



Board Secretariat

Ref:-JKB/BS/F3652/2019/326
Date: 27th September, 2019

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

Dear Sirs,

Pursuant to Regulation 34 (1) (b) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, please find attached herewith the revised Annual Report.

Details and reasons of change	Consequent to change in the date and venue of meeting necessary changes have been incorporated in the notice of the meeting
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Kindly update the Annual Report on your website.

Thanking you

Yours faithfully
For Jammu & Kashmir Bank Ltd.

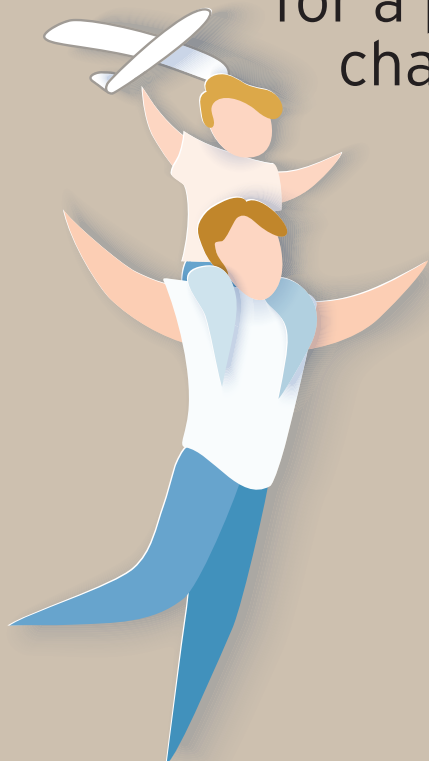
A handwritten signature in blue ink, appearing to read 'Shafi Mir', is written over a light blue circular stamp.

(Mohammad Shafi Mir)
Company Secretary

Annual Report 2018-19

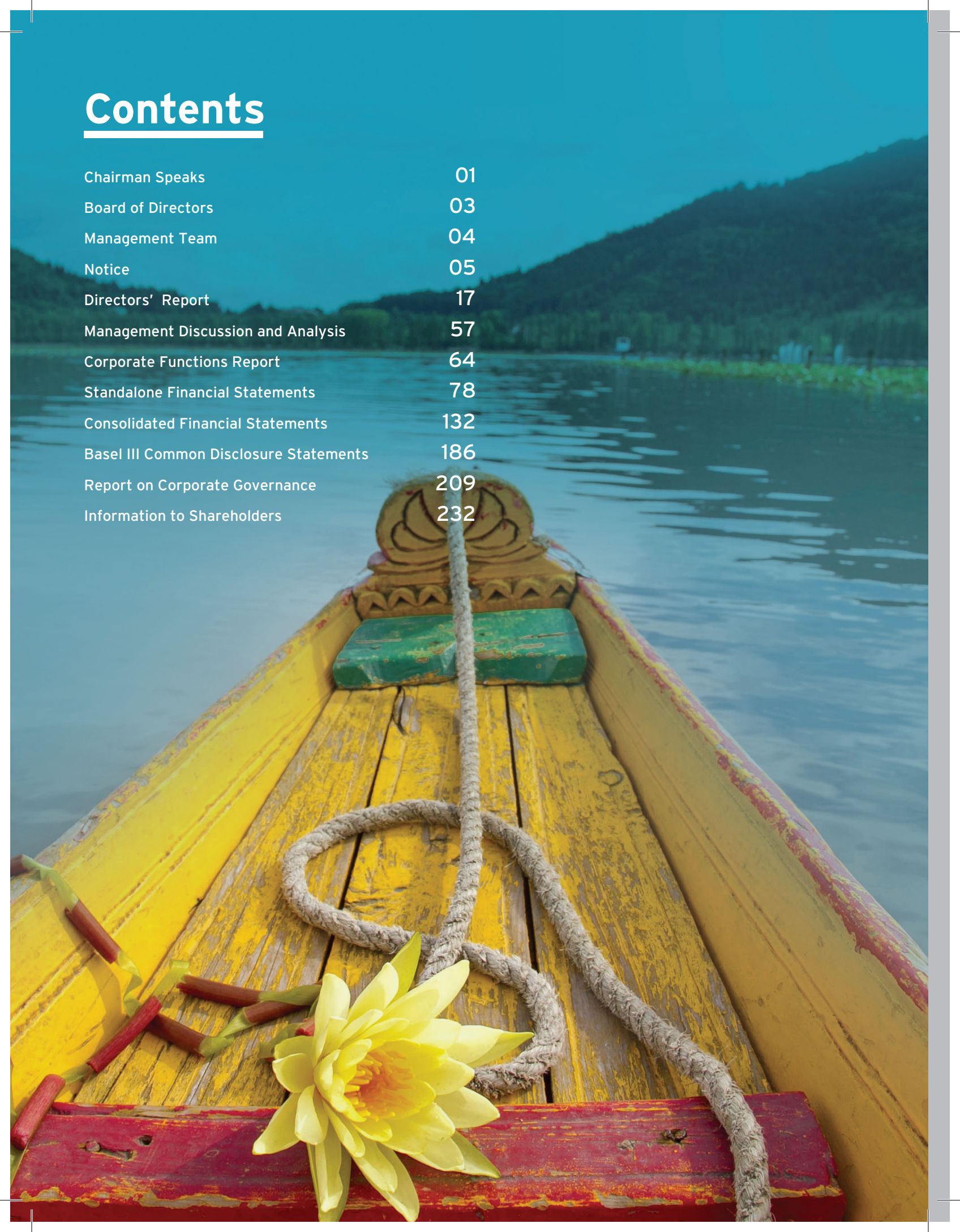


Growing
together
for a positive
change



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Chairman Speaks

Esteemed Shareholders,

It is my honour and pleasure to present your Bank's 81st Annual Report for the Financial Year 2018-19.

The last few years have been challenging for the banking sector in the country, especially on account of asset quality woes and slippages. The challenges for your bank were manifold. Apart from the country-wide trend, your bank bore the brunt of massive floods of 2014, affecting business activities in the state. Despite strong restructuring measures and hand-holding initiatives by the state government, the regulator and the banks, signs of recovery stayed muted due to the disruptive spell of 2016. Simultaneously, developments like RBI's revised framework on resolution of stressed assets and other policy initiatives paved the way for stability in the banking sector. As resolutions gathered pace your Bank exhibited resilience during these trying, turbulent times and managed to pull itself out of the red.

Your bank has re-oriented its strategy to revive the economic growth in the J&K State and the thrust of the Bank has been on lending in retail sectors like housing, MSME, tourism, handicrafts, service, industry, agriculture and other employment generation schemes. Simultaneously, your bank is also fostering entrepreneurship opportunities in the state. We believe that creating strong businesses is necessary for ensuring financial prosperity for J&K State, stakeholders and the bank.

As an institution, your bank is constantly re-inventing itself to align with the best practices in the industry. Your bank is bracing to stay relevant in the times of rapidly changing technologies that offer great opportunities. The endeavour is to be future ready as a modern, efficient, customer focused, digitally driven profitable institution. These initiatives coupled with our business expansion strategy will significantly reflect in our steady performance in coming years.

Your Bank has instilled transparency by recognising the stressed accounts in its balance sheet. Your bank has been



able to recognise & manage NPAs fairly well despite the latest surprise NBFC fiasco of IL&FS, which led to a major down gradation in the whole banking industry. The initiatives for recovery of bad debts has resulted in recovery/resolution of about ₹ 5000 crore, improving Provision Coverage and Net NPA ratios.

As part of financial inclusion, during FY 2018-19 your Bank has focused on robust branch expansion by opening 102 Banking Outlets and 92 ATMs, which include 35 Ultra Small Branches rolled out in October, 2018, to link all 111 villages of Ladakh.

Among the recent developments in your Bank, a proposal is being moved for separation of the posts of Chairman and Managing Director as per RBI regulations and SEBI guidelines. 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 Chief Compliance Officer has been designated in order to strengthen compliance to various regulations. I am sure that going forward such changes would strengthen the governance and accountability framework of your Bank, thereby enhancing transparency and efficiency and help in making the institution much stronger and healthier. On the first day of October, 2018, your Bank completed "80 years of its existence" of serving the people. We are proud of our legacy and value the sentiments of our people who have great emotional equity with your Bank. Your Bank is committed to its motto of "Serving to Empower" and shall continue to render uninterrupted services to all segments of the society. Moving forward with optimism and with the firm belief in the team J&K Bank, our vision is to take your Bank to new heights

and make it a catalyst for growth and empowerment of our people through transparency, resilience and transformation. We strive to make your Bank a strategically growing, technologically modern and operationally agile institution.

Dear Shareholders,

Looking ahead, I view your Bank's future with continued optimism and I strongly believe that the worst for your Bank is over and I am confident that we shall not only weather the challenges at hand but put your Bank on a different pedestal with the committed support of its promoters, regulators, management and dedicated workforce of J&K Bank family. We shall overcome every obstacle and take this Bank to its pinnacle. Like in the past, we hope to receive your continued support and trust in future.

R. K Chhibber
Interim Chairman & MD

Board of Directors



Mr. Rajesh Kumar Chhibber
Interim Chairman &
Managing Director



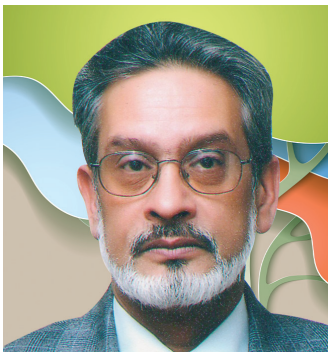
Dr. Arun Kumar Mehta, IAS
Director



Mr. Anil Kumar Misra
Director



Mr. Mohammad Ashraf Mir
Director



Dr. Pronab Sen
Director



Dr. Sanjiv Agarwal
Director



Mr. Sunil Chandiramani
Director



Mr. Dhaman Kumar Pandoh
Director



Mr. Rahul Bansal
Director



Mr. Vikram Gujral
Director

Management Team



Mr. Pushap Kumar Tickoo
Executive President



Mr. Gulam Mohammad Sadiq
President



Mr. Arun Gandotra
President



Mr. Ghulam Nabi Teli
President



Mr. Sunil Gupta
President



Mrs. Rajini Saraf
President



Mr. Mohammad Maqbool Lone
President



Mr. Chetan Paljor
President



Mr. Mohammad Younis Patoo
President



Mr. Ashraf Ali Malik
President

Notice

NOTICE is hereby given that the 81st Annual General Meeting (AGM) of the Shareholders of Jammu and Kashmir Bank Limited (the "Bank") will be held as under:

Day : Thursday

Date : 26th September, 2019

Time : 1100 hours

Place : Jammu & Kashmir Bank Limited,
Corporate Headquarters, M.A. Road, Srinagar, 190001

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, 2019 including Balance Sheet as at 31st March, 2019 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. Rahul Bansal (DIN: 01216833), who retires by rotation and being eligible, has offered himself for reappointment.
3. To fix the remuneration of Auditors in terms of provisions of Section 142 of the Companies Act, 2013 for the Financial Year 2019-20.

SPECIAL BUSINESS:

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

"RESOLVED that Mr. Vikram Gujral (DIN: 03637222) who was appointed as an Additional Director by the Board under Section 160 of the Companies Act, 2013 read with Article 78 of the Articles of Association of the Bank in the meeting of the Board of Directors held on 26th March, 2019 and who holds office upto the date of this Annual General Meeting and in respect of whom the Bank has received a notice under Section 160 of the Companies Act, 2013, signifying his candidature to the office of Director under Section 152 of the Companies Act, 2013, be and is hereby appointed, as Director on the Board of Directors of the Bank, whose period of office shall be liable to retire by rotation.

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 the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule IV to the Companies Act, 2013, and subject to Section 10A (2A)(i) of the Banking Regulation Act, 1949, Mr. Mohammad Ashraf Mir (DIN: 07586792), be and is hereby re-appointed as an Independent Director of the Bank for a second term of two years with effect from 17th June, 2019 to 16th June, 2021 and that he shall not be liable to retire by rotation."

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 Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule IV to the Companies Act, 2013, and subject to Section 10A (2A)(i) of the Banking Regulation Act, 1949, Dr. Sanjiv Agarwal (DIN: 00110392), be and is hereby re-appointed as an Independent Director of the Bank for a second term of two years with effect from 17th June, 2019 to 16th June, 2021 and that he shall not be liable to retire by rotation."

7. 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 Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule IV to the Companies Act, 2013, and subject to Section 10A (2A)(i) of the Banking Regulation Act, 1949, Mr. Sunil Chandiramani (DIN:

00524035), be and is hereby re-appointed as an Independent Director of the Bank for a second term of two years with effect from 17th June, 2019 to 16th June, 2021 and that he shall not be liable to retire by rotation.”

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

“Resolved that the action of the Board of Directors of the Bank in having extended the term of Dr. Pronab Sen (DIN: 07831725) Independent Director, on the Board of the Bank from 17th June, 2019 to the date of this Annual General Meeting be and is hereby confirmed.

9. 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 42 and other applicable provisions, if any, of the Companies Act, 2013, Rule 14 and other applicable provisions, if any, of the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debenture) Rules, 2014, any other applicable rules, Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, any other applicable provisions of law, any amendment, modification, variation or re-enactment thereto from time to time, and the provisions of the Memorandum and Articles of Association of the Bank and subject to such other approval(s), consent(s), permission(s) and sanction(s) as may be necessary from the concerned authorities / regulators / Statutory Authority(ies), including Reserve Bank of India (“RBI”) the approval of the Members of the Bank be and is hereby accorded to the Board of Directors of the Bank (herein after referred to as “Board” and which term shall be deemed to include any Committee of the Board or any other persons to whom powers are delegated by the Board as permitted under the Companies Act, 2013 or Rules there under) for borrowing / raising funds in Indian currency by issue of unsecured fully paid up Non-convertible Perpetual Debt Instruments (part of Additional Tier I Capital), BASEL III Bonds in domestic market on a private placement basis and / or for making offers and / or invitations therefor and / or issue(s) / issuances therefor, on private placement basis, in one or more tranches and / or series and under one or more shelf disclosure documents and / or one or more issues / letters of offer or such other documents or amendments / revisions thereof and on such terms and conditions for each series / tranches

including the price, coupon, premium, discount, tenor etc. as deemed fit by the Board, as per the structure and within the limits permitted by RBI, of an amount in aggregate not exceeding INR 550 crores.

Resolved further that 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 ₹ 10.00 lacs each at par aggregating up to ₹ 1050 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 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008, as amended.”

“RESOLVED further that the Board of Directors of the Bank be authorized to issue Bonds of face value of ₹ 10.00 lacs each at par aggregating Upto ₹ 1050 Crore of tenure not exceeding 10 years 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 (upto a date that is not later than one year from the date hereof), amount, coupon/interest rate(s), yield, listing, allotment, dematerialization and other terms and conditions of issue Bonds as they may, in their absolute discretion, deem necessary.”

10. 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 there under (including any statutory modification(s) or re-enactment 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, 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 of the Articles of Association of the Bank be amended to read as under:

(f) "Chairman" means the Chairman of the Board of Directors of the Bank.

(h) "Executive Director" means a whole-time Director (other than the Managing Director of the Bank) who is in the whole time employment of the Bank, entrusted with the duty of whole-time Director.

(k) "General Manager" means a person appointed as such to do such acts and things for carrying on the business of the Bank as he may be authorized and to exercise such powers as may be delegated to him, by the Board/ Managing Director, or an Executive Director but subject always to the supervision, control and direction of the Managing Director and/or an Executive Director, as the case may be.

B. New Clause (ha) in Article 4 be inserted in the Articles of Association of the Bank after the existing clause 4(h) to read as under:

(ha) "Managing Director" 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.

C. Article 69(i) of the Articles of Association of the Bank be amended to read as under:

(i) Subject to the Provisions of the Companies Act, the Banking Regulation Act, SEBI regulations and these Articles, the Chairman of the Board shall be a Non-Executive Chairman. The number of Directors on the Board of the Bank shall not be more than fifteen or less than seven. Not more than three of these Directors shall be appointed by the Jammu and Kashmir Government, who will be called Government Directors; provided

that no Director other than a Government Director shall be elected as (a) the Chairman of the Board of Directors; and (b) Managing Director, of the Bank .

D. Article 70 (ii) of the Articles of Association of the Bank be amended to read as under:

(ii) Directors shall be entitled to payment of sitting fee for attending the meetings of the board or committees thereof. Sitting fee shall be payable to a Director other than:

(a) Managing Director ;

(b) Executive Director(s);

(c) Director(s) nominated by the Government and who is/are in the full time employment of the Government,

(d) Additional Director(s) appointed by the Reserve Bank of India and who is/are in the full time employment of RBI.

E. New Article 70 (B) be inserted in the Articles of Association of the Bank after the existing Article 70 (A) to read as under:

A Director including a part time Chairman who is neither in the whole time employment of the Bank nor a Managing Director, if called upon and willing to render extra services whether of a professional or non-professional nature may be paid remuneration either by way of monthly, quarterly or annual payment or by way of commission, as may be determined by the Board, subject to the provisions of the Act.

F. Article 71 of the Articles of Association of the Bank be amended to read as under:

The management of the business of the Bank shall be carried on by the Managing Director subject to the superintendence, control and direction of the Board of Directors. The Directors may exercise all such powers and do all such acts and things as the Company is, by its Memorandum of Association or otherwise, authorised to exercise and do and are not hereby or by statute directed or required to be made exercised or done by the Company in General Meeting but subject nevertheless to the provisions of the Companies Act, and of these presents and to any rules not being inconsistent with these

presents from time to time made by the Company in General Meeting provided that no such rules shall invalidate any prior act of the Directors which would have been valid if such rules had not been made.

- G. Article 72 (a) of the Articles of Association of the Bank be amended to read as under:

Subject to the provisions of the Banking Regulation Act, to purchase, buy, take on lease, or otherwise acquire any land (whether freehold, leasehold, or otherwise) from any person including a Director with or without a house or houses, building or buildings thereon in the Jammu and Kashmir State and elsewhere in India and to erect, construct and build or alter any building or buildings thereon for the purposes of banking house or banking houses office or offices or as a residence for the Managing Director or Executive Director(s) or the General Manager or any other person in the employment of the Bank and to pay for such land and buildings whether purchased, leased or acquired, or built, or constructed by the Bank either in cash or otherwise.

- H. Article 72 (e) of the Articles of Association of the Bank be amended to read as under:

From time to time frame rules regarding the conditions of service of the employees of the Bank and to nominate, appoint and to remove or suspend as the Directors deem best for the management of the business of the Bank, Agents, Officer, Clerks, Engineers, workmen and all other employees of the Bank and to fix all remunerations, salaries and wages to be paid by the Bank to officers of the Bank respectively.

- I. Article 72 (f) of the Articles of Association of the Bank be amended to read as under:

To authorise the Managing Director or other officers of the Bank for the time being to exercise and perform all or any of the powers, authorities and duties conferred or imposed upon the Directors by the Memorandum or Articles of Association subject to such restrictions and conditions, if any, as the Directors may think proper.

- J. Article 118 of the Articles of Association of the Bank be amended/re-casted to read as under:

- a) Subject to the provisions of the Companies Act, 2013, and the Banking Regulation Act,

1949, the Directors may, from time to time, appoint one among themselves, who shall be a Government Director, to be the Managing Director for such period not exceeding five years at any one time as may be fixed by the Board of Directors.

- b) The business of the Bank shall be conducted by the Managing Director subject to the superintendence, control and direction of the Board of Directors. Subject to the provisions of any law for the time being in force, the Board of Directors shall entrust the Managing Director, the management of the whole of the affairs of the Bank and also delegate to him such powers as may be necessary for carrying on the business of the Bank.
- c) Subject to the provisions of the Companies Act, 2013, and the Banking Regulation Act, 1949, the Directors may, from time to time, appoint one among themselves, who shall be a Government Director, to be the Chairman of the Board of Directors for such period not exceeding five years at any one time as may be fixed by the Board of Directors.
- d) The Chairman of the Board shall be a Non-Executive Director.
- 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.
- f) The Executive Director(s) shall exercise such powers as may be delegated to him/ them, by the Managing Director, subject to the superintendence, control and directions of the Managing Director.
- g) The remuneration of the Chairman, Managing Director and Executive Director(s) or any modification thereof shall be decided by the Board of Directors subject to the approval of the Reserve Bank of India.

11. To consider and if thought fit, pass with or without

modification(s), the following resolution as Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 152, 160 and other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and subject to Section 10A(2A)(i) of the Banking Regulation Act, 1949, Mr. Sonam Wangchuk (DIN: 07662456) in respect of whom the Bank has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director on the Board of Directors of the Bank whose period of office shall be liable to retire by rotation.

By order of the Board of Directors
Mohammad Shafi Mir
Company Secretary
FCS 8516

Place: Srinagar

Dated: 10th August, 2019

NOTES

- a) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the bank.

Proxies, in order to be valid and effective, must be received by the bank at its registered office not less than 48 hours before the time fixed for the meeting.

A person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the bank carrying voting rights.

A member holding more than ten percent of the total share capital of the bank, carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the board resolution to the bank, authorizing their representative to attend and vote on their behalf at the meeting.

- b) Shareholders who have not encashed their past dividend warrants are requested to do so without any further delay. Pursuant to Section 205A of the Companies Act,

1956, all unclaimed/unpaid dividends upto the Financial Year ended 31st March, 1996 were transferred to the General Revenue Account of the Central Government. Consequent upon amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amounts of dividend for the subsequent years remaining unpaid or unclaimed for a period of seven years from the date of transfer to Unpaid Dividend Account of the Bank have been transferred to the Investor Education and Protection Fund (IEPF) set up by the Government of India. Under the provisions of the Companies Act, 1956, no amounts could have been claimed by the Members from the IEPF or the Bank in respect of such amounts transferred to the IEPF.

As per the provisions of Section 124 and Section 125 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 September 7, 2016, unclaimed amount, in respect of unpaid/ unclaimed dividend warrants, which remains unpaid for seven years shall be transferred by the Bank to "Investor Education and Protection Fund" established pursuant to the aforesaid provisions("New IEPF"). Further, as per Section 125 of Companies Act, 2013, in respect of amounts transferred to IEPF pursuant to Section 205C of Companies Act, 1956 from the unpaid dividend account of the Bank, after the expiry of the period of seven years as per provisions of the Companies Act, 1956, members shall be entitled to get refund out of the new IEPF in accordance with IEPF Rules. Accordingly, members seeking to claim refund, in respect of amounts transferred to the IEPF or new IEPF, may do so from the new IEPF by making an application to the Investor Education and Protection Fund Authority ("IEPF Authority") in the prescribed form as per the provisions of Section 125 of the Companies Act, 2013 read with the IEPF Rules.

Unclaimed amount in respect of unpaid/unclaimed dividend declared in respect of the financial years upto 2010-11 have been transferred by the Bank to the IEPF/ New IEPF. Members who have a valid claim to any dividend which are not yet transferred may claim the same from the Bank immediately. The detailed dividend history, due dates for transfer to IEPF/New IEPF and the details of unclaimed amounts lying with the Bank in respect of the dividends declared are available on the website of the Bank. (www.jkbank.com).

- c) 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 consecutive years, upto Financial Year 2010-11, were transferred to the designated demat account of the IEPF Authority on 6th August, 2018.

- d) In terms of Section 72 of the Companies Act, 2013, nomination facility is available to individual shareholders holding shares in the physical form. The shareholders, who are desirous of availing this facility, may kindly write to M/s Karvy Fintech Private Limited, the Bank's Registrar & Transfer Agent (RTA).
- e) Members holding shares in physical form are requested to intimate change, if any, in their Registered Address, to the Share Transfer Agent. If the shares are held in Demat form, intimation regarding change of address, if any, has to be notified to the concerned Depository Participant where the Shareholder is maintaining Demat Account.
- f) Brief Profile of person seeking appointment/re-appointment as Directors on the Board of the Bank is annexed to the explanatory statement attached with this Notice.
- g) Important communication to members

As per the provisions of Companies Act, 2013 as well as Regulation 36 of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements), Regulations 2015, electronic copy of the Annual Report and this Notice, inter alia indicating the process and manner of remote e-voting along with attendance

slip and proxy form are being sent by e-mail to those Members whose e-mail addresses have been registered/ made available to the Bank / Depository Participants for this purpose unless the Member has requested for a hard copy of the same. For Members who have not registered their e-mail addresses, physical copies of this Notice inter alia indicating the process and manner of remote e-voting along with attendance slip and proxy form and other documents annexed to the Notice, will be sent to them in the permitted mode.

