
Reserves and Surplus	2	60,615,606	56,751,182
Deposits	3	657,561,877	693,358,634
Borrowings	4	23,396,667	17,650,000
Other Liabilities and Provisions	5	18,795,444	17,952,538
TOTAL		760,854,516	786,197,276
ASSETS			
Cash and Balance with Reserve Bank of India	6	23,730,550	30,455,936
Balance with Banks & Money at Call & Short Notice	7	13,607,090	11,683,055
Investments	8	251,242,998	261,950,666
Advances	9	445,858,160	463,846,033
Fixed Assets	10	6,889,070	5,338,079
Other Assets	11	19,526,648	12,923,507
TOTAL		760,854,516	786,197,276
Contingent Liabilities	12	216,972,385	161,407,154
Bills for Collection		11,730,914	12,358,903
Principal Accounting Policies	17		
Notes on Accounts	18		

The Schedules Referred to above and the attached Cash Flow Statement form an integral part of the Balance Sheet

Mushtaq Ahmad
Chairman & CEO

B. B. Vyas, I.A.S
Director

J. P. Sharma
Director

M. I. Shahdad
Director

Vikrant Kuthiala
Director

Prof. Nisar Ali
Director

Abdul Majid Matto
Director

R. K. Gupta
Director

Dalip Kumar Kaul
Director

Khaver Alam Jeelani
Director

R. K. Shah
Sr. President & CFO

Mohammad Younis Pattoo
Vice President

Abdul Majid Bhat
Company Secretary

Place : Srinagar
Dated: 16th May 2015

In Terms of our report of even date annexed

For **Gupta Sharma & Associates**
Chartered Accountants
FRN:001466N

For **DharTiku & Co**
Chartered Accountants
FRN:003423N

For **Arora Vohra & Co**
Chartered Accountants
FRN:009487N

For **Darshan Nagpal & Associates**
Chartered Accountants
FRN:011022N

For **Dharam Raj & Co**
Chartered Accountants
FRN:014461N

CA Vinay Saraf
Partner
M.No.087262

CA Madhusudan Meher
Partner
M.No.097409

CA Karanbir S Sethi
Partner
M.No.091188

CA Neeraj Nagpal
Partner
M.No.503881

CA Dharam Raj
Partner
M.No.094108

Place : Srinagar
Dated: 16th May 2015

Profit and Loss Account

for the financial year ended 31st March, 2015

Particulars	Schedule	Year Ended 31.03.2015 ₹ '000' Omitted	Year ended 31.03.2014 ₹ '000' Omitted
I INCOME			
Interest Earned	13	70,611,306	67,670,019
Other Income	14	5,939,684	3,902,639
TOTAL		76,550,990	71,572,658
II EXPENDITURE			
Interest Expended	15	44,102,242	40,825,162
Operating Expenses	16	14,090,490	11,749,926
Provisions and Contingencies		13,272,295	7,172,878
TOTAL		71,465,027	59,747,966
III NET PROFIT		5,085,963	11,824,692
TOTAL		76,550,990	71,572,658
IV APPROPRIATIONS			
TRANSFERRED TO			
i) Statutory Reserve		1,271,491	2,956,173
ii) Capital Reserve		-	-
iii) Revenue and Other Reserve		2,469,952	5,961,984
iv) Investment Reserve		122,981	70,705
v) Special Reserve		-	-
vi) Proposed Dividend		1,018,034	2,423,890
vii) Tax on Dividend		203,505	411,940
TOTAL		5,085,963	11,824,692
Principal Accounting Policies	17		
Notes on Accounts	18		
Earnings per Share (Basic/Diluted)		10.49	24.39

The Schedules Referred to above form an integral part of the Profit & Loss Account

Mushtaq Ahmad
Chairman & CEO

B. B. Vyas, I.A.S
Director

J. P. Sharma
Director

M. I. Shahdad
Director

Vikrant Kuthiala
Director

Prof. Nisar Ali
Director

Abdul Majid Matto
Director

R. K. Gupta
Director

Dalip Kumar Kaul
Director

Khaver Alam Jeelani
Director

R. K. Shah
Sr. President & CFO

Mohammad Younis Pattoo
Vice President

Abdul Majid Bhat
Company Secretary

Place : Srinagar
Dated: 16th May 2015

In Terms of our report of even date annexed

For Gupta Sharma & Associates
Chartered Accountants
FRN:001466N

For DharTiku & Co
Chartered Accountants
FRN:003423N

For Arora Vohra & Co
Chartered Accountants
FRN:009487N

For Darshan Nagpal & Associates
Chartered Accountants
FRN:011022N

For Dharam Raj & Co
Chartered Accountants
FRN:014461N

CA Vinay Saraf
Partner
M.No.087262

CA Madhusudan Meher
Partner
M.No.097409

CA Karanbir S Sethi
Partner
M.No.091188

CA Neeraj Nagpal
Partner
M.No.503881

CA Dharam Raj
Partner
M.No.094108

Place : Srinagar
Dated: 16th May 2015

Schedule

as at 31st March, 2015

Particulars	As at 31.03.2015 ₹ '000' Omitted	As at 31.03.2014 ₹ '000' Omitted
SCHEDULE 1 - CAPITAL		
AUTHORISED CAPITAL		
1,000,000,000 (P.Y. 1,000,000,000)		
Equity Shares of ₹1/- each	1,000,000	1,000,000
ISSUED		
484,996,020 (P.Y.484,996,020) Equity Shares of ₹1/= each	484,996	484,996
SUBSCRIBED AND PAID-UP CAPITAL		
484778020 (P.Y. 484778020)		
Equity Shares of ₹1/- each	484,778	484,778
Add Forfeited Equity Shares (218000) (P.Y. 218000)	144	144
TOTAL	484,922	484,922
SCHEDULE 2 - RESERVES & SURPLUS		
I. STATUTORY RESERVES		
Opening Balance	17,722,647	14,766,474
Additions during the year	1,271,491	2,956,173
TOTAL	18,994,138	17,722,647
II. CAPITAL RESERVES		
Opening Balance	631,254	631,254
Additions during the year	-	-
TOTAL	631,254	631,254
III. SHARE PREMIUM		
Opening Balance	867,791	867,791
Additions during the year	-	-
TOTAL	867,791	867,791
IV. INVESTMENT RESERVE		
Opening Balance	120,334	49,629
Additions during the year	122,981	70,705
TOTAL	243,315	120,334
V. SPECIAL RESERVE		
Opening Balance	1,231,600	1,231,600
Additions during the year	-	-
TOTAL	1,231,600	1,231,600

Schedule

as at 31st March, 2015

Particulars	As at 31.03.2015 ₹ '000' Omitted	As at 31.03.2014 ₹ '000' Omitted
VI REVENUE AND OTHER RESERVES		
Opening Balance	36,177,556	30,615,272
Additions during the year	2,469,952	5,961,984
Draw Down	-	(399,700)
TOTAL	38,647,508	36,177,556
TOTAL (I,II,III,IV,V & VI)	60,615,606	56,751,182
SCHEDULE 3 - DEPOSITS		
A I. Demand Deposits		
i) From Banks	1,094,968	1,126,368
ii) From Others	64,373,702	67,271,853
TOTAL (i & ii)	65,468,670	68,398,221
II. Saving Bank Deposits	209,295,162	202,434,395
III. Term Deposits		
i) From Banks	58,856,169	64,475,929
ii) From Others	323,941,876	358,050,089
TOTAL (i & ii)	382,798,045	422,526,018
TOTAL A (I+II+III)	657,561,877	693,358,634
B I) Deposits of branches in India	657,561,877	693,358,634
II) Deposits of branches outside India	Nil	Nil
TOTAL B (I+II)	657,561,877	693,358,634
SCHEDULE 4 - BORROWINGS		
II. Borrowings in India		
i) Reserve Bank of India	-	3,750,000
ii) Other Banks	17,166,667	7,900,000
iii) Unsecured Redeemable Debentures/Bonds (Subordinate Debts for Tier II Capital)	6,000,000	6,000,000
iv) Other Institutions & Agencies	230,000	-
TOTAL (i to iv)	23,396,667	17,650,000
I. Borrowings outside India	-	-
GRAND TOTAL (I & II)	23,396,667	17,650,000
Secured borrowings included in I & II above	Nil	Nil

Schedule

as at 31st March, 2015

Particulars	As at 31.03.2015 ₹ '000' Omitted	As at 31.03.2014 ₹ '000' Omitted
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
i) Bills Payable	2,393,481	2,733,877
ii) Inter Office Adjustments (Net)	-	-
iii) Interest Accrued on Non-cumulative deposits	1,161,229	1,322,941
iii) Deferred Tax Liability	179,749	74,183
iii) Provision Against Standard Assets	2,762,776	2,505,909
iii) Other (Including Provisions)	12,298,209	11,315,628
TOTAL (I to VI)	18,795,444	17,952,538

SCHEDULE 6 - CASH & BALANCES WITH RESERVE BANK OF INDIA

I Cash in Hand (Including Foreign Currency Notes)	2,693,787	2,670,075
II Balance with Reserve Bank of India		
i) In Current Account	21,036,763	27,785,861
ii) In Other Accounts	-	-
TOTAL (I & II)	23,730,550	30,455,936

SCHEDULE 7 - BALANCE WITH BANKS AND MONEY AT CALL AND SHORT NOTICE**I. In India**

i) Balance with Banks		
a) In Current Account	189,874	319,175
b) In Other Deposit Accounts	10,290,043	7,060,557
TOTAL (i)	10,479,917	7,379,732
ii) Money At Call and Short Notice		
a) With Banks	-	4,000,000
b) With Other Institutions	2,945,405	-
TOTAL (ii)	2,945,405	4,000,000
TOTAL (i & ii)	13,425,322	11,379,732

II. Outside India

i) In Current Accounts	181,768	303,323
ii) In Other Deposit Accounts	-	-
iii) Money at Call & Short Notice	-	-
TOTAL (i, ii & iii)	181,768	303,323
GRAND TOTAL (I&II)	13,607,090	11,683,055

Schedule

as at 31st March, 2015

Particulars	As at 31.03.2015 ₹ '000' Omitted	As at 31.03.2014 ₹ '000' Omitted
SCHEDULE 8 - INVESTMENTS		
I. Investments in India		
Gross	251,261,425	262,158,447
Less: Provision for Depreciation	18,427	207,781
Net Investments	251,242,998	261,950,666
i) Government Securities	134,546,757	149,479,808
ii) Other Approved Securities	69,650	69,650
iii) Shares (Pref. + Equity)	2,316,491	2,165,864
iv) Debentures and Bonds (Including Suitfile)	17,551,218	20,323,007
v) Sponsored Institutions	456,748	340,071
vi) Others :		
a) Certificate of Deposit	70,356,723	65,594,063
b) Suitfile	683,719	683,719
c) SIDBI	1,276,550	1,522,925
d) NABARD	7,540,077	6,645,600
e) Inv. In Subsidiary / or Joint Ventures	200,000	100,000
f) Venture Capital	210,382	238,108
g) Rural Housing Development	2,966,050	2,349,350
h) Commercial Paper	2,608,951	1,400,169
i) Security Receipts	142,311	152,034
j) Rural Infrastructure Development Fund	10,317,371	10,886,298
TOTAL (I)	251,242,998	261,950,666
II. Investments Outside India		
i) Government Securities	Nil	Nil
ii) Subsidiaries and/or Joint Ventures abroad	Nil	Nil
iii) Others (Swap)	Nil	Nil
TOTAL (II)	-	-
TOTAL (I & II)	251,242,998	261,950,666
III. Investments Category-Wise		
i) Held to Maturity	152,542,066	165,228,849
ii) Held for Trading	15,157	12,397
iii) Available for Sale	98,685,775	96,709,420
TOTAL (III)	251,242,998	261,950,666

Schedule

as at 31st March, 2015

Particulars	As at 31.03.2015 ₹ '000' Omitted	As at 31.03.2014 ₹ '000' Omitted
SCHEDULE 9 - ADVANCES		
A i) Bills Purchased and Discounted	7,313,571	10,690,158
ii) Cash Credits, Overdrafts and Loans Repayable on Demand	138,201,906	130,103,943
iii) Term Loans	300,342,683	323,051,932
TOTAL (i to iii)	445,858,160	463,846,033
B i) Secured by Tangible Assets	341,297,887	369,825,519
ii) Covered by Bank/Govt. Guarantees	3,416,709	512,330
iii) Unsecured	101,143,564	93,508,184
TOTAL (i to iii)	445,858,160	463,846,033
C. I. Advances in India		
i) Priority Sector	148,168,657	127,928,891
ii) Public Sector	5,606,625	14,126,713
iii) Banks	492,079	1,674,506
iv) Others	291,590,799	320,115,923
TOTAL (i to iv)	445,858,160	463,846,033
II. Advances Outside India		
i) Due from Banks	Nil	Nil
ii) Due from Others	Nil	Nil
GRAND TOTAL (I & II)	445,858,160	463,846,033
SCHEDULE 10 - FIXED ASSETS		
I Premises		
a) Gross Block at the beginning of the year	3,914,658	3,813,346
Additions during the year	1,060,884	157,877
	4,975,542	3,971,223
Deductions during the year	129	56,565
Total (a)	4,975,413	3,914,658
Depreciation to date	1,330,692	1,281,905
	3,644,721	2,632,753
a) Advance against flats	-	-
b) Constructions work in progress	341,562	272,872
TOTAL (I) [a+b+c]	3,986,283	2,905,625

Schedule

as at 31st March, 2015

Particulars	(₹ in Crores)	
	As at 31.03.2015 ₹ '000' Omitted	As at 31.03.2014 ₹ '000' Omitted
II Other Fixed Assets		
(Including Furniture & Fixtures)		
Gross Block at the beginning of the year	6,830,673	5,523,234
Additions during the year	1,546,631	1,348,365
	8,377,304	6,871,599
Deductions during the year	180,059	40,926
	8,197,245	6,830,673
Depreciation to date	5,294,458	4,398,219
TOTAL (II)	2,902,787	2,432,454
GRAND TOTAL (I & II)	6,889,070	5,338,079

SCHEDULE 11 - OTHER ASSETS

I) Interest Accrued but not Due	4,901,847	5,507,818
II) Interest Accrued and Due	108,192	-
III) Inter Office Adjustment (Net)	458,057	233,359
IV) Tax paid in Advance/Tax Deducted at Source (Net of Provisions)	2,001,262	1,539,922
V) Stationery and Paper in Hand	61,261	47,660
VI) Deferred Tax Asset	-	-
VII) Others	11,996,029	5,594,748
TOTAL (I to VII)	19,526,648	12,923,507

SCHEDULE 12 - CONTINGENT LIABILITIES

I) Claims against the Bank not acknowledged as debts	2,163,878	1,519,646
II) Liability for partly paid investments	-	14,008
III) Liability on account of outstanding Forward Exchange Contracts	146,781,871	101,848,460
IV) Guarantees given on behalf of constituents:-		
a) In India	15,844,900	15,504,100
b) Outside India	3,271,400	2,571,600
V) Acceptances, Endorsements & Other Obligations	48,748,900	39,949,300
VI) Other items for which the Bank is Contingently liable	-	40
VII) Liability on account of Depositors Education Awareness Fund(DEAF)	161,436	-
TOTAL (I to VI)	216,972,385	161,407,154

Schedule

as at 31st March, 2015

Particulars	As at 31.03.2015 ₹ '000' Omitted	As at 31.03.2014 ₹ '000' Omitted
SCHEDULE 13 - INTEREST EARNED		
I) Interest/Discount on Advances/Bills	51,610,319	50,212,609
II) Income on Investments (Net of Amortization)	18,433,593	16,855,579
III) Interest on Balances with R.B.I and other Inter Bank Funds	567,394	601,831
TOTAL (I to III)	70,611,306	67,670,019
SCHEDULE 14 - OTHER INCOME		
I) Commission, Exchange & Brokerage	1,755,901	1,649,259
II) Profit on Sale of Investments (Less loss on sale of investments)	1,123,691	568,348
III) Profit on revaluation of Investments (Less loss on revaluation of investments)	36,546	67,951
IV) Profit on Sale of Land, Buildings & Other Assets	-	-
V) Profit on Exchange Transactions (Less Loss on E/Transactions)	274,688	328,380
VI) Income earned by way of Dividends etc. from Subsidiaries, Companies and/or Joint Venture abroad/in India	-	-
VII) Miscellaneous Income	2,748,858	1,288,701
TOTAL (I to VII)	5,939,684	3,902,639
SCHEDULE 15 - INTEREST EXPENDED		
I) Interest on Deposits	42,051,716	39,783,681
II) Interest on RBI/Inter-Bank Borrowings	1,510,526	501,481
III) Others/Subordinate Debt	540,000	540,000
TOTAL (I to III)	44,102,242	40,825,162
SCHEDULE 16 - OPERATING EXPENSES		
I) Payments to and provisions for Employees	8,940,270	7,439,063
II) Rent, Taxes and Lighting	666,200	595,376
III) Printing and Stationery	96,698	84,766
IV) Advertisement and Publicity	93,102	121,836
V) Depreciation on Bank's Property	945,026	778,556
VI) Directors Fees, Allowances and Expenses	7,124	7,262
VII) Auditors Fees & Expenses (Including Branch Auditor's fees & Expenses)	136,710	134,531
VIII) Law Charges	28,239	16,311
IX) Postage, Telegrams, Telephones etc.	57,107	59,745
X) Repairs and Maintenance	113,725	121,582
XI) Insurance	555,187	458,091
XII) Other Expenditure	2,451,102	1,932,807
TOTAL (I to XII)	14,090,490	11,749,926

Schedule

“Principal Accounting Policies”

1. Basis of preparation of Financial Statements

The accompanying financial statements are prepared on historical cost basis, except as otherwise stated, following the “Going Concern” concept and conform to the Generally Accepted Accounting Principles (GAAP) in India, applicable statutory provisions, regulatory norms prescribed by the Reserve Bank of India (RBI), applicable mandatory Accounting Standards (AS)/ Guidance Notes/pronouncements issued by the Institute of Chartered Accountants of India (ICAI) and practices prevailing in the banking industry in India.

2. Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions for considering the reported assets and liabilities (including contingent liabilities) as on the date of financial statements and the income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable.

3. Transactions involving Foreign Exchange

- i. Monetary Assets and Liabilities as on balance sheet date have been translated using closing rate as at year-end announced by Foreign Exchange Dealers Association of India.
- ii. Exchange differences arising on settlement of monetary items have been recognized as income or as expense in the period in which they arise.
- iii. The premium or discount arising at the inception of a forward exchange contract, which is not intended for trading purpose, has been amortized as expense or income over the period of contract.

4. Investments

- (i) Investments are classified into “Held-to-Maturity”, “Available-for-Sale” and “Held-for-Trading” categories, in accordance with the guidelines issued by Reserve Bank of India.
- (ii) Bank decides the category of each investment at the time of acquisition and classifies the same accordingly.
- (iii) “Held-to-Maturity” category comprises securities acquired by the Bank with the intention to hold them up to maturity. “Held-for-Trading” category comprises securities acquired by the Bank with the intention of trading. “Available-for-Sale” securities are those, which do not qualify for being classified in either of the above categories.
- (iv) Investments classified as “Held-to-Maturity” (HTM) category are carried at acquisition cost unless it is more than the face/redemption value, in which case the premium is amortized over the period remaining to the maturity.
- (v)
 - (a) The individual scrip's in the “Available-for-Sale” category are marked to market at weekly intervals in case of equity and quarterly intervals in case of other investments. The net depreciation under each of six classifications under which investments are presented in the balance sheet is fully provided for, whereas the net appreciation under any of the aforesaid classifications is ignored.
 - (b) The market value for the purpose of periodical valuation of investments, included in “Available for Sale” and “Held for Trading” categories is based on the market price available from the trades/quotes on stock exchanges. Central/ State Government securities, other approved securities, debentures and Bonds are valued as per the prices/YTM rates declared by FIMMDA.
 - (c) Un-quoted shares are valued at break-up value ascertained from the latest balance sheet and in case the latest balance sheet is not available the same are valued at ₹ 1/- per Company, as per RBI guidelines.
Investment in quoted Mutual Fund Units is valued as per Stock Exchange quotations. An investment in un-quoted Mutual Fund Units is valued on the basis of the latest re-purchase price declared by the Mutual Fund in respect of each particular scheme. In case of Funds with a lock-in period, where repurchase price/market quote is not available, Units are valued at NAV. If NAV is not available, then these are valued at cost, till the end of the lock-in period. Wherever the re-purchase price is not available the Units are valued at the NAV of the respective scheme.
- (vi) The individual scrip in the “Held-for-Trading” category are marked to market at weekly intervals in case of equity and monthly intervals in case of other investments and the net depreciation under each of the six classifications under which investments are presented in the Balance Sheet is accounted for in the Profit and Loss account and appreciation is ignored.

Schedule

“Principal Accounting Policies”

- (vii) The depreciation in value of investments where interest/principal is in arrears is not set-off against the appreciation in respect of other performing securities. Such investments including Non-performing Non-SLR investments are treated applying RBI prudential norms on NPA Classification and appropriate provisions are made as per RBI norms and no income on such investments is recognized.
- (viii) a) Profit or Loss on sale of Government Securities is computed on the basis of weighted average cost of the respective security.
- b) Profit or loss on sale of investments in any category is taken to the Profit and Loss account. In case of profit on sale of investments in “Held-to-Maturity” category, an equivalent amount of profit net of taxes is appropriated to the “Capital Reserve Account”.
- (ix) Interest accrued up to the date of acquisition of securities i.e. broken period interest is excluded from the acquisition cost and recognized as interest expense. Broken period interest received on Sale of securities is recognized as interest income.
- (x) Brokerage paid on securities purchased is charged to revenue account except for equity investment operations the same is added to the cost of purchase of investment.
- (xi) Investments in J&K Grameen Bank/Sponsored Institutions have been accounted for on carrying cost basis.
- (xii) Transfer of securities from one category to another is done at the least of the acquisition cost/book value/market value on the date of transfer.
- (xiii) Repurchase & Reverse repurchase transactions are accounted for in accordance with the extant RBI guidelines.
- (xiv) Bank is following settlement date accounting policy.
- (xv) In accordance with RBI circular No. IDMD 4135/11.08.43/2009-10 dated 23-03-2010, the Bank has made changes in accounting for Repo/ Reverse Repo transactions (Other than transactions under the liquidity adjustment facility (LAF) with the RBI). Accordingly the securities sold and purchased under Repo/Reverse Repo are accounted for as collateralized lending and borrowing transactions. However, securities are transferred as in case of normal outright sale/purchase transactions and such movement of security is reflected using Repo/Reverse Repo accounts and contra entries. The above entries are reversed on the date of maturity. Cost and revenue are accounted as interest expenditure/ Income as the case may be. Balance in Repo account is classified under schedule 4 (Borrowings) and balance in Reverse Repo account is classified under schedule 7 (Balance with Banks & Money at Call & Short Notice).

5. Advances

- i) Classification of Advances and Provisions thereof have been made as per the Income Recognition and Asset Classification norms formulated by the RBI viz., Standard, Sub-Standard, Doubtful and Loss Assets and accordingly requisite provisions have been made thereof.
- ii) Advances are shown net of provisions required for NPA's. Provisions for advances classified as Standard Assets is shown under Other Liabilities & Provisions.
- iii) Restructuring of Advances and provisioning thereof have been made as per RBI guidelines.

6. Fixed Assets

- a) Premises and other fixed assets are accounted for at historical cost.
- b) Premises include free hold as well as lease hold properties.
- c) Premises include capital work in progress.
- d) Depreciation is charged on straight line method as per provisions of Companies Act, 2013 based on the useful life of the assets prescribed in Part C of the schedule II of the Companies Act, 2013 as given hereunder.

Schedule

“Principal Accounting Policies”

S.No.	Block	Useful Life
a	Building (with RCC Frame Structure) Commercial Residential	60 yrs 60 yrs
b	Building (with Other than RCC Frame Structure) Commercial Residential	30 yrs 30 yrs
c	Plant & Machinery	15 yrs
d	Furniture Fixture	10 yrs
e	Vehicles	8 yrs
f	Fences	5 yrs
g	Others (including temporary structures etc)	3 yrs

Depreciation on computers (including ATMs) along with software forming integral part of the computers is computed at 33.33% on straight line method in terms of RBI guidelines issued vide letter no BP.1660/21.04.018/2001 dated 01.02.2001

The depreciation on computer software where it is probable that the future benefits that are contributable to such software will flow to Bank is being capitalized and depreciation is charged @33.33% in terms of RBI guidelines on straight line method

Useful life of the mobile phones is continued to be 2 years and the depreciation is charged on straight line method as per provisions of Companies Act, 2013 with no residual value.

- e) Premium paid for Leasehold properties is amortized over the period of the lease.

7. Employees Benefits

- i) Short-term employee benefits are charged to revenue in the year in which the related service is rendered.
- ii) Long Term Employee Benefits
Defined Contribution Plan
- (a) **Provident Fund:-** Provident Fund is a defined contribution scheme as the bank pays fixed contribution at pre-determined rates. The obligation of the Bank is limited to such fixed contribution. The contributions are charged to profit & loss a/c. The bank is paying matching contribution towards those employees who have not opted for the pension.
- iii) Defined Benefit Plan
- a) **Gratuity:-** Gratuity liability is a defined obligation and is provided for on the basis of an actuarial valuation. The scheme is funded by the bank and is managed by a separate trust.
- b) **Pension:-** Pension liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation. The scheme is funded by the bank and is managed by a separate trust.
- c) **Leave Salary:-** Leave salary is a defined benefit obligation and is provided for on the basis of an actuarial valuation determined on the basis of un-availed privilege leave of an employee at the time of leaving services of the company.

8. Income Recognition and Expenditure booking

Income and expenditure is accounted for on accrual basis unless otherwise stated.

- a) Interest and other income on advances/ investments classified as Non Performing Advances/ investments are recognized to the extent realized in accordance with the guidelines issued by the Reserve Bank of India.
- b) The recovery in Non-Performing Assets has been first appropriated towards amount of principal and thereafter towards amount of interest.
- c) Interest on overdue term deposits is provided at Savings Bank Rate of Interest.

Schedule

“Principal Accounting Policies”

- d) Fee, commission (other than insurance commission & Government business), exchange, locker rent, insurance claims and dividend on shares and units in Mutual Fund are recognized on realization basis.
- e) Income from interest on income tax/ other tax refunds is accounted for on the basis of orders passed by the Competent Authorities.
- f) Unforeseen income/ expenses are accounted for in the year of receipt/ payment.
- g) Stationery issued to branches has been considered as consumed.

9. Credit Card Reward Points

The Bank has estimated the probable redemption of reward points by not using actuarial method but has made 100% provision for redemption against the loyalty points as on the reporting date.

10. Profit

The net profit is disclosed in the profit and loss account after providing for:

- i) Income Tax, Wealth Tax and Deferred Tax.
- ii) Standard Assets, Non Performing Advances/ Investments as per RBI guidelines.
- iii) Depreciation/ Amortization on Investments.
- iv) Transfer to contingency fund.
- v) Other usual and necessary provisions.

11. Taxation

Provision for tax is made for both current and deferred taxes in accordance with AS-22 on “Accounting for Taxes on Income”.

12. Contingency Funds

Contingency Funds have been grouped in the Balance Sheet under the head “Other Liabilities and Provisions”.

Schedule

“Notes on Accounts”

1. Reconciliation/adjustment of inter-bank/inter-branch transactions, branch suspense, Government Transactions, NOSTRO, System Suspense, Clearing, and Sundry Deposits is in progress on an ongoing basis. The impact, in the opinion of the management of the un-reconciled entries, if any, on the financial statements would not be material.
2. Tax paid in Advance/ Tax deducted at source includes amount adjusted by Income Tax Department in respect of various disputed demands. Based on the favorable appellate orders and interpretation of law, no further provision has been considered by the management in respect of the disputed demands.
3. **Fixed Assets:**
 - a. Documentation formalities are pending in respect of two immovable properties held by the bank valued at ₹ 1.12 crores (previous year ₹ 1.13 crores). Depreciation in respect of immovable properties valued at ₹ 16.02 crores (previous year ₹16.35 crores) bank holds agreement to sell along with the possession of the properties. The values have been re-calculated as per straight line method adopted by the bank during current financial year 2014-15.
 - b. Depreciation is provided on straight line method in accordance with the provisions of Companies Act, 2013 based on the useful life of the assets prescribed in Part C of the schedule II of the Companies Act, 2013. However the depreciation on computers (including ATMs) along with software forming integral part of the computers is computed at 33.33% on straight line method in terms of RBI guidelines issued vide letter no BP.1660/21.04.018/2001 dated 01.02.2001.
 - c. In compliance to Accounting Standard (AS)-26 the acquisition cost of computer software, not forming integral part of the computers and where it is probable that the future economic benefits that are contributable to this software will flow to bank, is being capitalized and depreciation is charged at the rate of 33.33% on straight line method in terms of RBI guidelines.
 - d. Further useful life of mobile phones is continued to be 2 years and the depreciation is charged on straight line method as per provisions of Companies Act, 2013 with no residual value.
 - e. Depreciation on Banks property includes amortization in respect of leased properties amounting to ₹ 0.14 Crores (previous year ₹ 0.14 Crores)

4. Capital

		(₹ in Crores)	
		BASEL-III	BASEL-III
S.No.	Particulars	Current Year	Previous Year
i)	Common Equity Tier I Capital ratio (%)	11.26	11.22
ii)	Tier I Capital Ratio %	11.26	11.22
iii)	Tier II Capital Ratio %	1.31	1.47
iv)	Total Capital ratio (CRAR) (%)	12.57	12.69
v)	Percentage of share holding of the Government of India in Public Sector Banks	Nil	Nil
vi)	Amount of Equity Capital raised during the year	Nil	Nil
vii)	Amount of additional Tier I capital raised during the year of which: PNCPS : PDI	Nil	Nil
viii)	Amount of Tier II capital raised during the year of which Debt capital instrument: Preference share capital instrument: [Perpetual Cumulative Preference shares PCPS] /Redeemable Non-cumulative preference shares (RNCPS) / Redeemable cumulative preference shares (RCPS)]	Nil	Nil

Government of Jammu & Kashmir holds 53.17% of equity shares of the Bank (previous year 53.17%)

The subordinate debt of ₹600 Crores raised by way of Unsecured Redeemable Lower Tier-II Bonds on 30.12.2009, maturing on 30.12.2019 has been shown under Borrowings as per RBI guidelines.

Schedule

"Notes on Accounts"

Investments

5. The Bank has made no profit on sale of HTM category securities during the year as such no appropriation was made (Previous Year, ₹ Nil) to Capital Reserve Account.
6. The Bank has ₹70,00,000 as share capital (previous year ₹70,00,000) and ₹44,97,47,715 in share capital deposit account (previous year ₹33,30,70,800) in its sponsored Regional Rural Bank (J&K Grameen Bank).
7. The total investment of the Bank in the Met-life India Insurance Co Pvt. Ltd stood at ₹102.19 Crores as on 31.03.2015 (Previous year ₹102.19 Crores). In compliance with RBI Letter No. DBOD.BP/-17099/21.4.141/2008-09 dated 9th April 2009, the investment stands transferred to AFS Category on October 1st, 2009. The valuation has been carried out at an average of two independent valuation reports obtained from Category I Merchant Bankers as per RBI guidelines & the consequent appreciation has been ignored in view of the Accounting Policy in respect of such investments.
8. A Shortfall in the Govt. Security has occurred due to non transferring of security to SGL account well before CCIL, security settlement. Securities were adequately available with the bank & the same has been represented to Reserve bank of India, the matter is under examination.

9. Details of Investments

(₹ in Crores)

S.No.	Particulars	As on	
		31.03.2015	31.03.2014
1.	Value of Investments		
	Gross Value of Investments		
	a) In India	25126.14	26215.84
	b) Outside India	Nil	NIL
	Provision for depreciation		
	a) In India	1.84	20.78
	b) Outside India	Nil	NIL
	Net Value of Investments		
	a) In India	25124.30	26195.06
	b) Outside India	Nil	NIL
2.	Movement of provisions held towards the depreciation on Investments		
	i) Opening Balance	20.78	29.77
	ii) Add: Provisions made during the year	7.74	6.86
	Less: Write-off/write back of excess provisions during the year	26.68	15.85
	iii) Closing Balance	1.84	20.78

Schedule

“Notes on Accounts”

10. The Repo Transactions (in face value terms) are as under:

(₹ in Crores)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on 31.03.2015
i) Securities sold under Repo Government Securities	20.00	414.00	37.90	0.00
(Previous Year)	40.00	300.00	147.24	275.00
ii) Corporate Debt Securities	0.00	0.00	0.00	0.00
(Previous Year)	0.00	0.00	0.00	0.00
Securities purchased under Reverse Repo Government Securities	5.00	450.00	25.17	0.00
(Previous Year)	15.00	1100.00	9.99	0.00
i) Corporate Debt Securities	0.00	0.00	0.00	0.00
(Previous Year)	0.00	0.00	0.00	0.00

11. Non-SLR Investment portfolio Issuer composition of Non SLR Investments

(₹ in Crores)

S. No.	Issuer	Amount	Extent of Private Placement	Extent of below Investment grade	Extent of unrated Securities	Extent of unlisted Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	PSUs	87.08	34.94	0.00	0.00	0.00
2	FIs (incl. NBFC's AIFI's)	1097.55	796.87	0.00	0.00	0.00
3	Banks(incl. CD's)	7131.84	88.50	0.00	73.37	0.00
4	Private Corporates (incl. CP's)	1035.58	746.60	529.60	0.00	25.00
5	Subsidiaries/Joint Ventures	20.00	0.00	0.00	0.00	0.00
6	Others	2292.45	0.00	0.00	73.37	0.00
	Total	11664.50	1666.91	529.60	0.00	25.00
7	Provision held towards depreciation	1.84	0.00	0.00	0.00	0.00
	Total	11662.66	1666.91	529.60	73.37	25.00

The Bank's investment in unlisted securities as on 31.03.2015 is 0.22% (previous year 0.43%) which is well within the RBI stipulated limit of 10%.

Schedule

"Notes on Accounts"

11.1 Non-performing Non-SLR investments

Particulars	Amount as on	
	31.03.2015	31.03.2014
Opening Balance	137.65	89.00
Additions during the year	108.33	48.80
Reductions during the year	1.70	0.15
Closing Balance	244.28	137.65
Total Provision held (including floating provisions of ₹2.76 Crores)	150.49	116.08

11.2 Sale and Transfers to/from Held to Maturity (HTM) Category

- Bank has not sold any HTM category securities during the year (previous year nil) as such no appropriation was made to Capital Reserve Account.
- With the approval of the Board of Directors, the Bank has shifted securities amounting to ₹ 370.00 Crores (FV) on 26/05/2014 (Previous year ₹405 Crores) at lower of book value or market value, scrip wise, from Held to Maturity (HTM) to Available for Sale (AFS) category in accordance with RBI guidelines.
- On the basis of special dispensation being allowed by the Reserve Bank of India vide its circular No. DBOD.No.BP.BC.30/21.04.141/2014-15 dated 05/08/2014, & circular No. DBOD.No.BP.BC.42/21.04.141/2014-15 dated 07.10.2014, with the approval of the Board Of Directors, the Bank undertook shifting of Govt. securities having face value of ₹700 Crores & ₹ 800 Crores. on 07.08.2014 and 01.01.2015 respectively from HTM to AFS category.
- The value of sales and transfer of securities to/from HTM category (excluding the exempted transfer) did not exceed 5% of book value of the investment in HTM category at the beginning of the year.

11.3 The value of investments under three categories viz., Held for Trading, Available for Sale and Held to Maturity are as under:

(₹ in Crores)

Particulars	As on 31.03.2015				As on 31.03.2014			
	HFT	AFS	HTM	Total	HFT	AFS	HTM	Total
Govt. Securities	0.00	541.98	12912.71	13454.69	0.00	703.24	14244.74	14947.98
Other approved securities	0.00	0.00	6.96	6.96	0.00	0.00	6.96	6.96
Shares (Equity & Pref.)	1.51	230.13	0.00	231.64	1.24	215.35	0.00	216.59
Debentures & Bond	0.00	1731.26	23.86	1755.12	0.00	1984.48	47.82	2032.30
Subsidiaries	0.00	0.00	20.00	20.00	0.00	0.00	10.00	10.00
Others (incl. Sponsored, CDs, CPs, RIDF and others)	0.00	7365.21	2290.68	9655.89	0.00	6767.87	2213.36	8981.23
Total	1.51	9868.58	15254.21	25124.30	1.24	9670.94	16522.88	26195.06

12. Derivatives

12.1 Forward Rate Agreement/Interest Rate Swap

S. No. Particulars	Amount as on	
	Current Year	Previous Year
i) The notional principal of swap agreements	Nil	Nil
ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	Nil	Nil
iii) Collateral required by the Bank upon entering into swaps	Nil	Nil
iv) Concentration of credit risk arising from the swaps	Nil	Nil
v) The fair value of the swap book	Nil	Nil

Schedule

“Notes on Accounts”

12.2 Exchange Traded Interest Rate Derivatives

		(₹ in crores)	
S. No.	Particulars	Current Year	Previous Year
i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the Year (instrument-wise)	Nil	Nil
ii)	Notional principal amount of exchange traded interest rate derivatives outstanding (instrument-wise)	Nil	Nil
iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not “highly effective” (instrument-wise)	Nil	Nil
iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not “highly effective” (instrument-wise)	Nil	Nil

12.3 Disclosures on Risk exposures in derivatives

a) Qualitative Disclosures

The only derivatives traded by the Bank in the foreign exchange market are forward contracts. Forward contracts are being used to hedge /cover the exposure in foreign exchange arising out of Merchant transactions and trading positions.

To cover the risks arising out of above derivatives, various limits like AGL, IGL and stop loss have been prescribed in the trading policy of the bank which are monitored through VaR.

