

Schedule 17

“Principal Accounting Policies”

1. Basis of preparation of Financial Statements

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

2. Use of Estimates

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

3. Transactions involving Foreign Exchange

- i. Monetary Assets and Liabilities as on balance sheet date have been translated using closing rate as at year-end announced by Foreign Exchange Dealers Association of India.
- ii. Exchange differences arising on settlement of monetary items have been recognized as income or as expense in the period in which they arise.
- iii. Outstanding forward exchange contracts 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.

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 using straight line method.
- 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 (which should not be more than one year prior to the date of valuation) and in case the latest balance sheet is not available the same are valued at ` 1/- per Company, as per RBI guidelines.
 - (d) Security receipts (SRs) issued by Asset Reconstruction Companies (ARCs) are valued at cost or NAV, whichever is lower, declared periodically by the ARCs. Depreciation, if any, in individual SRs is fully provided for. Appreciation, if any, is ignored.
 - (e) Investment in quoted Mutual Fund Units is valued as per Stock Exchange quotations. An investment in un-quoted Mutual Fund Units is valued on the basis of the latest re-purchase price declared by the Mutual Fund in respect of each particular scheme. In case of Funds with a lock-in period, where repurchase price/market quote is not available, Units are valued at NAV. If NAV is not available, then these are valued at cost, till the end of the lock-in period. Wherever the re-purchase price is not available the Units are valued at the NAV of the respective scheme.
- vi. The individual scrip in the “held-for-trading” category are marked to market at weekly intervals and the net depreciation under each of the six classifications under which investments are presented in the Balance Sheet is accounted for in the Profit and Loss account and appreciation is ignored.
- vii. The depreciation in value of investments where interest/principal is in arrears is not set-off against the appreciation in respect of other performing securities. Such investments including Non-performing Non-SLR investments are treated applying

Schedule 17

“Principal Accounting Policies”

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 and the amount required to be transferred to Statutory reserve is appropriated to the “Capital Reserve Account”.
- ix. Interest accrued up to the date of acquisition of securities i.e. broken period interest is excluded from the acquisition cost and recognized as interest expense. Broken period interest received on Sale of securities is recognized as interest income.
- x. Brokerage paid on securities purchased is charged to revenue account except for equity investment operations the same is added to the cost of purchase of investment.
- xi. Investments in J&K Grameen Bank/Sponsored Institutions have been accounted for on carrying cost basis.
- xii. Transfer of securities from one category to another is done at the least of the acquisition cost/book value/market value on the date of transfer.
- xiii. Repurchase & Reverse repurchase transactions are accounted for in accordance with the extant RBI guidelines.
- xiv. Bank is following settlement date accounting policy.

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.

6. Fixed Assets/Depreciation

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

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

Schedule 17

“Principal Accounting Policies”

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

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

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

- e) Premium paid for Leasehold properties is amortized over the period of the lease.
- f) In compliance to the directions of RBI, Board of Directors vide resolution no. 47 dated 21-04-2016 approved the policy on Revaluation of Bank's own properties which covered all the immovable properties owned by the bank including land & office buildings except those fixed assets whose useful life has expired.

In respect of revaluation of the Bank's own properties/assets, the bank had obtained Valuation Reports from two independent valuers, irrespective of the value of the property. As per the policy, the valuation of the property was taken as the average of the two valuations.

7. Employees Benefits

- i) Short-term employee benefits are charged to revenue in the year in which the related service is rendered.
- ii) Long Term Employee Benefit
 - a) **Defined Contribution Plan**

Provident Fund:- Provident Fund is a defined contribution scheme as the bank pays fixed contribution at pre-determined rates. The obligation of the Bank is limited to such fixed contribution. The contributions are charged to profit & loss A/C. The bank is paying matching contribution towards those employees who have not opted for the pension.
 - b) **Defined Benefit Plan**

Gratuity:- Gratuity liability is a defined obligation and is provided for on the basis of an actuarial valuation. The scheme is funded by the bank and is managed by a separate trust.

Pension:- Pension liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation. The scheme is funded by the bank and is managed by a separate trust.

Leave Salary:- Leave salary is a defined benefit obligation and is provided for on the basis of an actuarial valuation determined on the basis of un-availed privilege leave of an employee at the time of leaving services of the company.

8. Revenue 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 accumulated reward points in respect of standard card holders.

Schedule 17

“Principal Accounting Policies”

10. Net Profit/Loss

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

- i) Income Tax, wealth tax and Deferred Tax.
- ii) Provision for Standard Assets, Non Performing Advances/ Investments as per RBI guidelines.
- iii) Depreciation/ amortization on Investments.
- iv) Transfer to contingency fund, if any.
- v) Other usual and necessary provisions.

11. Taxes on Income

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

12. Contingency Funds

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

Schedule 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 ₹ 5.70 crores (Values of properties appreciated on account of revised valuation) (previous year ₹ 115.83 crores). In respect of immovable properties valued at ₹ 21.02 crores (Values of properties appreciated on account of revised valuation) (previous year ₹ 21.50 crores) bank holds agreement to sell along with the possession of the properties.
- b) Bank has completed the process of valuation in FY 2016-2017. In this connection, the depreciation for FY 2017-2018 for assets that showed appreciation in value has been vouched as under:-
 Pursuant to the revised Accounting Standard 10 "Property, Plant & Equipment" applicable from 1st April 2017 depreciation of ₹ 14.63 crores on the revalued portion of the fixed assets (being Premises & Land) has been transferred from the Revaluation reserve to Revenue reserve instead of crediting to Profit & Loss account.
- c) Depreciation is provided on straight line method in accordance with the provisions of Companies Act 2013 based on the useful life of the assets prescribed in Part C of the Schedule II of the Companies Act 2013. However the depreciation on the computers (including ATMs) along with software forming integral part of the computers is computed at 33.33% on straight line method in terms of RBI guidelines issued vide letter no BP 1660/21.04.2018 /2001 dated 01.02.2001.

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.

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

Depreciation on Banks property includes amortization in respect of leased properties amounting to ₹ 0.15 Crores (previous year ₹ 0.147 Crores).

4. Capital

S.No.	Particulars	(` in Crores)	
		BASEL-III 31.03.2018	BASEL-III 31-03-2017
i)	Common Equity Tier I Capital ratio (%)	9.24%	8.70
ii)	Tier I Capital Ratio %	9.24%	8.70
iii)	Tier II Capital Ratio %	2.18%	2.10
iv)	Total Capital ratio (CRAR) (%)	11.42%	10.80
v)	Percentage of shareholding of the Government of India in Public Sector Banks	Nil	Nil
vi)	Amount of Equity Capital raised during the year	282	250
vii)	Amount of additional Tier I capital raised during the year of which: PNCPS : PDI	Nil	Nil
viii)	Amount of Tier II capital raised during the year of which Debt capital instrument: Preference share capital instrument: [Perpetual Cumulative Preference shares (PCPS)/Redeemable Non-cumulative preference shares (RNCPS) / Redeemable cumulative preference shares (RCPS)]	500	500

Schedule 18

"Notes on Accounts"

Government of Jammu & Kashmir holds 59.23% of equity shares of the Bank as on 31.03.2018 (previous year 56.45% as on 31.03.2017).

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.

₹ 500 crores of Basel III compliant Tier II capital raised on 24th March 2017 & another ₹ 500 crores raised on 28th December 2017, maturing on 24th June 2022 & 27th December 2024 respectively has been shown under Borrowings as per RBI guidelines.

