



A grain
is a grain
is a grain until ...

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.

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Management Reports

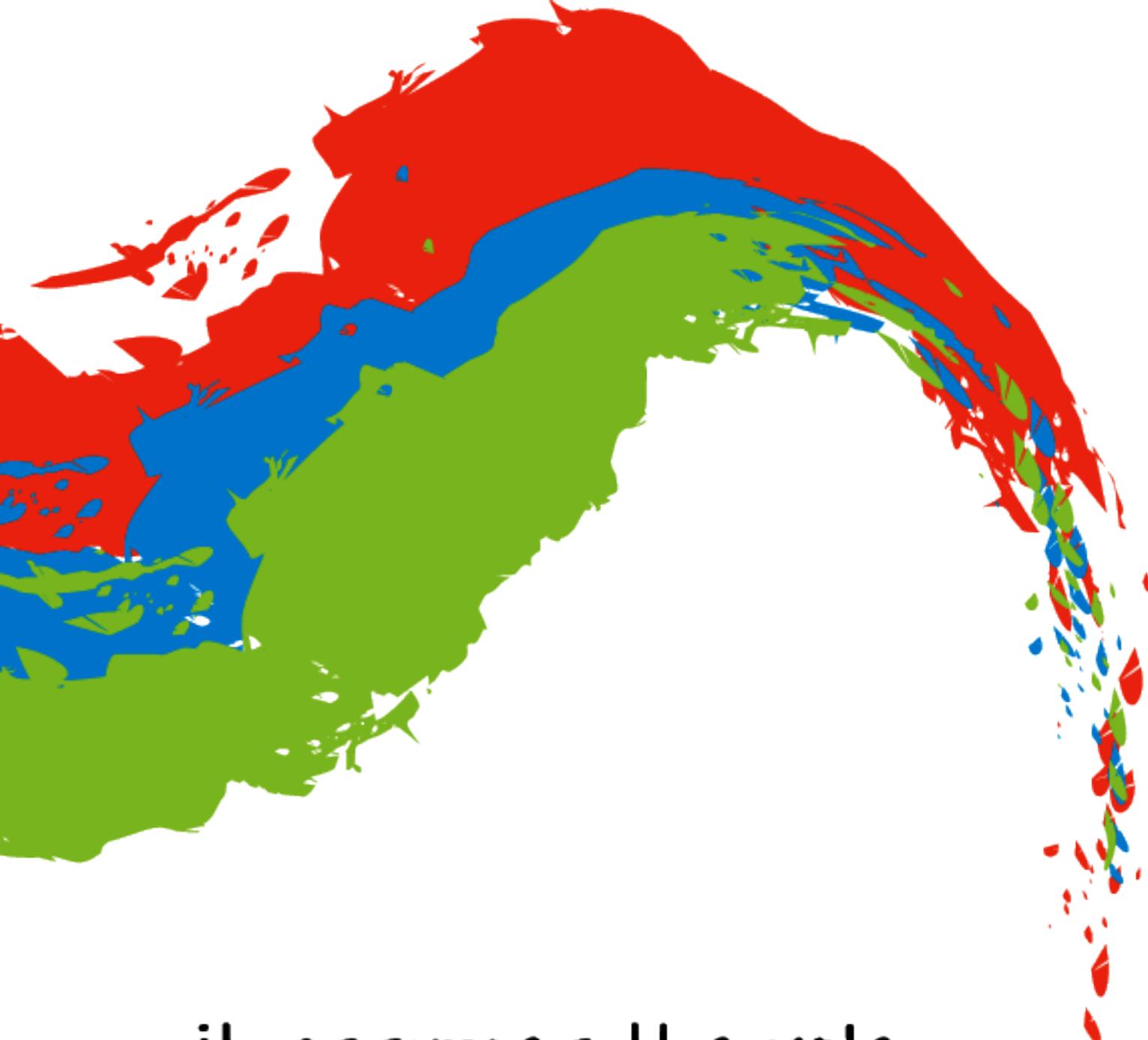
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...it assumes the role
of becoming a seed 

The grain and the seed both get consumed. While the grain gets consumed in feeding life, the seed goes on to germinate a world of infinite possibilities in the process.



The world of **J&K** Bank

Incorporated in the year 1938, J&K Bank is 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.

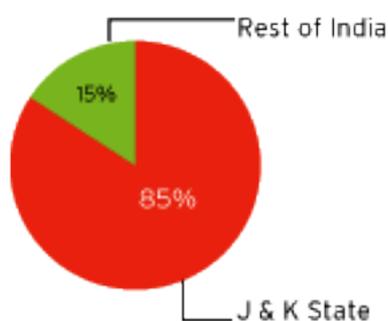
J&K Bank functions as a universal bank in Jammu & Kashmir and as a specialist bank in rest of the country. It carries out the banking business of the Central Government, besides collecting taxes for CBDT in J&K.

J&K Bank follows a two-legged business model, whereby it seeks to increase lending in its home state, which results in higher margins despite modest volumes, and at the same time, seeks to capture niche lending opportunities on pan-India basis to build volumes and improve margins.

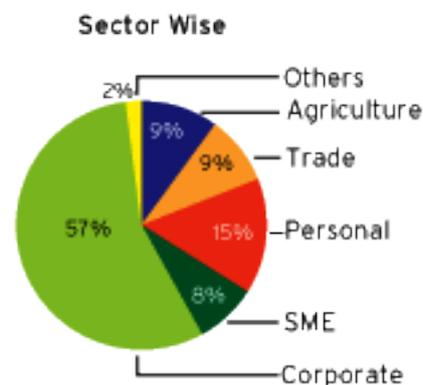
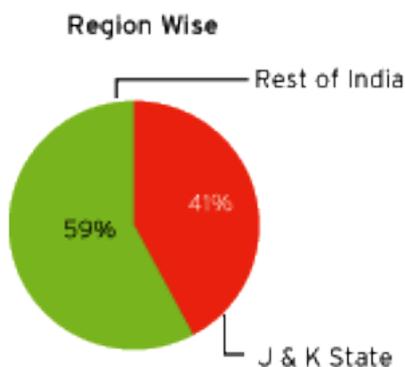
J&K Bank operates on the principle of 'socially empowering banking' and seeks to deliver innovative financial solutions for household and small and medium enterprises.

The Bank is listed on the NSE and the BSE and has a track record of uninterrupted profits and dividends over four decades. J&K Bank is rated A1+, FAA+ indicating the highest degree of safety by CRISIL.

Branch Network: 777



Total Advances: 46,385 Crore



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 centre 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.”

The strategy is intended to make us one of the best banks in the country.

Dominance in Jammu & Kashmir

62.57%

Share in total
Bank deposits

62.39%

Share in total
priority sector advances

60.84%

Share in non-priority sector
advances

61.64%

Share in total Bank
advances

57.10%

Share in lending
to MSE Segment

56.21%

Share in lending
to Education Segment

67.53%

Share in lending
to Housing segment

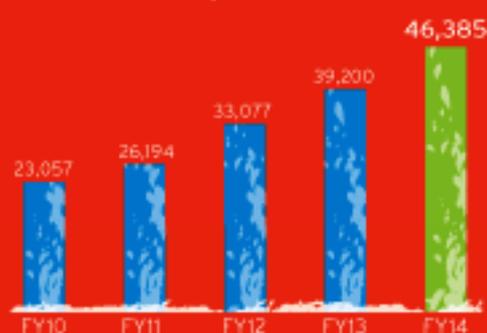
75.91%

Share in Agricultural
Lending

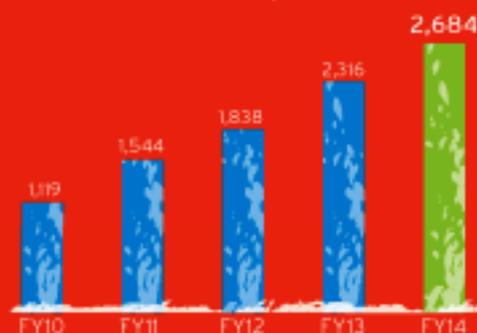
Performance Highlights

Particulars, ₹ Crore	FY14	FY13	FY12	FY11	FY10
Profit & Loss Statement Key Figures					
Net Interest Income (NII)	2,684	2,316	1,838	1,544	1,119
Other Income (OI)	390	484	334	365	416
NII+OI	3,074	2,800	2,172	1,909	1,536
Operating Expenses	1,175	989	802	759	577
Profit Before Provisions & Contingencies	1,900	1,811	1,370	1,149	958
Provisions & Contingencies	717	756	567	534	446
Net Profit	1,182	1,055	803	615	512
Balance Sheet Key Figures					
Total Advances	46,385	39,200	33,077	26,194	23,057
Priority Sector Advances	12,793	11,448	9,961	10,274	8,632
Total Deposits	69,336	64,221	53,347	44,676	37,237
Demand Deposits	6,840	6,401	5,734	5,360	4,892
Saving Bank Deposits	20,243	18,789	15,981	12,727	10,261
Term Deposits	42,253	39,030	31,632	26,589	22,084
Total Investments	26,195	25,741	21,624	19,696	13,956
Shareholders' Funds	5,724	4,865	4,093	3,479	3,010

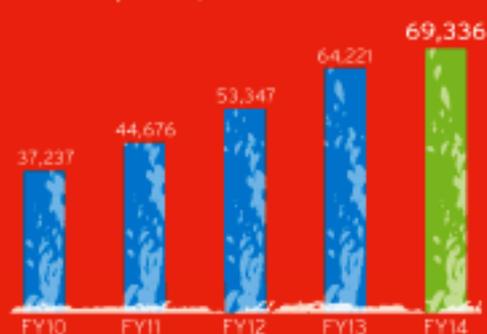
Total Advances, ₹ Crore



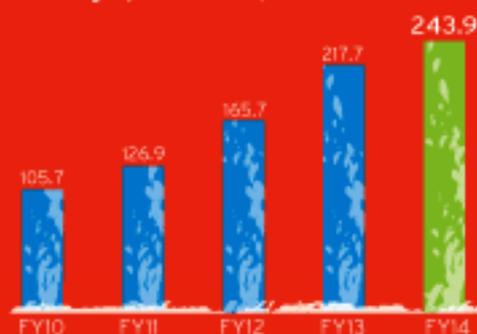
Net Interest Income, ₹ Crore



Total Deposits, ₹ Crore

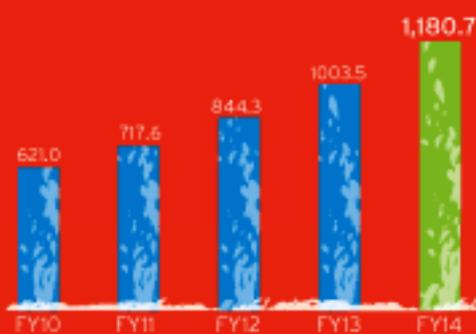


Earnings per Share, ₹

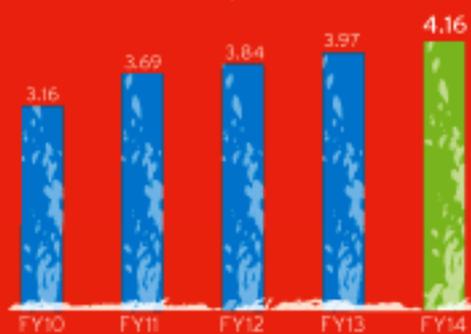


Particulars	FY14	FY13	FY12	FY11	FY10
Key Ratios					
Return on Equity (%)	22.34	23.56	21.22	18.96	18.19
Return on Assets (%)	1.74	1.70	1.56	1.38	1.20
Net Interest Margin (%)	4.16	3.97	3.84	3.69	3.16
Cost/Income (%)	38.21	35.33	36.92	39.77	37.60
Advances/Deposit (%)	66.90	61.04	62.00	58.63	61.92
CASA Ratio (%)	39.06	39.23	40.71	40.48	40.69
Business per Employee (₹ Crore)	12.35	11.00	9.34	8.56	7.31
Net Profit per Employee (₹ In Lac)	12.62	11.22	8.68	7.75	7.00
Gross NPA Ratio (%)	1.66	1.62	1.54	1.95	1.97
Net NPA Ratio (%)	0.22	0.14	0.15	0.20	0.28
NPA Coverage Ratio (%)	90.30	94.01	93.76	92.71	90.13
Book Value Per Share (BVPS) (₹)	1,180.7	1,003.5	844.3	717.6	621.0
Share Price/BVPS (x)	1.6	1.3	1.0	1.1	1.2
Earning Per Share (EPS) (₹)	243.9	217.6	165.7	126.9	105.7
P/E (X)	7.7	6.1	5.1	6.4	7.2
Dividend (₹)	50.0	50.0	33.5	26.0	22.0
Dividend Payout Ratio (%)	20.50	22.97	20.22	20.49	20.82

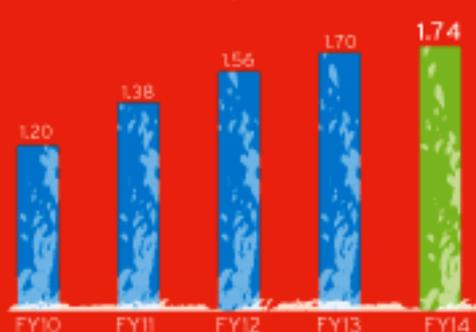
Book Value per Share, ₹



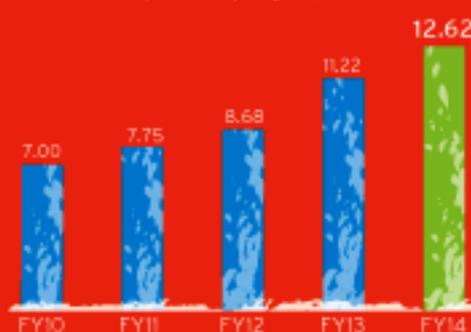
Net Interest Margin, %



Return on Assets, %



Net Profit per Employee, ₹ Lac



Note: Previous Year Figures have been recasted wherever necessary to make them comparable

From the Chairman's Desk

We are finally looking ahead with cautious optimism as the first rays of steady recovery are emerging through the haze of crisis that has engulfed the global economy for a long span. And this time, the earliest glimpses of dawn have emerged not from the east but from the west, particularly the United States.

Global economy started to bounce back during the second half of 2013. Since then, the underlying dynamics have not only strengthened but also broadened. Consequently, Global growth is projected to be higher in 2014, at around 3.6 percent compared to 3.0 percent in 2013.

The expansion in global output is being led by Advanced Economies (AEs), especially the US where growth is forecast to be around 2.8 percent in 2014. The recovery is also likely to remain robust in U.K. and Germany with forecast growths of 2.9 percent and 1.7 percent respectively.

In Japan, some underlying growth drivers are expected to strengthen, notably private investment and exports, given increased partner country growth and the substantial Yen depreciation over the past 12 months. In spite of tightening policy stance, the new fiscal stimulus is projected to lower the negative impact of the tightening on the Japanese economy to 0.3 percent of GDP in 2014. Overall, growth is projected to be 1.4 percent in 2014 and 1.0 percent in 2015.

The Euro area is turning the corner from recession to recovery. A strong reduction in fiscal tightening from about 1 percent of GDP in 2013 to $\frac{1}{4}$ percent of GDP is expected to help lift growth. Overall, economic growth in the Euro area is projected to strengthen to 1.2 percent in 2014 and 1.25 percent in 2015. However, the recovery is likely to be uneven with a modest pickup in southern periphery economies.

Growth in Emerging Market and Developing Economies (EMEs) is projected to pick up only modestly. These economies are adjusting to a more difficult external financial environment in which international investors are more sensitive to policy weakness and vulnerabilities given prospects for better growth and monetary policy normalization in some advanced economies. On the whole, the emerging market and developing economies are projected to increase growth from 4.7 percent in 2013 to 4.9 percent in 2014 and 5.3 percent in 2015.

Overall, the global recovery is expected to strengthen in 2014. However, important downside concerns remain notably a threat of slowdown in emerging market economies, risks to activity from lower than expected inflation rates in advanced economies, incomplete reforms and rising geopolitical tension typified by the recent developments in Ukraine.

Overall, the growth of the Indian economy is expected to improve in 2014-15. But, the recovery is likely to be mild and gradual with projected growth of 5.5 percent.



Mushtaq Ahmad
Chairman & CEO

Domestic economy continued to remain subdued during the year 2013-14. As per the advance estimates of Central Statistics Office (CSO), the Indian economy registered a dismal growth rate of 4.7 per cent in 2013-14 which is similar to the revised estimate of 4.5 percent for 2012-13.

This second successive sub-five percent growth was primarily the result of the continued slowdown in the industrial sector and lower growth in the trade, hotels, transport and communications segment of the service sector.

Agriculture, however, performed much better in 2013-14 with an estimated growth rate of 4.8 percent. Satisfactory monsoon and absence of extreme climatic events for most part of the year boosted crop production significantly. As per the advance estimates, the production of rice, wheat, pulses, oilseeds and cotton during the year has been the highest ever recorded by the country.

Retail Inflation remained persistent through most part of FY2013-14 with the average CPI inflation at 9.9 percent during first nine months of the year. However, consumer price index (CPI) moderated for the third month in succession in February 2014 to a 25 month low of 8.1 per cent from 11.2 percent in November 2013. Even though CPI has registered a steady rise since April 2014, the increase has mainly come from the sharp spike in seasonal food

inflation which is likely to ease out in near term. On the whole, the central forecast of 8 percent CPI inflation by January 2015 remains largely on track.

The decline in inflation, however, shall be subject to risks largely emanating from any adverse outcome on the monsoon, resurfacing of geopolitical risks that could lift commodity prices, sharper-than-anticipated tapering that could lead to exchange rate pass-through pressures and return of pricing power as the output gap narrows.

Going forward, a moderate recovery of domestic economy is likely to set in 2014-15. The recovery is likely to be supported by increased investment activity due to part resolution of stalled projects and improved business and consumer confidence.

The industrial sector is expected to grow by 3.3 percent, faster than the meagre 0.7 percent growth estimated for 2013-14. The mining sector is also expected to grow around 2.8 percent, after shrinking for three successive years.

The services sector, which accounts for 60 percent of the real GDP, is also expected to show an improvement in growth to 7.3 percent in 2014-15 from 6.8 percent in 2013-14. The acceleration in growth is expected to come from trade, hotels, transport, storage and communication services sector.

I am delighted to present the 76th Annual Report of the bank which reflects our resolute perseverance towards fulfilling your aspirations as well as that of all other stakeholders.

The agriculture sector that did well in 2013-14, owing to a good monsoon, is, however, expected to witness a sharp deceleration in growth to 1.8 percent in 2014-15 from 4.8 percent in 2013-14. Unlike last year, the monsoon is expected to be weak in 2014, as El Nino conditions are expected to develop.

Overall, the growth of the Indian economy is expected to improve in 2014-15. But, the recovery is likely to be mild and gradual with projected growth of 5.5 percent.

The persistent slowdown in domestic economy over the last few years, high proportion of stalled projects, high interest rates and lack of demand has over the period severely dented the repaying capacity of most of the Corporates. The direct impact of this had to be borne by the banking industry which has inevitably witnessed a disproportionate rise in the quantum of stressed assets. At 10.13 per cent of the gross advances, the total stressed assets of Indian banks (including restructured standard assets), as on December 2013, remains a major concern for the banking industry. However, the positive outlook for the domestic economy has fuelled optimism about a turnaround in FY 2014-15.

Amidst these strenuous economic conditions, J&K Bank leveraged intrinsic strength and vivacity of its business model to deliver yet another year of sterling performance which is reflected on all principal parameters. The admirable results, epitomized by the highest ever profits recorded by the bank, were crafted through a carefully deployed strategy of prudent liability management including focused maximizing of low cost deposits, judicious credit deployment, efficient risk management and stringent monitoring of assets. The same enabled the bank to grow admirably without falling into a serious debt quandary, a situation being faced by many of our contemporaries.

Dear Shareholders, I am delighted to present the 76th Annual Report of the bank which reflects our resolute perseverance towards fulfilling your aspirations as well as that of all other stakeholders. It reflects our efficacy in not only withstanding but also successfully prevailing over the most daunting environs. The admirable growth in total business, firmly controlled non-performing assets which stand much below the industry average, high coverage ratio at a level much above the regulatory requirement and strong capital base amply demonstrate the robustness of your bank.

The reflection is also vivid in the sharp spurt in expansion of our multi-delivery channels during the last financial year. During 2013-14, we added a total of 92 business units to increase our network to 777 at the end of March 2014. Similarly, 187 new ATMs were added to take our total ATM network to 800 as on 31st March 2014. This expansion agenda shall continue in 2014-15 and possibilities shall be explored to venture into new markets including the overseas ones. During 2013-14, due emphasis was also laid on rapid proliferation of alternative delivery channels including internet banking, mobile banking and Point-of-Sale machines. Establishment of our own payment gateway during 2013-14 was one such prominent initiative in this direction.

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 involving the weakest sections of the society. We are relentlessly working to get more and more unbanked and under-banked areas within the formal financial ambit to achieve our objective of total financial inclusion in the J&K State. Right from setting up Rural Self Employment Training Institutes (RSETI's), establishment of Common Service Centres (known as Khidmat centres) to engaging Business Correspondents (BCs), we are pushing the limits within the state.

Going forward, a moderate recovery of domestic economy is likely to set in 2014-15. The recovery is likely to be supported by increased investment activity due to part resolution of stalled projects and improved business and consumer confidence.

In this endeavour, we have already brought 536 villages, with greater than 2,000 population, under the ambit of financial inclusion through a mix of business units and

business correspondents (BCs). Simultaneously, we have rolled out 1,696 villages with less than 2,000 population for extending ICT (Information Communication Technology) based financial services, which is well above the target of 1600 villages set for 2013-14. We have also identified and rolled out 340 unbanked villages to BCs under self-set target, thereby taking the total number of villages rolled out under financial inclusion to 2,572 as on March 2014.

Commitment to Corporate Social Responsibility (CSR) remains one of our core values which go beyond symbolic altruism. Our CSR mission continued to remain agile in 2013-14, recognizing obligations towards society. Through CSR activities, we continued to enhance value creation in the society and the community we operate within through a slew of services, conduct and initiatives aimed at promoting sustained growth in fulfillment of our role as a socially responsible corporate.

Esteemed Shareholders, your bank has progressed from strength to strength and each year marks accomplishment of new milestones and setting up of fresh benchmarks. This achievement would not have been possible without your continued patronage and unwavering support which has always been a source of strength & inspiration for us.

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 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 the bank to soaring heights.

2013-14 was a special year as it marked the 75th year of existence of the bank. Various events were held across the country to celebrate this occasion. The year also gave us an opportunity to rededicate ourselves to the task of elevating our institution to new heights on the strength of our commitment and enduring value system

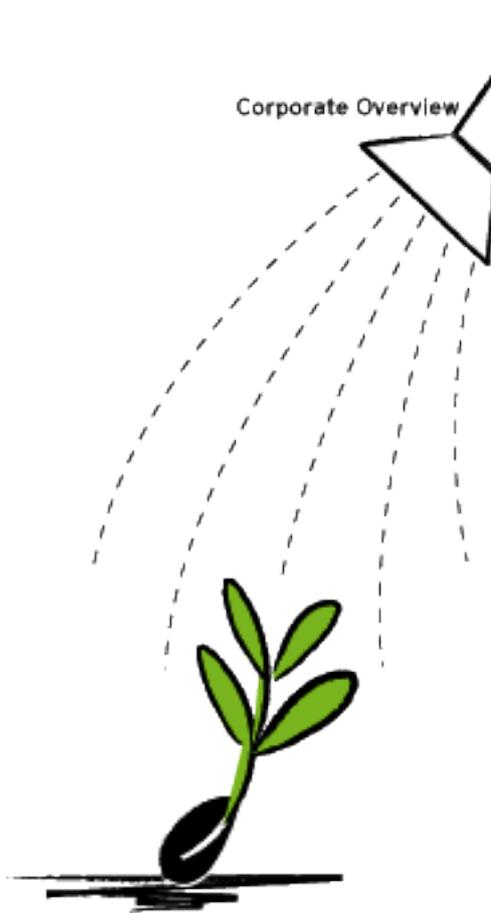
Dear Shareholders, our journey towards excellence shall continue as there is no destination to such a journey. For, excellence is nothing but a perpetual desire to attain perfection.

Our odyssey will continue and so will our commitment of 'Serving to Empower'.

Mushtaq Ahmad
Chairman & CEO



Lending is lending
until it gets paired with
the powerful thought of
educating, empowering,
sheltering and feeding
this generation and
the coming ones.



At J&K Bank, lending assumes a socio-economic agenda of catalysing the progress and development of our operating geographies and populace.

In Jammu and Kashmir, our core region of operations, we have taken upon ourselves the responsibility of creating a strong financial architecture that drives the economic growth of the State. We take pride in acting as a universal bank in the State for many decades, right from our inception. We have been assiduously investing in the critical sectors of the economy and offering State's people a greater economic choice through a range of generic and innovative financial products and services.

Outside of Jammu and Kashmir, we have a reasonable presence with a sizable lending portfolio that focuses on niche and super-specialist lending.

We consciously choose to be liberal in lending to the priority sector, given its cascading effect on the holistic progress and growth of the country's economy.



Our lending focus #1
is to make talent
meet means.

Talent that harbours Mr. Manager, Ms. Business Tycoon
and Grand Master of tomorrow!

Plants are shaped by cultivation and humans by education...

It is this famous adage that sums up both the traditional and modern role of education in any society. Education is another name for liberation, empowerment and growth. It gives vision to the eyes and wings to the mind.

In the globalised and connected world of today, knowledge economies possess an edge over others. Higher education, especially professional, coupled with skill building, becomes paramount in overall development of a country and its economy. While governments thrust on education through physical infrastructure and financial assistance is increasing; supply side constraints in terms of institutions providing quality education has steadily fueled the growth of private institutions including foreign ones in the country. Additionally, the number of students opting for overseas education has grown manifolds over the last two decades.

The rising cost of higher education is taking it beyond the affordability limit for many. Education loans, hence, are fast gaining acceptance as a friendly means of funding higher education dreams. As a structured financial product, education loan is still at a nascent stage in India and needs to evolve a great deal in order to service the growing requirements of the populace in the country.

Realising the importance of education for the economic development and the overall living standards, the RBI has been involved in formulating progressive and proactive policy guidelines for lending to education sector by the banking system. At J&K Bank, we plan to accelerate our lending for higher education over the coming years.

Education Loan Highlights

50 bps

Concession in interest rate
for female students

₹ 173 Crore

Current assets in education
loan segment

14,250+

Total No. of
borrowers so far

8,071

Current No. of
home loan borrowers

Latest Figures



When dreams come calling

Life has a strange way of giving us things that we always require. Imran always wanted to be a doctor, became a business manager instead. Presently working as a senior manager in a multinational company in Delhi, his journey towards success was not an easy one. Coming from a middle class family, pursuing MBA in foreign land was completely out of bounds for him until he came across J&K Bank's easy education loan scheme. With right support from the bank, he was able to complete his MBA from Edith Cowan University, Western Australia. He is content and comfortably placed now and can't thank J&K Bank enough for changing his life for the good.

"Guys when you need money ask J&K Bank. The Bank is just a phone call away to take care of all your worries. They offer lot of options and have employees who really think about students, and unemployed people and businessmen."

Imran Bhat,
Education Loan beneficiary, Awantipora



Education Loans @ J&K Bank

With about 40% of the State's population comprising of youth, at J&K Bank, we recognize that the knowledge, skills and productivity of our growing young and dynamic workforce forms the backbone of Jammu & Kashmir's economy. Consequently, the aim of our Education Finance division is to bring higher education within the reach of every family irrespective of their household income. Our approach to education finance is more of a social undertaking aimed at enriching the knowledge and skill pool of the State, which in turn would lead to sustained and accelerated growth over the coming decades. With enhanced earning potential of the beneficiary families, the same would go on to accrue enormous commercial benefits to the Bank.

We provide affordable education loans to students to help them realise the most cherished goals of life. In turn, they become the role models for other aspirants telling

them that they too can fulfill their dreams with the help of our education loan products. At J&K Bank, we firmly believe that deserving and meritorious students must not be denied their chance of being successful irrespective of their affordability quotient.

With a special focus on female education, we provide a special concession of 50 bps in the interest rate to girl students. This is in addition to the 100 bps interest concession provided to borrowers who service the interest during the study period when repayment holiday is specified for interest/repayment under the scheme.

Driven by our unflinching commitment towards the socio-economic progress of our operating geographies and populace, we have so far provided education loan to more than 14,250 students. The current exposure in the portfolio is ₹ 173 Crore.

"Don't let finance become hindrance in your career growth. Institutions like J&K Bank are there to help you realise your dream effectively and in-time"

Sharshiti Sharma,
Borrower of education loan, Delhi





Our lending focus #2
is to make ambitions
take wings.

Wings that create jobs for millions besides
creating wealth for our ambitious customers!

Create enterprise, live on your own terms, and you'll find the key to happiness...

The wisdom of this famous quote has been the key to rapid widespread economic growth of the country over the last two decades. Post-liberalisation, the economy of India has seen the role reversal between the government and private sector with the latter's contribution to the GDP and job creation rising enormously. While large industrial and business houses contribute a larger portion to the GDP, small and medium enterprises (SMEs) lead the pack in terms of employment generation and distribution of enterprise ownership. SMEs contribute to more than 15% of country's Gross Domestic Product (GDP), about 45% of manufacturing output and 40% of total exports. Currently, there are about 31 million SMEs in the country that employ about 73 million people.

In the state of J&K, we continue to lead the change by nurturing and nourishing the spirit of enterprise and entrepreneurship among all sections of the society.

For us, at J&K Bank, entrepreneurship is an individual or group decision backed by a strong faith in the business idea, passion to realise the dream and courage to persevere in the face of multiple challenges. It is this spirit of entrepreneurship that fuels the financial growth and sustains the economic development of societies across the globe.

Giving wings to your expectations

“My parents might have been reluctant in letting me shape my future but J&K Bank has always shown trust in me and encouraged me to do more. I just love the Bank for that.”

Naresh Mathur,
Owner- Happy Heart Food Corner, Udhampur (Jammu)



SME Loans @ J&K Bank

SMEs have played a vital role in the economic development of Jammu & Kashmir. Its unexplored potential, though, is many times more than what has already been unearthed. Understanding SMEs' importance, we at J&K Bank focus on fueling the spirit of enterprise with adequate, timely and affordable credit to meritorious individuals and companies.

To increase flow of credit to SME sector further, we have adopted a comprehensive loan policy. Supported by our liberal lending regime, the pool of entrepreneurs in Jammu and Kashmir is continuing to grow at a steady pace.

In Jammu and Kashmir, the credit outstanding to MSME has increased to ₹ 5,650 Crore during the financial year 2013-14 from ₹ 4,928 Crore in the previous year. The number of borrowers financed under MSME has increased to 1,56,709 from 1,24,678 during the same period. At the national level, the total advance in SME sector rose to ₹ 7,656 Crore during the year under review from ₹ 6,949 Crore in the previous year. This includes ₹ 2,006 Crore financed to 8,410 such enterprises outside Jammu and Kashmir.

SME Loan Highlights

₹ 5,650
Crore

Credit outstanding
to MSME in J&K

₹ 7,770
Crore

Total MSME credit
outstanding in
India

1,56,709

No. of borrowers in
J&K

1,65,304

Total No. of
MSME borrowers
in the Country

Latest Figures

SKEWPY Highlights

85%
Success rate,
one of the
best in the country

₹206 Crore
Bank's contribution across
projects worth
₹ 317 Crore

2,900+
No. of entrepreneurs
financed so far

Latest Figures



SKEWPY: A Focus

With a resolve to eradicate unemployment in Jammu and Kashmir, particularly among state's educated youth; we have joined hands with J&K government in its Seed Capital Fund Scheme (SCFS) under the flagship programme of Sheri Kashmir Employment Welfare Programme for Youth (SKEWPY). The scheme endeavours to encourage educated unemployed youth to set up their own enterprises.

The programme has been successful in channelling the energy of educated unemployed youth into productive enterprises, thereby generating additional employment (direct and indirect) for many other people besides letting the entrepreneurs take control of their own future. The successful entrepreneurs are becoming the torchbearers for many others who feel shy or reluctant to establish their own enterprises for the fear of failure and instead look for government jobs, which are far and few.

As per the recent survey, jointly conducted by the Bank and Jammu and Kashmir Entrepreneurship Development Institute (JKEDI), the success rate of the scheme is more than 85%, which is one of the best in the country.

For efficient processing followed by immediate disposal of the cases and reference to the steering committee, we have established a dedicated department at our Corporate Headquarter. Once approvals are received, the cases are instantly referred to respective operative levels.

Sensitisation about the importance of the programme and stakes involved therein is done at all the operative levels on a continuous basis. In addition, the issues raised during the bi-monthly interactive sessions with JKEDI are resolved regularly.

Various concessions provided to the beneficiaries have positively impacted the scheme's takeoff since the Bank decided to join force with it.

To provide the further impetus to the programme, an entrepreneur friendly product was tailored that provides concessional rate of interest (BR+0.50%) to the borrowers. Under the SCFS, so far more than 2,900 entrepreneurs across the State have been financed involving a total project cost of ₹ 317 Crore, which includes bank finance of ₹ 206 Crore.



Handicraft Industry @ J&K Bank

Arts & Craft to Jammu and Kashmir is as fragrance to flower. The artists and craftsmen of the State display an unmatched expression of state's heritage through the cherished legacy of handicrafts. Handicrafts occupy a special position in the economic structure of Jammu and Kashmir. Besides being a major contributor to the State's GDP, it is one of the leading foreign exchange earners and provides direct and indirect employment to more than 3.50 lac people.

Cognizant of handicraft's importance, we, at J&K Bank play a key role in craft financing through focused products such as Craft

Development Finance, Dastakar Finance and Artisan Credit Cards.

To empower these artisans and craftsmen across the State comprehensively, the Bank has launched an all-inclusive Dastakar Project. Our aim is to transform the craft industry from the bulwark of the State's historical legacy into an enterprising fortune for artisans as well as the exchequer.

We endeavour to provide adequate and timely finance to the artisans. Under various products, the Bank has provided finances to the tune of ₹ 250 Crore to more than 27,000 craftsmen.

₹ 250 crore
Extent of J&K Bank's
finance to state's
handicraft industry

27,000+
No. of artisans and
craftsmen benefitted
so far

3,50,000+
Employment (direct & indirect)
generated by handicraft
industry in J&K

Latest Figures



Rural Self Employment Training Institutes

"Give a man a fish and you would feed him for a day; teach a man to fish and you feed him for a lifetime."

The essence of this quote of wisdom highlights the power of helping people earn livelihood with dignity as the best way to serve and empower them. As a committed stakeholder in socio-economic progress of Jammu & Kashmir, we have been providing funds to set up skill-building institutions such as Rural Self Employment Training Institutes (RSETI) aimed at training and facilitating rural youth towards setting up of Micro Enterprises. These institutes train aspiring youngsters, help them with credit-linkages and actively handholding them till the setting up of their viable business enterprises.

For us, at J&K Bank, it makes an immense business sense to fund this promising yet out-of-focus domain and in turn multiply our social equity and emotional connect with the beneficiaries.

So far, 9,943 unemployed youth have been trained by 12 RSETIs, out of which 2,271 individuals have established their own enterprises. 2,272 individuals have been provided with credit linkages.

RSETI Highlights

12
No. of RSETIs
funded by
J&K Bank

2,271
No. of enterprises
established by RSETI
trained individual

2,272
No. of enterprises
with credit linkages

9,943
No. of youth
trained by 12 RSETIs

Latest Figures



Small opportunities are often the beginning of great enterprises

This is the story of Ara Jan. A woman who struggled hard to single handedly run her father's business yet not even once felt bogged down by the challenges it posed for her both professionally and personally. Though the fifth one among eight siblings, she spiritedly took the reins of the business after her father's demise. It was her way of keeping alive the legacy left behind by him. Meanwhile, she got three of her sisters married and entered into matrimony, herself.