Outstanding forward exchange contracts held for trading are revalued at the exchange rates for appropriate maturity rates as announced by FEDAI at the year-end exchange rates and the resultant gain/ loss is taken to revenue.

b) Quantitative Disclosures

		31.03.2015		31.03.2014	
S. No.	Particulars	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
i)	Derivatives (Notional Principal Amount)				
	a) For Hedging	Nil	Nil	Nil	Nil
	b) For Trading	Nil	Nil	Nil	Nil
ii)	Marked to Market Position (1)				
	a) Asset (+)	Nil	Nil	Nil	Nil
	b) Liability (-)	Nil	Nil	Nil	Nil
iii)	Credit Exposure(2)		Nil	NIL	Nil
iv)	Likely Impact of 1% change in interest rate (100*PVO1)				
	a) On hedging derivatives	Nil	Nil	Nil	Nil
	b) On Trading derivatives	Nil	Nil	Nil	Nil
v)	Maximum & minimum of 100*PVO1 observed during the year				
	a) On hedging	Nil	Nil	Nil	Nil
	b) On Trading	Nil	Nil	Nil	Nil

Schedule

“Notes on Accounts”

Forward Exchange contracts as on 31.03.2015

	(₹ in Crores)
Up to 14 days	1490.99
Beyond 14 day	13187.19
Total	14678.18

13 Asset Quality

13.1 Non Performing Assets.

		(₹ in Crores)	
S. No.	Particulars	Current Year	Previous Year
i)	Net NPAs to Net Advances (%)	2.77%	0.22%
ii)	Movement of NPAs (Gross)		
	a) Opening balance	783.42	643.77
	b) Additions during the year	2525.80	410.60
	c) Reductions during the year	545.14	270.95
	d) Closing balance	2764.08	783.42
iii)	Movement of Net NPAs		
	a) Opening balance	101.99	55.27
	b) Additions during the year	1712.62	319.53
	c) Reductions during the year	545.14	270.95
	d) Closing balance*	1236.32	101.99
iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	a) Opening balance **	653.70	562.63
	b) Provisions made during the year	813.18	107.68
	c) Write-off/write-back of excess provisions	0.00	16.61
	d) Closing balance	1466.88	653.70

*Net NPA has been arrived at after adding net interest suspense of ₹ 0.91 Crores.(Previous year ₹ 3.99 Crores) and net ECGC claims of ₹ 0.75 Crores (Previous year ₹ 1.03 Crores) ,DIFV ₹ 14.74 Crores and reducing Interest Capitalization of ₹18.57 Crores (previous year ₹ 6.88 crores).

**Including floating provision of ₹ 17.73 Crores.

Information regarding movement of Net NPA's has been compiled at Corporate Office and relied upon by the Auditors.

Schedule

“Notes on Accounts”

SI No.		Type of Restructuring		Under CDR Mechanism			Under SME Debt Restructuring Mechanism			Others			Total											
				Std.	Sub- Doubt- ful	Loss	Total	Std.	Sub- Doubt- ful	Loss	Total	Std.	Sub- Doubt- ful	Loss	Total									
Details																								
1	Restructured Accounts as on April 1 of the FY (opening figures)*	16	0	0	0	0	522.27	76.22	142	17.24	0.01	94.89	913.79	20.51	24.22	0.29	958.81	1512.28	21.93	18	302	13	484	
	Amount outstanding						522.27	76.22	142	17.24	0.01	94.89	913.79	20.51	24.22	0.29	958.81	1512.28	21.93					1575.97
	Provision thereon						20.67	2.7	0.22	15	0.01	17.93	36.91	3.56	23.34	0.29	64.1	60.28	3.78					102.7
2	Fresh restructuring during the year	4	0	0	0	0	4	7	0	0	0	7	5151	5	2	0	5158	5162	5	2	0	0	5169	
	Amount outstanding						457.49	14.58	0	0	0	14.58	878.02	1.52	0.73	0	880.27	1350.09	1.52					1352.34
	Provision thereon						22.86	0.72	0	0	0	0.72	44.33	0.07	0.04	0	44.44	67.91	0.07					68.02
3	Up-gradations to restructured standard category during the FY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Amount outstanding						0	0	0	0	0	0	0	0	0	0	0	0	0					0
	Provision thereon						0	0	0	0	0	0	0	0	0	0	0	0	0					0

Schedule

“Notes on Accounts”

14. Particulars of Accounts Restructured

Sl No.	Type of Restructuring	Under CDR Mechanism			Under SME Debt Restructuring Mechanism			Others			Total										
		Std.	Sub- Doubt- ful	Loss Total	Std.	Sub- Doubt- ful	Loss Total	Std.	Sub- Doubt- ful	Loss Total	Std.	Sub- Doubt- ful	Loss Total								
	Provision thereon	0	8.58	0	0	8.58	0	4.84	0	27.48	0.04	0	27.52	0	40.63	0.30	0	40.93			
6	Write-offs of restructured accounts during the FY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
	Amount outstanding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
	Provision thereon	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
7	Restructured Accounts as on March 31 of the FY (closing figures)*	11	3	0	0	14	3	145	5184	28	172	9	5393	5216	35	289	12	5552			
	Amount outstanding	79113	5725	0	0	848.38	47.47	3.67	10.96	25.79	87.89	1313.56	190.05	27.26	0.19	1531.06	2152.16	250.97	38.22	25.98	2467.33
	Provision thereon	38.36	8.58	0	0	46.94	2.08	0.55	8.76	25.79	15.27	63.90	30.04	19.32	0.19	113.45	104.34	39.17	28.08	25.98	197.58

Note:- In addition to above Exposure , the borrowers are also availing additional facilities (Fund based) to the tune of ₹ 1399.00 crores as on 31.03.2015 (₹ 132.22 crores as on 31.03.2014).

Schedule

"Notes on Accounts"

15. Details of Financial Assets Sold to Securitization/ Reconstruction Company for Asset Reconstruction.

(₹ in Crores)

S. No.	Particulars	Current Year	Previous Year
1.	No of accounts	NIL	NIL
2.	Aggregate Value (net of provisions) of accounts sold to SC/RC	NIL	NIL
3.	Aggregate Consideration	NIL	NIL
4.	Additional consideration realized in respect of accounts transferred in earlier years	NIL	NIL
5.	Aggregate gain/loss over net book value	NIL	NIL

(₹ in Crores)

Particulars	Backed by NPA'S sold by the bank Underlying		Backed by NPA'S sold by other banks/financial institutions / non banking financial companies as underlying.		Total	
	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year
Book value of investments in security receipt	0.00	0.00	15.20	14.23	15.20	14.23

16. Details of non performing financial assets purchased.

(₹ in Crores)

S. No.	Particulars	Current Year	Previous Year
1.(a)	No. of accounts purchased	NIL	NIL
(b)	Aggregate outstanding	NIL	NIL
2.(a)	Of these, number of accounts restructured during the year	NIL	NIL
(b)	Aggregate outstanding	NIL	NIL

16.1 Details of non performing financial assets sold.

(₹ in Crores)

S. No.	Particulars	Current Year	Previous Year
1)	No. of accounts sold	NIL	NIL
2)	Aggregate outstanding	NIL	NIL
3)	Aggregate consideration received	NIL	NIL

17. Provisions on standard Assets

(₹ in Crores)

Particulars	31.03.2015	31.03.2014
Provision towards Standard Assets	276.28	250.59

Schedule

“Notes on Accounts”

18. Business Ratios

S. No.	Particulars	As on	
		31.03.2015	31.03.2014
(i)	Interest income as a percentage to working funds*	9.73%	9.96%
(ii)	Non-Interest income as a percentage to working funds*	0.82%	0.57%
(iii)	Operating Profit as a percentage to working funds*	2.53%	2.80%
(iv)	Return on Assets.**	0.70%	1.74%
(v)	Business (deposits plus advances) per employee***	₹ 11.43 Crores	₹ 11.74 Crores
(vi)	Profit per employee	₹ 0.05 Crores	₹ 0.13 Crores

* Working funds are the average of total of assets as reported to RBI in Form X.

** Assets are the average of the monthly total assets as reported to RBI in Form X.

*** Deposits (other than inter-bank deposits) & Gross Advances are as at the close of the year.

19. Asset Liability Management

(i) Maturity pattern of certain items of assets and liabilities as on 31.03.2015

(₹ in Crores)

Particulars	Day 1	2 to 7 Days	8 to 14 Days	15 Days to 28 Days	29 Days Upto 3 months	Over 3 Months & Upto 6 months	Over 6 Months & Upto 1 year	Over 1 Year & Upto 3 years	Over 3 Years & Upto 5 years	Over 5 years	TOTAL
DEPOSITS	111.10	1112.83	1042.69	985.26	4040.12	1946.96	7919.85	29294.51	18719.11	583.76	65756.19
ADVANCES	89.25	581.26	715.13	826.89	2340.78	2330.94	5402.34	21376.08	7156.10	3767.06	44585.82
INVESTMENTS	0.00	186.20	524.04	847.03	5372.81	1643.84	2217.50	3599.98	3991.82	6741.08	25124.30
BORROWINGS	23.00	0.00	0.00	0.00	0.00	1000.00	0.00	716.67	600.00	0.00	2339.67

(ii) Details of Foreign currency Assets/Liabilities (Maturity Pattern) as on 31.03.2015

(₹ in Crores)

Currency	1 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year up to 3 years	Over 3 years up to 5 years	Over 5 years	Total
ASSETS									
USD	847.69	75.94	1556.64	583.53	4256.01	0.00	0.00	0.00	7319.82
EURO	11.09	3.11	49.93	36.69	42.07	0.00	0.00	0.00	142.89
GBP	3.61	3.44	29.26	6.99	11.38	0.00	0.00	0.00	54.68
J.YEN	0.19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.19
AUD	0.71	0.05	0.10	0.00	0.00	0.00	0.00	0.00	0.86
CAD	1.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.42
CHF	0.58	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.58
SAR	0.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.75
Total	866.03	82.54	1635.93	627.22	4309.47	0.00	0.00	0.00	7521.18
(Previous Year)	431.09	125.21	1852.88	1069.09	1680.24	0.00	0.00	0.00	5158.51

Schedule

"Notes on Accounts"

Currency	1 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year up to 3 years	Over 3 years up to 5 years	Over 5 years	Total
Liabilities									
USD	777.50	5.21	1681.30	579.84	4275.79	1.90	3.97	0.00	7325.51
EURO	19.35	0.14	38.90	36.97	46.61	0.00	1.55	0.00	143.53
GBP	3.70	0.00	31.52	7.19	11.70	0.28	0.00	0.00	54.38
J.YEN	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AUD	0.48	0.00	0.48	0.00	0.00	0.00	0.00	0.00	0.96
CAD	0.00	0.00	1.60	0.00	0.00	0.00	0.00	0.00	1.60
CHF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	801.62	5.35	1753.79	624.00	4334.10	2.18	5.52	0.00	7525.97
(Previous year)	367.32	80.95	1963.54	1052.48	1687.40	5.08	2.06	0.00	5158.83

The above disclosure is as compiled and certified by the Bank's management.

20. Exposures

20.1 Exposure to Real Estate Sector*

(₹ in Crores)

S. No.	Particulars	As on	
		31.03.2015	31.03.2014
1.	Direct Exposure		
	(i) Residential Mortgages	1445.32	1291.57
	lending's fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (**includes Individual housing loans eligible for inclusion in priority sector amounting to ₹904.73 Crores)(Previous Year ₹797.38 Crores)		
	(ii) Commercial real estate	2921.53	2861.04
	Lending's secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits.		
	(iii) Investment in mortgage backed securities and other securitized exposures		
	(a) Residential	Nil	NIL
	(b) Commercial real estate	Nil	NIL
2.	Indirect Exposure (Fund based & non fund based exposure on National Housing Bank and housing finance companies)	892.12	784.99
	Total Exposure to Real Estate	5258.97	4937.60

The above disclosure are as compiled and certified by the Bank's management.

Schedule

“Notes on Accounts”

20.2 Exposure to Capital Market

(₹ in Crores)

S. No.	Particulars	As on	
		Current Year	Previous Year
(i)	Direct investment in Equity shares, Convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt.	152.41	149.54
(ii)	Advances against shares/bonds /debentures or other securities or on clean basis to individuals for investments in shares (including IPOS/ESPOs) convertible bonds convertible debentures and units of equity-oriented mutual funds	1.05	1.16
(iii)	Advances for any other purpose where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	0.13	0.08
(iv)	Advances for any other purpose to the extent secured by the collateral security of shares or convertible bonds or convertible debenture or units of equity oriented mutual funds i.e where the primary security other than shares /convertible bonds /convertible debentures /units of equity oriented mutual funds does not fully cover the advances	0.00	0.00
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stock brokers and market makers.	2.13	2.13
(vi)	Loans sanctioned to corporate against the security of shares/ bonds/ debentures or other securities or on clean basis for meeting promoters contribution to the equity of new companies in anticipation of raising resources	0.00	0.00
(vii)	Bridge loans to companies against expected equity flows /issues	0.00	0.00
(viii)	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	0.00	0.00
(ix)	Financing \to stock brokers for margin trading	0.00	0.00
(x)	All exposures to venture Capital Funds (both registered and unregistered)	22.54	25.00
	Total	178.26	177.91

The above disclosures are as compiled and certified by the Bank's management.

20.3 Risk category wise country exposure

(₹ in Crores)

Category	Risk Category	Exposure (net) as at March 2015	Provisions held as at March 2015	Exposure (net) as at March 2014	Provisions held as at March 2014
A1	Insignificant	205.76	0.00	135.32	0.00
A2	Low	1.64	0.00	1.38	0.00
B1	Moderate	0.00	0.00	0.15	0.00
B2	High	0.00	0.00	0.00	0.00
C1	Very high	0.00	0.00	0.00	0.00
C2	Restricted	0.00	0.00	0.00	0.00
D	Off-Credit	0.00	0.00	0.00	0.00
	Total	207.40	0.00	136.85	0.00

The above disclosure are as compiled and certified by the Bank's management

Schedule

“Notes on Accounts”

21. Details of single borrower limit/ group borrower limit exceeded by the Bank:

The Bank has not exceeded single borrower exposure limit (SGL)/Group Borrower Exposure Limit (GBL) during the year.

22. Statement of loans & Advances secured by Intangible Assets viz. Rights, Licenses, Authorizations etc.

(₹ in Crores)

Particulars	2014-15	2013-14
Total amount of advances outstanding against charge over intangible securities such as the rights, licenses, authority etc.	0.00	48.42

23. Penalty imposed by Reserve Bank of India

Penalty imposed by Reserve Bank of India during the year: NIL (Previous year ₹ 2.501 crores).

24. Disclosures as per Accounting Standards (AS) in terms of RBI guidelines.

24.1 Accounting Standard 1.

Consequent upon enactment of the Companies Act 2013 and its applicability for accounting periods commencing from 1st April 2014, the bank has from 1st April 2014 changed the method of providing depreciation on fixed assets from written down value method under provisions of Income Tax Act 1961 to Straight line method based on remaining useful life of assets as per provisions Companies Act 2013. The Bank has as per new method charged depreciation of ₹94.50 crores on fixed assets during the financial year 2014-15. Had the bank followed earlier method of providing depreciation, charge for the year would have been less by ₹11.49 crores and resultant profit would have increased to that extent.

24.2 Accounting Standard 5

Net profit or loss for the period, prior period items and changes in accounting policies:

There is no material Prior Period item included in Profit & Loss Account required to be disclosed as per Accounting Standard-5 read with RBI Guidelines except as per Para 24.3 below.

24.3 Accounting Standard 6.

The bank has from 1st April 2014 changed the method of providing depreciation on fixed assets from written down value method under provisions of Income Tax Act 1961 to Straight line method based on remaining useful life of assets as per provisions of Companies Act 2013. Further due to this change in method of depreciation, retrospective re-computation of depreciation has resulted in over charge of depreciation amounting to ₹135.67crores (₹89.55 Crores net of deferred tax liability) which has been credited to profit & loss account for the year ended 31st March 2015 in accordance with accounting standard 6 issued by Institute of Chartered Accountants of India on Depreciation Accounting.

24.4 Accounting Standard 9- Revenue Recognition

There are no material items of income, which are required to be disclosed as per Accounting Standard-9, read with the RBI guidelines.

24.5 Accounting Standard 15 - Retirement Benefit

Adoption of AS -15 (R) The bank has adopted accounting standards 15 (R) - employee benefits , issued by the Institute of Chartered Accountants of India (ICAI), the Bank recognized in its books of accounts the liability arising out of employee benefits as the sum of the present value of obligation as reduced by fair value of plan assets on the balance sheet date.

The disclosure required under Accounting Standard 15 “Employee Benefits- in line with the accounting policy as per the Accounting Standard- issued by the Institute of Chartered Accountants of India are as under”:

Schedule

“Notes on Accounts”

Changes in the Present Value of the Obligation and in the Fair Value of the Assets

(₹ in Crores)

	Gratuity Funded	Pension Funded	Leave Encashment unfunded
CHANGE IN PRESENT VALUE OF OBLIGATION			
Present Value of obligation 01-04-2014	203.17	640.65	102.56
Interest Cost	15.34	46.26	7.77
Current Service Cost	17.67	44.39	7.69
Past Service Cost	0.00	0.00	0.00
Benefits Paid	-22.77	-124.80	-10.93
Actuarial (gain) loss on obligation	3.47	70.02	2.02
Present Value of obligation 31-03-2015(Projection)	216.88	676.52	109.11
Fair value of Plan Assets 01-04-2014	167.83	556.26	0.00
CHANGE IN PLAN ASSETS			
Expected Return on Plan Assets	15.08	47.85	0.00
Contributions	25.38	58.40	10.93
Benefits Paid	-22.77	-124.80	-10.93
Actuarial Gain (Loss) Plan Assets	23.55	102.29	0.00
Fair value of Plan Assets 31-03-2015	209.07	640.00	0.00
Total Actuarial gain (loss) to be recognized	20.09	32.27	-2.02

Balance Sheet Recognition

(₹ in Crores)

Present Value of obligation	216.88	676.52	109.11
Fair Value of Plan Assets	-209.07	-640.00	0.00
Liability (Asset)	7.81	36.52	109.11
Unrecognized Past Service Cost	0.00	0.00	0.00
Liability (asset) recognized in the Balance Sheet**	7.81	36.52	109.11
Less : Liability already recognized	0	0	102.56
Total of three plans : 50.88 Crores	7.81	36.52	6.55

Profit & Loss - Expenses

(₹ in Crores)

Current Service Cost	17.67	44.39	7.69
Interest Cost	15.34	46.26	7.77
Expected Return on Plan Assets	-15.08	-47.85	0.00
Net Actuarial gain (loss) recognized in the year	-20.09	-32.27	2.02
Past Service Cost	28.65	69.98	0.00
Expenses Recognized in the statement of Profit & Loss	26.50	80.51	17.48
Actual Return on Plan Assets			
Expected Return on Plan Assets	15.08	47.85	
Actuarial gain (Loss) Plan Assets	23.55	102.29	
Actual Return on Plan Assets	38.63	150.14	

Schedule

“Notes on Accounts”

Movement in the Net Liability recognized in the Balance Sheet

(₹ in Crores)

Opening net Liability	6.69	14.51	102.56
Expenses	26.50	80.51	17.48
Contribution	-25.38	-58.40	-10.93
Closing Net Liability	7.81	36.62	109.11

Actuarial Assumption

Mortality Table (L.I.C.)	2006-08 Ultimate	2006-08 Ultimate	2006-08 Ultimate
Discount Rate (Per Annum)	8%	8%	9%
Expected rate of return on Plan Assets (Per Annum)	8%	8%	NA
Rate of escalation in salary(Per Annum)	5%	5%	5%
Disability	NIL	NIL	NIL
Attrition (Per Annum)	1%	1%	1%
Retirement Age (Years)	60	60	60

Major categories of plan assets (as percentage of total plan assets)

(₹ in Crores)

Particulars of Investments	Gratuity	Pension
Government of India Securities	10.00	17.50
SDL (State Government)	30.00	3.59
Treasury Bills	16.00	0
PSU Bonds	36.00	17.97
Bank Fixed Deposits	8.00	3.09
Investment With LIC	0	57.85
Total	100	100

Best estimate of contribution during next year (in crores) particulars pension (funded), Gratuity (funded) bank best estimate of contribution is ₹150.00 crores and ₹20.00 crores respectively.

Particular Basis of assumption:

Discount rate : Discount rate has been determined by reference to market yields on the balance sheet date on Government Bonds of term consistent with estimated term of the obligations as per para 78 of AS-15R.

Expected rate of return on plan assets : The expected return on plan assets is based on market expectations, at the beginning of the period, for returns over the entire life of the related obligation.

Rate of escalation in salary: The estimates of future salary increases considered in actuarial valuations taking into account inflation, seniority, promotion and other relevant factors mentioned in paras 83-91 of AS-15R.

Attrition rate : Attrition rate has been determined by reference to past and expected future experience and includes all types of withdrawals other than death but including those due to disability.

The above information is based on the information certified by the actuary

Schedule

“Notes on Accounts”

24.6.Accounting Standard 17 - Segment Reporting

- i) The Bank has recognized business segment as its primary reportable segment under AS-17 classified into treasury, Corporate/ Wholesale banking, Retail banking and other banking Business. The necessary disclosure is given below:-

		(₹ in Crores)	
Description	31.03.2015	31.03.2014	
A	Segment Revenue (Income)		
i.	Treasury Operations	2042.64	1849.00
ii.	Corporate/Whole sale Banking	3015.26	3181.05
iii.	Retail Banking	3146.56	2731.85
iv.	Other Banking Business	38.76	32.73
	Total	8243.22	7794.63
	(Less): Inter segment revenue	588.12	637.37
	Total Income from Operations	7655.10	7157.26
B	Segment Results (Profit before tax)		
i.	Treasury Operations	100.41	50.97
ii.	Corporate /Wholesale Banking	362.55	1129.99
iii.	Retail Banking	335.80	546.27
iv.	Other Banking Business	21.55	24.64
	Total	820.31	1751.87
C	(Segment Assets)		
i.	Treasury Operations	27084.09	28091.36
ii.	Corporate/Wholesale Banking	24889.25	29310.98
iii.	Retail Banking	24089.58	21176.18
iv.	Other Banking Business	22.53	41.21
	Total	76085.45	78619.73
D.	(Segment Liabilities)		
i.	Treasury Operations	3816.49	5967.34
ii.	Corporate /Wholesale Banking	26069.55	29637.39
iii.	Retail Banking	40054.48	37252.14
iv.	Other Banking Business	34.88	39.25
	Total	69975.40	72896.12
E.	Capital Employed (Segment Assets-Segment Liabilities)		
i.	Treasury Operations	23267.60	22124.02
ii.	Corporate/Wholesale Banking	(1180.30)	(326.41)
iii.	Retail Banking	(15964.90)	(16075.96)
iv.	Other Banking Business	(12.35)	1.96
	Total	6110.05	5723.61

- ii). As the Bank does not have any overseas branch there is no requirement as to reporting of Geographical Segment.

Schedule

"Notes on Accounts"

24.7 Accounting Standard 18 - Related party disclosures as on 31.03.2015

(₹ in Crores)

Items/Related Party	J&K Grameen Bank	JKB Financial Services Ltd.
Deposits	1212.30	19.45
Advances	19.47	Nil
Investments	34.01	20.00
Interest Paid	104.66	0.048
Interest/Commission Received	0.79	1.64
Sale of Fixed Assets	Nil	Nil
Transfer of Current Assets/ Liabilities(Net)	Nil	Nil
Reimbursement of Expenses	Nil	3.68

(₹ in Lakhs)

Items/Related Party	K.M.P* Mr. Mushtaq Ahmad (Chairman)
Investments	-
Interest/Commission Received	-
Salary	86.06

* Key Managerial Personnel

24.8 Accounting standard 19 - Leases

The bank has taken premises only on rental basis and has no long-term operating leases taken/given and hence reporting under AS-19 is not considered necessary.

24.9 Accounting standard 20 - Earning per share

Description	31.03.2015	31.03.2014
Net Profit available to Equity Share Holders	₹ 508.60 crores	₹ 1182.46 crores
No. of Equity Shares	484778020	484778020
Basic/Diluted Earnings per share	₹ 10.49	₹ 243.92
Face value per share	₹ 1/-	₹ 10/-

During the current financial year the Bank has subdivided each equity share of the face of value of ₹10 into 10 equity shares of face value of ₹1/- each effective from 5th September 2014 approved by share holders in the 76th Annual General Meeting of the Bank held on 2nd August 2014.

24.10 Accounting Standard -21 (Consolidated Financial Statements)

The Bank has a fully owned subsidiary company "JKB Financial Services Ltd." in terms of the approval of Reserve Bank of India vide its letter No DBOD.FSD.No./1124/24.01.001/2007-08 dated July 31, 2007. The investment towards the capital of subsidiary company is ₹ 20.00 Crores (Previous Year ₹ 10.00 Crores). The consolidated financial statements are placed accordingly in terms of AS 21 issued by the Institute of Chartered Accountants of India.

Schedule

“Notes on Accounts”

24.11. Accounting Standard 22 - Accounting for taxes on income

The Bank has accounted for Income Tax in compliance with Accounting Standard-22 accordingly Deferred Tax Assets and Liabilities are recognized.

(₹ in Lacs)

Timing Difference	Deferred Tax Assets	Deferred Tax Liabilities
Depreciation on Assets	Nil	4129.64
Leave encashment	Nil	3663.20
Special Reserve	Nil	4186.21
Wage Revision	2855.16	Nil

Net Deferred Tax Liability as on 31.03.2015	:	₹ 1797.49 Lacs
Tax Impact for the year	:	₹ -1055.66 Lacs

24.12. Accounting Standard 26-Intangible Assets

The Bank has incurred an amount of ₹137.19 Lacs on Brand names bifurcated into two heads namely Business Unit Signage and Brand Strategy Project. Expenditure on Business Unit Signage amounting to ₹59.76 Lacs has been debited under the head Furniture & Fixture, whereas, Brand strategy project expenses amounting to ₹77.43 Lacs has been charged to Profit & Loss account treating it as a Revenue expenditure for the reason that the Bank cannot declare dividend to shareholders without writing it off completely in view of the provisions of the Banking Regulation Act, 1949. Accordingly, the Bank has not evaluated useful life of this Brand strategy project over which the expenses could be amortized.

Further, the Bank has incurred an amount of ₹6.33 Crores on account of purchase of computer software, not forming integral part of computers, and has capitalized the cost of the same.

24.13. Accounting Standard 28 - Impairment of Assets

Majority of Fixed Assets of the Bank are considered as Corporate Assets and not cash generating assets and in the opinion of Management there is no material impairment in these Fixed Assets. Regarding other Fixed Assets generating cash there is no material impairment. As such no provision is required as per AS-28 issued by ICAI.

24.14. Accounting Standard 29- Provisions, Contingent Liabilities and Contingent Assets

In respect of Contingent Liabilities under each class shown as per Schedule 12, in the opinion of the Management, the possibility of any out flow in settlement is remote. A provision of ₹1.90 Crores has been made during the year totaling to ₹5.59 Crores upto 31.03.2015 against claims decreed against the Bank. Claims have not been acknowledged as debts owing to the appeal filed by the bank before the court of competent jurisdiction, pending adjudication.

25 ADDITIONAL DISCLOSURES

25.1 Provisions and Contingencies

The break-up of “Provisions and Contingencies” shown under the head “Expenditure in Profit and Loss Account is as under:

(₹ in Crores)

Particulars	For the year ended	
	31.03.2015	31.03.2014
Tax expense		
i) Income Tax	301.06	574.53
ii) Deferred Tax Liability/ (Asset)	10.56	(5.20)
iii) Wealth Tax	0.09	0.08
Provision against NPA's	813.18	68.02
Provision for depreciation on investments	-	-
Provision for frauds and embezzlements	0.43	2.08
Provision for diminution in the fair value of restructured /rescheduled advances	134.40	7.54

Schedule

“Notes on Accounts”

Particulars	For the year ended	
	31.03.2015	31.03.2014
Provision for Non Performing Investments	20.97	17.33
Other provisions & contingencies	-	-
Provision for contingent liabilities	1.90	1.07
Provision for Standard Assets	44.64	51.85
Total	1327.23	717.29

26. Details / Utilization of Floating Provisions

In terms of RBI circular DBR.NO.BP.BC.79/21.04.048/2014-15 dated 30.03.2015 the bank can utilize 50% of its floating provisions balance held as at 31st December 2014 for making specific provision for NPA's. Since the Bank had not utilized 33% of the same as allowed under RBI circular dated February 7,2013, as such with the prior permission of RBI, Bank has utilized 66.50% amounting to ₹35.17 Crores for making specific provisions for NPA's out of floating provision balance of ₹52.90 Crores held as at 31.12.2014.

(₹ in Crores)

Particulars	As on	
	31.03.2015	31.03.2014
Opening balance	52.90	52.90
Additions made during the year	Nil	Nil
Utilization made during the year	35.17	Nil
Closing balance	17.73	52.90

27. Investments

(₹ in Crores)

Particulars	As on	
	31.03.2015	31.03.2014
Opening balance	2.76	2.76
Additions made during the year	Nil	Nil
Utilization made during the year	Nil	Nil
Closing balance	2.76	2.76

28. Customer Complaints

A	No. of complaints pending at the beginning of the year	14
B	No. of complaints received during the year	136
C	No. of complaints redressed during the year	143
D	No. of complaints pending at the end of the year	07

29. Awards Passed by Banking Ombudsman

A	No. of unimplemented Awards at the beginning of the Year	01
B	No. of Awards passed by the banking ombudsman during the year	Nil
C	No. of Awards implemented during the year	01
D	No. of unimplemented Awards pending at the end of the year	Nil

Schedule

“Notes on Accounts”

30. Foreign Exchange

- a) The net funded exposure of the Bank in respect of Foreign Exchange transactions with each country is within 1% of the Total Assets of the Bank and hence no Provision and Disclosure is required to be made as per the RBI Circular No. 96/21.04.103/2003 dated: 17.06.2004.
- b) Claims pending with ECGC amounts Nil (Previous year Nil)

31. Letter of Comfort (LOC's) issued by the Bank.

The Bank has not issued any Letter of Comfort (LOC) on its behalf. However, Letters of Comfort issued on behalf of customers has been reported under respective heads of contingent liabilities in the financial statements of Bank as on 31st March 2015.

32. Provision Coverage Ratio (PCR)

The provision coverage ratio (PCR) for the Bank as on 31st March 2015 is 59.02% which is calculated taking into account the total technical write offs made by the Bank.

33. Bancassurance Business:

The Bank has tie ups with M/S Met-Life Insurance (P) Ltd and Bajaj Alliance (P) Ltd for mobilizing insurance business both life and non-life. The details of the commission earned by the Bank during FY 2014-15 on account of mobilizing said business is given hereunder:-

(₹ in Crores)

S. No	Nature of Income	
1	For selling life insurance policies	15.79
2	For selling non-life insurance polices	8.31
3	For selling mutual fund products	NIL
4	Others - (Logo Charges)	9.32
	Total	33.42

34. Concentration of Deposits, Advances, Exposures & NPA's

34.1 Concentration of Deposits

(₹ in Crores)

Total Deposits of 20 largest depositors	12679
Percentage of 20 largest deposits to total Deposits of the Bank	19.28

34.2 Concentration of Advances

(₹ in Crores)

Total Advances to twenty largest borrowers	7689
Percentage of advances of twenty largest borrowers to Total Advances of the Bank	17.24

34.3 Concentration of Exposures

(₹ in Crores)

Total Exposure to twenty largest borrowers customers	10937
Percentage of exposures to twenty largest borrowers /customers to Total exposure of the bank on borrowers/customers	15.69

34.4 Concentration of NPA's

(₹ in Crores)

Total Exposure to top four NPA accounts	1238
---	------

Schedule

"Notes on Accounts"

35. Sector Wise Advances

(₹ in Crores)

S. No.	Risk Category	Current Year			Previous Year		
		Outstanding Total Advances	Gross NPA	Percentage of Gross NPAs to total Advances in that sector	Outstanding Total Advances	Gross NPA	Percentage of Gross NPAs to total Advances in that Sector
A	Priority Sector						
1	Agriculture and Allied Activities	5667.01	553.93	9.77	4773.23	48.71	1.02
2	Advances to Industries sector eligible as priority sector lending	2128.07	157.14	7.38	2023.97	96.25	4.76
3.	Services	5137.17	185.99	3.62	4646.95	124.32	2.68
4.	Personal Loans	2405.60	38.59	1.60	1687.51	29.77	1.76
	Sub Total A	15337.85	935.65	6.10	13131.66	299.05	2.28
B.	Non Priority Sector						
1	Agriculture and Allied Activities	0	0	0.00	0	0	0
2	Industry	13656.86	815.40	5.97	14585.62	288.67	1.98
3.	Services	10857.26	942.52	8.68	12368.22	162.78	1.32
4.	Personnel Loans	6448.57	70.51	1.09	7052.04	32.92	0.47
	Sub Total B	30962.69	1828.43	5.91	34005.88	484.37	1.42
	TOTAL (A+B)	46300.54	2764.08	5.97	47137.54	783.42	1.66

36. Movement of NPA's

(₹ in Crores)

Particulars	Current Year	Previous Year
Gross NPA's as on April 01,2014 (Opening Balance)	783.42	643.77
Additions (Fresh NPA's) during the year	2525.80	410.60
Sub total (A)	3309.22	1054.37
Less		
i) Up-gradation	343.77	117.70
ii) Recoveries (Excluding Recoveries made from upgraded Accounts)	176.43	146.16
iii) Technical/ Prudential/ write offs	24.94	7.09
iv) Write offs other than those under (iii)above		
Sub Total (B)	545.14	270.95
Gross NPA as on 31st March 2015	2764.08	783.42

Schedule

“Notes on Accounts”

37. Sector wise NPA's*

(₹ in Crores)

S No.	Sector	Percentage of NPA to Total advances in that sector
1	Agriculture & Allied activities	9.77
2	Industry (Micro & Small Medium and Large)	6.16
3	Services	7.06
4	Personal Loans	1.23

*Information regarding sector wise classification of NPA's has been compiled at Corporate Office and relied upon by the Auditors.

38. Stock of technical write-offs and recoveries made thereon

(₹ in Crores)

Particulars	Current Year	Previous Year
Opening balance of Technical/Prudential write-off accounts as at March 31, 2014	268.20	278.53
Add: Technical/Prudential write-offs during the year	Nil	7.73
Sub Total:	268.20	286.26
Less: Recoveries made during the year	15.41	18.06
Closing balance as at March 31, 2015	252.79	268.20

39. Overseas Assets, NPA's and Revenues

(₹ in Crores)

S No.	Particulars	
1	Total Assets	Nil
2	Total NPAs	Nil
3	Total Revenue	Nil

40. Off- balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

(₹ in Crores)

Name of the SPV sponsored		
	Domestic	Overseas
	NIL	NIL

41. The Bank follows policy of providing interest on Overdue Time Deposits at Saving Bank interest rates in conformity with guidelines of Reserve Bank of India.
42. Payments to and Provisions for employees include ₹ 84.00 Crores towards liability for wage arrears calculated on estimated basis. (Previous year ₹ 82.50 Crores).
43. Pursuant to schedule II of the Companies Act 2013, the carrying cost amount of the assets as on 01.04.2014 after retaining the residual value shall be recognized in the opening balance of retained earning where the remaining useful life of an asset is nil. Whereas the Bank has charged carrying cost of such assets amounting to ₹5.84 Crores in the current year's profit /loss account in absence of prior permission from RBI for any adjustment in revenue and other reserves.

Schedule

“Notes on Accounts”

44. During the financial year ended 31st March 2015 fraudulent transactions on account of discounting of fake LC's were detected at two business units of the bank . An amount of ₹ 60.25 crores outstanding against such fake LC's has been classified under loss category and fully provided for as on 31st December 2014 . However during the quarter ended 31st March 2015, an amount of ₹16.07 crores has been recovered and the provisions to the extent reversed. Further RBI on 20.01.2015 identified and intimated the Bank that advances made by different banks to a specific borrower fall in the category of fraud and in this regard as per directions of RBI, bank declared advance amounting to ₹680 crores as fraud. Pursuant to RBI circular DBR. NO.BP.BC.83/21.04.048/2014-15 dated 01.04.2015, the amount of fraud irrespective of the value of security held by the bank, has to be provided for over a period not exceeding four quarters commencing with the quarter in which the fraud has been detected. RBI vide letter dated DBR.BP.No16804/21.04.048/2014-15 dated May07,2015 granted permission for making 50% of the required provisioning in March quarter and balance in two equal installments in quarter ending June 2015 and Sep.2015. Against the provisioning requirement of ₹215.85 Crores, bank has made provisioning of ₹297.63 Crores in March quarter (which is ₹81.78 Crores more than the regulatory requirement).As on 31.03.2015 against outstanding exposure of ₹675.31 Crores in the account, total provision held is ₹544.75Crores.
45. During the recent devastating floods in the state of J&K, few business units /offices were affected causing loss to the infrastructural peripherals installed therein. The bank has lodged an insurance claim of ₹27.00 crores based on acquisition cost of damaged infrastructural peripherals having book value of ₹11.75 crores as on date of flood. An amount of ₹10.00 Crores has been received from Insurance Company as part of insurance claim up to March 2015 which has been appropriated towards the adjustment of book value of assets and balance amount of ₹1.75 Crores has been debited to profit & loss account as loss from damage of fixed assets. Further under Rehabilitation Plan approved in terms of RBI MASTER CIRCULAR no.rpcd. no.fsd.bc07/05.04.02/2014-15 dated 01.07.2014, the bank has restructured loan portfolio of ₹463.74 crores for which provision of ₹56.38 crores and ₹23.11 crores has been made for DIFV and standard provisioning respectively
46. **Corporate Social Responsibility (CSR Activities)**
Pursuant to section 135 of the Companies Act, 2013 it is required to expend 2% of the average net profits made during three immediate preceding financial years for CSR activities. Accordingly the bank is required to spend ₹ 29.86 crores for twelve months period ended 31st March 2015. During the year the bank has spent ₹ 13.75 crores for CSR activities. However in the opinion of the management , the balance amount of ₹ 16.13 crores could not be expended due to devastating floods that hit the state of J& K in September 2014 and derailed every activity of normal life. As a result the areas where bank was looking upon to do the CSR activities/programmers became inaccessible.
47. **Micro Small And Medium Enterprises Development Act**
With regard to disclosure relating to MSME under the Micro Small & Medium Enterprises Development Act 2006, no Purchases have been made from Micro Small Medium Enterprises hence the disclosure be treated as NIL
48. **Movement in Provision for Credit Card Reward Point is set out below:**

(₹ in Crores)

Particulars	
Opening Provision Balance as on 01.04.2014	0.69
Provisions made during the year	1.22
Redemption made during the year	0.83
Closing Provision Balance as on 31.03.2015	1.08

49. Intra-Group Exposure

(₹ in Crores)

Total Amount of intra-group Exposure	8.44
Total Amount of Top-20 intra group exposures	8.44
Percentage of intra -group exposures to total exposures of the bank on borrowers/customers	0.01
Details of breach of limit on intra-group exposures and regulatory action thereon, if any	Nil

Schedule

“Notes on Accounts”

50. Transfers to Depositor Education and Awareness Fund (DEAF)

Particulars	(₹ in Crores)	
	Current Year	Previous Year
Opening balance of amounts transferred to DEAF	0	
Add:- Amounts transferred to DEAF (From 31.07.2014 to 31.03.2015)	16.30	
Less : Amounts reimbursed by DEAF towards claims	0.16	NOT APPLICABLE
Closing balance of amounts transferred to DEAF	16.14	

51. Un-hedged Foreign Currency Exposure

In accordance with RBI circular no DBOD .BP.BC.85/21.06.200/2013-14 dated 15th January, 2014 and circular no DBOD. BP.BC.116/21.06.200/2013-14 dated 3rd June 2014, banks are required to make an additional provision in respect of borrowers with Un-hedged Foreign Currency Exposures (UFCE) from April 1, 2014 onwards. For the financial year 2014-15 bank has a provision requirement of ₹4.09 Crores for the same as on 31.03.2015. However the bank during nine months period ended December 2014 has already made a provision of ₹9.63 Crores for it on estimates basis and accordingly reversed the excess provision as on 31.03.2015.