Investments

5. The Bank has made no sale from HTM category securities during the year, as such no appropriation was made (Previous Year, ₹ 7.72 Crores) to Capital Reserve Account.
6. The Bank has ₹ 34,00,70,800 as share capital (previous year ₹ 34,00,70,800) and ₹ 11,66,76,915 in Tier II Perpetual bonds (previous year ₹ 11,66,76,915) in its sponsored Regional Rural Bank (J&K Grameen Bank).
7. The total investment of the Bank in the PNB Met-life India Insurance Co Pvt. Ltd stood at ₹ 102.19 Crores as on 31.03.2018 (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. RBI circular DBR.No.BP.BC.IO2/21.04.048/2017-18 dated April 2, 2018 grants banks an option to spread provisioning for mark to market losses on investments held in AFS and HFT for the quarters ended December 31, 2017 and March 31, 2018. The circular states that the provisioning for each of these quarters may be spread equally over up to four quarters, commencing with the quarter in which the loss was incurred. The Bank has recognised the entire mark to market loss on investments in the respective quarters and has not availed the said option.
9. During the FY 2017-18 Bank has raised capital by way of 9.25% Non- Convertible, redeemable, unsecured, Basel III compliant Tier 2 Bonds in the nature of debentures for augmenting Tier 2 Capital for an amount of ₹ 500 Crores (previous year ₹ 500 Crores) having duration of 7 years with IDBI Trusteeship Services Limited Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai-400001, as Debenture Trustee.

10. Details of Investments

(₹ in Crores)

S.No.	Particulars	As on	
		31.03.2018	31.03.2017
1.	Value of Investments		
	Gross Value of Investments		
	a) In India	19528.85	21788.64
	b) Outside India	NIL	NIL
	Provision for depreciation		
	a) In India	74.68	52.28
	b) Outside India	NIL	NIL
	Provision for NPI		
	a) In India	574.14	445.47
	b) Outside India	NIL	NIL
	Net Value of Investments		
	a) In India	18880.03	21290.89
	b) Outside India	NIL	NIL
2.	Movement of provisions held towards the depreciation on Investments		
	(i) Opening Balance	52.28	1.03
	(ii) Add: Provisions made during the year	84.63	55.95
	Less: Write-off/write back of excess provisions during the year	62.23	4.70
	(iii) Closing Balance	74.68	52.28

Schedule 18

"Notes on Accounts"

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

(` in Crores)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	365 days Daily Average outstanding during the year	Outstanding as on 31.03.2018
Securities sold under Repo Government Securities	150.00	175.00	11.99	0.00
(Previous Year)	75.00	2100.00	18.57	0.00
i) Corporate Debt Securities	0	0	0	0.00
(Previous Year)	0	0	0	0.00
Securities purchased under Reverse Repo Government Securities	55.00	5074.00	1568.64	3845.00
(Previous Year)	10.00	4250.00	1111.85	1725.00
i) Corporate Debt Securities	0	0	0	0
(Previous Year)	0	0	0	0

12. Non-SLR Investment portfolio

12.1 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	24.85	24.85	0.00	0.00	0.00
2	FIs (incl. NBFC's AIFI'S)	479.54	479.54	0.00	0.00	0.00
3	Banks (incl. CD's)	528.90	98.50	23.50	0.00	0.00
4	Private Corporates (incl. CP's)	1076.68	442.20	214.99	125.00	25.00
5	Subsidiaries/Joint Ventures	20.00	0.00	0.00	0.00	0.00
6	Others	196.91	0.00	0.00	0.00	0.00
	Total	2326.88				
7	Provision towards depreciation/NPI	643.89				
8	Total	1682.99				

The Bank's investment in unlisted securities as on 31.03.2018 is 0.46 % (previous year 0.38%) which is well within the RBI stipulated limit of 10%.

Breakup of placements with NABARD/SIDBI/RHDF/RIDF classified as other assets

(` in Crores)

Particulars	Amount as on 31.3.2018	Amount as on 31.3.2017
NABARD	903.60	446.53
RIDF	970.22	923.52
SIDBI	375.96	134.90
RHDF	257.78	260.29
TOTAL	2507.56	1765.24

Schedule 18

"Notes on Accounts"

12.2 Non-performing Non-SLR investments

(` in Crores)

Particulars	Amount as on 31.03.2018	Amount as on 31.03.2017
Opening Balance	569.67	369.53
Additions during the year	167.69	227.95
Reductions during the year	84.14	27.81
Closing Balance	653.22	569.67
Total Provision held (including floating provisions of ` 2.76 Crores)	576.90	448.22

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

- Bank has made no sale from HTM category securities during the year as such no appropriation was made to Capital Reserve Account (previous year ` 7.72 Crore).
- With the approval of the Board of Directors, the Bank has shifted securities amounting to ` 691.44 Cr (FV) on 26/04/2017 (Previous year ` 634.81 Cr) 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. DBR.No.BP.BC.90/12.02.001/2017-18, dated 04/10/2017, the Bank undertook shifting of Govt. Securities having face value of ` 600 Cr and ` 525 Cr on 08/12/2017 & 26/03/2018 respectively from HTM to AFS Category.
- The value of sales and transfer of securities to/from HTM category (excluding the exempted transfer) did not exceed 5% of book value of the investment in HTM category at the beginning of the year.

12.4 The value of investments under three categories viz., Held for Trading, Available for sale and Held to maturity (Net of provisions held) are as under:

(` in Crores)

Particulars	As on 31.03.2018				As on 31.03.2017			
	HFT	AFS	HTM	Total	HFT	AFS	HTM	Total
Govt. Securities	0.00	2217.23	14979.81	17197.04	10.45	2429.78	13884.98	16325.21
Other approved securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Shares (Equity & Pref.)	3.00	326.54	0.00	329.54	1.25	271.72	0.00	272.97
Debentures & Bond	0.00	713.27	17.50	730.77	0.00	1481.94	21.23	1503.17
Subsidiaries	0.00	0.00	20.00	20.00	0.00	0.00	20.00	20.00
Others (incl. Sponsored, CDs, CPs, CDs, Venture Capital & Security receipts)	0.00	557.01	45.67	602.68	0.00	3117.42	52.12	3169.54
Total	3.00	3814.05	15062.98	18880.03	11.70	7300.86	13978.33	21290.89

13. Details of book value of investments in Security Receipts

(` in Crores)

Particulars	Backed by NPAs sold by the bank underlying		Backed by NPAs sold by other banks/financial institutions/non-banking financial companies as underlying		Total	
	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year
Book Value	94.29	142.14	9.21	9.08	103.50	151.22

Schedule 18

"Notes on Accounts"

14. Derivatives

14.1 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

14.2 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

14.3 Disclosures on Risk exposures in derivatives

a) Qualitative Disclosures

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

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

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

b) Quantitative Disclosures

S.No.	Particulars	31.03.2018		31.03.2017	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount)				
	a) For Hedging	NIL	NIL	NIL	NIL
	b) For Trading	NIL	NIL	NIL	NIL
(ii)	Marked to Market Position (1)				
	a) Asset (+)	NIL	NIL	NIL	NIL
	b) Liability (-)	NIL	NIL	NIL	NIL
(iii)	Credit Exposure(2)	NIL	NIL	NIL	NIL