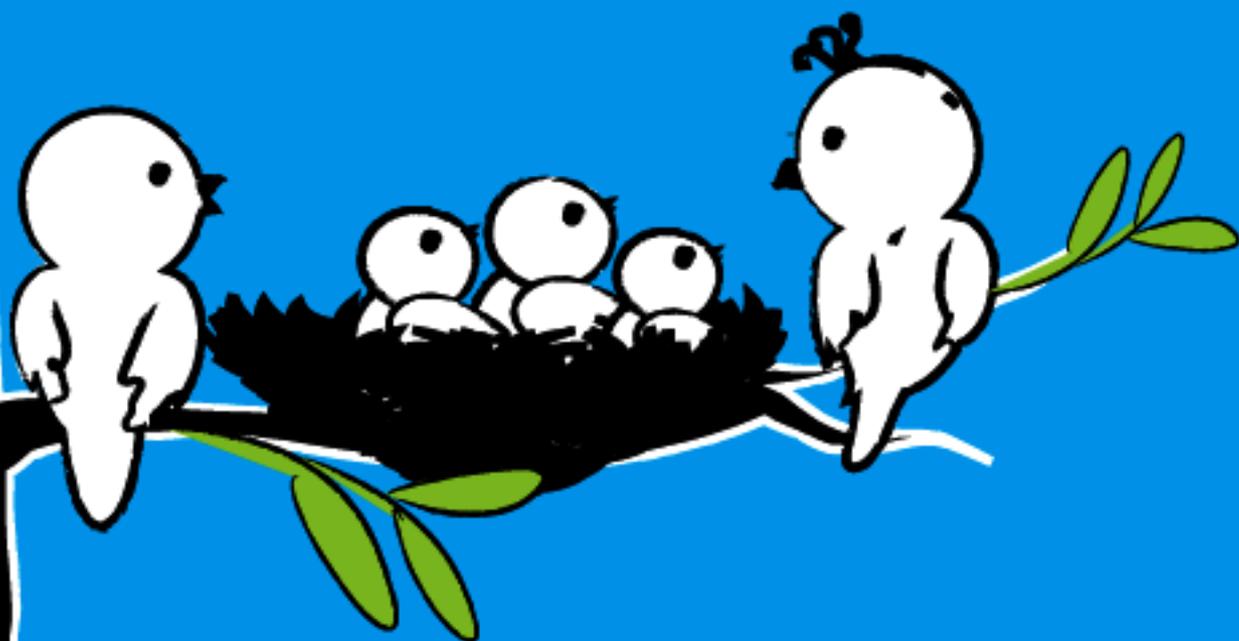
A strong willed and determined lady, Ara has always lived by the principle of self-reliance. So, when she needed money to further expand her business and set up a micro enterprise, she turned to J&K Bank. She enrolled at JKEDI for a loan under SKEWPY in 2011 and established a micro enterprise comprising of two looms in 2012. She availed a finance of ₹ 8.5 Lac at easy payable installments. Today, her enterprise is not only producing out beautifully crafted Pashmina shawls but also empowering women across Srinagar by providing them with a platform to earn livelihood. A winner of J&K Bank's 'Best Entrepreneur Award', Ara today is a happy and satisfied business woman.

"The Bank's timely finance infused a lease of new life into my dreams. Today, I am able to help tens of women by giving them Pashmina wool for spinning. I even offer them commissions for getting it spun from their relatives and friends. On an average, these women earn upto ₹ 1,000 per month. I have engaged three more people as artisans who work on looms and earn anywhere between ₹ 8,000-10,000 per month. In our first year, we had sales of up to ₹ 25 Lac and earned around ₹ 3 Lac profit. Thanks to the support from J&K Bank that made all this possible."

Ara Jan,
Owner- San Craft, Srinagar (Kashmir)

Our lending focus #3
is to help families
come home.

A home that becomes the breeding ground
for their true potential!



Home is where the heart is...

There is nothing on this earth more satisfying and relaxing than one's own house. The dream to own a house is deep-rooted in every heart, irrespective of the requisite means to do so. The alternate to staying in one's own house is renting, which mandates a regular monthly income. Traditionally, renting has neither been a respectable nor a popular way of living in Jammu and Kashmir. Such an attitude is also an outcome of the great land reforms that were initiated in the State in 1948 when most of the peasants became landowners.

However, rapid shift from joint to nuclear families, relentless urbanisation and migration from rural areas continue to

push the demand and desire of owning a house. Given the rising cost of building or purchasing a house, this requires a significantly large amount of money, which is difficult to meet from one's savings alone. All this is leading to increase borrowings for house purchase and construction.

Real estate activities - construction, buying, selling - provide a multiplier effect on a region's economy, generating demand for manpower - professional, skilled, semi-skilled, unskilled - and also material including cement and steel. Considered an immovable asset, a house can also be used as collateral to secure a loan.

"It's almost now 10 years. The bank has got very good relation with its customers. The bank has transformed my life in a way that I feel contented after I began to live in my own home. That very experience of satisfaction that comes from realizing a dream cannot be expressed in words."

Nahida Bano,
Home Loan Borrower, Shenam, Leh





Home sweet home

Like every man, Lal Mohammad Shaikh had a dream of owning a house in Mumbai. He started working at the tender age of 8. Few odd jobs later, he landed in a shoe making unit where he learnt the art of making footwear. By the time he turned 14, he had his own shoe making unit with 5 employees.

A tiff with family forced him to leave everything behind and start life afresh. With the help of few friends, he rented a flat at Mira Road. Soon, the landlord started pressurising him to vacate the flat as he wanted to sell it off. With nowhere to go and having invested all his savings in his business, he was totally clueless.

It was then that a friend told him about J&K Bank's home loan. Though unsure if the Bank would accept his application, he applied for the loan. To his surprise, the Bank accepted his request and granted him a housing loan of ₹ 2.80 Lac in the year 2000. With money in hand, he purchased the same flat he was living in as a tenant. This marked the beginning of his relationship with the Bank. He further requested them for a cash credit facility for expansion of his business. Today, he provides employment to around 100 people and is supplying footwear and ladies handbags to brands like Metro, Lords and Shoppers Stop. A successful businessman, he has traveled across the world.

"The home loan provided by J&K Bank at that time not only provided a great relief to my family but also gave a boost to my business as I could then concentrate on expanding it further. Starting with nothing and having never been to school, today I own a factory, two flats and two shops which cost more than ₹ 6-7 Crore. I consider it no less than a miracle created by none other than J&K Bank."

Lal Mohammad Shaikh,
Resident- Mira Road (Mumbai)



Housing Loan @ J&K Bank

Among moments of great accomplishments, there are none stronger than becoming a homeowner. With a mission to empower people's housing aspirations through financial intermediation, housing finance remains a business segment in our service bouquet.

Like a very effective and friendly housing finance provider, we have simplified and sped up our lending process with an aim to make loans available to borrowers without any hassles or unwelcomed delays. As a part of the strategy to bridge the colossal housing shortage, our Bank is providing housing finance to eligible borrowers at a very competitive interest rate of 10.25% for loans upto ₹ 50.00 Lac.

During the financial year 2013-14, 2,968 people availed our housing finance which amounts to ₹ 376 Crore. As a result of sustained drive to provide easy home loan to maximum number of aspirants, the housing loan portfolio of the Bank at the end of the financial year was ₹ 1,061.77 Crore.

Going forward, the revival of growth in our national economy shall accelerate the demand growth for housing finance. Currently, we are looking at the housing scenario at a stage when the national economy is on the road to revival, after reeling under depressive conditions for over the last three years. Over the next 5 years, overall potential demand for housing (measured against the total number of households) is expected to increase in line with the trend in the past. The number of households is likely to increase on account of the urbanisation and migration from rural areas.

Aided by a likely improvement in the overall economic growth, we expect demand to pick up gradually. The number of urban households is estimated to increase at a faster CAGR of 3.3 percent during the period as compared to a 1.8 percent rise in the number of rural households.

Housing Loan Highlights

16,175
Current No. of home
loan borrowers

1,104 Crore
Total home loan portfolio

376 Crore
Total home loan disbursed
during the year

2,968
No. of new borrowers added
during the year

31,250+
Total No. of customers
benefitted so far

Latest Figures



Our lending focus #4
is to make farmers
propel economy.

Economy that drives growth for Jammu & Kashmir.

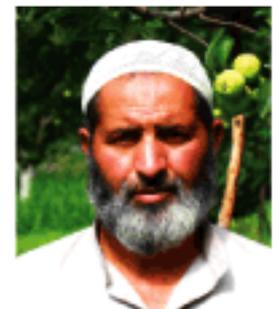
An apple a day keeps the doctor away

With nearly 65% of state's population dependent on it, agriculture and allied activities contribute about 20% to Jammu & Kashmir's economy. Horticulture remains the mainstay of agrarian activities and contributes nearly ₹ 4,000 Crore to the

State's GDP. With 1.61 lac hectare of land under apple cultivation yielding about 1.65 million tonne of production volume, apple remains the predominant crop proving livelihood to about 2.7 million people of the State.

"I feel delighted to have chosen J&K Bank as my partner in building a prosperous future for my family and that of the many more families associated with me. They always provide me with the right kind of advice, timely help and world class service. Not even once have I felt disappointed in my dealings with them."

Haji Mohammad Maqbool Mir,
Owner- Maqbool Fruit Company, Ganderbal (Kashmir)





Apple Project @ J&K Bank

Horticulture dominates agricultural finance in the State and J&K Bank has been actively widening and deepening its presence in the sector. Considering the dominant position of apple, we have undertaken to strengthen the apple economy of the State with holistic interventions across its entire value chain. Titled 'Apple Project', the programme is being implemented on a mission-mode basis with an idea to transform the State's agro-economy not only in terms of financial intermediation but also strengthening logistics and other support structures.

The thrust is on quality Agri production, creation of infrastructure for developing cold chain/CA storage facilities, Agri-clinics, promotion of latest farming techniques, re-plantation of high yielding hybrid varieties, drip irrigation and access to markets through tie-ups. We are increasing the holding capacity of growers through an integrated Cold-Chain network.

Following an Integrated approach, we are replacing the informal channels of finance to free the growers from the clutch of moneylenders and middlemen. Our success in getting included under the purview of providing interest subvention to priority sector borrowers along with Public Sector Banks has been a game changer for local apple growers. Now, an average grower receives the required advances at an interest rate of just 4-7 percent, translating into significant saving over

the exorbitant rate of 30-40% charged earlier by unorganized lenders.

To educate apple growers about modern scientific practices, we have already signed a MoU with Sheri Kashmir University of Agricultural Sciences and Technology (SKUAST). This expertise is also availed to make entrepreneurs aware of best food processing practices.

We are organizing workshops on modern agricultural techniques and practices across the valley. Consultancy services of horticultural experts are being availed for training apple growers and project managers. To stabilize farm income of growers, we have also launched an apple crop insurance product on pilot basis. It is for the first time that weather based apple insurance has been introduced in the state.

We are pursuing a course to facilitate quality agri-inputs by liberally financing a chain of Agri-clinics across the valley that would provide quality fertilizers, pesticides, fungicides and other biocides from reputed companies to the growers.

We are also members of ESP (Enterprise Solution to Poverty), a US based organisation. The membership of ESP entitles us to have access to other members of ESP for creating shared value in agri-business which shall eradicate dependency of growers on traders.

Apple Project Highlights

520 Crore

Advances to 20 CA stores
with storage capacity
of 86,000 MT

1,04,000+

No. of growers financed
under the Apple Project

2,500+ Crore

Advances to the Apple
Economy including
₹ 2000 Crore to growers

Latest Figures



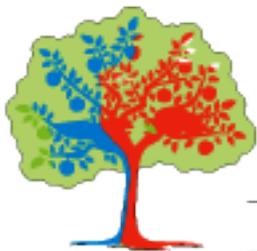
Fruits of hard work are always sweet

Leaving a successful tourism business of his family, Faisal dreamt of doing something that made a larger impact in bettering many lives. He ventured into agriculture in 2006 with full backing and support of the family.

In 2009, he came up with an entirely new idea of setting up a Controlled Atmospheric Store (CAS) which had the potential to transform the fortunes of the Apple industry. With nothing but this novel idea and a gritty resolve, he approached J&K Bank and was pleasantly surprised with Bank's interest in the idea. Having got timely finance from J&K Bank, Faisal takes immense pride in helping close to 200 people earn their livelihood today.

"I am confident that with this apple project in place, I will be able to change the apple business in Kashmir to a large extent. With a chain of CA Stores coming up across the valley, with many more in the pipeline, the post-harvest scenario of apple will drastically change for growers and traders for the best".

**Faisal Burza,
MD, Fruit Master Agro Fresh Pvt. Ltd. (Kashmir)**



Apple Project in Numbers

As per tentative estimates there are 2.83 lac apple growers in Kashmir. So far, under the project we have tapped more than 1 lac apple growers, which in terms of finance is over ₹ 2,000 Crore. However, our total exposure in the industry is more than ₹ 2,500 Crore, which includes credit to Arthias, traders, commission agents.

The bank envisions tapping of all the 2.83 lac apple growers across the valley in next few years, which in financial terms would mean credit off-take of at least ₹ 5,000-6,000 Crore.

To help and sustain the small apple growers in the process, the Bank has also sped-up its financing to the critical infra-structure like CA stores, which extend shelf-life of apples to 10-12 months and ensures better and sustained pricing of their product.

So far, we have financed CA Stores with storage capacity of around 86,000 Metric Tons. The finances are to the tune of around ₹ 520 Crore. We envisage increasing the storage capacity by at least three-times up to over 2.5 Lac Metric Tons in next few years with the targeted finances of ₹ 1,700-1,800 Crore.

Going forward, Apple Project holds potential credit off-take of around ₹ 7,000 Crore across farming, CA stores and Agri-clinics. Its spin-off impact can transform the State's economy in the next decade with a multiplier effect.

Besides the numerical aspect, our real motivation towards this project comes from its potential scale of economic empowerment of common growers. The project is on track to facilitate common grower with an opportunity and freedom of choosing buyers and negotiating prices for his hard-earned produce. It is the exercise of this choice that lies at the heart of not only his financial empowerment but economic success of our agrarian economy.

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 41 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 landmark 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 extra-ordinary 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. Hari Narayan Iyer

Mr. Hari Narayan Iyer, General Manager, Department of Non Banking Supervision, Reserve Bank of India, Mumbai is a Master of Business Administration (MBA) in Banking & Finance and a Certified Associate of the Indian Institute of Bankers, (CAIIB). He also holds a Certificate in Treasury and Risk Management from the Indian Institute of Banking & Finance (IIBF). He has 7 years of Commercial Banking experience and over 20 years of Central Banking experience, serving in the Reserve Bank of India in various capacities in the areas of Banking Supervision, Supervision of Non Bank Finance Companies, Deposit Insurance, Supervision of Urban Co-operative Banks and Rural Planning and Credit.



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 career 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 (Jammu) of Indian Institute of Public Administration, Regional Branch, New Delhi; National Executive Committee Member Mayo College Old Boys' Society, Ajmer; President Mayo Alumni, Jammu; Treasurer Jammu Adventure Sports Club, Jammu. 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 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 51 years, is a professional Chartered Accountant with 28 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 ICAL. 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 nominated to work on faculty of Business Studies by Vice-Chancellor of Jammu University for the triennial period of 2009-2012.



Mr. Nihal C. Garware

Mr. Nihal Chandrakant Garware is a holder of Bachelor of Arts Degree (USA) and the scion of well known Industrialist family of India - the Garwares. Mr. Nihal Chandrakant Garware is at present Head of the Legal Department and Liaison Department in some of the Garware Companies. He has been a Director in various companies in the Garware Group, where his responsibilities has ranged from Production, Sales, Legal and Liaison to Finance. He is Advisor to outside Companies like Ama Pvt. Ltd., D. Y. Patil Group and Sharad Pawar International School. He is also the founder member of The Youth Wing of Indian Merchants Chamber of Commerce.

Mr. Abdul Majid Bhat, Secretary to Board of Directors



Executive Committee

Executive Presidents



Mr. Parvez Ahmad



Mr. Om Prakash Sharma



Mr. Abdul Hamid Bandy

Senior Presidents



Mr. Vagish Chander



Mr. Shafat Ahmad Bandy



Mrs. Meera Jamwal



Mr. Roop Krishan Shah

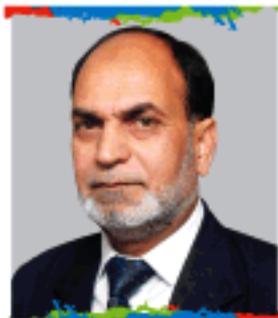


Mr. Surjeet Singh Sehgal



Mr. Abdul Rauf Bhat

Presidents



Mr. Abdul Rashid



Mr. Mohammad Syed Wani



Mr. Surender Krishan Bhat



Mr. Nayeem-Ullah



Mr. Pushap Kumar Tickoo



Mr. Rajesh Kumar Chibber



Mr. Mohammad Amin Mir

Vice Presidents

Nishi Baru

Mohammad Ibrahim Wani

Abdul Rashid Shelgan

Gulam Mohammad Sadiq

Arvind Gupta

Ashok Kumar Pandita

Mohammad Sultan Kaboo

Rakesh Gandotra

Arun Gandotra

Ghulam Nabl Tell

Sunil Gupta

Rajni Saraf

Gurcharan Singh

Mukhtar Ahmad

Mohammad Maqbool Lone

Aftab Ahmad Qazi

Chetan Paljor

Mohammad Younis Patoo

Ashok Kumar Koul

Mushtaq Ahmad Mir

Vinay Kumar Sawhaneey

Mohammad Yousuf Dobi

Nazir Ahmad Tell

Surash Kumar Kotwal

Javaid Ahmad Bhat

Ashraf Ali (Law)

Shafat Hussain (Law)

Corporate Functions' Report



CUSTOMER SERVICE

J&K Bank's mission has always been to accord the highest priority to quality customer service.

The relationship we have with each and every customer is incredibly important to us and tireless efforts are made to provide quality services to the customers.

Emphasis is laid on the quality of delivery systems and the adoption of advanced customer-friendly technologies. Continuous evaluation of customer satisfaction and an effective grievance redressal mechanism is also given great prominence.



MARKETING

With the growth of customer-centric financial services in Indian banking sector, there is a dire need for banks to stay grounded and close to changing customer requirements. Since, J&K Bank has grown in breadth and depth in terms of customer diversity and geographical span, it demands high level of market understanding. This understanding develops a base for designing an effective portfolio of products and services. J&K Bank with this objective of continuously staying updated and abreast with market demands and

accordingly catering such demands with focused business strategy, established a J&K State centric marketing structure comprising of both experienced officials and bright fresh recruits.

These marketing teams help the Bank in developing effective marketing intelligence in addition to facilitating the traditional business service delivery channels. The Bank is also utilising the marketing structure for organising events pertaining to awareness of Bank's diverse product portfolio.



IT INITIATIVES

Technology has played a vital role in the Bank's growth. Adoption of latest banking technology and innovation continues to remain a thrust area of the Bank with the affirmed objective to offer banking facilities to the delight of its customers. T&ISD department of the Bank has always delivered solutions in line with the changing business needs of the organisation and has always provided industry best technological solutions to support the business goals. The details of various technology initiatives taken during the financial year 2013-14 are enumerated as below:

- i. Cheque Truncation System (CTS) was rolled out at RCC Mumbai, Ludhiana, Nasik, Kolkata, Indore, Bhopal, Raipur, Baroda, Ahmedabad, Surat, Pune and Nagpur.
- ii. 187 new ATMs were commissioned during the financial year taking the total number of ATMs to 800.
- iii. Second Factor Authentication (2FA) was introduced to strengthen the security mechanism around eBanking transactions and to avoid proliferation of cyber attacks.
- iv. EMV cards were issued for both credit as well as debit products to further strengthen their security features.
- v. As part of initiatives to add more features through delivery channels, Merchant payments were enabled through mobile banking.
- vi. The bank established its own payment gateway to offer e-commerce platform to its customers.

187
New ATMs were
commissioned

EMV
cards were issued for both
credit as well as debit products

Latest Figures



HR INITIATIVES

The main objective of Human Resource Development is to work towards the betterment of human resource in the Bank by development, application and evaluation of policies, procedures and programs related to human resource and to optimise their contribution towards the realisation of the Bank's objectives. Initiatives are taken for creating a healthy climate where a value system based on sincerity, passion, trust and collaboration essential for developing better human resource is inculcated.

The J&K Bank is known for being the second largest employer in the state of J&K having a focus 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 2013-14, the Bank initiated the process of recruitment of youth in which 1,050

candidates across the State were appointed as Relationship Executives and 366 candidates as Banking Associates. The move on the part of the Bank aims at reducing unemployment graph in the State besides, improving the institutional competence and efficiency. The Bank also framed the career progression policy for Banking Attendants.

In order to empower employees across all levels, career progression and succession planning were given due consideration and 1,041 promotions were effected across all cadres during 2013-14. These include promotion of 341 Executives as Senior Executives and 645 Associate Executives as Executives. The process of career progression was percolated down the line whereby 55 Banking Associates were inducted in the officer's cadre level till the end of 2013-14. All these initiatives are aimed at empowering the employees to bring out the optimum from each one of them.

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55
Banking Associates were
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cadre level

1,050
candidates across the
State were appointed as
Relationship Executives

Latest Figures



Trainings

In view of rapidly changing & challenging banking scenario, Bank conducted various refresher courses and training programmes within and outside the State. These training programmes were conducted at NIBSCOM, NIBM, NABARD and other reputed institutions of India. HRDD conducted these training programmes/refresher courses to sharpen the talent and upgrade

the skill levels of employees. Besides, in-house training programmes were imparted at STC/TTC at both Jammu and Srinagar. These programmes have helped the employees in making them familiar with latest trends in Banking Industry and the latest products and services. During 2013-14, more than 6,000 employees were imparted training in different aspects of banking.



RISK MANAGEMENT

Risk is integral to the business of banking and risk management objective at the J&K Bank is to balance the trade-off between risk and return and ensure optimum risk-adjusted return on capital. It entails identification, measurement and management of risks across business lines of the Bank. Risk is managed through an architecture that comprises of policies and principles approved by the Board supported by specific committees to facilitate mitigations of risk oversight. The Bank continues to focus on improving its risk measurement systems that not only ensure regulatory compliance, but also ensure optimal capital utilisation, keeping in view business objectives.

The Integrated Risk Management Committee (IRMC) of the Board reviews the risk management policies and practices and evaluates credit risk, market risk, operational risk, interest rate risk, liquidity risk and other residuary risks. IRMC also carries out assessment of the capital adequacy based on the risk profile of the balance sheet besides reviewing the status of implementation of Basel norms. 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 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 risk management policy aims to provide basic framework for implementation of sound credit risk management system in the Bank. The policy spells out various aspects of credit dispensation, credit administration and stipulates measures for avoiding concentration risk by setting prudential limits and caps on exposures on different sectors, on the basis of rating grade and customer-constitution. The credit risk management in the Bank aims at ensuring sustained growth of healthy loan portfolio while identifying and managing the

credit risk, both at the transaction and portfolio levels. 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. Bank also effectively manages credit risk arising from off-balance sheet exposures. Credit audit and loan review mechanism functions independently of the credit processing and credit approval system, to ensure effective loan monitoring.

Risk is integral to the business of banking and risk management objective at the J&K Bank is to balance the trade-off between risk and return and ensure optimum risk-adjusted return on capital. It entails identification, measurement and management of risks across business lines of the Bank.



Market Risk

The Market Risk management process at the Bank consists of identification & measurement of risk, control measures, monitoring and reporting system. The Bank has a Board approved policy for Market risk, which stipulates risk limits such as Net Overnight Open Position, Modified Duration, Stop Loss, Concentration & Exposure Limits etc. VaR and stress testing measures are also in place to measure market risk of the trading book. Foreign exchange risk is monitored through net overnight open position limit, cut loss limit, GAP limits etc. Interest rate risk is measured through the use of traditional gap analysis and duration analysis.

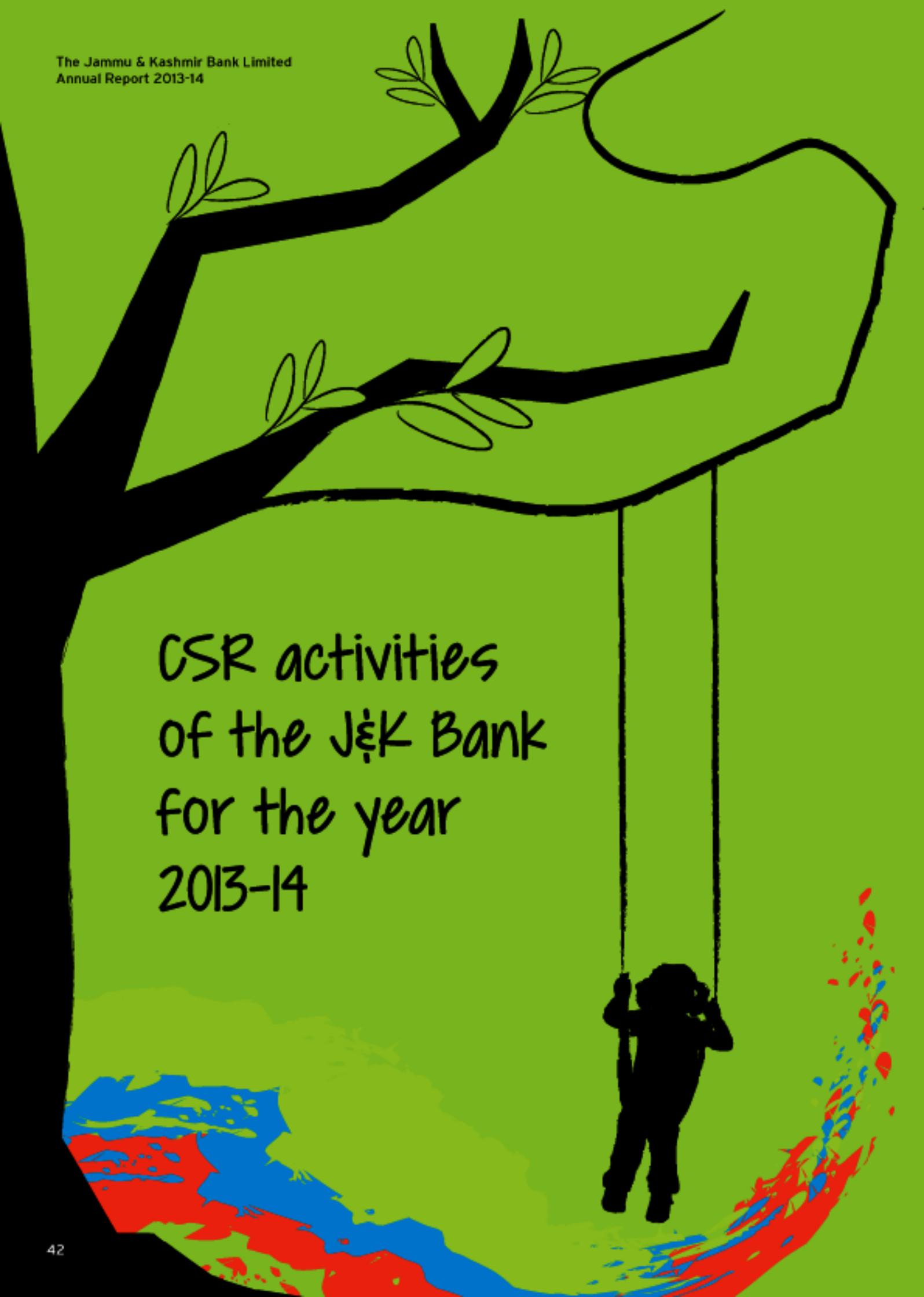
The Bank uses various tools for measurement of liquidity risk including the statement of structural liquidity, dynamic liquidity gap statements, liquidity ratios and stress testing. The Bank maintains diverse sources of liquidity to facilitate flexibility in meeting funding requirements. The Asset Liability Management Committee reviews the positions of interest rate and liquidity gap positions on the banking book, sets deposit and benchmark lending rates, reviews the business profile and its impact on balance sheet in light of the current and expected business environment.



Operational Risk

The Operational Risk Management process of J&K Bank is driven by a strong organisational culture and sound operating procedures that involve corporate values, competencies, comprehensive system of internal controls, reporting, key backup procedures and contingency planning. Policies have been put in place for effective management of Operational Risk in the Bank. J&K Bank's operational risk governance and framework is defined in the operational risk management

policy, approved by Board of Directors. The policy provides a framework for the management of operational risk and aims to ensure clear accountability, responsibility and mitigation of operational risk. The overall framework is overseen by Operational Risk Management Committee (ORMC). Bank has a Business Continuity Plan (BCP) in place that ensures continuity of operations in case of disruptions.



CSR activities
of the J&K Bank
for the year
2013-14

Being a responsible Institution, J&K Bank is highly committed to Corporate Social Responsibility (CSR). With Better understanding of the J&K State's social, cultural and geographic nuances, the bank goes beyond the description of altruistic symbolism and expresses its CSR policy from the broader perspective of socio-economic empowerment.

The Corporate Social Responsibility (CSR) of the J&K Bank aims to identify responsibility towards society and seeks to assimilate the CSR ideals into its mission for optimizing both business and social performance. By supporting social cause aligned to its mission, the CSR strategy differentiates the bank's brand and enhances its reputation.

Year 2013-14 being the Platinum Year with completion of 75 years, CSR aspect of the bank remained more agile, recognizing obligations towards society in the light of

its vision of "People's Empowerment through Servant Leadership". J&K Bank through its CSR activities continued to enhance value creation in the society and the community it operates in through its services, conduct and initiatives so as to promote sustained growth in fulfillment of its role as a socially responsible corporate.

Major CSR initiatives during the year 2013-14 revolved around Health, Education, Eco-Preservation and community welfare at large.



Medical Camp at Uri, a town on LoC, organized by bank as part its Platinum Jubilee.



Laying of Foundation stone of Community Park at Leh to be developed and maintained by bank as part of its CSR.



Health

Responsive to the seriousness of individual as well as collective health, the bank unflinchingly implemented its robust endowment programme. Bank continued with its tradition of generous financial assistance to the patients suffering from serious ailments having no means to meet the expenses for emergency treatments like chemotherapy, dialysis, cardiac ailments, medicines etc. At the same time, Bank contributed to various health projects undertaken by reputed non-profit organizations, like Cancer society of Kashmir, Maya Foundation (Dealing with free surgeries in cleft lip & palate), Society for Hemophilia Care and other organizations dealing with critical diseases. Moreover, to have institutional form of CSR activities on health front, the Bank donated five Dialysis machines to Sher-I-Kashmir Institute of Medical Sciences (SKIMS). In addition, bank donated vehicles & provided monetary donations to the NGO's primarily dealing with differently abled children,

like Voluntary Medicare Society, Hari Prabhu Sanstha, Chotey Taray Foundation, Red Cross Home for Handicapped Jammu, CHINAR Kashmir, Kusht Ashram Jammu and other NGOs of repute in the J&K State.

It is pertinent to mention that the year being the Platinum One, the Bank kick started a major CSR initiative by conducting "FREE HEALTH CAMPS" at various places in the State. The initiative was started by the Bank on World Health Day and later on carried to every nook and corner of the state like Bani, Reasi, Gund and Uri. Apart from free consultation from top doctors of SKIMS Srinagar and GMC Jammu, the needy and poor patients were provided with free medicines and also clinical tests were done free of cost for the benefit of the patients belonging to underprivileged class of the society.



Dialysis machines donated to SKIMS Srinagar



Lending a hand to Earthquake victims of Chenab Valley Region

Rising to the occasion, Bank came forward for the victims of Chenab Valley (Doda & Kishtwar) after the region was severely hit by an earthquake on May 1st, 2013. Under the domain of its biggest CSR initiative, Bank donated One Thousand tents among the quake hit victims so that some relief could be provided to the people whose households were either completely damaged or rendered unlivable. The effort on the part of the Bank was well taken by the Government and civil society alike as the J&K Bank was the first and the only Bank to reach out to the affected people of the area.

Education as a means to socio-economic empowerment receives a substantial part of the Bank's CSR funds. The Bank contributed meaningfully to the education of the downtrodden, besides helping the agencies and reputed NGOs active in the field of women and children empowerment.

Education of a girl child is given top priority in our educational CSR activities. This Year J&K Yateem foundation was supported to rehabilitate two hundred girls under Girls Upliftment Programme. In a major CSR initiative under "Education for better tomorrow" to educate the police force in

dealing with the general public under stressful circumstances, Bank facilitated "Soft Skills programme for Police Personnel" so that they could be imbued with the personnel traits like communication skills, stress management, interpersonal communication and negotiating skills for their better reflection in the society and the overall benefit to the general public. More than five thousand police personnel got benefitted through this CSR act of the Bank.

To facilitate the students in being technologically sentient, the Bank donated computers and established computer labs at many Government schools like Darul-Uloom High School Vehil Shopian and Anjuman Nusrat-ul-Islam Srinagar. Bank continued partnering with local NGOs like VMS, CTF, and CHINAR and SOS Balgran Jammu for professionally managing education of more than 100 children having various forms of disability. Besides, sponsoring the education of the children belonging to lower economic strata and orphans remained one of the key CSR activities of the Bank. It also provided financial help to the educational and other professional institutes by sponsoring their seminars, symposia etc., meant for professional excellence.



Donation of 1000 tents to earthquake victims of Doda & Kishtwar, districts of Jammu



Eco- Preservation

Preservation of environment remains a crucial component in the bank's vision of social responsibility. Bank continues to maintain nine major parks in the J&K State under its "Save Environment / Heritage" CSR initiative, which includes the historical BADAM VEER park. Earlier, Bank in commemoration of its Platinum Jubilee, started a massive plantation drive on 21st March,

2013. The drive was carried forward even beyond the date to every nook and corner of the State in view of the Bank's assertion to plant as many as 75,000 plants in the 75th year of its existence. Besides this, the Bank sponsored a number of awareness campaigns on various environmental issues.



Other CSR Activities

Bank provided a number of sewing machines to the women belonging to under-privileged class of society. Besides, a number of three wheelers were donated to differently abled people to empower them so that they do not remain dependent on others. Moreover, lots of developmental projects

were undertaken by the Bank at various hospitals in the state for the perpetual benefit of the people from social and environmental point of view. This included construction of shack and OPD Block at SMHS Hospital, etc.



Donating Van to a school for special children



Donating scooties to differently-abled persons



Future CSR Course

Our CSR activities would further intensify based on new guidelines put forth in the New Companies Act 2013. Bank has drawn up a comprehensive CSR Policy as per new provisions of CSR Bill introduced in the New Companies Act 2013. As per guidelines laid down, CSR is mandatory from

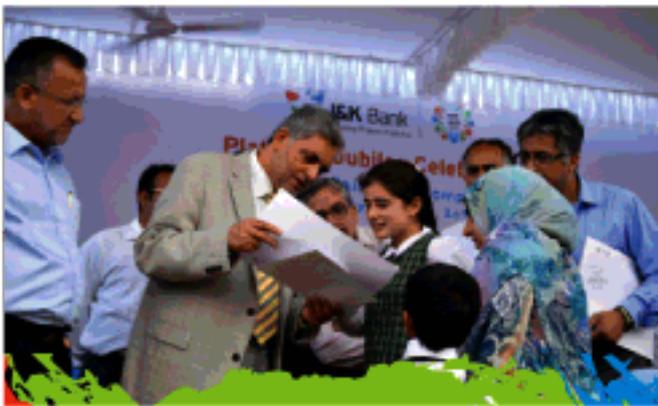
1st April, 2014 and also Bank shall focus all its CSR initiatives on three major themes of social concern i.e. Health, education and social projects of larger community welfare. However, Bank shall also take other initiatives as well which are in consonance with new CSR Bill.

Events @ FY 2014

Main functions of Platinum Jubilee celebrations held on October 03, 2013



Other Key Events of the year





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Directors Report

- 1.1. Your Board of Directors have pleasure in presenting the 76th 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 March 31, 2014.
- 1.2. The bank has delivered a strong performance in 2013-14. The bank's strategy of consolidation, re-engineering, re-pricing and re-organization has resulted in productive and efficient growth, robust balance sheet, reality asset book and substantial provisions. Financial highlights for the year under review are presented below:

2 PERFORMANCE AT A GLANCE

- 2.1 The aggregate business of the bank stood at ₹115720.46 Crore at the end of the financial year 2013-14, an increase of ₹ 12299.43 Crore over the previous year's figure of ₹103421.03 Crore. In percentage terms, the growth registered was 11.89%.
- 2.2 The total deposits of the bank grew by ₹5115.24 Crore from ₹64220.62 Crore as on 31st March, 2013 to ₹69335.86 Crore as on 31st March, 2014. CASA deposits of the bank at ₹27083 Crore constituted 39.06 % of total deposits of the bank.
- 2.3 Cost of deposits for current FY stood at 6.70%.
- 2.4 The bank continued its prudent approach in expanding quality credit assets in line with its policy on Credit Risk Management. The net advances of the bank increased by ₹7184.19 Crore from ₹39200.41 Crore as on 31st March, 2013 to ₹46384.60 Crore as on 31st March, 2014, a growth of 18.33%.
- 2.5 Yield on advances for the current FY stood at 12.23 %.
- 2.6 Priority sector advances (Gross) stood at ₹13131.66 Crore as on 31st March, 2014.
- 3 The bank's performance in the recovery of NPA's during the year continued to be good. The bank effected cumulative cash recovery, up-gradation of NPA's and technical write-off of ₹270.95 Crore.
- 4 Investment portfolio of the bank increased by ₹454.01 Crore from ₹25741.06 Crore as on 31st March 2013 to ₹26195.07 Crore as on 31st March, 2014.

