

Ref:-JKB/BS/F3652/2016/37  
Dated: 24<sup>th</sup> May, 2016**Board Secretariat****National Stock Exchange of India Ltd**  
Exchange Plaza 5<sup>th</sup> Floor  
Plot No. C/1 G-Block  
Bandra Kurla Complex  
Bandra (E) Mumbai – 400 051**The Bombay Stock Exchange Ltd.**  
Phiroze Jeejeebhoy Towers  
Dalal street  
Mumbai – 400 001**SUB: - AUDITED RESULTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2016 AND RECOMMENDATION OF DIVIDEND.**

Dear Sirs

Pursuant to Regulation 33(3)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 we are enclosing herewith a copy of the Audited Financial Results of the Bank for the fourth quarter and financial year ended 31<sup>st</sup> March, 2016. The results were taken on record by the Board of Directors at their meeting held on 24<sup>th</sup> May, 2016 at Srinagar.

The Board of Directors have recommended 175% dividend (i.e. Rupees 1.75 per share) to the shareholders for the year 2015-16 subject to the approval of the shareholders at the ensuing Annual General Meeting of the Bank

Further pursuant to Regulation 52(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the detailed information is furnished as under:

S. No	Particulars	(Amount in Crore)	
		31-03-2016	31-03-2015
1	Credit rating and change in credit rating (if any); 1. Certificate of Deposits 2. Short term deposits 3. Long term Deposits 4. Tier II Sub ordinate Debt	CRSIL A1+ CRSIL A1+ FAA/ - ve CARE AA	CRSIL A1+ CRSIL A1+ FAA/ - ve CARE AA
2	Gross Profit	1667.92	1835.83
3	Previous due date for the payment of interest/ dividend for non-convertible redeemable preference shares/ repayment of principal of non-convertible preference shares /n on convertible debt securities and whether the same has been paid or not;	Not Applicable	Not Applicable
4	Next due date for the payment of interest/ dividend of non-convertible preference shares /principal along with the amount of interest/ dividend of non-convertible preference shares payable and the redemption amount;	Not Applicable	Not Applicable
5	Outstanding redeemable preference shares (quantity and value);	Not Applicable	Not Applicable
6	Capital redemption reserve/debenture redemption reserve	Not Applicable	Not Applicable
7	Net worth;	6423.98	6110.05
8	Net profit after tax;	416.04	508.60
9	Earnings per share:	8.58	10.49

It is pertinent to mention here that the Bank has created additional floating provisions of Rs. 150 crores during the quarter ended March 2016 (Total Floating Provisions for the FY 2015-16 Rs. 331 Crore)

Thanking you

Yours Faithfully

For The Jammu &amp; Kashmir Bank Ltd.

(Abdul Majid Bhat)  
Company Secretary



## INDEPENDENT AUDITORS REPORT

To  
The Members of  
The Jammu and Kashmir Bank Limited

### Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of **The Jammu and Kashmir Bank Limited** (here in after referred to as “the Bank”) and its subsidiary( together, the “Group”), comprising of the consolidated Balance Sheet as at 31<sup>st</sup> March 2016, the consolidated Profit and Loss Account and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and notes to the consolidated financial statements (hereinafter referred to as ‘the consolidated financial statements’). Also incorporated in these financial statements are the returns of 55 Branches/Offices audited by us and 837 Branches/Offices audited by Statutory Branch Auditors and one subsidiary audited by the subsidiary company auditor. The Branches/Offices audited by us and those audited by the other auditors have been selected by the Comptroller & Auditor General of India in accordance with the guidelines issued to the Bank by the Reserve Bank of India.

### Management’s Responsibility for the Consolidated Financial Statements

2. The Bank’s Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 (“the Act”) that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the company included in the Group is responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Bank, as aforesaid.

