

Jammu & Kashmir Bank Limited

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Kashmir, India
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Board Secretariat

Ref:-JKB/BS/F3652/2020/062
Date: 05th September, 2020

National Stock Exchange of India Ltd
Exchange Plaza 5th Floor
Plot No. C/1 G-Block
Bandra Kurla Complex
Bandra (E) Mumbai - 400 051
Symbol: J&KBANK

The BSE Ltd.
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400 001
Scrip Code:532209

Sub: - Annual Report 2019 - 20

Dear Sirs,

In continuation to our letter no. JKB/BS/F3652/2020/061 dated 05th September, 2020 and pursuant to Regulation 34 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are attaching herewith a copy of Annual Report 2019-20 for the 82nd Annual General Meeting of the Bank.

This is for your information and appropriate dissemination.

Thanking you

Yours faithfully
For Jammu & Kashmir Bank Ltd.

A handwritten signature in blue ink, appearing to read 'Shafi Mir', is written over a light blue circular stamp.

(Mohammad Shafi Mir)
Company Secretary



STANDING STRONG TOGETHER



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Chairman Speaks



Esteemed Shareholders,

It is an honour and pleasure for me to present 82nd Annual Report of the Bank for the FY 2019-20.

The journey, which the Bank started in 1938, has withstood many challenges in terms of a difficult business environment particularly for the last 30 years, yet shown resilience and managed consistent growth in business numbers. FY2019-20 has been a difficult year for the banking industry with J&K Bank being no exception. There were some positive

indicators of growth in the country during the first half of the FY, however, the slowdown in global economy offset the initial growth. Further due to emergence of global pandemic COVID-19 during the Q4 of the FY2019-20, things unfolded at a rapid pace with the implementation of lockdown globally, leading to stalling of all economic activities across the country.

As a result, banks across the world had to re-orient their business strategies and focus on business continuity plans. Besides, in order to provide uninterrupted banking services to the public, the bank ensured availability of staff across the branches and in the endeavor, the staff is proving to be 'Covid Warriors' in true sense.

Your Bank worked tirelessly in passing the benefits of the initiatives taken by the Central Govt. and RBI amid the pandemic, be it disbursement of Social security benefits of PMJDY to female account holders, DBT to PM Kissan beneficiaries, in addition to disbursal of Salaries and pension payments. Further, the bank was pro-active to pass the benefits of moratorium on loan installments & interest servicing as per regulatory guidelines. The bank introduced business support schemes to ease cash flows to traders and businessmen, in addition to the Central Govt's initiative of providing GECL facilities to MSMEs and other vital trading sectors.

During this year, the Bank took various transformational steps to instill transparency, optimize resource utilization and enhance productivity and profitability. The Bank started with implementation of the RTI Act and adoption of CVC guidelines, in order to strengthen the governance and accountability



framework of the Bank. The Bank also took certain measures to rationalize the capital and revenue expenditure to enhance productivity and achieve operational excellence. Besides, initiatives like merger of some low productive business units, closure of Zones in Bengaluru and Mohali and clusters of Anantnag and Budgam were taken with the objective of reducing administrative costs, optimize resources allocations to complement achievement of the business goals. All such measures have been taken towards enhancing transparency and efficiency aimed at making this institution stronger and healthier going forward.

Despite, a slow year for the economy and banking industry with continued pressure on asset quality due to COVID-19 and its lasting impact, the bank has been able to deliver a strong balance sheet. The bank in order to strengthen the bottom-line, has increased NPA Coverage ratio by more than 14 % from 64.30 % to 78.59 % while bringing down our net NPAs considerably from 4.89% to 3.48%".

This year, we are ready to take big strides to surpass the envisaged business growth and profitability, despite the challenges. Besides our mission is to keep the organizational interest paramount while we discharge our duties and ensuring customer delight which would automatically translate in achievement of our mission. The task, of course, is daunting but the level of talent, dedication, passion of our workforce and the record of accomplishments so far will certainly enable us to achieve our cherished goals.

Dear Shareholders,

As Head of this loyal family, I assure you that our goal is to further strengthen this bonding and vow to work for the progress and prosperity of this beloved institution. We have and we will reach new heights of greatness. My team is fully committed to carry on this institution to higher levels of excellence.

R.K. Chhibber
Chairman & MD



Notice

NOTICE is hereby given that the 82nd Annual General Meeting (AGM) of the Shareholders of the Jammu & Kashmir Bank Limited (the "Bank") will be held on **Monday, September 28, 2020 at 11:00 A.M. through Video Conferencing/Other Audio Visual Means**, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements (standalone and consolidated) of the Bank for the Financial Year ended 31st March, 2020 including Balance Sheet as at 31st March, 2020 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 appoint a Director in place of Mr. Vikram Gujral (DIN: 03637222), who retires by rotation and being eligible, has offered himself for re-appointment.
3. To fix the remuneration of Auditors, in terms of provisions of section 142 of the Companies Act, 2013, for the Financial Year 2020-21.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to section 13 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or reenactment(s) thereof for the time being in force) read with Article 7 of Articles of Association of the Bank and such approvals, consents, permissions and sanctions, as may be necessary from appropriate authority(ies), approval of the Members of the Bank, be and is hereby accorded to increase authorized capital of the Bank from Rs. 95,00,00,000 (Rupees ninety five crores) divided into 95,00,00,000 equity shares of Re. 1 each to Rs. 250,00,00,000 (Rupees two hundred fifty crores) divided into 250,00,00,000 equity shares of Re. 1 each by creation of 155,00,00,000 equity shares of Re. 1 each ranking pari passu with the existing equity shares and that Clause V of the Memorandum of Association and Article 5 of the Articles of Association of Bank be altered accordingly."

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to section 14 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including

any statutory modification(s) or reenactment(s) thereof for the time being in force) and subject to such approvals, consents, permissions and other sanctions, as may be necessary from the Reserve Bank of India and other appropriate authorities, if any and subject to such terms, conditions and modifications thereto as may be prescribed by them while granting such approvals and which may be agreed to by the Board of Directors of the Bank, approval of the members of the Bank be and is hereby accorded to the alteration in the Articles of Association of the Bank as under:

a.	Article 4(haa) of the Articles of Association of the Bank be amended by inserting the words ' & CEO' after the word 'Managing Director' to read as under:	
	Managing Director & Chief Executive Officer (MD&CEO)	"Managing Director & Chief Executive Officer (MD&CEO)" means a Director who, subject to the superintendence, control and direction of the Board of Directors is entrusted with the substantial powers of management of the affairs of the Bank and includes a director occupying the position of managing director, by whatever name called.
b.	Article 118 (e) of the Articles of Association of the Bank be amended to read as under:	
	Existing Article 118 (e) Subject to the provisions of the Companies Act, 2013 and the Banking Regulation Act, 1949, the Board of Directors may, from time to time, appoint not more than two of their body to be the Executive Director(s) of the Bank on such terms and conditions as may be fixed by the Board of Directors with the approval of Reserve Bank of India.	Amended Article 118(e) "Subject to the provisions of the Companies Act, 2013 and the Banking Regulation Act, 1949, the Board of Directors shall, from time to time, appoint through promotion / elevation from within the Bank not more than two officials to be the Executive Director(s) of the Bank on such terms and conditions as may be fixed by the Board of Directors with the approval of Reserve Bank of India."

RESOLVED FURTHER, THAT the word 'Managing Director' wherever appearing in the Articles of Association of the Bank be replaced by the words, 'Managing Director & Chief Executive Officer (MD&CEO).'



6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of the Companies Act, 2013 and rules framed thereunder as amended from time to time and subject to the approvals, consents, permissions and sanctions, if any, of the Reserve Bank of India (“RBI”), the Securities and Exchange Board of India (“SEBI”), and/or any other authority as may be required in this regard and subject to such terms, conditions and modifications thereto as may be prescribed by them while granting such approvals and which may be agreed to by the Board of Directors of the Bank and subject to the regulations viz., SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (ICDR Regulations) as amended up to date, guidelines, if any, prescribed by the RBI, SEBI, notifications/circulars and clarifications under the Banking Regulation Act, 1949, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Securities and Exchange Board of India Act, 1992 and all other applicable laws and all other relevant authorities from time to time and subject to the Listing Agreements entered into with the Stock Exchanges where the equity shares of the Bank are listed, consent of the shareholders of the Bank be and is hereby accorded to the Board of Directors of the Bank (hereinafter called “the Board” which shall be deemed to include any Committee which the Board may have constituted or hereafter constitute to exercise its powers including the powers conferred by this Resolution) to create, offer, issue and allot (including with provision for reservation on firm allotment and/or competitive basis of such part of issue and for such categories of persons as may be permitted by the law then applicable) by way of an offer document / prospectus or such other document, in India or abroad, such number of equity shares and/or preference shares (whether cumulative or not; convertible into equity shares or not) in accordance with the guidelines framed by RBI from time to time, specifying the class of preference shares, the extent of issue of each class of such preference shares, whether perpetual or redeemable, the terms & conditions subject to which each class of preference shares may be issued and/or other permitted securities which are capable of being converted into equity or not, for an aggregate amount not exceeding ₹3500 Crore (Rupees Three Thousand Five hundred Crore only), inclusive of such premium as may be fixed on the Equity Shares at such time or times, at such price or prices, at a discount or premium to market price or prices in one or more tranches to one or more of the shareholders, employees, Indian nationals, Non-Resident Indians (“NRIs”), Companies, private or public, investment institutions, Societies, Trusts, Research organisations, Qualified Institutional Buyers (“QIBs”) like Foreign Institutional Investors (“FIIs”), Banks, Financial Institutions, Indian Mutual

Funds, Venture Capital Funds, Foreign Venture Capital Investors, State Industrial Development Corporations, Insurance Companies, Provident Funds, Pension Funds, Development Financial Institutions or other entities, authorities or any other category of investors which are authorized to invest in equity/preference shares/securities of the Bank as per extant regulations/guidelines or any combination of the above as may be deemed appropriate by the Bank.

RESOLVED FURTHER THAT such issue, offer or allotment shall be by way of Follow on public issue, rights issue, Preferential Allotment, Private Placement / Qualified Institutional Placement (QIP) / ESPS or any other mode approved by RBI with or without over-allotment option and that such offer, issue, placement and allotment be made as per the provisions of the ICDR Regulations and all other guidelines issued by the RBI, SEBI and any other authority as applicable and at such time or times in such manner and on such terms and conditions as the Board may, in its absolute discretion, think fit.

RESOLVED FURTHER THAT in accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, the provisions of ICDR Regulations, the provisions of the Foreign Exchange Management Act, 1999 and the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017, and subject to requisite approvals, consents, permissions and / or sanctions of Securities and Exchange Board of India (SEBI), Stock Exchanges, Reserve Bank of India (RBI), Foreign Investment Promotion Board (FIPB), Department of Industrial Policy and Promotion, Ministry of Commerce (DIPP) and all other authorities as may be required (hereinafter collectively referred to as “the Appropriate Authorities”) and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission, and/or sanction (hereinafter referred to as “the requisite approvals”) the Board, may at its absolute discretion, issue, offer and allot, from time to time in one or more tranches, equity shares or any securities other than warrants, which are convertible into or exchangeable with equity shares at a later date, to Qualified Institutional Buyers (QIBs) (as defined in ICDR Regulations) pursuant to a qualified institutional placement (QIP), as provided for under Chapter VI of the ICDR Regulations, through a placement document and / or such other documents / writings / circulars / memoranda and in such manner and on such price, terms and conditions as may be determined by the Board in accordance with the ICDR Regulations or other provisions of the law as may be prevailing at that time.

RESOLVED FURTHER THAT in case of a qualified institutional placement pursuant to Chapter VI of the ICDR Regulations.



1. The “relevant date” for pricing of the Securities in accordance with SEBI ICDR Regulations will be the date of the meeting in which the Board of Directors of the Bank or the Committee of Directors duly authorised by the Board of Directors of the Bank decides to open the proposed issue
2. The issue of Securities shall be at such price which is not less than the price determined in accordance with the pricing formula provided under Chapter VI of the SEBI ICDR Regulations (the “QIP Floor Price”). The Board may, however, in accordance with applicable laws, also offer a discount of not more than 5% on the QIP Floor Price or such other percentage as may be permitted under applicable laws from time to time;
3. The allotment of the Securities shall be completed within such period as provided under SEBI ICDR Regulations;
4. No allotment shall be made, either directly or indirectly to any QIB who is a promoter or any person related to promoters in terms of the SEBI ICDR Regulations;
5. A minimum of 10% of the Securities to be issued and allotted pursuant to Chapter VI of SEBI ICDR Regulations shall be allotted to Mutual Fund(s) and if the Mutual Fund(s) do not subscribe to said minimum percentage or any part thereof, such minimum portion or part thereof may be allotted to other QIBs;
6. The prices determined for QIP shall be subject to appropriate adjustments, if the Bank, pending allotment under this resolution:
 - a. makes an issue of equity shares by way of capitalization of profits or reserves, other than by way of dividend on shares;
 - b. makes a rights issue of equity shares;
 - c. consolidates its outstanding equity shares into a smaller number of shares;
 - d. divides its outstanding equity shares including by way of stock split;
 - e. re-classifies any of its equity shares into other securities of the issuer; or
 - f. is involved in such other similar events or circumstances, which in the opinion of the concerned stock exchange, requires adjustments.
7. The pricing of the equity shares to be issued upon exchange of the warrants (issued simultaneously with non-convertible debentures), shall be in accordance with the provisions of Chapter VI of the SEBI ICDR Regulations and as may be decided by the Board in its sole and absolute discretion.

RESOLVED FURTHER THAT the Board shall have the authority and power to accept any modification in the proposal as may be required or imposed by the RBI / SEBI / Stock Exchanges where the shares of the Bank are listed or such other appropriate authorities at the time of according / granting their approvals, consents, permissions and sanctions to

issue, allotment and listing thereof and as agreed to by the Board.

RESOLVED FURTHER THAT the issue and allotment of new equity shares / preference shares / securities if any, to NRIs, FIIs and / or other eligible foreign investors be subject to the approval of the RBI under the Foreign Exchange Management Act, 1999 as may be applicable.

RESOLVED FURTHER THAT the said new equity shares to be issued shall, in all respects rank pari passu with the existing equity shares of the Bank and shall be entitled to dividend declared, if any, in accordance with the statutory guidelines that are in force at the time of such declaration.

RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of equity shares/ preference shares / securities, the Board be and is hereby authorized to determine the terms of the public offer, including the class of investors to whom the securities are to be allotted, the number of shares / securities to be allotted in each tranche, issue price, premium amount on issue as the Board in its absolute discretion deems fit and do all such acts, deeds, matters and things and execute such deeds, documents and agreements, as they may, in its absolute discretion, deem necessary, proper or desirable, and to settle or give instructions or directions for settling any questions, difficulties or doubts that may arise with regard to the public offer, issue, allotment and utilization of the issue proceeds, and to accept and to give effect to such modifications, changes, variations, alterations, deletions, additions as regards the terms and conditions, as it may, in its absolute discretion, deem fit and proper in the best interest of the Bank, without requiring any further approval of the shareholders and that all or any of the powers conferred on the Bank and the Board vide this resolution may be exercised by the Board.

RESOLVED FURTHER THAT the Board be and is hereby authorized to enter into and execute all such arrangements/agreements with any Book Runner(s), Lead Manager(s), Banker(s), Underwriter(s), Depository(ies), Registrar(s), Auditor(s) and all such agencies as may be involved or concerned in such offering of equity / preference shares/ securities and to remunerate all such institutions and agencies by way of commission, brokerage, fees or the like and also to enter into and execute all such arrangements, agreements, memoranda, documents, etc., with such agencies.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board, be and is hereby authorized to determine in consultation with the Lead Managers, Underwriters, Advisors and/or other persons as appointed by the Bank, the form and terms of the issue(s), including the class of investors to whom the shares / securities are to be allotted,



number of shares / securities to be allotted in each tranche, issue price (including premium, if any), face value, premium amount on issue / conversion of Securities/exercise of warrants/ redemption of securities, rate of interest, redemption period, number of equity shares / preference shares or other securities upon conversion or redemption or cancellation of the securities, the price, premium or discount on issue / conversion of securities, rate of interest, period of conversion, fixing of record date or book closure and related or incidental matters, listings on one or more stock exchanges in India and / or abroad, as the Board in its absolute discretion deems fit.

RESOLVED FURTHER THAT such of these shares / securities as are not subscribed may be disposed off by the Board in its absolute discretion in such manner, as the Board may deem fit and as permissible by law.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper and desirable and to settle any question, difficulty or doubt that may arise with regard to the issue of the shares / securities and further to do all such acts, deeds, matters and things, finalise and execute all documents and writings as may be necessary, desirable or expedient as it may in its absolute discretion deem fit, proper or desirable without being required to seek any further consent or approval of the shareholders .

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to the Chairman & Managing Director / Managing Director or to Committee of Directors to give effect to the aforesaid Resolutions."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of section 42 of The Companies Act, 2013, read with rule 14(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and any other provisions or statutory enactment in

respect thereof, consent of the shareholders of the Bank be and is hereby accorded to the Board of Directors of the Bank to make offer(s) or invitation(s) to subscribe to the unsecured, redeemable, subordinated, non-convertible, Basel III compliant Tier 2 bonds in the nature of debentures for inclusion in Tier 2 Capital of the Bank of face value of Rs. 10.00 lacs each at par aggregating up to Rs.1000 crores ("Bonds") in one or multiple tranches on private placement basis through Private Placement Offer Letter(s) in conformity with Form PAS-4 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended from time to time.

RESOLVED further that the Board of Directors of the Bank shall be authorized to issue Bonds of face value of Rs. 10.00 lacs each at par aggregating Upto Rs. 1000 Crore of tenure not exceeding 10 years upto a date that is not later than one year from the date hereof and notwithstanding that the aggregate amount of all such Bonds taken together with domestic/off-shore, secured/unsecured, loans/borrowings, guarantees shall not exceed the overall borrowing powers approved by the shareholders by way of a special resolution under the provisions of Section 180 (1) of the Companies Act, 2013 read with the applicable rules made under the Companies Act, 2013.

RESOLVED further that the Board of Directors of the Bank and/or the officer(s) designated by them be and are hereby authorized to do, from time to time, all such acts, deeds and things as may be deemed necessary in respect of issue of Bonds including but not limited to number of issues/ tranches, face value, issue price, issue size, timing, amount, coupon/interest rate(s), yield, listing, allotment, dematerialization and other terms and conditions of Bonds issue as they may, in their absolute discretion, deem necessary."

By order of the Board of Directors

Mohammad Shafi Mir
Company Secretary

Place: Srinagar
Dated: September 05, 2020



NOTES

1. Corporate members are requested to send a scanned certified copy of the Board resolution (PDF/JPEG format) through email authorizing their representative to attend and vote at the AGM, pursuant to section 113 of the Act, at sharedeptt_gc@jkbmail.com, with a copy marked to einward.ris@kfintech.com.
2. A Statement pursuant to Section 102 of the Companies Act, 2013, setting out all material facts relating to the relevant resolutions of this Notice is annexed herewith and the same should be taken as part of this Notice. Further, as required under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the "Listing Regulations") and the provisions of the Secretarial Standard No. 2 on General Meetings, a brief profile of the directors proposed to be appointed /re-appointed is set out in the Annexure to this Notice.
3. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names in the register of members will be entitled to vote, provided the votes are not already cast by remote e-voting by the first holder.
4. All relevant documents referred to in this Notice requiring the approval of the Members at the meeting shall be available for inspection by the Members. Members who wish to inspect the documents are requested to send an email to sharedeptt_gc@jkbmail.com mentioning their name, Folio no. / Client ID and DP ID, and the documents they wish to inspect, with a self-attested copy of their PAN card attached to the email. The Notice and the Annual Report are also available on the Bank's website at the link - <https://www.jkbank.com/investor/financials/annualReports.php> and on the websites of the Stock Exchanges i.e. BSE Limited at www.bseindia.com and National Stock Exchange of India Limited at www.nseindia.com.
5. Members holding shares in dematerialized form are requested to intimate any change in their address or bank account details (including 9 digit MICR no., 11 digit IFSC code no. and core banking account no.) to their respective Depository Participants with whom they are maintaining demat accounts.
6. Members holding shares in physical form are requested to send an email communication duly signed by all the holder(s) intimating about the change of address immediately to the R&T agent / Bank along with the self-attested copy of their PAN Card(s), unsigned copy of the Cheque leaf where an active Bank account is maintained and the copy of the supporting documents evidencing change in address. Communication details of R&T agent are as under:
KFin Technologies Private Limited
(Unit: - J&K Bank)
Plot 31-32, Selenium Building,
Financial District, Nanakramguda,
Gachibowli, Hyderabad - 500 032
Telangana - India.
Phone: 040-67162222
Fax: 040-23001153
Email: einward.ris@kfintech.com
7. As per Sections 124 and 125 of the Companies Act, 2013, the amount of unpaid or unclaimed dividend lying in unpaid dividend account for a period of seven (7) years from the date of its transfer to the unpaid dividend account and the underlying Equity Shares of such unpaid or unclaimed dividend, are required to be transferred to the Investor Education and Protection Fund ("IEPF") established by the Central Government. Accordingly, the unclaimed dividend in respect of financial year 2011-12 and 2012-13 were transferred to the IEPF in July, 2019 and July, 2020 respectively.
8. As per Rule 5 of Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), information containing the names and the last known addresses of the persons entitled to receive the sums lying in the account referred to in Section 125 (2) of the Act, nature of the amount, the amount to which each person is entitled, due date for transfer to IEPF, etc. is provided by the Bank on its website at the link <https://www.jkbank.com/investor/stockExchangeIntimation/shareholderInformation.php> and on the website of the IEPF Authority. The concerned members are requested to verify the details of their unclaimed dividend, if any, from the said websites and lodge their claim with the Bank's R&T agent, before the unclaimed dividends are transferred to the IEPF. The Bank's R&T agent in this regard has also intimated by sending a communication to all the Members whose dividends have remained uncashed, with a request to send the requisite documents to them for claiming uncashed dividends.
9. As per the provisions of Section 124(6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the company in the name of Investor Education and Protection Fund along with a statement containing such details as may be prescribed: Provided that any claimant of shares transferred above shall be entitled to claim the transfer of shares from Investor Education and Protection Fund in accordance with such procedure and on submission of such documents as may be prescribed.
10. As per the requirement of Rule 6 of the IEPF Rules, the Bank had sent individual intimation to all the shareholders and also published notice in the leading newspapers in English and regional language having wide circulation for the information of shareholders regarding transfer of shares to IEPF. The shares in respect of shareholders whose dividend has not been claimed for seven consecutive years, up to financial year 2011-12 and 2012-13 were transferred to the designated DEMAT account of the IEPF authority in August, 2019 and July, 2020 respectively.



11. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to Section 72 of the Companies Act, 2013. Members desiring to avail this facility may send their nomination in the prescribed Form SH-13 in original alongwith self-attested copy of PAN card and address proof, duly filled in, to the R&T agent at the address mentioned at point no. 6 in the Notes. The prescribed form in this regard is attached and forms part of this annual report. Members holding shares in electronic form are requested to contact their Depository Participants directly for recording their nomination.
 12. Members desiring any information relating to the annual accounts of the Bank are requested to send an email to the Bank at investorrelations@jkbmail.com at least ten (10) days before the meeting.
 13. In view of the continuing restrictions on the movement of people at several places in the country, due to outbreak of COVID-19, the Ministry of Corporate Affairs (MCA), vide its General Circular No. 20/2020 dated 5 May 2020 read with General Circular No. 14/2020 dated 8 April 2020 and General Circular No. 17/2020 dated 13 April 2020 and other applicable circulars issued by the Securities and Exchange Board of India (SEBI), has allowed the Companies to conduct the AGM through Video Conferencing (VC) or Other Audio Visual Means (OAVM) during the calendar year 2020. In accordance with, the said circulars of MCA, SEBI and applicable provisions of the Act and SEBI (LODR) Regulations, 2015 (Listing Regulations), the 82nd AGM of the Bank is being conducted through VC / OAVM. M/s Kfin Technologies Private Limited will be providing facility for voting through remote e-voting, for participation in the AGM through VC / OAVM facility and e-voting during the AGM. The procedure for participating in the meeting through VC / OAVM is explained at Note No. 18 onwards and is also available on the website of the Bank at www.jkbank.com.
 14. As the AGM will be conducted through VC/OAVM, the facility for appointment of proxy by the members is not available for this AGM and hence, the Proxy Form and Attendance Slip including Route Map are not annexed to this notice.
 15. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
 16. The Bank is pleased to provide two-way facility of video conferencing (VC) / other audio-visual means (OAVM) and live webcast of the proceedings of the AGM on Monday, September 28, 2020, onwards at the web link - <https://emeetings.kfintech.com/>.
- Electronic dispatch of annual report and process for registration of email ID for obtaining annual report.**
17. In accordance with, the General Circular No. 20/2020 dated May 5, 2020 issued by MCA and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 issued by SEBI, owing to the difficulties involved in dispatching of physical copies of the financial statements (including Report of Board of Directors, Auditor's report or other documents required to be attached therewith), such statements including the Notice of AGM are being sent in electronic mode to Members whose e-mail addresses are registered with the Bank or the Depository Participant(s).
 18. For Members who have not registered their email addresses, kindly register the same at the link https://ris.kfintech.com/email_registration as copies of this Notice as well as the other documents will not be sent to them in physical mode and will be sent only by email, in view of the COVID-19 (Corona virus) pandemic and the applicable Circulars.
 19. Members who have not updated their latest email addresses in the records of the Bank / Depository Participants, are requested to update the same at the earliest by Saturday, September 12, 2020. The notice and documents will be sent by email only to those Members who register their email addresses prior to this date.
 20. The Notice of AGM along with Annual Report for the financial year 2019-20 is available on the website of the Bank at www.jkbank.com, on the website of Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited and on the website of KFin Technologies Pvt. Ltd. at www.kfintech.com

PROCEDURE FOR REMOTE E-VOTING AND E-VOTING DURING THE AGM

21. Pursuant to the provisions of section 108 of the Act, the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (LODR) Regulations, 2015, shareholders are provided with the facility to cast their vote electronically, through the e-voting services provided by M/s KFin Technologies Private Limited in respect of all resolutions set forth in this Notice. The facility of casting votes by shareholders using an electronic voting system from a place other than the venue of the AGM is termed as 'Remote Electronic Voting' (e-voting). Mr. DSM Ram, Practising Company Secretary has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
22. The remote e-voting period commences on Friday, September 25, 2020 (09:00 am IST) and ends on Sunday, September 27, 2020 (05:00 pm IST). During this period, shareholders of the Bank, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 18, 2020, may cast their votes electronically. The remote e-voting module will be disabled by KFin Technologies Private Limited for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder will not be allowed to change it subsequently or cast the vote again.
23. In addition, the facility for e-voting through electronic



voting system will be available during the AGM. Members attending the AGM who have not cast their vote by remote e-voting shall be eligible to cast their vote through e-voting during the AGM. Members who have voted through remote e-voting shall be eligible to attend the AGM, however, they shall not be eligible to vote at the meeting. Members holding shares in physical form are requested to access the remote e-voting facility provided by the Bank through KFin Technologies Private Limited.

24. Instructions for e-voting and joining the e-AGM are as follows:

A. Voting through electronic means:

- i. In terms of the provisions of section 108 of the Act, read with rule 20 of the Companies (Management and Administration) Rules, 2014 as amended (hereinafter called 'the Rules' for the purpose of this section of the Notice) and regulation 44 of the Listing Regulations, the Bank is providing remote e-voting facility to exercise votes on the items of business given in the Notice through electronic voting system, to members holding shares as on Friday, September 18, 2020 (end of day), being the cut-off date fixed for determining voting rights of members, entitled to participate in the remote e-voting process, through the e-voting platform provided by M/s KFin Technologies Private Limited or to vote at the e-AGM. Person who is not a member as on the cut-off date should treat this Notice for information purposes only.
- ii. The details of the process and manner for remote e-voting are given below:
 - a. Initial password is provided in the body of the email.
 - b. Launch internet browser and type the URL: <https://evoting.karvy.com> in the address bar.
 - c. Enter the login credentials i.e. User ID and password mentioned in your email. Your Folio No./ DP ID Client ID will be your User ID. However, if you are already registered with M/s KFin Technologies Private Limited for e-voting, you can use your existing User ID and password for casting your votes.
- iii. After entering the details appropriately, click on LOGIN.
- iv. You will reach the password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$,etc.). It is strongly recommended not to share your password with any other person and take utmost care to keep your password

confidential.

- v. You need to login again with the new credentials.
- vi. On successful login, the system will prompt you to select the EVENT i.e. J&K Bank Ltd.
- vii. On the voting page, the number of shares (which represents the number of votes) held by you as on the cut-off date will appear. If you desire to cast all the votes assenting/dissenting to the resolution, enter all shares and click 'FOR'/'AGAINST' as the case may be or partially in 'FOR' and partially in 'AGAINST', but the total number in 'FOR' and/or 'AGAINST' taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option 'ABSTAIN' and the shares held will not be counted under either head.
- viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat account.
- ix. Cast your votes by selecting an appropriate option and click on 'SUBMIT'. A confirmation box will be displayed. Click 'OK' to confirm, else 'CANCEL' to modify. Once you confirm, you will not be allowed to modify your vote subsequently. During the voting period, you can login multiple times till you have confirmed that you have voted on the resolution.
- x. Corporate/institutional members (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned image (PDF/JPG format) of certified true copy of relevant board resolution/ authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who is/are authorised to vote, to the Scrutinizer through e-mail at ram.devata@gmail.com.
- xi. Members can cast their vote online from Friday, September 25, 2020 (9.00 a.m.) till Sunday, September 27, 2020 (5.00 p.m.). Voting beyond the said date shall not be allowed and the remote e-voting facility shall be blocked.
- xii. In case of any queries/grievances, you may refer the Frequently Asked Questions (FAQs) for members and e-voting user manual available at the 'download' section of <https://evoting.karvy.com> or call M/s KFin Technologies Private Limited on 1800 345 4001 (toll free).

B. Voting at e-AGM:

- i. Only those members/shareholders, who will be present in the e-AGM through video conferencing facility and have not cast their vote through remote e-voting & are otherwise not barred from doing so are eligible to vote



through e-voting in the e-AGM.

- ii. However, members who have voted through remote e-voting will be eligible to attend the e-AGM.
- iii. Members attending the e-AGM shall be counted for the purpose of reckoning the quorum under section 103 of the Act.
- iv. Upon declaration by the Chairman about the commencement of e-voting at e-AGM, members shall click on the thumb sign on the left hand bottom corner of the video screen for voting at the e-AGM, which will take them to the 'Instapoll' page.
- v. Members to click on the 'Instapoll' icon to reach the resolution page and follow the instructions to vote on the resolutions.

C. Instructions for members for attending the e-AGM:

- i. Members will be able to attend the e-AGM through VC/OAVM or view the live webcast of AGM provided by M/s KFin Technologies Private Limited at <https://emeetings.kfintech.com> by clicking on the tab "video conference" and using their remote e-voting login credentials. The link for e-AGM will be available in member's login where the EVENT and the name of the Company can be selected. Members who do not have User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned under heading 'A' above.
- ii. Members are encouraged to join the meeting through Laptops with Google Chrome for better experience.
- iii. Further, members will be required to allow camera, if any, and hence use internet with a good speed to avoid any disturbance during the meeting.
- iv. While all efforts would be made to make the VC/OAVM meeting smooth, participants connecting through mobile devices, tablets, laptops etc. may at times experience audio/video loss due to fluctuation in their respective networks. Use of a stable Wi-Fi or LAN connection can mitigate some of the technical glitches.
- v. Members, who would like to express their views or ask questions during the e-AGM will have to register themselves as a speaker by visiting the URL <https://emeetings.kfintech.com/> and clicking on the tab "Speaker Registration"

during the period starting from Friday, September 25, 2020 (9.00 a.m.) upto Sunday, September 27, 2020 (5.00 p.m.). Only those members who have registered themselves as a speaker will be allowed to express their views/ask questions during the e-AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the e-AGM. Please note that only questions of the members holding the shares as on cut-off date will be considered.

- vi. A video guide assisting the members attending e-AGM either as a speaker or participant is available for quick reference at URL <https://emeetings.kfintech.com>
- vii. Members who need technical assistance before or during the e-AGM can contact M/s KFin Technologies Private Limited at emeetings@kfintech.com or Helpline: 1800 345 4001.

D. General Instructions:

- i. The Board of Directors has appointed Mr. D S M Ram, Practising Company Secretary (ACS No. 14939, CP No. 4239) as the Scrutinizer to the e-voting process and voting at the e-AGM in a fair and transparent manner.
 - ii. The Chairman shall formally propose to the members participating through VC/OAVM facility to vote on the resolutions as set out in the Notice of the 82nd e-AGM and announce the start of the casting of vote through the e-voting system of M/s KFin Technologies Private Limited.
 - iii. The Scrutinizer shall, immediately after the conclusion of voting at the e-AGM, first count the votes cast at the meeting, thereafter unblock the votes through e-voting in the presence of at least two witnesses, not in the employment of the Bank and make a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman of the Bank, who shall countersign the same.
 - iv. The Scrutinizer shall submit his report to the Chairman of the Bank, who shall declare the result of the voting. The results declared along with the scrutinizer's report shall be placed on the Bank's website www.jkbank.com and on the website of M/s KFin Technologies Private Limited <https://evoting.karvy.com> and shall also be communicated to the stock exchanges. The resolutions shall be deemed to be passed at the AGM of the Bank.
25. The voting results declared along with the Scrutinizer's Report will be placed on the Bank's website www.jkbank.com and on the website of M/s KFin Technologies Private Limited immediately after the declaration of the result by the Chairman or a person authorized by the Chairman. The results will also be immediately forwarded to the BSE Ltd. and National Stock Exchange of India Ltd.



Annexure to Notice

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 03

Though not strictly necessary, Explanatory Statement is being given for Item No. 03 of the Notice, with the view to set-out material facts concerning such business. Pursuant to the provisions of Section 142 of the Companies Act, 2013, the remuneration of Auditors, appointed by C&AG under Section 139(5) of the Companies Act, 2013, has to be fixed by the Bank in General Meeting or in such manner as the Bank in the General Meeting may determine. Members may accordingly authorize the Board of Directors to pay the remuneration of Auditors as per the RBI circular applicable to Public Sector Banks for the financial year 2020-21 including remuneration for the Limited Review of Quarterly Financial Results for the periods ending 30th June, 2020, 30th September, 2020 and 31st December, 2020.

No Director, Key Managerial Personnel of the Bank or their relatives is in anyway concerned or interested in the Resolution.

Directors recommend the adoption of Resolution to be moved at the Meeting in this regard.

ITEM NO. 04

The authorised Capital of the Bank at present is Rs. 95 Crore divided into 95,00,00,000 equity shares of Re. 1/- each. The present paid-up capital of the Bank stand at Rs.71,34,50,938. The Reserve Bank of India vide their communication No: DBS (JMU), No.80/12.01.002/2019-20 dated: June 09, 2020 on the subject "Capital Raising Plan of Jammu & Kashmir Bank Limited (JKBL)" advised the Bank to reassess proactively its capital position and future capital requirements. Accordingly to gauge the capital requirements of the Bank, Capital Planning exercise was carried out under Internal Capital Adequacy Assessment Process (ICAAP) in light of economic and business environment within India. Besides, the downward pressures in the financial sector, increase in NPA, slow growth in overall business variables due to uncertain conditions in the UT of J&K and Covid 19 Pandemic, relative increase in risk weighted assets and the capital buffer maintained by the bank over and above the regulatory minimum. Based on the above factors in the capital planning exercise carried out, the Bank needs to increase its authorized capital.

In order to achieve projected business targets for the FY 2020-21, availability of the commensurate amount of regulatory capital to support the expanded balance sheet is critical particularly since minimum regulatory capital requirement too is scheduled to increase to 11.5% with effect from September 30, 2020. With a view to maintain the comfortable capital adequacy ratio, well above the statutory requirements as well as to fund future growth plans of the Bank, the Bank will require infusion of additional capital. The Board of Directors has considered it necessary and desirable to increase the Authorized Capital of the Bank to Rs. 250 crores so as to accommodate the proposed augmentation of the Capital base as and when considered necessary. The

above change proposed will necessitate amendment to the Capital clause of the Memorandum of Association and Article (5) of Articles of Association of the Bank.

No Director, Key Managerial Personnel of the Bank or their relatives is in anyway concerned or interested in the Resolutions.

Board of Directors recommends the adoption of Resolution to be moved at the Meeting in this regard.

ITEM No. 05

The Board of Directors of the Bank taking note of the directions of the RBI while according approval to the amendments in the Articles of Association of the Bank approved by the shareholders by way of postal ballot on March 18, 2020 to have enabling provisions in the articles of the Bank to retain the flexibility to also consider appointing personages not currently on the board of the bank as Executive Directors, observed that though the AOA in current form ostensibly have the enabling provisions for appointment of Executive Directors but essentially seem somewhat restrictive due to prescription of board membership as a pre-requisite and as such, necessitate amendment/refinement to fully confirm to and capture the essence of RBI directions. Accordingly it is desirable to also have not more than two positions of Executive Directors in the Bank (in addition to the Managing Director & CEO) who, as whole-time director(s), could broaden the representation of the Bank Management on the Board of Directors, as is the practice in the public sector banks and strengthen the Bank's corporate governance framework. Keeping with the industry practice, the post of ED(s) could be filled by promotion from within the Bank, through well-defined eligibility criteria, interview process, etc.,

Further Board agreed with the other suggestion of the RBI that to ensure uniformity with other banks, the designation of 'Managing Director' be modified to 'Managing Director and Chief Executive Officer'.

Accordingly, the proposed amendments in the Articles of the Bank as set out at item No. 5 are placed before the Members of the Bank for approval by way of a special resolution.

No Director, Key Managerial Personnel of the Bank or their relatives is in anyway concerned or interested in the Resolutions.

Board of Directors recommends the adoption of Resolution to be moved at the Meeting in this regard.

Item No. 06 & 07

The implementation of Basel III guidelines has necessitated the need for banks in India to augment their capital base. This becomes important as Basel III capital requirements call for increase in quantity and quality of capital, besides providing for capital buffer during economic downturn. The Basel III capital regulations were implemented in India with effect from April 1, 2013. Banks have to comply with the regulatory



limits and minima as prescribed under Basel III capital regulations, on an ongoing basis. Basel III capital regulations would be fully implemented by September 30, 2020.

In order to ensure smooth migration without any near-term stress, appropriate transitional arrangements for capital

ratios was made by RBI which commenced from 01.04.2013. Capital ratios and deductions from Common Equity will be fully phased-in and implemented fully on 30.09.2020 and accordingly the phase-in arrangements for Scheduled Commercial Banks operating in India are drawn as under:

Transitional Arrangements-Scheduled Commercial Banks				Capital as % of RWAs				
	April 1, 2013	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019	Sept 30, 2020
Minimum Capital Ratios								
Minimum Common Equity Tier I (CET 1)	4.50	5.00	5.50	5.50	5.50	5.50	5.50	5.50
Capital Conservation Buffer (CCB)	-	-	-	0.625	1.25	1.875	1.875	2.50
Minimum CET1+CCB	4.50	5.00	5.50	6.125	6.75	7.375	7.375	8.00
Minimum Tier 1 Capital	6.00	6.50	7.00	7.00	7.00	7.00	7.00	7.00
Minimum Total Capital	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Minimum total Capital +CCB	9.00	9.00	9.00	9.625	10.25	10.875	10.875	11.50

It is in place to mention that on March 27, 2020 taking cognizance of likely impact of COVID-19 on financial markets & Banks in particular, RBI issued circular DOR.BP.BC. No.45/21.06.201/2019-20 wherein transition period for implementing the last tranche of 0.625% under the Capital Conservation Buffer (CCB), has been extended from March 31, 2020 to September 30, 2020. Consequently capital requirement as on and after September 30, 2020 will be 11.50% out of which 8% has to be maintained in the form of Common Equity Tier I- CET1 (minimum requirement of 5.5% and CCB 2.5%) , another 1.5% can be supplemented in the form of Additional Tier I Capital (ATI) and rest 2% of the total minimum regulatory CRAR (11.5%) can be met in the form of Tier II capital.

To gauge the capital requirements under Basel III, Capital Planning exercise is carried out by Bank under Internal Capital Adequacy Assessment Process (ICAAP). The exercise is reviewed on regular basis (quarterly) in light of economic and business environment within India. Besides, the downward pressures in the financial sector, increase in NPA, slow growth in overall business variables, relative increase in risk weighted assets compared to the incremental capital growth, the capital buffer maintained by the bank historically over and above the regulatory minimum are also factored in while arriving at the capital position of the Bank in near

to medium term. Based on the above factors in the capital planning exercise carried out, the Bank needs to augment its capital base in phases up to March 31, 2021. Bank shall augment its capital base by raising of common equity (CET1), issue of Additional Tier 1 bonds (AT1) or issue of Tier 2 bonds and through internal profit accruals. The current issue of raising capital is part of Tier I and Tier II capital raising exercise for augmenting Bank's capital base, to the extent of INR 4500 crores through various modes including follow-up issue, rights issue, preferential issue to government of J&K, issue to financial institutions/employees (ESPS)/public, institutional placements, and other permitted mode of raising capital including mobilization of around INR 1000 crores of Tier II capital based on the market conditions. The Basel III requirements envisage maintaining of adequate capital that is in line with regulatory requirements. The need for more capital is also in line with the future business growth that the Bank has projected over near to medium term. No Director, Key Managerial Personnel of the Bank or their relatives is in anyway concerned or interested in the Resolution.

The Board of Directors of the Bank believes that the proposed issue is in the interest of the Bank and hence, recommends the resolutions for the approval of the Shareholders by way of Special Resolution.

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

Place : Srinagar
Dated: September 05, 2020

By order of the Board of Directors

Mohammad Shafi Mir
Company Secretary



ANNEXURE TO NOTICE

Details of Director seeking re-appointment at the Annual General Meeting as per SS - 2 read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Particulars	Details of Director seeking re-appointment at the AGM
Name	Vikram Gujral
Category	Non-Executive Non Independent Rotational Director
DIN	03637222
Date of Birth	20-09-1965
Qualification	B.Com; LLB
Nature of Expertise / Experience*	26 years of business experience
Terms and conditions of re-appointment	Re-appointment as Director liable to retire by rotation
Details of Remuneration paid (sitting fees) during the year 2019-20 (in ₹)	4,40,000
Remuneration proposed to be paid	The Non-Executive Director will be paid sitting fee of ₹. 40,000 for attending each meeting of the Board or a Committee thereof. In addition he is also entitled to Profit related compensation to the extent of one percent of the profits of the Bank for the relevant financial year, subject to a maximum of ₹ 10 Lakhs per annum per Director
Date of First Appointment in the Board	26 th March, 2019
Shareholding in the Bank	0
Relationship with other Directors, Key Managerial Personnel	Nil
No. of Board Meetings attended during the year 2019- 20 (Total meeting held during the year 10)	10

* for detailed profile and Directorship in other Companies refer to Corporate Governance section of Annual Report.



Director's Report 2019-20

To the Members,

Your Directors have pleasure in presenting the 82nd Annual Report of your Bank, together with the audited Balance Sheet, Profit and Loss Account and the report on business and operations for the year ended 31st March, 2020.

Performance at a Glance

- The aggregate business of the bank stood at Rs. 162187.30 Crore at the end of the financial year 2019-20.
- The total deposits of the Bank grew by Rs. 8149.33 Crore from Rs. 89638.90 Crore as on 31st March, 2019 to Rs. 97788.23 Crore as on 31st March, 2020, recording a YoY growth of 9 percent. CASA deposits of the bank at Rs. 52469.32 Crore constituted 53.66% of total deposits of the Bank.
- Cost of deposits for current FY stood at 4.96 percent.
- The net advances of the Bank stood at Rs. 64399.07 Crore as on 31st March, 2020.
- Yield on advances for the current FY stood at 9.48 percent.
- The Average Priority Sector advances for the FY 2019-20 stood at Rs. 27157.85 Crore as on 31st March, 2020.
- The bank effected cumulative cash recovery, up-gradation of NPA's of Rs. 2603.51 Crore during FY 2019-20.
- Investment portfolio of the bank stood at Rs. 23052.24 Crore as on 31st March, 2020.

Insurance Business

The bank earned an income of Rs 45.34 Crore from the Insurance Business. The bank mobilized business of Rs 71.55 Crore and Rs 197.94 Crore during the year in life and non-life insurance segments respectively.

Income Analysis

- The Interest income of the bank stood at Rs. 8446.29 Crore in the year 2019-20. Interest expenses stood at Rs. 4739.62 Crore for FY 2019-20. The Net Interest Income stood at Rs. 3706.67 Crore for FY 2019-20.
- The Net Income from operations [Interest Spread plus Non-interest Income] stood at Rs. 4252.59 Crore in the FY 2019-20.
- The Operating Expenses registered an increase of Rs. 248.88 Crore during the financial year 2019-20 and stood at Rs. 2727.54 Crore as compared to Rs. 2478.66 Crore in 2018-19.
- The Cost to Income ratio (Operating Expenses to Net Operating Income) stood at 64.14 percent for the financial year 2019-20.

Gross Profit

The Gross Profit for the financial year 2019-20 stood at Rs. 1525.05 Crore.

Provisions

The Provision for Loan Losses, Standard Assets, Taxation and others aggregated to Rs. 2664.46 Crore in the financial year 2019-20.

Net Profit/Loss

The bank registered a Net Loss of Rs. 1139.41 Crore for the financial year 2019-20 owing to 148% increase in the Provisions and contingencies.

Dividend

Keeping in view the loss suffered by the Bank during the year and the Reserve Bank of India's circular dated April 17, 2020, directing all banks not to make dividend pay-outs pertaining to the financial year ended March 31, 2020 until further instructions from the RBI, to conserve capital in an environment of heightened uncertainty caused by COVID-19, the Board of Directors of the Bank has not proposed any dividend for the year ended March 31, 2020.

Organisational Changes

The Reserve Bank of India has approved the amendments in the Articles of Association of the Bank for separation of the posts of Chairman and Managing Director. In June, 2019, the Board of Directors of your Bank approved implementation of J&K RTI Act, 2009 and adoption of Central Vigilance Commission (CVC) guidelines. In furtherance thereof, a Group Compliance Officer has been designated in order to strengthen compliance to various regulations, governance and accountability framework of your Bank, thereby enhancing transparency and efficiency and help in making the institution much stronger and healthier.

Branch/ATM Network

During the financial year 2019-20, 15 new branches were established, thereby taking the number of branches to 955 (including IARBs) as on 31.03.2020, spread over 17 states and 4 union territories. The area-wise breakup of the branch network (excluding extension counters/ mobile branches and Service branches) on the basis of census 2011, as at the end of FY 2019-20 is as under:

Area	Business Units (including IARBs)
Metro	175
Urban	110
Semi-Urban	159
Rural	511
Total	955

During the financial year FY19-20, 3 EBU/USBs were established, 66 ATMs were commissioned thereby taking the number of ATMs to 1354 as on 31.03.2020.

Capital

As on March 31, 2020, the subscribed and paid up capital of your Bank stood at Rs. 71,34,50,938 comprising of 71,34,50,938 equity shares of Re. 1 each. This is subsequent to the preferential allotment of 15,65,92,546 equity shares of Re. 1/- each fully paid up for cash to the Government of



Jammu and Kashmir at the issue price of Rs. 31.93 (Rupees Thirty One and Ninety Three Paise Only) per Equity Share (including premium of Rs. 30.93 per Equity Share) aggregating to Rs. 4,99,99,99,994.00 (Rupees Four Hundred Ninety Nine Crore Ninety Nine Lacs Ninety Nine Thousand Nine Hundred Ninety Four Only) to meet the needs of its growing business, including long term capital requirements and to maintain its Capital Adequacy Ratio as per the regulatory guidelines/norms laid down by the Reserve Bank of India.

Net Worth and Capital Adequacy Ratio (CRAR)

The Net Worth of the bank stood at Rs. 5397.48 Crore on 31st March 2020 after excluding the revaluation reserves. Book Value per Share for the financial year 2019-20 stood at Rs. 75.65.

Capital Adequacy Ratio under Basel III stood at 11.40 percent as on March, 2020. The tier I component of CRAR is 9.88 percent as on 31st March 2020.

Board of Directors

Your Bank has Nine (9) Directors consisting of two (2) promoter Directors, 8 Non-Executive Directors, as on 31st March, 2020.

Non Independent Executive Directors

Mr. R. K. Chhibber, Non Independent Executive Director has served as Interim Chairman & MD of the Bank from June 10, 2019 to October 09, 2019 and has been serving as the Chairman & MD of the Bank under section 10BB of the Banking Regulation Act, 1949 since October 10, 2019.

Mr. Parvez Ahmed, Non Independent Executive Director served as the Chairman & CEO of the Bank from October 06, 2016 to June 08, 2019.

Non Independent Non-Executive Directors

Dr. Arun Kumar Mehta, IAS, Financial Commissioner to Govt. of J&K, Finance Department, Mr. Bipul Pathak, IAS Principal Secretary to Lt. Governor, Govt. of J&K, Mr. Anil Kumar Misra (RBI Nominee), Mr. Vikram Gujral and Mr. Sonam Wangchuk are the Non Independent Non-Executive Directors of the Bank.

Independent Non-Executive Directors

In terms of the definition of 'Independent Director' as prescribed under Regulation 16(b) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and Section 149(6) of the Companies Act, 2013 and based on the declarations/disclosures received from the Directors, the following Non-Executive Directors are Independent Directors:-

1. Dr. Rajeev Lochan Bishnoi
2. Ms. Monica Dhawan
3. Mr. Naba Kishore Sahoo

All Independent Directors of the Bank have given their respective declarations stating that they meet the criteria of Independence as laid down under the applicable laws and in the opinion of the Board, the independent directors meet the said criteria.

Appointments/Resignations from the Board of Directors

During the year under review;

- Mr. Azhar ul Amin (DIN: 07265913) resigned from Directorship of the Bank on April 23, 2019.
- Mr. R. K. Chhibber (DIN: 08190084) was appointed as Interim Chairman & MD from June 10, 2019 to October 09, 2019 and as Chairman & MD of the Bank under section 10BB of the Banking Regulation Act, 1949 from October 10, 2019.
- Mr. Parvez Ahmad ceased to be Director and subsequently Chairman and CEO of the Bank with effect from June 08, 2019.
- Mr. Anil Kumar Misra (DIN:08066460) (RBI Nominee) was appointed as an additional director by Reserve Bank of India for a period of two years on July 03, 2019.
- Dr. Pronab Sen (DIN: 07831725) ceased to be the Director on the Board of the Bank with effect from September 26, 2019 after completion of his term.
- Mr. Mohammad Ashraf Mir (DIN: 07586792), Dr. Sanjiv Agarwal (DIN: 00110392), Mr. Sunil Chandiramani (DIN: 00524035) and Mr. Rahul Bansal (DIN: 01216833) ceased to be the Directors of the Bank with effect from September 26, 2019 as they were not re-appointed at the 81st Annual General Meeting of the Bank.
- Mr. Vikram Gujral (DIN: 03637222) and Mr. Sonam Wangchuk (DIN: 07662456) were re-appointed / appointed as Directors on the Board of the Bank at the 81st Annual General Meeting of the Bank held on September 26, 2019.
- Mr. Dhaman Kumar Pandoh (DIN: 01332068) resigned from Directorship of the Bank on October 07, 2019.
- Mr. Umang Narula, IAS (DIN: 03536402) was appointed as Government Nominee Director on the Board of the Bank with effect from October 09, 2019.
- Mr. Bipul Pathak, IAS (DIN: 08077260) was appointed as Government Nominee Director on the Board of the Bank in place of Mr. Umang Narula, IAS with effect from November 11, 2019.
- Dr. Rajeev Lochan Bishnoi (DIN: 00130335) and Ms. Monica Dhawan (DIN: 01963007) were appointed as Independent Directors on the Board of the Bank on January 11, 2020. Mr. Naba Kishore Sahoo (DIN: 07654279) was appointed as Independent Director on the Board of the Bank with effect from March 01, 2020.

Board of Directors places on record their deep appreciation for the valuable services rendered by the ex-directors during their tenure as Directors of the Bank.

Directors seeking appointment/re-appointment at AGM

Mr. Vikram Gujral (DIN:03637222) who is retiring by rotation, has offered himself for re-appointment. The profile and necessary details of the mentioned Director have been included in the Corporate Governance Report.



Appointments/Resignations of the Key Managerial Personnel

- Mr. R. K. Chhibber, Chairman & Managing Director, Ms. Rajni Saraf, Chief Financial Officer and Mr. Mohammad Shafi Mir, Company Secretary are the Key Managerial Personnel of the Bank.
- Mr. R. K. Chhibber was appointed as Interim Chairman & MD of the Bank from June 10, 2019 to October 09, 2019 and has been serving as the Chairman & MD of the Bank under section 10BB of the Banking Regulation Act, 1949 with effect from October 10, 2019
- Mr. Parvez Ahmed, ceased to be the Chairman and CEO of the Bank with effect from June 08, 2019.
- Ms. Rajni Saraf was appointed as Chief Financial Officer of the Bank with effect from July 05, 2019 in place of Mr. Rakesh Gandotra who ceased to be Chief Financial Officer of the Bank with effect from June 30, 2019 after attaining the age of superannuation.

None of the Key Managerial Personnel has resigned during the year under review.

Number of Meetings of the Board

During the year under review, Ten (10) Board Meetings were held, in due compliance with statutory provisions, on the following dates:

15.05.2019, 08.06.2019, 15.06.2019, 03.08.2019, 25.09.2019, 23.10.2019, 30.12.2019, 11.01.2020, 31.01.2020, 07.02.2020

Committees of the Board

The Bank has following committees of the Board:

- Management Committee
- Audit Committee
- Special Committee of Board on Frauds
- Stakeholders Relationship Committee
- Information Technology Strategy Committee
- Corporate Social Responsibility Committee
- Integrated Risk Management Committee
- Customer Service Committee
- Nomination and Remuneration Committee
- Legal and Impaired Assets Resolution Committee
- Human Resource Development Committee
- Investment Committee
- GST Steering Committee

The compositions, powers, roles, terms of reference, etc. of aforesaid committees are given in detail in the statement on Corporate Governance annexed to this report.

Performance Evaluation of the Board

The Nomination and Remuneration Committee (NRC) has approved a framework / policy for evaluation of the Board, Committees of the Board and the individual Members of the Board (including the Chairperson). In conformity with the said policy requirements following is the process of evaluation:

- The performance evaluation of all the independent directors is conducted by the entire Board excluding the Director being evaluated.

- Independent Directors evaluates the performance of non - independent directors, Chairperson and Board as a whole and submits its report to the Board alongwith necessary comments and suggestive course of action arising out of the evaluation.
- The performance evaluation of the Committees of the Board is conducted by the entire Board.

A questionnaire for the evaluation of the Board, its Committees and the individual Members of the Board (including the Chairperson), designed in accordance with the said framework and covering various aspects of the performance relating to the following is forwarded to individual Directors:

Board	:	Board composition & quality, board meetings & procedures, Board development, strategy & Risk management, Board & Management relations, succession planning and stakeholder value & responsibility, etc.
Committees of the Board	:	Functions & duties, management relations, committee meetings & procedures, etc.
Chairman of the Board	:	Managing Relationships, Leadership, Role & Responsibility, etc.
Individual Directors	:	Participation in meetings, managing relationships, knowledge & skills & personal attributes, etc.

The responses received to the questionnaires on evaluation of the Board, its Committees, individual Directors and Chairman are consolidated and discussed by the Board.

Your Bank has in place a process wherein declarations are obtained from the Directors regarding fulfillment of the 'fit and proper' criteria in accordance with RBI guidelines. The declarations from the Directors other than members of the NRC are placed before the NRC and the declarations of the members of the NRC are placed before the Board. Assessment on whether the Directors fulfill the said criteria is made by the NRC/Board on an annual basis.

Subsidiary Company

As on March 31, 2020, your Bank has one unlisted wholly owned subsidiary, JKB Financial Services Limited (JKBFSL). JKB Financial Services Ltd. was set up in the year 2008 to carry on the activities of Stock Broking, Depository Services, Distribution of Mutual Funds, Distribution of Credit Cards and collection of Utility Bills. The Company took over the depository business of NSDL/CDSL from J&K Bank and started operations as a full-fledged Broker of NSE/BSE with effect from March 01, 2013. The Company planted its roots in first instance in depository and broking services and is currently offering Stock Broking services in NSE/BSE cash segment and NSE F&O. The company has embarked on an aggressive journey of profitable growth



through a collaborative model, customer outreach, state of the art technology application platforms, diversified product portfolio and customer awareness and advisory services. The JKBFSL network spans over Jammu, Kashmir and Gurugram and the company strives to be the premier provider of financial planning and investment management products and services in J&K and Ladakh besides having presence in other major centres of the country.

Performance and Financial Position of JKBFSL

The operating income of the Company for the year ended 31st March, 2020 stands at ₹4.39 Crores. Other income of the company stood at ₹43.48 lacs. The total income of the Company for the year ended 31st March, 2020 stood at ₹4.82 Crores. The company posted a net loss of ₹1.52 crores for the financial year ended 31st March, 2020, however during the fourth quarter of the financial year 2019-20 the company posted a net profit of ₹0.18 crores. Salient features of the financial statement of JKBFSL are placed as Annexure 5 to this report.

Regional Rural Bank Sponsored by J&K Bank: J&K Grameen Bank (Associate)

The J&K Grameen Bank has come into existence on 30th June 2009 with the issuance of statutory notification by Gol, MoF, Department of Financial Services under sub-section (1) of section 23 (A) of the Regional Rural Banks Act, 1976 vide F. No. 1/4/2006-RRB providing for amalgamation of Kamraz Rural Bank and Jammu Rural Bank into a single new Regional Rural Bank under the name of J & K Grameen Bank with its Head Office at Jammu and has commenced business effective from 01.07.2009. Presently, bank is operating in 13 districts of the UTs of J&K and Ladakh viz. Baramulla, Bandipora, Kupwara, Jammu, Kathua, Rajouri, Poonch, Leh, Kargil, Samba, Kishtwar, Ganderbal and Srinagar having 217 branches with 1051 employees.

Capital Structure:

In terms of the RRBs Act 1976, the authorized capital of Regional Rural Banks was fixed at Rs.5.00 Crore (which stands amended to Rs. Two Thousand Crore in terms of the Regional Rural Banks (Amendment) Act, 2015 notified in the Gazette of India on 12-05-2015). The issued and paid up capital of the J&K Grameen Bank is Rs.97.16 Crore fully subscribed by the Central Government, State/UT Government and Sponsor Bank in the ratio of 50:15:35 respectively. The details are tabulated hereunder:

1.	Authorized Share Capital	Rs.2000 Crore
2.	Subscribed / Paid up Share Capital	Rs.97.16 Crore
	Central Government (50%)	Rs.48.58 Crore
	State/UT Government (15%)	Rs.14.57 Crore
	Sponsor Bank (35%)	Rs.34.01 Crore

Tier II perpetual bonds:

For implementation of 100% CBS in JKGB, J&K Bank has contributed an amount of Rs. 11.67 crores in the shape of perpetual bonds being 50% cost for implementation of Core Banking Solution in J&K Grameen Bank.

Performance of J&K Grameen Bank as on 31.03.2020

Business:

The total business of the bank as on 31st March 2020 stood at Rs. 6310.13 Crore against Rs. 5716.91 Crore as on 31st March 2019, thereby showing an increase of Rs. 593.22 Crore registering a growth of 10.38% during the financial year 2019-20.

Deposits:

The deposits of the bank have increased from Rs. 3823.72 Crore to Rs. 4106.91 Crore during the financial year 2019-20 thereby registering a growth rate of 7.41%.

Advances:

Gross advances of the Bank as on 31st March 2020 stood at Rs. 2203.22 Crore as against Rs. 1893.19 Crore as on the corresponding date of the previous year recording a growth of 16.38%

CD Ratio:

The C.D. Ratio of the bank has increased by 4.14% from 49.51% as on 31st March 2019 to 53.65% as on March 31, 2020.

NPA Management:

JKGB has made recoveries/ up gradations for an amount of ₹ 115.34 Crore in the NPAs during the FY 2019-20 with fresh slippages to the tune of ₹ 136.78 Crore. The Gross NPAs of the bank as on March 31, 2020 at 9.11% (₹ 200.75 Crore) of the gross advances has decreased from 9.47% (₹ 179.31 Crore) as on March 31, 2019. Similarly Net NPAs of the bank as on March 31, 2020 at 4.57% (Rs. 95.83 Crore) has decreased from 4.99% (Rs. 90.05 Crore) as on March 31, 2019.

Detailed NPA position as on March 31, 2020 is given hereunder:

(Amount in Crore)

S. No.	PARTICULARS	FY2019-20
	NPA at the beginning of FY	179.31
	Slippage	136.78
	TOTAL (1+2)	316.09
	Recovery/ up gradation	115.34
	NPA at the end (3-4)	200.75
	%age to gross advances	9.11%
	Provisions	104.92
	Net NPA at the end	95.83
	%age to net advances	4.57%
	NPA Coverage %	52.26

Priority Sector Advances:

The priority sector advances outstanding as on 31st March 2020 stood at Rs. 1737.44 Crore against Rs. 1458.94 Crore outstanding as on 31st March 2019, registering a growth of 19.09% (Rs.278.50 Crore) on YoY basis. RRB specific benchmark of 75% portion of priority sector advances to total advances outstanding has been well maintained with 78.86% advances portfolio comprising of Priority Sector loans.



NPA Position:

The gross NPA level of the Bank as on 31.03.2020 is at Rs. 200.75 Crore, i.e. 9.11% of the gross advances. The Net NPAs as on 31.03.2020 stood at Rs.95.83 Crore which accounts for 4.57% of net advances.

Business per Employee:

The business per employee as on 31st March 2020 stood at Rs. 6.00 Crore against Rs. 5.61 Crore as on corresponding date of the previous year.

Business per Branch:

The business per branch as on 31st March 2020 stood as Rs. 29.08 Crore against Rs. 26.35 Crore as on corresponding date of the previous year recording a growth of 10.36%.

Profitability:

Against Net Profit of Rs. 8.06 Crore recorded at the end of the previous FY 2018-19, the bank has recorded Net loss of Rs. 119.34 Crore as on 31st March 2020 mainly because of provisioning of Rs. 172.83 Crores as per the NABARD guidelines being 40% of pension liability.

Lead Bank Responsibility

J&K Bank is the only Private Sector Bank in the country assigned with responsibility of convening State/UT Level Bankers' Committee (SLBC/UTLBC) meetings. The Bank continued to discharge its lead bank responsibility satisfactorily in 12 districts of UT of J&K, i.e. Srinagar, Ganderbal, Budgam, Baramulla, Bandipora, Kupwara, Anantnag, Kulgam, Pulwama, Shopian, Poonch and Rajouri. Lead bank responsibility in the other 8 districts, i.e. Jammu, Samba, Kathua, Udhampur, Reasi, Doda, Ramban and Kishtwar is assigned with State Bank of India.

The Annual Credit Plan for J&K for FY 2019-20 was launched in time and its implementation was monitored in the J&K SLBC/UTLBC meetings. During FY 2019-20, banks operating in J&K disbursed credit of Rs. 28,164.79 Crore in favour of 10,25,447 beneficiaries against target of Rs. 35,771.55 Crore for 12,32,611 beneficiaries, registering an achievement of 79% in financial terms and 83% in physical terms. This includes Priority Sector credit of Rs. 15,624.91 Crore and Non-Priority Sector credit of Rs. 12,539.88 Crore.

Out of total Priority Sector credit of Rs. 15,624.91 Crore disbursed by all banks in the UT of J&K during the FY 2019-20, J&K Bank alone has disbursed Rs. 10,072.52 Crore against the target of Rs. 15,156.63 Crore, thereby achieving 66.46% of its annual target, which accounts for 64.46% of the total credit disbursed to priority sector by all banks in the UT.

During the FY 2019-20, following meetings were conducted:

- Due to non-availability of Government functionaries only two meetings of State/UT Level Bankers' Committee (SLBC/UTLBC) were conducted by the Lead Bank during FY 2019-20, i.e. 110th meeting of J&K SLBC held on 29th August, 2019 and consequent to re-organization of erstwhile J&K State into two UTs of J&K and Ladakh, first J&K UT Level Banker's Committee meeting (UTLBC) was held on 28th January, 2020.

- A Special Meeting of J&K SLBC to address difficulties faced by the borrowers and banks due to disruption in business in J&K since August, 2019 was held on 10th September, 2019.
- One meeting of the Steering Sub-Committee of J&K UTLBC to monitor IT-enabled Financial Inclusion, FLCs & Credit Plus activities in J&K under the Chairmanship of Regional Director, Reserve Bank of India, R.O., Jammu, was conducted on 3rd December, 2019.
- One meeting of the Steering Sub-Committee of J&K UTLBC to monitor SHG-Bank Linkage Programme in J&K under the Chairmanship of Chief General Manager, NABARD, R.O. Jammu, was conducted on 28th Feb., 2020.
- A meeting of the Sub-Committee of Empowered Committee on MSMEs {Erstwhile Sub-Committee of State-Level Inter-Institutional Committee (SLIIC)} to discuss rehabilitation of sick MSMEs units in J&K State was held on 25th October, 2019.
- Lead Bank ensured that the district-level and block-level meetings, such as DCC/ DLRC/ BLBC, and other relative meetings under Lead Bank Scheme were held in all the 20 districts of UT of J&K during the FY 2019-20 as per schedule.

Implementation of Financial Inclusion Plans (FIPs):

After successful implementation of FIP-I and FIP-II, under the directions from Reserve Bank of India, a roadmap for opening "brick & mortar" branches or CBS-enabled Banking Outlets in the identified 104 villages having population over 5000 in J&K is presently under implementation. These villages have been allocated to 8 major scheduled commercial banks operating in J&K (viz. J&K Bank -48, SBI-15, PNB-11, HDFC Bank-10, ICICI Bank-06, Canara Bank-5, UCO Bank-5 and CBI-4). As of 31.03.2020, 53 villages have been covered for banking services with opening of 10 brick & mortar branches and 43 CBS-enabled banking outlets, out of which 28 have been covered by J&K Bank, 13 by SBI, 8 villages by PNB, 2 villages by UCO Bank and 1 village each covered by ICICI Bank and Canara Bank. Out of the remaining 51 villages, India Post Payments Bank (IPPB) is having its outlets in 21 villages and these are, as such, deemed to be covered by IPPB leaving 30 villages yet to be covered. Progress is being monitored in quarterly meeting of UTLBC J&K/ Steering Sub-Committee meetings.