5 Insurance Business

- 5.1. The bank earned an income of ₹31.31 Crore from the Insurance Business. In life insurance, the bank mobilized business of ₹63.29 Crore and in non-life segment, business of ₹113.63 Crore was mobilized during the year.

Income Analysis

- 6.1. The Interest income of the bank recorded a growth of ₹630.20 Crore and increased from ₹6136.80 Crore in the year 2012-13 to ₹6767.00 Crore in the year 2013-14. Interest expenses increased from ₹3820.76 Crore to ₹4082.52 Crore during the year. The Net Interest Income increased from ₹2316.04 Crore to ₹2684.48 Crore on YoY basis.
- 6.2. The Net Income from operations Interest Spread plus Non-interest Income increased to ₹3074.74 Crore in the financial year 2013-14 from ₹2799.77 Crore in the financial year 2012-13.
- 6.3. The Operating Expenses registered an increase of ₹185.98 Crore during the financial year 2013-14 and stood at ₹1174.99 Crore as compared to ₹989.01 Crore in 2012-13.
- 6.4. The Cost to Income ratio (Operating Expenses to Net Operating Income) stood at 38.21% in the financial year 2013-14.

Gross Profit

- 7.1 The Gross Profit for the financial year 2013-14 stood at ₹1899.75 Crore.

8 Provisions

- 8.1. The Provision for loan losses, Provision on Standard Assets, Taxation and others aggregated to ₹717.28 Crore in the financial year 2013-14.

9 Net Profit and Dividend

- 9.1. The bank registered a Net Profit of ₹1182.47 Crore for the financial year 2013-14.
- 9.2. The Board of Directors has recommended a dividend of 500 per cent for the financial year 2013-14.
- 9.3. In terms of extant guidelines, the bank will pay the dividend distribution tax for the financial year 2013-14. Accordingly, the total outflow

on account of dividend for the year 2013-14 will be ₹283.58 Crore including the dividend distribution tax.

10 Net Worth and CRAR

- 10.1. The Net Worth of the bank increased to ₹5723.61 Crore on 31st March, 2014 from ₹4864.69 Crore on 31st March, 2013.
- 10.2. The bank has implemented the Basel-III guidelines on capital regulations w.e.f. June, 2013.
- 10.3. Capital Adequacy Ratio under Basel III stood at 12.69 % as on March, 2014 well above RBI stipulated norm of 9 %. The tier I component of CRAR is 11.22% as on 31st March, 2014.
- 10.4. The Return on Average Net Worth stood at 22.34% for FY 2013-14. Earnings per Share and Book Value per Share for the financial year 2013-14 stood at ₹243.92 and ₹1159.63 against ₹217.64 and ₹992.09 respectively for the previous year.

11 Branch/ATM Network

- 11.1 During the financial year 2013-14, 92 new branches were established, thereby taking the number of branches to 777 as on 31-03-2014, 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 2013-14 is as under:

Area	Branches
Metro	44
Urban	181
Semi-Urban	152
Rural	400
Total	777

- 11.2 During the financial year 2013-14, 187 ATMs, both onsite & offsite, were commissioned thereby taking the number of ATMs to 800 as on 31.03.2014.

12 IT initiatives during FY 2013-14

With a view to provide greater convenience and alternate channels to the customers, bank launched

various IT initiatives during financial year 2013-14. The details of various technology initiatives taken during FY 2013-14 are enumerated below:

Cheque Truncation System (CTS) was introduced at RCC Mumbai, Udhiana, Nasik, Kolkata, Indore, Bhopal, Raipur, Baroda, Ahmedabad, Surat, Pune and Nagpur.

Second Factor Authentication (2FA) was introduced to strengthen the security mechanism around e-Banking transactions and to avoid proliferation of cyber attacks.

EM cards were issued for both credit as well as debit products to further strengthen their security features.

As part of initiatives to add more features through delivery channels, Merchant payments were enabled through mobile banking.

The bank established its own payment gateway to offer e-commerce platform to its customers.

13 Advertising and Publicity

Continuing with our proactive brand promotion and positioning within the wider public consciousness, we maintained and enhanced our brand equity during the year.

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

The bank also entered into the virtual space of social media networking to augment further its on-line presence and processes of image-building.

14 Corporate Social Responsibility-CSR

With ever-increasing focus on activities for the larger community welfare through CSR, J&B Bank retained a collective focus on its various dimensions like people and their health, environment, education and society at large. Year 2013-14 being the Platinum one, the bank remained more agile towards its societal obligations to further its vision of People's Empowerment through Servant Leadership. J&B Bank through its CSR activities continued to enhance value creation in the society

and the community it operates in through its services, conduct and initiatives so as to promote sustained growth in fulfillment of its role as a socially responsible corporate.

15 Major CSR Initiatives taken by the Bank

Health remained the prime CSR activity of the bank. Sizeable contributions were made to various health related projects, either directly or through implementing agencies. Under J&K Bank Health for All, bank donated five (05) Dialysis machines to S. IMS to cater to the needs of the poor patients suffering from chronic renal failure. Bank also undertook various Health initiatives through NGOs like Cancer Society of Jammu, Maya Foundation, and Hemophilia Society of Delhi. Free Health Camps were held at far flung areas across the state where the needy and poor patients were provided free medicines and free clinical tests. In addition, bank donated vehicles, wheel chairs and provided monetary donations to the NGOs primarily dealing with differently-abled children like Voluntary Medicare Society, Hari Prabhu Sanstha, Chotey Taarey Foundation and others.

Rising to the occasion, bank responded promptly to the earthquake victims of Chenab valley after the region was hit by it on 1st May, 2013 and donated around One Thousand (1000) tents to the victims as their households had either been completely damaged or rendered unlivable.

Education remained one of the thrust areas of the bank under CSR for the year 2013-14. In a major initiative under Education for better tomorrow the bank facilitated Soft Skills Programme for Police Personnel to educate them about dealing with the general public in stressful circumstances. More than five thousand (5000) police personnel got benefitted through this CSR act of the bank. Bank continued its partnership with local NGOs for professionally managing education of more than 100 children having various forms of disabilities, with particular focus on children belonging to lower economic strata and orphans.

Under its flagship programme Save Environment/Heritage, bank continued to maintain nine (09) major parks across the state.

Bank continued to provide a fantastic blend of banking and non-banking services to the pilgrims of Shri Amaranth cave ranging from the services

of registration to insurance etc., under the aegis of CSR. Haj pilgrims and people of all other faiths were also given due cognizance and support on this front.

1 LEAD BANK RESPONSIBILITY

The J&K Bank is the only private sector bank in the country assigned with the responsibility of convening State level Bankers' Committee meetings. The bank continued to discharge its Lead Bank responsibility satisfactorily in 12 out of total 22 districts of J&K State, i. e. Srinagar, Ganderbal, Budgam, Baramulla, Bandipora, Kupwara, Anantnag, Pulgam, Pulwama, Shopian, Poonch and Rajouri. The other 10 districts i. e. Jammu, Samba, Kathua, Udhampur, Reasi, Doda, Ramban, Kishtwar, Leh and Ladakh are managed by State Bank of India.

The State Annual Credit Plan (ACP) for the FY 2013-14 was launched in time and its implementation was monitored at quarterly intervals in State level Bankers' Committee meetings. During the FY 2013-14 out of the total ACP target of ₹16,322.68 Crore for the State, banks operating in the State disbursed credit of ₹10,268.58 Crore, registering an achievement of 63%. This includes Priority Sector credit of ₹5,701.15 Crore disbursed by banks in favour of 3,06,919 beneficiaries against the target of ₹10,142.46 Crore for 6,13,489 beneficiaries (56% achievement in financial terms and 50% in physical terms) and Non-priority sector credit of ₹4,567.43 Crore in favour of 1,06,569 beneficiaries against the target of ₹6,180.22 Crore for 1,67,745 beneficiaries (74% achievement in financial terms and 64% in physical terms).

Out of the total priority sector credit of ₹5,701.15 Crore disbursed by all banks in the State upto 31st March, 2014, J&K Bank alone disbursed ₹3,619.13 Crore which constitutes 63.48% of the total credit provided to priority sector by all banks in the State.

During the FY 2013-14, following meetings were conducted:

- Four Quarterly State level Bankers Committee (S. BC) meetings, viz. 89th, 90th, 91st and 92nd to review performance under ACP 2013-14 were held on 6th June, 2013, 29th August 2013, 16th December, 2013 and 10th March, 2014 respectively.
- One Special S. BC meeting was conducted on 8th May, 2013 on the occasion of visit of Hon'ble Governor, RBI, Dr. D. Subbarao to J&K State.

- Two meetings of Steering Sub-Committee of S BC to monitor IT enabled Financial Inclusion, F CCs & Credit plus Activities were held on 24th July, 2013 and 15th January, 2014.
- Three meetings of Sub-Committee of State level Inter Institutional Committee (S IIC) to discuss and work out the rehabilitation of Individual Sick MSME units in J& State were held on 16th May, 2013, 11th October, 2013 and 8th February, 2014.

Implementation of Financial Inclusion Plan (FIP) :

- The target of 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 all the house-holds in the 795 villages under the ambit of banking is being monitored regularly in quarterly S BC meetings.
- The roadmap for coverage of 5582 villages (having population below 2000) during the years 2012-13, 2013-14, 2014-15 and beyond 2015, was formulated as per regulatory requirements of RBI. The Same was allocated to five participating banks, viz. J& Bank (3271 villages), SBI (753 villages), Punjab National Bank (294 villages), J& Grameen Bank (1026 villages) and EDB (238 villages). Its implementation is being vigorously monitored by J& Bank.

Responsibility of 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& State was assigned by J& Bank Department /J& S BC to two banks, viz. J& Bank and SBI as per their J& Bank responsibility. Accordingly, J& Bank has set up 12 RSETIs in its allocated 12 lead districts of Srinagar, Ganderbal, Budgam, Baramulla, Bandipora, Kupwara, Anantnag, Pulwama, Shopian, Poonch and Rajouri. The Performance of RSETIs in conducting training camps and the number of persons benefited is being regularly reviewed in quarterly S BC meetings.

Responsibility of setting up of FLCs in J&K State:

In terms of RBI guidelines, target of setting Financial Literacy Centres (F LCs) in all the districts of the state has been fully accomplished with J& Bank operationalizing 12 F LCs in its 12 allocated lead districts and SBI operationalizing 10 F LCs in its 10 allocated lead districts. The performance of F LCs in conducting the Financial Literacy Camps in their respective districts is being reviewed at various meetings including S BC meetings.

100% coverage of farmers under KCC Scheme:

The initiative of 100% coverage of farmers under Kisan Credit Card (KCC) Scheme was launched in J& State in compliance to directives of Ministry of Finance, Government of India. Its implementation is being vigorously pursued with all the stakeholders including banks, Agriculture Department, J& Bank District Managers etc. Upto the end of March 2014, banks have sanctioned a total number of 7,44,470 KCCs in J& State against which 5,86,364 KCCs amounting to ₹3,718.68 Crore have been disbursed.

Regional Rural Bank sponsored by J&K Bank:

The J& Grameen Bank came into existence on 30th June, 2009 with the issuance of statutory notification by GoI, 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 Kupwara Rural Bank and Jammu Rural Bank into a single new Regional Rural Bank under the name of J& Grameen Bank, with its Head Office at Jammu. The bank commenced its business from 01.07.2009.

Area of Operation:

In terms of GoI notification dated 30-6-2009, the notified area of operation of J& Grameen Bank comprises of districts of Baramulla, Bandipora, Kupwara, Jammu, Kathua, Rajouri, Poonch, Leh and Ladakh and parts of three districts viz. Ganderbal, Srinagar and Samba.

Business:

The business of the bank increased from ₹3,022.51 Crore to ₹3,438.09 Crore during the year 2013-14, registering a growth rate of 13.74%.

Deposits

The deposits of the bank increased from ₹2,165.22 Crore to ₹2,407.43 Crore during the year 2013-14, registering a growth rate of 11.18%.

Advances

The gross advances of the bank as on 31st March, 2014 stood at ₹1,030.66 Crore as against ₹857.29 Crore as on the corresponding date of the previous year, recording a growth of 20.22%

CD Ratio:

The CD Ratio of the bank increased by 3.22% from 39.59% as on March 2013 to 42.81% as on 31st March, 2014.

Priority Sector Advances:

The priority sector advances of the bank as on 31st March, 2014 stood at ₹729.82 Crore as against ₹590.61 Crore as on the corresponding date of the previous year, recording a growth of 23.57%. Priority sector advances constituted 70.81% of total advances which is much above the bench mark of 60%.

NPA Position:

The gross NPAs of the bank as on 31.03.2014 stood at ₹85.40 Crore which accounts for 8.29% of gross advances. The Net NPA as on 31.03.2014 stood at ₹47.44 Crore which accounts for 4.78% of net advances (Pre-audit).

Profitability:

Net Profit of the bank stood at ₹13.44 Crore as on 31st March, 2014. (Pre-audit figures)

CBS/ Computerization:

The bank achieved 100% CBS rollover of its branch network.

Capital to Risk-weighted Asset Ratio:

The CRAR position of J&K Grameen Bank as on 31st March, 2014 stood at 13.19%, which is much above the mandatory requirement of 9%.

Business per Employee:

The business per employee as on 31st March, 2014 stood as ₹3.40 Crore.

Profit per Employee:

The profit per employee as on 31st March, 2014 stood as ₹1.33 lakh.

Deposits per Employee:

The deposits per employee as on 31st March, 2014 stood as ₹2.38 Crore.

Advances per Employee:

The advances per employee as on 31st March, 2014 stood as ₹1.02 Crore.

Business per Branch:

The business per branch as on 31st March, 2014 stood as ₹16.77 Crore.

Deposits per Branch:

The deposits per branch as on 31st March, 2014 stood as ₹11.74 Crore.

Advances per Branch:

The advances per branch as on 31st March, 2014 stood as ₹5.03 Crore.

Profit per Branch:

The Profit per branch as on 31st March, 2014 stood as ₹6.55 lakh (Pre-audit).

1 FINANCIAL INCLUSION:

With the objective of reaching out to the large hitherto unbanked population and extend financial services to unlock its growth potential, the bank formulated Financial Inclusion Plan (FIP) for delivery of basic banking services in allotted identified unbanked villages. The details of village allocation and other FIP related information is mentioned hereunder:

- SBC has allocated 536 villages having population of above 2000 and 3271 villages having population of below 2000 to the bank for providing ICT (Information Communication Technology) based financial services by the end of March 2016. Bank has already brought 536 villages (> 2000 Population) under the ambit of financial inclusion by opening of Business units 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, 1696 villages have been rolled out for extending ICT based financial services at the end of March 2014 well above the target of 1600 villages set for FY 2013-14.
- Bank has also identified and rolled out to BCs 340 unbanked villages under self set target, thereby taking the total number of villages rolled out under financial inclusion to 2572 as on March 2014.

- As on March 2014, bank had opened 124 Business units in identified allocated villages under financial inclusion, comprising of 33 business units in villages having above 2000 population and 91 business Units in villages having below 2000 population.
- The target for household coverage in the rolled out villages stands at 7.56 lac, out of which 4.69 lac households have been covered which constitutes 62.09% of total households.
- 695 FSCs of CSC's have been engaged as BC and are linked to 439 Base branches/ Business units for providing ICT enabled financial services in the State, thereby taking the total number of BCs to 697.
- Number of accounts opened in 2572 rolled out villages has reached 12.18 lakh comprising of 6.05 lac No Frill Accounts/ Basic saving bank deposit accounts/ ISSS/ MGNREGA and 6.13 lac other accounts.
- Upto March 2014, 69686 transactions have been generated through the operation of Smart Cards involving an amount of ₹ 14.61 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 (FI)

Micro-Overdraft to Ujala accounts (F I)

RBI selected Villages Progress/ Achievements

- 15 model villages allocated to the bank by RBI for 100% financial inclusion in the State have been made functional through Smart Cards.
- 5252 smart cards have been issued in 15 RBI selected model villages and 8695 accounts have been opened.

Implementation of EBT & DBT

The J&S State Government entrusted the responsibility of execution of EBT/DBT in all the districts of the State to the J&S Bank. To start with, SBC identified six districts (Srinagar, Ganderbal, Rajouri, Jammu, Baramulla, and Anantnag) on pilot basis for

implementation of EBT/DBT. In these six districts, the monthly benefits under IGNOAP scheme are being released directly to beneficiary accounts through the electronic mode. Validation of accounts in remaining 16 districts of the State is in progress.

Financial Literacy cum Credit Counseling Centres

- In compliance to RBI directive, the bank operationalised Financial Literacy cum Credit Counseling Centres in 12 districts in the State where J&S Bank performs the lead bank responsibility.
- 633 outdoor financial literacy camps have been conducted by 12 FSCs in the respective lead districts imparting training and information to 59133 persons.

Financial Literacy Camps through Rural Branches

- The bank conducted 1160 financial literacy camps in the villages situated in the close vicinity of various rural branches of the bank. A total of 56977 persons attended these camps.

18 CORPORATE GOVERNANCE

- J&S 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 a high level of business ethics, effective supervision and enhancement of stakeholder value.
- 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.

19 BOARD OF DIRECTORS

- Mr. Mushtaq Ahmad, Chairman and CEO of the bank was reappointed as Chairman and CEO of the bank for a period of 3 years with effect from 6th October, 2013 by the Reserve Bank of India.
- Mr. Bharat Bhushan Das, IAS, Principal Secretary to Government, Finance Department, J&S Govt. was nominated by the Government of J&S as director on the Board of the bank with effect from 24th April, 2013.

- c. Mr. Hari Narayan Iyer, Additional Director was reappointed by the Reserve Bank of India with effect from 7th Oct. 2013 till 31st Oct. 2014.
- d. Mr. A. M. Matto and Prof. Nissar Ali, were reappointed as Directors at the last Annual General Meeting of the Shareholders of the bank held on 22nd June, 2013.
- e. With a view to broad-basing the Board, Mr. Nihal C. Garware, an eminent personality, was re-appointed as Additional Director of the bank w.e.f 24.06.2013. The bank has gained immensely from his guidance and wide ranging experience and expertise.
- f. Mr. R. . Gupta retires by rotation at the ensuing Annual General Meeting in accordance with provisions of Companies Act, 2013 and is eligible for reappointment.
- g. Mr. ikrant uthiala, who in the opinion of Board is eligible for appointment as Independent Director, is proposed to be appointed as Independent Director on the Board of the Bank.

20 Name o the Board o Directors o the Bank

1. Mr. Mushtaq Ahmad
Chairman & CEO
2. Mr. Bharat Bhushan yas, (IAS)
Director
3. Mr. Hari Narayan Iyer
Director
4. Mr. M. I. Shahdad
Director
5. Mr. ikrant uthiala
Director
6. Prof. Nisar Ali
Director
7. Mr. A. M. Matto
Director
8. Mr. R. . Gupta
Director
9. Mr. Nihal C. Garware
Director

21 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 Companies Act, 1956 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.
- 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.

22 PARTICULARS OF EMPLOYEES

PARTICULARS OF EMPLOYEES AS PER RULE 5 (2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 FOR THE YEAR ENDED 31st MARCH, 2014, 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	42 years	06-10-2010	64	J& Bank Ltd.

with effect from Oct. 2013. Remuneration received prior to Oct. 2013 ₹ 4.00 lakhs per month.

- ii. EMPLOYED FOR PART OF THE FINANCIAL YEAR AND IN RECEIPT OF REMUNERATION AGGREGATING ₹5,00,000/- OR MORE PER MONTH
NI

23 Acknowledgements

- 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, 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 co-operation in realization of the corporate goals in the years ahead.

For and on behalf of the Board of Directors

Place: Srinagar (J&K)
Date: 15.05.2014

Mushtaq Ahmad
Chairman & CEO

Management Discussion and Analysis

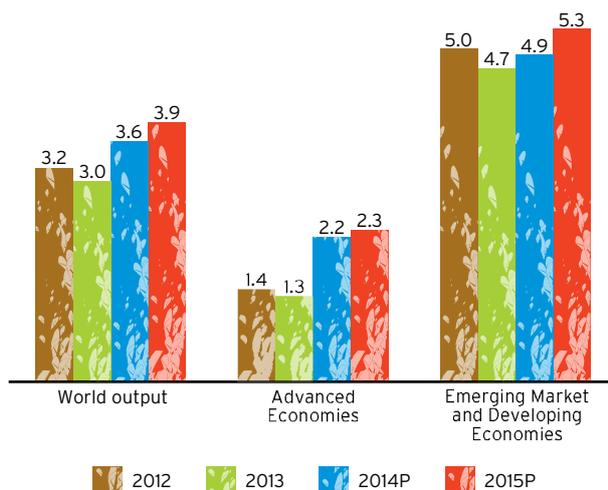
Economic Overview

Global economy

The year 2013 from the perspective of the global economic environment can be segregated into two distinct halves. During the first half of the year, the global economic growth momentum continued to ebb and slowed from 3.8% in 2011 and 3.2% in 2012 to 2.7% in H1 2013. The second half of the year was much better with the global economic growth strengthening to 3.7%. Overall during the year 2013, the global economy grew by 3.0%, tad lower than the year 2012.

The global recovery has been led by recovery in advanced economies (AE), especially the U.S. where unemployment rates fell much faster than expected to 6.3%, nearing pre-crisis levels. In most emerging markets & developing economies (EMDE) though, the growth pick obstructed by aggravated localized macroeconomic vulnerabilities and tightening of global liquidity was modest at best. While EMDE contributed over two-third to global growth during the year, their relative share to global growth over the last couple of years has been declining and is expected to slump during the year 2014 as well. Most AE continue to have uncomfortably large output gap that has pushed inflation to uncomfortably low levels despite highly accommodative monetary policy. On the other hand, for most EMDE the inflation remained above comfortable levels for most of the year, especially for the countries with high fiscal & current account deficit and the ones with considerable supply bottlenecks.

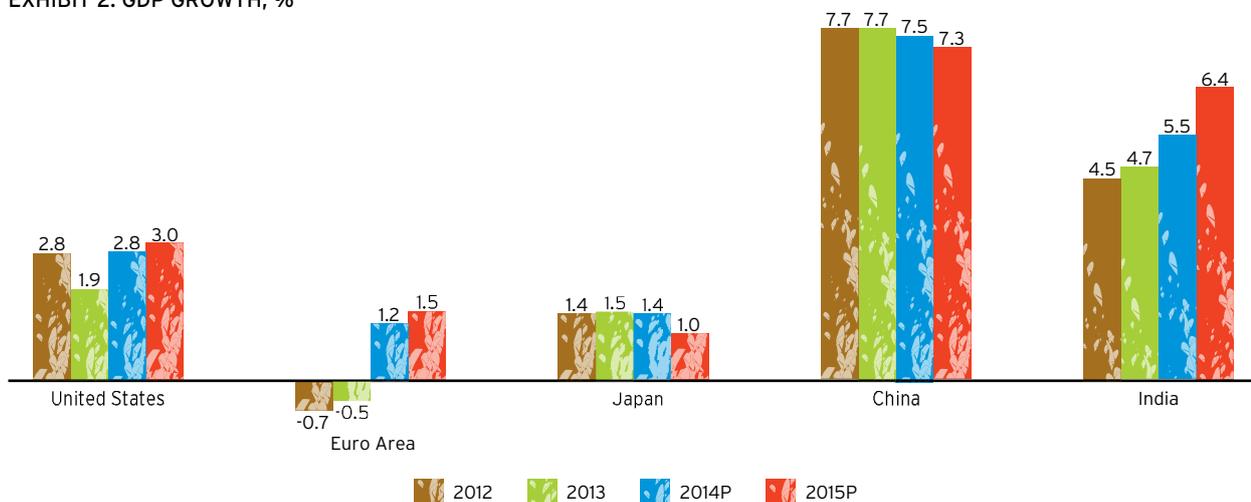
EXHIBIT 1: GLOBAL GDP GROWTH, %



Source: IMF

Going ahead, the global economic growth should continue to improve with further strengthening in advanced economies and continued gradual pick up in EMDE supported by improvement in overall trade environment. The recovery across countries and within regions may continue to remain uneven and vulnerable, especially of EMDE with high twin-deficit.

EXHIBIT 2: GDP GROWTH, %

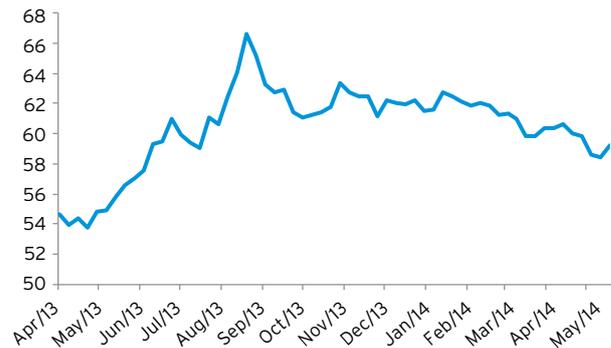


India Economy

During the financial year 2013-14, Indian economic growth continued to moderate mainly due to delayed project approvals & implementation, continued deceleration in corporate investment, uncomfortably high interest rates and supply bottlenecks including land & fuel availability. Mirroring the trend in global economic growth momentum, India's economic growth remained exceptionally weak till Q1FY 2013-14 after which there has been a very modest growth pick up. India for the first time since mid-eighties is projected to see a sub 5% growth for two successive years.

On the positive side, the second half did see considerable improvement in a few macro-economic indicators, which led to revival of foreign investor's confidence in India's growth story and stabilized INR movement against key global currencies. During the first half of the financial year 2013-14 INR was one of the weakest currencies and depreciated by over 25% against the USD post initial indication by the US Fed of easing quantitative tapering in May 2013. However, backed by a few critical reform steps taken by the government along with the steps taken by RBI to enhance dollar liquidity, the second half saw considerable improvement in the overall macro-

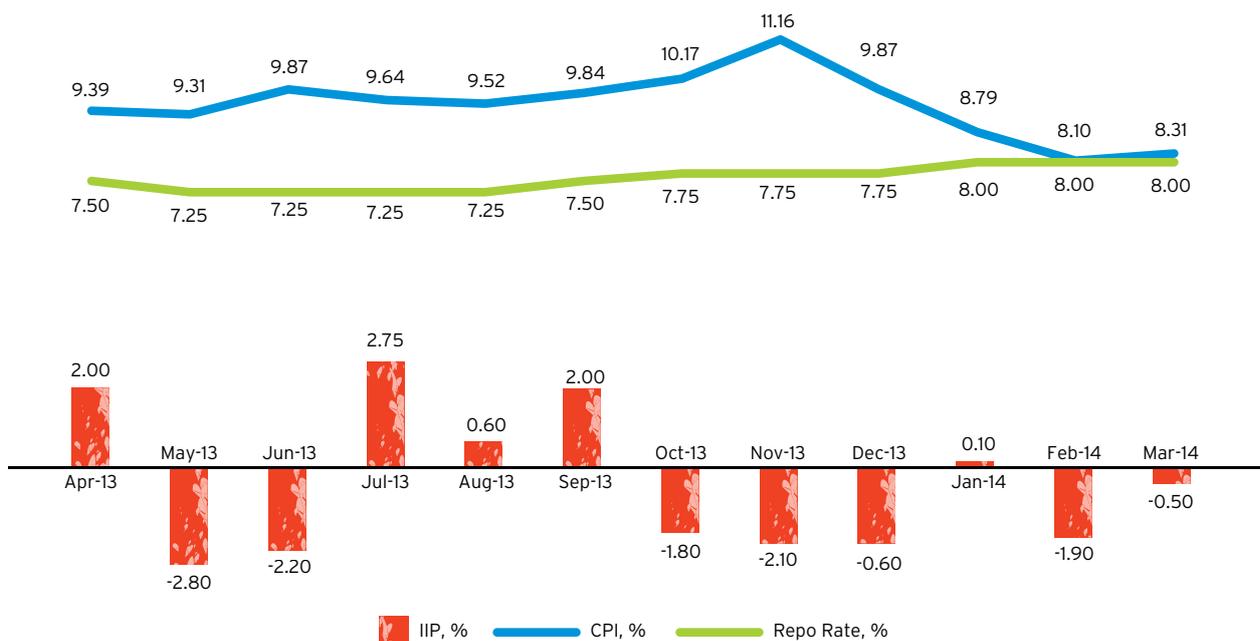
EXHIBIT: 3: USD/INR MOVEMENT, ₹



economic environment with INR recovering 15% of its lost value.

The second half saw a meaningful reduction in current account deficit (CAD) during the year. In Q3 FY 2013-14 CAD narrowed to 0.9% of the GDP from 6.7% in the corresponding quarter of the previous financial year. For the year the CAD has come down to 1.7% of the GDP from 4.8% in FY13. The trade deficit during the year reduced by over 27% to USD 138.6 bn from USD 190.3 in FY13.

EXHIBIT 4: IIP, CPI & REPO RATE, %



The consumer price index (CPI) remained elevated near double digits for the first nine months of the financial year but recorded some reduction during its last three months. It is important to note that this reduction was despite gradual hike in fuel prices, which not only resulted in easing of the pressure on high fiscal deficit but also passed through most of suppressed inflation linked to fuel.

Going ahead, with most of the pain already factored in and stable global commodity prices, the inflation should continue to abate excluding food and domestic fuel price volatility. With a gradual recovery in key partner economies, India's exports are also expected to improve their growth. The challenge for the economy would be to carry out reforms, attract considerable investment, eliminate supply bottlenecks especially related to mining and power that can ease both fiscal and current account deficit and significantly aid recovery of the broader economy.

The Monetary Policy Stance

Through 2012-13, the Reserve Bank of India preserved with efforts to address growth risks with 100 bps reduction in the repo rate, supported by policies to ease credit and liquidity conditions through a 75 bps reduction in the CRR, 100 bps reduction in the SLR and OMO purchases of the order of ₹ 1.5 trillion. In May 2013, the Reserve Bank continued with its easing stance with a reduction in the policy repo rate by a further 25% to support growth. The easing course of monetary policy was disrupted thereafter by 'tapering' fears that caused capital outflows and exchange rate pressures amid unsustainable CAD, as also renewed inflationary pressures on the back of the rupee depreciation and a vegetable price shock. The Reserve Bank resorted to exceptional policy measures for further tightening the monetary policy. As a first line of defense, short-term interest rates were raised by increasing the Marginal Standing Facility (MSF) rate by 200 bps and curtailing liquidity available under the Liquidity Adjustment Facility (LAF) since July 2013.

As orderly conditions were restored in the currency market by September 2013, the Reserve Bank quickly moved to normalize the exceptional liquidity and monetary measures by lowering the MSF rate by 150 bps in three steps. However, with a view to containing inflation that was once again rising, the policy repo rate was hiked by 75 bps, also in three steps. The last round of hike in January 2014, was aimed at containing the second round effects of the food price pressures

felt during June-November 2013. Since then, inflation expectations have somewhat moderated and the temporary relative price shock from higher vegetable prices has substantially corrected along with a seasonal fall in these prices, without further escalation in ex-food and fuel CPI inflation.

While headline CPI inflation receded over the last three months from 11.2% in November 2013 to 8.31% in March 2014, the persistence of ex-food and fuel CPI inflation at around 8% for the last 20 months poses difficult challenges.

Against this background the first bi-monthly policy for 2014-15 has been guided by the following considerations:

- i) Though the disinflationary process is already underway with the headline inflation trending downwards, the inflation still stays well above comfort levels.
- ii) Growth concerns remain significant with GDP growth staying sub-5 per cent for seven successive quarters and index of industrial production (IIP) growth stagnating for two successive years.
- iii) Though a negative output gap has prevailed for long, there is clear evidence that potential growth has fallen considerably with high inflation and low growth. This means that monetary policy needs to be conscious of the impact of supply-side constraints on long-run growth, recognizing that the negative output gap may be minimal.

Against this backdrop, the stance of the monetary policy is primarily intended to keep the economy on a disinflationary glide path and to address the growth concerns across all sectors.

Monetary Measures

On the basis of the aforementioned considerations and assessment of the current & evolving macroeconomic situation, the major measures announced by RBI in its first bi-monthly monetary policy for 2014-15 were as follows:

Keep the policy repo rate under the Liquidity Adjustment Facility (LAF) unchanged at 8.0%

Keep the Cash Reserve Ratio (CRR) of scheduled banks unchanged at 4.0% of Net Demand and Time Liability (NDTL)

Increase the liquidity provided under 7-day and 14-day term repos from 0.5% of NDT of the banking system to 0.75%, and decrease the liquidity provided under overnight repos under the AF from 0.5% of bank-wise NDT to 0.25% with immediate effect.

Consequently, the reverse repo rate under the AF remained unchanged at 7.0%, and the Marginal Standing Facility (MSF) rate and the Bank Rate at 9.0%.

J&K State Surging Ahead

For yet another year, J&K State maintained its growth trend despite a sluggish national economy. The estimated growth rate of 5.88% achieved by the state in FY2013-14 is higher than the growth of 5.51% achieved by the State in 2012-13 and much above the advance estimates of 4.7% for national economy in 2013-14.

This impressive performance was based on vital contributions from all the major segments of the economy. For 2013-14, the primary sector grew at an estimated 1.44% compared to 0.13% in 2012-13, thereby contributing an estimated 21.07% to the GSDP. Within the primary sector, the growth rate of Agriculture and Animal Husbandry segment is estimated at 1.56% as against 0.17% achieved last year. The Secondary or Industrial Sector is estimated to have contributed 22.39% to the GSDP of the state. For the year 2013-14, it registered an estimated growth rate of 3.79%. The Tertiary or the Service Sector maintained its prominence and its contribution is estimated to have increased from 55.19% in 2012-13 to 56.54% in 2013-14. For 2013-14, it grew at an estimated growth rate of 8.47%, up from 7.53% achieved in 2012-13.

J&K's Per Capita Income (PCI) at current prices, which reached ₹ 63,232 during FY 2012-13 increased further to ₹ 72,188 during 2013-14. In comparison, the corresponding figure for the year 2008-09 was only ₹ 30,212. Even at constant prices, the PCI grew to ₹ 37,533 during the 2013-14 in comparison to ₹ 25,641 in the year 2008-09, indicating an increase of roughly 50% over a period of five years or a simple average growth of around 10% per annum.

The state's tax revenue collection in FY 2013-14 is estimated at ₹ 6,700 crores. Compared to the total tax collections of ₹ 2,683 crores made in the year 2008-09, the tax collections signify an overall growth of about two and half times in a period of five years. This performance of the State has been widely appreciated

in forums like the Empowered Committee of State Finance Ministers, Planning Commission, the Finance Commission and the Ministry of Finance.

FY 2013-14 saw prevalence of peace in the J&K State, which in turn improved confidence levels of the business community and increased turnover in crucial sectors like tourism, industry, transport, horticulture, sericulture, floriculture and various other services.

FY 2013-14 also witnessed launching of an assortment of new initiatives by the State Government, significant furtherance on various under-process projects and culmination of several key ventures.

The railway line from Qazigund in Kashmir valley was extended to Banihal in Jammu Division through a 17.2 km long tunnel across the Pir Panjal mountain range, resulting in reduction of several hour long distance between the two points to a few minutes. The Domelatra railway link, which shall facilitate the carriage of yatris to Mata Aishno Devi shrine is also likely to be commissioned soon. The work on the laying of railway track between atrata and Banihal is already in progress. The entire rail link between Kashmir and the rest of the country is scheduled to be completed by the year 2017.

The work on upgrading of the National Highway 1A is at various stages of implementation. The Bakhampur to Nagrota portion is now complete. The portion between Nagrota and Udampur is expected to be commissioned during the forthcoming summer.

In respect of power generation, the State harnessed a potential of 2693.45 MW through 32 HEPs under Central, State and IPP sectors. The addition made during the last five years comes to 824.26 MW. Out of this, installed capacity of 235.50 MW has been added during the FY 2013-14 itself through the commissioning of six HEPs. Twenty HEPs with a total installed capacity of 1785 MW are under execution. The work on the execution of 450 MW Baglihar Hydro Electric Project Phase II is at an advance stage. The 850 MW Ratle HEP is in IPP mode and four more other HEPs are slated to be commissioned by the year 2017.