The Bank hereby requests Members who have not updated their email IDs to update the same with their respective Depository Participant(s) or RTA of the Bank. Further, Members holding shares in electronic mode are also requested to ensure to keep their email addresses updated with the Depository Participants / RTA of the Bank. Members holding shares in physical mode are also requested to update their email addresses by writing to the RTA of the Bank quoting their folio number(s).

- h) Members desirous of getting any information about the accounts and operations of the Bank are requested to write their queries to the Bank atleast seven days before the AGM to enable the Bank to gather information.
- i) Only registered members/ beneficial owners carrying their attendance slips and holders of valid proxy forms registered with the Bank will be permitted to attend the meeting. Also Members/Proxy holders are requested to:
 - i. Please carry photo ID card for identification/ verification purposes.
 - ii. Note that briefcases, mobile phones, bags, helmets, eatables and other belongings will not be allowed to be taken inside the venue of the meeting for security reasons and members/proxy holders will be required to take care of their belongings.
 - iii. Note that no gifts will be distributed at the AGM.
 - iv. Note that members present in person or through registered proxy shall only be entertained.
 - v. Note that the attendance slip/proxy form should be signed as per the specimen signature registered with the RTA/Depository Participant.
 - vi. Quote their Folio/DP & Client Id No. in all correspondences with the RTA/Bank.
 - vii. Avoid being accompanied by non-members and/or children.

- j) The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 stating all material facts, is annexed hereto.
- k) The route map for the AGM Venue is provided at the end of this notice.
- l) E-Voting:

The Bank is pleased to provide E-voting facility through Karvy Fintech Pvt Ltd., in compliance with Section 108 of the Companies Act, 2013 read with rules framed thereunder and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for all shareholders of the Bank to enable them to cast their votes electronically on the items mentioned in this notice of the 81st AGM of the Bank. Based on the consent received from Mr. Harish Kumar Villadath, Advocate, the Bank has appointed him as the Scrutinizer for conducting the voting process in a fair and transparent manner. E-voting is optional and Members can opt for only one mode for voting i.e. either by remote e-voting or vote at the AGM. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Bank as on the cut-off date i.e. 20th September, 2019.

The instructions for E-Voting are as under:

- (i) To use the following URL for e-voting:
From Karvy website: <http://evoting.karvy.com>
- (ii) Shareholders of the Bank holding shares either in physical form or in dematerialized form, as on the cut-off date, may cast their vote electronically.
- (iii) Enter the login credentials i.e., user id and password mentioned in the attendance slip of the AGM. Your Folio No/DP ID Client ID will be your user ID.
- (iv) After entering the details appropriately, click on LOGIN.
- (v) 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. The system will prompt you to change your password and update any contact details like mobile, email etc on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget

it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (vi) You need to login again with the new credentials.
- (vii) On successful login, the system will prompt you to select the EVENT i.e., J&K Bank.
- (viii) On the voting page, enter the number of shares as on the cut-off date under FOR/AGAINST or alternately you may enter partially any number in FOR and partially in AGAINST but the total number in FOR/AGAINST taken together should not exceed the total shareholding. You may also choose the option ABSTAIN.
- (ix) Shareholders holding multiple folios / demat account shall choose the voting process separately for each folios / demat account.
- (x) Cast your vote 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. During the voting period, shareholders can login any number of times till they have voted on the resolution.
- (xi) Once the vote on the resolution is cast by the shareholder, he shall not be allowed to change it subsequently.
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to mail@harishkumar.com with a copy marked to e.voting@karvy.com.
- (xiii) The facility for remote e-voting shall remain available from 0900 hours of 23rd September, 2019, to 1700 hours of 25th September, 2019. During this period shareholders of the Bank, holding shares either in physical form or in dematerialized form, as on the cut-off date of 20th September, 2019 may cast their vote electronically. The e-voting module shall be disabled by Karvy for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently. Further, the shareholders who

have cast their vote electronically through remote e-voting may participate in the AGM but shall not be allowed to vote at the AGM.

(xiv) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of <http://evoting.karvy.com> or contact Karvy Fintech Pvt. Ltd at Tel No. 1800 345 4001 (toll free).

(xv) Any person, who acquires shares of the Bank and become Member of the Bank after dispatch of the Notice and holding shares as on the cut-off date may follow the same instructions as mentioned above for e-Voting.

II. The Scrutinizer shall immediately after the conclusion of voting at the AGM, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Bank and make not later than 48 hours of conclusion of the meeting, 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.

III. The Chairman or a person authorised by him in writing shall declare the result of voting forthwith.

IV. The results declared alongwith the Scrutinizer's Report shall be placed on the Bank's website www.jkbank.com and on the website of Bank's registrar & share transfer agent within forty-eight hours of passing of the resolutions at the AGM of the Bank and communicated to the BSE Limited and the National Stock Exchange of India Ltd, where the shares of the Bank are listed.

V. Poll will also be conducted at the AGM and any Shareholder who has not cast his vote through remote e-voting facility, may attend the AGM and cast his vote.

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 Statutory Auditors, appointed by C&AG under Section 139(5) of the Companies Act, 2013, has to be fixed by the bank in the 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 2019-20 including remuneration for the Limited Review of Quarterly Financial Results for the period ending 30th June, 2019, 30th September, 2019 and 31st December, 2019.

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. 4

With a view to broad base the Board, Mr. Vikram Gujral (DIN: 03637222) was appointed as additional Director on the Board of the Bank on 26th March, 2019. The Bank has now received a notice alongwith the necessary deposit pursuant to the provisions of Section 160 of the Companies Act, 2013 from the Director proposing his candidature for directorship of the Bank.

The Bank has also received from Mr. Vikram Gujral (DIN: 03637222) consent in writing to act as Director pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, and intimation in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164 (2) of Companies Act, 2013.

Brief profile of Mr. Vikram Gujral (DIN: 03637222) is annexed to the explanatory statement attached with this notice.

No other Director (except Mr. Vikram Gujral), Key Managerial Personnel of the Bank or their relatives is in anyway concerned or interested in the Resolution.

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

ITEM NO. 5, 6 & 7

The Shareholders of the Bank in their meeting held on 17th June, 2017, appointed Mr. Mohammad Ashraf Mir (DIN: 07586792), Dr. Sanjiv Agarwal (DIN:00110392) and Mr. Sunil Chandiramani (DIN:00524035) as Independent Directors on the Board of Directors of the Bank for a period of 2 years, i.e. up to 16th June, 2019. The Board of Directors in their meeting dated 15th June, 2019, upon the recommendations of the Nomination & Remuneration Committee of the Board approved the continuation of the directors till the ensuing AGM. Pursuant to Section 149(10) of the Companies Act, 2013, read with Article 70(i) of the Articles of Association of the Bank, an independent director shall hold office for a term up to two consecutive years on the Board of a Bank, but shall be eligible for re-appointment on passing of a special resolution by the company and disclosure of such appointment in the Board's report.

The aforesaid Independent Directors are eminent personalities in their respective fields and considering their vast experience and knowledge, their continued association with the Bank would be of immense benefit to the Bank. The Board, therefore, recommends, subject to the consent of the shareholders their re-appointment on the Board of Bank for a further period of 2 years with effect from 17th June, 2019 as Independent Directors not liable to retire by rotation.

The brief profile of the above proposed Independent Directors is annexed to the explanatory statement attached with this notice.

No Director (except the Directors seeking reappointment), Key Managerial Personnel of the Bank or their relatives is in anyway concerned or interested in the Resolution.

Board of Directors recommends the adoption of the resolutions as set out in Item No. 05, 06 and 07 of the Notice for approval of members as special resolution.

ITEM NO. 08

The Shareholders of the Bank in their meeting held on 17th June, 2017, had appointed Dr. Pronab Sen

(DIN: 07831725) as Independent Directors on the Board of the Bank for a period of 2 years, i.e. upto 16th June, 2019. The Board of Directors in their meeting dated 15th June, 2019, upon the recommendations of the Nomination & Remuneration Committee of the Board approved the continuation of the directorship in the Bank till the ensuing AGM of the Bank. However, Dr. Pronab Sen (DIN: 07831725) has expressed his inability to continue as Independent Director on the Board of the Bank after the constitution of new Board of Directors at the ensuing Annual General Meeting of the Bank. Accordingly, Members of the Bank are requested to confirm the continuation of Dr. Pronab Sen (DIN: 07831725) as Independent Director on the Board of the Bank from 17th June, 2019 to the date of this AGM.

No Director (except Dr. Pronab Sen) or Key Managerial Personnel of the Bank or their relatives is in anyway concerned or interested in the Resolution.

Board of Directors recommends the adoption of the resolution as set out in Item No. 08 of the Notice for approval of members as special resolution.

ITEM NO. 09

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 were to be fully implemented by March 31, 2019. However RBI vide notification No: DBR.BP.BL.No.20/21.06.201/2018-19 dated: 10/01/2019 deferred the implementation of last tranche of 0.625% of Capital Conservation Buffer (CCB) from March 31, 2019 to March 31, 2020. Accordingly the Bank is required to attain CCB level of 2.5% on March 31, 2020. In order to ensure smooth migration without any near stress, appropriate transitional arrangements for capital ratios have been made which commenced as on 01.04.2013. Capital ratios will be now implemented fully on 31.03.2020 and accordingly the phase-in arrangements for Scheduled Commercial Banks operating in India is as under:

Transitional Arrangements -Scheduled Commercial Banks-				Capital as % of RWAs				
Minimum Capital Ratios	April 1, 2013	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019	March 31, 2020
Minimum Common Equity Tier I (CET 1)	4.5	5	5.5	5.5	5.5	5.5	5.5	5.5
Capital Conservation Buffer (CCB)	0.0	0.0	0.0	0.625	1.25	1.875	1.875	2.5
Minimum CET1+CCB	4.5	5	5.5	6.125	6.75	7.375	7.375	8
Minimum Tier 1 Capital	6	6.5	7	7	7	7	7	7
Minimum Total Capital*	9	9	9	9	9	9	9	9
Minimum total Capital +CCB	9	9	9	9.625	10.25	10.875	10.875	11.5

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, 2020 till the time Basel III gets fully implemented. 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 Additional Tier I and Tier II capital raising exercise. 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 resolution for the approval of the Shareholders by way of Special Resolution.

ITEM NO. 10

As per Regulation 17(1B) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the top 500 listed entities shall, effective April 1, 2020, ensure that the Chairperson of the Board of such a listed entity shall be a non-executive director not related to the Managing Director

or the Chief Executive Officer as per the definition of the term 'relative' defined under the Companies Act, 2013. Towards this end and to further strengthen the corporate governance at the Bank, the Board of Directors has decided to split the position of the Chairman & Managing Director of the Bank such that the office of the Chairman of the Board of the Bank is held by a Non-Executive Director.

To implement the decision of the Board of Directors it is deemed necessary to amend Article 69 of the Articles of Association of the Bank to provide specifically that the Chairman of the Board shall be a Non-Executive Director/ Chairman. The proposed Article 69 of the Articles of Association of the Bank inter alia provides that no Director other than a Government Director shall be elected as (a) the Chairman of the Board of Directors; and (b) Managing Director, of the Bank.

Proposed amendments to Article 4 in the definitions of "Chairman" and "Executive Director" are self-explanatory; definition of "Managing Director" in line with the provisions of the Banking Regulation Act, 1949 has been provided; proposed amendments to: (a) Article 4 in the definition of "General Manager" and Article 71, are consequential in nature pursuant to the proposed amendment to Article 69 providing for office of the Chairman of the Board to be held by a Non-Executive Director; and (b) Article 70(ii) provide for that sitting fee for attending meetings board or committees thereof shall not be payable to Chairman and Managing Director and to a Director nominated by the Government and who is in the full time employment of the Government.

Article 70(B) has been added as a new article to provide that a Director who is neither in the whole time employment of the Bank nor a Managing Director may be paid remuneration for extra services rendered subject to the provisions of the Act.

Pursuant to the provisions of Section 14 of the Companies Act, 2013, amendment of Articles of Association requires

approval of shareholders by way of a special resolution. Hence this resolution

Your Directors therefore submit the resolution for your consideration and recommend it to be passed as a special resolution.

A copy of the existing as well as amended Articles of Association of the Bank is available for inspection at the Registered Office of the Bank during working hours on working days.

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

ITEM NO. 11

The Bank has received notice pursuant to the provisions of Section 160 of the Companies Act, 2013 proposing the candidature of Mr. Sonam Wangchuk (DIN: 07662456) for directorship of the Bank.

Regd. Office:
Corporate Headquarters,
M. A. Road,
Srinagar - 190 001
Dated: 10th August, 2019

The Bank has also received from Mr. Sonam Wangchuk (DIN: 07662456):

- (i) Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, and
- (ii) Intimation in Form DIR 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164 (2) of Companies Act, 2013.

The brief profile of Mr. Sonam Wangchuk (DIN: 07662456) is provided in annexure to this notice.

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

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

By order of the Board of Directors
Mohammad Shafi Mir
Company Secretary
FCS 8516

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

Particulars	Details of Directors seeking appointment /re-appointment at the AGM					
Name	Rahul Bansal	Vikram Gujral	Mohammad Ashraf Mir	Sanjiv Agarwal	Sunil Chandiramani	Sonam Wangchuk
Category	Non Executive Non Independent Rotational Director	Non Executive Non Independent Rotational Director	Non Executive Independent Director	Non Executive Independent Director	Non Executive Independent Director	Non Executive Non Independent Rotational Director
DIN	01216833	03637222	07586792	00110392	00524035	07662456
Date of Birth	23-02-1975	20-09-1965	13-11-1958	02-07-1959	24-12-1968	01-09-1966
Qualification	B.Com.	B.Com; LLB	B. Sc	M.Com; FCA; FCS; AICIS(UK); PhD; DCG-ICSI	Chartered Accountant, CISA	B.Tech (Mechanical Engineering) & Earthen Architecture (France) Masters
Nature of Expertise / Experience*	18 years as industrialist	25 years of business experience	35 years of experience as industrialist, contractor and businessman	Financial services; Corporate Governance; Taxation; Corporate laws etc.	Accounting; Finance; Bank transformation; Risk management; IT & IT Security	Agriculture and rural economy, Co-operation, Economics, Small Scale Industry
Terms and conditions of appointment / re-appointment	Re-appointment as Director liable to retire by rotation	Appointment as Director liable to retire by rotation	Re-appointment as Independent Director for further period of 2 years			Appointment as Director liable to retire by rotation
Details of Remuneration paid and last drawn remuneration (including sitting fees) during the year 2018-19 (in ₹)	SF ** 1,20,000 C 7,89,041	0	SF 18,80,000 C 10,00,000	SF 19,20,000 C 7,89,041	SF 16,80,000 C 7,89,041	0
Remuneration proposed to be paid	The above Non-Executive Directors will be paid sitting fee of ₹ 40,000 for attending each meeting of the Board or a Committee thereof. In addition they are 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	17 th June, 2017	26 th March, 2019	16 th August, 2016	17 th June, 2017	17 th June, 2017	NA
Shareholding in the Bank	5750 Shares (0.0010%)	0	1000 Shares (0.0001%)	0	0	0
Relationship with other Directors, Key Managerial Personnel	Nil	Nil	Nil	Nil	Nil	Nil
No. of Board Meetings attended during the year 2018- 19 (Total meeting held during the year 13)	10	0	13	13	12	0

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

** SF stands for Sitting Fee and C stands for Profit related compensation.

Directors' Report

To the Members,

Your Board of Directors has pleasure in presenting the 81st 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, 2019.

Performance at a Glance

- The aggregate business of the bank stood at ₹155910.40 Crore at the end of the financial year 2018-19.
- The total deposits of the Bank grew by ₹9632.40 Crore from ₹80006.50 Crore as on 31st March, 2018 to ₹89638.90 Crore as on 31st March, 2019, a growth of 12.04 percent. CASA deposits of the bank at ₹45442.63 Crore constituted 50.70 percent of total deposits of the bank.
- Cost of deposits for current FY stood at 4.90 percent.
- The net advances of the Bank stood at ₹66271.51 Crore as on 31st March, 2019.
- Yield on advances for the current FY stood at 9.05 percent.
- Priority sector advances (Gross) stood at ₹25057.33 Crore as on 31st March, 2019.
- The bank effected cumulative cash recovery, upgradation of NPA's and technical write-off of ₹2749.95 Crore during FY 2018-19.
- Investment portfolio of the bank stood at ₹23160.50 Crore as on 31st March, 2019.

Insurance Business

The bank earned an income of ₹41.11 Crore from the Insurance Business. The bank mobilized business of ₹81.83 Crore and ₹201.42 Crore during the year in life and non-life insurance segments respectively.

Income Analysis

- The Interest income of the bank stood at ₹7675.56 Crore in the year 2018-19. Interest expenses stood at ₹4291.63 Crore for FY 2018-19. The Net Interest Income stood at ₹3383.93 Crore for FY 2018-19.
- The Net Income from operations [Interest Spread plus Non-interest Income] stood at ₹4196.55 Crore in the FY 2018-19.
- The Operating Expenses registered an increase of ₹494.43 Crore during the financial year 2018-19 and stood at ₹2478.66 Crore as compared to ₹1984.23 Crore in 2017-18.

- The Cost to Income ratio (Operating Expenses to Net Operating Income) stood at 59.06 percent in the financial year 2018-19.

Gross Profit

The Gross Profit for the financial year 2018-19 stood at ₹1717.90 Crore.

Provisions

The Provision for Loan Losses, Standard Assets, Taxation and others aggregated to ₹1253.02 Crore in the financial year 2018-19.

Net Profit/Loss

The bank registered a Net Profit of ₹464.88 Crore for the financial year 2018-19.

Dividend

In order to conserve/augment capital base of the Bank, your directors did not recommend any dividend for the financial year 2018-19.

Branch/ATM Network

During the financial year 2018-19, 36 new branches were established, thereby taking the number of branches to 938 as on 31-03-2019, spread over 20 states and one union territory. 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 2018-19 is as under:

Area	Branches
Metro	172
Urban	108
Semi-Urban	155
Rural	503
Total	938

During the financial year 2018-19, 96 ATMs were commissioned thereby taking the number of ATMs to 1294 as on 31.03.2019.

Capital

The capital management framework of the Bank includes a comprehensive internal capital adequacy assessment process conducted periodically, which determines the adequate level of capitalization needed to meet regulatory norms and current and future business needs.

In order to meet these 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, the Bank issued non-convertible, redeemable,

unsecured, Basel III compliant, Tier I bonds in the nature of debentures for augmenting TIER-I capital, in the nature of debentures of ₹10.00 lacs each for an aggregate amount of ₹1000.00 crore on private placement basis during the financial year 2018-19 allotted on 14.06.2018.

The capital management framework of the bank is complemented by the risk management framework, which covers the business and capital plans and stress testing results integrated with the internal capital adequacy assessment process while assessing its impact on the capital ratios and adequacy of capital buffers for current and future periods.

Net Worth and Capital Adequacy Ratio (CRAR)

- The Net Worth of the bank stood at ₹6020.35 Crore on 31st March 2019 after excluding the revaluation reserves.
- Capital Adequacy Ratio under Basel III stood at 12.46 percent as on March, 2019. The tier I component of CRAR is 10.60 percent as on 31st March 2019. Book Value per Share for the financial year 2018-19 stood at ₹118.99

Board of Directors

Your Bank had Eleven (11) Directors as on 31st March, 2019 consisting of two (2) promoter Directors including Chairman & CEO, 10 Non-Executive Directors. As on 15th June, 2019 Bank has Nine (9) Directors consisting of two (2) promoter Directors including Interim Chairman & Managing Director, 8 Non-Executive Directors

Independent and Non - Independent

Non-Independent Executive Director

Mr. Rajesh Kumar Chhibber

Mr. Rajesh Kumar Chhibber, Non-Independent Executive Director has been serving as the Interim Chairman & MD of the Bank since June 10, 2019, with the approval of Reserve Bank of India (RBI).

Mr. Parvez Ahmed

Mr. Parvez Ahmed, Non-Independent Executive Director was serving as the Chairman & CEO of the Bank since October 6, 2016 to 8th June, 2019, with the approval of Reserve Bank of India (RBI).

Non-Independent Non-Executive Director

Dr. Arun Kumar Mehta, IAS, Financial Commissioner to Govt. of J&K, Finance Department, Mr. Azhar ul Amin, Mr. Dhaman Kumar Pandoh, Mr. Rahul Bansal and Mr. Vikram Gujral are the Non-Independent Non-Executive Directors of the Bank.

Independent Non-Executive Director

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. Mr. Mohammad Ashraf Mir
2. Dr. Pronab Sen
3. Dr. Sanjiv Agarwal
4. Mr. Sunil Chandiramani

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. Yogesh Kumar Dayal (DIN: 07584913) ceased to be Director on the Board of the Bank on 30th June, 2018 due to withdrawal of nomination by Reserve Bank of India. Mr. Abdul Majid Mir (DIN: 02175199) ceased to be Director of the Bank on 07th July, 2018 and Mrs. Vijayalakshmi R Iyer (DIN: 05242960) resigned from Directorship of the Bank on 27th March, 2019. Dr. Arun Kumar Mehta, IAS (DIN: 07218193) was appointed as nominee Director by the Govt. of Jammu & Kashmir in place of Mr. Navin Kumar Choudhary, IAS (DIN: 07218193) on 15th March, 2019 and Mr. Vikram Gujral (DIN: 03637222) was appointed as Additional Director on the Board of the Bank on 26th March, 2019. Further Mr. Mohammad Maqbool Rather (DIN:07586779) having attained the age of 75 years has ceased to be Director of the Bank with effect from 1st April, 2019 in compliance to Regulation 17(1A) of SEBI (Listing and Obligations Disclosures Requirement) (Amendment) Regulations, 2018.

Directors place on record their deep appreciation for the valuable services rendered by Mr. Navin Kumar Choudhary, IAS, Mr. Yogesh Kumar Dayal, Mr. Abdul Majid Mir, Mrs. Vijayalakshmi R Iyer & Mr. Mohammad Maqbool Rather, during their tenure as Directors of the Bank.

Changes in the Board of Directors after the Closure of Financial Year

Mr. Azhar ul Amin, Non Executive Non Independent Director resigned from the Board of the Bank with effect from 23rd April 2019. Mr. Parvez Ahmed, pursuant to the Government Order dated 8th June, 2019 ceased to be Director and Chairman & CEO of the Bank and pursuant to approval of the J&K Govt./RBI Mr. Rajesh Kumar Chhibber was nominated as director and appointed as interim Chairman & MD w.e.f. 10th June, 2019 for a period of 3 months. RBI in exercise of powers conferred by Section 36AB (1) of Banking Regulation Act, 1949 appointed Shri A.K. Misra, Ex-Executive Director RBI as Additional Director on the Board of the Bank for a period of 2 years w.e.f. 3rd July, 2019 to 2nd July 2021 or till

further orders whichever is earlier vide RBI order DBR.PSBD No. 110/16.05.008/2019-20 dated 3rd July 2019.

Directors seeking appointment/re-appointment at AGM

Mr. Rahul Bansal (DIN: 01216833) who is retiring by rotation, has offered himself for re-appointment. Mr. Vikram Gujral (DIN: 03637222) appointed as Additional Director and who vacates office at this AGM has offered himself for appointment as Director. Mr. Mohammad Ashraf Mir (DIN: 07586792), Dr. Sanjiv Agarwal (DIN 00110392) and Mr. Sunil Chandiramani (DIN: 00524035) Independent Directors are seeking re-appointment for a 2nd term of 2 years. The profiles and necessary details of the above mentioned directors have been included in the explanatory statement and Corporate Governance Report.

Appointments/Resignations of the Key Managerial Personnel

Mr. Rajesh Kumar Chhibber, Interim Chairman & MD, Mr. Rakesh Gandotra, Chief Financial Officer and Mr. Mohammad Shafi Mir, Company Secretary are the Key Managerial Personnel of the Bank. Mr. Rajesh Kumar Chhibber, was appointed as Interim Chairman & Managing Director of the Bank w.e.f 10th June, 2019 in place of Mr. Parvez Ahmed who ceased to be the Chairman & CEO on 8th June, 2019.