Responsibility of setting up of RSETIs in UT of J&K:

In terms of guidelines issued by Ministry of Rural Development, Government of India, setting up the Rural Self Employment Training Institutes (RSETIs) in all the districts of J&K was assigned by J&K UTLBC to two banks, viz. J&K Bank and SBI as per their Lead Bank responsibility. Accordingly, J&K Bank has set up 12 RSETIs in its allocated 12 lead districts (Srinagar, Ganderbal, Budgam, Baramulla, Bandipora, Kupwara, Anantnag, Kulgam, Pulwama, Shopian, Poonch and Rajouri). State Bank of India has set up 8 RSETIs in its allocated 8 lead districts of Jammu, Samba, Kathua, Udhampur, Reasi, Doda, Ramban, Kishtwar. Performance of RSETIs in conducting training programmes and the number



of persons benefited through credit linkage is being reviewed in all quarterly UTLBC meetings.

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

In terms of RBI guidelines for setting up of Financial Literacy Centres (FLCs) in all the districts of Jammu and Kashmir, J&K Bank has made 12 FLCs operational in its 12 allocated lead districts (viz. Srinagar, Ganderbal, Budgam, Baramulla, Bandipora, Kupwara, Anantnag, Kulgam, Pulwama, Shopian, Poonch and Rajouri) and SBI having made 8 FLCs operational in its 8 allocated lead districts of UT of J&K, (viz. Jammu, Samba, Kathua, Udhampur, Reasi, Doda, Ramban, Kishtwar). In addition, PNB, JKGB, EDB and J&K State Cooperative Bank have also established 6, 2, 2 & 1 FLCs respectively, in various districts of J&K, which as on 31.3.2020 takes the total number of FLCs in UT of J&K to 31. The performance of FLCs in conducting the Financial Literacy Camps as per the guidelines from RBI is being reviewed at various forums including quarterly UTLBC meetings.

100% Saturation Drive for KCC Crop

- In terms of instructions from Government of India, a Special Saturation Drive for 100% coverage of farmers under the KCC Scheme was launched in UT of J&K in the month of February, 2020. During the said special drive, 4,38,987 fresh KCCs were issued by banks in UT of J&K, taking the total number of KCCs as on 31.07.2020 to 8,80,200.

Brand Building

- In the world of banking and finance, it is primarily the brand perception that instantly manifests the health of an organization within the public imagination besides the numbers displayed in its balance sheet. Thus, being proactive in our brand promotion through advertising and publicity, we have successfully improved our brand exposure during the FY 2019-20 to increase the brand recall thereby enhancing our brand perception and increasing our brand value.
- The bond of trust with all our stakeholders was further strengthened and cemented by leveraging all the means and channels of communications available for uninterrupted messaging throughout the financial year. Besides, the bank's products, services and facilities were successfully advertised and publicized through all the available channels of dissemination across the operational geography of the bank. Also, the marketing campaigns initiated by the bank to enhance the overall business, while meeting the set targets, were duly publicized with proper follow-up communications.
- Moreover, the functioning and accomplishments of the bank were effectively communicated to the relevant target audiences including the major stakeholders along with the customers, shareowners, other stakeholders and general public through customized and efficiently packaged messages/hand-outs using print and multi-media outlets within the Union Territory and relevant channels across the country. Increasing our presence in the

social-media universe, we further strengthened and streamlined our online presence to reach out to the larger audiences and enhance the bank's brand image by optimally leveraging the highly popular mediums of social connectivity platforms especially Facebook, Twitter, Instagram and YouTube.

Corporate Social Responsibility (CSR) Policy

As a responsible corporate citizen, J&K Bank envisions to integrate its strategic intent and business goals with the needs of the society in order to achieve an inclusive, sustainable and harmonious ecosystem. This represents the core principle and forms the basis of the bank's CSR policy.

The Corporate Social Responsibility (CSR) policy of the bank envisages not only an inclusive and sustainable socio-economic empowerment of the underprivileged, it strives to help achieve a vibrant and environmentally conscious ecosystem. The CSR policy is available on the website of the bank <https://www.jkbank.com/others/common/policy.php>.

During the Financial Year (FY) 2019-20, the bank continued to intervene and enhance value creation in the society through CSR activities in consonance with its mission of 'Serving to Empower'. The statutory disclosures with respect to the CSR committee and a report on the CSR activities forms part of this report at Annexure 1.

Corporate Governance

The Bank has established a tradition of exemplary practices in corporate governance. It encompasses not only regulatory and legal requirements, but also several voluntary practices, aimed at high level business ethics, effective supervision and enhancement of stakeholder volume. Several matters have been voluntarily included in the statement on corporate governance annexed to this report, besides certificate from the Central Statutory Auditors regarding compliance of conditions of Corporate Governance as stipulated by the SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015.

Management Discussion and Analysis

The Management Discussion and Analysis Report for the year under review is presented in a separate section forming part of this report.

Whistle Blower Policy & Vigil Mechanism

The Bank has implemented a "Whistle Blower Policy" pursuant to which whistle blowers can raise concerns relating to reportable matters (as defined in the policy) such as breach of J&K Bank Code of Conduct, fraud, bribery, corruption, employee misconduct, illegality, health & safety, environmental issues and wastage/ misappropriation of bank funds/ assets, etc. Further, the mechanism adopted by the Bank encourages the Whistle Blower to report genuine concerns or grievances and also provides for direct access to Chairman of the Audit Committee of the Board, in exceptional cases.

The policy is available on the website of the Bank at the link <https://www.jkbank.com/others/common/policy.php>.



It is hereby affirmed that the Bank has not denied any of its personnel access to the Chairman of the Audit Committee of the Board and that the policy contains adequate provisions for protecting whistle blowers from unfair termination and other unfair prejudicial and employment practices. However, no case was referred to the Audit Committee of the Bank during the year.

Risk Management

A well-defined, comprehensive risk management framework of our bank is based on accepting various risks, controlled risk assessment, measurement and monitoring of these risks. The key components of the Bank's Risk Management architecture rely on the risk governance structure, comprehensive processes and internal control mechanism based on approved policies and guidelines. The Bank's risk management processes are guided by way of policies adopted appropriately for various risk categories, independent risk oversight and periodic monitoring by Board of Directors, the sub-committees of the Board of Directors, Senior Management Committees - Credit Risk Management Committee, Market Risk Management Committee, Operational Risk Management Committee & Asset Liability Committee (ALCO).

These policies approved from time to time by Board of Directors, Committees of Board form the basis for governing framework for each type of risk. The Board sets the overall risk appetite and philosophy for the Bank and have an oversight on all the risks assumed by the Bank. The Bank's Risk Management framework focuses on the management of key areas of Risk such as Credit, Market, Operational Risk and Liquidity Risk and Pillar II risks; quantification of these risks, wherever possible. The risk management function in the Bank strives to proactively anticipate vulnerabilities in the business operations through quantitative or qualitative examination of the embedded risks for effective and continuous monitoring and control. An independent risk management function ensures that risk is managed through a risk management architecture as well as through policies and processes approved by Board of Directors. The risk management policies and procedures established are updated on continuous basis in compliance to RBI guidelines and benchmarked to best practices. The Board of Directors with its sub-committee Integrated Risk Management Committee (IRMC) reviews risk management policies of the Bank pertaining to credit, market, liquidity, operational & Pillar II risks that includes strategic risk and reputational risk, Internal Capital Adequacy Assessment Process (ICAAP) and stress testing.

Risk management is administered by Executive/ Senior management committees & Chief Risk Officer (CRO) through Integrated Risk Management Department (IRMD). IRMD has structured management committees; Credit Risk Management Committee (CRMC), Operational Risk Management Committee (ORMC) and Market Risk Management Committee (MRMC) for credit risk, operational risk and market risk that operate within the broad risk management framework of the Bank to assess and minimize these risks.

Information security and business continuity plan also forms part of risk management functions in the Bank. Treasury activities are separately monitored by mid office, which

reports to IRMD. The Bank has Stress Testing Policy to measure impact of adverse stress scenarios on the adequacy of capital. The stress scenarios are idiosyncratic, generic and a combination of both.

Business Responsibility Report

In terms of Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, top 1000 Listed Entities based on their market capitalization as on 31st March every year are required to submit their Business Responsibility Report (BRR) as a part of the Annual Report. The Bank's Business Responsibility Report describing the initiatives taken by the Bank from an environmental, Social and governance perspective is enclosed as Annexure- 7.

Information under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Bank does not engage in any form of child labour/ forced labour/involuntary labour and does not adopt any discriminatory employment practices. The Bank has a policy against sexual harassment and an "Internal Complaints Committee for Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace" for dealing with complaints of harassment or discrimination. The said policy is in line with relevant Act passed by the parliament in 2013. The Bank, through the policy ensures that all such complaints are resolved within defined timelines. During the year, no complaint was lodged before the committee and no case is pending for disposal.

Loans, Guarantees & Investment in Securities

Pursuant to section 186(11) of the Companies Act, 2013, the provisions of section 186 of the Companies Act, 2013, except sub-section (1), do not apply to loans made, guarantees given or security provided by a Banking company in the ordinary course of business. The particulars of investments made by the bank are disclosed in Schedule 8 of the Financial Statements as per the applicable provisions of the Banking Regulation Act, 1949.

Contracts or Arrangements with Related Parties

Considering the nature of the Industry in which the Bank operates, transactions with related parties of the Bank are in the ordinary course of business and are also at arm's length basis. There was no materially significant related party transaction entered by the Bank with promoters, Directors, Key managerial personnel or other persons which may have a potential conflict with the interests of the Bank. The policy on Related Party Transactions and dealing with related parties as approved by the Audit Committee and the Board of Directors is uploaded on the website of the Bank and the link for the same is (<http://jkbank.com/others/common/policy.php>). Statement of related party transactions under sub section (1) of section 188 of the Companies Act, 2013 is attached herewith as Annexure 6.

Information under Insolvency and Bankruptcy Code, 2019

The Bank as on 31st March, 2020 has cases under the IBC resolution the details whereof along with existing status is tabulated as under:



(Amt. in Crs)

S. No.	No. of Ac- counts	Stage of Process	NPA / NPI outstanding	Recoveries during the year , if any
1	35	Resolution process(Pending with NCLT)	2812.98	Nil
2	10	Liquidation Process	1094.32	0.65
3	1	Resolution approved/ implemented during the year	45.78	4.03

Frauds reported by the Bank

The Bank during the financial year 2019-20 has detected/ reported 23 cases of fraud to Reserve Bank of India involving an amount of Rs. 221.14 Crore.

Frauds reported by Auditors

During the year under review, one fraud was reported by one of the Joint statutory auditors under section 143 (12) of the Companies Act, 2013 to the Ministry of Corporate Affairs, Govt. of India.

Consolidated Financial Statements

Pursuant to Section 129 of the Companies Act, 2013, the Bank has prepared Consolidated Financial Statements of the

Bank, its Subsidiary (JKB Financial Services Ltd.) and also its Associate (J&K Grameen Bank) which shall be laid before shareholders at the ensuing 82nd Annual General Meeting of the Bank alongwith Bank's Financial Statements under sub-section (20) of Section 129 i.e. Standalone Financial Statements of the Bank. Further, pursuant to the provisions of Accounting Standard (AS) 21 - Consolidated Financial Statements notified under section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules 2014 issued by the Ministry of Corporate Affairs, the Consolidated Financial Statements of the Bank along with its subsidiary/Associate for the year ended March 31, 2020 form part of this Annual Report.

Statutory Auditors

The Central Statutory and Branch auditors of the Bank are appointed by the Comptroller & Auditor General of India (C&AG) pursuant to Section 139(5) of the Companies Act, 2013. The Bank had four (4) Joint Statutory Auditors appointed by the C&AG of India for the year under review as under:

1. O.P Garg & Co, Chartered Accountants, Jammu
2. P.C Bindal & Co, Chartered Accountants, Srinagar
3. K.K Goel & Associates, Chartered Accountants, Jammu
4. Verma Associates, Chartered Accountants, Srinagar

Fees paid to Statutory Auditors

The details of total fees, for all services, paid by the Bank on a consolidated basis to the Statutory Central Auditors are tabulated below:

S. No	Particulars	Amount (In Lakhs)				
		M/S Verma Associates	M/S K K Goel & Associates	M/S P C Bindal & Co	M/S O P Garg & Co	Total
1	Fee payment by Bank to Central Statutory Auditors	Rs. 76.41	Rs. 78.19	Rs. 76.51	Rs. 76.09	Rs.307.20
2	Fee payment by J & K Grameen Bank (Associate) to Central Statutory Auditors of the Bank			Rs.21.08		Rs.21.08

Comments of C & AG

Comments under Section 143 (6) of The Companies Act, 2013 on the accounts of the Jammu and Kashmir Bank Ltd. for the year ended 31st March 2020 were not received upto the date of this report and accordingly could not be incorporated in the report. The comments if any alongwith the reply of the Bank will be read out at the meeting itself.

Secretarial Auditors

Pursuant to Section 204 of the Companies Act 2013, your Bank has appointed M/s DSMR & Associates, Practicing

Company Secretaries, Hyderabad as its Secretarial Auditors to conduct the Secretarial Audit of the Bank for the FY 2019-20. The Bank provided all assistance and facilities to the Secretarial Auditor for conducting their audit.

Secretarial Audit Report

The report of Secretarial Auditor for the FY 2019-20 is annexed to this report as Annexure 2. The Bank's replies to the comments of Secretarial Auditor are furnished as under:



Observations of Secretarial Auditor	Response by the Bank
<ul style="list-style-type: none"> The vacancy caused by the resignation of Mrs. Vijayalakshmi Iyer was filled up on 11th January, 2020 consequent to appointment Mrs. Monica Dhawan as Independent Woman Director beyond the time limit prescribed under the Regulation 17 (1)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The vacancy caused by non-reappointment of Independent directors namely Mr. Pronab Sen, Mr. Sanjiv Agarwal, Mr. Sunil Chandiramani and Mr. Mohammad Ashraf Mir by the members in the Annual General Meeting held on 26th September, 2019 was filled by the Bank by appointing Dr. Rajeev Lochan Bishnoi, Mrs. Monica Dhawan and Mr. Naba Kishore Sahoo as Independent Directors with effect from 11th January 2020 and 1st March 2020 respectively. The aforesaid appointments were made beyond the time limits prescribed under Section 149 of the Act read with the rules made there under and Regulation 25(6) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. Pursuant to Section 177 and 178 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 17(2) and 18(2)(a) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the composition of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee was not in compliance for the period beginning from 26th September 2019 and 10th January, 2020 since the Bank did not have any Independent Directors. The Bank has conducted Board Meetings held on 23rd October, 2019 and 30th December, 2019 without the presence of at least one Independent Director. The gap between the meetings of the Audit committee held on 2nd August 2019 and 30th January 2020 is 180 days which is beyond the time limit specified in the Secretarial Standards. Article 69(i) of the Articles of Association prescribes that the Bank shall have minimum Seven (7) directors on the Board. However during the period from 7th October, 2019 to 11th January, 2020 the Bank had only six directors on its Board. 	<p>During the year under review, due to unprecedented and extraordinary reasons beyond its control, the Bank has involuntarily become non-compliant with certain regulations of the Listing Regulations/Companies Act, 2013 relating to Composition of Board of Directors, inability to reconstitute the statutory committees of the Board within the stipulated period and convening of meetings thereof. Consequent upon the appointment of Independent Directors, the composition of the Board and Committees thereof were re-aligned to the Regulatory requirements. Subsequently, the meetings of the Board and Committees thereof were held as per the regulatory requirements.</p>

Compliance with Secretarial Standards

The Bank is in compliance with all applicable Secretarial Standards as notified from time to time except to the extent stated in the secretarial audit report.

Employee Remuneration

The statement containing particulars of employees as required under section 197(12) of the Companies Act, 2013 read with rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in "Annexure 3" forming part of this report.

Statutory Disclosures

1. The disclosures to be made under sub-section (3)(m) of Section 134 of the Companies Act, 2013 read with rule (8)

(3) of the Companies (Accounts) Rules, 2014 by your Bank are explained as under:

A. Conservation of energy:

i. The steps taken or impact on conservation of energy:

Your Bank's technology infrastructure works in an energy efficient manner with an objective to keep the carbon footprint at a very low level. Various IT initiatives have been initiated in this regard by your bank, which are given below:

- Usage of corporate email has been maximized across bank to ensure digital communication is increased.



- Internal communication in the forms of circulars, guidelines, newsletters, policies and procedures is done through a dedicated Intranet site.
- Bank's Data Center is hosted at a high energy efficient hosting facility in Noida which operate on the ITIL based service delivery framework and follow ISO 9001 and ISO 20000 standards.
- Energy star compliant computing and communication hardware is used by the bank across all offices and banking outlets.

ii. The steps taken by the company for utilizing alternate sources of energy:

Your bank operates in a non-energy intensive environment. However, it is always ensured that energy efficient hardware / equipment which consumes less power is procured and put in operation. Besides replacement of CFL Lamps with LED Lamps / fixtures wherever needed stands changed.

iii. The capital investment on energy conservation equipment:

Your bank has made sizable investment on energy conservation equipment's like Procurement of servers, desktops, Printers, Scanners, Routers & Switches.

B. Technology Absorption :

Investment in advance technology platforms and continuous innovation to deliver various product offerings and services to customers has always been an endeavor and important constituent of your Bank's business strategy. Various new features such as utility payments including integration with PHE, PDD and through single platforms like BBPS has been introduced for customer convenience and ease. The Bank is on a journey towards compete digitization and associated work flow of documents created by all business units and offices using Document Management System platform.

The Bank has started migration process of moving to an advanced version of Core Banking Solution (Finacle 10) that will enhance the functionality richness and provide features that will enable your bank to innovate more products and service offerings with added benefits like increasing operational agility, interoperability and productivity.

C. Foreign Exchange Earnings and Outgo:

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflow:

During the year ended 31st March, 2020 the Bank earned Rs. 240.23 lacs and spent Rs. 182.63 lacs in foreign currency. This does not include Foreign Currency Cash Flow in derivatives and Foreign Currency Exchange Transaction.

2. No significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status of the Bank's operations in future.
3. Number of cases filed, if any, and their disposal under Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

Your Bank has Zero tolerance towards any action on the part of any executive/employee which may fall under the ambit of 'Sexual Harassment' at workplace, and is fully committed to uphold and maintain the dignity of every women executive/employee working in the Bank. No such case was reported during the period under report.

4. No Stock options were issued to the Directors of your Bank

Extracts of Annual Return

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014 the extracts of the Annual Return as at March 31, 2020 forms part of this report as Annexure 4.

Directors Responsibility Statement

Pursuant to Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013, the Board of Directors hereby state that:-

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- We have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank as on 31st March, 2020 and of the profit and loss of the Bank for the year ended on that date;
- We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Bank and preventing and detecting fraud and other irregularities;
- We have prepared the annual accounts on a going concern basis;
- We have laid down internal financial controls to be followed by the Bank and ensure that such internal financial controls were adequate and operating effectively;
- We have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.



Adequacy of Internal Financial Controls related to Financial Statement

The Bank has adequate internal controls and processes in place with respect to its financial statements which provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements. These controls and processes are driven through various policies, procedures and certifications. The processes and controls are reviewed periodically. The Bank has a mechanism of testing the controls at regular intervals for their design and operating effectiveness to ascertain the reliability and authenticity of financial information.

Requirement for maintenance of cost Records

The cost records as specified by the Central Government under section 148(1) of the Companies Act, 2013 are not required to be maintained by the Bank.

CEO & CFO Certification

Certificate issued by Mr. R. K. Chhibber, Chairman & MD and Mrs. Rajni Saraf, CFO of the Bank, for the financial year under review, was placed before the Board of Directors at its meeting held on 29th June, 2020 in terms of Regulation 17(8) of the Listing Regulations.

Important events after the closure of Financial Year ended 31.03.2020

This report covers the period of financial year beginning on 1st April, 2019 to 31st March, 2020. There were no material events from 1st April, 2020 to 29th June, 2020 - the date when the annual accounts were adopted by the Board of Directors of the Bank. For the impact of COVID-19 on the performance of the Bank refer "note no. 25.1 of schedule 18 - Notes on standalone/consolidated accounts of the Bank.

The Bank subsequent to the receipt of RBI approval for separation of the position of Chairman & CEO into a Chairman of the Board and a Managing Director & CEO of the Bank, has appointed Mr. R. K. Chhibber, as Chairman of the Board and Mr. Zubair Iqbal as Managing Director & CEO of the Bank subject to the approval of RBI. The Bank has applied to RBI for approval of aforesaid appointments under section 35B of Banking Regulations Act, 1949, which are under the consideration of Reserve Bank of India.

Acknowledgements

The Directors thank the valued customers, shareholders, well-wishers and correspondents of the bank in India and abroad for their goodwill, patronage and support. The Directors acknowledge with gratitude the valuable and timely advice, guidance and support received from Government of India, Government of Jammu & Kashmir, Reserve Bank of India, Securities and Exchange Board of India (SEBI), Insurance Regulatory Developmental Authority (IRDA), NABARD, SIDBI, IBA, FIMMDA, FEDAI, Stock Exchanges, Ministry of Corporate Affairs, Registrar of Companies, Comptroller & Auditor General of India, Financial Institutions and the Central Statutory Auditors of the bank in the functioning of the bank. The Directors place on record their deep appreciation of the valuable contribution of the members of the staff at all levels for the progress of the bank during the year and look forward to their continued cooperation in realization of the corporate goals in the years ahead.

For and on behalf of the Board of Directors

R. K. Chhibber
Chairman & MD

Place: Srinagar (J&K)

Date: September 05, 2020



Annexure 1

The Annual Report on Corporate Social Responsibility (CSR) Activities

Vision

The Corporate Social Responsibility (CSR) policy of the bank envisages not only an inclusive and sustainable socio-economic empowerment of the underprivileged, it strives to help achieve a vibrant and environmentally conscious ecosystem. The bank, guided by the founding principles of its CSR policy, helps support initiatives to improve the lives and living conditions of the indigent sections of the society besides lending support to the societies' endeavors aimed to make the world a better dwelling place.

In line with the same, the bank continued its 'social-investment' in the form of monetary and other logistics support to upgrade the basic infrastructure of the systemically vital institutions as well as to alleviate hardships faced by various sections of the society. In turn, the bank reaped benefits in the form of increased emotional equity, brand-connect and goodwill.

During the Financial Year (FY) 2019-20, the bank continued to intervene and enhance value creation in the society through CSR activities in consonance with its mission of 'Serving to Empower'.

CSR Committee

- | | |
|--|----------|
| • Mr R K Chhibber (C&MD) | Chairman |
| • Dr Arun Kumar Mehta (IAS) (Director) | Member |
| • Mr Vikram Gujral (Director) | Member |
| • Ms Monica Dhawan (Director) | Member |

CSR Spend for the year 2019-20

Particulars	Amount(in crores)
PBT 2016-17	(1505.98)
PBT 2017-18	359.13
PBT 2018-19	659.74
Total Profit for the past 3 years	(487.11)
Average Profit	(162.37)
CSR allocation, 2% of average profit	Nil
Amount Spent	2.41

CSR Spend during the financial year (In Crores)

S No	CSR Project of activity identified	Sector Schedule 7	Specify UT/ State/ District were the projects/ programs were undertaken	Amount Out-lay (Budget) project or program wise	Amount spent on the projects/programs Subheads -Direct Expenditure -Overhead Expenditure	Cumulative expenditure upto the reporting period	Amount spent directly or through implementing agency
1	Promoting Community Development Activities	Community Development	J&K/ Ladakh	Nil	0.03	0.03	Directly Spent
2	Improving Public Health delivery system	Preventive & Curative Healthcare	J&K	Nil	0.20	0.20	Directly Spent
3	Promotion of Education	Education	J&K	Nil	0.18	0.18	Directly Spent
4	Preservation and promotion of Ecology/ Heritage	Environment	J&K/ Ladakh	Nil	2.00	2.00	Directly Spent
Amount Spent						2.41	



Details of activities undertaken under CSR during the FY 2019-20

Community Development

The bank undertook many initiatives to help provide convenience to the people and remained at the forefront to promote socio-economic welfare in a harmonious and sustainable manner. During the FY 2019-20, the bank installed pole lights in the popular leisure place- Rajinder Park- in Jammu in addition to the solar lamps in Khalsi Market of Leh under the Community Development program of CSR. Besides, the bank conducted a relief camp for passengers who were stranded at Bathindi due to the prolonged closure of Srinagar-Jammu Highway.

The bank also purchased three water coolers, wall-fans and 3-seater chairs for Food and Supplies Department, Jammu besides procuring an Air Conditioner for the consumer court complex, Srinagar. Two Water Purifiers were also provided to an orphanage in Kulgam working under Syed Hussain Simnani Shrine.

In order to judiciously employ a 14-seater battery operated vehicle (previously procured for Jammu University during the FY 2018-19) for the welfare of the student community, the bank as a responsible corporate citizen, provided the same to Sewa Bharti, J&K- a Non-Governmental Organization- under CSR for ferrying students from hostel to the school managed by the NGO at Katra.

Preventive Healthcare

The motive behind helping upgrade the healthcare infrastructure is to enable people to have access to the best-in-class medical treatment while also keeping the costs to the minimum possible. The bank continues to extend support towards helping procure state-of-the-art diagnostic aids to help achieve a hale and hearty society.

During the FY 2019-20, the bank provided support to help complete a comprehensive fabrication of shed at District hospital Rajouri. The bank also procured a hi-tech USG machine along with a 1KVA UPS with Transformer for installation in Nephrology Department of SKIMS Srinagar.

Promotion of Education

Promoting education remains at the top of the bank's priority list under CSR. Time and again, the bank has contributed for the welfare of the student community besides nurturing innovation and entrepreneurship. Continuing with the same, the bank funded the Central University of Jammu's Business Incubation Cell to help sponsor innovators. The bank also provided a 31-seater bus to Central University of Kashmir for transporting student and faculty members.

To provide students potable water, the bank installed a water treatment plant at NIT Srinagar besides installing 480 dustbins within the campus of Kashmir University. The bank also contributed towards helping develop the park at Government College for Women MA Road to provide a better ambience to the students studying in the college.

Notably, the bank also provided monetary assistance to CHINAR Kashmir, an NGO that works to provide a nurturing environment for socially and economically disadvantaged

children.

Preserving Ecology & Environment/Heritage

The bank continues to endeavor to help preserve the ecology, environment and heritage of the region. Besides being a culturally rich place, the region teems with diverse flora and fauna and the banks undertakes CSR initiatives to help preserve the pristine and historically important places of the region. Under its "Environment Excellence Program", the bank has inter alia been maintaining 13 parks/walkways across the UT thereby helping the cause of environmental protection.

Web link to the CSR Policy

<https://www.jkbank.com/others/common/policy.php>

Responsibility statement of the CSR Committee

Being a premier financial institution that is interwoven with the social fabric of the region, J&K Bank goes beyond commercial considerations to implement its CSR policy. Through the prism of the policy, J&K Bank envisions an inclusive and sustainable socio-economic betterment for J&K UT and beyond, and endeavors to achieve an environmentally conscious, innovative and healthy society. The objective of the bank's CSR policy remains demarginalizing the marginalized, uplifting the downtrodden, and nurturing skill and entrepreneurship.

It is around these aspirations that the bank undertook major CSR initiatives during the Financial Year (FY) 2019-20 and intervened to make life better for the stakeholders; going beyond the symbolism of philanthropy towards the more relevant socio-economic empowerment.

One small step towards helping achieve the same involved installation of two water purifiers at an orphanage in Kulgam where young and budding children are trying to carve out decent lives for themselves after being rendered helpless either due to the death of their parents or by being abandoned by them. The bank conducted a relief camp for stranded passengers stuck on the Jammu-Srinagar National Highway at Bathindi due to heavy snowfall and rainfall during the winter. The stranded people were having an extremely difficult time in finding daily meals and accommodation due to depleted resources along the highway. The bank's timely help provided some semblance of relief to them. In addition, the bank judiciously utilized the 14-seater battery operated vehicle for the welfare of the student community and provided the same to Sewa Bharti, J&K- a Non-Governmental Organization- under CSR for ferrying students from hostel to the school managed by the NGO at Katra. Pertinently, Sewa Bharti NGO has been working for the upliftment of the society in four different sectors- Health, Education, Self-Reliance and Social activities since 1986 and runs three hostels (two for boys and one for girls) at Rajouri, Katra and Pounichak Jammu respectively.

The bank also purchased three water coolers, wall-fans and 3-seater chairs for Food and Supplies Department, Jammu besides procuring an Air Conditioner for the consumer court complex, Srinagar to provide convenience to the visitors.

During the FY 2019-20, the bank installed pole lights in the



popular leisure place- Rajinder Park- in Jammu in addition to the solar lamps in Khalsi Market of Leh under the Community Development program of CSR. Besides helping improve the aesthetics and ambience of the park, the move helped attract more and more people for leisure and health related activities. Likewise, the installation of solar lamps in the market at Leh was appreciated as it helped in the movement of the people during late hours also.

The bank remains at the forefront to help upgrade the healthcare infrastructure in order to enable people to have access to the best-in-class medical treatment while also keeping the costs to the minimum possible. The bank, as such, continued to extend support towards helping procure state-of-the-art diagnostic aids to help achieve a hale and hearty society. During the FY 2019-20, the bank provided support to help complete a comprehensive fabrication of shed at District hospital Rajouri and procured a hi-tech USG machine along with a 1KVA UPS with Transformer for installation in Nephrology Department of SKIMS Srinagar, the tertiary healthcare institute of the valley.

Time and again, under the ambit of its CSR policy, the bank has contributed for the welfare of the student community besides nurturing innovation and entrepreneurship. Continuing with its mission, the bank funded the Central University of Jammu's Business Incubation Cell to help sponsor upcoming innovators. The bank also provided a 31-seater bus to Central

University of Kashmir for transporting student and faculty members. The initiatives shall go a long way in helping encourage the future generations.

The bank installed a water treatment plant at NIT Srinagar to provide the students potable water, besides installing 480 dustbins within the campus of Kashmir University to maintain cleanliness. The bank also contributed towards helping develop the park at Government College for Women MA Road to provide a better ambience to the students studying in the college.

The bank also provided monetary assistance to CHINAR Kashmir, an NGO that works to provide a nurturing environment for socially and economically disadvantaged children through their Remote Child Sponsorship Program (RCSP). Notably, the program has proved to be very successful in ensuring that the beneficiaries covered receive not only good education but their basic needs are also met.

Besides being a culturally rich place, the UT teams with diverse flora and fauna and the bank undertook CSR initiatives to help preserve the pristine and historically important places of the region. Under its "Environment Excellence Program", the bank continued to maintain 13 parks/walkways across the UT thereby helping the cause of environmental protection. The bank, through its CSR policy, continued to endeavor to help preserve the ecology, environment and heritage of the region.

CSR committee confirms that the implementation and monitoring of CSR Policy is in compliance with the CSR objectives and policy of the company:

Mr. R.K.Chhibber (C&MD)
Chairman CSR Committee

Vikram Gujral
Director

Ms Moica Dhawan
Director



Annexure 2

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,
JAMMU AND KASHMIR BANK LIMITED
Corporate Head Quarters, M. A. Road,
Srinagar - 190001, Kashmir
India

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by JAMMU AND KASHMIR BANK LIMITED [CIN: L65110JK1938SGC000048] (hereinafter referred to as the Bank).

Due to COVID-19 pandemic, there was no possibility to visit the Bank due to complete lockdown imposed by the Centre. I have inspected all the relevant documents necessary for Secretarial Audit based upon the information provided by the bank through online mode and audit was conducted in a manner that provided me a reasonable basis for evaluating all the documents and records and expressing my opinion thereon.

Based on my verification of the Bank's books, papers, minute books, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank as stated above, during the conduct of secretarial audit, I hereby report that in my opinion, the Bank has, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Bank has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Bank for the financial year ended on 31st March, 2020 according to the provisions mentioned below and the Bank has complied with the said provisions except mentioned thereunder:

(I) The Companies Act, 2013 (the Act) and the rules made there under read with the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Secretarial Standards issued by The Institute of Company Secretaries of India except:-

(a) *The vacancy caused by the resignation of Mrs. Vijayalakshmi Iyer was filled up on 11th January, 2020 consequent to appointment Mrs. Monica Dhawan as Independent Woman Director beyond the time limit prescribed under the under Section 149 of the Act read with Regulation 17 (1)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.*

The vacancy caused by non-reappointment of Independent directors namely Mr. Pronab Sen, Mr. Sanjiv Agarwal, Mr. Sunil Chandiramani and Mr. Mohammad Ashraf Mir by the members in the Annual General Meeting held on 26th September, 2019 was filled by the Bank by appointing Dr. Rajeev Lochan Bishnoi, Mrs. Monica Dhawan and Mr. Naba Kishore Sahoo as Independent Directors with effect from 11th January 2020 and 1st March 2020 respectively. The aforesaid appointments were made beyond the time limits prescribed under Section 149 of the Act read with the rules made there under and Regulation 25(6) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

(b) *Pursuant to Section 177 and 178 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation Regulations 18 (1) (b), 19 (1) (a) and 20 (2) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the composition of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee was not in compliance of the above regulations for the period beginning from 26th September 2019 and 10th January, 2020 since the Bank did not have any Independent Directors.*

(c) *The Bank has conducted Board Meetings held on 23rd October, 2019 and 30th December, 2019 without the presence of at least one Independent Director which is not in compliance with Regulation 17 (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The gap between the meetings of the Audit committee held on 2nd August 2019 and 30th January 2020 is 180 days which is beyond the time limit specified in the Secretarial Standards and Regulation 18 (2) (a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.*

(d) *Article 69(i) of the Articles of Association prescribes that the Bank shall have minimum Seven (7) directors on the Board. However during the period from 7th October, 2019 to 11th January, 2020 the Bank had only six directors on its Board.*

(e) *Since the chairman of the Bank is Executive, half of the board should comprise of independent Directors which is not in compliance with Regulation 17(1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.*

However, the existing Chairman & Managing Director of the Bank has been appointed by the Reserve Bank of India under Section 10BB of the Banking Regulation Act, 1949. The shareholders & RBI have approved amendments in the Articles of Association



of the Bank for splitting the position of Chairman & CEO into Non-Executive Chairman of the Board and a fulltime Managing Director of the Bank to comply with regulatory requirements. The Bank has also made application to the RBI seeking approval under Section 35B of the aforesaid Act to appoint a Non- Executive Chairman of the Board and the said application is under the consideration of RBI. Upon receipt of approval from RBI, the Bank would be in compliance with Regulation 17(1)(b) of Listing Regulations.

- (f) The Bank has submitted financial results for the half year ended 30th September 2019 on 31st January 2020 which is beyond the time limit prescribed in Regulation 33 (3) of the of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Bank had made an application to the SEBI/ stock exchanges for grant of extension beyond 45 days along with the waiver of penalty to be imposed. However, BSE Limited and NSE have levied a penalty of Rs.1,06,200/- each for delay in submission of financial results for the quarter ended 30th September, 2019. The Bank has made payments to the respective Stock Exchanges.

BSE Limited (vide their email dated 2nd July, 2020) and The National Stock Exchange of India Limited (vide their email dated 16th June, 2020) have waived off the penalty levied for late submission of the financial results for the quarter ended 30th September, 2019.

- (II) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (III) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (IV) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment;

During the period of our audit the Bank has not made any transactions. Hence the reporting of compliance under these regulations does not arise.

- (V) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

As per Regulation 3(1) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 any Promoter or person acting in concert can acquire upto 5% of the paid-up capital in a financial year. The listed entity issued and allotted 15,65,92,546 Equity shares

to the Government of Jammu & Kashmir. The said allotment has increased the shareholding of the promoter by 8.95% in the capital of the Bank

The listed entity for and on behalf of the Government of J&K, the majority shareholder, made an application to SEBI for issuing the shares beyond 5% of the paid-up capital. The Securities and Exchange Board of India vide its order No. WTM/GM/CFD/81/2019-20 dated 18th March, 2020 under Section 11(1) and Section 11(2)(h) of the SEBI Act, 1992 read with Regulation 11(5) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 granted exemption to the Government of Jammu & Kashmir, from complying with the requirements of Regulation 3(2) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 with respect to the acquisition of 15,65,92,546 equity shares in the listed entity during the Financial Year 2019 - 20 through preferential allotment

- (b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

During the period under review, the Bank has complied with the applicable provisions of the said regulations.

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

The Bank had issued and allotted 15,65,92,546 equity shares on preferential basis to the Government of Jammu and Kashmir, the promoter of the Bank for cash at a price of Rs.31.93 per equity share including a premium of Rs. 30.93 per share after obtaining the necessary statutory and regulatory approvals.

The aforesaid issue and allotment has been made in compliance with the regulations prescribed in Chapter V of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018

- (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 except as mentioned in para (I) above.

- (e) The Securities and Exchange Board of India (Share Based Employee Benefit Schemes) Regulations, 2014;

During the period of our audit the Bank has not issued any securities under these regulations and also does not have an ESOP plan. Hence the reporting of compliance under these regulations does not arise.

- (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities)



Regulations, 2008;

During the period of our audit, the Bank has not issued any Debt Securities. Hence the reporting of compliance under these regulations does not arise.

(g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

During the period of our audit the Bank has not delisted its Equity Shares from any of the exchanges, where the shares are listed. Hence the reporting of compliance under these regulations does not arise; and

(i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

During the period of our audit the Bank has not done any buy back of its securities. Hence the reporting of compliance under these regulations does not arise;

(VI) List of other laws specifically applicable to the Bank:

a. SEBI (Bankers to an Issue) Regulations, 1994
The Bank is registered as Bankers to an Issue with SEBI. The Bank has complied with the applicable regulations in this regard. There was no activity taken up by the Bank during the period under report

b. The Insolvency and Bankruptcy Code, 2016 and amendments from time to time.

c. The Banking Regulation Act, 1947 and rules framed there under so far as applicable to the Bank except;

- During the financial year under review the Reserve Bank of India had imposed a fine of Rs.50,00,000 for delay in reporting of frauds
- During the financial year under review the Reserve Bank of India has also imposed fine of Rs.13,55,000 for not having currency chests.

d. The Deposit Insurance and Credit Guarantee Corporation Act, 1961

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

Since the Secretarial Standards on Meetings of the Board of directors (SS-1) and Secretarial Standards on General Meetings (SS-2) have been notified and were made effective from 01st July, 2015, the bank has complied with the said Standards except as mentioned at para (I) above.

(ii) The Bank has complied with all the provisions of the listing agreement and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 except as mentioned at para (I) above.

I further report that the Board of Directors of the Bank has not been constituted with a proper balance of Executive Directors, Non-Executive Directors and Independent Directors for the period from 26th September, 2019 to 10th January, 2020. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

I further report that the compliance by the Company of the applicable financial laws such as direct and indirect tax laws and maintenance of financial records and books of accounts has not been reviewed in this Audit since the same have been subject to review by Statutory Financial Auditor and other designated professionals.

The Secretarial Auditor felt that it is pertinent to bring to the notice of members about the postponement in the dates of the 81st Annual General Meeting and the change in its venue which has been held during the reporting period:

1. The 81st Annual General Meeting of the bank was scheduled to be held on 10th August 2019 at 11 am at Sher-i-Kashmir International Conference Centre, (SKICC), Srinagar had been postponed to 7th September 2019 at 11 am due to unavoidable circumstances beyond the control of the Bank. The same has been duly communicated to all the Shareholders and Stock Exchanges on 3rd August 2019.
2. Subsequently, the re-scheduled Annual General Meeting which was scheduled to be held on 7th September 2019 got postponed to 26th September 2019 due to reasons beyond the control of the Bank and the same has been duly communicated to all the shareholders and Stock Exchanges on 4th September 2019.
3. The Bank has changed the venue of the 81st Annual General Meeting to its registered office situated at Corporate Headquarters, M. A. Road, Srinagar - 190001 and the same was duly intimated to the concerned Stock Exchanges and Shareholders.

Adequate notice is given to all directors to schedule the Board and Committee Meetings and the same were sent in accordance with the statutory requirement. Agenda and detailed notes on agenda were being sent at least seven days in advance, wherever possible. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

The Bank has complied with the provisions of Companies Act,



2013 and the rules made there under except for the points mentioned in (I) above. In couple of instances the Bank has filed resolutions relating to extension of the term of the Key Managerial Personnel as on the date of this report.

I further report that there are adequate systems and processes in the Bank commensurate with the size and operations of the Bank to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. However, the same needs to be strengthened further to make it as a centralised system.

I further report that during the audit period the Bank has:

- i. Obtained the approval of members of the Bank to raise debt capital by issue of Unsecured fully paid up Non-Convertible perpetual debt instruments up to 550 crores and unsecured, redeemable, subordinated, Non- convertible Basel III compliant Bonds in the nature of Debentures for inclusion in Tier- 2 Capital aggregating to Rs. 1050 crores. Approval of members for the said issue was sought by way of special resolution passed in the 81st Annual General Meeting held on 26th September, 2019

- ii. The Bank had issued and allotted 15,65,92,546 equity shares on preferential basis to the Government of Jammu and Kashmir, the promoter of the Bank for cash at a price of Rs.31.93 per equity share including a premium of Rs. 30.93 per share after obtaining the necessary statutory and regulatory approvals.
- iii. The bank has redeemed Lower Tier II Bonds aggregating Rs.600 Crores (i.e. principal redemption) and coupon amounting to Rs. 252.75 Crores during the year.

For DSMR & Associates
Company Secretaries

Place: Hyderabad
Date: 14th August, 2020

D S M Ram
Proprietor
C. P. No. 4239
UDIN: A014939B000579668

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.



Annexure 'A'

To,

The Members,
JAMMU AND KASHMIR BANK LIMITED
Corporate Head Quarters, M. A. Road
Srinagar - 190001, Kashmir
India

Our report of even date is to be read along with this letter:

1. Maintenance of secretarial records is the responsibility of the management of the Bank. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurances about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.
4. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
5. The Secretarial Audit report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the management has conducted the affairs of the Bank.

Place: Hyderabad
Date: 14th August, 2020

For DSMR & Associates
Company Secretaries

D S M Ram
Proprietor
C. P. No. 4239
UDIN: A014939B000579668



Annexure 3

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 (2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

- A. Particulars of Employees as per rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended 31st March, 2020, are as under:
- I. Employed Throughout the Financial Year and in Receipt of Remuneration Aggregating Rs. 1.02 Crore or more Per Annum: NIL
 - II. Employed for a Part of the Financial Year and in Receipt of Remuneration Aggregating Rs. 8.50 Lakhs or more Per Month: NIL
- B. List of top ten employees (Other than Chairman & MD) in terms of remuneration drawn during the FY 2019-20 with following fields:

S. No.	Name	Designation (as on 31 st March, 2020)	Remuneration drawn	Nature of employment, whether contractual or otherwise	Qualification/ Experience	Date of Joining	Age	Last employment held before joining the Bank	% of equity shares	Whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager
1.	ARUN GANDOTRA	President	2627210	Permanent	BSC (Medical)/MSC (Zoology)/ CAIB/CAIB-II	01/10/1986	58	-	-	No
2.	GHULAM NABI TELI	President	2587660	Permanent	Bachelor of Arts ()/Master of Arts (English)/DIPLOMA IN BANKING TECHNOLOGY)/ CAIB	01/10/1986	58	-	-	No
3.	RAJNI SARAF	President	2692757	Permanent	Bachelor of Arts)/ Masters in Commerce/ CAIB/	01/10/1986	57	-	0.0001	No
4.	FAYAZ AHMAD ZARGAR	Vice President	2588430	Permanent	BSC ()/Masters in Commerce)/ CAIB/	02/01/1984	59	-	-	No
5.	SUDHIR GUPTA	Vice President	2616567	Permanent	BSC (Non-Medical)/ CAIB	25/10/1989	52	-	-	No
6.	MANZOOR HUSSAIN BHAT	Vice President	2650248	Permanent	BSC (Medical)/MSC (Chemistry)/Diploma / CAIB/CAIB-I	23/10/1989	59	-	-	No
7.	SUNIT KUMAR	Vice President	2606392	Permanent	BSC (Non-Medical)/ Pg. Dip. Comp.Sc & Applications (Computer Science)/ CAIB-I	27/10/1989	53	-	-	No
8.	MOHAMMAD FAROOQ RATHER	Vice President	2788814	Permanent	BSC/ LLB	14/09/1993	55	-	-	No



9	PUSHAP KUMAR TICKOO	Executive President	4014528	Permanent	BSC (Non-Medical)/ CAIIB-I	01/03/1982 Now Retired	60	-	-	No
10.	MOHAMMAD MAQBOOL LONE	President	2640479	Permanent	BSC (Non-Medical)/ MSC (Geography Dev)/ CAIIB-I	01/10/1986 Now Retired	60	-	-	No

C. The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

S I . No	Requirements	Disclosure	
I	The ratio of the remuneration of each director to the median remuneration of the employees for the financial year	Chairman & CEO	6.95 X
II	The percentage increase in remuneration of each director, CFO, CEO, CS in the financial year	Chairman & CEO CFO CS	12.13% 15.52% 16.43%
III	The percentage increase in the median remuneration of employees in the financial year	The median remuneration of the employees in the financial year was increased by 9.13%.	
IV	The number of permanent employees on the rolls of the Bank	There were 11740 employees as on March 31, 2020.	
V	Average percentile increase already made in the salaries of the employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average percentile increase already made in the salaries of the employees other than the Managerial personnel is 9.13%. There is no exceptional increase in the salary of employees or management.	
VI	Affirmation that the remuneration is as per the remuneration policy of the Bank	Yes, it is confirmed	

During the Financial Year 2019-20, none of the Non Executive Director received any remuneration from the Bank other than sitting fee for attending each meeting for Board or a Committee thereof during the reporting period as per the details furnished in Annexure-4.



Annexure 4

EXTRACTS OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2020

{Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014}

I. REGISTRATION AND OTHER DETAILS

i. CIN:-	L65110JK1938SGC000048
ii. Registration Date	1 st October, 1938
iii. Name of the Company	Jammu and Kashmir Bank Limited
iv. Category/sub category of the Company	Government Company under the Companies Act, 2013 Old Private Sector Bank under RBI Classification.
v. Address of the Registered office and Contact details	Corporate Headquarters, M. A. Road, Srinagar 190001 J&K (India)
vi. Whether listed Company	Yes i) BSE Ltd. ii) National Stock Exchange of India Ltd.
vii. Name, Address and contact details of Registrar and Transfer Agent, if any	KFin Technologies Private Limited (Unit:- J&K Bank) Plot 31-32, Selenium Building, Financial District, Nanakramguda, Gachibowli, Hyderabad - 500 032 Telangana - India Email: einward.ris@kfintech.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No	Name and Description of Main products/services	NIC code of the product/service	% to total turnover of the company
1	Banking Business	64191	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No	Name of Address of the Company	CIN/GLM	Holding/subsidiary/ associate	% of shares held
1.	JKB Financial Services Ltd.	U65990JK2008SGC002931	Subsidiary	100%
2.	J&K Grameen Bank Ltd.	Not Applicable	Associate	35%
3.	Jammu and Kashmir Asset Reconstruction Limited	U65929JK2017SGC009944	Associate	49%



IV. SHAREHOLDING PATTERN (Equity share Capital breakup as percentage of total equity)

i. Category-wise shareholding

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A(1) Promoter and Promoter Group (Indian)									
Individuals/Hindu Undivided Family	0	0	0	0	0	0	0	0	0
Central Government/ UT of Government of Jammu & Kashmir	329,833,032	0	329,833,032	59.23	486,425,578	0	486,425,578	68.18	8.95
Bodies Corporate	0	0	0	0	0	0	0	0	0
Financial Institutions/ Banks	0	0	0	0	0	0	0	0	0
Any Other (Total)	0	0	0	0	0	0	0	0	0
Sub-Total (A)(1)	329,833,032	0	329,833,032	59.23	486,425,578	0	486,425,578	68.18	8.95
A(2) Foreign									
NRIs - Individuals	0	0	0	0	0	0	0	0	0
Other Individuals	0	0	0	0	0	0	0	0	0
Bodies Corporate	0	0	0	0	0	0	0	0	0
Banks / Financial Institutions	0	0	0	0	0	0	0	0	0
Any Other (Total) (FIIS)	0	0	0	0	0	0	0	0	0
Sub-Total (A)(2)	0	0	0	0	0	0	0	0	0
B(1) Public shareholding³									
Institutions									
Mutual Funds/UTI	29362502	0	29362502	5.27	20997788	0	20997788	2.94	(2.33)
Financial Institutions/ Banks	268006	0	268006	0.05	382507	0	382507	0.05	0
Central Government/ State Government(s)	0	0	0	0	0	0	0	0	0
Venture Capital Funds	0	0	0	0	0	0	0	0	0
Insurance Companies	15374694	0	15374694	2.76	15374694	0	15374694	2.15	(0.61)
Foreign Institutional Investors	87678400	0	87678400	15.74	74177685	0	74177685	10.40	(5.34)



Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	0
Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
Any Other (Total)	0	0	0	0	0	0	0	0	0
Sub-Total (B)(1)	132683602	0	132683602	23.82	110932674	0	110932674	15.54	(8.28)
B(2) Non-institutions									
Bodies Corporate	6362159	148940	6511099	1.17	9507050	148940	9655990	1.35	0.18
Individuals - i. Individual Shareholders Holding Nominal Share Capital Up To >Rs. 2 Lakh.	60005526	13370320	73375846	13.18	79464885	12912086	92376971	12.95	(0.23)
Individuals - ii. Individual Shareholders Holding Nominal Share Capital In Excess Of Rs. 2 Lakh	6063207	0	6063207	1.09	4362680	0	4362680	0.61	(0.48)
NBFC registered with RBI	176682	0	176682	0.03	1750	0	1750	0.0002	(0.028)
Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
Any Other	1932124	0	1932124	0.35	6845268	0	2361623	0.33	(0.02)
Clearing Members	1479537	0	1479537	0.27	1057240	0	1057240	0.16	(0.11)
Non Resident Indians	4677827	14000	4691827	0.84	1683521	0	6167166	0.86	0.02
Trusts	111436	0	111436	0.02	109266	0	109266	0.015	(0.005)
Sub-Total (B)(2)	80808498	13533260	94341758	16.95	103031660	13061026	116092686	16.28	(0.67)
Total Public Shareholding (B)= (B)(1)+(B)(2)	213492100	13533260	227025360	40.77	213964334	13061026	227025360	31.82	(8.95)
TOTAL (A)+(B)	543325132	13533260	556858392	100	700389912	13061026	713450938	100	0
Shares held by Custodians and against which Depository Receipts have been issued (C)	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	543325132	13533260	556858392	100	700389912	13061026	713450938	100	0



(ii) Shareholding of Promoters

Name of the shareholder	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
	No. of Shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of Shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
Chief Secretary Jammu & Kashmir Govt	311,243,975	55.89	0	4590,04,701	64.34	0	8.45
Secretary Finance Deptt Jammu & Kashmir Govt	18,589,057	3.34	0	274,20,877	3.84	0	0.50
Total	329,833,032	59.23	0	486425578	68.18	0	8.95

(iii) Changes in Promoters Shareholding:

Name of the Shareholders	Shareholding at the beginning of the year		Cumulative share bought/sold during the year		Shareholding at the end of the year		Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease
	No. of shares	% of shares of the company	No. of shares	% of total shares of the company	No. of shares	% of shares of the company	
Chief Secretary Jammu & Kashmir Govt	311,243,975	55.89	147,760,726	8.45	4590,04,701	64.34	Preferential allotment of 147,760,726 Equity Shares on 31-03-2020
Secretary Finance Deptt Jammu & Kashmir Govt	18,589,057	3.34	8,831,820	0.50	274,20,877	3.84	Preferential allotment of 8,831,820 Equity Shares on 31-03-2020

(iv) Shareholding patterns of top ten Shareholders (other than directors, promoters and Holders of GDRs and ADRs)

Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year		Shareholding at the end of the year		Reasons for increase/decrease
	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company	
East Bridge Capital Master Fund Limited	17512431	3.14	(517101)	(0.76)	16995330	2.38	Disposal of Shares
Life Insurance Corporation Of India	15374694	2.76	0	(0.61)	15374694	2.15	The decrease in the % of total Shares held is because of increase in number of total Shares of the Bank resultant of preferential allotment to the Government.
East Bridge Capital Master Fund I Ltd	10295499	1.85	(52137)	(0.42)	10243362	1.43	Disposal of Shares



ICICI Prudential Value Discovery Fund	10000000	1.80	0	(0.40)	10000000	1.40	The decrease in the % of total Shares held is because of increase in number of total Shares of the Bank resultant of preferential allotment to the Government.
ICICI Prudential Midcap Fund	5772102	1.04	0	(0.23)	5772102	0.81	The decrease in the % of total Shares held is because of increase in number of total Shares of the Bank resultant of preferential allotment to the Government.
Elara Global Funds - Elara Emerging Markets Fund	4887927	0.88	(328882)	(0.25)	4559045	0.63	Disposal of Shares
Vanguard Total International Stock Index Fund	2537800	0.45	878083	0.03	3415883	0.48	Purchase of Shares
Hosking Global Fund PLC- Hosking Global Sub Fund No. 1	3744112	0.67	(521849)	(0.22)	3222263	0.45	Disposal of Shares
Vanguard Emerging Markets Stock Index Fund, A SERI	2201271	0.39	589194	0.004	2790465	0.39	Purchase of Shares
Nordea 1 Sicav-Indian Equity Fund	2830520	0.50	(463111)	(0.17)	2367409	0.33	Disposal of Shares

v) Shareholding of Directors:

A. Directors

Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shares bought/sold during the year		Shareholding at the end of the year		Date wise increase/decrease with reasons	
	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company		
Mr. Rajesh Kumar Chhibber	1000	0.00	10000	0.001	11000	0.001	06.03.2020	Purchase of shares

V. INDEBTEDNESS

(Amount in Crores)

	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
1. Principal Amount	0.00	2782.49	928.07	3710.56
2. Interest due but not paid	0.00	0.00	0.00	0.00
3. Interest accrued but not due	0.00	83.64	16.79	100.43
Total (1 + 2 + 3)	0.00	2866.13	944.86	3810.99
Changes in indebtedness during the year				
·Addition	0.00	0.00	0.00	0.00
·Reduction	0.00	749.80	944.86	1694.66
Net Change	0.00	(749.80)	(944.86)	(1694.66)
Indebtedness at the end of the financial year				
1. Principal Amount	00.00	2019.58	0.00	2019.58
2. Interest due but not paid	0.00	0.00	0.00	0.00
3. Interest accrued but not due	0.00	96.75	0.00	96.75
Total (1 + 2 + 3)	0.00	2116.33	0.00	2116.33



Indebtedness of the company including interest outstanding/accrued but not due for payment.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration of Managing Director, Whole-time Directors and / or Manager

(amount in Rs.)

Particulars of Remuneration	Name of the MD : Mr. Parvez Ahmed			Total Amount
	(01.04.2019-08.06.2019)			
	Basic	DA	Others	
Gross Salary				
a. Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	12,28,333.00	---	1,229.00	12,29,562.00
b. Value of perquisites u/s 17(2) Income tax Act, 1961	---	---	---	---
c. Profits in lieu of salary under section 17(3) Income tax Act, 1961	---	---	---	---
Stock Option	---	---	---	---
Sweat Equity	---	---	---	---
Commission				
- As % of Profit	---	---	---	---
- Others, - (Performance Bonus)	---	---	---	---
Others	---	---	---	---
Total (A)	12,28,333.00	---	1,229.00	12,29,562.00

(amount in Rs.)

Particulars of Remuneration	Name of the MD : Mr. Rajesh Kumar Chhibber**			Total Amount
	(10.06.2019-31.03.2020)			
	Basic	DA	Others	
Gross Salary				
a. Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	41,86,487.00	4,34,744.00	15,62,179.00	61,83,410.00
b. Value of perquisites u/s 17(2) Income tax Act, 1961	---	---	---	---
c. Profits in lieu of salary under section 17(3) Income tax Act, 1961	---	---	---	---
Stock Option	---	---	---	---
Sweat Equity	---	---	---	---
Commission				
- As % of Profit	---	---	---	---
- Others, - (Performance Bonus)	---	---	---	---
Others	---	---	---	---
Total (A)	41,86,487.00	4,34,744.00	15,62,179.00	61,83,410.00

**During the period, the bank has provided the residential accommodation to the Chairman in lieu of which no House Rent has been paid.



B. Remuneration to other Directors:

(Amount in Rs.)

Particulars of Remuneration	Azhar-Ul-Amin	Dhaman Kumar Pandoh	Rahul Bansal	Anil Kumar Misra	Vikram Gujral	Sonam Wangchuk
Other Non - Executive Directors						
Fee for attending Board and Committee Meetings	0	6,80,000.00	0	3,60,000.00	4,40,000.00	2,40,000.00
Commission						
Others (please specify)		----	----	----	----	----
Total (1)	0	6,80,000.00	0	3,60,000.00	4,40,000.00	2,40,000.00

Particulars of Remuneration	Mohammad Ashraf Mir	Sanjiv Agarwal	Sunil Chandiramani	Pronab Sen	Rajeev Lochan Bishnoi	Monica Dhawan	Naba Kishore Sahoo
Independent Directors							
Fee for attending Board and Committee Meetings	6,00,000.00	7,20,000.00	4,40,000.00	2,80,000.00	4,80,000.00	3,20,000.00	2,00,000.00
Commission							
Others (please specify)	----	----	----	----	----	----	----
Total (2)	6,00,000.00	7,20,000.00	4,40,000.00	2,80,000.00	4,80,000.00	3,20,000.00	2,00,000.00
Total (B) =(1+2)	47,60,000.00						

(Note: In addition to the above the Bank has paid GST @18% on sitting fee under reverse charge mechanism, out of which 9% has been claimed as Input Tax Credit)

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Particulars of Remuneration	Key Managerial Personnel			Total Amount	
	Chief Financial Officer Mr. Rakesh Gandotra (01-04-2019 to 30.06.2019)	Chief Financial Officer Mrs Rajni Saraf (01.07.2019 to 31.03.2020)	Company Secretary		
a. Gross Salary					
Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	7,80,715.00	20,91,022.00	16,73,279.00	45,45,016.00	
b. Value of perquisites u/s 17(2) Income tax Act, 1961	----	----	----	----	
c. Profits in lieu of salary under section 17(3) Income tax Act, 1961	----	----	----	----	
Stock Option	----	----	----	----	
Sweat Equity	----	----	----	----	
Commission					
- As % of Profit	----	----	----	----	
- Others, Specify	----	----	----	----	
Others	----	----	----	----	
Total	28,71,737.00			16,73,279.00	45,45,016.00

PENALTIES / PUNISHMENT/COMPOUNDING OF OFFENCES:

A penalty of Rs. 2,12,400.00 was imposed by NSE and BSE (Rs.1,06,200.00 to each NSE/BSE) for delayed submission of Financial Results for the quarter ended September, 2019 on 17-12-2019. Upon the representation of the Bank, the Exchanges waived off the said penalties. Further, the Reserve Bank of India imposed a monetary penalty of Rs. 50 lacs on account of delayed reporting of Fraud and Rs 13.55 lacs on currency chests.



Annexure 5

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

Part "A": Subsidiaries

(Amounts in Rs. Lakhs)

S.No	Particulars	Remarks
1.	Name of the subsidiary	JKB Financial Services Ltd.
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same as that of Holding company
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Not Applicable
4.	Share capital	2000
5.	Reserves & surplus	(586)
6.	Total assets	2334
7.	Total Liabilities	2334
8.	Investments	NIL
9.	Turnover	438.87
10.	Profit before taxation	(220.46)
11.	Provision for taxation	(68.12)
12.	Profit after taxation	(152.34)
13.	Proposed Dividend	NIL
14.	% of shareholding	100 %

Notes: The following information shall be furnished at the end of the statement:

1.	Names of subsidiaries which are yet to commence operations	NIL
2.	Names of subsidiaries which have been liquidated or sold during the year.	NIL



Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures Name of Associates		The J&K Grameen Bank	Jammu & Kashmir Asset Reconstruction Limited.
1.	Latest audited Balance Sheet Date	31.03.2020	NA
2.	Shares of Associate/Joint Ventures held by the Bank on the year end : Number Amount Extend of Holding %	340.1 Lakhs Rs.34.01 Crores 35 %	9.80 Lakhs Rs.98.00 Lakhs 49 %
3.	Description of how there is significant influence	The J&K Bank is the sponsor Bank of the J&K Grameen Bank, holding 35 % of its Share Capital	Bank hold 49% capital in the company
4.	Reason why the associate is not consolidated		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 Rs.98 lakhs whereas Government of J&K has subscribed Rs.102 lakh. The Bank has incurred Rs.76,32,730/- towards incorporation expenses for the company. The Promoters i.e. J&K Government and Jammu & Kashmir Bank Limited have not released their respective shares towards the capital of the company. In the mean time the promoters have also decided to windup the company and the Bank in turn has approached the Registrar of Companies (J&K) (RoC) for removal of the name of the company from the register of companies under section 248 of the Companies Act, 2013. The application of the Bank is pending with RoC.
5.	Net worth attributable to Shareholding as per latest audited Balance Sheet	Rs.732.94 Lakhs i.e. 35% of Total Net Worth of Rs.2094.09 Lakhs	
6.	Profit / Loss for the year	Rs. (11933.88) Lakhs	
7.	Considered in Consolidation	Yes	
8.	Not Considered in Consolidation	No	Yes

R. K. Chhibber
Chairman & Managing Director
DIN: 08190084

Dr. Arun Kumar Mehta, IAS
Director
DIN: 02712778

Bipul Pathak, IAS
Director
DIN: 08077260

Anil Kumar Misra
Director
DIN: 08066460

Vikram Gujral
Director
DIN: 03637222

Dr. Rajeev Lochan Bishnoi
Director
DIN: 00130335

Monica Dhawan
Director
DIN: 01963007

Naba Kishore Sahoo
Director
DIN: 07654279

Zubair Iqbal
Director
DIN: 08742685

Rajni Saraf
President/CFO

Mohammad Shafi Mir
Company Secretary



Annexure 6

Form AOC-2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section(1) of section188 of the Companies Act,2013 including certain arm's length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis:

-----Not Applicable-----

2. Details of material contracts or arrangement or transactions at arm's length basis

(a)	Name(s) of the related party and nature of relationship	As per table "A" below
(b)	Nature of contracts/ arrangements/ transactions	
(c)	Duration of the contracts/arrangements/transactions	-
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	-
(e)	Date(s) of approval by the Board, if any:	NA
(f)	Amount paid as advances, if any:	NA

TABLE "A"

(Rs. In Crores)

Items/Related Party		J&K Grameen Bank (Associate)	JKB Financial Services Ltd. (Subsidiary)	Jammu & Kashmir Asset Reconstruction Limited
Deposits	Balance as on date	1294.33	2.40	As per note below
	Maximum Balance during the year	1485.72	4.27	
Advances	Balance as on date	*11.67	2.01	
	Maximum Balance during the year	11.67	2.01	
Investments	Balance as on date	34.01	20.00	
	Maximum Balance during the year	34.01	20.00	
Interest Paid		121.12	0.02	
Interest/Commission Received		0.75	0.01	
Sale of Fixed Assets		NIL	NIL	
Reimbursement on behalf of Associate/Subsidiary		1.89	2.11	
Transfer of Current Assets/ Liabilities (Net)		NIL	NIL	
IT Support Services		0.90	NIL	
Outstanding with Associate/Subsidiary		NIL	2.12	

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

* Rs.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.

3. 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 Rs.98 lakhs whereas Government of J&K has subscribed Rs.102 lakh. The Bank has incurred Rs.76,32,730/- towards incorporation expenses for the company. The Promoters i.e. J&K Government and Jammu & Kashmir Bank Limited have not released their respective shares towards the capital of the



company. In the mean time the promoters have also decided to windup the company and the Bank in turn has approached the Registrar of Companies (J&K) (RoC) for removal of the name of the company from the register of companies under section 248 of the Companies Act, 2013. The application of the Bank is pending with RoC.

4. Salary of Key Managerial Person (KMP)

(Amount in Lakhs)

Items/Related Party	K.M.P*				
	Mr. Parvez Ahmed** (Chairman)	Mr. R. K. Chhibber** (Chairman)	Mr. Rakesh Gandotra (CFO)	Mrs. Rajni Saraf (CFO)	Mr. Mohammad Shafi Mir (Company Secretary)
Period for which post held during FY 2019-20	2 Months 8 Days	9 Months 22 Days	3 Months	9 Months	12 months
Salary	12.30	61.83	7.81	20.91	16.73

*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.



Annexure 7

Business Responsibility Report

{Under Regulation 34 (2) of SEBI (LODR) Regulation, 2015}

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company : L65110JK1938SGC000048
2. Name of the Company : Jammu and Kashmir Bank Limited
3. Registered address : Corporate Headquarters, M. A. Road, Srinagar, Kashmir -190001
4. Website : www.jkbank.com
5. E-mail id : board.sectt@jkbankmail.com
6. Financial Year reported : 2019-2020
7. Sector(s) that the Company is engaged in (industrial activity code-wise) : Code: 64191-Jammu and Kashmir Bank Limited is a banking company governed by the Banking Regulation Act, 1949.
8. List three key products/services that the Company manufactures/provides : The Jammu and Kashmir Bank Limited (J&K Bank), incorporated in Jammu & Kashmir, India, is a publicly held banking company engaged in providing a wide range of banking services including Retail Banking, Corporate Banking & Treasury Operations.
9. Total number of locations where business activity is undertaken by the Company
 - i. Number of International Locations (Provide details of major 5)
NIL
 - ii. Number of National Locations
As on 31st March, 2020, J&K Bank had a network of 955 branches (including IARBs) which are spread over 17 States and 4 Union Territory in India.
10. Markets served by the Company Local/State/National/International
J&K Bank serves customers in national locations.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR) : ₹ 7134.51 Lacs
2. *Total Turnover (INR) : ₹ 899220.96 Lacs
*Total turnover represents the sum of "Interest earned" (Schedule 13 of the accounts) and "Other income" (Schedule 14 of the accounts).
3. Total loss after taxes(INR) : ₹ 113941.22 Lacs
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)
The Bank has spent Rs. 2.41 Crores being more than 2% of its average net profits of the last three financial years ending March 31, 2017, March 31, 2018 and March 31, 2019 towards CSR activities. The expenditure has, in line with CSR Policy of the Bank, primarily been incurred in critical sectors like Education, Health, Environment and Community Development.
5. List of activities in which expenditure in 4 above has been incurred:
The expenditure (in 4 above) has been undertaken primarily in Education, Health, Environment and Community Development.