51.1 Policy to manage currency induced Credit Risk:-

Foreign currency exposures are hedged under permitted hedging products in accordance with guidelines of RBI on Risk Management and inter bank dealings, FEDAI norms and guidelines. The objective of the policy is to maximize hedging on the foreign currency exposures of borrowers. Monitoring and review of the un-hedged foreign currency exposures to borrowers is undertaken by the bank on monthly basis by obtaining borrower-wise statements .Specific action/ suitable remedial measures including stipulation of additional cash margin and /or increase in pricing spread, wherever required are accordingly devised by the bank.

Incremental provisioning and capital held by them towards this risk.

Particulars	(₹ in Crores)	
	Capital Held	Provision Held
Opening Balance (01.04.2014)	0	0
Additions During the year	N A	0
Closing Balance	3.19	4.09

Schedule

"Notes on Accounts"

52. Liquidity Coverage Ratio (LCR)

(₹ in Crores)

Risk Category	Current Year		Previous Year	
	Total Un-weighted Value (Average)	Total Weighted Value (Average)	Total Un-weighted Value (Average)	Total Weighted Value (Average)
High Quality Liquid Assets				
1. Total High Quality Liquid Assets	5339.60	5290.25	Not Applicable	Not Applicable
Cash Outflow				
2. Retail Deposits and deposits from small business customers, of which	28763.22	2204.89	Not Applicable	Not Applicable
i) Stable Deposits	13428.38	671.41	Not Applicable	Not Applicable
ii) Less Stable Deposits	15334.84	1533.48	Not Applicable	Not Applicable
3. Unsecured Wholesale funding, of which	8495.16	2123.50	Not Applicable	Not Applicable
i) Operational Deposits(all counterparties)	8494.79	2123.47	Not Applicable	Not Applicable
ii) Non Operational deposits (all counterparties)	0.37	0.03	Not Applicable	Not Applicable
iii) Unsecured Debt	0	0	Not Applicable	Not Applicable
4. Secured wholesale funding	156.47	0	Not Applicable	Not Applicable
5. Additional requirements of which				
i) Outflow related to derivative exposure and other collateral requirements				
ii) Outflow related to loss of funding on debt products				
iii) Credit and liquidity Facilities				
6. Other contractual funding obligations	6247.26	458.78	Not Applicable	Not Applicable
7. Other contingent funding obligations	5989.31	299.46	Not Applicable	Not Applicable
8. Total Cash Outflows	49651.42	5086.63	Not Applicable	Not Applicable
Cash Inflows				
9. Secured lending (e.g reverse repo)	82.63	0	Not Applicable	Not Applicable
10. Inflows from fully performing exposures	4847.27	3354.73	Not Applicable	Not Applicable
11. Other cash inflows			Not Applicable	Not Applicable
12. Total cash inflows	4929.90	3354.73	Not Applicable	Not Applicable
		Total Adjusted Value		Total Adjusted Value
Total HQLA		5290.25	Not Applicable	Not Applicable
Total Net cash outflow		1731.90	Not Applicable	Not Applicable
Liquidity Coverage Ratio		305.46%	Not Applicable	Not Applicable

Schedule

“Notes on Accounts”

52.1 Qualitative disclosure for Liquidity Coverage Ratio (LCR) :

The Bank has a robust liquidity risk management framework in place that ensures sufficient liquidity including a cushion of unencumbered, high quality liquid assets, to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources.

Liquidity coverage ratio (LCR) BLR-1 aims to ensure that a bank maintains an adequate level of unencumbered High Quality Liquid Asset (HQLAs) that can be converted into cash to meet liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.

Composition of High quality liquid assets (HQLAs)

High quality liquid assets (HQLAs) comprise of assets that can be readily sold or used as collateral to obtain funds in a range of stress scenario. These are assets categories which can be easily or immediately converted into cash at little or no loss in value.

With zero percent haircut Level 1 (HQLA) asset comprises of:

- Cash
- Excess CRR
- Government securities in excess of SLR
- Marginal Standing Facility (MSF)
- Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR)
- Marketable securities issued by foreign sovereigns

A minimum haircut of 15% is applied on the following assets and is placed in the category of Level 2 (HQLA) assets:

- Marketable securities guaranteed by sovereigns, PSEs or multilateral development banks assigned risk weights of up to 20% but are not issued by banks/financial institutions/NBFCs
- Corporate bonds not issued by banks/financial institutions/NBFCs
- Commercial Papers not issued by PDs/financial institutions/NBFCs

With a haircut of 50% following HQLAs are also placed in category of level 2 assets:

- Marketable securities guaranteed by sovereigns having risk weights of higher than 20% but not more than 50%.
- Common equity shares included in NSE CNX Nifty index or S&P BSE Sensex index but not issued by banks/financial institutions/NBFCs

All the relevant inflows and outflows are captured in the LCR template.

Concentration of Funding

Management of funding concentration risk is meant to identify those sources of funding that are of such significance, the withdrawal of which could trigger liquidity problems, thus encourages the diversification of funding sources. This aims to address the funding concentration by monitoring funding from each significant counterparty, each significant product / instrument and each significant currency. Presently, Bank is submitting the details of Top 20 depositors as part BLR report (Statement of funding concentration, BLR-3). Further, there are regulatory limits like Inter-bank liability and call borrowings, which address funding concentration.

Schedule

“Notes on Accounts”

53. Disclosure on Remuneration

<p>Information relating to the composition and mandate of the Remuneration Committee.</p>	<p>Bank has constituted the Nomination and Remuneration committee of the Board pursuant to the requirement of the Reserve Bank of India and the Companies Act, 2013, constitutes of following members of the Board.</p> <table border="0"> <tr> <td>Mr. A. M. Matto,</td> <td>(Chairman)</td> </tr> <tr> <td>Mr. Vikrant Kuthiala</td> <td>(Member)</td> </tr> <tr> <td>Mr. Dalip Kumar Kaul</td> <td>(Member)</td> </tr> </table>	Mr. A. M. Matto,	(Chairman)	Mr. Vikrant Kuthiala	(Member)	Mr. Dalip Kumar Kaul	(Member)
Mr. A. M. Matto,	(Chairman)						
Mr. Vikrant Kuthiala	(Member)						
Mr. Dalip Kumar Kaul	(Member)						
<p>Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.</p>	<ul style="list-style-type: none"> • Ensure effective governance of compensation, alignment of compensation with prudent risk taking. • Ensure effective supervisory oversight and engagement by stakeholders. • Comply with the regulatory directives whereby all Private Sector Banks are required to formulate and adopt a comprehensive compensation policy covering all their employees and conduct annual review thereof. • Identify persons who are qualified and may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal • Recommend to the Board a policy, relating to the remuneration for directors the key managerial personnel and other employees. • Formulae the policy which inter alia shall ensure that : <ul style="list-style-type: none"> (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Key Management Personnel and other employees of the company; (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and (c) Remuneration to key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals. 						
<p>Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.</p>	<p>Remuneration committee of the Board undertakes risk evaluations based on industry standards and risk profile of the bank.</p>						
<p>Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.</p>	<p>The performance of the Bank as a whole is linked to the performance of its management and employees. However in individual cases variable pay is withheld in case of low performance of individual staff member.</p>						
<p>A discussion of the bank’s policy on deferral and vesting of variable remuneration and a discussion of the bank’s policy and criteria for adjusting deferred remuneration before vesting and after vesting.</p>	<p>NIL</p>						
<p>Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms.</p>	<p>NIL</p>						

Quantitative Disclosure

Particulars	31.03.2015
Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	The Committee met two times during the year and total sitting fee of ₹75000/- @ ₹15000 for each meeting attended by its members was paid.
(i) Number of employees having received a variable remuneration award during the financial year. (The quantitative disclosures should only cover Whole Time Directors / Chief Executive Officer/ Other Risk Takers)	Performance bonus during the year to CEO @ 35% of salary ₹19.95 Lacs. and to three Executive Presidents ₹9.00 Lacs (₹3.00Lac each)
(ii) Number and total amount of sign-on awards made during the financial year.	NIL
(iii) Details of guaranteed bonus, if any, paid as joining / sign on bonus	NIL
(iv) Details of severance pay, in addition to accrued benefits, if any	NIL
a. Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	NIL
b. Total amount of deferred remuneration paid out in the financial year.	NIL
Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	No other remuneration awards other than performance bonus has been paid. Performance bonus to CEO and three Executive Presidents paid @ 35% of basic Pay (₹ 3.00 Lacs each)
a. Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	NIL
b. Total amount of reductions during the financial year due to ex- post explicit adjustments.	NIL
c. Total amount of reductions during the financial year due to ex- post implicit adjustments.	NIL

54. The Principal Accounting Policies (Schedule 17) and Notes on Accounts (Schedule 18) form an integral part of these Accounts.

55. Previous year figures have been regrouped / rearranged, where ever necessary and possible, to conform to current year figures. In cases where disclosures have been made for the first time in terms of RBI guidelines, previous year's figures have not been given.

Mushtaq Ahmad
Chairman & CEO

B. B. Vyas, I.A.S
Director

J. P. Sharma
Director

M. I. Shahdad
Director

Vikrant Kuthiala
Director

Prof. Nisar Ali
Director

Abdul Majid Matto
Director

R. K. Gupta
Director

Dalip Kumar Kaul
Director

Khaver Alam Jeelani
Director

R. K. Shah
Sr. President & CFO

Mohammad Younis Pattoo
Vice President

Abdul Majid Bhat
Company Secretary

Place : Srinagar
Dated: 16th May 2015

In Terms of our report of even date annexed

For **Gupta Sharma & Associates**
Chartered Accountants
FRN:001466N

For **DharTiku& Co**
Chartered Accountants
FRN:003423N

For **Arora Vohra & Co**
Chartered Accountants
FRN:009487N

For **Darshan Nagpal & Associates**
Chartered Accountants
FRN:011022N

For **Dharam Raj & Co**
Chartered Accountants
FRN:014461N

CA Vinay Saraf
Partner
M.No.087262

CA Madhusudan Meher
Partner
M.No.097409

CA Karanbir S Sethi
Partner
M.No.091188

CA Neeraj Nagpal
Partner
M.No.503881

CA Dharam Raj
Partner
M.No.094108

Place : Srinagar
Dated: 16th May 2015

Cash Flow Statement

For the Year Ended 31st March, 2015

	2014-15	2013-14	
	₹ '000' Omitted		
A	CASH FLOW FROM OPERATING ACTIVITIES	1,287,171	(6,854,620)
B	CASH FLOW FROM INVESTING ACTIVITIES	(2,712,692)	(1,673,843)
C	CASH FLOW FROM FINANCING ACTIVITIES	(3,375,830)	(3,375,830)
	NET CHANGE IN CASH AND CASH EQUIVALENTS	(4,801,351)	(11,904,293)
D	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	42,138,991	54,043,284
E	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	37,337,640	42,138,991
A.	CASH FLOW FROM OPERATING ACTIVITIES:		
	Net Profit after Taxes	5,085,963	11,824,692
	Add : Provision for Taxes	3,117,055	5,694,060
	Net profit before taxes (i)	8,203,018	17,518,752
	Adjustment for :		
	Depreciation charges	945,026	778,556
	Provision for NPA's	8,131,845	680,156
	Provision on Standard Assets	446,429	518,519
	Depreciation on investment	-	-
	Provision for Non-Performing investment	209,725	173,300
	Other provisions	1,367,241	106,843
	Interest paid on subordinate Bonds (Financing Activities)	540,000	540,000
	Total Adjustment (ii)	11,640,266	2,797,374
	Operating profit before change in Operating assets & liabilities (i) + (ii)	19,843,284	20,316,126
	Adjustment for changes in Operating Assets & Liabilities		
	Increase / (Decrease) in Deposits	(35,796,757)	51,152,439
	Increase / (Decrease) in Borrowings	5,746,667	6,900,000
	Increase / (Decrease) in Other liabilities & provisions	1,597,988	1,325,055
	(Increase) / Decrease in investments	10,924,345	(4,421,012)
	(Increase) / Decrease in Advances	8,512,093	(72,597,460)
	(Increase) / Decrease in Other Assets	(6,141,801)	(3,445,497)
	Net Cash flow from Operating activities (iii)	(15,157,465)	(21,086,475)
	Cash generated from operation (i + ii + iii)	4,685,819	(770,349)
	Less : Tax paid	3,398,648	6,084,271
	TOTAL : (A)	1,287,171	(6,854,620)
B.	CASH FLOW FROM INVESTING ACTIVITIES :		
	a) Fixed Assets	(2,496,015)	(1,554,843)
	b) Investment in Subsidiary	(216,677)	(119,000)
	TOTAL : (B)	(2,712,692)	(1,673,843)

	2014-15	2013-14
	₹ '000' Omitted	
C. CASH FLOW FROM FINANCING ACTIVITIES:		
a) Share Capital	-	-
b) Equity Share Warrants	-	-
c) Share Premium	-	-
d) Tier II Bonds	-	-
e) Dividend & Divident Tax Paid	(2,835,830)	(2,835,830)
f) Interest Paid on Subordinate Debt	(540,000)	(540,000)
TOTAL :(C)	(3,375,830)	(3,375,830)
D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
a) Cash in hand & Balance with R.B.I	30,455,936	26,951,472
b) Balance with Banks & Money at Call & Short Notice	11,683,055	27,091,812
TOTAL :(D)	42,138,991	54,043,284
E. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
a) Cash in hand & Balance with R.B.I	23,730,550	30,455,936
b) Balance with Banks & Money at Call & Short Notice	13,607,090	11,683,055
TOTAL :(E)	37,337,640	42,138,991

Mushtaq Ahmad
Chairman & CEO

B. B. Vyas, I.A.S
Director

J. P. Sharma
Director

M. I. Shahdad
Director

Vikrant Kuthiala
Director

Prof. Nisar Ali
Director

Abdul Majid Matto
Director

R. K. Gupta
Director

Dalip Kumar Kaul
Director

Khaver Alam Jeelani
Director

R. K. Shah
Sr. President & CFO

Mohammad Younis Pattoo
Vice President

Abdul Majid Bhat
Company Secretary

Place : Srinagar
Dated: 16th May 2015

The above Cash Flow Statement has been taken on record by the Board of Directors in its meeting held on 16th May, 2015 at Srinagar.

Auditors Certificate

We have verified the attached Cash Flow Statement of THE JAMMU & KASHMIR BANK LIMITED which has been compiled from and is based on the Audited Financial Statements for the year ended March 31st, 2015 and March 31st, 2014. To the best of our knowledge and belief and according to the information and explanations given to us, it has been prepared pursuant to clause 32 of the Listing Agreement with the Stock Exchanges.

For **Gupta Sharma & Associates**
Chartered Accountants
FRN:001466N

For **DharTiku & Co**
Chartered Accountants
FRN:003423N

For **Arora Vohra & Co**
Chartered Accountants
FRN:009487N

For **Darshan Nagpal & Associates**
Chartered Accountants
FRN:011022N

For **Dharam Raj & Co**
Chartered Accountants
FRN:014461N

CA Vinay Saraf
Partner
M.No.087262

CA Madhusudan Meher
Partner
M.No.097409

CA Karanbir S Sethi
Partner
M.no.091188

CA Neeraj Nagpal
Partner
M.No.503881

CA Dharam Raj
Partner
M.No.094108

Place : Srinagar
Dated: 16th May 2015

Comments of C & AG

COMPTROLLER AND AUDITOR GENERAL OF INDIA, HAS NO COMMENTS UPON OR SUPPLEMENT TO THE AUDITOR'S REPORT UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE ACCOUNTS OF THE JAMMU AND KASHMIR BANK LIMITED, FOR THE YEAR ENDED 31ST MARCH, 2015.

Independent Auditors Report

To,
The Members of
The Jammu and Kashmir Bank Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of **The Jammu and Kashmir Bank Limited** (here-in-after called the "Bank") and its subsidiary **JKB Financial Services Limited** (together, the "Group") which comprise the consolidated Balance Sheet as at 31st March, 2015, consolidated Profit and Loss account and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies, other explanatory information and notes forming part of the accounts. Also incorporated in the Bank's financial statements are the returns of 59 Branches/Offices audited by us and 784 Branches/Offices audited by Statutory Branch Auditors. The Branches/Offices audited by us and those audited by the other auditors have been selected by the Comptroller & Auditor General of India in accordance with the guidelines issued to the Bank by the Reserve Bank of India.

Management's Responsibility for the Consolidated Financial Statements

2. The Bank's Management is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to preparation of these consolidated financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and in accordance with the Banking Regulation Act, complying with Reserve Bank of India Guidelines from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with provisions of the Act for safeguarding of the assets of the Group 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 of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
5. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Group has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Group's management, as well as evaluating the overall presentation of the consolidated financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

8. In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements together with the notes there on give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013, in the manner so required for the banking companies and

give a true and fair view of the state of affairs of the Group as at 31st March 2015 and its profit and its cash flows for the year then ended.

Emphasis of Matter

9. We draw attention to the following matters in the notes to the financial statement:

- a) Note no. 24.1 regarding change in accounting policy of charging depreciation on fixed assets effective 1st April, 2014 from WDV method under the provisions of Income Tax Act, 1961 to Straight Line Method based on remaining useful life of assets as per provisions of the Companies Act, 2013. The Bank has as per new method charged depreciation of ₹ 94.50 crores on fixed assets during the financial year 2014-15. Had the bank followed earlier method of providing depreciation, the charge for the year would have been less by ₹ 11.49 crores and resultant profit would have increased to that extent.
- b) Note no. 24.3 regarding change in method of depreciation and accordingly re-computation of depreciation pertaining to earlier years resulted in excess charge of depreciation amounting to ₹135.67 crores (₹ 89.55 crores net of deferred tax liability) which has been credited to profit and loss account for the year ended 31st March, 2015.

- c) Note no. 26 regarding utilization of floating provisions to the extent of ₹ 35.17 crores for making specific provisions for NPAs.

Our opinion is not qualified in respect of above matters.

Report on Other Legal and Regulatory Matters

10. As required by section 143(3) of the Companies Act, 2013, we further report that:

- (i) we have sought and obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (ii) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards Specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

11. Other Matter

The accompanying financial statements include total assets of ₹ 283400 thousands as at March 31, 2015, and total Revenues of ₹ 67108 thousands and loss before tax of ₹ 1679 thousands for the year ended on that date, in respect of one Subsidiary, which has been audited by other auditor, which financial statements, other financial information and auditors reports have been furnished to us. Our opinion, in so far as it relates amounts and disclosures included in respect of the subsidiary is based solely on the report of such other auditor. Our opinion is not modified in respect of this matter.

For **Gupta Sharma & Associates**
Chartered Accountants
FRN: 001466N

For **DharTiku & Co**
Chartered Accountants
FRN: 003423N

For **Arora Vohra & Co**
Chartered Accountants
FRN: 009487N

For **Darshan Nagpal & Associates**
Chartered Accountants
FRN: 011022N

For **Dharam Raj & Co**
Chartered Accountants
FRN: 014461N

CA Vinay Saraf
Partner
M.No. 087262

CA Madhusudan Meher
Partner
M.No. 097409

CA Karanbir S Sethi
Partner
M.No. 091188

CA Neeraj Nagpal
Partner
M.No. 503881

CA Dharam Raj
Partner
M.No. 094108

Place : Srinagar
Dated : 16th May 2015

Consolidated Balance Sheet

as at 31st March, 2015

Particulars	Schedule	As at 31.03.2015 ₹ '000' Omitted	As at 31.03.2014 ₹ '000' Omitted
CAPITAL AND LIABILITIES			
Capital	1	484,922	484,922
Reserves and Surplus	2	60,599,549	56,736,285
Deposits	3	657,361,637	693,283,467
Borrowings	4	23,396,667	17,650,000
Other Liabilities and Provisions	5	18,802,166	17,973,441
TOTAL		760,644,941	786,128,115
ASSETS			
Cash and Balance with Reserve Bank of India	6	23,730,550	30,455,936
Balance with Banks & Money at Call & Short Notice	7	13,620,942	11,700,095
Investments	8	251,042,998	261,850,666
Advances	9	445,858,160	463,846,033
Fixed Assets	10	6,895,598	5,351,327
Other Assets	11	19,496,693	12,924,058
TOTAL		760,644,941	786,128,115
Contingent Liabilities	12	216,972,385	161,407,154
Bills for Collection		11,730,914	12,358,903
Principal Accounting Policies	17		
Notes on Accounts	18		

The Schedules Referred to above and the attached Cash Flow Statement form an integral part of the Balance Sheet

Mushtaq Ahmad
Chairman & CEO

B. B. Vyas, I.A.S
Director

J. P. Sharma
Director

M. I. Shahdad
Director

Vikrant Kuthiala
Director

Prof. Nisar Ali
Director

Abdul Majid Matto
Director

R. K. Gupta
Director

Dalip Kumar Kaul
Director

Khaver Alam Jeelani
Director

R. K. Shah
Sr. President & CFO

Mohammad Younis Pattoo
Vice President

Abdul Majid Bhat
Company Secretary

Place : Srinagar
Dated : 16th May 2015

In Terms of our report of even date annexed

For **Gupta Sharma & Associates**
Chartered Accountants
FRN:001466N

For **DharTiku & Co**
Chartered Accountants
FRN:003423N

For **Arora Vohra & Co**
Chartered Accountants
FRN:009487N

For **Darshan Nagpal & Associates**
Chartered Accountants
FRN:011022N

For **Dharam Raj & Co**
Chartered Accountants
FRN:014461N

CA Vinay Saraf
Partner
M.No.087262

CA Madhusudan Meher
Partner
M.No.097409

CA Karanbir S Sethi
Partner
M.no.091188

CA Neeraj Nagpal
Partner
M.No.503881

CA Dharam Raj
Partner
M.No.094108

Place : Srinagar
Dated : 16th May 2015

Consolidated Profit and Loss Account

for the financial year ended 31st March, 2015

Particulars	Schedule	Year Ended 31.03.2015 ₹ '000' Omitted	Year Ended 31.03.2014 ₹ '000' Omitted
I INCOME			
Interest Earned	13	70,611,306	67,670,019
Other Income	14	5,990,399	3,932,139
TOTAL		76,601,705	71,602,158
II EXPENDITURE			
Interest Expended	15	44,085,850	40,818,938
Operating Expenses	16	14,159,277	11,806,255
Provisions and Contingencies		13,271,776	7,166,167
TOTAL		71,516,903	59,791,360
III NET PROFIT		5,084,802	11,810,798
TOTAL		76,601,705	71,602,158
IV APPROPRIATIONS			
TRANSFERRED TO			
i) Statutory Reserve		1,271,491	2,956,173
ii) Capital Reserve		-	-
iii) Revenue and Other Reserve		2,468,791	5,948,090
iv) Investment Reserve		122,981	70,705
v) Special Reserve		-	-
vi) Proposed Dividend		1,018,034	2,423,890
vii) Tax on Dividend		203,505	411,940
TOTAL		5,084,802	11,810,798
Principal Accounting Policies	17		
Notes on Accounts	18		
Earnings per Share (Basic/Diluted)		10.49	24.39

The Schedules Referred to above form an integral part of the Profit & Loss Account

Mushtaq Ahmad
Chairman & CEO

B. B. Vyas, I.A.S
Director

J. P. Sharma
Director

M. I. Shahdad
Director

Vikrant Kuthiala
Director

Prof. Nisar Ali
Director

Abdul Majid Matto
Director

R. K. Gupta
Director

Dalip Kumar Kaul
Director

Khaver Alam Jeelani
Director

R. K. Shah
Sr. President & CFO

Mohammad Younis Pattoo
Vice President

Abdul Majid Bhat
Company Secretary

Place : Srinagar
Dated : 16th May 2015

In Terms of our report of even date annexed

For **Gupta Sharma & Associates**
Chartered Accountants
FRN:001466N

For **DharTiku & Co**
Chartered Accountants
FRN:003423N

For **Arora Vohra & Co**
Chartered Accountants
FRN:009487N

For **Darshan Nagpal & Associates**
Chartered Accountants
FRN:011022N

For **Dharam Raj & Co**
Chartered Accountants
FRN:014461N

CA Vinay Saraf
Partner
M.No.087262

CA Madhusudan Meher
Partner
M.No.097409

CA Karanbir S Sethi
Partner
M.no.091188

CA Neeraj Nagpal
Partner
M.No.503881

CA Dharam Raj
Partner
M.No.094108

Place : Srinagar
Dated : 16th May 2015

Schedule

To the Consolidated Balance Sheet as at 31st March, 2015

Particulars	As at 31.03.2015 ₹ '000' Omitted	As at 31.03.2014 ₹ '000' Omitted
SCHEDULE 1 - CAPITAL		
AUTHORISED CAPITAL		
1,000,000,000 (P.Y. 1,000,000,000)		
Equity Shares of ₹1/- each	1,000,000	1,000,000
ISSUED :-		
484,996,020 (P.Y.484,996,020) Equity Shares of ₹1/= each	484,996	484,996
SUBSCRIBED AND PAID-UP CAPITAL		
484778020 (P.Y. 484778020)		
Equity Shares of ₹ 1/- each	484,778	484,778
Add Forfeited Equity Shares (218000) (P.Y. 218000)	144	144
TOTAL	484,922	484,922
SCHEDULE 2 - RESERVES & SURPLUS		
I. STATUTORY RESERVES		
Opening Balance	17,722,647	14,766,474
Additions during the year	1,271,491	2,956,173
TOTAL	18,994,138	17,722,647
II. CAPITAL RESERVES		
Opening Balance	631,254	631,254
Additions during the year	-	-
TOTAL	631,254	631,254
III. SHARE PREMIUM		
Opening Balance	867,791	867,791
Additions during the year	-	-
TOTAL	867,791	867,791
IV. INVESTMENT RESERVE		
Opening Balance	120,335	49,629
Additions during the year	122,981	70,706
TOTAL	243,316	120,335
V. SPECIAL RESERVE		
Opening Balance	1,231,600	1,231,600
Additions during the year	-	-
TOTAL	1,231,600	1,231,600

Schedule

To the Consolidated Balance Sheet as at 31st March, 2015

Particulars	As at 31.03.2015 ₹ '000' Omitted	As at 31.03.2014 ₹ '000' Omitted
VI. REVENUE AND OTHER RESERVES		
Opening Balance	36,162,658	30,614,267
Additions during the year	2,468,792	5,948,091
Draw Down	-	(399,700)
TOTAL	38,631,450	36,162,658
TOTAL (I,II,III,IV,V & VI)	60,599,549	56,736,285
SCHEDULE 3 - DEPOSITS		
A I. Demand Deposits		
i) From Banks	1,094,968	1,126,368
ii) From Others	64,367,989	67,266,686
TOTAL (i & ii)	65,462,957	68,393,054
II. Saving Bank Deposits	209,295,162	202,434,395
III. Term Deposits		
i) From Banks	58,856,169	64,475,929
ii) From Others	323,747,349	357,980,089
TOTAL (i & ii)	382,603,518	422,456,018
TOTAL A (I+II+III)	657,361,637	693,283,467
B		
i) Deposits of branches in India	657,361,637	693,283,467
ii) Deposits of branches outside India	Nil	Nil
TOTAL B (I+II)	657,361,637	693,283,467
SCHEDULE 4 - BORROWINGS		
I. Borrowings in India		
i) Reserve Bank of India	-	3,750,000
ii) Other Banks	17,166,667	7,900,000
iii) Unsecured Redeemable Debentures/Bonds (Subordinate Debts for Tier II Capital)	6,000,000	6,000,000
iv) Other Institutions & Agencies	230,000	-
TOTAL (i to iv)	23,396,667	17,650,000
I. Borrowings outside India	-	-
GRAND TOTAL (I & II)	23,396,667	17,650,000
Secured borrowings included in I & II above	Nil	Nil

Schedule

To the Consolidated Balance Sheet as at 31st March, 2015

Particulars	As at 31.03.2015 ₹ '000' Omitted	As at 31.03.2014 ₹ '000' Omitted
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
i) Bills Payable	2,393,481	2,733,877
ii) Inter Office Adjustments (Net)	-	-
iii) Interest Accrued on Non-cumulative deposits	1,161,229	1,322,941
iii) Deferred Tax Liability	171,429	74,183
iii) Provision Against Standard Assets	2,762,776	2,505,909
iii) Other (Including Provisions)	12,313,251	11,336,531
TOTAL (I to VI)	18,802,166	17,973,441
SCHEDULE 6 - CASH & BALANCES WITH RESERVE BANK OF INDIA		
I Cash in Hand (Including Foreign Currency Notes)	2,693,787	2,670,075
II Balance with Reserve Bank of India		
i) In Current Account	21,036,763	27,785,861
ii) In Other Accounts	-	-
TOTAL (I & II)	23,730,550	30,455,936
SCHEDULE 7 - BALANCE WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
i) Balance with Banks		
a) In Current Account	203,726	336,216
b) In Other Deposit Accounts	10,290,044	7,060,557
TOTAL (i)	10,493,770	7,396,773
ii) Money At Call and Short Notice		
a) With Banks	-	4,000,000
b) With Other Institutions	2,945,404	-
TOTAL (ii)	2,945,404	4,000,000
TOTAL (i & ii)	13,439,174	11,396,773
II. Outside India		
i) In Current Accounts	181,768	303,322
ii) In Other Deposit Accounts	-	-
iii) Money at Call & Short Notice	-	-
TOTAL II (i, ii & iii)	181,768	303,322
GRAND TOTAL (I&II)	13,620,942	11,700,095

Schedule

To the Consolidated Balance Sheet as at 31st March, 2015

Particulars	As at 31.03.2015 ₹ '000' Omitted	As at 31.03.2014 ₹ '000' Omitted
SCHEDULE 8 - INVESTMENTS		
I. Investments in India		
Gross	251,061,425	262,058,447
Less: Provision for Depreciation	18,427	207,781
Net Investments	251,042,998	261,850,666
i) Government Securities	134,546,757	149,479,808
ii) Other Approved Securities	69,650	69,650
iii) Shares (Pref. + Equity)	2,316,491	2,165,864
iv) Debentures and Bonds (Including Suitfile)	17,551,218	20,323,007
v) Sponsored Institutions	456,748	340,071
vi) Others :		
a) Certificate of Deposit	70,356,723	65,594,063
b) Suitfile	683,719	683,719
c) SIDBI	1,276,550	1,522,925
d) NABARD	7,540,077	6,645,600
e) Inv. In Subsidiary / or Joint Ventures	-	-
f) Venture Capital	210,382	238,108
g) Rural Housing Development	2,966,050	2,349,350
h) Commercial Paper	2,608,951	1,400,169
i) Security Receipts	142,311	152,034
j) Rural Infrastructure Development Fund	10,317,371	10,886,298
TOTAL (I)	251,042,998	261,850,666
II. Investments Outside India		
i) Government Securities	Nil	Nil
ii) Subsidiaries and/or Joint Ventures abroad	Nil	Nil
iii) Others (Swap)	Nil	Nil
TOTAL (II)	-	-
TOTAL (I & II)	251,042,998	261,850,666
II. Investments Category-Wise		
i) Held to Maturity	152,342,066	165,128,849
ii) Held for Trading	15,157	12,397
iii) Available for Sale	98,685,775	96,709,420
TOTAL (III)	251,042,998	261,850,666

Schedule

To the Consolidated Balance Sheet as at 31st March, 2015

Particulars	As at 31.03.2015 ₹ '000' Omitted	As at 31.03.2014 ₹ '000' Omitted
SCHEDULE 9 - ADVANCES		
A i) Bills Purchased and Discounted	7,313,571	10,690,158
ii) Cash Credits, Overdrafts and Loans Repayable on Demand	138,201,906	130,103,943
Repayable on Demand	138,201,906	130,103,943
iii) Term Loans	300,342,683	323,051,932
TOTAL (i to iii)	445,858,160	463,846,033
B i) Secured by Tangible Assets	341,297,887	369,825,519
ii) Covered by Bank/Govt. Guarantees	3,416,709	512,330
iii) Unsecured	101,143,564	93,508,184
TOTAL (i to iii)	445,858,160	463,846,033
C. I. Advances in India		
i) Priority Sector	148,168,657	127,928,891
ii) Public Sector	5,606,625	14,126,713
iii) Banks	492,079	1,674,506
iv) Others	291,590,799	320,115,923
TOTAL (i to iv)	445,858,160	463,846,033
II. Advances Outside India		
i) Due from Banks	Nil	Nil
ii) Due from Others	Nil	Nil
GRAND TOTAL (I & II)	445,858,160	463,846,033
SCHEDULE 10 - FIXED ASSETS		
I Premises		
a) Gross Block at the beginning of the year	3,914,657	3,813,346
Additions during the year	1,060,884	157,877
	4,975,541	3,971,223
Deductions during the year	129	56,566
Total (a)	4,975,412	3,914,657
Deductions during the year	1,330,692	1,281,905
Depreciation to date	3,644,720	2,632,752
b) Advance against flats	-	-
c) Constructions work in progress	341,562	272,873
TOTAL (I) [a+b+c]	3,986,282	2,905,625

Schedule

To the Consolidated Balance Sheet as at 31st March, 2015

Particulars	As at 31.03.2015 ₹ '000' Omitted	As at 31.03.2014 ₹ '000' Omitted
II Other Fixed Assets		
(Including Furniture & Fixtures)		
Gross Block at the beginning of the year	6,847,454	5,528,794
Additions during the year	1,548,859	1,359,586
	8,396,313	6,888,380
Deductions during the year	185,652	40,926
	8,210,661	6,847,454
Depreciation to date	5,301,345	4,401,752
Total (II)	2,909,316	2,445,702
GRAND TOTAL (I & II)	6,895,598	5,351,327

SCHEDULE 11 - OTHER ASSETS

I) Interest Accrued but not Due	4,901,847	5,507,818
II) Interest Accrued and Due	108,192	-
III) Inter Office Adjustment (Net)	458,057	233,359
IV) Tax paid in Advance/Tax Deducted at Source (Net of Provisions)	2,005,212	1,544,027
V) Stationery and Paper in Hand	61,262	47,660
VI) Deferred Tax Asset	-	-
VII) Others	11,962,123	5,591,194
TOTAL (I to VII)	19,496,693	12,924,058

SCHEDULE 12 - CONTINGENT LIABILITIES

I) Claims against the Bank not acknowledged as debts	2,163,878	1,519,645
II) Liability for partly paid investments	-	14,008
III) Liability on account of outstanding Forward Exchange Contracts	146,781,871	101,848,461
IV) Guarantees given on behalf of constituents:-		
a) In India	15,844,900	15,504,100
b) Outside India	3,271,400	2,571,600
V) Acceptances, Endorsements & Other Obligations	48,748,900	39,949,300
VI) Other items for which the Bank is Contingently liable	-	40
VII) Liability on account of Depositors Education Awareness Fund(DEAF)	161,436	-
TOTAL (I to VI)	216,972,385	161,407,154

Schedule

To the Consolidated Balance Sheet as at 31st March, 2015

Particulars	As at 31.03.2015 ₹ '000' Omitted	As at 31.03.2014 ₹ '000' Omitted
SCHEDULE 13 - INTEREST EARNED		
I) Interest/Discount on Advances/Bills	51,610,319	50,212,609
II) Income on Investments (Net of Amortization)	18,433,593	16,855,579
III) Interest on Balances with R.B.I and other Inter Bank Funds	567,394	601,831
TOTAL (I to III)	70,611,306	67,670,019

SCHEDULE 14 - OTHER INCOME

I) Commission, Exchange & Brokerage	1,797,682	1,678,586
II) Profit on Sale of Investments (Less loss on sale of investments)	1,123,691	568,348
III) Profit on revaluation of Investments (Less loss on revaluation of investments)	36,546	67,951
IV) Profit on Sale of Land, Buildings & Other Assets	-	-
V) Profit on Exchange Transactions (Less Loss on E/Transactions)	274,688	328,380
VI) Income earned by way of Dividends etc. from Subsidiaries, Companies and/or Joint Venture abroad/in India	-	-
VII) Miscellaneous Income	2,757,792	1,288,874
TOTAL (I to VII)	5,990,399	3,932,139

SCHEDULE 15 - INTEREST EXPENDED

I) Interest on Deposits	42,035,324	39,777,457
II) Interest on RBI/Inter-Bank Borrowings	1,510,526	501,481
III) Others/Subordinate Debt	540,000	540,000
TOTAL (I to III)	44,085,850	40,818,938

SCHEDULE 16 - OPERATING EXPENSES

I) Payments to and provisions for Employees	8,975,628	7,471,289
II) Rent, Taxes and Lighting	670,658	600,418
III) Printing and Stationery	97,324	85,436
IV) Advertisement and Publicity	93,102	121,861
V) Depreciation on Bank's Property	949,841	781,833
VI) Directors Fees, Allowances and Expenses	7,124	7,262
VII) Auditors Fees & Expenses (Including Branch Auditor's fees & Expenses)	136,984	134,815
VIII) Law Charges	28,532	16,508
IX) Postage, Telegrams, Telephones etc.	61,937	60,376
X) Repairs and Maintenance	114,132	121,720
XI) Insurance	555,949	458,091
XII) Other Expenditure	2,468,066	1,946,646
TOTAL (I to XII)	14,159,277	11,806,255

Schedule

“Principal Accounting Policies”

Schedule 17 - PRINCIPAL ACCOUNTING POLICIES

1. Accounting Methodology

The financial statements are prepared and presented under historical cost convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ('GAAP') and in compliance with the Accounting Standards ('AS') specified under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014, and guidelines issued by the Securities and Exchange Board of India to the extent applicable.

2. Consolidation Procedure

- Consolidated Financial Statements of the Jammu & Kashmir Bank and its subsidiary viz JKB Financial Services have been prepared on the basis of
- Their audited financial statements in accordance with the AS-21 Consolidated Financial Statements issued by the Institute of Chartered Accountants of India
- Line by line aggregation/ combination of like items of assets and liabilities, income and expenses after eliminating material intra group balances /transactions, unrealized profits/losses and making necessary adjustments wherever required to conform to the uniform accounting policies. The financial statements of the subsidiary have been drawn up to the same reporting date as that of parent.
- Minority interest in the net results of the operations and net assets represent the part of profit/loss and net assets not owned by the parent and consist of :
 - a. The amount of equity attributable to the minority at the date on which the investment in the subsidiary is made and
 - b. The minority share of movement in equity since date of parent-subsidiary relationship came into existence.