Schedule 18

"Notes on Accounts"

S.No.	Particulars	31.03.2018		31.03.2017	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(iv)	Likely Impact of 1% change in interest rate (100*PV01)				
	a) On hedging derivatives	NIL	NIL	NIL	NIL
	b) On Trading derivatives	NIL	NIL	NIL	NIL
(v)	Maximum & minimum of 100*PV01 observed during the year				
	a) On hedging	NIL	NIL	NIL	NIL
	b) On Trading	NIL	NIL	NIL	NIL

14.4 Forward Exchange contracts as on 31.03.2018

(` in Crores)

Up to 14 days	291.23
Beyond 14 day	1978.86
Total	2270.10

15. Asset Quality

15.1 Non Performing Assets.

(` in Crores)

S. No.	Particulars	Current Year	Previous Year
(i)	Net NPAs to Net Advances (%)	4.90%	4.87%
(ii)	Movement of NPAs (Gross)		
	a) Opening balance	6000.01	4368.61
	b) Additions during the year	3104.69	3278.42
	c) Reductions during the year	3098.00	1647.02
	d) Closing balance	6006.70	6000.01
(iii)	Movement of Net NPAs		
	a) Opening balance	2425.37	2163.95
	b) Additions during the year	3417.72	1964.92
	c) Reductions during the year	3098.00	1647.02
	d) Closing balance*	2791.12	2425.37
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	a) Opening balance **	3425.29	2111.80
	b) Provisions made during the year	1222.72	2115.92
	c) Write-off/write-back of excess provisions	1535.75	802.43
	d) Closing balance	3112.26	3425.29

*Net NPA has been arrived at after adding net ECGC claims of ` 11.54Crores, Interest Capitalization of ` 40.56 Crores & reducing DIFV of ` 6.07 crores

**Including floating provision of ` 348.72Crores (Previous year ` 348.72Crores).

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

16. Particulars of Accounts Restructured

(in Crores)

Sl No	Type of Restructuring	Under CDR Mechanism				Under SME Debt Restructuring Mechanism				Others				Total						
		Standard	Sub-Std.	Doubtful	Loss	Standard	Sub-Std.	Doubtful	Loss	Std.	Sub-Std.	Doubtful	Loss	Standard	Sub-Standard	Doubtful	Loss	Total		
1	Restructured Accounts as on April 1 of the FY (opening figures)*	274.4	0	367.45	0	641.85	2.17	47.65	1.24	2647.75	2668.67	54.47	359.23	10	3092.37	5539.76	56.64	774.33	11.24	6381.97
	Provision thereon	13.72	0	167.3	0	181.02	0.29	21.3	1.24	152.66	133.46	7.17	200.18	10	350.81	277.01	7.46	388.78	11.24	684.49
2	Fresh restructuring during the year	0	0	0	0	0	0	0	0	2	1	0	0	0	1	3	0	0	0	3
	Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.05	0.00	0.00	0.00	0.05	0.10	0.00	0.00	0.00	0.10
3	Up-gradations to restructured standard category during the FY	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.00	2.22	40.85	0.11	0.35	0.00	41.31	43.05	0.11	0.37	0.00	43.53
	Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.10	2.02	0.01	0.15	0.00	2.18	2.12	0.01	0.15	0.00	2.28
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.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.00	0.00	0.00	0.05	0.05	0.00	0.00	0.00	0.05
5	Down gradations of restructured accounts during the FY	0.00	230.89	0.00	22.41	253.30	0.00	116.48	0.00	119.53	0.00	181.23	317.75	0.00	498.98	0.00	415.17	434.23	22.41	871.81
	Provision thereon	0.00	34.63	0.00	22.41	57.04	0.00	46.55	0.00	47.12	0.00	27.33	119.94	0.00	147.27	0.00	62.53	166.49	22.41	251.43
6	Write-offs of restructured accounts during the FY	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Provision thereon	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7	Restructured Accounts as on March 31 of the FY (closing figures)*	5.46	0.00	487.12	0.00	492.58	4.91	130.52	0.72	3055.67	1736.43	261.95	577.95	8.42	2584.75	4661.41	266.86	1195.59	9.14	6133.00
	Provision thereon	0.27	0.00	286.44	0.00	286.71	0.87	35.44	0.72	183.01	86.82	40.85	236.49	8.42	372.58	233.07	41.72	558.37	9.14	842.30

Note:- In addition to above Exposure the borrowers are also availing additional facilities (fund Based) to the tune of ` 1387.04 Crores as on 31.03.2018. (` 1168.54 Crores as on 31.03.2017)

*excluding the figures of standard restructured advances which do not attract higher provisioning or risk weight (if applicable)

Schedule 18

"Notes on Accounts"

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

(` in Crores)

S. No.	Particulars	Current Year	Previous Year
1.	No. of accounts	6	02
2.	Aggregate Value (net of provisions) of accounts sold to SC/RC	559.30	106.83
3.	Aggregate Consideration	948.45*	106.83
4.	Additional consideration realized in respect of accounts transferred in earlier years	0	0.03
5.	Aggregate gain/loss over net book value	389.15	0.00

*Cash+SR i.e. Cash: ` 923.81+SR ` 24.64Cr.

18. Details of non performing financial assets purchased.

(` in Crores)

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

18.1 Details of non performing financial assets sold.

(` in Crores)

S. No.	Particulars	Current Year	Previous Year
1)	No. of accounts sold	6	3
2)	Aggregate outstanding	1606.35	174.63
3)	Aggregate consideration received	948.45	125.83

18.2 Assets sold to Asset Reconstruction Companies (ARCs)

During the financial year six accounts (NPAs) were sold to Asset Reconstruction Companies (ARCS). Against total principal NPA balance of ` 1606.35Cr, the bank has received an amount of ` 948.45Cr, which constitutes 59.04% of the principal NPA. A collective Provisioning Coverage of these assets was to the tune of ` 1047.05Cr which constitutes 65%. Thus in totality there has been a positive impact of ` 389.15Cr on the balance sheet of the bank as on 31.03.2018 and NPA/NPI outstanding got reduced by ` 1606.35Cr.

No of accounts	NAP balance	Cash component	Security Receipts component	Total	Provisioning Held
6	1606.35	923.81	24.64	948.45	1047.05

18.3 Purchase of Property

During the FY 2017-18 the bank has purchased a non-banking asset under the provision of SARFAESI Act 2002 at a fixed reserve price of ` 8.70 Crores against an NPA asset M/S ETA Engineering Pvt. Ltd which had slipped to NPA category with an outstanding balance of ` 176.26 crores. The same has been categorized as other current asset.