Overview of the activities

Key initiatives undertaken during the reporting year were:

Community Development

The bank undertook many initiatives to help provide convenience to the people and remained at the forefront to promote socio-economic welfare in a harmonious and sustainable manner. During the FY 2019-20, the bank installed pole lights in the popular leisure place- Rajinder Park- in Jammu in addition to the solar lamps in Khalsi Market of Leh under the Community Development program of CSR. Besides, the bank conducted a relief camp for passengers who were stranded at Bathindi due to the prolonged closure of Srinagar-Jammu Highway.

The bank also purchased three water coolers, wall-fans and 3-seater chairs for Food and Supplies Department, Jammu besides procuring an Air Conditioner for the consumer court complex, Srinagar. Two Water Purifiers were also provided to an orphanage in Kulgam working under Syed Hussain Simnani Shrine.

In order to judiciously employ a 14-seater battery operated vehicle (previously procured for Jammu University during the FY 2018-19) for the welfare of the student community, the bank as a responsible corporate citizen, provided the same to Sewa Bharti, J&K- a Non-Governmental Organization- under CSR for ferrying students from hostel to the school managed by the NGO at Katra.

Preventive Healthcare

The motive behind helping upgrade the healthcare infrastructure is to enable people to have access to the best-in-class medical treatment while also keeping the costs to the minimum possible. The bank continues to extend support towards helping procure state-of-the-art diagnostic aids to help achieve a hale and hearty society.

During the FY 2019-20, the bank provided support to help complete a comprehensive fabrication of shed at District hospital Rajouri. The bank also procured a hi-tech USG machine along with a 1KVA UPS with Transformer for installation in Nephrology Department of SKIMS Srinagar.

Promotion of Education

Promoting education remains at the top of the bank's priority list under CSR. Time and again, the bank has contributed for the welfare of the student community besides nurturing innovation and entrepreneurship. Continuing with the same, the bank funded the Central University of Jammu's Business Incubation Cell to help sponsor innovators. The bank also provided a 31-seater bus to Central University of Kashmir for transporting student and faculty members.

To provide students potable water, the bank installed a water treatment plant at NIT Srinagar besides installing 480 dustbins within the campus of Kashmir University. The bank also contributed towards helping develop the park at Government College for Women MA Road to provide a better ambience to the students studying in the college.

Notably, the bank also provided monetary assistance to CHINAR Kashmir, an NGO that works to provide a nurturing

environment for socially and economically disadvantaged children.

Preserving Ecology & Environment/Heritage

The bank continues to endeavor to help preserve the ecology, environment and heritage of the region. Besides being a culturally rich place, the region teems with diverse flora and fauna and the banks undertakes CSR initiatives to help preserve the pristine and historically important places of the region. Under its "Environment Excellence Program", the bank has inter alia been maintaining 13 parks/walkways across the UT thereby helping the cause of environmental protection.

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies?
Yes
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)
No
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? [Less than 30%, 30-60%, More than 60%]
No

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

- a) Details of the Director/Directors responsible for implementation of the BR policy/policies
Certain of the principles or components of the principles of the National Voluntary Guidelines (NVGs) on social, environmental and economic responsibilities of business have more relevance to a manufacturing company and the same has been specified under the respective sections. The Company has in place the policies and processes to address such principles of the NVGs on social, environmental and economic responsibilities of business which are applicable.

DIN : 08190084
Name : Mr. R. K. Chhibber
Designation : Chairman & MD

b) Details of the BR head

S. No	Particulars	Details
1	DIN (if applicable)	NA
2	Name	Mr. G. N. Teli
3	Designation	Executive President
4	Telephone number	+91-194-2481930-35
5	E-mail id	gnteli@jkbmail.com

2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

The NVGs on social, environmental and economic responsibilities of business prescribed by the Ministry of Corporate Affairs advocates the nine principles (detailed below) as P1-P9 to be followed:



P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
P3	Businesses should promote the wellbeing of all employees
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
P5	Businesses should respect and promote human rights
P6	Business should respect, protect, and make efforts to restore the environment
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
P8	Businesses should support inclusive growth and equitable development
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

The principle wise responses are mentioned in the Annexure to this report.

2a. If answer to S.No. 1 of the annexure against any principle, is 'No', the reasons for the same have been mentioned therein.

3. Governance related to BR

Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

Annually
Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Yes, the BRR is published annually and the hyperlink to view the report online is <http://www.jkbank.com/>

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The policy sets forth obligations on part of every employee for prevention, detection and reporting of any act of bribery or corruption. In addition to this, the policy also covers complaints made by any officials/ employees/ directors/ specified third parties of the Bank, like Suppliers/ Contractors/ NGOs/ Others etc., including the subsidiaries/ affiliates/ sponsored Bank.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

The Bank had 6 complaints pending at the beginning of the year and 413 Service Requests/ Complaints were received during the year; out of which 403 stand redressed and 16 complaints are pending at the end of the Year. During the year no Award has been passed by Banking Ombudsman against the Bank.

Whistle Blower policy is intended to help the Bank to fulfil its commitment with all stakeholders so that its dealings with them will stand for strong ethical principles of integrity and transparency. The policy is primarily meant to protect the employees against any discrimination, harassment, victimization or any other unfair employment practice against whistleblowers. Therefore, complete protection is given to whistleblowers, who report any wrong-doings in the Bank, against any unfair practice like retaliation, threat or intimidation of termination/ suspension of service, disciplinary action, transfer, demotion, refusal of promotion, or any direct or indirect use of authority to obstruct their right to continue, to perform their duties/ functions including, making further protected disclosures.

The disclosure made under this policy are appropriately dealt with, and is reported to the Audit Committee of the Board which is the monitoring authority for the purpose of this policy. Employees are not allowed to report their personal grievance(s) under the policy, as proper grievance Redressal Mechanism for employees is already in place in the Bank.

During the financial year under review, no complaint has been received under Whistle Blower mechanism.

The Customer Service Committee (CSC) of the Board of Directors of the Bank functions as the Apex body that monitors/reviews the customer services rendered by the bank. The CSC is chaired by Chairman & CEO of the Bank. Down the line a "Standing Committee on Customer Services" (SCCS) has been constituted which includes official as well as non-official members. An independent feedback is received from non-official members who represent major sections of the society i.e; Professionals, Businessmen, Pensioners etc. SCCS focuses on bridging the gap between the Apex body and various Business Units/ Departments and accordingly the feedback of SCCS is put before CSC of the Board of Directors and they are encouraged to suggest innovative measures for enhancing the quality of Customer Services and overall satisfaction level of the customers. The bank is having robust Customer Grievance Redressal Mechanism.

Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities:

The vision of the Bank "Pioneering the economic and social transformation"

To become a committed partner in fostering economic and



social transformation across the country through a deep commitment to value creation for all our stakeholders, while continuing to build on our historic business relationship with Jammu & Kashmir and Ladakh. The Bank believes in sustained development and in order to cater to different range of customers, it has laid an extensive network of Banking Outlets which include wide network of BUs, Easy Banking Units (USBs), ATMs, Cash Recyclers across the country. Besides bank offers customized products including home loans, project loans and it is ensured that wherever required, all necessary statutory and other approvals/permissions including those from Pollution Control Boards have been obtained by the borrower. Some of our products and services incorporating social and environmental concerns are given below:-

1. J&K Bank Ladli Beti Scheme:-

Bank in collaboration with the Administration of J&K has rolled out 'Ladli Beti' Scheme to arrest the decline in female sex ratio and reduce the financial burden of the girls' parents. Under the scheme, Govt. is providing monthly assistance of Rs.1000/- per girl child born in designated domicile districts upto a period of 14 years which is then placed in a fixed deposit for a further period of 7 years. The benefits have been envisaged to be paid to the beneficiary girl at the age of 21 years.

2. J&K Bank Budshah School Education Finance Scheme:-

This product addresses the issue of ensuring adequate opportunities to underprivileged children for completing primary education. Being a socio-economic bank of the UT, J&K Bank has embarked on the issue and entrusted upon itself the responsibility of providing fair opportunities to all children to complete primary education. The Bank also has educational loan product to provide financial assistance to needy and deserving students for taking up Professional /Technical courses and /or higher studies in India.

3. J&K Bank Kissan Credit Card / Apple Finance Scheme:

KCC/Apple Scheme of the bank has helped in changing the micro economics of the UTs of J&K and Ladakh with respect to the rural scenario. The schemes have uplifted the weaker agrarian groups, decreased their dependence on other social classes and made them self-sufficient, bolder and confident. This not only effected the economy of the UT in a positive manner but also changed the mindset of the economically backward agricultural sector. Today the said strata is not only living a secure life but is also dreaming of a better one. (may update PM-KISAN features also).

Bank under its initiative of Corporate Social Responsibility has been trying to help the people of all strata irrespective of the economic class with primary focus on preventive healthcare, education, community development, skill development, sanitation etc. Besides, in order to provide basic amenities to its people in the UTs of J&K and Ladakh, by way of creation and maintenance of world class civic amenities like parks, providing ambulances to various hospitals/ NGO's and various other events of social and economic importance.

Bank, as Convenor Bank of J&K UTLBC, ensures equitable growth to people in UT of J&K by

facilitating adequate coordination between government agencies and financial institution besides implementation of regulatory guidelines on mandatory lending to Priority Sector and under various Government Sponsored Schemes by all member banks. Thus promoting percolation of benefits of various schemes to desiring and deserving people.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

NA

Considering the nature of business of the Bank and the products/initiatives referred to above, some of the questions below are not applicable to the Bank.

- i. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

NA

- ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

NA

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

NA

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

NA

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Considering that the Bank is not a manufacturing unit, the waste generated at its offices & business units is managed as per a well-defined waste disposal process with due consideration to the environment.

Principle 3

- 1. Please indicate the total number of employees:**

The Bank had 12,623 employees (including contractual employees) at March 31, 2020.

- 2. Please indicate the total number of employees hired on temporary/contractual/casual basis:**

The Bank had 883 employees at March 31, 2020 on fixed term contract.

- 3. Please indicate the number of permanent women employees:**

The Bank had 2,589 women employees at March 31, 2020.

- 4. Please indicate the number of permanent employees with disabilities:**

The Bank does not specifically track the number of disabled employees. The Bank is an equal opportunity employer and treats all employees at par. Based on the income tax declarations which enable claiming income tax deduction for self-disability, the Bank had 179 such employees.



5. Do you have an employee association that is recognised by management?

Yes. There are two Federations which are recognized by the Management.

- a. All India Jammu & Kashmir Bank Officers Federation.
- b. All India Jammu & Kashmir Bank Employees Federation.

6. What percentages of your permanent employees are members of this recognised employee association?

98.39 %**

7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

The Bank does not engage in any form of child labour/forced labour/involuntary labour and does not adopt any discriminatory employment practices. The Bank has a policy against sexual harassment and a committee "Internal Complaints Committee for Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace" has been constituted for dealing with complaints of harassment or discrimination. The said policy is in line with relevant Act passed by the parliament in 2013. The Bank, through the policy ensures that all such complaints are resolved within defined timelines. During the year, no complaint was lodged before the committee.

What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?

- Permanent employees
- Permanent women employees
- Casual/temporary/contractual employees
- Employees with disabilities

Type of Employees	Number Trained (FY2019-20)
Permanent Employees	2286
Permanent Women Employees	397 (Out of 2286)
Casual/temporary/contractual employees.	40 (out of 2286)
Employees with disability.	44

The Human Resources function in the Bank remains focused on creating and developing human capital with focus on building learning infrastructure by imparting trainings to its employees on regular basis within and outside the state. Trainings are being imparted to employees on regular basis at Bank's own training Colleges. During the FY 2019-20, 2286 employees across all cadres have been imparted trainings in various fields by deputing them to inhouse training facilities and other institutes of repute like CAFRAL, NIBSCOM, NIBM, IDBRT etc, however taking into consideration the assignments allotted to employees a good number of employees have been nominated more than once in which case the count

adds upto 2777.

Out of the above count 27 Executives (Executive Presidents, Presidents & Vice Presidents) were nominated for attending the certification course in IT and Cyber Security at IDRBT, made mandatory by RBI for banks. As regards programmes, 13 onlocation inhouse programmes were conducted at Srinagar and Jammu hiring faculty from IICA and NIBSCOM.

Furthermore out of the 2286 employees trained, 397 were women employees and 40 were contractual.

It is to add here that officials of the bank are pursuing courses enlisted under Capacity Building Programme of RBI, thus creating a pool of resource persons in fields like Risk, Credit, Forex etc.

Principle 4

1. Has the company mapped its internal and external stakeholders? Yes/No

Yes

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders

The Bank is guided by Reserve Bank of India (RBI) prescribed guidelines on priority sector lending, lending to small and marginal farmers, lending to weaker section etc., and government-led initiatives to improve access to financial services, and insurance and pension cover for reaching out to disadvantaged, vulnerable and marginalized stakeholders.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

J&K Bank undertakes a number of initiatives for the under-privileged and marginalized stakeholders including large scale skill development initiative. The Bank has established twelve Rural Self Employment Training Institutes across the union territory of Jammu and Kashmir which focus on skill development trainings to the under privileged and marginalized sections of the society. The Institutes have so far conducted 1472 training programs since inception i.e. July 2011 to 31.03.2020 where 41491 candidates have been imparted entrepreneurship / skill development trainings, out of which 29857 candidates are settled. 26277 pass out trainees are self-employed, out of which 10410 candidates have utilized their own sources for establishing their own ventures while as 15867 trained candidates have set up their establishments with the help of credit assistance by the Bank. About 3580 candidates trained in these Institutes got settled under wage employment.

During the current year, the Institutes have conducted 175 training programs where 5107 candidates have been imparted entrepreneurship / skill development trainings, out of which 4147 candidates are settled. 4097 pass out trainees are self-employed, out of which 813 candidates have utilized their own sources for establishing their own ventures while as 3284 trained candidates have set up their establishments with the help of credit assistance by the Bank. About 50 candidates trained in these Institutes got settled under wage employment.



Principle 5

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The Bank's philosophy of non-discrimination among employees, meritocracy and mechanisms for redressal of employee issues applies across the Bank and its subsidiary.

J&K Bank follows the code issued by The Banking Codes and Standards Board of India which covers aspects like good & fair banking practices, transparency in services & products, high operating standards, cordial relationship with consumers & measures which build confidence of the consumer in the banking system.

The Bank also seeks to ensure that there is no discrimination in selection of suppliers and vendors, and has put in place a grievance redressal mechanism for the same.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

Please refer response to question number 2 under Principle 1.

Principle 6

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

The Bank implements the applicable environmental regulations/guidelines in respect of its premises and operations. Further, the Bank participates in initiatives towards addressing environmental issues.

2. Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

As an environmentally responsible corporate, Bank strives towards implementing green sustainable products, processes, policies and practices for environment protection. 'Go Green' is an organization-wide initiative that promotes cost efficient environment-friendly automated channels and building awareness and consciousness of our environment among employees. In this direction, the following initiatives are in place that contribute to protection environment:-

- i. New business units/offices have been designed such that they are equipped with energy efficient air conditioners, LED lights and other energy conservation measures. Energy conservation measures such as installation of energy efficient equipment's are some of the key initiatives taken by the Bank.
- ii. The Bank has taken the initiative of installing Solar PV cell based sources of power in its USBs at Ladakh, wherever feasible, which helps us to save energy.
- iii. To reduce paper consumption, J&K Bank emphasizes the use of alternate banking channels like internet banking, mobile banking, ATMs, and fully electronic branches.
- iv. The Bank has endeavored to reach out to the customers and seek their collaboration in the

'Go Green' movement, encouraging online bill payment, online funds transfer and subscribing to e-statements to migrate customers to 'paperless' and 'commute-free' modes of conducting banking transactions.

- V. A series of initiatives have been taken for promotion of Digital Channels, which include mass issuance of Debit/Credit cards, enablement of e-banking and Mobile banking users, POS installations, onboarding and enablement of customers for Kiosk banking and AADHAAR seeding.

3. Does the company identify and assess potential environmental risks? Y/N

The Bank implements the applicable environmental regulations/policies issued by the Government and its agencies in respect of its premises and operations. The Bank also requires the borrowers of project loans to comply with the various national environmental standards.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

The above question is not applicable to the Bank as it is not a manufacturing company. However, over the last few years, the Bank, as a conscious Corporate, has been proactive and very sensitive to preserve and promote pollution free environment in the UT for the larger welfare of the society. So far under the "Environmental Excellence Programme" the Bank has been undertaking number of measures like planting trees, developing parks and gardens at barren lands and also undertaking cleanliness drives etc. All these programmes/initiatives by the bank have been aimed at making our surroundings and environment not only hygienic but also envisions the commitment of the Bank for GREEN surrounding for the larger welfare of the community.

5. Has the company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Bank participates in several initiatives in the area of environment sustainability.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

The Bank complies with applicable environmental regulations in respect of its premises and operations.

1. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

There were no outstanding notices at March 31, 2019.

Principle 7

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

The Bank is a member of Indian Banks' Association.

2. Have you advocated/lobbied through above associations



for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

Our Bank is member of Indian Banking Association only, hence not applicable.

Principle 8

1. Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

J&K Bank undertakes a number of initiatives for the under-privileged, including a large scale skill development initiative. The Bank has established twelve Rural Self Employment Training Institutes across the union territory of Jammu and Kashmir which focus on skill development trainings to the under privileged and marginalized sections of the society. The Institutes have so far conducted 1472 training programs since inception i.e. July 2011 to 31.03.2020 where 41491 candidates have been imparted entrepreneurship / skill development trainings. Out of which 29857 candidates are settled. 26277 pass out trainees are self-employed, out of which 10410 candidates have utilized their own sources for establishing their own ventures. 15867 trained candidates have set up their establishments with the help of Credit assistance by the Bank. About 3580 candidates trained in these Institutes got settled under wage employment.

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2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?

Bank undertakes most of its CSR projects in-house, however, certain projects are being carried out through implementing agencies like NGO, Trusts etc.

3. Have you done any impact assessment of your initiative?

A monthly compilation of the data from all Business Units is done w.r.t the Government sponsored schemes, then a periodic BLBC meeting is convened by the lead bank in which all the banks of the area meet and make their performance public. The Jammu and Kashmir Bank in its capacity as the lead bank ensures that all banks meet their allocated targets and implements various checks and measure to ensure proper and full lending by all member banks to the deserving people, thus ensuring overall growth and prosperity of an area.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

The Bank has spent Rs. 2.41 Crores being more than 2% of its average net profits of the last three financial years ending March 31, 2017, March 31, 2018 and March 31, 2019 towards CSR activities. The expenditure has, in line with CSR Policy of the Bank, primarily been incurred in critical sectors like Education, Health, Environment and Community Development.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?

Community development through CSR interventions forms the core of all the initiatives undertaken by the Bank. The CSR projects are designed to reflect the needs of each target population. Bank always encourages the active engagement of all the stakeholders as and when it deems fit. The initiatives primarily focus on improving livelihood and provide access to quality health services, education and environment. The effectiveness of the initiatives is ensured through regular monitoring and feedback.

Principle 9

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

The Bank has resolved 96.18 % of customer complaints/ consumer cases during financial year 2019-20 and 3.82 % were pending investigation at the end of financial year.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information).

This aspect is not applicable as the Bank is not a manufacturing company. The Bank complies with disclosure requirements relating to its products and services.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

In the ordinary course of banking business, several customers and borrowers have disputes with the Bank which could result in their filing a civil suit, criminal complaint or a consumer complaint alleging deficiency of services. The Bank always strives to have a cordial relationship with its customers/ borrowers and attempts to have an amicable settlement of the dispute but in some cases needs to pursue legal resolution of the same.

4. Did your Company carry out any consumer survey/ consumer satisfaction trends?

Bank has published RFP for hiring an agency for conducting Market Research for Customer Satisfaction Survey (CSS) of the Bank. The survey is expected to be completed in 3 months after signing of the agreement with the selected agency.



ANNEXURE

		P1- Please refer Note P1	P2- Please refer Note P2	P3- Please refer Note P3	P4- Please refer Note P4	P5- Please refer Note P5	P6- Please refer Note P6	P7- Please refer Note P7	P8- Please refer Note P8	P9- Please refer Note P8
1	Do you have a policy/policies for	Y	N	Y	Y	Y	N	N	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	-	Y	Y	Y	-	-	Y	Y
3	Does the policy conform to any national /international standards? If yes, specify? (50 words)	Y*	-	Y*	Y*	Y*	-	-	Y*	Y*
4	Has the policy been approved by the Board?	Y	-	Y	Y	Y	-	-	Y	Y
	If yes, has it been signed by MD/ owner/ CEO/appropriate Board Director?	Y	-	Y	Y	Y	-	-	Y	Y
5	Does the Company have a specified committee of the Board / Director/Official to oversee the implementation of the policy	Y	-	Y	Y	Y	-	-	Y	Y
6	Indicate the link for the policy to be viewed online?	Note 2	-	Note 1	Note 1	Note 1	-	-	Note 2	Note 2
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	-	Y	Y	Y	-	-	Y	Y
8	Does the company have in-house structure to implement the policy/ policies?	Y	-	Y	Y	Y	-	-	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	-	Y	Y	Y	-	-	Y	Y
10	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency? Please see *	Y	-	Y	Y	Y	-	-	Y	Y
P1	We have Whistle Blower Policy. The Whistle Blower Policy broadly conforms to the standards set by the Protected Disclosure Scheme of Reserve Bank of India. The Whistle Blower Policy also confirms to the requirements as stipulated by the Companies Act, 2013 and its rules.									
P2	We have internal guidelines on procurement of energy efficient equipment. Considering the nature of our business, this principle has limited applicability to us.									
P3	It has been the endeavor of the Bank to review the amenities extended to staff and also to consider new facilities which will boost their morale for business excellence and improved customer service of international standards. We have a policy against sexual harassment and a committee "Internal Complaints Committee for Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace" has been constituted for dealing with complaints of harassment or discrimination.									
P4	We adhere to the RBI guidelines on the priority sector lending and Financial Inclusion, which are aimed at marginalized and vulnerable stakeholders.									



P5	Our Code of Conduct and Ethics manual details a policy on respect for human rights, which adheres to the principles in the United nations universal declaration of human rights.
P6	The aspects outlined under this Principle are not substantially relevant to the Bank given the nature of its business. The Bank complies with applicable environmental regulations in respect of its premises and operations. Further, the Bank participates in initiatives towards addressing environmental issues. The Bank also requires the borrowers of project loans to comply with the various national environmental standards.
P7	While there is no specific policy outlined for this principle, the Bank, through forums and associations, puts forth a number of suggestions with respect to the economy in general and the banking sector in particular. The Bank has been working on several initiatives for promotion of inclusive growth.
P8	We have a CSR policy which guides all our CSR activities and includes activities we undertake for marginalized and vulnerable stakeholders.
P9	The Bank has a Grievance Redressal Policy and Policy on incentivising business units/employees for customer services in the Bank which conform to the guidelines issued by Reserve Bank of India. The Bank also has a Customer Rights Policy which enshrines the basic rights of the customer and the responsibilities of the Bank. The policies can be viewed online http://www.jkbank.net/others/common/policy.php

* All Policies have been developed as a result of detailed consultations and research on the best practices adopted by banks and organizations across the industry, and as per the requirements of the Bank and are subject to audits and reviews done internally in the Bank from time to time.

** Employees above the level of Executive Managers are not members of employee associations.

Note 1 These policies of the Bank are internal documents and are not accessible to the public.

Note 2 <http://www.jkbank.net/others/common/policy.php>



Management Discussion and Analysis

Economic Scenario at Global level in FY2019-20

The global economy expanded by 2.9% in 2019 vis-à-vis 3.6% in 2018 and 3.7% in 2017 respectively as per IMF reports. Global merchandise trade stalled in 2019 under the weight of persistent trade tensions, with trade receding towards the end of the year. Trade in the fourth quarter was down by 1.0% year-on-year and by 1.2% compared to the third quarter of 2019 leading to a 4.6% decline on an annualized basis. Trade tensions during 2019 affected business sentiments and resulted in intermittent spikes in ever volatile financial markets. Throughout the year, the strain in trade relationship between the US and China led to a serious setback to global industries, particularly technology industry. The trade dispute has led to downturn in global trade and dampened investment sentiments subjecting multinational corporations to reassess their global production strategies and prompting a reconfiguration of global value chains.

Investment activity in many major economies was thus weakened by the concurrent effects of a poor near-term business outlook and uncertainties surrounding the trade dispute. Despite weaker trade and investment activities, steady consumption demand provided some support to global growth. Firm consumer demand and timely policy actions during the initial period of FY2019-20, however, provided some support to global growth. Domestic demand in major economies was supported by resilient private consumption, underpinned by favourable labour market conditions with stable wage growth and lower unemployment rates. Expansionary fiscal policies in the US and most emerging market economies, e.g. India, also helped to cushion growth. As a result, advanced economies grew by 1.7% while as countries like India and China showed an estimated GDP growth at 3.7% and 6.1% respectively.

Global growth was also supported by broad-based monetary policy easing in an environment of low inflation. Major central banks turned more accommodative towards mid-2019 amid broad-based weakness in growth and the materialization of distinctive risks. After raising its Federal Funds Rate (FFR) nine times from 2015 to 2018, the US Federal Reserve reduced the FFR three times in 2019. Similarly, the European Central Bank reduced its deposit rate, and announced the resumption of quantitative easing. The prospect of weaker domestic growth conditions was also prevalent in emerging market economies, where policy rate reductions followed suit.

Against this uncertain global environment, global capital flows were volatile, primarily dominated by risk aversion during the year. Moreover, country specific risks such as the prolonged state of Brexit negotiations and political unrest in Hong Kong and Latin America, resulted in episodes of sharp capital flows and exchange rate movements, as uncertainty levels were elevated and investor sentiments were subdued. These amplified global risk aversion, which led to a sustained demand for safe haven assets such as the US dollar and gold, and safer financial asset classes, such as sovereign bonds, as well as capital flow reversals from emerging market

economies. Indian Rupee (INR) depreciated to an 11 year low at 3.10% in FY2019-20.

Economic Scenario in India

The GDP growth in India in the FY2018-19 stood at 6.1% while it contracted to estimated less than 4.2% in the FY2019-20 owing to the economic scenario at global level and slowdown of demand at local level. As per economic outlook report issued by RBI for FY2019-20, prior to the outbreak of COVID-19, the outlook for growth for 2020-21 was bright. Good crop harvest and increase in food prices during 2019-20 provided conducive conditions for reinforcement of rural demand. Simultaneously, the transmission of reductions in the policy rate to bank lending rates improved, with favorable implications for both consumption and investment demand. Besides, reduction in the goods and services tax (GST) rates, corporate tax rate cuts in September 2019 and measures to increase rural and infrastructure spending were directed at boosting domestic demand. However, COVID-19 pandemic has drastically altered this outlook and the global economy is expected to slump into recession in 2020. The sharp reduction in international crude oil prices, if sustained, could improve the country's terms of trade, but the gain from this channel is not expected to offset the drag from the shutdown and loss of external demand.

Outbreak & Impact of COVID-19 Pandemic

The global health crisis sparked by the outbreak of the coronavirus is taking an extraordinarily heavy toll on the world economy in general and Indian economy in particular. COVID-19 pandemic pushed economies into lockdown, which though helped contain the virus and save lives across the globe, but also triggered the worst recession since the 2009 Great Depression. The measures taken to contain the spread of COVID-19, included travel restrictions, enforced business closures and restricted social activities. These measures, while being critical, are suppressing private sector activity, both in the domestic-oriented and tourism-related sectors, as well as in the manufacturing sector.

Over 75 percent of countries are now reopening at the same time as the pandemic is intensifying in many emerging market and developing economies. Several countries have started to recover. However, in the absence of a medical solution, the strength of the recovery is highly uncertain and the impact on sectors and countries uneven.

The ongoing COVID-19 pandemic has significantly weakened global growth prospects, with the outlook heavily contingent on how countries across the world successfully contain the pandemic over the remainder of the year. Growth prospects for the regional economies, including India, are forecasted to be weak. Quarantine measures are expected to lead to poor consumption and investment activities, and shall result in negative growth in some countries.

The IMF has projected deeper recession in 2020 that is at least as bad as during the global financial crisis in 2009, and is projecting a slower recovery in 2021. As per latest IMF outlook report, Global GDP has been forecasted at -4.9%



in June 2020 from -3% in April 2020 with slowed recovery expected in 2021, much worse than during the 2008-09 financial crisis. Further, IMF has predicted contracted growth in India's GDP by 4.5%. Moody's projected India's economic growth for 2020-21 fiscal at 0 per cent, lower than 4.8 per cent estimated in 2019-20. Growth is expected to rebound to 6.6 per cent in 2021-22 fiscal.

India's economic growth slumped to its lowest level in the current series at 3.1% in the March quarter as fresh data suggested the economy may be heading further down in the June quarter. Data released by the statistics department showed that during FY2019-20, GDP grew at 4.2% against 6.1% in the previous year as private consumption slowed down and investment demand contracted even before the pandemic hit the economy. To add to government's woes, India's fiscal metrics worsened beyond government's estimates with fiscal deficit for FY2019-20 standing at 4.6% of GDP against finance ministry's estimate of 3.8% of GDP as per data released by the Controller General of Accounts. The March quarter GDP partially captures the impact of the coronavirus-induced lockdown, which may have predated the formal enforcement in the last week of March, obvious from the worsening of contraction in manufacturing output by 1.4% during the quarter, for the third time in a row. Agriculture and government spending are the only face savers growing at 5.9% and 10.1% during the March quarter. Construction sector, which is the second largest employer after agriculture, contracted for the second consecutive time in March quarter by 2.2%. With the ongoing lockdown and flight of migrant workers, construction activity could further shrink in the June quarter. While the fourth quarter GDP numbers were above estimates by most economists, National Statistical Office which released the data said the Covid-19 pandemic and consequent nationwide lockdown measures have impacted data collections and hence the estimates for March quarter will undergo further revision.

In line with the projected contraction in the advanced economies, subdued external demand conditions and disruptions in the global supply chain will further weigh on growth in the trade-dependent Asian region. As per RBI reports, economic activity other than agriculture, remained depressed in Q1:2020-21 in view of the extended lockdown. Even though the lockdown has been lifted under Unlock1.0 by May end with some restrictions, economic activity even in Q2 has remained subdued due to social distancing measures and the temporary shortage of labour. Recovery in economic activity is expected to begin in Q3 and gain momentum in Q4 as supply lines are gradually restored to normalcy and demand gradually revives. For the year as a whole, there is still heightened uncertainty about the duration of the pandemic and length of the period for which social distancing measures are likely to remain in place. Consequently, downside risks to domestic growth remain significant. On the other hand, upside impulses could be unleashed if the pandemic is contained and social distancing measures are phased out faster.

The epidemic started in China in January and has since tapered, with zero domestic cases by March, the only country wherein IMF has depicted a positive outlook of 1% in its latest Outlook Report. Globally, fiscal spending has been promptly increased, with funds primarily channeled towards containing COVID-19, supporting affected households against income and employment losses and providing liquidity support to

firms.

Among the key measures that have been introduced by nations are direct cash assistance, job retention programmes, tax relief and public guarantees to facilitate access to financing. These measures are complemented by monetary policy responses of RBI to provide further liquidity support for households, businesses and the banking sector, as well as to ensure continued smooth provision of credit to the real economy. The unprecedented nature and scale of policy interventions across economies is expected to cushion the economic disruptions caused by COVID-19 and support a gradual recovery in real economic activity upon the successful containment of the pandemic.

Effective policies are essential to forestall the possibility of worse outcomes, and the necessary measures to reduce contagion and protect lives are an important investment in long-term human and economic health. Since the economic fallout is acute in specific sectors, policymakers will need to implement substantial targeted fiscal, monetary and financial market measures to support affected households and businesses domestically. Internationally, strong multilateral cooperation is essential to overcome the effects of the pandemic, including to help financially constrained countries facing twin health and funding shocks, and for channeling aid to countries with weak health care systems. In line with the above, the Central Govt. announced a stimulus package of Rs.20 Lakh Crores under 'Atmanirbhar Bharat' to be released in five tranches to give a boost to multiple sectors of economy which include MSMEs, Real Estate, Agriculture, Labor, Employment Generation etc.

Outlook for trade in 2021

The impact of COVID-19 pandemic on global as well as local economies inevitably has invited comparisons to the global financial crisis of 2008-09. These crises are similar in certain respects but very different in others. As in 2008-09, governments all over the world have again intervened with monetary and fiscal policy measures to counter the downturn and provide temporary income support to businesses and households. But restrictions on movement and implementation of social distancing to slow the spread of the disease means that labour supply, transport and travel are today directly affected in ways they were not during the financial crisis. Whole sectors of national economies have remained shut since March 2020, including hotels, restaurants, non-essential retail trade, tourism and significant shares of manufacturing and opening in phases. Under these circumstances, forecasting requires strong assumptions about the progress of the disease and a greater reliance on estimated rather than reported data.

Under the optimistic scenario, the recovery will be strong enough to bring trade close to its pre-pandemic trend, while the pessimistic scenario only envisages a partial recovery during the FY20-21 and full recovery in FY21-22. Given the level of uncertainties, it is worth emphasizing that the initial trajectory does not necessarily determine the subsequent recovery. For example, one could see a sharp decline in 2020 trade volumes along the lines of the pessimistic scenario, but an equally dramatic rebound, bringing trade much closer to the line of the optimistic scenario by 2021 or 2022. A strong rebound is unlikely as the outbreak seems prolonged and uncertainty becomes pervasive, households and business are



likely to spend more cautiously.

Services may be the component of world trade most directly affected by COVID-19 through the imposition of transport and travel restrictions and the closure of many retail and hospitality establishments. Services are not included in the WTO's merchandise trade forecast, but most trade in goods would be impossible without them (e.g. transport). Unlike goods, there are no inventories of services to be drawn down today and restocked at a later stage. As a result, declines in services during the pandemic may be lost forever. Services are also interconnected, with air transport enabling an ecosystem of other cultural, sporting and recreational activities. However, some services may benefit from the crisis. This is true of information technology services, demand for which has boomed as companies try to enable employees to work from home.

The impact of the COVID-19 outbreak on international trade is not yet visible in most trade data but some timely and leading indicators may already yield clues about the extent of the slowdown and how it compares to earlier crises. Indices of new export orders derived from Purchasing Managers' Indices (PMIs) are particularly useful in this regard.

As per Asian Development Bank outlook latest report, contraction in the global economy in the second quarter of 2020 will be very sharp. Containment policies to stem the COVID-19 outbreak are inhibiting economic activity in many economies. The global recovery will be protracted, not V-shaped, as normalization will be hampered by continued social distancing, possible outbreak recurrences, a very weak external environment, and disrupted supply chains. In aggregate, the major advanced economies are expected to contract by 5.8% in 2020 before growth resumes at 4.1% in 2021.

With the impact of COVID-19 on India becoming clearer, the economic outlook is grim. After the introduction of lockdowns in late March, economic activity in whole of South Asia including India stalled. While the pandemic continues to spread throughout the region, containment measures have started to ease, and economic activity has resumed since late May. The Govt. and RBI have applied significant fiscal and monetary support to fight the pandemic and cushion its adverse impact. However, the partial and slow reopening of economies as infections continue to rise makes for a difficult growth environment. Recovery is expected to be slow. Growth in Indian GDP slowed to 3.1% in the last quarter of fiscal year 2019-20, its slowest since early 2003. Economic growth slowed to 4.2% for the FY2019-20 as both exports and investment started to contract. High-frequency indicators such as purchasing managers' indexes fell to all-time lows in April, reflecting the bleak outlook. Migrant workers have gone home to their villages after losing their jobs in the cities and will be slow to return even after containment measures are relaxed. GDP is expected to contract by 4.0% in FY2020-21 before rebounding by 5.0% in FY2021-22.

J&K Economic Survey

Last year on August 05, 2019, erstwhile J&K State was bifurcated into two Union Territories viz. Jammu & Kashmir and Ladakh. J&K and Ladakh have been pre-dominantly global tourist destinations, with vast scope existing for adventure,

pilgrimage, spiritual and health tourism. The economy is primarily service based with a 56 per cent share. Other two major sectors constituting the state economy are industry at 27.8 per cent and agriculture at 16 per cent. The tourism sector plays an important role in the economies of UT of J&K and Ladakh. The sector has huge potential for employment generation, even for unskilled manpower. Tourism also caters to the allied sectors like handicrafts, handlooms and transport. Despite the unique and rich culture and heritage assets of the UTs, the tourism sector accounts for only around 6.98% of the GDP. As per IBEF reports, total exports from Jammu and Kashmir stood at US\$ 196.43 million during 2018-19 while as during 2019-20 (up to December 2019), exports from the UT stood at US\$ 146.57 million.

The initiative of Global Investors Summit 2020 intended to invite investments to the newly formed UT of Jammu & Kashmir took a backseat due to the outbreak of pandemic COVID-19. The summit was aimed to exhibit investment opportunities in sectors including tourism, film tourism, horticulture and post-harvest management, agro and food processing, mulberry production for silk, health and pharmaceuticals, manufacturing, IT/ITes, renewable energy, infrastructure and real estate, handloom and handicraft, and education.

Such initiatives by the Government provides an opportunity towards the upliftment of local economy and shall have a cascading effect on all sectors including employment generation and socio-economic development.

Industry Structure and Developments

Indian Banks are classified into commercial banks and Co-operative banks. Commercial banks comprise: (1) Schedule Commercial Banks (SCBs) and non-scheduled commercial banks. SCBs are further classified into private, public, foreign banks and Regional Rural Banks (RRBs) and (2) Co-operative banks which include urban and rural Co-operative banks.

In FY 2019-20, Banking sector witnessed various developments which included amalgamation of 10 Public Sector Banks into 4, aimed at making these stronger and bigger to meet banking needs of the economy.

COVID-19 related lockdowns and social distancing since Q4 of the FY2020 severely impacted the economies globally. The GDP growth for FY20 slowed down to 3.1% from 6.1% in FY19. Both investment activity and private consumption suffered precipitous decline. Going forward, the economic scenario is marked with uncertainty, while the Government, and the Regulator have come up with slew of measures to meet the emerging challenges of the economy.

Indian Banking Industry

As per the statistics released by RBI, aggregate deposits in Banks have shown a growth of 9.5% while as last year the growth was recorded at 10%. The decrease in the overall growth from the last year is due to the slowdown faced by the economy and public consumption on goods & merchandise. However, during the last quarter, this growth has been aided by measures taken by RBI which included release of CRR of 1% taking it to 3% from the previous mandatory ratio of 4%. During the FY2019-20, credit offtake was at 6.4% down by 1% from the corresponding year of FY2018-19 where the growth was recorded at 7.4%.



The outbreak of pandemic and its impact on global economy as a whole is likely to bring many challenges for the Banking Industry. RBI, in its monetary policy, has taken a number of initiatives to reduce the impact of the pandemic on the Banking Sector which include an initial moratorium of 3 months since March 2020 with further extension of 3 months upto August 2020. This led to revision in IRAC framework and banks were advised to provide extra for the stressed assets. As the economic activity was put to a halt during the 1st quarter of FY2020-21, the path to recovery is a challenge for businesses which shall impact and add to the stress portfolio of Banks. But every cloud has a silver lining, the pandemic has enforced everyone to put in extra efforts and has given boost to the businesses with a need to expand their capacities. By now most banks are in full business continuity mode and the immediate challenges for Banks are of protecting the staff from infection while providing much needed services to the customers.

While the global community had been expecting a challenging entry into the new decade, few would have anticipated the nature and degree of the shocks seen in recent weeks. In light of these developments, the Bank will be adjusting a number of priorities for the year ahead - sharpening focus in certain areas, and reducing the emphasis on other areas which can wait for a more suitable time. In the current environment, this will involve weighing in on strategies to help households and businesses weather the economic shocks of COVID-19 and transition towards a stable recovery.

The outlook on banking business and the economy will be dependent on the time frame by which the virus is completely eliminated and normalcy is fully restored. The recently released fiscal stimulus package, its priorities and funding strategy will decide how banks will respond in the post-COVID scenario. Banks will also have to revisit their risk management framework, internal models of risk assessment and capital planning and business procedures to better adapt to new operating environment.

Opportunities and Threats

Banking sector, like many other sectors, faces unprecedented uncertainty due to COVID-19. COVID-19 pandemic has picked gaps and general lack of agility in the banking systems when faced with an emergency situation. Since banking services are classified under the essential services list, the crisis mounted immense pressure on the banks to ensure business-as-usual. During the course, the banks faced operational and technical challenges. Alongside the challenges confronting the banking sector to counter the crisis, some opportunities also emerged on the scene to make the systems and procedures more vibrant. For example, there is an opportunity to adopt cutting edge banking technologies and blaze the digital transformation trail. It is an opportunity for banks to focus on a complete transition by digitization of all their functions, processes and systems. The banks and financial institutions have an opportunity now to look at collaboration with the new entrants and fintechs. Such necessity-driven partnerships will drive innovation and jointly reap the benefits of the large customer base of the banks and the new technologies of the fintechs.

COVID-19 induced lockdowns has decreased productivity and have already started to take a toll on the financials of the

corporate sector. Supply chain disruptions, manufacturing hindrances and crippled health systems need a hefty public fund/stimulus to continue operations smoothly. Income from tourism, entertainment sectors among many others has already crippled the economic situation. Factors like these are all adding up to strain the global economy which might also have its repercussions in the year ahead. All this COVID-19 induced mess translates into a huge burden on the banks and financial institutions which among other things will witness deterioration in their asset quality.

Notably, the government and the Reserve Bank of India have announced measures to support segments of the economy reeling from the impact of the lockdown. The set of measures rolled out by the Reserve Bank of India since April 17, 2020 build on its earlier announcements, and the cumulative effect is likely to improve the effectiveness of the monetary stimulus of more than 10% of gross domestic product (GDP) it has injected into the economy.

J&K Bank - Financial Performance with respect to Operational Performance

During the fiscal 2019-20, the total income was recorded at Rs.8992.21 Cr compared to Rs. 8488.19 Cr for the previous FY, showing a growth of 6%. Interest income improved to Rs.8446.29 Cr for the FY2019-20 as against Rs. 7675.56 Cr for the previous FY recording a YoY growth of 10%. Non-interest income was at Rs.545.92 Cr for the year ended 31.03.2020 as against Rs. 812.63 Cr for the year ended 31.03.2019. Interest expended increased to Rs.4739.62 Cr in the fiscal 2019-20 from Rs. 4291.63 Cr in the earlier fiscal 2018-19 recording a YoY increase of 10%.

The Bank's operating expenses stood at Rs.2727.54 Cr for FY 2019-20 as compared to Rs. 2478.66 Cr for FY 2018-19. Operating Profit stood at Rs. 1525.05 Cr for FY 2019-20 as compared to Rs 1717.90 cr for FY 2018-19 declining at 11% YoY owing to decrease in non-interest income.

Taking cognizance of the continued pressure on asset quality due to impact of COVID-19, the bank increased NPA Coverage ratio to 78.59% from 64.30%, leading to a Net loss of Rs.1139.41 Crores, while bringing down net NPAs considerably from 4.89% to 3.48%.

The aggregate business of the bank stood at Rs. 162187.30 Crores at the end of the financial year 2019-20.

The Bank recorded deposit growth of 9% and gross advances growth of 1% during the year.

Cost of deposits have marginally increased to 4.96% from 4.90%, however, CASA has shown an improvement to 53.66%. The loan-book of UTs of J&K and Ladakh have witnessed 13% growth thereby re-orienting the lending composition of the bank with J&K and Ladakh getting 63% of total advances of the Bank.

Segment-wise and Product-wise performance of the Bank

The segment wise and product wise performance both in the Deposits and Credit is furnished below:-



Deposits	Amount (Rs. in Crores)	Advances	Amount (Rs. in Cr.)
Demand	12373.84	Cash Credits, Overdrafts & Demand Loans	21451.74
Savings	40095.48	Bills Purchased & discounted	451.94
Term	45318.90	Term Loans	42495.39
Total	97788.23	Total	64399.07

- The total deposits of the Bank grew by Rs.8149.34 Crores from Rs.89638.90 Crores as on March 31, 2019 to Rs.97788.23 Crores as on March 31, 2020, a growth of 9% percent. CASA deposits of the bank at Rs.52469.32 Crores constituted 53.66% percent of total deposits of the Bank.
- Average deposits stood at Rs. 93713.56 Crores during 2019-20, compared to Rs.84822.70 Cr during 2018-19 recording a growth rate of 10.48 %. Cost of Deposits for the financial year ended Mar, 2020 at 4.96% compared to 4.90% recorded for the last financial year.
- During the year, Gross Credit increased from Rs. 69372.22 Crores (FY 2018-19) to Rs.69927.24 Crores (FY2019-20), registering a growth of 1%. The average advances was higher by Rs. 3743.16 Crores at Rs. 65335.29 Crores for the fiscal 2019-20 from Rs. 61592.13 Crores of previous fiscal.
- The average yield on advances was 9.48 % for the fiscal 2019-20 against 9.05 % during the previous fiscal.

The Bank has the following business segments viz.

Treasury, Corporate/wholesale banking, Retail banking and other banking operations. The segment-wise results of the Bank are furnished elsewhere in the report.

Risks and Concerns

Risk Management is an integral part of the Bank's organizational structure and plays pivotal part in formulating business strategy. The Bank has a well-charted risk management policy for managing credit, operational and market risks based on accepting various risks, controlled risk assessment, measurement and monitoring of these risks. The Board sets the overall risk appetite and philosophy for the Bank.

The Integrated Risk Management Committee (IRMC), which is a sub-committee of the Board, reviews various aspects of risk arising from the businesses of the Bank & frames, monitors and reviews the risk management framework. The Integrated Risk Management Committee (IRMC) of the Board reviews risk management policies of the Bank pertaining to credit, market, liquidity, operational & Pillar II risks that includes strategic risk and reputational risk, Internal Capital Adequacy Assessment Process (ICAAP), stress testing, Business continuity planning & information security. The Committee reviews implementation of Basel III, risk return profile of the Bank, compliance with RBI guidelines pertaining

to credit, market, operational and residuary risks faced by the Bank, including actions taken by Asset Liability Management Committee (ALCO). The Chief Risk Officer (CRO) oversees the development and implementation of Bank's risk management functions. Further details in this regard are available in this report in Directors' Report and Corporate Functions Report.

Internal Control and Systems Adequacy

A strong internal control system, including an independent and effective internal audit function, is part of sound corporate governance. Internal control is the systems, policies, procedures, and processes effected by the Board of directors and management personnel to safeguard bank's assets, limit or control risks, and achieve bank's objectives.

An objective, independent review of Bank's activities, internal controls, and management information systems to help the Board and management monitor and evaluate internal control adequacy and effectiveness is provided by the Internal Audit which acts as the third 'line of defense'. Internal audit function provides vital assurance to a bank's board of directors, senior management, and bank supervisors as to the quality of the bank's internal control system. In doing so, the function helps reduce the risk of loss and reputational damage to the bank.

The Bank has a well-established internal control framework where under the Bank's Board of directors has the ultimate responsibility for ensuring that senior management establishes and maintains an adequate, effective and efficient internal control system and, accordingly, supports the internal audit function in discharging its duties effectively. The Board and Audit Committee of the Board periodically review the effectiveness and efficiency of the internal control system based on information provided by the internal audit function. The management is responsible to identify and assess control risk caused by failure of internal control, if any, promptly reported by the Internal Audit and to implement strategies of identifying Risk, system to respond to risk and reduce the risk.

The Supervision, Control & Audit Vertical of the Bank which is responsible for evaluating the adequacy and effectiveness of all internal controls, governance processes is manned by appropriately qualified, competent and experienced personnel. Evaluating internal control involves identifying the internal control objectives relevant to the bank, department, business line, or product; reviewing pertinent policies, procedures, and documentation; discussing controls with appropriate levels of bank personnel; observing the control environment; testing transactions as appropriate; sharing findings, concerns, and recommendations with the Board of directors / Audit Committee and senior management; and determining that the bank has taken timely corrective action on noted deficiencies.

The objectives of internal audit are achieved by the vertical through various types of audits & inspections - periodical & ongoing - like Risk Based Internal Audit, Concurrent Audit, Management Audit, Information Systems Audit, Legal Audit, Snap Inspections, Revenue Audit, and special audits like Forex Audit, Audit of Currency Chests, etc. In addition to internal auditors, Bank also uses services of professionals like C.A firms for conducting various audits like Concurrent Audit,



Stock Audit and Forensic Audit. All the audits are conducted as per regulatory guidelines and the head of internal audit maintain adequate oversight and ensures that the use of external experts does not compromise the independence and objectivity of the internal audit function. Risk Based Internal Audit (RBIA) of all business units is conducted at periodical intervals ranging from 6 months to 18 months depending on their risk profile (level / grade) and direction (increasing / decreasing) and the audit is comprehensive covering all operational areas of the business units.

All the critical operations of the Bank such as Treasury Operations, Centralized Processing Units, Data Centres, Contact Centre, Government Business Department, KYC-AML Department, Terminal Benefits Department, Payments & Settlement Department, et al are subjected to Concurrent Audit. Core Banking Solution (CBS) and all other major information technology assets / applications are subjected to I.S Audit while as departments at controlling offices are covered under Management Audit.

Human Resources and Industrial relations

Bank believes that its greatest assets are its people and training is an investment in long term people development for organizational excellence. Bank has updated all policies related to HR as part of transformation journey.

In order to meet the requirements of business growth, Branch network expansion, attrition and retirements, the process of recruitment of 350 Probationary Officers and 1500 Banking Associates has been initiated for the next FY2020-21.

A comprehensive J&K Bank training policy has been drafted wherein recommendations of a reputed consulting firm have been incorporated. Based on the training policy a comprehensive training plan has also been prepared which is being put into practice.

Business per employee in the Bank increased from Rs. 12.37 Cr as on March 31, 2019 to Rs. 12.85 Cr as on March 31, 2020. Net Loss per employee stood at Rs.9.03 Lakhs for FY ended March 31, 2020.

Capacity Building:

In order to encourage and groom its staff to acquire further knowledge and skill sets for disposal of assignments diligently and in a professional way, the Bank has been enlisting courses contemporary to banking landscape. The officials successfully completing these courses are being reimbursed actual course fee and honorarium in case of Diplomas and MBA (B&F). As many as seven Diploma courses and eight Certificate courses offered by IIBF, besides certification/re-certification courses in IT conducted by Cisco/Solaris/Oracle/Microsoft/Sun Java have been enlisted.

Under RBI's Capacity Building Programme, following seven courses have been enlisted in order to develop a resource pool in critical areas viz Risk, Forex, Treasury etc.

- Certified Credit Professional Course.
- Treasury Dealer Course.
- Risk in Financial Services.
- Diploma in IFRS by ACCA by KPMG.
- The Chartered Financial Analyst Programme

- offered by American Based CFA (USA).
- Financial Risk Management by GARP USA.
- Certification in Foreign Exchange

A good number of officials of the Bank have been enrolling for these courses and subsequent to completion of any of these courses, actual fee is reimbursed in favour of successful officials, besides travelling allowance and classroom/training fee is also borne by the Bank wherever applicable.

Training:

Human Resource plays an important role in organizational development and its profitability. In order to keep the employees updated and relevant in the market, besides sharpening their skill set and knowledge new techniques, procedures and technologies are introduced in the Organization. In line with organizational vision & goals and in order to develop leadership qualities and inculcate the sense of motivation and responsibility among its staff, besides, trainings (both on job as well as off job) are imparted to the staff for which services of various Institutes are being utilized.

Bank's own Staff Training Colleges /Technology Training Colleges at Srinagar and Jammu also cater to the sizeable training needs of the organization. In FY 2019-2020, as many as 2286 officials have been imparted training in different banking related fields.

Further, RBI has made it mandatory for Senior Management & Board Members to be "certified in IT & Cyber Security". In line with the regulatory direction, two Board Members and twenty eight Executive Presidents/ Presidents/ Vice Presidents from J&K Bank have been certified from the Institute for Development and Research in Banking Technology (IDRBT).

J&K Bank, apart from being among the four banks having stake in National Institute of Banking Studies & Corporate Management (NIBSCOM), is also an Associate Member of following reputed institutes:

- National Institute of Banking Management (NIBM).
- Federation of Indian Chambers of Commerce & Industry of India (FICCI).
- The Associated Chambers of Commerce & Industry of India (ASSOCHAM)
- Indian Institute of Banking & Finance (IIBF).
- Confederation of Indian Industry (CII)

Details of significant changes (i.e. change of 25% or more as compared to the immediately previous FY) in key financial ratios:-

- Return on Assets is (1.10%) for the Financial Year ended 31st March, 2020 compared to 0.49% for the previous Financial Year.
- Return on Average Net-Worth is (19.96%) for the Financial Year ended 31st March, 2020 compared to 8.04% for the previous Financial Year.
- Net NPA Ratio is 3.48% for the Financial Year ended 31st March, 2020 compared to 4.89% for the previous Financial Year.



Corporate Functions Report

As a responsible corporate citizen, J&K Bank envisions to integrate its strategic intent and business goals with the needs of the society in order to achieve an inclusive, sustainable and harmonious ecosystem. This represents the core principle and forms the basis of the bank's CSR policy.

In line with the same, the bank undertook many initiatives under its CSR program during the FY 2019-20 for helping uplift the downtrodden, succor the sufferers, revive and restore the pristine glory of the nature's bounties while also focusing on the promotion of education.

Major CSR activities in the year 2019-20

Community Development

The bank undertook many initiatives to help provide convenience to the people and remained at the forefront to promote socio-economic welfare in a harmonious and sustainable manner. During the FY 2019-20, the bank installed pole lights in the popular leisure place- Rajinder Park- in Jammu in addition to the solar lamps in Khalsi Market of Leh under the Community Development program of CSR. Besides, the bank conducted a relief camp for passengers who were stranded at Bathindi due to the prolonged closure of Srinagar-Jammu Highway.

The bank also purchased three water coolers, wall-fans and 3-seater chairs for Food and Supplies Department, Jammu besides procuring an Air Conditioner for the consumer court complex, Srinagar. Two Water Purifiers were also provided to an orphanage in Kulgam working under Syed Hussain Simnani Shrine.

In order to judiciously employ a 14-seater battery operated vehicle for the welfare of the student community, the bank as a responsible corporate citizen, provided the same to Sewa Bharti, J&K- a Non-Governmental Organization- under CSR for ferrying students from hostel to the school managed by the NGO at Katra.

Preventive Healthcare

The motive behind helping upgrade the healthcare infrastructure is to enable people to have access to the best-in-class medical treatment while also keeping the costs to the minimum possible. The bank continues to extend support towards helping procure state-of-the-art diagnostic aids to help achieve a hale and hearty society.

During the FY 2019-20, the bank provided support to help complete a comprehensive fabrication of shed at District hospital Rajouri. The bank also procured a hi-tech USG machine along with a 1KVA UPS with Transformer for installation in Nephrology Department of SKIMS Srinagar.

Promotion of Education

Promoting education remains at the top of the bank's priority list under CSR. Time and again, the bank has contributed for the welfare of the student community besides nurturing innovation and entrepreneurship. Continuing with the same,

the bank funded the Central University of Jammu's Business Incubation Cell to help sponsor innovators. The bank also provided a 31-seater bus to Central University of Kashmir for transporting student and faculty members.

To provide students potable water, the bank installed a water treatment plant at NIT Srinagar besides installing 480 dustbins within the campus of Kashmir University. The bank also contributed towards helping develop the park at Government College for Women MA Road to provide a better ambience to the students studying in the college.

Notably, the bank also provided monetary assistance to CHINAR Kashmir, an NGO that works to provide a nurturing environment for socially and economically disadvantaged children.

Preserving Ecology & Environment/Heritage

The bank continues to endeavor to help preserve the ecology, environment and heritage of the region. Besides being a culturally rich place, the region teems with diverse flora and fauna and the banks undertakes CSR initiatives to help preserve the pristine and historically important places of the region. Under its "Environment Excellence Program", the bank has inter alia been maintaining 13 parks/walkways across the UT thereby helping the cause of environmental protection.

AWARDS AND CERTIFICATION RECEIVED BY THE BANK DURING 2019-20

J&K Bank's illustrious history of more than eight decades is decorated with awards and accolades. Over the years, the bank has collected numerous honors in various categories. During the FY 2019-20, the bank outshone its competitors to grab the headlines in following categories.

BFSI Leadership Award

As a recognition for his exemplary leadership in banking domain, the bank's Chairman and Managing Director (CMD) R K Chhibber was felicitated with 'Banking, Financial Services and Insurance (BFSI) Leadership Award' at a gala event during the 4th Elets BFSI Leadership Summit in Mumbai.

The summit was organized by Elets Technomedia, India's largest B2B media platform in association with The Banking & Finance Post, Asia and the Middle East's premier bimonthly magazine on banking and finance sector.

J&K Bank amongst the Top 5 Performing Banks in PFMS

For outstanding performance in Public Financial Management System (PFMS), the bank has been ranked amongst Top 5 Performing banks in the country by Department of Financial Services, Government of India.

Top Banker Award for PMEGP

For its outstanding performance under Prime Minister's Employment Generation Programme (PMGEP) in the entire North Zone, J&K bank bagged Top Bankers Award for the



financial year 2018 -19 given in FY19-20.

The bank earned the top slot in the North Zone by financing 5886 projects during 2018-19 for credit dispensation of Rs 342 Cr under the scheme for which Government of India had disbursed Margin Money Subsidy of Rs 120.34 Cr during the period.

HUDCO Award for outstanding contribution in the Housing Sector

Housing and Urban Development Corporation, a Government of India enterprise, felicitated the bank in recognition of its outstanding contribution through initiatives in the housing sector under the Pradhan Mantri Awas Yojna (Urban) - CLSS. The Bank achieved the recognition for its contribution under the Private Sector Bank category for the Financial Year 2018-19.

The award was presented in a glittering function held in Delhi on the eve of 49th foundation Day of HUDCO.

CSO100 Award

The bank won the CSO100 Award for the year 2019 at a ceremony held in Pune, Maharashtra for adopting new ways of thinking to secure business assets with sophisticated tools and improved defenses. The recognition depicted the bank's commitment in adhering to GRC (Governance, Risk and Compliance) framework to ensure all security initiatives are functionally governed, efficiently managed for risk and complied with laws, statutes, regulations, policies and procedures for sustained security of the Bank's information assets.

HR initiatives for the Financial Year 2019-20

Human Resource Team has changed dramatically along with the workforce and economy, and that evolution will continue as machines and technology replace tasks once performed by humans. But that doesn't make people or the HR teams that work with them any less important. Human Resource leaders need to be nimble, broad-thinker and tech-savvy enough to deal with an increasingly agile and restless workforce as they are an important asset and a key driving force to achieve desired goals/targets of an organization.

Our Bank has always focused on creating a strong employee experience that mirrors the customer satisfaction and enhances internal career mobility with learning opportunities and personalized job-roles based on their skills. To use HR data proactively and assure lucidity, HR system is managed through a robust HRMS viz., Peoples' system, a centrally occupied tool for managing all issues of employees. Another HRMS tool SOLUS is in place to manage Centralized Attendance system.

Under HR initiatives, the Bank has regularized 247 Relationship Executives and 1061 Banking Associates in the services of the Bank during the FY 2019-20. Also under Bank's career progression policy 56 Assistant Banking Associates have been elevated as Banking Associates and 63 Banking Attendants were promoted as Assistant Banking Associates.

In the FY 2019-20, all policies due for review pertaining to HR have been revised/reviewed by the Bank to keep the

organization abreast with the industry norms.

During the period, a comprehensive Training Policy has been devised and duly approved by Board of Directors of the Bank and as many as 2286 officials have been imparted training in different banking related fields. Further, RBI has made it mandatory for Senior Management & Board Members to be "certified in IT & Cyber Security" and in line with that two Board Members and twenty eight Executive Presidents/ Presidents/ Vice Presidents from the Bank have been certified as of date from the Institute for Development and Research in Banking Technology (IDRBT).

Under RBI's Capacity Building Programme, several courses have been enlisted in order to develop a resource pool in critical areas viz Risk, Forex, Treasury etc. A good number of officials of the Bank have been enrolling for these courses and subsequent to completion of any of these courses, actual fee is reimbursed in favour of successful officials, besides travelling allowance and classroom/training fee is also borne by the Bank wherever applicable.

Risk Management

Bank's risk management framework is based on a clear understanding of various risks, disciplined risk assessment and measurement procedures and continuous monitoring. An independent risk management function ensures that risk is managed through a risk management architect as well as through policies and processes approved by Board of Directors. The key risks that the Bank is exposed to in the course of its business are Credit Risk, Market Risk, Liquidity Risk and Operational Risk. These risks not only have a bearing on the Bank's financial strength and operations but also its reputation. Keeping this in mind, bank has in place a Board approved Risk Strategy / Policies whose implementation is overseen by Board of directors of the bank. The Board of Directors has oversight on all the risks assumed by the Bank and approves the risk policies and strategies to establish an integrated risk management framework and control system in the Bank. The Integrated Risk Management Committee (IRMC), a board level sub-committee entrusted with the overall responsibility of ensuring that the adequate structures, policies and procedures are in place for risk management in the bank. The day-to-day assessment, measurement and monitoring of various risks is managed by the Risk Management Department. The Risk Management department is headed by the Chief Risk Officer (CRO). The CRO reports to the IRMC of the Board. The CRO is responsible for ensuring an effective implementation of an enterprise-wide risk management framework through various risk policies, processes, limits.

The risk management function in the Bank strives to proactively anticipate vulnerabilities in the business operations through quantitative or qualitative examination of the embedded risks. The Bank continues to focus on improving its risk measurement systems including automation of the processes wherever feasible to ensure compliance of regulatory requirements as well as bringing efficiency in the risk management framework. The risk management policies and procedures established are updated on continuous basis and benchmarked to best practices. The Bank has successfully implemented Basel norms since its introduction. Under this,



it has adopted the 'Standardized Approach' for measurement of Credit Risk, 'Basic Indicator Approach' for Operational Risk and 'The Standardized Duration Approach' for Market Risk. The Bank has formulated extensive policy on ICAAP commensurate with the Bank's size, level of complexity, risk profile and scope of operations. The Bank has thus evolved a robust risk management framework, which is geared to support the strategic objectives and business plans of the Bank.

The Integrated Risk Management Committee (IRMC) of the Board reviews risk management policies of the Bank pertaining to credit, market, liquidity, operational & Pillar II risks that includes strategic risk and reputational risk, Internal Capital Adequacy Assessment Process (ICAAP) and stress testing. The IRMC of Board is assisted by the Executive Committees (CRMC, ORMC, MRMC & ALCO) by review of policies for different risk categories that have a material bearing on the bank. These committees anticipate vulnerabilities in business & embedded risks for management, monitoring & control of various risks.

Credit Risk Management

Credit Risk "defined as the possibility of losses associated with diminution in the credit quality of borrowers or counterparties, losses that stem from outright default or reduction in portfolio value" is comprehensively managed by the Bank with distinct credit risk architecture, policies, procedures and systems in place. Bank has been able to ensure strong asset quality through volatile times in the lending environment by stringently adhering to prudent norms and institutionalized processes.

The credit risk management policy of the Bank provides framework for credit risk management and embodies in itself the areas of risk identification, risk measurement, risk grading techniques adopted by the Bank, documentation practice and the system adopted for management of problem loans. The credit risk policy deals with short term implementation as well as long term approach to credit risk management to achieve desired business goals. The credit policy provides clear and well defined delegation of loan sanctioning which links risk and exposure amount to level of approval. Segment-wise and borrower category-wise exposure limits are fixed and monitored by the bank to address the risk of concentration.

The Bank's credit risk management structure with Integrated Risk Management Committee (IRMC) of Board at the apex level and Credit Risk Management Committee (CRMC) at the executive level is responsible for overall credit risk management in the Bank. The committees periodically review the credit risk profile, evaluate the overall risk faced by the Bank and develop policies and strategies for identifying and managing credit risk at individual exposure level as well as portfolio level in sync with the bank's credit risk policy designed in accordance with regulatory guidelines.

The appraisal process encompasses a detailed risk assessment and rating of obligors, using the Bank's rating models to measure credit risk that forms core of the credit risk management process. Comprehensive credit approval processes followed by post-sanction monitoring processes and remedial measures are predefined proactive measures to minimize delinquencies. For managing legal risks Bank has standard documents for various types of credit products for

ensuring legal compliance of applicable laws and ensuring that the documentation entered into by the Bank is legally valid and enforceable.

Credit audit system and loan review mechanism function independently of the credit processing and credit approval system and ensure effective loan monitoring and management of credit risk and operational risk in the loan portfolio.

Capital requirements for Credit risk are derived using Standardized Approach as per Basel guidelines.

Operational Risk Management

The Operational Risk Management process of J&K Bank is driven by a strong organizational culture and sound operating procedures that involves corporate values, competencies, comprehensive system of internal controls and contingency planning. The Bank has implemented a robust and comprehensive Operational Risk Framework defined as part of the Board-approved Operational Risk Management Policy to identify, assess and monitor risks, strengthen controls and minimize Operational Risk losses. The Bank has constituted the Operational Risk Management Committee (ORMC), consisting of Senior Management of the Bank for implementation and monitoring of the Operational Risk Framework throughout the Bank.

Integrated Risk Management Committee (IRMC) of Board at the apex level and Operational Risk Management Committee (ORMC) are responsible for the implementation of the Operational Risk framework of the Bank and the management of operational risks across the Bank. Policies have been put in place for effective management of Operational Risk in the Bank, which aim to ensure clear accountability, responsibility and mitigation of operational risks. The Bank follows self-assessment programs for risk analysis and risk reducing measures. The Integrated Risk Management Committee (IRMC) approves the major aspects of the Bank's Operational Risks while the Operational Risk Management Committee (ORMC) periodically reviews the Operational Risk Management (ORM) Policy and associated frameworks that include Loss data management, Key Risk Indicators, Risks Control & Self-Assessment.

The Bank has a robust Business Continuity plan that ensures uninterrupted operations in case of disruption and is periodically tested to ensure that it can meet any operational contingencies. Bank's Board has the ultimate responsibility and oversight over BCP activity. The Board approves the Business Continuity Policy of bank. Senior Management is responsible for overseeing the BCP process. Bank's Board and Senior Management ensures BCP is independently reviewed and approved at least annually. There is an independent Information Security department headed by Chief Information Security officer (CISO) that addresses information security related risks and ensures employee sensitization exercises.

The Bank has comprehensive policy "Preventive Vigilance Framework with Special Emphasis on Activation & Promotion of Whistle Blower Policy", which defines the governance, roles & responsibilities of various officials/ officers from a business unit to the Board level together with putting in place various controls for preventing fraud incidents and detecting frauds in an effective way. The central vigilance team



oversees implementation of fraud prevention measures. Frauds are investigated to identify the root cause and relevant corrective steps are taken to prevent recurrence. Fraud prevention committees at the senior management and Board level also deliberate on material fraud events and initiate preventive action. Periodic reports are submitted to the Board and senior management committees.