A. Significant Accounting policies Followed by the Parent Company

1. Basis of preparation of Financial Statements

The accompanying financial statements are prepared on historical cost basis, except as otherwise stated, following the “Going Concern” concept and conform to the Generally Accepted Accounting Principles (GAAP) in India, applicable statutory provisions, regulatory norms prescribed by the Reserve Bank of India (RBI), applicable mandatory Accounting Standards (AS)/Guidance Notes/pronouncements issued by the Institute of Chartered Accountants of India (ICAI) and practices prevailing in the banking industry in India.

2. Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions for considering the reported assets and liabilities (including contingent liabilities) as on the date of financial statements and the income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable.

3. Transactions involving Foreign Exchange

- i. Monetary Assets and Liabilities as on balance sheet date have been translated using closing rate as at year-end announced by Foreign Exchange Dealers Association of India.
- ii. Exchange differences arising on settlement of monetary items have been recognized as income or as expense in the period in which they arise.
- iii. The premium or discount arising at the inception of a forward exchange contract, which is not intended for trading purpose, has been amortized as expense or income over the period of contract.

4. Investments

- (i) Investments are classified into “Held-to-Maturity”, “Available-for-Sale” and “Held-for-Trading” categories, in accordance with the guidelines issued by Reserve Bank of India.
- (ii) Bank decides the category of each investment at the time of acquisition and classifies the same accordingly.
- (iii) “Held-to- Maturity” category comprises securities acquired by the Bank with the intention to hold them up to maturity. “Held-for-Trading” category comprises securities acquired by the Bank with the intention of trading. “Available-for-Sale” securities are those, which do not qualify for being classified in either of the above categories.

Schedule

"Principal Accounting Policies"

- (iv) Investments classified as "Held-to-Maturity" (HTM) category are carried at acquisition cost unless it is more than the face/redemption value, in which case the premium is amortized over the period remaining to the maturity.
- (v) (a) The individual scrip's in the "Available-for-Sale" category are marked to market at weekly intervals in case of equity and quarterly intervals in case of other investments. The net depreciation under each of six classifications under which investments are presented in the balance sheet is fully provided for, whereas the net appreciation under any of the aforesaid classifications is ignored.
 - (b) The market value for the purpose of periodical valuation of investments, included in "Available for Sale" and "Held for Trading" categories is based on the market price available from the trades/quotes on stock exchanges. Central/State Government securities, other approved securities, debentures and Bonds are valued as per the prices/YTM rates declared by FIMMDA.
 - (c) Un-quoted shares are valued at break-up value ascertained from the latest balance sheet and in case the latest balance sheet is not available the same are valued at ₹ 1/- per Company, as per RBI guidelines.
Investment in quoted Mutual Fund Units is valued as per Stock Exchange quotations. An investment in un-quoted Mutual Fund Units is valued on the basis of the latest re-purchase price declared by the Mutual Fund in respect of each particular scheme. In case of Funds with a lock-in period, where repurchase price/market quote is not available, Units are valued at NAV. If NAV is not available, then these are valued at cost, till the end of the lock-in period. Wherever the re-purchase price is not available the Units are valued at the NAV of the respective scheme.
- (vi) The individual scrip in the "Held-for-Trading" category are marked to market at weekly intervals in case of equity and monthly intervals in case of other investments and the net depreciation under each of the six classifications under which investments are presented in the Balance Sheet is accounted for in the Profit and Loss account and appreciation is ignored.
- (vii) The depreciation in value of investments where interest/principal is in arrears is not set-off against the appreciation in respect of other performing securities. Such investments including Non-performing Non-SLR investments are treated applying RBI prudential norms on NPA Classification and appropriate provisions are made as per RBI norms and no income on such investments is recognized.
- (viii) a) Profit or Loss on sale of Government Securities is computed on the basis of weighted average cost of the respective security.
 - b) Profit or loss on sale of investments in any category is taken to the Profit and Loss account. In case of profit on sale of investments in "Held-to-Maturity" category, an equivalent amount of profit net of taxes is appropriated to the "Capital Reserve Account".
- (ix) Interest accrued up to the date of acquisition of securities i.e. broken period interest is excluded from the acquisition cost and recognized as interest expense. Broken period interest received on Sale of securities is recognized as interest income.
- (x) Brokerage paid on securities purchased is charged to revenue account except for equity investment operations the same is added to the cost of purchase of investment.
- (xi) Investments in J&K Grameen Bank/Sponsored Institutions have been accounted for on carrying cost basis.
- (xii) Transfer of securities from one category to another is done at the least of the acquisition cost/book value/market value on the date of transfer.
- (xiii) Repurchase & Reverse repurchase transactions are accounted for in accordance with the extant RBI guidelines.
- (xiv) Bank is following settlement date accounting policy.
- (xv) In accordance with RBI circular No. IDMD 4135/11.08.43/2009-10 dated 23-03-2010, the Bank has made changes in accounting for Repo/ Reverse Repo transactions (Other than transactions under the liquidity adjustment facility (LAF) with the RBI). Accordingly the securities sold and purchased under Repo/Reverse Repo are accounted for as collateralized lending and borrowing transactions. However, securities are transferred as in case of normal outright sale/purchase transactions and such movement of security is reflected using Repo/Reverse Repo accounts and contra entries. The above entries are reversed on the date of maturity. Cost and revenue are accounted as interest

Schedule

“Principal Accounting Policies”

expenditure/Income as the case may be. Balance in Repo account is classified under schedule 4 (Borrowings) and balance in Reverse Repo account is classified under schedule 7 (Balance with Banks & Money at Call & Short Notice).

5. Advances

- i) Classification of Advances and Provisions thereof have been made as per the Income Recognition and Asset Classification norms formulated by the RBI viz., Standard, Sub-Standard, Doubtful and Loss Assets and accordingly requisite provisions have been made thereof.
- ii) Advances are shown net of provisions required for NPA's. Provisions for advances classified as Standard Assets is shown under Other Liabilities & Provisions.
- iii) Restructuring of Advances and provisioning thereof have been made as per RBI guidelines.

6. Fixed Assets

- a) Premises and other fixed assets are accounted for at historical cost.
- b) Premises include free hold as well as lease hold properties.
- c) Premises include capital work in progress.
- d) Depreciation is charged on straight line method as per provisions of Companies Act, 2013 based on the useful life of the assets prescribed in Part C of the schedule II of the Companies Act, 2013 as given hereunder.

S. No.	Block	Useful Life
a	Building (with RCC Frame Structure)	
	Commercial	60 yrs
	Residential	60 yrs
b	Building (with Other than RCC Frame Structure)	
	Commercial	30 yrs
	Residential	30 yrs
c	Plant & Machinery	15 yrs
d	Furniture Fixture	10 yrs
e	Vehicles	8 yrs
f	Fences	5 yrs
g	Others (including temporary structures etc)	3 yrs

Depreciation on computers (including ATMs) along with software forming integral part of the computers is computed at 33.33% on straight line method in terms of RBI guidelines issued vide letter no BP:1660/21.04.018/2001 dated 01.02.2001

The depreciation on computer software where it is probable that the future benefits that are contributable to such software will flow to Bank is being capitalized and depreciation is charged @33.33% in terms of RBI guidelines on straight line method

Useful life of the mobile phones is continued to be 2 years and the depreciation is charged on straight line method as per provisions of Companies Act, 2013 with no residual value.

- e) Premium paid for Leasehold properties is amortized over the period of the lease.

7. Employees Benefits

- i) Short-term employee benefits are charged to revenue in the year in which the related service is rendered.
- ii) Long Term Employee Benefits
Defined Contribution Plan
 - (a) **Provident Fund:-** Provident Fund is a defined contribution scheme as the bank pays fixed contribution at pre-determined rates. The obligation of the Bank is limited to such fixed contribution. The contributions are charged to profit & loss a/c. The bank is paying matching contribution towards those employees who have not opted for the pension.

Schedule

“Principal Accounting Policies”

iii) Defined Benefit Plan

- a) **Gratuity:-** Gratuity liability is a defined obligation and is provided for on the basis of an actuarial valuation. The scheme is funded by the bank and is managed by a separate trust.
- b) **Pension:-** Pension liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation. The scheme is funded by the bank and is managed by a separate trust.
- c) **Leave Salary:-** Leave salary is a defined benefit obligation and is provided for on the basis of an actuarial valuation determined on the basis of un-availed privilege leave of an employee at the time of leaving services of the company.

8. Income Recognition and Expenditure booking

Income and expenditure is accounted for on accrual basis unless otherwise stated.

- a) Interest and other income on advances/ investments classified as Non Performing Advances/ investments are recognized to the extent realized in accordance with the guidelines issued by the Reserve Bank of India.
- b) The recovery in Non-Performing Assets has been first appropriated towards amount of principal and thereafter towards amount of interest.
- c) Interest on overdue term deposits is provided at Savings Bank Rate of Interest.
- d) Fee, commission (other than insurance commission & Government business), exchange, locker rent, insurance claims and dividend on shares and units in Mutual Fund are recognized on realization basis.
- e) Income from interest on income tax/ other tax refunds is accounted for on the basis of orders passed by the Competent Authorities.
- f) Unforeseen income/ expenses are accounted for in the year of receipt/ payment.
- g) Stationery issued to branches has been considered as consumed.

9. Credit Card Reward Points

The Bank has estimated the probable redemption of reward points by not using actuarial method but has made 100% provision for redemption against the loyalty points as on the reporting date.

10. Profit

The net profit is disclosed in the profit and loss account after providing for:

- i) Income Tax, Wealth Tax and Deferred Tax.
- ii) Standard Assets, Non Performing Advances/ Investments as per RBI guidelines.
- iii) Depreciation/ Amortization on Investments.
- iv) Transfer to contingency fund.
- v) Other usual and necessary provisions.

11. Taxation

Provision for tax is made for both current and deferred taxes in accordance with AS-22 on “Accounting for Taxes on Income”.

12. Contingency Funds

Contingency Funds have been grouped in the Balance Sheet under the head “Other Liabilities and Provisions”.

Schedule

“Significant Accounting Policies and Notes on Accounts”

Schedule 18:- Notes on Accounts

1. The subsidiary considered in the preparation of the consolidated financial statements
 - a. Name of the Subsidiary Company JKB Financial Services Ltd
 - b. Country of incorporation India
 - c. Voting power held 100%
 - d. Ownership interest 100%
2. The Company has increased its issued, subscribed and paid up capital from ₹ 10 Crores to ₹ 20 Crores by issue of 1 crore shares to the holding company (J&K Bank Limited) in its board meeting dated 13th May, 2014
3. The operating income of the company amounting to ₹50661163.80 comprises of broking commission and depository income of ₹ 38036744.75 and ₹ 8272221.71 respectively. The Company is operating as a stock broker of NSE (Cash and NFO) and BSE (Cash) and as Depository participants of CDSL and NSDL Depositories.
4. Preliminary expenses include expenses incurred prior to incorporation period amounting to ₹ 515885.00. As a matter of accounting policy 1/10th of the same has been written off through profit and loss account in the current year as well, thus reducing the balance in this account to ₹ 154762.
5. The Company has written off assets having WDV as on 5th September 2014 of ₹ 4131905.50 damaged due to recent floods in J&K.
6. Trade receivables include ₹ 1766645.58 being outstanding from D P clients taken over from holding company with the condition that if any amount remains unrecovered from such clients as on 31.03.2016, the same shall be recoverable from the holding company, hence considered good by the management. Further, other AMC (Demat Accounts) receivables outstanding for more than six months are considered good by the management, hence no provision for these receivables have been made.

Disclosures made by Parent Company

1. Reconciliation/adjustment of inter-bank/inter-branch transactions, branch suspense, Government Transactions, NOSTRO, System Suspense, Clearing, and Sundry Deposits is in progress on an ongoing basis. The impact, in the opinion of the management of the un-reconciled entries, if any, on the financial statements would not be material.
2. Tax paid in Advance/ Tax deducted at source includes amount adjusted by Income Tax Department in respect of various disputed demands. Based on the favorable appellate orders and interpretation of law, no further provision has been considered by the management in respect of the disputed demands.

3. Fixed Assets:

- a. Documentation formalities are pending in respect of two immovable properties held by the bank valued at ₹ 1.12 crores (previous year ₹ 1.13crores). Depreciation in respect of immovable properties valued at ₹ 16.02 crores (previous year ₹ 16.35 crores) bank holds agreement to sell along with the possession of the properties. The values have been re-calculated as per straight line method adopted by the bank during current financial year 2014-15.
- b. Depreciation is provided on straight line method in accordance with the provisions of Companies Act, 2013 based on the useful life of the assets prescribed in Part C of the schedule II of the Companies Act, 2013. However the depreciation on computers (including ATMs) along with software forming integral part of the computers is computed at 33.33% on straight line method in terms of RBI guidelines issued vide letter no BP.1660/21.04.018/2001 dated 01.02.2001.
- c) In compliance to Accounting Standard (AS)-26 the acquisition cost of computer software, not forming integral part of the computers and where it is probable that the future economic benefits that are contributable to this software will flow to bank, is being capitalized and depreciation is charged at the rate of 33.33% on straight line method in terms of RBI guidelines.
- d) Further useful life of mobile phones is continued to be 2 years and the depreciation is charged on straight line method as per provisions of Companies Act, 2013 with no residual value.
- e) Depreciation on Banks property includes amortization in respect of leased properties amounting to ₹ 0.14 Crores (previous year ₹ 0.14 Crores)

Schedule

"Significant Accounting Policies and Notes on Accounts"

4. Capital

S.No.	Particulars	BASEL-III	BASEL-III
		Current Year	Previous Year
i)	Common Equity Tier I Capital ratio (%)	11.26	11.22
ii)	Tier I Capital Ratio %	11.26	11.22
iii)	Tier II Capital Ratio %	1.31	1.47
iv)	Total Capital ratio (CRAR) (%)	12.57	12.69
v)	Percentage of share holding of the Government of India in Public Sector Banks	Nil	Nil
vi)	Amount of Equity Capital raised during the year	Nil	Nil
vii)	Amount of additional Tier I capital raised during the year of which: PNCPS : PDI	Nil	Nil
viii)	Amount of Tier II capital raised during the year of which Debt capital instrument:	Nil	Nil
	Preference share capital instrument: [Perpetual Cumulative Preference shares (PCPS) / Redeemable Non-cumulative preference shares (RNCPS) / Redeemable cumulative preference shares (RCPS)]	Nil	Nil

Government of Jammu & Kashmir holds 53.17% of equity shares of the Bank (previous year 53.17%)

The subordinate debt of ₹ 600 Crores raised by way of Unsecured Redeemable Lower Tier-II Bonds on 30.12.2009, maturing on 30.12.2019 has been shown under Borrowings as per RBI guidelines.

Investments

- The Bank has made no profit on sale of HTM category securities during the year as such no appropriation was made (Previous Year, ₹ Nil) to Capital Reserve Account.
- The Bank has ₹ 70,00,000 as share capital (previous year ₹ 70,00,000) and ₹ 44,97,47,715 in share capital deposit account (previous year ₹ 33,30,70,800) in its sponsored Regional Rural Bank (J&K Grameen Bank).
- The total investment of the Bank in the Met-life India Insurance Co Pvt. Ltd stood at ₹ 102.19 Crores as on 31.03.2015 (Previous year ₹ 102.19 Crores). In compliance with RBI Letter No. DBOD.BP/-17099/21.4.141/ 2008-09 dated 9th April 2009, the investment stands transferred to AFS Category on October 1st, 2009. The valuation has been carried out at an average of two independent valuation reports obtained from Category I Merchant Bankers as per RBI guidelines & the consequent appreciation has been ignored in view of the Accounting Policy in respect of such investments.
- A Shortfall in the Govt. Security has occurred due to non transferring of security to SGL account well before CCIL, security settlement. Securities were adequately available with the bank & the same has been represented to Reserve bank of India, the matter is under examination.

Schedule

"Significant Accounting Policies and Notes on Accounts"

9. Details of Investments

(₹ in Crores)

S.No.	Particulars	As on	
		31.03.2015	31.03.2014
1.	Value of Investments		
	Gross Value of Investments		
	a) In India	25126.14	26215.84
	b) Outside India	Nil	NIL
	Provision for depreciation		
	a) In India	1.84	20.78
	b) Outside India	Nil	NIL
	Net Value of Investments		
	a) In India	25124.30	26195.06
	b) Outside India	Nil	NIL
2.	Movement of provisions held towards the depreciation on Investments		
	i) Opening Balance	20.78	29.77
	ii) Add: Provisions made during the year	7.74	6.86
	Less: Write-off/write back of excess provisions during the year	26.68	15.85
	iii) Closing Balance	1.84	20.78

10. The Repo Transactions (in face value terms) are as under:

(₹ in Crores)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on
				31.03.2015
i) Securities sold under Repo Government Securities	20.00	414.00	37.90	0.00
(Previous Year)	40.00	300.00	147.24	275.00
ii) Corporate Debt Securities	0.00	0.00	0.00	0.00
(Previous Year)	0.00	0.00	0.00	0.00
Securities purchased under Reverse Repo Government Securities	5.00	450.00	25.17	0.00
(Previous Year)	15.00	1100.00	9.99	0.00
i) Corporate Debt Securities	0.00	0.00	0.00	0.00
(Previous Year)	0.00	0.00	0.00	0.00

Schedule

"Significant Accounting Policies and Notes on Accounts"

11. Non-SLR Investment portfolio Issuer composition of Non SLR Investments

(₹ in Crores)

S. No.	Issuer	Amount	Extent of Private Placement	Extent of below Investment grade	Extent of unrated Securities	Extent of unlisted Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	PSUs	87.08	34.94	0.00	0.00	0.00
2	FIs (incl. NBFC's AIFI's)	1097.55	796.87	0.00	0.00	0.00
3	Banks(incl. CD's)	7131.84	88.50	0.00	0.00	0.00
4	Private Corporates (incl. CP's)	1035.58	746.60	529.60	73.37	25.00
5	Subsidiaries/Joint Ventures	20.00	0.00	0.00	0.00	0.00
6	Others	2292.45	0.00	0.00	0.00	0.00
	Total	11664.50	1666.91	529.60	73.37	25.00
7	Provision held towards depreciation	1.84	0.00	0.00	0.00	0.00
	Total	11662.66	1666.91	529.60	73.37	25.00

The Bank's investment in unlisted securities as on 31.03.2015 is 0.22% (previous year 0.43%) which is well within the RBI stipulated limit of 10%.

11.1 Non-performing Non-SLR investments

(₹ in Crores)

Particulars	Amount as on 31.03.2015	Amount as on 31.03.2014
Opening Balance	137.65	89.00
Additions during the year	108.33	48.80
Reductions during the year	1.70	0.15
Closing Balance	244.28	137.65
Total Provision held (including floating provisions of ₹ 2.76 Crores)	150.49	116.08

11.2 Sale and Transfers to/from Held to Maturity (HTM) Category

- Bank has not sold any HTM category securities during the year (previous year nil) as such no appropriation was made to Capital Reserve Account.
- With the approval of the Board of Directors, the Bank has shifted securities amounting to ₹ 370.00 Crores (FV) on 26/05/2014 (Previous year ₹ 405 Crores) at lower of book value or market value, scrip wise, from Held to Maturity (HTM) to Available for Sale (AFS) category in accordance with RBI guidelines.
- On the basis of special dispensation being allowed by the Reserve Bank of India vide its circular No. DBOD.No.BP.BC.30/21.04.141/2014-15 dated 05/08/2014 & circular No. DBOD.No.BP.BC. 42/21.04. 141/2014-15 dated 07.10.2014 with the approval of the Board Of Directors, the Bank undertook shifting of Govt. securities having face value of ₹ 700 Crores & ₹ 800 crores on 07.08.2014 and 01.01.2015 respectively from HTM to AFS category.
- The value of sales and transfer of securities to/from HTM category (excluding the exempted transfer) did not exceed 5% of book value of the investment in HTM category at the beginning of the year.

Schedule

“Significant Accounting Policies and Notes on Accounts”

11.3 The value of investments under three categories viz., Held for Trading, Available for Sale and Held to Maturity are as under:

Particulars	(₹ in Crores)							
	As on 31.03.2015				As on 31.03.2014			
	HFT	AFS	HTM	Total	HFT	AFS	HTM	Total
Govt. Securities	0.00	541.98	12912.71	13454.69	0.00	703.24	14244.74	14947.98
Other approved securities	0.00	0.00	6.96	6.96	0.00	0.00	6.96	6.96
Shares (Equity & Pref.)	1.51	230.13	0.00	231.64	1.24	215.35	0.00	216.59
Debentures & Bond	0.00	1731.26	23.86	1755.12	0.00	1984.48	47.82	2032.30
Subsidiaries	0.00	0.00	20.00	20.00	0.00	0.00	10.00	10.00
Others (incl. Sponsored, CDs, CPs, RIDF and others)	0.00	7365.21	2290.68	9655.89	0.00	6767.87	2213.36	8981.23
Total	1.51	9868.58	15254.21	25124.30	1.24	9670.94	16522.88	26195.06

12. Derivatives

12.1 Forward Rate Agreement/Interest Rate Swap

		(₹ in Crores)	
S. No.	Particulars	Current Year	Previous Year
i)	The notional principal of swap agreements	Nil	Nil
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	Nil	Nil
iii)	Collateral required by the Bank upon entering into swaps	Nil	Nil
iv)	Concentration of credit risk arising from the swaps	Nil	Nil
v)	The fair value of the swap book	Nil	Nil

12.2 Exchange Traded Interest Rate Derivatives

		(₹ in Crores)	
S. No.	Particulars	Current Year	Previous Year
i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the Year (instrument-wise)	Nil	Nil
ii)	Notional principal amount of exchange traded interest rate derivatives outstanding (instrument-wise)	Nil	Nil
iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not “highly effective” (instrument-wise)	Nil	Nil
iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not “highly effective” (instrument-wise)	Nil	Nil

Schedule

"Significant Accounting Policies and Notes on Accounts"

12.3 Disclosures on Risk exposures in derivatives

a) Qualitative Disclosures

The only derivatives traded by the Bank in the foreign exchange market are forward contracts. Forward contracts are being used to hedge /cover the exposure in foreign exchange arising out of Merchant transactions and trading positions.

To cover the risks arising out of above derivatives, various limits like AGL, IGL and stop loss have been prescribed in the trading policy of the bank which are monitored through VaR.

Outstanding forward exchange contracts held for trading are revalued at the exchange rates for appropriate maturity rates as announced by FEDAI at the year-end exchange rates and the resultant gain/ loss is taken to revenue.

b) Quantitative Disclosures

S. No.	Particulars	31.03.2015		31.03.2014	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
i)	Derivatives (Notional Principal Amount)				
	a) For Hedging	Nil	Nil	Nil	Nil
	b) For Trading	Nil	Nil	Nil	Nil
ii)	Marked to Market Position (1)				
	a) Asset (+)	Nil	Nil	Nil	Nil
	b) Liability (-)	Nil	Nil	Nil	Nil
iii)	Credit Exposure(2)		Nil	NIL	Nil
iv)	Likely Impact of 1% change in interest rate (100*PV01)				
	a) On hedging derivatives	Nil	Nil	Nil	Nil
	b) On Trading derivatives	Nil	Nil	Nil	Nil
v)	Maximum & minimum of 100*PV01 observed during the year				
	a) On hedging	Nil	Nil	Nil	Nil
	b) On Trading	Nil	Nil	Nil	Nil

Schedule

"Significant Accounting Policies and Notes on Accounts"

Forward Exchange contracts as on 31.03.2015

	(₹ in Crores)
Up to 14 days	1490.99
Beyond 14 day	13187.19
Total	14678.18

13 Asset Quality

13.1 Non Performing Assets.

		(₹ in Crores)	
S. No.	Particulars	Current Year	Previous Year
i)	Net NPAs to Net Advances (%)	2.77%	0.22%
ii)	Movement of NPAs (Gross)		
	a) Opening balance	783.42	643.77
	b) Additions during the year	2525.80	410.60
	c) Reductions during the year	545.14	270.95
	d) Closing balance	2764.08	783.42
iii)	Movement of Net NPAs		
	a) Opening balance	101.99	55.27
	b) Additions during the year	1712.62	319.53
	c) Reductions during the year	545.14	270.95
	d) Closing balance*	1236.32	101.99
iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	a) Opening balance **	653.70	562.63
	b) Provisions made during the year	813.18	107.68
	c) Write-off/write-back of excess provisions	0.00	16.61
	d) Closing balance	1466.88	653.70

*Net NPA has been arrived at after adding net interest suspense of ₹ 0.91 Crores (Previous year ₹ 3.99 Crores) and net ECGC claims of ₹ 0.75 Crores (Previous year ₹ 1.03 Crores), DIFV ₹ 14.74 Crores and reducing Interest Capitalization of ₹ 18.57 Crores (previous year ₹ 6.88 Crores).

**Including floating provision of ₹ 17.73 Crores.

Information regarding movement of Net NPA's has been compiled at Corporate Office and relied upon by the Auditors.

Schedule

“Significant Accounting Policies and Notes on Accounts”

14. Particulars of Accounts Restructured

(₹ in Crores)

SI No.	Type of Restructuring	Under CDR Mechanism			Under SME Debt Restructuring Mechanism			Others			Total										
		Std.	Sub-Doubt-Std.	Loss ful	Total	Std.	Sub-Doubt-Std.	Loss ful	Total	Std.	Sub-Doubt-Std.	Loss ful	Total								
Details																					
1	Restructured Accounts as on April 1 of the FY (opening figures)*	16	0	0	0	16	32	5	108	2	147	103	13	194	11	321	151	18	302	13	484
	Amount outstanding	522.27	0	0	0	522.27	76.22	1.42	17.24	0.01	94.89	913.79	20.51	24.22	0.29	958.81	1512.28	21.93	41.46	0.3	1575.97
	Provision thereon	20.67	0	0	0	20.67	2.7	0.22	15	0.01	17.93	36.91	3.56	23.34	0.29	64.1	60.28	3.78	38.34	0.3	102.7
2	Fresh restructuring during the year	4	0	0	0	4	7	0	0	0	7	5151	5	2	0	5158	5162	5	2	0	5169
	Amount outstanding	457.49	0	0	0	457.49	14.58	0	0	0	14.58	878.02	1.52	0.73	0	880.27	1350.09	1.52	0.73	0	1352.34
	Provision thereon	22.86	0	0	0	22.86	0.72	0	0	0	0.72	44.33	0.07	0.04	0	44.44	67.91	0.07	0.04	0	68.02
3	Up-gradations to restructured standard category during the FY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Amount outstanding	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Provision thereon	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Schedule

“Significant Accounting Policies and Notes on Accounts”

SI No.	Type of Restructuring	Under CDR Mechanism			Under SME Debt Restructuring Mechanism			Others			Total							
		Std.	Sub-Std.	Doubt-ful Loss	Total	Std.	Sub-Std.	Doubt-ful Loss	Total	Std.	Sub-Std.	Doubt-ful Loss	Total					
4	Restructured standard advances which cease to attract higher provisioning and/or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY.	6	0	0	6	10	0	0	10	85	0	0	85	101	0	0	0	101
	Amount outstanding	148.07	0	0	148.07	3.97	0	0	3.97	117.62	0	0	117.62	269.66	0	0	0	269.66
	Provision thereon	5.22	0	0	5.22	0.16	0	0	0.16	4.16	0	0	4.16	9.55	0	0	0	9.55
5	Down gradations of restructured accounts during the FY	0	3	0	3	0	5	1	6	0	11	3	14	0	19	4	0	23
	Amount outstanding	0	57.25	0	57.25	0	30.52	1.02	31.54	0	178.63	0.22	178.85	0	266.40	1.24	0	267.64
	Provision thereon	0	8.58	0	8.58	0	4.58	0.26	4.84	0	27.48	0.04	27.52	0	40.63	0.30	0	40.93
6	Write-offs of restructured accounts during the FY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Schedule

“Significant Accounting Policies and Notes on Accounts”

15 Details of Financial Assets Sold to Securitization/ Reconstruction Company for Asset Reconstruction.

		(₹ in Crores)	
S. No.	Particulars	Current Year	Previous Year
1.	No of accounts	NIL	NIL
2.	Aggregate Value (net of provisions) of accounts sold to SC/RC	NIL	NIL
3.	Aggregate Consideration	NIL	NIL
4.	Additional consideration realized in respect of accounts transferred in earlier years	NIL	NIL
5.	Aggregate gain/loss over net book value	NIL	NIL

		(₹ in Crores)					
Particulars	Backed by NPA'S sold by the bank Underlying		Backed by NPA'S sold by other banks/financial institutions /non banking financial companies as underlying.				Total
	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	
Book value of investments in security receipt	0.00	0.00	15.20	14.23	15.20	14.23	14.23

16 Details of non performing financial assets purchased.

		(₹ in Crores)	
S. No.	Particulars	Current Year	Previous Year
1.(a)	No. of accounts purchased	NIL	NIL
(b)	Aggregate outstanding	NIL	NIL
2.(a)	Of these, number of accounts restructured during the year	NIL	NIL
(b)	Aggregate outstanding	NIL	NIL

16.1 Details of non performing financial assets sold.

		(₹ in Crores)	
S. No.	Particulars	Current Year	Previous Year
1)	No. of accounts sold	NIL	NIL
2)	Aggregate outstanding	NIL	NIL
3)	Aggregate consideration received	NIL	NIL

17. Provisions on standard Assets

		(₹ in Crores)	
Particulars	31.03.2015	31.03.2014	
Provision towards Standard Assets	276.28	250.59	

Schedule

"Significant Accounting Policies and Notes on Accounts"

18 Business Ratios

S. No.	Particulars	31.03.2015	31.03.2014
(i)	Interest income as a percentage to working funds*	9.73%	9.96%
(ii)	Non-Interest income as a percentage to working funds*	0.82%	0.57%
(iii)	Operating Profit as a percentage to working funds*	2.53%	2.80%
(iv)	Return on Assets.**	0.70%	1.74%
(v)	Business (deposits plus advances) per employee***	₹ 11.43 Crores	₹ 11.74 Crores
(vi)	Profit per employee	₹ 0.05 Crores	₹ 0.13 Crores

* Working funds are the average of total of assets as reported to RBI in Form X.

** Assets are the average of the monthly total assets as reported to RBI in Form X.

*** Deposits (other than inter-bank deposits) & Gross Advances are as at the close of the year.

19 Asset Liability Management

(i) Maturity pattern of certain items of assets and liabilities as on 31.03.2015

(₹ in Crores)

Particulars	Day 1	2 to 7 Days	8 to 14 Days	15 Days to 28 Days	29 Days Upto 3 months	Over 3 Months & Upto 6 months	Over 6 Months & Upto 1 year	Over 1 Year & Upto 3 years	Over 3 Years & Upto 5 years	Over 5 years	TOTAL
DEPOSITS	111.10	1112.83	1042.69	985.26	4040.12	1946.96	7919.85	29294.51	18719.11	583.76	65756.19
ADVANCES	89.25	581.26	715.13	826.89	2340.78	2330.94	5402.34	21376.08	7156.10	3767.06	44585.82
INVESTMENTS	0.00	186.20	524.04	847.03	5372.81	1643.84	2217.50	3599.98	3991.82	6741.08	25124.30
BORROWINGS	23.00	0.00	0.00	0.00	0.00	1000.00	0.00	716.67	600.00	0.00	2339.67

(ii) Details of Foreign currency Assets/Liabilities (Maturity Pattern) as on 31.03.2015

(₹ in Crores)

Currency	1 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year up to 3 years	Over 3 years up to 5 years	Over 5 years	Total
ASSETS									
USD	847.69	75.94	1556.64	583.53	4256.01	0.00	0.00	0.00	7319.82
EURO	11.09	3.11	49.93	36.69	42.07	0.00	0.00	0.00	142.89
GBP	3.61	3.44	29.26	6.99	11.38	0.00	0.00	0.00	54.68
J.YEN	0.19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.19
AUD	0.71	0.05	0.10	0.00	0.00	0.00	0.00	0.00	0.86
CAD	1.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.42
CHF	0.58	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.58
SAR	0.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.75
Total	866.03	82.54	1635.93	627.22	4309.47	0.00	0.00	0.00	7521.18
(Previous Year)	431.09	125.21	1852.88	1069.09	1680.24	0.00	0.00	0.00	5158.51

Schedule

"Significant Accounting Policies and Notes on Accounts"

Currency	1 to 14 days	15 to 28 days	29 days to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year up to 3 years	Over 3 years up to 5 years	Over 5 years	Total
LIABILITIES									
USD	777.50	5.21	1681.30	579.84	4275.79	1.90	3.97	0.00	7325.51
EURO	19.35	0.14	38.90	36.97	46.61	0.00	1.55	0.00	143.53
GBP	3.70	0.00	31.52	7.19	11.70	0.28	0.00	0.00	54.38
J.YEN	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AUD	0.48	0.00	0.48	0.00	0.00	0.00	0.00	0.00	0.96
CAD	0.00	0.00	1.60	0.00	0.00	0.00	0.00	0.00	1.60
CHF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	801.62	5.35	1753.79	624.00	4334.10	2.18	5.52	0.00	7525.97
(Previous year)	367.32	80.95	1963.54	1052.48	1687.40	5.08	2.06	0.00	5158.83

The above disclosure is as compiled and certified by the Bank's management.

20 Exposures

20.1 Exposure to Real Estate Sector*

(₹ in Crores)

S. No.	Particulars	As on	
		31.03.2015	31.03.2014
(i)	Direct Exposure		
(i)	Residential Mortgages	1445.32	1291.57
(ii)	Lending's fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (**includes Individual housing loans eligible for inclusion in priority sector amounting to ₹ 904.73 Crores)(Previous Year ₹ 797.38 Crores)		
(iii)	Commercial real estate	2921.53	2861.04
	Lending's secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits.		
(iii)	Investment in mortgage backed securities and other securitized exposures		
(a)	Residential	Nil	NIL
(b)	Commercial real estate	Nil	NIL
	Indirect Exposure (Fund based & non fund based exposure on National Housing Bank and housing finance companies)	892.12	784.99
	Total Exposure to Real Estate	5258.97	4937.60

The above disclosure are as compiled and certified by the Bank's management.

Schedule

"Significant Accounting Policies and Notes on Accounts"

20.2 Exposure to Capital Market

(₹ in Crores)

S. No.	Particulars	As on	
		31.03.2015	31.03.2014
(i)	Direct investment in Equity shares, Convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt.	152.41	149.54
(ii)	Advances against shares/bonds /debentures or other securities or on clean basis to individuals for investments in shares (including IPOS/ESPOs) convertible bonds convertible debentures and units of equity-oriented mutual funds	1.05	1.16
(iii)	Advances for any other purpose where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	0.13	0.08
(iv)	Advances for any other purpose to the extent secured by the collateral security of shares or convertible bonds or convertible debenture or units of equity oriented mutual funds i.e where the primary security other than shares /convertible bonds /convertible debentures /units of equity oriented mutual funds does not fully cover the advances	0.00	0.00
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stock brokers and market makers.	2.13	2.13
(vi)	Loans sanctioned to corporate against the security of shares/ bonds/ debentures or other securities or on clean basis for meeting promoters contribution to the equity of new companies in anticipation of raising resources	0.00	0.00
(vii)	Bridge loans to companies against expected equity flows /issues	0.00	0.00
(viii)	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	0.00	0.00
(ix)	Financing \to stock brokers for margin trading	0.00	0.00
(x)	All exposures to venture Capital Funds (both registered and unregistered)	22.54	25.00
	Total	178.26	177.91

The above disclosures are as compiled and certified by the Bank's management.

20.3 Risk category wise country exposure

(₹ in Crores)

Category	Risk Category	Exposure (net) as at March 2015	Provisions held as at March 2015	Exposure (net) as at March 2014	Provisions held as at March 2014
A1	Insignificant	205.76	0.00	135.32	0.00
A2	Low	1.64	0.00	1.38	0.00
B1	Moderate	0.00	0.00	0.15	0.00
B2	High	0.00	0.00	0.00	0.00
C1	Very high	0.00	0.00	0.00	0.00
C2	Restricted	0.00	0.00	0.00	0.00
D	Off-Credit	0.00	0.00	0.00	0.00
	Total	207.40	0.00	136.85	0.00

The above disclosure are as compiled and certified by the Bank's management

Schedule

“Significant Accounting Policies and Notes on Accounts”

21. Details of single borrower limit/ group borrower limit exceeded by the Bank:

The Bank has not exceeded single borrower exposure limit (SGL)/Group Borrower Exposure Limit (GBL) during the year.

22. Statement of loans & Advances secured by Intangible Assets viz. Rights, Licenses, Authorizations etc.

Particulars	(₹ in Crores)	
	2014-15	2013-14
Total amount of advances outstanding against charge over intangible securities such as the rights, licenses, authority etc.	0.00	48.42

23. Penalty imposed by Reserve Bank of India

Penalty imposed by Reserve Bank of India during the year: NIL (Previous year ₹ 2.501 crores).

24. Disclosures as per Accounting Standards (AS) in terms of RBI guidelines.

24.1 Accounting Standard 1.

Consequent upon enactment of the Companies Act 2013 and its applicability for accounting periods commencing from 1st April 2014, the bank has from 1st April 2014 changed the method of providing depreciation on fixed assets from written down value method under provisions of Income Tax Act 1961 to Straight line method based on remaining useful life of assets as per provisions Companies Act 2013. The Bank has as per new method charged depreciation of ₹ 94.50 crores on fixed assets during the financial year 2014-15. Had the bank followed earlier method of providing depreciation, charge for the year would have been less by ₹ 11.49 crores and resultant profit would have increased to that extent.

24.2 Accounting Standard 5

Net profit or loss for the period, prior period items and changes in accounting policies:

There is no material Prior Period item included in Profit & Loss Account required to be disclosed as per Accounting Standard-5 read with RBI Guidelines except as per Para 24.3 below.

24.3 Accounting Standard 6.

The bank has from 1st April 2014 changed the method of providing depreciation on fixed assets from written down value method under provisions of Income Tax Act 1961 to Straight line method based on remaining useful life of assets as per provisions of Companies Act 2013. Further due to this change in method of depreciation, retrospective re-computation of depreciation has resulted in over charge of depreciation amounting to ₹ 135.67 crores (₹ 89.55 Crores net of deferred tax liability) which has been credited to profit & loss account for the year ended 31st March 2015 in accordance with accounting standard 6 issued by Institute of Chartered Accountants of India on Depreciation Accounting.

24.4 Accounting Standard 9- Revenue Recognition

There are no material items of income, which are required to be disclosed as per Accounting Standard-9, read with the RBI guidelines.

24.5 Accounting Standard 15 - Retirement Benefit

Adoption of AS -15 (R) The bank has adopted accounting standards 15 (R) – employee benefits, issued by the Institute of Chartered Accountants of India (ICAI), the Bank recognized in its books of accounts the liability arising out of employee benefits as the sum of the present value of obligation as reduced by fair value of plan assets on the balance sheet date.