Number of Meetings of the Board

During the year under review, Thirteen (13) Board Meetings were held, in due compliance with statutory provisions, on the following dates:

19.05.2018, 30.05.2018, 23.06.2018, 07.07.2018, 26.07.2018, 26.08.2018, 17.09.2018, 16.10.2018, 26.11.2018, 27.12.2018, 12.01.2019, 23.02.2019, 26.03.2019

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.

Subsidiary Company

As on March 31, 2019, your Bank had 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 Insurance products (both life and non-life), 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 w.e.f. 1st March 2013. The Company planted its roots in first instance in depository and broking services and is currently offering Stock Broking activities in NSE/BSE cash segment and NSE F&O. The JKBFSL offers the state of art infrastructure powered by the renowned Thomson Reuters Ltd. The JKBFSL network spans over Jammu, Kashmir, Gurgaon and Mumbai.

Performance and Financial Position of JKBFSL

The operating income of the Company for the year ended 31st March, 2019 stands at ₹ 4.43 Crores. Other income of the company stood at ₹ 93.06 lacs. The Total income of the Company for the year ended 31st March, 2019 stood at ₹ 5.36 Crores. The net loss of the company for the financial year ended 31st March, 2019 stood at ₹ 71.50 Lacs, increasing its accumulated net loss to ₹ 4.34 Crores as on 31st March, 2019. Salient features of the financial statement of JKBFSL are attached herewith as Annexure 5.

Regional Rural Bank Sponsored by J&K Bank: J&K Grameen Bank

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 State viz. Baramulla, Bandipora, Kupwara, Jammu, Kathua, Rajouri, Poonch, Leh, Kargil, Samba, Kishtwar, Ganderbal and Srinagar having 217 branches with 1019 employees.

Capital Structure:

In terms of the RRBs Act 1976, the authorized capital of Regional Rural Banks was fixed at ₹5.00 Crore (which stands

amended to ₹ Two Thousand Crore in terms of the Regional Rural Banks (Amendment) Act, 2015 notified in the Gazette of India on 12-05-2015).

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

Tier II perpetual bonds: For implementation of 100% CBS in JKGB, J&K Bank has contributed an amount of 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 the Bank as on 31.03.2019 (Un-audited)

Business:

The total business of the bank as on 31st March 2019 stood at ₹5717.20 crore against ₹4999.44 Crore as on 31st March 2018, thereby showing an increase of ₹717.76 crore registering a growth of 14.36% during the financial year 2018-19.

Deposits:

The deposits of the bank have increased from ₹3404.63 crore to ₹3823.72 crore during the financial year 2018-19 thereby registering a growth rate of 12.31%.

Advances:

The gross advances of the Bank as on 31st March 2019 stood at ₹ 1893.49 crore as against ₹ 1594.81 Crore as on the corresponding date of the previous year recording a growth of 18.73%

CD Ratio:

The C.D. Ratio of the bank has increased by 2.68% from 46.84% as on March 31, 2018 to 49.52% as on March 31, 2019.

NPA Management:

JKGB has made recoveries/ up gradations for an amount of ₹140.21 crore in the NPAs during the FY 2018-19 under review with fresh slippages to the tune of ₹138.29 crore. The Gross NPAs of the bank as on March 31, 2019 at 9.16% (₹173.46 crore) of the gross advances has decreased from 11.00% (₹175.38 crore) as on March 31, 2018. Similarly Net NPAs of the bank as on March 31, 2019 at 4.89% (₹ 88.46 crore) has decreased from 6.41% (₹ 97.17 crore) as on March 31, 2018.

Detailed NPA position as on March 31, 2019 is as under:-

(Amount in Crore)

S. No.	Particulars	FY 18-19 (01-04-2018 To 31-03-2019)
1	NPA at the beginning of FY	175.38
2	Slippage	138.29
3	TOTAL (1+2)	313.67
4	Recovery/ up gradation	140.21
5	NPA at the end (3-4)	173.46
6	%age to gross advances	9.16%
7	Provisions	85.00
8	Net NPA at the end	88.46
9	%age to net advances	4.89%
10	NPA Coverage %	49.00

Future Business Plan for the FY 2019-20

As per the future business plan of Grameen Bank duly approved by NABARD and J&K Bank, Grameen Bank will generate Business for F.Y 2019-2020 as per the below details:-

S. No.	Particulars	(Amount in Crore)
1	Deposits	4206.00
2	Advances	2330.00
3	Fresh loans to be disbursed	1500.00
4	CD Ratio	55.40%
5	Net Profit	16.00
6	Gross NPA	<4.96%
7	Net NPA	<2%

Profitability:

Against Net Profit of ₹ 14.10 crore recorded as at the end of the previous FY 2017-18, the bank has recorded Net Profit of ₹ 22.00 crore as on 31st March 2019.

Lead Bank Responsibility

a. Convener JKSLBC

The J&K Bank is the only Private Sector Bank in the country assigned with the responsibility of convening State Level Bankers' Committee meetings. The Bank continued to discharge its Lead Bank responsibility in 12 districts i.e. Srinagar, Ganderbal, Budgam, Baramulla, Bandipora, Kupwara, Anantnag, Kulgam, Pulwama, Shopian, Poonch and Rajouri out of 22 districts of J&K State satisfactorily. The other 10 districts i.e. Jammu, Samba, Kathua, Udhampur, Reasi, Doda, Ramban, Kishtwar, Leh and Kargil are managed by State Bank of India.

The State Annual Credit Plan (ACP) for the FY 2018-19 was launched in time and its implementation was monitored on quarterly intervals in State Level Bankers' Committee meetings. During the FY 2018-19, banks have extended a total credit of ₹28,333.21 Crore in favour of 8,24,254 beneficiaries (both under Priority as well as Non-priority Sector) against annual target of ₹ 31,697.61 Crore for 10,68,686 beneficiaries under Annual Credit Plan 2018-19, thereby registering achievement of 89% in financial terms and 77% in physical terms. This includes Priority Sector credit of ₹15,154.57 Crore disbursed in favour of 5,21,391 beneficiaries against the annual target of ₹ 23,741.91 Crore for 8,39,476 beneficiaries (constituting 64% achievement in financial terms and 62% in physical terms) and Non-Priority Sector credit of ₹13,178.65 Crore disbursed in favour of 3,02,863 beneficiaries against annual target of ₹ 7,955.70 Crore for 2,29,210 beneficiaries (constituting achievement of 166% in financial and 132% in physical terms).

Out of the total Priority Sector credit of ₹15,154.57 Crore disbursed by all banks in the State during FY 2018-19, J&K Bank alone has disbursed ₹9,949.71 Crore against the target of ₹12,193.27 Crore, thereby achieving 82% of its annual ACP target which accounts for a share of 66% of the total flow of credit to priority sector by all banks together in the State during FY 2018-19.

Implementation of Financial Inclusion Plan (FIP)

After successful completion of FIP-I and FIP-II, under directives from RBI, a roadmap for opening "Brick & Mortar" branches or CBS-Enabled Banking Outlets in the villages with population more than 5000 where there is no branch of any Scheduled Commercial Bank was formulated. J&K SLBC, in coordination with concerned Lead District Managers, identified 104 such villages in J&K State. In terms of the directives from RBI these villages were allocated among the 8 major Scheduled Commercial Banks operating in J&K State (JK Bank - 48; SBI - 15; PNB - 11; HDFC Bank - 11; ICICI Bank - 5; Canara Bank - 5; UCO Bank - 5; Central Bank of India - 4) for opening "Brick & Mortar" branches or CBS-Enabled Banking Outlets. As at 31.03.2019, 53 villages have been covered for banking services with opening of 10 branches and 43 CBS-Enabled Banking Outlets in the identified villages out of which, 28 villages have been covered by J&K Bank; 13 villages by SBI; 8 villages by PNB; 2 villages by UCO Bank and 1 village each by ICICI Bank & Canara Bank.

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

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 State was assigned by Lead Bank Department /J&K SLBC 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 of Srinagar, Ganderbal, Budgam, Baramulla, Bandipora, Kupwara, Anantnag, Kulgam, Pulwama, Shopian, Poonch and Rajouri. State Bank of India has also set up 9 RSETIs in its allocated 10 lead districts of Jammu, Samba, Kathua, Udhampur, Reasi, Doda, Ramban, Kishtwar, and Leh. RSETI at Kargil has not been operationalised by SBI as yet. The performance of RSETIs in conducting training programmes and the number of persons benefited through credit linkage is being reviewed in quarterly SLBC meetings.

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

In terms of RBI guidelines, target of setting of Financial Literacy Centres (FLCs) in all the districts of the state has been fully accomplished with J&K Bank having made 12 FLCs operational in its 12 allocated lead districts and SBI having made 10 FLCs operational in its 10 allocated lead districts. In addition, PNB, JKGB, EDB and J&K State Cooperative Bank have also established 4, 2, 2 & 1 FLCs respectively in various districts of the state which takes the total number of FLCs in J&K State as at 31.03.2019 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 SLBC Meetings.

100% coverage of farmers under KCC Scheme

The initiative of 100% coverage of farmers under KCC Scheme with the target to cover 9.81 lakh interested farm operating families (target fixed by Agriculture Production Department) which was launched in J&K State in January 2012 in terms of directives of GoI, MoF stands accomplished in the State. Banks in J&K State have already accomplished the assigned targets by covering all the identified farm operating families under KCC.

Brand Building

In the world of banking and finance, it is the brand perception that primarily represents the health of an organization in the public imagination besides numbers in its balance sheet.

Being proactive in our brand promotion, we have consistently and successfully increased our brand exposure thereby deepening the requisite awareness within the evolving public consciousness to increase brand recall, thus enhancing our brand value during the financial year 2018-19. The bond of trust between all the stakeholders and the bank was further cemented through regular streaming of effective and needful messaging at all the levels through all the means during the financial year.

The bank's products, services, and facilities were successfully publicized across the operational geographies. Also, the marketing campaigns initiated by the bank to garner more business and meet the quarterly targets were duly publicized with proper follow-up processes.

Besides, the functioning and accomplishments of the bank were effectively communicated to the relevant target audiences including the major stakeholders along with the customers, share-owners, other stakeholders and the general public through customized and efficiently packaged communications using print and multi-media outlets within the state and relevant channels across the country. Leveraging 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 using highly popular mediums of social connectivity platforms especially Facebook, Twitter, Instagram, and YouTube.

Corporate Social Responsibility Policy

As a responsible institution, J&K Bank is committed to Corporate Social Responsibility (CSR). The Bank has in place Board approved policy on Corporate Social Responsibility. With an aim to instill a sense of relief and protection among the most vulnerable sections of society, the Corporate Social Responsibility (CSR) policy of the bank identifies key responsibility areas and seeks to assimilate the CSR ideals into its empowerment mission for optimising its social performance. The CSR policy is available on the website of the Bank. (<https://www.jkbank.com/others/common/policy.php>).

The Bank retained its comprehensive focus on activities for the larger community welfare through CSR initiatives concentrating on people's health, education, environment and society at large. The statutory disclosures with respect to the CSR Committee and a report on CSR Activities forms part of this Report as Annexure 1.

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 along with 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.
Committees of the Board:	Functions & duties, Management relations, Committee meetings & Procedures,
Chairman of the Board:	Managing Relationships, Leadership, Role & Responsibility
Individual Directors:	Participation in meetings, managing relationships, Knowledge & skills & Personal attributes.

The responses received to the questionnaires on evaluation of the Board, its Committee, 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 fulfilment 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 fulfil the said criteria is made by the NRC and the Board on an annual basis.

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 stakeholders 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 banks 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, 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, none of the cases were referred to the Audit Committee of the Bank.

Risk Management

The risk management framework of our bank is 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 Board, Integrated Risk Management Committee of the Board (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 Bank's risk management processes are guided by way of well-defined policies adopted appropriately for various risk categories, independent risk oversight and periodic monitoring through the sub-committees of the Board of Directors & Asset Liability Committee (ALCO). Executive/senior management committees; Credit Risk Management Committee (CRMC), Operational Risk Management Committee (ORMC) and Market Risk Management Committee (MRMC) operate within the broad risk management framework of the Bank.

To monitor and manage risk, the Bank has a multi-layered risk management structure to identify measure, monitor, control, mitigate risks and has in place policies relating to management of credit risk, market risk, operational risk, asset-liability and Pillar II risks. Risk management is administered by Executive/Senior management committees & Chief Risk Officer (CRO) through Integrated Risk Management Department (IRMD). IRMD has dedicated divisions for credit risk, operational risk, market risk management & pillar II risks. Business continuity plan and Information security plan also forms part of risk management functions in the Bank. Treasury activities are separately monitored by mid office, which reports to Risk Management Vertical. The Bank has formulated a comprehensive Stress Testing Policy to measure impact of adverse stress scenarios on the adequacy of capital.

The key components of the Bank's risk management rely on the risk governance structure, comprehensive processes and internal control mechanism based on approved policies and

guidelines. The policies approved from time to time by Board of Directors/ IRMC, Committees of Board form the governing framework for each type of risk.

Business Responsibility Report

In terms of Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, top 500 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 has been attached as "Annexure 7" to this report.

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 a committee "Internal Complaints Committee for Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace" which has been constituted for dealing with complaints of harassment or discrimination. The said policy is in line with the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act 2013 passed by the parliament in 2013. The Bank, through the policy ensures that all such complaints are resolved within defined timelines. During the year, two complaints were lodged before the committee and both the cases were disposed off after proper enquiry.

Loans, Guarantees & Investment in Securities

Pursuant to section 186(11) of the Companies Act, 2013 loans made, guarantees given or securities provided or acquisition of shares by a Banking company in the ordinary course of its business are exempted from disclosure in the Annual Report.

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>) Disclosure on related party transactions at Arms length price under sub section (1) of section 188 of the Companies Act, 2013 is attached herewith as Annexure 6.

Information under Insolvency and Bankruptcy Code, 2016

The Bank as on 31st March, 2019 has 29 cases under the IBC resolution the details whereof along with existing status is tabulate as under:

(Amount in Crores)

S. No.	No. of Accounts	Stage of Process	NPA / NPI outstanding	Recoveries, if any
1	20	Resolution process(Pending with NCLT)	1832.16	Nil
2	6	Liquidation Process	820.60	Nil
3.	3	Resolution approved/ implemented during the year	29.20	87.51

Frauds reported by the Bank.

The Bank during the financial year 2018-19 has 11 cases of frauds detected/ reported to the Reserve Bank of India involving an amount of ₹ 182.90 crores.

Consolidated Financial Statements

Pursuant to Section 129 of the Companies Act, 2013, the Bank has prepared Consolidated Financial Statements of the Bank and its Subsidiary, JKBFSL, in the same form and manner as that of the Bank which shall be laid before the ensuing 81st Annual General Meeting of the Bank along with laying of the Banks 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 for the year ended March 31, 2019 form part of this Annual Report.

Statutory Auditors

Historically the appointment of Statutory Auditors of the Bank was made by the C&AG of India and the remuneration was fixed by the Shareholders as per the RBI circular applicable to Public Sector Banks. However, during the FY 2018-19 Reserve Bank of India advised the Bank to seek its approval for appointment of Auditors as mandated under section 30(1A) of the Banking Regulation Act, 1949. The Bank in turn approached RBI/ C&AG for allowing the Bank to appoint auditors subject to prior approval of RBI. The communication in this regard continued till the end of previous Financial Year. Owing to paucity of time for finalization of accounts, the Bank requested RBI to approve auditors selected by C&AG for the previous financial year only. The Bank had four (4) Central 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

For the FY 2019-20, the appointment of Statutory Auditors of the Bank will be subject to appropriate directions from the RBI / C&AG.

There are no qualifications, reservations or adverse remarks by the statutory auditors in their report. Further pursuant to section 143(12) of the Companies Act, 2013, the statutory auditors of the Bank have not reported any instances of frauds committed in the Bank by its officers and employees.

Comments of C & AG

Comments under Section 143(6) of the Companies Act, 2013 on the accounts of the Bank for the Financial Year ended 31st March, 2019 were received by the Bank on 15th July, 2019. The Banks reply to the comments of C & AG are furnished as under:

Comments of C&AG of India

- A Appropriations
Statutory Reserves ₹16.22 crore
Above does not include ₹3.61 crore being appropriation of 25 per cent of the net profit earned during the year. Since an amount of ₹14.43 crore has been charged to Profit and Loss Account on account of depreciation on revalued portion of fixed assets and equivalent amount has been transferred from Revaluation Reserve Account to Revenue Reserve Account without routing through P&L Account, the net profit for the year has been understated to the extent of ₹14.43 crore. This has resulted in less appropriation of ₹3.61 crore to the Statutory Reserve and excess appropriation to the revenue reserve to the same extent
- B Expenditure
Operating Expenses (Schedule 16)
Other Expenditure ₹454.73 crore
Above includes expenditure of ₹95.71 crore shown as "Miscellaneous expenditure" incurred by the bank during the year 2018-19. As per Guidance Note on Audit of Banks issued (2019 Edition) by ICAI, in case any particular item under the head 'Other Expenditure' exceeds one per cent of the total income, particulars thereof are required to be given by way of notes. However, the Bank has not given particulars of miscellaneous expenditure in notes to accounts despite the same being in excess of one percent of total income.
- C The Bank has not been forwarding its annual report on its working and affairs to the State Government to enable its placement in the State Legislature, as required Under provisions of Section 395 of the Companies Act, 2013.

Bank's Response

A The Accounting Standard, AS 10 (Revised 2016) relating to Property, Plant Equipment, provides that the revaluation surplus included in owners' interests in respect of an item of property, plant and equipment may be transferred to the revenue reserves when the asset is derecognised. This may involve transferring the whole of the surplus when the asset is retired or disposed of. However, some of the surplus may be transferred as the asset is used by an enterprise. In such a case, the amount of the surplus transferred would be the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on its original cost. Transfers from revaluation surplus to the revenue reserves are not made through the statement of profit and loss".

As per the Statutory Central Auditors of the Bank the treatment is in accordance with AS 10 (Revised 2016)

- B Noted for Compliance. Necessary instructions regarding Debit freezing of Misc Expenditure Head stand implemented in the Bank. As such, in future, no expenditure having a distinct accounting head shall be debited to Misc. Expenditure head. The breakup of Misc Expenditure for FY 2018-19 shall be read out at the AGM.
- C Noted for compliance. The Bank has been forwarding Annual Report to the State Govt. in the capacity of shareholder. However, Annual Report for the FY 2018-19 shall be forwarded to the State Government separately after the approval of shareholders at the ensuing AGM of the Bank.

B. List of top ten employees (other than Chairman & CEO) in terms of remuneration drawn during the FY 2018-19

S. No.	Name of the employee	Designation of the employee	Remuneration drawn	Nature of employment, whether contractual or otherwise	Qualification and experience of the employee	Date of commencement of employment	Age	Last employment held by such employee before joining the company	Percentage of equity shares held by the employee in the company	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	Rajesh Kumar Chhibber	Executive President	3591233	Permanent	B. Sc.	01/03/1982	59.5	-	0.00017%	No
2	Pushap Kumar Tickoo	Executive President	3584389	Permanent	B. Sc.	01/03/1982	59.1	-	Nil	No
3	Abdul Rashid Sheigan	Executive President	3196951	Permanent	BA//LLB	01/03/1982	60	-	Nil	No
4	Rakesh Gandotra	President	2452291	Permanent	B. Sc. /LLB	01/10/1986	59.9	-	0.00089%	No
5	Gulam Mohd. Sadiq	President	2463149	Permanent	B. Com.	02/09/1981	59.8	-	0.00017%	No
6	Ghulam Nabi Teji	President	2479060	Permanent	MA/DIPLOMA IN BANKING TECHNOLOGY ()	01/10/1986	57.11	-	Nil	No
7	Sunil Gupta	President	2357207	Permanent	B. Com.	01/10/1986	57	-	-	-
8	Rajni Saraf	President	2458108	Permanent	BA / M. Com.	01/10/1986	56.9	-	0.00017%	No
9	Mohammad Younis Patoo	President	2501235	Permanent	M. Sc.	01/10/1986	59.5	-	0.0044%	No
10	Fayaz Ahmad Sidique	Vice President	2355555	Permanent	M. Com.	01/03/1982	59	-	-	-

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 2018-19. The Bank provided all assistance and facilities to the Secretarial Auditor for conducting their audit.

Secretarial Audit Report

There are no qualifications, reservations or adverse remarks by the Secretarial Auditor in their report. The report of Secretarial Auditor for the FY 2018-19 is annexed to this report as Annexure 2.

Compliance with Secretarial Standards

The Bank is in compliance with all applicable Secretarial Standards as notified from time to time.

Employee's Remuneration

- 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, 2019, are as under:
- Employed Throughout the Financial Year and in Receipt of Remuneration Aggregating ₹ 1.02 Crore or more Per Annum: NIL
 - Employed for a Part of the Financial Year and in Receipt of Remuneration Aggregating ₹ 8.50 Lakhs or more per month: NIL

- C. The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of subsection 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 are forming part of this report as Annexure 3.

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.

The bank operates in a non-energy intensive environment. However, ample measures have been taken by the bank wherever necessary to reduce the carbon footprint. The same are given below:

- Document Management system will be put in place to ensure zero paper involvement in account opening process.
- All circulars / newsletters issued for internal communication are uploaded on a dedicated Intranet site.
- Data Centre of the bank is hosted at a high energy efficient and environment friendly Data Centre at Noida.
- For green Banking web page has been put in place.
- Energy star compliant computing and communication hardware is used by the bank.
- An automated MIS System has been put in place to discontinue paper based regulatory and internal reporting.

- (ii) The steps taken by the company for utilizing alternate sources of energy.

The bank operates in a non-energy intensive environment. However, alternate sources of energy shall be explored as and when required to make the bank energy intensive.

- (iii) The capital investment on energy conservation equipment.

Procurement of servers and desktops for the year 2018-19 is 24.5 cr. (approx)

B. Technology Absorption

- (i) The efforts made towards technology absorption.
Technology Absorption refers to the acquisition,

development, assimilation & utilization of technological knowledge and capability by the bank from an external source. It needs steady and favourable policy and governance framework. Bank has adopted IT governance model for restructuring the IT organizational structure as per the recommendations of RBI. Also, as part of the IT transformation, the IT Vertical was completely revamped by changing the structure and processes on the recommendations of M/s Deloitte (Banks Consultant) to ensure that they are at par with the industry standards.

Regular trainings are being conducted for the banks staff at branch level to make full use of the technology to reduce the operating costs and to ensure the business process followed by the bank is more efficient.

- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution.

The bank has undertaken following technology initiatives to bring efficacy in the processes besides reduction in the effort and cost involved in handling such operations.

a. Mobile banking Application Upgrade

Mobile banking upgrade was initiated to provide more user friendly and robust Mobile banking application. New user interface at par with industry standard/private sector banks. New features like fingerprint login, complaint management, QR Code regeneration, term deposit closure, changes in Loan module, debit card management, payments, credit card integration would be included

b. Document management System (DMS)

DMS Solution has been envisaged to support the complete digitization and associated workflow of documents used/ created by all the Business Units and departments of the Bank. The DMS and workflow solution shall cater to Enterprise wide document management and workflow functions of Account Opening (Liability & Assets), Automation of the Note Sheet preparation and associated workflow - Business Process Management (BPM) through the DMS solution of various departments / offices of the Bank, digitizing the Account opening forms and associated documents and the legacy documents of various departments and offices. DMS solution would be an engine for the overall Business Process Management and Inherent Workflow processes in the Bank.

c. IT Security

The Bank has Information Security Policy which is approved by Board and reviewed each year to keep it updated as per latest trend and best practices. Bank has got ISO 27001:2013 Certification for Data centre operations, Data Centre Facility and DR Site.

- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) None.
- (iv) The expenditure incurred on Research and Development. Nil

(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, 2019 the Bank earned ₹230.37 lacs and spent ₹55.89 lacs in foreign currency. The term 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) The Bank is not required to maintain cost records as specified under section 148 of the Companies Act, 2019.

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, 2019 forms part of this report as Annexure 4.

Director's 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:-

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii. 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, 2019 and of the profit of the Bank for the year ended on that date;
- iii. 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;

- iv. We have prepared the annual accounts on a going concern basis;
- v. 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.
- vi. 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.