Capital requirements for Operational risk are derived using Basic Indicator Approach.

Liquidity Risk

Asset-Liability Management (ALM) is a comprehensive and dynamic framework for measuring, monitoring and managing the financial risks associated with changing interest rates, foreign exchange rates and other factors that can affect the organization's liquidity. Proper Asset Liability Management is necessary for a bank for managing balance sheet risk, especially liquidity risk and interest rate risk, so as to maximize its net interest earnings. Bank's framework for liquidity and interest rate risk management is spelt out in its Asset Liability Management Policy that is implemented, monitored and periodically reviewed by the Asset Liability Committee (ALCO). The Asset-Liability Management Committee (ALCO) is a decision making unit consisting of the bank's top management, responsible for ensuring adherence to the risk tolerance / limits set by the Board as well as implementing the liquidity risk management strategy of the bank in line with bank's decided risk management objectives and risk tolerance.

As a part of ALM process, the Bank has established various Board approved limits to mitigate both liquidity and interest risks. While the maturity gap and stock ratio limits help manage liquidity risk, the net interest income and market value impacts help mitigate interest rate risk. This is reinforced by a comprehensive Board approved stress testing programme covering both liquidity and interest rate risk. Bank conducts various studies to assess the behavioral pattern of non-contractual assets and liabilities and embedded options available to customers, which are used while managing maturity gaps. Further, the Bank also has necessary framework in place to manage intraday liquidity risk.

The Liquidity Coverage Ratio (LCR), a global standard, is used to measure a bank's liquidity position. LCR seeks to ensure that the Bank has an adequate stock of unencumbered High-Quality Liquid Assets (HQLA) that can be converted into cash easily and immediately to meet its liquidity needs under a 30-day calendar liquidity stress scenario.

Market Risk Management

The market risk management is governed by Market risk policy of the Bank. A well-defined Market risk management framework is in place to assess and minimize risks inherent in treasury operations through various risk management tools. In addition to various regulatory limits, Bank has defined various internal limits like Net Overnight Open Position, Modified Duration, Stop Loss, VaR Limits, PVO1 Limit, and Concentration & Exposure Limits and ensures adherence thereof on continuous basis for managing market risk in trading book of the Bank. These limits are stipulated in Market Risk Policy, Investment & Trading Policy, Asset

Liability Management Policy. All these policies are reviewed and approved by the Bank's Board of Directors. For the Market Risk Management of the Bank, there is a functional separation between the Treasury Front Office, Mid office and Treasury Back Office.

The Bank currently follows the standardised approach for computation of market risk capital on interest rate related instruments in the trading book, equities in the trading book and foreign exchange risk for its trading portfolio.

Pillar II Risks

The Bank has a structured framework in the form of Internal Capital Adequacy Assessment Process (ICAAP) to assess capital position vis-a-vis identified risks and also the future capital requirement of the Bank. ICAAP is to identify, assess and manage all risks that may have a material adverse impact on business / financial position / capital adequacy and ensure that a bank is aware of its risk profile and has systems in place to assess, quantify and monitor these risks. One of the objectives is to determine the economic capital required to cover all risks faced. While Regulatory Capital is the capital that the regulator requires a bank to maintain, Economic Capital is the capital that a bank needs to maintain and is, in general, estimated using internal assessment of all the risks including residual risks. The ICAAP framework of Bank is guided by the Bank's Board approved ICAAP Policy. Additionally, the Board approved Stress Testing Policy entails the use of regulatory specified & internal scenarios to assess potential vulnerability to extreme but plausible stressed business conditions. The ICAAP document addresses the following issues:

Capital Planning and Management considering the various risks faced by the Bank and capital requirement as per the growth strategies formulated by the Bank.

Changes in the Bank's risk levels and in the on / off balance sheet positions assessed under assumed scenarios using sensitivity factors that generally relate to their impact on profitability and capital adequacy.

Identification and assessment of all types of material risks, capital requirement thereof and capital position under stress scenarios.

The Bank has a well-defined stress testing policy in place to measure impact of adverse stress scenarios on the adequacy of capital. Periodic stress testing is undertaken on various portfolios to gauge the impact of stress situations on the health of portfolio, profitability and capital adequacy. The stress scenarios are idiosyncratic, market wide and a combination of both. Stress testing enables a Bank in forward looking assessment of risks, which overcomes the limitations of statistical risk measures or models based mainly on historical data and assumptions. It also facilitates internal and external communication and helps senior management understand the condition of the Bank in the stressed time. Stress testing forms an integral part of the Internal Capital Adequacy Assessment Process (ICAAP), which requires banks to undertake rigorous, forward-looking stress testing that identifies severe events or changes in market conditions that could adversely impact the Bank.



Ratings:

Instruments	Rating	Rating Agency	Comments
Certificate of Deposit Programme	CRISIL A1+	CRISIL	Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.
Short Term Fixed Deposit Programme	CRISIL A1+	CRISIL	Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.
Fixed Deposit Programme	FAA-	CRISIL	This rating indicates that the degree of safety regarding timely payment of interest and principal is strong.
Upper Tier II Bonds (under Basel III)	IND A+	India Ratings	Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.
	BWR AA-	Brickwork	Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.
Upper Tier II Bonds (under Basel III)	IND A+	India Rating	Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.
	BWR AA-	Brickwork	Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.
Additional Tier 1 Bonds (under Basel III)	BWR A	Brickwork	Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instrument carry low credit risk.

Marketing & Product Development

The present era of banking that we work in requires a new approach to keep product development as the engine of revenue growth rather than the anchor holding it back. The ease of processing the requests, purpose, simplicity, speed, security, trainings of the operational staff and customer delight are the key features of the product development in banking.

J&K Bank has a vast bouquet of specially customized products under Personal Loan Segment, Trade, Industry, Handicrafts, Tourism, Agriculture and other Service Sectors with a focus on UTs of J&K and Ladakh.

The Saral/Saholiat Loan schemes for salaried individuals is a flagship product of the bank having wide acceptance in UTs of J&K and Ladakh. The product is being constantly reviewed to suit the needs of almost all the sections of society and the Bank has so far been successful in covering a vast segment of customers under the product. Housing Loan, Education Loan, Car Loan, Solar Finance, Loan for Consumer Durables, and Festival Advance are other key products under personal segment. J&K Bank's Gold Loan scheme has been scaled up and made available at nine branches of the bank in the UT of J&K.

Under the Agriculture Sector, Bank has launched special campaigns for 100% coverage of PM-Kisan Beneficiaries' under Kisan Credit Card (KCC) and a vast section of population has benefitted from the scheme. Bank is committed in supporting the creation of Agri-infrastructure such as CA Stores and other food processing units.

In order to mitigate the problems faced by business community in the UTs of J&K and Ladakh due to business disruptions during FY 2019-20, Bank has launched special rehabilitation scheme with the approval of RBI for rehabilitation of the affected borrowers.

Bank is playing vital role in revival of MSME Sector in the UTs of J&K and Ladakh; and special attention is being paid to the needs of the sector in line with regulatory environment.

As a part of its marketing endeavor and to provide customers with special discounts on occasions of festivities, the Bank launched many Business Promotion campaigns during the FY 2019-20 which have considerably improved our retail credit portfolio.

The digital affinity and behaviors developed by customers during the global pandemic caused by Covid-19; coupled with technology and digitization has compelled banks to revisit the traditional Brick and Mortar Branch setup and procedure. Bank is focusing on providing Interactive Technology to its customers which shall enable virtual interaction with them without losing human touch.

Bank has initiated steps to improve fee based income by maximizing non-fund business by raising awareness among the staff and Bank's Clientele to avail the benefits of non - fund business.

Bank has already moved the retail credit operations partially to digital platform and further steps have been initiated



to widen the scope of technology utilization in credit dispensation.

Advertising and Publicity

In the world of banking and finance, it is primarily the brand perception that instantly manifests the health of an organization within the public imagination besides the numbers displayed in its balance sheet. Thus, being proactive in our brand promotion through advertising and publicity, we have successfully improved our brand exposure during the FY 2019-20 to increase the brand recall thereby enhancing our brand perception and increasing our brand value.

The bond of trust with all our stakeholders was further strengthened and cemented by leveraging all the means and channels of communications available for uninterrupted messaging throughout the financial year. Besides, the bank's products, services and facilities were successfully advertised and publicized through all the available channels of dissemination across the operational geography of the bank. Also, the marketing campaigns initiated by the bank to enhance the overall business, while meeting the set targets, were duly publicized with proper follow-up communications.

Moreover, the functioning and accomplishments of the bank were effectively communicated to the relevant target audiences including the major stakeholders along with the customers, shareowners, other stakeholders and general public through customized and efficiently packaged messages/hand-outs using print and multi-media outlets within the Union Territory and relevant channels across the country. Increasing our presence in the social-media universe, we further strengthened and streamlined our online presence to reach out to the larger audiences and enhance the bank's brand image by optimally leveraging the highly popular mediums of social connectivity platforms especially Facebook, Twitter, Instagram and YouTube.

IT Initiatives during FY 2019-20

This year the bank has initiated various steps to leverage technology and automate the processes further. The major initiatives taken by the Bank are:

1. Document Management Solution

The Bank has initiated the process to automate the management of documents throughout the Enterprise from creation to storage to distribution using state of the art Document Management System which shall lead to increased efficiency and reduction in cost and effort required to manage physical documents.

2. Audit Automation

The Bank has initiated the process to automate audit functions using Audit Automation tools thereby changing the nature of audit work with higher value addition and more emphasis on planning, execution and reporting.

3. Enterprise Fraud Management Solution

The Bank has initiated implementation of Enterprise Fraud Management Solution which shall help in Fraud control through digital channels. The solution is a real-time intelligent tool that combats sophisticated fraud with real-time, actionable insights. It monitors suspicious activities in real time as opposed to end-of-day reporting and analysis.

4. Upgradation of CBS

The Bank has initiated the project for upgradation of its Core banking to latest version which shall address the comprehensive technology-led business transformation requirements of the bank so as to provide operational agility, increased productivity and maiming the opportunities for growth.

Achievements in Digital Banking FY19-20

Digital transformation is the process of using digital technologies to create new or modify existing business processes, culture, and customer experiences to meet changing business and market requirements. This reimagining of business in the digital age is digital transformation. Digital transformation is the cultural, organizational and operational change of an organization, industry or ecosystem through a smart integration of digital technologies, processes and competencies across all levels and functions in a staged way.

The Bank has been taking several measures to encourage digital payments and has embarked on digital transformation journey to promote banks digital products besides upgrading the existing products to the best standards and adding new digital products to keep up with the latest technological innovations in the banking industry and has remained successful in maintaining the Digital Transaction percentage above 50% standing at 53.22 % at the end of FY 2019-20.

The details of "Achievements in Digital Banking FY19-20" are as below:-

1. The Bank entered into tie up with Amazon, Flipkart, Makemytrip, Goibibo, LG, Samsung etc. for offers on our Cards
2. The Bank extended the Cashback & Instant discount and EMI tie-ups with National business platforms for enhancing the reach of Brand value of its Credit & Debit Cards.
3. The Bank enabled PHE Water Bill collection on mPay.
4. During the financial year 2019-20, 66 additional ATMs were commissioned thereby taking the number of ATMs to 1354 as on 31.03.2020.
5. The Bank initiated projects with various POS aggregators for offering EMI option to our customers at various merchants across the country.



Digital User/Transaction Summary report for the FY 2019-20:-

Digital Channels	Q4 FY 2018-19	Q1 FY 2019-20	Q2 FY 2019-20	Q3 FY 2019-20	Q4 FY 2019-20
Debit Card Users	3050755	3223654	3314710	3400769	3494347
Credit Card Users	144048	147127	147652	138641	138619
Ebank Users	401070	409146	413181	416990	424022
mPay Users	583119	684226	729694	729470	788051
POS Users	16460	16835	16783	16473	15198
KIOSK Users	165573	172915	176464	177268	179398
UPI Users	177182	217621	241258	256370	294044
Total Digital Transactions	52244161	62164060	43177545	41125218	51125103
Total Transactions	96406936	109935232	78343189	78795182	96059176
% age Digital Transactions*	54.19	56.55	55.11	52.19	53.22

*J&K Bank jumped to 4th place among all banks in India in achievement of digital payment targets in July 2020.

Financial Inclusion:

Financial Inclusion may be defined as the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost. It refers to universal access to a wide range of financial services at a reasonable cost. It includes reaching out to unbanked and under-banked population for extending financial services to them with the objective to unlock its growth potential. Since the launch of the programme by Government of India. J&K Bank has been persistently following the plans and directions of Regulators for ensuring timely compliance. A brief description of the steps taken by the Bank are mentioned hereunder:

- During the period 2013-16, on the basis of allocation made by erstwhile J&K SLBC, Bank has covered 5464 unbanked villages/wards under the Financial Inclusion Plan. In addition, Bank has covered 4 villages outside the erstwhile State of J&K allocated by RBI. The said villages stand covered by opening of Business Units and providing of BC coverage which facilitate ICT based financial services to the public.
- Subsequently Department of Financial Services, Govt. of India advised that Banks must have a Banking touch point within a range of 5 Kms to cover all identified villages for Banking and Financial services. Further, Reserve Bank of India vide their communication No.FIDD.CO.LBS.NO.1488/02.01.001/2019-20 dated 13.01.2020 has advised Banks for opening of Banking touch point in every allotted village within 5 kms radius/hamlet of 500 households in hilly areas. In line with the same, Department of Financial Services, Ministry of Finance, Government of India has recently identified 47 villages allotted to our Bank as uncovered as per GPS Coordinates exercise undertaken by NIC, based on coverage within 5 kms by a Banking touch point. In this regard Bank has taken necessary steps to cover the said villages by a Banking touch point.

RBI selected Villages (Progress/ Achievements)

RBI has selected 15 model villages allocated to J&K Bank for 100% financial inclusion in erstwhile J&K State. All the 15 RBI sites have been made functional for Kiosk (online FI solution). BCs and Business Units catering these 15 RBI adopted villages have been provided with Biometric Devices and PIN PADS.

Achievements under FIP

With the objective to integrate the poor and unbanked with financial system, Bank has in addition to Business Units network, engaged 985 Business Correspondents for providing banking services in remote and other areas as also to facilitate financial inclusion in erstwhile J&K State as on 31.03.2020. During the FY 2019-20, 6 Business Units were opened and 4 additional BCs were engaged by the Bank for providing Banking and Financial services in remote and unbanked areas of UT of J&K. It is pertinent to mention here that Bank has in compliance to RBI directives, a Board approved policy in place for engagement of fresh Business Correspondents (BCs) as and when required.

The year on year growth in engagement of BCs up to 31st March 2020 is as under:

S. No	Particulars	No. of BCs	Growth in %
1	Position as on March 2011	218	NA
2	Position as on March 2012	440	102
3	Position as on March 2013	629	43
4	Position as on March 2014	695	10
5	Position as on March 2015	858	23
6	Position as on March 2016	929	8
7	Position as on March 2017	942	1.4
8	Position as on March 2018	972	3.09
9	Position as on March 2019	981	1
10	Position as on March 2020	985	0.40



During the FY ending 31st March 2020, Business Correspondents have executed 10.04 Lakh number of financial transactions involving an amount of Rs.369.08 Crore.

Financial Literacy cum Credit counseling Centre's (FLCCs) In compliance to RBI directive vide circular No. RPCD.FLC. No.12452/12.01.018/2011-12 dated 06.06.2012, the J&K Bank has already set up FLCs in its 12 lead districts during 2012. The need for financial literacy and its importance for financial inclusion have become widely recognized. To promote financial education, digital literacy, creation of awareness among the people living in the unbanked & under-banked areas and to achieve the targets stipulated by RBI, Bank has organized 1202 number of Financial Literacy Camps (FLCs) against the target of 1008 camps during Financial Year ended 31st March 2020. Various financial literacy programmes were customized to suit the requirements of school/college students, microfinance clients, SHGs, rural women, bank clients etc. The Bank would continue with its efforts to enhance financial literacy by providing guidance and support to the targeted groups. Further, available technology is being leveraged to create more awareness about the benefits of three Social Security Schemes i.e., PMJJBY, PMSBY & APY. The consolidated position of Financial Literacy Camps conducted by the 12 FLC facilitators during the financial year (April 2019-March 2020) is appended below:

S.No.	Type of Camps conducted as per RBI guidelines	Progress as on 31.03.2020
1.	No. of Special Camps conducted	380
2.	No. of Target Specific Camps conducted	822
3.	Total No. of Camps conducted	1202

Financial Literacy Camps through Rural Branches

In compliance to revised RBI guidelines, erstwhile J&K SLBC has advised the Banks to conduct one special camp per month for newly included people in the financial system including PMJDY A/C holders and target specific groups of farmers, SHGs, MSEs, senior citizens and school children through their rural branches. Our bank has organized 4765 financial literacy camps as against the target of 6078 camps during financial year ended 31st March 2020 to create awareness among the people of unbanked areas particularly deprived sections of society. In this context, the zone wise position of financial literacy camps conducted by rural branches of the bank during the financial year (FY2019-20) is appended below:

S.No	NAME OF THE ZONE/UT	Cumulative Position
		No. of Special Camps conducted by Rural B/Us Bank
1.	Kashmir Central Zone (I)	85
2.	Kashmir Central Zone (II)	384
3.	Kashmir South Zone (I)	158
4.	Kashmir South Zone (II)	411

5.	Kashmir North Zone	553
6.	Jammu Central Zone (I)	356
7.	Jammu Central Zone (II)	635
8.	Jammu West Zone	715
9.	Jammu North Zone (I)	582
10.	Jammu North Zone (II)	621
11.	UT of Ladakh Zone	265
	Total	4765

Pradhan Mantri Jan Dhan Yojna (PMJDY)

- Pradhan Mantri Jan Dhan Yojna (PMJDY) has been launched on 28th of August 2014 under comprehensive financial inclusion plan, with an objective to bring the entire unbanked population particularly living below poverty line within the ambit of banking fold, by extending the facility of financial services at their door step at an affordable cost.
- Under the scheme, 16.57 Lakh PMJDY accounts have been opened up to 31st March 2020 with deposit of Rs.860.34 crore. Further during the year 2019-20, 57885 PMJDY accounts have been opened by various Business Units of the Bank.

Progress under PMJDY as on 31.03.2020

PMJDY Rural A/Cs	PMJDY Urban A/Cs	Total no. of PMJDY A/Cs	Total Balance In PMJDY A/Cs In Crores
1466400	190593	1656993	860.34

Status of Inbuilt RuPay Card Insurance

RuPay Card scheme is a domestic network set up to provide secured, robust, scalable, simple, transparent, inclusive, user friendly and affordable solutions to entities eligible to issued cards in India. As a value added service, the insurance cover of Rs.2 Lakh (accidental death or permanent disability only) is available to eligible PMJDY Rupay Card holders. The status of said claims as on March 31, 2020 is given hereunder:

Insurance scheme	Claims Received	Claims Settled	Claims In Process	Claims Rejected
Accidental Insurance	17	13	2	2

Implementation of Social Security Schemes (APY, PMJJBY & PMSBY)

The Social Security Schemes -Atal Pension Yojna (APY), Pradhan Mantri Jeevan Jyoti Bima Yojna (PMJJBY) and Pradhan Mantri Suraksha Bima Yojna (PMSBY) were launched by the Honorable Prime Minister on 9th May 2015 to move towards creating a universal social security system, targeted especially at the poor and the underprivileged.

PMSBY: The scheme is a one year cover, renewable from year to year, Accidental Insurance Scheme offering accidental death and disability cover of Rs.2 lakhs for death



or permanent disability and cover of Rs.1.00 lakh for partial disability as per criteria defined in the scheme . All savings bank account holders in the age 18 to 70 years in participating banks are entitled to join. The premium of Rs.12/- per annum per member is deducted from the account holder's savings bank account through 'auto debit' facility in one installment, on or before 31st May of each annual coverage period under the scheme.

PMJJBY: The scheme is a one year cover, renewable from year to year, Insurance Scheme offering life insurance cover of Rs.2 lakhs for death due to any reason. All savings bank account holders in the age 18 to 50 years in participating banks are entitled to join. The premium of Rs.330/- per annum per member is deducted from the account holder's savings bank account through 'auto debit' facility in one

installment, on or before 31st May of each annual coverage period under the scheme.

APY: Atal Pension Yojna (APY) is a government-backed pension scheme in India targeted at the unorganized sector. APY has been launched with a noble cause of providing Old Age income security for target age group of 18-40 years. Under the APY, guaranteed pension of Rs.1000/-,2000/- ,3000/, 4000/- and 5000/- per month will be given at the age of 60 years depending on the contributions by the subscribers.

The progress of the Bank under the aforementioned social security schemes is given hereunder:

Name of Pension/ Insurance scheme	Name of Pension/ Insurance partner	Applications sourced	No. of Cases where Premium Debited	Premium Debited (in Rs)
APY	PFRDA	19417	19417	275826206
PMJJBY	LIC OF INDIA	211239	169352	55886160
PMSBY	NEW INDIA ASSURANCE CO.	381351	323113	3877356

Cumulative progress as on 31.03.2020

Progress during FY 2019-20

Name of Pension/ Insurance scheme	Name of Pension/Insurance partner	Applications sourced	No. of Cases where Premium Debited	Premium Debited (in Rs)
APY	PFRDA	1556	1556	80411945
PMJJBY	LIC OF INDIA	38611	38611	12741630
PMSBY	NEW INDIA ASSURANCE CO.	79955	79955	959460

Cumulative position of PMJJBY & PMSBY claims as on 31.03.2020

S. No	Name of insurance scheme	Name of insurance company	Claims received	Claims settled	Claims rejected	Claims pending
1.	PMJJBY	LIC OF INDIA	590	536	22	32
2,	PMSBY	NEW INDIA ASSURANCE CO.	188	124	22	42

Progress during FY 2019-20

S.No.	NAME OF INSURANCE SCHEME	NAME OF INSURANCE COMPANY	Claims received	Claims settled	Claims rejected	Claims pending
1.	PMJJBY	LIC OF INDIA	150	109	13	28
2.	PMSBY	NEW INDIA ASSURANCE CO.	71	26	9	36



Micro Overdraft facility under PMJDY

As per DFS, MoF, GoI guidelines, overdraft facility from Rs.2000 to Rs. 10,000/- is available to the eligible account holders under PMJDY. The status as on March 31, 2020 of the Overdraft facility granted by the Bank under the said scheme is as under.

No. of Accounts	Amount (in lacs)
1345	80.7

Status of displaying names/locations of all the Bank Correspondents / Bank Mitras on the website of the bank.

As a part for implementation of Financial Inclusion programme, Bank has engaged 985 BCs the complete details whereof are available at respective segment of website of the Bank at www.jkbank.com.

Technology readiness for FI Programme

Online FI Solution (Kiosk Solution)

Bank decided to implement Online FI Solution prior to launching of PMJDY by Prime Minister in August 2014. Basic requirement for implementing technology platform for PMJDY is to have an online FI system in place which is integrated with Bank's Core Banking Solution. Bank has engaged M/S TCS as technology service provider for the implementation of web based online FI solution. Financial Inclusion Solution (KIOSK BANKING Model) integrates Biometric and ICT technologies to deliver mainstream banking services like account opening, deposits, withdrawal, remittance, Balance Inquiry etc., to the marginalized sections of unbanked and under-banked population in rural areas in a cost effective and secure manner. These services are being provided to the customer's door step.

In a KIOSK based Model:

Biometric devices serve the purpose of Finger print grabbing and Verification of account holders to enable them to transact at BC location.

PIN PAD devices serve the purpose of making transaction via RuPay/Debit cards (On-Us/ Off-Us), thus enabling interoperable transactions at BC KIOSK.

Banking Correspondents (BCs) are eligible for the following KIOSK Banking Services:

1. Account Based Transaction Module:

The transaction can be made via account Verification Process in which finger print of Customer is captured for the authorization purpose to let the transaction happen. In this module below mentioned Services are available :

- Balance Inquiry
- Deposit
- Withdrawal
- Fund Transfer
- Mini Statement

2. AEPS Transaction Module:

For AEPS based transaction, Customer finger print is first authorized from UID Server and then the transaction is made via application. In this module below mentioned Services are available :

- Balance Inquiry
- Deposit
- Withdrawal
- Fund Transfer
- Mini Statement
- Best Finger Detection (BFD)

3. RuPay Application Module:

Transactions are made via RuPay / Debit Cards through PIN PAD Device. Both Intra and Interbank transactions are made through it. In this module below mentioned Services are available :

- Balance Inquiry
- Withdrawal
- Mini statement (ONUS Only)

4. E-KYC Module:

BCs can provide E- KYC receipt to Customer after proper verification of Customer's Aadhaar No. and Finger Print from UID server.

5. Account Opening:

BC has an access to enroll the Customer for opening of PMJDY accounts, by entering the customer's demographic details in the application. After submission of details from BC end, branch User authorizes the Customer details and capture his/her Finger Print for account Opening and enabling him/her to transact at BC location. Also, It is to mention that the OD limit for BC is Rs. 50,000/- and the limit on transaction has been set for an amount of Rs. 5,000/- with maximum of Rs. 10,000/- per account per day.

Bank has procured 1600 Biometric authentication devices, out of which 1556 devices have been installed at Branches and BC locations for the implementation of the project. Bank has also Procured 950 PIN PADs, out of which 919 PIN PADs have been issued to BCs and Business Units as on 31st March 2020 for complete Roll Out of the ONLINE FI SOLUTION.

Transactions through Online FI Solution (Kiosk Solution)

Progress of financial transactions during FY 2019-2020

S.No.	Transaction Type	No. of Transactions	Amount of Transactions in Rs.
1.	AEPS Off-us Deposit	0	0
2.	AEPS Off-us Funds Transfer	194	774900
3.	AEPS Off-us Withdrawal	1473	4959874
4.	AEPS On-us Deposit	16004	66691357
5.	AEPS On-us Funds Transfer	6358	28461736
6.	AEPS On-us Withdrawal	20035	62753428
7.	Deposit	10339	33768525
8.	Funds Transfer	4456	15822867
9.	RuPay Off-us Withdrawal	166196	673372370



10.	RuPay On-us Withdrawal	763654	2763087190
11.	Withdrawal	15530	41180344
Grand Total		1004239	3690872591

Progress of non-financial transactions during FY 2019-2020

S. No.	Transaction Type	No. of Transactions
1.	Balance Enquiry	54213
2.	Mini Statement	10591
3.	Off-us Balance Enquiry	1681
4.	On-us Balance Enquiry	12903
5.	RuPay Balance Enquiry	26449
6.	RuPay Mini Statement	113898
Grand Total		219672

Status of E-KYC & AEPS

For AEPS (Aadhaar enabled Payment System) and E-KYC, bank has entered into the agreement with UIDAI. AEPS & E-KYC functionality is a part of the exiting ONLINE FI SOLUTION from M/S TCS and has been implemented in the bank and is used by the Business Correspondents as on date.

Progress of E-KYC during FY 2019-20

S. No.	Transaction Status	No. of Transactions
1.	Success	33911
2.	Failure	39802
Grand Total		73713

Progress of AEPS during FY 2019-20

S.No.	Transaction Type	No. of Transactions	Amount of Transactions
1.	AEPS Off-us Deposit	0	0
2.	AEPS Off-us Funds transfer	194	774900
3.	AEPS Off-us Withdrawal	1473	4959874
4.	AEPS On-us Deposit	16004	66691357
5.	AEPS On-us Funds transfer	6358	28461736
6.	AEPS On-us Withdrawal	20035	62753428
Grand Total		44064	163641295

Customer Service

Customer Service has great significance in banking industry and we are constantly striving to meet the customer demand for on-the-go services while staying in compliance with regulator. It has been the endeavor of the Bank to impart good customer service and enhance the level of customer satisfaction. We have trained our staff to handle the customers with due respect at the branches and redress all issues at their level so that the customers do not get aggrieved and escalate matters to other forums.

With a view to strengthen the internal grievance redressal system of the bank and to ensure that the complaints of the customers are redressed at bank-level itself by an authority placed at the highest level of bank's grievance redressal mechanism so as to minimize the need for the customers to approach other fora for redressal, Bank has appointed Internal Ombudsman who examines the customer grievances which are in the nature of deficiency in service on the part of the bank and are partly or wholly rejected by the bank's internal grievance redressal mechanism.

Besides, Bank has in place centralized Complaint Management System- CSRTS wherein the customer raises the Service Request/ Complaint online by sending email from registered email-id to iamlistening@jkbmail.com which is processed by Central Customer Service, CHQ. The customer receives acknowledgement of his Service Request/ Complaint instantly with unique ID for future reference. The complaints lodged with the Bank are redressed within a maximum period of 30 days.

Prompting Compliance

The Bank has put in place compliance processes based on RBI guidelines and Bank's own internal standards of governance. There has been a committed effort to follow best industry practices and standards in the areas of accountability, transparency and business ethics. The bank has in place a well-defined compliance policy for identifying and mitigating the level of Compliance Risk in each and every business line, product and process. The bank adheres to all statutory provisions contained in various legislations such as Banking Regulation Act, RBI Act, FEMA, other regulatory guidelines and internal policies of the bank issued from time to time. The adherence is ensured through a well-defined framework of roles and responsibilities for enterprise-wide compliance. To improve compliance culture in the Bank, separate vertical has been created at apex level and full-fledged compliance departments have been created in all the zones of the bank and for the purpose bank has put in CERMO+ Application to keep track of the regulatory guidelines and its compliance.



Independent Auditors Report

To
The Members of
The Jammu & Kashmir Bank Limited

Report on Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of The Jammu & Kashmir Bank Limited ('the Bank'), which comprise the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss and the Statement of Cash Flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information. In which are included the Returns of 64 branches/offices audited by us and 923 branches audited by Statutory Branch Auditors for the year ended on that date. The Branches/offices audited by us and those audited by other auditors have been selected by the Comptroller & Auditor General of India in accordance with the guidelines issued to the Bank by the Reserve Bank of India.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of other auditors on separate audited financial statements/financial information of the branches, as referred to in paragraphs 12 below, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 (the 'Act') in the manner so required for bank and are in conformity with accounting principles generally accepted in India and:
 - a) the Balance Sheet, read with the notes thereon is a full and fair Balance Sheet containing all the

necessary particulars, is properly drawn up so as to exhibit a true and fair view of the state of affairs of the Bank as at 31st March, 2020;

- b) the Profit and Loss Account, read with the notes thereon shows a true balance of loss and
- c) the Cash Flow Statement gives a true and fair view of the cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that in our professional judgment are of most significance, in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements of the Branch, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
We have determined the matter described below to be the key audit matter to be communicated in our report:

Key audit matters	How our audit addressed the key audit matter
<p>Identification of Non-performing advances (NPA):</p> <p>Advances constitute a significant portion 59% of the Bank's assets and the quality of these advances is measured in terms of ratio of Non-Performing Advances. Due to imposition of restrictions in J&K w.e.f. August 5, 2019 on account of re-organization of J&K State, all the business activities came to a halt thereby adversely impacting the cash flows in all sectors as a result of which a large number of accounts came under stress.</p> <p>The Reserve Bank of India's ("RBI") guidelines on Income recognition and asset classification ("IRAC") prescribe the prudential norms for identification and classification of NPA and the minimum provision required for such assets from time to time. The Bank is also required to apply its judgment to determine the identification and provision required against NPA by applying quantitative as well as qualitative factors.</p> <p>The bank runs System Level Asset Classification (SLAC) application for identification of NPA. The Bank did not run SLAC on March 31, 2020 to maintain the status quo of asset classification as on 29.02.2020 to implement COVID-19 Regulatory Package. Identification of NPA, ascertaining realizable value of securities and provisioning for credit losses require significant level of estimation and given its significance to the overall audit including possible observations by RBI which could result in disclosures in the financial statements, we have ascertained identification and provisioning for NPA as a key audit matter.</p>	<p>The audit procedures performed remotely and, among others, included:</p> <ul style="list-style-type: none"> - Considering the Bank's policies for NPA identification and provisioning and assessing compliance with the IRAC norms. - Performing other procedures including substantive audit procedures covering the identification of NPA by the Bank's Branch. These procedures included: <ul style="list-style-type: none"> • Testing of the reports generated from the application systems where the advances have been recorded. • Testing of the available SLAC generated for immediate earlier date(s). • Reading the accounts reported Special Mention Accounts ("SMA") to identify stress. • Reading account statements and other related information of the borrowers selected based on quantitative and qualitative risk factors. • Performing inquiries with the Bank's Branch to ascertain if there were indicators of stress or an occurrence of an event of default in a particular loan account or any product category which need to be considered as NPA.



Emphasis of Matter

5. We draw attention to relevant note of Schedule 18 to the Financial Results which explains that the extent to which COVID-19 pandemic will impact the Bank's operations and financial results is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report thereon

6. The Bank's Board of Directors is responsible for the other information. The other information comprises the Corporate Governance Report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and Directors' Report, including annexures, if any, thereon, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and Pillar 3 disclosure under Basel III and we do not and will not express any form of assurance conclusion thereon.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Results

7. These standalone Financial Results have been prepared on the basis of the standalone annual financial statements and reviewed quarterly standalone Financial Results up to the end of the third quarter. The Bank's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone Financial Results that give a true and fair view of the net loss and other financial information in accordance with the recognition and measurement principles laid down in the Accounting Standards specified under Section 133 of the Act, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ("RBI Guidelines") and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the

accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Financial Results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Financial Results, Management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Results

8. Our objectives are to obtain reasonable assurance about whether the standalone Financial Results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Financial Results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Financial Results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls system in place and the operating effectiveness of such controls.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Financial Results, including the disclosures, and whether the standalone Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

9. We did not audit the financial statements/information of 923 branches/offices included in the standalone Financial Results of the Bank whose Financial Results

reflect total advances of Rs. 65259.51 Crores and total revenue of Rs.6128.04 Crores as at 31st March 2020, as considered in the standalone Financial Results. The financial statements/ information of these branches has been audited by the branch auditors whose reports have been furnished to us, and in our opinion in so far as it relates to the amounts and disclosures included in respect of branches, is based solely on the report of such branch auditors. Our opinion on the standalone financial statements does not cover the other information and the Basel-III disclosure and we do not express any form of assurance conclusion thereon.

10. The annual financial results include the results for the quarter ended 31st March 2020 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subjected to limited review by us.

Report on Other Legal and Regulatory Requirements

11. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
12. The Comptroller and Auditor General of India has issued directions indicating the areas to be examined in terms of sub-section (5) of section 143 of the Companies Act, 2013, the compliance of which is set out in "Annexure-A" to this Report.
13. Subject to the limitations of the audit indicated in paragraphs 4 to 10 above and as required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, we report that:
 - a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
 - b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank;
 - c) the returns received from the offices; and branches of the Bank have been found adequate for the purposes of our audit.
14. Further, as required by section 143(3) of the Act, we report that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the



- purpose of our audit;
- b) in our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;
- c) the reports on the accounts of the branch offices of the bank audited under section 143(8) of the Act by branch auditors of the Bank have been sent to us and have been properly dealt with by us in preparing this report;
- d) the Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flows dealt with by this report are in agreement with the books of account;
- e) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent they are not inconsistent with the accounting policies prescribed by RBI;
- f) on the basis of written representations received from the directors as on 31st March 2020 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2020 from being appointed as a director in terms of Section 164(2) of the Act;
- g) with respect to the adequacy of the internal financial controls over financial reporting of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure B";
- h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. the Bank has disclosed the impact of pending litigations on its financial position in its financial statements in Schedule 18-Notes on Accounts attached;
- ii. The Bank did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses and
- iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank.

For O P Garg & Co.
Chartered Accountants
FRN:01194N

For Verma Associates.
Chartered Accountants
FRN:02717N

For P C Bindal & Co.
Chartered Accountants
FRN:03824N

For K.K. Goel & Associates.
Chartered Accountants
FRN:05299N

(CA. Manish Kumar Gupta)
Partner
M.No.097191
UDIN:20097191AAAAE05269

(CA. Madan Verma)
Partner
M.No.081631
UDIN:20081631AAAACK8770

(CA. Shailza Wazir)
Partner
M.No.502279
UDIN:20502279AAAACX5190

(CA. Amit Goel)
Partner
M.No.098913
UDIN:20098913AAAABL8337

Dated: 29th June 2020



Annexure-A to Para 12 of independent auditor's report of even date on the standalone financial statements of Jammu & Kashmir Bank Limited.

Directions/sub-directions of Comptroller and Auditor General of India under Section 143(5) of Companies Act 2013 for the Financial Year 2019-20

Sn	Directions/Sub directions	Auditor's comments including action taken wherever required	Impact on accounts and financial statements
1	If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process	Since the Company has not been selected for disinvestment, directions are not applicable.	Nil
2	Please report whether there are any cases of waiver/ write off of debts/ loans/interest etc., if yes, the reasons there for and the amount involved.	<p>There are 1493 cases of waiver/write off of debts/ loans/ interest etc. amounting to Rs. 13.15 Crores in addition to the waiver of unapplied interest of Rs.369.80 Crores on account of negotiated settlement with the borrowers defaulting in payment due to the circumstances beyond their control such as death/disappearance of the borrower, recession in economy, no enforceable security, natural calamities such as earthquake, flood, drought, change in Govt. policy, genuine business failure in spite of sincere efforts made by borrower etc. and where the recovery chances through normal business operations are bleak.</p> <p>During the financial year <u>one</u> account (NPA) was sold to Asset Construction Companies (ARC) having total principal NPA balance of Rs. 102.19 Crores, and unapplied interest of Rs. 69.94 Crores against sale proceeds of Rs. 65.29 Crores resulting in sacrifice of Rs. 106.84 Crores</p>	<p>Waiver/Write off resulted in loss of Rs.382.95 Crores.</p> <p>Sale of NPAs to ARC resulted in release of Provision held by Rs.45.96 Crores and increase of profits by Rs.9.06 Crores. This has also resulted in reduction in NPAs by Rs. 102.19 Crores.</p>
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities	As per explanations given to us, the company has not received any assets as gift/grant(s) from government or other authorities. The company has no inventories lying with third parties.	NIL
4	A report on age-wise analysis of pending legal/arbitration cases including the reasons of pendency and existence/ effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.	There are 466 Cases involving Rs. 588.39 Crores pending legal/arbitration cases being claims against the bank not acknowledged as debts.	Bank hold a provision of Rs.12.58 Crores in cases which have been decided against the bank but Bank has filed appeals against the orders.



Sn	Directions/Sub directions	Auditor's comments including action taken wherever required	Impact on accounts and financial statements														
5	Whether the restructuring of loan was done as per the provisions of the Reserve Bank of India and Bank's own Restructuring of loan Policy.	RBI under supervisory process directed down gradation of 2 restructured standard accounts with total outstanding of Rs. 63.34 Crores as restructuring was not in compliance of extant guidelines. Additional provision for Rs. 6.43 Crores was provided by the bank as on 31.03.2020	Total provision for Rs. 15.88 Crores was required and bank having provided Rs. 9.45 Crores only and as such additional provision for Rs. 6.43 Crores was created as per RBI directions. This resulted in reduction of Profits by Rs. 6.43 Crores														
6	Whether the Bank is maintaining/developing various assets of the State Govt. The treatment of the assets and expenditure incurred and revenue earned may be examined and comment may be offered.	As per information and explanations given to us, the bank is maintaining/developing Parks and Gardens including Golf Course which are not owned by the bank. The bank has incurred Rs. 3.56 Crores for maintaining and development of these parks.	The expenditure amounting to Rs. 3.56 Crores has been incurred and revenue of Rs.1.56 Crores has been earned for maintaining/developing parks/gardens and amounts have been debited/ credited to the Profit and Loss Account.														
7	Whether the branches were doing window dressing and its impact/materiality on the overall deposit portfolio.	As per information and explanation given to us, no branch auditor has reported any case of window dressing.	Nil														
8	Whether the Bank has been able to achieve the targets under Priority sector lending, if not, impact on the financial health of the Bank by lending the shortfall amount in Rural infrastructure Development Fund, Small industrial Development Bank of India, etc. may please be brought out.	As per information and explanations given to us, the Bank has not been able to achieve the targets under priority sector lending. As a result of shortfall, the bank has to make deposits of low yield interest with the following designated agencies as on 31-03-2020:	The impact on the financial health is lower rate of return of interest ranging from 3.40% p.a. to 4.50% p.a. received from the agencies with which deposits were made for shortfall.														
		<table border="1"> <thead> <tr> <th>Particulars</th> <th>Rs.in Crores</th> </tr> </thead> <tbody> <tr> <td>NABARD</td> <td>1327.52</td> </tr> <tr> <td>RIDF(NABARD)</td> <td>1088.90</td> </tr> <tr> <td>SIDBI</td> <td>1184.24</td> </tr> <tr> <td>NHB</td> <td>292.64</td> </tr> <tr> <td>MUDRA</td> <td>149.15</td> </tr> <tr> <td>Total</td> <td>4042.45</td> </tr> </tbody> </table>	Particulars	Rs.in Crores	NABARD	1327.52	RIDF(NABARD)	1088.90	SIDBI	1184.24	NHB	292.64	MUDRA	149.15	Total	4042.45	
Particulars	Rs.in Crores																
NABARD	1327.52																
RIDF(NABARD)	1088.90																
SIDBI	1184.24																
NHB	292.64																
MUDRA	149.15																
Total	4042.45																
9	Whether there were cases of greening of advances, up gradation of loan account at the fag end of the Financial Year or delay/non-declaration of Non-performing Assets as per RBI guidelines. Its impact on the profitability and Asset Classification.	Advances amounting to Rs.525.99 Crores were not declared as NPA as per RBI guidelines which were downgraded after those were identified by the Statutory Auditors and additional provision of Rs. 140.03 Crores and reversal of unrealized interest Rs.6.34 Crores was suggested.	Auditors identified the said NPAs, where by advances of Rs. 525.99 Crores have been downgraded from the bank's standard assets classification. The impact thereof on increase of profit is as follows: 1.Interest Reversal: Rs.6.34 Crores 2.Increase in NPA provision Rs. 140.03 Crores														



Sn	Directions/Sub directions	Auditor's comments including action taken wherever required	Impact on accounts and financial statements
10	Whether Co. has complied with the direction issued by RBI for a. NBFCs b. Capital adequacy norms for NBFCs. c. Classification of NPA	As per information and explanation given to us the bank has complied with all the directions issued by RBI.	Nil
11	Whether introduction of any scheme for settlement of dues and extensions thereto complied with the policy/guidelines of Company/ Govt.	As per information and explanation given to us, the bank is complied with the instructions/guidelines issued from time to time by RBI and comply with the Policy framed for the same.	Nil
12	Whether the Co. has a system to ensure that loans were secured by adequate security free from encumbrances and have first charge on the mortgaged assets. Further instances of undue delay in disposal of seized units may be reported.	As per information and explanation given to us the bank has a system to ensure that loans are secured by adequate security free from encumbrances and have charge on mortgaged assets and bank has framed policy for the same.	Nil
13	Whether the bank guarantees have been revalidated in time?	As per information and explanation given to us the Guarantees are revalidated within the time period at the request of borrower. However, 1179 expired guarantees amounting to Rs. 197.10 Crores (Net of Margin) are outstanding in the books of bank	This may add to the liability of the bank.
14	Comment on the confirmation of balances of trade receivable, trade payable, term deposits, bank account and cash obtained	Being banking company there are no trade payable/receivable. However, confirmation for term deposit is not required	Nil
15	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implication, if any may be stated.	As per information and explanation given to us the bank has system in place to process all the accounting transactions through IT.	Nil



Sn	Directions/Sub directions	Auditor's comments including action taken wherever required	Impact on accounts and financial statements																		
16	Whether the company has cleared title/ lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.	<p>As per information and explanation given to us, the bank does not have clear title/ lease deeds for freehold and leasehold lands for the following properties: -</p> <table border="1"> <thead> <tr> <th>Sn</th> <th>Land</th> <th>Area</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Vashi (1st Floor)</td> <td>5400 Sft</td> </tr> <tr> <td>2.</td> <td>Budgam</td> <td>4 Kanals</td> </tr> <tr> <td>3.</td> <td>Ansal Plaza, Khelgaon</td> <td>17925Sft</td> </tr> <tr> <td>4.</td> <td>Kargil</td> <td>1 Kanal 4 Marla</td> </tr> <tr> <td>5.</td> <td>Land at Kulgam</td> <td>2 Kanals</td> </tr> </tbody> </table> <p>It is advised to complete the documentation for clear title at the earliest.</p> <p>During the current financial year, the Bank has revalued Immovable properties based on the reports obtained from external independent valuers. The revaluation surplus amounting to ₹406.80 Crore is credited to Revaluation Reserve.</p>	Sn	Land	Area	1.	Vashi (1st Floor)	5400 Sft	2.	Budgam	4 Kanals	3.	Ansal Plaza, Khelgaon	17925Sft	4.	Kargil	1 Kanal 4 Marla	5.	Land at Kulgam	2 Kanals	The acquisition value of the said lands/properties has been capitalized and the value as on 31.03.2020 is Rs. 60.76 Crores.
Sn	Land	Area																			
1.	Vashi (1st Floor)	5400 Sft																			
2.	Budgam	4 Kanals																			
3.	Ansal Plaza, Khelgaon	17925Sft																			
4.	Kargil	1 Kanal 4 Marla																			
5.	Land at Kulgam	2 Kanals																			
17	Examine the system of effective utilization of loans/Grant-in-Aid/ Subsidy. List of cases diversion of fund	The loans received are utilized for the intended purpose. However, there were no Grant-in-Aid/Subsidy received during the financial year	Nil																		
18	Examine the cost benefit analysis of major capital expenditure/Expansion including IRR and payback period.	As per information and explanation given to us, the major expenditure is being incurred on opening of new business units and as per historical data majority of new business units within J&K States attain breakeven within one year of its operation	Nil																		



Sn	Directions/Sub directions	Auditor's comments including action taken wherever required	Impact on accounts and financial statements
19	If the audited entity has computerized its operation or part of it, assess and report how much of the data in the company is in electronic format, which of the area such as accounting, sale personnel information, payroll, inventory etc. has been computerized and the company has evolved proper security policy for data/software/hardware.	As per information and explanation given to us, all the operation of the bank including accounting, payroll in HRMS, inventory in FAM system are computerized and the bank have evolved proper security policy for data/software/hardware.	Nil
20	Other Matter	Other Assets include ₹ 3955.23 Crores due form UT of J&K comprising agency account, commission due & pension payments. The advance is interest free & is in the nature of clean overdraft to the Government.	Not Available

For O P Garg & Co.
Chartered Accountants
FRN:01194N

For Verma Associates.
Chartered Accountants
FRN:02717N

For P C Bindal & Co.
Chartered Accountants
FRN:03824N

For K.K. Goel & Associates.
Chartered Accountants
FRN:05299N

(CA. Manish Kumar Gupta)
Partner
M.No.097191
UDIN:20097191AAAAEO5269

(CA. Madan Verma)
Partner
M.No.081631
UDIN:20081631AAAACK8770

(CA. Shailza Wazir)
Partner
M.No.502279
UDIN:20502279AAAACX5190

(CA. Amit Goel)
Partner
M.No.098913
UDIN:20098913AAAABL8337

Dated: 29th June 2020



Annexure-B to Independent Auditor's report of even date on the standalone financial statements of Jammu and Kashmir Bank Limited.

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

1. We have audited the internal financial controls over financial reporting of Jammu and Kashmir Bank Limited ('the Bank') as at 31st March 2020 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining and understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') and the Standards on Auditing ('the Standards'), issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
 - (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank;
 - (b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorizations of management and directors of the bank; and
 - (c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.



Inherent Limitations of Internal Financial Controls over Financial Reporting

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

For O P Garg & Co.
Chartered Accountants
FRN:01194N

(CA. Manish Kumar Gupta)
Partner
M.No.097191
UDIN:20097191AAAAEO5269

For Verma Associates.
Chartered Accountants
FRN:02717N

(CA. Madan Verma)
Partner
M.No.081631
UDIN:20081631AAAACK8770

Opinion

8. (a) The Bank's finance department require professionals like Chartered Accountants to strengthen internal financial controls over financial reporting.
- (b) In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For P C Bindal & Co.
Chartered Accountants
FRN:03824N

(CA. Shailza Wazir)
Partner
M.No.502279
UDIN:20502279AAAACX5190

For K.K. Goel & Associates.
Chartered Accountants
FRN:05299N

(CA. Amit Goel)
Partner
M.No.098913
UDIN:20098913AAAABL8337

Dated: 29th June 2020



Standalone Balance Sheet

as at 31st March, 2020

	Schedule	As at 31.03.2020 ₹ '000' Omitted	As at 31.03.2019 ₹ '000' Omitted
CAPITAL AND LIABILITIES			
Capital	1	7,13,594	5,57,002
Reserves and Surplus	2	6,32,21,239	6,57,03,953
Deposits	3	97,78,82,315	89,63,88,962
Borrowings	4	2,01,95,765	2,62,39,561
Other Liabilities and Provisions	5	2,67,08,057	2,51,73,393
TOTAL :-		1,08,87,20,970	1,01,40,62,871
ASSETS			
Cash and Balance with Reserve Bank of India	6	2,94,74,809	4,87,49,687
Balance with Banks & Money at Call & Short Notice	7	6,83,53,467	98,69,069
Investments	8	23,05,22,425	23,16,05,030
Advances	9	64,39,90,687	66,27,15,072
Fixed Assets	10	2,07,05,182	1,67,46,948
Other Assets	11	9,56,74,400	4,43,77,065
TOTAL :-		1,08,87,20,970	1,01,40,62,871
Contingent Liabilities	12	5,75,67,837	6,39,25,410
Bills for Collection		1,16,07,721	1,44,36,629
Principal Accounting Policies	17		
Notes on Accounts	18		

The Schedules Referred to above form an integral part of the Balance Sheet

R. K. Chhibber
Chairman & Managing Director
DIN: 08190084

Dr. Arun Kumar Mehta, IAS
Director
DIN: 02712778

Bipul Pathak, IAS
Director
DIN: 08077260

Anil Kumar Misra
Director
DIN: 08066460

Vikram Gujral
Director
DIN: 03637222

Sonam Wangchuk
Director
DIN: 07662456

Dr. Rajeev Lochan Bishnoi
Director
DIN: 00130335

Monica Dhawan
Director
DIN: 01963007

Naba Kishore Sahoo
Director
DIN: 07654279

Zubair Iqbal
Director
DIN: 08742685

Rajni Saraf
President/CFO

Mohammad Shafi Mir
Company Secretary

Date: 29/06/2020

In terms of our report of even date annexed

For O P Garg & Co.
Chartered Accountants
FRN: 01194N

For Verma Associates.
Chartered Accountants
FRN: 02717N

For P C Bindal & Co.
Chartered Accountants
FRN: 03824N

For K.K. Goel & Associates.
Chartered Accountants
FRN: 05299N

(CA. Manish Kumar Gupta)
Partner
M.No. 097191

(CA. Madan Verma)
Partner
M.No. 081631

(CA. Shailza Wazir)
Partner
M.No. 502279

(CA. Amit Goel)
Partner
M.No. 098913

Date: 29/06/2020



Schedules to Standalone Balance Sheet

as at 31st March, 2020

		As at 31.03.2020 ₹ '000' Omitted	As at 31.03.2019 ₹ '000' Omitted
SCHEDULE 1 - CAPITAL			
AUTHORISED CAPITAL			
950,000,000 (P.Y. 950,000,000)			
Equity Shares of Rs.1/- each		9,50,000	9,50,000
ISSUED :-			
713,668,938 (P.Y. 557,076,392) Equity Shares of Rs.1/= each		7,13,668	5,57,076
SUBSCRIBED AND PAID-UP CAPITAL			
713,450,938 (P.Y. 556,858,392)			
Equity Shares of Rs. 1/- each		7,13,450	5,56,858
Add Forfeited Equity Shares (218,000) (P.Y. 218,000)		144	144
TOTAL		7,13,594	5,57,002
SCHEDULE 2 - RESERVES & SURPLUS			
I.	STATUTORY RESERVES		
	Opening Balance	2,17,03,218	2,05,41,016
	Additions during the year	-	11,62,202
	TOTAL	2,17,03,218	2,17,03,218
II.	CAPITAL RESERVES		
	Opening Balance	9,09,977	7,08,457
	Additions during the year	3,04,600	2,01,520
	TOTAL	12,14,577	9,09,977
III.	SHARE PREMIUM		
	Opening Balance	61,15,712	61,15,712
	Additions during the year	48,43,407	-
	TOTAL	1,09,59,119	61,15,712
IV.	INVESTMENT FLUCTUATION RESERVE		
	Opening Balance	3,77,800	-
	Additions during the year	-	3,77,800
	Drawn Down to Revenue and other Reserves	-	-
	TOTAL	3,77,800	3,77,800
V.	REVALUATION RESERVE FIXED ASSETS		
	Opening Balance	60,57,481	62,01,816
	Additions during the year	39,02,526	(1,44,335)
	TOTAL	99,60,007	60,57,481
VI.	SPECIAL RESERVE (U/S 36 (I) (Viii) of I.Tax Act, 1961		
	Opening Balance	12,31,600	12,31,600
	Additions during the year	-	-
	TOTAL	12,31,600	12,31,600



Schedules to Standalone Balance Sheet

as at 31st March, 2020

		As at 31.03.2020 ₹ '000' Omitted	As at 31.03.2019 ₹ '000' Omitted
VII.	REVENUE AND OTHER RESERVES		
	Opening Balance	2,93,08,166	2,62,56,544
	Additions during the year	(1,15,33,248)	30,51,621
	Drawn down from Investment Reserve	-	-
	TOTAL	1,77,74,918	2,93,08,165
	TOTAL (I,II,III,IV,V ,VI & VII)	6,32,21,239	6,57,03,953
SCHEDULE 3 - DEPOSITS			
A I.	Demand Deposits		
	i) From Banks	6,74,941	12,32,134
	ii) From Others	12,30,63,486	11,23,91,699
	TOTAL (I & ii)	12,37,38,427	11,36,23,833
II.	Saving Bank Deposits	40,09,54,846	34,08,02,469
III.	Term Deposits		
	i) From Banks	2,55,65,611	3,14,24,118
	ii) From Others	42,76,23,431	41,05,38,542
	TOTAL (I & ii)	45,31,89,042	44,19,62,660
	TOTAL A (I+II+III)	97,78,82,315	89,63,88,962
B. I.	Deposits of branches in India	97,78,82,315	89,63,88,962
II.	Deposits of branches outside India	-	-
	TOTAL B (I+II)	97,78,82,315	89,63,88,962
SCHEDULE 4 - BORROWINGS			
I.	Borrowings in India		
i)	Reserve Bank of India	-	-
ii)	Other Banks	-	-
iii)	Unsecured Redeemable Debentures/Bonds (BASEL III for Tier I & Tier II Capital)	2,00,00,000	2,60,00,000
iv)	Other Institutions & Agencies	1,95,765	2,39,561
	TOTAL (i to iv)	2,01,95,765	2,62,39,561
II.	Borrowings outside India	-	-
	GRAND TOTAL (I & II)	2,01,95,765	2,62,39,561
	Secured borrowings included in I & II above	Nil	Nil
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS			
i)	Bills Payable	24,47,207	27,53,577
ii)	Inter Office Adjustments (Net)	-	-
iii)	Interest Accrued on Non-cumulative deposits	2,30,460	2,90,422
iv)	Deferred Tax Liability	-	-
v)	Provision Against Standard Assets	42,11,783	43,88,330
vi)	Other (Including Provisions)	1,98,18,607	1,77,41,064
	TOTAL (i to vi)	2,67,08,057	2,51,73,393



Schedules to Standalone Balance Sheet

as at 31st March, 2020

		As at 31.03.2020 ₹ '000' Omitted	As at 31.03.2019 ₹ '000' Omitted
" SCHEDULE 6 - CASH & BALANCES WITH RESERVE BANK OF INDIA "			
I.	Cash in Hand (Including Foreign Currency Notes)	57,07,474	45,47,393
II.	Balance with Reserve Bank of India		
	i) In Current Account	2,37,67,335	4,42,02,294
	ii) In Other Accounts	-	-
	TOTAL (I & II)	2,94,74,809	4,87,49,687
" SCHEDULE 7 - BALANCE WITH BANKS AND MONEY AT CALL AND SHORT NOTICE "			
I.	In India		
	i) Balance with Banks		
	a) In Current Accounts	12,23,932	5,25,176
	b) In Other Deposit Accounts	11	35
	TOTAL (i)	12,23,943	5,25,211
	ii) Money At Call and Short Notice		
	a) With Banks	6,66,00,000	89,99,015
	b) With Other Institutions	-	-
	TOTAL (ii)	6,66,00,000	89,99,015
	TOTAL (i & ii)	6,78,23,943	95,24,226
II.	Outside India		
	i) In Current Accounts	5,29,524	3,44,843
	ii) In Other Deposit Accounts	-	-
	iii) Money at Call & Short Notice	-	-
	TOTAL II of (i, ii & iii)	5,29,524	3,44,843
	GRAND TOTAL (I&II)	6,83,53,467	98,69,069
SCHEDULE 8 - INVESTMENTS			
I.	Investments in India		
	Gross	23,72,93,668	23,64,98,382
	Less: Provision for Depreciation	2,10,745	4,84,421
	Less: Provision for Investment (NPI)	65,60,498	44,08,931
	Net Investments	23,05,22,425	23,16,05,030
i)	Government Securities	20,71,64,567	18,50,65,245
ii)	Other Approved Securities	-	-
iii)	Shares (Pref. + Equity)	9,50,273	19,74,157
iv)	Debentures and Bonds	56,33,354	1,59,01,370
v)	Sponsored Institutions	4,56,747	4,56,748
vi)	Others :		
	a) Certificate of Deposit	1,53,63,185	2,70,48,561
	b) Suitfile	-	-



Schedules to Standalone Balance Sheet

as at 31st March, 2020

		As at 31.03.2020 ₹ '000' Omitted	As at 31.03.2019 ₹ '000' Omitted
	c) Inv. In Subsidiary / or Joint Ventures	2,00,000	2,00,000
	d) Venture Capital	239	239
	e) Commercial Paper	-	-
	f) Security Receipts	7,54,060	9,58,710
	TOTAL (I)	23,05,22,425	23,16,05,030
II.	Investments Outside India		
i)	Government Securities	Nil	Nil
ii)	Subsidiaries and/or Joint Ventures abroad	Nil	Nil
iii)	Others (Swap)	Nil	Nil
	TOTAL (II)	-	-
	TOTAL (I & II)	23,05,22,425	23,16,05,030
III.	Investments Category-Wise		
i)	Held to Maturity	17,71,15,337	17,15,55,746
ii)	Held for Trading	1,10,414	-
iii)	Available for Sale	5,32,96,674	6,00,49,284
	TOTAL (III)	23,05,22,425	23,16,05,030
SCHEDULE 9 - ADVANCES			
A	i) Bills Purchased and Discounted	45,19,392	1,07,06,271
	ii) Cash Credits, Overdrafts and Loans Repayable on Demand	21,45,17,379	22,46,24,195
	iii) Term Loans	42,49,53,916	42,73,84,606
	TOTAL (i to iii)	64,39,90,687	66,27,15,072
B	i) Secured by Tangible Assets	50,27,10,177	51,76,31,914
	ii) Covered by Bank/Govt. Guarantees	60,52,384	1,00,03,898
	iii) Unsecured	13,52,28,126	13,50,79,260
	TOTAL (i to iii)	64,39,90,687	66,27,15,072
C	I. Advances in India		
	i) Priority Sector	23,37,95,655	21,70,07,830
	ii) Public Sector	2,84,46,749	5,96,78,263
	iii) Banks	1,790	1,93,899
	iv) Non Priority Sector (Others)	38,17,46,493	38,58,35,080
	TOTAL (i to iv)	64,39,90,687	66,27,15,072
	II. Advances Outside India		
	i) Due from Banks	-	-
	ii) Due from Others	-	-
	GRAND TOTAL (I & II)	64,39,90,687	66,27,15,072



Schedules to Standalone Balance Sheet

as at 31st March, 2020

		As at 31.03.2020 ₹ '000' Omitted	As at 31.03.2019 ₹ '000' Omitted
SCHEDULE 10 - FIXED ASSETS			
I.	Premises		
	a) Gross Block at the beginning of the year	1,37,02,042	1,32,72,350
	Additions during the year	41,11,478	4,29,692
		1,78,13,520	1,37,02,042
	Deductions during the year	38,506	-
	Total	1,77,75,014	1,37,02,042
	Depreciation to date	22,47,355	19,52,153
	Total (a)	1,55,27,659	1,17,49,889
	b) Constructions work in progress	3,48,167	2,89,618
	TOTAL (I) [a+b]	1,58,75,826	1,20,39,507
II.	Other Fixed Assets		
	(Including Furniture & Fixtures)		
	Gross Block at the beginning of the year	1,27,39,396	1,16,84,483
	Additions during the year	10,87,430	10,97,572
		1,38,26,826	1,27,82,055
	Deductions during the year	32,900	42,659
		1,37,93,926	1,27,39,396
	Depreciation to date	89,64,570	80,31,955
	TOTAL (II)	48,29,356	47,07,441
	GRAND TOTAL (I & II)	2,07,05,182	1,67,46,948
SCHEDULE 11 - OTHER ASSETS			
I.	Interest Accrued but not Due	44,39,368	43,09,753
II.	Interest Accrued and Due	-	-
III.	Inter Office Adjustment (Net)	7,12,112	7,23,502
IV.	" Tax paid in Advance/Tax Deducted at Source (Net of Provisions)"	18,36,545	12,27,376
V.	Stationery and Paper in Hand	56,163	54,771
VI.	Deferred Tax Asset	33,03,809	29,78,302
VII.	Others	8,53,26,403	3,50,83,361
	TOTAL (I to VII)	9,56,74,400	4,43,77,065
SCHEDULE 12 - CONTINGENT LIABILITIES			
I.	Claims against the Bank not acknowledged as debts	62,53,590	59,47,960
II.	Liability for partly paid investments	-	-
III.	Liability on account of outstanding Forward Exchange Contracts	1,72,70,915	2,42,51,115
IV.	Guarantees given on behalf of constituents:-		
	a) In India	2,51,89,210	2,22,99,278
	b) Outside India	2,62,185	2,68,997
V.	Acceptances, Endorsements & Other Obligations	71,16,137	1,00,89,900
VI.	Other items for which the Bank is Contingently liable	-	-
VII.	Liability on a/c of Depositors Education Awareness Fund (DEAF)	14,75,800	10,68,160
	TOTAL (I to VII)	5,75,67,837	6,39,25,410



Standalone Profit & Loss Account

for the year ended 31st March, 2020

		Schedule	YEAR ENDED 31.03.2020 ₹ '000' Omitted	YEAR ENDED 31.03.2019 ₹ '000' Omitted
I	INCOME			
	Interest Earned	13	8,44,62,889	7,67,55,605
	Other Income	14	54,59,207	81,26,265
	TOTAL		8,99,22,096	8,48,81,870
II	EXPENDITURE			
	Interest Expended	15	4,73,96,213	4,29,16,327
	Operating Expenses	16	2,72,75,437	2,47,86,580
	Provisions and Contingencies		2,66,44,568	1,25,30,155
	TOTAL		10,13,16,218	8,02,33,062
III	NET PROFIT / (LOSS)		(1,13,94,122)	46,48,808
	TOTAL		8,99,22,096	8,48,81,870
IV	APPROPRIATIONS			
	TRANSFERED TO			
i)	Statutory Reserve		-	11,62,202
ii)	Capital Reserve		3,04,600	2,01,520
iii)	Revenue and Other Reserve		(1,16,98,722)	29,07,286
iv)	Investment Fluctuation Reserve		-	3,77,800
v)	Special Reserve		-	
vi)	Proposed Dividend		-	
vii)	Tax on Dividend		-	
	TOTAL		(1,13,94,122)	46,48,808
	Principal Accounting Policies	17.		
	Notes on Accounts	18.		
	Earnings per Share (Basic/Diluted)		(15.97)	8.35

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

R. K. Chhibber
Chairman & Managing Director
DIN: 08190084

Dr. Arun Kumar Mehta, IAS
Director
DIN: 02712778

Bipul Pathak, IAS
Director
DIN: 08077260

Anil Kumar Misra
Director
DIN: 08066460

Vikram Gujral
Director
DIN: 03637222

Sonam Wangchuk
Director
DIN: 07662456

Dr. Rajeev Lochan Bishnoi
Director
DIN: 00130335

Monica Dhawan
Director
DIN: 01963007

Naba Kishore Sahoo
Director
DIN: 07654279

Zubair Iqbal
Director
DIN: 08742685

Rajni Saraf
President/CFO

Mohammad Shafi Mir
Company Secretary

Date: 29/06/2020

In terms of our report of even date annexed

For O P Garg & Co.
Chartered Accountants
FRN: 01194N

For Verma Associates.
Chartered Accountants
FRN: 02717N

For P C Bindal & Co.
Chartered Accountants
FRN: 03824N

For K.K. Goel & Associates.
Chartered Accountants
FRN: 05299N

(CA. Manish Kumar Gupta)
Partner
M.No. 097191

(CA. Madan Verma)
Partner
M.No. 081631

(CA. Shailza Wazir)
Partner
M.No. 502279

(CA. Amit Goel)
Partner
M.No. 098913

Date: 29/06/2020



Schedules to Standalone Profit & Loss Account

for the year ended 31st March, 2020

		YEAR ENDED 31.03.2020 ₹ '000' Omitted	YEAR ENDED 31.03.2019 ₹ '000' Omitted
SCHEDULE 13 - INTEREST EARNED			
I.	Interest/Discount on Advances/Bills	6,57,24,972	5,93,52,427
II.	Income on Investments (Net of Amortization)	1,60,76,093	1,55,19,904
III.	Interest on Balances with R.B.I and other Inter Bank Funds	26,60,320	15,97,882
IV.	Others	1,504	2,85,392
	TOTAL (I to IV)	8,44,62,889	7,67,55,605
SCHEDULE 14 - OTHER INCOME			
I.	Commission, Exchange & Brokerage	23,44,171	22,65,872
II.	Profit /(Loss) on Sale of Investments	8,16,255	19,42,912
	Profit on Sale of Investments	8,16,255	19,42,912
	Less: Loss on sale of investments	-	-
III.	Profit /(Loss) on revaluation of Investments	(2,26,027)	1,81,880
	Profit on revaluation of Investments	-	1,81,880
	Less: loss on revaluation of investments	2,26,027	-
IV.	Profit/(Loss) on Sale of Land, Buildings & Other Assets	4,367	1,721
	Profit on Sale of Land, Buildings & Other Assets	6,633	6,168
	Less: Loss on Sale of Land, Buildings & Other Assets	2,266	4,447
V.	Profit /(Loss) on Exchange Transactions	7,786	6,849
	Profit on Exchange Transactions	7,786	6,849
	Less: Loss on E/Transactions	-	-
VI.	Income earned by way of Dividends etc. from Subsidiaries, Companies and/or Joint Venture abroad/in India	-	-
VII.	Miscellaneous Income	25,12,655	37,27,031
	TOTAL (I to VII)	54,59,207	81,26,265
SCHEDULE 15 - INTEREST EXPENDED			
I.	Interest on Deposits	4,49,68,984	4,01,91,020
II.	Interest on RBI/Inter-Bank Borrowings	37,688	4,11,403
III.	Others	23,89,541	23,13,904
	TOTAL (I to III)	4,73,96,213	4,29,16,327
SCHEDULE 16 - OPERATING EXPENSES			
I.	Payments to and provisions for Employees	1,88,60,549	1,64,61,847
II.	Rent, Taxes and Lighting	9,96,415	9,68,901
III.	Printing and Stationery	95,672	1,17,414
IV.	Advertisement and Publicity	1,18,148	2,01,410
V.	Depreciation on Bank's Property	12,54,038	10,40,863
VI.	Directors Fees, Allowances and Expenses	4,520	29,918
VII.	Auditors Fees & Expenses (Including Branch Auditor's fees & Expenses)	1,77,108	1,95,037
VIII.	Law Charges	96,250	85,640
IX.	Postage, Telegrams, Telephones etc.	40,582	46,699
X.	Repairs and Maintenance	1,97,746	2,34,290
XI.	Insurance	9,02,775	8,57,226
XII.	Other Expenditure	45,31,634	45,47,335
	TOTAL (I to XII)	2,72,75,437	2,47,86,580



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 FBIL.
 - (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 Rs.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.