The disclosure required under Accounting Standard 15 “Employee Benefits- in line with the accounting policy as per the Accounting Standard- issued by the Institute of Chartered Accountants of India are as under”:

Schedule

"Significant Accounting Policies and Notes on Accounts"

Changes in the Present Value of the Obligation and in the Fair Value of the Assets

(₹ in Crores)

S. No.	Gratuity Funded	Pension Funded	Leave Encashment unfunded
CHANGE IN PRESENT VALUE OF OBLIGATION			
Present Value of obligation 01-04-2014	203.17	640.65	102.56
Interest Cost	15.34	46.26	7.77
Current Service Cost	17.67	44.39	7.69
Past Service Cost	0.00	0.00	0.00
Benefits Paid	-22.77	-124.80	-10.93
Actuarial (gain) loss on obligation	3.47	70.02	2.02
Present Value of obligation 31-03-2015(Projection)	216.88	676.52	109.11
Fair value of Plan Assets 01-04-2014	167.83	556.26	0.00
CHANGE IN PLAN ASSETS			
Expected Return on Plan Assets	15.08	47.85	0.00
Contributions	25.38	58.40	10.93
Benefits Paid	-22.77	-124.80	-10.93
Actuarial Gain (Loss) Plan Assets	23.55	102.29	0.00
Fair value of Plan Assets 31-03-2015	209.07	640.00	0.00
Total Actuarial gain (loss) to be recognized	20.09	32.27	-2.02

Balance Sheet Recognition

(₹ in Crores)

Present Value of obligation	216.88	676.52	109.11
Fair Value of Plan Assets	-209.07	-640.00	0.00
Liability (Asset)	7.81	36.52	109.11
Unrecognized Past Service Cost	0.00	0.00	0.00
Liability (asset) recognized in the Balance Sheet**	7.81	36.52	109.11
Less : Liability already recognized	0	0	102.56
Total of three plans : 50.88 Crores	7.81	36.52	6.55

Profit & Loss - Expenses

(₹ in Crores)

Current Service Cost	17.67	44.39	7.69
Interest Cost	15.34	46.26	7.77
Expected Return on Plan Assets	-15.08	-47.85	0.00
Net Actuarial gain (loss) recognized in the year	-20.09	-32.27	2.02
Past Service Cost	28.65	69.98	0.00
Expenses Recognized in the statement of Profit & Loss	26.50	80.51	17.48
Actual Return on Plan Assets			
Expected Return on Plan Assets	15.08	47.85	
Actuarial gain (Loss) Plan Assets	23.55	102.29	
Actual Return on Plan Assets	38.63	150.14	

Schedule

“Significant Accounting Policies and Notes on Accounts”

Movement in the Net Liability recognized in the Balance Sheet

	(₹ in Crores)		
Opening net Liability	6.69	14.51	102.56
Expenses	26.50	80.51	17.48
Contribution	-25.38	-58.40	-10.93
Closing Net Liability	7.81	36.62	109.11

Actuarial Assumption

Mortality Table (L.I.C.)	2006-08 Ultimate	2006-08 Ultimate	2006-08 Ultimate
Discount Rate (Per Annum)	8%	8%	9%
Expected rate of return on Plan Assets (Per Annum)	8%	8%	NA
Rate of escalation in salary(Per Annum)	5%	5%	5%
Disability	NIL	NIL	NIL
Attrition (Per Annum)	1%	1%	1%
Retirement Age (Years)	60	60	60

Major categories of plan assets (as percentage of total plan assets)

Particulars of Investments	(₹ in Crores)	
	Gratuity	Pension
Government of India Securities	10.00	17.50
SDL (State Government)	30.00	3.59
Treasury Bills	16.00	0
PSU Bonds	36.00	17.97
Bank Fixed Deposits	8.00	3.09
Investment With LIC	0	57.85
Total	100	100

Best estimate of contribution during next year (in crores) particulars pension (funded), Gratuity (funded) bank best estimate of contribution is ₹ 150.00 crores and ₹ 20.00 crores respectively.

Particular Basis of assumption:

Discount rate : Discount rate has been determined by reference to market yields on the balance sheet date on Government Bonds of term consistent with estimated term of the obligations as per para 78 of AS-15R.

Expected rate of return on plan assets : The expected return on plan assets is based on market expectations, at the beginning of the period, for returns over the entire life of the related obligation.

Rate of escalation in salary: The estimates of future salary increases considered in actuarial valuations taking into account inflation, seniority, promotion and other relevant factors mentioned in paras 83-91 of AS-15R.

Attrition rate : Attrition rate has been determined by reference to past and expected future experience and includes all types of withdrawals other than death but including those due to disability.

The above information is based on the information certified by the actuary

Schedule

"Significant Accounting Policies and Notes on Accounts"

24.6. Accounting Standard 17 - Segment Reporting

- i) The Bank has recognized business segment as its primary reportable segment under AS-17 classified into treasury, Corporate/ Wholesale banking, Retail banking and other banking Business. The necessary disclosure is given below:-

(₹ in Crores)

	As on 31.03.2015	As on 31.03.2014
A Segment Revenue (Income)		
i. Treasury Operations	2042.64	1849.00
ii. Corporate/Whole sale Banking	3015.26	3181.05
iii. Retail Banking	3146.56	2731.85
iv. Other Banking Business	38.76	32.73
Total	8243.22	7794.63
(Less): Inter segment revenue	588.12	637.37
Total Income from Operations	7655.10	7157.26
B Segment Results (Profit before tax)		
i. Treasury Operations	100.41	50.97
ii. Corporate /Wholesale Banking	362.55	1129.99
iii. Retail Banking	335.80	546.27
iv. Other Banking Business	21.55	24.64
Total	820.31	1751.87
C (Segment Assets)		
i. Treasury Operations	27084.09	28091.36
ii. Corporate/Wholesale Banking	24889.25	29310.98
iii. Retail Banking	24089.58	21176.18
iv. Other Banking Business	22.53	41.21
Total	76085.45	78619.73
D. (Segment Liabilities)		
i. Treasury Operations	3816.49	5967.34
ii. Corporate /Wholesale Banking	26069.55	29637.39
iii. Retail Banking	40054.48	37252.14
iv. Other Banking Business	34.88	39.25
Total	69975.40	72896.12
E. Capital Employed (Segment Assets-Segment Liabilities)		
i. Treasury Operations	23267.60	22124.02
ii. Corporate/Wholesale Banking	(1180.30)	(326.41)
iii. Retail Banking	(15964.90)	(16075.96)
iv. Other Banking Business	(12.35)	1.96
Total	6110.05	5723.61

Schedule

“Significant Accounting Policies and Notes on Accounts”

ii). As the Bank does not have any overseas branch there is no requirement as to reporting of Geographical Segment.

24.7 Accounting Standard 18 - Related party disclosures as on 31.03.2015

(₹ in Crores)

Items/Related Party	J&K Grameen Bank	JKB Financial Services Ltd.
Deposits	1212.30	19.45
Advances	19.47	Nil
Investments	34.01	20.00
Interest Paid	104.66	0.048
Interest/Commission Received	0.79	1.64
Sale of Fixed Assets	Nil	Nil
Transfer of Current Assets/ Liabilities(Net)	Nil	Nil
Reimbursement of Expenses	Nil	3.68

(₹ in Lakhs)

Items/Related Party	K.M.P* Mr. Mushtaq Ahmad (Chairman)
Investments	-
Interest/Commission Received	-
Salary	86.06

* Key Managerial Personnel

24.8 Accounting standard 19 - Leases

The bank has taken premises only on rental basis and has no long-term operating leases taken/given and hence reporting under AS-19 is not considered necessary.

24.9. Accounting standard 20 - Earning per share

Description	31.03.2015	31.03.2014
Net Profit available to Equity Share Holders	₹ 508.60 crores	₹ 1182.46 crores
No. of Equity Shares	484778020	48477802
Basic/Diluted Earnings per share	₹ 10.49	₹ 243.92
Face value per share	₹ 1/-	₹ 10/-

During the current financial year the Bank has subdivided each equity share of the face of value of ₹ 10 into 10 equity shares of face value of ₹ 1/- each effective from 5th September 2014 approved by share holders in the 76th Annual General Meeting of the Bank held on 2nd August 2014.

24.10 Accounting Standard -21 (Consolidated Financial Statements)

The Bank has a fully owned subsidiary company “JKB Financial Services Ltd.” in terms of the approval of Reserve Bank of India vide its letter No DBOD.FSD.No./1124/24.01.001/2007-08 dated July 31, 2007. The investment towards the capital of subsidiary company is ₹ 20.00 Crores (Previous Year ₹ 10.00 Crores). The consolidated financial statements are placed accordingly in terms of AS 21 issued by the Institute of Chartered Accountants of India.

Schedule

“Significant Accounting Policies and Notes on Accounts”

24.11. Accounting Standard 22 - Accounting for taxes on income

The Bank has accounted for Income Tax in compliance with Accounting Standard-22 accordingly Deferred Tax Assets and liabilities are recognized.

(₹ in Lacs)

Timing Difference	Deferred Tax Assets	Deferred Tax Liabilities
Depreciation on Assets	Nil	4129.64
Leave encashment	Nil	3663.20
Special Reserve	Nil	4186.21
Wage Revision	2855.16	Nil

Net Deferred Tax Liability as on 31.03.2015 : ₹ 1797.49 Lacs

Tax Impact for the year : ₹ -1055.66 Lacs

24.12. Accounting Standard 26-Intangible Assets

The Bank has incurred an amount of ₹ 137.19 Lacs on Brand names bifurcated into two heads namely Business Unit Signage and Brand Strategy Project. Expenditure on Business Unit Signage amounting to ₹ 59.76 Lacs has been debited under the head Furniture & Fixture, whereas, Brand strategy project expenses amounting to ₹ 77.43 Lacs has been charged to Profit & Loss account treating it as a revenue expenditure for the reason that the Bank cannot declare dividend to shareholders without writing it off completely in view of the provisions of the Banking Regulation Act, 1949. Accordingly, the Bank has not evaluated useful life of this Brand strategy project over which the expenses could be amortized.

Further, the Bank has incurred an amount of ₹ 6.33 Crores on account of purchase of computer software, not forming integral part of computers, and has capitalized the cost of the same.

24.13. Accounting Standard 28 - Impairment of Assets

Majority of Fixed Assets of the Bank are considered as Corporate Assets and not cash generating assets and in the opinion of Management there is no material impairment in these Fixed Assets. Regarding other Fixed Assets generating cash there is no material impairment. As such no provision is required as per AS-28 issued by ICAI.

24.14. Accounting Standard 29- Provisions, Contingent Liabilities and Contingent Assets

In respect of Contingent Liabilities under each class shown as per Schedule 12, in the opinion of the Management, the possibility of any out flow in settlement is remote. A provision of ₹ 1.90 Crores has been made during the year totaling to ₹ 5.59 Crores upto 31.03.2015 against claims decreed against the Bank. Claims have not been acknowledged as debts owing to the appeal filed by the bank before the court of competent jurisdiction, pending adjudication.

Schedule

“Significant Accounting Policies and Notes on Accounts”

25 ADDITIONAL DISCLOSURES

25.1 Provisions and Contingencies

The break-up of “Provisions and Contingencies” shown under the head “Expenditure in Profit and Loss Account is as under:

(₹ in Crores)

Particulars	For the year ended	
	31.03.2015	31.03.2014
Tax expense		
i) Income Tax	301.06	574.53
ii) Deferred Tax Liability/ (asset)	10.56	(5.20)
iii) Wealth Tax	0.09	0.08
Provision against NPA's	813.18	68.02
Provision for depreciation on investments	-	-
Provision for frauds and embezzlements	0.43	2.08
Provision for diminution in the fair value of restructured / rescheduled advances	134.40	7.54
Provision for Non Performing Investments	20.97	17.33
Other provisions & contingencies	-	-
Provision for contingent liabilities	1.90	1.07
Provision for Standard Assets	44.64	51.85
Total	1327.23	717.29

26. Details / Utilization of Floating Provisions

In terms of RBI circular DBR.NO.BP.BC.79/21.04.048/2014-15 dated 30.03.2015 the bank can utilize 50% of its floating provisions balance held as at 31st December 2014 for making specific provision for NPA's. Since the Bank had not utilized 33% of the same as allowed under RBI circular dated February 7,2013, as such with the prior permission of RBI, Bank has utilized 66.50% amounting to ₹35.17 Crores for making specific provisions for NPA's out of floating provision balance of ₹ 52.90 Crores held as at 31.12.2014.

(₹ in Crores)

Particulars	As on	
	31.03.2015	31.03.2014
Opening balance	52.90	52.90
Additions made during the year	Nil	Nil
Utilization made during the year	35.17	Nil
Closing balance	17.73	52.90

27. Investments

(₹ in Crores)

Particulars	As on	
	31.03.2015	31.03.2014
Opening balance	2.76	2.76
Additions made during the year	Nil	Nil
Utilization made during the year	Nil	Nil
Closing balance	2.76	2.76

Schedule

"Significant Accounting Policies and Notes on Accounts"

28. Customer Complaints

A	No of complaints pending at the beginning of the year	14
B	No of complaints received during the year	136
C	No of complaints redressed during the year	143
D	No of complaints pending at the end of the year	07

29. Awards Passed by Banking Ombudsman

A	No. of unimplemented Awards at the beginning of the Year	01
B	No. of Awards passed by the banking ombudsman during the year	Nil
C	No. of Awards implemented during the year	01
D	No. of unimplemented Awards pending at the end of the year	Nil

30. Foreign Exchange

- The net funded exposure of the Bank in respect of Foreign Exchange transactions with each country is within 1% of the Total Assets of the Bank and hence no Provision and Disclosure is required to be made as per the RBI Circular No. 96/21.04.103/2003 dated: 17.06.2004.
- Claims pending with ECGC amounts Nil (Previous year Nil)

31. Letter of Comfort (LOC's) issued by the Bank.

The Bank has not issued any Letter of Comfort (LOC) on its behalf. However, Letters of Comfort issued on behalf of customers has been reported under respective heads of contingent liabilities in the financial statements of Bank as on 31st March 2015.

32. Provision Coverage Ratio (PCR)

The provision coverage ratio (PCR) for the Bank as on 31st March 2015 is 59.02% which is calculated taking into account the total technical write offs made by the Bank.

33. Bancassurance Business:

The Bank has tie ups with M/S Met-Life Insurance (P) Ltd and Bajaj Alliance (P) Ltd for mobilizing insurance business both life and non-life. The details of the commission earned by the Bank during FY 2014-15 on account of mobilizing said business is given hereunder:-

(₹ in Crores)

S. No	Nature of Income	
1	For selling life insurance policies	15.79
2	For selling non-life insurance polices	8.31
3	For selling mutual fund products	NIL
4	Others - (Logo Charges)	9.32
Total		33.42

Schedule

“Significant Accounting Policies and Notes on Accounts”

34. Concentration of Deposits, Advances, Exposures & NPA's

34.1 Concentration of Deposits

	(₹ in Crores)
Total Deposits of 20 largest depositors	12679
Percentage of 20 largest deposits to total Deposits of the Bank	19.28

34.2 Concentration of Advances

	(₹ in Crores)
Total Advances to twenty largest borrowers	7689
Percentage of advances of twenty largest borrowers to Total Advances of the Bank	17.24

34.3 Concentration of Exposures

	(₹ in Crores)
Total Exposure to twenty largest borrowers customers	10937
Percentage of exposures to twenty largest borrowers /customers to Total exposure of the bank on borrowers/customers	15.69

34.4 Concentration of NPA's

	(₹ in Crores)
Total Exposure to top four NPA accounts	1238

35. Sector Wise Advances

Sector	Current Year			Previous Year		
	Outstanding Total Advances	Gross NPA	Percentage of Gross NPAs to total Advances in that sector	Outstanding Total Advances	Gross NPA	Percentage of Gross NPAs to total Advances in that Sector
A. Priority Sector						
1. Agriculture and Allied Activities	5667.01	553.93	9.77	4773.23	48.71	1.02
2. Advances to Industries sector eligible as priority sector lending	2128.07	157.14	7.38	2023.97	96.25	4.76
3. Services	5137.17	185.99	3.62	4646.95	124.32	2.68
4. Personal Loans	2405.60	38.59	1.60	1687.51	29.77	1.76
Sub Total A	15337.85	935.65	6.10	13131.66	299.05	2.28
B. Non Priority Sector						
1. Agriculture and Allied Activities	0	0	0.00	0	0	0
2. Industry	13656.86	815.40	5.97	14585.62	288.67	1.98
3. Services	10857.26	942.52	8.68	12368.22	162.78	1.32
4. Personnel Loans	6448.57	70.51	1.09	7052.04	32.92	0.47
Sub Total B	30962.69	1828.43	5.91	34005.88	484.37	1.42
TOTAL (A+B)	46300.54	2764.08	5.97	47137.54	783.42	1.66

Schedule

"Significant Accounting Policies and Notes on Accounts"

36. Movement of NPA's

(₹ in Crores)

Particulars	Current Year	Previous Year
Gross NPA's as on April 01,2014 (Opening Balance)	783.42	643.77
Additions (Fresh NPA's) during the year	2525.80	410.60
Sub total (A)	3309.22	1054.37
Less		
i) Up-gradation	343.77	117.70
ii) Recoveries (Excluding Recoveries made from up-graded Accounts)	176.43	146.16
iii) Technical/ Prudential/ write offs	24.94	7.09
iv) Write offs other than those under iii) above		
Sub Total (B)	545.14	270.95
Gross NPA as on 31st March 2015	2764.08	783.42

37. Sector wise NPA's*

(₹ in Crores)

S No.	Sector	Percentage of NPA to Total advances in that sector
1	Agriculture & Allied activities	9.77
2	Industry (Micro & Small Medium and Large)	6.16
3	Services	7.06
4	Personal Loans	1.23

*Information regarding sector wise classification of NPA's has been compiled at Corporate Office and relied upon by the Auditors.

38. Stock of technical write-offs and recoveries made thereon

(₹ in Crores)

Particulars	Current Year	Previous Year
Opening balance of Technical/Prudential write-off accounts as at March 31, 2014	268.20	278.53
Add: Technical/Prudential write-offs during the year	Nil	7.73
Sub Total:	268.20	286.26
Less: Recoveries made during the year	15.41	18.06
Closing balance as at March 31, 2015	252.79	268.20

39. Overseas Assets, NPA's and Revenues

(₹ in Crores)

S No	Particulars	
1	Total Assets	Nil
2	Total NPAs	Nil
3	Total Revenue	Nil

Schedule

"Significant Accounting Policies and Notes on Accounts"

40. Off- balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

(₹ in Crores)

Name of the SPV sponsored	
Domestic	Overseas
NIL	NIL

41. The Bank follows policy of providing interest on Overdue Time Deposits at Saving Bank interest rates in conformity with guidelines of Reserve Bank of India.

42. Payments to and Provisions for employees include ₹ 84.00 Crores towards liability for wage arrears calculated on estimated basis. (Previous year ₹ 82.50 Crores).

43. Pursuant to schedule II of the Companies Act 2013, the carrying cost amount of the assets as on 01.04.2014 after retaining the residual value shall be recognized in the opening balance of retained earning where the remaining useful life of an asset is nil. Whereas the Bank has charged carrying cost of such assets amounting to ₹5.84 Crores in the current year's profit / loss account in absence of prior permission from RBI for any adjustment in revenue and other reserves.

44. During the financial year ended 31st March 2015 fraudulent transactions on account of discounting of fake LC's were detected at two business units of the bank . An amount of ₹ 60.25 crores outstanding against such fake LC's has been classified under loss category and fully provided for as on 31st December 2014 . However during the quarter ended 31st March 2015, an amount of ₹ 16.07 crores has been recovered and the provisions to the extent reversed. Further RBI on 20.01.2015 identified and intimated the Bank that advances made by different banks to a specific borrower fall in the category of fraud and in this regard as per directions of RBI, bank declared advance amounting to ₹ 680 crores as fraud. Pursuant to RBI circular DBR.NO.BP.BC.83/21.04.048/2014-15 dated 01.04.2015, the amount of fraud irrespective of the value of security held by the bank, has to be provided for over a period not exceeding four quarters commencing with the quarter in which the fraud has been detected. RBI vide letter dated DBR.BP.No16804/21.04.048/2014-15 dated May 07,2015 granted permission for making 50% of the required provisioning in March quarter and balance in two equal installments in quarter ending June 2015 and Sep.2015. Against the provisioning requirement of ₹ 215.85 Crores, bank has made provisioning of ₹ 297.63 Crores in March quarter (which is ₹81.78 Crores more than the regulatory requirement).As on 31.03.2015 against outstanding exposure of ₹ 675.31 Crores in the account, total provision held is ₹ 544.75 Crores.

45. During the recent devastating floods in the state of J&K, few business units /offices were affected causing loss to the infrastructural peripherals installed therein. The bank has lodged an insurance claim of ₹ 27.00 crores based on acquisition cost of damaged infrastructural peripherals having book value of ₹ 11.75 crores as on date of flood. An amount of ₹ 10.00 Crores has been received from Insurance Company as part of Insurance claim up to March 2015 which has been appropriated towards the adjustment of book value of assets and balance amount of ₹ 1.75 Crores has been debited to profit & loss account as loss from damage of fixed assets. Further under Rehabilitation Plan approved in terms of RBI MASTER CIRCULAR no.rpcd.no.fsd.bc07/05.04.02/2014-15 dated 01.07.2014, the bank has restructured loan portfolio of ₹ 463.74 crores for which provision of ₹ 56.38 crores and ₹ 23.11 crores has been made for DIFV and standard provisioning respectively

46. Corporate Social Responsibility (CSR Activities)

Pursuant to section 135 of the Companies Act, 2013 it is required to expend 2% of the average net profits made during three immediate preceding financial years for CSR activities. Accordingly the bank is required to spend ₹ 29.86 crores for twelve months period ended 31st March 2015. During the year the bank has spent ₹ 13.75 crores for CSR activities. However in the opinion of the management , the balance amount of ₹ 16.13 crores could not be expended due to devastating floods that hit the state of J & K in September 2014 and derailed every activity of normal life. As a result the areas where bank was looking upon to do the CSR activities/programmers became inaccessible.

47 Micro Small And Medium Enterprises Development Act

With regard to disclosure relating to MSME under the Micro Small & Medium Enterprises Development Act 2006, no Purchases have been made from Micro Small Medium Enterprises hence the disclosure be treated as NIL

Schedule

"Significant Accounting Policies and Notes on Accounts"

48 Movement in Provision for Credit Card Reward Point is set out below:

(₹ in Crores)

Particulars	
Opening Provision Balance as on 01.04.2014	0.69
Provisions made during the year	1.22
Redemption made during the year	0.83
Closing Provision Balance as on 31.03.2015	1.08

49. Intra-Group Exposure

(₹ in Crores)

Total Amount of intra-group Exposure	8.44
Total Amount of Top-20 intra group exposures	8.44
Percentage of intra -group exposures to total exposures of the bank on borrowers/customers	0.01
Details of breach of limit on intra-group exposures and regulatory action thereon, if any	Nil

50. Transfers to Depositor Education and Awareness Fund (DEAF)

(₹ in Crores)

Particulars	Current Year	Previous Year
Opening balance of amounts transferred to DEAF	0	NOT APPLICABLE
Add:- Amounts transferred to DEAF (From 31.07.2014 to 31.03.2015)	16.30	
Less : Amounts reimbursed by DEAF towards claims	0.16	
Closing balance of amounts transferred to DEAF	16.14	

51. Un-hedged Foreign Currency Exposure

In accordance with RBI circular no DBOD .BP.BC.85/21.06.200/2013-14 dated 15th January, 2014 and circular no DBOD. BP.BC.116/21.06.200/2013-14 dated 3rd June 2014, banks are required to make an additional provision in respect of borrowers with Un-hedged Foreign Currency Exposures (UFCE) from April 1, 2014 onwards. For the financial year 2014-15 bank has a provision requirement of ₹ 4.09 Crores for the same as on 31.03.2015. However the bank during nine months period ended December 2014 has already made a provision of ₹9.63 Crores for it on estimates basis and accordingly reversed the excess provision as on 31.03.2015.

51.1 Policy to manage currency induced Credit Risk:-

Foreign currency exposures are hedged under permitted hedging products in accordance with guidelines of RBI on Risk Management and inter bank dealings, FEDAI norms and guidelines. The objective of the policy is to maximize hedging on the foreign currency exposures of borrowers. Monitoring and review of the un-hedged foreign currency exposures to borrowers is undertaken by the bank on monthly basis by obtaining borrower-wise statements. Specific action/ suitable remedial measures including stipulation of additional cash margin and /or increase in pricing spread, wherever required are accordingly devised by the bank.

Schedule

“Significant Accounting Policies and Notes on Accounts”

Incremental provisioning and capital held by them towards this risk.

Particulars	(₹ in Crores)	
	Capital Held	Provision Held
Opening Balance (01.04.2014)	0	0
Additions During the year	N A	0
Closing Balance	3.19	4.09

52. Liquidity Coverage Ratio (LCR)

Sector	Current Year			Provision Held
	Total Un-weighted Value (Average)	Total Weighted Value (Average)	Total Un-weighted Value (Average)	Total Weighted Value (Average)
High Quality Liquid Assets				
1. Total High Quality Liquid Assets	5339.60	5290.25	Not Applicable	Not Applicable
Cash Outflow				
2. Retail Deposits and deposits from small business customers, of which	28763.22	2204.89	Not Applicable	Not Applicable
i) Stable Deposits	13428.38	671.41	Not Applicable	Not Applicable
ii) Less Stable Deposits	15334.84	1533.48	Not Applicable	Not Applicable
3. Unsecured Wholesale funding, of which	8495.16	2123.50	Not Applicable	Not Applicable
i) Operational Deposits(all counterparties)	8494.79	2123.47	Not Applicable	Not Applicable
ii) Non Operational deposits (all counterparties)	0.37	0.03	Not Applicable	Not Applicable
iii) Unsecured Debt	0	0	Not Applicable	Not Applicable
4. Secured wholesale funding	156.47	0	Not Applicable	Not Applicable
5. Additional requirements of which				
i) Outflow related to derivative exposure and other collateral requirements				
ii) Outflow related to loss of funding on debt products				
iii) Credit and liquidity facilities				
6. Other contractual funding obligations	6247.26	458.78	Not Applicable	Not Applicable
7. Other contingent funding obligations	5989.31	299.46	Not Applicable	Not Applicable
8. Total Cash Outflows	49651.42	5086.63	Not Applicable	Not Applicable
Cash Inflows				
9. Secured lending (e.g reverse repo)	82.63	0	Not Applicable	Not Applicable
10. Inflows from fully performing exposures	4847.27	3354.73	Not Applicable	Not Applicable
11. Other cash inflows			Not Applicable	Not Applicable
12. Total cash inflows	4929.90	3354.73	Not Applicable	Not Applicable
		Total Adjusted Value		Total Adjusted Value
Total HQLA		5290.25	Not Applicable	Not Applicable
Total Net cash outflow		1731.90	Not Applicable	Not Applicable
Liquidity Coverage Ratio		305.46%	Not Applicable	Not Applicable

Schedule

“Significant Accounting Policies and Notes on Accounts”

52.1 Qualitative disclosure for Liquidity Coverage Ratio (LCR) :

The Bank has a robust liquidity risk management framework in place that ensures sufficient liquidity including a cushion of unencumbered, high quality liquid assets, to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources.

Liquidity coverage ratio (LCR) BLR-1 aims to ensure that a bank maintains an adequate level of unencumbered High Quality Liquidity Asset (HQLAs) that can be converted into cash to meet liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.

Composition of High quality liquid assets (HQLAs)

High quality liquid assets (HQLAs) comprise of assets that can be readily sold or used as collateral to obtain funds in a range of stress scenario. These are assets categories which can be easily or immediately converted into cash at little or no loss in value.

With zero percent haircut Level 1 (HQLA) asset comprises of:

- Cash
- Excess CRR
- Government securities in excess of SLR
- Marginal Standing Facility (MSF)
- Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR)
- Marketable securities issued by foreign sovereigns

A minimum haircut of 15% is applied on the following assets and is placed in the category of Level 2 (HQLA) assets:

- Marketable securities guaranteed by sovereigns, PSEs or multilateral development banks assigned risk weights of up to 20% but are not issued by banks/financial institutions/NBFCs
- Corporate bonds not issued by banks/financial institutions/NBFCs
- Commercial Papers not issued by PDs/financial institutions/NBFCs

With a haircut of 50% following HQLAs are also placed in category of level 2 assets:

- Marketable securities guaranteed by sovereigns having risk weights of higher than 20% but not more than 50%.
- Common equity shares included in NSE CNX Nifty index or S&P BSE Sensex index but not issued by banks/financial institutions/NBFCs

All the relevant inflows and outflows are captured in the LCR template.

Concentration of Funding

Management of funding concentration risk is meant to identify those sources of funding that are of such significance, the withdrawal of which could trigger liquidity problems, thus encourages the diversification of funding sources. This aims to address the funding concentration by monitoring funding from each significant counterparty, each significant product / instrument and each significant currency. Presently, Bank is submitting the details of Top 20 depositors as part BLR report (Statement of funding concentration, BLR-3). Further, there are regulatory limits like Inter-bank liability and call borrowings, which address funding concentration.

Schedule

“Significant Accounting Policies and Notes on Accounts”

53. Disclosure on Remuneration

Information relating to the composition and mandate of the Remuneration Committee.	<p>Bank has constituted the Nomination and Remuneration committee of the Board pursuant to the requirement of the Reserve Bank of India and the Companies Act, 2013, constitutes of following members of the Board.</p> <table border="0"> <tr> <td>Mr. A. M. Matto,</td> <td>(Chairman)</td> </tr> <tr> <td>Mr. Vikrant Kuthiala</td> <td>(Member)</td> </tr> <tr> <td>Mr. Dalip Kumar Kaul</td> <td>(Member)</td> </tr> </table>	Mr. A. M. Matto,	(Chairman)	Mr. Vikrant Kuthiala	(Member)	Mr. Dalip Kumar Kaul	(Member)
Mr. A. M. Matto,	(Chairman)						
Mr. Vikrant Kuthiala	(Member)						
Mr. Dalip Kumar Kaul	(Member)						
Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.	<ul style="list-style-type: none"> • Ensure effective governance of compensation, alignment of compensation with prudent risk taking. • Ensure effective supervisory oversight and engagement by stakeholders. • Comply with the regulatory directives whereby all Private Sector Banks are required to formulate and adopt a comprehensive compensation policy covering all their employees and conduct annual review thereof. • Identify persons who are qualified and may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal • Recommend to the Board a policy, relating to the remuneration for directors the key managerial personnel and other employees. • Formulae the policy which inter alia shall ensure that : <ol style="list-style-type: none"> (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Key Management Personnel and other employees of the company; (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and (c) Remuneration to key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals. 						
Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.	Remuneration committee of the Board undertakes risk evaluations based on industry standards and risk profile of the bank.						
Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.	The performance of the Bank as a whole is linked to the performance of its management and employees. However in individual cases variable pay is withheld in case of low performance of individual staff member.						
A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.	NIL						
Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms.	NIL						

Schedule

"Significant Accounting Policies and Notes on Accounts"

Quantitative Disclosure

Particulars	31.03.2015
Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	The Committee met two times during the year and total sitting fee of ₹ 75000/- @ ₹ 15000 for each meeting attended by its members was paid.
(i) Number of employees having received a variable remuneration award during the financial year. (The quantitative disclosures should only cover Whole Time Directors / Chief Executive Officer/ Other Risk Takers)	Performance bonus during the year to CEO @ 35% of salary ₹ 19.95 Lacs. and to three Executive Presidents ₹ 9.00 Lacs (₹ 3.00 Lac each)
(ii) Number and total amount of sign-on awards made during the financial year.	NIL
(iii) Details of guaranteed bonus, if any, paid as joining / sign on bonus	NIL
(iv) Details of severance pay, in addition to accrued benefits, if any	NIL
a. Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	NIL
b. Total amount of deferred remuneration paid out in the financial year.	NIL
Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	No other remuneration awards other than performance bonus has been paid. Performance bonus to CEO and three Executive Presidents paid @ 35% of basic Pay (₹ 3.00 Lacs each)
a. Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	NIL
b. Total amount of reductions during the financial year due to ex- post explicit adjustments.	NIL
c. Total amount of reductions during the financial year due to x- post implicit adjustments.	NIL

54. The Principal Accounting Policies (Schedule 17) and Notes on Accounts (Schedule 18) form an integral part of these Accounts.
55. Previous year figures have been regrouped / rearranged, where ever necessary and possible, to conform to current year figures. In cases where disclosures have been made for the first time in terms of RBI guidelines, previous year's figures have not been given.

Mushtaq Ahmad
Chairman & CEO

B. B. Vyas, I.A.S
Director

J. P. Sharma
Director

M. I. Shahdad
Director

Vikrant Kuthiala
Director

Prof. Nisar Ali
Director

Abdul Majid Matto
Director

R. K. Gupta
Director

Dalip Kumar Kaul
Director

Khaver Alam Jeelani
Director

R. K. Shah
Sr. President & CFO

Mohammad Younis Pattoo
Vice President

Abdul Majid Bhat
Company Secretary

Place : Srinagar
Dated : 16th May 2015

In Terms of our report of even date annexed

For **Gupta Sharma & Associates**
Chartered Accountants
FRN: 001466N

For **DharTiku & Co**
Chartered Accountants
FRN: 003423N

For **Arora Vohra & Co**
Chartered Accountants
FRN: 009487N

For **Darshan Nagpal & Associates**
Chartered Accountants
FRN: 011022N

For **Dharam Raj & Co**
Chartered Accountants
FRN: 014461N

CA Vinay Saraf
Partner
M.No. 087262

CA Madhusudan Meher
Partner
M.No. 097409

CA Karanbir S Sethi
Partner
M.No. 091188

CA Neeraj Nagpal
Partner
M.No. 503881

CA Dharam Raj
Partner
M.No. 094108

Place : Srinagar
Dated : 16th May 2015

Consolidated Cash Flow Statement

For the Year Ended 31St March, 2015

		2014-15	2013-14
		₹ '000' Omitted	
A	CASH FLOW FROM OPERATING ACTIVITIES	1,180,618	(6,827,315)
B	CASH FLOW FROM INVESTING ACTIVITIES	(2,609,327)	(1,685,066)
C	CASH FLOW FROM FINANCING ACTIVITIES	(3,375,830)	(3,375,830)
	NET CHANGE IN CASH AND CASH EQUIVALENTS	(4,804,539)	(11,888,211)
D	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	42,156,031	54,044,242
E	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	37,351,492	42,156,031
A.	CASH FLOW FROM OPERATING ACTIVITIES:		
	Net Profit after Taxes	5,084,802	11,810,798
	Add : Provision for Taxes	3,116,536	5,687,349
	Net profit before taxes (i)	8,201,338	17,498,147
	Adjustment for :		
	Depreciation charges	949,841	781,833
	Provision for NPA's	8,131,845	680,156
	Provision on Standard Assets	446,429	518,519
	Depreciation on investment	-	-
	Provision for Non-Performing investment	209,725	173,300
	Other provisions	1,367,242	106,842
	Deffered revenue Expenditure written off during the year	52	51
	Interest paid on Subordinate Bonds (Financing Activities)	540,000	540,000
	Total Adjustment (ii)	11,645,134	2,800,701
	Operating profit before change in Operating assets & liabilities (i) + (ii)	19,846,472	20,298,848
	Adjustment for changes in Operating Assets & Liabilities		
	Increase / (Decrease) in Deposits	(35,921,830)	51,161,647
	Increase / (Decrease) in Borrowings	5,746,667	6,900,000
	Increase / (Decrease) in Other liabilities & provisions	1,592,127	1,498,639
	(Increase) / Decrease in Investments	10,924,345	(4,371,012)
	(Increase) / Decrease in Advances	8,512,093	(72,603,460)
	(Increase) / Decrease in Other Assets	(6,111,450)	(3,626,537)
	Net Cash flow from Operating activities (iii)	(15,258,048)	(21,040,723)
	Cash generated from operation (i + ii + iii)	4,588,424	(741,875)
	Less : Tax paid	3,407,806	6,085,440
	TOTAL : (A)	1,180,618	(6,827,315)
B.	CASH FLOW FROM INVESTING ACTIVITIES :		
	a) Fixed Assets	(2,492,650)	(1,566,066)
	b) Investment in Subsidiary	(116,677)	(119,000)
	TOTAL : (B)	(2,609,327)	(1,685,066)

Consolidated Cash Flow Statement

For the Year Ended 31st March, 2015

C.	CASH FLOW FROM FINANCING ACTIVITIES:		
	a) Share Capital	-	-
	b) Equity Share Warrants	-	-
	c) Share Premium	-	-
	d) Tier II Bonds	-	-
	e) Dividend & Divident Tax Paid	(2,835,830)	(2,835,830)
	f) Interest Paid on Subordinate Debt	(540,000)	(540,000)
	TOTAL :(C)	(3,375,830)	(3,375,830)
D.	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	a) Cash in hand & Balance with R.B.I	30,455,936	26,951,472
	b) Balance with Banks & Money at Call & Short Notice	11,700,095	27,092,770
	TOTAL :(D)	42,156,031	54,044,242
E.	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
	a) Cash in hand & Balance with R.B.I	23,730,550	30,455,936
	b) Balance with Banks & Money at Call & Short Notice	13,620,942	11,700,095
	TOTAL :(E)	37,351,492	42,156,031

Mushtaq Ahmad
Chairman & CEO

B. B. Vyas, I.A.S
Director

J. P. Sharma
Director

M. I. Shahdad
Director

Vikrant Kuthiala
Director

Prof. Nisar Ali
Director

Abdul Majid Matto
Director

R. K. Gupta
Director

Dalip Kumar Kaul
Director

Khaver Alam Jeelani
Director

R. K. Shah
Sr. President & CFO

Mohammad Younis Pattoo
Vice President

Abdul Majid Bhat
Company Secretary

Place : Srinagar
Dated : 16th May 2015

The above Consolidated Cash Flow Statement has been taken on record by the Board of Directors in its meeting held on 16th May, 2015 at Srinagar.

Auditors Certificate

We have verified the attached Cash Flow Statement of THE JAMMU & KASHMIR BANK LIMITED which has been compiled from and is based on the Audited Financial Statements for the year ended March 31st, 2015 and March 31st, 2014. To the best of our knowledge and belief and according to the information and explanations given to us, it has been prepared pursuant to clause 32 of the Listing Agreement with the Stock Exchanges.

