

+ve to go on...

Being a bank is not an end in itself. It is the beginning. Of hope. Of revival. Of dreams.
Of trust. Of catalysing development. Of progressive targets. Of perpetual pursuit.
Of setting benchmarks that become standards.

Not for it is easy.

Thriving in the face of challenge. Finding opportunities where they are rare.
Balancing responsibility with ambition. Going the distance with our strategy.

But, for it is tough.

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Notice

NOTICE is hereby given that the 73rd Annual General Meeting of the Shareholders of **The Jammu & Kashmir Bank Limited** will be held as under:

Day : Saturday
Date : 9th July, 2011
Time: 1100 hours
Place : Sher-i-Kashmir International Conference Centre (SKICC), Srinagar, J&K

to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit & Loss Account for the Financial Year ended on that date, together with the Reports of the Board of Directors and Auditors and comments of the Comptroller and Auditor General of India thereon.
2. To declare Dividend on equity shares for the financial year 2010-11
3. To appoint Director in place of Prof. Nisar Ali, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Director in place of Mr. Rakesh Kumar Gupta, who retires by rotation and being eligible, offers himself for reappointment.
5. To fix the remuneration of Auditors in terms of provisions of Section 224(8) (aa) of the Companies Act, 1956, for the financial year 2011-12

SPECIAL BUSINESS:

6. Amendment of Articles of Association

To consider and if thought fit, to pass with or without modification(s), the following resolution as special resolution;

“RESOLVED that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, and such approvals, consents, permissions and sanctions, as may be necessary from appropriate authority, approval of the members of the Bank, be and is hereby accorded for amending the Articles of Association as under:-

In Article 70(ii) of the Articles of Association,

- i) After the sub-clause (c) new sub-clause be inserted as (d) Executive Director(s)
- ii) At the end of sub-clause (b) the word “and” be deleted and the same be inserted at the end of sub-clause (c)
- iii) Figure “10,000/-” be substituted by the figure “15,000/-”

For the purpose of clarity the Article 70(ii) after the amendment as proposed above will be read as under:

70 (ii) Sitting fee payable to a Director other than:

- a) Chairman and Chief Executive Officer,
- b) Director nominated by State Government and who is in the employment of Government,
- c) Additional Director appointed by Reserve Bank of India and who is in the employment of RBI, and
- d) Executive Director(s);

For attending a meeting of Board or Committee irrespective of the number of days for which the meeting may continue, shall be Rs. 15,000/-

Besides a fee admissible to a Director for attending the meeting, any Director who comes to attend a Board Meeting or a meeting of a Committee of the Board held at a place other than the place of his usual residence, shall, besides the traveling allowances admissible, be entitled to halage as shown in the Article 70(A) for the day/s the Director has to stay at such place, in connection with a meeting and also for any extra day or days or onward or return journey connected with the meeting and involving air and/or rail travel.

By order of the Board of Directors

Place: Srinagar
Dated: 14th May, 2011

Parvez Ahmed
President & Secretary

NOTES

- a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE BANK.

PROXIES, IN ORDER TO BE VALID AND EFFECTIVE, MUST BE RECEIVED BY THE BANK AT IT'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.
- b) Shareholders who have not encashed their past Dividend Warrants are requested to do so without any further delay. 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 (1) of Section 205C of the Companies Act, 1956 and thereafter, no claim can be preferred by the shareholders against the Company or the Fund.
- c) The Register of Members and Share Transfer Books of the Company will remain closed from 4th July, 2011 to 9th July, 2011 (both days inclusive).
- d) The payment of Dividend for the financial year 2010-11, if declared at the Annual General Meeting, will be paid in case of physical shareholding to those Members whose names appear on the Register of Members of the Company on 9th July, 2011 and in case of dematerialized Shareholding, to those beneficiaries appearing in the records of National Securities Depository Limited and Central Depository Services (India) Limited, as at the close of working hours on 2nd July, 2011, subject to the provisions of Section 206A of the Companies Act, 1956.
- e) Members holding shares in physical form are requested to intimate change, if any, on their Registered Address, to the Share Transfer Agent. If the shares are held in Demat form, intimation regarding change of address, if any, has to be notified to the concerned Depository Participant where the Shareholder is maintaining Demat Account.
- f) Requests for transfer of physical shares received during the period of book closure shall be considered only after the reopening of Books and accordingly, requests for share transfers received during book closure period shall not be considered for dividend declared, if any.
- g) Dividend for the year 2010-11, if declared, will not be taxable in the hands of the Shareholders.
- h) National Electronic Clearing Service
 - i. The Reserve Bank of India has introduced the National Electronic Clearing Services i.e. NECS to bring further efficiency and uniformity in electronic credit and has accordingly instructed all banks to move to the NECS platform.

