

Ref:-JKB/BS/F3652/2016/39  
Dated:13<sup>th</sup> May, 2017

CIN: L65110JK1938SGC000048

**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, 2017**

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, 2017. The results were taken on record by the Board of Directors at their meeting held on 13<sup>th</sup> May, 2017 at Srinagar.

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)	
		31-03-2017	31-03-2016
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	1294.34	1667.92
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;	5676.50	6423.98
8	Net profit after tax;	(1632.29)	416.04
9	Earnings per share:	(33.59)	8.58

Thanking you

Yours faithfully

For The Jammu &amp; Kashmir Bank Ltd.

(Mohammad Shafi Mir)  
Company Secretary

<b>Dhar Tiku &amp; Co.</b> Chartered Accountants FRN 003423N	<b>Arora Vohra &amp; Co.</b> Chartered Accountants FRN 009487N	<b>Dharam Raj &amp; Co.</b> Chartered Accountants FRN 0114461N
--	--	--

## INDEPENDENT AUDITOR'S REPORT

To the Members of  
The Jammu & Kashmir Bank Limited

### Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of The Jammu and Kashmir Bank Limited ('the Bank'), which comprise the Balance Sheet as at 31 March 2017, the Profit and Loss Account, 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 52 Branches/offices audited by us, 848 branches/offices audited by statutory branch Auditors. The branches/offices audited by us and those audited by other Auditors have been selected by the Comptroller and Auditor General of India in accordance with the Guidelines issued to the bank by the Reserve Bank of India.

### Management's Responsibility for the Standalone Financial Statements

2. The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and provisions of Section 29 of the Banking Regulation Act, 1949 and

circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

5. We conducted our audit of the Bank including its branches in accordance with Standards on Auditing ('the Standards') 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 of material misstatements.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Bank's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### **Opinion**

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 in the manner so required for banking companies and give a true and fair view in conformity with accounting principles generally accepted in India of the state of affairs of the Bank as at

31st March, 2017, and its loss and its cash flows for the year then ended.

#### **Emphasis of Matter**

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

- i. Note No.43 (b) on account of relaxation in asset classification, allowed by RBI for all borrowal accounts of J & K State except those which are 'overdue' as on July 07, 2016, in term of RBI master directions issued for Relief measures by banks in areas affected by natural calamities. Accordingly the bank has rehabilitated/restructured borrowal accounts including the accounts overdue as on July 07, 2016 after recovering the overdue amount as of July 07, 2016. A total amount of ₹3265.83 crore represents the rehabilitated amount for which a provision of ₹ 163.29 crore and ₹.134.98 crore on account of DIFV has been kept as on 31.03.2017.

Our opinion is not qualified on the matter

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

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

11. 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" to this Report.

12. As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, we report that:

- i. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
- ii. the transactions of the Bank, which have come to our notice, have been within the powers of the Bank.
- iii. the returns received from the offices; and branches of the Bank have been found adequate for the purposes of our audit.

13. Further, as required by section 143(3) of the Act, we further report that:

- i. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii. in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books .
- iii. the reports on the accounts of the branch offices audited by branch auditors of the Bank under section 143(8) of the Companies Act 2013 have been sent to us and have been properly dealt with by us in preparing this report.

iv. the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

v. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent they are not inconsistent with the accounting policies prescribed by RBI;

vi. on the basis of written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act;

vii. with respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report.

viii. 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:

- a) the Bank has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Schedule XX - Note XX to the financial statements;
- b) the Bank has did not have any, on long term contracts

including derivative contracts  
for which there were any  
material foreseeable losses;  
c) there has been no delay in  
transferring amounts,

required to be transferred, to  
the Investor Education and  
Protection Fund by the Bank.