For **Gupta Sharma & Associates**
Chartered Accountants
FRN: 001466N

For **DharTiku & Co**
Chartered Accountants
FRN: 003423N

For **Arora Vohra & Co**
Chartered Accountants
FRN: 009487N

For **Darshan Nagpal & Associates**
Chartered Accountants
FRN: 011022N

For **Dharam Raj & Co**
Chartered Accountants
FRN: 014461N

CA Vinay Saraf
Partner
M.No. 087262

CA Madhusudan Meher
Partner
M.No. 097409

CA Karanbir S Sethi
Partner
M.No. 091188

CA Neeraj Nagpal
Partner
M.No. 503881

CA Dharam Raj
Partner
M.No. 094108

Place : Srinagar
Dated : 16th May 2015

Basel-III - Pillar-3 Disclosures

as at 31st March, 2015

Table DF-1: Scope of application

Name of the head of the banking group to which the Framework applies.	Jammu and Kashmir Bank Ltd
---	----------------------------

Jammu and Kashmir Bank (J&K Bank) is a commercial Bank that was incorporated on October 1, 1938. J&K Bank is the only state-government-owned scheduled commercial bank in India.

i. Qualitative Disclosures:

a. The List of group entities considered for consolidation

Name of the entity/ Country of Incorporation	Included under accounting scope of consolidation (yes / no)	Method of consolidation	Included under regulatory scope of consolidation (yes / no)	Method of consolidation	Reason for difference in the method of consolidation	Reasons, if consolidated under only one of the scopes of consolidation
---NA*---	---NA---	---NA---	---NA---	---NA---	---NA---	---NA---

*NA-Not Applicable

b. The List of group entities not considered for consolidation both under the accounting and regulatory scope of consolidation is given below.

Name of the entity/Country of incorporation	Principle activity of the entity	Total balance sheet equity	Percentage of bank's holding in the total equity	Regulatory treatment of bank's investments in the capital instruments of the entity	Total balance sheet assets
J&K Bank Financial Services Ltd	Marketing of Financial Products	₹ 200 million	100%	The entire amount of ₹ 200 million has been deducted	₹ 283.4 million

ii. Quantitative Disclosures

c. The List of group entities considered for consolidation as on 31st March 2015:

Name of the entity / country of incorporation	Principal activity of the entity	Total Balance Sheet Equity	Total Balance Sheet Assets
---NA*---	---NA---	---NA---	---NA---

*NA-Not Applicable

d. The aggregate amount of capital deficiencies in all subsidiaries, which are not included in the regulatory scope of consolidation i.e. that are deducted:

Name of the subsidiaries / country of incorporation	Principal activity of the entity	Total balance sheet equity	Percentage of Bank's Holding in the Total Equity	Capital Deficiencies
---NA-----	---NA-----	---NA-----	---NA-----	---NA-----

*NA-Not Applicable

- e. The aggregate amounts (e.g current book value) of the bank's total interests in insurance entities, which are risk weighted:

Name of the insurance entities Country of incorporation	Principal activity of the entity	Total balance sheet equity	Percentage of bank's holding in the total equity / proportion of voting power	Quantitative impact on regulatory capital of using risk weighting method versus using the full deduction method
PNB Metlife India Insurance Company Ltd /India	Insurance Business	₹ 21163.8 million	5.08 percent	The CRAR under deduction method will be 12.41% as against 12.57% under risk weighting method.

- f. Any restrictions or impediments on transfer of funds or regulatory capital within the banking group

Not Applicable

Table DF - 2 : Capital adequacy;

1. Qualitative disclosure

1.1 A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities.

- The Bank assesses its Capital Adequacy as per the guidelines of RBI, which are based on the framework of Basel Committee on Banking Supervision. These guidelines on Basel III have been implemented from 1st April 2013 in a phased manner. The minimum capital required to be maintained by the Bank is 9 percent with minimum Common Equity Tier 1 (CET1) of 5.5%. Stress analysis is conducted on half yearly basis or as required to see the movement of capital adequacy ratio (CAR) in medium horizon of 3 years considering the projected growth in business.
- The Bank assesses its capital requirement based on future business projections in line with the strategic intent of the Bank and opportunities for growth. The business projections are mapped to credit, market and operational risks which allows for assignment of regulatory capital besides providing capital headroom to meet growth projections. As part of the Internal Capital Adequacy Assessment Process (ICAAP), Bank also assesses adequacy of capital under stress conditions for gauging the adequacy of capital to support not only three primary risks of credit, market and operational risk but other residual risks like interest rate risk in banking book, liquidity risk, credit concentration risk, strategic risk and reputational risk.

2. Quantitative Disclosures

Amount in ₹ million

2.1 Capital requirements for credit risk	41222.5		
• Portfolio subjected to standardized approach (@9%CRAR)	41222.5		
• Portfolios subjected to the IRB approaches	Nil		
• Securitization exposures	Nil		
2.2 Capital requirement for market risk (under Standardized duration approach)	2780.6		
• Interest rate risk	2449.6		
• Foreign exchange risk (including gold)	19.8		
• Equity risk	311.2		
2.3 Capital requirement for operational risk			
• Basic indicator approach:	4496.2		
2.4 Common Equity Tier 1, Tier 1 and Total Capital ratios:			
Name of the Entity	Common Equity Tier 1 ratio	Tier 1 ratio	Total capital ratio
J&K Bank Ltd	11.26%	11.26%	12.57%

Risk Exposure and Assessment

Objectives and Policies

Organisational Structure---- Risk Management

Financial business entails bank to identify, measure, control, monitor and report risks in an effective manner. The key components of the risk management at the Bank rely on risk governance architecture, comprehensive processes and internal control mechanism based on approved policies and guidelines. The risk management system is overseen by Board of Directors, with Integrated Risk Management Committee (IRMC), a board level sub-committee entrusted with the overall responsibility of ensuring that adequate structures, policies and procedures are in place for effective monitoring and control. IRMC is supported by three separate Executive level Committees viz, Credit Risk Management Committee (CRMC), Asset-Liability Management Committee (ALCO)/ Market Risk Management Committee and Operational Risk Management Committee (ORMC) to ensure effective management of credit, market and operational risks respectively. The committees are assisted by risk management support groups for credit, operational, market and liquidity risks.

Table DF - 3: Credit Risk

General disclosures --- Credit Risk

Credit Risk is the possibility of loss that a bank may be subjected to, on account of changes or deterioration in the credit profile / credit quality of borrowers and counterparties. The Bank is exposed to credit risk through lending and capital market activities. The Credit Risk Management Policy aims at ensuring sustained growth of healthy loan portfolio while identifying and managing credit risks, both at transaction and portfolio levels. This entails striking a balance between risk and return, thereby ensuring optimization of values for all stakeholders and at the same time striving towards maintaining / increasing the bank's market share.

The Bank manages its credit risk through following strategies:

- a. Well defined credit risk management structure to identify, measure, monitor and control / mitigate credit risk from loan origination to disbursement and post disbursement monitoring has been laid out.
- b. Credit Risk Management Policy lays down the roles and responsibilities, risk appetite, key processes and reporting framework. Credit Risk Mitigation and Collateral Management Policy detailing various tools for credit risk mitigation are prudently followed.
- c. Board approved Investment Policy of the Bank addresses credit risks related to investment activities undertaken by the Bank, prescribing prudential limits, methods of risk measurement and hedges required in mitigation of risks arising in investment portfolio.
- d. Corporate credit is managed through rating of borrowers and thorough risk vetting of individual exposures at origination and thorough periodic review after sanctioning. Retail credit to individuals and small business is managed through definition of product criteria, appropriate credit filters and subsequent portfolio monitoring.
- e. Industry wise segment ceilings on aggregate lending by the Bank.
- f. Individual borrower wise ceilings on lending as well as borrower group wise lending ceilings linked to the Bank's capital funds.
- g. The Bank uses rating tools for market segments like large corporate, SME, financial companies, project finance etc to objectively assess underlying risks associated with such exposures. The credit rating models use a combination of quantitative and qualitative inputs to arrive at a 'point-in-time' view of diverse risk factors of counterparty and also for taking credit decisions in a consistent manner.
- h) Credit exposures are allowed as per the credit rating of borrowers upto defined risk levels. The approach also includes diversification of credit portfolio rating category wise but within the acceptable risk parameters.
- i) The Bank operates within India and has no international presence and there is no geographic ceiling on lending in India. Further, there is also no ceiling on lending within a State in India.
- j) The bank possesses well defined delegation of authority in regard to decision making, which links risk and exposure amount to level of approval.
- k) The bank takes continuous review of all credit sanctioning powers delegated to various sanctioning levels. This is done to ensure strengthening of credit processes and following good corporate governance policies.
- l) Approval processes with respect to credit proposals are preceded by study of risks and preliminary due diligence particularly while sourcing fresh credit accounts.
- m) Credit audit system and loan review mechanism function independently of the credit processing / credit approval system and ensure effective loan monitoring, management / mitigation of credit and operational risks in the loan portfolio.

1. Qualitative Disclosures: The general qualitative disclosure requirement with respect to credit risk including:

1.1.1 Definition of NPA and impaired account

An asset including a leased asset becomes non-performing when it ceases to generate income for the bank. A non performing asset (NPA) is a loan or an advance where:

- a. Interest and/or installment of principal remain overdue for a period of more than 90 days in respect of a term loan.
- b. The account remains 'out of order' as indicated in paragraph 1.1.2 below, in respect of an Overdraft / Cash Credit (OD/ CC)
- c. The bill remains overdue for a period of more than 90 days in case of bills purchased and discounted
- d. The installment of principal or interest thereon remains overdue for two crop seasons for short duration crops
- e. The installment of principal or interest thereon remains overdue for one crop season for long duration crops.
- f. In respect of securities, where interest/principal is in arrears for a period of more than 90 days.

An account is also classified as NPA if the interest due and charged during any quarter is not serviced fully within 90 days from the end of the quarter.

1.1.2 **'Out of Order' status:** An account is treated as 'Out of Order' if the outstanding balance remains continuously in excess of the sanctioned limit / drawing power. In cases where the outstanding balance in the principal operating account is less than the sanctioned limit / drawing power, but there are no credits continuously for 90 days as on the date of Balance Sheet or credits are not sufficient to cover the interest debited during the same period, these accounts are treated as "out of order".

1.1.3 **Overdue:** Any amount due to the bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the bank.

1.2 Discussion of the bank's credit risk management policy.

The credit risk management policy of the bank aims at a sustained growth of healthy loan portfolio. It articulates evolving a well-defined system to identify measure, monitor and control various risks attached to credit portfolio of the Bank. This entails reducing exposures in high risk areas, concentrating more on the promising industries / sectors / segments, striking balance between risk and return on assets and ensuring optimization of stakeholders value. The policy also seeks to achieve prudent credit growth -both qualitative and quantitative- while adhering to the prudential norms with balanced sectoral deployment of credit to control credit concentration across Industries, sectors, segments and at the same time increasing the market share. The policy also aims at consistency and standardization of credit practices. There is a defined credit appraisal & credit approval authority, reporting cum monitoring / follow-up system and loan review mechanism/ credit audit system in place at the Bank as spelt out in board approved Credit Risk Management Policy.

2. Quantitative Disclosures

Amount in ₹ million

2.1	Total gross credit risk exposures – Fund based and Non-fund based separately, broken down by major types of credit exposures.	a) On Balance Sheet b) Off Balance sheet Total	760854.5 78909.3 839763.8
2.2	Geographic distribution of exposures:		
	Overseas		Nil
	Domestic		839763.8
2.3	Industrial type distribution of exposure, Fund based and Non-fund based separately.	Major industry type exposure is given separately as per Annexure- A.	
2.4	Residual contractual maturity breakdown of assets,	Residual maturity is provided separately as per Annexure- B.	
2.5	Amount of NPAs (Gross)		27640.8
	Substandard		19925.8
	Doubtful		5399.0
	Loss		2316.0
2.6	Net NPAs		12363.2
2.7	NPA Ratios		
	Gross NPAs to gross advances		5.97%
	Net NPAs to net advances		2.77%
2.8	Movement of NPAs (Gross)		
	Opening balance (01.04.2014)		7834.2
	Additions during the year		25258.0
	Reductions during the year		5451.4
	Closing balance (31.03.2015)		27640.8
2.9	Movement of provisions for NPAs		
	Opening balance (01.04.2014)		6537.0
	Provisions made during the year		8131.8
	Write-off		----
	Write back of excessive provisions		---
	Closing balance (31.03.2015)		14668.8
3.0	Amount of non-performing investment		2512.4
3.1	Amount of provisions held for non-performing investment		1546.9
3.2	Movement of provision for depreciation on investments.		
	Opening balance		207.8
	Provisions made during the period		77.5
	Write-off		18.4
	Write back of excessive provision		248.4
	Closing balance		18.5

Table DF - 4 : Disclosure for portfolio subject to Standardised Approach**1. Qualitative Disclosures:****1.1 For portfolio under the standardized approach:**

Names of credit rating agencies used, plus reasons for any changes.	The Bank's exposure being mainly domestic, rating agencies like CARE, CRISIL, ICRA, India Ratings, Brickwork Ratings and SMERA have been identified for rating of exposure as per RBI guidelines. Designated rating agencies are used irrespective of types of corporate exposures.
Type of exposure for which each agency is used.	For exposures with a contractual maturity of less than or equal to one year (except cash credit, overdraft and other revolving credits), short-term ratings given by approved rating agencies are used. For cash credit, sanctioned overdrafts and other revolving credits (irrespective of the period) and for term loan exposures of over one year, long term ratings are used.
A description of the process used to transfer public issues rating onto comparable assets in the banking book	Public issue ratings are used for comparable assets of borrower in the banking book as follows: - <ul style="list-style-type: none"> i. In cases where the borrower has a specific assessment for an issued debt - but the bank's claim is not an investment in this particular debt - the rating applicable to the specific debt (where the rating maps into a risk weight lower than that which applies to an unrated claim) is applied to the bank's unassessed claim if the Bank's exposure ranks pari passu or senior to the specific rated debt in all respects and the maturity of the unrated Bank's claim is not later than the maturity of the rated claim. ii. If either the issuer or single issue has been assigned a low quality assessment which maps into a risk weight equal to or higher than that which applies to unrated claims, an unassessed claim on the same counterparty that ranks pari-passu or is subordinated to the rated exposure is assigned the same risk weight as is applicable to the low quality assessment.

2. Quantitative Disclosures

Amount in ₹ million

2.1 Exposure amount after risk mitigation subjected to the standardized approach, amount of bank's outstanding (rated and un-rated) in the following three major risk buckets as well as those that are deducted:	
Below 100% risk weight	488761.6
100% risk weight	170525.6
More than 100% risk weight	122260.7

Table- DF -5: Credit risk mitigation:**1. Qualitative disclosure****1.1 The general qualitative disclosure requirements with respect to credit risk mitigation**

A Credit Mitigation and Collateral Management Policy, addressing the Bank's approach towards the credit risk mitigants is used for capital calculation. The Bank reduces its exposure to counterparty with the value of eligible financial collateral to take account of risk mitigating effect of the collateral.

1.2 Policies and processes for, and an indication of the extent to which the bank makes use of on and off balance sheet netting.

Bank has put in place Board approved policy on Credit Risk Mitigation and Collateral Management, covering credit risk mitigation techniques used by the Bank for both risk management and capital computation purposes. The Bank has a separate collaterals valuation policy that forms the basis for valuation of collaterals.

1.3 Policies and processes for collateral valuation and management

The policy adopts the Comprehensive Approach, which allows full offset of collateral (after appropriate haircuts) against exposures, by effectively reducing the exposure amount by the value ascribed to the collateral. The following issues are addressed in the policy:

- a) Classification of credit risk mitigants
- b) Acceptable credit risk mitigants
- c) Documentation and legal process requirements for credit risk mitigants.

- d) Valuation of collateral
- e) Custody of collateral
- f) Insurance
- g) Monitoring of credit risk mitigants

1.4 The description of the main type of collaterals taken by the bank

The main type of collaterals taken by the bank are Cash or cash equivalent, Bank deposits, NSCs, KVIP's, LIC policy, Gold, Central / State government Securities etc.

1.5 The main type of guarantor counterparties and their creditworthiness.

Bank considers guarantees, which are direct, explicit, irrevocable and unconditional for credit risk mitigation. Use of such guarantees for capital computation is as per RBI guidelines.

Types of guarantor counter party are:

- a. Sovereigns (Central / State Governments)
- b. Sovereign entities like ECGC, CGTSI
- c. Banks and Primary Dealers with a lower risk weight than the counter party
- d. Other entities that are externally rated. This would include guarantee cover provided by parent, subsidiary and affiliate companies when they have lower risk weight than the obligor.

1.6 Information about (market or credit) risk concentration within the mitigation taken

Majority of financial collaterals held by the Bank are by way of bank's own deposits, government securities, life insurance policies and other approved securities like NSCs, KVPs etc. Bank does not envisage market liquidity risk in respect of financial collaterals. Overall, financial collaterals do not have any issue in realization. Concentration on account of collateral is relevant in case of land & building. Except in the case of housing loan to individuals, land and building is considered only as additional security. As land and building is not recognized as eligible collateral under Basel III Standardized Approach, its value is not reduced from the amount of exposure in the process of computation of capital charge, and is used only in the case of housing loan to individuals and non performing assets to determine the appropriate risk weight. As such, there is no concentration risk on account of nature of collaterals.

2. Quantitative Disclosures

Amount in ₹ million

2.1 For disclosure of credit risk portfolio under the standardized approach, the total exposure that is covered by:	Exposure covered by Deposits/Cash/LIC Policies/ NSCs/KVPs 54239.2
2.2 Eligible financial collaterals; after the application of haircuts.	Exposure covered by Other Eligible Collaterals -- Nil

Table DF - 6 : Asset Securitisation:

Bank is not currently undertaking any securitization activity.

Table DF - 7: Market risk in trading book

1. Qualitative Disclosures:

The market risk for the Trading Book of the Bank is managed in accordance to the Board approved Investment Policy, Trading Policy and Market Risk Policy. These policies provide guidelines to the operations, valuations, and various risk limits and controls pertaining to various securities, foreign exchange. These policies enhance Bank's ability to transact in various instruments in accordance with the extant regulatory guidelines and provide sound foundation for day to day Risk Control, Risk management, and prompt business decision making. The Bank also has a Stress Testing Framework which enables Bank to capture impact of various stress scenarios on Trading Book Portfolio. All these policies are reviewed periodically to incorporate changes in economic, business and regulatory environment.

1.1 The general qualitative disclosure requirement for market risk including the portfolio covered by securitized approach.

Risk management and reporting is based on globally accepted parameters such as Modified Duration, PVO1, Exposure and Gap Limits, VaR, etc. As per the Market Risk Policy/Trading policy, limits have been set for Forex Open Position limits

(Daylight / Overnight), stop-loss limit, Sensitivity limit, VaR limit and exposure limits which are monitored on a daily basis. Bank has a Mid Office in place for functions like onsite monitoring of adherence to set limits, independent reporting of activities to Top Management and valuation etc.

Approach for Computation of Capital Charge for Market Risk

Bank has adopted the Standardised Approach as prescribed by RBI for computation of capital charge for market risk and is already fully compliant with such RBI guidelines. Standardised Approach is applied for calculation of Market Risk for:

- Securities under HFT category
- Securities under AFS category
- Open foreign exchange position
- Equity positions

1.2 General disclosures for market risk including portfolios covered by the IMA. A description of the soundness of the banks methodologies in assessing the capital adequacy, stress testing, and back-testing/validating the accuracy and consistency of the internal models and modeling processes.

Market risk is calculated on trading portfolio under Standardised duration method as per directives of RBI. Stress testing under various scenarios and calculation of Historical VaR forms an integral part of the portfolio risk management.

2. Quantitative Disclosures

	Amount in ₹ million
1.1 The capital requirement for market risk as per Standardized Duration Approach:	2780.6
Interest rate risk.	2449.6
Equity position risk.	311.2
Foreign exchange risk.	19.8
Commodity risk.	----

Table DF - 8--- Operational Risk

1. Qualitative Disclosures:

1.1 General disclosures: Operational risk is at the core of the Bank's operations to integrate best risk management practices into processes, systems and culture of the bank. The operational risk management (ORM) policy documents the Bank's approach towards management of operational risk and defines the roles and responsibilities of the various stakeholders to manage operational risk within the Bank. The Integrated Risk Management Committee (IRMC) of the Board at the apex level is the policy making body. IRMC is supported by Operational Risk Management Committee (ORMC) at the Executive level, which is responsible for bank wide implementation of ORM policy. A systematic process for reporting risks, operational losses has been developed. Bank has been collecting internal operational loss data from business units / offices. For this purpose, a system for reporting identified loss events and loss data have been put in place. The Bank has also implemented a comprehensive Business Continuity Plan (BCP) and established Disaster Recovery setup to ensure continuity of critical operations of the Bank in the event of any business disruption. The bank has been regularly conducting DR drills for various systems and applications in use.

The bank has a robust internal control / audit mechanism and reporting system for managing and mitigating operational risk.

1.2 In addition to general qualitative disclosure requirement, the approach (es) for operational risk capital assessment for which the bank qualifies.

As per the RBI guidelines, bank is following the Basic indicator approach (BIA) for computing capital charge for operational risk. The bank is preparing itself for migration to The Standardized Approach (TSA) and Advanced Measurement Approach (AMA) for calculating capital for operational risk.

2. Quantitative Disclosures

	Amount in ₹ million
Capital charge for operational risk	Capital charge for operational risk is computed as per the Basic Indicator Approach prescribed by RBI. Under this approach, capital allocation for operational risk works out to: 4496.2 million

Table DF - 10 : Interest rate risk in the banking book (IRRBB)**1. Qualitative Disclosures:****1.1 The general qualitative disclosure requirements, including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behavior of non-maturity deposits, and frequency of IRRBB measurement.**

Interest Rate Risk in Banking Book (IRRBB) is the risk which impacts assets and liabilities of Bank's non-trading (core) exposures which are contracted for steady income and statutory obligations and are generally held till maturity. Interest rate risk is measured as the potential volatility in the Bank's core net interest income caused by changes in market interest rates. Difference in pricing parameters of these Assets and Liabilities which may be due to different tenor, asset type, liability type or other parameters exposes the Bank to possible loss.

Bank utilizes the following methods to measure, monitor and control the adverse impact of interest rates on the Bank's financial condition within tolerable limits. This impact is calculated from following perspectives

Earnings perspective: Indicates the impact on Bank's Net Interest Income (NII) in the short term.

Economic perspective: Indicates the impact on the net-worth of bank due to re-pricing of assets, liabilities and off-balance sheet items.

Measurement and computation of interest rate risk in Banking Book under the above two methods is done on a monthly basis.

2. Quantitative Disclosures

2.1 The increase (decline) in earning and economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method of measuring IRRBB, broken down by currency (where the turnover is more than 5 percent turnover).	Changes on account of Interest rate volatility
	Change in net interest income (with 200 bps change in interest rates for both assets and liabilities) ₹ 290.2 million
	Change in market value of equity (with 200 bps change in interest rates for both assets and liabilities). 15.51%

Table DF - 11 : General Disclosure for Exposures Related to Counterparty Credit Risk**1. Qualitative Disclosures**

The Bank has a Credit Risk Management Policy and Collateral Management Policy in place which lays down guidelines, processes and measures for counterparty risk management. The counterparty limits are monitored and internal triggers are put in place to guard against breach in limits. Bank takes eligible financial collateral (e.g., cash or securities) on an account-by-account basis to reduce the credit exposure to counterparty while calculating the capital requirements.

2. Quantitative Disclosures

The derivative exposure is calculated using Current Exposure Method (CEM) and the balance out standing as on March 31, 2015 is given below.

Amount in ₹ million

Particulars	Notional Amount	Current Exposure
Forward forex contracts	131871.9	1002.1

Basel III Common Disclosure Template

Regulatory Capital

		Amount in ₹ million	
Sr No	Items	Amounts subject to pre-Basel III treatment	Ref No:
Common Equity Tier 1 capital (CET1): instruments and reserves			
1	Directly issued qualifying common shares capital plus related stock surplus (Share Premium)	1352.7	a+c
2	Retained Earnings	59504.5	b+d+e
3	Accumulated other comprehensive income (and other reserves)	0	
4	Directly issued capital subject to phase out from CET 1 (only applicable to non-joint stock companies)	0	
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET 1)	0	
6	Common Equity Tier 1 capital before regulatory adjustments (sum of rows 1 to 5)	60857.2	
Common Equity Tier 1 capital : Regulatory adjustments			
7	Prudential valuation adjustments		
8	Goodwill (net of related tax liability)	0	
9	Intangibles other than mortgage servicing rights (net of related tax liability)	0	m
10	Deferred tax assets	0	n
11	Cash-flow hedge reserve	0	
12	Shortfall of provisions to expected losses	0	
13	Securitisation gain on sale	0	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	0	
15	Defined-benefit pension fund net assets	0	
16	Investments in own shares (if not already netted off paid-up capital on reported balance sheet)	0	
17	Reciprocal cross-holdings in common equity	0	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	0	
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	200.0	l
20	Mortgage servicing rights (amount above 10% threshold)	0	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	0	
22	Amount exceeding the 15% threshold	0	
23	of which: significant investments in the common stock of financial entities	0	
24	of which: mortgage servicing rights	0	
25	of which: deferred tax assets arising from temporary differences	0	

Sr No	Items	Amounts subject to pre-Basel III treatment	Ref No:
26	National specific regulatory adjustments (26a+26b+26c+26d)	0	
26a	of which: investments in the equity capital of the unconsolidated insurance subsidiaries	0	
26b	of which: investments in the equity capital of unconsolidated non-financial subsidiaries	0	
26c	of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank	0	
26d	of which: Unamortised pension fund expenditures	0	
27	Regulatory adjustments applied to Common Equity Tier 1 in respect of amounts subject to Pre-Basel III treatment (<i>please specify the details in remarks column</i>)	0	
	Of which : Investment in equity capital of unconsolidated financial subsidiary		
	Of which: Investment in equity capital of sponsored rural bank		
	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	0	
28	Total regulatory adjustments to Common equity Tier 1	200.0	
29	Common Equity Tier 1 capital (CET1)	60657.2	
	Additional Tier 1 capital (AT1) : instruments		
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)	0	
31	Of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares- (PNCPS))	0	
32	Of which: classified as liabilities under applicable accounting standards (Perpetual Debt Instruments - PDIs)	0	
33	Directly issued capital instruments subject to phase out from Additional Tier 1	0	
34	Additional Tier 1 instruments (and CET 1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	0	
35	Of which: instruments issued by subsidiaries subject to phase out	0	
36	Additional Tier 1 capital before regulatory adjustments	0	
	Additional Tier 1 capital: regulatory adjustments		
37	Investments in own Additional Tier 1 instruments	0	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	0	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	0	
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation(net of eligible short positions)	0	
41	National specific regulatory adjustments (41a+41b)	0	

Sr No	Items	Amounts subject to pre-Basel III treatment	Ref No:
41 a	Investments in additional Tier 1 capital of unconsolidated insurance subsidiaries	0	
41 b	Shortfall in Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank	0	
	Regulatory adjustments applied to Additional Tier 1 in respect of amounts subject to Pre-Basel III treatment	0	
	Of which: (insert type of adjustment)	0	
	Of which: (insert type of adjustment)	0	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	0	
43	Total regulatory adjustments to Additional Tier 1 capital	0	
44	Additional Tier 1 capital (AT1) capital	0	
44 a	Additional Tier 1 capital (AT1) reckoned for capital adequacy	0	
45	Tier 1 capital (T1 = CET1 + Admissible AT1)	60657.2	
	Tier 2 capital: instruments and provisions		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	0	
47	Directly issued capital instruments subject to phase out from Tier 2	4200.0	i
48	Tier 2 instruments (and CET 1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	0	
49	Of which: instruments issued by subsidiaries subject to phase out	0	
50	Provisions	3007.2	f+j+k
51	Tier 2 capital before regulatory adjustments	7207.2	
	Tier 2 capital: regulatory adjustments		
52	Investments in own Tier 2 instruments	0	
53	Reciprocal cross-holdings in Tier 2 instruments	0	
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	0	
55	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	116.6	
56	National specific regulatory adjustments (56a+56b)	0	
56 a	Of which: Investments in the Tier 2 capital of unconsolidated subsidiaries	0	
56 b	Of which: Shortfall in Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	0	
	Regulatory adjustments applied to Tier 2 capital in respect of amounts subject to Pre-Basel III treatment	0	
	Of which: Type of Adjustment	0	
	Of which: Type of Adjustment	0	
57	Total regulatory adjustments to Tier 2 capital	116.6	
58	Tier 2 capital (T2)	7090.6	
58 a	Tier 2 capital reckoned for capital adequacy	7090.6	
58 b	Excess Additional Tier 1 capital reckoned as Tier 2 capital	0	
58 c	Total Tier 2 capital admissible for for capital adequacy	7090.6	
59	Total capital (TC = T1 + T2)	67747.8	

Sr No	Items	Amounts subject to pre-BaseI III treatment	Ref No:
	Risk Weighted Assets in respect of amounts subject to Pre-BaseI III Treatment		
	Of which --- (Insert type of adjustment)		
	Of which --- (Insert type of adjustment)		
60	Total Risk Weighted Assets (60a+60b+60c)	538883.0	
60 a	Of which: total credit risk weighted assets	458028.7	
60 b	Of which: total market risk weighted assets	30896.4	
60 c	Of which: total operational risk weighted assets	49957.9	
	Capital Ratios		
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	11.26%	
62	Tier 1 (as a percentage of risk weighted assets)	11.26%	
63	Total capital (as a percentage of risk weighted assets)	12.57%	
64	Institution specific buffer requirement (minimum CET 1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	5.50%	
65	Of which : capital conservation buffer requirement	Nil	
66	Of which : bank specific countercyclical buffer requirement	Nil	
67	of which: G-SIB buffer requirement	Nil	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	5.76%	
	National minima (if different from BaseI III)		
69	National Common Equity Tier 1 minimum ratio (if different from BaseI III minimum)	5.50%	
70	National Tier 1 minimum ratio (if different from BaseI III minimum)	7.00%	
71	National total capital minimum ratio (if different from BaseI III minimum)	9.00%	
	Amounts below the thresholds for deduction (before risk weighting)		
72	Non-significant investments in the capital of other financial entities	NA	
73	Significant investments in the common stock of financial entities	NA	
74	Mortgage servicing rights (net of related tax liability)	NA	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	NA	
	Applicable caps on the inclusion of provisions in Tier 2		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	2762.7	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	5725.3	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	NA	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	NA	
	Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)	NA	
80	Current cap on CET1 instruments subject to phase out arrangements	NA	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	NA	
82	Current cap on AT1 instruments subject to phase out arrangements	NA	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	NA	
84	Current cap on T2 instruments subject to phase out arrangements	4200	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	1800	

Notes to the Template

Amount in ₹ million

Row no: of the template	Particulars			
10	Deferred tax assets associated with accumulated losses	0.00		
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	0.00		
	Total as indicated in row 10			
19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold for deduction, the resultant increase in the capital of bank	NA		
	of which: Increase in Common Equity Tier 1 capital	NA		
	of which: Increase in Additional Tier 1 capital	NA		
	of which: Increase in Tier 2 capital	NA		
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	NA		
	(i) Increase in Common Equity Tier 1 capital	NA		
	(ii) Increase in risk weighted assets	NA		
44a	Excess Additional Tier 1 capital not reckoned for capital adequacy (difference between Additional Tier 1 capital as reported in row 44 and admissible Additional Tier 1 capital as reported in 44a)	NA		
	of which: Excess Additional Tier 1 capital which is considered as Tier 2 capital under row 58b	NA		
50	Eligible Provisions included in Tier 2 capital	3007.2		
	Eligible Revaluation Reserves included in Tier 2 capital	0.00		
	Total of row 50	3007.2		
58a	Excess Tier 2 capital not reckoned for capital adequacy (difference between Tier 2 capital as reported in row 58 and T2 as reported in 58a)	Nil		

Reconciliation of Regulatory Capital

Amount in ₹ million

	Balance sheet as in financial statements As on reporting date	Balance sheet under regulatory scope of consolidation As on reporting date
A Capital & Liabilities		
i Paid-up Capital	484.9	
Reserves & Surplus	60615.6	
Minority Interest		
Total Capital	61100.5	
ii Deposits	657561.9	
of which: Deposits from banks	59951.2	
of which: Customer deposits	597610.7	
of which: Other deposits (pl. specify)		
iii Borrowings	23396.7	
of which: From RBI		
of which: From banks	17166.7	
of which: From other institutions & agencies	230.0	
of which: Others (pl. specify)		

	Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Reference no:
Minority Interest			
	Total Capital	61100.5	
ii	Deposits	657561.9	
	Of which: deposits of banks	59951.2	
	of which: Customer deposits	597610.7	
	of which: Other deposits (pl. specify)		
iii	Borrowings	23396.7	
	of which: From RBI		
	of which: From banks	17166.7	
	of which: From other institutions & agencies	230.0	
	of which: Others (pl. specify)		
	of which: Capital instruments	6000.0	h
	Out of which eligible for inclusion in Tier II capital	4200.0	i
iv	Other Liabilities & Provisions	18795.4	
	of which: DTLs related to goodwill		
	of which: DTLs related to intangible assets		
	of which: Standard asset provision included under Tier II	2762.7	j
	of which: Provisions for contingencies included under Tier II	1.2	k
	Total	760854.5	
B	Assets		
i	Cash and balances with Reserve Bank of India	23730.6	
ii	Balance with banks and money at call and short notice	13607.1	
iii	Investments:	251242.9	
	Of which: Government securities	134546.7	
	of which: Other approved securities	69.6	
	of which: Shares	2316.5	
	of which: Debentures & Bonds	18551.2	
	of which: Subsidiaries	200.0	l
	Of which: Joint Ventures / Associates	456.7	
	of which: Others (Commercial Papers, Mutual Funds etc.)	95102.2	
iv	Loans and advances	445858.2	
	of which: Loans and advances to banks	492.1	
	of which: Loans and advances to customers	445366.1	
v	Fixed assets	6889.1	
vi	Other assets	19526.6	
	of which: Goodwill and intangible assets		m
	Out of which		
	Goodwill		
	Other Intangibles (excluding MSRs)		
	Deferred tax assets		n
vii	Goodwill on consolidation		
viii	Debit balance in Profit & Loss account		
	Total Assets	760854.5	

Main features of regulatory capital Instrument (Common Equity Tier I)

1	Issuer	Jammu & Kashmir Bank
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE 168A01041
3	Governing law(s) of the instrument	Applicable Indian statutes and regulatory requirements
	Regulatory treatment	
4	Transitional Basel III rules	Common Equity Tier 1
5	Post-transitional Basel III rules	Common Equity Tier 1
6	Eligible at solo/group/ group & solo	Solo & Group
7	Instrument type	Common Shares
8	Amount recognised in regulatory capital (Rs. in million, as of most recent reporting date)	₹ 484.9 million
9	Par value of instrument	₹ 1 per share
10	Accounting classification	Shareholders Equity
11	Original date of issuance	Various
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	Not Applicable
16	Subsequent call dates, if applicable	Not Applicable
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Not Applicable
18	Coupon rate and any related index	Not Applicable
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-Cumulative
23	Convertible or non-convertible	Not Applicable
24	If convertible, conversion trigger(s)	Not Applicable
25	If convertible, fully or partially	Not Applicable
26	If convertible, conversion rate	Not Applicable
27	If convertible, mandatory or optional conversion	Not Applicable
28	If convertible, specify instrument type convertible into	Not Applicable
29	If convertible, specify issuer of instrument it converts into	Not Applicable
30	Write-down feature	No
31	If write-down, write-down trigger(s)	Not Applicable
32	If write-down, full or partial	Not Applicable
33	If write-down, permanent or temporary	Not Applicable
34	If temporary write-down, description of write-up mechanism	Not Applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Not Applicable
36	Non-compliant transitioned features	Not Applicable
37	If yes, specify non-compliant features	Not Applicable

Main features of regulatory capital Instrument (Lower Tier II bonds of ₹ 6000 million)

1	Issuer	Jammu & Kashmir Bank
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE168A08012
3	Governing law(s) of the instrument	SEBI Regulations,2008
	Regulatory treatment	
4	Transitional Basel III rules	Tier 2
5	Post-transitional Basel III rules	Tier 2
6	Eligible at solo/group/ group & solo	Solo & Group
7	Instrument type	Tier 2 Debt Instruments
8	Amount recognised in regulatory capital (Rs. in million, as of most recent reporting date)	6000 million
9	Par value of instrument	₹ 1000000 per NCD
10	Accounting classification	Liability
11	Original date of issuance	30/12/2009
12	Perpetual or dated	Dated
13	Original maturity date	30/12/2019
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	9%
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-Cummulative
23	Convertible or non-convertible	Non-Convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	No
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

Annexure-A

Industry-wise Deployment of Credit and Investment Exposures

		Amount in ₹ million
S.No	Industry	Amount
1	Mining and quarrying (including Coal)	3016.0
2	Food Processing	12852.0
	Out of 2	
	Sugar	338.9
	Edible oils & Vanaspati	1039.5
	Tea	1.6
	Others	11472.0
3	Beverage & tobacco	1.0
4	Textiles	14936.6
	Out of 4	
	Cotton Textiles	2205.9
	Jute Textiles	87.8
	Man - Made Textiles	4331.9
	Other Textiles	8311.0
5	Leather & Leather Products	1123.2
6	Wood & Wood Products	620.4
7	Paper & Paper Products	1209.9
8	Petroleum, Coal Products and Nuclear fuels	2723.0
9	Chemicals and Chemical Products	7335.0
	Out of 9	
	Fertiliser	75.1
	Drugs & Pharmaceuticals	1377.0
	Petro Chemicals	4423.8
	Others	1459.1
10	Rubber, Plastic & their Products	3237.6
11	Glass and Glassware	10.8
12	Cement and Cement Products	8697.7
13	Basic Metal and Metal Products	26520.6
	Out of 13	
	Iron & Steel	24713.2
	Other Metal & Metal Products	1807.4
14	All Engineering	4354.1
	Out of 14	
	Electronics	1354.2
	Others	2999.9
15	Vehicles, Vehicle Parts and Transport equipment	937.7
16	Gems and Jewellery	1571.8
17	Construction	2024.9
18	Infrastructure	63246.3
	Out of 18	
	Power	33242.3
	Telecommunication	8561.7
	Roads & Ports	6259.1
	Other Infrastructure	15183.2
19	Other Industries	3190.7
	Total Industry (Micro & Small, Medium and Large)	157609.3

Annexure -B

Residual contractual maturity of assets as on 31.03.2015

Amount in ₹ million

INFLOWS	Next day	2 to 7 days	8 to 14 days	15 to 28 days	29 Days & upto 3 months	Over 3 Months & upto 6 months	Over 6 Months & upto 1 year	Over 1 Year & upto 3 years.	Over 3 Years & upto 5 years.	Over 5 years	Total
1. Cash	2693.8	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2693.8
2. Balance with RBI	0.00	0.00	0.00	1021.7	1286.1	889.7	2384.9	9066.4	5805.9	582.2	21036.8
3. Balance with other Banks											
(I) Current Account	371.7	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	371.7
(ii) Money at call and short notice, term Deposits and other placements	9445.4	0.00	500.0	1750.0	1540.0	0.00	0.00	0.00	0.00	0.00	13235.4
4. Investments	0.00	1862.0	5240.4	8470.3	53728.1	16438.4	22175.0	35999.8	39918.2	64898.4	248730.6
5. Advances (performing)											
(I) Bills purchased & Discounted (including bills under DUPN)	58.2	349.3	407.5	1262.8	3785.0	2032.4	0.00	0.00	0.00	0.00	7895.2
(ii) Cash credits, overdrafts & Loans repayable on demand	500.0	1750.0	1750.0	1750.0	1750.0	2500.0	17981.2	111924.4	0.00	0.00	139905.6
(iii) Term Loans	130.2	2488.9	3565.4	5256.1	17872.8	18777.0	36042.2	101836.4	61101.0	35767.4	282837.3
(iv) Prepayment of Term Loans	204.1	1224.4	1428.5	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2856.9
6. NPAs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10460.0	4415.6	14875.6
7. Fixed Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6889.1	6889.1
8. Other Assets											
(I) Inter -office adjustment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii) Leased Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iii) Others (Tangible Assets)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9. Reverse Repos	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
10. Swaps (Sell/Buy)/	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11. Expected Increase in Deposits.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12. Interest receivable/ Accrued but not due	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13. L.C./B.G (Inflows)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14. Export Refinance from RBI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15. Others (Specify)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	19526.6	19526.6
C. TOTAL INFLOWS	13403.4	7674.6	12891.7	19510.9	79962.1	40637.5	78583.2	258827.0	117285.1	132079.2	760854.5

Report on Corporate Governance

J&K Bank has been committed to all the basic tenets of good Corporate Governance well before the Securities and Exchange Board of India and the Stock Exchanges pursuant to Clause 49 of the Listing Agreement mandated these. Now, it is our endeavour to go beyond the letter of Corporate Governance codes and apply it innovatively in a more meaningful manner, thereby making it relevant to the organization that is operating in a specific environment. In line with its vision, J&K Bank wants to use Corporate Governance innovatively in a transitional economy like Jammu and Kashmir. The Bank wants to use Corporate Governance as an instrument of economic and social transformation. In due course, we would set our self-targets of social and economic reporting as a part of annual disclosures. This will help us conceptualize and contextualise the form and content of Corporate Governance in a developing state. Given the fact that J&K Bank is and is seen as a great success of “public-private partnership”, your Bank as a business is expected to play a role in social transformation of the economy. This lends urgency to implementation of good governance practices which go beyond the Corporate Governance code.