The advantages of NECS over ECS (Electronic Clearing Services) include faster credit of remittance to beneficiary's account wider coverage with no limitations of location in India besides ease in operations for remitting agencies.

NECS, for the purpose of centralised processing of instructions and efficiency in handling bulk transactions, is operational only for banks /bank branches leveraging on Core Banking Solution (CBS), which provide 10 or more digit bank account number to their customers.

Accordingly, Shareholders having holding in Physical Form and wishing to avail the NECS facility for credit of dividend amount to their Bank Account directly should send relevant details to our Share Transfer Agent-Karvy Computershare Pvt. Ltd., by filling up the NECS-I Mandate Form, appended to this notice. Further Shareholders having holding in Demat Form and desirous of availing such credit through NECS, may send the requisite details directly to their Depository Participant, by filling up NECS-II Mandate Form appended to this notice.

Disclaimer

The credit of dividend through NECS is bona-fide and in compliance with the mandate of SEBI in this regard. For effecting this requirement, the Bank relies on the Bank Account data of Shareholders, as provided by the Depositories and on the Clearing System adopted by the Reserve Bank of India. The Bank will not be responsible for credit of dividend to wrong/in-operative Bank Account where it is found that such wrongful credit was due to non-intimation/error in recording the correct Bank Account details.

- ii. In case of members holding shares in electronic form and who have furnished Bank Account details pertaining to the branches where NECS facility is not available, the Bank details are furnished by respective Depositories to the Company will be printed on their Dividend Warrants. The Bank will not entertain any direct request from such members for deletion/change in such Bank Account details.
 - iii. For Shareholders holding Shares in physical form who have opted for NECS and furnished all relevant/valid information arrangements have been made to remit dividend through such mode of payment. Such shareholders are requested to intimate change, if any, in the details furnished in this regard to the Bank, immediately.
- i) **Green Initiatives in the Corporate Governance –Electronic Mode of Service of Documents:**
- The Bank proposes to implement the “Green Initiative” of the Ministry of Corporate Affairs (MCA) circulated vide its Circular No. 17/2011 dated 21.04.2011 read with Circular No. 18/2011 dated 29.04.2011, to deliver various documents including Notices, Balance Sheet, Profit & Loss Account, Auditors Report, Directors Report and Explanatory Statement for the financial year ending 31st March, 2012 to the members through their e-mail addresses available in the records of our Registrar and Share Transfer Agent.
- Accordingly, to enable us to send various documents, under the ‘Green Initiative’ of MCA, through electronic mode, Shareholders having holding in Physical Form are requested to register their e-mail Ids quoting their Folio number with our Share Transfer Agent-Karvy Computershare Pvt. Ltd., and those Shareholders having holding in Demat Form are requested to register their e-mail Ids with their Depository Participant quoting their DP ID and Client ID.
- j) Members desirous of getting any information about the accounts and operations of the Bank are requested to write their queries to the Bank at least seven days before the Meeting.
 - k) Only registered members/ beneficial owners carrying their attendance slips and holders of valid proxy forms registered with the Bank will be permitted to attend the meeting.
 - l) Members are requested to avoid being accompanied by non-members and/or children.
 - m) The relative Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed hereto.