For Dhar Tiku & co.  
Chartered Accountants  
FRN 003423N

CA. Madhusudan Meher  
Partner  
(Mno.097409)



For Arora Vohra & Co.  
Chartered Accountants  
FRN 009487N

CA. Hardeep Aggarwal  
Partner  
(Mno.088243)



For Dharam Raj & Co.  
Chartered Accountants  
FRN 014461N

CA. Dharam Raj  
Partner  
(Mno. 094108)



<b>Dhar Tiku &amp; Co.</b> <b>Chartered Accountants</b> <b>FRN 003423N</b>	<b>Arora Vohra &amp; Co.</b> <b>Chartered Accountants</b> <b>FRN 009487N</b>	<b>Dharam Raj &amp; Co.</b> <b>Chartered Accountants</b> <b>FRN 0114461N</b>
--	--	--

**“Annexure-B” to the Independent Auditors Report of even date on the Standalone Financial Statements of the Jammu & Kashmir Bank Limited**

**Report on the Internal Financial Controls under Clause (i) of Subsection 3 of Section 143 of the Companies Act, 2013.**

1. We have audited the internal financial controls over financial reporting of The Jammu & Kashmir Bank Limited ('the Bank') as at 31 March 2017 in conjunction with our audit of the standalone\* financial statements of the Bank for the year ended on that date.

**Management’s Responsibility for Internal Financial Controls**

2. The Bank’s Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in “Assessment of Adequacy of Internal Financial controls over Financial Reporting ”in line with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting(“the Guidance Note”) issued by the Institute of Chartered Accountants of India (“the 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

Bank’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 ('the Act').

**Auditor’s Responsibility**

3. Our responsibility is to express an opinion on the Bank’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') and the Standards on Auditing ('the Standards'), issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. 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.

4. 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls system over financial reporting.

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

6. A bank'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 bank's internal financial control over financial reporting includes those policies and procedures that :

- a. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the bank;
- b. 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 bank are being made only in accordance with authorizations of management and directors of the bank; and
- c. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the bank's assets that could have a material effect on the financial statements.

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

7. 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**

8. In our opinion, the Bank has, 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 31 March 2017, based on "the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note issued by the ICAI"].

For Dhar Tiku & co.  
Chartered Accountants  
FRN 003423N

CA. Madhusudan Meher  
Partner  
(Mno.097409)



For Arora Vohra & Co.  
Chartered Accountants  
FRN 009487N

CA. Hardeep Aggarwal  
Partner  
(Mno.088243)



For Dharam Raj & Co.  
Chartered Accountants  
FRN 014461N

CA. Dharam Raj  
Partner  
(Mno. 094108)





**BALANCE SHEET AS AT 31st MARCH, 2017**

( ₹ IN LACS )

	As at 31.03.2017	As at 31.03.2016
<b>CAPITAL AND LIABILITIES</b>		
Capital .....	5215	4849
Reserves and Surplus .....	562435	637548
Deposits .....	7246309	6939025
Borrowings .....	127605	224000
Other Liabilities and Provisions .....	260303	221385
<b>TOTAL :-</b>	<b>8201867</b>	<b>8026807</b>

**ASSETS**

Cash and Balance with Reserve Bank of India .....	359097	312674
Balance with Banks & Money at Call & Short Notice ...	179496	7627
Investments .....	2129089	2035362
Advances .....	4981611	5019329
Fixed Assets .....	154332	76372
Other Assets .....	398242	575443
<b>TOTAL :-</b>	<b>8201867</b>	<b>8026807</b>

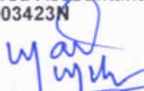
FOR & ON BEHALF OF THE BOARD

  
**Parvez Ahmed**  
Chairman & CEO  
DIN: 03467232

Place : Srinagar  
Dated : 13th May, 2017

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

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

  
CA. Madhusudan Meher  
Partner  
(M. No. 097409)



For Arora Vohra & Co  
Chartered Accountants  
FRN: 008487N

  
CA. Hardeep Aggarwal  
Partner  
(M. No. 088243)



For Dharam Raj & Co  
Chartered Accountants  
FRN: 014461N

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







# 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, 2017
3.	Type of Audit Observation	Un-Qualified
4.	Frequency of Observation	Nil

  
Parvez Ahmed  
Chairman & CEO

  
Abdul Majid Mir  
Chairman (ACB)

  
S. K. Bhat  
Chief Financial Officer

Dhar Tiku & Co.  
Chartered Accountants  
FRN:003423N

  
CA Madhusudan Meher  
Partner  
(M No.097409)



Arora Vohra & Co  
Chartered Accountants  
FRN:009487N

  
CA Hardeep Aggarwal  
Partner  
(M No.088243)



Dharam Raj & Co  
Chartered Accountants  
FRN:014461N

  
CA Dharam Raj  
Partner  
(M No.094108)



Place: Srinagar  
Date: 13<sup>th</sup> May, 2017