We, as the prime corporation of Jammu and Kashmir, have a focused interest in making the state a safe place for business. J&K Bank has a key role to play in providing public and private services, financial infrastructure and employment. As such, the efficiency and accountability of the corporation is a matter of both private and public interest and governance, therefore, comes at the top of the agenda. The fact that the bank is state owned but professionally managed, having a large size of international investors, governance is critical. For us, Corporate Governance is concerned with the systems of laws, regulations and practices, which will promote enterprise, ensure accountability and trigger performance. The J&K Bank, for one, stands for being more accountable, practice self policing and make financial transactions transparent and constitutional.

VISION

“To catalyse economic transformation and capitalise on growth”.

Our vision is to engender and catalyse economic transformation of Jammu and Kashmir and capitalise from the growth induced financial prosperity thus engineered. The Bank aspires to make Jammu and Kashmir the most prosperous state in the country, by helping create a new financial architecture for the J&K economy, at the center of which will be the J&K Bank. At the same time we want to expand our existing network in other states of the country which offer better potential for Banking.

MISSION

Our mission is two-fold: To provide the people of J&K international quality financial service and solutions and to be a super-specialist Bank in the rest of the country. The two together will make us the most profitable Bank in the country.

BOARD OF DIRECTORS

The responsibility for good governance rests on the Corporate Board which has the primary duty of ensuring that principles of Corporate Governance, both as imbibed in law and regulations and those expected by stakeholders, are religiously and voluntarily complied with and the stakeholder’s interests are kept at utmost high level.

COMPOSITION

The Bank’s Board of Directors comprises a judicious mix of Executive, Non-Executive and Independent Directors as per the Corporate Governance requirements. Appreciating the fact that Board Composition is key to Corporate Governance, the Board of Directors of your Bank consists of eminent persons with considerable professional experience and expertise in Banking, Finance, Economics, Industry, Law etc., combining their wide ranging experiences to impart values and provide direction to Bank’s development.

Your Board is professional and an active Board which meets frequently during the year to chart out policies and practices. The present strength of the Board is ten comprising of Chairman, six Non- Executive Directors and three Independent Directors.

FUNCTIONS OF THE BOARD

Your Bank’s Board plays a pivotal role in ensuring good governance. Its style of functioning is democratic. The Members of the Board have always had complete freedom to express their opinion and decisions are taken on the basis of a consensus arrived at after detailed discussion. The members are also free to bring up any matter for discussion at Board Meetings with the permission of Chairman.

The day-to-day management of the Bank is conducted by the Chairman & CEO, subject to the supervision and control of the Board of Directors. The functions performed by the Board of the Bank for efficient and effective utilisation of resources at their disposal to achieve the goals visualized, inter-alia, include setting Corporate Missions, laying down Corporate Philosophy, formulation of Strategic and other Business Plans, laying down of Control Measures and compliance with Laws and Regulations.

BOARD PROCEDURE

All the major issues included in the agenda for discussion in the Board, are backed by comprehensive background information to enable the Board to take informed decisions. Agenda papers are generally circulated seven working days prior to the meeting of the Board. Also, the Board agenda contains the Compliance Report of all the decisions taken at the previous Board Meeting. The Members of the Board exercise due diligence in performance of the functions as Directors of the Bank and follow highest degree of business ethics, transparent practices and code of good governance amidst cordial environment.

FREQUENCY OF BOARD MEETINGS

During the year under review, eleven Board Meetings were held, in due compliance with statutory provisions, on the following dates:

15.05.2014; 12.06.2014; 14.07.2014; 04.08.2014; 13.08.2014; 25.08.2014; 09.10.2014; 12.11.2014; 22.12.2014; 07.02.2015; 17.03.2015

ATTENDANCE AT BOARD MEETINGS

Following table provides a bird's eye view of participation of Directors in Board Meetings and last Annual General Meeting.

Financial Year 2014-15		Attendance at Board Meetings			
Name of Director	Category of Director	Meetings during the tenure	Meetings Attended	Percentage	Whether Attended AGM held on 02-08-2014
Mr. Mushtaq Ahmad	Chairman & CEO	11	11	100%	Yes
Mr. B. B. Vyas, IAS	Non Executive Non Independent Director	11	6	55%	Yes
Mr. Harinarayan Iyer (Up to 31st Oct. 2014)	Non Executive RBI Nominee Director	7	6	86%	No
Mr. D. K. Meena (Appointed from 01.11.2014 to 25.11.2014)	Non Executive RBI Nominee Director	1	0	-	NA
Mr. N. P. Topno (Appointed from 26.11.2014 to 12.03.2015)	Non Executive RBI Nominee Director	2	0	-	NA
Mr. J. P. Sharma (w.e.f 12.03.2015)	Non Executive RBI Nominee Director	1	1	100%	NA
Mr. M.I. Shahdad	Non Executive Rotational Director	11	10	91%	Yes
Prof. Nisar Ali	Non Executive Rotational Director	11	7	64%	Yes
Mr. A.M. Matto	Non Executive Rotational Director	11	9	82%	Yes
Mr. R. K. Gupta (Re-appointed on 02-08-2014)	Non Executive Rotational Director	11	11	100%	Yes
Mr. Nihal C. Garware (up to 23-12-2014)	Additional Director	9	7	78%	Yes
Mr. Vikrant Kuthiala (Appointed on 02-08-2014)	Non Executive Independent Director	11	10	91%	Yes
Mr. Dalip Kumar Kaul (Appointed on 02-08-2014)	Non Executive Independent Director	8	8	100%	Yes
Mr. Khaver Alam Jeelani (Appointed on 02-08-2014)	Non Executive Independent Director	8	7	88%	Yes

BRIEF PROFILE OF DIRECTORS

J&K Bank's diverse and rich culture is abundantly evident in its Board Members, who provide direction to the Bank in order to achieve its vision. A brief profile of our eminent Board Members is as under:

Mr. Mushtaq Ahmad

Mr. Mushtaq Ahmad, Chairman & Chief Executive Officer of the Bank, has more than 42 years of experience in banking. Mr. Mushtaq Ahmad joined the Bank in the year 1972 as Probationary Officer and during his banking career he has held various important and senior positions in the Bank as a part of Corporate Management Team. He has practical experience in the field of Finance, Corporate and Retail Banking, Treasury & Investment Management, International Banking, Liability & Risk Management and General Administration/ HRD.

Mr. B. B. Vyas, IAS

Mr. Bharat Bushan Vyas belongs to the 1986 batch of Indian Administrative Service. During his probation, he was awarded a Gold Medal by Lal Bahadur Shastri National Academy of Administration, Mussoorie for best all round performance.

Mr. Vyas has held several distinguished positions both in State and Central Governments. In the Government of J&K, Mr. Vyas worked as District Magistrate/Deputy Commissioner of Poonch, Udhampur districts. In his land mark tenure as Deputy Commissioner, Srinagar for nearly three years, in extremely challenging circumstances, he supervised the conduct of both the Parliamentary and State Assembly elections in 1996 in Srinagar district.

He was awarded the State Government's Medal for the high degree of commitment demonstrated by him. In his subsequent assignment as Divisional Commissioner, Kashmir, he managed the relief and rehabilitation response to the earthquake of 2005. He was bestowed with "Prime Minister's Award for Excellence in Public Administration" for the year 2006-07 for this extraordinary performance.

In Central Government, as Deputy Secretary in Banking Division of Union Ministry of Finance, he played a lead role in the recapitalisation of Regional Rural Banks (RRBs) and restructuring of Co-operative Credit institutional framework in the country. Mr Vyas has also served as Government Nominee Director on the Board of Directors of UCO Bank, where he was involved in the formulation and implementation of Strategic Revival Plan, paving the way for the turnaround of the Bank. He also served as Director with State Bank of Bikaner and Jaipur (SBBJ) and Deposit Insurance and Credit Guarantee Corporation (DICGC). Mr Vyas also served as Secretary to the Union Finance Minister during 2000-2002.

Mr. Vyas in his ex-officio capacity of Finance Secretary is Director on the Board of Directors of about 22 State PSEs including the J&K Bank and is also a Member on the Council and other various Committees of the four state Universities as also of the State Board of School Education. In view of his extensive exposure in the field of finances, he has been recently nominated as Member on the finance committees of both the Central Universities at Srinagar and Jammu in his personal capacity.

Mr. Vyas has traveled extensively across the world and has also served for three years in United Nations Development Programme (UNDP), overseeing "livelihood-based" projects. Mr B. B. Vyas has worked as Principal Secretary, Planning and Development Department and Finance Department during the period 2006-13 and is presently working as Principal Secretary to Hon'ble Chief Minister, J&K State and also as Principal Secretary Finance in the Government of J&K. Mr. Vyas has also been awarded the Chief Minister's Gold Medal for Honesty, Integrity and Meritorious Public Service for the year 2007. He was awarded for the second time, "Prime Minister's Award for Excellence in Public Administration" for the year 2010-11 for valuable contribution in conduct of Panchayat elections.

Mr. J P Sharma

Mr. J. P. Sharma, General Manager, Human Resources Management Department, Reserve Bank of India, Jaipur holds a Master's Degree in Chemistry and CAIIB. Mr. J. P. Sharma is a career Banker with 23 years of Central Banking experience, in the fields of Supervision of Commercial Banks, Co-operative Banks, NBFCs, and Currency Management etc.

Mr. Mohammad Ibrahim Shahdad

Mr. M. I. Shahdad is a holder of Master's Degree in Economics and LLB from Aligarh Muslim University. He started his professional carrier in 1963 and practiced Law in J&K High Court for a period of more than 10 years and thereafter started his own manufacturing and export business specializing in Kashmir Handicrafts. Mr. Shahdad has made significant contribution to Commerce & Industry by being associated with Kashmir Chamber of Commerce & industry in the capacity of President and other prominent positions. He was awarded the lifetime achievement award by Kashmir Chamber of Commerce & industry in the year 2006-2007. Mr. Shahdad has also remained on the board of IDBI for the period of 3 years as a member from North zone.

Mr. M. I. Shahdad has had a long association with J&K Bank as Director, during which he has made valuable contribution and provided tremendous value addition to the organization.

Mr. Vikrant Kuthiala

Mr. Vikrant Kuthiala is B.com (Hons.) from Hindu College, Delhi University. He is a prominent Businessman from Jammu with interests in Hospitality, Educational and Hydel projects. He is the Chairman, J&K State Committee of PHD Chamber of Commerce and Industry, New Delhi; Executive Committee Member of Indian Institute of Public Administration, Regional Branch, Jammu; National Executive Committee Member Mayo College Old Boys Society, Ajmer; President Mayo Old Boys Association, Jammu. Executive Committee Member, Jammu Chamber of Commerce & Industry. He is also a Member of India Islamic Cultural Centre, New Delhi and INTACH, J&K Chapter, Jammu.

Prof. Nisar Ali

Professor Nisar Ali did his B.A (Hon's) in Economics from University of Kashmir in 1970, M.A in Economics from Delhi School of Economics, University of Delhi and M.Phil and Ph.D from Osmania University, Hyderabad. He completed successfully six training courses at National Institute of Rural Development, Hyderabad and Indian Institute of Science, Bangalore.

He has over 60 research publications in national and international research Journals which include few books. There are over 100 research papers which he presented at national, international and state level seminars/ conferences in the country and abroad.

He has held various positions in the University of Kashmir during 38 years of uninterrupted career which include Head, Department of Economics, Head, Media Education Research Centre, Director Population Research Centre, Director, Centre for Energy Studies, Dean Faculty of Social Sciences, Dean, College Development Council, Coordinator/Director NAAC and Acting Vice-Chancellor (in the absence of Vice-Chancellor) during 2007-09.

He has been associated with development planning of State and budget making process. He was Member of various Working Groups constituted by the Government from 5th five year plan to 10th five year plan. He has been member of various High Power Committees of J&K Government and continues to be member of Technical Advisory Committee, Planning and Development.

He is member of various national level committees and statutory bodies of various Universities in the country. He continues to be a Resource Person of various national level institutions including Staff Selection Commission, Govt. of India and UPSC, Academic Staff Colleges in the country and IMPA (J&K). He has been assessor for central allied services and Indian Economic Service conducted by UPSC.

He has also been at Institute of Economics of Hungarian Academy of Sciences, and University of Economic Sciences, Budapest, International Institute of Economics, former Belgrade, Yugoslavia, Central School of Statistics and Planning (SGPI), Poland, University of Berlin, George Washington University, Kansas University, Duke University, Park University, Chicago University, North Collins University, USA. His visits abroad also include Rome, Austria, Sri Lanka, Bangladesh, Pakistan and Maldives for academic pursuits and international policy issues.

He has also been engaged in Indo-Pak peace process and made presentations in the country and abroad. He has been Member of J&K State Finance Commission 2007-10, J&K Government and is presently Director on the Board of State Finance Corporation, J&K Government for six years. He has assessed more than 160 higher learning education institutions including Universities in the country as Chairperson/Member Secretary of the national team on behalf of NAAC/UGC. He has been Advisor Higher Education, J&K Government during 2013. Presently, he is Member of SIT Research Project of Five Country partnership (Poland, Russia, Italy, Norway and India) under FP 7 Mari Curie Action People, 2013-15, sponsored by European Union, Brussels.

Mr. Abdul Majid Matto

Mr. A. M. Matto is a Graduate in Commerce and World Explorer. He is a high silhouette Businessman having his interests in the manufacture and export of Kashmir Handicrafts. He has made significant contribution to Commerce & Industry by being associated with Kashmir Chamber of Commerce & Industry in the capacity of President and other prominent positions. Mr. A. M. Matto has had a long association with the Bank as Director, during which he has made valuable contribution to the Institution with his rich and varied experiences.

Mr. R.K. Gupta

Mr. R.K. Gupta, aged 53 years, is a professional Chartered Accountant with 29 years standing, possessing skill in Finance, Taxation, Auditing and Corporate Legal Affairs. He started his professional career with M/s Gupta Gupta & Associates in January 1986 and heads this renowned firm of Chartered Accountants since then. Mr. Gupta remained in Executive Committee of the Jammu & Kashmir Branch of the Institute of Chartered Accountants of India for three terms 1991-1994; 1994-1998 and 2006-2009. During these three terms he represented the Branch as its Treasurer, Secretary, Vice Chairman and Chairman. Mr. Gupta has been member of Tax Payers Committee of this Region. He has also been member of Research Committee & Direct Tax Committee of the Institute of Chartered Accountants of India. He is also empanelled as Peer Reviewer with Peer Review Board of ICAI. Having authored various articles, Mr. Gupta has to his credit published Articles in the Chartered Accountants Journal and also in Current Tax.Com on the issue of Taxation and Accounting Standards. Mr. Gupta has been Guest Speaker on many occasions for various Seminars and study Circle meets of the Chartered Accountants & others. Mr. Gupta is a member of Taxation Advisory Committee of the Chamber of Commerce & Industry, Jammu. In view of his interest in social activities and sports, Mr. Gupta is also a member of Finance Committee of Prestigious Social Club. Mr. Gupta has been nominated as PATRON of Akhil Bhartiya Mahajan Shiromani Sabha and also worked on faculty of Business Studies by Vice-Chancellor of Jammu University for the triennial period of 2009-2012. Presently Mr Gupta is also a member of Board Of Studies at Parade College for Women an Autonomous College of State.

Mr. Dalip Kumar Kaul

Mr. Dalip Kumar Kaul is a Managing Partner of Baweja & Kaul, a firm of Chartered Accountants. He has an experience of over 32 years across audit, tax, risk, assurance and advisory. He is a Fellow Member of the Institute of Chartered Accountants of India (ICAI) and has a Bachelor's Degree in Commerce (Honours) and LLB from University of Delhi. He also has a Master's Degree in Business Administration (Finance) and has specialized in Merchant Banking, Risk Management, Treasury and International Finance. He has also undertaken a Certificate Course on Valuation.

Presently Mr. Dalip Kumar Kaul is a member of Executive Committee of J&K Branch of NIRC of ICAI. He was also Chairman of J&K Branch of NIRC of ICAI for the year 2013-14. He is also Peer Reviewer on the panel of reviewers maintained by the Peer Review Board of ICAI. He is also a Member of Kashmir Education Cultural and Science Society, New Delhi. He was Member- (Finance Committee) Sports and Cultural Club, Noida and Chairman- Commerce Advisory Board, SGTB Khalsa College, University Of Delhi. Mr. Dalip K Kaul was also Special Invitee Member- Committee on Banking, Insurance & Pension of ICAI. He has also been conferred with the prestigious Gaurav Samman by the Kashmiri Samiti, New Delhi

Mr. Khaver Alam Jeelani

Mr. Khaver Alam Jeelani, aged 36, is CEO of Hotel Highlands Park, Gulmarg. Prior to this he was associated with Morgan Stanley Investment Management (London) from the year 2002 to 2007. He has represented Morgan Stanley at the European Fund Categorization Forum (EFCF), a working group of the European Fund and Asset Management Association (EFAMA). Mr. Jeelani is holding degrees of B.A. Hons in Industrial Economics from the University of Nottingham (Business School) and M.Sc in Economics and Finance from the University of Warwick (Warwick Business School). He is also an Associate of Securities Institute (UK). His interests vary from Sports to travel. He has achieved a Grade 3 in fencing (foil) awarded by the British Fencing Association and has travelled extensively to UK, Switzerland, Singapore, Parts of Indonesia, Thailand, France, Spain, Germany, Norway, Canada and the US.

Disclosures

The Board of your Company has in all its endeavour ensured that true and fair disclosures are made to its constituents through various publications regarding plans, strategies and performance. The Board is pleased to disclose that:

1. The Executive Management of Bank regularly places various reviews before the Board on the performance of the Bank so as to enable it to exercise effective control and check over the working of the Bank.
2. Bank has not entered into any materially significant transaction with its Directors, Management or with their Relatives, other than the normal course of business of the Bank.
3. The Bank is compliant with the Provisions of the Companies Act, 2013 and rules made there under and Clause 49 of the listing agreement with reference to the appointment of Directors on the Board of the Bank.
4. The Bank did not enter into any material related party transaction with its Directors or Management or their Relatives that would potentially conflict with and adversely affect interests of the Bank.
5. The Independent and Rotational Directors did not incur any disqualification under Section 164 (2) of the Companies Act, 2013 or under any other law applicable to the Bank as on 31st March, 2015.
6. None of the Directors of the Bank are holding positions as Member in more than ten committees or act as Chairman of more than five Audit Committees and the Stakeholders' Relationship Committees across all companies in which he is a director.
7. The Bank has complied with Corporate Governance norms as stipulated by the SEBI except the appointment of a women Director.
8. The Bank has complied with all applicable accounting standards and related RBI guidelines.

DIRECTORSHIP IN OTHER COMPANIES

The Directors of the Bank also hold positions as Directors in other Companies as per details furnished hereunder:

Mr. Mushtaq Ahmad

Director: JKB Financial Services Ltd., wholly owned subsidiary of The Jammu & Kashmir Bank Limited.

Mr. B. B. Vyas, IAS

J&K State Financial Corporation; J&K Development Finance Corporation; J&K Minerals Ltd.; J&K Industries Ltd.; J&K SIDCO; J&K SICOP; J&K Handicrafts (S&E) Dev. Corporation; J&K Handloom Development Corporation; J&K Khadi & Village Industries Board; J&K Cements Ltd; J&K Police Housing Corporation; J&K HPMC Ltd.; J&K Agro Industries Dev. Corp.; J&K Cable Car Corp; J&K Tourism Development Corp; J&K Women Development Corp; J&K Forest Development Corp; J&K PCC Ltd; J&K SRTC Ltd; J&K Medical Supplies Corp. Ltd; J&K SC, ST & OBC Dev. Corp.

Mr. Vikrant Kuthiala

Director: R.B. Jodhamal & Co. Pvt. Ltd; R.B. Jodhamal Industries Pvt. Ltd; R.B. Jodhamal Vidyut Ltd.; R.B. Jodhamal Bishan Lal Hotels & Resorts Pvt. Ltd.

MEMBERSHIP OF COMMITTEES OF OTHER COMPANIES

Name of Director	Membership of Committees of other Companies
Mr. Mushtaq Ahmad	Nil
Mr. B. B. Vyas, IAS	Nil
Mr. J. P. Sharma	Nil
Mr. M. I. Shahdad	Nil
Prof. Nisar Ali	Nil
Mr. A. M. Matto	Nil
Mr. Vikrant Kuthiala	Nil
Mr. R. K. Gupta	Nil
Mr. Dilap Kumar Kaul	Nil
Mr. Khaver Alam Jeelani	Nil

COMMITTEES OF THE BOARD

The Board of Directors of your Company has constituted several Committees of the Board to take decisions on matters requiring special focus. The role and functions of the main Committees of the Board is described hereunder:

AUDIT COMMITTEE**Role and Function**

Bank has constituted an Audit Committee of the Board (ACB) comprising of 5 Non-Executive Directors. The main functions of the Audit Committee are to assess and review the financial reporting system of the Bank, to ensure that the Financial Statements of the Bank are correct, sufficient and credible. It addresses itself to matters pertaining to adequacy of internal controls, reliability of financial statements / other management information, adequacy of provisions, whether the audit tests are appropriate and scientifically carried out. It follows up on all issues raised in the Long Form Audit Report and interacts with External Auditors before finalisation of Annual Financial Accounts and Reports focusing primarily on accounting policies and practices, major accounting entries and compliance with the Accounting Standards. The Committee also reviews the adequacy of Internal Control System and holds discussions with Internal Auditors / Inspectors on any significant finding and follow up action thereon. It also reviews the financial and risk management policies of the Bank and evaluates the findings of any internal investigation where there is any suspected fraud or irregularity or failure of Internal Control System of material nature and reports to the Board. ACB also focuses on the follow-up of inter-branch adjustment accounts and other major areas of Balancing of Books and House Keeping.

Composition, Meetings and Attendance

The Audit Committee of the Board consists of:	
Mr. R. K. Gupta	(Chairman-ACB)
Mr. Vikrant Kuthiala	(Member)
Mr. A. M. Matto	(Member)
Mr. Dalip Kumar Kaul	(Member)
Mr. Khaver Alam Jeelani	(Member)

The Audit Committee met Fifteen times during the year in due compliance with Companies Act, 2013, RBI guidelines and Listing Agreement requirements, on the following dates:

14.05.2014; 15.05.2014; 12.06.2014; 27.06.2014; 12.08.2014; 12.08.2014; 26.08.2014; 3.11.2014; 12.11.2014; 21.12.2014; 06.02.2015; 06.02.2015; 07.02.2015; 08.02.2015; 16.03.2015

These meetings were attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	% of Attendance
Mr. R. K. Gupta	15	15	100%
Mr. Vikrant Kuthiala	15	14	93%
Prof. Nisar Ali (upto 26.08.2014)	7	6	86%
Mr. A. M. Matto	15	10	67%
Mr. Dalip Kumar Kaul (from 12.08.2014)	11	11	100%
Mr. Khaver Alam Jeelani (From 12.11.2014)	7	7	100%

MANAGEMENT COMMITTEE

Role and Function

The Management Committee of the Board considers various business matters of material significance like sanctioning of loan proposals, compromise / write-off cases, sanction of capital and revenue expenditures, etc.

Composition, Meetings and Attendance The Committee consists of:

Mr. Mushtaq Ahmad	(Chairman)
Mr. M. I. Shahdad	(Member)
Mr. Vikrant Kuthiala	(Member)
Mr. R. K. Gupta	(Member)
Mr. Dalip Kumar Kaul	(Member)
Mr. Khaver Alam Jeelani	(Member)

The Management Committee met Seven times during the year on the following dates:

15.05.2014; 12.06.2014; 13.08.2014; 25.08.2014; 22.12.2014; 07.02.2015; 17.03.2015

These meetings were attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	% of Attendance
Mr. Mushtaq Ahmad	7	7	100%
Mr. M. I. Shahdad	7	7	100%
Mr. Vikrant Kuthiala	7	6	86%
Mr. R. K. Gupta	7	7	100%
Mr. Dalip Kumar Kaul	3	3	100%
Mr. Khaver Alam Jeelani	3	2	67%
Mr. A. M. Matto (upto 22.12.2014)	5	4	80%
Mr. Nihal C Garware Upto 23-12-2014)	5	4	80%

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Role and Function

Corporate Social Responsibility Committee has been constituted pursuant to Section 135 of Companies Act, 2013 read with Clause 49 of the Listing agreement to :

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Bank as specified in Schedule VII;
- Recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and

(c) Monitor the Corporate Social Responsibility Policy of the Bank from time to time.

Composition, Meetings and Attendance The Committee consists of:

Mr. Mushtaq Ahmad	(Chairman)
Mr. A. M. Matto	(Member)
Mr. Vikrant Kuthiala	(Member)

The Corporate Social Responsibility Committee met three times during the year on the following dates; 12.06.2014; 26.08.2014 and 17.03.2015.

These meetings were attended by the Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	% of Attendance
Mushtaq Ahmad	3	3	100%
A.M.Matto	3	2	67%
Vikrant Kuthiala	3	3	100%
Mr. Nihal C Garware (upto 23-12-2014)	2	2	100%

INTEGRATED RISK MANAGEMENT COMMITTEE

Role and Function

Bank has constituted an Integrated Risk Management Committee to manage market risk, credit risk and operational risk in an integrated and efficient manner and the Committee performs the following essential functions:

- Identify, monitor and measure the risk profile of the Bank.
- Develop policies and procedures, verify the models that are used for pricing complex products and also identify new risks.
- Develop policies that clearly spell out the quantitative prudential limits on various segments of Bank's operations.
- Effectively communicate the risk strategy and policies throughout the organization.

Composition, Meetings and Attendance The Committee consists of:

Mr. Mushtaq Ahmad	(Chairman)
Prof. Nisar Ali	(Member)
Mr. R. K. Gupta	(Member)
Mr. Dalip Kumar Kaul	(Member)
Mr. Khaver Alam Jeelani	(Member)

The Integrated Risk Management Committee met four times during the year on the following dates. 15.05.2014; 26.08.2014; 22.12.2014; 17.03.2015

These meetings were attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	% of Attendance
Mr. Mushtaq Ahmad	4	4	100%
Prof. Nisar Ali	4	3	75%
Mr. R. K. Gupta	4	4	100%
Mr. A. M. Matto (upto 26.08.2014)	2	2	100%
Mr. Dalip Kumar Kaul (from 22.12.2014)	2	2	100%
Mr. Khaver Alam Jeelani (from 22.12.2014)	2	1	50%

NOMINATION & REMUNERATION COMMITTEE

Bank has constituted the Nomination & Remuneration Committee of the Board pursuant to the requirements of the Reserve Bank of India and the Companies Act, 2013.

Role & Functions:

- Ensure effective governance of compensation.
- Ensure effective alignment of compensation with prudent risk taking.
- Ensure effective supervisory oversight and engagement by stakeholders.
- Comply with the regulatory directives whereby all Private Sector Banks are required to formulate and adopt a comprehensive compensation policy covering all their employees and conduct annual review thereof.
- Identify persons who are qualified and may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal.
- Recommend to the Board a policy, relating to the remuneration for directors the key managerial personnel and other employees.
- Formulate the policy which inter alia shall ensure that :
 - (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Key Management Personnel and other employees of the company;
 - (b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - (c) Remuneration to key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Composition, Meetings and Attendance

The Committee consists of:

Mr. A. M. Matto	(Chairman)
Mr. Vikrant kuthiala	(Member)
Mr. Dalip Kumar Kaul	(Member)

The Remuneration & Nomination Committee met Twice during the year on 21.12.2014 & 16.03.2015. This meeting was attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	% of Attendance
Mr. A. M. Matto	2	1	50 %
Mr. Vikrant kuthiala	2	1	50 %
Mr. Dalip Kumar Kaul	2	2	100 %
Mr. Nihal C Garware (upto 23.12.2014)	1	1	100 %

REMUNERATION COMMITTEE (upto 15-10-2014)

Bank has constituted the Remuneration Committee of the Board pursuant to the requirements of the Reserve Bank of India to

- Ensure effective governance of compensation.
- Ensure effective alignment of compensation with prudent risk taking.
- Ensure effective supervisory oversight and engagement by stakeholders.
- Comply with the regulatory directives whereby all Private Sector Banks are required to formulate and adopt a comprehensive compensation policy covering all their employees and conduct annual review thereof.
- Attract, develop and retain high-performing and motivated employees.

Composition

The Committee consists of:

Mr. Mushtaq Ahmad	(Chairman)
Mr. A. M. Matto	(Member)
Mr. R. K. Gupta	(Member)
Mr. Nihal C. Garware	(Member)

SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE (upto 15-10-2014)**Role and Function**

- The Bank has constituted a Committee designated as Shareholders Investors Grievance Committee which looks into redressing of Shareholders and Investors Complaints.
- All Shareholders' / Investors' Grievances / Correspondence were expeditiously attended to and the replies sent generally within a period of 7 days of receipt. No share transfer beyond 30 days was pending as on 31st March, 2015.
- All requests for dematerialization of shares are likewise processed and confirmation communicated to Investors and Depository Participants within five working days.

Composition, Meetings and Attendance**Shareholders / Investors Grievance Committee consist of:**

Mr. M. I. Shahdad	(Chairman-SIRC)
Prof. Nisar Ali	(Member)
Mr. R. K. Gupta	(Member)

Shareholders / Investors Grievance Committee met three times during the year before its reorganization on the following dates.
15.05.2014; 12.06.2014; 26.08.2014

These meetings were attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	% of Attendance
Mr. M. I. Shahdad	3	3	100%
Prof. Nisar Ali	3	2	67%
Mr. R. K. Gupta	3	3	100 %

STAKE HOLDERS RELATIONSHIP COMMITTEE (w.e.f 15-10-2015)

The Bank Constituted "Stakeholders Relationship Committee" pursuant to the provisions of the Companies Act, 2012 and the Listing Agreement entered into by the Bank with the stock exchange.

Role and Function

- To look into redressing of complaints of Shareholders, Investors and other Stakeholders of the Bank.
- All Shareholders' / Investors' Grievances / Correspondence were expeditiously attended to and the replies sent generally within a period of 7 days of receipt. No share transfer beyond 30 days was pending as on 31st March, 2015.
- All requests for dematerialization of shares are likewise processed and confirmation communicated to Investors and Depository Participants within five working days.
- During the year 1146 service requests / complaints were received and all these service requests / complaints stand redressed.

The status of investors' / shareholders' service requests / grievances received during the year under report is as follows:

S.No.	PARTICULARS	RECEIVED	DISPOSED	PENDING
1	Change / Correction of the Address	141	141	0
2	Correction of the name on the Share Certificate	28	28	0
3	Intimation of Bank Mandate / NECS Mandate	373	373	0
4	Non receipt of Share Certificate	3	3	0
5	Loss of Share Certificates and request for issue of Duplicate share Certificate(s)	57	57	0
6	Deletion/ inclusion of Joint name and Transmission	76	76	0
7	Non receipt of share Certificate after transfer (NRSCAT)	1	1	0
8	Correspondence/ query relating to NSDL Operation	5	5	0
9	Non receipt of Dividend Warrants (NRDW)	71	71	0
10	Correction of Bank Mandate / name of Dividend warrants	5	5	0
11	Receipt of Dividend warrants for Revalidation	32	32	0
12	Receipt of Indemnity bond for issue of duplicate dividend warrants	7	7	0

S.No.	PARTICULARS	RECEIVED	DISPOSED	PENDING
13	Intimation of the Nomination form details	319	319	0
14	Letter from SEBI/Stock Exchanges	2	2	0
15	Legal Cases / Cases before Consumer Forums	0	0	0
16	Others (fully Paid Stickers, Annual Reports etc)	26	26	0
	TOTAL	1146	1146	

Composition, Meetings and Attendance

Stakeholders Relationship Committee consists of:

Mr. M. I. Shahdad	(Chairman-SIRC)
Prof. Nisar Ali	(Member)
Mr. R. K. Gupta	(Member)

Stakeholders Relationship Committee met two times during the year on the following dates.
21.12.2014; 16.03.2015

These meetings were attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	% of Attendance
Mr. M. I. Shahdad	2	2	100%
Prof. Nisar Ali	2	1	50%
Mr. R. K. Gupta	2	2	100 %

MONITORING OF LARGE VALUE FRAUDS COMMITTEE

Role and Function

Committee has been constituted pursuant to RBI directions to monitor the fraud cases involving an amount of ₹1 Crore and above.

Composition, Meetings and Attendance

The Committee consists of:

Mr. Mushtaq Ahmad	(Chairman)
Prof. Nisar Ali	(Member)
Mr. M.I.Shahdad	(Member)
Mr. R. K. Gupta	(Member)
Mr. Khaver Alam Jeelani	(Member)

The Monitoring of Large Value Frauds Committee met four times during the year on the following dates;
12.06.2014; 26.08.2014; 22.12.2014; 17.03.2015

These meetings were attended by the Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	% of Attendance
Mr. Mushtaq Ahmad	4	4	100%
Prof. Nisar Ali	4	2	50%
Mr. M.I.Shahdad	4	4	100%
Mr. R. K. Gupta (from 22.12.2014)	2	2	100%
Mr. Khaver Alam Jeelani	2	1	50%
Mr. Vikrant Kuthiala (up to 28.08.2014)	2	2	100%
Mr. Nihal Garware (Up to 23.12.2014)	3	3	100%

NOMINATION COMMITTEE

Role and Function

The Nomination Committee of the Board has been constituted in pursuance to the directions of RBI, for implementation of Ganguly Committee Recommendations with a view to decide the fit and proper person criteria for appointment / continuing to hold office of the Director in the Bank.

Composition, Meetings and Attendance

The Committee consists of:

Mr. Mushtaq Ahmad	(Chairman)
Mr. A. M. Matto	(Member)
Mr. R. K. Gupta	(Member)

The Nomination Committee met six times during the year on the following dates:
15.05.2014; 17.07.2014; 08.05.2014; 12.11.2014; 22.12.2014; 17.03.2015

These meetings were attended by the Members as detailed below.

Name of Director	Meetings during the tenure	Meetings Attended	% of Attendance
Mr. Mushtaq Ahmad	6	6	100 %
Mr. A. M. Matto	6	5	83 %
Mr. R. K. Gupta	6	6	100 %

CUSTOMER SERVICE COMMITTEE

Role and Function

The Committee has been constituted with a view to look into matters relating to customer complaints and speedy redressal thereof.

Composition, Meetings and Attendance

The Committee consists of:

Mr. Mushtaq Ahmad	(Chairman)
Mr. M. I. Shahdad	(Member)
Prof. Nisar Ali	(Member)

The Customer Service Committee met four times during the year on the following dates:
15.05.2014; 26.08.2014; 22.12.2014; 17.03.2014

These meetings were attended by the Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	% of Attendance
Mr. Mushtaq Ahmad	4	4	100%
Mr. M. I. Shahdad	4	4	100%
Prof. Nisar Ali	4	3	75%
Mr. Vikrant Kuthiala (upto 26.08.2014)	2	2	100%

INFORMATION TECHNOLOGY STRATEGY COMMITTEE

Role and Function

Committee has been constituted pursuant to RBI directions for:

- Approving IT strategy and policy documents and subsequent review as and when required.
- Ensuring that the Management has put an effective strategic planning process in place.
- Ratifying that the business strategy is indeed aligned with IT strategy.
- Ensuring that the IT organizational structure compliments the business model and its direction.
- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business.
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable.
- Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources.

- Ensuring proper balance of IT investments for sustaining bank's growth.
- Becoming aware about exposure towards IT risks and controls. And evaluating effectiveness of management's monitoring of IT risks.
- Assessing Senior Management's performance in implementing IT strategies.
- Issuing high-level policy guidance (e.g. related to risk, funding, or sourcing tasks).
- Confirming whether IT or business architecture is to be designed, so as to derive the maximum business value from IT.

Composition, Meetings and Attendance

The Committee consists of:

Mr. Vikrant Kuthiala	(Chairman-ITSCB)
Prof. Nisar Ali	(Member)
Mr. Khaver Alam Jeelani	(Member)

The Information Technology Strategy Committee met Four times during the year on the following dates: 15.05.2014; 12.06.2014; 26.08.2014; 21.12.2014

These Meetings were attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	% of Attendance
Mr. Vikrant Kuthiala	4	3	75%
Prof. Nisar Ali	4	3	75%
Mr. Khaver Alam Jeelani (From 21-12.2014)	1	1	100%
Mr. Nihal C. Garware (Up to 23.12.2014)	3	2	67%

LEGAL & ESTATE COMMITTEE (w.e.f 15-10-2014)

Consequent upon merging the Role and function of "Legal Committee of the Board" and "Estate Committee of the Board", the Committee was reconstituted as "Legal & Estate Committee of the Board" to:

- Take review of legal and suit filed cases and also review of NPA accounts of the Bank.
- Evaluate, negotiate and finalise purchase and lease of premises for Bank's Business Units/offices and staff flats, within and outside the state.