Going ahead, the state will continue its efforts to emerge as one of the foremost economies within the country. The State shall continue to focus on the key areas of Agriculture. For FY 2014-15, an estimated amount of ₹ 321.40 crores has been allocated for the Agriculture & Allied Departments including Animal & Sheep Husbandry, Floriculture and Cooperation.

Allocation of ₹ 179.74 crores has been made for the Irrigation, Flood Control & PHE Sector. Tourism Sector has been allocated ₹ 106.20 crores and Industries Sector including Labour & Employment has been allocated ₹ 179.82 crores.

The thrust on the Education and Health sectors for the adults, women and the children shall continue in FY 2014-15. These sectors are scheduled to receive allocations of ₹ 734.66 crores and ₹ 310.45 crores, respectively.

For ensuring inclusive development, specific allocations have been made for development of border areas, bad pockets, backward regions, SC & ST, BC. Women & Child Welfare schemes have been given their due share. Allocation of ₹ 332.34 crores has been made under the Social Welfare Sector including the specific allocations of ₹ 49.73 crores for Tribal Sub Plan and ₹ 27.43 crores for the Scheduled Castes, Gujjar & Bakarwal, BC and Pahari speaking people. Under the ICDS Mission Mode, an amount of ₹ 40 crores has been allocated, including a sum of ₹ 20 crores for creation of additional 1000 anganwari centers in a phased manner.

The special focus on providing employment generating avenues to the youth of the State shall continue in FY 2014-15. An allocation of ₹ 120 crores has been made to meet the requirements of the Seed Capital Fund, Youth Startup Loan Scheme, Women Entrepreneurs and the SA. J& State shall continue and enhance its focus on girl students and in this respect the financial assistance under the Beti-Anmol Scheme has been enhanced from ₹ 5000 to ₹ 10,000.

Besides above, the State shall continue to focus on all other sections of the population, particularly the weaker sections to ensure inclusive development of the state.

J&K Bank Policy Overview

Prudent liability management complemented by qualitative asset expansion, efficient risk management, stringent monitoring of assets and superior systems & procedures formed the basic contours of the policy pursued by the bank in FY 2013-14. The policy enabled the bank to grow admirably and at the same time maintain quality of its assets.

Overall, the bank's basic strategy of exhaustive credit dispensation within the J& State and selective high volume pan India quality lending remained unchanged.

Liability Management

To counter the adverse impacts of strenuous economy, J& Bank focused on maximizing the low cost deposits without being burdened by undue high cost deposits. This strategy enabled the bank to peg its cost of deposits at 6.70%, which is amongst the lowest in the industry. Overall, the deposits of the bank increased from ₹ 64,221 crores in FY 2013 to ₹ 69,336 crores at the end of FY 2013-14.

Credit Management

Prudent credit management has always been one of the key drivers of the bank's strategy. In FY2013-14 also, the credit asset base of the bank continued to multiply rapidly without any compromise on the quality of lending. Overall, the bank increased its net advances from ₹ 39,200 crores as on 31st March, 2013, to ₹ 46,385 crores, as on 31st March, 2014, a growth of 18.33%. The yield on advances for the last financial year remained at 12.23%. The impressive figures of 1.66% GNPA and 0.22% NNPA bears testimony to the organization's outstanding performance. The coverage ratio, at over 90.30%, which is much above the required 70% level, reinforces the bank's commitment to ensuring highest quality credit assets.

Financial Inclusion

J& Bank envisages itself as a developmental institution central to the prosperity of J& State and as such lays high emphasis on inclusive growth involving the weakest sections of the society. The Financial Inclusion Plan (FIP) of the bank, which is underway, aims at providing basic banking services to hitherto unbanked sections of the society, including those at the remotest parts of the state.

Bank has already brought the 536 villages, with greater than 2000 population, under the ambit of financial inclusion by opening of business units and providing BC coverage in all the villages. Out of 3271 below 2000 population villages scheduled to be covered by the end of March 2016, 1696 villages have been rolled out for extending ICT (Information Communication Technology) based financial services, which is well above the target of 1600 villages set for FY 2013-14.

Bank has also identified and rolled out 340 unbanked villages to BCs under self set target, thereby taking the total number of villages rolled out under financial inclusion to 2572 as on March 2014.

As on March 2014, Bank has opened 124 business units in identified allocated villages under financial inclusion comprising of 33 business units in villages having above 2000 population and 91 business units in villages having below 2000 population. The target for household coverage in the rolled out villages stands at 7.56 lac, out of which 4.69 lac households have been covered, which constitutes 62.09% of total households.

Number of accounts opened in 2572 rolled out villages have reached 12.18 lac comprising of 6.05 lac No Frill Accounts/ Basic saving bank deposit accounts/ ISSS/ MGNREGA and 6.13 lac other accounts.

15 model villages in the J& State allocated to the bank by RBI for 100% financial inclusion have been made functional through Smart Cards. So far, 5252 smart cards have been issued in these villages and 8695 accounts have been opened.

The J& State Government entrusted the responsibility of execution of EBT/DBT in all the districts of the State to the J& Bank. To start with, S BC identified six districts (Srinagar, Ganderbal, Rajouri, Jammu, Baramulla, and Kathua) on pilot basis for implementation of EBT/DBT. In these six districts, the monthly benefits under IGNOAP scheme are being released directly to beneficiary accounts through the electronic mode.

Validation of accounts in remaining 16 districts of the State is in progress.

Platinum Jubilee Celebrations

FY 2013-14 was the 75th year of existence of the bank. The year was celebrated by the bank by organizing many events in various parts of the country. Many new initiatives, including those on the Corporate Social Responsibility (CSR) front were undertaken to reinforce the bank's mission of social responsiveness and its philosophy of servant leadership. The bank also resolved to intensify its efforts to surpass the expectations of all its stakeholders who have reposed unwavering trust in it and reiterated its commitment to further the mission of 'Serving to Empower'.

Independent Auditor s Report

To,
The Shareholders of
Jammu & Kashmir Bank Limited

Report on the Financial Statements

1. We have audited the accompanying Financial Statements of the **Jammu & Kashmir Bank Limited** which comprise the Balance Sheet as at **March 31, 2014**, and Profit and Loss Account and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. Incorporated in these financial statements are the returns of 60 Branches/offices audited by us and 749 Branches/Offices audited by Statutory Branch auditors. The branches 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 or the Financial Statements

2. Management of the Bank is responsible for the preparation of these Financial Statements in accordance with the requirements of the Reserve Bank of India, the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 211 of the Companies Act, 1956 and recognized accounting policies and practices including the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor s Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The Procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, as shown by books of Bank, and to the best of our information and according to the explanation given to us :
 - (i) the Balance Sheet, read with the notes thereon is a full and fair Balance Sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of the state of affairs of the Bank as at **March 31, 2014** in conformity with the accounting principles generally accepted in India
 - (ii) the Profit and Loss Account, read with the notes thereon shows a true balance of profit, in conformity with accounting principles generally accepted in India, for the year covered by the account and
 - (iii) the Cash Flow Statement gives a true and fair view of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Matters

7. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with Section 29 of the Banking Regulation Act, 1949 read with Section 211 of the Companies Act, 1956
8. Subject to the limitations of the audit as indicated in Paragraphs 1 to 5 above, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the 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.
9. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the applicable Accounting Standards.

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

CA Vikas Gupta
Partner
(M No.509324)

Place : Srinagar
Dated : 15th May 2014

For **Dhar Tiku & Co**
Chartered Accountants
FRN:003423N

CA Madhusudan Meher
Partner
(M No.097409)

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

CA Vinod Gupta
Partner
(M No.090347)

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

CA Vaneet Gandotra
Partner
(M No.504529)

For **Dharam Ra & Co**
Chartered Accountants
FRN.014461N

CA Dharam Ra
Partner
(M No.094108)

Balance Sheet

as at 31st March, 2014

	Schedule	As at 31.03.2014 ₹ 000' Omitted	As at 31.03.2013 ₹ 000' Omitted
CAPITAL AND LIABILITIES			
Capital	1	484,922	484,922
Reserves and Surplus	2	5 , 51,182	48,162,020
Deposits	3	93,358, 34	642,206,195
Borrowings	4	1 , 50,000	10,750,000
Other liabilities and Provisions	5	1 ,952,538	15,830,014
TOTAL		8 ,19 ,2	1 ,433,151
ASSETS			
Cash and Balance with Reserve Bank of India	6	30,455,93	26,951,472
Balance with Banks & Money at Call & Short Notice	7	11, 83,055	27,091,812
Investments	8	2 1,950,	257,410,654
Advances	9	4 3,84 ,033	392,004,104
Fixed Assets	10	5,338,0 9	4,561,791
Other Assets	11	12,923,50	9,413,318
TOTAL		8 ,19 ,2	1 ,433,151
Contingent liabilities	12	1 1,40 ,154	322,827,985
Bills for Collection		12,358,903	8,959,964
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

Mushta Ahmad
Chairman & CEO

B B Vyas, I A S
Director

Hari Narayan Iyer
Director

M I Shahdad
Director

Vikrant Kuthiala
Director

Pro Nisar Ali
Director

Abdul Ma id Matto
Director

R K Gupta
Director

Nihal Garware
Director

Abdul Hamid Bandy
Executive President

S K Bhat
President

Abdul Ma id Bhat
Company Secretary

Place : Srinagar
Dated : 15th May 2014

In terms of our report of even date annexed

For Gupta Sharma & Associates
Chartered Accountants
FRN:001466N

For Dhar Tiku & Co
Chartered Accountants
FRN:003423N

For Arora Vohra & Co
Chartered Accountants
FRN:009487N

For Darshan Nagpal & Associates
Chartered Accountants
FRN:011022N

For Dharam Ra & Co
Chartered Accountants
FRN.014461N

CA Vikas Gupta
Partner
(M No.509324)

CA Madhusudan Meher
Partner
(M No.097409)

CA Vinod Gupta
Partner
(M No.090347)

CA Vaneet Gandotra
Partner
(M No.504529)

CA Dharam Ra
Partner
(M No.094108)

Place : Srinagar
Dated : 15th May 2014

Profit and Loss Account

for the financial year ended 31st March, 2014

	Schedule	Year Ended 31.03.2014 ₹ 000' Omitted	Year Ended 31.03.2013 ₹ 000' Omitted
I INCOME			
Interest Earned	13	67,670,019	61,368,010
Other Income	14	3,902,639	4,837,264
TOTAL		71,572,658	66,205,274
II EXPENDITURE			
Interest Expended	15	40,825,162	38,207,570
Operating Expenses	16	11,749,926	9,890,151
Provisions and Contingencies		7,172,878	7,556,571
TOTAL		59,747,966	55,654,292
III NET PROFIT		11,824,692	10,550,982
TOTAL		71,572,658	66,205,274
IV APPROPRIATIONS			
TRANSFERED TO			
i) Statutory Reserve		2,956,173	2,637,746
ii) Capital Reserve		-	-
iii) Trf. From Revenue and other Reserves (for S. Reserve FY 2011-12)		-	(487,500)
iv) Revenue and Other Reserve		5,961,984	4,283,677
v) Investment Reserve		70,705	49,629
vi) Special Reserve		-	1,231,600
vii) Proposed Dividend		2,423,890	2,423,890
viii) Tax on Dividend		411,940	411,940
TOTAL		11,824,692	10,550,982
Principal Accounting Policies	17		
Notes on Accounts	18		
Earnings per Share (Basic/Diluted)		243.92	217.65

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

Mushta Ahmad
Chairman & CEO

B B Vyas, I A S
Director

Hari Narayan Iyer
Director

M I Shahdad
Director

Vikrant Kuthiala
Director

Pro Nisar Ali
Director

Abdul Ma id Matto
Director

R K Gupta
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Nihal Garware
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Place : Srinagar
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In terms of our report of even date annexed

For Gupta Sharma & Associates
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CA Vaneet Gandotra
Partner
(M No.504529)

CA Dharam Ra
Partner
(M No.094108)

Place : Srinagar
Dated : 15th May 2014

Schedules

to the Balance Sheet as at 31st March, 2014

	As at 31.03.2014 ₹ 000' Omitted	As at 31.03.2013 ₹ 000' Omitted
SCHEDULE 1 - CAPITAL		
AUTHORISED CAPITAL		
100000000 (P.Y. 100000000)		
Equity Shares of ₹10/- each	1,000,000	1,000,000
ISSUED		
48,499,602 (P.Y.48,499,602) Equity Shares of ₹10/ each	484,99	484,996
SUBSCRIBED AND PAID-UP CAPITAL		
48477802 (P.Y. 48477802)		
Equity Shares of ₹10/- each	484, 8	484,778
Add Forfeited Equity Shares (21800) (P.Y. 21800)	144	144
TOTAL	484,922	484,922
SCHEDULE 2 - RESERVES & SURPLUS		
I STATUTOR RESERVES		
Opening Balance	14, ,4 4	12,128,729
Additions during the year	2,95 ,1 3	2,637,745
TOTAL	1 , 22, 4	14, ,4 4
II CAPITAL RESERVES		
Opening Balance	31,254	631,254
Additions during the year	-	-
TOTAL	31,254	31,254
III SHARE PREMIUM		
Opening Balance	8 , 91	867,791
Additions during the year	-	-
TOTAL	8 , 91	8 , 91
IV INVESTMENT RESERVE		
Opening Balance	49, 29	-
Additions during the year	0, 05	49,629
TOTAL	120,334	49, 29
V SPECIAL RESERVE		
Opening Balance	1,231, 00	-
Draw Down from Revenue Reserves	-	487,500
Additions during the year	-	744,100
TOTAL	1,231, 00	1,231, 00
VI REVENUE AND OTHER RESERVES		
Opening Balance	30, 15,2 2	26,819,095
Additions during the year	5,9 1,984	4,283,677
Draw Down	399, 00	(487,500)
TOTAL	3 ,1 ,55	30, 15,2 2
TOTAL I,II,III,IV,V & VI	5 , 51,182	48,1 2,020

Schedules

to the Balance Sheet as at 31st March, 2014

	As at 31.03.2014 ₹ 000' Omitted	As at 31.03.2013 ₹ 000' Omitted
SCHEDULE 3 - DEPOSITS		
A I Demand Deposits		
i) From Banks	1,12 ,3 8	1,074,563
ii) From Others	,2 1,853	62,940,407
TOTAL	8,398,221	4,014,9 0
II Saving Bank Deposits	202,434,395	187,894,953
III Term Deposits		
i) From Banks	4,4 5,929	53,406,061
ii) From Others	358,050,089	336,890,211
TOTAL	422,52 ,018	390,29 ,2 2
TOTAL A I II III	93,358, 34	42,20 ,195
B I Deposits o branches in India	93,358, 34	642,206,195
II Deposits o branches outside India	Nil	Nil
TOTAL B I II	93,358, 34	42,20 ,195
SCHEDULE 4 - BORROWINGS		
I Borrowings in India		
i) Reserve Bank of India	3, 50,000	3,000,000
ii) Other Banks	,900,000	1,750,000
iii) Unsecured Redeemable Debentures/Bonds (Subordinate Debts for Tier II Capital)	,000,000	6,000,000
iv) Other Institutions & Agencies	-	-
TOTAL i to iv	1 , 50,000	10, 50,000
II Borrowings outside India	-	-
GRAND TOTAL I & II	1 , 50,000	10, 50,000
Secured borrowings included in I & II above	Nil	Nil
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
i) Bills Payable	2, 33,8	3,271,948
ii) Inter Office Adjustments (Net)	-	-
iii) Interest Accrued on Non-cumulative deposits	1,322,941	1,074,095
iv) Deferred Tax liability	4,183	-
v) Provision Against Standard Assets	2,505,909	1,987,390
vi) Other (Including Provisions)	11,315, 28	9,496,581
TOTAL I to VI	1 ,952,538	15,830,014

Schedules

to the Balance Sheet as at 31st March, 2014

	As at 31.03.2014 ₹ 000' Omitted	As at 31.03.2013 ₹ 000' Omitted
SCHEDULE - CASH & BALANCES WITH RESERVE BANK OF INDIA		
I Cash in Hand Including Foreign Currency Notes	2, 0,0 5	2,011,810
II Balance with Reserve Bank of India		
i) In Current Account	2 , 85,8 1	24,939,662
ii) In Other Accounts	-	-
TOTAL I II	30,455,93	2 ,951,4 2
SCHEDULE - BALANCE WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I In India		
i) Balance with Banks		
a) In Current Accounts	319,1 5	361,302
b) In Other Deposit Accounts	,0 0,55	13,574,543
TOTAL i	,3 9, 32	13,935,845
ii) Money At Call and Short Notice		
a) With Banks	4,000,000	13,000,000
b) With Other Institutions	-	-
TOTAL ii	4,000,000	13,000,000
TOTAL i & ii	11,3 9, 32	2 ,935,845
II Outside India		
i) In Current Accounts	303,323	155,967
ii) In Other Deposit Accounts	-	-
iii) Money at Call & Short Notice	-	-
TOTAL II o i, ii & iii	303,323	155,9
GRAND TOTAL I&II	11, 83,055	2 ,091,812

Schedules

to the Balance Sheet as at 31st March, 2014

	As at 31.03.2014 ₹ 000' Omitted	As at 31.03.2013 ₹ 000' Omitted
SCHEDULE 8 - INVESTMENTS		
I Investments in India		
Gross	2 2,158,44	257,708,322
Less: Provision for Depreciation	20 , 81	297,668
Net Investments	2 1,950,	257,410,654
i) Government Securities	149,4 9,808	140,600,967
ii) Other Approved Securities	9, 50	69,651
iii) Shares (Pref. Equity)	2,1 5,8 4	2,063,263
iv) Debentures and Bonds (Including Suitfile)	20,323,00	24,319,162
v) Sponsored Institutions	340,0 1	221,071
vi) Others :		
a) Certificate of Deposit	5,594,0 3	61,212,715
b) Suitfile	83, 19	4,917
c) SIDBI	1,522,925	1,692,975
d) NABARD	, 45, 00	3,189,500
e) Inv. In Subsidiary / or Joint ventures	100,000	100,000
f) Venture Capital	238,108	175,000
g) Rural Housing Development	2,349,350	2,054,825
h) Commercial Paper	1,400,1 9	5,997,597
i) Security Receipts	152,034	93,535
j) Rural Infrastructure Development Fund	10,88 ,298	15,615,476
TOTAL I	2 1,950,	25 ,410, 54
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	2 1,950,	25 ,410, 54
III Investments Category-Wise		
i) Held to Maturity	1 5,228,849	156,559,953
ii) Held for Trading	12,39	992,765
iii) Available for Sale	9 , 09,420	99,857,936
TOTAL III	2 1,950,	25 ,410, 54

Schedules

to the Balance Sheet as at 31st March, 2014

	As at 31.03.2014 ₹ 000' Omitted	As at 31.03.2013 ₹ 000' Omitted
SCHEDULE 9 - ADVANCES		
A		
i) Bills Purchased and Discounted	10, 90,158	7,793,293
ii) Cash Credits, Overdrafts and Loans Repayable on Demand	130,103,943	99,471,016
iii) Term Loans	323,051,932	284,739,795
TOTAL	4 3,84 ,033	392,004,104
B		
i) Secured by Tangible Assets	3 9,825,519	322,804,541
ii) Covered by Bank/Govt. Guarantees	512,330	1,027,128
iii) Unsecured	93,508,184	68,172,435
TOTAL	4 3,84 ,033	392,004,104
C I Advances in India		
i) Priority Sector	12 ,928,891	114,483,778
ii) Public Sector	14,12 , 13	3,414,959
iii) Banks	1, 4,50	1,298,900
iv) Others	320,115,923	272,806,467
TOTAL	4 3,84 ,033	392,004,104
II Advances Outside India		
i) Due from Banks	Nil	Nil
ii) Due from Others	Nil	Nil
GRAND TOTAL I & II	4 3,84 ,033	392,004,104
SCHEDULE 10 - FIXED ASSETS		
I Premises		
a) Gross Block at the beginning of the year	3,813,34	3,734,927
Additions during the year	15 ,8	910,863
	3,9 1,223	4, 45, 90
Deductions during the year	5 ,5 5	832,444
Total a	3,914, 58	3,813,34
Depreciation to date	1,281,905	1,114,916
	2, 32, 53	2, 98,430
b) Advance against flats	-	-
c) Constructions work in progress	2 2,8 2	126,779
TOTAL I a b c	2,905, 25	2,825,209

Schedules

to the Balance Sheet as at 31st March, 2014

	As at 31.03.2014 ₹ 000' Omitted	As at 31.03.2013 ₹ 000' Omitted
SCHEDULE 10 - FIXED ASSETS		
II Other Fixed Assets		
(Including Furniture & Fixtures)		
Gross Block at the beginning of the year	5,523,234	4,820,252
Additions during the year	1,348,35	746,282
	,8 1,599	5,5 ,534
Deductions during the year	40,92	43,300
	,830, 3	5,523,234
Depreciation to date	4,398,219	3,786,652
TOTAL II	2,432,454	1, 3 ,582
GRAND TOTAL I & II	5,338,0 9	4,5 1, 91
SCHEDULE 11 - OTHER ASSETS		
I. Interest Accrued but not Due	5,50 ,818	4,274,232
II. Interest Accrued and Due	-	-
III. Inter Office Adjustment (Net)	233,359	253,415
I . Tax paid in Advance/Tax Deducted at Source (Net of Provisions)	1,539,922	1,201,742
. Stationery and Paper in Hand	4 , 0	38,196
I. Deferred Tax Asset	-	273,488
II. Others	5,594, 48	3,372,245
TOTAL I to VII	12,923,50	9,413,318
SCHEDULE 12 - CONTINGENT LIABILITIES		
I. Claims against the Bank not acknowledged as debts	1,519, 4	1,805,747
II. Liability for partly paid investments	14,008	-
III. Liability on account of outstanding Forward Exchange Contracts	101,848,4 0	199,623,366
I . Guarantees given on behalf of constituents:-		
a) In India	15,504,100	15,699,281
b) Outside India	2,5 1, 00	261,061
. Acceptances, Endorsements & Other Obligations	39,949,300	105,438,530
I. Other items for which the Bank is Contingently liable	40	-
TOTAL I to VI	1 1,40 ,154	322,82 ,985

Schedules

to the Profit & Loss account for the year ended 31st March, 2014

	Year Ended 31.03.2014 ₹ 000' Omitted	Year Ended 31.03.2013 ₹ 000' Omitted
SCHEDULE 13 - INTEREST EARNED		
I. Interest/Discount on Advances/Bills	50,212, 09	43,175,794
II. Income on Investments (Net of Amortization)	1 ,855,5 9	17,225,789
III. Interest on Balances with R.B.I and other Inter Bank Funds	01,831	966,427
TOTAL I to III	52,069,419	61,367,910
SCHEDULE 14 - OTHER INCOME		
I. Commission, Exchange & Brokerage	1, 49,259	1,774,699
II. Profit on Sale of Investments (Less loss on sale of investments)	5 8,348	1,378,972
III. Profit on revaluation of Investments (Less loss on revaluation of investments)	,951	114,174
I . Profit on Sale of Land, Buildings & Other Assets	-	-
. Profit on Exchange Transactions (Less loss on E/Transactions)	328,380	294,896
I. Income earned by way of Dividends etc. from Subsidiaries, Companies and/or Joint Venture abroad/in India	-	-
II. Miscellaneous Income	1,288, 01	1,274,523
TOTAL I to VII	3,902, 39	4,83 ,2 4
SCHEDULE 15 - INTEREST EXPENDED		
I. Interest on Deposits	39, 83, 81	37,410,340
II. Interest on RBI/Inter-Bank Borrowings	501,481	257,230
III. Others/Subordinate Debt	540,000	540,000
TOTAL I to III	40,825,1 2	38,20 ,5 0
SCHEDULE 16 - OPERATING EXPENSES		
I. Payments to and provisions for Employees	,439,0 3	6,522,588
II. Rent, Taxes and Lighting	595,3	503,113
III. Printing and Stationery	84,	86,170
I . Advertisement and Publicity	121,83	102,571
. Depreciation on Bank's Property	8,55	497,334
I. Directors Fees, Allowances and Expenses	,2 2	6,512
II. Auditors Fees & Expenses (Including Branch Auditor's fees & Expenses)	134,531	93,508
III. Law Charges	1 ,311	20,397
I . Postage, Telegrams, Telephones etc.	59, 45	66,757
. Repairs and Maintenance	121,582	116,577
I. Insurance	458,091	408,603
II. Other Expenditure	1,932,80	1,466,021
TOTAL I to XII	11, 49,92	9,890,151

Schedules

significant accounting policies and notes on accounts

SCHEDULE 1 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 (ICIA) 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 quarterly intervals. 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) Unquoted 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.

Schedules

significant accounting policies and notes on accounts

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 NA . If NA 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 NA of the respective scheme.

- (vi) The individual scrip in the Held for Trading category are marked to market at monthly intervals 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-S R 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& Krameen 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 (Borrowing) and balance in Reverse Repo account is classified under schedule 7 (Balance with Banks & money at call & short notice).

Schedules

significant accounting policies and notes on accounts

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.

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 provided on diminishing balance method in accordance with the provisions of Income Tax Act 1961, as per the rates prescribed in Income Tax Rules given below: -

S.No.	Heads	Rates
A	Furniture & Fixtures (including electric fittings)	10%
B	Wooden partitions	100%
C	ehicles	15%
D	Plant & Machinery	15%
E	Premises	
	i) Office Premises	10%
	ii) Residential & STC buildings	5%

However, in terms of RBI guidelines depreciation on computers (including ATMs) along with software forming integral part of computers is charged at the rate of 33.33% on straight-line method for the full year even if the computers (including ATMs) have been purchased during the second half.

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.

The depreciation on mobile phones is being charged 50% on straight line method.

- e) The expenditure incurred towards furniture & fixture in building (M-6G) being used as Chairman's residence has been treated as asset of the Bank under this head. The expenditure on repairs and renovation of this building has been charged to revenue, as the building is not owned by the Bank, hence not capitalized.
- f) Depreciation on additions to Assets made up to 30th September of the year is provided for at full rates and on additions thereafter at 50% of the rates. No depreciation is provided on assets sold/ discarded during the year.
- g) Premium paid for leasehold properties is amortized over the period of the lease.

Schedules

significant accounting policies and notes on accounts

Employees Benefits

- i) Short-term employee benefits are charged to revenue in the year in which the related service is rendered.
- ii) In respect of employees who have opted for provident fund scheme, matching contribution is made.
- iii) Contribution to Defined Benefit Plans (Gratuity, Pension and leave Encashment) has been made as per AS-15 (on Employees benefits) issued by the Institute of Chartered Accountants of India.

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 .

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SCHEDULE 18 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 certain immovable properties held by the bank valued at ₹0.42 crores (previous year ₹0.45 crores). In respect of immovable properties valued at ₹4.99 crores (previous year ₹5.54 crores) bank holds agreement to sell along with the possession of the properties.
 - b) The Bank has been consistently following the method of charging depreciation on fixed assets on diminishing balance as per the rates prescribed in Income Tax Rules which is higher in totality as compared to rates prescribed in Schedule I of the Companies Act, 1956. However, the depreciation on computers (including ATMs) along with software forming integral part of computers has been computed at the rate of 33.33% on straight-line method.
 - 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 the mobile phones are depreciated 50% on straight line method.
 - e) Depreciation on Banks property includes amortization in respect of leased properties amounting to ₹0.14 Crores (previous year ₹0.14 Crores). The book value of these properties as on 31.03.2014 was ₹8.00 Crores (previous year ₹7.88 Crores).

4 Capital

S. No.	Particulars	BASE -III Current Year	BASE -II Previous Year
i)	Common Equity Tier I Capital ratio (%)	11.22	NA
ii)	Tier I Capital Ratio %	11.22	10.86
iii)	Tier II Capital Ratio %	1.47	1.97
iv)	Total Capital ratio (CRAR) (%)	12.69	12.83
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	Nil	Nil
	a) Debt capital instrument:		
	b) 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%)

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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.

5 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 (previous year ₹70,00,000) as share capital and ₹33,30,70,800 (previous year ₹21,40,70,800) in share capital deposit account 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 31.03.2014 (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 Details of Investments

		(₹ in Crores)	
S. No.	Particulars	As on 31.03.2014	As on 31.03.2013
1	Value of Investments		
	Gross Value of Investments		
	a) In India	26215.84	25770.83
	b) Outside India	NI	NI
	Provision or depreciation		
	a) In India	20.78	29.77
	b) Outside India	NI	NI
	Net Value of Investments		
	a) In India	26195.06	25741.06
	b) Outside India	NI	NI
2	Movement of provisions held towards the depreciation on Investments		
	(i) Opening Balance	29.77	26.71
	(ii) Add: Provisions made during the year	6.86	14.91
	less: Write-off/write back of excess provisions during the year	15.85	11.85
	(iii) Closing Balance	20.78	29.77

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9 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 31.03.2014
i) Securities sold under Repo Government Securities	40.00	300.00	147.24	275.00
(Previous Year)	(15.00)	(500.00)	(10.26)	(300.00)
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				
i) Government Securities	15.00	1100.00	9.99	0.00
(Previous Year)	(5.00)	(1100.00)	(14.82)	(1100.00)
ii) Corporate Debt Securities	0.00	0.00	0.00	0.00
(Previous Year)	(0.00)	(0.00)	(0.00)	(0.00)

10 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	121.00	34.94	0.00	0.00	0.00
2	FIs (incl. NBFC's AIFI'S)	924.54	840.86	10.00	0.00	0.00
3	Banks(incl. CD's)	6672.85	88.50	5.00	0.00	0.00
4	Private Corporates (incl. CP's)	1029.33	882.65	518.15	78.37	50.00
5	Subsidiaries/Joint ventures	10.00	0.00	0.00	0.00	0.00
6	Others	2503.18	0.00	0.00	0.00	0.00
	Total	112 0 90	184 95	533 15	8 3	50 00
7	Provision held towards depreciation	20.78	0.00	0.00	0.00	0.00
	Total	11240 12	184 95	533 15	8 3	50 00

The Bank's investment in unlisted securities as on 31.03.2014 is 0.43% (previous year 0.30%) which is well within the RBI stipulated limit of 10%.

10.1 Non Performing Non SLR Investments

(₹ in Crores)		
Particulars	Amount as on 31.03.2014	Amount as on 31.03.2013
Opening Balance	89.00	20.00
Additions during the year	48.80	69.00
Reductions during the year	0.15	NI
Closing Balance	137.65	89.00
Total Provision held (including floating provisions of ₹2.76Crores)	116.08	55.48

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10.2 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 ₹5 Cr (₹) on 24/05/2013 & ₹400 Cr (₹) on 11/07/2013 having total face value of ₹405 Cr (Previous year nil) 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.No.41/21.04.141/2013-14 dated 23/08/2013, the Bank undertook shifting of Govt. Securities on 26/09/2013 having face value of ₹323 Cr from HFT/AFS to HTM Category. In order to shift these securities at market value, ₹1.95 Cr was reduced from the Book value being the MTM loss on account of shifting.
- 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.

10.3 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 31.03.2014				As on 31.03.2013			
	HFT	AFS	HTM	Total	HFT	AFS	HTM	Total
Govt. Securities	0.00	324.14	4149.98	98	34.15	868.59	13157.36	14001.10
Other approved securities	0.00	0.00	9.9	9	0.00	0.00	6.96	6.96
Shares (Equity & Pref.)	1.24	215.35	0.00	21.59	0.48	205.84	0.00	206.32
Debentures & Bond	0.00	1984.48	4.82	2032.30	64.64	2132.11	166.79	2335.54
Subsidiaries	0.00	0.00	10.00	10.00	0.00	0.00	10.00	10.00
Others (incl. Sponsored, CDs, CPs, RIDF and others)	0.00	8.8	2213.3	8981.23	0.00	6779.25	2314.89	9094.14
Total	1.24	9094.15	2195.00	992.99	99.2	9985.9	15500.25	41025.41

11 Derivatives

11.1 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

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11.2 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

11.3 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 AG, LG 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	31.03.2014		31.03.2013	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)				
a)	For Hedging	NI	NI	NI	NI
b)	For Trading	NI	NI	NI	NI
(ii)	Marked to Market Position (1)		Nil		Nil
a)	Asset (+)	NI	NI	NI	NI
b)	Liability (-)	NI	NI	NI	NI
(iii)	Credit Exposure(2)		NI	NI	NI
(iv)	Potential Impact of 1% change in interest rate (100 P 01)				
a)	On hedging derivatives	NI	NI	NI	NI
b)	On Trading derivatives	NI	NI	NI	NI
(v)	Maximum & minimum of 100 P 01 observed during the year				
a)	On hedging	NI	NI	NI	NI
b)	On Trading	NI	NI	NI	NI

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Forward Exchange contracts as on 31 03 2014

(₹ in lacs)

Up to 14 days	66721.88
Beyond 14 days	951762.72
Total	1018484.0

12 Asset Liability

12.1 Non Performing Assets

(₹ in Crores)

S. No.	Particulars	Current Year	Previous Year
(i)	Net NPAs to Net Advances (%)	0.22%	0.14%
(ii)	Movement of NPAs (Gross)		
a)	Opening balance	43	516.60
b)	Additions during the year	410.0	455.00
c)	Reductions during the year	209.5	327.83
d)	Closing balance	83.42	643.77
(iii)	Movement of Net NPAs		
a)	Opening balance	55.2	49.34
b)	Additions during the year	319.53	342.48
c)	Reductions during the year	209.5	327.83
d)	Closing balance	101.99	55.27
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
a)	Opening balance	52.3	450.11
b)	Provisions made during the year	10.8	193.39
c)	Write-off/write-back of excess provisions	1.1	80.87
d)	Closing balance	53.0	562.63

Net NPA has been arrived at after adding net interest suspense of ₹3.99 Crores. (Previous year ₹0.61 Crores) and net ECGC claims of ₹1.03 Crores (Previous year ₹2.37 Crores) and reducing Interest Capitalization of ₹6.88 Crores (previous year 11.70 Crores).

Including floating provision of ₹52.90 Crores.