CEO & CFO Certification

Certificate issued by Mr. Parvez Ahmed, Chairman & CEO and Mr. Rakesh Gandotra, CFO of the Bank, for the financial year under review, was placed before the Board of Directors at its meeting held on 15th May, 2019, in terms of Regulation 17(8) of the SEBI (LODR) Regulations, 2015.

Important events after the closure of Financial Year ended 31-03-2019

The Board of Directors of the Bank in their meeting held on 15th June, 2019 keeping in view regulation 17(1B) of the SEBI (LODR) regulations 2015 and to strengthen Corporate Governance at the Bank decided to split the post of Chairman & Managing Director of the Bank such that the office of Chairman of the Board is held by a Non-Executive Director. The Board in the same meeting also approved implementation of J&K Right to Information Act, 2009 in the Bank w.e.f June 17th 2019 and adoption of Central Vigilance Commission Guidelines as far as these are not inconsistent with the master guidelines on frauds issued by RBI.

The State Government ordered investigation by Anti Corruption Bureau (ACB) into functioning of the Bank on the basis of some reports of alleged nepotism/favouritism mainly with regard to recruitments in the Bank pursuant to which the agency is seeking desired information from the Bank. We shall keep the shareholders informed about the outcome of investigation and further developments in the matter.

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
Interim Chairman & MD
DIN: 08190084

Place: Srinagar (J&K)

Date: 16th July, 2019

Annexure 1

The Annual Report on Corporate Social Responsibility (CSR) Activities

Policy Perspective

Corporate Social Responsibility (CSR) is an approach adopted by a company that contributes to sustainable development by delivering economic, social and environmental benefits of stake holders and J&K Bank just believes the institutional growth is akin to empowering every section of society. At J&K Bank, Corporate Social Responsibility is not merely compliance but a social investment to help sustainability of society. It is a commitment to support initiatives that measurably improve the lives of under-privileged by addressing their needs. J&K Bank has the distinction of being called the "Socially Conscious Corporate Citizen" of the country.

Under CSR, the J&K Bank has focused on continuous commitment to the social, economic upliftment of the underprivileged sections of the society and promote inclusive, harmonious social economic welfare, community empowerment, capacity building and protection of environment.

In alignment with the mission of social empowerment, the bank as a socially responsible corporate citizen, shall endeavour enhancement of value creation in the society and the community it operates, through its CSR activities, which ultimately would promote sustained growth of the society and protection of environment.

Key areas of J&K Bank's CSR Projects/ Programmes

- a) Community Development Initiative
- b) Promotion of Education
- c) Preventive Healthcare
- d) Promotion of Sports activities
- e) Sanitation
- f) Preserving Ecology/Heritage
- g) Skill Development.

Overview of the activities

Key initiatives undertaken during the reporting year were:

Community Development

During the FY 2018-19, a number of initiatives were undertaken by bank in this direction. The activities under Community Development initiative varied from development of Rajinder Park Canal Road Jammu for joggers and general public, providing basic amenities/equipment to Night Shelter Home at Boria Basti Jammu. The bank contributed towards the Kerala Relief Fund for the people affected by last year's Kerala Floods. Besides an Omni ambulance was provided to

the Idara-Auqaf Gousia Trust and water purifiers installed at Mini Secretariat Ganderbal for the usage of large number of people visiting the said office. J&K Bank undertook the electrification of revered shrine of Baba Peer Budhan Shah Ji Jammu which is being visited by thousands of the devotees from across the country. In addition to the aforementioned activities under community development, the bank also installed chairs at District Hospital Rajouri and provided inverter to District Child Protection Unit Budgam.

Promotion of Education

Education being the corner stone in nation building, J&K Bank has given top priority to promotion of education under its CSR programme. A considerable portion of CSR funding was spent in the field of education. The University of Jammu was provided with the electric vehicle for specially-abled students. J&K Bank also contributed to the STUDENT'S WELFARE FUND to be utilized for poor children, who find it difficult to get the admission despite being meritorious. The bank also provided for renovation of Rotary Inner Wheel School run by Deepak Goswami, a specially-abled artist. Besides Omni Van was provided to IIT Jammu, and a gate antenna was installed at Central University Jammu. In order to provide round the clock electrification to the NIT Srinagar, 60 UPS were provided to the institute for benefit of the students pursuing technical education there. Besides, 50 steel benches and bicycles were provided to the Kashmir University and library of GCW Parade was fully automated by the bank.

Healthcare

The goal of preventive care is to help people stay healthy. The idea is to nip diseases in the bud before they become catastrophic and keep health care costs low. During the year, bank undertook a major step in this direction by providing medical equipments including high-end USG machines to the GK Medical Trust. The medicinal cost of the Haemophilia and Hepatitis patients was borne in this year as well. Besides a USG machine was provided to the Helpline Medical System, an NGO. Also an ambulance was provided to the Bone & Joint Hospital Srinagar in the current year.

Promotion of Sports activities

With corporate involvement, J&K Bank saw possibility of building a sporting culture in the state and establish J&K as a sporting state in the national and international forum. One of biggest CSR activities in the year was giving financial support to Real Kashmir Football Club (RKFC) which attained much fame and highlighted the potential for sports activities like football in the state. The support to RKFC remained the focus of bank's proactive actions for the year so far as promotion of sports activities in the state are concerned.

Sanitation

In line with the Swachhta Hi Seva campaign of the preceding year, this year bank also carried forward the initiative by providing Garbage Carriers to the Jammu Development Authority and also conducting Cleanliness Drives at various locations in Jammu.

The bank has actively participated in the government's "Swachh Bharat Abhiyan" with enthusiasm and compassion for the noble initiative of the government.

Preserving Ecology/Heritage

J&K Bank has been proactively playing its part in preserving ecology and heritage of the culturally rich and diverse state of Jammu and Kashmir. The bank has been undertaking number of measures like planting trees on World Arbor Day every year, developing parks and gardens at barren lands and also undertaking cleanliness drives across the state. Under the premise of "Environment Excellence Programme", the bank has been maintaining thirteen (13) parks/walkways across the state, thereby helping the cause of environmental protection. One of the most prestigious projects undertaken under preserving ecology and environment by the bank has been development and maintenance of Kashmir Golf Course (KGB). David Brinkel, an international ace golf consultant was specifically invited by the Bank to assess the design and landscaping of the golf course who expressed satisfaction on the manner in which the bank has been able to accomplish this high-value project. Rating it as AAA (Triple A), he also lauded the efforts that have gone into the designing and execution of the golf course.

Skill Development

The bank understands the importance of skill development for improving the capabilities and qualifications of the aspiring youth to get employed in the ever growing competitive market. During the current year, the bank provided support to Craft Development Institute Srinagar with infrastructure development so that the students are benefited in the long run.

Web Link to the CSR Policy

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

Composition of CSR Committee

The CSR Committee of the Board composition is as following:

Mr. Parvez Ahmed, Chairman & CEO	(Chairman CSR Committee)
Mr. Mohammad Ashraf Mir	Member
Mr. Rahul Bansal	Member
Mr. Mohammad Maqbool Rather	Member

CSR Budget for the year 2018-19

Particulars	Amount (in Crores)
2015-16	691.68
2016-17	(1505.98)
2017-18	359.13
Total Profit for past 3 years	(455.17)
Average Profit	(151.72)
CSR allocation, 2% of average profits	Nil
Amount spent	12.46

Manner in which the amount spent during the financial year is detailed below:

S. No	CSR Project of activity identified	Project or Programmes, Local Area of other. Specify the State and District where projects or programmes were undertaken	Amount Outlay (Budget) Project or programme wise	Amount Spent on the projects or programmes Sub Heads: -Direct Expenditure -Overhead Expenditure	Cumulative expenditure upto the reporting period	Amount spent Directly or through implementing agency
1	Community Development Initiative	J&K	83,92,493.36	83,92,493.36	83,92,493.36	Directly spent
2	Promotion of Education	J&K	1,17,87,008.00	1,17,87,008.00	2,01,79,501.36	Directly spent
3	Preventive Healthcare	J&K	73,28,730.00	73,28,730.00	2,75,08,231.36	Directly spent
4	Promotion of Sports activities	J&K	1,02,14,590.00	1,02,14,590.00	3,77,22,821.36	Directly spent
5	Sanitation	J&K	18,67,550.00	18,67,550.00	3,95,90,371.36	Directly spent
6	Ecology/Heritage	J&K	8,49,16,897.47	8,49,16,897.47	12,45,07,268.83	Directly spent
7	Skill Development	Kashmir	1,50,000.00	1,50,000.00	12,46,57,268.83	Directly spent
8	Expenditure on administrative Overhead	NA	NA	NA	NA	NA

Note: An amount of ₹ 9,41,288.22/- was credited in CSR head (9939730100000019) as ITC (Input Tax Credit) in the current year. And ₹ 1,50,00,000/- was reversed to CSR head from Srinagar Municipal Corporation on account of non-utilization of funds.

Responsibility Statement of the CSR Committee

J&K Bank is committed to the mandated corporate social responsibility (CSR) and takes it as a mission. Understanding Jammu and Kashmir's Society, culture and geography well, the bank goes beyond philanthropic symbolism and envisions its CSR policy from the broader perspective of socio-economic empowerment.

The target groups of the bank's entire CSR programme comprise of the disadvantaged sections of the society like women, children, differently-abled and others. All these CSR programmes implemented by the bank in the foregone year were largely spent directly by the bank.

Major CSR initiatives during the year 2018-19 revolved around education, healthcare, sports, community development and preserving ecology and environment.

Education, as a means of socio-economic empowerment, receives substantial part of bank's CSR funds a number of initiatives were taken in this direction. Continuing its traditional support to the higher education, the bank provided battery enabled 14 seater vehicle to the University of Jammu. The bank also contributed to the STUDENT'S WELFARE FUND to be utilized for poor children, finding difficult to get the admission despite being meritorious. In addition to support to higher education, the bank provided a van to IIT Jammu and antenna was installed at the Central University Jammu. The bank continued its support towards the educational expenses of Mr. Zahid Qureshi pursuing Engineering at Indian Institute of Information Technology Vadodara.

During the year, Preventive Healthcare and Improving Public Health Delivery System, remained focus of the bank's proactive support especially toward the deprived section of the society through various means. Being consistent towards upgrading the health facilities to the marginalized section of the society, the bank provided USG and other machines to GK Welfare Trust, which is providing the diagnostic facilities to the needy at marginal rates as compared to the market. A substantial part of the preventive healthcare under CSR was spent on the medication of the Hemophilia patients adopted by the bank. Besides an ambulance was provided to the Bone and Joint Hospital Barzulla Srinagar.

The bank, as a conscious corporate, has been proactive and very sensitive to preserve and promote pollution free environment in the state for the larger welfare of the society. Under "Environmental Excellence Programme", the bank has been maintaining (13) parks across the state, indirectly helping the cause of environmental protection, besides well-being of the people. All these initiatives are aimed at making our surroundings and environment not only hygienic but also

reflect the bank's commitment for GREEN surroundings for the larger welfare of the community.

One of the most prestigious projects undertaken under preserving ecology and environment by the bank has been development and maintenance of Kashmir Golf Course (KGB). David Brinkel was specifically invited by the Bank to assess the design and landscaping of the golf course who expressed satisfaction on the manner in which the bank has been able to accomplish this high-value project. Rating it as AAA (Triple A), he also lauded the efforts that have gone into the designing and execution of the golf course.

During the year, a number of initiatives were undertaken by bank towards community development. The activities under Community Development initiative varied from development of Rajinder Park Canal Road Jammu for joggers and general public, providing basic amenities/equipments to Night Shelter Home at Boria Basti Jammu. The bank also under CSR contributed towards the Kerala Relief Fund for the people affected by last year's Kerala Floods. Besides an Omni ambulance was provided to the Idara-Auqaf Gousia Trust and water purifiers installed at Mini Secretariat Ganderbal for the usage of large number of people visiting the said office. The J&K Bank undertook the electrification of revered shrine of Baba Peer Budhan Shah Ji Jammu which is being visited by thousands of devotees from across the country. In addition to the aforementioned activities under community development, the bank also installed chairs at District Hospital Rajouri and provided inverter to District Child Protection Unit Budgam.

With corporate involvement, J&K Bank saw possibility of building a sporting culture in the state and establish J&K as a sporting state in the national and international forum. One of biggest CSR activities in the year was giving financial support to Real Kashmir Football Club (RKFC) which attained much fame and highlighted the potential for sports activities like Football in the state. The support to RKFC remained the focus of bank's proactive actions for the year so far as promotion of sports activities in the state are concerned.

In line with the Swachhta Hi Seva campaign of the preceding year, this year bank also carried forward the initiative by providing Garbage Carriers to the Jammu Development Authority and also conducting Cleanliness Drives at various locations in Jammu.

During the current year, the bank provided support to Craft Development Institute Srinagar with infrastructure development so that the students are benefited in the long run.

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

(Mr. Parvez Ahmed)
Chairman & CEO
(Chairman CSR Committee)

(Mr. Mohammad Ashraf Mir)
Director

(Mr. Rahul Bansal)
Director

Annexure 2

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

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

Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances 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, its officers, agents and authorized representatives 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, 2019 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, 2019 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under except delay in filing the Form AOC - 4 CFS for the Financial Year 2017 - 18 since the corresponding Form AOC - 4 though filed within the time was not taken on record by the MCA under the STP mode and one day delay in filing Form DIR - 12 relating to withdrawal of nomination of Mr. Yogesh Kumar Dayal (DIN: 07594913) as director of the Bank by the RBI due to technical reasons.
- 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;

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

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

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

The Bank has not issued any Equity Shares during the reporting period. Hence, the reporting of compliance under these regulations does not arise.

- (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Consequent to the resignation of Mrs. Vijayalakshmi R Iyer (DIN: 05242960) as the Independent Director of the Company on 27th March, 2019 there was a change in the composition of the Board of Directors. However, the Bank has the statutory time period of three months for fulfilling the composition requirements as per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the provisions of the Companies Act, 2013. The Bank also has to reconstitute its Nomination and Remuneration Committee consequent to such change.

- (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;

Complied with the requirements of the regulations for the issue and allotment of 10,000 Non-Convertible, Redeemable, Unsecured Basel III compliant, Tier I Bonds aggregating to ₹ 1000 crores.

- (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.

During the year under review the Reserve Bank of India:

- (i) had imposed a monetary penalty of ₹3 crores on account of non-compliance of asset classification norms and KYC/AML guidelines.

- (ii) had imposed a penalty of ₹2 crores on the Bank for non-compliance to RBI's directives on "Time-bound implementation & Strengthening of Swift related controls".

- 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

- (ii) The Bank has complied with all the provisions of the listing agreement and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Consequent to the resignation of Mrs. Vijayalakshmi R Iyer (DIN: 05242960) as the Independent Director of the Company on 27th March, 2019 there was a change in the composition of the Board of Directors. However, the Bank has the statutory time period of three months for fulfilling the composition requirements as per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the provisions of the Companies Act, 2013. The Bank also has to reconstitute its Nomination and Remuneration Committee consequent to such change.

I further report that the Board of Directors of the Bank is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. 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 and the rules made there under.

I further report that the compliance by the Bank 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.

Notices for the meetings of Board of Directors were sent to all the members of the Board 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 the Board members for seeking and obtaining further information and clarifications on the agenda items before the commencement of the meeting and for meaningful participation at the meeting.

The decisions in the Board Meeting are carried unanimously and recorded as part of the minutes.

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. The Share Issue Committee of the Board of Directors had on 14th June, 2018 considered and approved the allotment of 10,000 Non-Convertible redeemable, unsecured Basel III Compliant, Tier 1 Bonds in the nature of Debentures with a face value of ₹10.00 lakhs each aggregating to ₹1,000 crores.
- ii. Obtained the approval of members of the Bank for issue of Unsecured, Redeemable, Subordinated, Non-Convertible, Basel III Compliant Tier 2 Bonds in the nature of Debentures of face value of ₹10 lakhs each aggregating to ₹1000 crores. The approval of members for the said issue was sought by way

of special resolution passed in the 80th Annual General Meeting held on 07th July, 2018.

- iii. Obtained the approval of members of the Bank for issue of securities to Qualified Institutional Buyers as defined under the SEBI ICDR Regulations for an amount not exceeding ₹1000 Crores through Private Placement. The approval of members for the said issue was sought by way of special resolution passed in the 80th Annual General Meeting held on 07th July, 2018 and there were no other specific events / actions in pursuance of the above referred laws, rules, regulations and guidelines having a major bearing on the affairs of the Bank.

For DSMR & Associates
Company Secretaries

Place: Srinagar
Date: 05.04.2019

D S M Ram
C. P. No. 4239
Proprietor

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 further report that the compliance by the Bank 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.
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.

For DSMR & Associates
Company Secretaries

Place: Srinagar
Date: 05.04.2019

D S M Ram
C. P. No. 4239
Proprietor

Annexure 3

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:

Sl. 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	7.74X
II	The percentage increase in remuneration of each director, CFO, CEO, CS in the financial year	Chairman & CEO CFO CS	- 11.56% 2.22%
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 3.34%.	
IV	The number of permanent employees on the rolls of the Bank	10508 employees as on March 31, 2019.	
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 3.35%. 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 2018-19, none of the Non-Executive Directors received any remuneration from the Bank other than sitting fee for attending each meeting of the Board or a Committee thereof and profit related compensation for the FY 2017-18 paid 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, 2019

{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 Guidelines
v.	Address of the Registered office and Contact details	Corporate Headquarters, M. A. Road, Srinagar 190001 J&K (India) (Phone: 0194-2481930-35)
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	Karvy Fintech Private Limited (Unit:- J&K Bank) Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 Email: einward.ris@karvy.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/ State Government of Jammu & Kashmir	329,833,032	0	329,833,032	59.23	329,833,032	0	329,833,032	59.23	0
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	329,833,032	0	329,833,032	59.23	0
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 shareholding									
Institutions									
Mutual Funds/UTI	32794590	0	32794590	5.89	29362502	0	29362502	5.27	(0.62)
Financial Institutions/ Banks	219,395	0	219,395	0.04	268006	0	268006	0.05	0.01
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	15374695	0	15374694	2.76	0
Foreign Institutional Investors	89017702	0	89017702	15.99	87678400	0	87678400	15.74	(0.25)
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)	137406381	0	137406381	24.68	132683602	0	132683602	23.82	(0.86)

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	
B(2) Non-institutions									
Bodies Corporate	16233455	150940	16384395	2.94	6362159	148940	6511099	1.17	(1.77)
Individuals - i. Individual Shareholders Holding Nominal Share Capital Up To >₹ 2 Lakh.	51430461	14160022	65590483	11.78	60005526	13370320	73375846	13.18	1.4
Individuals - ii. Individual Shareholders Holding Nominal Share Capital In Excess Of ₹ 2 Lakh	1498550	0	1498550	0.27	6063207	0	6063207	1.09	0.82
NBFC registered with RBI	496378	0	496378	0.09	176682	0	176682	0.03	(0.06)
Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
Any Other	1235309	0	1235309	0.22	1932124	0	1932124	0.35	0.13
Clearing Members	606464	0	606464	0.11	1479537	0	1479537	0.27	0.16
Non Resident Indians	3377283	14000	3391283	0.61	4677827	14000	4691827	0.84	0.23
Trusts	416117	0	416117	0.07	111436	0	111436	0.02	(0.05)
Sub-Total (B)(2)	75294017	14324962	89618979	16.09	80808498	13533260	94341758	16.95	0.86
Total Public Shareholding (B)= (B)(1)+(B)(2)	212700398	14324962	227025360	40.77	213492100	13533260	227025360	40.77	0
TOTAL (A)+(B)	542533430	14324962	556858392	100	543325132	13533260	556858392	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)	542533430	14324962	556858392	100	543325132	13533260	556858392	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	311,243,975	55.89	0	0
Secretary Finance Dept Jammu & Kashmir Govt	18,589,057	3.34	0	18,589,057	3.34	0	0
Total	329,833,032	59.23	0	329,833,032	59.23	0	0

(iii) Changes in Promoters Shareholding: NIL

(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	0	0	17512431	3.14	
Life Insurance Corporation Of India	15374694	2.76	0	0	15374694	2.76	
East Bridge Capital Master Fund I Ltd	1945690	0.35	8349809	1.5	10295499	1.85	Acquisition of Shares
ICICI Prudential Value Discovery Fund	10000000	1.80	0	0	10000000	1.80	
ICICI Prudential Midcap Fund	9550782	1.72	(3778680)	(0.68)	5772102	1.04	Disposal of Shares
ICG Q Limited	3323328	0.60	1826089	0.32	5149417	0.92	Acquisition of Shares
Elara Global Funds - Elara Emerging Markets Fund	2240858	0.40	2647069	0.48	4887927	0.88	Acquisition of Shares
IShares Core Emerging Markets Mauritius Co	2683226	0.48	1347789	0.24	4031015	0.72	Acquisition of Shares
Hosking Global Fund PLC- Hosking Global Sub Fund No. 1	4517507	0.81	(773395)	(0.14)	3744112	0.67	Disposal of Shares
UTI- Value Opportunities Fund	3361057	0.60	355958	0.07	3717015	0.67	Acquisition of Shares
The Wellington Trust Company, National Association	5043374	0.91	0	0	0	0	Disposal of Shares
Government Pension Fund Global	1596760	0.29	251558	0.04	1848318	0.33	Acquisition of Shares

v) Shareholding of Directors:

A. Directors

Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding 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. MOHAMAD ASHRAF MIR	1000	0.00	0	0	1000	0.00	---	---
Mr. RAHUL BANSAL	5750	0.00	0	0	5750	0.00	---	---

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	1786.18	2505.13	4291.31
2. Interest due but not paid	0.00	0.00	0.00	0.00
3. Interest accrued but not due	0.00	0.00	13.59	13.59
Total (1 + 2 + 3)	0.00	1786.18	2518.72	4304.90
Changes in indebtedness during the year				
• Addition	0.00	1000.00	0.00	1000.00
• Reduction	0.00	3.69	1590.65	1594.34
Net Change	0.00	996.31	(1590.65)	(594.34)
Indebtedness at the end of the financial year				
1. Principal Amount	00.00	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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Particulars of Remuneration	Name of the MD : Mr. Parvez Ahmed			Total Amount
	Basic	DA	Others	
Gross Salary				
a. Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	66,00,000	----	----	66,00,000
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)	66,00,000	----	----	66,00,000

B. Remuneration to other Directors:

(Amount in ₹)

Particulars of Remuneration	Navin Kumar Choudhary	Abdul Majid Mir	Azhar UI Amin	Dhaman Kumar Pandoh	Rahul Bansal
Other Non - Executive Directors					
• Fee for attending Board and Committee Meetings	18,40,000	4,00,000	11,20,000	17,60,000	1,20,000
• Profit related Commission (FY 2017-18)	10,00,000	10,00,000	10,00,000	7,89,041	7,89,041
• Others (please specify)	----	----	----	----	----
Total (1)	28,40,000	14,00,000	21,20,000	25,49,041	9,09,041

Particulars of Remuneration	Vijayalakshmi R. Iyer	Sanjiv Agarwal	Sunil Chandiramani	Mohammad Maqbool Rather	Mohammad Ashraf Mir	Pronab Sen
Independent Directors						
• Fee for attending Board and Committee Meetings	7,60,000	19,20,000	16,80,000	15,20,000	18,80,000	9,20,000
• Profit related Commission (FY 2017-18)	7,89,041	7,89,041	7,89,041	10,00,000	10,00,000	7,89,041
• Others (please specify)	----	----	----	----	----	----
Total (2)	15,49,041	27,09,041	24,69,041	25,20,000	28,80,000	17,09,041
Total (B) =(1+2)	2,36,54,246.00					

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

Particulars of Remuneration	Key Managerial Personnel			Total Amount
	Chief Financial Officer Mr. Pushap Kumar Tickoo (01.04-2018 to 07.07.2018)	Chief Financial Officer Mr. Rakesh Gandotra (07.07.2018 to 31.03.2019)	Company Secretary	
Gross Salary				
a. Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	7,24,818.00	17,60,980.00	14,37,060.00	39,22,858.00
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		24,85,798.00	14,37,060.00	39,22,858.00