Annexure to Notice

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 05

Fixation of Remuneration of Auditors

Though not strictly necessary, Explanatory Statement is being given for Item No. 05 of the Notice, with the view to set-out material facts concerning such business. Prior to Companies Amendment Act, 2000, remuneration payable to Auditors in case of Government Companies was decided by the Central Government on the advice of Comptroller and Auditor General of India. However, consequent to the introduction of Section 224(8)(aa) of the Act, the remuneration of Auditors, appointed by C&AG under Section 619 of the Companies Act, 1956, has to be fixed by the Company in General Meeting or in such manner as the Company in the General Meeting may determine. Members may accordingly fix the remuneration of Auditors for the financial year 2011-12 including remuneration for the Limited Review of Quarterly Reviewed Financial Results for the periods ending 30th June, 2011, 30th September, 2011 and 31st December, 2011. Board recommends the adoption of resolution to be moved at the Meeting in this regard.

No Director of the Bank is in anyway concerned or interested in the Resolution.

ITEM NO. 6

Amendment of Articles of Association

- i) Pursuant to the approval accorded by the Shareholders of the Bank in their meeting held on 26th August, 2006, amendments in relation to appointment, delegation of powers and remuneration of Executive Director(s) were made in the Articles of Association of the Bank. Since remuneration by way of sitting fee is payable to Non-Executive and Independent Directors of the Bank for attending each meeting of the Board of Directors and Committee thereof, hence the Board of Directors proposes to insert the new sub-clause (d) after sub-clause(c) in Article 70(ii) of the Articles of Association.
- ii) The sitting fee paid to Non-Executive and Independent Directors of the Bank for attending each meeting of the Board of Directors and Committee thereof was fixed by the Shareholders in their meeting held on 26th August, 2006 at Rs. 10,000/-. However as per the Rule 10B - Section 310- of Companies (Central Governments) General Rules and Forms, 1956, amount of remuneration by way of sitting fee for attending each meeting of the Board of Directors and Committee thereof is allowed as under.

a) Companies with paid-up share capital and free reserves of Rs. 10 Crores and above or turnover of Rs. 50 Crores and above	Sitting fee not to exceed the sum of twenty thousand rupees
b) Other Companies	Sitting fee not to exceed the sum of ten thousand rupees.

Since there was no revision in the sitting fee payable to the Non-Executive and Independent Directors for attending each meeting of the Board of Directors and Committee thereof, from the aforesaid date, hence the Board of Directors proposes enhancement in the sitting fee for attending each meeting of the Board of Directors and Committee thereof to Rs. 15,000/-.

Except to the extent of interest of the Directors in relation to the revision in the sitting fee that may be payable to them, none of the Directors may be deemed to be interested or concerned in the resolution at item No. 6 of the Notice.

Your Board recommends the adoption of the resolution as set out at item No. 6 of the notice.

Regd. Office:
Corporate Headquarters,
M. A. Road,
Srinagar - 190 001

By order of the Board of Directors

Dated: 14th May, 2011

Parvez Ahmed
President & Secretary

Chairman's Statement



Mushtaq Ahmad
Chairman & CEO

The world is slowly emerging from the headwinds of the global financial crisis of 2007-09, the worst ever since the Great Depression of 1929-33. Set against the backdrop of a jittery global economy, India stood tall countering unpredictable challenges, although the impact was conspicuous on some critical economic indicators.

I am delighted to declare that J&K Bank has not only successfully countered the vortex of adverse socio-economic conditions, but also propelled itself into a growth trajectory, catalysing pervasive socio-economic development in Jammu and Kashmir.

The world is slowly emerging from the headwinds of the global financial crisis of 2007-09, the worst ever since the Great Depression of 1929-33. Set against the backdrop of a jittery global economy, India stood tall countering unpredictable challenges, although the impact was conspicuous on some critical economic indicators. In the preceding three years, the Indian economy also withstood the dismal performance of agriculture and allied sectors in 2008-09, erratic monsoons resulting in severe drought in 2009-10 and unseasonal late rains, affecting the Rabi crop cycle in 2010-11.