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

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13 Particulars of Accounts Restructured

Disclosure of Restructured Accounts (During the FY 2013-14)

(₹ in Crores)

Sl No	Type of Restructuring Asset Classification Details	Under CDR Mechanism				Under SME Debt Restructuring Mechanism						
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	
1	Restructured Accounts as on April 1 of the FY (opening figures)*	No. of borrowers	22	19	8	0	49	64	36	31	0	131
		Amount outstanding	348.68	24.12	39.97	0	412.77	139.6	6.08	16.33	0	162.01
		Provision thereon	9.58	3.75	24.96	0	38.29	3.84	1.48	16.19	0	21.51
2	Fresh restructuring during the year	No. of borrowers	4	0	0	0	4	12	0	0	0	12
		Amount outstanding	159.13	0	0	0	159.13	5.89	0	0	0	5.89
		Provision thereon	7.97	0	0	0	7.97	0.20	0	0	0	0.20
3	Upgradations to restructured standard category during the FY	No. of borrowers	0	0	0	0	0	0	0	0	0	0
		Amount outstanding	0	0	0	0	0	0	0	0	0	0
		Provision thereon	0	0	0	0	0	0	0	0	0	0
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.	No. of borrowers	12	0	0	0	12	63	0	0	0	63
		Amount outstanding	28.66	0.00	0	0.00	28.66	17.12	0	0	0.00	17.12
		Provision thereon	7.65	0.00	0	0.00	7.65	0.33	0	0	0	0.33
5	Downgradations of restructured accounts during the FY	No. of borrowers	0	0	0	0	0	0	0	5	0	5
		Amount outstanding	0	0	0	0	0	0	0	2.14	0	2.14
		Provision thereon	0	0	0	0	0	0	0	2.12	0	2.12
6	Write-offs of restructured accounts during the FY	No. of borrowers	0	0	0	0	0	0	0	2	0	2
		Amount outstanding	0	0	0	0	0	0	0	4.52	0	4.52
		Provision thereon	0	0	0	0	0	0	0	4.52	0	4.52
7	Restructured Accounts as on March 31 of the FY (closing figures)*	No. of borrowers	15	0	0	0	15	32	5	108	2	147
		Amount outstanding	522.27	0	0	0	522.27	76.22	1.42	17.24	0.01	94.89
		Provision thereon	20.67	0	0	0	20.67	2.70	0.22	15	0.01	17.93

1. The above disclosures, including sacrifice, are as compiled and certified by the Bank's Management.

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Disclosure of Restructured Accounts (During the FY 2013-14)

(₹ in Crores)

Sl No	Type of Restructuring	Asset Classification	Others				Total					
			Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1 of the FY (opening figures)*	No. of borrowers	368	134	281	4	787	454	189	320	4	967
		Amount outstanding	826.93	5.04	83.46	0.28	915.71	1315.21	35.24	139.76	0.28	1490.49
		Provision thereon	22.74	0.81	67.31	0.28	91.14	36.16	6.04	108.46	0.28	150.94
2	Fresh restructuring during the year	No. of borrowers	61	0	1	0	62	77	0	1	0	78
		Amount outstanding	498.45	0	0.25	0	498.7	663.47	0	0.25	0	663.72
		Provision thereon	22.50	0	0.25	0	22.75	30.67	0	0.25	0	30.92
3	Upgradations to restructured standard category during the FY	No. of borrowers	71	0	0	0	71	71	0	0	0	71
		Amount outstanding	3.66	0	0	0	3.66	3.66	0	0	0	3.66
		Provision thereon	0.11	0	0	0	0.11	0.11	0	0	0	0.11
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.	No. of borrowers	331	0	0	0	331	406	0	0	0	406
		Amount outstanding	210.75	0	0.00	0.00	210.75	256.53	0	0	0.00	256.53
		Provision thereon	12.46	0	0.00	0.00	12.46	20.44	0	0	0.00	20.44
5	Downgradations of restructured accounts during the FY	No. of borrowers	34	67	12	0	112	34	67	17	0	118
		Amount outstanding	12.97	6.19	8.27	0	27.30	12.97	6.19	10.41	0.00	29.57
		Provision thereon	0.35	0.93	1.38	0	2.63	0.35	0.93	3.50	0.00	4.78
6	Write-offs of restructured accounts during the FY	No. of borrowers	0	0	5	0	5	0	0	7	0	7
		Amount outstanding	0	0	3.21	0	3.21	0	0	7.73	0	7.73
		Provision thereon	0	0	3.21	0	3.21	0	0	7.73	0	7.73
7	Restructured Accounts as on March 31 of the FY (closing figures)*	No. of borrowers	103	13	194	11	321	150	18	302	13	483
		Amount outstanding	913.79	20.51	24.22	0.29	958.81	1512.28	21.93	41.46	0.30	1575.97
		Provision thereon	36.91	3.56	23.34	0.29	64.1	60.28	3.78	38.34	0.30	102.70

1. The above disclosures, including sacrifice, are as compiled and certified by the Bank's Management.

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14 Details of Financial Assets Sold to Securitization/ Reconstruction Company or Asset Reconstruction

(₹ in Crores)

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

15 Details of non performing financial assets purchased

(₹ in Crores)

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

15.1 Details of non performing financial assets sold

(₹ in Crores)

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

1 Provisions on standard Assets

(₹ in Crores)

Particulars	31.03.2014	31.03.2013
Provision towards Standard Assets	250.59	198.74

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1 Business Ratios

S. No.	Particulars	As on 31.03.2014	As on 31.03.2013
(i)	Interest income as a percentage to working funds	99 %	9.89%
(ii)	Non-Interest income as a percentage to working funds	05 %	0.78%
(iii)	Operating Profit as a percentage to working funds	280%	2.92%
(iv)	Return on Assets.	14%	1.70%
(v)	Business (deposits plus advances) per employee	₹114 Crores	₹10.49 Crores
(vi)	Profit per employee	₹013 Crores	₹0.11 Crores

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

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

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

18 Asset Liability Management

i Maturity pattern of certain items of assets and liabilities as on 31.03.2014

(₹ in Crores)

	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	128.95	2025.22	1086.17	2078.06	8410.88	2543.04	7214.21	27478.13	17831.62	539.58	93358
ADVANCES	948.68	556.95	494.51	2568.04	3185.98	3262.80	5275.53	19921.93	5574.10	4596.08	43840
INVESTMENTS	0	631.99	198.05	1573.56	5395.08	455.01	1175.20	4755.96	4355.19	7655.03	21950
BORROWINGS	655	0	0	0	0	0	0	510	0	600	15

Details of Foreign currency Assets/Liabilities Maturity Pattern as on 31.03.2014

(₹ 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	399.21	112.70	1787.46	1010.71	1656.46	0.00	0.00	0.00	4954
EURO	16.54	6.33	47.95	44.16	21.62	0.00	0.00	0.00	130
GBP	10.08	5.72	17.41	13.82	2.16	0.00	0.00	0.00	4919
J.YEN	0.18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	018
AUD	0.66	0.39	0.06	0.40	0.00	0.00	0.00	0.00	151
CAD	1.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	125
CHF	2.24	0.07	0.00	0.00	0.00	0.00	0.00	0.00	231
SAR	0.93	0.00	0.00	0.00	0.00	0.00	0.00	0.00	093
Total	431.09	125.21	1852.88	109.09	180.24	0.00	0.00	0.00	5158.51
Previous year	451	10	5059.41	2312	8489	000	000	000	982189

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(₹ in Crores)

Currency	1 to 4 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	354.82	71.91	1879.91	996.89	1659.06	4.09	1.75	0.00	49 8 43
EURO	7.28	0.00	59.77	43.64	25.83	0.69	0.31	0.00	13 52
GBP	3.19	9.04	22.40	11.95	2.51	0.30	0.00	0.00	49 39
J.YEN	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0 00
AUD	0.00	0.00	0.84	0.00	0.00	0.00	0.00	0.00	0 84
CAD	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0 00
CHF	2.03	0.00	0.62	0.00	0.00	0.00	0.00	0.00	2 5
Total	3 32	80 95	19 3 54	1052 48	1 8 40	5 08	2 0	0 00	5158 83
Previous year	422 84	111 00	5000 3	2410 1	8 2 45	129	100	0 00	9824 5

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

The figures in brackets represent previous year figures.

19 Exposures

19.1 Exposure to Real Estate Sector

(₹ in Crores)

S. No. Particulars	As on 31.03.2014	As on 31.03.2013
1. Direct Exposure		
(i) Residential Mortgages	1291 5	1105.60
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 ₹797.38 Crores)(Previous Year ₹740.48 Crores)		
(ii) Commercial real estate	28 104	2815.36
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	NI
(b) Commercial real estate	NIL	NI
2. Indirect Exposure		
(Fund based & non fund based exposure on National Housing Bank and housing finance companies)	84 99	755.71
Total Exposure to Real Estate	493 0	214

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

Schedules

significant accounting policies and notes on accounts

19.2 Exposure to Capital Market

		(₹ in Crores)	
S. No.	Particulars	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.	149.54	151.53
(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	11	0.87
(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	0.08	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	NI
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stock brokers and market makers.	2.13	0.13
(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	NI
(vii)	Bridge loans to companies against expected equity flows /issues	0.00	NI
(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	NI
(ix)	Financing/to stock brokers for margin trading	0.00	NI
(x)	All exposures to venture Capital Funds (both registered and unregistered)	25.00	25.00
Total		191	181

The above disclosure are as compiled and certified by the Bank's management.
₹23.94 Crores book value against sanctioned limit of ₹25.00 Crores.

19.3 Risk category wise country exposure

		(₹ in Crores)			
Category	Risk Category	Exposure (net) as at March 2014	Provisions held as at March 2014	Exposure (net) as at March 2013	Provisions held as at March 2013
A1	Insignificant	135.32	0.00	104.82	0.00
A2	Low	1.38	0.00	1.22	0.00
B1	Moderate	0.15	0.00	Nil	Nil
B2	High	Nil	Nil	Nil	Nil
C1	Very high	Nil	Nil	Nil	Nil
C2	Restricted	Nil	Nil	Nil	Nil
D	Off-Credit	Nil	Nil	Nil	Nil
Total		136.85	0.00	106.04	0.00

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

Schedules

significant accounting policies and notes on accounts

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

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

21 Statement of loans & Advances secured by Intangible Assets via Rights, Licenses, Authorizations etc

Particulars	₹ in Crores	
	2013-14	2012-13
Total amount of advances outstanding against charge over intangible securities such as the rights, licenses, authority etc.	48.42	41.51

22 Penalty imposed by Reserve Bank of India

Penalty imposed by Reserve Bank of India during the year: One amounting to ₹2.501 Crores (Previous year ₹10,000/-).

23 Disclosures as per Accounting Standards AS in terms of RBI guidelines

23.1 Accounting Standard 5-Net profit or loss of 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.

23.2 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.

23.3 Accounting Standard 15 Retirement Benefit

The disclosure required under Accounting Standard 15 Employee Benefits- issued by the Institute of Chartered Accountants of India are as under :

Defined Contribution Plan

In respect of employees, who hold the option of provident fund, matching contribution has been made.

Defined Benefit Plans

The Employee's Gratuity Fund Scheme, Pension Fund and Leave Encashment are defined benefit plans. The present value of obligation is determined based on Actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Schedules

significant accounting policies and notes on accounts

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

(Amount in ₹)			
Present value of Obligation	Gratuity Funded	Pension Funded	Leave Encashment unfunded
Present value of obligation 01-04-2013	1825024075	5810690251	856801708
Interest Cost	154766166	517562123	69012154
Current Service Cost	173969265	485013697	88427102
Past Service Cost	-	-	-
Benefits Paid	-210800000	-120000000	-180000000
Actuarial (gain) loss on obligation	88715259	-286734804	191352454
Present value of obligation 31-03-2014(Projection)	2031674762	6406531267	1025593418
Fair value of Plan Assets 01-04-2013	1692231068	4758300000	-
Expected Return on Plan Assets	134819317	290268000	-
Contributions	35592891	743500000	180000000
Benefits Paid	-210800000	-120000000	-180000000
Actuarial Gain (loss) Plan Assets	26408576	-109468000	-
Fair value of Plan Assets 31-03-2014	1678251852	5562600000	-
Total Actuarial gain/loss to be recognized	- 230 82	1 2 804	-191352454

Balance Sheet Recognition

(Amount in ₹)			
Present value of Obligation	Gratuity Funded	Pension Funded	Leave Encashment unfunded
Present value of obligation	2031674762	6406531267	1025593418
Fair value of Plan Assets	-1678251852	-5562600000	-
Liability (Asset)	353422910	843931267	1025593418
Unrecognized Past Service Cost	-	-	-
Liability (asset) recognized in the Balance Sheet	353422910	843931267	1025593418
Less: Liability already recognized	-	-	860419934
Total of three plans : ₹13 252 1	353422910	8439312	1 51 3484

Profit & Loss Expenses

(Amount in ₹)			
Present value of Obligation	Gratuity Funded	Pension Funded	Leave Encashment unfunded
Current Service Cost	173969265	485013697	88427102
Interest Cost	154766166	517562123	69012154
Expected Return on Plan Assets	-134819317	-290268000	-
Net Actuarial gain (loss) recognized in the year	62306682	-177266804	191352454
Past Service Cost	-	-	-
Expenses Recognized in the statement of Profit & Loss	256222797	535041016	348791710
Actual Return on Plan Assets			
Expected Return on Plan Assets	134819317	290268000	-
Actuarial gain (loss) Plan Assets	26408576	-109468000	-
Actual Return on Plan Assets	161227893	180800000	-

Schedules

significant accounting policies and notes on accounts

Movement in the Net Liability recognised in the Balance Sheet

Present value of Obligation	Gratuity Funded	Pension Funded	(Amount in ₹)
			Leave Encashment unfunded
Opening net liability	132793004	1052390251	856801708
Expenses	256222797	535041016	348791710
Contribution	-35592891	-743500000	-180000000
Closing Net liability	353422910	843931267	1025593418

Actuarial Assumption

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

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

24 Accounting Standard 1 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:-

Description	(₹ in Crores)	
	31.03.2014	31.03.2013
A Segment Revenue Income		
i. Treasury Operations	1849.00	1996.46
ii. Corporate/Whole sale Banking	3181.05	2395.31
iii. Retail Banking	231.85	2682.13
iv. Other Banking Business	32.3	44.97
Total	94.3	118.8
(Less): Inter segment revenue	3.3	498.34
Total Income from Operations	15.2	20.53
B Segment Results Profit before tax		
i. Treasury Operations	50.9	115.92
ii. Corporate /Wholesale Banking	1129.99	1150.41
iii. Retail Banking	54.2	223.89
iv. Other Banking Business	24.4	36.37
Total	151.8	152.59
C Segment Assets		
i. Treasury Operations	28091.3	29065.81
ii. Corporate/Wholesale Banking	29310.98	23638.02
iii. Retail Banking	211.18	19025.42
iv. Other Banking Business	41.21	14.07
Total	819.3	143.32

Schedules

significant accounting policies and notes on accounts

			(₹ in Crores)	
Description			31.03.2014	31.03.2013
D Segment Liabilities				
i. Treasury Operations	59	34		4945.70
ii. Corporate/Wholesale Banking	29	3	39	21001.08
iii. Retail Banking	3	252	14	40918.62
iv. Other Banking Business		39	25	13.23
Total	289	12		8 8 3
E Capital Employed Segment Assets-Segment Liabilities				
i. Treasury Operations	22	24	02	24120.11
ii. Corporate/Wholesale Banking	32	41		2636.94
iii. Retail Banking	1	0	59	(21893.20)
iv. Other Banking Business		19		0.84
Total	5	23	1	48 4 9

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

25 Accounting Standard 18 Related party disclosures as on 31 03 2014

			(₹ in Crores)	
Items/Related Party	J& K	Grameen Bank	J B Financial Services	td.
Deposits		1068.69		7.517
Advances		0.00		0.000
Investments		34.01		0.000
Interest Paid		99.25		0.048
Interest/Commission Received		3.43		0.622
Sale of Fixed Assets		0.00		0.019
Transfer of Current Assets/ Liabilities(Net)		0.00		0.000
Reimbursement of Expenses		0.00		3.174

			(₹ in lakhs)	
Items/Related Party			.M.P Mr.Mushtaq Ahmad (Chairman)	
Investments				-
Interest/Commission Received				-
Salary				69.11

Key Managerial Personnel

2 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.

Schedules

significant accounting policies and notes on accounts

2 Accounting standard 20 Earning per share

	(₹ in Crores)	
	31.03.2014	31.03.2013
Net Profit available to Equity Share Holders	1182.4	1055.10
No. of Equity Shares	4,84,77,802	4,84,77,802
Basic/Diluted Earnings per share (in ₹)	243.92	217.65
Face value per share	₹10/-	₹10/-

28 Accounting Standard 21 Consolidated Financial Statements

The Bank has a fully owned subsidiary company J B 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 ₹10.00 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.

29 Accounting standard 22 Accounting or 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)	
	Deferred Tax Asset	Deferred Tax liabilities
Timing Difference		
Depreciation on Assets	Nil	41.61
Leave encashment	3485.99	Nil
Special Reserve	Nil	189.21

Net Deferred Tax liability as on 31.03.2014 : ₹ 741.83 lacs
 Tax Impact for the year : ₹ 520.29 lacs

30 Accounting Standard 2 -Intangible Assets

The Bank has incurred an amount of ₹1.43 Crores on Brand names bifurcated into two heads namely Business Unit Signage and Brand Strategy Project. Expenditure on Business Unit Signage amounting to ₹0.83 Crores has been debited under the head Furniture & Fixture, whereas, Brand strategy project expenses amounting to ₹0.60 Crores 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 ₹13.60 Crores on account of purchase of computer software, not forming integral part of computers, and has capitalized the cost of the same.

31 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.

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significant accounting policies and notes on accounts

32 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. However, a provision of ₹3.69 Crores is outstanding as on 31.03.2014 (During the year ₹1.07 Crores) to meet certain claims decreed against the Bank but still not acknowledged as debts owing to the appeal filed by the bank before the court of competent jurisdiction, pending adjudication.

33 ADDITIONAL DISCLOSURES

33.1 Provisions and Contingencies

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

Particulars	(₹ in Crores)	
	For the year ended 31.03.2014	For the year ended 31.03.2013
Tax expense		
i) Income Tax	5 4 52	475.12
ii) Deferred Tax liability/ (asset)	5 20	(3.74)
iii) Wealth Tax	0 08	0.11
Provision against NPA's	8 02	158.30
Provision for depreciation on investments	-	14.91
Provision for frauds and embezzlements	2 08	0.24
Provision for diminution in the fair value of restructured /rescheduled advances	54	12.84
Provision for Non Performing Investments	1 33	31.04
Other provisions & contingencies	-	35.66
Provision for contingent liabilities	1 0	1.18
Provision for Standard Assets	51 85	30.00
Total	1 29	55

34 DETAILS OF FLOATING PROVISIONS

34.1 Advances

Particulars	(₹ in Crores)	
	As on 31.03.2014	As on 31.03.2013
Opening balance	52 90	52.90
Additions made during the year	Nil	Nil
Utilization made during the year	Nil	Nil
Closing balance	52 90	52.90

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significant accounting policies and notes on accounts

34.2 Investments

Particulars	₹ in Crores	
	As on 31.03.2014	As on 31.03.2013
Opening balance	2	2.76
Additions made during the year	Nil	Nil
Utilization made during the year	Nil	Nil
Closing balance	2	2.76

34.3 Draw Down from Reserves

The Bank during the year 2012-13 created a special reserve under section 36(1) (viii) of the income tax act 1961 to the tune of ₹123.16 crores without creating deferred tax liability on the grounds that the Bank does not have any intention to withdraw from such reserve in future. However pursuant to RBI circular letter no.BDOD.NO.BP.BC77/21.04.018 / 2013-14 dated December 20, 2013 issued to all commercial banks, Bank created a deferred Tax liability of ₹39.97 crores for the said special reserve out of revenue and other reserves.

34.4 CUSTOMER COMPLAINTS

A	No of complaints pending at the beginning of the year	23
B	No of complaints received during the year	179
C	No of complaints redressed during the year	188
D	No of complaints pending at the end of the year	14

34.5 AWARDS PASSED BY THE BANKING OMBUDSMAN

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

34 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 to ₹0.00 (Previous year ₹0.00 Crores)

34 Letter of Comfort LOCs 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 2014.

34.8 Provision Coverage Ratio PCR

The provision coverage ratio (PCR) for the Bank as on 31st March 2014 is 90.30% which is calculated taking into account the total technical write offs made by the Bank.

Schedules

significant accounting policies and notes on accounts

34.9 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 2013-14 on account of mobilizing said business is given hereunder:-

		(₹ in Crores)
S. No	Nature of Income	
1	For selling life insurance policies	13.30
2	For selling non-life insurance policies	8.32
3	For selling mutual fund products	Nil
4	Others (Logo Charges)	9.69
Total		31.31

35 Concentration of Deposits, Advances, Exposures & NPAs

35.1 Concentration of Deposits

		(₹ in Crores)
Total Deposits of 20 largest depositors		12770
Percentage of 20 largest deposits to total Deposits of the Bank		18.42%

35.2 Concentration of Advances

		(₹ in Crores)
Total Advances to twenty largest borrowers		12374
Percentage of advances of twenty largest borrowers to Total Advances of the Bank		26.68%

35.3 Concentration of Exposures

		(₹ in Crores)
Total Exposure to twenty largest borrowers customers		13683
Percentage of exposures to twenty largest borrowers /customers to Total exposure of the bank on borrowers/customers		18.85%

35.4 Concentration of NPAs

		(₹ in Crores)
Total Exposure to top four NPA accounts		210.41

Schedules

significant accounting policies and notes on accounts

35.5 Sector wise NPAs

S No.	Sector	Percentage of NPA to Total advances in that sector
1	Agriculture & Allied activities	1.02%
2	Industry (Micro & Small Medium and Large)	2.66%
3	Services	2.24%
4	Personal loans	0.81%

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

35 Stock of technical write-offs and recoveries made thereon

Particulars	₹ in Crores	
	Current Year	Previous Year
Opening balance of Technical/Prudential write-off accounts as at March 31, 2013	2 8 53	274.39
Add: Technical/Prudential write-offs during the year	3	40.10
Sub Total:	28 2	314.49
Less: Recoveries made during the year	18 0	35.96
Closing balance as at March 31, 2014	2 8 20	278.53

35 Overseas Assets, NPAs and Revenues

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

35.8 0 - balance sheet SPVs sponsored which are required to be consolidated as per accounting norms

Name of the SP sponsored	
Domestic	Overseas
NI	NI

3 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

3 Payments to and Provisions for employees include ₹82.50 Crores toward liability for wage arrears calculated on estimated basis. (Previous year ₹33.75 Crores).

38 The Bank w.e.f April 01, 2013 changed the accounting policy with regard to appropriation of recovery in Non-Performing Assets. The recovery in NPA accounts has been first appropriated towards amount of principal and thereafter towards amount of interest. The impact in the opinion of the management of such change in accounting policy on the financial statements would not be material.

39 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.

Schedules

significant accounting policies and notes on accounts

40 MOVEMENT IN PROVISION FOR CREDIT CARD REWARD POINT IS SET OUT BELOW:

(₹ in Crores)

Particulars	
Opening Provision Balance as on 01.04.2013	0.60
Provisions made during the year	1.00
Redemption made during the year	0.91
Closing Provision Balance as on 31.03.2014	0.69

41 DISCLOSURES ON REMUNERATION

Information relating to the composition and mandate of the Remuneration Committee	<p>The composition of Remuneration Committee is as under:</p> <ol style="list-style-type: none"> 1. Mr. Mushtaq Ahmad, (Chairman & CEO) 2. Mr. A. M. Matto, (Director) 3. Mr. R. . Gupta (Director) 4. Mr. Nihal Chandrakant Garware (Director) <p>The Remuneration Committee is mandated to formulate, implement and review Remuneration Policy of the Bank under the supervision of the Board of Directors of the Bank</p>
Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.	<p>Remuneration for the purpose of Remuneration policy shall refer to any form of monetary or non monetary benefits provided to employees in exchange of their contribution and service to the organization. It shall in particular refer to Fixed Salary, Variable Pay, Other benefits and pension contributions. The major objectives of the policy are</p> <ul style="list-style-type: none"> To ensure effective governance of compensation To Ensure effective alignment of compensation with prudent risk taking To ensure effective supervisory oversight and engagement by stakeholders To comply with regulatory directives To attract, develop and retain high performing and motivated employees.
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>Remuneration committee of the Board undertakes risk evaluations based on industry standards and risk profile of the bank.</p>
Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.	<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>
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>NI</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.	

Schedules

significant accounting policies and notes on accounts

Quantitative Disclosure

Particulars	31.03.2014
Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	One Meeting Sitting fee of ₹45000/- paid to three Directors of the Bank for attending the Remuneration Committee Meeting.
(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	No variable remuneration award has been paid during the year.
(ii) Number and total amount of sign-on awards made during the financial year.	NI
(iii) Details of guaranteed bonus, if any, paid as joining/sign on bonus	NI
(iv) Details of severance pay, in addition to accrued benefits, if any.	NI
a. Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	NI
b. Total amount of deferred remuneration paid out in the financial year.	NI
Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	Fixed Pay during the year in case of Chief Executive Officer. Basic 5700000 Risk 6000 Refreshment 4800 Performance Bonus 1200000 Total 6910800 Whole Time Directors Not applicable There was no deferred variable pay
a. (i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	NI
b. (ii) Total amount of reductions during the financial year due to ex- post explicit adjustments.	NI
c. (iii) Total amount of reductions during the financial year due to ex- post implicit adjustments.	NI

- 42 The Principal Accounting Policies (Schedule 17) and Notes on Accounts (Schedule 18) form an integral part of these Accounts.
- 43 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.

Mushta Ahmad
Chairman & CEO

B B Vyas, I A S
Director

Hari Narayan Iyer
Director

M I Shahdad
Director

Vikrant Kuthiala
Director

Pro Nisar Ali
Director

Abdul Ma id Matto
Director

R K Gupta
Director

Nihal Garware
Director

Abdul Hamid Banday
Executive President

S K Bhat
President

Abdul Ma id Bhat
Company Secretary

Place : Srinagar
Dated : 15th May 2014

For Gupta Sharma & Associates
Chartered Accountants
FRN:001466N

For Dhar Tiku & Co
Chartered Accountants
FRN:003423N

For Arora Vohra & Co
Chartered Accountants
FRN:009487N

For Darshan Nagpal & Associates
Chartered Accountants
FRN:011022N

For Dharam Ra & Co
Chartered Accountants
FRN.014461

CA Vikas Gupta
Partner
(M No.509324)

CA Madhusudan Meher
Partner
(M No.097409)

CA Vinod Gupta
Partner
(M No.090347)

CA Vaneet Gandotra
Partner
(M No.504529)

CA Dharam Ra
Partner
(M No.094108)

Place : Srinagar
Dated : 15th May 2014

Cash Flow Statement

or the year ended 31st March, 2014

	2013-2014 ₹ 000' Omitted	2012-2013 ₹ 000' Omitted
A CASH FLOW FROM OPERATING ACTIVITIES	,854, 20	12,838,608
B CASH FLOW FROM INVESTING ACTIVITIES	1, 3,843	(906,421)
C CASH FLOW FROM FINANCING ACTIVITIES	3,3 5,830	(2,427,582)
NET CHANGE IN CASH AND CASH EQUIVALENTS	11,904,293	9,504,605
D CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	54,043,284	44,538,679
E CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	42,138,991	54,043,284
A CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit after Taxes	11,824, 92	10,550,982
Add : Provision for Taxes	5, 94,0 0	4,714,917
Net profit before taxes (i)	1 ,518, 52	15,265,899
Adjustment or :		
Depreciation charges	8,55	497,336
Provision for NPAs	80,15	1,583,000
Provision on Standard Assets	518,519	300,000
Depreciation on investment	-	149,162
Provision for Non-Performing investment	1 3,300	310,460
Other provisions	10 ,843	499,030
Interest paid on subordinate Bonds (Financing Activities)	540,000	540,000
Total Adjustment ii	2, 9 ,3 4	3,8 8,988
Operating profit before change in Operating assets & liabilities i ii	20,31 ,12	19,144,887
Adjustment for changes in Operating Assets & liabilities		
Increase / (Decrease) in Deposits	51,152,439	108,737,179
Increase / (Decrease) in Borrowings	,900,000	(1,659,572)
Increase / (Decrease) in Other liabilities & provisions	1,325,055	(1,981,160)
(Increase) / Decrease in investments	4,421,012	(41,266,628)
(Increase) / Decrease in Advances	2,59 ,4 0	(62,941,279)
(Increase) / Decrease in Other Assets	3,445,49	(1,857,113)
Net Cash flow from Operating activities (iii)	21,08 ,4 5	(968,573)
Cash generated from operation (i ii iii)	0,349	18,176,314
Less : Tax paid	,084,2 1	5,337,706
TOTAL : A	,854, 20	12,838, 08
B CASH FLOW FROM INVESTING ACTIVITIES :		
a) Fixed Assets	1,554,843	(856,421)
b) Investment in Subsidiary	119,000	(50,000)
TOTAL : B	1, 3,843	90 ,421

Cash Flow Statement

or the year ended 31st March, 2014

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	(1,887,582)
f) Interest Paid on Subordinate Debt	540,000	(540,000)
TOTAL : C	3,3 5,830	2,42 ,582
D CASH AND CASH E UIVALENTS AT THE BEGINNING OF THE EAR		
a) Cash in hand & Balance with R.B.I	2 ,951,4 2	27,836,539
b) Balance with Banks & Money at Call & Short Notice	2 ,091,812	16,702,140
TOTAL : D	54,043,284	44,538, 9
E CASH AND CASH E UIVALENTS AT THE END OF THE EAR		
a) Cash in hand & Balance with R.B.I	30,455,93	26,951,472
b) Balance with Banks & Money at Call & Short Notice	11, 83,055	27,091,812
TOTAL : E	42,138,991	54,043,284

Mushta Ahmad
Chairman & CEO

B B Vyas, I A S
Director

Hari Narayan Iyer
Director

M I Shahdad
Director

Vikrant Kuthiala
Director

Pro Nisar Ali
Director

Abdul Ma id Matto
Director

R K Gupta
Director

Nihal Garware
Director

Abdul Hamid Banday
Executive President

S K Bhat
President

Abdul Ma id Bhat
Company Secretary

Place : Srinagar
Dated : 15th May, 2014

The above Cash Flow Statement has been taken on record by the Board of Directors in its meeting held on 15th May, 2014 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, 2014 and March 31st, 2013. 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 **Dhar Tiku & Co**
Chartered Accountants
FRN:003423N

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

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

For **Dharam Ra & Co**
Chartered Accountants
FRN.014461

CA Vikas Gupta
Partner
(M No.509324)

CA Madhusudan Meher
Partner
(M No.097409)

CA Vinod Gupta
Partner
(M No.090347)

CA Vaneet Gandotra
Partner
(M No.504529)

CA Dharam Ra
Partner
(M No.094108)

Place : Srinagar
Dated : 15th May, 2014

Comments of C & AG

I, on the behalf of the Comptroller & Auditor General of India, have conducted a supplementary audit under Section 619(3) (b) of the Companies Act 1956 of the financial statements of Jammu & Kashmir Bank Limited, Srinagar for the year ended 31st March, 2014. This Supplementary Audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's Report under section 619(4) of the Companies Act 1956.

For and on the behalf of
C&AG of India

Place: Srinagar
Dated: 10.07.2014

Sd/-
Khalid Bin Zameer
Accountant General (Audit)

Independent Auditor's Report

To,
The Board of Directors' of
Jammu & Kashmir Bank Limited

Report on Other Legal and Regulatory Matters

1. We have examined the accompanying consolidated financial statements of **The Jammu & Kashmir Bank Limited** and its subsidiary **JKB Financial Services Limited** which comprise the consolidated Balance Sheet as at **31st March 2014**, and the consolidated Profit & Loss and the consolidated Cash Flow Statement for the year then ended and a summary of significant Accounting Policies and other explanatory information. Incorporated in these consolidated financial statements are the:
 - (i) audited accounts of the Bank in which are incorporated the returns of 60 Branches/offices audited by us and 749 Branches/Offices audited by Branch auditors
 - (ii) audited accounts of one subsidiary JKB Financial Services Limited audited by other auditor.

Management's Responsibility for the Financial Statements

2. Management of the Bank is responsible for the preparation of these Consolidated Financial Statements in accordance with the requirements of the Reserve Bank of India, the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 211 of the Companies Act, 1956 and recognized accounting policies and practices including the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The Procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
6. We have jointly audited the financial statements of the Bank whose financial statements reflect total assets of ₹78620 Crores as at 31st March 2014 and net cash flow amounting to ₹1190 Crores for the year then ended.

7. We did not audit the financial statements of its subsidiary J B Financial Services Limited whose financial statements reflect total assets of ₹16.32 Crores as at 31st March 2014, and total revenue of ₹3.57 Crores for the year ended **31st March 2014**. These financial statements have been audited by other auditor, whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of other entity, based solely on the report of the other auditor.
8. We report that the consolidated financial statements have been prepared by the Bank's management in accordance with the requirement of the Accounting Standard 21- Consolidated Financial Statements , Accounting Standard 23- Accounting for Investment in Associates in Consolidated Financial Statements and Accounting Standard 27- Financial Reporting of Interest in Joint Ventures issued by the Institute of Chartered Accountants of India and the requirements of Reserve Bank of India.

Opinion

9. Based on our audit and consideration of report of other Auditor on separate financial statements and other information of the components, and to the best of our information and according to the explanation given to us, we are of the opinion that :
- (i) the Consolidated Balance Sheet, read with the notes thereon is a full and fair Balance Sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of the state of affairs of the Bank as at **March 31, 2014** in conformity with the accounting principles generally accepted in India
 - (ii) the Consolidated Profit and Loss Account, read with the notes thereon shows a true balance of profit, in conformity with accounting principles generally accepted in India, for the year covered by the account and
 - (iii) the Consolidated Cash Flow Statement gives a true and fair view of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Matters

10. In our opinion, the consolidated Balance Sheet, consolidated Profit and Loss Account and consolidated Cash Flow Statement comply with the applicable Accounting Standards.