### Auditor’s Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial



statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Bank's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Bank's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (8) of the Other Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### **Opinion**

5. In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at 31<sup>st</sup> March 2016, their consolidated profit, and their consolidated cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

6. The Comptroller and Auditor-General of India has issued directions indicating the areas to be examined in terms of sub-section (5) of section 143 of the Companies Act, 2013, the compliance of which is set out in "**Annexure-A**".
7. As required by section 143 (3) of the Act, we report, to the extent applicable, that:
  - a) We/the other auditor whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
  - b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
  - c) The consolidated Balance Sheet, consolidated Profit and Loss Account, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e) On the basis of the written representations received from the directors of the Bank as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors of the Bank and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary company, none of the directors of the Group's companies, incorporated in India is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164(2) of the Act;
  - f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Bank and its subsidiary companies, refer to our separate report in "**Annexure-B**" to this Report; and
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i/ The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group;



- ii/ Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any; and
- iii/ There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Bank and its subsidiary.

**Other Matter**

8. The accompanying consolidated financial statements include total assets of Rs.200494 thousands as at 31<sup>st</sup> March, 2016, and total revenues of Rs.59671 thousands, net cash outflows of Rs.87648 thousands and loss before tax of Rs.21910 thousands for the year ended on that date, in respect of one subsidiary, which has been audited by other auditor, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of such other auditor. Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor.

For Gupta Sharma & Associates  
Chartered Accountants  
FRN:0014661N

  
CA Guneet Singh Bhan  
Partner  
M.No.532675

For Darshan Nagpal & Associates  
Chartered Accountants  
FRN:011022N

  
CA Vishal Roshni  
Partner  
M.No.501333

Place: Srinagar  
Dated: 24<sup>th</sup> May 2016

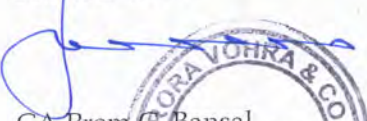
For Dhar Tiku & Co  
Chartered Accountants  
FRN:003423N

  
CA Madhusudan Meher  
Partner  
M.No.097409

For Dharam Raj & Co  
Chartered Accountants  
FRN:014461N

  
CA Dharam Raj  
Partner  
M.No.094108

For Arora Vohra & Co  
Chartered Accountants  
FRN:009487N

  
CA Prem Bansal  
Partner  
M.no.083597

**Annexure-A to para 6 of Independent Auditors Report of even date on the Consolidated Financial Statements of the Jammu and Kashmir Bank Limited  
(herein referred to as Holding Company).**

**Directions/sub-directions of Comptroller and Auditor General of India under Section 143(5) of the Companies Act, 2013**

Sl. No.	Directions/Sub directions	Auditor's comments including action taken wherever required	Impact on accounts and financial statements												
1	Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.	As per information and explanations given to us, the company has clear title/lease deeds for freehold and leasehold lands except the following <table border="0"> <tr> <td><b>Land</b></td> <td><b>Area</b></td> </tr> <tr> <td>Vashi, Mumbai</td> <td>5400 Sq.ft</td> </tr> <tr> <td>(1st Floor)</td> <td></td> </tr> <tr> <td>Budgam</td> <td>4 Kanals</td> </tr> <tr> <td>Ansai Plaza, Khelgaon, Delhi</td> <td>17787 Sq.Ft.</td> </tr> <tr> <td>(2<sup>nd</sup> and 3<sup>rd</sup> floor)</td> <td></td> </tr> </table> It is advised to complete the documentation for clear title at the earliest.	<b>Land</b>	<b>Area</b>	Vashi, Mumbai	5400 Sq.ft	(1st Floor)		Budgam	4 Kanals	Ansai Plaza, Khelgaon, Delhi	17787 Sq.Ft.	(2 <sup>nd</sup> and 3 <sup>rd</sup> floor)		The acquisition value of the said lands/properties has been capitalized and the value as on 31-03-2016 is Rs.16.78 crores.
<b>Land</b>	<b>Area</b>														
Vashi, Mumbai	5400 Sq.ft														
(1st Floor)															
Budgam	4 Kanals														
Ansai Plaza, Khelgaon, Delhi	17787 Sq.Ft.														
(2 <sup>nd</sup> and 3 <sup>rd</sup> floor)															
2	Please report whether there are any cases of waiver/write off of debts/ loans/interest etc., if yes, the reasons there for and the amount involved	There are cases of waiver/write off of debts/ loans/interest etc. amounting to Rs.2.11 crores in addition to the waiver of unapplied interest of Rs.18.03crores on account of negotiated settlement with the borrowers defaulting in payment due to the circumstances beyond their control such as death/disappearance of the borrower, recession in economy, no enforceable security, natural calamities such as earthquake, flood, drought, change in govt. policy, genuine business failure in spite of sincere efforts made by borrower etc. and where the recovery chances through normal business operations are bleak.	Profit for the current year is reduced by Rs.2.11 crores and unrealized income of Rs.18.03 crores has been forgone.												
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Govt. or other authorities.	As per explanations given to us, the company has not received any assets as gift/grant(s) from government or other authorities. The company has no inventories.	NIL												