19. Provisions on standard Assets

(` in Crores)

Particulars	31.03.2018	31.03.2017
Provision towards Standard Assets	477.65	616.01

20. Business Ratios

S.No.	Particulars	As on	
		31.03.2018	31.03.2017
(i)	Interest income as a percentage to working funds*	8.06%	8.35%
(ii)	Non-Interest income as a percentage to working funds*	0.60%	0.62%
(iii)	Operating Profit as a percentage to working funds*	1.68%	1.62%
(iv)	Return on Assets **	0.25%	(2.04%)
(v)	Business (deposits plus advances) per employee***	11.99 Crores	12.20 Crores
(vi)	Net Profit per employee	0.02 Crores	(0.16 crores)

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

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

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

Schedule 18

"Notes on Accounts"

21. Asset Liability Management

(i) Maturity pattern of certain items of assets and liabilities as on 31.03.2018

(` in Crores)

Particulars	Next Day	2 to 7 Days	8 to 14 Days	15 Days to 30 Days	31 Days Upto 2 months	Over 2 Months & Upto 3 months	Over 3 Months & Upto 6 months	Over 6 months & Upto 1 year	Over 1 Years & Upto 3 years	Over 3 years Upto 5 years	Over 5 years	TOTAL
Deposits	208.62	1322.81	1611.71	2076.84	2056.77	2740.68	4537.14	6549.26	30593.02	20989.73	7319.92	80006.50
Borrowings	0	0	0	0	0	0	0	0	600	500	528.33	1628.34
Investments	2409.46	5.42	485.70	570.07	20.00	18.00	400.25	1115.10	1417.10	4333.11	8105.81	18880.03
Advances	3274.61	1147.42	959.29	941.64	1158.31	1124.47	2755.14	4941.67	29265.01	6183.15	5162.04	56912.74

Details of Foreign currency Assets/Liabilities (Maturity Pattern) as on 31.03.2018

(` 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	181.66	138.51	428.87	220.04	72.10	0.00	0.00	0.00	1041.18
EURO	22.66	19.33	41.42	45.65	42.71	0.00	0.00	0.00	171.78
GBP	11.21	4.82	17.96	19.45	14.11	0.00	0.00	0.00	67.55
J.YEN	0.19	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.19
AUD	1.71	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.71
CAD	1.58	0.46	0.20	0.00	0.00	0.00	0.00	0.00	2.24
CHF	0.46	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.46
SAR	0.44	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.44
Total	219.91	163.12	488.46	285.14	128.92	0.00	0.00	0.00	1285.55
(Previous Year)	381.09	272.87	467.58	137.56	224.61	0.00	0.00	0.00	1483.71
Liabilities									
USD	224.67	165.45	377.31	215.05	69.26	3.99	1.69	0.00	1057.42
EURO	19.49	23.07	42.74	43.90	41.24	1.23	0.00	0.00	171.67
GBP	12.32	5.10	18.15	19.45	12.65	0.00	0.00	0.00	67.67
J.YEN	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AUD	0.00	1.76	0.00	0.00	0.00	0.00	0.00	0.00	1.76
CAD	0.30	1.83	0.10	0.00	0.00	0.00	0.00	0.00	2.23
CHF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	256.78	197.21	438.30	278.40	123.15	5.22	1.69	0.00	1300.75
(Previous year)	346.52	326.97	457.83	141.99	225.98	0.00	0.00	0.00	1499.29

Schedule 18

"Notes on Accounts"

22. Exposures

22.1 Exposure to Real Estate Sector*

(` in Crores)

S.No.	Particulars	As on	
		31.03.2018	31.03.2017
1.	Direct Exposure		
(i)	Residential Mortgages 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 ` 1601.14 Crores)(Previous Year ` 1143.71 Crores)	3260.92	2146.42
(ii)	Commercial real estate 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.	3054.09	2752.19
(iii)	Investment in mortgage backed securities and other securitized exposures		
(a)	Residential	0.00	0.00
(b)	Commercial real estate	0.00	0.00
2.	Indirect Exposure (Fund based & non fund based exposure on National Housing Bank and housing finance companies)	3601.84	1277.20
	Total Exposure to Real Estate	9916.85	6175.81

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

22.2. 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.	126.33	127.92
(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	0.00	0.00
(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	0.00	0.00
(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	0.04	0.04
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stock brokers and market makers.	0.03	0.00
(vi)	Loans sanctioned to corporate against the security of shares/ bonds/ debentures or other securities or on clean basis for meeting promoters contribution to the equity of new companies in anticipation of raising resources	0.00	0.00
(vii)	Bridge loans to companies against expected equity flows /issues	0.00	0.00
(viii)	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	0.00	0.00
(ix)	Financing\to stock brokers for margin trading	0.00	0.00
(x)	All exposures to venture Capital Funds (both registered and unregistered)	0.02	10.73
	Total	126.42	138.69

Schedule 18

"Notes on Accounts"

22.3 Risk category wise country exposure

(` in Crores)

Category	Risk Category	Exposure (net) as at March 2018	Provisions held as at March 2018	Exposure (net) as at March 2017	Provisions held as at March 2017
A1	Insignificant	64.62	Nil	97.09	Nil
A2	Low	1.39	Nil	2.33	Nil
B1	Moderate	Nil	Nil	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	66.01	Nil	99.42	Nil

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

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

NIL

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

(` in Crores)

Particulars	2017-18	2016-17
Total amount of advances outstanding against charge over intangible securities such as the rights, licenses, authority etc.	0.00	0.00

25. Penalty imposed by Reserve Bank of India

Penalty imposed by Reserve Bank of India during the year ` 6.28 lacs (Previous year ` 4.15 lacs).

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

26.1 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.

26.2 Accounting Standard 9- Revenue Recognition

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

26.3 Accounting Standard 15 - Employees Benefit

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

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

I Principal Actuarial Assumptions as the Balance Sheet date:

Actuarial Assumptions	PENSION		GRATUITY		LEAVE ENCASHMENT	
	31.3.2017	31.3.2018	31.3.2017	31.3.2018	31.3.2017	31.3.2018
Discount Rate	7.5%	7.75%	7.75%	7.75%	7.75%	7.75%
Expected Return on Plan Assets	7.5%	7.5%	7.5%	7.5%	N/A	N/A
Rate of Escalation in salary	5%	5.5%	5%	5.5%	5%	5.5%
Attrition Rate	1%	1%	1%	1%	1%	1%

Schedule 18

"Notes on Accounts"

II Changes in Present value of the obligation (PVO)-Reconciliation of Opening & Closing Balance

(` in Crores)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Present value of Obligation 01.04.2017	826.01	273.07	173.14
Interest Cost	56.19	19.94	12.78
Current Service Cost	32.52	32.33	18.80
Benefits paid	(201.96)	(31.44)	(16.57)
Actuarial loss/ (gain) on obligations (Balancing figure)	225.31	24.36	32.86
Present Value of Obligations, 31.03.2018	938.07	368.62	221.01

III Changes in the Fair Value of the Plan Assets-Reconciliation of Opening & Closing Balances:

(` in Crores)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Fair Value of Plan Assets 01.04.2017	812.05	266.64	0.00
Expected return on Plan assets	64.96	21.95	0.00
Contributions by Bank/Employees	283.40	58.74	16.57
Benefits paid	(201.96)	(31.44)	(16.57)
Actuarial (loss)/ gain on Plan Assets (Balancing figure)	(38.35)	2.84	0.00
Fair Value of Plan Assets, 31.03.2018	920.10	318.73	0.00

IV Actual return on Plan Assets

(` in Crores)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Expected return on Plan Assets	64.96	21.95	0.00
Actuarial (loss)/ gain on Plan Assets	(38.35)	2.84	0.00
Actual Return on Plan Assets	26.81	24.79	0.00

V Net Actuarial Gain/(loss) recognized

(` in Crores)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Actuarial gain/ (loss) for the period - Obligation	225.31	24.36	32.86
Actuarial gain/ (loss) for the period - Plan Assets	(38.35)	2.84	0.00
Total Gain/ (Loss) for the period	263.66	21.52	32.86
Actuarial gain or (loss) recognized in the period	263.66	21.52	32.86
Unrecognized Actuarial gain/ (loss) at the end of the year	0.00	0.00	0.00