Schedule 17

“PRINCIPAL ACCOUNTING POLICIES”

- (e) Investment in quoted Mutual Fund Units is valued as per Stock Exchange quotations. An investment in unquoted 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 is 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 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.



Schedule 17

“PRINCIPAL ACCOUNTING POLICIES”

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.

Sn.	Block	Useful Life (Years)
A.	Building (With RCC Frame Structure)	
	-Commercial	60
	-Residential	60
B.	Building (with other than RCC Frame Structure)	
	-Commercial	30
	-Residential	30
C.	Plant & Machinery	15
D.	Furniture & Fixtures	10
E.	Vehicles	8
F.	Fences	5
G.	Others (Including temporary Structures etc.)	3

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 considered 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



Schedule 17

“PRINCIPAL ACCOUNTING POLICIES”

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 are 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.

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 STANDALONE 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 Rs.9.39 crores (previous year Rs. 5.61 crores). In respect of immovable properties valued at Rs. 51.37 Crore (previous year Rs.20.54 crores) bank holds agreement to sell along with the possession of the properties.
- b) During the current financial year, the Bank has revalued Immovable properties based on the reports obtained from external independent valuers. The revaluation surplus amounting to Rs. 406.80 Crore is credited to Revaluation Reserve. Pursuant to the revised Accounting Standard-10 “Property, Plant & Equipment” applicable from 1st April 2017 depreciation of Rs. 16.55 crores (previous year being Rs. 14.43 crores) on the revalued portion of the fixed assets (being Premises & Land) has been transferred from the Revaluation reserve to Revenue reserve instead of routing through 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. However, the depreciation on the computers (including ATMs) along with software forming integral part of the computers is computed @ 33.33% on straight line method in terms of RBI guidelines.
- d) 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.

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 attributable 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 considered to be 2 years and the depreciation is charged on straight line method.

Depreciation on Banks property includes amortization in respect of leased properties amounting to Rs. 0.76 Crores (previous year Rs. 0.16 Crores).

4. Capital

Sn.	Particulars	BASEL-III (Rs. in Crores)	
		31.03.2020	31.03.2019
i)	Common Equity Tier I Capital ratio (%)	8.42%	9.13%
ii)	Tier I Capital Ratio %	9.88%	10.60%
iii)	Tier II Capital Ratio %	1.53%	1.86%
iv)	Total Capital ratio (CRAR) (%)	11.40%	12.46%
v)	Percentage of shareholding of the Government of India in Public Sector Banks	NIL	Nil
vi)	Amount of Equity Capital raised during the year	500	NIL
vii)	Amount of additional Tier I capital raised during the year of which:	NIL	1000
	PNCPS:		
	PDI:		



Schedule 18

"NOTES ON STANDALONE ACCOUNTS"

Sn.	Particulars	BASEL-III (Rs. in Crores)	
		31.03.2020	31.03.2019
vii)	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)]	Nil	Nil

Government of Jammu & Kashmir holds 68.18% (Previous year 59.23%) of equity shares of the Bank as on 31.03.2020. The bank made Preferential Allotment of 15, 65, 92,546 equity shares of Re. 1/- each fully paid to the Government of Jammu and Kashmir at the issue price of Rs. 31.93 (Rupees Thirty-One and Ninety-Three Paisa only) per Equity Share (including premium of Rs. 30.93 per Equity Share) aggregating to Rs. 500.00 crore during the financial year 2019-20 for augmenting TIER-I capital base of the bank.

Investments

- The Bank has made a profit of Rs. 30.46 Crore (previous year Rs. 41.30 Crore) on direct sale of securities from HTM category during the year through open market operations (OMOs) purchase auction by RBI. As such an equivalent amount was transferred to Capital Reserve Account.
- The Bank has Rs. 34,00,70,800 as share capital (previous year Rs. 34,00,70,800) and Rs. 11,66,76,915 in Tier II Perpetual bonds (previous year Rs. 11,66,76,915) in its sponsored Regional Rural Bank (J&K Grameen Bank).
- The total investment of the Bank in PNB Met-life India Insurance Company Ltd stood at Rs. 61.08 Crores as on 31.03.2020 (Previous year Rs. 61.08 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.
- In terms of RBI Circular no. DBR.No.BP.BC.102/21.04.048/2017-18 dated April 2, 2018 and RBI Circular No. DBR.No.BP. BC.6/21.04.141/2015-16 dated July 1, 2015, Bank has during the previous Financial Year 2018-19 created an Investment Fluctuation Reserve (IFR) for Rs 37.78 crore on the trading profit (HFT and AFS) of the Bank during the previous Financial Year 2018-19. As per trading portfolio (AFS+HFT) held for the FY 2019-20 no addition is required in the IFR account.

9. Details of Investments

(Rs. in Crores)

Sn.	Particulars	As on	
		31.03.2020	31.03.2019
1	Value of Investments		
	Gross Value of Investments		
	a) In India	23729.37	23649.84
	b) Outside India	NIL	NIL
	Provision for depreciation		
	a) In India	21.08	48.44
	b) Outside India	NIL	NIL
	Provision for NPI		
	a) In India	656.05	440.89
	b) Outside India	NIL	NIL
	Net Value of Investments		
	a) In India	23052.24	23160.51
	b) Outside India	NIL	NIL
2	Movement of provisions held towards the depreciation on Investments		
	(i) Opening Balance	48.44	74.68
	(ii) Add: Provisions made during the year	41.65	11.87
	Less: Write-off/write back of excess provisions during the year	69.01	38.11
	(iii) Closing Balance	21.08	48.44



Schedule 18

“NOTES ON STANDALONE ACCOUNTS”

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

(Rs. 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 st March, 2020
Securities sold under Repo Government Securities	175.00	200.00	1.57	0.00
(Previous Year)	150.00	1000.00	60.10	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	25.00	6660.00	1701.41	6660.00
(Previous Year)	13.00	3845.00	234.44	810.00
i) Corporate Debt Securities	0	0	0	0
(Previous Year)	0	0	0	0

11. Non-SLR Investment portfolio

11.1 Issuer composition of Non SLR Investments

(Rs. in Crores)

Sn.	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	120.63	119.85	0.00	0.00	0.00
2	FIs (incl. NBFC's AIFI'S)	361.73	165.03	115.00	0.00	0.00
3	Banks (incl. CD's)	1589.82	53.50	5.00	0.00	0.00
4	Private Corporates (incl. CP's)	778.71	137.81	0.00	43.60	25.00
5	Subsidiaries/Joint Ventures	20.00	0.00	0.00	0.00	0.00
6	Others	142.00	0.00	0.00	0.00	0.00
	Total	3012.89				
7	Provision towards depreciation / NPI	677.10				
8	Total	2335.79				

The Bank's investment in unlisted securities as on 31.03.2020 is 0.49% (previous year 1.07%) which is well within the RBI stipulated limit of 10%.

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

(Rs. in Crores)

Particulars	Amount as on 31.03.2020	Amount as on 31.03.2019
NABARD	1327.52	927.31
RIDF(NABARD)	1088.90	978.99
SIDBI	1184.24	617.28
NHB	292.64	298.51
MUDRA	149.15	102.45
TOTAL	4042.45	2924.54



Schedule 18

"NOTES ON STANDALONE ACCOUNTS"

11.2 Non-performing Non-SLR investments

(Rs. in Crores)

Particulars	Amount as on	
	31.03.2020	31.03.2019
Opening Balance	545.66	653.22
Additions during the year	277.64	192.74
Reductions during the year	25.86	300.30
Closing Balance	797.44	545.66
Total Provision held (including floating provisions of Rs. 2.76 Crores)	658.81	443.65

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

- The Bank has made a profit of Rs. 30.46 Crore on direct sale of securities from HTM category during the year through open market operations (OMOs) purchase auction by RBI. As such an equivalent amount (previous year Rs. 20.15 Crore) was transferred to Capital Reserve Account.
- With the approval of the Board of Directors, the Bank has shifted securities amounting to Rs. 825.00 Crore (FV) on 25/04/2019 (Previous year Nil) at lower of book value or market value, scrip wise, from Held to Maturity (HTM) to Available for Sale (AFS) category in accordance with RBI guidelines.
- 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.

11.4 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:

(Rs. in Crores)

Particulars	As on 31.03.2020				As on 31.03.2019			
	HFT	AFS	HTM	Total	HFT	AFS	HTM	Total
Govt. Securities	10.35	3080.58	17625.53	20716.46	0.00	1435.48	17071.04	18506.52
Other approved securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Shares (Equity & Pref.)	0.69	94.34	0.00	95.03	0.00	197.42	0.00	197.42
Debentures & Bonds	0.00	543.00	20.33	563.33	0.00	1571.28	18.86	1590.14
Subsidiaries	0.00	0.00	20.00	20.00	0.00	0.00	20.00	20.00
Others (incl. Sponsored, CDs, CPs, Venture Capital & Security receipts)	0.00	1611.75	45.67	1657.42	0.00	2800.76	45.67	2846.43
Total	11.04	5329.67	17711.53	23052.24	0.00	6004.94	17155.57	23160.51

12. Details of book value of investments in Security Receipts

(Rs. 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	108.03	90.92	5.38	5.38	113.41	96.30



Schedule 18

“NOTES ON STANDALONE ACCOUNTS”

13. Derivatives

13.1 Forward Rate Agreement/Interest Rate Swap

(Rs. in Crores)

Sn.	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

13.2 Exchange Traded Interest Rate Derivatives

(Rs. in Crores)

Sn.	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

13.3 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 for proprietary trading and to hedge /cover the exposure in foreign exchange arising out of Merchant transactions.

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

Sn.	Particulars	31.03.2020		31.03.2019	
		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 STANDALONE ACCOUNTS"

(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

13.4 Forward Exchange contracts as on 31.03.2020

(Rs. in Crores)

Period	Current Year
Up to 14 days	21.58
Beyond 14 day	1705.51
Total	1727.09

14. Asset Quality

14.1 Non-Performing Assets*

(Rs. in Crores)

Sn.	Particulars	Current Year	Previous Year
(i)	Net NPAs to Net Advances (%)	3.48%	4.89%
(ii)	Movement of NPAs (Gross)		
	a) Opening balance	6221.35	6006.70
	b) Additions during the year	4053.79	2964.60
	c) Reductions during the year	2603.51	2749.95
	d) Closing balance	7671.63	6221.35
(iii)	Movement of Net NPAs		
	a) Opening balance	3239.61	2791.12
	b) Additions during the year	1545.26	1911.09
	c) Reductions during the year	2603.51	2749.96
	d) Closing balance**	2243.82	3239.61
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	a) Opening balance ***	2868.01	3112.25
	b) Add/Transfer provisions made during the year****	2564.45	1053.51
	c) Write-off/write-back of excess provisions	55.93	1297.75
	d) Closing balance	5376.53	2868.01

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

**Net NPA has been arrived at after adding ECGC claims of Rs. 3.20 Crores, Net Interest Capitalization of Rs. 47.20 Crores & DIFV of Rs. 12.07 crores

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

****Figure has been arrived after transfer of Rs. 40.51 Crore from Interest Capitalization account and Rs. 1.28 Crores from ECGC claims received.



Schedule 18

"NOTES ON STANDALONE ACCOUNTS"

(Rs. in Crores)

15. Particulars of Accounts Restructured

Restructured Accounts		Amount in Crores																			
		CDR						SME						Others			Total				
		Std	S.Std	DF	Loss	Total	Std	S.Std	DF	Loss	Total	Std	S.Std	DF	Loss	Total	Std	S.Std	DF	Loss	Total
Restructured A/cs 01.04.2019	No. of borrowers	4	0	3	0	7	23712	844	275	94	24925	5523	158	1510	46	7237	29239	1002	1788	140	32169
	Amount	10.61	0.00	2916	0.00	3977	2449.56	47.00	355.79	4.93	2857.28	790.48	484.83	819.04	8.17	2102.52	3250.65	531.83	1203.99	13.10	4999.57
	Provision	0.53	0.00	2916	0.00	2969	122.48	7.86	148.69	4.93	283.96	39.52	72.95	379.41	8.17	500.05	162.53	80.81	557.26	13.10	813.70
Fresh restructuring in FY 2019-20	No. of borrowers	0	0	0	0	0	1428	12	8	1448	84	0	0	0	84	1512	12	8	0	0	1532
	Amount	0.00	0.00	0.00	0.00	0.00	179.95	4.81	16.80	201.56	15.93	0.00	0.00	0.00	15.93	195.88	4.81	16.80	0.00	0.00	217.49
	Provision	0.00	0.00	0.00	0.00	0.00	8.97	1.13	16.80	0.00	26.90	0.80	0.00	0.00	0.00	0.80	9.77	1.13	16.80	0.00	27.70
Upgradations in FY 2019-20	No. of borrowers	0	0	0	0	0	4	0	0	4	2	0	0	0	2	6	6	0	0	0	6
	Amount	0.00	0.00	0.00	0.00	0.00	86.50	0.00	0.00	86.50	27.42	0.00	0.00	0.00	27.42	113.92	0.00	0.00	0.00	0.00	113.92
	Provision	0.00	0.00	0.00	0.00	0.00	34.57	0.00	0.00	34.57	6.86	0.00	0.00	0.00	6.86	41.43	0.00	0.00	0.00	0.00	41.43
Rest. Std. Adv. which cease to attract higher provision at the beginning of next FY	No. of borrowers	0	0	0	0	0	11750	0	0	11750	2792	0	0	0	2792	14542	0	0	0	0	14542
	Amount	0.00	0.00	0.00	0.00	0.00	2017.54	0.00	0.00	2017.54	573.92	0.00	0.00	0.00	573.92	2591.46	0	0	0	0	2591.46
	Provision	0.00	0.00	0.00	0.00	0.00	100.88	0.00	0.00	100.88	28.70	0.00	0.00	0.00	28.70	129.57	0.00	0.00	0.00	0.00	129.57
Down gradations in FY 2019-20	No. of borrowers	0	0	0	0	0	0	690	1330	2028	0	404	214	6	624	0	1094	1544	318.69	0.71	2652
	Amount	0.00	0.00	0.00	0.00	0.00	0	115.05	227.57	343.23	0.00	97.86	9112	0.10	189.08	0	212.91	318.69	0.71	532.31	
	Provision	0.00	0.00	0.00	0.00	0.00	0	17.25	147.64	165.50	0.00	14.97	35.63	0.10	50.70	0.00	32.22	183.27	0.71	216.20	
Write-offs in FY 2019-20	No. of borrowers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Amount	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	0.00
	Provision	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	0.00
Restructured A/cs 31.03.20	No. of borrowers	2	0	1	0	3	1681	709	2250	4726	319	408	1756	49	2532	2002	1117	4007	135	7261	
	Amount	4.86	0.00	2.99	0.00	7.85	305.22	121.37	442.29	873.25	97.99	146.19	1106.38	7.95	1358.51	408.07	267.56	851.66	12.32	2239.61	
	Provision	0.24	0.00	2.99	0.00	3.23	15.26	19.72	243.52	282.87	4.90	23.84	612.50	7.95	649.19	20.40	43.56	859.01	12.32	935.19	



Schedule 18

"NOTES ON STANDALONE ACCOUNTS"

16. Details of Financial Assets Sold to Securitization/ Reconstruction Company for Asset Reconstruction*. (Rs. in Crores)

Sn.	Particulars	Current Year	Previous Year
1.	No of accounts	1	4
2.	Aggregate Value (net of provisions) of accounts sold to SC/RC	56.23	68.39
3.	Aggregate Consideration	65.29	134.03
4.	Additional consideration realized in respect of accounts transferred in earlier years	0	0
5.	Aggregate gain/loss over net book value	9.06	65.64

*Cash Basis only.

17. Details of non-performing financial assets purchased. (Rs.in Crores)

Sn.	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

17.1 Details of non-performing financial assets sold. (Rs. in Crores)

Sn.	Particulars	Current Year	Previous Year
1)	No. of accounts sold	1	4
2)	Aggregate outstanding	102.19	745.46
3)	Aggregate consideration received	65.29	134.03

17.2. Assets sold to Asset Reconstruction Companies (ARCs)

During the financial year one account (NPA) was sold to Asset Reconstruction Companies (ARCs). Against total principal NPA balance of Rs. 102.19 Cr, the bank has received an amount of Rs. 65.29Cr, which constitutes 63.89% of the principal NPA balance. Provisioning coverage of the asset was to the tune of Rs. 45.96Cr constituting 45%. Thus, there has been positive impact of Rs. 9.06Cr on the balance sheet of the bank as at 31.03.2020 and NPA outstanding got reduced by Rs. 102.19Cr. The transaction was carried out on 100% Cash only basis.

(Rs. in Crores)

No of accounts	NPA balance	Cash component	Security Receipts component	Total	Provisioning Held
1	102.19	65.29	Nil	65.29	45.96

17.3 Purchase of Property

During the FY 2019-20, the bank has not purchased any non-banking asset under the provision of SARFAESI Act 2002.

18. Provisions on standard Assets (Rs. in Crores)

Particulars	31.03.2020	31.03.2019
Provision towards Standard Assets	421.18	438.83



Schedule 18

"NOTES ON STANDALONE ACCOUNTS"

19. Business Ratios

Sn.	Particulars	As on	
		31.03.2020	31.03.2019
(i)	Interest income as a percentage to working funds*	8.17%	8.05%
(ii)	Non-Interest income as a percentage to working funds*	0.53%	0.85%
(iii)	Operating Profit as a percentage to working funds*	1.48%	1.80%
(iv)	Return on Assets **	(1.10%)	0.49%
(v)	Business (deposits plus advances) per employee*** (Rs.in Crores)	12.85	12.37
(vi)	Net Profit per employee(Rs.in Crores)	(0.09)	0.04

*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.

20. Asset Liability Management

Maturity Pattern of assets and liabilities as on 31-03-2020*

(Rs. In Crores)

	Next Day	2 to 7 Days	8 to 14 Days	15 to 30 Days	31 days upto 2 Months	More than 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 years	Over 1 years upto 3 years	Over 3 years upto 5 years	Over 5 years	TOTAL
Deposits	199.26	1131.47	1379.68	1986.91	783.17	1097.91	3852.85	9906.39	40196.99	27149.55	10104.06	97788.23
Borrowings	0	0	0	0	0	0	0	0	500	1506.666	12.9105	2019.58
Investments	2924.37	2.29	0.00	4.95	405.20	1015.21	1776.46	969.66	1783.81	8046.36	6123.91	23052.24
Advances	8.33	92.93	21.45	14.77	278.56	688.33	1953.73	5660.50	29229.34	13542.47	12908.65	64399.07

*Note: Classification of assets and liabilities under the maturity buckets is based on the same estimates and assumptions as used by the bank for compiling the Liquidity report submitted to RBI

(iii) Details of Foreign currency Assets/Liabilities (Maturity Pattern) as on 31.03.2020* (Rs. 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	211.18	106.30	219.33	123.30	180.21	00.00	19.64	0	859.96
EURO	11.09	10.55	33.29	45.24	71.67	0	0	0	171.84
GBP	6.08	4.22	8.88	14.13	29.98	0	0	0	63.29
J.YEN	0.09	0.00	0.00	0.00	0	0	0	0	0.09
AUD	1.75	0.00	0.00	0.00	0	0	0	0	1.75
CAD	1.01	1.54	0.00	0.00	0	0	0	0	2.55
CHF	0.94	0.00	0.00	0.00	0	0	0	0	0.94
SAR	0.32	0.00	0.00	0.00	0	0	0	0	0.32
Total	232.46	122.61	261.50	182.67	281.86	0.00	19.64	0	1100.74
(Previous Year)	340.39	175.1	268.14	225.15	583.41	0.36	17.94	0.00	1610.49



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"NOTES ON STANDALONE ACCOUNTS"

LIABILITIES									
USD	151.94	145.45	241.02	122.12	205.81	3.30	0	0	859.64
EURO	5.55	17.45	33.54	44.14	70.62	0.00	0	0	171.30
GBP	2.15	6.57	10.78	13.37	30.17	0	0	0	63.04
J.YEN	0.00	0.00	0.00	0.00	0	0	0	0	0.00
AUD	0.00	1.62	0.00	0.00	0	0	0	0	1.62
CAD	0.00	2.66	0.00	0.00	0	0	0	0	2.66
CHF	0.00	0.00	0.00	0.00	0	0	0	0	0.00
SAR	0.02	0.00	0.00	0.00	0	0	0	0	0.02
Total	159.66	173.75	285.34	169.63	306.60	3.30	0.00	0.00	1098.28
(Previous year)	315.54	202.63	268.02	229.69	585.40	5.48	0.00	0.00	1606.76

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

21. Exposures

21.1 Exposure to Real Estate Sector*

(Rs. in Crores)

Sn.	Particulars	As on	
		31.03.2020	31.03.2019
1.	Direct Exposure		
	(i) Residential Mortgages	7296.77	5682.68
	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 Rs. 3284.37 Crores) (Previous Year Rs. 2678.44 Crores)		
	(ii) Commercial real estate	3622.81	3864.14
	Lending's secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits.		
	(iii) Investment in mortgage backed securities and other securitized exposures	-	-
	(a) Residential	-	-
(b) Commercial real estate	-	-	
2.	Indirect Exposure (Fund based & non fund-based exposure on National Housing Bank and housing finance companies)	2624.78	1108.78
	Total Exposure to Real Estate	13544.36	10655.60

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



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“NOTES ON STANDALONE ACCOUNTS”

21.2. Exposure to Capital Market

(Rs. in Crores)

Sn.	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.	74.51	83.90
(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	0.02	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	0.08	0.04
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stock brokers and market makers.	0.00	0.03
(vi)	Loans sanctioned to corporate against the security of shares/ bonds/ debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	5.03	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)	0.00	0.02
Total		79.64	83.99

21.3 Risk category wise country exposure*

(Rs. in Crores)

Category	Risk Category	Exposure (net) as at Mar 2020	Provisions held as at Mar 2020	Exposure (net) as at March 2019	Provisions held as at March 2019
A1	Insignificant	70.47	Nil	55.36	Nil
A2	Low	1.46	Nil	1.68	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		71.93	Nil	57.04	Nil

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



Schedule 18

"NOTES ON STANDALONE ACCOUNTS"

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

(Rs. in Crores)

Particulars	2019-20	2018-19
Total amount of advances outstanding against charge over intangible securities such as the rights, licenses, authority etc.	Nil	Nil

23. Penalty imposed by Reserve Bank of India

Penalty imposed by Reserve Bank of India during the year 63.55 Lakhs (Previous year Rs. 504.58 lakhs).

Sn.	Penalty Imposed by RBI on	Amount in Lakhs
1	Delayed reporting of Fraud(s)	50.00
2	Currency Chests (CVPS)	13.55
	Total	63.55

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

24.1 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.

24.2 Accounting Standard 9 - Revenue Recognition

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

24.3 Accounting Standard 10 - Property, Plant & Equipment

During the current financial year, the Bank has revalued Immovable properties based on the reports obtained from external independent valuers. The revaluation surplus amounting to Rs. 406.80 Crore is credited to Revaluation Reserve. Pursuant to the revised Accounting Standard 10 "Property, Plant & Equipment" applicable from 1st April 2017 depreciation of Rs. 16.55 crores (previous year being Rs. 14.43 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.

24.4 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	
	31.3.2019	31.3.2020	31.3.2019	31.3.2020	31.3.2019	31.3.2020
Discount Rate	7.80%	6.82%	7.80%	6.82%	7.80%	6.82%
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%	5.5%	5.5%
Attrition Rate	1%	1%	1%	1%	1%	1%



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“NOTES ON STANDALONE ACCOUNTS”

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

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Present value of Obligation 01.04.2019	1012.45	450.66	273.86
Interest Cost	55.17	29.13	17.88
Current Service Cost	48.26	40.74	27.45
Benefits paid	(407.05)	(47.19)	(23.39)
Actuarial loss/ (gain) on obligations (Balancing figure)	404.40	106.10	52.99
Present Value of Obligations, 31.03.2020	1113.23	579.44	348.79

III -Changes in the Fair Value of the Plan Assets-Reconciliation of Opening & Closing Balances: (Rs. in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Fair Value of Plan Assets 01.04.2019	1007.91	432.50	0.00
Expected return on Plan assets	59.62	37.88	0.00
Contributions by Bank/Employees	387.80	155.78	23.39
Benefits paid	(407.05)	(47.19)	(23.39)
Actuarial (loss)/ gain on Plan Assets (Balancing figure)	63.72	(1.25)	0.00
Fair Value of Plan Assets, 31.03.2020	1112.00	577.72	0.00

IV -Actual return on Plan Assets (Rs. in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Expected return on Plan Assets	59.62	37.88	0.00
Actuarial (loss)/ gain on Plan Assets	63.72	(1.25)	0.00
Actual Return on Plan Assets	123.34	36.63	0.00

V - Net Actuarial Gain/ (loss) recognized (Rs.in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Actuarial gain/ (loss) for the period - Obligation	404.40	106.10	52.99
Actuarial gain/ (loss) for the period - Plan Assets	63.72	(1.25)	0.00
Total Gain/ (Loss) for the period	340.68	107.36	52.99
Actuarial gain or (loss) recognized in the period	340.68	107.36	52.99
Unrecognized Actuarial gain/ (loss) at the end of the year	0.00	0.00	0.00



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“NOTES ON STANDALONE ACCOUNTS”

VI - Amount recognized in Balance Sheet & Related Analysis

(Rs. in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Present value obligation, 31.03.2020	1113.23	579.44	348.79
Fair Value of Plan Assets, 31.03.2020	(1112.00)	(577.72)	0
Difference	1.23	1.72	348.79
Unrecognized Transitional Liability	0	0	0
Unrecognized Past Service cost-vested benefits-Carried Forward	0	0	0
Liability Recognized in the Balance Sheet	1.23	1.72	348.79
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

(Rs. in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Current Service Cost	48.26	40.74	27.45
Interest Cost	55.17	29.13	17.88
Expected return on Plan assets	(59.62)	(37.88)	0.00
Net Actuarial gain/ (loss) recognized in the year	340.68	107.36	52.99
Past Service Cost-Recognized	0.00	0.00	0.00
Expenses recognized in the statement of profit and loss	384.49	139.34	98.32

VIII-Movement in Net liability to be recognized in Balance Sheet

(Rs. in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Opening Net Liability	4.54	18.16	273.86
Expenses	384.49	139.34	98.32
Contributions paid	(387.70)	(155.78)	(23.39)
Closing Net Liability (Liability recognized in B/S in current period)	1.23	1.72	348.79

IX - Amount for the Current Period

(Rs. in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Present value of Obligations, 31.03.2020	1113.23	579.44	348.79
Fair Value of Plan Assets, 31.03.2020	1112.00	577.72	-
Surplus/(Deficit) before unrecognized past service cost	(1.23)	(1.72)	(348.79)
Experience Adjustments in Plan Liabilities - (loss)/ gain	298.81	47.27	37.23
Experience Adjustments in Plan Assets (loss) / gain	63.72	(1.25)	N/A

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

Particulars	PENSION (%)	GRATUITY (%)
Government of India Securities	2.24	2.97
State Government Securities	1.07	54.50
High Quality Corporate Bonds	0.40	30.60
Equity Shares of listed companies	-	2.42
Funds managed by Insurer	96.29	1.11
Other- Bank Deposits and CD's	-	8.40
Total	100.00	100.00



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“NOTES ON STANDALONE ACCOUNTS”

XI - Best Estimate of contribution during next year

(Rs. in Crore)

Particulars	PENSION (Funded)	GRATUITY (Funded)
Bank's best estimate of Contribution during next year	391.61	121.66

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.

24.5 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:

(Rs. in Crores)

Description	YEAR ENDED	
	31.03.2020 (AUDITED)	31.03.2019 (AUDITED)
1) Segment Revenue (Income)		
i) Treasury Operations	1934.24	1952.74
ii) Corporate/Wholesale Banking	2611.12	2672.41
iii) Retail Banking	5134.45	4879.67
iv) Other Banking Business	45.87	41.11
v) Un-Allocated Business	0.00	0.00
Total	9725.68	9545.93
Less: Inter Segment Revenue	733.47	1057.74
Net Income from Operations	8992.21	8488.19
2) Segment Results		
i) Treasury Operations	165.59	132.60
ii) Corporate/Wholesale Banking	(1041.54)	350.67
iii) Retail Banking	743.53	1024.55
iv) Other Banking Business	44.07	41.11
v) Un-Allocated Business	(1011.70)	(889.19)
Profit/(Loss) from Ordinary Activities (Before Tax)	(1100.05)	659.74
Less: Tax Expenses/(credit)	39.36	194.85
Less: Extraordinary Profit/(Loss)	0.00	0.00
Net Profit/(Loss) after Tax	(1139.41)	464.89



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"NOTES ON STANDALONE ACCOUNTS"

3) Segment Assets		
i) Treasury Operations	34279.76	27523.61
ii) Corporate/Wholesale Banking	24921.68	31834.11
iii) Retail Banking	49670.53	42048.57
iv) Other Banking Business	0.13	0.00
v) Un-Allocated Business	0.00	0.00
Total	108872.10	101406.29
4) Segment Liabilities		
i) Treasury Operations	20.81	969.99
ii) Corporate/Wholesale Banking	27372.64	27741.73
iii) Retail Banking	75085.10	66068.47
iv) Other Banking Business	0.07	0.00
v) Un-Allocated Business	0.00	0.00
Total	102478.62	94780.19
5) Capital Employed		
(Segment assets-Segment Liabilities)		
i) Treasury Operations	34258.95	26553.62
ii) Corporate/Wholesale Banking	(2450.96)	4092.38
iii) Retail Banking	(25414.57)	(24019.90)
iv) Other Banking Business	0.06	0.00
v) Un-Allocated Business	0.00	0.00
Total	6393.48	6626.10

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

24.6 Accounting Standard 18 - Related party disclosures as on 31.03.2020

(Rs. In Crores)

Items/Related Party		J&K Grameen Bank (Associate)	JKB Financial Services Ltd. (Subsidiary)
Advances	Balance as on date	1294.33	2.40
	Maximum Balance during the year	1485.72	4.27
Deposits	Balance as on date	*11.67	2.01
	Maximum Balance during the year	11.67	2.01
Investments	Balance as on date	34.01	20.00
	Maximum Balance during the year	34.01	20.00
Interest Paid		121.12	0.02
Interest/Commission Received		0.75	0.01
Sale of Fixed Assets		NIL	NIL
Reimbursement on behalf of Associate/Subsidiary		1.89	2.11



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Transfer of Current Assets/ Liabilities (Net)	NIL	NIL
IT Support Services	0.90	NIL
Outstanding with Associate/Subsidiary	NIL	2.12

Deposits are shown as borrowings from the bank to its Associate in shape of SOD, LAD and Perpetual Bonds;

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

*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 Rs. 98 lakhs whereas Government of J&K has subscribed Rs. 102 lakh. The Bank has incurred Rs. 76,32,730/- towards incorporation expenses for the company. The promoters i.e. J&K Government and Jammu & Kashmir Bank Limited have not released their respective shares towards the capital of the company. In the meantime, the promoters have decided to wind up the company and in turn the Bank has approached the Registrar of Companies (J&K) (RoC) for removal of the name of the company from the register of companies under Section 248 of the Companies Act, 2013. The application of the Bank is pending with RoC.

(Amount in Lakhs)

Items/Related Party	K.M.P*				
	Mr. Parvez Ahmed (Chairman)	Mr. Rajesh Kumar Chhibber (Chairman & MD)	Mr. Rakesh Gandotra (CFO)	Ms. Rajni Saraf (CFO)	Mr. Mohammad Shafi Mir (Company Secretary)
Period for which post held during FY 2019-20	2 months & 8 days	9 month 22 days	3 months	9 months	12 months
Salary	12.30	61.83	7.81	20.91	16.73

* 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.

24.7 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 Rs. 66.78 crore (previous year being Rs. 59.36 crores)

24.8 Accounting standard 20 - Earnings per share

	31.03.2020	31.03.2019
Net Profit available to Equity Share Holders (in Crores)	(1139.41)	464.88
No. of Equity Shares	71,34,50,938	55,68,58,392
Basic/Diluted Earnings per share (in Rs.)	(15.97)	8.35
Face value per share	Rs.1/-	Rs.1/-

24.9 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 Rs. 20.00 Crores (Previous Year Rs. 20.00 Crores). The consolidated financial statements are placed accordingly in terms of AS 21 issued by the Institute of Chartered Accountants of India.



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“NOTES ON STANDALONE ACCOUNTS”

24.10 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.

(Rs. In Crores)

Timing Difference	Deferred Tax Asset	Deferred Tax Liabilities
Depreciation on Assets	-	44.85
Leave Encashment	87.78	-
Special Reserve	-	31.00
Wage Revision	88.95	-
Bad & Doubtful Assets	229.49	-

Net Deferred Tax Asset as on 31.03.2020 : Rs. 330.38 Crores

Tax Impact for the year : Rs. (32.55) Crores

24.11 Accounting standard 23-Accounting for Investment in Associates (Consolidated Financial Statements)

The Bank has a sponsored Bank “J&K Grameen Bank”. The investment towards the capital of associate concern is Rs.34.01 Crores (Previous Year Rs.34.01 Crores). The consolidated financial statements are placed accordingly in terms of AS 23 issued by the Institute of Chartered Accountants of India.

24.12 Accounting Standard 26-Intangible Assets

The Bank has incurred an amount of Rs. 146.03 Lakh (previous year, Rs. 142.33 Lakh) on Brand names bifurcated into two heads namely Business Unit Signage and Brand Strategy Project. Expenditure on Business Unit Signage amounting to Rs. 57.73 Lakh (previous year, Rs. 57.63 Lakh) has been debited under the head Furniture & Fixture, whereas, Brand strategy project expenses amounting to Rs. 88.30 Lakh (Previous year, Rs. 84.70 Lakh) has been charged to Profit & Loss account treating it as a Revenue expenditure. 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 Rs. 16.11 Crores (previous year Rs. 5.78 crores) on account of purchase of computer software, not forming integral part of computers, and has capitalized the cost of the same.

24.13 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.

24.14 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 Rs. 0.04 lakhs has been released during the financial year (as against previous year where a provision of Rs. 66.55 lakhs was made) totalling to Rs. 1257.98 lakhs (previous year Rs. 1258.02 lakhs) up to 31-03-2020 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.

25. ADDITIONAL DISCLOSURES

25.1 COVID-19 virus, a global pandemic has affected the world economy including India leading to significant decline and volatility in financial markets and decline in economic activities. On 24th March, 2020, the Indian Government announced a strict 21-day lock-down which was further extended by 19 days and 14 days thereafter across the country to contain the spread of the virus. The extent to which the COVID-19 pandemic will impact the Bank’s provision on assets will depend on the future developments, which are highly uncertain, including among the other things any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government mandated or elected by the Bank.

The situation continues to be uncertain and the bank is evaluating the situation on ongoing basis. The major identified challenges for the bank would arise from eroding cash flows and extended working capital cycles. The bank is gearing itself on all the fronts to meet these challenges. The management believes that no adjustments are required in the financial results as it does not significantly impact the current financial year.



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“NOTES ON STANDALONE ACCOUNTS”

Despite these events and conditions, there would not be any significant impact on Bank's results in future and going concern assumptions as at presently made.

In accordance with RBI guidelines relating to 'COVID 19 Regulatory Package' on asset classification and provisioning, dated 27.03.2020 and 17.04.2020, 23.05.2020 and clarification issued by RBI through Indian Banks Association dated 06.05.2020, Bank has granted a moratorium on payment of instalments and / or interest as applicable, falling due between March 1, 2020 and August 31, 2020 to eligible borrowers classified as standard, even if overdue, as on February 29, 2020 without considering the same as restructuring. The moratorium period, wherever granted, shall be excluded by the Bank from the number of days the account is past due for the purpose of asset classification under RBI's Income Recognition and Asset Classification norms. In accordance with RBI's guidelines, the Bank is required to make provision @ 10% of the outstanding advances over two quarters beginning with the quarter ended March 31, 2020 in respect of such borrowal accounts where assets classification benefit has been granted as per RBI Guidelines. Accordingly, Bank has extended the relief in terms of the said circulars as follows:

Sn.	Particulars	(Rs. in Crores)
1	Respective amounts in SMA/overdue categories, where the moratorium / deferment was extended	10290.33
2	Respective amount where asset classification benefits is extended	2948.54
3	Provisions made during the Q4 FY2020 (5%)	147.50
4	Provisions adjusted during the respective accounting periods against slippages and the residual provisions	Nil

25.2 Provisions and Contingencies

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

Particulars	For the year ended	
	31.03.2020	31.03.2019
Tax Expense	39.36	194.85
i) Income Tax	71.91	272.24
ii) Deferred Tax Liability/ (Asset)	(32.55)	(77.39)
Provision against NPA's	2522.66	1053.51
Provision for depreciation on investments	(27.37)	(26.24)
Provision for frauds and embezzlements	(0.92)	0.34
Provision for diminution in the fair value of restructured /rescheduled advances	(30.67)	(44.44)
Provision for Non-Performing Investments	179.05	113.15
Provision for contingent liabilities	0.00	0.66
Provision for Standard Assets	(17.65)	(38.81)
Total	2664.46	1253.02

26. Details / Utilization of Floating Provisions

(Rs. in Crores)

Particulars	As on	
	31.03.2020	31.03.2019
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



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"NOTES ON STANDALONE ACCOUNTS"

27. Investments (Floating Provision)

(Rs. in Crores)

Particulars	As on	
	31.03.2020	31.03.2019
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

28. Customer Complaints.

A	No. of complaints pending at the beginning of the Year	06
B	No. of complaints received during the Year	413
C	No. of complaints redressed during the year	403
D	No. of complaints pending at the end of the Year	16

29. Awards passed by Banking Ombudsman.

A	No. of unimplemented awards at the beginning of the Year	-
B	No. of Awards passed by the Banking Ombudsman during the Year	01
C	No. of Awards implemented during the year	01
D	No. of unimplemented Awards pending at the end of the Year	0

30. 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 Rs. 1.67 crores (Previous year Rs. 225.17 crores)

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

The bank has not issued any letter of comfort on behalf of the customers or on its behalf during the FY 2019-20

32. Provision Coverage Ratio (PCR)

The provision coverage ratio (PCR) for the Bank as on 31st March 2020 is 78.59% (Previous Year 64.30%) which is calculated taking into account the total technical write offs made by the Bank.

33. Bancassurance Business:

The Bank has tie ups with PNB MetLife India Insurance Company Limited for mobilizing life insurance business and with Bajaj Allianz General Insurance Company Ltd and IFFCO Tokio General Insurance Company Ltd for mobilizing general (non-life and health) insurance business. The details of the commission earned by the Bank during FY 2019-20 on account of mobilizing said business is given hereunder: -

Sn.	Nature of income	Amount (Rs. Crores)
1	For selling Life Insurance Policies	27.08
2	For selling Non-Life Insurance Policies	18.26
	Total	45.34



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"NOTES ON STANDALONE ACCOUNTS"

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

34.1 Concentration of Deposits

Particulars	31-03-2020	31-03-2019
Total Deposits of 20 largest depositors (Rs. in Crores)	9948.91	10577.81
Percentage of 20 largest deposits to total Deposits of the Bank	10.17%	11.80%

34.2 Concentration of Advances

Particulars	
Total Advances to twenty largest borrowers (Rs. in Crores)	11391.02
Percentage of advances of twenty largest borrowers to Total Advances of the Bank	16.29%

34.3 Concentration of Exposures

Particulars	
Total Exposure to twenty largest borrowers' customers (Rs. in Crores)	12247.94
Percentage of exposures to twenty largest borrowers /customers to Total exposure of the bank on borrowers/customers	14.71%

34.4 Concentration of NPA's

Particulars	
Total Exposure to top four NPA accounts (Rs. in Crores)	1991.51
Percentage of Exposure to top four NPA accounts to Total NPA exposure of the Bank	25.96%

34.5 Sector Wise Advances*

(Rs. in Crores)

Sn.	Sector	Current Year			Previous Year		
		Outstanding Total Advances	Gross NPA's	%ge of Gross NPA's to Total Advances in that Sector	Outstanding Total Advances	Gross NPA's	%ge of Gross NPA's to Total Advances in that Sector
A.	Priority Sector						
1	Agriculture & Allied Activities	6987.45	490.24	7.02	6350.61	248.82	3.92
2	Advances to Industries sector eligible as priority sector lending	2737.22	319.26	11.66	3019.82	208.01	6.89
3	Services	10420.04	719.06	6.90	9700.02	207.27	2.14
4	Personal Loans	3938.95	29.45	0.75	2987.78	13.86	0.46
	Sub-Total A	24083.65	1558.02	6.47	22058.23	677.96	3.07
B.	Non-Priority Sector						
1	Agriculture & Allied Activities	955.93	285.80	29.90	1088.10	285.81	26.27
2	Industry	12604.53	2789.16	22.13	12029.96	3041.01	25.28
3	Services	13895.16	2817.01	20.27	18340.34	2114.18	11.53
4	Personal loans	18387.96	221.63	1.21	15855.58	102.39	0.65
	Sub-Total B	45843.58	6113.61	13.34	47313.99	5543.39	11.72
	Gross Total	69927.24	7671.63	10.97	69372.22	6221.35	8.97

*Compiled at HO and relied upon by us.



Schedule 18

"NOTES ON STANDALONE ACCOUNTS"

35. Movement of NPA's

(Rs. in Crores)

Particulars	Current Year	Previous Year
Gross NPA's as on April 01, (Opening Balance)	6221.35	6006.70
Additions (Fresh NPA's) during the year	4053.79	2964.60
Sub Total: (A)	10275.14	8971.30
Less:		
i) Up-gradation	1942.01	657.00
ii) Recoveries (Excluding Recoveries made from upgraded Accounts)	576.55	277.70
iii) Technical/ Prudential/ write offs	67.20	1307.86
iv) Due to Compromise/settlement	17.75	507.39
Sub Total (B)	2603.51	2749.95
Gross NPA as on 31 st March (Closing Balance)	7671.63	6221.35

36. Sector wise NPA's*

Sn.	Sector	Percentage of NPA to Total advances in that sector
1	Agriculture & Allied activities	9.77
2	Industry (Micro & Small Medium and Large)	20.26
3	Services	14.54
4	Personal Loans	1.12

*Compiled at HO and relied upon by us.

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

(Rs. in Crores)

Particulars	Current Year	Previous Year
Opening balance of Technical/Prudential write-off accounts as at April 01, 2019	2853.63	2162.16
Add: Technical/Prudential write-offs during the year	0.00	892.00
Sub Total:	2853.63	3054.16
Less: Recoveries made during the year	44.45	200.53
Closing balance as at March 31, 2020	2809.18	2853.63

38. Overseas Assets, NPA's and Revenues

(Rs. in Crores)

Sn.	Particulars	
1	Total Assets	NIL
2	Total NPAs	NIL
3	Total Revenue	NIL

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

Name of the SPV sponsored	
Domestic	Overseas
NIL	NIL



Schedule 18

“NOTES ON STANDALONE ACCOUNTS”

40. Divergence in the asset classification and provisioning:

In terms of RBI circular No. DBR.BP.BC.No.32/21.04.018/2018-19 dated April 1 2019, the disclosure is as stated hereunder.

Sn.	Particulars	(Rs. in Crores)
1	Gross NPAs as on March 31, 2019 as reported by the bank	6,221
2	Gross NPAs as on March 31, 2019 as assessed by RBI	6,416
3	Divergence in Gross NPAs (2-1)	195
4	Net NPAs as on March 31, 2019 as reported by the bank	3,240
5	Net NPAs as on March 31, 2019 as assessed by RBI	2,551
6	Divergence in Net NPAs (5-4)	(689)
7	Provisions for NPAs as on March 31, 2019 as reported by the bank	2,868
8	Provisions for NPAs as on March 31, 2019 as assessed by the RBI	3,752
9	Divergence in Provisioning (8-7)	884
10	Reported Net Profit after Tax (PAT) for the Year ended March 31, 2019	465
11	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2019 after taking into account the divergence in provisioning.	(110)

41. 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.

42. 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 immediately preceding financial years for CSR activities. Accordingly, bank is required to spend Rs. Nil (Previous year Rs. Nil) for twelve months period ended 31st March 2020 against which bank has spent Rs. 2.40 Crores (Previous year Rs. 12.46 Crores).

43. 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. Later 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%. Our Bank continues to maintain 5% provisions and has maintained a provision of Rs. 8.51 crore against balance outstanding of Rs. 170.26 crores as on 31.03.2020 under Food credit availed by State Government of Punjab.

b) As per RBI Circular No DBR.No.BP.BC.18/21.04.048/2018-19 dated 1st January 2019 & DOR.No.BP.BC.34/21.04.048/2019-20 dated 11th February 2019 on restructuring of Advances-MSME sector, the details of restructured accounts as on 31.03.2020 are as under

No. of accounts restructured	Amount (Rs. in millions)
28	350.68

c) The Bank has classified 28 MSME borrower accounts having aggregate outstanding balance of Rs. 350.68 million as standard and made additional provision @5% against the exposures not classified as NPA in terms of RBI circular DBR.No.BP.BC.108/21.04.048/2017-18 dated June 06, 2018.

d) In terms of RBI Circular No.DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020 with regard to easing of working capital financing is to be provided in terms of exposures of Rs.5.00 Crore and above to a borrower as on March 1, 2020 the Bank has not provided the facility to any borrower during the year.

e) In terms of RBI Circular No. DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020, Bank has extended



Schedule 18

"NOTES ON STANDALONE ACCOUNTS"

moratorium/deferment with regard to SMA/overdue categories as under:

No. of Accounts	Amount in Crores of Rs.
215074	10290.33

f) The details in terms of RBI Circular No. DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 with regard to SMA/overdue categories where asset classification benefit was extended. The disclosure in this regard is as under:

No. of Accounts	Amount in Crores of Rs.
63160	2948.54

g) In terms of RBI Circular No. DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 with regard to SMA/overdue categories, the Bank has made a provision of Rs.147.50 Crores.

44. Micro Small and Medium Enterprises Development Act

With regard to disclosure relating to MSME under the Micro Small & Medium Enterprises Development Act 2006, payments to Micro and Small Enterprises suppliers has not exceeded 45 days from the date of acceptance or the date of deemed acceptance of the goods or services as per the provisions of Section 9 of the Micro Small & Medium Enterprises Development Act 2006 (27 of 2006).

45. Movement in Provisioning for Credit Card Reward Point is set out below

Particulars	Rs. in Crore
	Amount
Opening Provision Balance as on 01.04.2019	1.76
Provisions made during the Year	3.04
Redemption made during the Year	4.25
Closing Provision Balance as on 31.03.2020	0.55

46. Intra-Group Exposure

(Rs. in Crore)

	Current Year	Previous Year
Total Amount of intra-group Exposure	7.12	5.00
Total Amount of top-20 intra group exposures	7.12	5.00
Percentage of intra -group exposures to total exposures of the bank on borrowers/ customers	NIL	NIL
Details of breach of limit on intra-group exposures and regulatory action thereon, if any	NIL	NIL

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

(Rs. in Crores)

Particulars	Current Year 31.03.2020	Previous Year 31.03.2019
Opening balance of amounts transferred to DEAF	106.82	77.90
Add: - Amounts transferred to DEAF (During the Year)	42.88	32.32
Less: Amounts reimbursed by DEAF towards claims	2.13	3.40
Closing balance of amounts transferred to DEAF	147.57	106.82



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“NOTES ON STANDALONE ACCOUNTS”

48. 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.

Particulars	Provision Held	
	Current Year 31.03.2020	Previous Year 31.03.2019
Opening balance	1.34	1.81
Additions during the Year	1.49	0.75
Deductions during the Year	1.03	1.21
Closing balance	1.80	1.34

The capital held by the Bank towards the foreign currency exposure amounts to Rs. 3.25 crores (previous year Rs. 2.27 crores)

49. Other Expenditures

During the year the following expenditures incurred were more than 5% of the total other expenditures of Rs.453.16 Crores:

Sn.	Expense Head	Rs. Crore	% to Other Expenses
1.	Wages to Armed Guards / Temporary staff	99.16	21.88%
2.	IT Services	44.68	9.86%
3.	NFS ISSUING ATM INTERCHANGE	25.98	5.73%
4.	VISA ACQUIRING INTERCHANGE	41.28	9.11%

50. Liquidity Coverage Ratio (LCR)

(Amount in Crores)

FY 2019-20		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)	18954.01	18923.52	13759.28	13739.80
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which	37096.08	2918.81	30115.56	2341.04
(i)	Stable deposits	15815.71	790.78	13408.21	670.40
(ii)	Less stable deposits	21280.37	2128.03	16707.35	1670.64
3	Unsecured wholesale funding, of which	11879.99	5351.33	8575.32	2826.46
(i)	Operational Deposits (all counterparties)	956.44	225.10	4057.87	960.35
(ii)	Non-Operational deposits (all counterparties)	10923.55	5126.23	4517.45	1866.11
(iii)	Unsecured debt	0.00	0.00	0.00	0.00



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"NOTES ON STANDALONE ACCOUNTS"

FY 2019-20		Current Year		Previous Year	
		Total Unweighted value (Average)	Total Weighted value (Average)	Total Unweighted value (Average)	Total Weighted value (Average)
4	Secured Wholesale funding	1922.90	0.00	84.33	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	7814.91	632.02	13540.53	609.58
7	Other contingent funding Obligations	3895.12	116.85	3388.62	101.65
8	Total cash outflows	62609.00	9019.01	55704.36	5878.73
Cash Inflows					
9	secured Lending (e.g. reverse repo)	0.00	0.00	426.11	0.00
10	Inflows from fully performing exposure	2220.73	1779.52	2415.11	1782.13
11	Other cash inflows	0.00	0.00	0.00	0.00
12	Total cash inflows	2220.73	1779.52	2841.22	1782.13
			Total adjusted value		Total adjusted value
	TOTAL HQLA		18923.52		13739.80
	Total Net Cash Outflows		7239.49		4096.60
	Liquidity Coverage ratio (%)		261.39		335.40

DISCLOSURE ON LIQUIDITY COVERAGE RATIO AS ON 31.03.2020

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. Bank has put in place Contingency Funding Plan approved by ALCO and IRMC of the Board. The contingency Funding Plan includes stored Liquidity in the form of 1% of NDTL in the shape of excess SLR and 2% in the shape of CD's/Liquid Funds or 3% in any of the two i.e., excess SLR or CD's/ Liquid Funds. These investments can be liquidated any time to generate cash and maintain sufficient liquidity for funding, growth and meeting repayment obligations.

Liquidity Coverage Ratio (LCR) BLR-1 aims to ensure that a bank maintains an adequate level of unencumbered High-Quality Liquidity Assets (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.

LCR is being computed strictly as per RBI guidelines issued vide circular DBOD.BP.BC.No. 120/21.04.098/2013-14 and subsequent amendments. HQLA primarily include government securities in excess of minimum Statutory Liquidity Ratio (SLR), the extent allowed under the marginal Standing Facility to avail Liquidity for LCR (FALLCR). Cash and balances in excess of cash reserve requirement with RBI also constitute HQLA.

Average LCR of the bank was 261.39% for the FY 2019-20 which is well above the regulatory requirement of 100% prescribed by RBI.



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“NOTES ON STANDALONE ACCOUNTS”

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 quarterly intervals.

51. Disclosure on Remuneration

a)	Information relating to the composition and mandate of the Remuneration Committee.	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, which constitutes of following members of the Board as on 31.03.2020. Mr. Naba Kishore Sahoo (Chairman N&RC) Dr. Rajeev Lochan Bishnoi Ms. Monica Dhawan
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 with 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"> • the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Key Management Personnel and other employees of the company; • relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and • 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.
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 employees and management. However, in individual cases variable pay is withheld in case of low performance of individual staff member.



Schedule 18

“NOTES ON STANDALONE ACCOUNTS”

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.	Bank has a Compensation Policy with due incorporation of all such covenants.
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.	Bank has a Compensation Policy with due incorporation of all such covenants.

Quantitative Disclosure			
	Particulars	31.03.2020	31.03.2019
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 Rs. 4,00,000.00* was paid to the Members of the Committee. (*It is pertinent to mention that in addition to the above fee, GST @ 18% has been paid, out of which 9% has been claimed as input credit)	The Committee met three times during the year and total sitting fee of Rs. 5,60,000. was paid to the Members of the Committee
h)	i) Number of employees having received a variable remuneration award during the financial year. (The quantitative disclosures 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
	i) 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.	NA	NA
k)	i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.	NIL	NIL



Schedule 18

“NOTES ON STANDALONE ACCOUNTS”

Quantitative Disclosure			
	Particulars	31.03.2020	31.03.2019
	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

52. The Principal Accounting Policies (Schedule 17) and Notes on Accounts (Schedule 18) form an integral part of these Accounts.
53. 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.

R. K. Chhibber
Chairman & Managing Director
DIN: 08190084

Dr. Arun Kumar Mehta, IAS
Director
DIN: 02712778

Bipul Pathak, IAS
Director
DIN: 08077260

Anil Kumar Misra
Director
DIN: 08066460

Vikram Gujral
Director
DIN: 03637222

Sonam Wangchuk
Director
DIN: 07662456

Dr. Rajeev Lochan Bishnoi
Director
DIN: 00130335

Monica Dhawan
Director
DIN: 01963007

Naba Kishore Sahoo
Director
DIN: 07654279

Zubair Iqbal
Director
DIN: 08742685

Rajni Saraf
President/CFO

Mohammad Shafi Mir
Company Secretary

Date: 29/06/2020

In terms of our report of even date annexed

For O P Garg & Co.
Chartered Accountants
FRN: 01194N

For Verma Associates.
Chartered Accountants
FRN: 02717N

For P C Bindal & Co.
Chartered Accountants
FRN: 03824N

For K.K. Goel & Associates.
Chartered Accountants
FRN: 05299N

(CA. Manish Kumar Gupta)
Partner
M.No. 097191

(CA. Madan Verma)
Partner
M.No. 081631

(CA. Shailza Wazir)
Partner
M.No. 502279

(CA. Amit Goel)
Partner
M.No. 098913

Date: 29/06/2020



Standalone Cash Flow Statement

for the year ended 31st March, 2020

		31.03.2020 ₹ '000' Omitted	31.03.2019 ₹ '000' Omitted
A	CASH FLOW FROM OPERATING ACTIVITIES	4,37,43,332	(2,99,54,276)
B	CASH FLOW FROM INVESTING ACTIVITIES	(11,44,270)	(16,41,895)
C	CASH FLOW FROM FINANCING ACTIVITIES	(33,89,542)	76,86,096
	NET CHANGE IN CASH AND CASH EQUIVALENTS	3,92,09,520	(2,39,10,075)
D	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	5,86,18,756	8,25,28,831
E	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	9,78,28,276	5,86,18,756
A.	CASH FLOW FROM OPERATING ACTIVITIES:		
	Net Profit after Taxes	(1,13,94,122)	46,48,808
	Add : Provision for Taxes	3,93,592	19,48,457
	Net profit before taxes (i)	(1,10,00,530)	65,97,265
	Adjustment for :		
	Depreciation charges	12,54,038	10,40,863
	loss on sale of fixed Assets		
	Provision for NPA's	2,52,26,632	1,05,35,129
	Provision on Standard Assets	(1,76,547)	(3,88,144)
	Provision for salary revision		
	Depreciation on investment	(2,73,675)	(2,62,406)
	Amortisation on investment		
	Provision for Non-Performing investment	17,90,527	11,31,478
	Provision for other assets		
	Provision on RRB's		
	Other provisions	(3,15,961)	(4,34,359)
	Deffered revenue Expenditure written off during the year		
	Dividend from subsidiaries(Investing activities)		
	Interest paid on subordinate Bonds (Financing Activities)	23,89,541	23,13,904
	Total Adjustment (ii)	2,98,94,555	1,39,36,465
	Operating profit before change in Operating assets & liabilities (i) + (ii)	1,88,94,025	2,05,33,730
	Adjustment for changes in Operating Assets & Liabilities		
	Increase / (Decrease) in Deposits	8,14,93,353	9,63,23,981
	Increase / (Decrease) in Borrowings	(43,796)	(43,796)
	Increase / (Decrease) in Other liabilities & provisions	(70,063)	55,04,299
	(Increase) / Decrease in investments	13,56,280	(4,25,42,328)
	(Increase) / Decrease in Advances	(61,95,539)	(10,36,78,320)
	(Increase) / Decrease in Other Assets	(5,03,62,659)	(56,93,872)
	Net Cash flow from Operating activities (iii)	2,61,77,576	(5,01,30,036)
	Cash generated from operation (i + ii + iii)	4,50,71,601	(2,95,96,306)
	Less : Tax paid	13,28,269	3,57,970
	TOTAL : (A)	4,37,43,332	(2,99,54,276)



Standalone Cash Flow Statement

for the year ended 31st March, 2020

B.	CASH FLOW FROM INVESTING ACTIVITIES :		
	a) Fixed Assets	(11,44,270)	(16,41,895)
	b) Investment in Subsidiary	-	-
	TOTAL : (B)	(11,44,270)	(16,41,895)
C.	CASH FLOW FROM FINANCING ACTIVITIES:		
	a) Share Capital	1,56,592	-
	b) Share Premium	48,43,407	-
	c) Tier I & II Bonds/Subordinate Debt	(60,00,000)	1,00,00,000
	d) Dividend & Dividend Tax Paid	-	-
	e) Interest Paid on Subordinate Debt/Tier I & II Bonds	(23,89,541)	(23,13,904)
	TOTAL :(C)	(33,89,542)	76,86,096
D.	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	a) Cash in hand & Balance with R.B.I	4,87,49,687	4,32,83,608
	b) Balance with Banks & Money at Call & Short Notice	98,69,069	3,92,45,223
	TOTAL :(D)	5,86,18,756	8,25,28,831
E.	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
	a) Cash in hand & Balance with R.B.I	2,94,74,809	4,87,49,687
	b) Balance with Banks & Money at Call & Short Notice	6,83,53,467	98,69,069
	TOTAL :(E)	9,78,28,276	5,86,18,756

R. K. Chhibber
Chairman & Managing Director
DIN: 08190084

Dr. Arun Kumar Mehta, IAS
Director
DIN: 02712778

Bipul Pathak, IAS
Director
DIN: 08077260

Anil Kumar Misra
Director
DIN: 08066460

Vikram Gujral
Director
DIN: 03637222

Sonam Wangchuk
Director
DIN: 07662456

Dr. Rajeev Lochan Bishnoi
Director
DIN: 00130335

Monica Dhawan
Director
DIN: 01963007

Naba Kishore Sahoo
Director
DIN: 07654279

Zubair Iqbal
Director
DIN: 08742685

Rajni Saraf
President/CFO

Mohammad Shafi Mir
Company Secretary

Date: 29/06/2020

Auditors Certificate

We have verified the attached Standalone Cash Flow Statement of THE JAMMU & KASHMIR BANK LIMITED which has been compiled from and is based on the Audited Financial Statements for the year ended March 31st, 2020 and March 31st, 2019. To the best of our knowledge and belief and according to the information and explanations given to us, it has been prepared pursuant to clause 32 of the Listing Agreement with the Stock Exchanges.

For O P Garg & Co.
Chartered Accountants
FRN: 01194N

For Verma Associates.
Chartered Accountants
FRN: 02717N

For P C Bindal & Co.
Chartered Accountants
FRN: 03824N

For K.K. Goel & Associates.
Chartered Accountants
FRN: 05299N

(CA. Manish Kumar Gupta)
Partner
M.No. 097191

(CA. Madan Verma)
Partner
M.No. 081631

(CA. Shailza Wazir)
Partner
M.No. 502279

(CA. Amit Goel)
Partner
M.No. 098913

Date: 29/06/2020



Independent Auditors Report

To
The Members of
The Jammu & Kashmir Bank Limited

Report on the Audit of Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of The Jammu and Kashmir Bank Limited ('the Bank') and its subsidiary & associate (together, 'the Group') comprising of the consolidated Balance Sheet as at 31st March 2020, the consolidated Profit and Loss Account, and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and notes to the consolidated financial statements (herein after referred to as 'the consolidated financial statements').

The consolidated financial statements included the Returns for the year ended on that date of:

- I. 64 branches/offices audited by us;
- II. 923 branches audited by Statutory Branch Auditors;
- III. 1 subsidiary audited by the subsidiary company auditor; and
- IV. 1 associate audited by the associate appointed auditor.

The branches/offices audited by us and those audited by other the Auditors have been selected by the Comptroller and Auditor General of India in accordance with the Guidelines issued to the bank by the Reserve Bank of India.

2. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of report of other auditor on separate audited financial statements / financial information of the subsidiary, associate and branches, as referred to in paragraphs 9 to 12 below, the aforesaid consolidated Financial Results:

- (i) includes the annual financial results of the following entities:

Sn.	Name of Company	Relation
1.	The Jammu & Kashmir Bank Ltd	Parent
2.	JKB Financial Services Limited	Subsidiary
3.	J&K Grameen Bank	Associate

- (ii) give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 in the manner so required for banking Companies and are in conformity with accounting principles generally accepted in India and:

- a) the Balance Sheet, read with the notes thereon is a full and fair Balance Sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of the state of affairs of the Bank as at 31st March, 2020;
- b) the Profit and Loss Account, read with the notes thereon shows a true balance of loss; and
- c) the Cash Flow Statement gives a true and fair view of the cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

4. Key audit matters are those matters that in our professional judgment are of most significance, in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements of the Branch, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our report:



Key audit matters	How our audit addressed the key audit matter
Identification of Non-performing advances (NPA):	
<p>Advances constitute a significant portion 59% of the Bank's assets and the quality of these advances is measured in terms of ratio of Non-Performing Advances. Due to imposition of restrictions in J&K w.e.f. August 5, 2019 on account of re-organization of J&K State, all the business activities came to a halt thereby adversely impacting the cash flows in all sectors as a result of which a large number of accounts came under stress.</p> <p>The Reserve Bank of India's ("RBI") guidelines on Income recognition and asset classification ("IRAC") prescribe the prudential norms for identification and classification of NPA and the minimum provision required for such assets from time to time. The Bank is also required to apply its judgment to determine the identification and provision required against NPA by applying quantitative as well as qualitative factors.</p> <p>The bank runs System Level Asset Classification (SLAC) application for identification of NPA. The Bank did not run SLAC on March 31, 2020 to maintain the status quo of asset classification as on 29.02.2020 to implement COVID-19 Regulatory Package. Identification of NPA, ascertaining realizable value of securities and provisioning for credit losses require significant level of estimation and given its significance to the overall audit including possible observations by RBI which could result in disclosures in the financial statements, we have ascertained identification and provisioning for NPA as a key audit matter.</p>	<p>The audit procedures performed remotely and, among others, included:</p> <ul style="list-style-type: none"> - Considering the Bank's policies for NPA identification and provisioning and assessing compliance with the IRAC norms. - Performing other procedures including substantive audit procedures covering the identification of NPA by the Bank's Branch. These procedures included: <ul style="list-style-type: none"> • Testing of the reports generated from the application systems where the advances have been recorded. • Testing of the available SLAC generated for immediate earlier date(s). • Reading the accounts reported Special Mention Accounts ("SMA") to identify stress. • Reading account statements and other related information of the borrowers selected based on quantitative and qualitative risk factors. • Performing inquiries with the Bank's Branch to ascertain if there were indicators of stress or an occurrence of an event of default in a particular loan account or any product category which need to be considered as NPA.

Emphasis of Matter

5. We draw attention to relevant note of Schedule 18 to the Statement which explains that the extent to which COVID-19 pandemic will impact the Bank's operations and financial results is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditor's Report thereon

6. The Bank's Board of Directors is responsible for the other information. The other information comprises the Corporate Governance Report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and Directors' Report, including annexures, if any, thereon, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and Pillar 3 disclosure under

Basel III and we do not and will not express any form of assurance conclusion thereon.

Responsibilities of Management and Those Charged with Governance for the consolidated Financial Results

7. These consolidated Financial Results have been prepared on the basis of the consolidated annual financial statements and reviewed quarterly consolidated Financial Results up to the end of the third quarter. The Bank's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these consolidated Financial Results that give a true and fair view of the net loss and other financial information in accordance with the recognition and measurement principles laid down in the Accounting Standards specified under Section 133 of the Act, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time ("RBI Guidelines") and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility



also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Financial Results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated Financial Results, the respective Management and Board of Directors of the entities included in the Group are responsible for assessing the Bank's ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management and Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the entities included in the Group are also responsible for overseeing the Bank's financial reporting process of the Group.