4	Whether the restructuring of loan was done as per the provisions of the Reserve Bank of India and Bank's own Restructuring of loan Policy.	As per information and explanations given to us, the restructuring of loans done during the year was as per the provisions of the Reserve Bank of India and Bank's own Restructuring of loan Policy.	Profit of the current year is reduced by Rs.12.60 crores on account of provision made on the restructured accounts.
5	Whether the Bank is maintaining/developing various assets of the State Govt. The treatment of the assets and expenditure incurred and revenue earned may be examined and comment may be offered.	As per information and explanations given to us, the bank is maintaining/developing various assets of the State Govt. which are not on the charge of the company. The expenditure amounting to Rs.13.86 crores has been incurred & revenue of Rs.1.16 crores has been earned for maintaining/developing of those assets and amounts have been debited/credited to the Profit & Loss Account.	Profit of the current year is reduced by net Rs.12.70 crores.
6	Whether the branches were doing window dressing and its impact/materiality on the overall deposit portfolio.	As per information and explanations given to us and as per the reports of the Branch Auditors, some branches were involved in doing window dressing by which there is an impact of Rs.2.48 crores increase on the overall deposit portfolio.	There is an impact of Rs.2.48 crores increase in the deposits by similar increase in the advances which has now been reversed.
7	Whether the Bank has been able to achieve the targets under Priority sector lending, if not, impact on the financial health of the Bank by lending the shortfall amount in Rural Infrastructure Development Fund, Small industrial Development Bank of India, etc. may please be brought out.	As per information and explanations given to us, the bank has not been able to achieve the targets under priority sector lending. As a result of shortfall, the bank has deposits of low yield interest with the following as on 31-03-16 : PARICULARS (Rs. In Crores) NABARD 823.44 RIDF (NABARD) 1065.30 SIDBI 165.27 NHB (RHDF) 297.07 <b>TOTAL 2348.08</b>	The impact on the financial health of the bank is lower rate of return of interest ranging from 3.75% p.a. to 6.50% p.a. received from the agencies with which deposits were made for shortfall.
8	Whether there were cases of greening of advances, up gradation of loan account at the fag end of the Financial Year or delay/non-declaration of Non-performing Assets as per RBI guidelines. Its impact on the profitability and Asset Classification.	One account amounting to Rs.142.50 crores identified by RBI in AQR (BOS as on 31-03-2016- Rs.113.65 crores) has not been downgraded as NPAs in view of dispensation given by RBI on the basis of representation made by the banks.  Further, advances amounting to Rs.246.89 crores were not declared by the bank as NPAs as per RBI guidelines which were downgraded after those were identified by the statutory auditors.	NIL  Interest amounting to Rs.33.76 crores has been reversed on said NPAs and Provision of Rs.60.10 crores has been provided resulting in decrease in profit of Rs.93.86 crores.