PENALTIES / PUNISHMENT/COMPOUNDING OF OFFENCES: NIL

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 ₹ in 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	₹ 2000.00
5.	Reserves & surplus	₹ (434.05)
6.	Total assets	₹ 2061.41
7.	Total Liabilities	₹ 2061.41
8.	Investments	₹ 0.00
9.	Turnover	₹ 442.78
10.	Profit before taxation	₹ (103.47)
11.	Provision for taxation	₹ (31.97)
12.	Profit after taxation	₹ (71.51)
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 and Kashmir Asset Reconstruction Ltd.
1. Latest audited Balance Sheet Date	31.03.2018	NA
2. Shares of Associate/Joint Ventures held by the Bank on the year end :		
Number	340.1 Lakhs	9.80 Lakhs
Amount	₹34.01 Crores	₹98 Lakhs
Extent of Holding %	35%	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	The J&K Bank is holding 49% of its Share Capital
4. Reason why the associate is not consolidated	The audited financials for the year 2018-19 were not available at the time of consolidation.	The Company has not yet commenced operations. The Jammu & Kashmir Asset Reconstruction Limited has been incorporated by Government of J&K and J&K Bank Ltd on 28.04.2017. The Bank has subscribed capital to the tune of ₹98 lakhs whereas Government of J&K has subscribed ₹102 lakhs. The Bank has incurred ₹76,32,730/- towards incorporation expenses for the company. The Promoters i.e. J&K Government and Jammu & Kashmir Bank Limited are yet to release their respective shares towards the capital of the Company.
5. Net worth attributable to Shareholding as per latest audited Balance Sheet	₹5915.67 Lakhs (being 35% of Total Net worth of ₹16901.92 Lakhs of J&K Grameen Bank) as on 31-03-2018	NA
6. Profit / Loss for the year	₹1410.33 Lakhs	NA
7. Considered in Consolidation	No	No
8. Not Considered in Consolidation	Yes	Yes

Parvez Ahmed
Chairman & CEO
DIN : 03467232

Dr. Arun Kumar Mehta, I.A.S
Director
DIN: 02712778

Mohammad Ashraf Mir
Director
DIN : 07586792

Dr. Pronab Sen
Director
DIN : 07831725

Dr. Sanjiv Agarwal
Director
DIN : 00110392

Sunil Chandiramani
Director
DIN : 00524035

Dhaman Kumar Pandoh
Director
DIN : 01332068

Rahul Bansal
Director
DIN : 01216833

Vikram Gujral
Director
DIN : 03637222

Rakesh Gandotra
President (CFO)

Mohammad Shafi Mir
Company Secretary

Place: Srinagar
Dated: 15th May, 2019

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 section 188 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"

(Amount in Crores)

Items/Related Party		J&K Grameen Bank (Associate)	JKB Financial Services Ltd. (Subsidiary)
Deposits	Balance as on date	1472.77	1.65
	Maximum Balance during the year	1472.77	3.94
Advances	Balance as on date	*11.67	NIL
	Maximum Balance during the year	11.67	NIL
Investments	Balance as on date	34.01	20.00
	Maximum Balance during the year	34.01	20.00
Interest Paid		109.00	0.19
Interest/Commission Received		1.58	NIL
Sale of Fixed Assets		NIL	0.04
Transfer of Current Assets/ Liabilities(Net)		NIL	NIL
Reimbursement of Expenses		NIL	3.47
IT Support Services		NIL	NIL

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

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

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 ₹ 98 lakhs whereas Government of J&K has subscribed ₹ 102 lakh. The Bank has incurred ₹ 76,32,730/- towards incorporation expenses for the company. The Promoters i.e. J&K Government and Jammu & Kashmir Bank Limited are yet to release their respective shares towards the capital of the Company.
4. Salary of Key Managerial Person (KMP)

(Amount in Lakhs)

Items/Related Party	K.M.P			
	Mr. Parvez Ahmed (Chairman)	Mr. P K Tickoo (CFO)	Mr. Rakesh Gandotra (CFO)	Mr. Mohammad Shafi Mir (Company Secretary)
Period for which post held during FY 2018-19	12 months	3 month 7 days	8 months 24 days	12 months
Investments				
Interest/Commission received				
Salary	66.00	7.25	17.61	14.37

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

Place: Srinagar
Dated: 15th June, 2019

R. K. Chhibber
Interim Chairman & MD
DIN: 08190084

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@jkbmail.com
6.	Financial Year reported	2018-2019
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 31 st March, 2019, J&K Bank had a network of 938 branches (excluding Extension Counters/Mobile & Service Branches) which are spread over 20 States and 1 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)** : ₹5570.02 Lacs

2. ***Total Turnover (INR)** : ₹848818.70 Lacs

*Total turnover represents the sum of "Interest earned" (Schedule 13 of the accounts) and "Other income" (Schedule 14 of the accounts).

3. **Total profit after taxes(INR)** : ₹46488.08 Lacs

4. **Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)**

The Bank has spent ₹12.46 Crores, being more than 2% of its average net profits of the last three financial years ending March 31, 2016, March 31, 2017 and March 31, 2018 towards CSR activities. Appropriate disclosures as prescribed under the Companies Act, 2013 have been made in the annual report for the year ended March 31, 2019 (fiscal 2019).

5. **List of activities in which expenditure in 4 above has been incurred:**

The above expenditure (in 4 above) has been undertaken primarily in Community Development, Promotion of Health, Promotion of Education, Promotion of Sports Activities, Sanitation, Preserving Ecology/Heritage and Skill Development.

Overview of the activities

Key initiatives undertaken during the reporting year are as follows:

Community Development:

During the FY 2018-19, a number of initiatives were undertaken by bank in this direction. The activities under Community Development initiative varied from development of Rajinder Park Canal Road Jammu for joggers and general public, providing basic amenities/equipments to Night Shelter Home at Boria Basti Jammu. The bank also under CSR contributed towards the Kerala Relief Fund for the people affected by last year's Kerala Floods. Besides an Omni ambulance was provided to the Idara-Auqaf Gousia Trust and water purifiers installed at Mini Secretariat Ganderbal for the usage of large number of people visiting the said office. The J&K Bank undertook the electrification of revered shrine of Baba Peer Budhan Shah Ji Jammu which is being visited by thousands of faithful from across the country. In addition to the aforementioned activities under community development, the bank also installed chairs at District Hospital Rajouri and provided inverter to District Child Protection Unit Budgam.

Promotion of Education

Education being the corner stone in nation building, J&K Bank has given top priority to promotion of education under its CSR programme. A considerable portion of CSR funding was spent in the field of education. The University of Jammu was provided with the electric vehicle for specially-abled students. J&K Bank also contributed to the STUDENT'S WELFARE FUND to be utilized for poor children, finding difficult to get the admission despite being meritorious. The bank also provided for renovation of Rotary Inner Wheel School run by Deepak Goswami, a specially-abled artist. Besides Omni Van was provided to IIT Jammu, and a gate antenna was installed at Central University Jammu. In order to provide round the clock electrification to the NIT Srinagar, 60 UPS were provided to the institute for benefit of the students pursuing technical education there. Besides, 50 steel benches and bicycles were provided to the Kashmir University and library of GCW Parade was fully automated by the bank.

Healthcare

The goal of preventive care is to help people stay healthy. The idea is to nip diseases in the bud before they become catastrophic and keep health care costs low. During the year, bank undertook a major step in this direction by providing medical equipments including high end USG machines to the GK Medical Trust. The medicinal cost of the Haemophilia and Hepatitis patients was carried in this year as well. Besides a USG machine was provided to the Helpline Medical System, an NGO. Also an ambulance was provided to the Bone & Joint Hospital Srinagar in the current year.

Promotion of Sports activities

With corporate involvement, J&K Bank saw possibility of building a sporting culture in the state and establish J&K as a sporting state in the national and international forum. One of biggest CSR activities in the year was giving financial support to Real Kashmir Football Club (RKFC) which attained much fame and highlighted the potential for sports activities like Football in the state. The support to RKFC remained the focus of bank's proactive actions for the year so far as promotion of sports activities in the state are concerned.

Sanitation

In line with the Swachhta Hi Seva campaign of the preceding year, this year bank also carried forward the initiative by providing Garbage Carriers to the Jammu Development Authority and also conducting Cleanliness Drives at various locations in Jammu.

The bank has actively participated in the government's "Swachh Bharat Abhiyan" by responding to the call with enthusiasm and compassion for the noble initiative of the government.

Preserving Ecology/Heritage

J&K Bank has been proactively playing its part in preserving ecology and heritage of the culturally rich and diverse state of Jammu and Kashmir. The bank has been undertaking number of measures like planting trees on World Arbor Day every year, developing parks and gardens at barren lands and also undertaking cleanliness drives across the state. Under the premise of "Environment Excellence Programme", the bank has been maintaining thirteen (13) parks/walkways across the state, thereby helping the cause of environmental protection. One of the most prestigious projects undertaken under preserving ecology and environment by the bank has been development and maintenance of Kashmir Golf Course (KGB). David Brinkel was specifically invited by the Bank to assess the design and landscaping of the golf course who expressed satisfaction on the manner in which the bank has been able to accomplish this high-value project. Rating it as AAA (Triple A), he also lauded the efforts that have gone in to the designing and execution of the golf course.

Skill Development

The bank understands the importance of skill development for improving the capabilities and qualifications of the aspiring youth to get employed in the ever growing competitive market. During the current year, the bank provided support to Craft Development Institute Srinagar with infrastructure development so that the students are benefited in the long run.

Role and Function of CSR Committee

Corporate Social Responsibility Committee has been constituted pursuant to section 135 of Companies Act, 2013 to:

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Bank as specified in Schedule VII.
- Recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- Monitor the Corporate Social Responsibility Policy of the Bank from time to time.

Sector Wise Expenditure for FY 2018-19

S.No.	Name	Amount (₹)
1.	Community Development Initiative	8392493.36.00
2.	Promotion of Education	11787008.00
3.	Preventive Healthcare	7328730.00
4.	Promotion of sports activities	10214590.00
5.	Sanitation	1867550.00
6.	Protection of environment	84916897.47
7.	Skill Development	150000.00
	Total	124657268.8

SECTION C: OTHER DETAILS

- Does the Company have any Subsidiary Company/Companies?**
Yes
- 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
- 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%, Morethan60%]**
No

SECTION D: BR INFORMATION

- Details of Director/Directors responsible for BR**
 - 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.

- Name : Mr. Parvez Ahmed
- Designation : Chairman & CEO
- DIN : 03467232

b) Details of the BR head

S.No.	Particulars	Details
1.	DIN (if applicable)	NA
2.	Name	Mr. Pushap Kumar Tickoo
3.	Designation	Executive President
4.	Telephone number	+91-194-2481930-35
5.	E-mail id	pktickoo@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:

- Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
- Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
- Businesses should promote the well-being of all employees
- Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
- Businesses should respect and promote human rights
- Business should respect, protect, and make efforts to restore the environment
- Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
- Businesses should support inclusive growth and equitable development
- 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.

- 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?

Annually, the hyperlink for viewing the report 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 Bank is committed to adopting of the highest possible standards of business governance, ethics, regulatory-compliance and related codes of conduct (including Code of Conduct for the Board Members and Senior Management Personnel, The Insider Trading Code, Fair Practice Code etc.) for carrying on its business in a transparent manner with the utmost integrity and accountability at all levels. The bank is also committed in its dealings with its all stakeholders/general public to a transparent business ethos & culture wherein it is safe & acceptable for all employees, directors and other specified stakeholders to voice/ raise their genuine concerns in good faith and in a responsible & effective manner, by providing a framework to promote responsible vigilance mechanism through a whistle blowing mechanism to safeguard the bank against internal/ external threats like frauds, bribery, corruption, abuse of authority, non-compliance to regulatory guidelines, non-adherence to extant systems & procedures involving financial and/or reputational loss through the process of "participative vigilance". 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 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 9 customer complaints pending at the beginning of the year and 325 Service Requests/ Complaints were received during the year; out of which 328 stand redressed and 6 complaints are pending at the end of the Year. During the year no Award has been passed by Banking Ombudsman against the Bank.

With respect to employees, the Bank has a mechanism as provided under the Whistle Blower Policy whereby employees can raise their concerns. A report on the concerns received and the manner in which they are dealt with is periodically reported to the Audit Committee. Bank has also its own developed centralized employees grievance module in peoples system whereby employees can place their concerns online. During the past financial year, no such complaints have been received under Whistle Blower Policy. Resultantly, no complaint was referred to ACB of Board.

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 motto of the bank has been an all-inclusive growth of the state of Jammu and Kashmir. The bank has stood firm on its motto and as a result it has laid an extensive network of its Business Units and allied services across all landscapes and strata of the state. The broader aim of the bank to have a national presence is envisaged by the fact that we are there at all the prime locations of major cities of India and have been catering in a professional and dedicated manner to all sectors across India from Retail to Corporate.

It is worth mentioning that the KCC/Apple Scheme of the bank has helped in changing the micro economics of the state 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 affected the economy of the state 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.

The bank under its initiative of Corporate Social Responsibility has been trying to help the people of all strata irrespective of the economic class they belong to. It has been trying to give the citizens of Jammu and Kashmir a quality and world class life style, the proof of which is 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.

The bank in the area where it has been assigned the role of Lead Bank ensures the equitable growth by means of enforcing the regulatory guidelines of compulsory lending in priority sector and in various Government sponsored schemes by all the member banks, hence maintaining a regulatory vigil and in turn helping transmit the benefit of various schemes to the desiring and deserving people.

As an environmentally responsible corporate, J&K Bank has been striving towards imbibing green sustainable products, processes, policies and practices. '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. The new branches/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.

To reduce paper consumption, J&K Bank emphasizes the use of alternate banking channels like internet banking, mobile banking, ATMs, and fully electronic branches. The Bank has endeavoured 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.

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

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 12,604 employees (including contractual employees) at March 31, 2019.

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

The Bank had 2,096 employees at March 31, 2019 on fixed term contract.

3. Please indicate the number of permanent women employees:

The Bank had 2,104 women employees at March 31, 2019.

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 17 such employees.

5. Do you have an employee association that is recognized 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 recognized 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 the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act 2013 passed by the parliament in 2013. The Bank, through the policy ensures that all such complaints are resolved within defined timelines. During the year, two complaints were lodged before the committee and both the cases were disposed off after proper enquiry.

8. 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

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 various institutions viz NIBM, CRISIL, CAFRAL & NIBSCOM and at Bank's own training institutions. During the FY 2018-19, 3066 employees across all cadres have been imparted trainings in various fields by deputing them to in-house training facilities and other institutes of repute like NIBSCOM, NIBM, Euro finance 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 4195. Out of the said number of employees 826 women employees have been trained. Furthermore out of the 3066 unique number of employees trained, 2363 were permanent employees whereas 703 were contractual in number.

Principle 4

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

Yes, Stakeholder mapping is crucial for the Bank to achieve its objectives.

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, including a large scale skill development initiative. The Bank has established twelve Rural Self Employment Training Institutes across the state of Jammu and Kashmir which focus on skill development trainings to the under privileged sections of the society. The Institutes have so far conducted 1288 training programs since inception i.e. July 2011 to 31.03.2019 where 36473 candidates have been imparted entrepreneurship / skill development trainings. Out of which 25639 candidates are settled. 22109 pass out trainees are self-employed, out of which 9639 candidates have utilized their own sources for establishing their own ventures. 12470 trained candidates have set up their establishments with the help of Credit assistance by the Bank. About 3530 candidates trained in these Institutes got settled under wage employment.

During the year, the Institutes have conducted 184 training programs where 5304 candidates have been imparted entrepreneurship / skill development trainings. Out of which 4149 candidates are settled. 4090 pass out trainees are self-employed, out of which 602 candidates have utilized their own sources for establishing their own ventures. 3488 trained candidates have set up their establishments with the help of Credit assistance by the Bank. About 59 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 only.

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.**

As outlined under Principle 2, 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.

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 web page etc.**

Yes, as an environmentally responsible corporate, J&K Bank has been striving towards imbibing green sustainable products, processes, policies and practices. '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. The new branches/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.

To reduce paper consumption, J&K Bank emphasizes the use of alternate banking channels like internet banking, mobile banking, ATMs, and fully electronic branches. The Bank has endeavoured 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.

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, on-boarding and enablement of customers for Kiosk banking and AADHAAR seeding. As a result the user base in each of these channels has increased multifold. A lucky draw

scheme "DIGIWIN" aimed at increasing the activations and the transaction base through delivery channels has been devised.

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

The Bank is aware of the potential environmental risks and participates in initiatives as mentioned above to address the environmental concerns. The Bank complies with applicable environmental regulations 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 state 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 programs/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. Under the same premise i.e. "Environmental Excellence Programme" Bank has been maintaining thirteen (13) Parks/walkways at various locations of the State, indirectly helping the cause of environmental protection, besides well-being of the people.

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.**

As outlined above, the 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.

7. **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 as on 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 a 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 state of Jammu and Kashmir which focus on skill development trainings to the under privileged sections of the society. The Institutes have so far conducted 1288 training programs since inception i.e. July 2011 to 31.03.2019 where 36473 candidates have been imparted entrepreneurship / skill development trainings. Out of which 25639 candidates are settled. 22109 pass out trainees are self-employed, out of which 9639 candidates have utilized their own sources for establishing their own ventures. 12470 trained candidates have set up their establishments with the help of Credit assistance by the Bank. About 3530 candidates trained in these Institutes got settled under wage employment.

During the year, the Institutes have conducted 184 training programs where 5304 candidates have been imparted entrepreneurship / skill development trainings. Out of which 4149 candidates are settled. 4090 pass out trainees are self-employed, out of which 602 candidates have utilized their own sources for establishing their own ventures. 3488 trained candidates have set up their establishments with the help of Credit assistance by the Bank. About 59 candidates trained in these Institutes got settled under wage employment.

- 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 ₹12.46 Crores being more than 2% of its average net profits of the last three financial years towards CSR activities. This expenditure included primarily in promotion of Health, education, ecology & community welfare at large. Bank continues to focus on two of its important CSR priorities i.e. Education & Health

- 5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

Community development through CSR interventions forms the core of all the initiatives undertaken by the Bank. The CSR projects of J&K Bank 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 rationale of all these initiatives focuses on providing opportunities to target people to improve their livelihood.

Principle 9

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

The Bank has resolved 98.20 % of customer complaints/ consumer cases during fiscal 2019.

- 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?

The Bank on a continuous basis measures the satisfaction levels of customers transacting across various touch points. As part of this exercise, the Bank has constituted "Customer Advisory Forums" at the Business Unit Level which are required to meet at least once in three months. The Forums consist primarily of the local traders, pensioners & general account holders of the Business Unit. The feedback of such customer meets forms the basis of framing strategies to achieve maximum Customer satisfaction. Besides this, suggestion boxes are provided at every Business Unit to invite customer feedback.

ANNEXURE

		P1- Please refer Note P1	P2- Please refer Note P3	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

		P1- Please refer Note P1	P2- Please refer Note P3	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
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 conforms 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 adhered to the RBI guidelines on the priority sector lending and Financial Inclusion, which are aimed at marginalized and vulnerable stakeholders. We do not have specific policy to address this principle.									
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 who have attended more than one training program in the year have been included only once. In case they are included for all programs attended percentage is 50%.

*** 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

Although there was a strong growth in 2017 and early 2018, the second half of 2018 witnessed a slowdown in the growth rate, reflecting a confluence of factors affecting major economies. The growth rate in 2017 was close to 4 percent and after showing signs of improvement in the first half of 2018 by being at 3.8 percent, it dropped to 3.2 percent in the second half of the year. The main cause for slowing down of growth activity was due to increased trade tensions and tariff hikes between the United States and China, causing a decline in business confidence, a tightening of financial conditions and higher policy uncertainty across many economies. There was more than expected loss of momentum in Euro area economy as consumer and business confidence weakened and the introduction of new emission standards caused a disruption in car production in Germany, investment dropped in Italy as sovereign spreads widened and external demand, especially from emerging Asia, softened. The economic activity of Japan was hurt by natural disasters. Trade tensions increasingly took a toll on business confidence worsening the financial market sentiment, with financial conditions tightening for vulnerable emerging markets in the spring of 2018 and then in advanced economies later in the year, weighing on global demand. A more accommodative monetary policy stance by US Federal Reserve made the conditions easy for 2019 and markets became more optimistic about a US-China trade deal, but they remained slightly more restrictive than in the fall. On the other hand, many developed countries have grown close to their potential, while unemployment rates have dropped to historical lows. Among the developing economies, the East and South Asia regions remain on a relatively strong growth trajectory, amid robust domestic demand conditions.

As per World Economic Situation and Prospects 2019, Global growth is expected to remain at 3.0 per cent in 2019 and 2020, however, there are associated risks with the growth which could snowball and be an impediment for the development projects around the world and disrupt economic activity. These risks include an escalation of trade disputes, an abrupt tightening of global financial conditions, escalation of tensions between nations and intensifying climate risks.

The International Monetary Fund (IMF) has provided a challenging outlook for many countries, with considerable uncertainties in the short term, especially as economy growth rates in advanced countries reach near their potential. IMF has forecast global growth to slow to 3.3% in 2019 from 3.6% in 2018 with a downside risk due to trade tensions and chaotic Brexit. China is forecast to grow 6.3% in 2019 and 6.1% in 2020.

On the domestic front, IMF has reduced India's growth forecast for the next two years, citing softer recent growth and weaker global outlook, but expects the country to be

the fastest growing major economy. It has slightly reduced the expectations and has projected India's economy to grow at 7.3% this fiscal, the reduction being mainly on account of a softer underlying momentum. This is 20 basis points lower than January outlook and 10 basis points lower than October's forecast, though the growth is estimated to go up at 7.5 per cent during 2020-21. The World Bank also expects India to grow at 7.5 % in 2019-20 and 2020-21.

According to domestic official estimates, Indian economy grew 7% in FY19, slowest in the last five years. IMF expects growth to recover in the current fiscal and the next. As per the IMF growth in the country is projected to pick up to 7.3% in 2019 and 7.5% in 2020, supported by the continued recovery of investment and robust consumption amid a more expansionary stance of monetary policy and some expected impetus from fiscal policy. The growth is expected to stabilize at just under 7.75%, based on continued implementation of structural reforms and easing of infrastructure bottlenecks. Inflation is expected to remain below the Reserve Bank of India's threshold of 4% in the current fiscal at 3.9% and marginally exceed at 4.2% next year. Current account deficit is seen at around 2.5% of GDP.

Outlook for Asia

Emerging Asia (excluding Japan), like 2017, grew by 6.2% in 2018. The realities underlying this stability, however, are more uneven and some countries experienced a slowdown. In China, economic growth slipped from 6.8% to 6.6% reflecting weaker foreign trade as well as weaker domestic demand. Industrialized Asia (South Korea, Hong Kong, Taiwan, Singapore and Malaysia) also decelerated. In contrast, India's growth was at full throttle, surging from 6.7% in 2017 to 7.1% in 2018.

Over the course of 2018, economic growth in China and the entire Asia region began to slow in the 2nd quarter, and weakened further in the 2nd half of the year. The recent slowdown in China's industrial output reflects declining exports, as well as a cooling real estate market and slowing automotive sector.

Global trade slowed during the year, due to weaker demand from the US and the eurozone, fluctuations in the global consumer electronics cycle, and, at the end of the year, the increase in US trade tariffs. Nonetheless, Emerging Asia's foreign trade figures improved in the 3rd quarter following the launch of new hi-tech products and also due to the acceleration in shipments of goods to the United States in anticipation of higher trade tariffs. From November, the slowdown in foreign trade became obvious and confidence indicators have fallen sharply since then.

The slowdown in China and Emerging Asia is expected to continue with an estimated average growth of 5.9% in 2019 (BNP Paribas forecasts). This rate, however, is still much higher than other world regions: the projected growth rate for Emerging Countries is 4.7% (Asia accounts for 72% of their growth). The continent's downward trend reflects cyclical factors and external shocks.

India's Outlook 2019-20

India's economy likewise in 2017 has shown a promising growth for the year 2018, jumping from 6.7 percent in 2017 to 7.1 percent in the year 2018. IL&FS, India's largest infrastructure company, defaulted on its debt of ₹91000 crore, having cascading effect on benchmark indices and balance sheets of many companies and mutual funds. Post IL&FS crisis, within a fortnight the whole commercial paper market dried, which till then was very vibrant. At 141, commercial paper (CP) issuances in September were lowest since June 2010, as per data compiled from PRIME Database. The number of issuances was way lower than an average of 630 issuances seen in the first eight months of 2018. This was the first month since August 2013 (174) when CP issuances were lower than 200, having an impact on NBFC borrowings. Hence RBI asked banks to lend more to NBFCs and banks were also asked to be co-originatees of loans to know the type of risks they are getting into. Further RBI asked NBFCs to increase their percentage risk on their books from 10 to 20 percent. The banking landscape in India took a further turn by the merger of Bank of Baroda, Dena Bank and Vijaya Bank. The announcement of loan waivers for farmers, totalling ₹ 1.72 Lakh Crore, were made in the seven states that went for assembly elections in 2018 making a positive impact on banking industry as most of the farm loan NPAs were cleared.