Auditor's Responsibilities for the audit of the Consolidated Financial Results

8. Our objectives are to obtain reasonable assurance about whether the standalone Financial Results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Financial Results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for

one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Consolidated Financial Results that individually or in aggregate makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Financial Results may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work, and (ii) to evaluate the effect of any identified misstatements in the Consolidated Financial Results.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to



communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

Other Matters

9. We did not audit the financial statements/information of 923 branches/offices included in the consolidated Financial Results of the Group whose financial statements/financial information reflect total advances of Rs. 65,259.51 Crores and total revenue of Rs. 6128.04 Crores as at 31st March 2020, as considered in the consolidated financial statements. The financial statements / information of these branches has been audited by the branch auditors whose reports have been furnished to us, and in our opinion in so far as it relates to the amounts and disclosures included in respect of branches, is based solely on the report of such branch auditors. Our opinion on the financial statements does not cover the other information and the Basel-III disclosure and we do not express any form of assurance conclusion thereon.
10. The accompanying consolidated Financial Results include the audited financial results of 1 subsidiary whose financial statements/ results/ financial information reflects Group's share of total assets of Rs. 23.35 crores as at 31st March 2020, Group's share of total revenues of Rs. 4.82 crores, and Group's share of total loss of Rs. 2.20 crores for the year ended on that date, which has been audited by other auditor, which financial statements, other financial information and Auditor report have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary, is based solely on the reports of such other auditor.
11. The consolidated Financial Results includes Group's share of net loss after tax of Rs. 42.92crore and Rs. 41.77crore for the quarter and year ended March 31, 2020 respectively, as considered in the Statement, in respect of one associate, whose financial statements have not been audited by us. These financial statements have been audited by other independent auditor whose report on financial statements has been furnished to us by the management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this associate, is based solely on the report of such auditor.
12. We did not incorporate The Jammu & Kashmir Asset Reconstruction Limited which 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 Rs.98 lakhs whereas Government of J&K has subscribed Rs. 102 lakhs. The Bank has incurred Rs. 76,32,730/- towards incorporation expenses for the company. The State Government has not released the initial Share Capital to the tune of Rs.102 Lakhs and the Bank has also not received share certificate till reporting date.

Report on Other Legal and Regulatory Requirements

13. The consolidated Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
14. The Comptroller and Auditor General of India has issued directions indicating the areas to be examined in terms of sub-section (5) of section 143 of the Companies Act, 2013, the compliance of which is set out in "Annexure-A" to this Report.
15. As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, we report that:
 - a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
 - b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank;
 - c) the returns received from the offices; and branches of the Bank have been found adequate for the purposes of our audit.
16. Further, as required by section 143(3) of the Act, we report that:
 - a) the other auditor whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the consolidated financial statements;
 - b) in our opinion, proper books of account as required by law have been kept by the Group so far as it appears from our examination of those books;
 - c) the reports on the accounts of the branch offices of the Group audited under section 143(8) of the Act by branch auditors of the Bank have been sent to us/ the other auditor whose report we have relied upon and have been properly dealt with by us in preparing this report;
 - d) the consolidated Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flows dealt with by this report are in agreement with the



books of account;

- e) in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent they are not inconsistent with the accounting policies prescribed by RBI;
- f) on the basis of written representations received from the directors as on 31st March 2020 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2020 from being appointed as a director in terms of Section 164(2) of the Act;
- g) with respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure B";
- h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. the Bank has disclosed the impact of pending litigations on its financial position in its financial statements in Schedule 18-Notes on Accounts attached;
 - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses and
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group

For O P Garg & Co.

Chartered Accountants
FRN: 01194N

For Verma Associates.

Chartered Accountants
FRN: 02717N

For P C Bindal & Co.

Chartered Accountants
FRN: 03824N

For K.K. Goel & Associates.

Chartered Accountants
FRN: 05299N

(CA. Manish Kumar Gupta)

Partner
M.No. 097191
UDIN: 20097191AAAAEP7288

(CA. Madan Verma)

Partner
M.No. 081631
UDIN: 20081631AAAACK8770

(CA. Shailza Wazir)

Partner
M.No. 502279
UDIN: 20502279AAAACZ9792

(CA. Amit Goel)

Partner
M.No. 098913
UDIN: 20098913AAAABM5547

Date: 29/06/2020



Annexure-A to Para 14 of independent auditor's report of even date on the consolidated Financial Results of Jammu & Kashmir Bank Limited.

Directions/sub-directions of Comptroller and Auditor General of India under Section 143(5) of Companies Act 2013 for the Financial Year 2019-20

Sn.	Directions/Sub directions	Auditor's comments including action taken wherever required	Impact on accounts and financial statements
1	If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process	Since the Company has not been selected for disinvestment, directions are not applicable.	Nil
2	Please report whether there are any cases of waiver/ write off of debts/ loans/interest etc., if yes, the reasons there for and the amount involved.	<p>There are 1493 cases of waiver/write off of debts/ loans/ interest etc. amounting to Rs.13.15 Crores in addition to the waiver of unapplied interest of Rs. 369.80 Crores on account of negotiated settlement with the borrowers defaulting in payment due to the circumstances beyond their control such as death/disappearance of the borrower, recession in economy, no enforceable security, natural calamities such as earthquake, flood, drought, change in Govt. policy, genuine business failure in-spite of sincere efforts made by borrower etc. and where the recovery chances through normal business operations are bleak.</p> <p>During the financial year <u>one</u> account (NPA) was sold to Asset Construction Companies (ARC). having total principal NPA balance of Rs. 102.19 Crores, and unapplied interest of Rs. 69.94 Crores against sale proceeds of Rs. 65.29 Crores resulting in sacrifice of Rs. 106.84 Crores.</p>	<p>Waiver/Write off resulted in loss of Rs. 382.95 Crores.</p> <p>Sale of NPAs to ARC resulted in release of Provision held by Rs. 45.96 Crores and increase of profits by Rs. 9.06 Crores. This has also resulted in reduction in NPAs by Rs. 102.19 Crores.</p>
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities	As per explanations given to us, the company has not received any assets as gift/grant(s) from government or other authorities. The company has no inventories lying with third parties.	NIL
4	A report on age-wise analysis of pending legal/arbitration cases including the reasons of pendency and existence/effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.	There are 466 Cases involving Rs.588.39 Crores pending legal/arbitration cases being claims against the bank not acknowledged as debts.	Bank hold a provision of Rs.12.58 Crores in cases which have been decided against the bank but Bank has filed appeals against the orders.



Sn.	Directions/Sub directions	Auditor's comments including action taken wherever required	Impact on accounts and financial statements														
5	Whether the restructuring of loan was done as per the provisions of the Reserve Bank of India and Bank's own Restructuring of loan Policy.	RBI under supervisory process directed down gradation of 2 restructured standard accounts with total outstanding of Rs. 63.34 Crores as restructuring was not in compliance of extant guidelines. Additional provision for Rs. 6.43 Crores was provided by the bank as on 31.03.2020	Total provision for Rs. 15.88 Crores was required and bank having provided Rs. 9.45 Crores only and as such additional provision for Rs. 6.43 Crores was created as per RBI directions. This resulted in reduction of Profits by Rs. 6.43 Crores														
6	Whether the Bank is maintaining/developing various assets of the State Govt. The treatment of the assets and expenditure incurred and revenue earned may be examined and comment may be offered.	As per information and explanations given to us, the bank is maintaining/developing Parks and Gardens including Golf Course which are not owned by the bank. The bank has incurred Rs.3.56 Crores for maintaining and development of these parks.	The expenditure amounting to Rs. 3.56 Crores has been incurred and revenue of Rs.1.56 Crores has been earned for maintaining/developing parks/gardens and amounts have been debited/ credited to the Profit and Loss Account.														
7	Whether the branches were doing window dressing and its impact/materiality on the overall deposit portfolio.	As per information and explanation given to us, no branch auditor has reported any case of window dressing.	Nil														
8	Whether the Bank has been able to achieve the targets under Priority sector lending, if not, impact on the financial health of the Bank by lending the shortfall amount in Rural infrastructure Development Fund, Small industrial Development Bank of India, etc. may please be brought out.	As per information and explanations given to us, the Bank has not been able to achieve the targets under priority sector lending. As a result of shortfall, the bank has to make deposits of low yield interest with the following designated agencies as on 31-03-2020: <table border="1" data-bbox="683 1361 1102 1648"> <thead> <tr> <th>Particulars</th> <th>Rs.in Crores</th> </tr> </thead> <tbody> <tr> <td>NABARD</td> <td>1327.52</td> </tr> <tr> <td>RIDF(NABARD)</td> <td>1088.90</td> </tr> <tr> <td>SIDBI</td> <td>1184.24</td> </tr> <tr> <td>NHB</td> <td>292.64</td> </tr> <tr> <td>MUDRA</td> <td>149.15</td> </tr> <tr> <td>Total</td> <td>4042.45</td> </tr> </tbody> </table>	Particulars	Rs.in Crores	NABARD	1327.52	RIDF(NABARD)	1088.90	SIDBI	1184.24	NHB	292.64	MUDRA	149.15	Total	4042.45	The impact on the financial health is lower rate of return of interest ranging from 3.40% p.a. to 4.50% p.a. received from the agencies with which deposits were made for shortfall.
Particulars	Rs.in Crores																
NABARD	1327.52																
RIDF(NABARD)	1088.90																
SIDBI	1184.24																
NHB	292.64																
MUDRA	149.15																
Total	4042.45																
9	Whether there were cases of greening of advances, up gradation of loan account at the fag end of the Financial Year or delay/non- declaration of Non-performing Assets as per RBI guidelines. Its impact on the profitability and Asset Classification.	Advances amounting to Rs.525.99 Crores were not declared as NPA as per RBI guidelines which were downgraded after those were identified by the Statutory Auditors and additional provision of Rs.140.03 Crores and reversal of unrealized interest Rs.6.34 Crores was suggested.	Auditors identified the said NPAs, where by advances of Rs. 525.99 Crores have been downgraded from the bank's standard assets classification. The impact thereof on increase of profit is as follows: <ol style="list-style-type: none"> 1. Interest Reversal: Rs.6.34 Crores 2. Increase in NPA provision Rs. 140.03 Crores 														



Sn.	Directions/Sub directions	Auditor's comments including action taken wherever required	Impact on accounts and financial statements																		
10	Whether Co. has complied with the direction issued by RBI for a. NBFCs b. Capital adequacy norms for NBFCs. c. Classification of NPA	As per information and explanation given to us the bank has complied with all the directions issued by RBI.	Nil																		
11	Whether introduction of any scheme for settlement of dues and extensions thereto complied with the policy/guidelines of Company/ Govt.	As per information and explanation given to us, the bank is complied with the instructions/guidelines issued from time to time by RBI and comply with the Policy framed for the same.	Nil																		
12	Whether the Co. has a system to ensure that loans were secured by adequate security free from encumbrances and have first charge on the mortgaged assets. Further instances of undue delay in disposal of seized units may be reported.	As per information and explanation given to us the bank has a system to ensure that loans are secured by adequate security free from encumbrances and have charge on mortgaged assets and bank has framed policy for the same.	Nil																		
13	Whether the bank guarantees have been revalidated in time?	As per information and explanation given to us the Guarantees are revalidated within the time period at the request of borrower. However, 1179 expired guarantees amounting to Rs. 97.10 Crores (Net of Margin) are outstanding in the books of bank	This may add to the liability of the bank.																		
14	Comment on the confirmation of balances of trade receivable, trade payable, term deposits, bank account and cash obtained	Being banking company there are no trade payable/receivable. However, confirmation for term deposit is not required	Nil																		
15	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implication, if any may be stated.	As per information and explanation given to us the bank has system in place to process all the accounting transactions through IT.	Nil																		
16	Whether the company has cleared title/ lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.	As per information and explanation given to us, the bank does not have clear title/ lease deeds for freehold and leasehold lands for the following properties: - <table border="1" data-bbox="635 1742 1082 2002"> <thead> <tr> <th>Sn</th> <th>Land</th> <th>Area</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Vashi (1st Floor)</td> <td>5400 Sft</td> </tr> <tr> <td>2.</td> <td>Budgam</td> <td>4 Kanals</td> </tr> <tr> <td>3.</td> <td>Ansal Plaza, Khelgaon</td> <td>17787 Sft</td> </tr> <tr> <td>4.</td> <td>Kargil</td> <td>1 Kanal 4 Marla</td> </tr> <tr> <td>5.</td> <td>Land at Kulgam</td> <td>2 Kanals</td> </tr> </tbody> </table> <p>It is advised to complete the documentation for clear title at the earliest.</p>	Sn	Land	Area	1.	Vashi (1st Floor)	5400 Sft	2.	Budgam	4 Kanals	3.	Ansal Plaza, Khelgaon	17787 Sft	4.	Kargil	1 Kanal 4 Marla	5.	Land at Kulgam	2 Kanals	The acquisition value of the said lands/properties has been capitalized and the value as on 31.03.2020 is Rs. 60.76 Crores.
Sn	Land	Area																			
1.	Vashi (1st Floor)	5400 Sft																			
2.	Budgam	4 Kanals																			
3.	Ansal Plaza, Khelgaon	17787 Sft																			
4.	Kargil	1 Kanal 4 Marla																			
5.	Land at Kulgam	2 Kanals																			



Sn.	Directions/Sub directions	Auditor's comments including action taken wherever required	Impact on accounts and financial statements
17	Examine the system of effective utilization of loans/Grant-in-Aid/Subsidy. List of cases diversion of fund	The loans received are utilized for the intended purpose. However, there were no Grant-in-Aid/Subsidy received during the financial year	Nil
18	Examine the cost benefit analysis of major capital expenditure/Expansion including IRR and payback period.	As per information and explanation given to us, the major expenditure is being incurred on opening of new business units and as per historical data majority of new business units within J&K States attain breakeven within one year of its operation	Nil
19	If the audited entity has computerized its operation or part of it, asses and report how much of the data in the company is in electronic format, which of the area such as accounting, sale personnel information, payroll, inventory etc. has been computerized and the company has evolved proper security policy for data/software/hardware.	As per information and explanation given to us, all the operation of the bank including accounting, payroll in HRMS, inventory in FAM system are computerized and the bank have evolved proper security policy for data/software/hardware.	Nil
20	Other Matter	Other Assets include ₹ 3955.23 Crores due form UT of J&K comprising agency account, commission due & pension payments. The advance is interest free & is in the nature of clean overdraft to the Government.	Not Available

For O P Garg & Co.
Chartered Accountants
FRN: 01194N

For Verma Associates.
Chartered Accountants
FRN: 02717N

For P C Bindal & Co.
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For K.K. Goel & Associates.
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FRN: 05299N

(CA. Manish Kumar Gupta)
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M.No. 097191
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(CA. Madan Verma)
Partner
M.No. 081631
UDIN: 20081631AAAACK8770

(CA. Shailza Wazir)
Partner
M.No. 502279
UDIN: 20502279AAAACZ9792

(CA. Amit Goel)
Partner
M.No. 098913
UDIN: 20098913AAAABM5547

Date: 29/06/2020



**Annexure-B to Independent Auditor's report of even date on the consolidated financial statements of
Jammu and Kashmir Bank Limited.
Report on the Internal Financial Controls under Clause(i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

1. We have audited the internal financial controls over financial reporting of Jammu and Kashmir Bank Limited ('the Bank') as at 31st March 2020 in conjunction with our audit of the consolidated financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

6. A Bank's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial control over financial reporting includes those policies and procedures that:
 - (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank;
 - (b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorizations of management and directors of the bank; and
 - (c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of



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

Opinion

8. (a) The Bank's finance department require professionals like Chartered Accountants to strengthen

internal financial controls over financial reporting.

(b) In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For O P Garg & Co.
Chartered Accountants
FRN: 01194N

For Verma Associates.
Chartered Accountants
FRN: 02717N

For P C Bindal & Co.
Chartered Accountants
FRN: 03824N

For K.K. Goel & Associates.
Chartered Accountants
FRN: 05299N

(CA. Manish Kumar Gupta)
Partner
M.No. 097191
UDIN: 20097191AAAAEP7288

(CA. Madan Verma)
Partner
M.No. 081631
UDIN: 20081631AAAACK8770

(CA. Shailza Wazir)
Partner
M.No. 502279
UDIN: 20502279AAAACZ9792

(CA. Amit Goel)
Partner
M.No. 098913
UDIN: 20098913AAAABM5547

Date: 29/06/2020



Consolidated Balance Sheet

as at 31st March, 2020

	Schedule	As at 31.03.2020 ₹ '000' Omitted	As at 31.03.2019 ₹ '000' Omitted
CAPITAL AND LIABILITIES			
Capital	1	7,13,594	5,57,002
Reserves and Surplus	2	6,27,44,914	6,56,60,548
Deposits	3	97,78,58,307	89,63,68,323
Borrowings	4	2,01,95,765	2,62,39,561
Other Liabilities and Provisions	5	2,67,78,894	2,52,22,827
TOTAL :-		1,08,82,91,474	1,01,40,48,261
ASSETS			
Cash and Balance with Reserve Bank of India	6	2,94,74,809	4,87,49,687
Balance with Banks & Money at Call & Short Notice	7	6,84,51,213	99,73,402
Investments	8	22,99,04,739	23,14,05,030
Advances	9	64,39,90,687	66,27,15,072
Fixed Assets	10	2,07,11,368	1,67,53,170
Other Assets	11	9,57,58,658	4,44,51,900
TOTAL :-		1,08,82,91,474	1,01,40,48,261
Contingent Liabilities	12	5,75,67,837	6,39,25,410
Bills for Collection		1,16,07,721	1,44,36,629
Principal Accounting Policies	17		
Notes on Accounts	18		

The Schedules Referred to above form an integral part of the Balance Sheet

R. K. Chhibber
Chairman & Managing Director
DIN: 08190084

Dr. Arun Kumar Mehta, IAS
Director
DIN: 02712778

Bipul Pathak, IAS
Director
DIN: 08077260

Anil Kumar Misra
Director
DIN: 08066460

Vikram Gujral
Director
DIN: 03637222

Sonam Wangchuk
Director
DIN: 07662456

Dr. Rajeev Lochan Bishnoi
Director
DIN: 00130335

Monica Dhawan
Director
DIN: 01963007

Naba Kishore Sahoo
Director
DIN: 07654279

Zubair Iqbal
Director
DIN: 08742685

Rajni Saraf
President/CFO

Mohammad Shafi Mir
Company Secretary

Date: 29/06/2020

In terms of our report of even date annexed

For O P Garg & Co.
Chartered Accountants
FRN: 01194N

For Verma Associates.
Chartered Accountants
FRN: 02717N

For P C Bindal & Co.
Chartered Accountants
FRN: 03824N

For K.K. Goel & Associates.
Chartered Accountants
FRN: 05299N

(CA. Manish Kumar Gupta)
Partner
M.No. 097191

(CA. Madan Verma)
Partner
M.No. 081631

(CA. Shailza Wazir)
Partner
M.No. 502279

(CA. Amit Goel)
Partner
M.No. 098913

Date: 29/06/2020



Schedules to Consolidated Balance Sheet

as at 31st March, 2020

		As at 31.03.2020 ₹ '000' Omitted	As at 31.03.2019 ₹ '000' Omitted
SCHEDULE 1 - CAPITAL			
	AUTHORISED CAPITAL		
	950,000,000 (P.Y. 950,000,000)		
	Equity Shares of Rs.1/- each	9,50,000	9,50,000
	ISSUED :-		
	713,668,938 (P.Y. 557,076,392) Equity Shares of Rs.1/= each	7,13,668	5,57,076
	SUBSCRIBED AND PAID-UP CAPITAL		
	713,450,938 (P.Y. 556,858,392)		
	Equity Shares of Rs. 1/- each	7,13,450	5,56,858
	Add Forfeited Equity Shares (218,000) (P.Y. 218,000)	144	144
	TOTAL	7,13,594	5,57,002
SCHEDULE 2 - RESERVES & SURPLUS			
I.	STATUTORY RESERVES		
	Opening Balance	2,17,03,218	2,05,41,016
	Additions during the year	-	11,62,202
	TOTAL	2,17,03,218	2,17,03,218
II.	CAPITAL RESERVES		
	Opening Balance	9,09,977	7,08,457
	Additions during the year	3,04,600	2,01,520
	TOTAL	12,14,577	9,09,977
III.	SHARE PREMIUM		
	Opening Balance	61,15,712	61,15,712
	Additions during the year	48,43,407	-
	TOTAL	1,09,59,119	61,15,712
IV.	INVESTMENT FLUCTUATION RESERVE		
	Opening Balance	3,77,800	-
	Additions during the year	-	3,77,800
	Drawn Down to Revenue and other Reserves	-	-
	TOTAL	3,77,800	3,77,800
V.	REVALUATION RESERVE FIXED ASSETS		
	Opening Balance	60,57,481	62,01,816
	Additions during the year	39,02,526	(1,44,335)
	TOTAL	99,60,007	60,57,481
VI.	SPECIAL RESERVE (U/S 36 (I) (Viii) of I.Tax Act, 1961		
	Opening Balance	12,31,600	12,31,600
	Additions during the year	-	-
	TOTAL	12,31,600	12,31,600



Schedules to Consolidated Balance Sheet

as at 31st March, 2020

		As at 31.03.2020 ₹ '000' Omitted	As at 31.03.2019 ₹ '000' Omitted
VII.	REVENUE AND OTHER RESERVES		
	Opening Balance	2,93,08,166	2,62,20,370
	Additions during the year	(1,20,09,573)	30,44,390
	Drawn down from Investment Reserve	-	-
	TOTAL	1,72,98,593	2,92,64,760
	TOTAL (I,II,III,IV,V ,VI & VII)	6,27,44,914	6,56,60,548
SCHEDULE 3 - DEPOSITS			
A I.	Demand Deposits		
	i) From Banks	6,74,941	12,32,134
	ii) From Others	12,30,39,478	11,23,86,060
	TOTAL (I & ii)	12,37,14,419	11,36,18,194
II.	Saving Bank Deposits	40,09,54,846	34,08,02,469
III.	Term Deposits		
	i) From Banks	2,55,65,611	3,14,24,118
	ii) From Others	42,76,23,431	41,05,23,542
	TOTAL (I & ii)	45,31,89,042	44,19,47,660
	TOTAL A (I+II+III)	97,78,58,307	89,63,68,323
B. I.	Deposits of branches in India	97,78,58,307	89,63,68,323
II.	Deposits of branches outside India	-	-
	TOTAL B (I+II)	97,78,58,307	89,63,68,323
SCHEDULE 4 - BORROWINGS			
I.	Borrowings in India		
i)	Reserve Bank of India	-	-
ii)	Other Banks	-	-
iii)	Unsecured Redeemable Debentures/Bond (BASEL III for Tier I & Tier II Capital)	2,00,00,000	2,60,00,000
iv)	Other Institutions & Agencies	1,95,765	2,39,561
	TOTAL (i to iv)	2,01,95,765	2,62,39,561
II.	Borrowings outside India	-	-
	GRAND TOTAL (I & II)	2,01,95,765	2,62,39,561
	Secured borrowings included in I & II above	NIL	Nil
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS			
i)	Bills Payable	24,47,207	27,53,577
ii)	Inter Office Adjustments (Net)	-	-
iii)	Interest Accrued on Non-cumulative deposits	2,30,460	2,90,422
iv)	Deferred Tax Liability	-	-
v)	Provision Against Standard Assets	42,11,783	43,88,330
vi)	Other (Including Provisions)	1,98,89,444	1,77,90,498
	TOTAL (i to vi)	2,67,78,894	2,52,22,827



Schedules to Consolidated Balance Sheet

as at 31st March, 2020

		As at 31.03.2020 ₹ '000' Omitted	As at 31.03.2019 ₹ '000' Omitted
" SCHEDULE 6 - CASH & BALANCES WITH RESERVE BANK OF INDIA "			
I.	Cash in Hand (Including Foreign Currency Notes)	57,07,474	45,47,393
II.	Balance with Reserve Bank of India		
	i) In Current Account	2,37,67,335	4,42,02,294
	ii) In Other Accounts	-	-
	TOTAL (I & II)	2,94,74,809	4,87,49,687
" SCHEDULE 7 - BALANCE WITH BANKS AND MONEY AT CALL AND SHORT NOTICE "			
I.	In India		
	i) Balance with Banks		
	a) In Current Accounts	12,67,302	5,75,134
	b) In Other Deposit Accounts	54,386	54,410
	TOTAL (i)	13,21,688	6,29,544
	ii) Money At Call and Short Notice		
	a) With Banks	6,66,00,000	89,99,015
	b) With Other Institutions	-	-
	TOTAL (ii)	6,66,00,000	89,99,015
	TOTAL (i & ii)	6,79,21,688	96,28,559
II.	Outside India		
	i) In Current Accounts	5,29,525	3,44,843
	ii) In Other Deposit Accounts	-	-
	iii) Money at Call & Short Notice	-	-
	TOTAL II of (i, ii & iii)	5,29,525	3,44,843
	GRAND TOTAL (I&II)	6,84,51,213	99,73,402
SCHEDULE 8 - INVESTMENTS			
I.	Investments in India		
	Gross	23,66,75,982	23,62,98,382
	Less: Provision for Depreciation	2,10,745	4,84,421
	Less: Provision for Investment (NPI)	65,60,498	44,08,931
	Net Investments	22,99,04,739	23,14,05,030
i)	Government Securities	20,71,64,567	18,50,65,245
ii)	Other Approved Securities	-	-
iii)	Shares (Pref. + Equity)	9,50,273	19,74,157
iv)	Debentures and Bonds	56,33,354	1,59,01,370
v)	Sponsored Institutions	39,061	4,56,748
vi)	Others :		
	a) Certificate of Deposit	1,53,63,185	2,70,48,561



Schedules to Consolidated Balance Sheet

as at 31st March, 2020

		As at 31.03.2020 ₹ '000' Omitted	As at 31.03.2019 ₹ '000' Omitted
	b) Suitfile	-	-
	c) Inv. In Subsidiary / or Joint Ventures	-	-
	d) Venture Capital	239	239
	e) Commercial Paper	-	-
	f) Security Receipts	7,54,060	9,58,710
	TOTAL (I)	22,99,04,739	23,14,05,030
II.	Investments Outside India	-	
i)	Government Securities	Nil	Nil
ii)	Subsidiaries and/or Joint Ventures abroad	Nil	Nil
iii)	Others (Swap)	Nil	Nil
	TOTAL (II)	-	
	TOTAL (I & II)	22,99,04,739	23,14,05,030
III.	Investments Category-Wise		
i)	Held to Maturity	17,64,97,650	17,15,55,746
ii)	Held for Trading	1,10,414	-
iii)	Available for Sale	5,32,96,675	5,98,49,284
	TOTAL (III)	22,99,04,739	23,14,05,030
SCHEDULE 9 - ADVANCES			
A	i) Bills Purchased and Discounted	45,19,392	1,07,06,271
	ii) Cash Credits, Overdrafts and Loans Repayable on Demand	21,45,17,379	22,46,24,195
	iii) Term Loans	42,49,53,916	42,73,84,606
	TOTAL (i to iii)	64,39,90,687	66,27,15,072
B	i) Secured by Tangible Assets	50,27,10,177	51,76,31,914
	ii) Covered by Bank/Govt. Guarantees	60,52,384	1,00,03,898
	iii) Unsecured	13,52,28,126	13,50,79,260
	TOTAL (i to iii)	64,39,90,687	66,27,15,072
C	I. Advances in India		
	i) Priority Sector	23,37,95,655	21,70,07,830
	ii) Public Sector	2,84,46,749	5,96,78,263
	iii) Banks	1,790	1,93,899
	iv) Non Priority Sector (Others)	38,17,46,493	38,58,35,080
	TOTAL (i to iv)	64,39,90,687	66,27,15,072
	II. Advances Outside India		
	i) Due from Banks	NIL	NIL
	ii) Due from Others	NIL	NIL
	GRAND TOTAL (I & II)	64,39,90,687	66,27,15,072



Schedules to Consolidated Balance Sheet

as at 31st March, 2020

		As at 31.03.2020 ₹ '000' Omitted	As at 31.03.2019 ₹ '000' Omitted
SCHEDULE 10 - FIXED ASSETS			
I.	Premises		
	a) Gross Block at the beginning of the year	1,37,02,042	1,32,72,350
	Additions during the year	41,11,478	4,29,692
		1,78,13,520	1,37,02,042
	Deductions during the year	38,506	-
	Total	1,77,75,014	1,37,02,042
	Depreciation to date	22,47,355	19,52,153
	Total (a)	1,55,27,659	1,17,49,889
	b) Constructions work in progress	3,48,167	2,89,618
	TOTAL (I) [a+b]	1,58,75,826	1,20,39,507
II.	Other Fixed Assets (Including Furniture & Fixtures)		
	Gross Block at the beginning of the year	1,27,59,825	1,17,00,416
	Additions during the year	10,90,155	11,03,226
		1,38,49,980	1,28,03,642
	Deductions during the year	33,625	43,812
		1,38,16,355	1,27,59,830
	Depreciation to date	89,80,813	80,46,167
	TOTAL (II)	48,35,542	47,13,663
	GRAND TOTAL (I & II)	2,07,11,368	1,67,53,170
SCHEDULE 11 - OTHER ASSETS			
I.	Interest Accrued but not Due	44,39,368	43,09,753
II.	Interest Accrued and Due	-	-
III.	Inter Office Adjustment (Net)	7,12,112	7,23,502
IV.	" Tax paid in Advance/Tax Deducted at Source (Net of Provisions) "	18,36,940	12,28,265
V.	Stationery and Paper in Hand	56,163	54,771
VI.	Deferred Tax Asset	33,31,171	29,98,851
VII.	Others	8,53,82,904	3,51,36,758
	TOTAL (I to VII)	9,57,58,658	4,44,51,900
SCHEDULE 12 - CONTINGENT LIABILITIES			
I.	Claims against the Bank not acknowledged as debts	62,53,590	59,47,960
II.	Liability for partly paid investments	-	-
III.	Liability on account of outstanding Forward Exchange Contracts	1,72,70,915	2,42,51,115
IV.	Guarantees given on behalf of constituents:-		
	a) In India	2,51,89,210	2,22,99,278
	b) Outside India	2,62,185	2,68,997



Schedules to Consolidated Balance Sheet

as at 31st March, 2020

		As at 31.03.2020 ₹ '000' Omitted	As at 31.03.2019 ₹ '000' Omitted
V.	Acceptances, Endorsements & Other Obligations	71,16,137	1,00,89,900
VI.	Other items for which the Bank is Contingently liable	-	-
VII.	Liability on a/c of Depositors Education Awareness Fund (DEAF)	14,75,800	10,68,160
	TOTAL (I to VII)	5,75,67,837	6,39,25,410



Consolidated Profit & Loss Account

for the year ended 31st March, 2020

		Schedule	YEAR ENDED 31.03.2020 ₹ '000' Omitted	YEAR ENDED 31.03.2019 ₹ '000' Omitted
I	INCOME			
	Interest Earned	13	8,44,62,889	7,67,55,605
	Other Income	14	50,85,970	81,74,779
	TOTAL		8,95,48,859	8,49,30,384
II	EXPENDITURE			
	Interest Expended	15	4,73,92,427	4,29,11,256
	Operating Expenses	16	2,73,45,718	2,48,50,512
	Provisions and Contingencies		2,66,44,568	1,25,30,155
	TOTAL		10,13,82,713	8,02,91,923
III	NET PROFIT / (LOSS)		(1,18,33,854)	46,38,461
	TOTAL		8,95,48,859	8,49,30,384
IV	APPROPRIATIONS			
	TRANSFERED TO			
i)	Statutory Reserve		-	11,59,615
ii)	Capital Reserve		3,04,600	2,01,520
iii)	Revenue and Other Reserve		(1,21,38,454)	28,99,526
iv)	Investment Fluctuation Reserve		-	3,77,800
v)	Special Reserve		-	-
vi)	Proposed Dividend		-	-
vii)	Tax on Dividend		-	-
	TOTAL		(1,18,33,854)	46,38,461
	Principal Accounting Policies	17.		
	Notes on Accounts	18.		
	Earnings per Share (Basic/Diluted)		(16.59)	8.38

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

R. K. Chhibber
 Chairman & Managing Director
 DIN: 08190084

Vikram Gujral
 Director
 DIN: 03637222

Naba Kishore Sahoo
 Director
 DIN: 07654279

Dr. Arun Kumar Mehta, IAS
 Director
 DIN: 02712778

Sonam Wangchuk
 Director
 DIN: 07662456

Zubair Iqbal
 Director
 DIN: 08742685

Bipul Pathak, IAS
 Director
 DIN: 08077260

Dr. Rajeev Lochan Bishnoi
 Director
 DIN: 00130335

Rajni Saraf
 President/CFO

Anil Kumar Misra
 Director
 DIN: 08066460

Monica Dhawan
 Director
 DIN: 01963007

Mohammad Shafi Mir
 Company Secretary

Date: 29/06/2020

In terms of our report of even date annexed

For O P Garg & Co.
 Chartered Accountants
 FRN: 01194N

(CA. Manish Kumar Gupta)
 Partner
 M.No. 097191

For Verma Associates.
 Chartered Accountants
 FRN: 02717N

(CA. Madan Verma)
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For P C Bindal & Co.
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 FRN: 03824N

(CA. Shailza Wazir)
 Partner
 M.No. 502279

For K.K. Goel & Associates.
 Chartered Accountants
 FRN: 05299N

(CA. Amit Goel)
 Partner
 M.No. 098913

Date: 29/06/2020



Schedules to Consolidated Profit & Loss Account for the year ended 31st March, 2020

		As at 31.03.2020 ₹ '000' Omitted	As at 31.03.2019 ₹ '000' Omitted
SCHEDULE 13 - INTEREST EARNED			
I.	Interest/Discount on Advances/Bills	6,57,24,972	5,93,52,427
II.	Income on Investments (Net of Amortization)	1,60,76,093	1,55,19,904
III.	Interest on Balances with R.B.I and other Inter Bank Funds	26,60,320	15,97,882
IV.	Others	1,504	2,85,392
	TOTAL (I to IV)	8,44,62,889	7,67,55,605
SCHEDULE 14 - OTHER INCOME			
I.	Commission, Exchange & Brokerage	23,77,203	23,00,759
II.	Profit /(Loss) on Sale of Investments	8,16,255	19,42,912
	Profit on Sale of Investments	8,16,255	19,42,912
	Less: Loss on sale of investments	-	-
III.	Profit /(Loss) on revaluation of Investments	(2,26,027)	1,81,880
	Profit on revaluation of Investments	-	1,81,880
	Less: loss on revaluation of investments	2,26,027	-
IV.	Profit/(Loss) on Sale of Land, Buildings & Other Assets	4,367	1,721
	Profit on Sale of Land, Buildings & Other Assets	6,633	6,168
	Less: Loss on Sale of Land, Buildings & Other Assets	2,266	4,447
V.	Profit /(Loss) on Exchange Transactions	7,786	6,849
	Profit on Exchange Transactions	7,786	6,849
	Less: Loss on E/Transactions	-	-
VI.	Income earned by way of Dividends etc. from Subsidiaries, Companies and/or Joint Venture abroad/in India	-	-
VII.	Share of Loss in Associate	(4,17,686)	-
VIII.	Miscellaneous Income	25,24,072	37,40,658
	TOTAL (I to VII)	50,85,970	81,74,779
SCHEDULE 15 - INTEREST EXPENDED			
I.	Interest on Deposits	4,49,65,198	4,01,85,949
II.	Interest on RBI/Inter-Bank Borrowings	37,688	4,11,403
III.	Others	23,89,541	23,13,904
	TOTAL (I to III)	4,73,92,427	4,29,11,256
SCHEDULE 16 - OPERATING EXPENSES			
I.	Payments to and provisions for Employees	1,89,06,390	1,65,01,052
II.	Rent, Taxes and Lighting	9,98,900	9,72,054
III.	Printing and Stationery	96,244	1,17,723
IV.	Advertisement and Publicity	1,18,148	2,01,409
V.	Depreciation on Bank's Property	12,56,738	10,42,746
VI.	Directors Fees, Allowances and Expenses	4,520	29,918
VII.	Auditors Fees & Expenses (Including Branch Auditor's fees & Expenses)	1,77,541	1,95,291



Schedules to Consolidated Profit & Loss Account

for the year ended 31st March, 2020

		As at 31.03.2020 ₹ '000' Omitted	As at 31.03.2019 ₹ '000' Omitted
VIII.	Law Charges	96,904	85,879
IX.	Postage, Telegrams, Telephones etc.	40,894	47,153
X.	Repairs and Maintenance	1,98,031	2,34,479
XI.	Insurance	9,03,365	8,57,953
XII.	Other Expenditure	45,48,043	45,64,855
	TOTAL (I to XII)	2,73,45,718	2,48,50,512



Schedule 17

“Principal Accounting Policies”

1. Basis of preparation of Financial Statements

The financial statements are prepared and presented under historical cost basis, except as otherwise stated, convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ('GAAP') and in compliance with the Accounting Standards ('AS') specified under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014, and guidelines issued by the Securities and Exchange Board of India to the extent applicable.

2. Consolidation Procedure

- Consolidated Financial Statements of the Jammu & Kashmir Bank and its subsidiary viz JKB Financial Services have been prepared on the basis of their audited financial statements in accordance with the AS-21 Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.
- Line by line aggregation/ combination of like items of assets and liabilities, income and expenses after eliminating material intra group balances /transactions, unrealized profits/losses and making necessary adjustments wherever required to conform to the uniform accounting policies. The financial statements of the subsidiary have been drawn up to the same reporting date as that of parent.
- Minority interest in the net results of the operations and net assets represent the part of profit/loss and net assets not owned by the parent and consist of:
 - a) The amount of equity attributable to the minority at the date on which the investment in the subsidiary is made and
 - b) The minority share of movement in equity since date of parent-subsidiary relationship came into existence.
- Consolidated Financial Statements of the Jammu & Kashmir Bank and its associate sponsored Bank viz J&K Grameen Bank have been prepared on the basis of their audited financial statements in accordance with the Accounting Standard-21 'Consolidated Financial Statements' and Accounting Standard-23 accounting for "Investment in Associates" issued by the Institute of Chartered Accountants of India.

A. Significant Accounting policies followed by the Parent Company

1. Basis of preparation of Financial Statements

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



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"PRINCIPAL ACCOUNTING POLICIES"

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 is 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 FBIL.
 - (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 is 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 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



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“PRINCIPAL ACCOUNTING POLICIES”

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.

Sn.	Block	Useful Life (Years)
A.	Building (With RCC Frame Structure)	
	-Commercial	60
	-Residential	60
B.	Building (with other than RCC Frame Structure)	
	-Commercial	30
	-Residential	30
C.	Plant & Machinery	15
D.	Furniture & Fixtures	10
E.	Vehicles	8
F.	Fences	5
G.	Others (Including temporary Structures etc.)	3



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“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 considered 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 are 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.



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“PRINCIPAL ACCOUNTING POLICIES”

- 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.

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”.



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“NOTES ON CONSOLIDATED ACCOUNTS”

1. The O1 Subsidiary and O1 Associate (which along with Jammu & Kashmir Bank Limited, the parent, constitute the Group) are considered in the preparation of the consolidated financial statements as under:

Name of the Subsidiary/Associate	Country of Incorporation	% voting power held as at	
		31.03.2020	31.03.2019
Subsidiary			
JKB Financial Services Ltd	India	100%	100%
Associate			
J&K Grameen Bank	India	35%	35%

Additional information to consolidated accounts as at March 31, 2020 (Pursuant to Schedule III of the Companies Act, 2013)

Rs. In Crores

	Net Assets*		Share in profit or (loss)**	
	% of total net assets	Amount	% of total net profit or loss	Amount
Subsidiary				
JKB Financial Services Ltd	100%	11.40	100%	(1.52)
Associate				
J&K Grameen Bank	35%	49.10	35%	(41.77)

*Total Assets minus total liabilities.

** The bank's share in the Subsidiary & Associate has been considered in the accounts on the basis of audited financial statements received for the year 2019-20.

Disclosures made by Parent Company

- 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.
- 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

- Documentation formalities are pending in respect of certain immovable properties held by the bank valued at Rs.9.39 (previous year Rs. 5.61 crores). In respect of immovable properties valued at Rs. 51.37 Crore (previous year Rs.20.54 crores) bank holds agreement to sell along with the possession of the properties.
- During the current financial year, the Bank has revalued Immovable properties based on the reports obtained from external independent valuers. The revaluation surplus amounting to Rs. 406.80 Crore is credited to Revaluation Reserve. Pursuant to the revised Accounting Standard-10 "Property, Plant & Equipment" applicable from 1st April 2017 depreciation of Rs. 16.55 crores (previous year being Rs. 14.43 crores) on the revalued portion of the fixed assets (being Premises & Land) has been transferred from the Revaluation reserve to Revenue reserve instead of routing through Profit & Loss account.
- Depreciation is provided on straight line method in accordance with the provisions of Companies Act 2013 based on the useful life of the assets. However, the depreciation on the computers (including ATMs) along with software forming integral part of the computers is computed @ 33.33% on straight line method in terms of RBI guidelines.
- 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.



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“NOTES ON CONSOLIDATED ACCOUNTS”

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.

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 attributable 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 considered to be 2 years and the depreciation is charged on straight line method.

Depreciation on Banks property includes amortization in respect of leased properties amounting to Rs. 0.76 Crores (previous year Rs. 0.16 Crores).

4. Capital

Sn.	Particulars	BASEL-III (Rs. in Crores)	
		31.03.2020	31.03.2019
i)	Common Equity Tier I Capital ratio (%)	8.42%	9.13%
ii)	Tier I Capital Ratio %	9.88%	10.60%
iii)	Tier II Capital Ratio %	1.53%	1.86%
iv)	Total Capital ratio (CRAR) (%)	11.40%	12.46%
v)	Percentage of shareholding of the Government of India in Public Sector Banks	NIL	Nil
vi)	Amount of Equity Capital raised during the year	500	NIL
vii)	Amount of additional Tier I capital raised during the year of which: PNCPS: PDI:	NIL	1000
vii)	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)]	NIL	Nil

Government of Jammu & Kashmir holds 68.18% (Previous year 59.23%) of equity shares of the Bank as on 31.03.2020. The bank made Preferential Allotment of 15, 65, 92,546 equity shares of Re. 1/- each fully paid to the Government of Jammu and Kashmir at the issue price of Rs. 31.93 (Rupees Thirty-One and Ninety-Three Paise only) per Equity Share (including premium of Rs. 30.93 per Equity Share) aggregating to Rs. 500.00 crore during the financial year 2019-20 for augmenting TIER-I capital base of the bank.

Investments

- The Bank has made a profit of Rs. 30.46 Crore (previous year Rs. 41.30 Crore) on direct sale of securities from HTM category during the year through open market operations (OMOs) purchase auction by RBI. As such an equivalent amount was transferred to Capital Reserve Account.
- The Bank has Rs. 34,00,70,800 as share capital (previous year Rs. 34,00,70,800) and Rs. 11,66,76,915 in Tier II Perpetual bonds (previous year Rs. 11,66,76,915) in its sponsored Regional Rural Bank (J&K Grameen Bank).
- The total investment of the Bank in PNB Met-life India Insurance Company Ltd stood at Rs. 61.08 Crores as on 31.03.2020 (Previous year Rs. 61.08 Crores). In compliance with RBI Letter No. DBOD.BP/-17099/21.4.141/ 2008-09 dated 9th April



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“NOTES ON CONSOLIDATED ACCOUNTS”

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. In terms of RBI Circular no. DBR.No.BP.BC.102/21.04.048/2017-18 dated April 2, 2018 and RBI Circular No. DBR.No.BP.BC.6/21.04.141/2015-16 dated July 1, 2015, Bank has during the previous Financial Year 2018-19 created an Investment Fluctuation Reserve (IFR) for Rs 37.78 crore on the trading profit (HFT and AFS) of the Bank during the previous Financial Year 2018-19. As per trading portfolio (AFS+HFT) held for the FY 2019-20 no addition is required in the IFR account.

9. Details of Investments

(Rs. in Crores)

Sn.	Particulars	As on	
		31.03.2020	31.03.2019
1	Value of Investments		
	Gross Value of Investments		
	a) In India	23729.37	23649.84
	b) Outside India	NIL	NIL
	Provision for depreciation		
	a) In India	21.08	48.44
	b) Outside India	NIL	NIL
	Provision for NPI		
	a) In India	656.05	440.89
	b) Outside India	NIL	NIL
	Net Value of Investments		
	a) In India	23052.24	23160.51
	b) Outside India	NIL	NIL
2	Movement of provisions held towards the depreciation on Investments		
	(i) Opening Balance	48.44	74.68
	(ii) Add: Provisions made during the year	41.65	11.87
	Less: Write-off/write back of excess provisions during the year	69.01	38.11
	(iii) Closing Balance	21.08	48.44

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

(Rs. 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 st March,2020
Securities sold under Repo Government Securities	175.00	200.00	1.57	0.00
(Previous Year)	150.00	1000.00	60.10	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	25.00	6660.00	1701.41	6660.00
(Previous Year)	13.00	3845.00	234.44	810.00
i) Corporate Debt Securities	0	0	0	0
(Previous Year)	0	0	0	0



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“NOTES ON CONSOLIDATED ACCOUNTS”

11. Non-SLR Investment portfolio

11.1 Issuer composition of Non SLR Investments

(Rs. in Crores)

Sn.	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	120.63	119.85	0.00	0.00	0.00
2	FIs (incl. NBFC's AIFI'S)	361.73	165.03	115.00	0.00	0.00
3	Banks (incl. CD's)	1589.82	53.50	5.00	0.00	0.00
4	Private Corporates (incl. CP's)	778.71	137.81	0.00	43.60	25.00
5	Subsidiaries/Joint Ventures	20.00	0.00	0.00	0.00	0.00
6	Others	142.00	0.00	0.00	0.00	0.00
	Total	3012.89				
7	Provision towards depreciation / NPI	677.10				
8	Total	2335.79				

The Bank's investment in unlisted securities as on 31.03.2020 is 0.49% (previous year 1.07%) which is well within the RBI stipulated limit of 10%.

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

(Rs. in Crores)

Particulars	Amount as on 31.03.2020	Amount as on 31.03.2019
NABARD	1327.52	927.31
RIDF(NABARD)	1088.90	978.99
SIDBI	1184.24	617.28
NHB	292.64	298.51
MUDRA	149.15	102.45
TOTAL	4042.45	2924.54

11.2 Non-performing Non-SLR investments

(Rs. in Crores)

Particulars	Amount as on	
	31.03.2020	31.03.2019
Opening Balance	545.66	653.22
Additions during the year	277.64	192.74
Reductions during the year	25.86	300.30
Closing Balance	797.44	545.66
Total Provision held (including floating provisions of Rs. 2.76 Crores)	658.81	443.65



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“NOTES ON CONSOLIDATED ACCOUNTS”

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

- The Bank has made a profit of Rs. 30.46 Crore on direct sale of securities from HTM category during the year through open market operations (OMOs) purchase auction by RBI. As such an equivalent amount (previous year Rs. 20.15 Crore) was transferred to Capital Reserve Account.
- With the approval of the Board of Directors, the Bank has shifted securities amounting to Rs. 825.00 Crore (FV) on 25/04/2019 (Previous year Nil) at lower of book value or market value, scrip wise, from Held to Maturity (HTM) to Available for Sale (AFS) category in accordance with RBI guidelines.
- 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.

11.4 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: (Rs. in Crores)

Particulars	As on 31.03.2020				As on 31.03.2019			
	HFT	AFS	HTM	Total	HFT	AFS	HTM	Total
Govt. Securities	10.35	3080.58	17625.53	20716.46	0.00	1435.48	17071.04	18506.52
Other approved securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Shares (Equity & Pref.)	0.69	94.34	0.00	95.03	0.00	197.42	0.00	197.42
Debentures & Bonds	0.00	543.00	20.33	563.33	0.00	1571.28	18.86	1590.14
Subsidiaries	0.00	0.00	20.00	20.00	0.00	0.00	20.00	20.00
Others (incl. Sponsored, CDs, CPs, Venture Capital & Security receipts)	0.00	1611.75	45.67	1657.42	0.00	2800.76	45.67	2846.43
Total	11.04	5329.67	17711.53	23052.24	0.00	6004.94	17155.57	23160.51

12. Details of book value of investments in Security Receipts (Rs. 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	108.03	90.92	5.38	5.38	113.41	96.30



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“NOTES ON CONSOLIDATED ACCOUNTS”

13. Derivatives

13.1 Forward Rate Agreement/Interest Rate Swap

(Rs. in Crores)

Sn.	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

13.2 Exchange Traded Interest Rate Derivatives

(Rs. in Crores)

Sn.	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

13.3 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 for proprietary trading and to hedge /cover the exposure in foreign exchange arising out of Merchant transactions.

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

Sn.	Particulars	31.03.2020		31.03.2019	
		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



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“NOTES ON CONSOLIDATED ACCOUNTS”

(iii)	Credit Exposure (2)	NIL	NIL	NIL	NIL
(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

13.4 Forward Exchange contracts as on 31.03.2020

(Rs. in Crores)

Period	Current Year
Up to 14 days	21.58
Beyond 14 day	1705.51
Total	1727.09

14. Asset Quality

14.1 Non-Performing Assets*

(Rs. in Crores)

Sn.	Particulars	Current Year	Previous Year
(i)	Net NPAs to Net Advances (%)	3.48%	4.89%
(ii)	Movement of NPAs (Gross)		
	a) Opening balance	6221.35	6006.70
	b) Additions during the year	4053.79	2964.60
	c) Reductions during the year	2603.51	2749.95
	d) Closing balance	7671.63	6221.35
(iii)	Movement of Net NPAs		
	a) Opening balance	3239.61	2791.12
	b) Additions during the year	1545.26	1911.09
	c) Reductions during the year	2603.51	2749.96
	d) Closing balance**	2243.82	3239.61
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	a) Opening balance ***	2868.01	3112.25
	b) Add/Transfer provisions made during the year****	2564.45	1053.51
	c) Write-off/write-back of excess provisions	55.93	1297.75
	d) Closing balance	5376.53	2868.01

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

**Net NPA has been arrived at after adding ECGC claims of Rs. 3.20 Crores, Net Interest Capitalization of Rs. 47.20 Crores & DIFV of Rs. 12.07 crores

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

****Figure has been arrived after transfer of Rs. 40.51 Crore from Interest Capitalization account and Rs..1.28 Crores from ECGC claims received.



Schedule 18

"NOTES ON CONSOLIDATED ACCOUNTS"

15. Particulars of Accounts Restructured

Restructured Accounts		Amount in Crores																					
		CDR						SME						Others						Total			
Disclosure of Restructured A/cs		Std	S.Std	DF	Loss	Total	Std	S.Std	DF	Loss	Total	Std	S.Std	DF	Loss	Total	Std	S.Std	DF	Loss	Total		
Restructured A/cs 01.04.2019	No. of borrowers	4	0	3	0	7	2372	844	275	94	24925	5523	158	1510	46	7237	29239	1002	1788	140	32169		
	Amount	10.61	0.00	29.16	0.00	39.77	2449.56	47.00	355.79	4.93	2857.28	790.48	484.83	819.04	8.17	2102.52	3250.65	531.83	1203.99	13.10	4999.57		
	Provision	0.53	0.00	29.16	0.00	29.69	122.48	7.86	148.69	4.93	283.96	39.52	72.95	379.41	8.17	500.05	162.53	80.81	557.26	13.10	813.70		
Fresh Restructured in FY 2019-20	No. of borrowers	0	0	0	0	0	1428	12	8	0	1448	84	0	0	0	84	1512	12	8	0	1532		
	Amount	0.00	0.00	0.00	0.00	0.00	179.95	4.81	16.80	0.00	201.56	15.93	0.00	0.00	0.00	15.93	195.88	4.81	16.80	0.00	217.49		
	Provision	0.00	0.00	0.00	0.00	0.00	8.97	1.13	16.80	0.00	26.90	0.80	0.00	0.00	0.00	0.80	9.77	1.13	16.80	0.00	27.70		
Upgradations in FY 2019-20	No. of borrowers	0	0	0	0	0	4	0	0	0	4	2	0	0	0	2	6	0	0	0	6		
	Amount	0.00	0.00	0.00	0.00	0.00	86.50	0.00	0.00	0.00	86.50	27.42	0.00	0.00	0.00	27.42	113.92	0.00	0.00	0.00	113.92		
	Provision	0.00	0.00	0.00	0.00	0.00	34.57	0.00	0.00	0.00	34.57	6.86	0.00	0.00	0.00	6.86	41.43	0.00	0.00	0.00	41.43		
Rest. Std. Adv. which cease to attract higher provision at the beginning of next FY	No. of borrowers	0	0	0	0	0	11750	0	0	0	11750	2792	0	0	0	2792	14542	0	0	0	14542		
	Amount	0.00	0.00	0.00	0.00	0.00	207.54	0.00	0.00	0.00	207.54	573.92	0.00	0.00	0.00	573.92	2591.46	0	0	0	2591.46		
	Provision	0.00	0.00	0.00	0.00	0.00	100.88	0.00	0.00	0.00	100.88	28.70	0.00	0.00	0.00	28.70	129.57	0.00	0.00	0.00	129.57		
Down gradations in FY 2019-20	No. of borrowers	0	0	0	0	0	0	690	1330	8	2028	0	404	214	6	624	0	1094	1544	14	2652		
	Amount	0.00	0.00	0.00	0.00	0.00	0	115.05	227.57	0.61	343.23	0.00	97.86	91.12	0.10	189.08	0	212.91	318.69	0.71	532.31		
	Provision	0.00	0.00	0.00	0.00	0.00	0	17.25	147.64	0.61	165.50	0.00	14.97	35.63	0.10	50.70	0.00	32.22	183.27	0.71	216.20		
Write-offs in FY 2019-20	No. of borrowers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
	Amount	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	0.00		
	Provision	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	0.00		
Restructured A/cs 31.03.20	No. of borrowers	2	0	1	0	3	1681	709	2250	86	4726	319	408	1756	49	2532	2002	1117	4007	135	7261		
	Amount	4.86	0.00	2.99	0.00	7.85	305.22	121.37	442.29	4.37	873.25	97.99	146.19	1106.38	7.95	1358.51	408.07	267.56	1551.66	12.32	2239.61		
	Provision	0.24	0.00	2.99	0.00	3.23	15.26	19.72	243.52	4.37	282.87	4.90	23.84	612.50	7.95	649.19	20.40	43.56	859.01	12.32	935.19		



Schedule 18

"NOTES ON CONSOLIDATED ACCOUNTS"

16. Details of Financial Assets Sold to Securitization/ Reconstruction Company for Asset Reconstruction*. (Rs. in Crores)

Sn.	Particulars	Current Year	Previous Year
1.	No of accounts	1	4
2.	Aggregate Value (net of provisions) of accounts sold to SC/RC	56.23	68.39
3.	Aggregate Consideration	65.29	134.03
4.	Additional consideration realized in respect of accounts transferred in earlier years	0	0
5.	Aggregate gain/loss over net book value	9.06	65.64

*Cash Basis only.

17. Details of non-performing financial assets purchased. (Rs.in Crores)

Sn.	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

17.1 Details of non-performing financial assets sold. (Rs. in Crores)

Sn.	Particulars	Current Year	Previous Year
1)	No. of accounts sold	1	4
2)	Aggregate outstanding	102.19	745.46
3)	Aggregate consideration received	65.29	134.03

17.2. Assets sold to Asset Reconstruction Companies (ARCs)

During the financial year one account (NPA) was sold to Asset Reconstruction Companies (ARCs). Against total principal NPA balance of Rs. 102.19 Cr, the bank has received an amount of Rs. 65.29Cr, which constitutes 63.89% of the principal NPA balance. Provisioning coverage of the asset was to the tune of Rs. 45.96Cr constituting 45%. Thus, there has been positive impact of Rs. 9.06Cr on the balance sheet of the bank as at 31.03.2020 and NPA outstanding got reduced by Rs. 102.19Cr. The transaction was carried out on 100% Cash only basis.

(Rs. in Crores)

No of accounts	NPA balance	Cash component	Security Receipts component	Total	Provisioning Held
1	102.19	65.29	Nil	65.29	45.96

17.3 Purchase of Property

During the FY 2019-20, the bank has not purchased any non-banking asset under the provision of SARFAESI Act 2002.

18. Provisions on standard Assets (Rs. in Crores)

Particulars	31.03.2020	31.03.2019
Provision towards Standard Assets	421.18	438.83



Schedule 18

"NOTES ON CONSOLIDATED ACCOUNTS"

19. Business Ratios

Sn.	Particulars	As on	
		31.03.2020	31.03.2019
(i)	Interest income as a percentage to working funds*	8.17%	8.05%
(ii)	Non-Interest income as a percentage to working funds*	0.53%	0.85%
(iii)	Operating Profit as a percentage to working funds*	1.48%	1.80%
(iv)	Return on Assets **	(1.10%)	0.49%
(v)	Business (deposits plus advances) per employee*** (Rs.in Crores)	12.85	12.37
(vi)	Net Profit per employee(Rs.in Crores)	(0.09)	0.04

*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.

20. Asset Liability Management

(i) Maturity Pattern of assets and liabilities as on 31-03-2020*

(Rs. In Crores)

	Next Day	2 to 7 Days	8 to 14 Days	15 to 30 Days	31 days upto 2 Months	More than 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 years	Over 1 years upto 3 years	Over 3 years upto 5 years	Over 5 years	TOTAL
Deposits	199.26	1131.47	1379.68	1986.91	783.17	1097.91	3852.85	9906.39	40196.99	27149.55	10104.06	97788.23
Borrowings	0	0	0	0	0	0	0	0	500	1506.666	12.9105	2019.58
Investments	2924.37	2.29	0.00	4.95	405.20	1015.21	1776.46	969.66	1783.81	8046.36	6123.91	23052.24
Advances	8.33	92.93	21.45	14.77	278.56	688.33	1953.73	5660.50	29229.34	13542.47	12908.65	64399.07

*Note: Classification of assets and liabilities under the maturity buckets is based on the same estimates and assumptions as used by the bank for compiling the Liquidity report submitted to RBI

(iii) Details of Foreign currency Assets/Liabilities (Maturity Pattern) as on 31.03.2020*

(Rs. 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	211.18	106.30	219.33	123.30	180.21	00.00	19.64	0	859.96
EURO	11.09	10.55	33.29	45.24	71.67	0	0	0	171.84
GBP	6.08	4.22	8.88	14.13	29.98	0	0	0	63.29
J.YEN	0.09	0.00	0.00	0.00	0	0	0	0	0.09
AUD	1.75	0.00	0.00	0.00	0	0	0	0	1.75
CAD	1.01	1.54	0.00	0.00	0	0	0	0	2.55
CHF	0.94	0.00	0.00	0.00	0	0	0	0	0.94
SAR	0.32	0.00	0.00	0.00	0	0	0	0	0.32
Total	232.46	122.61	261.50	182.67	281.86	0.00	19.64	0	1100.74
(Previous Year)	340.39	175.1	268.14	225.15	583.41	0.36	17.94	0.00	1610.49



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"NOTES ON CONSOLIDATED ACCOUNTS"

LIABILITIES									
USD	151.94	145.45	241.02	122.12	205.81	3.30	0	0	859.64
EURO	5.55	17.45	33.54	44.14	70.62	0.00	0	0	171.30
GBP	2.15	6.57	10.78	13.37	30.17	0	0	0	63.04
J.YEN	0.00	0.00	0.00	0.00	0	0	0	0	0.00
AUD	0.00	1.62	0.00	0.00	0	0	0	0	1.62
CAD	0.00	2.66	0.00	0.00	0	0	0	0	2.66
CHF	0.00	0.00	0.00	0.00	0	0	0	0	0.00
SAR	0.02	0.00	0.00	0.00	0	0	0	0	0.02
Total	159.66	173.75	285.34	169.63	306.60	3.30	0.00	0.00	1098.28
(Previous year)	315.54	202.63	268.02	229.69	585.40	5.48	0.00	0.00	1606.76

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

21. Exposures

21.1 Exposure to Real Estate Sector*

(Rs. in Crores)

Sn.	Particulars	As on	
		31.03.2020	31.03.2019
1.	Direct Exposure		
	(i) Residential Mortgages	7296.77	5682.68
		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 Rs. 3284.37 Crores) (Previous Year Rs. 2678.44 Crores)	
	(ii) Commercial real estate	3622.81	3864.14
		Lending's secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits.	
	(iii) Investment in mortgage backed securities and other securitized exposures	-	-
	(a) Residential	-	-
	(b) Commercial real estate	-	-
2.	Indirect Exposure (Fund based & non fund-based exposure on National Housing Bank and housing finance companies)	2624.78	1108.78
	Total Exposure to Real Estate	13544.36	10655.60

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



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“NOTES ON CONSOLIDATED ACCOUNTS”

21.2. Exposure to Capital Market

(Rs. in Crores)

Sn.	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.	74.51	83.90
(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	0.02	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	0.08	0.04
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stock brokers and market makers.	0.00	0.03
(vi)	Loans sanctioned to corporate against the security of shares/ bonds/ debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	5.03	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)	0.00	0.02
Total		79.64	83.99

21.3 Risk category wise country exposure*

(Rs. in Crores)

Category	Risk Category	Exposure (net) as at Mar 2020	Provisions held as at Mar 2020	Exposure (net) as at March 2019	Provisions held as at March 2019
A1	Insignificant	70.47	Nil	55.36	Nil
A2	Low	1.46	Nil	1.68	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		71.93	Nil	57.04	Nil

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



Schedule 18

"NOTES ON CONSOLIDATED ACCOUNTS"

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

(Rs. in Crores)

Particulars	2019-20	2018-19
Total amount of advances outstanding against charge over intangible securities such as the rights, licenses, authority etc.	Nil	Nil

23. Penalty imposed by Reserve Bank of India

Penalty imposed by Reserve Bank of India during the year 63.55 Lakhs (Previous year Rs. 504.58 lakhs).

Sn.	Penalty Imposed by RBI on	Amount in Lakhs
1	Delayed reporting of Fraud(s)	50.00
2	Currency Chests (CVPS)	13.55
	Total	63.55

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

24.1 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.

24.2 Accounting Standard 9 - Revenue Recognition

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

24.3 Accounting Standard 10 - Property, Plant & Equipment

During the current financial year, the Bank has revalued Immovable properties based on the reports obtained from external independent valuers. The revaluation surplus amounting to Rs. 406.80 Crore is credited to Revaluation Reserve. Pursuant to the revised Accounting Standard 10 "Property, Plant & Equipment" applicable from 1st April 2017 depreciation of Rs. 16.55 crores (previous year being Rs. 14.43 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.

24.4 Accounting Standard 15 - Employee 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	
	31.3.2019	31.3.2020	31.3.2019	31.3.2020	31.3.2019	31.3.2020
Discount Rate	7.80%	6.82%	7.80%	6.82%	7.80%	6.82%
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%	5.5%	5.5%
Attrition Rate	1%	1%	1%	1%	1%	1%



Schedule 18

“NOTES ON CONSOLIDATED ACCOUNTS”

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

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Present value of Obligation 01.04.2019	1012.45	450.66	273.86
Interest Cost	55.17	29.13	17.88
Current Service Cost	48.26	40.74	27.45
Benefits paid	(407.05)	(47.19)	(23.39)
Actuarial loss/ (gain) on obligations (Balancing figure)	404.40	106.10	52.99
Present Value of Obligations, 31.03.2020	1113.23	579.44	348.79

III - Changes in the Fair Value of the Plan Assets-Reconciliation of Opening & Closing Balances: (Rs. in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Fair Value of Plan Assets 01.04.2019	1007.91	432.50	0.00
Expected return on Plan assets	59.62	37.88	0.00
Contributions by Bank/Employees	387.80	155.78	23.39
Benefits paid	(407.05)	(47.19)	(23.39)
Actuarial (loss)/ gain on Plan Assets (Balancing figure)	63.72	(1.25)	0.00
Fair Value of Plan Assets, 31.03.2020	1112.00	577.72	0.00

IV - Actual return on Plan Assets (Rs. in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Expected return on Plan Assets	59.62	37.88	0.00
Actuarial (loss)/ gain on Plan Assets	63.72	(1.25)	0.00
Actual Return on Plan Assets	123.34	36.63	0.00

V - Net Actuarial Gain/ (loss) recognized (Rs.in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Actuarial gain/ (loss) for the period - Obligation	404.40	106.10	52.99
Actuarial gain/ (loss) for the period - Plan Assets	63.72	(1.25)	0.00
Total Gain/ (Loss) for the period	340.68	107.36	52.99
Actuarial gain or (loss) recognized in the period	340.68	107.36	52.99
Unrecognized Actuarial gain/ (loss) at the end of the year	0.00	0.00	0.00



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"NOTES ON CONSOLIDATED ACCOUNTS"

VI -Amount recognized in Balance Sheet & Related Analysis

(Rs. in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Present value obligation, 31.03.2020	1113.23	579.44	348.79
Fair Value of Plan Assets, 31.03.2020	(1112.00)	(577.72)	0
Difference	1.23	1.72	348.79
Unrecognized Transitional Liability	0	0	0
Unrecognized Past Service cost-vested benefits-Carried Forward	0	0	0
Liability Recognized in the Balance Sheet	1.23	1.72	348.79
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

(Rs. in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Current Service Cost	48.26	40.74	27.45
Interest Cost	55.17	29.13	17.88
Expected return on Plan assets	(59.62)	(37.88)	0.00
Net Actuarial gain/ (loss) recognized in the year	340.68	107.36	52.99
Past Service Cost-Recognized	0.00	0.00	0.00
Expenses recognized in the statement of profit and loss	384.49	139.34	98.32

VIII-Movement in Net liability to be recognized in Balance Sheet

(Rs. in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Opening Net Liability	4.54	18.16	273.86
Expenses	384.49	139.34	98.32
Contributions paid	(387.70)	(155.78)	(23.39)
Closing Net Liability (Liability recognized in B/S in current period)	1.23	1.72	348.79

IX - Amount for the Current Period

(Rs. in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Present value of Obligations, 31.03.2020	1113.23	579.44	348.79
Fair Value of Plan Assets, 31.03.2020	1112.00	577.72	-
Surplus/(Deficit) before unrecognized past service cost	(1.23)	(1.72)	(348.79)
Experience Adjustments in Plan Liabilities - (loss)/ gain	298.81	47.27	37.23
Experience Adjustments in Plan Assets (loss) / gain	63.72	(1.25)	N/A



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“NOTES ON CONSOLIDATED ACCOUNTS”

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

Particulars	PENSION (%)	GRATUITY (%)
Government of India Securities	2.24	2.97
State Government Securities	1.07	54.50
High Quality Corporate Bonds	0.40	30.60
Equity Shares of listed companies	-	2.42
Funds managed by Insurer	96.29	1.11
Other- Bank Deposits and CD's	-	8.40
Total	100.00	100.00

XI - Best Estimate of contribution during next year

(Rs. in Crore)

Particulars	PENSION (Funded)	GRATUITY (Funded)
Bank's best estimate of Contribution during next year	391.61	121.66

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.