Directors/sub-directions of Comptroller and Auditor General of India under Section 143(5) of Companies Act 2013 in the Case of JKB Financial Services Limited (herein referred to as the "Subsidiary Company")

S. No	Directions/Sub Directions	Auditor's comments including action taken wherever required	Impact on accounts and financial statements
1	If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and liabilities (including Committed & General reserves) may be examined including the mode and present stage of disinvestment process.	NOT APPLICABLE	NOT APPLICABLE
2	Whether the company has clear title/lease deeds for the freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available?	NOT APPLICABLE	NOT APPLICABLE
3	Please report whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.	To the best of our information and according to the explanations given to us the company has not granted any waiver/write off of debts/loans/ interest etc.	NOT APPLICABLE
4	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.	NOT APPLICABLE	NOT APPLICABLE
5	A report on age-wise analysis of pending legal/ arbitration cases including the reasons of pendency and existence/ effectiveness of a monitoring mechanism for expenditure on all legal cases(foreign and local) may be given	To the best of our information and according to the explanations given to us there are no pending legal/ arbitration cases.	NOT APPLICABLE
6	Examine and comment if required whether disclosure have been made with accounts of Zero Balance	To the best of our information and according to the explanations given to us amount outstanding against the Demat Accounts having Zero Holdings are included in the Demat receivable taken over from holding Company as such are dealt by para 4 to notes to accounts	NIL
7	Examine and comment if required on the applicability of AS-22 related to deferred tax	Proper disclosure has been given in the financial statements as well in the	NA

	Examine and comment if required comment on disclosure of suspended draft accounts	Notes forming part of financial statements.	
8		To the best of our information and according to the explanations given to us, Demat accounts are classified as suspended by the system for KYC & other compliance reasons. The revenue is recognized in the period when the billing category is changed to active. The revenue recognition in these accounts is in consonance with the accounting policies related to revenue recognition.	NIL
9	Examine and comment if required comment on revenue recognition AS-9	Proper disclosure is given in Para 'C' of the accounting policies in the Notes forming part of financial statements.	NIL

For Gupta Sharma & Associates

Chartered Accountants  
FRN:001466N

*C. Gurmeet Singh Bhan*  
CA Gurmeet Singh Bhan  
Partner  
M.No.532675



For Dhar Tiku & Co

Chartered Accountants  
FRN:003423N

*CA Madhukar Meher*  
CA Madhukar Meher  
Partner  
M.No.097409



For Arora Vohra & Co

Chartered Accountants  
FRN:009487N

*CA Prem C Bansal*  
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Partner  
M.no.083597



For Darshan Nagpal & Associates

Chartered Accountants  
FRN:001022N

*CA Vishal Rometra*  
CA Vishal Rometra  
Partner  
M.No.501333



For Dharam Raj & Co

Chartered Accountants  
FRN:011461N

*CA Dharam Raj*  
CA Dharam Raj  
Partner  
M.No.094108



Place: Srinagar

Dated: 24<sup>th</sup> May 2016



## **ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF JAMMU AND KASHMIR BANK LIMITED**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31<sup>st</sup> 2016, we have audited the internal financial controls over financial reporting of **Jammu and Kashmir Bank Limited** (hereinafter referred to as "the Holding Company") and its subsidiary company, which are companies incorporated in India, as of that date.

#### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding company and its subsidiary company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.



Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.




## Opinion

In our opinion, the Holding Company and its subsidiary company which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31<sup>st</sup> 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

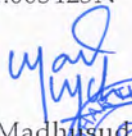
## Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary company, which is a company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India.