As per IMF the Indian economy is projected to grow at 7.3 percent in 2019 and 7.5 per cent in 2020. As per the RBI, GDP growth in India for 2019-20 is projected at 7.2 per cent - in the range of 6.8 - 7.1 per cent in first half of 2019-20 and 7.3 - 7.4 per cent in the second half - with risks evenly balanced.

As per the Economic Survey 2018-19, FY20 GDP growth rate is estimated at 7% in India which is around a growth of 7.5 % averaged by the country in the last five years. The survey has revealed signs of economic revival and challenges ahead. It showcased the health of various indicators like jobs, farm sector, manufacturing, services, education, etc. Not only have high growth rates been registered, but low inflation and fiscal deficit has also followed. The survey has revealed an improvement in the performance of the banking sector in 2018- 19. The Gross Non-Performing Advances (GNPA) ratio of SCBs decreased from 11.5% to 10.1% between March 2018 and December 2018. The Survey has suggested that MSMEs receive a 10-year sunset clause, that labour laws be deregulated and the sector be given priority in lending.

J&K Economy Survey

The state's GSDP grew at a CAGR of 10.30 per cent, during 2011-12 to 2017-18. GSDP is expected to grow at 11.71 per cent by 2018-19 to reach ₹ 1.57 trillion (US\$ 24.42 billion). As of January 2019, J&K had a total installed power generation capacity of 3,389.21 MW, comprising 1,795.33 MW under central utilities, 1,534.03 MW under state utilities and 59.85 MW under private utilities. The state government has an industrial policy that offers attractive incentives along with a single-window clearance mechanism. Land is allotted at concessional rates in industrial areas on lease for 90 years. The cost of setting up operations is comparatively lower than other states. The Skill Development Policy 2012-17 and the Sher-e-Kashmir Employment & Welfare Programme for the Youth 2009 are the policies undertaken by the government to develop the skills of the indigenous people of the state and offers better employment opportunities.

The state has attracted Foreign Direct Investment (FDI) equity inflows worth US\$ 6 million during the period April 2000 to December 2018, according to data released by Department of Industrial Policy and Promotion (DIPP). J&K has agro-climatic conditions best suited for horticulture and floriculture. Horticulture is the mainstay of the rural economy, providing employment to large number of local inhabitants. Apple production in the state reached 1.74 million metric tonnes in 2017-18. Total tourist arrivals to the state reached 14.32 million in 2017 out of which 14.24 million were domestic tourists and 79.77 thousand were foreign tourists.

The state Budget 2019-20 gives an opportunity for Banks to grow by giving a big push to tangible developmental initiatives with ₹ 30469 crore earmarked for building public and social infrastructure in addition to ₹ 3631 crore already provided under Languishing Projects Programme. Investment in infrastructure is the growth driver for economy and has a cascading impact 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. Public-sector banks control more than 70% of the banking system assets, thereby leaving a comparatively smaller share for its private peers.

Indian banking industry has witnessed the roll out of innovative banking models like payments and small finance banks. RBI's innovative measures may go a long way in helping the restructuring of the domestic banking industry.

The banking industry has undergone numerous changes over

the past few years to be at par with international banking norms and standards. While the Indian banks' motive has shifted from social banking to profit banking, dependence on ledgers, documents, cheques and slips has been replaced by electronic initiatives or cashless banking in recent years.

Deposits under Pradhan Mantri Jan Dhan Yojana (PMJDY) increased to ₹ 988.74 billion (US\$ 14.27 billion) and 355.4 million accounts were opened in India. In May 2018, Government of India provided ₹ 6 trillion (US\$ 93.1 billion) loans to 120 million beneficiaries under Mudra scheme through the banking sector.

The NPA situation in the Indian banking system has been stabilizing as can be seen in the current financial year. There has been an improvement in growth in credit and deposits. However, net profits continue to remain under pressure.

Banks in India are increasingly focusing on adopting integrated approach to risk management. They have already embraced the international banking supervision accord of Basel, and majority of the banks have already met capital requirements of Basel III.

Rising incomes are expected to enhance the need for banking services in rural areas and therefore drive the growth of the sector. In September 2018, Department of Financial Services (DFS), Ministry of Finance and National Informatics Centre (NIC) launched Jan Dhan Darshak as a part of financial inclusion initiative. It is a mobile app to help people locate financial services in India.

During the FY 2018-19, Reserve Bank of India (RBI) set up Public Credit Registry (PCR) an extensive database of credit information which is accessible to all stakeholders. The Insolvency and Bankruptcy Code (Amendment) Ordinance, 2017 Bill was passed and is further expected to strengthen the banking sector in future.

Banking Sector Outlook 2019

The new resolution framework with the Insolvency and Bankruptcy Code (IBC) and RBI's regulatory framework has been a game changer. Under this revised framework, banks were given 180 days to resolve defaulting accounts of over ₹ 2,000 crore. If banks failed to implement a resolution plan within the timeline, they were required to take the company to National Company Law Tribunal (NCLT) for insolvency proceedings within 15 days of the end of the 180-day period. The framework endeavours to create an environment in which maximum value can be realized from troubled assets, bolstered by the early identification of incipient stress. The shift of power in favour of creditors in the IBC framework will facilitate speedier and impartial resolution process and help in improving the credit repayment culture. The framework provides a market-driven, time-bound process for insolvency resolution of a corporate debtor, thereby helping financial institutions to clean up their balance sheets. Most importantly, it is aiding a paradigm shift in the extant credit culture and discipline.

The digital payments revolution has triggered massive changes in the way credit is disbursed in India. Debit cards have radically replaced credit cards as the preferred payment mode in India, after demonetization. Debit cards has touched a share of 87.14 per cent of the total card spending during the last FY.

Opportunities and Threats

For banks in India, 2019 could be a pivotal year in accelerating the transformation into a more strategically focused, technologically advanced and operationally agile industry, so that they may remain dominant in a rapidly evolving ecosystem. Enhanced spending on infrastructure, speedy implementation of projects and continuation of reforms are expected to provide further impetus to growth. RBI's revised framework is expected to result in transparency, credibility and efficiency of the banking sector.

With a view to motivate banks for timely recognition of stressed assets, RBI obtains weekly information on delinquent accounts. Further, for speedy resolution of the stressed assets, banks have been directed to work out a resolution plans on default of the asset, and has set stringent timelines from default of an account for referring it to the Insolvency and Bankruptcy Code (IBC) process. All these factors suggest that India's banking sector is also poised for robust growth as the rapidly growing businesses would turn to banks for their credit needs.

The banking sector is laying greater emphasis on providing improved services to their clients and also upgrading their technological infrastructure, in order to enhance the customer's overall experience as well as give banks a competitive edge. Also, the advancements in technology have brought the mobile and internet banking services to the fore.

However, this transformation is not going to be easy as most banks have to bear multiple challenges and diverse regulations, legacy systems, new models and technologies, competitors and ever rising expectations of customers. Banking sector is facing challenges in several areas.

- The slowdown of the economy in the last few years leading to a rise in bad loans or non-performing assets (NPAs) remains among one of the biggest threats to the banking sector in India. Because of this problem, the return on equity for banks is still under stress.
- The increasing popularity of FinTech companies is disrupting the way traditional banking has been done. This creates a big challenge for traditional banks because they have to adjust quickly to the changes - not just in technology, but also in operations, culture, and other facets of the industry.
- Regulatory requirements continue to increase, and banks spend a large part of their discretionary budget on being compliant, and on building systems and processes to keep up with the escalating requirement. These challenges continue to escalate, so traditional

banks need to constantly evaluate and improve their operations in order to keep up with the fast pace of change in the banking and financial industry today.

- Consolidation is taking place between PSU banks or even non-performing PSU banks are merging with private sector banks changing the banking landscape & banking ownership in the country.
- The increased competition among banks by way of new emerging banks, payment banks for achieving total financial inclusion, is one of the key reasons which will put pressure on the bottom line of banking stocks.
- Employee turnover in banks has increased over the years depleting them of older, experienced employees resulting in a virtual vacuum at the management levels.

Segment-wise and Product-wise performance

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

Deposits	Amount in Cr.	Advances	Amount in Cr.
Demand	11362.38	Cash Credits, Overdrafts & Demand Loans	22462.42
Savings	34080.25	Bills Purchased & discounted	1070.63
Term	44196.27	Term Loans	42738.46
Total	89638.90	Total	66271.51

The total deposits of the Bank increased to ₹89638.90 crore as on March 31, 2019 from ₹80006.50 crore as on March 31, 2018 recording an annual growth of 12%. CASA ratio stood at 50.70% as on March 31, 2019 in aggregate deposits. Out of ₹89638.90 Crore, deposits of ₹78758.53 Cr came from J&K State while as deposits of ₹10880.37 Cr belonged to outside J&K State. The contribution of deposits in J&K State & outside J&K State stood at 88% & 12% respectively. Average deposits stood at ₹84822.70 Cr during 2018-19, compared to ₹76234.80 Cr during 2017-18 recording a growth rate of 11.26%. Cost of Deposits for the financial year ended March 31, 2019 at 4.90% compared to 5.01% recorded for the last financial year. (Average Deposits have been calculated on YOY i.e., Opening deposits & Closing deposits for the Year).

During the year under report, Gross credit increased from ₹60298.28 Cr (FY 2017-18) to ₹69372.22 Cr (FY2018-19), registering a growth of 15.05%. Out of ₹69372.22 Cr, advances worth ₹39015.19 Cr. were contributed by J&K State while as advances of ₹30357.03 came from outside J&K State. The outstanding credit in J&K State & outside J&K State stood at 56% & 44% respectively. The average advances were higher by ₹8227.70 Cr to reach ₹61592.13 Cr at the end of the fiscal 2018-19 from ₹53364.43 Cr at the end of previous fiscal. (Average Advances have been calculated as average of Net Advances on YOY i.e., Opening Net Advances

& Closing Net Advances for the Year) The average yield on advances was 9.05% for the fiscal 2018-19 against 8.77% during the previous fiscal. Spread was at 3.55% for FY2018-19 compared to 3.49% during the fiscal 2017-18.

The Bank has the following business segments viz: Treasury, Corporate/wholesale banking, Retail banking and other banking operations. The results of the banking segments are furnished elsewhere in the report.

The Bank has launched a bouquet of new products during the year such as Gold Loan Scheme, Merchant Overdraft scheme and deploying Direct Selling Agents (DSA) in ROI (Rest of India) for housing loans.

For instance, the J&K bank's Gold Loan scheme has been specifically designed to cater to all sectors of the society-particular women-wherein it will not only meet the emergent cash requirements across but also lead to empowerment of women through a discounted rate of interest. In this regard already, a specialized business unit has been set-up, exclusively for women, in the heart of Srinagar.

Similarly, Merchant Overdraft Scheme has been devised keeping in mind immediate cash requirements wherein a hassle free overdraft facility is created against the Point of Sale (POS) receivables without any security.

Likewise, to further consolidate the housing sector in Rest of India (ROI), an historic decision was made wherein Direct Selling Agents have been engaged for pitching of housing loan products in rest of India and subsequently generating sales.

The success of these products hinges on a sharp and effective communication strategy across a multitude of media and marketing platforms. This will disseminate information to target audience for ensuring smooth delivery of these services in a precise, timely and a specialized manner. Also, the emergence of new technology based platforms will also help in augmenting the success of these products and their marketing thereof which will go a long way in strengthening the emotional equity of the Bank with the masses.

Besides the structure of these schemes and marketing techniques is premised on rapid feedback mechanism approach which will further help in improving systems, procedures and products.

The Bank has embarked on a digital transformation journey to promote its digital products besides upgrading the existing products to the best standards to keep up with the latest technological innovations in the banking industry. As a part of digital transformation, extensive thrust has been made to on-board new as well as existing customers of the bank on various digital channels. The percentage of digital transactions has reached 54.18% for quarter ending March 31, 2019. The Bank was rated among the Top 3 Banks in the country for achieving Digital Transaction targets for the

'Digital India Campaign'. The Bank also launched Premium variants of Credit Cards (Platinum and World), Multi-Currency Forex Cards and BHIM Aadhaar app.

J&K Bank - Financial Performance with respect to operational performance and Prospects

During the fiscal 2018-19, the total income was recorded at ₹8488.19 Cr compared to ₹7116.71 Cr for the previous FY, showing a growth of 19%. Interest income improved to ₹7675.56 Cr for the FY2018-19 as against ₹6621.40 Cr for the previous FY recording a YoY growth of 16%. The Non-interest income was at ₹812.63 Cr for the year ended 31.03.2019 as against ₹495.31 Cr for the year ended 31.03.2018. Interest expended increased to ₹4291.63 Cr in the fiscal 2018-19 from ₹3750.61 Cr in the earlier fiscal 2017-18 recording a YoY increase of 14%. Of the total interest expenditure, interest on deposits grew by 11% to ₹4019.10 Cr from ₹3612.35 Cr during the previous fiscal.

The Bank's operating expenses of ₹2478.66 Cr for FY 2018-19 compared to ₹1984.23 cr for FY 2017-18. Operating Profit stood at ₹1717.90 Cr for FY 2018-19 compared to ₹1381.87 cr for FY 2017-18 growing at 24% YoY. After a loss making FY 2016-17, continuing with profitability for the 8th straight quarter, Bank registered a net profit of ₹464.88 Cr for the FY 2018-19. Net NPA ratio of the bank improved further to 4.89 pc as on March 31, 2019. The total business of the bank reached ₹155910.41 Cr registering an increase of ₹18991.16 Cr over the business a year ago. In line with the Bank's focus about consolidation and strengthening of the Bank's Balance Sheet, the emphasis during the last financial year was on arresting the slippage of advances, recovery of NPAs and consolidating the NPA coverage ratio.

The strategy of instilling transparency and faith in the system adopted by the new regime continued in the current year. The Provision Coverage Ratio of the Bank has been maintained at 64.30 pc as on March 31, 2019 from the previous of 65.83 pc as on March 31, 2018. The Standard Loan Book and Investment Book of the Bank now is mostly high rated and the woes of asset quality issues in this portfolio are assumed to be passé. The Bank recorded deposit growth of 12% and gross advances growth of 15% during the year.

Continuing with proper liability management and non-rollover of high-cost bulk deposits kept the CASA ratio of the Bank at 50.70 pc as on March 31, 2019 from 50.89 pc a year ago. The Bank is operating with a better than industry-average NIM of 3.84 pc which has improved from 3.65 pc a year ago. A YoY credit growth of 16 pc is indicative of growth momentum setting in. Efforts of Impaired Assets Portfolio Management vertical has brought about a substantial improvement in reduction/recovery of bad loans to the tune of ₹2749.95 Cr during the FY'19. The Bank has shown a strong resilience with a focused approach in NPA Management and earnings growth by expansion of credit in J&K State.

Bank's superior franchise in its home state as evidenced

by its dominant market share of over 60 pc in loans and deposits continues and is expected to be reinforced further with adoption of a plan based strategy of outgrowing the market. The state contributes 56.24 pc of the loan portfolio, 87.86 pc of overall deposits and 93 pc of CASA deposits of the Bank. Especially in the digital space, bank's share of digital transactions have increased to 60% besides the digital acquisition of personal loans through bank's Phone Pe Loan channel.

The transformation journey undertaken by the Bank by bringing in best consultation and revamping the organizational structure across full spectrum coupled with business expansion strategy will significantly reflect in the performance of the Bank in coming times. The investment in digital infrastructure has been a significant step and shall fetch good returns. The endeavour of the bank is to be future ready as a modern, efficient, customer focused, digitally driven profitable institution. Moreover, the initiatives undertaken by bank since 2017 are expected to yield rich dividends and the bank has envisaged a targeted profit of ₹2000 Crore by 2022.

Risks and Concerns

Risk management is an integral part of the Bank's organizational structure and business strategy. The Bank has a well chartered risk management policy for managing credit, operational and market risks and is 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 Board, Integrated Risk Management Committee of the Board (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 Directors' Report and Corporate Functions Report of this Annual Report.

Internal Control and Systems Adequacy

To strengthen effective controls for compliance to systems & procedures and policy decisions on various operational aspects of day-to-day banking, the bank has well defined internal control measures in place which are commensurate

to its size as also the complexity of operations. Supervision, Control & Audit Vertical examines, identifies and finalizes the Business units / other Operational Offices for the purpose of various types of audit from time to time. Audit Committee of Board provide directions / oversees the audit function of the bank including the statutory / external audit of the bank and inspections of RBI. It reviews the internal inspections / audit functions of the bank - systems, its quality and effectiveness in terms of follow up.

Supervision, Control & Audit Division, Corporate Headquarters examines, identifies and finalizes the Business units/ other Operational Offices for the purpose of various Audits from time to time. As per the approved Audit Policies, this annual exercise is conducted every year so that there is smooth conduct of various Audit like RBIA, Concurrent Audit, Credit Audit, Legal audit etc. In compliance to RBI guidelines, the Bank has already put in place Audit system to strengthen various measures for effective controls for compliance to systems & procedures and policy decisions on various operational aspects of day-to-day banking. The Audits serve as one of the effective tools/modes of (i) early-warning system for detection of irregularities and lapses in daily operations of bank's business units; and (ii) checking recurrence of irregularities, infirmities and deficiencies in banking operations thereby facilitating their detection, diagnosis and initiating desired steps for their rectification, improvement of systems & procedures besides compliance to internal and regulatory guidelines and controlling risks/preventing frauds. The S, C & Audit Division handles the staff accountability cases other than those having a vigilance angle. The staff accountability cases are got investigated by the field level functionaries located at three S&C Divisions viz. S&C Kashmir, S&C Jammu and S&C Delhi. The cases are then analysed and put to hierarchy for referring to Disciplinary Department or for closure as the case may be.

In the light of the fast changing dynamics of today's banking environment and in tune with the extant guidelines the bank has adopted Risk Based Internal Audit, which includes, in addition to selective transaction testing, an evaluation of the risk management systems and control procedures prevailing in various areas of the bank's operations. The implementation of risk-based internal audit means that greater emphasis is placed on the internal auditor's role in mitigating risks. While focusing on effective risk management and controls, in addition to appropriate transaction testing, the risk-based internal audit not only offers suggestions for mitigating current risks but also anticipates areas of potential risks and plays an important role in protecting the bank from various risks. The Branches and other offices of the bank are also subjected to other audits viz Concurrent Audit, IS Audit, Credit Audit, Legal Audit, Stock Audit, Forex Audit, Snap Inspection, Management Audit and Forensic Audit which form part of the internal control mechanism. These audits are effective tools/modes of early-warning system for

detection of irregularities and lapses in daily operations of bank's business units, checking recurrence of irregularities, infirmities and deficiencies in banking operations.

Vigilance cases emanate from two sources i.e. external and internal sources. The external sources include the complaints from customers as well as non-customers, State & Central government agencies, print media, CAG and RBI. The internal sources consist of mainly inputs from inspections and audits (snap, concurrent, RBIA, information system (IS) audit, off-site surveillance reports etc.). On receipt of any communication from these sources, the fraud angle is got investigated from the concerned S & C Division of the bank and further examined and analysed by the investigating officer at Vigilance Department who scrutinize its various aspects and propose suitable action depending on the severity of the findings in that case ranging from issuance of caution / displeasure letters to termination and dismissal. In case it is deemed that further action is needed at disciplinary level / department for taking the issues to final conclusion, the case is referred to the Disciplinary Department, Corporate Headquarters for completion of disciplinary proceedings as per the extant rules of the bank.

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 transformed all policies related to HR as part of transformation journey with reputed consulting organization M/S Deloitte.

The process of promotion was carried out across the board. A total of 3379 promotions were effected during the year under report, in order to meet the requirements of business growth, Branch network expansion, attrition and retirements. The process of recruitment of 250 Probationary Officers and 1200 Banking Associates has been initiated.

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 shall be put into practice.

Business per employee in the Bank increased from ₹11.99 Cr as on March 31, 2018 to ₹12.37 Cr as on March 31, 2019. Net Profit per employee increased from ₹1.77 lakh to ₹3.69 lakh as on March 31, 2019. The pro-active humanistic approach undertaken by the Bank has yielded positive results and the Bank is showing progressive growth consistently with the collective efforts of management and employees. The industrial relations in the Bank have been very cordial and harmonious.

Capacity Building: Bank has been time and again encouraging staff to build up their knowledge and skills by taking initiatives to enlist courses for actual fee reimbursement in case of Certification and Fee reimbursement & honorarium in case

of Diplomas and MBA (B&F) on their successful Completion. Furthermore, RBI's Capacity Building Programme has been of value addition in adding more specialized courses to the existing kitty of permissible courses which have been enlisted in the years 2017 and 2018. A good number of officials of the Bank have been enrolling for these courses and subsequently fee reimbursements are made in their favour after their successful completion of the course. Under its Capacity Building Initiative bank is in a process of further developing its Human Resource Pool. As a measure towards this initiative, bank has enlisted following courses for reimbursement of course fee and expenses on account of Travelling Allowance & training fee on successful completion of course, wherever applicable.

- 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.

Training: In order to be relevant in the market, new procedures, techniques and technologies are developed and introduced in the organization from time to time, which constantly creates demand for sharpening of skill set & knowledge of existing human resource. Thus skill and knowledge development of the organizational employees attains pivotal importance and accordingly bank needs to train its staff regularly to upgrade and sharpen their skill set, develop their knowledge and instill among them the leadership qualities & sense of

motivation, so that they perform their assigned job roles more efficiently and be in alignment with organizational vision & goals. To achieve the said objective both on the job and off the job trainings are imparted to the staff, services of various Institutes are being utilized for imparting training to the employees, besides Bank's own Staff Training Colleges / Technology Training Colleges at Srinagar and Jammu cater to the sizeable training needs of the organization.

Besides the above, J&K Bank is a member of various external reputed Institutes / Colleges:

- 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).
- National Institute of Banking Studies & Corporate Management (NIBSCOM)

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 0.49% for the financial year ended Mar, 2019 compared to 0.25 % for the previous financial year.
- Return on Average Net-Worth is 7.27% for the financial year ended March 31, 2019 compared to 3.42% for the previous financial year.

The changes are due to increase in Net Profit which has grown to ₹464.88 crore for the financial year ended March 31, 2019 as compared to ₹202.72 crore during the last financial year.

Corporate Functions Report

With the mission of 'Serving to Empower', J&K Bank is focused on taking the agenda of socially empowering the masses through financial inclusion and 'Corporate Social Responsibility' initiatives. J&K Bank is dedicated to identifying and supporting CSR programmes aimed at developing and advancing the communities particularly those who are marginalized ones, belonging to weaker sections of society.

During the FY 2018-19, the Bank focused on activities aimed at community welfare in general, through its CSR initiatives concentrating on various sections including promotion of education and sports, health, community development, skill development and protection/promotion of ecology and environment for larger benefit of marginalized and under-privileged sections of the society.

Major CSR activities in the year 2018-19

Community Development:

During the FY 2018-19, a number of initiatives were undertaken by bank in this direction. The activities under Community Development initiative varied from development of Rajinder Park Canal Road Jammu for joggers and general public, providing basic amenities/equipments to Night Shelter Home at Boria Basti Jammu. The bank also under CSR contributed towards the Kerala Relief Fund for the people affected by last year's Kerala Floods. Besides an Omni ambulance was provided to the Idara-Auqaf Gousia Trust and water purifiers installed at Mini Secretariat Ganderbal for the usage of large number of people visiting the said office. The J&K Bank undertook the electrification of revered shrine of Baba Peer Budhan Shah Ji Jammu which is being visited by thousands of faithful from across the country. In addition to the aforementioned activities under community development, the bank also installed chairs at District Hospital Rajouri and provided inverter to District Child Protection Unit Budgam.