Schedule 18

"Notes on Accounts"

VI Amount recognized in Balance Sheet & Related Analysis

(` in Crores)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Present value obligation, 31.03.2018	938.07	368.62	221.01
Fair Value of Plan Assets, 31.03.2018	(920.10)	(318.73)	0
Difference	17.97	49.89	221.01
Unrecognized Transitional Liability	0	0	0
Unrecognized Past Service cost - vested benefits - Carried Forward	0	0	0
Liability Recognized in the Balance Sheet	17.97	49.89	221.01
Negative amount determined under Paragraph 55 of AS-15 (R)	-	-	-
Present value of available refunds and reductions in future contributions	-	-	-
Resulting asset as per Paragraph 59 (b) of AS - 15 (R)	-	-	-

VII Expense recognized in Profit and Loss Statement

(` in Crores)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Current Service Cost	32.52	32.33	18.80
Interest Cost	56.19	19.94	12.78
Expected return on Plan assets	(64.96)	(21.95)	0.00
Net Actuarial gain/ (loss) recognized in the year	213.66	21.52	32.86
Past Service Cost-Recognized	0.00	50.36	0.00
Expenses recognized in the statement of profit and loss	287.41	102.20	64.44

VIII Movement in Net liability to be recognized in Balance Sheet

(` in Crores)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Opening Net Liability	13.96	6.43	173.14
Expenses	287.41	102.20	64.44
Contributions paid	(283.40)	(58.74)	(16.57)
Closing Net Liability (Liability recognized in B/S in current period)	17.97	49.89	221.01

IX Amount for the Current Period

(` in Crores)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Present value of Obligations, 31.03.2018	938.07	368.62	221.01
Fair Value of Plan Assets, 31.03.2018	920.10	318.73	0
Surplus/(Deficit) before unrecognized past service cost	(17.97)	(49.89)	(221.01)
Experience Adjustments in Plan Liabilities - (loss)/ gain	192.25	21.01	25.46
Experience Adjustments in Plan Assets (loss) / gain	(32.74)	2.84	N/A

Schedule 18

"Notes on Accounts"

X Major Categories of Plan Assets (as percentage of Total Plan Assets)

(in % age)

Particulars	PENSION (%)	GRATUITY (%)
Government of India Securities	2.77	5.42
State Government Securities	1.31	44.82
High Quality Corporate Bonds	2.89	27.88
Equity Shares of listed companies	0	4.75
Funds managed by Insurer	93.03	1.80
Other- Bank Deposits and CD's	0	15.33
Total	100.00	100.00

XI Best Estimate of contribution during next year

(` in Crores)

Particulars	PENSION (Funded)	GRATUITY (Funded)
Bank's best estimate of Contribution during next year	304.67	71.73

Particular Basis of assumption:

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

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

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

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

The above information is based on the information certified by the actuary except para XI above.

26.4 Accounting Standard 17 - Segment Reporting

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

Description		31.03.2018	31.03.2017
A	Segment Revenue (Income)		
	i. Treasury Operations	1693.39	2091.55
	ii. Corporate/Whole sale Banking	2170.12	2271.40
	iii. Retail Banking	3838.58	3166.86
	iv. Other Banking Business	31.98	33.21
	Total	7734.07	7563.02
	(Less): Inter segment revenue	617.36	384.36
	Total Income from Operations	7116.71	7178.66
B	Segment Results (Profit before tax)		
	i. Treasury Operations	54.38	(135.61)
	ii. Corporate /Wholesale Banking	264.23	(1249.17)
	iii. Retail Banking	588.04	268.34
	iv. Other Banking Business	29.35	31.55
	v. Un-Allocated Business	(576.87)	(421.08)
	Total	359.13	(1505.97)

Schedule 18

"Notes on Accounts"

Description		(` in Crores)	
		31.03.2018	31.03.2017
C	(Segment Assets)		
i.	Treasury Operations	25846.18	25410.29
ii.	Corporate/Wholesale Banking	29632.54	27185.99
iii.	Retail Banking	34208.72	29422.28
iv.	Other Banking Business	0.17	0.11
	Total	89687.61	82018.67
D.	(Segment Liabilities)		
i.	Treasury Operations	2547.32	291.66
ii.	Corporate /Wholesale Banking	24854.98	23786.04
iii.	Retail Banking	56123.39	52263.70
iv.	Other Banking Business	0.71	0.77
	Total	83526.40	76342.17
E.	Capital Employed (Segment Assets-Segment Liabilities)		
i.	Treasury Operations	23298.86	25118.63
ii.	Corporate/Wholesale Banking	4777.55	3399.95
iii.	Retail Banking	(21914.66)	(22841.42)
iv.	Other Banking Business	(0.54)	(0.66)
	Total	6161.21	5676.50

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

26.5 Accounting Standard 18 - Related party disclosures as on 31.03.2018

Items/Related Party		(` in Crores)	
		J&K Grameen Bank (Associate)	JKB Financial Services Ltd. (Subsidiary)
Deposits	Balance as on date	1450.87	1.96
	Maximum Balance during the year	1450.87	3.28
Advances	Balance as on date	11.67	NIL
	Maximum Balance during the year	44.17	NIL
Investments	Balance as on date	34.01	20.00
	Maximum Balance during the year	34.01	20.00
Interest Paid		108.10	0.14
Interest/Commission Received		1.24	0.0003
Sale of Fixed Assets		NIL	NIL
Transfer of Current Assets/ Liabilities(Net)		NIL	NIL
Reimbursement of Expenses		NIL	3.42
IT Support Services		4.10	Nil

Advances is shown as borrowings from the Sponsor bank in shape of SOD, LAD and Perpetual Bonds

* ` 11.67 crore is 50% share of Sponsor Bank for implementation of CBS by JKGB in the form of Investment in Tier II perpetual bonds.

(` in Lakhs)

Items/Related Party	K.M.P*			
	Mr. Parvez Ahmed (Chairman)	Mr. S K Bhat (CFO)	Mr. P K Tickoo (CFO)	Mr. Mohammad Shafi Mir (Company Secretary)
Period for which post held during FY 2017-18	12 months	1 month 13 days	8 months 10 days	12 months
Investments				
Interest/Commission Received				
Salary	66.11	3.97	15.50	14.06

* Key Managerial Personnel.

**During the period, the bank has provided the residential accommodation to the Chairman in lieu of which no House Rent has been paid. Moreover, during the period no expenditure has been incurred on the maintenance of same.

Schedule 18

"Notes on Accounts"

The Jammu & Kashmir Asset Reconstruction Limited has been incorporated by Government of J&K and J&K Bank Ltd on 28.04.2017. The Bank has subscribed capital to the tune of ₹ 98 lakhs whereas Government of J&K has subscribed ₹ 102 Lakh. The Bank has incurred ₹ 76,32,730/- towards incorporation expenses for the company. The State Government has not released the initial Share Capital to the tune of ₹ 102 Lakh and the Bank has also not received share certificate till reporting date.

26.6 Accounting Standard 19 - Leases

The properties taken on lease/rental basis are renewable/cancellable at the option of the Bank.

The lease entered into by the Bank are for agreed period with an option to terminate the leases even during the currency of lease period by giving agreed calendar months' notice in writing.