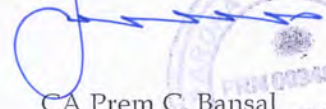
For Gupta Sharma &  
Associates  
Chartered Accountants  
FRN:0014661N

  
CA Gurneet Singh Bhan  
Partner  
M.No.532675

For Dhar Tiku & Co  
Chartered Accountants  
FRN:003423N

  
CA Madhusudan Meher  
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CA Vishal Rometra  
Partner  
M.No.501333

For Dharam Raj & Co  
Chartered Accountants  
FRN:014461N

  
CA Dharam Raj  
Partner  
M.No.094108

Place: Srinagar  
Dated: 24<sup>th</sup> May 2016

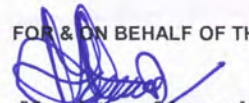


**BALANCE SHEET AS AT 31ST MARCH, 2016**

( ₹ IN LACS )

	As at 31.03.2016	As at 31.03.2015
<b>CAPITAL AND LIABILITIES</b>		
Capital .....	4849	4849
Reserves and Surplus .....	637548	606156
Deposits .....	6939025	6575619
Borrowings .....	224000	233967
Other Liabilities and Provisions .....	221385	172484
<b>TOTAL :-</b>	<b>8026807</b>	<b>7593075</b>
<b>ASSETS</b>		
Cash and Balance with Reserve Bank of India .....	312674	237306
Balance with Banks & Money at Call & Short Notice ...	7627	136071
Investments .....	2035362	2275959
Advances .....	5019329	4458582
Fixed Assets .....	76372	68891
Other Assets .....	575443	416266
<b>TOTAL :-</b>	<b>8026807</b>	<b>7593075</b>

FOR & ON BEHALF OF THE BOARD

  
**Mushtaq Ahmad**  
Chairman & CEO  
DIN: 01226134

Place : Srinagar  
Dated : 24th May, 2016

**In terms of our report of even date annexed**

For Gupta Sharma & Associates  
Chartered Accountants  
FRN: 001466N

CA. Gurmeet Singh Bhan  
Partner  
(M. No. 532675)



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

CA. Madhusudan Meher  
Partner  
(M. No. 097407)



For Arora Vohra & Co  
Chartered Accountants  
FRN: 009487N

CA. Prem C. Bansal  
Partner  
(M. No. 083597)



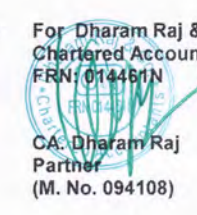
For Darshan Nagpal & Associates  
Chartered Accountants  
FRN: 011022N

CA. Vishal Rometra  
Partner  
(M. No. 501333)



For Dharam Raj & Co  
Chartered Accountants  
FRN: 014461N

CA. Dharam Raj  
Partner  
(M. No. 094108)





SEGMENT RESULTS

(₹ in Lacs)

(₹ in Lacs)