24.5 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:

(Rs. in Crores)

Description	YEAR ENDED	
	31.03.2020	31.03.2019
	(AUDITED)	(AUDITED)
1) Segment Revenue (Income)		
i) Treasury Operations	1934.24	1952.74
ii) Corporate/Wholesale Banking	2611.12	2672.41
iii) Retail Banking	5134.45	4879.67
iv) Other Banking Business	45.87	41.11
v) Un-Allocated Business	0.00	0.00
Total	9725.68	9545.93
Less: Inter Segment Revenue	733.47	1057.74
Net Income from Operations	8992.21	8488.19



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2) Segment Results		
i) Treasury Operations	165.59	132.60
ii) Corporate/Wholesale Banking	(1041.54)	350.67
iii) Retail Banking	743.53	1024.55
iv) Other Banking Business	44.07	41.11
v) Un-Allocated Business	(1011.70)	(889.19)
Profit/(Loss) from Ordinary Activities (Before Tax)	(1100.05)	659.74
Less: Tax Expenses/(credit)	39.36	194.85
Less: Extraordinary Profit/(Loss)	0.00	0.00
Net Profit/(Loss) after Tax	(1139.41)	464.89
3) Segment Assets		
i) Treasury Operations	34279.76	27523.61
ii) Corporate/Wholesale Banking	24921.68	31834.11
iii) Retail Banking	49670.53	42048.57
iv) Other Banking Business	0.13	0.00
v) Un-Allocated Business	0.00	0.00
Total	108872.10	101406.29
4) Segment Liabilities		
i) Treasury Operations	20.81	969.99
ii) Corporate/Wholesale Banking	27372.64	27741.73
iii) Retail Banking	75085.10	66068.47
iv) Other Banking Business	0.07	0.00
v) Un-Allocated Business	0.00	0.00
Total	102478.62	94780.19
5) Capital Employed		
(Segment assets-Segment Liabilities)		
i) Treasury Operations	34258.95	26553.62
ii) Corporate/Wholesale Banking	(2450.96)	4092.38
iii) Retail Banking	(25414.57)	(24019.90)
iv) Other Banking Business	0.06	0.00
v) Un-Allocated Business	0.00	0.00
Total	6393.48	6626.10

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

24.6 Accounting Standard 18 - Related party disclosures as on 31.03.2020

(Rs. In Crores)

Items/Related Party		J&K Grameen Bank (Associate)	JKB Financial Services Ltd. (Subsidiary)
Advances	Balance as on date	1294.33	2.40
	Maximum Balance during the year	1485.72	4.27
Deposits	Balance as on date	*11.67	2.01
	Maximum Balance during the year	11.67	2.01
Investments	Balance as on date	34.01	20.00
	Maximum Balance during the year	34.01	20.00
Interest Paid		121.12	0.02
Interest/Commission Received		0.75	0.01



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Sale of Fixed Assets	NIL	NIL
Reimbursement on behalf of Associate/Subsidiary	1.89	2.11
Transfer of Current Assets/ Liabilities (Net)	NIL	NIL
IT Support Services	0.90	NIL
Outstanding with Associate/Subsidiary	NIL	2.12

Deposits are shown as borrowings from the bank to its Associate in shape of SOD, LAD and Perpetual Bonds;

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

*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 Rs. 98 lakhs whereas Government of J&K has subscribed Rs. 102 lakh. The Bank has incurred Rs. 76,32,730/- towards incorporation expenses for the company. The promoters i.e. J&K Government and Jammu & Kashmir Bank Limited have not released their respective shares towards the capital of the company. In the meantime, the promoters have decided to wind up the company and in turn the Bank has approached the Registrar of Companies (J&K) (RoC) for removal of the name of the company from the register of companies under Section 248 of the Companies Act, 2013. The application of the Bank is pending with RoC.

(Amount in Lakhs)

Items/Related Party	K.M.P*				
	Mr. Parvez Ahmed (Chairman)	Mr. Rajesh Kumar Chhibber (Chairman & MD)	Mr. Rakesh Gandotra (CFO)	Ms. Rajni Saraf (CFO)	Mr. Mohammad Shafi Mir (Company Secretary)
Period for which post held during FY 2019-20	2 months & 8 days	9 month 22 days	3 months	9 months	12 months
Salary	12.30	61.83	7.81	20.91	16.73

* 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.

24.7 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 Rs. 66.78 crore (previous year being Rs. 59.36 crores)

24.8 Accounting standard 20 - Earnings per share

	31.03.2020	31.03.2019
Net Profit available to Equity Share Holders (in Crores)	(1139.41)	464.88
No. of Equity Shares	71,34,50,938	55,68,58,392
Basic/Diluted Earnings per share (in Rs.)	(15.97)	8.35
Face value per share	Rs.1/-	Rs.1/-



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24.9 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 Rs. 20.00 Crores (Previous Year Rs. 20.00 Crores). The consolidated financial statements are placed accordingly in terms of AS 21 issued by the Institute of Chartered Accountants of India.

24.10 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.

(Rs. In Crores)

Timing Difference	Deferred Tax Asset	Deferred Tax Liabilities
Depreciation on Assets	-	44.85
Leave Encashment	87.78	-
Special Reserve	-	31.00
Wage Revision	88.95	-
Bad & Doubtful Assets	229.49	-

Net Deferred Tax Asset as on 31.03.2020 : Rs. 330.38 Crores
 Tax Impact for the year : Rs. (32.55) Crores

24.11 Accounting standard 23-Accounting for Investment in Associates (Consolidated Financial Statements)

The Bank has a sponsored Bank "J&K Grameen Bank". The investment towards the capital of associate concern is Rs.34.01 Crores (Previous Year Rs.34.01 Crores). The consolidated financial statements are placed accordingly in terms of AS 23 issued by the Institute of Chartered Accountants of India.

24.12 Accounting Standard 26-Intangible Assets

The Bank has incurred an amount of Rs. 146.03 Lakh (previous year, Rs. 142.33 Lakh) on Brand names bifurcated into two heads namely Business Unit Signage and Brand Strategy Project. Expenditure on Business Unit Signage amounting to Rs. 57.73 Lakh (previous year, Rs. 57.63 Lakh) has been debited under the head Furniture & Fixture, whereas, Brand strategy project expenses amounting to Rs. 88.30 Lakh (Previous year, Rs. 84.70 Lakh) has been charged to Profit & Loss account treating it as a Revenue expenditure. 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 Rs. 16.11 Crores (previous year Rs. 5.78 crores) on account of purchase of computer software, not forming integral part of computers, and has capitalized the cost of the same.

24.13 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.

24.14 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 Rs. 0.04 lakhs has been released during the financial year (as against previous year where a provision of Rs. 66.55 lakhs was made) totalling to Rs. 1257.98 lakhs (previous year Rs. 1258.02 lakhs) up to 31-03-2020 against



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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.

25. ADDITIONAL DISCLOSURES

25.1 COVID-19 virus, a global pandemic has affected the world economy including India leading to significant decline and volatility in financial markets and decline in economic activities. On 24th March, 2020, the Indian Government announced a strict 21-day lock-down which was further extended by 19 days and 14 days thereafter across the country to contain the spread of the virus. The extent to which the COVID-19 pandemic will impact the Bank's provision on assets will depend on the future developments, which are highly uncertain, including among the other things any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government mandated or elected by the Bank.

The situation continues to be uncertain and the bank is evaluating the situation on ongoing basis. The major identified challenges for the bank would arise from eroding cash flows and extended working capital cycles. The bank is gearing itself on all the fronts to meet these challenges. The management believes that no adjustments are required in the financial results as it does not significantly impact the current financial year.

Despite these events and conditions, there would not be any significant impact on Bank's results in future and going concern assumptions as at presently made.

In accordance with RBI guidelines relating to 'COVID 19 Regulatory Package' on asset classification and provisioning, dated 27.03.2020 and 17.04.2020, 23.05.2020 and clarification issued by RBI through Indian Banks Association dated 06.05.2020, Bank has granted a moratorium on payment of instalments and / or interest as applicable, falling due between March 1, 2020 and August 31, 2020 to eligible borrowers classified as standard, even if overdue, as on February 29, 2020 without considering the same as restructuring. The moratorium period, wherever granted, shall be excluded by the Bank from the number of days the account is past due for the purpose of asset classification under RBI's Income Recognition and Asset Classification norms. In accordance with RBI's guidelines, the Bank is required to make provision @ 10% of the outstanding advances over two quarters beginning with the quarter ended March 31, 2020 in respect of such borrowal accounts where assets classification benefit has been granted as per RBI Guidelines. Accordingly, Bank has extended the relief in terms of the said circulars as follows:

Sn.	Particulars	(Rs. in Crores)
1	Respective amounts in SMA/overdue categories, where the moratorium / deferment was extended	10290.33
2	Respective amount where asset classification benefits is extended	2948.54
3	Provisions made during the Q4 FY2020 (5%)	147.50
4	Provisions adjusted during the respective accounting periods against slippages and the residual provisions	Nil



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25.2 Provisions and Contingencies

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

Particulars	For the year ended	
	31.03.2020	31.03.2019
Tax Expense	39.36	194.85
i) Income Tax	71.91	272.24
ii) Deferred Tax Liability/ (Asset)	(32.55)	(77.39)
Provision against NPA's	2522.66	1053.51
Provision for depreciation on investments	(27.37)	(26.24)
Provision for frauds and embezzlements	(0.92)	0.34
Provision for diminution in the fair value of restructured /rescheduled advances	(30.67)	(44.44)
Provision for Non-Performing Investments	179.05	113.15
Provision for contingent liabilities	0.00	0.66
Provision for Standard Assets	(17.65)	(38.81)
Total	2664.46	1253.02

26. Details / Utilization of Floating Provisions

(Rs. in Crores)

Particulars	As on	
	31.03.2020	31.03.2019
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

27. Investments (Floating Provision)

(Rs. in Crores)

Particulars	As on	
	31.03.2020	31.03.2019
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

28. Customer Complaints.

A	No. of complaints pending at the beginning of the Year	06
B	No. of complaints received during the Year	413
C	No. of complaints redressed during the year	403
D	No. of complaints pending at the end of the Year	16



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“NOTES ON CONSOLIDATED ACCOUNTS”

29. Awards passed by Banking Ombudsman.

A	No. of unimplemented awards at the beginning of the Year	-
B	No. of Awards passed by the Banking Ombudsman during the Year	01
C	No. of Awards implemented during the year	01
D	No. of unimplemented Awards pending at the end of the Year	0

30. 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 Rs. 1.67 crores (Previous year Rs. 225.17 crores)

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

The bank has not issued any letter of comfort on behalf of the customers or on its behalf during the FY 2019-20

32. Provision Coverage Ratio (PCR)

The provision coverage ratio (PCR) for the Bank as on 31st March 2020 is 78.59% (Previous Year 64.30%) which is calculated taking into account the total technical write offs made by the Bank.

33. Bancassurance Business:

The Bank has tie ups with PNB MetLife India Insurance Company Limited for mobilizing life insurance business and with Bajaj Allianz General Insurance Company Ltd and IFFCO Tokio General Insurance Company Ltd for mobilizing general (non-life and health) insurance business. The details of the commission earned by the Bank during FY 2019-20 on account of mobilizing said business is given hereunder: -

Sn.	Nature of income	Amount (Rs. Crores)
1	For selling Life Insurance Policies	27.08
2	For selling Non-Life Insurance Policies	18.26
	Total	45.34

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

34.1 Concentration of Deposits

Particulars	31-03-2020	31-03-2019
Total Deposits of 20 largest depositors (Rs. in Crores)	9948.91	10577.81
Percentage of 20 largest deposits to total Deposits of the Bank	10.17%	11.80%

34.2 Concentration of Advances

Particulars	
Total Advances to twenty largest borrowers (Rs. in Crores)	11391.02
Percentage of advances of twenty largest borrowers to Total Advances of the Bank	16.29%



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34.3 Concentration of Exposures

Particulars	
Total Exposure to twenty largest borrowers' customers (Rs. in Crores)	12247.94
Percentage of exposures to twenty largest borrowers /customers to Total exposure of the bank on borrowers/customers	14.71%

34.4 Concentration of NPA's

Particulars	
Total Exposure to top four NPA accounts (Rs. in Crores)	1991.51
Percentage of Exposure to top four NPA accounts to Total NPA exposure of the Bank	25.96%

34.5 Sector Wise Advances*

(Rs. in Crores)

Sn.	Sector	Current Year			Previous Year		
		Outstanding Total Advances	Gross NPA's	%ge of Gross NPA's to Total Advances in that Sector	Outstanding Total Advances	Gross NPA's	%ge of Gross NPA's to Total Advances in that Sector
A.	Priority Sector						
1	Agriculture & Allied Activities	6987.45	490.24	7.02	6350.61	248.82	3.92
2	Advances to Industries sector eligible as priority sector lending	2737.22	319.26	11.66	3019.82	208.01	6.89
3	Services	10420.04	719.06	6.90	9700.02	207.27	2.14
4	Personal Loans	3938.95	29.45	0.75	2987.78	13.86	0.46
	Sub-Total A	24083.65	1558.02	6.47	22058.23	677.96	3.07
B	Non-Priority Sector						
1	Agriculture & Allied Activities	955.93	285.80	29.90	1088.10	285.81	26.27
2	Industry	12604.53	2789.16	22.13	12029.96	3041.01	25.28
3	Services	13895.16	2817.01	20.27	18340.34	2114.18	11.53
4	Personal loans	18387.96	221.63	1.21	15855.58	102.39	0.65
	Sub-Total B	45843.58	6113.61	13.34	47313.99	5543.39	11.72
	Gross Total	69927.24	7671.63	10.97	69372.22	6221.35	8.97

*Compiled at HO and relied upon by us.

35. Movement of NPA's

(Rs. in Crores)

Particulars	Current Year	Previous Year
Gross NPA's as on April 01, (Opening Balance)	6221.35	6006.70
Additions (Fresh NPA's) during the year	4053.79	2964.60
Sub Total: (A)	10275.14	8971.30
Less:		
i) Up-gradation	1942.01	657.00
ii) Recoveries (Excluding Recoveries made from upgraded Accounts)	576.55	277.70
iii) Technical/ Prudential/ write offs	67.20	1307.86
iv) Due to Compromise/settlement	17.75	507.39
Sub Total (B)	2603.51	2749.95
Gross NPA as on 31 st March (Closing Balance)	7671.63	6221.35



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36. Sector wise NPA's*

Sn.	Sector	Percentage of NPA to Total advances in that sector
1	Agriculture & Allied activities	9.77
2	Industry (Micro & Small Medium and Large)	20.26
3	Services	14.54
4	Personal Loans	1.12

*Compiled at HO and relied upon by us.

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

(Rs. in Crores)

Particulars	Current Year	Previous Year
Opening balance of Technical/Prudential write-off accounts as at April 01, 2019	2853.63	2162.16
Add: Technical/Prudential write-offs during the year	0.00	892.00
Sub Total:	2853.63	3054.16
Less: Recoveries made during the year	44.45	200.53
Closing balance as at March 31, 2020	2809.18	2853.63

38. Overseas Assets, NPA's and Revenues

(Rs. in Crores)

Sn.	Particulars	
1	Total Assets	NIL
2	Total NPAs	NIL
3	Total Revenue	NIL

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

Name of the SPV sponsored	
Domestic	Overseas
NIL	NIL

40. Divergence in the asset classification and provisioning:

In terms of RBI circular No. DBR.BP.BC.No.32/21.04.018/2018-19 dated April 12 2019, the disclosure is as stated hereunder.

Sn.	Particulars	(Rs. in Crores)
1	Gross NPAs as on March 31, 2019 as reported by the bank	6,221
2	Gross NPAs as on March 31, 2019 as assessed by RBI	6,416
3	Divergence in Gross NPAs (2-1)	195
4	Net NPAs as on March 31, 2019 as reported by the bank	3,240
5	Net NPAs as on March 31, 2019 as assessed by RBI	2,551
6	Divergence in Net NPAs (5-4)	(689)
7	Provisions for NPAs as on March 31, 2019 as reported by the bank	2,868
8	Provisions for NPAs as on March 31, 2019 as assessed by the RBI	3,752
9	Divergence in Provisioning (8-7)	884
10	Reported Net Profit after Tax (PAT) for the Year ended March 31, 2019	465



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Sn.	Particulars	(Rs. in Crores)
11	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2019 after taking into account the divergence in provisioning.	(110)

41. 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.

42. 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 immediately preceding financial years for CSR activities. Accordingly, bank is required to spend Rs. Nil (Previous year Rs. Nil) for twelve months period ended 31st March 2020 against which bank has spent Rs. 2.40 Crores (Previous year Rs. 12.46 Crores).

43. 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. Later 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%. Our Bank continues to maintain 5% provisions and has maintained a provision of Rs. 8.51 crore against balance outstanding of Rs. 170.26 crores as on 31.03.2020 under Food credit availed by State Government of Punjab.

b) As per RBI Circular No DBR.No.BP.BC.18/21.04.048/2018-19 dated 1st January 2019 & DOR.No.BP.BC.34/21.04.048/2019-20 dated 11th February 2019 on restructuring of Advances-MSME sector, the details of restructured accounts as on 31.03.2020 are as under

No. of accounts restructured	Amount (Rs. in millions)
28	350.68

c) The Bank has classified 28 MSME borrower accounts having aggregate outstanding balance of Rs. 350.68 million as standard and made additional provision @5% against the exposures not classified as NPA in terms of RBI circular DBR.No.BP.BC.108/21.04.048/2017-18 dated June 06, 2018.

d) In terms of RBI Circular No.DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020 with regard to easing of working capital financing is to be provided in terms of exposures of Rs.5.00 Crore and above to a borrower as on March 1, 2020 the Bank has not provided the facility to any borrower during the year.

e) In terms of RBI Circular No. DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020, Bank has extended moratorium/deferment with regard to SMA/overdue categories as under:

No. of Accounts	Amount in Crores of Rs.
215074	10290.33

f) The details in terms of RBI Circular No. DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 with regard to SMA/overdue categories where asset classification benefit was extended. The disclosure in this regard is as under:

No. of Accounts	Amount in Crores of Rs.
63160	2948.54

g) In terms of RBI Circular No. DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 with regard to SMA/overdue categories, the Bank has made a provision of Rs.147.50 Crores.

44. Micro Small and Medium Enterprises Development Act

With regard to disclosure relating to MSME under the Micro Small & Medium Enterprises Development Act 2006, payments to Micro and Small Enterprises suppliers has not exceeded 45 days from the date of acceptance or the date of deemed acceptance of the goods or services as per the provisions of Section 9 of the Micro Small & Medium Enterprises Development Act 2006 (27 of 2006).



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45. Movement in Provisioning for Credit Card Reward Point is set out below (Rs. in Crore)

Particulars	Amount
Opening Provision Balance as on 01.04.2019	1.76
Provisions made during the Year	3.04
Redemption made during the Year	4.25
Closing Provision Balance as on 31.03.2020	0.55

46. Intra-Group Exposure (Rs. in Crores)

	Current Year	Previous Year
Total Amount of intra-group Exposure	7.12	5.00
Total Amount of top-20 intra group exposures	7.12	5.00
Percentage of intra -group exposures to total exposures of the bank on borrowers/ customers	NIL	NIL
Details of breach of limit on intra-group exposures and regulatory action thereon, if any	NIL	NIL

47. Transfers to Depositor Education and Awareness Fund (DEAF) (Rs. in Crores)

Particulars	Current Year 31.03.2020	Previous Year 31.03.2019
Opening balance of amounts transferred to DEAF	106.82	77.90
Add: - Amounts transferred to DEAF (During the Year)	42.88	32.32
Less: Amounts reimbursed by DEAF towards claims	2.13	3.40
Closing balance of amounts transferred to DEAF	147.57	106.82

48. 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.

Particulars	Provision Held	
	Current Year 31.03.2020	Previous Year 31.03.2019
Opening balance	1.34	1.81
Additions during the Year	1.49	0.75
Deductions during the Year	1.03	1.21
Closing balance	1.80	1.34

The capital held by the Bank towards the foreign currency exposure amounts to Rs. 3.25 crores (previous year Rs. 2.27 crores)

49. Other Expenditures

During the year the following expenditures incurred were more than 5% of the total other expenditures of Rs.453.16 Crores:

Sn.	Expense Head	Rs. Crore	% to Other Expenses
1.	Wages to Armed Guards / Temporary staff	99.16	21.88%
2.	IT Services	44.68	9.86%
3.	NFS ISSUING ATM INTERCHANGE	25.98	5.73%
4.	VISA ACQUIRING INTERCHANGE	41.28	9.11%



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50. Liquidity Coverage Ratio (LCR)

(Amount in Crores)

FY 2019-20		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)	18954.01	18923.52	13759.28	13739.80
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which	37096.08	2918.81	30115.56	2341.04
(i)	Stable deposits	15815.71	790.78	13408.21	670.40
(ii)	Less stable deposits	21280.37	2128.03	16707.35	1670.64
3	Unsecured wholesale funding, of which	11879.99	5351.33	8575.32	2826.46
(i)	Operational Deposits (all counterparties)	956.44	225.10	4057.87	960.35
(ii)	Non-Operational deposits (all counterparties)	10923.55	5126.23	4517.45	1866.11
(iii)	Unsecured debt	0.00	0.00	0.00	0.00
4	Secured Wholesale funding	1922.90	0.00	84.33	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	7814.91	632.02	13540.53	609.58
7	Other contingent funding Obligations	3895.12	116.85	3388.62	101.65
8	Total cash outflows	62609.00	9019.01	55704.36	5878.73
Cash Inflows					
9	secured Lending (e.g. reverse repo)	0.00	0.00	426.11	0.00
10	Inflows from fully performing exposure	2220.73	1779.52	2415.11	1782.13
11	Other cash inflows	0.00	0.00	0.00	0.00
12	Total cash inflows	2220.73	1779.52	2841.22	1782.13
			Total adjusted value	Total adjusted value	
TOTAL HQLA			18923.52	13739.80	
Total Net Cash Outflows			7239.49	4096.60	
Liquidity Coverage ratio (%)			261.39	335.40	



Schedule 18

“NOTES ON CONSOLIDATED ACCOUNTS”

DISCLOSURE ON LIQUIDITY COVERAGE RATIO AS ON 31.03.2020

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. Bank has put in place Contingency Funding Plan approved by ALCO and IRMC of the Board. The contingency Funding Plan includes stored Liquidity in the form of 1% of NDTL in the shape of excess SLR and 2% in the shape of CD's/Liquid Funds or 3% in any of the two i.e., excess SLR or CD's/Liquid Funds. These investments can be liquidated any time to generate cash and maintain sufficient liquidity for funding, growth and meeting repayment obligations.

Liquidity Coverage Ratio (LCR) BLR-1 aims to ensure that a bank maintains an adequate level of unencumbered High-Quality Liquidity Assets (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.

LCR is being computed strictly as per RBI guidelines issued vide circular DBOD.BP.BC.No. 120/21.04.098/2013-14 and subsequent amendments. HQLA primarily include government securities in excess of minimum Statutory Liquidity Ratio (SLR), the extent allowed under the marginal Standing Facility to avail Liquidity for LCR (FALLCR). Cash and balances in excess of cash reserve requirement with RBI also constitute HQLA.

Average LCR of the bank was 261.39% for the FY 2019-20 which is well above the regulatory requirement of 100% prescribed by RBI.

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 quarterly intervals.

51. Disclosure on Remuneration

a)	Information relating to the composition and mandate of the Remuneration Committee.	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, which constitutes of following members of the Board as on 31.03.2020. Mr. Naba Kishore Sahoo (Chairman N&RC) Dr. Rajeev Lochan Bishnoi Ms. Monica Dhawan
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 with 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"> • the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Key Management Personnel and other employees of the company; • relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and • 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 to Consolidated Profit & Loss

as at 31st March, 2020

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 employees and management. 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.	Bank has a Compensation Policy with due incorporation of all such covenants.
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.	Bank has a Compensation Policy with due incorporation of all such covenants.

Quantitative Disclosure			
	Particulars	31.03.2020	31.03.2019
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 Rs. 4,00,000.00* was paid to the Members of the Committee. (*It is pertinent to mention that in addition to the above fee, GST @ 18% has been paid, out of which 9% has been claimed as input credit)	The Committee met three times during the year and total sitting fee of Rs. 5,60,000. was paid to the Members of the Committee
h)	i) Number of employees having received a variable remuneration award during the financial year. (The quantitative disclosures 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
	i) Total amount of deferred remuneration paid out in the financial year.	NIL	NIL



Schedules to Consolidated Profit & Loss

as at 31st March, 2020

Quantitative Disclosure			
	Particulars	31.03.2020	31.03.2019
j)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	NA	NA
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

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

53. 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.

R. K. Chhibber
Chairman & Managing Director
DIN: 08190084

Dr. Arun Kumar Mehta, IAS
Director
DIN: 02712778

Bipul Pathak, IAS
Director
DIN: 08077260

Anil Kumar Misra
Director
DIN: 08066460

Vikram Gujral
Director
DIN: 03637222

Sonam Wangchuk
Director
DIN: 07662456

Dr. Rajeev Lochan Bishnoi
Director
DIN: 00130335

Monica Dhawan
Director
DIN: 01963007

Naba Kishore Sahoo
Director
DIN: 07654279

Zubair Iqbal
Director
DIN: 08742685

Rajni Saraf
President/CFO

Mohammad Shafi Mir
Company Secretary

Date: 29/06/2020

In terms of our report of even date annexed

For O P Garg & Co.
Chartered Accountants
FRN:01194N

For Verma Associates.
Chartered Accountants
FRN:02717N

For P C Bindal & Co.
Chartered Accountants
FRN:03824N

For K.K.Goel & Associates.
Chartered Accountants
FRN:05299N

(CA. Manish Kumar Gupta)
Partner
M.No.097191

(CA. Madan Verma)
Partner
M.No.081631

(CA. Shailza Wazir)
Partner
M.No.502279

(CA. Amit Goel)
Partner
M.No.098913

Date: 29/06/2020



Consolidated Cash Flow Statement

for the year ended 31st March, 2020

		31.03.2020 ₹ '000' Omitted	31.03.2019 ₹ '000' Omitted
A	CASH FLOW FROM OPERATING ACTIVITIES	4,37,39,400	(2,99,17,074)
B	CASH FLOW FROM INVESTING ACTIVITIES	(11,46,925)	(16,46,378)
C	CASH FLOW FROM FINANCING ACTIVITIES	(33,89,542)	76,86,096
	NET CHANGE IN CASH AND CASH EQUIVALENTS	3,92,02,933	(2,38,77,356)
D	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	5,87,23,089	8,26,00,445
E	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	9,79,26,022	5,87,23,089
A.	CASH FLOW FROM OPERATING ACTIVITIES:		
	Net Profit after Taxes	(1,18,33,854)	46,38,461
	Add : Provision for Taxes[[3,93,592	19,48,457
	Net profit before taxes (i)	(1,14,40,262)	65,86,918
	Adjustment for :		
	Depreciation charges	12,56,738	10,42,746
	loss on sale of fixed Assets		
	Provision for NPA's	2,52,26,632	1,05,35,129
	Provision on Standard Assets	(1,76,547)	(3,88,144)
	Provision for salary revision		
	Depreciation on investment	(2,73,675)	(2,62,406)
	Amortisation on investment		
	Provision for Non-Performing investment	17,90,527	11,31,478
	Provision for other assets		
	Provision on RRB's		
	Other provisions	(3,15,961)	(4,34,359)
	Deffered revenue Expenditure written off during the year		
	Dividend from subsidiaries(Investing activities)		
	Interest paid on subordinate Bonds (Financing Activities)	23,89,541	23,13,904
	Total Adjustment (ii)	2,98,97,255	1,39,38,348
	Operating profit before change in Operating assets & liabilities (i) + (ii)	1,84,56,993	2,05,25,266
	Adjustment for changes in Operating Assets & Liabilities		
	Increase / (Decrease) in Deposits	8,14,89,984	9,63,22,992
	Increase / (Decrease) in Borrowings	(43,796)	(43,796)
	Increase / (Decrease) in Other liabilities & provisions	(48,660)	55,28,877
	(Increase) / Decrease in investments	17,73,966	(4,25,42,328)
	(Increase) / Decrease in Advances	(61,95,539)	(10,36,78,320)
	(Increase) / Decrease in Other Assets	(5,03,65,773)	(56,72,190)
	Net Cash flow from Operating activities (iii)	2,66,10,182	(5,00,84,765)
	Cash generated from operation (i + ii + iii)	4,50,67,175	(2,95,59,499)
	Less : Tax paid	13,27,775	3,57,575
	TOTAL : (A)	4,37,39,400	(2,99,17,074)



Consolidated Cash Flow Statement

for the year ended 31st March, 2020

B.	CASH FLOW FROM INVESTING ACTIVITIES :		
	a) Fixed Assets	(11,46,925)	(16,46,378)
	b) Investment in Subsidiary	-	-
	TOTAL : (B)	(11,46,925)	(16,46,378)
C.	CASH FLOW FROM FINANCING ACTIVITIES:		
	a) Share Capital	1,56,592	-
	b) Share Premium	48,43,407	-
	c) Tier I & II Bonds/Subordinate Debt	(60,00,000)	1,00,00,000
	d) Dividend & Dividend Tax Paid	-	-
	e) Interest Paid on Subordinate Debt/Tier I & II Bonds	(23,89,541)	(23,13,904)
	TOTAL :(C)	(33,89,542)	76,86,096
D.	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	a) Cash in hand & Balance with R.B.I	4,87,49,687	4,32,83,608
	b) Balance with Banks & Money at Call & Short Notice	99,73,402	3,93,16,837
	TOTAL :(D)	5,87,23,089	8,26,00,445
E.	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
	a) Cash in hand & Balance with R.B.I	2,94,74,809	4,87,49,687
	b) Balance with Banks & Money at Call & Short Notice	6,84,51,213	99,73,402
	TOTAL :(E)	9,79,26,022	5,87,23,089

R. K. Chhibber
Chairman & Managing Director
DIN: 08190084

Dr. Arun Kumar Mehta, IAS
Director
DIN: 02712778

Bipul Pathak, IAS
Director
DIN: 08077260

Anil Kumar Misra
Director
DIN: 08066460

Vikram Gujral
Director
DIN: 03637222

Sonam Wangchuk
Director
DIN: 07662456

Dr. Rajeev Lochan Bishnoi
Director
DIN: 00130335

Monica Dhawan
Director
DIN: 01963007

Naba Kishore Sahoo
Director
DIN: 07654279

Zubair Iqbal
Director
DIN: 08742685

Rajni Saraf
President/CFO

Mohammad Shafi Mir
Company Secretary

Date: 29/06/2020

The above Consolidated Cash Flow Statement has been taken on record by the Board of Directors in its meeting held on 29th June, 2020 at Srinagar.

Auditors Certificate

We have verified the attached Consolidated Cash Flow Statement of THE JAMMU & KASHMIR BANK LIMITED which has been compiled from and is based on the Audited Financial Statements for the year ended March 31st, 2020 and March 31st, 2019. To the best of our knowledge and belief and according to the information and explanations given to us, it has been prepared pursuant to clause 32 of the Listing Agreement with the Stock Exchanges.

For O P Garg & Co.
Chartered Accountants
FRN: 01194N

(CA. Manish Kumar Gupta)
Partner
M.No. 097191

For Verma Associates.
Chartered Accountants
FRN: 02717N

(CA. Madan Verma)
Partner
M.No. 081631

For P C Bindal & Co.
Chartered Accountants
FRN: 03824N

(CA. Shailza Wazir)
Partner
M.No. 502279

For K.K. Goel & Associates.
Chartered Accountants
FRN: 05299N

(CA. Amit Goel)
Partner
M.No. 098913

Date: 29/06/2020



Basel III - Pillar 3 Disclosures

as at March 31, 2020

The Reserve Bank of India (RBI) vide its circular under reference DBR.No.BP.BC. 1/21.06.201/2015-16 dated July 1, 2015 on 'Basel-III Capital Regulations' ('Basel III circular') requires banks to make Pillar 3 disclosures including leverage ratio and liquidity coverage ratio under the Basel III Framework. These disclosures are available on J&K Bank's website under the 'Regulatory Disclosures' section. The link to this section is given below:
<https://www.jkbank.com/others/common/basel.php>

The Regulatory Disclosures section contains the following disclosures:

➤ **Qualitative and quantitative Pillar 3 disclosures:**

- Scope of application
- Capital adequacy
- Credit risk
- Disclosure for portfolio subject to Standardised Approach
- Credit risk mitigation
- Asset Securitisation
- Market risk in trading book
- Operational Risk
- Interest Rate risk in the banking book (IRRBB)
- General Disclosure for Exposures Related to Counterparty Credit Risk
- Composition of Capital
- Composition of Capital -Reconciliation of Regulatory Capital
- Main features of regulatory capital Instrument
- Leverage Ratio.



Report on Corporate Governance

BANK'S PHILOSOPHY ON CORPORATE GOVERNANCE

J&K Bank has been committed to all the basic tenets of good Corporate Governance well before the Securities and Exchange Board of India and the Stock Exchanges mandated these. It is our endeavor to go beyond the letter of Corporate Governance codes and apply it innovatively in a more meaningful manner, thereby making it relevant to the organization that is operating in a specific environment.

In line with its vision, Bank wants to use Corporate Governance innovatively in a transitional economy like Jammu and Kashmir. The Bank wants to use Corporate Governance as an instrument of economic and social transformation. Given the fact that J&K Bank is seen as a great success of "public-private partnership", our Bank as a business is expected to play a pivotal role in social transformation of the economy. This lends urgency to implementation of good governance practices which go beyond the Corporate Governance code.

We, as the prime corporation of Jammu and Kashmir, have a focused interest in making the UT a safe place for business. Bank has a key role to play in providing public and private services, financial infrastructure and employment. As such, the efficiency and accountability of the corporation is a matter of both private and public interest and governance, therefore, comes at the top of the agenda. The fact that the bank is state owned but professionally managed, having a large size of international investors, governance is critical. For us, Corporate Governance is concerned with the systems of laws, regulations and practices, which will promote enterprise, ensure accountability and trigger performance. The Bank, for one, stands for being more accountable, practice self-policing and make financial transactions transparent and constitutional.

VISION:

"Pioneering the economic and social transformation"

To become a committed partner in fostering economic and social transformation across the country through a deep commitment to value creation for all our stakeholders, while continuing to build on our historic business relationship with Jammu & Kashmir and Ladakh.

MISSION:

- To acquire an enhanced business footprint across geographies and emerge as a prominent national brand in the financial sector.
- To position the Bank as the "Most Preferred Bank" for Customer focus, Operational Excellence and High Integrity towards one and all stakeholders.
- To be the best-in-class financial intermediary, leveraging our digital and physical banking channels;
- To observe customer centricity through service excellence, integrity and transparency, and a comprehensive range of innovative products and services responsive to customer needs.
- To be a lean, learning and efficient banking organization focusing on prudent, sustainable, profitable growth and value creation.
- To adopt the best standards for corporate governance, business ethics and risk management.

- To vigorously promote financial inclusion as a business proposition to harness the potential at the bottom of the pyramid.

BOARD OF DIRECTORS

The responsibility for good governance rests on the Corporate Board which has the primary duty of ensuring that principles of Corporate Governance, both as imbibed in law and regulations and those expected by stakeholders, are religiously and voluntarily complied with and the stakeholders' interests are kept at utmost high level.

All the Independent Directors of the Bank possess requisite qualifications and experience which enable them to contribute effectively to the Bank. The Board confirms that in its opinion, the independent directors fulfill conditions specified in these regulations and are independent of the management.

Composition

The Bank's Board of Directors comprises a judicious mix of Executive, Non-Executive and Independent Directors as per the Corporate Governance requirements. Appreciating the fact that Board Composition is key to Corporate Governance, the Board of Directors of your Bank consists of eminent persons with considerable professional experience and expertise in Banking, Finance, Economics, Industry, Law etc., combining their wide ranging experiences to impart values and provide direction to Bank's development. Your Board is professional and an active Board which meets frequently during the year to chart out policies and practices. At the end of the Financial Year, the strength of the Board was nine (9), comprising of Chairman & Managing Director and eight (8) Non-Executive Directors.

Functions of the Board

Your Bank's Board plays a pivotal role in ensuring good governance. Its style of functioning is democratic. The Members of the Board have complete freedom to express their opinions and decisions are taken on the basis of a consensus arrived at after detailed discussion. The members are also free to bring up any matter for discussion at Board Meetings.

The day-to-day management of the Bank is conducted by the Chairman & Managing Director, subject to the supervision and control of the Board of Directors. The functions performed by the Board of the Bank for efficient and effective utilisation of resources at their disposal to achieve the goals visualized, inter-alia, include setting Corporate Missions, laying down Corporate Philosophy, formulation of Strategic and other Business Plans, laying down of control measures and compliance with Laws and Regulations.

Board Procedure

All the major issues included in the agenda for discussion in the Board, are backed by comprehensive background information to enable the Board to take informed decisions. Agenda papers are generally circulated seven working days prior to the meeting of the Board. Also, the Board agenda contains the Compliance Report of all the decisions taken at the previous Board Meeting. The Members of the Board exercise due diligence in performance of the functions as Directors of the Bank and follow highest degree of business



ethics, transparent practices and code of good governance amidst cordial environment.

held, in due compliance with statutory provisions, on the following dates:

Frequency of Board Meetings

During the year under review, Ten (10) Board Meetings were

15.05.2019, 08.06.2019, 15.06.2019, 03.08.2019, 25.09.2019, 23.10.2019, 30.12.2019, 11.01.2020, 31.01.2020 and 07.02.2020

The names of Directors, their attendance at Board Meetings during the year, attendance at the last AGM and details of other Directorships & Board Committee memberships held by them as on March 31, are set out in the following table:

Name of Director	Board Meetings attended during the year/tenure	Whether Attended AGM held on 26.09.2019	No. of Directorships		Name of other listed entities where a person is a Director and category of Directorships	No. of other Committee Memberships ¹
			Indian Public Companies	Other Companies		
Govt./RBI Nominee Directors						
Mr. R. K. Chhibber (From 10.06.2019)	08/08	Y	01	--	--	--
Mr. Parvez Ahmed (Upto 08.06.2019)	01/01	NA	NA	NA	NA	NA
Dr. Arun Kumar Mehta, IAS	08/10	Y	NA ²	--	--	--
Mr. Bipul Pathak, IAS (From on 11.11.2019)	03/04	NA	--	--	--	--
Mr. Umang Narula, IAS (From 09.10.2019 to 11.11.2019)	01/01	NA	NA	NA	NA	NA
Mr. Anil Kumar Misra (From on 03.07.2019)	06/07	Y	--	--	--	--
Non-Executive Directors						
Mr. Vikram Gujral (From on 26.03.2019)	10/10	Y	--	01	--	--
Mr. Sonam Wangchuk (From on 26.09.2019)	04/05	N	--	02	--	--
Mr. Dhaman Kumar Pandoh (Upto 07.10.2019)	05/05	Y	NA	NA	NA	NA
Mr. Rahul Bansal (Upto 26.09.2019)	03/05	N	NA	NA	NA	NA
Independent Directors						
Dr. Rajeev Lochan Bishnoi (From on 11.01.2020)	03/03	NA	05	--	02 • V L S Finance Limited • South Asian Enterprises Limited (Additional Director)	2 (1)
Ms. Monica Dhawan (From on 11.01.2020)	01/03	NA	--	04	--	--
Mr. Naba Kishore Sahoo (From on 01.03.2020)	00/00	NA	--	--	--	--
Mr. Mohammad Ashraf Mir (Upto 26.09.2019)	05/05	Y	NA	NA	NA	NA
Dr. Pronab Sen (Upto 26.09.2019)	04/05	N	NA	NA	NA	NA
Dr. Sanjiv Agarwal (Upto 26.09.2019)	05/05	Y	NA	NA	NA	NA
Mr. Sunil Chandiramani (Upto 26.09.2019)	04/05	Y	NA	NA	NA	NA

1. Includes only Chairmanship/Membership of Audit Committee and Stakeholder's Relationship Committee of other public limited companies. Figures in parentheses indicate Committee Chairmanship.
2. Dr. Arun Kumar Mehta, IAS is a Govt. Nominee Director on the Board of various PSU's of UT of J&K .



Appointment / Resignations from the Board of Directors During the year under review:

- Mr. Azhar-UI-Amin (DIN: 07265913) resigned from Directorship of the Bank on April 23, 2019.
- Mr. R. K. Chhibber (DIN: 08190084) was appointed as Interim Chairman & MD from June 10, 2019 to October 09, 2019 and as Chairman & MD of the Bank under section 10BB of the Banking Regulation Act, 1949 from October 10, 2019.
- Mr. Parvez Ahmad ceased to be Director and subsequently Chairman and CEO of the Bank with effect from June 08, 2019.
- Mr. Anil Kumar Misra (DIN: 08066460) was appointed as an Additional Director by Reserve Bank of India for a period of two years on July 03, 2019.
- Dr. Pronab Sen (DIN: 07831725) ceased to be the Director on the Board of the Bank with effect from September 26, 2019 after completion of his term.
- Mr. Mohammad Ashraf Mir (DIN: 07586792), Dr. Sanjiv Agarwal (DIN: 00110392), Mr. Sunil Chandiramani (DIN: 00524035) and Mr. Rahul Bansal (DIN: 01216833) ceased to be the Directors of the Bank with effect from September 26, 2019 as they were not re-appointed at the 81st Annual General Meeting of the Bank.
- Mr. Vikram Gujral (DIN: 03637222) and Mr. Sonam Wangchuk (DIN: 07662456) were re-appointed / appointed as Directors on the Board of the Bank at 81st Annual General Meeting of the Bank held on September 26, 2019.
- Mr. Dhaman Kumar Pandoh (DIN: 01332068) resigned from Directorship of the Bank on October 07, 2019.
- Mr. Umang Narula, IAS (DIN: 03536402) was appointed as Government Nominee Director on the Board of the Bank with effect from October 09, 2019.
- Mr. Bipul Pathak, IAS (DIN: 08077260) was appointed as Government Nominee Director on the Board of the Bank in place of Mr. Umang Narula, IAS with effect from November 11, 2019.
- Dr. Rajeev Lochan Bishnoi (DIN: 00130335) and Ms. Monica Dhawan (DIN: 01963007) were appointed on the Board of the Bank on January 11, 2020 and Mr. Naba Kishore Sahoo (DIN: 07654279) was appointed on the Board of the Bank with effect from March 01, 2020 as additional Directors in the category of Independent Directors. The said appointments were confirmed by the Members through Postal Ballot on March 18, 2020.

During the year under review, no Independent Director resigned before the expiry of his / her tenure.

Brief Profile of Directors

J&K Bank's diverse and rich culture is abundantly evident in its Board Members, who provide direction to the Bank in order to achieve its vision. A brief profile of our eminent Board Members is as under:

Mr. R. K. Chhibber DIN: 08190084

Mr. Rajesh Kumar Chhibber joined the services of the Bank as Probationary Officer in the year 1982 and has led the Bank in different capacities from managing business operations at Branch and Zonal Offices to the Corporate Level across the operational geography of the Bank.

Bringing a treasure of experience to the chair that spans over three decades, his areas of expertise include Credit, Finance, IT, Corporate & Retail Banking, Risk Management, Trade Finance, Foreign Exchange, Business Continuity Planning, HR, Bancassurance.

As Vice-President in 2009, he headed the technology department of the Bank and made remarkable contributions in creating the technology infrastructure of the Bank besides instituting the process of providing relevant expertise to the staff.

He also became Chairman J&K Grameen Bank for two years and nine months and brought great laurels to the bank by accomplishing its key strategic goals.

Elevated as Executive President on June 1, 2018, he was the Bank's Chief Compliance Officer besides heading Business Support Division, Insurance, Government Banking, Lead Bank, CSC, FID, Subsidiary Management, Culture & Sports functions of the Bank.

Dr. Arun Kumar Mehta, IAS DIN: 02712778

Dr. Arun Kumar Mehta, IAS is Financial Commissioner, Finance Dept., Govt. of Jammu & Kashmir. Prior to this, he was serving as Additional Secretary, Ministry of Environment, Forest and Climate Change handling tasks related to Coastal Regulation Zone, National Coastal Mission and Integrated Coastal Zone Management Project, Climate Change Convention (UNFCCC), Impact Assessment, Control of Pollution, National Green Tribunal, Convention on Biological Diversity and Green India Mission among other charges. He worked for almost nine years in the Ministry.

Dr. Mehta joined Indian Administrative Service in 1988 after completing B.Tech (Civil Engineering) from I.I.T. (BHU) and M.Tech from I.I.T. Delhi (Building Sciences and Construction Management).

He has served in a number of senior positions in Central and State Government/UT besides District and Sub-District level. While working as Chairman, Central Pollution Control Board, Dr. Mehta issued directions ensuring zero black liquor discharge and control of industrial pollution in river Ganga. He led revision of Comprehensive Environmental Pollution Index (CEPI) and introduction of a new category "White" for non-polluting industries in addition to Red, Orange and Green category. Earlier during his stint at Ministry of Urban Development, Government of India, he was instrumental in the formulation of National Sustainable Habitat Mission, Service Level Benchmarking, City Sanitation Plans, National Urban Sanitation Rating and formulation of Reform Agenda under Jawaharlal Nehru National Urban Renewal Mission (JNNURM)

Dr. Mehta is an IAS Officer from Jammu and Kashmir Cadre. As Principal Secretary (Power) he restored power supply within 15 days in the State after unprecedented floods in 2014 leading to commendation from Army. He also ensured reduction in AT&C losses of over 15% in a period of two years besides reduction in energy deficit. As Managing Director of State Road Transport Corporation, he led efforts for its



revival resulting in highest ever revenue and operational fleet. Served as Deputy Commissioner, Baramulla District between 1994-1997 and restored institutional functioning during peak of militancy.

He has been awarded Doctorate in 2018 from School of Planning and Architecture, New Delhi on the Thesis 'Municipal Own Source Mobilization and Service Level Efficiency'.

Dr. Mehta was amongst the recipients of State Republic Day Award in 2015. He was also awarded for his efforts under Extended Gram Swaraj Yojana and his stint as Deputy Commissioner Baramulla.

Mr. Bipul Pathak, IAS
DIN: 08077260

Mr. Bipul Pathak, IAS, is Principal Secretary to Hon'ble Lt. Governor, J&K and also holds the charge of Administrative Secretary, Information Technology & Science and Technology Departments.

He started his career with Hindustan Petroleum Corporation Limited and then worked as Assistant Manager in Department of Telecom, GoI before joining Indian Administrative Service (IAS) in the year 1992. He has held various policy making assignments in State Government of J&K as well as in the Government of India. He has worked in Government of India as Director in the Ministry of Information & Broadcasting and Joint Secretary in the Ministry of Mines.

Mr. Bipul Pathak holds Bachelor's degree in Mechanical Engineering, Masters in Business Administration (Strategic Management) and Post Graduate Diploma in Public Administration.

Mr. Anil Kumar Misra
DIN: 08066460

Mr. Anil Kumar Misra was an Executive Director in the Reserve Bank of India, responsible for supervision of banking- as well as non-banking-financial institutions, and superannuated in July 2018. As a career central banker since 1982, his experience encompasses the areas of currency management, foreign exchange, payment systems, regulation and supervision of banking- and non-banking-credit intermediaries, financial inclusion, and risk monitoring in the Reserve Bank. He was also a Director on the Boards of the Union Bank of India and Export Credit Guarantee Corporation of India Limited. His international experience includes association with the International Monetary Fund as a Financial Sector Stability Advisor, and a four-and-a-half year stint as a Member of Secretariat at the Financial Stability Board (FSB - in Basel, Switzerland), which is the G20 arm for dealing with the global financial-sector issues and policy reforms. At the FSB, he was closely involved with the roll out of the FSB's International Cooperation and Information Exchange Initiative, its global outreach strategy via the six world-wide Regional Consultative Groups comprising over 65 countries, and its governance reforms, which led to certain structural changes in the FSB.

He holds Master's degrees in Public Administration (Harvard University, USA) and in Business Management (Banaras Hindu University).

Mr. Vikram Gujral
DIN: 03637222

Mr. Vikram Gujral aged 54 years, B.Com, LLB is an acclaimed entrepreneur having vast experience of more than 26 years in the field of Construction, Construction Equipment and Cement Industry. Mr. Gujral has been instrumental in introducing a number of multinational companies in his chosen field of business in the UT of J&K and his work has been consistently recognised by the government and social organisations.

An active member of Chamber of Commerce and Industries Jammu, Member of J&K High Court Bar Association, Executive Member of Indian Red Cross Society Jammu, Trustee The Art of Living J&K Trust & Apex Body Member of VVKI Trust (AOL), he has been actively associated with the philanthropic social development of the economically deprived and distressed communities.

Mr. Sonam Wangchuk
DIN: 07662456

Mr. Sonam Wangchuk is a Mechanical Engineer by profession having graduated from the National Institute of Technology, Srinagar (Kashmir) in the year 1987. He also holds Post Masters' Specialisation in Earth Architecture from CRATERre, National School of Architecture, Grenoble, France. More than an engineer, he has been an innovator, coordinator and educationist.

He is very much known for Ice Stupa, artificial glacier project, in Ladakh which involves making artificial glaciers in winter and then utilizing the same for irrigation during summers. This has transformed the lives of farmers and for this innovative and unique workable idea, he has been honoured with internationally renowned Rolex Award for Enterprise from Florida, USA.

As a Principal Design Engineer for Shesyon Solar Earth Buildings in Ladakh, he has been instrumental in designing and building innovative passive solar buildings, wherein the profits earned are ploughed back into education, reform, entrepreneurship development etc.

Greatly feeling the non-existence of print magazine in Ladakh, he took the initiative and founded Ladakh's only print magazine "Ladags Melong" based in Leh. In order to achieve the purpose and make it a success, he has remained its editor from June 1993 to August 2005.

On cultural and educational side, he co-founded and headed SECMOL, the Students Educational and Cultural Movement of Ladakh, based in Leh and remained as its Founding Director from June 1988 till March 2007. He continues to be the teacher, guide and innovation advisor at the SECMOL Alternative School Campus in Phey, Ladakh from August 2010 till date.

He has also been Chief Coordinator and founding member of the Himalayan Institute of Alternatives (Ladakh), an Alternative Mountain University and as Advisor for MS Denmark in Nepal, which is a bilateral project of the Danish Government to support the Nepalese Ministry of Education in education reforms.



On the basis of his credentials and above all the undying spirit to serve the society, he has been appointed as advisor on many boards like :

1. Expert panel for framing the Union Territories of J&K and Ladakh's Education Policy and Vision Document.
2. Jammu & Kashmir State Education Advisory Committee and advisor for education in the Leh Hill Council Government.
3. The international advisory group to support the Bhutanese Government in introduction of Gross National Happiness into Education.
4. Member of National Governing Council for Elementary Education (Sarva Shiksha Abhiyan) in the Ministry of Human Resource Development, Government of India.
5. Drafting Committee member of the Ladakh Hill Council Government's Vision Document- 'Ladakh-2025' and entrusted with the formulation of the policy on Education and Tourism. The document was formally launched by Dr. Manmohan Singh, the Prime Minister of India in 2005.

His achievements stand recognized both nationally and internationally and for this numerous awards and citations have been conferred upon him like :

- a. Rolex Award for Enterprise, for Ice Stupa project, Los Angeles USA.
- b. International Terra Award 2016 at the 12th World Earth Congress, Lyon France, UNESCO Chair Earthen Architecture, by CRAterre France, 2014.
- c. CNN IBN India Real Heroes Award by CNN IBN TV, 2008.
- d. The Green Teacher Award by the 'Sanctuary Asia' magazine, 2004.
- e. Ashoka Fellowship for Social Entrepreneurship, by Ashoka USA, 2002.
- f. 'Man of the Year' Cover Story by 'The Week' (India's third largest magazine), in 2001.
- g. Governor's Medal for educational reform in Jammu & Kashmir, 1996.

Dr. Rajeev Lochan Bishnoi
DIN: 00130335

Dr. Rajeev Lochan Bishnoi, was till recently a Government of India nominee Director on the Board of one of India's largest Government owned banks viz. Bank of India, where he also served as the Chairman of its Audit Committee and a member of its Board Committees on Credit, Human Resource, Willful Defaulters, Risk Management, Customer Service and Remuneration & Nomination. He is currently director on the board and in various board level committees of BOI Merchant Bankers Limited as Independent Director.

Rajeev is an Independent Director on the Boards of VLS Finance Ltd, VLS Securities Ltd & VLS Capital Ltd, South Asian Enterprises Ltd., Chairman of Audit Committee of VLS Finance Ltd., Member of Board level committees of Companies. He is a life member of Non-Executive Directors in Conversation Trust (NEDICT) promoted by Mr. M. Damodaran, former UTI Chairman & Secretary (Banking), working to establish the best practices for Boards & NEDs. He is an advisor to the J.P. Mathur Charitable Trust, New Delhi, where research is carried out in fields of economic policy and governance with an emphasis on banking. He was one of the lead organisers of two national level conclaves i.e. Economic Conclave in 2017 and Banking Conclave in 2018 under aegis of the India Policy Foundation and Centre for Economic Research.

Rajeev has a deep interest in Education and has supervised the development of two Rural Universities and their undergraduate and post-graduate programs with a special focus on employability. He is visiting faculty as well as a member of the Board of Management of Shobhit University (U.P). He is trustee of ADS Greenlife Foundation, an NGO to support clean and green technologies.

A Former Advisor to the UP Export Corporation Ltd., Rajeev was invited by the Government of Kazakhstan to deliver the Keynote Address at a seminar on 'The Role of Small & Medium Enterprises in the National Economy' held at Kazakhstan.

As a firm believer in the philosophy that economic activity at the bottom of the pyramid is the backbone of the ecosystem of an emerging nation, Rajeev completed his doctoral research work on "Vision and Strategy for Development of Entrepreneurship through Micro Finance and Micro Enterprises in Developing World". He also continuously researches Ancient Indian Economy and History to find lessons for today's economic conundrums. This is another field of research and study for him now.

Rajeev is a Fellow Member of the Institute of Chartered Accountants of India and special invitee member Research Committee (previously Professional Development Committee) of the Institute of Chartered Accountants of India. He is currently partner in Chartered Accountancy firm M/s Jain & Malhotra, New Delhi.

Rajeev is a hobby poet- and has recently written a book of his poetry and Dohas in Hindi, titled "Man Laago Mero Yaar Fakiri Mein" published by Sahitya Bhandar, Allahabad.

Ms. Monica Dhawan
DIN: 01963007

Ms. Monica Dhawan, an alumna of the International Management Institute, holds an MBA in Business Management & Marketing and is a graduate of the prestigious Institute of Hotel Management Pusa. Ms. Monica is the founder of Fusion Corporate Solutions Pvt. Ltd. Since 1999 and has led the company to be a disruptive innovation led experiential marketing company servicing marquee government and private sector clients in the areas of conventions/congress/expositions/Events/Media Campaign - their conceptualization design and execution. An active member of 'The Art of Living' society & a core team member for the World Cultural Festival in India organized in New Delhi, she has been acknowledged



nationally and internationally for her fantastic work in the sector. Amongst her list of achievements, she was “An Ambassador” (India) for WIA (Women In Africa) Club in the year 2017/18; awarded “Women Achievers Award” for inspiring Women as a “Young Woman Entrepreneur” by encouraging the community through a passion-filled drive on - “Tree Plantation”, “Environmental Sustainable Solutions” as an initiative through Tree n Me foundation besides being an invited inspirational guest speaker at various talk shows for corporates and educational institutions from across the globe.

Mr. Naba Kishore Sahoo
DIN: 07654279

Mr. Naba Kishore Sahoo, aged 61 years has been a banker throughout his life. Starting his career as scale I officer in Canara Bank, he has moved up to scale VII level during a span of 32 years and finally as Executive Director in Allahabad Bank for 4 years. He has thus to his credit a very rich and diverse experience in banking industry with expertise in Credit, Risk Management & HR. During his career he has been highly successful in driving business and achieving all round performance under very critical and challenging circumstances. His exposure in banking covers a wide spectrum of areas ranging from urban, semi urban and rural areas in addition to overseas exposure as Chief Executive of Canara Bank in London. He led his teams as a Circle Head of Bhubaneswar and Pune and has been awarded and recognized within the organization as a STAR PERFORMER. He has emerged as a leader by putting efforts in positioning the organisation in the right place by adopting proper strategy, planning, guidance and execution. In addition to being an Agricultural Science graduate which has been instrumental to his success in rural banking he has done CAIIB from Indian Institute of Bankers. Besides he has also attended numerous advanced level programs both in India and abroad.

Mr. Sahoo lives in Bhubhaneshwar where in addition to his flair for reading, he is now actively engaged in social work and helping people wherever his acquired skills and knowledge can be put to use.

Mr. Zubair Iqbal
DIN: 08742685

Mr. Zubair Iqbal has been a professional banker throughout his life, with highly acclaimed, illustrious and proven career in Banking & Financial Services that spans for more than 30 years. This includes 15 meritorious years spent with J&K Bank and 15 glorious years with HDFC Bank.

Starting his career with J&K Bank by joining as Probationary officer in the year 1989 he worked on different assignments which include handling different branches of Bank both within and outside J&K. On the basis of his credentials and knowledge he worked at Planning and Economic Department at Corporate Headquarters, Faculty member J&K Bank Staff Training College and lastly as Head of Marketing Cell. During these meritorious years he was involved with budgeting and strategy, restarting local chapter of Indian Institute of Banking

and Finance and remaining its Local Honorary Secretary for initial years, redefining training by setting up automated teaching aids, marketing and product development. Some of the products designed and developed by him during that time are still popular amongst customers of J&K Bank even now.

Taking a task, which was both tough and challenging he joined HDFC bank in the year 2004 and this was a time when other private sector banks did not dare to venture in J&K state. By dint of his expertise, professionalism, knowledge and above all hard work at HDFC Bank he did the impossible. From just 1 branch he took the branch network to 83 and ATM network to 220 with a support and dedication of more than 1500 colleagues and trust of more than 3.00 lac customers having business of 6600 crores. HDFC Bank under his leadership, today occupies an important place in the banking space of J&K and has emerged as a vehicle of economic growth, employment generation and responsible corporate citizen. He successfully created an enviable franchise of HDFC Bank despite disturbed political environment, downtrodden economy due to absence of Tourism and also despite restrictions on sourcing Government Business and absence of Corporates. His core competencies include Profit Centre Management, Retail Banking, Credit Administration, Marketing/Business Development, Customer Relationship Management, Planning, Quality Results, Collaboration, Customer Delight and Decision Making.

Starting his banking career with Master's in Library & Information Science from University of Kashmir along with Masters in Sociology learning did not end for him. Believing growth and professionalism cannot go without re-learning he did his MBA from ICFAI, CAIIB from Indian Institute of Bankers and Management Development Programme from IIM Ahmedabad besides a host of other short term courses, workshops and diplomas. He has been awarded at Silver Jubilee Celebrations by Institute of Objective Studies, New Delhi in September, 2011 for significant contribution to banking industry of the state, received recognition from Department of Financial Studies, University of Kashmir, awarded prestigious Gold Star Award by HDFC bank in recognition of significant contribution to the bank. He has also won more than 50 laurels to his credit and 13 of those were awarded at International Destinations during International Programmes. He also has distinction of attending more than 50 Domestic and International events on Banking, Financial Products and Insurance.

Recently he was shortlisted and invited by UK Asia Stem Summit for delivering a Leadership Talk at Cambridge University London slated for August, 2020. He is also a Visiting Faculty at Business School of University of Jammu, Business School and Department of Business and Financial Studies, University of Kashmir, Mata Vaishno Devi University, Central University of Kashmir, Islamic University of Science & Technology and has been imparting Summer Training to more than 100 MBA/MFC students of different institutes/universities.



Details of Number of Shares/Convertible Debentures held by Non-Executive Directors as on 31-03-2020 - Nil

Chart/Matrix setting out Skill, Expertise and Competencies at Board Level

S.No.	Name	Designation	Core Skill / Expertise / Competencies
1.	Mr. R K Chhibber	Chairman & MD	Banking, Finance, Accountancy, Treasury & Investment Management, Agriculture & Rural Economy
2.	Dr. Arun Kumar Mehta, IAS	Govt. Nominee Director	Administration, Urban Economy
3.	Mr. Bipul Pathak, IAS	Govt. Nominee Director	Administration, Management, Rural Economy, IT
4.	Mr. Anil Kumar Misra	RBI Nominee Director	Banking Supervision
5.	Mr. Vikram Gujral	Non-Executive Director	Law, Business
6.	Mr. Sonam Wangchuk	Non-Executive Director	Business, Rural Economy
7.	Dr. Rajeev Lochan Bishnoi	Independent Director	Banking, Finance, Accountancy, SSI
8.	Ms. Monica Dhawan	Independent Director	Entrepreneur, Management
9.	Mr. Naba Kishore Sahoo	Independent Director	Banking, Agriculture & Rural Economy, Human Resource Management, Risk Management
10.	Mr. Zubair Iqbal	Govt. Nominee Director	Banking, Finance, Management, Agriculture & Rural Economy

Remuneration of Directors

Remuneration of the Chairman & MD / CEO is subject to approval of Reserve Bank of India in terms of section 35B of the Banking Regulation Act, 1949. Mr. Parvez Ahmad was Chairman & CEO of the Bank effective from 6th October, 2016 to 8th June, 2019. Mr. Rajesh Kumar Chhibber is the Chairman & Managing Director of the Bank with effect from 10th June, 2019. The monthly remuneration paid/being paid to them amounting to Rs. 5,50,000 has been duly approved by Reserve Bank of India.

The Non-Executive Directors of the Bank (except Govt./RBI Nominated Directors who are in the employment of Govt./RBI) are being paid sitting fee for the Board /Committee Meetings attended by them @ Rs. 40,000 for each Board/Committee Meeting, apart from reimbursement of Boarding/Lodging expenses for attending Board/Committee Meetings.

In addition to above, the Non-Executive Directors (except Govt./RBI Nominated Directors) are entitled to profit related compensation to the extent of one percent of the profits of the Bank for the relevant financial year, subject to a maximum of Rs. 10 Lakhs per annum per Director.

The detailed disclosure of the remuneration of the directors is provided in the Directors report under Extract of Annual Return (MGT-9) forming part of this Annual Report.

Committees of the Board

The Board of Directors of the Bank has constituted several Committees of the Board to take decisions on matters requiring special focus. The brief role and functions of the Committees of the Board is described hereunder:

Management Committee

Brief terms of Reference /Roles & Responsibilities

The Management Committee of the Board considers various business matters of material significance like sanctioning of loan proposals, remission and settlement of NPA / write-off cases, periodical review of NPAs and large corporate loans, monitoring credit and investment exposure, etc.

Composition, Meetings and Attendance

The composition of the Committee as on the date of this report is as under:

Mr. R. K. Chhibber	(Chairman)
Dr. Arun Kumar Mehta, IAS	(Member)
Mr. Bipul Pathak, IAS	(Member)
Dr. Rajeev Lochan Bishnoi	(Member)
Ms. Monica Dhawan	(Member)
Mr. Naba Kishore Sahoo	(Member)

The Committee met five (5) times during the year on 15.05.2019, 15.06.2019, 03.08.2019, 25.09.2019 and 31.01.2020. These meetings were attended by Members as detailed below:



Name of Director	Meetings during the tenure	Meetings Attended	%age
Mr. R. K. Chhibber (From 10.06.2019)	4	4	100
Mr. Parvez Ahmed (Upto 08.06.2019)	1	1	100
Dr. Arun Kumar Mehta , IAS	5	4	80
Dr. Sanjiv Agarwal (Upto 26.09.2019)	4	4	100
Mr. Bipul Pathak, IAS (From 24.12.2019)	1	0	0
Dr. Rajeev Lochan Bishnoi (From 27.01.2020)	1	1	100
Ms. Monica Dhawan (From 27.01.2020)	1	1	100

Audit Committee

Brief terms of Reference /Roles & Responsibilities

The main functions of the Audit Committee are to assess and review the financial reporting system of the Bank, to ensure that the Financial Statements of the Bank are correct, sufficient and credible. It addresses matters pertaining to adequacy of internal controls, reliability of financial statements / other management information, adequacy of provisions, whether the audit tests are appropriate and scientifically carried out. It follows up on all issues raised in the Long Form Audit Report and interacts with External Auditors before finalisation of Annual Financial Accounts and Reports focusing primarily on accounting policies and practices, major accounting entries and compliance with the Accounting Standards. The Committee also reviews the adequacy of Internal Control System and holds discussions with Internal Auditors / Inspectors on any significant finding and follow up action thereon. It also reviews the financial and risk management policies of the Bank and evaluates the findings of any internal investigation where there is any suspected fraud or irregularity or failure of Internal Control System of material nature and reports to the Board. ACB also focuses on the follow up of inter-branch adjustment accounts and other major areas of Balancing of Books and House Keeping.

Composition, Meetings and Attendance

The composition of the Committee as on the date of this report is as under:

Dr. Rajeev Lochan Bishnoi	(Chairman)
Mr. Anil Kumar Misra	(Member)
Ms. Monica Dhawan	(Member)
Mr. Naba Kishore Sahoo	(Member)

The Committee met six (6) times during the year on 14.05.2019, 15.05.2019, 02.08.2019, 30.01.2020, 08.02.2020 and 19.03.2020. These meetings were attended by Members as detailed below.

Name of Director	Meetings during the tenure	Meetings Attended	%age
Dr. Sanjiv Agarwal (Upto 26.09.2019)	3	3	100
Mr. Mohammad Ashraf Mir (Upto 26.09.2019)	3	3	100
Mr. Sunil Chandiramani (Upto 26.09.2019)	3	3	100
Mr. Dhaman Kumar Pandoh (Upto 07.10.2019)	3	3	100
Mr. Anil Kumar Misra (From 02.08.2019)	4	3	75
Dr. Rajeev Lochan Bishnoi (From 14.01.2020)	3	3	100
Ms. Monica Dhawan (From 14.01.2020)	3	3	100
Mr. Naba Kishore Sahoo (From 01.03.2020)	1	1	100

Due to inability of the Bank to appoint independent Directors on the Board of the Bank & consequent reconstitution of various Committees of the Board, the time gap between the two consecutive Audit Committee meetings held during August 2019 to Jan 2020 exceeded the 120 days period specified under listing regulations.

Integrated Risk Management Committee

Brief terms of Reference /Roles & Responsibilities

The Committee facilitates the business/operations of the Bank by establishment of an effective risk management framework through appropriate risk policies /processes, to monitor risk profile of the Bank to ensure that it is in accordance with risk appetite of the Bank and to provide the support necessary to enable the Management to perform their assigned duties and responsibilities in an effective manner. The role of the Committee is to review risk policies and recommend to Board for approval. It also examines and monitors the risk issues related to Bank's business and operations and direct the Management appropriately. The Committee oversees all risk management functions in the Bank.