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

CA Vikas Gupta
Partner
(M No.509324)

Place : Srinagar
Dated : 15th May 2014

For **Dhar Tikku & Co**
Chartered Accountants
FRN:003423N

CA Madhusudan Meher
Partner
(M No.097409)

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

CA Vinod Gupta
Partner
(M No.090347)

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

CA Vaneet Gandotra
Partner
(M No.504529)

For **Dharam Ra & Co**
Chartered Accountants
FRN.014461N

CA Dharam Ra
Partner
(M No.094108)

Consolidated Balance Sheet

as at 31st March, 2014

	Schedule	As at 31.03.2014 ₹ 000' Omitted	As at 31.03.2013 ₹ 000' Omitted
CAPITAL AND LIABILITIES			
Capital	1	484,922	484,922
Reserves and Surplus	2	5 , 3 ,285	48,161,016
Deposits	3	93,283,4	642,121,820
Borrowings	4	1 , 50,000	10,750,000
Other liabilities and Provisions	5	1 ,9 3,441	15,825,697
TOTAL		8 ,128,115	717,343,455
ASSETS			
Cash and Balance with Reserve Bank of India	6	30,455,93	26,951,472
Balance with Banks & Money at Call & Short Notice	7	11, 00,095	27,092,770
Investments	8	2 1,850,	257,310,654
Advances	9	4 3,84 ,033	391,998,104
Fixed Assets	10	5,351,32	4,566,781
Other Assets	11	12,924,058	9,423,674
TOTAL		8 ,128,115	1 ,343,455
Contingent liabilities	12	1 1,40 ,154	322,827,985
Bills for Collection		12,358,903	8,959,964
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

Mushta Ahmad
Chairman & CEO

B B Vyas, I A S
Director

Hari Narayan Iyer
Director

M I Shahdad
Director

Vikrant Kuthiala
Director

Pro Nisar Ali
Director

Abdul Ma id Matto
Director

R K Gupta
Director

Nihal Garware
Director

Abdul Hamid Bandy
Executive President

S K Bhat
President

Abdul Ma id Bhat
Company Secretary

Place : Srinagar
Dated : 15th May 2014

In terms of our report of even date annexed

For Gupta Sharma & Associates
Chartered Accountants
FRN:001466N

For Dhar Tiku & Co
Chartered Accountants
FRN:003423N

For Arora Vohra & Co
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Partner
(M No.504529)

CA Dharam Ra
Partner
(M No.094108)

Place : Srinagar
Dated : 15th May 2014

Consolidated Profit and Loss Account

for the financial year ended 31st March, 2014

	Schedule	Year Ended 31.03.2014 ₹ 000' Omitted	Year Ended 31.03.2013 ₹ 000' Omitted
I INCOME			
Interest Earned	13	67,670,019	61,368,006
Other Income	14	3,932,139	4,852,864
TOTAL		71,602,158	66,220,870
II EXPENDITURE			
Interest Expended	15	40,818,938	38,200,666
Operating Expenses	16	11,806,255	9,915,525
Provisions and Contingencies		7,166,167	7,555,815
TOTAL		59,791,360	55,672,006
III NET PROFIT		11,810,798	10,548,864
TOTAL		71,602,158	66,220,870
IV APPROPRIATIONS			
TRANSFERRED TO			
i) Statutory Reserve		2,956,173	2,637,746
ii) Capital Reserve		-	-
iii) Trf. From Revenue and other Reserves (for S. Reserve FY 2011-12)		-	(487,500)
iv) Revenue and Other Reserve		5,948,090	4,281,559
v) Investment Reserve		70,705	49,629
vi) Special Reserve		-	1,231,600
vii) Proposed Dividend		2,423,890	2,423,890
viii) Tax on Dividend		411,940	411,940
TOTAL		11,810,798	10,548,864
Principal Accounting Policies	17		
Notes on Accounts	18		
Earnings per Share (Basic/Diluted)		243.92	217.65

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

Mushta Ahmad
Chairman & CEO

B B Vyas, I A S
Director

Hari Narayan Iyer
Director

M I Shahdad
Director

Vikrant Kuthiala
Director

Pro Nisar Ali
Director

Abdul Ma id Matto
Director

R K Gupta
Director

Nihal Garware
Director

Abdul Hamid Banday
Executive President

S K Bhat
President

Abdul Ma id Bhat
Company Secretary

Place : Srinagar
Dated : 15th May 2014

In terms of our report of even date annexed

For Gupta Sharma & Associates
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CA Vaneet Gandotra
Partner
(M No.504529)

CA Dharam Ra
Partner
(M No.094108)

Place : Srinagar
Dated : 15th May 2014

Schedules

to the Consolidated Balance Sheet as at 31st March, 2014

	As at 31.03.2014 ₹ 000' Omitted	As at 31.03.2013 ₹ 000' Omitted
SCHEDULE 1 - CAPITAL		
AUTHORISED CAPITAL		
100000000 (P.Y. 100000000)		
Equity Shares of ₹10/- each	1,000,000	1,000,000
ISSUED		
48,499,602 (P.Y.48,499,602) Equity Shares of ₹10/ each	484,99	484,996
SUBSCRIBED AND PAID-UP CAPITAL		
48477802 (P.Y. 48477802)		
Equity Shares of ₹10/- each	484, 8	484,778
Add Forfeited Equity Shares (21800) (P.Y. 21800)	144	144
TOTAL	484,922	484,922
SCHEDULE 2 - RESERVES & SURPLUS		
I STATUTOR RESERVES		
Opening Balance	14, ,4 4	12,128,729
Additions during the year	2,95 ,1 3	2,637,746
TOTAL	1 , 22, 4	14, ,4 5
II CAPITAL RESERVES		
Opening Balance	31,254	631,254
Additions during the year	-	-
TOTAL	31,254	31,254
III SHARE PREMIUM		
Opening Balance	8 , 91	867,791
Additions during the year	-	-
TOTAL	8 , 91	8 , 91
IV INVESTMENT RESERVE		
Opening Balance	49, 29	-
Additions during the year	0, 0	49,629
TOTAL	120,335	49, 29
V SPECIAL RESERVE		
Opening Balance	1,231, 00	-
Draw Down from Revenue Reserves	-	487,500
Additions during the year	-	744,100
TOTAL	1,231, 00	1,231, 00
VI REVENUE AND OTHER RESERVES		
Opening Balance	30, 14,2	26,820,209
Additions during the year	5,948,091	4,281,558
Draw Down	399, 00	(487,500)
TOTAL	3 ,1 2, 58	30, 14,2
TOTAL I,II,III,IV,V & VI	5 , 3 ,285	48,1 1,01

Schedules

to the Consolidated Balance Sheet as at 31st March, 2014

	As at 31.03.2014 ₹ 000' Omitted	As at 31.03.2013 ₹ 000' Omitted
SCHEDULE 3 - DEPOSITS		
A I Demand Deposits		
i) From Banks	1,12 ,3 8	1,074,563
ii) From Others	,2 , 8	62,936,033
TOTAL	8,393,054	4,010,59
II Saving Bank Deposits	202,434,395	187,894,953
III Term Deposits		
i) From Banks	4,4 5,929	53,326,061
ii) From Others	35 ,980,089	336,890,210
TOTAL	422,45 ,018	390,21 ,2 1
TOTAL A I II III	93,283,4	42,121,820
B I Deposits o branches in India	93,283,4	642,121,820
II Deposits o branches outside India	Nil	Nil
TOTAL B I II	93,283,4	42,121,820
SCHEDULE 4 - BORROWINGS		
I Borrowings in India		
i) Reserve Bank of India	3, 50,000	3,000,000
ii) Other Banks	,900,000	1,750,000
iii) Unsecured Redeemable Debentures/Bonds (Subordinate Debts for Tier II Capital)	,000,000	6,000,000
iv) Other Institutions & Agencies	-	-
TOTAL i to iv	1 , 50,000	10, 50,000
II Borrowings outside India	-	-
GRAND TOTAL I & II	1 , 50,000	10, 50,000
Secured borrowings included in I & II above	Nil	Nil
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
i) Bills Payable	2, 33,8	3,271,948
ii) Inter Office Adjustments (Net)	-	-
iii) Interest Accrued on Non-cumulative deposits	1,322,941	1,067,847
iv) Deferred Tax liability	4,183	-
v) Provision Against Standard Assets	2,505,909	1,987,390
vi) Other (Including Provisions)	11,33 ,531	9,498,512
TOTAL I to VI	1 ,9 3,441	15,825, 9

Schedules

to the Consolidated Balance Sheet as at 31st March, 2014

	As at 31.03.2014 ₹ 000' Omitted	As at 31.03.2013 ₹ 000' Omitted
SCHEDULE - CASH & BALANCES WITH RESERVE BANK OF INDIA		
I Cash in Hand Including Foreign Currency Notes	2, 0,0 5	2,011,810
II Balance with Reserve Bank of India		
i) In Current Account	2 , 85,8 1	24,939,662
ii) In Other Accounts	-	-
TOTAL I II	30,455,93	2 ,951,4 2
SCHEDULE - BALANCE WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I In India		
i) Balance with Banks		
a) In Current Accounts	33 ,21	362,259
b) In Other Deposit Accounts	,0 0,55	13,574,544
TOTAL i	,39 , 3	13,93 ,803
ii) Money At Call and Short Notice		
a) With Banks	4,000,000	13,000,000
b) With Other Institutions	-	-
TOTAL ii	4,000,000	13,000,000
TOTAL i & ii	11,39 , 3	2 ,93 ,803
II Outside India		
i) In Current Accounts	303,322	155,967
ii) In Other Deposit Accounts	-	-
iii) Money at Call & Short Notice	-	-
TOTAL II o i, ii & iii	303,322	155,9
GRAND TOTAL I&II	11, 00,095	2 ,092, 0

Schedules

to the Consolidated Balance Sheet as at 31st March, 2014

	As at 31.03.2014 ₹ 000' Omitted	As at 31.03.2013 ₹ 000' Omitted
SCHEDULE 8 - INVESTMENTS		
I Investments in India		
Gross	2 2,058,44	257,608,322
Less: Provision for Depreciation	20 , 81	297,668
Net Investments	2 1,850,	257,310,654
i) Government Securities	149,4 9,808	140,600,967
ii) Other Approved Securities	9, 50	69,651
iii) Shares (Pref. Equity)	2,1 5,8 4	2,063,263
iv) Debentures and Bonds (Including Suitfile)	20,323,00	24,319,162
v) Sponsored Institutions	340,0 1	221,071
vi) Others :		
a) Certificate of Deposit	5,594,0 3	61,212,715
b) Suitfile	83, 19	4,917
c) SIDBI	1,522,925	1,692,975
d) NABARD	, 45, 00	3,189,500
e) Inv. In Subsidiary / or Joint ventures	-	-
f) Venture Capital	238,108	175,000
g) Rural Housing Development	2,349,350	2,054,825
h) Commercial Paper	1,400,1 9	5,997,597
i) Security Receipts	152,034	93,535
j) Rural Infrastructure Development Fund	10,88 ,298	15,615,476
TOTAL I	2 1,850,	25 ,310, 54
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	2 1,850,	25 ,310, 54
III Investments Category-Wise		
i) Held to Maturity	1 5,128,849	156,459,953
ii) Held for Trading	12,39	992,765
iii) Available for Sale	9 , 09,420	99,857,936
TOTAL III	2 1,850,	25 ,310, 54

Schedules

to the Consolidated Balance Sheet as at 31st March, 2014

	As at 31.03.2014 ₹ 000' Omitted	As at 31.03.2013 ₹ 000' Omitted
SCHEDULE 9 - ADVANCES		
A		
i) Bills Purchased and Discounted	10, 90,158	7,793,293
ii) Cash Credits, Overdrafts and Loans Repayable on Demand	130,103,943	99,465,016
iii) Term Loans	323,051,932	284,739,795
TOTAL	4 3,84 ,033	391,998,104
B		
i) Secured by Tangible Assets	3 9,825,519	322,798,541
ii) Covered by Bank/Govt. Guarantees	512,330	1,027,128
iii) Unsecured	93,508,184	68,172,435
TOTAL	4 3,84 ,033	391,998,104
C I Advances in India		
i) Priority Sector	12 ,928,891	114,483,778
ii) Public Sector	14,12 , 13	3,414,959
iii) Banks	1, 4,50	1,298,900
iv) Others	320,115,923	272,800,467
TOTAL	4 3,84 ,033	391,998,104
II Advances Outside India		
i) Due from Banks	Nil	Nil
ii) Due from Others	Nil	Nil
GRAND TOTAL I & II	4 3,84 ,033	391,998,104
SCHEDULE 10 - FIXED ASSETS		
I Premises		
a) Gross Block at the beginning of the year	3,813,34	3,734,927
Additions during the year	15 ,8	910,863
	3,9 1,223	4, 45, 90
Deductions during the year	5 ,5	832,444
Total a	3,914, 5	3,813,34
Depreciation to date	1,281,905	1,114,916
	2, 32, 52	2, 98,430
b) Advance against flats	-	-
c) Constructions work in progress	2 2,8 3	126,779
TOTAL I a b c	2,905, 25	2,825,209

Schedules

to the Consolidated Balance Sheet as at 31st March, 2014

	As at 31.03.2014 ₹ 000' Omitted	As at 31.03.2013 ₹ 000' Omitted
SCHEDULE 10 - FIXED ASSETS		
II Other Fixed Assets		
(Including Furniture & Fixtures)		
Gross Block at the beginning of the year	5,528,94	4,820,259
Additions during the year	1,359,58	751,834
	,888,380	5,522,093
Deductions during the year	40,92	43,302
	,84,454	5,528,91
Depreciation to date	4,401,52	3,787,219
TOTAL II	2,445,02	1,415,2
GRAND TOTAL I & II	5,351,32	4,522,81
SCHEDULE 11 - OTHER ASSETS		
I. Interest Accrued but not Due	5,50,818	4,274,232
II. Interest Accrued and Due	-	-
III. Inter Office Adjustment (Net)	233,359	253,415
IV. Tax paid in Advance/Tax Deducted at Source (Net of Provisions)	1,544,02	1,204,363
V. Stationery and Paper in Hand	4,0	38,195
VI. Deferred Tax Asset	-	274,891
VII. Others	5,591,194	3,378,578
TOTAL I to VII	12,924,058	9,423,4
SCHEDULE 12 - CONTINGENT LIABILITIES		
I. Claims against the Bank not acknowledged as debts	1,519,45	1,805,747
II. Liability for partly paid investments	14,008	-
III. Liability on account of outstanding Forward Exchange Contracts	101,848,40	199,623,366
IV. Guarantees given on behalf of constituents:-		
a) In India	15,504,100	15,699,281
b) Outside India	2,51,00	261,061
V. Acceptances, Endorsements & Other Obligations	39,949,300	105,438,530
VI. Other items for which the Bank is Contingently liable	40	-
TOTAL I to VI	1,140,154	322,82,985

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to the Consolidated Balance Sheet as at 31st March, 2014

	Year Ended 31.03.2014 ₹ 000' Omitted	Year Ended 31.03.2013 ₹ 000' Omitted
SCHEDULE 13 - INTEREST EARNED		
I. Interest/Discount on Advances/Bills	50,212, 09	43,175,791
II. Income on Investments (Net of Amortization)	1 ,855,5 9	17,225,789
III. Interest on Balances with R.B.I and other Inter Bank Funds	01,831	966,426
TOTAL I to III	, 0,019	1,3 8,00
SCHEDULE 14 - OTHER INCOME		
I. Commission, Exchange & Brokerage	1, 8,58	1,786,893
II. Profit on Sale of Investments (less loss on sale of investments)	5 8,348	1,378,972
III. Profit on revaluation of Investments (less loss on revaluation of investments)	,951	114,174
I . Profit on Sale of and, Buildings & Other Assets	-	-
. Profit on Exchange Transactions (less loss on E/Transactions)	328,380	294,896
I. Income earned by way of Dividends etc. from Subsidiaries, Companies and/or Joint enture abroad/in India	-	-
II. Miscellaneous Income	1,288,8 4	1,277,929
TOTAL I to VII	3,932,139	4,852,8 4
SCHEDULE 15 - INTEREST EXPENDED		
I. Interest on Deposits	39, ,45	37,403,436
II. Interest on RBI/Inter-Bank Borrowings	501,481	257,230
III. Others/Subordinate Debt	540,000	540,000
TOTAL I to III	40,818,938	38,200,
SCHEDULE 1 - OPERATING EXPENSES		
I. Payments to and provisions for Employees	,4 1,289	6,541,574
II. Rent, Taxes and ighting	00,418	503,452
III. Printing and Stationery	85,43	87,023
I . Advertisement and Publicity	121,8 1	102,905
. Depreciation on Bank s Property	81,833	497,901
I. Directors Fees, Allowances and Expenses	,2 2	6,512
II. Auditors Fees & Expenses (Including Branch Auditor s fees & Expenses)	134,815	93,573
III. aw Charges	1 ,508	20,548
I . Postage, Telegrams, Telephones etc.	0,3	67,771
. Repairs and Maintenance	121, 20	116,697
I. Insurance	458,091	408,603
II. Other Expenditure	1,94 , 4	1,468,966
TOTAL I to XII	11,80 ,255	9,915,525

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SCHEDULE 1 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) prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India to the extent applicable.

2 Consolidation Procedure

Consolidated Financial Statements of the J & B Bank and its Subsidiary viz J B Financial Services Ltd 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 Accounts 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 represents the part of profit/loss and net assets not owned by the parent and consists of :
 - a. The amount of equity attributable to the minority at the date on which the investment in subsidiary is made and
 - b. The minority share of movements 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 (ICIA) 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.

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- 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 quarterly intervals. 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) Unquoted 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 NA. If NA 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 NA of the respective scheme.
- (vi) The individual scrip in the Held for Trading category are marked to market at monthly intervals 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.

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- (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-S R 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& 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 (Borrowing) 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.

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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 provided on diminishing balance method in accordance with the provisions of Income Tax Act 1961, as per the rates prescribed in Income Tax Rules given below: -

S.No.	Heads	Rates
A	Furniture & Fixtures (including electric fittings)	10%
B	Wooden partitions	100%
C	ehicles	15%
D	Plant & Machinery	15%
E	Premises	
	i) Office Premises	10%
	ii) Residential & STC buildings	5%

However, in terms of RBI guidelines depreciation on computers (including ATMs) along with software forming integral part of computers is charged at the rate of 33.33% on straight-line method for the full year even if the computers (including ATMs) have been purchased during the second half.

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.

The depreciation on mobile phones is being charged 50% on straight line method.

- e) The expenditure incurred towards furniture & fixture in building (M-6G) being used as Chairman's residence has been treated as asset of the Bank under this head. The expenditure on repairs and renovation of this building has been charged to revenue, as the building is not owned by the Bank, hence not capitalized.
- f) Depreciation on additions to Assets made up to 30th September of the year is provided for at full rates and on additions thereafter at 50% of the rates. No depreciation is provided on assets sold/ discarded during the year.
- g) Premium paid for leasehold properties is amortized over the period of the lease.

Employees Benefits

- i) Short-term employee benefits are charged to revenue in the year in which the related service is rendered.
- ii) In respect of employees who have opted for provident fund scheme, matching contribution is made.
- iii) Contribution to Defined Benefit Plans (Gratuity, Pension and leave Encashment) has been made as per AS-15 (on Employees Benefit) issued by the Institute of Chartered Accountants of India.

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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 .

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SCHEDULE 18 NOTES ON ACCOUNTS

- 1 The subsidiary considered in the preparation of the consolidated financial statements -

Name of the Subsidiary Company	:	J B Financial Services Ltd
Country of incorporation	:	India
oting Power held	:	100%
Ownership Interest	:	100%
- 2 The Subsidiary Company has increased its Paid-Up Capital from ₹10.00 Crores to ₹20.00 Crores in its Annual General Meeting dated 11th September, 2013.
- 3 The operating income of the company amounting to ₹29,327,677.69 comprises of the broking commission and Depository Income of ₹20,355,066.04 and ₹69,67,075.80. The company is operating as a stock broker of NSE (Cash and FNO) and BSE (Cash and as Depository participants of CDS and NSD Depositories).
- 4 Preliminary expenses includes expenses incurred prior to incorporation period amounting to ₹5,15,885.00. 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 ₹. 2,06,351.00
- 5 The deferred tax asset (Net) of ₹7,801,183.12 as shown in the Balance Sheet and Profit and Loss Account represents the Net deferred Tax (Asset- liability) as required under AS 22 (accounting for taxes on income).

Provision of rent includes rent of ₹7,17,101.00 for the period 01.01.2013 to 31.03.2013 (prior period expenses).

Segment Reporting- The Company operates in a single business segment and hence no disclosure is being made.
- 8 Previous year figures are regrouped and rearranged wherever required.

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 certain immovable properties held by the bank valued at ₹0.42 crores (previous year ₹0.45 crores). In respect of immovable properties valued at ₹4.99 crores (previous year ₹5.54 crores) bank holds agreement to sell along with the possession of the properties.
 - b) The Bank has been consistently following the method of charging depreciation on fixed assets on diminishing balance as per the rates prescribed in Income Tax Rules which is higher in totality as compared to rates prescribed in Schedule I of the Companies Act, 1956. However, the depreciation on computers (including ATMs) along with software forming integral part of computers has been computed at the rate of 33.33% on straight-line method.

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- 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 the mobile phones are depreciated 50% on straight line method.
- e) Depreciation on Banks property includes amortization in respect of leased properties amounting to ₹0.14 Crores (previous year ₹0.14 Crores). The book value of these properties as on 31.03.2014 was ₹8.00 Crores (previous year ₹7.88 Crores).

4 Capital

S. No.	Particulars	BASE -III Current Year	BASE -II Previous Year
i)	Common Equity Tier I Capital ratio (%)	11.22	NA
ii)	Tier I Capital Ratio %	11.22	10.86
iii)	Tier II Capital Ratio %	1.47	1.97
iv)	Total Capital ratio (CRAR) (%)	12.69	12.83
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:	Nil	Nil
	a) Debt capital instrument:	Nil	Nil
	b) 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.

5 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 and ₹33,30,70,800 in share capital deposit account 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 31.03.2014 (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.

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8 Details of Investments

			(₹ in Crores)	
S. No.	Particulars		As on 31.03.2014	As on 31.03.2013
1	Value of Investments			
	Gross Value of Investments			
	a) In India		26215.84	25770.83
	b) Outside India		NI	NI
	Provision or depreciation			
	a) In India		20.78	29.77
	b) Outside India		NI	NI
	Net Value of Investments			
	a) In India		26195.06	25741.06
	b) Outside India		NI	NI
2	Movement of provisions held towards the depreciation on Investments			
	(i) Opening Balance		29.77	26.71
	(ii) Add: Provisions made during the year		6.86	14.91
	Less: Write-off/write back of excess provisions during the year		15.85	11.85
	(iii) Closing Balance		20.78	29.77

9 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 31.03.2014	
i) Securities sold under Repo Government Securities	40.00	300.00	147.24	275.00	
(Previous Year)	(15.00)	(500.00)	(10.26)	(300.00)	
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					
i) Government Securities	15.00	1100.00	9.99	0.00	
(Previous Year)	(5.00)	(1100.00)	(14.82)	(1100.00)	
ii) Corporate Debt Securities	0.00	0.00	0.00	0.00	
(Previous Year)	(0.00)	(0.00)	(0.00)	(0.00)	

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10 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	121.00	34.94	0.00	0.00	0.00
2	FIs (incl. NBFC's AIFI'S)	924.54	840.86	10.00	0.00	0.00
3	Banks (incl. CD's)	6672.85	88.50	5.00	0.00	0.00
4	Private Corporates (incl. CP's)	1029.33	882.65	518.15	78.37	50.00
5	Subsidiaries/Joint ventures	10.00	0.00	0.00	0.00	0.00
6	Others	2503.18	0.00	0.00	0.00	0.00
	Total	112 0 90	184 95	533 15	8 3	50 00
7	Provision held towards depreciation	20.78	0.00	0.00	0.00	0.00
	Total	11240 12	184 95	533 15	8 3	50 00

The Bank's investment in unlisted securities as on 31.03.2014 is 0.43% (previous year 0.30 %) which is well within the RBI stipulated limit of 10%.

10.1 Non-performing Non-SLR investments

(₹ in Crores)

Particulars	Amount as on 31.03.2014	Amount as on 31.03.2013
Opening Balance	89.00	20.00
Additions during the year	48.80	69.00
Reductions during the year	0.15	NI
Closing Balance	137.65	89.00
Total Provision held (including floating provisions of ₹2.76 Crores)	116.08	55.48

10.2 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 ₹5 Cr (₹) on 24/05/2013 & ₹400 Cr (₹) on 11/07/2013 having total face value of ₹405 Cr (Previous year nil) 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.No.41/21.04.141/2013-14 dated 23/08/2013, the Bank undertook shifting of Govt. Securities on 26/09/2013 having face value of ₹323 Cr from HFT/AFS to HTM Category. In order to shift these securities at market value, ₹1.95 Cr was reduced from the Book value being the MTM loss on account of shifting.
- 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.

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

Particulars	As on 31.03.2014				As on 31.03.2013			
	HFT	AFS	HTM	Total	HFT	AFS	HTM	Total
	Govt. Securities	0 00	03 24	14244 4	1494 98	34.15	868.59	13157.36
Other approved securities	0 00	0 00	9	9	0.00	0.00	6.96	9
Shares (Equity & Pref.)	1 24	215 35	0 00	21 59	0.48	205.84	0.00	20 32
Debentures & Bond	0 00	1984 48	4 82	2032 30	64.64	2132.11	166.79	23 3 54
Subsidiaries	0 00	0 00	10 00	10 00	0.00	0.00	10.00	10 00
Others (incl. Sponsored, CDs, CPs, RIDF and others)	0 00	8	2213 3	8981 23	0.00	6779.25	2314.89	9094 14
Total	1 24	9 0 94	1 522 88	2 195 0	99 2	9985 9	15 5 00	25 41 0

11 Derivatives

11.1 Forward Rate Agreement/Interest Rate Swap

S. No.	Particulars	(₹ in Crores)	
		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

11.2 Exchange Traded Interest Rate Derivatives

S. No.	Particulars	(₹ in Crores)	
		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

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11.3 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 AG, IG 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

(₹ in Crores)

S. No.	Particulars	31.03.2014		31.03.2013	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)				
a)	For Hedging	NI	NI	NI	NI
b)	For Trading	NI	NI	NI	NI
(ii)	Marked to Market Position (1)		Nil		
a)	Asset ()	NI	NI	NI	NI
b)	Liability (-)	NI	NI	NI	NI
(iii)	Credit Exposure(2)		NI	NI	NI
(iv)	Potential Impact of 1% change in interest rate (100 P 01)				
a)	On hedging derivatives	NI	NI	NI	NI
b)	On Trading derivatives	NI	NI	NI	NI
(v)	Maximum & minimum of 100 P 01 observed during the year				
a)	On hedging	NI	NI	NI	NI
b)	On Trading	NI	NI	NI	NI

Forward Exchange contracts as on 31.03.2014

(₹ in lacs)

Up to 14 days	66721.88
Beyond 14 days	951762.72
Total	1018484.60

Schedules

significant accounting policies and notes on accounts

12 Asset quality

12.1 Non Performing Assets

		(₹ in Crores)	
S. No.	Particulars	Current Year	Previous Year
(i)	Net NPAs to Net Advances (%)	0.22%	0.14%
(ii)	Movement of NPAs (Gross)		
a)	Opening balance	43	516.60
b)	Additions during the year	410.0	455.00
c)	Reductions during the year	209.5	327.83
d)	Closing balance	83.42	643.77
(iii)	Movement of Net NPAs		
a)	Opening balance	55.2	49.34
b)	Additions during the year	319.53	342.48
c)	Reductions during the year	209.5	327.83
d)	Closing balance	101.99	55.27
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
a)	Opening balance	523	450.11
b)	Provisions made during the year	108	193.39
c)	Write-off/write-back of excess provisions	11	80.87
d)	Closing balance	530	562.63

Net NPA has been arrived at after adding net interest suspense of ₹3.99 Crores. (Previous year ₹0.61 Crores) and net ECGC claims of ₹1.03 Crores (Previous year ₹2.37 Crores) and reducing Interest Capitalization of ₹6.88 Crores (previous year 11.70 Crores).

Including floating provision of ₹52.90 Crores. The Information regarding movement of Net NPA's has been compiled at Corporate Office and relied upon by the Auditors.

Schedules

significant accounting policies and notes on accounts

13 Particulars of Accounts Restructured

Disclosure of Restructured Accounts (During the FY 2013-14)

(₹ in Crores)

SI No	Type of Restructuring Asset Classification Details	Under CDR Mechanism				Under SME Debt Restructuring Mechanism						
		Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total	
1	Restructured Accounts as on April 1 of the FY (opening figures)*	No. of borrowers	22	19	8	0	49	64	36	31	0	131
		Amount outstanding	348.68	24.12	39.97	0	412.77	139.6	6.08	16.33	0	162.01
		Provision thereon	9.58	3.75	24.96	0	38.29	3.84	1.48	16.19	0	21.51
2	Fresh restructuring during the year	No. of borrowers	4	0	0	0	4	12	0	0	0	12
		Amount outstanding	159.13	0	0	0	159.13	5.89	0	0	0	5.89
		Provision thereon	7.97	0	0	0	7.97	0.20	0	0	0	0.20
3	Upgradations to restructured standard category during the FY	No. of borrowers	0	0	0	0	0	0	0	0	0	0
		Amount outstanding	0	0	0	0	0	0	0	0	0	0
		Provision thereon	0	0	0	0	0	0	0	0	0	0
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.	No. of borrowers	12	0	0	0	12	63	0	0	0	63
		Amount outstanding	28.66	0.00	0	0.00	28.66	17.12	0	0	0.00	17.12
		Provision thereon	7.65	0.00	0	0.00	7.65	0.33	0	0	0	0.33
5	Downgradations of restructured accounts during the FY	No. of borrowers	0	0	0	0	0	0	0	5	0	5
		Amount outstanding	0	0	0	0	0	0	0	2.14	0	2.14
		Provision thereon	0	0	0	0	0	0	0	2.12	0	2.12
6	Write-offs of restructured accounts during the FY	No. of borrowers	0	0	0	0	0	0	0	2	0	2
		Amount outstanding	0	0	0	0	0	0	0	4.52	0	4.52
		Provision thereon	0	0	0	0	0	0	0	4.52	0	4.52
7	Restructured Accounts as on March 31 of the FY (closing figures)*	No. of borrowers	15	0	0	0	15	32	5	108	2	147
		Amount outstanding	522.27	0	0	0	522.27	76.22	1.42	17.24	0.01	94.89
		Provision thereon	20.67	0	0	0	20.67	2.70	0.22	15	0.01	17.93

1. The above disclosures, including sacrifice, are as compiled and certified by the Bank's Management.

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Disclosure of Restructured Accounts (During the FY 2013-14)

(₹ in Crores)

Sl No	Type of Restructuring	Asset Classification	Others				Total					
			Standard	Sub-Standard	Doubtful	Loss	Total	Standard	Sub-Standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1 of the FY (opening figures)*	No. of borrowers	368	134	281	4	787	454	189	320	4	967
		Amount outstanding	826.93	5.04	83.46	0.28	915.71	1315.21	35.24	139.76	0.28	1490.49
		Provision thereon	22.74	0.81	67.31	0.28	91.14	36.16	6.04	108.46	0.28	150.94
2	Fresh restructuring during the year	No. of borrowers	61	0	1	0	62	77	0	1	0	78
		Amount outstanding	498.45	0	0.25	0	498.7	663.47	0	0.25	0	663.72
		Provision thereon	22.50	0	0.25	0	22.75	30.67	0	0.25	0	30.92
3	Upgradations to restructured standard category during the FY	No. of borrowers	71	0	0	0	71	71	0	0	0	71
		Amount outstanding	3.66	0	0	0	3.66	3.66	0	0	0	3.66
		Provision thereon	0.11	0	0	0	0.11	0.11	0	0	0	0.11
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.	No. of borrowers	331	0	0	0	331	406	0	0	0	406
		Amount outstanding	210.75	0	0.00	0.00	210.75	256.53	0	0	0.00	256.53
		Provision thereon	12.46	0	0.00	0.00	12.46	20.44	0	0	0.00	20.44
5	Downgradations of restructured accounts during the FY	No. of borrowers	34	67	12	0	112	34	67	17	0	118
		Amount outstanding	12.97	6.19	8.27	0	27.30	12.97	6.19	10.41	0.00	29.57
		Provision thereon	0.35	0.93	1.38	0	2.63	0.35	0.93	3.50	0.00	4.78
6	Write-offs of restructured accounts during the FY	No. of borrowers	0	0	5	0	5	0	0	7	0	7
		Amount outstanding	0	0	3.21	0	3.21	0	0	7.73	0	7.73
		Provision thereon	0	0	3.21	0	3.21	0	0	7.73	0	7.73
7	Restructured Accounts as on March 31 of the FY (closing figures)*	No. of borrowers	103	13	194	11	321	150	18	302	13	483
		Amount outstanding	913.79	20.51	24.22	0.29	958.81	1512.28	21.93	41.46	0.30	1575.97
		Provision thereon	36.91	3.56	23.34	0.29	64.1	60.28	3.78	38.34	0.30	102.70

1. The above disclosures, including sacrifice, are as compiled and certified by the Bank's Management.

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14 Details of Financial Assets Sold to Securitization/ Reconstruction Company or Asset Reconstruction

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

15 Details of non performing financial assets purchased

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

15.1 Details of non performing financial assets sold

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

1 Provisions on standard Assets

(₹ in Crores)		
Particulars	31.03.2014	31.03.2013
Provision towards Standard Assets	250.59	198.74

1 Business Ratios

S. No.	Particulars	As on 31.03.2014	As on 31.03.2013
(i)	Interest income as a percentage to working funds	9.9 %	9.89%
(ii)	Non-Interest income as a percentage to working funds	0.5 %	0.78%
(iii)	Operating Profit as a percentage to working funds	2.80%	2.92%
(iv)	Return on Assets.	1.4%	1.70%
(v)	Business (deposits plus advances) per employee	₹11.4 Crores	₹10.49 Crores
(vi)	Profit per employee	₹0.13 Crores	₹0.11 Crores

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

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

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

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significant accounting policies and notes on accounts

18 Asset Liability Management

i Maturity pattern of certain items of assets and liabilities as on 31.03.2014

(₹ in Crores)

	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	128.95	2025.22	1086.17	2078.06	8410.88	2543.04	7214.21	27478.13	17831.62	539.58	9335.8
ADVANCES	948.68	556.95	494.51	2568.04	3185.98	3262.80	5275.53	19921.93	5574.10	4596.08	4384.0
INVESTMENTS	0	631.99	198.05	1573.56	5395.08	455.01	1175.20	4755.96	4355.19	7655.03	2195.0
BORROWINGS	655	0	0	0	0	0	0	510	0	600	15

Details of Foreign currency Assets/Liabilities Maturity Pattern as on 31.03.2014

(₹ 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	399.21	112.70	1787.46	1010.71	1656.46	0.00	0.00	0.00	4954
EURO	16.54	6.33	47.95	44.16	21.62	0.00	0.00	0.00	130
GBP	10.08	5.72	17.41	13.82	2.16	0.00	0.00	0.00	4919
J.YEN	0.18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	018
AUD	0.66	0.39	0.06	0.40	0.00	0.00	0.00	0.00	151
CAD	1.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	125
CHF	2.24	0.07	0.00	0.00	0.00	0.00	0.00	0.00	231
SAR	0.93	0.00	0.00	0.00	0.00	0.00	0.00	0.00	093
Total	431.09	125.21	1852.88	109.09	180.24	0.00	0.00	0.00	5158.51
Previous year	451	101	5059.41	2312	84.89	0.00	0.00	0.00	9821.89

(₹ 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
LIABILITIES									
USD	354.82	71.91	1879.91	996.89	1659.06	4.09	1.75	0.00	49843
EURO	7.28	0.00	59.77	43.64	25.83	0.69	0.31	0.00	1352
GBP	3.19	9.04	22.40	11.95	2.51	0.30	0.00	0.00	4939
J.YEN	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	000
AUD	0.00	0.00	0.84	0.00	0.00	0.00	0.00	0.00	084
CAD	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	000
CHF	2.03	0.00	0.62	0.00	0.00	0.00	0.00	0.00	25
Total	332	80.95	193.54	1052.48	18.40	5.08	2.0	0.00	5158.83
Previous year	422.84	111.00	5000.3	2410.1	82.45	1.29	1.00	0.00	9824.5

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

The figures in brackets represent previous year figures.

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significant accounting policies and notes on accounts

19 Exposures

19.1 Exposure to Real Estate Sector

			(₹ in Crores)	
S. No.	Particulars		As on 31.03.2014	As on 31.03.2013
1.	Direct Exposure			
	(i) Residential Mortgages		1291.5	1105.60
	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 ₹797.38 Crores)(Previous Year ₹740.48 Crores)			
	(ii) Commercial real estate		281.04	2815.36
	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	NI
	(b) Commercial real estate		NIL	NI
2.	Indirect Exposure			
	(Fund based & non fund based exposure on National Housing Bank and housing finance companies)		84.99	755.71
	Total Exposure to Real Estate		493.0	214

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

19.2 Exposure to Capital Market

			(₹ in Crores)	
S. No.	Particulars		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.		149.54	151.53
(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		11	0.87
(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		0.08	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		NIL	NI

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(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stock brokers and market makers.	2 13	0.13
(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	NIL	NI
(vii)	Bridge loans to companies against expected equity flows /issues	NIL	NI
(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	NIL	NI
(ix)	Financing /to stock brokers for margin trading	NIL	NI
(x)	All exposures to venture Capital Funds (both registered and unregistered)	25 00	25.00
Total		1 91	1 1

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

₹23.94 Crores book value against sanctioned limit of ₹25.00 Crores.

19.3 Risk category wise country exposure

(₹ in Crores)

Category	Risk Category	Exposure (net) as at March 2014	Provisions held as at March 2014	Exposure (net) as at March 2013	Provisions held as at March 2013
A1	Insignificant	135 32	0 00	104.82	0.00
A2	Low	1 38	0 00	1.22	0.00
B1	Moderate	0 15	0 00	Nil	Nil
B2	High	Nil	Nil	Nil	Nil
C1	Very high	Nil	Nil	Nil	Nil
C2	Restricted	Nil	Nil	Nil	Nil
D	Off-Credit	Nil	Nil	Nil	Nil
Total		13 85	0 00	10 04	0 00

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

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

The Bank has not exceeded single borrower exposure limit (SG)/Group Borrower Exposure limit (GB).

21 Statement of loans & Advances secured by Intangible Assets via Rights, Licenses, Authorizations etc

(₹ in Crores)

Particulars	2013-14	2012-13
Total amount of advances outstanding against charge over intangible securities such as the rights, licenses, authority etc.	48 42	41.51

22 Penalty imposed by Reserve Bank of India

Penalty imposed by Reserve Bank of India during the year: One amounting to ₹2.501 Crores (Previous year ₹10,000/-).

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23 Disclosures as per Accounting Standards AS in terms of RBI guidelines

23.1 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.

23.2 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.

23.3 Accounting Standard 15 Retirement Benefit

The disclosure required under Accounting Standard 15 Employee Benefits- issued by the Institute of Chartered Accountants of India are as under :

Defined Contribution Plan

In respect of employees, who hold the option of provident fund, matching contribution has been made.