The crisis severely tested the wisdom and foresight of India's policy makers. Thanks to their continued efforts, the Indian economy has demonstrated considerable maturity and resilience, although some clouds still linger, such as persistent high food inflation and a temporary slowdown in industrial growth.

I am delighted to declare that J&K Bank has not only successfully countered the vortex of adverse socio-economic conditions, but also propelled itself into a growth trajectory, catalysing pervasive socio-economic development in Jammu and Kashmir.

What you are glancing through, esteemed shareholder, is one of the most comprehensive, insightful and well documented Annual Reports in the Bank's 73-year-old history of resolute performance. It is a matter of

utmost satisfaction on my part to present to you the 2010-11 Annual Report, demonstrating superior quality standards and superlative professional expertise.

In pursuance of its consistent policy to drive socio-economic development in Jammu and Kashmir, the Bank envisions and executes all possible measures in its domain. It has successfully established a national identity, and is one of India's leading private sector banks. In terms of quality of assets and capital adequacy, J&K Bank is widely considered to have a clean, strong and transparent balance sheet.

The Bank had set an ambitious target for garnering a business of ₹ 100,000 Crores by March 2012 with a net profit figure of ₹ 1000 Crores. However, owing to uncongenial socio-economic conditions in the home state and a diffident national economy, the growth target was moderately deferred and concentration was diverted towards improvement of asset quality and balance sheet transparency.

On the strength of a clear visibility of domestic growth emanating mostly from the services sector, banking services- especially retail banking, mortgages and investments are expected to be robust. The Bank, in line with the national economic outlook, aspires to cross the psychological mark of ₹ 100000 Crores business volume and a net profit of ₹ 1000 Crores by March 2013.

Acknowledging the critical role banks can play in the socio-economic development of the people, the J&K Bank will drive vertical and horizontal expansions in 2011-12. The Bank's branch network will cross the 600 mark by March 2012, nearing state-wide omnipresence.

The penetration level of banks in J&K state, in particular, and India, in general, is woefully inadequate. People at the lower middle and bottom of the social pyramid still remain largely unbanked or recipients of archaic banking activities. Branch penetration and other basic banking activities are far below the desired benchmarks.

Acknowledging the critical role banks can play in the socio-economic development of the people, the J&K Bank will drive vertical and horizontal expansions in 2011-12. The Bank's branch network will cross the 600 mark by March 2012, nearing state-wide omnipresence. We will focus our attention to the under/unbanked areas in J&K state as identified by RBI, and to further expand the network in India's important cities. The deepening penetration will be instrumental in creating an economically resurgent J&K state, in particular, and India, in general. A combination of financial inclusion and financial literacy will drive our future strategy.

Looking further, into the medium to long term, the planned initiatives are expected to gather momentum and more than make up for eventually weakening power of the savings rate as a driver of economic growth. Consequentially, the next two decades should witness the Indian economy growing faster than ever before. For

2011-12, the economy is expected to grow by 8% and with more emphasis on inclusive growth the beneficiary should be the common man. More funds would be allocated for flagship programmes to realize the desired outcome.

Notwithstanding the tightening money markets and expected moderate growth in deposits, a vibrant credit growth is expected during FY 2011-12. The Bank, in line with its policy stance, will continue its prudent approach in expanding qualitative as well as quantitative credit assets in accordance with its well-tested policy on credit risk management.

Some concerns are being raised from some quarters about the recent agreement between the State Government and the Reserve Bank of India on Ways and Means Advances (WMA). Let me assure that the agreement has further strengthened our resolve to convert the state's economic challenges into opportunities of growth and synergy. The arrangement under which the State Government adjusted the overdraft facility of J&K Bank and switched over to WMA of RBI has, in fact, not only enabled J&K Bank to ensure the regulatory compliance but would also facilitate the Bank's multi-dimensional expansion.