S.No.	PARTICULARS	Quarter Ended				Year Ended				
		31.03.2016	31.12.2015	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	
1	Interest Earned (a-b+c+d)	166616	170336	174497	684357	706113	684357	706113	197886	204264
	a) Interest/Discount on Advances/Bills	122465	126863	127874	502766	516103	502766	516103	197886	204264
	b) Income on Investments	38216	39825	43015	164665	174125	164665	174125	265350	314526
	c) Interest on Balance with R.B.I. & Other Inter Bank Funds	3547	3648	3608	14538	15885	14538	15885	93968	314656
	d) Others	2388	-	-	2388	-	2388	-	1403	3876
2	Other Income	13917	10272	27853	50403	59397	50403	59397	218477	824322
3	Total Income (1+2)	180533	180608	202350	734760	765510	734760	765510	202350	734760
4	Interest Expended	101905	102969	106240	413348	441022	413348	441022	180608	180608
5	Operating Expenses (H+I)	40539	38538	38564	154620	149905	154620	149905	1634	12928
	I. Employee Cost	25850	25355	22983	101959	89403	101959	89403	2792	3773
	II. Other Operating Expenses	14689	13183	15681	52661	51502	52661	51502	10320	21883
6	Total Expenditure (4+5) [Excluding Provisions & Contingencies] Items exceeding 10% of the total expenditure excluding int. Expenditure	142444	141907	144804	567968	581927	567968	581927	11341	33080
7	Operating Profit before Provisions and Contingencies (3-6)	38089	39101	57546	166792	183583	166792	183583	19470	21551
8	Provisions (other than tax) and Contingencies	39711	29677	38076	97623	105552	97623	105552	16223	89169
9	Exceptional Items	-	-	-	-	-	-	-	-	-
10	Profit (+) Loss (-) from ordinary activities before tax (7-8-9)	(1622)	15134	19470	69169	82031	69169	82031	2159242	2311289
11	Tax Expenses	3980	3366	9309	27565	31171	27565	31171	115506	(111201)
12	Net Profit (+)/Loss (-) from ordinary activities after tax (10-11)	(5602)	11768	10151	41604	50860	41604	50860	(163784)	(1587849)
13	Extraordinary Items (net of tax expenses)	-	-	-	-	-	-	-	667	(1235)
14	Net Profit (+)/Loss (-) for the period (12-13)	(5602)	11768	10151	41604	50860	41604	50860	611005	642398
15	Paid-up Equity Share Capital (Face Value Rs. 1/- per share)	4849	4849	4849	4849	4849	4849	4849	611005	642398
16	Reserves excluding revaluation reserves	637548	606156	606156	637548	606156	637548	606156	611005	642398
17	As per Balance Sheet of Previous Accounting year)	-	-	-	-	-	-	-	-	-
18	Analytical Ratios									
	(i) Percentage of Shares held by Govt. of J&K	53.17%	53.17%	53.17%	53.17%	53.17%	53.17%	53.17%	53.17%	53.17%
	(ii) Capital Adequacy Ratio % (Basel-II)	11.78%	12.62%	12.67%	11.78%	12.67%	11.78%	12.67%	12.67%	12.67%
	(iii) Earning per share (EPS) ₹									
	a) Basic and diluted EPS before Extraordinary items (net of tax expense) for the period, for the year to date and for the date and for the previous year (* not annualized)	-4.62	2.43*	8.38	8.58	10.49	8.58	10.49	10.49	10.49
	b) Basic and diluted EPS after Extraordinary items for the period, for the year to date and for the previous year (* not annualized)	-4.62	2.43*	8.38	8.58	10.49	8.58	10.49	10.49	10.49
	(iv) NPA Ratios									
	a) Amount of Gross NPAs	436882	333946	276408	436882	276408	436882	276408	276408	276408
	b) Amount of Net NPAs	216395	121499	123632	216395	123632	216395	123632	123632	123632
	c) % of Gross NPAs	8.32%	6.81%	5.97%	8.32%	5.97%	8.32%	5.97%	5.97%	5.97%
	d) % of Net NPAs	4.31%	2.60%	2.77%	4.31%	2.77%	4.31%	2.77%	2.77%	2.77%
	(v) Return on Assets (Annualized)	-0.30%	0.65%	0.56%	0.57%	0.70%	0.57%	0.70%	0.70%	0.70%
18	Aggregate of Public Share Holding	227025360	227025360	227025360	227025360	227025360	227025360	227025360	227025360	227025360
	(i) No. of Shares	46.83%	46.83%	46.83%	46.83%	46.83%	46.83%	46.83%	46.83%	46.83%
	(ii) Percentage of Share Holding									
19	Promoters and promoter group Shareholding									
	a) Pledged/Encumbered									
	- Number of Shares	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	b) Non-encumbered									
	- Percentage of shares (as a % of the total share capital of the company)	100%	100%	100%	100%	100%	100%	100%	100%	100%
	- Number of Shares	257752660	257752660	257752660	257752660	257752660	257752660	257752660	257752660	257752660
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100%	100%	100%	100%	100%	100%	100%	100%	100%
	- Percentage of shares (as a % of the total share capital of the total share capital of the company)	53.17%	53.17%	53.17%	53.17%	53.17%	53.17%	53.17%	53.17%	53.17%

1. The above financial results have been reviewed by the Audit Committee of the Board in their meeting held on 23rd May, 2016 and approved by the Board of Directors at its meeting held on 24th May, 2016 and the same have been subjected to audit by the Statutory Central Auditors of the bank. Further, the audited financial statements for the year ended 31st March, 2016 have been prepared following the same accounting policy as those followed in the annual financial statements for the year ended 31st March, 2015.