Defined Benefit Plans

The Employee's Gratuity Fund Scheme, Pension Fund and Leave Encashment are defined benefit plans. The present value of obligation is determined based on Actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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

	(Amount in ₹)		
Present value of Obligation	Gratuity Funded	Pension Funded	Leave Encashment unfunded
Present value of obligation 01-04-2013	1825024075	5810690251	856801708
Interest Cost	154766166	517562123	69012154
Current Service Cost	173969265	485013697	88427102
Past Service Cost	-	-	-
Benefits Paid	-210800000	-120000000	-180000000
Actuarial (gain) loss on obligation	88715259	-286734804	191352454
Present value of obligation 31-03-2014(Projection)	2031674762	6406531267	1025593418
Fair value of Plan Assets 01-04-2013	1692231068	4758300000	-
Expected Return on Plan Assets	134819317	290268000	-
Contributions	35592891	743500000	180000000
Benefits Paid	-210800000	-120000000	-180000000
Actuarial Gain (Loss) Plan Assets	26408576	-109468000	-
Fair value of Plan Assets 31-03-2014	1678251852	5562600000	-
Total Actuarial gain/loss to be recognized	- 230 82	1 2 804	-191352454

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Significant accounting policies and notes on accounts

Balance Sheet Recognition

(Amount in ₹)			
Present value of Obligation	Gratuity Funded	Pension Funded	Balance Encashment unfunded
Present value of obligation	2031674762	6406531267	1025593418
Fair value of Plan Assets	-1678251852	-5562600000	-
Liability (Asset)	353422910	843931267	1025593418
Unrecognized Past Service Cost	-	-	-
Liability (asset) recognized in the Balance Sheet	353422910	843931267	1025593418
Less: Liability already recognized	-	-	860419934
Total of three plans : ₹13,252,111	353422910	843931267	1,51,34,84,184

Profit & Loss Expenses

(Amount in ₹)			
Present value of Obligation	Gratuity Funded	Pension Funded	Balance Encashment unfunded
Current Service Cost	173969265	485013697	88427102
Interest Cost	154766166	517562123	69012154
Expected Return on Plan Assets	-134819317	-290268000	-
Net Actuarial gain (loss) recognized in the year	62306682	-177266804	191352454
Past Service Cost	-	-	-
Expenses Recognized in the statement of Profit & Loss	256222797	535041016	348791710
Actual Return on Plan Assets			
Expected Return on Plan Assets	134819317	290268000	-
Actuarial gain (loss) Plan Assets	26408576	-109468000	-
Actual Return on Plan Assets	161227893	180800000	-

Movement in the Net Liability recognized in the Balance Sheet

(Amount in ₹)			
Present value of Obligation	Gratuity Funded	Pension Funded	Balance Encashment unfunded
Opening net liability	132793004	1052390251	856801708
Expenses	256222797	535041016	348791710
Contribution	-35592891	-743500000	-180000000
Closing Net liability	353422910	843931267	1025593418

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significant accounting policies and notes on accounts

Actuarial Assumption

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

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

24 Accounting Standard 1 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:-

Description	₹ in Crores	
	31.03.2014	31.03.2013
A Segment Revenue Income		
i. Treasury Operations	1849.00	1996.46
ii. Corporate/Whole sale Banking	3181.05	2395.31
iii. Retail Banking	231.85	2682.13
iv. Other Banking Business	32.3	44.97
Total	94.3	118.8
(Less): Inter segment revenue	3.3	498.34
Total Income from Operations	15.2	20.53
B Segment Results Profit before tax		
i. Treasury Operations	50.9	115.92
ii. Corporate /Wholesale Banking	1129.99	1150.41
iii. Retail Banking	54.2	223.89
iv. Other Banking Business	24.4	36.37
Total	151.8	152.59
C Segment Assets		
i. Treasury Operations	28091.3	29065.81
ii. Corporate/Wholesale Banking	29310.98	23638.02
iii. Retail Banking	211.18	19025.42
iv. Other Banking Business	41.21	14.07
Total	819.3	143.32
D Segment Liabilities		
i. Treasury Operations	59.34	4945.70
ii. Corporate /Wholesale Banking	293.39	21001.08
iii. Retail Banking	3252.14	40918.62
iv. Other Banking Business	39.25	13.23
Total	289.12	88.3

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Description	(₹ in Crores)	
	31.03.2014	31.03.2013
E Capital Employed Segment Assets-Segment Liabilities		
i. Treasury Operations	22124.02	24120.11
ii. Corporate/Wholesale Banking	32.41	2636.94
iii. Retail Banking	1059	(21893.20)
iv. Other Banking Business	19	0.84
Total	5231	4849

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

25 Accounting Standard 18 Related party disclosures as on 31.03.2014

Items/Related Party	(₹ in Crores)	
	J& K Bank	J B Financial Services Ltd.
Deposits	1068.69	7.517
Advances	0.00	0.000
Investments	34.01	0.000
Interest Paid	99.25	0.048
Interest/Commission Received	3.43	0.622
Sale of Fixed Assets	0.00	0.019
Transfer of Current Assets/ Liabilities(Net)	0.00	0.000
Reimbursement of Expenses	0.00	3.174

Items/Related Party	(₹ in lakhs)	
	.M.P Mr.Mushtaq Ahmad (Chairman)	
Investments	-	-
Interest/Commission Received	-	-
Salary	-	69.11

Key Managerial Personnel

2 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.

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significant accounting policies and notes on accounts

2 Accounting standard 20 Earning per share

	(₹ in Crores)	
	31.03.2014	31.03.2013
Net Profit available to Equity Share Holders	1182.4	1055.10
No. of Equity Shares	4,84,77,802	4,84,77,802
Basic/Diluted Earnings per share (in ₹)	243.92	217.65
Face value per share	₹10/-	₹10/-

28 Accounting Standard 21 Consolidated Financial Statements

The Bank has a fully owned subsidiary company J B 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 ₹10.00 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.

29 Accounting standard 22 Accounting or 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)	
	Deferred Tax Asset	Deferred Tax liabilities
Timing Difference		
Depreciation on Assets	Nil	41.61
Leave encashment	3485.99	Nil
Special Reserve	Nil	189.21

Net Deferred Tax liability as on 31.03.2014 : ₹ 741.83 lacs

Tax Impact for the year : ₹ 520.29 lacs

30 Accounting Standard 2 -Intangible Assets

The Bank has incurred an amount of ₹1.43 Crores on Brand names bifurcated into two heads namely Business Unit Signage and Brand Strategy Project. Expenditure on Business Unit Signage amounting to ₹0.83 Crores has been debited under the head Furniture & Fixture, whereas, Brand strategy project expenses amounting to ₹0.60 Crores 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 ₹13.60 Crores on account of purchase of computer software, not forming integral part of computers, and has capitalized the cost of the same.

31 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.

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32 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. However, a provision of ₹3.69 Crores is outstanding as on 31.03.2014 (During the year ₹1.07 Crores) to meet certain claims decreed against the Bank but still not acknowledged as debts owing to the appeal filed by the bank before the court of competent jurisdiction, pending adjudication.

33 ADDITIONAL DISCLOSURES

33.1 Provisions and Contingencies

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

Particulars	(₹ in Crores)	
	For the year ended 31.03.2014	For the year ended 31.03.2013
Tax expense		
i) Income Tax	5 4 52	475.12
ii) Deferred Tax liability/ (asset)	5 20	(3.74)
iii) Wealth Tax	0 08	0.11
Provision against NPA's	8 02	158.30
Provision for depreciation on investments	-	14.91
Provision for frauds and embezzlements	2 08	0.24
Provision for diminution in the fair value of restructured /rescheduled advances	54	12.84
Provision for Non Performing Investments	1 33	31.04
Other provisions & contingencies	-	35.66
Provision for contingent liabilities	1 0	1.18
Provision for Standard Assets	51 85	30.00
Total	1 29	55

34 DETAILS OF FLOATING PROVISIONS

34.1 Advances

Particulars	(₹ in Crores)	
	As on 31.03.2014	As on 31.03.2013
Opening balance	52 90	52.90
Additions made during the year	Nil	Nil
Utilization made during the year	Nil	Nil
Closing balance	52 90	52.90

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34.2 Investments

Particulars	₹ in Crores	
	As on 31.03.2014	As on 31.03.2013
Opening balance	2	2.76
Additions made during the year	Nil	Nil
Utilization made during the year	Nil	Nil
Closing balance	2	2.76

34.3 Draw Down from Reserves

The Bank during the year 2012-13 created a special reserve under section 36(1) (viii) of the income tax act 1961 to the tune of ₹123.16 crores without creating deferred tax liability on the grounds that the Bank does not have any intention to withdraw from such reserve in future. However pursuant to RBI circular letter no.BDOD.NO.BP.BC77/21.04.018 / 2013-14 dated December 20, 2013 issued to all commercial banks, Bank created a deferred Tax liability of ₹39.97 crores for the said special reserve out of revenue and other reserves.

34.4 CUSTOMER COMPLAINTS

A	No of complaints pending at the beginning of the year	23
B	No of complaints received during the year	179
C	No of complaints redressed during the year	188
D	No of complaints pending at the end of the year	14

34.5 AWARDS PASSED BY THE BANKING OMBUDSMAN

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

34 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 to ₹0.00 (Previous year ₹0.00 Crores)

34 Letter of Comfort LOCs 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 2014.

34.8 Provision Coverage Ratio PCR

The provision coverage ratio (PCR) for the Bank as on 31st March 2014 is 90.30% which is calculated taking into account the total technical write offs made by the Bank.

Schedules

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34.9 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 2013-14 on account of mobilizing said business is given hereunder:-

		(₹ in Crores)
S. No	Nature of Income	
1	For selling life insurance policies	13.30
2	For selling non-life insurance policies	8.32
3	For selling mutual fund products	Nil
4	Others (Logo Charges)	9.69
Total		31.31

35 Concentration of Deposits, Advances, Exposures & NPAs

35.1 Concentration of Deposits

		(₹ in Crores)
Total Deposits of 20 largest depositors		12770
Percentage of 20 largest deposits to total Deposits of the Bank		18.42%

35.2 Concentration of Advances

		(₹ in Crores)
Total Advances to twenty largest borrowers		12374
Percentage of advances of twenty largest borrowers to Total Advances of the Bank		26.68%

35.3 Concentration of Exposures

		(₹ in Crores)
Total Exposure to twenty largest borrowers customers		13683
Percentage of exposures to twenty largest borrowers /customers to Total exposure of the bank on borrowers/customers		18.85%

35.4 Concentration of NPAs

		(₹ in Crores)
Total Exposure to top four NPA accounts		210.41

35.5 Sector wise NPAs

S No.	Sector	Percentage of NPA to Total advances in that sector
1	Agriculture & Allied activities	1.02%
2	Industry (Micro & Small Medium and Large)	2.66%
3	Services	2.24%
4	Personal Loans	0.81%

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

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significant accounting policies and notes on accounts

35 Stock o technical write-offs and recoveries made thereon

Particulars	₹ in Crores	
	Current Year	Previous Year
Opening balance of Technical/Prudential write-off accounts as at March 31, 2013	2 8 53	274.39
Add: Technical/Prudential write-offs during the year	3	40.10
Sub Total:	28 2	314.49
Less: Recoveries made during the year	18 0	35.96
Closing balance as at March 31, 2014	2 8 20	278.53

35 Overseas Assets, NPAs and Revenues

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

35 8 0 - balance sheet SPVs sponsored which are required to be consolidated as per accounting norms

Name of the SP sponsored	₹ in Crores	
	Domestic	Overseas
NI		NI

3 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

3 Payments to and Provisions for employees include ₹82.50 Crores toward liability for wage arrears calculated on estimated basis. (Previous year ₹33.75 Crores).

38 The Bank w.e.f April 01, 2013 changed the accounting policy with regard to appropriation of recovery in Non-Performing Assets. The recovery in NPA accounts has been first appropriated towards amount of principal and thereafter towards amount of interest. The impact in the opinion of the management of such change in accounting policy on the financial statements would not be material.

39 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.

40 MOVEMENT IN PROVISION FOR CREDIT CARD REWARD POINT IS SET OUT BELOW:

Particulars	₹ in Crores	
	Current Year	Previous Year
Opening Provision Balance as on 01.04.2013		0.60
Provisions made during the year		1.00
Redemption made during the year		0.91
Closing Provision Balance as on 31.03.2014		0.69

Schedules

significant accounting policies and notes on accounts

41 DISCLOSURES ON REMUNERATION

Information relating to the composition and mandate of the Remuneration Committee.

The composition of Remuneration Committee is as under:

1. Mr. Mushtaq Ahmad, (Chairman & CEO)
2. Mr. A. M. Matto, (Director)
3. Mr. R. . Gupta (Director)
4. Mr. Nihal Chandrakant Garware (Director)

The Remuneration Committee is mandated to formulate, implement and review Remuneration Policy of the Bank under the supervision of the Board of Directors of the Bank

Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.

Remuneration for the purpose of Remuneration policy shall refer to any form of monetary or non monetary benefits provided to employees in exchange of their contribution and service to the organization. It shall in particular refer to Fixed Salary, Variable Pay, Other benefits and pension contributions. The major objectives of the policy are

- To ensure effective governance of compensation
- To Ensure effective alignment of compensation with prudent risk taking
- To ensure effective supervisory oversight and engagement by stakeholders
- To comply with regulatory directives
- To attract, develop and retain high performing and motivated employees.

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.

NI

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.

Schedules

significant accounting policies and notes on accounts

Quantitative Disclosure

Particulars	31.03.2014
Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	One Meeting Sitting fee of ₹45000/- paid to three Directors of the Bank for attending the Remuneration Committee Meeting.
(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)	No variable remuneration award has been paid during the year.
(ii) Number and total amount of sign-on awards made during the financial year.	NI
(iii) Details of guaranteed bonus, if any, paid as joining / sign on bonus	NI
(iv) Details of severance pay, in addition to accrued benefits, if any.	NI
a. Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	NI
b. Total amount of deferred remuneration paid out in the financial year.	NI
Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	Fixed Pay during the year in case of Chief Executive Officer. Basic 5700000 Risk 6000 Refreshment 4800 Performance Bonus 1200000 Total 6910800 Whole Time Directors Not applicable There was no deferred variable pay
a. (i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	NI
b. (ii) Total amount of reductions during the financial year due to ex- post explicit adjustments.	NI
c. (iii) Total amount of reductions during the financial year due to ex- post implicit adjustments.	NI

Schedules

significant accounting policies and notes on accounts

- 42 The Principal Accounting Policies (Schedule 17) and Notes on Accounts (Schedule 18) form an integral part of these Accounts.
- 43 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.

Mushta Ahmad
Chairman & CEO

B B Vyas, I A S
Director

Hari Narayan Iyer
Director

M I Shahdad
Director

Vikrant Kuthiala
Director

Pro Nisar Ali
Director

Abdul Ma id Matto
Director

R K Gupta
Director

Nihal Garware
Director

Abdul Hamid Banday
Executive President

S K Bhat
President

Abdul Ma id Bhat
Company Secretary

Place : Srinagar
Dated : 15th May 2014

For Gupta Sharma & Associates
Chartered Accountants
FRN:001466N

For Dhar Tiku & Co
Chartered Accountants
FRN:003423N

For Arora Vohra & Co
Chartered Accountants
FRN:009487N

For Darshan Nagpal & Associates
Chartered Accountants
FRN:011022N

For Dharam Ra & Co
Chartered Accountants
FRN.014461N

CA Vikas Gupta
Partner
(M No.509324)

CA Madhusudan Meher
Partner
(M No.097409)

CA Vinod Gupta
Partner
(M No.090347)

CA Vaneet Gandotra
Partner
(M No.504529)

CA Dharam Ra
Partner
(M No.094108)

Place : Srinagar
Dated : 15th May 2014

Consolidated Cash Flow Statement

or the year ended 31st March, 2014

	2013-2014 ₹ 000' Omitted	2012-2013 ₹ 000' Omitted
A CASH FLOW FROM OPERATING ACTIVITIES	,82 ,315	12,795,067
B CASH FLOW FROM INVESTING ACTIVITIES	1, 85,0	(861,972)
C CASH FLOW FROM FINANCING ACTIVITIES	3,3 5,830	(2,427,582)
NET CHANGE IN CASH AND CASH EQUIVALENTS	11,888,211	9,505,513
D CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	54,044,242	44,538,729
E CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	42,15 ,031	54,044,242
A CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit after Taxes	11,810, 98	10,548,864
Add : Provision for Taxes	5, 8 ,349	4,714,162
Net profit before taxes (i)	1 ,498,14	15,263,026
Adjustment or :		
Depreciation charges	81,833	497,900
Provision for NPAs	80,15	1,583,000
Provision on Standard Assets	518,519	300,000
Depreciation on investment	-	149,162
Provision for Non-Performing investment	1 3,300	310,460
Other provisions	10 ,842	499,031
Deferred revenue Expenditure written off during the year	51	52
Interest paid on subordinate Bonds (Financing Activities)	540,000	540,000
Total Adjustment ii	2,800, 01	3,8 9, 05
Operating profit before change in Operating Assets & Liabilities i ii	20,298,848	19,142, 31
Adjustment for changes in Operating Assets & liabilities		
Increase / (Decrease) in Deposits	51,1 1, 4	108,704,233
Increase / (Decrease) in Borrowings	,900,000	(1,659,572)
Increase / (Decrease) in Other liabilities & provisions	1,498, 39	(1,981,372)
(Increase) / Decrease in investments	4,3 1,012	(41,266,627)
(Increase) / Decrease in Advances	2, 03,4 0	(62,935,279)
(Increase) / Decrease in Other Assets	3, 2 ,53	(1,869,843)
Net Cash flow from Operating activities (iii)	21,040, 23	(1,008,460)
Cash generated from operation (i ii iii)	41,8 5	18,134,171
Less : Tax paid	,085,440	5,339,104
TOTAL : A	,82 ,315	12, 95,0

Consolidated Cash Flow Statement

or the year ended 31st March, 2014

B CASH FLOW FROM INVESTING ACTIVITIES :		
a) Fixed Assets	1,5 ,0	(861,972)
b) Investment in Subsidiary	119,000	-
TOTAL : B	1, 85,0	8 1,9 2
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	(1,887,582)
f) Interest Paid on Subordinate Debt	540,000	(540,000)
TOTAL : C	3,3 5,830	2,42 ,582
D CASH AND CASH E UIVALENTS AT THE BEGINNING OF THE EAR		
a) Cash in hand & Balance with R.B.I	2 ,951,4 2	27,836,539
b) Balance with Banks & Money at Call & Short Notice	2 ,092, 0	16,702,190
TOTAL : D	54,044,242	44,538, 29
E CASH AND CASH E UIVALENTS AT THE END OF THE EAR		
a) Cash in hand & Balance with R.B.I	30,455,93	26,951,472
b) Balance with Banks & Money at Call & Short Notice	11, 00,095	27,092,770
TOTAL : E	42,15 ,031	54,044,242

Mushta Ahmad
Chairman & CEO

B B Vyas, I A S
Director

Hari Narayan Iyer
Director

M I Shahdad
Director

Vikrant Kuthiala
Director

Pro Nisar Ali
Director

Abdul Ma id Matto
Director

R K Gupta
Director

Nihal Garware
Director

Abdul Hamid Banday
Executive President

S K Bhat
President

Abdul Ma id Bhat
Company Secretary

Place : Srinagar
Dated : 15th May, 2014

The above Cash Flow Statement has been taken on record by the Board of Directors in its meeting held on 15th May, 2014 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, 2014 and March 31st, 2013. 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 **Dhar Tiku & Co**
Chartered Accountants
FRN:003423N

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

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

For **Dharam Ra & Co**
Chartered Accountants
FRN.014461

CA Vikas Gupta
Partner
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CA Vaneet Gandotra
Partner
(M No.504529)

CA Dharam Ra
Partner
(M No.094108)

Place : Srinagar
Dated : 15th May, 2014

Basel-III Pillar-3 disclosures

as on 31 03 2014

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	₹ 100 million	100%	The entire amount of ₹ 100 million has been deducted	₹ 163.2 million

ii Quantitative Disclosures

c The List of group entities considered for consolidation as on 31st March 2014 is given below:

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 i.e. 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
Metlife India Company Ltd / India	Insurance Business	₹ 20130 million	5.08 percent	The CRAR under deduction method will be 12.45% as against 12.69% under risk weighting method.

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

- i) The Bank is subject to Capital Adequacy guidelines of RBI, which are based on the framework of the Basel Committee on Banking Supervision. These guidelines on Basel III have been implemented on 1st April 2013 in a phased manner. The minimum capital required to be maintained by the Bank for the year ended 31st March 2014 is 9 percent with minimum Common Equity Tier 1 (CET1) of 5 percent. 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.
- ii) The Bank carries out its capital requirement through a comprehensive projection of future businesses that takes cognizance of the strategic intent of the Bank, profitability of particular businesses and opportunities for growth. The proper mapping of credit, operational and market risks to this projected business growth enables assignment of capital that not only adequately covers the minimum regulatory capital requirement but also provides headroom for growth. As part of the Internal Capital Adequacy Assessment Process (ICAAP), the Bank also assesses the adequacy of capital under stress conditions to ensure that bank has adequate capital to support not only the 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	38951		
	Portfolio subjected to standardized approach (9%CRAR)	38951.7		
	Portfolios subjected to the IRB approaches	Nil		
	Securitization exposures	Nil		
2.2	Capital requirement for market risk under Standardised duration approach	292		
	Interest rate risk	2377.0		
	Foreign exchange risk (including gold)	28.6		
	Equity risk	273.6		
2.3	Capital requirement for operational risk	3943		
	Basic indicator approach:	3974.3		
2.4	Common Equity Tier 1, Tier 1 and Total Capital ratios:			
		Common Equity		Total capital
	Name of the Entity	Tier 1 ratio	Tier 1 ratio	ratio
	J& Bank Ltd	11.22%	11.22%	12.69%

Risk Exposure and Assessment

Objectives and Policies

Organisational Structure---- Risk Management

The business of financial intermediation undertaken by the Bank requires it 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) 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 has rating tools specific to market segments such as 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) Allowing credit exposures as per the credit rating of borrowers upto defined thresholds of risk levels. The approach also includes diversification of credit portfolio rating category wise but within the acceptable risk parameters.
- i) The Bank's entire current business is within India and hence there is no geographic ceiling on lending in India or outside India. Further, there is also no ceiling on lending within a State in India.
- j) A mechanism of clear and well defined delegation of authority operates within the Bank in regard to decision making, which links risk and exposure amount to level of approval.
- k) Regular review of all credit sanctioning powers delegated to various sanctioning levels so as to continuously strengthen the credit processes, and monitoring oversight are undertaken.
- 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 ensuring sustained growth of healthy loan portfolio while 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 ensuring 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.

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	786197.3 161407.1 947604.4
2.2	Geographic distribution of exposures:		
	Overseas		-
	Domestic		947604.4
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		834.2
	Substandard		1712.9
	Doubtful		5330.3
	Loss		791.0
2.6	Net NPAs		1019.9
2.7	NPA Ratios		
	Gross NPAs to gross advances		1.66%
	Net NPAs to net advances		0.22%
2.8	Movement of NPAs (Gross)		
	Opening balance		6437.7
	Additions		4106.0
	Reductions		2709.5
	Closing balance		7834.2
2.9	Movement of provisions on NPAs		
	Opening balance		5626.3
	Provisions made during the period		1076.8
	Write-off		166.1
	Write back of excessive provisions		---
	Closing balance		6537.0
3.0	Amount of non-performing investment		144.1
3.1	Amount of provisions held on non-performing investment		1202.8
3.2	Movement of provision or depreciation on investments		
	Opening balance		297.7
	Provisions made during the period		68.6
	Write-off		15.7
	Write back of excessive provision		142.8
	Closing balance		207.8

Table DF 4 : Disclosure of portfolio subject to Standardised Approach

1 Qualitative Disclosures:

1.1 For portfolio under the standardised 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, FITCH India, 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: - 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 standardised 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	514759.8
100% risk weight	194407.7
More than 100% risk weight	85678.6

Table- DF -5: Credit risk mitigation:**1 Qualitative Disclosures:****11 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.

12 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.

13 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

14 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, IP's, LIC policy, Gold, Central / State government Securities etc.

15 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 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, PPs 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/ IC Policies/NSCs/ PPs	48040.2
	Eligible financial collaterals after the application of haircuts.	Exposure covered by other eligible collaterals	Nil

Table DF : Asset Securitisation:

Bank is not currently undertaking any securitization activity.

Table DF - : Market risk in trading book

1 Qualitative Disclosures:

Market Risk is the risk of loss to the Bank's earnings and capital due to changes in the market level of interest rates, price of securities, foreign exchange rates and equities price as well as volatilities of those changes. A well defined organizational structure for management of market risk is in place within the Bank. The Bank adopts a comprehensive approach to market risk management for its trading, investment and asset/liability portfolios. The liquidity of the Bank is managed effectively by closely monitoring cash flow mismatches and funding requirements of incremental assets. The bank is undertaking Traditional Gap analysis and Duration Gap analysis for measuring potential liquidity risk and interest rate risk. This serves as a decision support tool for improving the asset liability management and thereby earnings. Regular stress testing is carried out to monitor the Bank's vulnerability to shocks and the impact of extreme market movements.

Board approved Market Risk Policy aligned to regulatory guidelines define and stipulate regulatory/internal limits for various products and business activities relating to trading book and for taking exposures across all segments of market based on relevant market analysis, business strategy and Bank's risk appetite. Risk limits such as Stop-loss limit, Overnight limit, Daylight limit, Aggregate Gap limit, Individual Gap limit, Inter-Bank dealing limits and Investment limits etc have been set up and reviewed periodically based on the regulatory guidelines, market analysis, business strategy, size of the investment, management experience and Bank's risk appetite. Bank has a Mid-Office for market risk management functions like onsite monitoring of adherence to set limits, independent valuation and reporting of activities. Asset liability Management Committee (ALCO) is primarily responsible for establishing effective market risk management and asset

liability management in the Bank, procedures thereof, implementing risk management guidelines issued by the regulator, best risk management practices followed globally and monitoring adherence to the internal parameters, procedures, practices/policies and risk management prudential limits.

11 The general qualitative disclosure requirement for market risk including the portfolio covered by securitized approach

The HFT and AFS portfolios are covered by the 'Standardized Duration' approach for calculation of Market Risk.

Market Risk Management group set under the overall supervision of IRMC of the board is responsible for identification, assessment, monitoring and reporting of Market risk. Board approved Market Risk Policy and Investment policy with defined Market Risk Management parameters for each asset class is in place. Risk monitoring is an ongoing process with the position reported to the top management and the ACO at the stipulated intervals.

Risk measurement and reporting is based on parameters such as modified duration, maximum permissible exposures, net open position limit and gap limits in line with industry best practices.

12 General disclosures for market risk including portfolios covered by the IMA. A description of the soundness of the bank's 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 standardized duration method, as per directives of RBI. Stress testing, back testing under various scenarios and calculation of historical VaR forms an integral part of the portfolio risk management.

2 Quantitative Disclosures:

		Amount in ₹ million
2.1	The capital requirement for market risk as per Standardized Duration Approach:	2679.2
	Interest rate risk.	2377.0
	Equity position risk.	273.6
	Foreign exchange risk.	28.6
	Commodity risk.	-

Table DF 8 Operational Risk

1 Qualitative Disclosures:

11 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.

12 In addition to general qualitative disclosure requirement, the approach es or operational risk capital assessment or which the bank uali es

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:	3974.3

Table DF - 10 : Interest rate risk in the banking book IRRBB

1 Qualitative Disclosures:

11 The general qualitative disclosure requirements, including the nature o IRRBB and key assumptions, including assumptions regarding loan prepayments and behavior o non-maturity deposits, and re uency o IRRBB measurement

The impact of fluctuation in interest rate on liabilities and assets has a direct impact on earnings and hence on the market value of Equity. Bank's A CO is assigned the job of periodically monitoring and controlling the risks and returns, funding and deployment, setting Bank's lending / deposit rates and also directing the investment activities of the Bank. Integrated Risk Management Committee of Board reviews various decisions of A CO for managing the Market Risk.

Bank utilizes the following two methods for calculation of Interest rate risk in banking Book:

Earnings Perspective--- The bank utilizes traditional gap analysis for calculating the impact on its earnings (Net Interest Income) due to adverse movements in interest rates with the assumed change in yield on 200 basis points over one year.

Economic alue Perspective---- The bank utilizes Duration Gap Analysis for calculating the long term impact on market value of equity due to adverse movements in interest rates with the assumed change in the yield on 200 basis points. 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).	<u>Changes on account of Interest rate volatility</u> Change in net interest income (with 200 bps change in interest rates for both assets and liabilities) Change in market value of equity (with 200 bps change in interest rates for both assets and liabilities).	₹ 629.7 million 19.55%
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Table DF - 11 : General Disclosure or Exposures Related to Counterparty Credit Risk

1 Qualitative Disclosures:

The Bank has a Credit Risk Management Policy and Collateral Management Policy in place which stipulates the eligible credit risk mitigants and management thereof. The Bank has adopted the comprehensive approach, which allows fuller offset of collateral against exposures, by effectively reducing the exposure amount by the value ascribed to the collateral. Under this approach, the 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. The Bank also has a well-defined NPA management policy for establishing credit reserves.

2 Quantitative Disclosures:

The derivative exposure is calculated using Current Exposure Method (CEM) and the balance outstanding as on March 31, 2014 is given below.

Particulars	Notional Amount	Amount in ₹ million
		Current Exposure
Forward forex contracts	95176.2	2246.6

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	55763.0	b d e g
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	
Common Equity Tier 1 capital before regulatory adjustments sum o rows 1 to 5		5 115	
Common Equity Tier 1 capital : Regulatory adjustments			
Prudential valuation adjustments			
8	Goodwill (net of related tax liability)	0	
9	Intangibles other than mortgage servicing rights (net of related tax liability)	142.4	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)	100.0	l

Amount in ₹ million			
Sr No	Items	Amounts subject to pre-Basel III treatment	Ref No:
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	
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 (please specify the details in remarks column)	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	242.4	
29	Common Equity Tier 1 capital (CET1)	56873.3	
	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	



Amount in ₹ million			
Sr No	Items	Amounts subject to pre-Basel III treatment	Ref No:
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 Additional Tier 1 capital: regulatory adjustments	0	
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	
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) Tier 2 capital: instruments and provisions	56873.3	
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	0	
47	Directly issued capital instruments subject to phase out from Tier 2	4800.0	i



				Amount in ₹ million
Sr No	Items	Amounts subject to pre-Basel III treatment	Ref No:	
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	2627.4		f j k
51	Tier 2 capital before regulatory adjustments	7427.4		
	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)	0		
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	0		
58	Tier 2 capital (T2)	7427.4		
58 a	Tier 2 capital reckoned for capital adequacy	7427.4		
58 b	Excess Additional Tier 1 capital reckoned as Tier 2 capital	0		
58 c	Total Tier 2 capital admissible for capital adequacy	7427.4		
59	Total capital TC T1 T2	4300		
	Risk Weighted Assets in respect of amounts subject to Pre-Basel III Treatment			
	Of which --- (Insert type of adjustment)			
	Of which --- (Insert type of adjustment)			
0	Total Risk Weighted Assets Oa Ob Oc	50 25 8		

Amount in ₹ million			
Sr No	Items	Amounts subject to pre-Basel III treatment	Ref No:
60 a	Of which: total credit risk weighted assets	432796.9	
60 b	Of which: total market risk weighted assets	29769.1	
60 c	Of which: total operational risk weighted assets	44159.8	
Capital Ratios			
61	Common Equity Tier 1 (as a percentage of risk weighted assets)	11.22%	
62	Tier 1 (as a percentage of risk weighted assets)	11.22%	
63	Total capital (as a percentage of risk weighted assets)	12.69%	
64	Institution specific buffer requirement (minimum CET 1 requirement plus capital conservation and countercyclical buffer requirements, expressed as a percentage of risk weighted assets)	5.00%	
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)	6.22%	
National minima (if different from Basel III)			
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	5.00%	
70	National Tier 1 minimum ratio (if different from Basel III minimum)	6.50%	
71	National total capital minimum ratio (if different from Basel 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)	2627.4	
77	Cap on inclusion of provisions in Tier 2 under standardised approach	5409.9	

Amount in ₹ million			
Sr No	Items	Amounts subject to pre-Basel III treatment	Ref No:
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	4800	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	1200	

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	

Amount in ₹ million

Row No of the template	Particulars	
	(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	2627.4
	Eligible Revaluation Reserves included in Tier 2 capital	0.00
	Total of row 50	
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

Particulars		Balance sheet as in financial statements As on reporting date	Amount in ₹ million Balance sheet under regulatory scope of consolidation As on reporting date
A	Capital & Liabilities		
i	Paid-up Capital	484.9	
	Reserves & Surplus	56751.2	
	Minority Interest	0.00	
	Total Capital	57236.1	
ii	Deposits	693358.7	
	of which: Deposits from banks	65602.3	
	of which: Customer deposits	627756.4	
	of which: Other deposits (pl. specify)	0.00	
iii	Borrowings	17650.0	
	of which: From RBI	3750.0	
	of which: From banks	7900.0	
	of which: From other institutions & agencies		
	of which: Others (pl. specify)		
	of which: Capital instruments	6000.0	
iv	Other liabilities & Provisions	17952.5	
	Total	8 19 3	

Particulars		Balance sheet as in financial statements As on reporting date	Amount in ₹ million
			Balance sheet under regulatory scope of consolidation As on reporting date
B	Assets		
i	Cash and balances with Reserve Bank of India	30455.9	
	Balance with banks and money at call and short notice	11683.1	
ii	Investments:	261950.7	
	of which: Government securities	149479.8	
	of which: Other approved securities	69.6	
	of which: Shares	2165.9	
	of which: Debentures & Bonds	20323.0	
	of which: Subsidiaries	100.0	
	Of which Joint ventures / Associates	340.1	
	of which: Others (Commercial Papers, Mutual Funds etc.)	89472.3	
iii	Loans and advances	463846.1	
	of which: Loans and advances to banks	1674.5	
	of which: Loans and advances to customers	462171.6	
iv	Fixed assets	5338.1	
v	Other assets	12923.5	
	of which: Goodwill and intangible assets	142.4	
	of which: Deferred tax assets	0.00	
vi	Goodwill on consolidation		
vii	Debit balance in Profit & Loss account		
	Total Assets	8 19 3	

Amount in ₹ million

Particulars		Balance sheet as in financial statements As on reporting date	Balance sheet under regulatory scope of consolidation As on reporting date	Reference no:
A	Capital & Liabilities			
i	Paid-up Capital	484.9		
	of which: Amount eligible for CET 1	484.9		a
	of which: Amount eligible for AT 1			
	Reserves & Surplus	56751.2		
	Of which:			
	Statutory reserve	17722.6		b
	Share premium	867.8		c
	Revenue & Other reserves	37409.3		d
	Capital reserves	631.2		e
	Investment reserve	120.3		f
	Current financial year profit			
	Out of which amount eligible for inclusion in Tier 1 capital			g
	Minority Interest			
	Total Capital	5 115 8		
ii	Deposits	693358.7		
	of which: Deposits from banks	65602.3		
	of which: Customer deposits	627756.4		
	of which: Other deposits (pl. specify)			
iii	Borrowings	17650.0		
	of which: From RBI	3750.0		
	of which: From banks	7900.0		
	of which: From other institutions & agencies			
	of which: Others (pl. specify)			
	of which: Capital instruments	6000.0		h
	Out of which eligible for inclusion in Tier II capital	4800.0		i
iv	Other liabilities & Provisions	17952.5		
	of which: DT s related to goodwill			
	of which: DT s related to intangible assets			
	of which: Standard asset provision included under Tier II	2505.9		j
	of which: Provisions for contingencies included under Tier II	1.2		k
	Total	8 19 3		

				Amount in ₹ million
Particulars	Balance sheet as in financial statements As on reporting date	Balance sheet under regulatory scope of consolidation As on reporting date	Reference no:	
B Assets				
i Cash and balances with Reserve Bank of India	30455.9			
Balance with banks and money at call and short notice	11683.1			
ii Investments:	261950.7			
of which: Government securities	149479.8			
of which: Other approved securities	69.6			
of which: Shares	2165.9			
of which: Debentures & Bonds	20323.0			
of which: Subsidiaries	100.0			l
Of which: Joint ventures / Associates	340.1			
of which: Others (Commercial Papers, Mutual Funds etc.)	89472.3			
iii Loans and advances				
of which: Loans and advances to banks	1674.5			
of which: Loans and advances to customers	462171.5			
iv Fixed assets	5338.1			
v Other assets	12923.5			
of which: Goodwill and intangible assets Out of which	142.4			m
Goodwill				
Other Intangibles (excluding MS₹)	142.4			
Deferred tax assets	0.00			n
vi Goodwill on consolidation				
vii Debit balance in Profit & loss account				
Total Assets	8 19 3			

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 168A01017
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 (₹ in million, as of most recent reporting date)	₹ 484.9 million
9	Par value of instrument	₹ 10 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 ₹ 000 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 Regulatory treatment	SEBI Regulations,2008
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 (₹ 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 Coupons / dividends	N/A
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	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-Cumulative
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

S.No	Industry	Amount in ₹ million
		Amount
1	Mining and quarrying (including Coal)	3050.8
2	Food Processing	14610.5
	Out of 2	
	Sugar	508.6
	Edible oils & vanaspati	3171.5
	Tea	2.3
	Others	10928.1
3	Beverage & tobacco	2304.9
4	Textiles	8819.5
	Out of 4	
	Cotton Textiles	2168.0
	Jute Textiles	11.0
	Man - Made Textiles	97.3
	Other Textiles	6543.2
5	Leather & Leather Products	1184.7
6	Wood & Wood Products	648.3
7	Paper & Paper Products	1137.4
8	Petroleum, Coal Products and Nuclear fuels	5538.5
9	Chemicals and Chemical Products	5538.9
	Out of 9	
	Fertiliser	321.0
	Drugs & Pharmaceuticals	1377.0
	Petro Chemicals	2198.6
	Others	1642.3
10	Rubber, Plastic & their Products	3472.1
11	Glass and Glassware	271.2
12	Cement and Cement Products	10637.9
13	Basic Metal and Metal Products	26437.2
	Out of 13	
	Iron & Steel	23767.8
	Other Metal & Metal Products	2669.4
14	All Engineering	2542.1
	Out of 14	
	Electronics	1372.0
	Others	1170.1
15	Vehicles, Vehicle Parts and Transport equipment	1151.2
16	Gems and Jewellery	1304.4
17	Construction	281.6
18	Infrastructure	61930.0
	Out of 18	
	Power	28940.3
	Telecommunication	9742.6
	Roads & Ports	4398.1
	Other Infrastructure	18849.0
19	Other Industries	14208.8
	Total Industry (Micro & Small, Medium and Large)	165070.0

Annexure-B

Residual contractual maturity of assets as on 31.03.2014

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	2670.1	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2670.1
2. Balance with RBI	0.00	0.00	0.00	2325.8	3234.8	972.8	2796.8	10735.4	6796.0	924.3	27785.9
3. Balance with other Banks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(i) Current Account	622.5	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	622.5
(ii) Money at call and short notice, term Deposits and other placements	4000.0	0.00	1400.0	1250.0	4110.0	0.00	300.5	0.00	0.00	0.00	11060.5
4. Investments	0.00	6319.9	1980.5	15735.6	53950.8	4550.1	11752.0	47559.6	43551.9	76550.3	261950.7
5. Advances (performing)											
(i) Bills purchased & Discounted (including bills under DUPN)	79.9	479.4	559.3	1733.2	5195.1	2789.6	0.00	0.00	0.00	0.00	10836.5
(ii) Cash credits, overdrafts & Loans repayable on demand	500.0	1750.0	1750.0	1750.0	1750.0	2500.0	17680.8	110723.2	0.00	0.00	138404.0
(iii) Term Loans	8682.9	1996.2	1067.9	22197.2	24914.7	27338.4	35074.5	88496.1	55526.7	45155.2	310449.8
(iv) Prepayment of Term Loans	224.0	1343.9	1567.9	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3135.8
6. NPAs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	214.3	805.6	1019.9
7. Fixed Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5338.1	5338.1
8. Other Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(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	12923.5	12923.5
C. TOTAL INFLOWS	16779.4	11889.4	8325.6	44991.8	93155.4	38150.9	67604.6	257514.3	106088.9	141697.0	786197.3

Report on Corporate Governance

J& 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& 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& 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& 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& 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& economy, at the center of which will be the J& 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& 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 nine comprising of Chairman, and eight Non- Executive 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, ten Board Meetings were held, in due compliance with statutory provisions, on the following dates:

15.05.2013 24.06.2013 01.08.2013 03.09.2013 03.10.2013 09.11.2013 10.12.2013 04.01.2014 08.02.2014 06.03.2014

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 2013-14. Attendance at Board Meetings

Name of Director	Category of Director	Meetings during the tenure	Meetings Attended	Percentage	Whether Attended AGM held on 22-06-2013
Mr. Mushtaq Ahmad (Re-appointed w.e.f. 06.09.2013.)	Chairman & CEO	10	10	100%	Yes
Mr. B. B. Jais, IAS (Appointed on 23.04.2013)	Non Executive Director	10	04	40%	Yes
Mr. Hari Narayan Iyer (Re-appointed w.e.f. 31.10.2013)	Independent Non Executive Director	10	09	90%	-
Mr. M.I. Shahdad	Independent Non Executive Director	10	10	100%	Yes
Prof. Nisar Ali (Re-appointed on 22.06.2013)	Independent Non Executive Director	10	09	90%	Yes
Mr. A.M. Matto (Re-appointed on 22.06.2013)	Independent Non Executive Director	10	10	100%	Yes
Mr. Vikrant Uthiala	Independent Non Executive Director	10	10	100%	Yes
Mr. R. S. Gupta	Independent Non Executive Director	10	10	100%	Yes
Mr. Nihal Garware (Re-appointed on 22.06.2013)	Independent Non Executive Director	10	07	70%	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 Mushta Ahmad

Mr. Mushta Ahmad, Chairman & Chief Executive Officer of the Bank, has more than 41 years of experience in banking. Mr. Mushta 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 Bal 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 landmark 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, Jammu, 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 extra-ordinary 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 Hari Narayan Iyer

Mr. Hari Narayan Iyer, General Manager, Department of Non Banking Supervision, Reserve Bank of India, Mumbai is a Master of Business Administration (MBA) in Banking & Finance and a Certified Associate of the Indian Institute of Bankers, (CAIIB). He also holds a Certificate in Treasury and Risk Management from the Indian Institute of Banking & Finance (IIBF). He has 7 years of Commercial Banking experience and over 20 years of Central Banking

experience, serving in the Reserve Bank of India in various capacities in the areas of Banking Supervision, Supervision of Non Bank Finance Companies, Deposit Insurance, Supervision of Urban Co-operative Banks and Rural Planning and Credit.