Promotion of Education

Education being the corner stone in nation building, J&K Bank has given top priority to promotion of education under its CSR programme. A considerable portion of CSR funding was spent in the field of education. The University of Jammu was provided with the electric vehicle for specially-abled students. J&K Bank also contributed to the STUDENT'S WELFARE FUND to be utilized for poor children, finding difficult to get the admission despite being meritorious. The bank also provided for renovation of Rotary Inner Wheel School run by Deepak Goswami, a specially-abled artist. Besides Omni Van was provided to IIT Jammu, and a gate antenna was installed at Central University Jammu. In order to provide round the clock electrification to the NIT Srinagar, 60 UPS were provided to the institute for benefit of the students pursuing technical education there. Besides, 50 steel benches and

bicycles were provided to the Kashmir University and library of GCW Parade was fully automated by the bank.

Healthcare

The goal of preventive care is to help people stay healthy. The idea is to nip diseases in the bud before they become catastrophic and keep health care costs low. During the year, bank undertook a major step in this direction by providing medical equipments including high end USG machines to the GK Medical Trust. The medicinal cost of the Haemophilia and Hepatitis patients was carried in this year as well. Besides a USG machine was provided to the Helpline Medical System, an NGO. Also an ambulance was provided to the Bone & Joint Hospital Srinagar in the current year.

Promotion of Sports activities

With corporate involvement, J&K Bank saw possibility of building a sporting culture in the state and establish J&K as a sporting state in the national and international forum. One of biggest CSR activities in the year was giving financial support to Real Kashmir Football Club (RKFC) which attained much fame and highlighted the potential for sports activities like football in the State. The support to RKFC remained the focus of bank's proactive actions for the year so far as promotion of sports activities in the State are concerned.

Sanitation

In line with the Swachhta Hi Seva campaign of the preceding year, this year bank also carried forward the initiative by providing Garbage Carriers to the Jammu Development Authority and also conducting Cleanliness Drives at various locations in Jammu.

The bank has actively participated in the government's "Swachh Bharat Mission" by responding to the call with enthusiasm and compassion for the noble initiative of the government.

Preserving Ecology/Heritage

J&K Bank has been proactively playing its part in preserving ecology and heritage of the culturally rich and diverse state of Jammu and Kashmir. The bank has been undertaking number of measures like planting trees on World Arbor Day every year, developing parks and gardens at barren lands and also undertaking cleanliness drives across the state. Under the premise of "Environment Excellence Programme", the bank has been maintaining thirteen (13) parks/walkways across the state, thereby helping the cause of environmental protection.

One of the most prestigious projects undertaken under preserving ecology and environment by the bank has been development and maintenance of Kashmir Golf Course (KGB). David Brinkel was specifically invited by the Bank to

assess the design and landscaping of the golf course who expressed satisfaction on the manner in which the bank has been able to accomplish this high-value project. Rating it as AAA (Triple A), he also lauded the efforts that have gone in to the designing and execution of the golf course.

Skill Development

The bank understands the importance of skill development for improving the capabilities and qualifications of the aspiring youth to get employed in the ever growing competitive market. During the current year, the bank provided support to Craft Development Institute Srinagar with infrastructure development so that the students are benefited in the long run.

HR Initiatives

Human capital of an organization not only plays an indispensable role in achieving the targets and vision but also helps in fostering its growth. It has always remained the main focus of the Bank to improve employee performance, enhance employee efficiency and equip its employees with latest HR practices so that they can compete globally.

Your Bank has always strived hard for betterment of employees and to improve overall processes, system and infrastructure. To ensure the utmost transparency, all the processes of HR are managed through technology, the HRMS tool, Peoples' system 9.2 (latest across industry), through which all issues of employees are managed centrally.

The attendance system is managed centrally through a tool, SOLUS. All the offices and Business Units across the country have been rolled over to Bio-metric Attendance System with 100% percent success.

Bank has transformed all policies related to HR as part of transformation journey with reputed consulting organization M/S Deloitte.

Bank not only enhanced various facilities for In-service employees and Pensioners of the Bank, but also introduced new facilities in their favour.

The process of promotion was carried out across the board. A total of 3379 promotions were effected including promotion of 03 Presidents to Executive President, 10 Vice Presidents to President, 10 Assistant Vice Presidents to Vice President, 103 Executive Managers to Assistant Vice President, 218 Senior Executives to Executive Manager, 624 Executives to Senior Executive, 1227 Associate Executive to Executive, 1040 Banking Associates as Associate Executives, 88 Banking Attendants as Assistant Banking Associates and absorption of 56 Assistant Banking Associates as Banking Associates. In addition, recruitment of 250 Probationary Officers and 1200 Banking Associates have also been initiated besides, 784 casually engaged workers and 183 Gardeners were absorbed in the Bank.

A comprehensive J&K Bank training policy has been

drafted wherein recommendations of M/S Deloitte have been incorporated. The policy shall be placed before Board in the ensuing meeting. Based on the training policy a comprehensive training plan has also been prepared which shall be put into practice after the policy is approved by the Board. This shall also require revamping of trainings organizational structure as proposed in the policy.

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 Board of Directors have oversight on all the risks assumed by the Bank and approve the risk policies and strategies to establish an integrated risk management framework and control system in the Bank. 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 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 include 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.

Credit Risk Management

The Credit Risk Management Policies of the bank seeks to set out guidelines, principles and approaches to manage credit risks and put in place a framework to identify, assess, measure, monitor and control credit risks in a timely and effective manner. The Policies are guided by leading practices of commercial prudence and the highest standards of ethical norms including the key requirements of RBI directives in relation to credit risk management. The bank has adopted a robust credit risk policy which sets forth the operating principles and minimum standards to be complied with, including those that require to be gradually built up to enhance procedures and systems, in relation to appraisal, processing, disbursement and risk management of credit

at Bank. 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.

To measure credit risk in Bank's credit portfolio, Bank has put in place an internal credit rating system that forms core of the credit risk management process and serves as an indicator of diverse risk factors of counter party and also for taking credit decisions in a consistent manner. In addition to the regulatory limits prescribed for credit concentration, Bank has put in place an internal limit framework as a prudent measure to measure and monitor credit and concentration risks within the overall regulatory limits. The internal limits for credit exposure shall be applicable to all credit exposures originated by Bank. Bank has initiated measures for getting corporate credit portfolio rated by RBI accredited rating agencies which besides encouraging good governance practices, shall also assist in assessing performance capability of borrowers over a long run. It also serves as a tool for self evaluation and improvement and provides the Bank an independent credit opinion and impetus to the sanctioning authority, while improving credit risk management from regulatory perspective. The bank has adopted a Standardized Approach as per basel guidelines, wherein the rating assigned by the eligible external credit rating agencies shall support the measure of credit risk.

Operational Risk Management

The Operational Risk Management process of J&K Bank is driven by a strong organizational culture and sound operating procedures which are embedded in all the business operations of the bank and managed through various checks, controls, inspections, audits etc. 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. 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 Framework, at least once a year. 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 Operational Risk Management Group (ORMG) within Integrated Risk Management Department (IRMD) is a centralized independent group which is currently following the Basic Indicator Approach (BIA) for Capital Computation. The Bank has instituted a structured process for reporting operational risk incidents on a regular basis.

The Bank has put in place a process to regularly monitor the Operational Risk and material exposures to losses on a quarterly basis. The assessment of the various parameters in the risk profile is done by the respective functional departments and reviewed by IRMD.

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, PV01 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. The Market risk policy aims at defining the risk of losses in on and off-balance sheet positions arising from movements in market prices and the risk of loss due to price volatility.

The Bank maintains diverse sources of liquidity to facilitate flexibility in meeting funding requirements. The Asset Liability Management structure reviews the positions of interest rate and liquidity gap positions in the banking book, sets deposit and benchmark lending rates, reviews the business profile and its impact on asset liability management and determines the asset liability management strategy, as deemed fit, in light of the current and expected business environment. The policy also recognizes that no single risk statistic can reflect all aspects of market risk, therefore various statistical and non-statistical risk measures are used by the bank to enhance the stability of risk measurement of market risk because, taken together, these risk measures provide a more comprehensive view of market risk exposure than any single measure.

Pillar II Risks

The Bank has a comprehensive Internal Capital Adequacy Assessment Process (ICAAP). Under ICAAP, Bank assesses capital position vis-a-vis identified risks and also the future capital requirement of the Bank. ICAAP is to ensure that a bank is aware of its risk profile and has systems in place to assess, quantify and monitor 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 document addresses the following issues:

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

Capital Planning and Management considering the various

risks faced by the Bank and capital requirement as per the growth strategies formulated by the Bank.

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 AA	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.
Lower Tier II Bonds	CARE AA-	CARE 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.
	IND AA	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.
Upper Tier II Bonds (under Basel III)	IND AA	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

Present day marketing in banking sector encompasses a wide spectrum of functions coupled with devising relevant financial products and services, including its correct pricing, availability through branches and digital platforms. In this context and in a bid to keep up with the ever-changing markets in the country – J&K Bank has launched a bouquet of products such as Gold Loan Scheme, Merchant Overdraft scheme and deploying Direct Selling Agents (DSA) in ROI (rest of India) for housing loans.

For instance, the J&K Bank's Gold Loan scheme has been specifically designed to cater to all sectors of the society—particularly women—wherein it will not only meet the emergent cash requirements across but also lead to empowerment of women through a discounted rate of interest. In this regard already, a specialized business unit has been set-up, exclusively for women, in the heart of Srinagar.

Similarly, Merchant Overdraft Scheme has been devised keeping in mind immediate cash requirements wherein a hassle free overdraft facility is created against the Point of Sale (POS) receivables without any security.

Likewise, to further consolidate the housing sector in Rest of India (ROI), an historic decision was made wherein Direct Selling Agents for pitching of housing loan products in rest of India and subsequently generating sales, have been engaged.

The success of these products hinges on a sharp and effective communication strategy across a multitude of media and marketing platforms. This will disseminate information to target audience for ensuring smooth delivery of these services in a precise, timely and a specialized manner. Also, the emergence of new technology based platforms will also help in augmenting the success of these products and their marketing thereof which will go a long way in strengthening the emotional equity of the Bank with the masses.

Besides the structure of these schemes and marketing techniques is premised on rapid feedback mechanism approach which will further help in improving systems, procedures and products.

Advertising and Publicity

In the world of banking and finance, besides numbers in the balance sheet it is the brand perception that primarily represents the health of an organization in the public imagination.

Being proactive in our brand promotion, we have consistently and successfully increased our brand exposure thereby deepening the requisite awareness within the evolving public consciousness to increase brand recall, thus enhancing our brand value during the financial year 2018-19. The bond of trust between all the stakeholders and the bank was further cemented through regular streaming of effective and needful messaging at all the levels through all the means during the financial year.

The bank's products, services, and facilities were successfully publicized across the operational geographies. Also, the marketing campaigns initiated by the bank to garner more business were duly publicized with proper follow-up processes.

Besides, the functioning and accomplishments of the bank were effectively communicated to the relevant target audiences including the major stakeholders along with the customers, share-owners, other stakeholders and the general public through customized and efficiently packaged communications using print and multi-media outlets within the state and relevant channels across the country. Leveraging 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 using highly popular mediums of social connectivity platforms especially Facebook, Twitter, Instagram, and YouTube.

IT Initiatives during FY 2018-19

Adoption of latest banking technology and innovation continues to remain a thrust area of the bank with the affirmed objective of offering latest digital banking facilities to its customers. The details of various technological initiatives taken during the financial year 2018-19 are enumerated below:

1. Finacle 10 Upgrade

The Finacle version 10 is a much evolved and thoroughly modernized version of the proven Finacle universal banking solution. It is a comprehensive, integrated yet modular business solution that effectively addresses the strategic and day-to-day challenges faced by banks, while empowering banks for future requirements. The latest release Finacle 10.2 has added modules that enhance the functionality richness and provides added features that enable banks innovate on their products and service offerings. The release comes with the key benefits of propelling operational agility and increased productivity, apart from all the functional and operational differentiators available in Finacle version 10.0. With this version, the entire Finacle core banking solution shall be available in Web Services, Service Oriented Architecture (SOA) mode. Major enhancement for web presentation has been made in the customer and account inquiry set of menus, Customer Relationship View (CRV). Another key differentiation factor of this version is the availability of migration path for existing customers in 7.x version series. Accordingly, several reconciliation-related enhancements have been made in this release to ensure version compatibility and standardization. More than 200+ enhancements are effected as part of the reconciliation of various enhancements from Finacle 7.x releases to Finacle 10.2 across multiple banking products and functionalities.

2. SWIFT CBS Integration

Over the last many years sophisticated cyber-attacks have been increasing and the persistence of such threats have underlined the importance of remaining vigilant and proactive over the long term. While Banks have been made responsible for protecting their own environments and access to SWIFT, the Customer Security Programme (CSP) by SWIFT has been introduced in the fight against cyber fraud. The CSP establishes a common set of security controls designed to help Banks to secure their local environments and to foster a more secure financial ecosystem. RBI Vide its Circular Dated August 03, 2016 and November 25th 2016 advised Banks on Cyber Security Controls and controls required to be put in place for trade finance transactions to avoid misuse of SWIFT. RBI Vide Circular Dated 20th Feb 2018 came up with a detailed and more exhaustive circular on time based implementation of SWIFT Security Controls to be implemented by 30th April 2018. Bank, Vide Dated September 2018 submitted the Compliance to RBI on the RBI Stipulated controls and confirmed full compliance to RBI recommendations. Subsequent to this Bank has migrated from SWIFT Version 7.1 to SWIFT Version 7.2 in November 2018 as per SWIFT guidelines and adopted the new architecture wherein middleware system between CBS and SWIFT Alliance Server named as XMM Server was introduced. However in order to do away with manual message creation from treasury as well bank has already taken up ITMS-SWIFT integration project which is under implementation.

3. PFMS

Bank has implemented PFMS solution in order to make all types of DBT payments like Aadhaar, NEFT payments for all central sponsored schemes in a seamless manner. Per quarter around 15 to 17 lac transactions for amount of around 2 to 2.5 Crore is processed through PFMS solution. PFMS and bank communicates with each other through an intermediary SFTP Server which is exposed by bank to CPSMS. The files are exchanged only in the form of xml. File formats are sometimes encrypted or non - encrypted. The files created and uploaded by PFMS are usually stored in From CPSMS folder and the files created and uploaded by bank / CBK are usually stored in ToCPSMS folder. Upload and download functionality from bank end is taken care by CBKconnect integrator. The Upload and Download functionality by PFMS is taken care by PFMS components.

4. E-Banking FEBAUI Customisation

Based on end user feedback and the need to make necessary enhancements in our e-banking setup to ensure it is one of the best in the banking industry,

the customization of the e-Banking user interface has been initiated. E-banking offers ease of access, secure transactions and 24-hour banking options. From small start-up companies to more established entities, small businesses rely on e-banking to eliminate runs to the bank and to make financial decisions with updated information. In an information-driven business climate, companies who do not use e-banking are at a competitive disadvantage. Business owners, accounting staff and other approved employees can access routine banking activity such as deposits, cleared checks and wired funds quickly through an online banking interface. This ease of review helps ensure the smooth processing of all banking transactions on a daily basis, rather than waiting for monthly statements. Errors or delays can be noted and resolved quicker, potentially before any business impact is felt.

5. AML Upgrade

The bank has been using 3i infotech's AMLOCK solution for the last 10+ years for its domestic operations. During this period the product has undergone feature upgrades and additionally new features have been planned for upcoming releases. Latest AMLOCK version upgrade comes with a host of enhancements and optimizations across all AML modules to enable compliance executives to perform their tasks more efficiently and accurately like Alert Risk Scoring, Compliance Dashboards - User Level & MLRO, Peer Profiling, Automated Alert Suppression (Rule Based) and New UI.

6. Mobile Banking Upgrade:

This is a migration upgrade project from existing version 4x to 6x. New user interface at par with industry standard/private sector banks. New features like fingerprint login, complaint management, QR Code regeneration, term deposit closure, changes in Loan module, debit card management, payments, credit card integration would be included.

7. EMV Rollout:

RBI has mandated to stop issuance of Magnetic stripe cards and start issuing only EMV cards. This is for prevention of frauds. Necessary to mandate EMV Chip and PIN card acceptance. The bank has already upgraded its ATM Switch and it is EMV compliant. The testing for the various variants of AGS ATMs has been completed. The EMV rollout has been initiated by the bank.

8. Document Management System (DMS)

DMS Solution has been envisaged to support the complete digitization and associated workflow of documents used/ created by all the Business Units and departments of the Bank. The DMS and workflow

solution shall cater to Enterprise wide document management and workflow functions of Account Opening (Liability & Assets), Automation of the Note Sheet preparation and associated workflow - Business Process Management (BPM) through the DMS solution of various departments / offices of the Bank, digitizing the Account opening forms and associated documents and the legacy documents of various departments and offices. DMS solution would be an engine for the overall Business Process Management and Inherent Workflow processes in the Bank.

9. POS Acquiring- In-house

As a long term POS deployment plan, this project is to setup captive POS infrastructure for J&K Bank so that we have our own POS/merchant acquiring ecosystem. Based on the existing number of POS terminals, this shall enable bank to save approximately ₹2.5 crore over a period of next 5 years. The savings are going to increase with growth in the deployment of POS machines. To implement the solution, M/s FIS has been selected by the bank. The high level scope is to setup IST/Switch for transaction processing, IST/clearing for staging to networks and IST/MAS for merchant accounting and settlement. The solution will integrate with the bank's peripheral systems and required external networks vis-à-vis CBS and Credit card host. The external networks shall include Master Card, Visa, Amex and Rupay.

The implementation has been started and IST/switch has been setup by M/s FIS at Dc, facility Noida. The POS terminal connectivity with our in-house IST switch has also been successfully tested. The required documentation, BIN finalization and other technical aspects are being completed with all the associations.

10. In-house Credit Card

Our Bank is having arrangement with MASTER CARD International for issuing Credit Cards. At present, Bank is having active credit card base of about one lac forty thousand cards. The activity of Credit cards is outsourced to external agencies. Physical Card production and dispatch is carried out by a separate outsourced agency. Transactions, Interest Calculations, Charges, Fee, NPAs, Bill generation, etc. are also processed by the host which is managed by the Outsourced agency.

The Bank desires to implement an in-house Credit Card Management System by acquiring a Credit Card Management Solution comprising, inter alia, of Switch and Card Management Host on a licensed model. Credit Card Management Solution will enable the bank to process multiple type of Card Applications through a single system serving as a single point of origination,

Maintenance and Reporting. The system shall provide adequate fields and a proper workflow to support this process.

11. Bharat Bill Payment System (BBPS)

In order to encourage the bill payment of Utility bills through e-banking, bank has implemented Bharat Bill payment System. BBPS is a structure for operating the bill payment system in the country with a single brand image providing convenience of 'anytime anywhere' bill payment to customers. The objective of the BBPS is to implement an integrated bill payment system through multiple payment modes, and providing instant confirmation of payment. BBPS includes activities to facilitate collection of repetitive (monthly, bi-monthly, quarterly etc.) payments for everyday utility services provided by utility service providers. BBPS for onboarding PDD has been initiated in coordination with J&K Government, NPCI and Telecom Service Provider (TSP). BBPS for Mobile Banking and BHIM Aadhaar Pay shall also be initiated.

12. EARLY WARNING SOLUTION

Implementation of an Early Warning Solution has been initiated in-line with regulatory requirements. EWS Is a Framework for Early Recognition of Financial Distress in Borrower Accounts. The system shall enable early identification of accounts having a potential of turning stressed including early Identification of Red Flag Accounts. The 45 early warning signals as suggested by the regulator would be captured by this system for early identification of RFA accounts.

13. Contact Center Feature Expansions

Enablement of additional features like ATM pin block, Credit Card pin block, call back features, chat & email functions on contact center setup has been initiated by the bank. This shall enable further improving of customer service by provisioning more features and services on contact center like self-account transfer, status of inbound and outbound RTGS, RePIN ATM card, enrolling Aadhaar with account, disabling E-com transactions on ATM and Credit Card and many more other features.

Bank has also initiated the Implementation of DR for Contact Center to ensure effective Business Continuity and Disaster Recovery.

14. Pension payment and processing system:

Payment of pension to retired government employees/ spouses & children of deceased employees is governed by relevant schemes prepared by concerned ministries/ departments of government of India or by state

government and involves payment of basic pension, dearness allowance and other benefits as and when announced by the government. This calculation involves complex and standard procedures. An industry standard application is being procured and implemented for smooth and seamless processing and payment of pension.

15. Government receipts and accounts (GRAS):

Challans are generated from government portal of GRAS for payment of taxes to government. In counter payment mode, depositor shall carry a filled up e-challan form printed from GRAS portal with challan REF ID. Payment will be accepted against this challan REF ID at any branch. This will provide facility of offline payment of taxes by citizens.

16. Campus manager solution:

The bank has various Educational institutional clients (Educational institutional clients here mean the customers of the bank such as schools, colleges, universities etc.) which besides maintaining high value deposits, also generate fresh deposit base by means of round the year fee collections. However utilization of collection services of the bank by these institutions involves fee collection over banking counters resulting in high footfall of customers at business units. As such the Bank has procured an Enterprise Resource Planning (ERP) solution with integrated payment collection module application for collection of fees and other dues on behalf of banks Educational institutional clients so that footfall at the business units is reduced and the institution becomes a long term captive client.

17. Implementation of PEP Databases

Banks have been advised by RBI to follow certain customer identification procedure for opening of accounts and monitoring transactions of a suspicious nature for the purpose of reporting it to appropriate authority. These 'Know Your Customer' guidelines have been revisited in the context of the recommendations made by the Financial Action Task Force (FATF) on Anti Money Laundering (AML) standards and on Combating Financing of Terrorism (CFT). PEP-Check enables organizations to run checks on potential and existing clients against official sanction lists, PEP (politically exposed person) lists, and risk lists (watch lists and blacklists) as required by law and recommended by the international FATF (Financial Action Task Force). Bank is in the process of acquiring PEP check services from the leading industry players to comply with the revised 'Know Your Customer' guidelines.

18. ATM POS Monitoring

As ATMs are critical self-service channels that need to be monitored and managed to ensure business continuity and positive customer experience. The challenges that need to be addressed include proactive avoidance of escalation, lower mean time to repair (MTTR), insightful reporting and higher ATM availability that translate into enhanced customer satisfaction, and increased transactions and interchange revenues. ATM/ POS monitoring tool will help the bank to take the ATM/ POS monitoring to next level by proactively acting on alerts raised by this tool. The project for implementation of the solution has been initiated by the bank.

Achievements during the Financial Year 2018-19- Digital Banking (DAC)

1. The Bank was rated among the Top 3 Banks in the country for achieving Digital Transaction targets.
2. The Bank launched Premium variants of Credit Cards viz. Credit Card Platinum and Credit Card World
3. The Bank launched Multi-Currency Forex Cards.
4. The Bank entered into Cashback & Instant discount tie-ups with National business platforms for enhancing the reach of Brand value of its Credit & Debit Cards.
5. The Bank entered into EMI Tie-ups with e-commerce merchants.
6. The Bank enabled PHE Water Bill collection online through IPG.
7. The Bank launched BHIM-AADHAAR application.
8. The Bank converted all active Magstripe Cards to EMV compliant Chip cards.
9. The Bank has embarked on Digital Transformation journey on aggressive basis to promote its digital products through Upgradation enrichment and addition of more and more channels to remain at par with any hybrid hi-tech Banks in the Country so that customers of the bank remain never deprived of the technological innovations in the banking industry. As part of digital transformation, extensive thrust through aggressive campaigning was made to on-board existing and fresh customers on various digital channels. Strategies were devised and executed at all the levels of functioning to achieve the desired goals and targets. The percentage of automated transactions has reached 54.19% which is one of the highest in the Country.

Digital Channels	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
No. of Credit Cards	136016	137282	139204	140314	144048
No. of Debit Cards	3753453	3838022	3928471	4004097	3050755
No. of e-banking Users	381580	393009	404285	388800	401070
No. of m-banking Users	250042	329540	403814	476715	583119
No. of POS Machines	14540	14043	14610	15862	16460
No. of KIOSK Banking Users	98000	105869	150459	155118	165573
TOTAL DIGITAL Transactions	38973178	42804366	44030671	48287018	52244161
TOTAL TRANSACTIONS	78478706	84670652	86606224	89334434	96406936
%age Digital Txns	49.66	50.55	50.84	54.05	54.19

10. During the financial year 2018-19, 96 ATMs, both on-site & off-site, were commissioned thereby taking the number of ATMs to 1294 as on 31.03.2019.