2. The above results for the quarter and year ended 31st March, 2016 have been prepared following the same accounting policy as those followed in the annual financial statements for the year ended 31st March, 2015.

3. The results have been arrived at after considering provision for Standard Assets, Non-Performing Assets, Restructured Assets, Depreciation / Provision for Investment on the basis of prudential norms and specific guidelines issued by Reserve Bank of India. Further, provision for exposures to entities with Unhedged Foreign Currency Exposures have been made as per RBI guidelines. Provision for Taxation (including Deferred Tax) has been calculated on actual basis.

4. Depreciation on Fixed Assets has been calculated on a straight line method based on useful life of assets pursuant to Schedule - II of Companies Act, 2013. However, 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 as per RBI guidelines.

5. Provisions (Provision, Credit and Leave Salary Encashment) has been made as per actuarial valuation.

6. Non-Performing loan provisioning coverage ratio as at 31st March, 2016 is 56.15% (Previous year 59.07%).

7. As part of Pan India Asset Quality Review (AQOR) conducted by RBI in Banks, RBI vide letter no. DBS.CO.PRD/AQR/637/11.01.07/2015-16 dated December 02, 2015 advised our bank to revise asset classification/provisions in respect of certain advances accounts over the two quarters ending 31.12.2015 and 31.03.2016. The bank has accordingly implemented directions of RBI in this regard.

8. In terms of RBI circular DBR.BP.BC.No.31/21.04.018/2015-16 dated 16th July 2015, the bank has, effective from quarter ended 30th June 2015, included its deposits placed with NABARD, SIDBI and NHB on account of shortfall in lending to priority sector under "Other Assets" hitherto these were included under investments. Interest income on these deposits has been included under "Interest earned others". Hitherto such interest income was included under "Interest earned - income on investments". Figures for the previous periods have been regrouped/reclassified to conform to current period's classification. The above reclassification has no impact on the profitability of the bank for the quarter and year ended 31st March, 2016 or on the profit/loss for the previous periods.

9. The bank vide letter no. P580/8357/16.063/2015-16 dated December 30, 2015 has received approval from Reserve Bank of India for reduction in the authorized capital of the bank from ₹100.00 crore divided into 100 crore equity shares of ₹1/- each to ₹95.00 crore divided into 95 crore equity shares of ₹1/- each to comply with the provisions of section 12 and 49C of the Banking Regulation Act, 1949.

10. Pursuant to section 135 of Companies Act, 2013, it is required to spend 2% of the average net profits made during three immediate preceding financial years for CSR activities. Accordingly, bank is required to spend ₹27.33 Crores (previous year ₹29.86 Crores) for twelve months period ended 31st March, 2016 against which bank has spent ₹28.48 Crores (previous year ₹13.75 Crores). The bank has decided to include expenditure made on maintenance of Parks and Gardens as CSR expenditure from the current year on which an amount of ₹1.86 Crores has been incurred.

11. The bank has decided to make Pillar 3 disclosures under BASEL-III capital regulations. Further RBI has made certain amendments in circular No. DBOD.BP.BC.38/21.06.2012/2014-15 dated 01.09.2014. The bank has decided to comply with the same. Accordingly, Pillar 3 disclosures under BASEL-III capital regulations are being made available on bank's website i.e. www.jkbank.net. These disclosures have not been subjected to audit.

12. During the year the bank has made floating provision of ₹330.99 Crores for meeting exigencies. The closing balance in the floating provision account is ₹348.72 Crores as on 31.03.2016 (Previous year 17.73 Crores).