Lease rent paid for operating leases are recognized as an expense in the Profit & Loss account in the year to which it relates. The lease rent recognized during the year is ₹ 55.90 crores (previous year ₹ 47.58 crores)

26.7 Accounting Standard 20 - Earning per share

Description	31.03.2018	31.03.2017
Net Profit available to Equity Share Holders (in Crores)	202.72	(1632.29)
No. of Equity Shares	556858392	485979830*
Basic/Diluted Earnings per share (in ₹)	3.64	(33.59)
Face value per share	₹ 1/-	₹ 1/-

* weighted average number of equity shares outstanding during the period. (Amount of allotment of 36555051 equity shares received on 20-03-2017)

26.8 Accounting Standard -21 (Consolidated Financial Statements)

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

26.9 Accounting standard 22 - Accounting for taxes on income

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

(₹ In Lacs)

Timing Difference	Deferred Tax Asset	Deferred Tax Liabilities
Depreciation on Assets	-	5160.02
Leave Encashment	7646.95	-
Special Reserve	-	4261.34
Wage Revision	-	-

Net Deferred Tax Liability as on 31.03.2018 : ₹ 1774.41 Lacs

Tax Impact for the year : ₹ 57.75 Lacs

26.10 Accounting Standard 26-Intangible Assets

The Bank has incurred an amount of ₹ 134.25 Lacs on Brand names bifurcated into two heads namely Business Unit Signage and Brand Strategy Project. Expenditure on Business Unit Signage amounting to ₹ 52.79 Lacs has been debited under the head Furniture & Fixture, whereas, Brand strategy project expenses amounting to ₹ 81.46 Lacs has been charged to Profit & Loss account treating it as a Revenue expenditure for the reason that the Bank cannot declare dividend to shareholders without writing it off completely in view of the provisions of the Banking Regulation Act, 1949. Accordingly, the Bank has not evaluated useful life of this Brand strategy project over which the expenses could be amortized.

Further, the Bank has incurred an amount of ₹ 9.65 Crores on account of purchase of computer software, not forming integral part of computers, and has capitalized the cost of the same.

26.11 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.

Schedules 18

"Notes on Accounts"

26.12 Accounting Standard 29- Provisions, Contingent Liabilities and Contingent Assets

In respect of Contingent Liabilities under each class shown as per Schedule 12, in the opinion of the Management, the possibility of any out flow in settlement is remote. A provision of ₹ 0.47 crores (Previous year ₹ 5.89 Crores) has been made during the year totaling to ₹ 11.91 crores (Previous year ₹ 11.45 Crores) upto 31.03.2018 against claims decreed against the Bank. Claims have not been acknowledged as debts owing to the appeal filed by the bank before the court of competent jurisdiction, pending adjudication.

27. ADDITIONAL DISCLOSURES

27.1 Provisions and Contingencies

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

(₹ in Crores)

Particulars	For the year ended	
	31.03.2018	31.03.2017
Tax Expense		
i) Income Tax	157.00	145.87
ii) Deferred Tax Liability/(Asset)	(238.76)	(19.55)
Provision against NPA's	1222.72	2115.93
Provision for depreciation on investments	15.38	55.19
Provision for frauds and embezzlements	(0.08)	1.39
Provision for diminution in the fair value of restructured /rescheduled advances	(6.68)	114.49
Provision for Non Performing Investments	167.46	244.04
Other provisions & contingencies	-	-
Provision for contingent liabilities	0.47	5.89
Provision for Standard Assets	(138.36)	263.37
Total	1179.16	2926.62

28. Details / Utilization of Floating Provisions

(₹ in Crores)

Particulars	As on	
	31.03.2018	31.03.2017
Opening balance	348.72	348.72
Additions made during the year	0.00	0.00
Draw Down made during the year	0.00	0.00
Closing balance	348.72	348.72

29. Investments (Floating Provision)

(₹ in Crores)

Particulars	As on	
	31.03.2018	31.03.2017
Opening balance	2.76	2.76
Additions made during the year	NIL	Nil
Utilization made during the year	NIL	Nil
Closing balance	2.76	2.76

30. Customer Complaints

A	No. of complaints pending at the beginning of the year	11
B	No. of complaints received during the year	367
C	No. of complaints redressed during the year	369
D	No. of complaints pending at the end of the year	09

Schedules 18

"Notes on Accounts"

31. Awards Passed by Banking Ombudsman

A	No. of unimplemented Awards at the beginning of the Year	0
B	No. of Awards passed by the banking ombudsman during the year	03
C	No. of Awards implemented during the year	01
D	No. of unimplemented Awards pending at the end of the year	02

32. Foreign Exchange

- a) The net funded exposure of the Bank in respect of Foreign Exchange transactions with each country is within 1% of the Total Assets of the Bank and hence no Provision and Disclosure is required to be made as per the RBI Circular No. 96/21.04.103/2003 dated: 17.06.2004.
- b) Claims pending with ECGC is ₹ 225.17 crores (Previous year NIL)

33. Letter of comfort (LOC's) issued by the Bank.

The bank has not issued any letter of comfort on its behalf. However, Letter of comfort issued on behalf of the customers have been reported under respective heads of contingent liabilities in the financial statement of banks as on 31.03.2018.

34. Provision Coverage Ratio (PCR)

The provision coverage ratio (PCR) for the Bank as on 31st March 2018 is 65.83% (Previous Year 66.88%) which is calculated taking into account the total technical write offs made by the Bank.

35. Bancassurance Business:

The Bank has tie ups with M/S PNB Met Life Insurance(P) Ltd and Bajaj Allianz (P) Ltd for mobilizing insurance business both life and Non Life. The details of the commission earned by the Bank during FY 2017-18 on account of mobilizing said business is given hereunder:-

(₹ in Crores)

S. No	Nature of Income	Amount
1	For selling Life Insurance Policies	17.26
2	For selling Non-Life Insurance Policies	14.14
Total		31.40

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

36.1 Concentration of Deposits

(₹ in Crores)

Total Deposits of 20 largest depositors	11464.50
Percentage of 20 largest deposits to total Deposits of the Bank	14.33%

36.2 Concentration of Advances

(₹ in Crores)

Total Advances to twenty largest borrowers	12569.26
Percentage of advances of twenty largest borrowers to Total Advances of the Bank	22.09

36.3 Concentration of Exposures

(₹ in Crores)

Total Exposure to twenty largest borrowers customers	13263.45
Percentage of exposures to twenty largest borrowers /customers to Total exposure of the bank on borrowers/customers	18.41%

36.4 Concentration of NPA's

(₹ in Crores)

Schedules 18

"Notes on Accounts"

Total Exposure to top four NPA accounts

1404.43

37. Sector Wise Advances

(` in Crores)

S No	Sector	Current Year			Previous Year		
		Outstanding Total Advances	Gross NPA	Percentage of Gross NPAs to total Advances in that sector	Outstanding Total Advances	Gross NPA	Percentage of Gross NPAs to total Advances in that Sector
A	Priority Sector						
1	Agriculture and Allied Activities	5751.56	265.95	4.62	5252.18	232.96	4.44
2	Advances to Industries sector eligible as priority sector lending	2552.93	417.52	16.35	2102.97	295.14	14.03
3.	Services	8327.42	210.58	2.53	6366.19	301.04	4.73
4.	Personal Loans	2481.37	16.82	0.68	1595.90	48.48	3.04
	Sub Total A	19113.28	910.87	4.77	15317.24	877.62	5.73
B.	Non Priority Sector						
1	Agriculture and Allied Activities	0	0	0	0	0	0
2	Industry	13306.82	4013.65	30.16	13023.90	4001.56	30.72
3.	Services	16614.45	934.59	5.63	13305.90	998.81	7.51
4.	Personnel Loans	11263.73	147.60	1.31	11926.41	122.02	1.02
	Sub Total B	41185.00	5095.84	12.37	38256.21	5122.39	13.39
	TOTAL (A+B)	60298.28	6006.71	9.96	53573.45	6000.01	11.20