Mr Mohammad Ibrahim Shahdad

Mr. M.I. Shahdad is a holder of Master's Degree in Economics and B from Aligarh Muslim University. He started his professional career in 1963 and practiced law in J& H 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& H 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& H State Committee of PHD Chamber of Commerce and Industry, New Delhi Executive Committee Member (Jammu) of Indian Institute of Public Administration, Regional Branch, New Delhi National Executive Committee Member Mayo College Old Boys' Society, Ajmer President Mayo Alumni, Jammu Treasurer Jammu Adventure Sports Club, Jammu. He is also a Member of India Islamic Cultural Centre, New Delhi and INTACH, J& H 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& H 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& H). 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 Ma id 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 51 years, is a professional Chartered Accountant with 28 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 nominated to work on faculty of Business Studies by Vice-Chancellor of Jammu University for the triennial period of 2009-2012.

Mr Nihal C Garware

Mr. Nihal Chandrakant Garware is a holder of Bachelor of Arts Degree (USA) and the scion of well known Industrialist family of India - the Garwares. Mr. Nihal Chandrakant Garware is at present Head of the Legal Department and Liaison Department in some of the Garware Companies. He has been a Director in various companies in the Garware Group, where his responsibilities have ranged from Production, Sales, Legal and Liaison to Finance. He is Advisor to outside Companies like Ama Pvt. Ltd., D. Y. Patil Group and Sharad Pawar International School. He is also the founder member of The Youth Wing of Indian Merchants Chamber of Commerce.

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. All Directors of your Bank except State Govt. nominees are Non-Executive and Independent Directors within the meaning of clause 49 of Listing Agreement.
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 effect interests of the Bank.
5. The Directors did not incur any disqualification under Section 274(1)(g) of the Companies Act, 1956 or under any other law applicable to the Bank as on 31st March, 2013.
6. None of the Directors of the Bank are holding positions as Chairman of more than five and as a Member of more than ten Audit and Shareholders Grievance Committees.
7. The Bank has complied with Corporate Governance norms as stipulated by the SEBI.
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 Mushta Ahmad

Director: J B Financial Services Ltd., wholly owned subsidiary of The Jammu & Kashmir Bank Limited.

Mr B B Vyas, IAS

J& State Financial Corporation J& Development Finance Corporation J& Minerals Ltd. J& Industries Ltd. J& SIDCO J& SICOP J& Handicrafts (S&E) Dev. Corporation J& Handloom Development Corporation J& Jhadi & Village Industries Board J& Cements Ltd J& Police Housing Corporation J& HPMC Ltd. J& Agro Industries Dev. Corp. J& Cable Car Corp J& Tourism Development Corp J& Women Development Corp J& Forest Development Corp J& PCC Ltd J& SRTC Ltd J& Medical Supplies Corp. Ltd J& SC, ST & OBC Dev. Corp.

Mr Vikrant Kuthiala

Director: R.B. Jodhamal & Co. Pvt. Ltd R.B. Jodhamal Industries Pvt. Ltd R.B. Jodhamal Idyut Ltd. R.B. Jodhamal Bishan al Hotels & Resorts Pvt. Ltd.

Mr Nihal C Garware

Director: Garware Finance Corporation Ltd., CBG Trading Pvt. Ltd., Shashikant B Garware Investment Co. Pvt. Ltd., Anjan Holding Pvt. Ltd, Ambarella Pvt Ltd.

MEMBERSHIP OF COMMITTEES OF OTHER COMPANIES

Name of Director	Membership of Committees of other Companies
Mr. Mushtaq Ahmad	Nil
Mr. B. B. Yas, IAS	Nil
Mr. Hari Narayan Iyer	Nil
Mr. M. I. Shahdad	Nil
Prof. Nisar Ali	Nil
Mr. A. M. Matto	Nil
Mr. Vikrant Uthiala	Nil
Mr. R. S. Gupta	Nil
Mr. Nihal C. Garware	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 4 Non-Executive Independent 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. S. Gupta	(Chairman-ACB)
Mr. Vikrant Uthiala	(Member)
Prof. Nisar Ali	(Member)
Mr. A. M. Matto	(Member)

The Audit Committee met twelve times during the year in due compliance with RBI and Listing Agreement requirements, on the following dates:

15.05.2013 31.07.2013 19.09.2013 20.09.2013 20.09.2013 01.10.2013 08.11.2013 08.12.2013 04.01.2014
05.01.2014 07.02.2014 06.03.2014

These meetings were attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	% of Attendance
Mr. R. . Gupta	12	12	100%
Mr. ikrant uthiala	12	11	92%
Prof. Nisar Ali	12	11	92%
Mr. A. M. Matto	12	11	92%

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. ikrant uthiala	(Member)
Mr. A. M. Matto	(Member)
Mr. R. . Gupta	(Member)
Mr. Nihal C. Garware	(Member)

The Management Committee met Eight times during the year on the following dates:

15.05.2013 24.06.2013 01.08.2013 09.11.2013 10.12.2013 04.01.2014 08.02.2014 06.03.2014.

These meetings were attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	% of Attendance
Mr. Mushtaq Ahmad	8	8	100%
Mr. M. I. Shahdad	8	8	100%
Mr. ikrant uthiala	8	8	100%
Mr. A.M. Matto	8	8	100%
Mr. R. . Gupta	8	8	100%
Mr. Nihal C. Garware	8	6	75%

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. A.M. Matto	(Member)
Mr. R. . Gupta	(Member)

The Integrated Risk Management Committee met four times during the year on the following dates.

24.06.2013 03.10.2013 04.01.2014 06.03.2014

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	4	100%
Mr. A.M. Matto	4	4	100%
Mr. R. . Gupta	4	4	100%

REMUNERATION COMMITTEE (w.e.f. 15.05.2013)

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, Meetings and Attendance

The Committee consists of:

Mr. Mushtaq Ahmad	(Chairman)
Mr. A. M. Matto	(Member)
Mr. R. . Gupta	(Member)
Mr. Nihal C. Garware	(Member)

The Remuneration Committee met once during the year on 01.10.2013.

This meeting was attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	% of Attendance
Mr. Mushtaq Ahmad	1	-	-
Mr. A.M. Matto	1	1	100%
Mr. R. . Gupta	1	1	100%
Mr. Nihal C. Garware	1	1	100%

COMPENSATION COMMITTEE

Role and Function

Bank has constituted the Compensation Committee to consider and approve the amount of performance linked incentives to be paid to Senior Executives of the Bank and framing the guidelines for the introduction and management of Employee Stock Option Scheme.

Composition, Meetings and Attendance

The Committee consists of:

Mr. Mushtaq Ahmad	(Chairman)
Mr. A. M. Matto	(Member)
Mr. R. . Gupta	(Member)
Mr. Nihal C. Garware	(Member)

SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

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, 2014.

All requests for dematerialization of shares are likewise processed and confirmation communicated to Investors and Depository Participants within five working days.

During the year 690 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	62	62	0
2	Correction of the name on the Share Certificate	2	2	0
3	Intimation of Bank Mandate / NECS Mandate	395	395	0
4	Non receipt of Share Certificate	4	4	0
5	Loss of Share Certificates and request for issue of Duplicate Share Certificate(s)	66	66	0
6	Deletion/ inclusion of Joint name and Transmission	54	54	0
7	Non receipt of Share Certificate after transfer (NRSCAT)	0	0	0
8	Correspondence/ query relating to NSD Operation	1	1	0
9	Non receipt of Dividend Warrants (NRDW)	38	38	0
10	Correction of Bank Mandate / name of Dividend warrants	4	4	0
11	Receipt of Dividend warrants for Revalidation	25	25	0
12	Receipt of Indemnity bond for issue of duplicate dividend warrants	9	9	0
13	Intimation of the Nomination form details	21	21	0
14	Letter from SEBI/Stock Exchanges	3	3	0
15	Legal Cases / Cases before Consumer Forums	0	0	0
16	Others (fully Paid Stickers, Annual Reports etc)	6	6	0
	Total	90	90	0

Composition, Meetings and Attendance

Shareholders / Investors Grievance Committee consist of:

Mr. M. I. Shahdad	(Chairman-SGCB)
Prof. Nisar Ali	(Member)
Mr. R. S. Gupta	(Member)

Shareholders / Investors Grievance Committee met three times during the year on the following dates.

24.06.2013 01.10.2013 04.01.2014.

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	3	100%
Mr. R. S. Gupta	3	3	100%

OTHER COMMITTEES

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)
Mr. M.I.Shahdad	(Member)
Mr. ikrant uthiala	(Member)
Prof. Nisar Ali	(Member)
Mr. Nihal Garware	(Member)

The Monitoring of Large Value Frauds Committee met four times during the year on the following dates
24.06.2013 03.10.2013 04.01.2014 06.03.2014.

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%
Mr. ikrant uthiala	4	4	100%
Prof. Nisar Ali	4	4	100%
Mr. Nihal C. Garware	4	3	75%

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. . Gupta	(Member)

The Nomination Committee met three times during the year on the following dates:
15.05.2013 21.06.2013 09.11.2013.

These meetings were attended by the Members as detailed below.

Name of Director	Meetings during the tenure	Meetings Attended	% of Attendance
Mr. Mushtaq Ahmad	3	3	100%
Mr. A. M. Matto	3	3	100%
Mr. R. . Gupta	3	3	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)
Mr. ikrant uthiala	(Member)
Prof. Nisar Ali	(Member)

The Customer Service Committee met three times during the year on the following dates:

24.06.2013 03.10.2013 04.01.2014.

These meetings were attended by the Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	% of Attendance
Mr. Mushtaq Ahmad	3	3	100%
Mr. M.I. Shahdad	3	3	100%
Mr. ikrant uthiala	3	3	100%
Prof. Nisar Ali	3	3	100%

INFORMATION TECHNOLOG STRATEG 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. ikrant uthiala	(Chairman-ITSCB)
Prof. Nisar Ali	(Member)
Mr. Nihal C. Garware	(Member)

The Information Technology Strategy Committee met three times during the year on the following dates:

24.06.2013 01.10.2013 03.01.2014.

These Meetings were attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	% of Attendance
Mr. ikrant uthiala	3	3	100%
Prof. Nisar Ali	3	3	100%
Mr. Nihal C. Garware	3	2	67%

LEGAL COMMITTEE

Role and Function

Bank has constituted legal Committee to take review of legal and suit filed cases and also review of NPA accounts of the Bank.

Composition, Meetings and Attendance

The Committee consists of:

Mr. Nihal C. Garware	(Chairman- CB)
Mr. M. I. Shahdad	(Member)
Mr. ikrant uthiala	(Member)
Mr. A.M. Matto	(Member)

The Legal Committee met five times during the year on the following dates:

03.05.2013 06.07.2013 08.11.2013 03.01.2014 08.02.2014.

These Meetings were attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	% of Attendance
Mr. Nihal C. Garware	5	4	80%
Mr. M.I. Shahdad	5	5	100%
Mr. ikrant uthiala	5	5	100%
Mr. A. M. Matto	5	5	100%

ESTATES COMMITTEE

Role and Function

Bank has constituted the Estates Committee to 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. Nihal C. Garware	(Chairman-ECB)
Mr. M. I. Shahdad	(Member)
Mr. ikrant uthiala	(Member)

The Estates Committee met two times during the year on the following dates:

24.06.2013 03.01.2014.

These Meetings were attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	% of Attendance
Mr. Nihal C. Garware	2	1	50%
Mr. M.I. Shahdad	2	2	100%
Mr. ikrant uthiala	2	2	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 25% of basic pay for the FY 2012-13, 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 31-03-2014:

Name of Director	Number of shares held	Number of Convertible Debentures held
Mr. M. I. Shahdad	7048	NI
Mr. A. M. Matto	1693	NI

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.

Ethical Corporate Policy For Acceptance o Gi ts

Bank has introduced Corporate Ethical Policy for setting forth a code of accountability of J& Bank's Directors, Officers and Employees in the discharge & performance of their responsibilities.

Ethical Standards Employed by the Bank

The Bank has formulated 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 except to the extent disclosed in the Notes to the Accounts. The Bank has complied with the provisions of relevant Acts, Rules & Regulations framed there under during the year 2013-2014.

Economic Value Addition

Economic value added is a fairly reliable measure of an enterprise's efforts in measuring value Addition. Besides the quantitative earnings, E A indicates the quality of earnings as it represents the excess an organization is able to generate over its Cost of Capital. A positive E A indicates that the business has generated wealth in excess of what is expected by the shareholders. E A 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	E A
1	2011-12	803.25	4093	3.95%	19.62%	15.67%
2	2012-13	1055.10	4906	4.20%	21.51%	17.31%
3	2013-14	1182.47	5724	3.25%	20.66%	17.41%

SHARE HOLDERS INFORMATION

Stock E changes where e uity 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 imited

Exchange Plaza,
Bandra urla Complex, Bandra (E)
Mumbai 400 051

b) The Bombay Stock Exchange td.

Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001

The annual fees for 2014-15 have been paid to all the Stock Exchanges where the shares are listed.

Stock Code: J& Bank

Demat ISIN Number: INE 168A01017

Name o Depositories:

- i. NSD
- ii. CDS

Registrar and Trans er Agent RTA

arvy Computershare Private imited
 Unit:- J& Bank, Plot No. 17-24,
 ittalrao Nagar,
 Madhapur, Hyderabad 500 081
 Andhra Pradesh, India
 Phone 040-23420838
 Fax 040-23420814
 Email jkbank karvy.com

Email ID or redressal o Investor Grievances

Pursuant to Clause 47(c) 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_jkbmail.com

Compliance O cer

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 & ashmir Bank td.
 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:

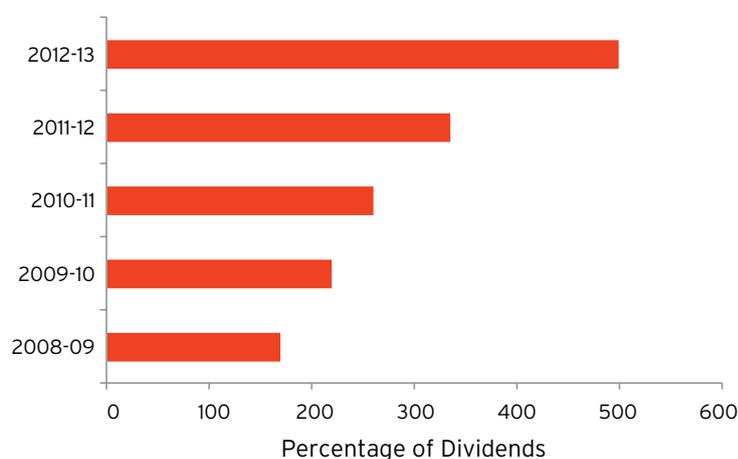
30th June, 2013	1st August, 2013
30th September, 2013	9th November, 2013
31st December, 2013	8th February, 2014
31st March, 2014 (Audited)	15th May, 2014

Information relating to last four General Body Meetings is furnished below:

Name of Meeting	Day, Date and time of meeting	Venue	Special Business Transacted
72nd Annual General Meeting	Saturday, 31st July, 2010 at 11: 00 AM	Sher-i- ashmir International Conference Centre (S ICC), Srinagar	NI
73rd Annual General Meeting	Saturday, 9th July, 2011 at 11: 00 AM	--do--	Alteration of Articles of Association
74th Annual General Meeting	Saturday, 14th July, 2012 at 11: 00 AM	--do--	NI
75th Annual General Meeting	Saturday, 22nd June, 2013 at 11: 00 AM	--do--	NI

DIVIDEND HISTOR OF LAST FIVE YEARS

Financial year	Rate of Dividends (%)	Date of Declaration	Date of Payment
2008-09	169	26.09.2009	05.10.2009
2009-10	220	31.07.2010	09.08.2010
2010-11	260	09.07.2011	18.07.2011
2011-12	335	14.07.2012	23.07.2012
2012-13	500	22.06.2014	01.07.2013



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, 2014, the position of dematerialized shares as well as physical shares are as under

Particulars	(As on 31.03.2014)	
	No. of Shares	%age
Physical Shares	1721290	3.55
Dematerialized Shares	46756512	96.45
Total	48477802	100.00

DISTRIBUTION OF SHAREHOLDING AS ON 31 03 2014

Sr. No	Category	No of Holders	% to Holders	Amount	% of Amount
1	Up to 5000	24721	91.14	24660130.00	5.09
2	5001 10000	1606	5.92	10542820.00	2.17
3	10001 20000	299	1.10	4358070.00	0.90
4	20001 30000	127	0.47	3181090.00	0.66
5	30001 40000	57	0.21	2005870.00	0.41
6	40001 50000	30	0.11	1367410.00	0.28
7	50001 100000	88	0.32	6422180.00	1.32
8	100001 & Above	195	0.72	432240450.00	89.16
	Total	27123	100.00	484778020.00	100.00

LIST OF SHAREHOLDERS HOLDING MORE THAN 1% AS ON 31ST MARCH, 2014

Name of the Shareholder	No. of Shares	% Holding
Chief Secretary Jammu and Kashmir Govt.	24322598	50.17
Aberdeen Global Indian Equity (Mauritius) Limited	1718000	3.54
Secretary Finance deptt. Jammu and Kashmir Govt.	1452668	3.00
Route one Investment Company, .P. A/c Route one Fund I P	859357	1.77
Route one investment company, .P. A/c Route one offshore Master Fund . P.	787333	1.62
Wellington Management Company, P a/c Bay Pond MB	774994	1.60
Morgan Stanley Asia (Singapore) Pte.	715903	1.48
Reliance Capital Trustee Co. td a/c Reliance Banking Fund	653933	1.35
Wellington Management Company, P a/c Bay Pond MB	559731	1.15
Merrill Lynch Capital Markets Espana s.a.s.v.	515346	1.06
Acacia Partners, .P	500655	1.03
Sanlam Universal Funds P. .C	486624	1.00
Total	33347142	68.79

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.

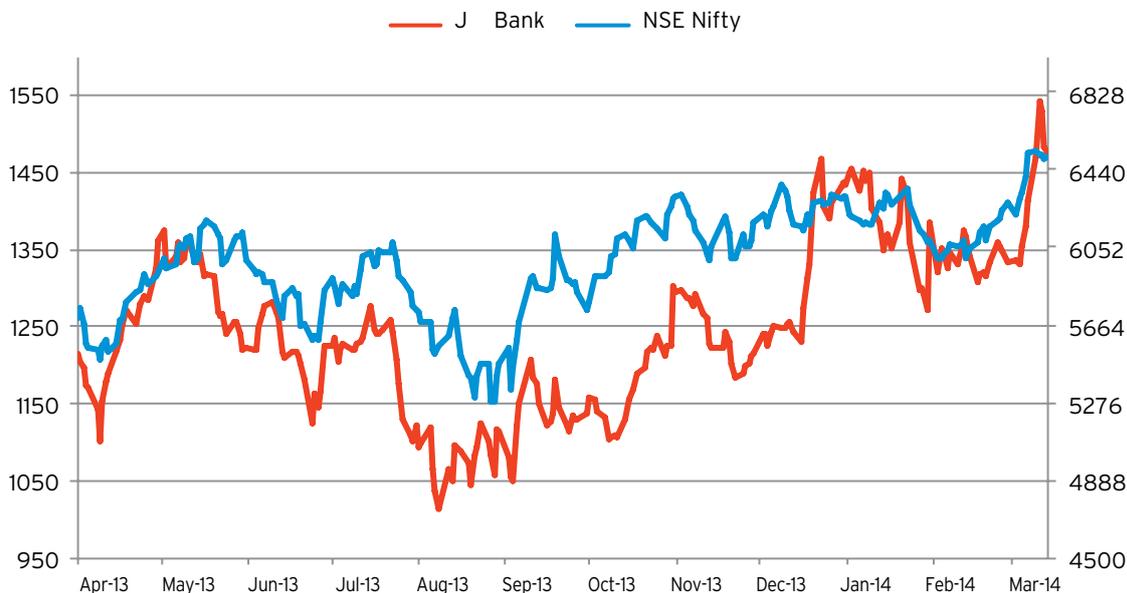
The detail of unpaid/unclaimed dividend of last three years is as under (As on 31-03-2014)

Financial year	Amount of Unclaimed dividends
2010-11	37,27,641
2011-12	59,72,614
2012-13	83,89,100
Total	1,80,89,355

STOCK MARKET DATA

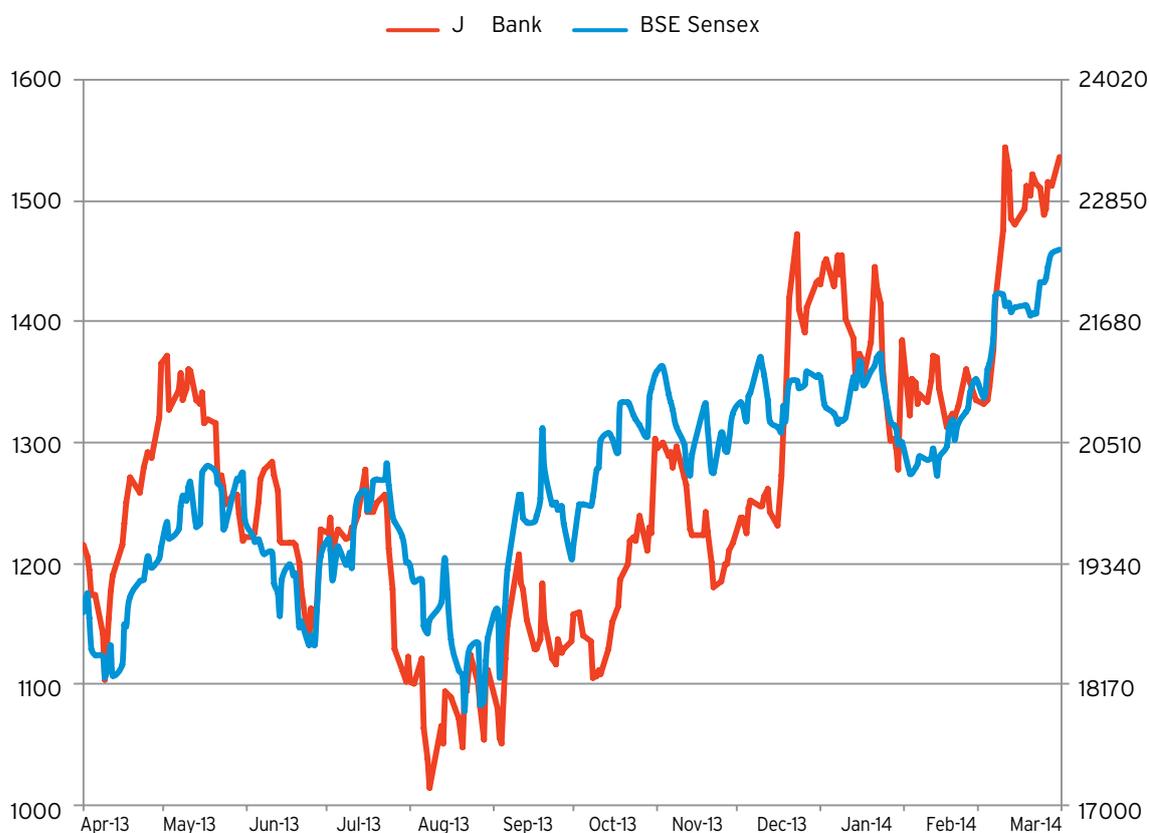
JK Bank on NSE Ni ty April 2013 - March 2014

Month	High Price		Low Price		Close Price		Turnover (in lacs)
	Rate	Date	Rate	Date	Rate	Date	
April, 2013	1385	30-Apr-13	1086.6	10-Apr-13	1362.7	30-Apr-13	12079.10
May, 2013	1389	2-May-13	1213	30-May-13	1223.2	31-May-13	16384.97
June, 2013	1309.9	10-Jun-13	1120.1	24-Jun-13	1226.25	28-Jun-13	10880.46
July, 2013	1285	15-Jul-13	1074.2	30-Jul-13	1121.85	31-Jul-13	18903.11
August, 2013	1145	30-Aug-13	995	8-Aug-13	1115.55	30-Aug-13	19026.31
September, 2013	1312.2	10-Sep-13	1043.3	4-Sep-13	1138.65	30-Sep-13	14045.71
October, 2013	1329.9	31-Oct-13	1092.1	9-Oct-13	1303.95	31-Oct-13	19481.03
November, 2013	1344.3	6-Nov-13	1170.9	22-Nov-13	1216.7	29-Nov-13	11261.98
December, 2013	1499	23-Dec-13	1210.7	2-Dec-13	1436.4	31-Dec-13	22311.99
January, 2014	1463.6	2-Jan-14	1256.2	30-Jan-14	1386.2	31-Jan-14	9810.24
February, 2014	1410	3-Feb-14	1297.95	4-Feb-14	1333.5	28-Feb-14	6835.54
March, 2014	1550	31-Mar-14	1325.05	4-Mar-14	1538	31-Mar-14	17293.83



JK Bank on BSE Sense April 2013 March 2014

Month	High Price		Low Price		Close Price		Turnover (in lacs)
	Rate	Date	Rate	Date	Rate	Date	
April, 2013	1,384.60	30-Apr-13	1,087.20	10-Apr-13	1,365.35	30-Apr-13	1470.22
May, 2013	1,386.95	2-May-13	1,215.00	30-May-13	1,221.10	31-May-13	2876.60
June, 2013	1,314.80	10-Jun-13	1,123.30	24-Jun-13	1,227.40	28-Jun-13	2214.38
July, 2013	1,285.00	15-Jul-13	1,075.00	30-Jul-13	1,122.05	31-Jul-13	3570.27
August, 2013	1,139.50	30-Aug-13	995.00	8-Aug-13	1,111.15	30-Aug-13	1683.57
September,2013	1,277.90	10-Sep-13	1,044.00	4-Sep-13	1,135.05	30-Sep-13	1386.69
October, 2013	1,325.00	31-Oct-13	1,097.00	9-Oct-13	1,303.75	31-Oct-13	4014.49
November,2013	1,345.95	6-Nov-13	1,172.10	22-Nov-13	1,217.15	29-Nov-13	1235.88
December, 2013	1,496.40	23-Dec-13	1,211.90	2-Dec-13	1,433.65	31-Dec-13	1929.00
January, 2014	1,463.80	2-Jan-14	1,255.80	30-Jan-14	1,384.95	31-Jan-14	2074.38
February, 2014	1,410.35	3-Feb-14	1,300.00	4-Feb-14	1,335.05	28-Feb-14	1570.19
March, 2014	1,551.00	31-Mar-14	1,323.90	4-Mar-14	1,537.05	31-Mar-14	1904.45



IMPORTANT EVENTS AFTER THE CLOSURE OF FINANCIAL YEAR ENDED 31 03 2014

This report covers the period of financial year of the Bank beginning on 1st April, 2013 to 31st March, 2014. There were no material events from 1st April, 2014 to 15th May, 2014, 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	15th May, 2014
Dispatch of Annual Report / Notice of AGM	7th July, 2014
Book closure Period	28th July, 2014 to 2nd August, 2014
Last date for lodgment of proxy forms	31st July, 2014
Date of AGM	2nd August, 2014
Dividend payment date	11th August, 2014
Validity dates of dividend instrument	Three Months

DISCLOSURE ON COMPANY SECRETARIES RESPONSIBILITY

The Company Secretary confirms that during the year from 1st April, 2013 to 31st March, 2014, the Bank has:

1. Maintained all the Books of Account and Statutory Registers required under the Companies Act, 1956, and the Rules made there under coming under the purview of Company Secretary responsibility
 - i. Filed all Forms and Returns and furnished all necessary particulars to the Registrar of Companies and / or authorities as required under the Companies Act, 1956, coming under the purview of Company Secretary's responsibility
 - ii. Issued all Notices required to be given for Board and General Meetings as per the requirement of the Companies Act, 1956
 - iii. Complied with the requirements relating to maintenance of Minutes of the proceedings of the Meetings of Directors, Committees of the Board and Shareholders
 - iv. Complied with the requirements of the Listing Agreement entered into with Stock Exchanges
 - v. Effected Share Transfers and dispatched Certificates within the statutory time limit
 - vi. Redressed complaints of Shareholders to the best of efforts of the Company
 - vii. 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, 1956, Banking Regulation Act, 1949 and other applicable statutes in force for the Banking Company, as far as they relate to the Company Secretary.

- viii. 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 ten times during the financial year and in respect of meetings conducted during the period proper notices were given and the proceedings were properly recorded and signed in the minutes 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 minutes book maintained for the purpose.
 3. The Bank closed its Register of Members from 17th June, 2013 to 22nd June, 2013 (both days inclusive) in connection with 53rd dividend of the Bank and necessary compliance of Section 154 of the Companies Act, 1956 has been made.
 4. The Annual General Meeting for the financial year 2012-13 was held on 22nd June, 2013 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 295 of the Companies Act, 1956, during the financial year.
 6. The Bank has not entered into any contracts falling within the purview of section 297 of the Companies Act, 1956.
 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 / refund orders, 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 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, 1956 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 the Companies Act, 1956 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.

Place: Srinagar
Dated : 15th May, 2014

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, 2014 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 **Dhar Tiku & Co**
Chartered Accountants
FRN:003423N

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

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

For **Dharam Ra & Co**
Chartered Accountants
FRN.014461N

CA Vikas Gupta
Partner
(M No.509324)

CA Madhusudan Meher
Partner
(M No.097409)

CA Vinod Gupta
Partner
(M No.090347)

CA Vaneet Gandotra
Partner
(M No.504529)

CA Dharam Ra
Partner
(M No.094108)

Place : Srinagar
Dated : 15th May 2014

CORPORATE INFORMATION

Board of Directors

Mr. Mushtaq Ahmad
Chairman & CEO

Mr. B. B. Vyas, IAS
Director

Mr. Hari Narayan Iyer
Director

Mr. M. I. Shahdad
Director

Prof. Nisar Ali
Director

Mr. A. M. Matto
Director

Mr. Vikrant Kuthiala
Director

Mr. R. K. Gupta
Director

Mr. Nihal Garware
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

Karvy Computershare Private Limited
Unit:- J&K Bank, Plot No. 17-24,
Vittalrao Nagar,
Madhapur, Hyderabad-500 081
Andhra Pradesh, India
Phone 040-23420838
Fax 040-23420814
Email jkbank@karvy.com

AWARDS OF EXCELLENCE

J&K Bank received numerous awards during FY 2013-14. Here are some of the important ones

Sunday Standard Best Bankers' Awards

J&K Bank bagged two awards at The Sunday Standard Best Bankers' Awards on September 6, 2013. The Bank was acknowledged as the Best Banker in Financial Inclusion and Best Banker in Customer Friendliness under mid-size category. Mr. Mushtaq Ahmad, Chairman & CEO, J&K Bank received the awards from Kamal Nath, Minister of Urban Development.

The Awards have been instituted by the Sunday Standard, part of veteran journalist Prabhu Chawla led The New Indian Express Group. The Group had engaged Indicus Analytics, India's premier economic research agency, to conduct a stringent survey and find out India's best bankers.

Pertinently, The Sunday standard's special award supplement described Mr. Mushtaq Ahmad as "A Great Developer of Talent". Elaborating, it says "Ahmad is well known for his discipline and for his leadership skills, both within his bank as well as across industry. As a top executive, he lays great emphasis on talent search, human resources development, and skill enhancement besides team building.

Dun & Bradstreet- Polaris Financial Technology Awards 2013

J&K Bank was felicitated as a top bank in India at the Dun & Bradstreet- Polaris Financial Technology Awards 2013. The Bank was adjudged as the Best Private Sector Bank under the category "Rural Reach'.

The award recognizes bank's growth and resilience its credentials and sound fundamentals. It is the recognition of bank's longstanding commitment of reaching out to people living in rural regions, hard-to-access locations and backward areas. It is the acknowledgement of Bank's success in financial inclusion, which is being pursued as a mission.

Business Today-KMPG Best Bank Study

Bank was ranked number one bank in the country in productivity & efficiency in mid-sized category in the Business Today - KMPG Best Bank 2013 study. The jury was highly impressed the way the bank has not just expanded its business in the past few years but also improved its productivity.

Notably, the prestigious study had listed 13 toppers in different segments of banking operations this year.



J&K Bank
Serving To Empower

Corporate Headquarters
M A Road, Srinagar 190 001, Jammu & Kashmir
www.jkbank.net