13. Pursuant to RBI circular no.DBR.NO.BP.BC.27/21.04/048/2015-16 dated 02.07.2015, the method of calculating discount rate for computing net present value of future cash flows for determination of diminution in fair value of restructured advances was changed. Accordingly there is a reduction in provision for diminution in fair value for the year ending 31.03.2016.

14. The bank has provided a sum of ₹22.50 Crores being 7.50% of the existing outstanding balance of ₹299.95 Crores as on 31.03.2016 for the food credit availed by State Government of Punjab. As per RBI's directive the said provision is required to be made in two quarters equally in March, 2016 and June, 2016.

15. Interest earned (others) represents interest earned on income tax refund of previous assessment years.

16. The board has recommended a dividend of 175% (₹1.75 per share) for the year ended 31st March, 2016 subject to approval of share holders in the Annual General Meeting.

17. The number of investors/complaints received during the quarter were 61(sixty one) and all have been disposed off.

18. The above results are standalone and do not include that of subsidiary company.

19. The figures of last quarter and the balancing figures between audited figures in respect of full financial year and the published year to date figures upto the end of the quarter are as follows. The corresponding figures have been recast/re-grouped wherever necessary to make them comparable.

20. The statement of Assets and Liabilities is appended.

For Dharshan Jagtap & Co.  
Chartered Accountants  
FRN: 011022N

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

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

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

For Darshan Jagtap & Co.  
Chartered Accountants  
FRN: 011022N

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

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

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

FOR & ON BEHALF OF THE BOARD  
Mushfaq Ahmad  
Chairman & CEO  
PIN: 01226134

Place : Srinagar  
Dated : 24th May, 2016

IM TERMS OF OUR REPORT OF EVEN DATE ANNEXED

For Dharshan Jagtap & Co.  
Chartered Accountants  
FRN: 011022N

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

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

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

For Darshan Jagtap & Co.  
Chartered Accountants  
FRN: 011022N

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

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Chartered Accountants  
FRN: 001466N

For Dhar Tiku & Co.  
Chartered Accountants  
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Chartered Accountants  
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For Gupta Sharma & Associates.  
Chartered Accountants  
FRN: 001466N


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

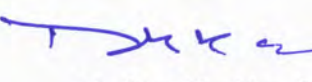


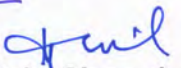
## FORM A

Annual Audit Report to be filed with the Stock Exchange

1	Name of the company	The Jammu & Kashmir Bank Limited
2.	Annual Financial Statement of the year ended	31 <sup>st</sup> March, 2016
3.	Type of Audit Observation	Un-Qualified
4.	Frequency of Observation	Nil

  
**Mushtaq Ahmad**  
 Chairman & CEO

  
**Dalip K. Kaul**  
 Chairman (ACB)

  
**Vagish Chander**  
 Chief Financial Officer

<p>Gupta Sharma &amp; Associates Chartered Accountants FRN:001466N</p> <p>  <b>CA Gurneet Singh Bhan</b>                  Partner                  (M No.532675)</p> <p></p>	<p>Dhar Tiku &amp; Co. Chartered Accountants FRN:003423N</p> <p>  <b>CA Madhusudan Meher</b>                  Partner                  (M No.097409)</p> <p></p>	<p>Arora Vohra &amp; Co Chartered Accountants FRN:009487N</p> <p>  <b>CA Prem C. Bansal</b>                  Partner                  (M No.083597)</p> <p></p>	<p>Darshan Nagpal &amp; Associates Chartered Accountants FRN:011022N</p> <p>  <b>CA Vishal Rometra</b>                  Partner                  (M No.501333)</p> <p></p>	<p>Dharam Raj &amp; Co Chartered Accountants FRN.014461N</p> <p>  <b>CA Dharam Raj</b>                  Partner                  (M No.094108)</p> <p></p>
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Place : Srinagar  
 Date : 24<sup>th</sup> May, 2016