38. Movement of NPA's

(` in Crores)

Particulars	Current Year	Previous Year
Gross NPA's as on April 01, (Opening Balance)	60001.01	4368.61
Additions (Fresh NPA's) during the year	3104.69	3278.42
Sub Total : (A)	9104.70	7647.03
Less		
i) Up-gradation	185.64	154.76
ii) Recoveries (Excluding Recoveries made from upgraded Accounts)	340.10	635.27
iii) Technical/ Prudential/ write offs	1611.73	827.92
iv) Due to Compromise/settlement	960.53	29.07
Sub Total (B)	3098.00	1647.02

Schedules 18

"Notes on Accounts"

Gross NPA as on 31 st March	6006.70	6000.01
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39. Sector wise NPA's*

S No.	Sector	Percentage of NPA to Total advances in that sector
1	Agriculture & Allied activities	4.62
2	Industry (Micro & Small Medium and Large)	27.94
3	Services	4.59
4	Personal Loans	1.20

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

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

(` in Crores)

Particulars	Current Year	Previous Year
Opening balance of Technical/Prudential write-off accounts as at April 01,	1323.30	566.04
Add: Technical/Prudential write-offs during the year	1008.32	781.08
Sub Total:	2331.62	1347.12
Less: Recoveries made during the year	169.46	23.81
Closing balance as at March 31	2162.16	1323.30

41. Overseas Assets, NPA's and Revenues

(` in Crores)

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

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

Name of the SPV sponsored		
Domestic	Overseas	
NIL	NIL	

43. Divergence in the asset classification and provisioning:

(` in Thousands)

S. No.	Particulars	Amount
1	Gross NPAs as on March 31, 2017 as reported by the bank	60000051
2	Gross NPAs as on March 31, 2017 as assessed by RBI	69090051
3	Divergence in Gross NPAs (2-1)	9090000
4	Net NPAs as on March 31, 2017 as reported by the bank	24253726
5	Net NPAs as on March 31, 2017 as assessed by RBI	32131826
6	Divergence in Net NPAs (5-4)	7878100
7	Provisions for NPAs as on March 31, 2017 as reported by the bank	34252936
8	Provisions for NPAs as on March 31, 2017 as assessed by the RBI	35464836
9	Divergence in Provisioning (8-7)	1211900
10	Reported Net Profit after Tax (PAT) for the Year ended March 31, 2017	(16322930)

Schedules 18

"Notes on Accounts"

11	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2017 after taking into account the divergence in provisioning	(17534830)
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44. 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.

45. Corporate Social Responsibility (CSR Activities)

Pursuant to section 135 of the Companies Act 2013, it is required to expend 2% of the average net profits made during three immediate preceding financial years for CSR activities. Accordingly, bank is required to spend ₹ 0.04 Crores (Previous year ₹ 21.76 Crores) for twelve months period ended 31st March 2018 against which bank has spent ₹ 31.71 Crores (Previous year ₹ 21.87 Crores).

46. a) In Compliance to RBI Letter No. DBR.NO.BP.13018/21.04.048/2015-16 dated April 12, 2016, bank is required to make a provision @ 15% of the existing outstanding balance under Food Credit availed by State Government of Punjab. Now, the RBI vide letter no. BVV.BP.S 7201/21.04.132/2017-18 dated 08 February 2018 has allowed banks to write back the provision of 10% however, continue to maintain 5% provisions. Accordingly, our bank has maintained a provision of ₹ 9.09 crore against balance outstanding of ₹ 181.85 crores as on 31.03.2018 under Food credit availed by State Government of Punjab.

b) In view of flood during 2014 and disturbance during 2016, Bank rehabilitated affected borrowal accounts under RBI Master Directions issued for Relief Measures by Banks in areas affected by Natural Calamities. The total amount of Rehabilitated/Restructured advances stood at ₹ 4286.80 crores (Flood & disturbance) as on 31.03.2018. The Bank has recognized funded interest aggregating ₹ 796.02 crores as interest income in these accounts upto 31st Dec, 2017. Now the bank has capitalized funded interest (net of recoveries) of ₹ 510.10 crores by staggering over five quarters beginning with 1st quarter ended 31st March 2018 in compliance of dispensation allowed to the Bank by Reserve Bank of India. Accordingly, the Bank has created Interest Capitalization of ₹ 102.62 Crores by corresponding debit to interest income in Profit & Loss Account.

47. Micro Small and Medium Enterprises Development Act

With regard to disclosure relating to MSME under the Micro Small & Medium Enterprises Development Act 2006, no Purchases have been made from Micro Small Medium Enterprises hence the disclosure be treated as **NIL**

48. Movement in Provision for Credit Card Reward Point is set out below:

(₹ in Crores)

Particulars	
Opening Provision Balance as on 01.04.2017	0.60
Provisions made during the year	2.44
Redemption made during the year	2.06
Closing Provision Balance as on 31.03.2018	0.98

49. Intra-Group Exposure

(₹ in Crores)

	Current Year	Previous Year
Total Amount of intra-group Exposure	5.00	0.00
Total Amount of top-20 intra group exposures	5.00	0.00
Percentage of intra -group exposures to total exposures of the bank on borrowers/customers	0.00	0.00
Details of breach of limit on intra-group exposures and regulatory action thereon, if any	NIL	NIL

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

(₹ in Crores)

Particulars	Current Year 31.03.2018	Previous Year 31.03.2017
Opening balance of amounts transferred to DEAF	61.24	31.06
Add:- Amounts transferred to DEAF (During the Year)	18.48	32.19
Less : Amounts reimbursed by DEAF towards claims	1.82	2.01
Closing balance of amounts transferred to DEAF	77.90	61.24

51. Un-hedged Foreign Currency Exposure

In accordance with RBI circular no DBOD .BP.BC.85/21.06.200/2013-14 dated 15th January, 2014 and circular no DBOD. BP.BC.116/21.06.200/2013-14 dated 3rd June 2014, banks are required to make an additional provision in respect of borrowers with Un-hedged Foreign Currency Exposures (UFCE) from April 1, 2014 onwards. Accordingly, our bank has made the necessary provisions.