Composition, Meetings and Attendance

The composition of the Committee as on the date of this report is as under:

Mr. R. K. Chhibber	(Member)
Dr. Arun Kumar Mehta , IAS	(Member)
Mr. Bipul Pathak, IAS	(Member)
Dr. Rajeev Lochan Bishnoi	(Member)
Mr. Naba Kishore Sahoo	(Member)

The Integrated Risk Management Committee met two times during the year on 15.06.2019 and 25.09.2019. These meetings were attended by Members as detailed below:



Name of Director	Meetings during the tenure	Meetings Attended	%age
Mr. R. K. Chhibber (From 10.06.2019)	2	2	100
Dr. Arun Kumar Mehta, IAS	2	1	50
Dr. Pronab Sen (Upto 26.09.2019)	2	1	50
Dr. Sanjiv Agarwal (Upto 26.09.2019)	2	2	100
Mr. Sunil Chandiramani (Upto 26.09.2019)	2	1	50

Special Committee of Board on Frauds

Brief terms of Reference /Roles & Responsibilities

Pursuant to RBI directions, the major functions of the Special Committee would be to monitor and review all the frauds of Rs. 1 crore and above so as to:

- Identify the systemic lacunae if any that facilitated perpetration of the fraud and put in place measures to plug the same;
- Identify the reasons for delay, if any, in detection, reporting to top management of the Bank and RBI;
- Monitor progress of CBI / Police Investigation, and recovery position and;
- Ensure that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time.
- Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls.
- Put in place other measures as may be considered relevant to strengthen preventive measures against frauds.

Composition, Meetings and Attendance

The composition of the Committee as on the date of this report is as under:

Mr. R. K. Chhibber	(Chairman)
Mr. Bipul Pathak, IAS	(Member)
Mr. Vikram Gujral	(Member)
Dr. Rajeev Lochan Bishnoi	(Member)
Mr. Naba Kishore Sahoo	(Member)

The Committee met two times during the year on 15.06.2019

and 25.09.2019. These meetings were attended by the Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Mr. R. K. Chhibber (From 10.06.2019)	2	2	100
Dr. Arun Kumar Mehta, IAS (Upto 24.12.2019)	2	1	50
Mr. Mohammad Ashraf Mir (Upto 26.09.2019)	2	2	100
Mr. Dhaman Kumar Pandoh (Upto 07.10.2019)	2	2	100

Customer Service Committee

Brief terms of Reference /Roles & Responsibilities

The Committee has been constituted with a view to look into matters relating to customer complaints and speedy redressal thereof, reviewing customer service policies / metrics and indicators that provide information on the state of customer services in the Bank, monitoring the implementation of the Banking Ombudsman Scheme, etc.

Composition, Meetings and Attendance

The composition of the Committee as on the date of this report is as under:

Mr. R. K. Chhibber	(Chairman)
Dr. Arun Kumar Mehta, IAS	(Member)
Mr. Vikram Gujral	(Member)
Mr. Sonam Wangchuk	(Member)
Ms. Monica Dhawan	(Member)

The Customer Service Committee met two times during the year on 15.06.2019 and 25.09.2019. These meetings were attended by the Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Mr. R. K. Chhibber (From 10.06.2019)	2	2	100
Dr. Arun Kumar Mehta, IAS	2	1	50
Mr. Mohammad Ashraf Mir (Upto 26.09.2019)	2	2	100
Dr. Sanjiv Agarwal (Upto 26.09.2019)	2	2	100
Mr. Dhaman Kumar Pandoh (Upto 07.10.2019)	2	2	100
Mr. Rahul Bansal (Upto 26.09.2019)	2	0	0



Information Technology Strategy Committee

Brief terms of Reference /Roles & Responsibilities

Committee has been constituted pursuant to RBI directions to monitor the progress of effective assimilation and speedy implementation of Information Technology in the Bank.

Composition, Meetings and Attendance

The composition of the Committee as on the date of this report is as under:

Ms. Monica Dhawan	(Chairperson)
Mr. Bipul Pathak, IAS	(Member)
Mr. Vikram Gujral	(Member)
Mr. Naba Kishore Sahoo	(Member)

The Committee met three times during the year on 15.06.2019, 25.09.2019 and 17.03.2020. These Meetings were attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Mr. R. K. Chhibber (From 10.06.2019 to 01.03.2020)	2	2	100
Dr. Arun Kumar Mehta, IAS (Upto 01.03.2020)	2	1	50
Mr. Sunil Chandiramani (Upto 26.09.2019)	2	1	50
Mr. Rahul Bansal (Upto 26.09.2019)	2	0	0
Mr. Vikram Gujral (From 26.12.2019)	1	1	100
Mr. Sonam Wangchuk (From 26.12.2019 to 28.08.2020)	1	1	100
Dr. Rajeev Lochan Bishnoi (From 01.03.2020 to 28.08.2020)	1	1	100
Mr. Naba Kishore Sahoo (From 01.03.2020)	1	1	100

Legal and Impaired Assets Resolution Committee

Brief terms of Reference /Roles & Responsibilities

The Committee reviews the legal and suit filed cases, NPA accounts and also monitors and reviews the performance of Impaired Assets Portfolio Management (IAPM) vertical of the Bank for recovery/settlement of impaired assets of the Bank and other related matters.

Composition, Meetings and Attendance

The composition of the Committee as on the date of this report is as under:

Mr. R. K. Chhibber	(Chairman)
Dr. Arun Kumar Mehta, IAS	(Member)
Mr. Bipul Pathak, IAS	(Member)
Mr. Vikram Gujral	(Member)
Mr. Naba Kishore Sahoo	(Member)

The Committee met once during the year on 15.06.2019 and the same was attended by following Members:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Mr. R. K. Chhibber (From 10.06.2019)	1	1	100
Mr. Mohammad Ashraf Mir (Upto 26.09.2019)	1	1	100
Mr. Dhaman Kumar Pandoh (Upto 07.10.2019)	1	1	100

Nomination & Remuneration Committee

Bank has constituted a Nomination & Remuneration Committee of the Board as per the RBI Circular of 2004 and pursuant to the requirements of the Securities and Exchange Board of India (LODR) Regulations, 2015 and the Companies Act, 2013.

Brief terms of Reference /Roles & Responsibilities

In compliance to the regulatory requirements, the role and functions of the Committee under the aforesaid statutory and Regulatory requirements are as under:

- 1) The Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance and whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- 2) The Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.



- 3) The Nomination and Remuneration Committee shall, while formulating the policy ensure that:
 - 3.1 the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
 - 3.2 relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
 - 3.3 remuneration to directors, 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.
- 4) Devising a policy on diversity of board of directors.
- 5) Recommend to the board, all remuneration, in whatever form, payable to senior management.

Composition, Meetings and Attendance

The composition of the Committee as on the date of this report is as under:

Mr. Naba Kishore Sahoo	(Chairman)
Dr. Rajeev Lochan Bishnoi	(Member)
Ms. Monica Dhawan	(Member)

The Committee met four times during the year on 15.06.2019, 03.08.2019, 07.02.2020 and 18.03.2020. These Meetings were attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Dr. Arun Kumar Mehta, IAS (Upto 14.01.2020)	2	2	100
Dr. Pronab Sen (Upto 26.09.2019)	2	2	100
Mr. Sunil Chandiramani (Upto 26.09.2019)	2	1	50
Mr. Dhaman Kumar Pandoh (Upto 07.10.2019)	2	2	100
Mr. Sonam Wangchuk (From 14.01.2020 upto 01.03.2020)	1	0	0
Dr. Rajeev Lochan Bishnoi (From 14.01.2020)	2	2	100
Ms. Monica Dhawan (From 14.01.2020)	2	2	100
Mr. Naba Kishore Sahoo (From 01.03.2020)	1	1	100

Corporate Social Responsibility Committee Brief terms of Reference /Roles & Responsibilities

The Role and Functions of the Committee shall be as under:

1. Formulate and recommend to the Board for approval, the Corporate Social Responsibility Policy which shall indicate the activity or activities to be undertaken by the Bank as specified in schedule VII of the Companies Act, 2013, as amended from time to time;
2. Guide and monitor the activities of the Bank in the area of CSR such that the spends are in line with the activities stipulated in the CSR Policy.
3. Provide inputs, on an ongoing basis, to the formulation of strategic objectives and tactical plans that would help ensure the Bank is able to fulfill its corporate social responsibilities in a responsible and effective manner.

Composition, Meetings and Attendance

The composition of the Committee as on the date of this report is as under:

Mr. R. K. Chhibber	(Chairman)
Dr. Arun Kumar Mehta, IAS	(Member)
Mr. Vikram Gujral	(Member)
Ms. Monica Dhawan	(Member)

The Committee met once during the year on 15.05.2019 which was attended by following Members:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Mr. Parvez Ahmed (Upto 08.06.2019)	1	1	100
Mr. Mohammad Ashraf Mir (Upto 26.09.2019)	1	1	100
Mr. Rahul Bansal (Upto 26.09.2019)	1	1	100

Stakeholders Relationship Committee:

The Bank Constituted "Stakeholders Relationship Committee" pursuant to the provisions of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015. Mr. Mohammad Shafi Mir, Company Secretary, has been designated as the Compliance Officer.

Brief terms of Reference /Roles & Responsibilities

- 1) Considering and resolving the grievances of the security holders of the Bank including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.



- 2) Review of measures taken for effective exercise of voting rights by shareholders.
- 3) Review of adherence to the service standards adopted by the Bank in respect of various services being rendered by the Registrar & Share Transfer Agent.
- 4) Review of the various measures and initiatives taken by the Bank for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Bank.

During the year, 894 service requests / complaints were received and all these service requests / complaints stand redressed. The status of investors / shareholders service requests / grievances received during the year under report is as follows:

S.No.	Particulars	Received	Disposed	Pending
1.	Change / Correction of the Address	29	29	0
2.	Intimation of the Bank Mandate / NECS Mandate	26	26	0
3.	Non-receipt of Share Certificates	22	22	0
4.	Loss of Share Certificates and request for issue of duplicate share certificate(s)	19	19	0
5.	Deletion / inclusion of joint name and transmission	16	16	0
6.	Non-receipt of dividend warrants (NRDW)	47	47	0
7.	Registration of NECS	8	8	0
8.	Receipt of dividend warrants for revalidation	60	60	0
9.	Intimation of the Nomination form details	3	3	0
10.	Letters from SEBI/Stock Exchanges	0	0	0
11.	Request for stock split in lieu of old shares	2	2	0
12.	Others	662	662	0
	Total	894	894	0

Composition, Meetings and Attendance

The composition of the Committee as on the date of this report is as under:

Dr. Arun Kumar Mehta, IAS	(Chairman)
Mr. Vikram Gujral	(Member)
Mr. Sonam Wangchuk	(Member)
Ms. Monica Dhawan	(Member)

The Committee met once during the year on 25.09.2019 and the meeting was attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Dr. Arun Kumar Mehta, IAS	1	0	0
Dr. Sanjiv Agarwal (Upto 26.09.2019)	1	1	100
Mr. Dhaman Kumar Pandoh (Upto 07.10.2019)	1	1	100
Mr. Rahul Bhansal (Upto 26.09.2019)	1	0	0

Human Resource Development Committee

Brief terms of Reference /Roles & Responsibilities

- To Review Organizational Structure, Succession Planning, HR Transfer Policy, HR Promotion Policy and make final recommendations to the Board in this regard.
- To conduct the interview for promotion to senior levels of the Management i.e Vice Presidents & above.

Composition, Meetings and Attendance

The composition of the Committee as on the date of this report is as under:

Mr. R. K. Chhibber	(Chairman)
Dr. Arun Kumar Mehta, IAS	(Member)
Mr. Bipul Pathak, IAS	(Member)
Dr. Rajeev Lochan Bishnoi	(Member)

The HRD Committee did not meet during the year under review.

Investment Committee

Brief terms of Reference /Roles & Responsibilities

To review and monitor the performance of Treasury Operations of the Bank and exercise powers relating to



investment decisions as delegated by the Board from time to time.

Composition, Meetings and Attendance

The composition of the Committee as on the date of this report is as under:

Mr. R. K. Chhibber	(Chairman)
Mr. Sonam Wangchuk	(Member)
Dr. Rajeev Lochan Bishnoi	(Member)
Mr. Naba Kishore Sahoo	(Member)

The Committee met once during the year on 17.03.2020 and was attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Mr. R. K. Chhibber (From 10.06.2019)	1	1	100
Mr. Sonam Wangchuk (From 01.03.2020)	1	1	100
Dr. Rajeev Lochan Bishnoi (From 01.03.2020)	1	1	100
Mr. Naba Kishore Sahoo (From 01.03.2020)	1	1	100

GST Steering Committee

Brief terms of Reference /Roles & Responsibilities

To monitor/review the implementation of GST Laws in the Bank and to evaluate the implications/opportunities of GST to the Bank.

Composition, Meetings and Attendance

The composition of the Committee as on the date of this report is as under:

Mr. R. K. Chhibber	(Chairman)
Dr. Rajeev Lochan Bishnoi	(Member)
Mr. Naba Kishore Sahoo	(Member)

The Committee met once during the year on 04.07.2019, which was attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Dr. Sanjiv Agarwal (Upto 26.09.2019)	1	1	100
Mr. Mohammad Ashraf Mir (Upto 26.09.2019)	1	1	100
Mr. Sunil Chandiramani (Upto 26.09.2019)	1	1	100
Mr. Dhaman Kumar Pandoh (Upto 07.10.2019)	1	1	100

MEETING OF THE INDEPENDENT DIRECTORS

The Independent Directors of the Bank met on 18th March, 2020. All Independent Directors attended the meeting.

CORPORATE GOVERNANCE POLICIES IN COMPLIANCE WITH THE STATUTORY REGULATIONS

Board Diversity Policy

In accordance with the Regulation 19(4) and Part D(A) (3) of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('Listing Regulations'), the Bank has framed a formal policy on Board Diversity which sets out a framework to promote diversity on Bank's Board of Directors.

Code of Conduct for Board of Directors and Senior Management

In accordance with the Regulation 17(5) of 'Listing Regulations', the bank has framed a formal policy on Code of Conduct for Board of Directors and Senior Management of the Bank in order to exercise good judgement, to ensure the interests, safety and welfare of customers, employees & other stakeholders and to maintain a cooperative, efficient, positive, harmonious and productive work environment.

Declaration:

I confirm that for the year under review, all Directors and Senior Management have affirmed their adherence to the provisions of the code of conduct for Board of Directors and Senior Management Personnel.

Srinagar - 01.06.2020

R K Chhibber
Chairman & MD

Dividend Distribution Policy

The objective of this policy is to lay down the criteria to be considered by the Board of Directors of the Bank before recommending dividend to the Shareholders for a Financial Year. The policy is framed in compliance to Regulation 43A of the Listing Regulations, relevant applicable provisions of Companies Act, 2013 and RBI Guidelines.

Performance Evaluation Policy for the Board and Members of the Board

The Board of Directors on the recommendations of the Nomination & Remuneration Committee (NRC) has approved a framework/policy for evaluation of the Board, Committees of the Board and the individual Members of the Board (including the chairperson). The objective of this policy is to formulate the procedure and also to prescribe and lay down the criteria to evaluate the performance of the entire Board, each individual Director and the committees of the Board of the Bank.

Policy for Determination of Materiality of Information/Event(s)

In order to ensure consistent, transparent, regular and timely public disclosure and dissemination of material events/information based on the criteria specified in sub regulation 4 of Regulation 30 of the Listing Regulations, the Board of the Bank has formulated a policy for determination of materiality of such events/information to the members of public.



Policy for Determining Material Subsidiary

The Securities and Exchange Board of India ("SEBI") has in terms of Regulation 16(1) provided that the listed entity shall formulate a policy for determining material subsidiary and to provide the governance framework for such subsidiaries. Pursuant to said Regulation, the Bank has framed a policy for determination of "material subsidiary" of the Bank. The Bank at present has no material subsidiary within the meaning of the definition of material subsidiary under the Regulations.

Policy on Preservation of Documents and Archival of Documents

The Bank has framed the policy on preservation of documents and archival as mandated by the provisions of Regulation 9 read with Regulation 30(8) of Chapter III of the Listing Regulations, 2015. Through this policy, the Bank has a strategic objective of ensuring that significant documents are safeguarded and preserved to ensure the longevity of priority documents including the electronic resources.

The above policies were lastly reviewed by the Board on April 22, 2020 and are available on the website of the Bank at the link:

<https://www.jkbank.com/investor/stockExchangeIntimation/corporateGovernanceReports.php>

Insider Trading Code

The Bank has emplaced a Code on Practices and procedures for Fair Disclosure of Unpublished Price Sensitive Information pursuant to Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 to prevent practices of Insider Trading. Mr. Mohammad Shafi Mir, Company Secretary, has been designated as Compliance Officer for this purpose.

Ethical Corporate Policy for Acceptance of Gifts

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

DISCLOSURE IN RELATION TO THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.

The Bank does not engage in any form of child labour/forced labour/involuntary labour and does not adopt any discriminatory employment practices. The Bank has a policy against sexual harassment and an "Internal Complaints Committee for Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace" for dealing with complaints of harassment or discrimination. The said policy is in line with relevant Act passed by the parliament in 2013. The Bank, through the policy ensures that all such complaints are resolved within defined timelines. During the year, no complaint was lodged before the committee and no case is pending for disposal.

ETHICAL STANDARDS EMPLOYED BY THE BANK

The Bank has emplaced service manual for its employees. This manual contains comprehensive regulations on ethical standards to be mandatorily observed by all the employees of the Bank.

WHISTLE BLOWER POLICY & VIGIL MECHANISM:

The details with reference to whistle blower policy and vigil mechanism along with the affirmation that no personnel has been denied access to the audit committee, have been addressed in the Directors Report which is forming part of this annual report. During the year, the Audit Committee did not receive any reference under the said policy. The policy is available on the website of the bank at the link:

<https://www.jkbank.com/pdfs/policy/WHISTLE-03-06-2017.pdf>

DETAILS OF UTILIZATION OF FUNDS RAISED THROUGH PREFERENTIAL ALLOTMENT OR QUALIFIED INSTITUTIONAL PLACEMENT AS SPECIFIED UNDER REGULATION 32 (7A)

The Bank has, on March 31, 2020, allotted 15,65,92,546 equity shares of ₹ 1/- each fully paid up for cash to the Government of Jammu and Kashmir at the issue price of ₹ 31.93 (Rupees Thirty One and Ninety Three Paise Only) per Equity Share (including premium of ₹ 30.93 per Equity Share) aggregating to ₹ 4,99,99,99,994.00 (Rupees Four Hundred Ninety Nine Crore Ninety Nine Lacs Ninety Nine Thousand Nine Hundred Ninety Four Only) on preferential basis. The funds raised were utilized to meet the needs of its growing business, including long term capital requirements for pursuing its growth plans and to maintain its Capital Adequacy Ratio as per the regulatory guidelines/ norms laid down by the Reserve Bank of India.

CEO / CFO CERTIFICATION

In terms of Regulation 17(8) of the Listing Regulations, the certification by the CEO and CFO on the financial statements and internal controls relating to financial reporting has been obtained and was placed before the Board in its meeting dated 29th June, 2020.

DISCLOSURES

The Board of your Bank has, in all its endeavors ensured that true and fair disclosures are made to its constituents through various publications regarding plans, strategies and performance. The Board is pleased to disclose that:

1. The Executive Management of Bank regularly places various reviews before the Board on the performance of the Bank so as to enable it to exercise effective control and check over the working of the Bank.
2. Bank has not entered into any materially significant transaction with its Directors, Management or with their Relatives, other than the normal course of business of the Bank.
3. The Bank did not enter into any material related party transaction with its Directors or Management or their Relatives that would potentially conflict with and adversely affect interests of the Bank.
4. The Directors did not incur any disqualification under Section 164 of the Companies Act, 2013 or under any other law applicable to the Bank.
5. None of the Directors of the Bank are holding positions as Chairman of more than five and as a Member of more than ten Audit and Stakeholders' Relationship Committees.
6. During the year under review, due to unprecedented and extraordinary reasons beyond its control, the Bank has involuntarily become non-compliant with certain



regulations of the Listing Regulations/Companies Act, 2013 relating to Composition of Board of Directors, inability to reconstitute the statutory committees of the Board and submission of reviewed Financial Results of the Bank for the quarter and half year ended September 30, 2019 within the stipulated period. The Stock Exchanges (NSE & BSE) accordingly imposed a penalty of ₹ 106200/- each for delay in submission of financial results. However, consequent upon the representation of the Bank to SEBI/Stock Exchanges, the Stock Exchanges have granted waiver of penalty to the Bank for non-compliance with the provisions of

Regulation 33 (3) of the listing regulations. Subject to above there were no cases of non-compliance by the Bank and no penalties or strictures have been imposed on or proposed against the Bank by the Stock Exchange (s) and / or SEBI and / or any other statutory authorities on matters relating to capital market except to the extent disclosed in the Notes to the Accounts and the Bank has complied with the provisions of relevant Acts, Rules & Regulations framed there under during the financial year 2019-2020

- The Bank has complied with all applicable accounting standards and related RBI guidelines.

STRICTURES AND PENALTIES FOR THE LAST 3 FINANCIAL YEARS

Period	Penalty Amount (Amount in Lakhs)	Details
FY 2017-18	6.28	During the Financial year 2017-18, the Reserve Bank of India had imposed a monetary penalty of ₹ 6.28 lacs on currency chests.
FY 2018-19	504.58	During the Financial year 2018-19, the Reserve Bank of India had imposed a monetary penalty of ₹300 lacs on account of non-compliance of asset classification norms and KYC/AML guidelines, penalty of ₹ 200 lacs on the Bank for non-compliance to RBI's directives on "Time-bound implementation & Strengthening of SWIFT related controls" and ₹ 4.58 lacs on currency chests.
FY 2019-20	63.55	During the Financial year 2019-20, the Reserve Bank of India had imposed a monetary penalty of ₹ 50 lacs on account of delayed reporting of Fraud and ₹ 13.55 lacs on currency chests. As stated above, the Stock Exchanges (NSE & BSE) imposed a penalty of ₹ 106200/- each for delay in submission of financial results. However, consequent upon the representation of the Bank to SEBI/Stock Exchanges, the Stock Exchanges have granted waiver of penalty to the Bank for non-compliance with the provisions of Regulation 33 (3) of the SEBI listing regulations.

COMPLIANCE WITH MANDATORY REQUIREMENTS

The Bank has complied with all the applicable mandatory requirements of the Code of Corporate Governance as prescribed under the SEBI Listing Regulations.

COMPLIANCE WITH NON-MANDATORY REQUIREMENTS

a) Board of Directors

During the period under review, the Bank has separated the position of Chairman and Managing Director by amending the Articles of Association of the Bank. Consequent upon the recommendations of the Board for the personages to the positions of Non-Executive Chairman and Managing Director, the Bank has applied to RBI for approval under section 35B of Banking Regulations Act, 1949. The applications of the Bank are under consideration of Reserve Bank of India. The Bank will maintain the expenses relating to the office of non-executive Chairperson of the Bank and will reimburse all the expenses incurred in performance of his duties.

b) Shareholder's Rights

The Bank publishes its results on its website at www.jkbank.com which is accessible to the public at large. The same are also available on the websites of the Stock Exchanges on which the Bank's shares are listed. A half-yearly declaration of financial performance including summary of the

significant events is presently not being sent separately to each household of shareholders. The Bank's results for each quarter are published in National English newspaper having a pan-India circulation and in a local newspaper having wide circulation in the UT of J&K.

c) Audit Qualifications

The audit report on the financial statements of the Bank for 2019-20 has unmodified opinion.

d) Reporting of Internal Auditor

The findings of internal/concurrent auditors are consolidated and placed before the audit committee by the Bank periodically.

FAMILIRISATION PROGRAMME

The details of familiarisation programmes imparted to Independent Directors are available on the website of the Bank at <https://www.jkbank.com/investor/stockExchangeIntimation/corporateGovernanceReports.php>

PERFORMANCE EVALUATION

The Bank has put in place a mechanism for performance evaluation of the Directors. The details of the same are included in the Directors' Report.



IMPORTANT EVENTS AFTER THE CLOSURE OF FINANCIAL YEAR ENDED 31.03.2020

This report covers the period of financial year beginning on 1st April, 2019 to 31st March, 2020. There were no material events from 1st April, 2020 to 29th June, 2020 - the date when the annual accounts were adopted by the Board of Directors of the Bank. For the impact of COVID-19 on the performance of the Bank refer "note no. 25.1 of schedule 18 - Notes on standalone/consolidated accounts of the Bank.

The Bank subsequent to the receipt of RBI approval for separation of the position of Chairman & CEO into a Chairman of the Board and a Managing Director & CEO of the Bank, has appointed Mr. R. K. Chhibber, as Chairman of the Board and Mr. Zubair Iqbal as Managing Director & CEO of the Bank subject to the approval of RBI. The Bank has applied to RBI for approval of aforesaid appointments under section 35B of Banking Regulations Act, 1949, which are under the consideration of Reserve Bank of India.

SHAREHOLDERS RIGHTS

A shareholder can enjoy the following rights prescribed under the Companies Act, 2013 and the SEBI Listing Regulations, wherever applicable:

- To carry out transmission /transposition and deletion of name on the share certificate(s) and receive the duly endorsed share certificates within the period prescribed in the SEBI Listing Regulations.
- To receive notice of general meetings, annual report, balance sheet, profit and loss account, cash flow statement and auditors' report.
- To appoint proxy to attend and vote at general meetings. In case the member is a body corporate, to appoint a representative to attend and vote at general meetings of the company on its behalf.
- Proxy can vote on a poll. In case of vote on poll, the number of votes of a shareholder is proportionate to the number of equity shares held by him. In case of the 82nd Annual General Meeting of the Bank which will be conducted by Video-Conferencing / Other Audio-Visual Means pursuant to the relevant MCA circulars, physical attendance of the shareholders has been dispensed with and accordingly, the facility for appointment of proxies for attending and voting on behalf of shareholders will not be available at the 82nd Annual General Meeting of the Bank.
- To attend and speak in person, at general meetings. Proxy cannot vote on show of hands but can vote on a poll.
- To demand poll in respect of any resolution along with other shareholder(s) who collectively hold not less than 1/10th of the total voting power or holding shares on which an aggregate sum of not less than 5 lakh rupees has been paid up.
- To requisition an extraordinary general meeting of the Company by shareholders who collectively hold not less than 1/10th of the total paid up capital of the company.
- To move amendments to resolutions proposed at general meetings.
- To receive dividend and other corporate benefits like rights, bonus shares etc. as and when declared / announced.
- To take inspection of the various Registers of the

Company.

- To inspect the minute books of general meetings and to receive copies thereof after complying with the procedure prescribed in the Companies Act, 2013.
- To make nomination in respect of shares held by the shareholder.
- To participate in and be sufficiently informed of the decisions concerning fundamental corporate changes.
- To be informed of the rules, including voting procedures that govern general shareholder meetings.
- To have adequate mechanism to address the grievances of the shareholders.
- To ensure protection of minority shareholders from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly, and effective means of redress.

The rights mentioned above should be followed only after careful reading of the relevant provisions. These rights are not necessarily absolute.

GENERAL SHAREHOLDER INFORMATION

Details of Stock Exchanges / Depositories

The equity shares of the Bank are listed on the following stock exchanges:

S.No.	Name & Address of Stock Exchange	Scrip Code
1.	National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400 051	J&KBank
2.	The BSE Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Fort Mumbai 400 001	532209

The annual listing fees for the relevant periods has been paid to the above Stock Exchanges where the shares/bonds are listed.

Name of Depositories for dematerialization of equity shares (ISIN Number - INE168A01041):

01.	National Securities Depository Limited (NSDL)
02.	Central Depository Services (India) Limited (CDSL)

Registrar and Transfer Agent (RTA)

KFin Technologies Private Limited

(Unit: J&K Bank)

Plot 31-32, Selenium Building,
Financial District, Nanakramguda,
Gachibowli, Hyderabad - 500 032
Telangana - India

Tel: +91-040 - 67162222

Fax: +91-040 - 23001153

E-mail: einward.ris@kfintech.com

Email ID for Redressal of Investor Grievances

Pursuant to Regulation 85(4) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Bank has created a separate Email ID for redressal of Investor Complaints and Grievances. The Email ID for Redressal of Investor Grievances is sharedeptt_gc@jkbmail.com



Compliance Officer

Name:	Mohammad Shafi Mir, Company Secretary
Role:	To ensure compliance to all statutory regulations as far as they relate to Company Secretary and redressal of grievance of Shareholders / Investors
Address:	Jammu and Kashmir Bank Ltd. Board Secretariat, Corporate Headquarters M. A. Road, Srinagar 190 001
Phone	0194-2483775 / 0194-2481930-35 (Extn.)1540

Debenture Trustees

The SEBI Listing Regulations require companies, which have listed their debt securities, to disclose the names of their debenture trustees with contact details in their Annual Report. The details of debenture trustee for the privately placed bonds of the Bank is as under:

Name: IDBI Trusteeship Services Ltd.

Address: Asian Building Ground Floor, 17, R Kamani Marg, Ballard Estate, Mumbai, Maharashtra. PIN: 400001.

Phone: 022-40807004/40807023 / 9892258709

Email ID: rmitra@idbitrustee.com / itsl@idbitrustee.com

FINANCIAL CALENDAR (APRIL 01, 2019 TO MARCH 31, 2020)

Board meeting for consideration of Accounts	29 th June, 2020	
Dispatch of Annual Report / Notice of AGM by electronic mode	September 05, 2020 onwards	
Date, Time and Venue of the 82 nd AGM	Meeting will be held on September 28, 2020 through Video Conferencing at 11:00 AM	
Record date for the purpose of determining eligibility of dividend	Not Applicable*	
Board meeting for considering un-audited results for the first 3 quarters of FY 2019-20	Quarter ending	Approval Date
	30 th June, 2019	03 rd August, 2019
	30 th September, 2019	31 st January, 2020
	31 st December, 2019	31 st January, 2020

* Keeping in view the loss suffered by the Bank during the year and the Reserve Bank of India's circular dated April 17, 2020, directing all banks not to make dividend pay-outs pertaining to the financial year ended March 31, 2020 until further instructions from the RBI, to conserve capital in an environment of heightened uncertainty caused by COVID-19, the Board of Directors of the Bank has, not proposed any dividend for the year ended March 31, 2020

GENERAL BODY MEETINGS

Information relating to last three (3) General Body Meetings is furnished below:

Name of Meeting	Day, Date and time of meeting	Venue	Nature of Special Resolutions Passed
79 th Annual General Meeting	Saturday 17 th June, 2017 at 04:00 PM	Sher-i-Kashmir International Conference Centre (SKICC), Srinagar	<ul style="list-style-type: none"> Alteration in Articles of Association. To raise funds, subject to the maximum of Rs.1500 Crore.
80 th Annual General Meeting	Saturday, 7 th July, 2018 at 11:00 AM	Sher-i-Kashmir International Conference Centre (SKICC), Srinagar	<ul style="list-style-type: none"> Raising of Equity TIER I Capital, Upto the tune of 1000 Crore. Raising of Basel III Complaint Tier II Capital, Upto the tune of 1000 Crore.
81 st Annual General Meeting	Thursday, 26 th September, 2019 at 11:00 AM	Jammu and Kashmir Bank Limited, Corporate Headquarters, M. A. Road, Srinagar.	<ul style="list-style-type: none"> Confirmation for extension in the term of Independent Director. Raising of Equity TIER I Capital, upto the tune of 550 Crore and Basel III Complaint Tier II Capital, upto the tune of 1050 Crore. Alteration in Articles of Association.



POSTAL BALLOT

The following Special Resolutions were passed through postal ballot during FY 2019-20 vide Postal Ballot notice dated February 14, 2020 under Section 110 of the Companies Act, 2013:

- (i) Authority to the Board of Directors of the Bank to Offer, Issue and Allot Equity Shares on a preferential basis to the Government of Jammu and Kashmir, Promoter and Majority Shareholder of the Bank.
- (ii) Amendments in the Articles of Association of the Bank.

The Bank followed the procedure as prescribed under Companies (Management and Administration), Rules, 2014, as amended and the Secretarial Standard 2 issued by the

Institute of Company Secretaries of India. The Members were provided the facility to cast their votes through electronic voting (e-voting) or through postal ballot. The Board of Directors of the Bank, appointed Ms. K Jhansi Laxmi, Practicing Company Secretary, as the Scrutinizer for conducting the postal ballot/e-voting process in a fair and transparent manner. The scrutinizer submitted her report to the Chairman after the completion of the scrutiny of the postal ballots (including e-voting). Considering the combined results of the Postal Ballot via postal ballot forms and e-voting facility, the resolutions were approved on March 18, 2020. The results were declared on March 18, 2020 and communicated to the Stock Exchanges and displayed on the Bank's website www.jkbank.com.

The details of the voting pattern is given below:

Resolution	No. of valid votes polled	Votes cast in favour	Votes cast against	% of Votes cast in favour	% of Votes cast against	Invalid votes
Issue of Capital on Preferential basis	40,05,94,849	39,93,91,012	12,03,837	99.70	0.30	7,18,012
Amendments in Articles of Association	40,05,74,791	40,05,48,869	25,922	99.99	0.01	7,38,070

At present, the Bank has no plan to pass special resolution through Postal Ballot. The shareholders will be intimated as and when it will be planned.

MEANS OF COMMUNICATION

J&K Bank disseminates information about its operations through various means to shareholders, analysts and the society at large. All official news releases and presentations made to institutional investors and analysts are posted on the Bank's website (www.jkbank.com). It also issues press releases and conducts programmes that disseminate information. The quarterly results of the Bank are published in widely circulated National/Local Newspapers and are also placed on the website of the Bank. The Board takes on record the Un-Audited/Reviewed Financial Results in the prescribed form of the Stock Exchanges within 45 days of the closure of the quarter and announces forthwith the results to all the Stock Exchanges where the shares of the Bank are listed. The highlights of quarterly results are also published in National and Vernacular Newspapers within 48 hours of the conclusion of the Board Meeting in which they are taken on record and information is also placed on the website of the Bank. The Bank regularly organizes Press / Analyst Meets to apprise Fund Managers, Press and Analysts about the financial performance of the Bank and to receive their suggestions for future growth.

SHARE TRANSFER PROCESS AND SYSTEM

The Bank's shares which are in compulsory dematerialized (Demat) list are transferable through the depository system. Requests for transmission / transposition or for deletion of name in case of physical share certificates are processed by the Registrar and Share Transfer Agents, KFin Technologies Private Limited [formerly known as Karvy Fintech (P) Ltd.] and are approved by the Board / Share Transfer Committee of the Bank. The service requests of such nature are processed within a period of ten (10) days from the date of receipt of the

relevant documents by Registrar and Share Transfer Agents. Please note that as per the amended SEBI Listing Regulations, with effect from April 01, 2019, any requests for transfer of securities shall not be processed unless the securities are held in dematerialized form.

FEES PAID TO STATUTORY AUDITORS

The details of total fees for all services paid by the Bank and its subsidiary/associate, on a consolidated basis, to the Statutory Auditors are provided in the Director's Report.

DIVIDEND HISTORY OF LAST FIVE YEARS

Financial Year	Rate of Dividends (%)	Date of Declaration	Date of Payment
2014-15	210	22-08-2015	31-08-2015
2015-16	175	20-07-2016	21-07-2016
2016-17	Nil	----	----
2017-18	Nil	----	----
2018-19	Nil	----	----

DEMATERIALIZED / PHYSICAL SHARES

The shares of the Bank are in compulsory dematerialised segment and are available for trading in depository systems of both National Securities Depository Limited and Central Depository Services (India) Ltd. as on 31st March, 2020, the position of dematerialized shares as well as physical shares is as under: (As on 31.03.2020)

Particulars	No. of shares	%age
Physical Shares	13,071,026	1.83
Dematerialized Shares	700,379,912	98.17
Total	713,450,938	100.00



DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2020

S.NO	Category	No. of Holders	% to Holders	Amount	% to Amount
1	Upto 1 - 5000	100063	96.56	56034619	7.85
2	5001 - 10000	2276	2.20	15654493	2.19
3	10001 - 20000	672	0.65	9466984	1.33
4	20001 - 30000	217	0.21	5337503	0.76
5	30001 - 40000	103	0.10	3644551	0.51
6	40001 - 50000	54	0.05	2433926	0.34
7	50001 - 100000	99	0.10	7045864	0.99
8	100001 & Above	139	0.13	613832998	86.03
9	Total	103623	100.00	713450938	100.00

LIST OF SHAREHOLDERS HOLDING MORE THAN 1% AS ON 31ST MARCH, 2020

S. No.	NAME	SHARES	% TO EQT	CATEGORY
1	Chief Secretary Jammu and Kashmir Govt.	459,004,701	64.3358	PRO
2	Secretary Finance Deptt Jammu and Kashmir Govt.	274,20,877	3.8434	PRO
3	East Bridge Capital Master Fund Limited	169,95,330	2.3821	FPC
4	Life Insurance Corporation Of India	153,74,694	2.1549	IFI
5	East Bridge Capital Master Fund I Ltd	102,43,362	1.4357	FPC
6	ICICI Prudential Value Discovery Fund	100,00,000	1.4016	MUT
8	Total	539,038,964	75.5537	

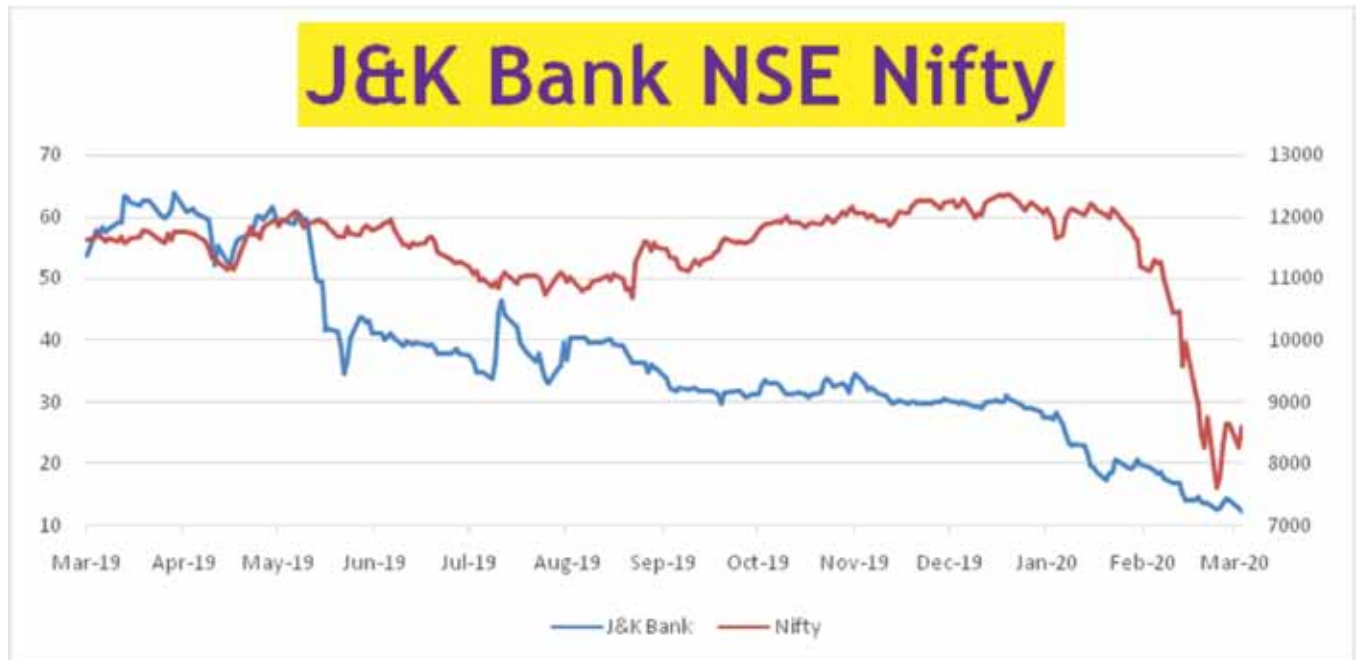
STOCK MARKET DATA

JK Bank on NSE Nifty April 2019 - March 2020

Month	High Price		Low Price		Close Price		Turnover In lakhs
	Rate	Date	Rate	Date	Rate	Date	
April, 2019	65.75	10-04-2019	54.00	01-04-2019	60.75	30-04-2019	14503.43
May, 2019	63.45	23-05-2019	50.60	13-05-2019	59.40	31-05-2019	13333.53
June, 2019	62.00	04-06-2019	33.35	20-06-2019	40.25	28-06-2019	18407.46
July, 2019	41.80	01-07-2019	33.85	31-07-2019	35.15	31-07-2019	3171.87
August, 2019	46.40	09-08-2019	31.10	23-08-2019	41.55	30-08-2019	15828.49
September, 2019	41.80	03-09-2019	33.30	30-09-2019	33.45	30-09-2019	7648.56
October, 2019	34.00	31-10-2019	29.15	17-10-2019	33.30	31-10-2019	4548.28
November, 2019	35.90	29-11-2019	30.50	07-11-2019	34.00	29-11-2019	5945.69
December, 2019	34.00	02-12-2019	29.25	12-12-2019	29.85	31-12-2019	4298.60
January, 2020	31.50	16-01-2020	28.05	27-01-2020	27.30	31-01-2020	5245.05
February, 2020	29.00	01-02-2020	17.05	17-02-2020	19.75	28-02-2020	8256.17
March, 2020	20.90	02-03-2020	11.50	23-03-2020	12.36	31-03-2020	3749.72



J K BANK NSE NIFTY



JK Bank on BSE Sensex April 2019 - March 2020

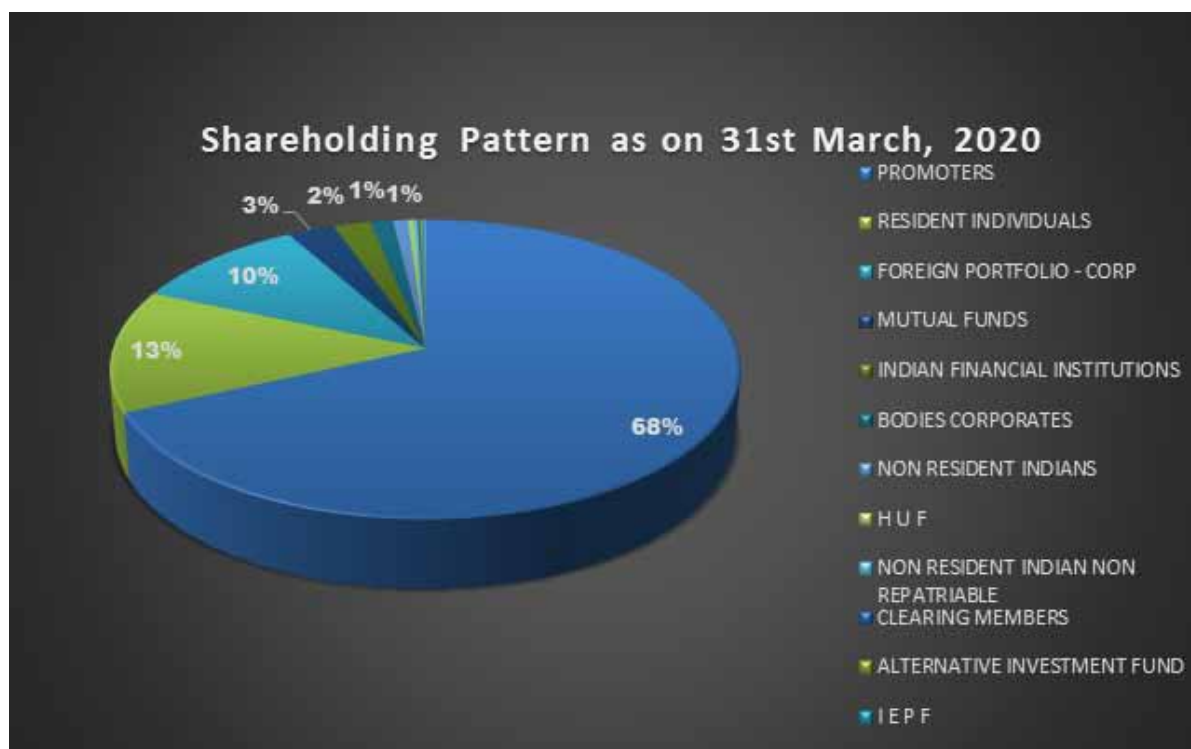
Month	High Price		Low Price		Close Price		Turnover In lakhs
	Rate	Date	Rate	Date	Rate	Date	
April, 2019	65.95	10-04-2019	53.5	01-04-2019	61.00	30-04-2019	1725.72
May, 2019	63.25	23-05-2019	51.10	09-05-2019	59.10	31-05-2019	1852.56
June, 2019	61.75	04-06-2019	33.35	20-06-2019	40.15	28-06-2019	2398.03
July, 2019	41.75	01-07-2019	34.00	31-07-2019	35.00	31-07-2019	419.18
August, 2019	53.20	08-08-2019	32.40	05-08-2019	41.55	30-08-2019	2293.47
September, 2019	41.75	03-09-2019	33.25	30-09-2019	33.35	30-09-2019	1061.43
October, 2019	34.80	31-10-2019	29.40	17-10-2019	33.35	31-10-2019	547.36
November, 2019	36.00	29-11-2019	30.60	15-11-2019	34.00	29-11-2019	595.94
December, 2019	34.80	02-12-2019	29.40	16-12-2019	29.90	31-12-2019	356.57
January, 2020	31.50	17-01-2020	27.00	30-01-2020	27.35	31-01-2020	297.21
February, 2020	29.00	01-02-2020	17.05	17-02-2020	19.75	28-02-2020	759.01
March, 2020	19.75	03-03-2020	11.30	20-03-2020	12.40	31-03-2020	444.19

J K BANK BSE SENSEX
SHAREHOLDING PATTERN AS ON 31.03.2020

JAMMU & KASHMIR BANK LIMITED		
Share holding pattern as on 31 March 2020 (Consolidated)		
Description	Total Shares	Percentage
PROMOTERS	486425578	68.18
RESIDENT INDIVIDUALS	94454260	13.24
FOREIGN PORTFOLIO - CORP	74177685	10.40
MUTUAL FUNDS	19942770	2.80
INDIAN FINANCIAL INSTITUTIONS	15374694	2.15
BODIES CORPORATES	9655990	1.35



NON RESIDENT INDIANS	6167166	0.86
H U F	2277641	0.32
NON RESIDENT INDIAN NON REPATRIABLE	1683521	0.24
CLEARING MEMBERS	1057240	0.15
ALTERNATIVE INVESTMENT FUND	1055018	0.15
I E P F	678102	0.10
BANKS	382507	0.05
TRUSTS	109266	0.01
DIRECTORS	6750	0.00
NBFC	1750	0.00
RESIDENT INDIVIDUALS	1000	0.00
Total	713450938	100



CREDIT RATINGS

S. No.	Particulars	31.03.2020	31.03.2019
1	Credit rating and change in credit rating (if any): 1. Certificate of Deposits 2. Short Term Deposits 3. Long term Deposits 4. Tier II Sub ordinate Debt	CRISIL A1+ CRISIL A1+ FAA-/Negative BWR AA- (Credit watch with negative implications) IND AA + (Negative)	CRSIL A1+ CRSIL A1+ FAA/ -ve CARE AA -ve BWR AA IND AA -ve



CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

**The Members of
JAMMU AND KASHMIR BANK LIMITED
Corporate Headquarters, M. A. Road, Srinagar, Kashmir - 190001**

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of JAMMU AND KASHMIR BANK LIMITED having CIN L65110JK1938SGC000048 and having registered office at Corporate Headquarters, M. A. Road, Srinagar, Kashmir - 190001 (hereinafter referred to as 'the Bank'), produced before us by the Bank for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Bank & its officers, We hereby certify that none of the Directors on the Board of the Bank for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or by any other Statutory Authority.

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Bank. Our responsibility is to express an opinion based on our verification. This certificate is neither an assurance as to the future viability of the Bank nor of the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

Place: Hyderabad
Date: 14.08.2020

**For DSMR & Associates
Company Secretaries**

D S M Ram
C. P. No. 4239
Proprietor



To

**The Members of
The Jammu and Kashmir Bank Limited**

We have examined the compliance of the conditions of the Corporate Governance by The Jammu and Kashmir Bank Limited for the year ended 31st March, 2020 as stipulated in Schedule V to the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 applicable to the said Bank.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Bank for ensuring the compliance of conditions of Corporate Governance. It is neither an audit nor expression of opinion on the financial statements of the Bank.

We state that in our opinion and to the best of our information and according to explanations given to us, the Bank has complied with the conditions of Corporate Governance as stipulated in Schedule V to the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 except as stated in the Secretarial Audit Report dated August 14, 2020 issued by M/s DSMR & Associates.

We state that no investor grievance is pending for a period exceeding one month against the Bank as per the records maintained by the Bank.

For

O. P Garg & Co.
Chartered Accountants
FRN: 01194N

Verma Associates
Chartered Accountants
FRN: 02717N

P.C Bindal & Co
Chartered Accountants
FRN: 03824N

K.K Goel & Associates
Chartered Accountants
FRN: 05299N

CA Manish Kumar Gupta
Partner
(M. No: 097191)

CA Madan Verma
Partner
(M. No: 081631)

CA Shailza Wazir
Partner
(M. No: 502279)

CA Amit Goel
Partner
(M. No: 098913)

UDIN: 20097191AAAAFV7845

UDIN: 20081631AAAADN5681

UDIN: 20502279AAAAFB3968

UDIN: 20098913AAAACU8712

Date: September 01, 2020



SHAREHOLDERS INFORMATION

A) Shareholders' Helpdesk

Share transfers, dividend payments and all other investor related activities are attended to and processed at the office of Registrar and Transfer Agents. For lodgment of transfer deeds and any other documents or for any grievances/complaints, shareholders/investors may contact at the following address:

Ms. Rajitha Cholleti / Mr. Sri Sai Karthik Tikkiseti / Mr. Narendra Morapakula

KFin Technologies Private Limited

(Unit: J&K Bank)
Plot 31-32, Selenium Building,
Financial District, Nanakramguda,
Gachibowli, Hyderabad - 500 032
Telangana - India

Tel: +91-040 - 67162222
Fax: +91-040 - 23001153
E-mail: einward.ris@kfintech.com
Timings: 10:00 a. m. to 4:30 p. m.
(Monday to Friday except public holidays)

For the convenience of investors, certain complaints from investors are accepted at the Bank's Office at the below mentioned address:

Ground floor, Jammu and Kashmir Bank Limited,
Corporate Headquarters,
M.A. Road, Srinagar,
Jammu & Kashmir, 190001.

Shareholders' Helpdesk Timings: 11:00 a.m. to 1:00 p.m.
Between Monday to Friday (except on Bank holidays)
Telephone: +91-0194-2483775, +91-0194-
2481930/31/32/33/34/35, Ext: 1542, 1544 & 1545.
Email: sharedept_gc@jkbmail.com

For IEPF Related matters - Mr. Ain Altaf Kamili
Tel: +91-0194-2483775
Email: sharedept_gc@jkbmail.com

Queries relating to the Bank's operational and financial performance may be addressed to:
investorrelations@jkbmail.com.

Name of the Compliance Officer of the Bank:
Mr. Mohammad Shafi Mir
Company Secretary
Telephone: +91-0194-2483775

Banking Customer Helpdesk

In the event of any queries / complaints, banking customers can directly approach the Branch Manager or can call the Bank using the following contact details:
Call at: Our customer care direct line number: +91-0194-2481999, 18001800234.

Contact us online

Fill up the "Complaint Form" available at the following website link:
<https://www.jkbank.com/others/common/grievance.php>.
Grievances can also be addressed to the bank at the below mentioned e-mail addresses:
iamlistening@jkbmail.com
jkbcustomercare@jkbmail.com

For grievances other than Shareholder grievances please send your communication to the following email addresses:

- 1) Depository Services: helpdesk@jkbfsi.com
- 2) ATM: helpdesk@jkbmail.com
For any grievance, fill up the "Complaint Form" available at the following website link:
https://www.jkbank.com/pdfs/forms/atm_cust_compl.pdf
- 3) Credit Cards/Debit Cards: grievance.cards@jkbmail.com

B) Dividends

Receipt of Dividends through Electronic mode

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have directed that listed companies shall mandatorily make all payments to investors including dividend to shareholders, by using any RBI approved electronic mode of payment viz., Electronic Clearing System (ECS), LECS (Local ECS), RECS (Regional ECS), NECS (National ECS), Direct Credit, RTGS, NEFT etc.

In order to receive the dividend without loss of time (as and when declared by the Bank), all the eligible shareholders holding shares in Demat mode are requested to update with their respective Depository Participants, their correct core banking account number, including 9 digit MICR Code and 11 digit IFSC Code, E-Mail ID and Mobile No(s). This will facilitate the remittance of the Dividend amount as directed by SEBI directly in the Bank Account electronically. Updation of E-Mail IDs and Mobile No(s) will enable sending communication relating to credit of dividend, uncashed dividend etc.

Shareholders holding shares in physical form may communicate details relating to their core banking account, viz., core banking account number, including 9 digit MICR Code and 11 digit IFSC Code, E- Mail ID and Mobile No(s) to the Registrar and Share Transfer Agents viz., M/s KFin Technologies Private Limited (Unit:- J&K Bank), Plot 31-32, Selenium Building, Financial District, Nanakramguda, Gachibowli, Hyderabad - 500 032, Telangana - India (formerly known as M/s Karvy Fintech Pvt. Ltd), by quoting the reference folio number and attaching a photocopy of the Cheque leaf of their active core banking account and also a self-attested copy of their PAN card and a self-attested copy of any one of the documents mentioned hereafter: utility payment bills (not more than three months old) / bank pass book / aadhaar/voter Id card/passport / driving license to validate their present address.

Various modes for making payment of dividend under electronic mode: In case, the shareholder has updated core banking account details (including 9 digit MICR Code and 11 digit IFSC code) for the purpose of payment of dividend (as and when declared by the Bank), then the Bank shall make



the payment of dividend to such shareholder under any one of the following modes:

1. National Automated Clearing House (NACH)
2. National Electronic Fund Transfer (NEFT)
3. Direct credit in case the shareholders having an active Bank account with Jammu and Kashmir Bank Limited have registered the same.

In case, any discrepancy is observed in the details regarding the bank accounts where the dividend amount has to be directly credited or has to be credited through electronic mode, the Bank shall issue a dividend warrant and print the dividend account details which has to be debited. The dividend warrant will be dispatched by the Registrars to the registered address of the shareholder.

Unclaimed Dividends

As per the applicable provisions of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), the Bank is statutorily required to transfer to the Investor Education & Protection Fund (IEPF) all dividends remaining unclaimed for a period of seven (7) years from the date they became due for payment. Dividends for and up to the financial years ended March 31, 2012 and March 31, 2013 have already been transferred to the IEPF on July 24, 2019 and July 22, 2020 respectively. The details of unclaimed dividends for the financial year ended 2014 onwards and the last date for claiming such dividends are given below:

Dividend for the year ended	Date of Declaration of dividend	Last date for claiming dividend
March 31, 2014	August 02, 2014	August 01, 2021
March 31, 2015	August 22, 2015	August 21, 2022
March 31, 2016	July 20, 2016	July 19, 2023

(The Bank has not declared any Dividend for FY 2016-17, FY 2017-18 and FY 2018-19)

C) Transfer of Shares to Investor Education and Protection Fund (IEPF) Authority

As per the provisions of Section 124(6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") which have become effective on October 31, 2017, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the company in the name of Investor Education and Protection Fund along with a statement containing such details as may be prescribed: Provided that any claimant of shares transferred above shall be entitled to claim the transfer of shares from Investor Education and Protection Fund in accordance with such procedure and on submission of such documents as may be prescribed.

As per the requirement of Rule 6 of the IEPF Rules, the Bank had sent individual intimation to all the shareholders and also published notice in the leading newspapers in English and regional language having wide circulation for the information to shareholders regarding transfer of shares to IEPF. The

shares in respect of the shareholders whose dividend has not been claimed for seven (7) consecutive years, upto financial year 2011-12, were transferred to the designated Demat account of the IEPF authority on August 02, 2019. As required under the said provisions all subsequent corporate benefits that may accrue in relation to the above shares will also be credited to the said IEPF Authority. (Share figures reported are of the face value of ₹ 1.00 each). Further, the number of shares transferred along with the number of shareholders whose shares have been transferred to Investor Education & Protection Fund Authority are appended below:

Particulars	Records / No. of Shareholders	Equity Shares (Face value of Re. 1.00 each)
Shares Transferred to IEPF in FY 2017-18	412	476266
Shares Transferred to IEPF in FY 2018-19	115	82,207
Shares Transferred to IEPF in FY 2019-20	81	1,19,812

As per the terms of Section 124(6) of the Companies Act, 2013 and the Rule 7 of the IEPF Rules, the shareholders whose corresponding equity shares of the face value of ₹ 1.00 each stand transferred to IEPF account can claim those shares from IEPF Authority by making an online application in Form IEPF 5 which is available at [http:// www.iepf.gov.in](http://www.iepf.gov.in)

Guidelines to file your claim

- For claiming the shares and dividend from the IEPF Authority, shareholders can make an online web based application through MCA portal. Shareholders need to register themselves on MCA portal by creating Login ID credentials. After successful login into MCA portal, shareholders have to click on MCA services tab and choose IEPF- 5 option under "Investor Services" and follow the due process for filing the form.
- Printout of the duly filled Form IEPF - 5 with claimant and joint holders' (if any) signature and along with the acknowledgment issued after uploading the form will have to be submitted together with an indemnity bond in original, cancelled Cheque leaf of active bank account (details of which mentioned by the claimant at the time of uploading the web based form), and other documents as mentioned in the Form IEPF-5 to Nodal Officer (IEPF) of the Bank in an envelope marked "Claim for refund from IEPF Authority". Certain information about the Bank which will have to be submitted are as under:
 - (a) Corporate Identification Number (CIN) of Company: L65110JK1938SGC000048
 - (b) Name of the Company: Jammu and Kashmir Bank Limited
 - (c) Address of registered office of the company:

**Jammu and Kashmir Bank Limited,
Corporate Headquarters,
M.A Road, Srinagar,
Jammu & Kashmir, 190001.**
- (d) Email ID of the Bank: sharedeptt_gc@jkbmail.com



Form No. SH-13

Nomination Form

[Pursuant to section 72 of the Companies Act, 2013 and rule 19(1) of the Companies (Share Capital and Debentures) Rules 2014]

To
 The Jammu & Kashmir Bank Ltd:
 Corporate Headquarters, M. A. Road,
 Srinagar - 190001

I/We the holder(s) of the securities particulars of which are given hereunder wish to make nomination and do hereby nominate the following persons in whom shall vest, all the rights in respect of such securities in the event of my/our death.

1 PARTICULARS OF THE SECURITIES (in respect of which nomination is being made)

Nature of securities	Folio No.	No. of securities	Certificate No.	Distinctive No.

(2) PARTICULARS OF NOMINEE/S –

- (a) Name:
- (b) Signature of Nominee:
- (c) Date of Birth:
- (d) Father's/Mother's/Spouse's name:
- (e) Occupation:
- (f) Nationality:
- (g) Address:
- (h) E-mail id:
- (i) Relationship with the security holder:

(3) IN CASE NOMINEE IS A MINOR–

- (a) Date of birth:
- (b) Date of attaining majority:



(c) Name of guardian:

(d) Signature of guardian:

(e) Address of guardian:

(4) PARTICULARS OF NOMINEE IN CASE MINOR NOMINEE DIES BEFORE ATTAINING AGE OF MAJORITY

a) Name:

b) Signature of Nominee:

c) Date of birth:

d) Father's/Mother's/Spouse's name:

e) Occupation:

f) Nationality:

g) Address:

h) E-mail id:

i) Relationship with the security holder:

j) Relationship with the minor nominee:

Security Holder (s):

Signature:

Name:

Address:

Witness:

Signature:

Name:

Address:



INSTRUCTIONS:

1. In case you are holding physical shares, the duly filled-in form be sent to Company Secretary, The Jammu and Kashmir Bank Limited, Board Secretariat, Corporate Headquarters, M.A. Road, Srinagar - 190001 or to our Share Transfer Agent: M/s **KFin Technologies Private Limited**_(Unit: J&K Bank) Plot 31-32, Selenium Building, Financial District, Nanakramguda, Gachibowli, Hyderabad - 500 032 . In Case you are holding shares in Dematerialised form, the duly filled-in form be sent to the Depository Participant where you are having Demat Account.
2. Please use separate form for each folio. Nomination is applicable to the folio, irrespective of the number of shares registered under the folio. Only one nomination per folio per instance would be entertained
3. The nomination can be made by individuals only applying / holding share(s) on their own behalf singly or jointly upto two persons. Non-Individuals including society, trust, body Corporate, partnership firm, karta of Hindu undivided family, holder of power of attorney, cannot nominate. If the shares are held jointly, all joint holders will sign the nomination form
4. A minor can be nominated by a holder of share(s) and in that event the name and address of the guardian shall be given by the holder.
5. The nominee shall not be a trust, society, body Corporate, karta of Hindu undivided family or a power of attorney holder. A non-resident Indian can be a nominee on Repatriable basis (subject to the Reserve Bank of India's approval as applicable).
6. Nomination stands rescinded upon transfer of share(s) or on receipt of Form No. SH-14 (cancellation or variation of Nomination).
7. Transfer of shares in favour of a nominee shall be a valid discharge by a Company against the legal heirs.
8. The form must be complete in all respects and duly witnessed. Incomplete form is not a valid nomination
9. Subject to rules and regulations as applicable from time to time.

Signature

Name

Address

Folio No./Client ID



Form No. SH-14

Cancellation of Variation of Nomination

[Pursuant to sub - section (3) section 72 of the Companies Act, 2013 and rule 19(9) of the Companies (Share Capital and Debentures) Rules 2014]

To
The Jammu & Kashmir Bank Ltd:
Corporate Headquarters, M. A. Road,
Srinagar - 190001

I/We hereby cancel the nomination(s) made by me/us in favour of
..... (name
and address of the nominee) in respect of the below mentioned securities.

I/We hereby nominate the following person in
place of as nominee in respect of the below mentioned securities in whom shall
vest all rights in respect of such securities in the event of my/ our death.

1 PARTICULARS OF THE SECURITIES (in respect of which nomination is being cancelled / varied)

Nature of securities	Folio No.	No. of securities	Certificate No.	Distinctive No.

(2) PARTICULARS OF THE NEW NOMINEE/S –

- (a) Name:
- (b) Signature of Nominee:
- (c) Date of Birth:
- (d) Father's/Mother's/Spouse's name:
- (e) Occupation:
- (f) Nationality:
- (g) Address:
- (h) E-mail id:
- (i) Relationship with the security holder:

(3) IN CASE NOMINEE IS A MINOR

- (a) Date of birth:



- (a) Date of attaining majority:
- (b) Name of guardian:
- (c) Signature of guardian:
- (d) Address of guardian:

(4) PARTICULARS OF NOMINEE IN CASE MINOR NOMINEE DIES BEFORE ATTAINING AGE OF MAJORITY—

- a) Name:
- b) Signature of Nominee:
- c) Date of birth:
- d) Father's/Mother's/Spouse's name:
- e) Occupation:
- f) Nationality:
- g) Address:
- h) E-mail id:
- i) Relationship with the security holder:
- j) Relationship with the minor nominee:

Security Holder (s):

Signature:

Name:

Address:

.....

.....

Witness:

Signature:

Name:

Address:

.....

.....



INSTRUCTIONS:

1. In case you are holding physical shares, the duly filled-in form be sent to Company Secretary, The Jammu and Kashmir Bank Limited, Board Secretariat, Corporate Headquarters, M.A. Road, Srinagar - 190001 or to our Share Transfer Agent: M/s **KFin Technologies Private Limited** (Unit: J&K Bank) Plot 31-32, Selenium Building, Financial District, Nanakramguda, Gachibowli, Hyderabad - 500 032 . In Case you are holding shares in Dematerialised form, the duly filled-in form be sent to the Depository Participant where you are having Demat Account.
2. Please use separate form for each folio. Nomination is applicable to the folio, irrespective of the number of shares registered under the folio. Only one nomination per folio per instance would be entertained
3. The nomination can be made by individuals only applying / holding share(s) on their own behalf singly or jointly upto two persons. Non-Individuals including society, trust, body Corporate, partnership firm, karta of Hindu undivided family, holder of power of attorney, cannot nominate. If the shares are held jointly, all joint holders will sign the nomination form
4. A minor can be nominated by a holder of share(s) and in that event the name and address of the guardian shall be given by the holder.
5. The nominee shall not be a trust, society, body Corporate, karta of Hindu undivided family or a power of attorney holder. A non-resident Indian can be a nominee on Repatriable basis (subject to the Reserve Bank of India's approval as applicable).
6. Nomination stands rescinded upon transfer of share(s) or on receipt of Form No. SH-14 (cancellation or variation of Nomination).
7. Transfer of shares in favour of a nominee shall be a valid discharge by a Company against the legal heirs.
8. The form must be complete in all respects and duly witnessed. Incomplete form is not a valid nomination
9. Subject to rules and regulations as applicable from time to time.

Signature

Name

Address

Folio No./Client ID





Corporate Information

BOARD OF DIRECTORS

Mr. R K Chhibber
Chairman & Managing Director

Dr. Arun Kumar Mehta, IAS
Director

Mr. Bipul Pathak, IAS
Director

Mr. Anil Kumar Misra
Director

Mr. Vikram Gujral
Director

Mr. Sonam Wangchuk
Director

Dr. Rajeev Lochan Bishnoi
Director

Ms. Monica Dhawan
Director

Mr. Naba Kishore Sahoo
Director

Mr. Zubair Iqbal
Director

SECRETARY

Mr. Mohammad Shafi Mir

AUDITORS

O P Garg & Co.
Chartered Accountants

Verma Associates.
Chartered Accountants

P C Bindal & Co.
Chartered Accountants

K.K. Goel & Associates.
Chartered Accountants

REGISTRAR AND SHARE TRANSFER AGENT

M/s KFin Technologies Private Limited
(Unit: J&K Bank)
Plot 31-32, Selenium Building,
Financial District, Nanakramguda,
Gachibowli, Hyderabad – 500 032 Telangana – India
Tel: +91-040 - 67162222
Fax: +91-040 – 23001153
E-mail: einward.ris@kfintech.com
Website: www.kfintech.com

REGISTERED OFFICE:

Jammu & Kashmir Bank Limited,
Corporate Headquarters, M.A. Road
Srinagar, Jammu and Kashmir – 190001
CIN: L65110JK1938SGC000048
Phone +91 0194 – 2481930 – 35 Extn: 1541 – 1547
Fax: 0194 – 2481928
Email: sharedeptt_gc@jkbmail.com
Website: www.jkbank.com



The Jammu & Kashmir Bank Ltd.
Corporate Headquarters
M.A. Road, Srinagar 190 001