Composition, Meetings and Attendance

The Committee consists of:

Mr. M. I. Shahdad	(Chairman - L&EC)
Mr. A.M. Matto	(Member)
Mr. Dalip Kumar Kaul	(Member)

The Legal & Estate Committee met five times during the year on the following dates: 27.11.2014; 21.12.2014; 14.02.2015; 02.03.2015; 17.03.2015

These Meetings were attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	% of Attendance
Mr. M. I. Shahdad	5	5	100%
Mr. A.M. Matto	5	3	60 %
Mr. Dalip Kumar Kaul	5	5	100 %
Mr. Nihal C Garware (Up to 23.12.2014)	2	2	100 %

Legal Committee (Up to 15-10-2014)

Name of Director	Meetings during the tenure	Meetings Attended	% of Attendance
Mr. Nihal C Garware	2	2	100 %
Mr. M. I. Shahdad	2	2	100 %
Mr. A.M. Matto	2	2	100 %
Mr. Vikrant Kuthiala	2	2	100 %

Estate Committee (up to 15-10-2014)

Name of Director	Meetings during the tenure	Meetings Attended	% of Attendance
Mr. Nihal C Garware	1	1	100%
Mr. M. I. Shahdad	1	1	100%
Mr. Vikrant Kuthiala	1	1	100%

REMUNERATION

Policy

Remuneration of the Chief Executive Officer is subject to approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949.

Chairman & CEO

Mr. Mushtaq Ahmad is the Chairman & CEO of the Bank effective from 6th October, 2010. In terms of Section 35B of the Banking Regulation Act, 1949, the monthly remuneration being paid to him, details of which are given below, has been duly approved by the Reserve Bank of India.

Basic Pay	₹ 5,50,000.00
DA	-
Provident Fund	-
Total	₹ 5,50,000.00

In addition during the year Chairman & CEO of the Bank was paid performance bonus @ 35% of basic pay for the FY 2013-14, which was duly approved by the Reserve Bank of India.

Non - Executive Directors

Non - Executive Directors other than the State Govt. and RBI nominated Directors are paid only sitting fees for the meetings attended. The details of the same are given below:

₹ 15,000/- for every Board Meeting or Committee Meeting thereof.

Details of number of Shares / Convertible Debentures held by Non-Executive Directors as on 31-03-2015:

Name of Director	Number of shares held	Number of Convertible Debentures held
Mr. M. I. Shahdad	70480	NIL
Mr. A. M. Matto	16930	NIL

OTHER DISCLOSURES

Code of Conduct for the Board Members and Senior Management Personnel

The Board of Directors has approved a Code of Conduct for Board Members and Senior Management Personnel of J&K Bank. This Code is also available on the website of the Bank, www.jkbank.net. In terms of Clause 49 of the Listing Agreement, a confirmation from the Chairman & CEO regarding compliance with the Code by all the Directors and Senior Management is furnished below.

I confirm that all Directors and Senior Management Personnel have affirmed compliance with the J&K Bank Code of Conduct for Board Members and Senior Management Personnel.

Mushtaq Ahmad
Chairman & CEO

CEO / CFO CERTIFICATION

In terms of Clause 49 of the Listing Agreement, the certification by the CEO and CFO on the financial statements and internal controls relating to financial reporting has been obtained.

INSIDER TRADING CODE

The Bank has formulated a Code for prevention of Insider Trading pursuant to Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2002 to prevent practices of Insider Trading.

Mr. Abdul Majid Bhat, Company Secretary, has been designated as Compliance Officer for this purpose.

WHISTLE BLOWER POLICY OF THE BANK

The Board of Directors has approved whistle Blower policy for the Bank with a view to encourage its employees and directors to report any wrongdoing within the organization, which is in their knowledge without any fear of retaliation from the Bank. This policy is also available on the website of the Bank. (www.jkbank.net)

RELATED PARTY TRANSACTIONS POLICY OF THE BANK

The Board of Directors has approved Related Party transaction policy for the Bank to ensure that transactions between the Bank and its related parties are based on principles of transparency and arm's length pricing along with preventing and providing guidance in situations of potential conflict of interests in the implementation of transactions involving such related parties. This policy is also available on the website of the Bank. (www.jkbank.net)

ETHICAL CORPORATE POLICY FOR ACCEPTANCE OF GIFTS

Bank is having Corporate Ethical Policy for setting forth a code of accountability of J&K Bank's Directors, Officers and Employees in the discharge & performance of their responsibilities.

ETHICAL STANDARDS EMPLOYED BY THE BANK

The Bank is having service manual for its employees. This manual contains comprehensive regulations on ethical standards to be mandatorily observed by all the employees of the Bank.

LEGAL COMPLIANCES

There were no cases of non-compliance by the Bank and no penalties or strictures have been imposed on or proposed against the Bank by the Stock Exchange (s) and / or SEBI and / or any other statutory authorities on matters relating to capital market. The Bank has complied with the provisions of relevant Acts, Rules & Regulations framed there under during the year 2014-2015.

ECONOMIC VALUE ADDITION

Economic value added is a fairly reliable measure of an enterprise's efforts in measuring Value Addition. Besides the quantitative earnings, EVA indicates the quality of earnings as it represents the excess an organization is able to generate over its Cost of Capital. A positive EVA indicates that the business has generated wealth in excess of what is expected by the shareholders.

EVA calculations of the Bank are given below for the last three years:

(Amount in Crore)

S.No	Financial Year	Post Tax Profit	Capital Employed	Cost of Capital	Post Tax Return on Capital Employed	EVA
1	2012-13	1055.10	4906	4.20 %	21.15 %	17.31 %
2	2013-14	1182.47	5724	3.25 %	20.66 %	17.41 %
3	2014-15	508.60	6109	2.21%	8.33%	6.12%

SHARE HOLDERS INFORMATION

Stock Exchanges where equity shares are listed.

The Addresses of Stock Exchanges where the equity shares of the Bank are listed are furnished hereunder:

- a) National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex, Bandra (E)
Mumbai 400 051
- b) The Bombay Stock Exchange Ltd.
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001

The annual fees for 2015-16 have been paid to all the Stock Exchanges where the shares are listed.

Stock Code: J&K Bank

Demat ISIN Number: INE 168A01041

Name of Depositories:

- i. NSDL
- ii. CDSL

Registrar and Transfer Agent (RTA)

Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31-32,
Gachibowli, Financial District,
Nanakramguda, Hyderabad - 500 032
Andhra Pradesh - India
Phone 040 - 67161508
Fax 040-23420814

Email jkbank@karvy.com

Email ID for redressal of Investor Grievances

Pursuant to Clause 47(f) of the Listing Agreement, Bank has created a separate Email ID for redressal of Investor Complaints and Grievances. The Email ID for redressal of Investor Grievances is sharedeptt_gc@jkmail.com

Compliance Officer

Name: Abdul Majid Bhat, Company Secretary

Role: To ensure compliance to all statutory regulations as far as they relate to Company Secretary and redressal of grievance of Shareholders / Investors.

Address: The Jammu & Kashmir Bank Ltd.

Board Secretariat, Corporate Headquarters

M. A. Road, Srinagar 190 001

Phone 0194-2483775 / 0194-2481930-35 (Extn.)1540

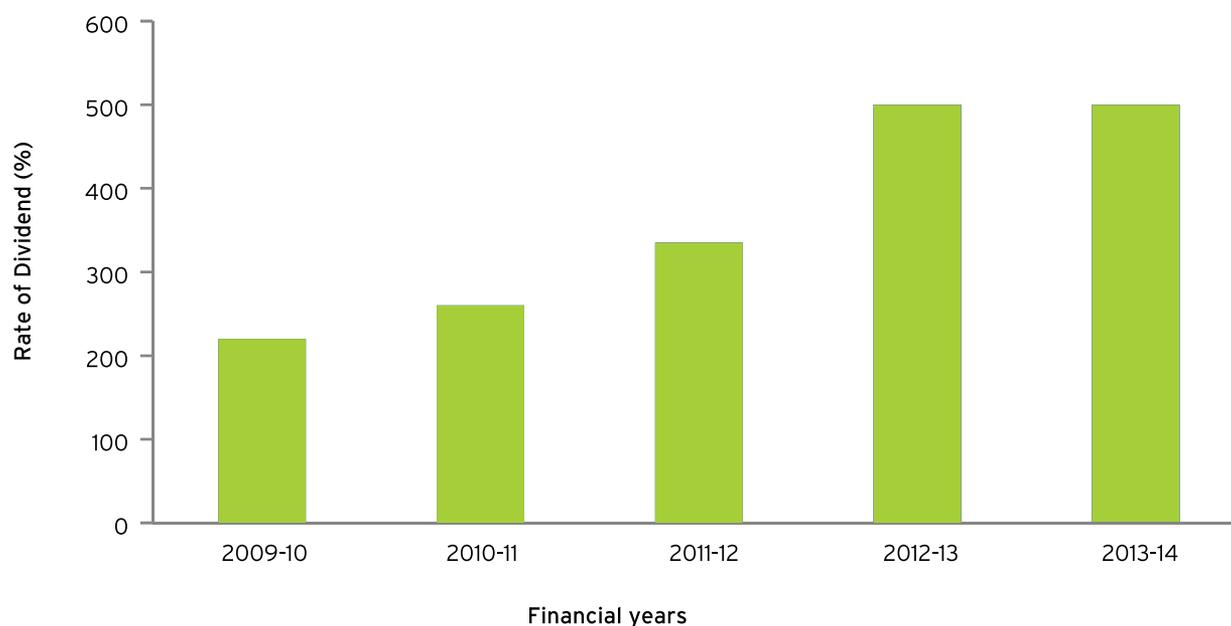
Financial Calendar

Approval of quarterly financial results for the period ending:

30th June, 2014	13 th August, 2014
30th September, 2014	12 th November, 2014
31st December, 2014	7 th February, 2015
31st March, 2015 (Audited)	16 th May, 2015

Information relating to last four General Body Meetings is furnished below:

Name of Meeting	Day, Date and time of meeting	Venue	Special Business Transacted
73rd Annual General Meeting	Saturday, 9th July, 2011 at 11: 00 AM	Sher-i-Kashmir International Conference Centre (SKICC), Srinagar	Alteration in Articles of Association
74th Annual General Meeting	Saturday, 14th July, 2012 at 11: 00 AM	--do--	NIL
75th Annual General Meeting	Saturday, 22nd June, 2013 at 11: 00 AM	--do--	NIL
76 th Annual General Meeting	Saturday, 2nd August, 2014 at 11: 00 AM	--do--	1. Appointment of Mr. Vikrant Kuthiala, Mr. Dalip Kumar Kaul and Mr. Khaver Alam Jeelani as independent Directors 2. Sub division of Shares of the Bank 3. Alteration in Memorandum and Articles of Association of the Bank.



DIVIDEND HISTORY OF LAST FIVE YEARS

Financial year	Rate of Dividends (%)	Date of Declaration	Date of Payment
2009-10	220	31.07.2010	09.08.2010
2010-11	260	09.07.2011	17.08.2011
2011-12	335	14.07.2012	23.07.2012
2012-13	500	22.06.2013	01.07.2013
2013-14	500	02.08.2014	11.08.2014

DEMATERIALIZED / PHYSICAL SHARES

The shares of the Bank are in compulsory dematerialised segment and are available for trading in depository systems of both National Securities Depository Limited and Central Depository Services (India) Ltd. As on 31st March, 2015, the position of dematerialized shares as well as physical shares are as under

(As on 31.03.2015)

Particulars	No. of Shares	%age
Physical Shares	16293030	3.36
Dematerialized Shares	468484990	96.64
Total	484778020	100.00

DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2015

Sr. No	Category	No of Holders	% to Holders	Amount	% of Amount
	1 Up to 5000	66067	96.50	34693464.00	7.16
	5001 - 10000	1664	2.43	10980573.00	2.27
	10001 - 20000	333	0.49	4883570.00	1.01
	20001 - 30000	117	0.17	2941661.00	0.61
	30001 - 40000	53	0.08	1871392.00	0.39
	40001 - 50000	31	0.05	1411931.00	0.29
	50001 - 100000	59	0.09	4266503.00	0.88
	100001 & Above	140	0.20	423728926.00	87.41
	Total	68464	100.00	484778020.00	100.00

LIST OF SHAREHOLDERS HOLDING MORE THAN 1% AS ON 31ST MARCH, 2015

Sr No	NAME	SHARES	% TO EQT	CATEGORY
1	CHIEF SECRETARY JAMMU AND KASHMIR GOVT	243225980	50.17	PRO
2	ABERDEEN GLOBAL INDIAN EQUITY (MAURITIUS) LIMITED	17180000	3.54	FII
3	SECRETARY FINANCE DEPTT JAMMU AND KASHMIR GOVT	14526680	3.00	PRO
4	LIFE INSURANCE CORPORATION OF INDIA	13516632	2.79	IFI
5	ICICI PRUDENTIAL VALUE DISCOVERY FUND	10000000	2.06	MUT
6	THE PABRAI INVESTMENT FUND IV, LP	7580450	1.56	FII
7	MORGAN STANLEY ASIA (SINGAPORE) PTE.	7521758	1.55	FII
8	FIDELITY INVESTMENT TRUST FIDELITY INTERNATIONAL DISCOVERY FUND	7127060	1.47	FII
9	GOVERNMENT PENSION FUND GLOBAL	5846760	1.21	FII
10	PABRAI INVESTMENT FUND 3, LTD	4872410	1.01	FII
	TOTAL	331397730	68.36	

UNCLAIMED DIVIDENDS

Shareholders who have not encashed their past dividend warrants have been intimated individually to do so without any further delay. Under the Investor Education and Protection Fund (Awareness & Protection of Investors) Rules, 2001, unclaimed amount in respect of unpaid/unclaimed dividend warrants which is more than seven years old, shall be transferred by the Bank to "Investor Education and Protection Fund" established under Sub-Section (i) of Section 205C of the Companies Act, 1956 and thereafter, no claim can be preferred by the Shareholders against the Company or the Fund. Shareholders are accordingly advised to claim their unclaimed dividend, if not already claimed.

The detail of unpaid/unclaimed dividend of last three years is as under:

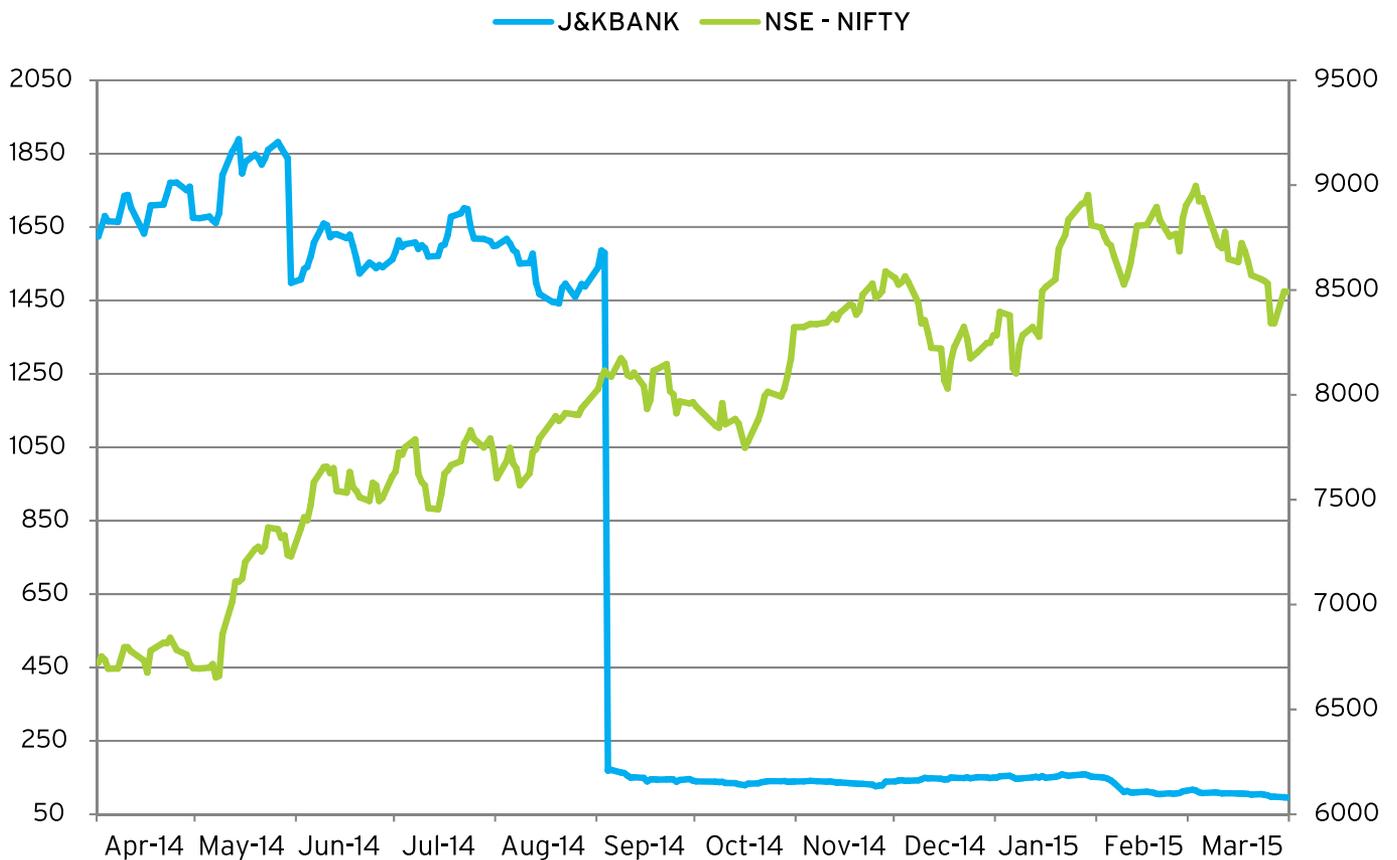
(As on 31-03-2015)

Financial year	Amount of Unclaimed dividends
2011-12	59,72,614
2012-13	83,89,100
2013-14	1,04,04,200
Total	2,47,65,914

STOCK MARKET DATA

JK Bank on NSE Nifty April 2014 - March 2015

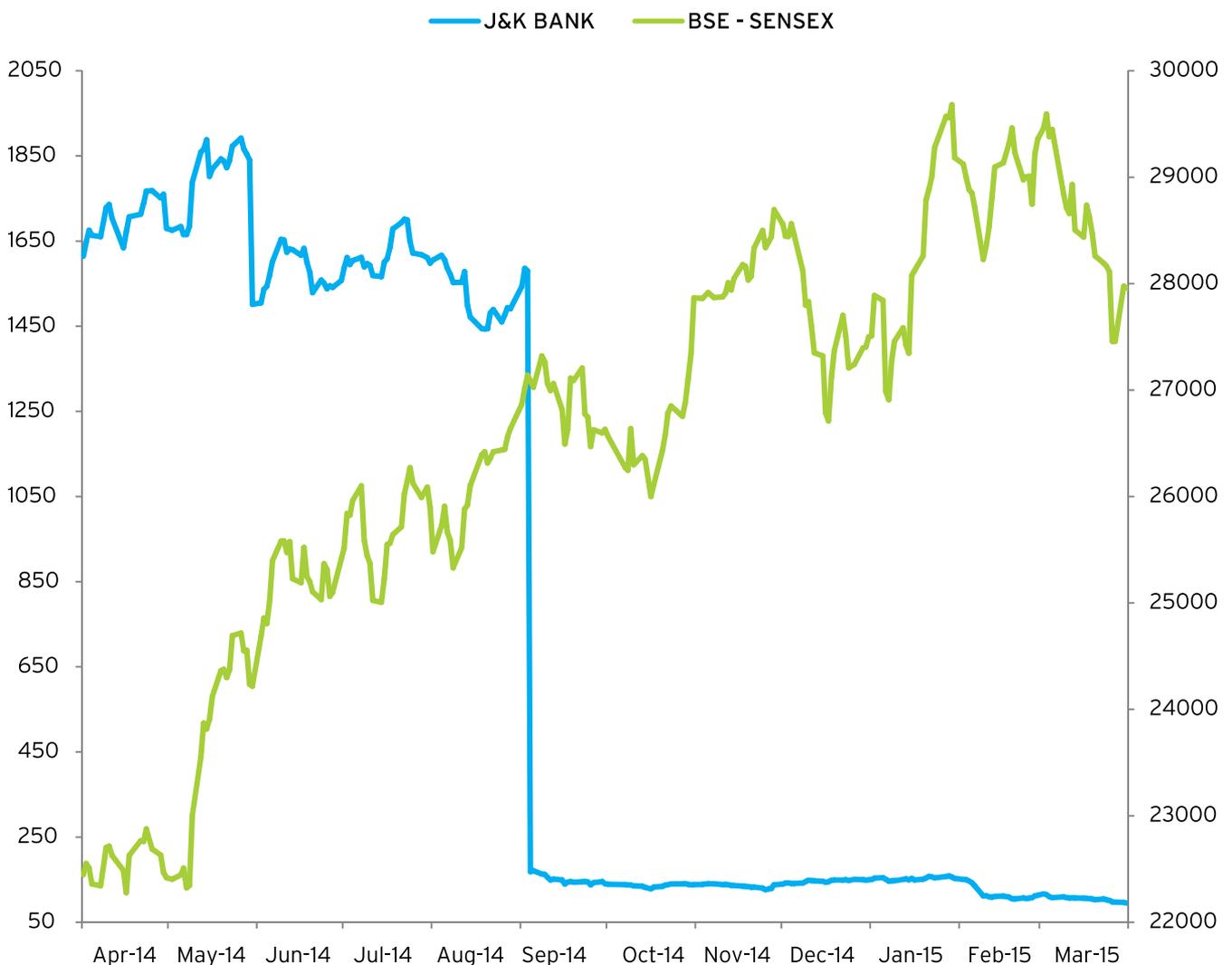
Month	High Price		Low Price		Close Price		Turnover In lakhs
	Rate	Date	Rate	Date	Rate	Date	
April, 2014	1799.00	23-04-14	1540.00	01-04-14	1675.05	30-04-14	14658
May, 2014	1954.80	26-05-14	1470.15	30-05-14	1498.05	30-05-14	95673
June, 2014	1682.75	10-06-14	1441.00	02-06-14	1562.05	30-06-14	62937
July, 2014	1726.60	23-07-14	1550.00	14-07-14	1598.30	31-07-14	26450
August 2014	1639.00	13-08-14	1388.75	13-08-14	1488.40	28-08-14	35855
September, 2014	1617.90	03-09-14	135.05	26-09-14	141.25	30-09-14	35646
October, 2014	144.60	27-10-14	128.50	17-10-14	138.85	31-10-14	8284
November, 2014	143.60	05-11-14	125.00	26-11-14	138.35	28-11-14	19654
December, 2014	153.00	29-12-14	137.05	01-12-14	149.70	31-12-14	28424
January, 2015	161.20	22-01-15	144.50	09-01-15	152.45	30-01-15	13919
February, 2015	153.00	03-02-15	103.70	19-02-15	113.55	28-02-15	47798
March, 2015	118.75	04-03-15	94.40	31-03-15	95.05	31-03-15	22436



(Note: The Steep fall in the share price of Bank's Shares in the month of Sept. 2014 is the result of Share Split where by each equity Share of the Face Value of ₹ 10/- each was split into 10 equity Shares of ₹ 1/- each.)

JK Bank on BSE Sensex April 2014 - March 2015

Month	High Price		Low Price		Close Price		Turnover In lakhs
	Rate	Date	Rate	Date	Rate	Date	
April, 2014	1793.15	23-04-14	1540.50	01-04-14	1679.75	30-04-14	1781
May, 2014	1995.00	16-05-14	1472.25	30-05-14	1501.35	30-05-14	14240
June, 2014	1683.30	10-06-14	1442.00	02-06-14	1557.40	30-06-14	8277
July, 2014	1724.3	23-07-14	1551.15	14-07-14	1598.20	31-07-14	2652
August 2014	1638.85	13-08-14	1393.65	13-08-14	1490.80	28-08-14	7106
September, 2014	1616.10	03-09-14	135.10	26-09-14	140.65	30-09-14	7176
October, 2014	144.15	27-10-14	124.00	16-10-14	138.35	31-10-14	172
November, 2014	145.00	07-11-14	125.10	25-11-14	138.10	28-11-14	3167
December, 2014	153.00	19-12-14	137.20	01-12-14	149.50	31-12-14	5537
January, 2015	161.10	22-01-15	144.75	09-01-15	152.65	30-01-15	2377
February, 2015	152.55	03-02-15	104.00	19-02-15	113.50	28-02-15	12489
March, 2015	118.90	04-03-15	95.00	31-03-15	95.350	31-03-15	4031



(Note: The Steep fall in the share price of Bank's Shares in the month of Sept. 2014 is the result of Share Split where by each equity Share of the Face Value of ₹ 10/- each was split into 10 equity Shares of ₹ 1/- each.)

IMPORTANT EVENTS AFTER THE CLOSURE OF FINANCIAL YEAR ENDED 31.03.2015

This report covers the period of financial year of the Bank beginning on 1st April, 2014 to 31st March, 2015. There were no material events from 1st April, 2015 to 16th May, 2015 the date when the annual accounts were adopted by the Board of Directors of the Bank.

MEANS OF COMMUNICATION

J&K Bank disseminates information about its operations through various means to shareholders, analysts and the society at large. All official news releases and presentations made to institutional investors and analysts are posted on the Bank's website www.jkbank.net. It also issues press releases and conducts programmes that disseminate information. The quarterly results of the Bank are published in widely circulated National Newspapers and are also placed on our website. The Board takes on record the Un-Audited/Reviewed Financial Results in the prescribed form of the Stock Exchanges within 45 days of the closure of the quarter and announces forthwith the results to all the Stock Exchanges where the shares of the company are listed. The highlights of quarterly results are also published in National and Vernacular Newspapers within 48 hours of the conclusion of the Board Meeting in which they are taken on record and information is also placed on the website of the Bank. The Bank regularly organizes

Press / Analyst Meets to apprise Fund Managers, Press and Analysts about the financial performance of the Bank and to receive their suggestions for future growth.

SHAREHOLDERS RIGHTS

A shareholder can enjoy the following rights mentioned in the Companies Act, 2013:

- To transfer shares.
- To receive the share certificates upon transfer within the stipulated period prescribed in the Companies Act, 2013 and Listing Agreement.
- To receive notice of general meetings, balance sheet, profit and loss account, cash flow statement and auditors' report.
- To appoint proxy to attend and vote at general meetings. In case the member is a body corporate, to appoint a representative to attend and vote at general meetings of the company on its behalf.
- To attend and speak in person, at general meetings. Proxy cannot vote on show of hands but can vote on a poll.
- To vote at the general meeting on show of hands wherein every shareholder has one vote. In case of poll, the number of votes of a shareholder depends on the proportion of equity shares held by him with the total paid up equity capital of the company.
- To demand poll alongwith other shareholder(s) who collectively hold 50,000 shares or is not less than 1/10th of the total voting power in respect of any resolution.
- To requisition an extraordinary general meeting of any Company by shareholders who collectively hold not less than 1/10th of the total paid up capital of the company.
- To move amendments to resolutions proposed at general meetings.
- To receive dividend and other corporate benefits like rights, bonus shares etc. as and when declared / announced.
- To take inspection of the various Registers of the Company.
- To inspect the minute books of general meetings and to receive copies thereof after complying with the procedure prescribed in the Companies Act, 2013.
- To proceed against the Company by way of civil or criminal proceedings.
- To proceed against for the winding up of the Company.
- To receive the residual proceeds upon winding up of a Company.

INVESTORS' FEEDBACK

In our endeavour to serve our shareholders more effectively and in order to improve the quality of our communication with our esteemed members, we request you to spare some of your precious moments and provide us your valuable feedback in the enclosed proforma.

Calendar for shareholders' information	Date
Board meeting for consideration of Accounts and recommendation of Dividend	16th May, 2015
Dispatch of Annual Report / Notice of AGM	27th July, 2015
Book closure Period	17th Aug, 2015 to 22nd Aug, 2015
Last date of lodgment of proxy forms	20th Aug, 2015 upto 1100 Hours
Date of AGM	22nd August, 2015
Dividend payment date	31st Aug, 2015

DISCLOSURE ON COMPANY SECRETARY'S RESPONSIBILITY

The Company Secretary confirms that during the year from 1st April, 2014 to 31st March, 2015, the Bank has:

1. Maintained all the Books of Account and Statutory Registers required under the Companies Act, 2013, and the Rules made there under coming under the purview of Company Secretary responsibility;
 - a. Filed all Forms and Returns and furnished all necessary particulars to the Registrar of Companies and / or authorities as required under the Companies Act, 2013, coming under the purview of Company Secretary's responsibility;
 - b. Issued all Notices required to be given for Board and General Meetings as per the requirement of the Companies Act, 2013;
 - c. Complied with the requirements relating to maintenance of Minutes of the proceedings of the Meetings of Directors, Committees of the Board and Shareholders;
 - d. Complied with the requirements of the Listing Agreement entered into with Stock Exchanges;
 - e. Effected Share Transfers and dispatched Certificates within the statutory time limit;
 - f. Redressed complaints of Shareholders to the best of efforts of the Company;
 - g. Complied with the regulations prescribed by the Stock Exchanges, SEBI, and other Statutory and Regulatory Authorities and also the statutory requirements under the Companies Act, 2013, Banking Regulation Act, 1949 and other applicable statutes in force for the Banking Company, as far as they relate to the Company Secretary.
 - h. Made due disclosure required under the applicable Acts; obtained all necessary approvals of Directors, Shareholders, Central and State Governments and other regulatory agencies.
2. The Board of Directors of Bank duly met eleven times during the financial year and in respect of meetings conducted during the period proper notices was given and the proceedings were properly recorded and signed in the minute's book maintained for the purpose. The meetings of various Committees of the Board were duly and properly convened and minutes of such meetings have been properly recorded and signed in the minute's book maintained for the purpose.
3. The Bank closed its Register of Members from 28th July, 2014 to 2nd August, 2014 (both days inclusive) in connection with 54th dividend of the Bank and necessary compliance of Section 91 of the Companies Act, 2013 has been made.
4. The Annual General Meeting for the financial year 2013-14 was held on 2nd August, 2014 after giving due notice to the members of the Bank and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
5. The Bank has not advanced any loans to its Directors or persons or firms or Companies referred to under section 185 of the Companies Act, 2013, during the financial year.
6. The Bank has not entered into any contracts falling within the purview of section 184 of the Companies Act, 2013.
7. A Share Transfer Committee of the Board has approved the transfer, sub-division/consolidation etc of shares of the bank. The proceedings of the above committee have been properly recorded, signed in the Minutes Book maintained for the purpose.
8. Unclaimed amount, in respect of unpaid/unclaimed dividend warrants have been transferred to the Investor Education and Protection Fund of the Central Govt. with Punjab National Bank within the prescribed time limit.
9. The Board of Directors of the Bank with the exception of Women Director is duly constituted and the appointment/re-appointment of the Chairman & CEO and other Directors have been duly made.
10. The appointment/re-appointment of the Chairman & CEO and other Directors of the Bank have been made in accordance with the Articles of Association of the Bank read with the relevant provisions of the Companies Act, 2013 and in accordance with Banking Regulation Act, 1949.
11. The Directors disclosed their interest in other firms /companies to the Board of Directors, pursuant to the provisions of section 164(2) of the Companies Act, 2013 and the rules made there under and their disclosures have been noted and recorded by the Board.
12. The Bank has not bought back any shares during the financial year.
13. The Bank sub-divided each of its equity Share of ₹ 10/- each into 10 equity Shares of ₹ 1/- each w.e.f. 5th Sept. 2014 with due compliance to the provisions of the Companies Act, 2013 and the Rules made there under and Listing Agreement.

Place: Srinagar

Dated : 16th May, 2015

Abdul Majid Bhat

Company Secretary

To

The Members of
The Jammu & Kashmir Bank Limited

We have examined the compliance of the conditions of the Corporate Governance by The Jammu & Kashmir Bank Limited for the year ended 31st March, 2015 as stipulated in Clause 49 of the Listing Agreement of the said Bank with the various Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Bank for ensuring the compliance of conditions of Corporate Governance. It is neither an audit nor expression of opinion on the financial statements of the Bank.

We certify that in our opinion and to the best of our information and according to explanations given to us, the Bank has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Bank as per the records maintained by the Bank.

We further state that such compliance is neither an assurance as to the future viability of the Bank nor the efficiency or effectiveness with which the Management has conducted the affairs of the Bank.

In terms of our report of even date annexed

For **Gupta Sharma & Associates**
Chartered Accountants
FRN: 001466N

For **DharTiku & Co**
Chartered Accountants
FRN: 003423N

For **Arora Vohra & Co**
Chartered Accountants
FRN: 009487N

For **Darshan Nagpal & Associates**
Chartered Accountants
FRN: 011022N

For **Dharam Raj & Co**
Chartered Accountants
FRN: 014461N

CA Vinay Saraf
Partner
M.No. 087262

CA Madhusudan Meher
Partner
M.No. 097409

CA Karanbir S Sethi
Partner
M.No. 091188

CA Neeraj Nagpal
Partner
M.No. 503881

CA Dharam Raj
Partner
M.No. 094108

Place : Srinagar

Dated : 16th May 2015

Corporate Information

BOARD OF DIRECTORS

Mr. Mushtaq Ahmad

Chairman & CEO

Mr. Navin Kumar Choudhary, IAS

Director

Mr. J P Sharma

Director

Mr. Mohammad Ibrahim Shahdad

Director

Mr. Vikrant Kuthiala

Director

Prof. Nisar Ali

Director

Mr. R.K. Gupta

Director

Mr. Abdul Majid Matto

Director

Mr. Dalip Kumar Kaul

Director

Mr. Khaver Alam Jeelani

Director

SECRETARY

Mr. Abdul Majid Bhat

AUDITORS

Gupta Sharma & Associates

Chartered Accountants.

Dhar Tiku & Co.

Chartered Accountants

Arora Vohra & Co.

Chartered Accountants

Darshan Nagpal & Associates

Chartered Accountants

Dharam Raj & Co.

Chartered Accountants

REGISTERED OFFICE

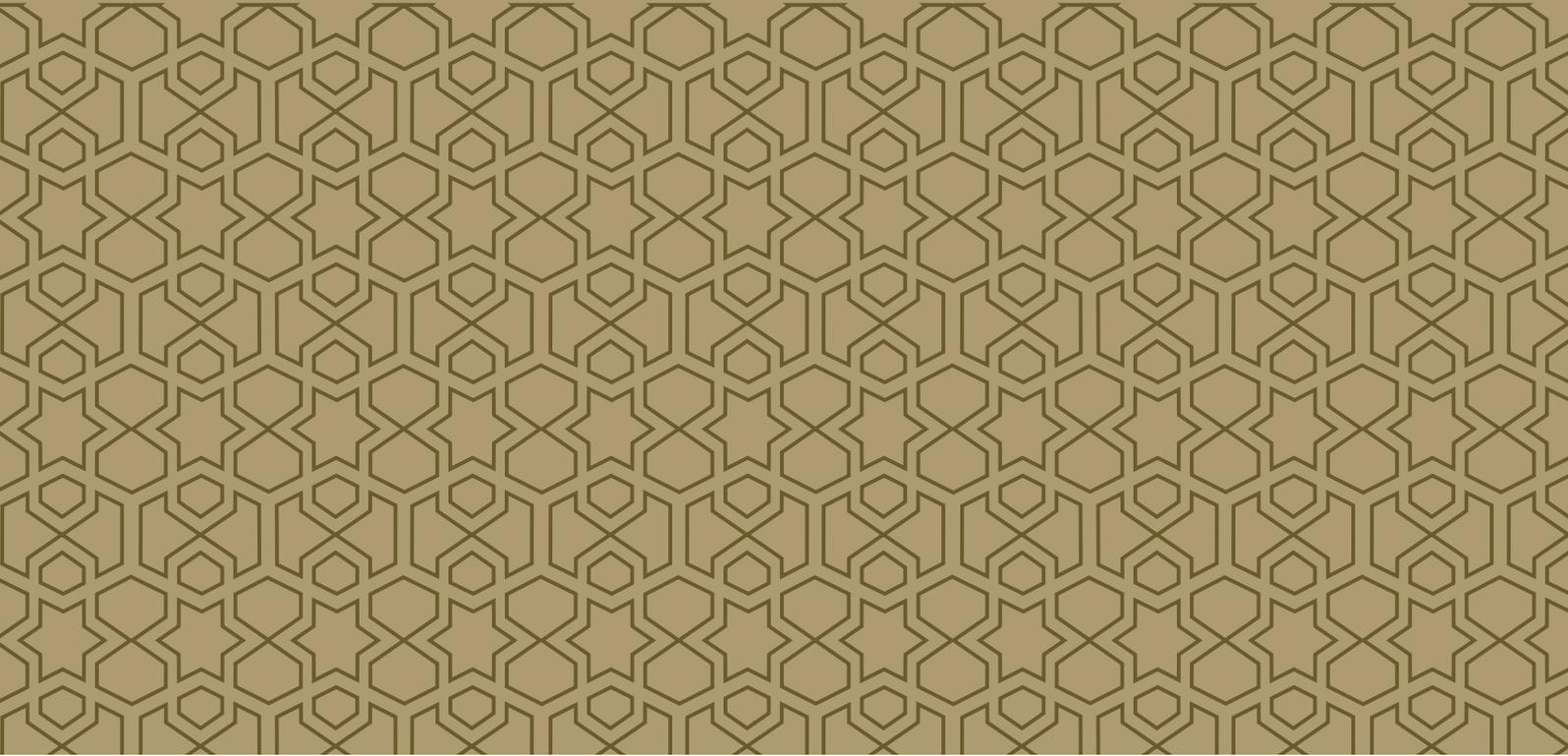
The Jammu & Kashmir Bank Ltd.
Corporate Headquarters M. A. Road,
Srinagar - 190 001

REGISTRARS AND SHARE TRANSFER AGENTS

Ms. Rajitha Cholleti (Sr. Manager)
Karvy Computershare Private Limited
Unit: Jammu and Kashmir Bank Ltd.
Karvy Selenium Tower B, Plot 31-32,
Gachibowli, Financial District,
Nanakramguda, Hyderabad - 500 032
Ph. No. 040-67161508, 67161509

Forward Looking Statements

Certain statements in this annual report concerning our future growth prospects are forward-looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expect', 'project', 'intend', 'plan', 'believe' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, our actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



The Jammu & Kashmir Bank Limited

Corporate Headquarters

M A Road, Srinagar 190 001
Jammu & Kashmir (J&K)

www.jkbank.net