Schedules 18

"Notes on Accounts"

51.1 Policy to manage currency induced Credit Risk:-

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

****Details of Incremental provisioning made by Bank towards this risk.**

(` in Crores)

Particulars	Provision Held
Opening balance as on (01.04.2017)	1.09
Additions during the year	0.72
Deductions during the year	0.00
Closing balance 31.03.2018	1.81

The capital held by the Bank towards the foreign currency exposure amounts to ` 3.12 Crores (Previous Year ` 3.24 Crores)

52. Liquidity Coverage Ratio (LCR)

(` in Crores)

FY 2017-18	Current Year		Previous Year	
	Total Unweighted value (Average)	Total Weighted value (Average)	Total Unweighted value (Average)	Total Weighted value (Average)
High Quality Liquid Assets				
1 Total High Quality Liquid Assets (HQLA)	11439.14	11369.10	10124.86	10087.63
Cash Outflows				
2 Retail deposits and deposits from small business customers, of which	28959.89	2243.84	22113.73	1607.21
(i) Stable deposits	13042.50	652.11	12083.31	604.16
(ii) Less stable deposits	15917.39	1591.73	10030.42	1003.04
3 Unsecured wholesale funding ,of which	8836.08	3506.20	17307.56	5489.99
(i) Operational Deposits (all counterparties)	3311.74	777.37	17306.78	5489.92
(ii) Non Operational deposits (all counterparties)	5524.35	2728.83	0.78	0.07
(iii) Unsecured debt	0.00	0.00	0.00	0.00
4 Secured Wholesale funding	1637.32	0.00	1166.73	0.00
5 Additional requirements of which				
(i) Outflows related to derivative exposure and other collateral requirements	0.00	0.00	0.00	0.00
(ii) Outflows related to loss of funding on debt products	0.00	0.00	0.00	0.00
(iii) Credit and liquidity facilities	0.00	0.00	0.00	0.00
6 Other contractual funding Obligations	7266.85	542.50	7624.65	645.43
7 Other contingent funding Obligations	3326.04	99.78	5075.01	152.25
8 Total cash outflows	50026.18	6392.32	53287.67	7894.88
Cash Inflows				
9 Secured Lending (e.g. reverse repo)	498.36	0.00	279.82	0.00
10 Inflows from fully performing exposure	1971.57	1248.77	1644.51	1080.45
11 Other cash inflows	0.00	0.00	0.00	102.79
12 Total cash inflows	2469.93	1248.77	1924.33	1080.45
		Total adjusted value		Total adjusted value
TOTAL HQLA		11369.10		10087.63

Schedules 18

"Notes on Accounts"

FY 2017-18	Current Year		Previous Year	
	Total Unweighted value (Average)	Total Weighted value (Average)	Total Unweighted value (Average)	Total Weighted value (Average)
Total Net Cash Outflows		5143.55		6814.43
Liquidity Coverage ratio (%)		221.04		148.03

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

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

Composition of High quality liquid assets (HQLAs)

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

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

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

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

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

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

- Marketable securities guaranteed by sovereigns having risk weights of higher than 20% but not more than 50%.
- Common equity shares included in NSE CNX Nifty index or S&P BSE Sensex index but not issued by banks/financial institutions/NBFCs
- From February 2016, In line with the RBI guidelines Corporate debt securities (including commercial paper) not issued by a bank, financial institution, PD, NBFC or any of its affiliated entities have a long-term credit rating from an Eligible Credit Rating Agency between A+ and BBB- or in the absence of a long term rating, a short-term rating equivalent in quality to the long-term rating; traded in large, deep and active repo or cash markets characterised by a low level of concentration; and have a proven record as a reliable source of liquidity in the markets (repo or sale) even during stressed market conditions, i.e. a maximum decline of price not exceeding 20% or increase in haircut over a 30-day period not exceeding 20 percentage points during a relevant period of

Schedules 18

"Notes on Accounts"

significant liquidity stress. is also reckoned as Level 2B HQLAs,

All the relevant inflows and outflows as per RBI stipulations are captured in the LCR template.

LCR statement in the prescribed format is submitted to RBI at the end of every month and put up to the Board and management as part of ICAAP at annual and quarterly rests respectively.

53. Disclosure on Remuneration

a)	Information relating to the composition and mandate of the Remuneration Committee.	<p>Bank has constituted the Nomination and Remuneration committee of the Board pursuant to the requirement of the Reserve bank of India and the Companies Act, 2013, constitutes of following members of the Board.</p> <p>Mrs. Vijayalakshmi R. Iyer (Chairman- N&RC) Mr. Navin Kumar Choudhary (Member) Dr. Pronab Sen (Member) Mr. Azhar Ul Amin (Member) Mr. Sunil Chandiramani (Member) Mr. Dhaman Kumar Pandoh (Member)</p>
b)	Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.	<ul style="list-style-type: none"> • Ensure effective governance of compensation, alignment of compensation with prudent risk taking. • Ensure effective supervisory oversight and engagement by stakeholders. • Comply with the regulatory directives whereby all Private Sector Banks are required to formulate and adopt a comprehensive compensation policy covering all their employees and conduct annual review thereof. • Identify persons who are qualified and may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal • Recommend to the Board a policy, relating to the remuneration for directors the key managerial personnel and other employees. • Formulate the policy which inter alia shall ensure that: <ul style="list-style-type: none"> (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Key Management Personnel and other employees of the company; (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and (c) Remuneration to key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Schedules 18

"Notes on Accounts"

c)	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.
d)	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.
e)	A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.	NIL
f)	Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms.	NIL

Quantitative Disclosure

Particulars		31.03.2018	31.03.2017
g)	Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	The Committee met four times during the year and total sitting fee of ` 420000/- @ ` 25000 for the meetings held on 15th April 2017 and 17th June 2017, @ ` 40000 for the meetings held on 19th December 2017 and 12th March 2018, attended by its Members was paid. (Total amount of ` 420000/- paid to all Members)	The Committee met once during the year and total sitting fee of ` 75000/- @ ` 25000 for each meeting attended by its members was paid. (Total amount of ` 75000/- paid to all members)
h)	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)	NIL	NIL
	ii) Number and total amount of sign-on awards made during the financial year.	NIL	NIL
	iii) Details of guaranteed bonus, if any, paid as joining / sign on bonus	NIL	NIL
	iv) Details of severance pay, in addition to accrued benefits, if any.	NIL	NIL
i)	i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	NIL	NIL
	ii) Total amount of deferred remuneration paid out in the financial year.	NIL	NIL
j)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.		

Schedules 18

"Notes on Accounts"

k) i)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and /or implicit adjustments.	NIL	NIL
ii)	Total amount of reductions during the financial year due to ex- post explicit adjustments.	NIL	NIL
iii)	Total amount of reductions during the financial year due to ex- post implicit adjustments.	NIL	NIL

Parvez Ahmed, Chairman & CEO
Navin Kumar Choudhary, I.A.S, Director
Abdul Majid Mir, Director
Azhar-ul-Amin, Director

Mohammad Manzoor Rather, Director
Dr. Sande Agarwal, Director
Mohammad Ashraf Mir, Director
Dharam Kumar Bandoj, Director

55. The Principal Accounting Policies (Schedule 17) and Notes on Accounts (Schedule 18) form an integral part of these Accounts. Previous year figures have been regrouped / rearranged, wherever 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.

Rahul Bansal, Director
P K Tickoo, President (CFO)
Tabassum Nazir, Vice President
Mohammad Shafi Mir, Company Secretary

Place : Srinagar
Dated : 30th May, 2018

In terms of our report of even date annexed

For O P Garg & Co. Chartered Accountants FRN:01194N (CA.Vikram Garg) Partner M.No.097038	For Verma Associates. Chartered Accountants FRN:02717N (CA.MadanVerma) Partner M.No.081631	For P C Bindal & Co. Chartered Accountants FRN:03824N (CA.Rajan Gupta) Partner M.No.090330	For K.K.Goel & Associates. Chartered Accountants FRN:05299N (CA. Amit Goel) Partner M.No.098913
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Place : Srinagar
Dated : 30th May, 2018