Financial Inclusion:

The objective of financial inclusion is to reach out to the hitherto unbanked population and extend financial services to unlock its growth potential. The bank formulated financial inclusion plan (FIP) envisaging reaching out to and providing banking outlets for delivery of basic banking services in allotted identified unbanked villages. The details of village allocation and other FIP related information is mentioned hereunder:

- SLBC has allocated to J&K Bank 536 above 2000 population villages and 3271 below 2000 population villages for providing ICT based financial services by the end of March 2016. Bank has already brought the 536 villages (>2000 Population) under the ambit of financial inclusion by opening of Business units and providing BC coverage in all the villages.
- Bank has provided the BC coverage to all the 3271 villages at the end of August 2015 for extending ICT based financial services in the identified unbanked villages.
- Bank has also identified 334 unbanked villages under self-set target and rolled out to BCs under financial inclusion.
- Out of 334 Villages, 9 Villages were repeated in 3271 below 2000 population villages and hence discarded from Bank's self-set target villages. Therefore, the total number of villages rolled out under financial inclusion plan 2013-2016 stands at 4132.
- In addition to 4132 villages, J&K SLBC allocated 1332 new villages/wards to our Bank under PMJDY in two phases which were covered during the three-year period of 2013-16. Also 4 villages outside the state of J&K were

allocated by the RBI. Therefore, a net total of 5468 unbanked villages/wards were covered in the three-year period of 2013-16 under the Financial Inclusion Plan of the Bank including 4 villages outside the State of J&K allocated by the RBI.

- After the introduction of PMJDY, the Department of Financial Services introduced the concept of Sub Service Areas (SSAs). Under SSA, all the 6 Lakh villages across India have been mapped according to the service area of each bank branch in order to have at least one fixed point banking outlet catering to 1000 to 1500 households called as SSA.
- Each SSA needs to be catered by either a BC or by a Business Unit (Bank Branch), depending upon the volume of business and transactions at the location.
- Simultaneously, after the launch of PMJDY, 1173 Sub Service Areas (SSAs) and 754 Urban Wards carved out of the 5468 villages/wards, were also allocated to the Bank for carrying out exhaustive survey of all households with the target to open at least one account per household. PMJDY focuses on coverage of households against the earlier plans which focused on coverage of villages.

RBI selected Villages (Progress/ Achievements)

- RBI has selected 15 model villages allocated to J&K Bank for 100% financial inclusion in the 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.
- Against the 5604 households in all 15 RBI selected villages, 5602 households are covered .

Targets and Achievements under FIP 2016-19

- Financial Inclusion Plan of the Bank for the period of three years i.e. April 2016 - March 2019 has been drawn

mainly on the basis of Phase-II of PMJDY (15th August 2015 - 14th August 2018), The focus ahead shall be on providing access to technology based financial services/ banking facilities in the remote areas through Kiosk banking outlets so as to make banking easier as also on Social Security Schemes including long term Savings, Insurance and Pension Schemes.

- As per the directions of RBI, the FIP of the Bank for 2016-19 has been framed District-Wise in respect of 88 Districts (22 Districts in J&K State and 66 Districts outside J&K State (where 118 Business Units of the Bank are operating). Consolidated FIP for J&K State and Pan India operations has also been framed. As hitherto a mix of two Models viz., Brick and Mortar (Bank Branch Model) and BC Model with more emphasis on the later shall be used for implementing the FIP 2016-19 in J&K State.
- With the objective to integrate the poor and unbanked with financial system, Bank engaged 979 Business Correspondents and 680 B/Us for providing banking services in remote areas as also to facilitate financial inclusion in J&K State as on 31.03.2019. Financial Inclusion Plan 2016-19 envisages engagement of 265 additional BCs. The additional requirement of BCs are to be sourced from the remaining Village Level Entrepreneurs (VLEs), who will be engaged as BCs for the Bank on the terms and conditions as are applicable to the existing BCs. The current FI model of the Bank prescribes engaging VLEs (owners of Khidmat Centers) as Business Correspondents in J&K State. There are number of advantages for the Bank in such convergence like availability of infrastructure, human resource, services, and reliability.
- During the FY 2018-19, 9 more BCs and 46 more Business Units were engaged by the Bank and hence a total of 979 BCs and 680 Business units have been engaged for providing ICT enabled financial services in the State. Moreover 2 BCs and 2 B/Us have been engaged outside the State and the total reached to 981 BCs and 682 Business Units as on 31.03.2019. Hence as per Bank's Board approved policy, Bank has engaged the VLEs of CSCs as BCs. The year on year growth in engagement of BCs up to 31st March 2019 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

S.No	Particulars	No. of BCs	Growth in %
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

- Further Department of Financial Services, Ministry of Finance, Government of India has been repeatedly emphasizing for the need to strengthening the Business Correspondent infrastructure in order to improve the quality of financial services in remote areas. However, with technological advancements in the current scenario there is a need to be flexible on the issue of engagement of BCs through other channels as well. Engaging BCs through other Channels (prescribed by RBI) shall be explored as and when the need arises.

Financial Literacy cum Credit counselling centres (FLCCs)

- In compliance to RBI directive SLBC advised the J&K Bank for setting up of FLCs in its 12 lead districts. Bank has made all the 12 FLCs functional in its lead districts. The need for financial literacy and its importance for financial inclusion have become widely recognized. To promote financial education and literacy and to create awareness among the people living in the identified unbanked & under-banked areas for successful implementation of Financial Inclusion Plan 2016-19 and to achieve targets set under FIP, our Bank organized more than 2000 Financial Literacy Camps (FLCs) during last two financial years. Various financial literacy programmes were customized to suit the requirements of school/college students, micro-finance 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 2018-March 2019) is appended below:

Financial Literacy Camps through Rural Branches

- In compliance to revised RBI guidelines, 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 more than 7000 financial literacy camps to create awareness among the people of unbanked areas particularly

Progress report regarding Financial Literacy camps conducted by Financial Literacy Facilitators in 12 Lead Districts during the financial year (April 2018-March 2019)

S.No	Type of Camps conducted as per RBI guidelines	Progress as on 31.03.2019
1	No. of Special Camps conducted	424
2	No. of Target Specific Camps conducted	838
3	Total No. of Camps conducted	1262

deprived sections of society. In this context, the zone wise position of financial literacy camps conducted by rural branches of the bank during the

Progress report of Financial Literacy camps conducted through rural Business Units of Bank for the financial year (April 2018-March 2019)

financial year (April 2018 to March 2019) is appended below:

S.No	NAME OF THE ZONE	Cumulative Position
		No. of Special Camps conducted by Rural B/Us Bank
1	Kashmir Central Zone (I)	64
2	Kashmir Central Zone (II)	239
3	Kashmir South Zone (I)	209
4	Kashmir South Zone (II)	370
5	Kashmir North Zone	446
6	Jammu Central Zone (I)	215
7	Jammu Central Zone (II)	486
8	Jammu West Zone	297
9	Jammu North Zone (I)	668
10	Jammu North Zone (II)	589
11	Ladakh Zone	282
	Total	3865

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.

- Year on Year increase of 5% for BSBDA accounts including PMJDY accounts have been estimated in the Plan. 15.99 Lakh PMJDY accounts have been opened under the scheme since August 2014 with deposit of ₹694.06 crore in these accounts 0.96 Lakh PMJDY accounts have been opened during the FY 2018-19.
- Bank has procured 1345450 RuPay Debit Cards. All the RuPay Debit Cards have been delivered to Business Units for onward delivery to customers. The RuPay Cards are being swiped on PIN PADs at BC Locations and at ATMs for withdrawal of cash.

Progress under PMJDY as on 31.03.2019

PMJDY Rural A/ Cs	PMJDY Urban A/Cs	Total no. of PMJDY A/Cs	Total Balance In PMJDY A/Cs In Lacs
1378561	220547	1599108	69406.00

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 ₹1 Lakh (accidental death or permanent disability only) to eligible Card holders and ₹30, 000/- (Life Insurance) to eligible customers was introduced. The Insurance program came in to effect from 1st April 2015 with New India Assurance Co. and prior to it was in to an arrangement with HDFC Ergo

Status as on 31.03.2019

Insurance scheme	Claims Received	Claims Settled	Claims In Process	Claims Rejected
Accidental Insurance	15	13	1	1
Life Insurance	104	87	3	14

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 Honourable Prime Minister on 9th May 2015 to move towards creating a universal social security system, targeted especially at the poor and the underprivileged.

PMJJBY: The scheme is a one year cover, renewable from year to year, Insurance Scheme offering life insurance cover of ₹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 ₹330/- per annum per member will be 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.

PMSBY: The scheme is a one year cover, renewable from year to year, Accidental Insurance Scheme offering accidental death and disability cover of ₹2 lakhs for death or disability on account of an accident. All savings bank account holders in the age 18 to 70 years in participating banks are entitled to join. The premium of ₹12/- per annum per member will be 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. Sum insured in case of accidental death is ₹2 Lakh,

sum insured in case of both hands or feet or loss of sight of one eye and loss of use of hand or foot is ₹2 Lakh and sum insured in case of total and irrecoverable loss of sight of one eye or loss of use of one hand or foot is ₹1 Lakh.

APY: Atal Pension Yojna (APY) is a government-backed pension scheme in India targeted at the unorganised sector. APY has been launched with a noble cause of providing Old Age income security for target age group of 18-40 years. Our Bank introduced the APY for implementation from September 2015 and procured the requisite software/ module for the successful execution of the scheme. Under the APY, guaranteed pension of ₹1000/-,2000/-,3000/-,4000/- and 5000/- per month will be given at the age of 60 years.

Consolidated progress as on 31.03.2019

Name of Insurance scheme	Name of Insurance partner	Applications sourced	No. of Data entered into CBS System	No. of Record Transmitted to Insurer	No. of Cases where Premium Debited	Premium Debited (in ₹)	Premium Paid to Insurer (in ₹)
APY	PFRDA	17861	17861	17861	17861	131950965	131950965
PMJJBY	LIC OF INDIA	172628	172628	147923	147923	48814590	42749747
PMSBY	NEW INDIA ASSURANCE CO.	301396	301396	278015	278015	3336180	2780150

Progress during FY 2018-19

Name of Insurance scheme	Name of Insurance partner	Applications sourced	No. of Data entered into CBS System	No. of Record Transmitted to Insurer	No. of Cases where Premium Debited	Premium Debited (in ₹)	Premium Paid to Insurer (in ₹)
APY	PFRDA	769	769	769			
PMJJBY	LIC OF INDIA	38424	38424	34296	34296	11317680	9911544
PMSBY	NEW INDIA ASSURANCE CO.	95505	95505	85175	85175	1022100	851750

Consolidated position of PMJJBY & PMSBY claims as on 31.03.2019

S.No.	NAME OF INSURANCE SCHEME	NAME OF INSURANCE COMPANY	CLAIMS RECEIVED	CLAIMS SETTLED	CLAIMS REJECTED	CLAIMS PENDING
1	PMJJBY	LIC OF INDIA	440	422	7	11
2	PMSBY	NEW INDIA ASSURANCE CO.	110	87	7	16

Progress during FY 2018-19

S.No.	NAME OF INSURANCE SCHEME	NAME OF INSURANCE COMPANY	CLAIMS RECEIVED	CLAIMS SETTLED	CLAIMS REJECTED	CLAIMS PENDING
1	PMJJBY	LIC OF INDIA	131	115	5	11
2	PMSBY	NEW INDIA ASSURANCE CO.	42	31	0	11

Micro Overdraft facility under Financial Inclusion/PMJDY

As per DFS, MoF, Gol guidelines, overdraft facility up to ₹10,000/- has to be provided to the eligible account holders under PMJDY. The Department has been sensitizing the B/Us and controlling levels to provide OD facility to the eligible account holders under PMJDY.

Status as on 31.03.2019

No. of A/Cs eligible for OD	No. of A/Cs OD Sanctioned	No. of A/Cs OD Availed	Availed OD Amount (in lakhs)
70836	927	927	52.59

Status of displaying names/locations of all the Bank Correspondents/Bank Mitrs on the website of the banks

Bank has engaged 680 Business Units and 981 BCs for the implementation of FI and PMJDY in 5468 villages including 754 wards as on 31st March 2019. Name and Location of the CSCs engaged as BCs for the implementation of FI & PMJDY is attached along with the report.

Technology readiness for PMJDY Implementation

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 Banks 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 make them enable to transact at BC location.
- PIN PAD devices serve the purpose of making transaction via RuPay/Debit cards (ONUS/ OFFUS), thus making interoperable transactions enable at BC KIOSK.

BC is 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 Finger Print for account Opening and make him enable to transact at BC location.

Also, It is to mention that the OD limit for BC is 50,000/- and the limit on transaction has been set for an amount of ₹10,000/- per account per day.

Bank has procured 1550 Biometric authentication devices which are being installed at Branches and BC locations for the implementation of the project. Bank has also Procured 950 PIN PADs. Out of 1550 Biometric authentication devices, Bank has issued 1541 devices to BCs and Business Units as on 31st March 2019. Out of 950 PIN PADs, Bank has issued 905 PIN PADs to Business Correspondents as on 31st March 2019 for complete Roll Out of the ONLINE FI SOLUTION.

**Transactions through Online FI Solution (Kiosk Solution)
Progress of financial transactions during FY 2018-2019**

S.No.	Transaction Type	No. of Transactions	Amount of Transactions
1	AEPS OFFUS DEPOSIT	0	0
2	AEPS OFFUS FUNDS TRANSFER	434	1795208
3	AEPS OFFUS WITHDRAWAL	2266	8291211
4	AEPS ONUS DEPOSIT	30227	124079862
5	AEPS ONUS FUNDS TRANSFER	12873	57115473
6	AEPS ONUS WITHDRAWAL	40203	123226472
7	DEPOSIT	38049	126685807
8	FUNDS TRANSFER	10089	35881825
9	RUPAY OFFUS WITHDRAWAL	160727	629352429
10	RUPAY ONUS WITHDRAWAL	1241370	4505001671
11	RUPAY WITHDRAWAL	1	5000
12	WITHDRAWAL	20136	53985717
Grand Total		1556375	5665420675

Progress of non-financial transactions during FY 2018-2019

S.No.	Transaction Type	No. of Transactions
1	BALANCE ENQUIRY	163516
2	MINI STATEMENT	40540
3	OFFUS BALANCE ENQUIRY	1631
4	ONUS BALANCE ENQUIRY	29323
5	RUPAY BALANCE ENQUIRY	48449
6	RUPAY MINI STATEMENT	152341
Grand Total		435800

Status of E-KYC & AEPS

For AEPS (Aadhaar enabled Payment System) and E-KYC, bank has entered into the agreement with UIDIA. 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 2018-19

S.No.	Transaction Status	No. of Transactions
1	Success	122975
2	Failure	107342
Grand Total		230317

Progress of AEPS during FY 2018-19

S.No.	Transaction Type	No. of Transactions	Amount of Transactions
1	AEPS OFFUS DEPOSIT	0	0
2	AEPS OFFUS FUNDS TRANSFER	434	1795208
3	AEPS OFFUS WITHDRAWAL	2266	8291211
4	AEPS ONUS DEPOSIT	30227	124079862
5	AEPS ONUS FUNDS TRANSFER	12873	57115473
6	AEPS ONUS WITHDRAWAL	40203	123226472
Grand Total		86003	314508226

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. The bank ensures that infrastructure facilities are available at the Business Units for valuable customers more particularly for pensioners, senior citizens, and specially-abled.

Bank has adopted the policy of holding regular training programmes for the staff in line with Customer Service orientation, rewarding the Best Business Units and the Best Employees from Customer Service point of view, visits by senior management to the Business Units at periodic levels for on the spot study of the quality of service rendered by the Bank.

Bank has recently introduced centralized Service Request/ Complaint Tracking System wherein the customer can register his service request virtually from anywhere through different channels like email, SMS or phone and get acknowledgement and unique reference number.

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.

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 2019, 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 61 branches/offices audited by us and 913 branches audited by Statutory Branch Auditor 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, the aforesaid standalone financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 in the manner so required for banking Companies and are in conformity with accounting principles generally accepted in India and give a true and fair view of the state of affairs of the Bank as at 31st March 2019, and its profit and its 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 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.

Emphasis of Matter

4. We draw attention to Note 46(b) of the financial statements, that in view of flood during 2014 and disturbances during 2016, Bank rehabilitated affected borrowal accounts under RBI Master Directions issued for Relief Measures by Banks in areas affected by natural calamities. The total amount of rehabilitated/restructured advances stood at ₹3701.00 Crores (Flood & disturbances) as on 31.03.2019. The Bank has recognised funded interest aggregating ₹796.02 crores as interest income in these accounts up to 31st Dec 2017. The Bank has capitalised funded interest (net of recoveries) of ₹513.10 crores by staggering over five quarters beginning with 1st quarter ended 31st March 2018 in compliance of dispensation allowed to the Bank by Reserve Bank of India. Accordingly, the Bank has created interest capitalisation of ₹265.94 crores by corresponding debit to interest income in Profit & Loss account. The interest capitalisation stands completed by 31st March 2019. Our opinion is not modified in respect of this matter.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

A. IT Systems & Controls

Description of Key Audit Matter

The bank is highly dependent on the reliability, integrity and availability of financial data from its electronic data processing system (MIS). We relied on automated controls and effectiveness of such controls over IT systems.

We observed that the bank is still using the older version of CBS platform (Finacle Core 7.0.25) and has not upgraded to higher version. Core Banking Solutions (CBS) is not biometric enabled and thus access controls require improvement.

Description of Auditor's Response

We performed test of controls and test of details on sample basis. We also relied on the reports of the branch auditors. We have relied on management assertion that the steps are underway to upgrade the system.

B. Provisions and contingencies

Description of Key Audit Matter

As per extant guidelines of RBI the Banks should put in place a Board-approved policy for making provisions for standard assets at rates higher than the regulatory minimum, based on evaluation of risk and stress in various sectors. The bank has not provided for stressed assets which are regularly classified as SMA. Policy also needs to be refined for making provision on Non-Fund exposure to those Non-Performing borrowers where guarantees are still alive but not devolved.

Description of Auditor's Response

The bank has agreed to formulate suitable policy to provide for Standard Accounts under stress.

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

6. The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the

accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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.

Auditor's Responsibilities for the audit of the Financial Statements

7. Our objectives are to obtain reasonable assurance about whether the financial statements 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 financial statements. 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 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 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 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 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 financial statements, including the disclosures, and whether the financial statements 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

8. We did not audit the financial statements / information of 913 branches/offices included in the standalone financial statements of the Bank whose financial statements / financial information reflect total advances of ₹65,321.55 Crores as at 31st March 2019, as considered in the standalone financial statements. The financial statements / information of these branches have 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 is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

9. 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.
10. 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.
11. 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.
12. 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 31 March 2019 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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 - Refer Note No.26.12 of 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

CA. Salil Gupta
Partner
(M. No. 097922)

Place: Srinagar
Dated: 15th May, 2019

For Verma Associates
Chartered Accountants
FRN: 02717N

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

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

CA. Anil Gupta
Partner
(M. No. 094713)

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

CA. Kamlesh Kumar Goel
Partner
(M. No. 015002)

Annexure-A to Para 10 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 FY.2018-19

Sl. No.	Directions/Sub directions	Auditor's comments including action taken wherever required	Impact on accounts and financial statements
1	If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process	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.	There are cases of waiver/write off of debts/ loans/ interest etc. amounting to ₹ 20.18 Crores in addition to the waiver of unapplied interest of ₹ 527.46 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. During the financial year four accounts (NPA) were sold to Asset Reconstruction Companies (ARC). having total principal NPA balance of ₹745.46 Crores, and unapplied interest of ₹ 362.15 Crores against sale proceeds of ₹134.03 Crores resulting in sacrifice of ₹ 973.58 Crores	Waiver/Write off resulted in loss of ₹ 547.64 Crores. Sale of NPAs to ARC resulted in release of Provision held by ₹ 677.07 Crores and increase of profits by equivalent amount. This has also resulted in reduction in NPAs by ₹ 745.46 Crores.
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 472 Cases involving ₹ 582.25 Crores pending legal/arbitration cases being claims against the bank not acknowledged as debts.	There was no such item in pending legal/arbitration cases which required provisioning.
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 10 restructured standard accounts with total outstanding of ₹414.84 Crores as restructuring was not in compliance of extant guidelines. Additional provision for ₹136.21 Crores was provided by the bank as on 31.03.2019	Total provision for ₹ 156.95 Crores was required and bank is having of ₹ 20.74 Crores only and as such additional provision for ₹ 136.21 Crores was created as per RBI directions. This resulted in reduction of Profits by ₹136.21 Crores

Sl. No.	Directions/Sub directions	Auditor's comments including action taken wherever required	Impact on accounts and financial statements
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 ₹10.43 Crores for maintaining and development of these parks.	The expenditure amounting to ₹ 10.43 Crores have been incurred and revenue of ₹1.96 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 the reports of the Branch Auditors, some branches attempted window dressing by inflating deposits aggregating ₹ 5.65 Crores at the reporting date which were repaid immediately after close of the year.	There has resulted in overstatement of deposits and Advances by ₹ 5.65 Crores. However impact was not material on the overall deposit portfolio.
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 made deposits of low yield interest with the following designated agencies as on 31-03-2019: PARTICULARS (₹ In Crores) NABARD :- 927.31 RIDF :- 978.99 SIDBI :-617.28 NHB :-298.51 Mudra :- 102.45 TOTAL :- 2924.54	The impact on the financial health is lower rate of return of interest ranging from 3.25% p.a. to 4.75% p.a. received from the agencies with which deposits were made for shortfall.
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 ₹ 384.63 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 ₹ 59.10 Crores and reversal of unrealized interest ₹ 6.98 Crores was reversed	Auditors identified the said NPAs, where by advances of ₹ 384.63 Crores have been downgraded from the banks standard assets classification. The impact thereof on profit is as follows: 1. Interest Reversal: ₹6.98 Crores 2. Increase in NPA provision ₹59.10 Crores
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 complied with the instructions/ guidelines issued from time to time by RBI and with the Policy framed for the same.	Nil

Sl. No.	Directions/Sub directions	Auditor's comments including action taken wherever required	Impact on accounts and financial statements																		
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 1903 expired guarantees amounting to ₹ 311.53 Crores 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	<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>S. No.</th> <th>Land</th> <th>Area</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Vashi, Mumbai (1st Floor)</td> <td>5400 sq. ft.</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 sq. ft.</td> </tr> <tr> <td>4.</td> <td>Kargil</td> <td>1 Kanal 4 Marla</td> </tr> <tr> <td>5.</td> <td>Currency Chest</td> <td>2 Kanals</td> </tr> </tbody> </table> <p>It is advised to complete the documentation for clear title at the earliest.</p>	S. No.	Land	Area	1.	Vashi, Mumbai (1 st Floor)	5400 sq. ft.	2.	Budgam	4 Kanals	3.	Ansal Plaza, Khelgaon	17787 sq. ft.	4.	Kargil	1 Kanal 4 Marla	5.	Currency Chest	2 Kanals	The acquisition value of the said lands/properties has been capitalized and the value as on 31.03.2019 is ₹ 26.16 Crores.
S. No.	Land	Area																			
1.	Vashi, Mumbai (1 st Floor)	5400 sq. ft.																			
2.	Budgam	4 Kanals																			
3.	Ansal Plaza, Khelgaon	17787 sq. ft.																			
4.	Kargil	1 Kanal 4 Marla																			
5.	Currency Chest	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																		

Sl. No.	Directions/Sub directions	Auditor's comments including action taken wherever required	Impact on accounts and financial statements
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 break even within one year of its operation	Nil
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

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

CA. Salil Gupta
Partner
(M. No. 097922)

Place: Srinagar
Dated: 15th May, 2019

For Verma Associates
Chartered Accountants
FRN: 02717N

CA. Madan Verma
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FRN: 03824N

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

CA. Kamlesh Kumar Goel
Partner
(M. No. 015002)

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 2019 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 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.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

6. A Bank's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial control over financial reporting includes those policies and procedures that:
 - (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Bank;
 - (b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Bank are being made only in accordance with authorizations of management and directors of the bank; and
 - (c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2019, 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
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CA. Salil Gupta
Partner
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CA. Anil Gupta
Partner
(M. No. 094713)

CA. Kamlesh Kumar Goel
Partner
(M. No. 015002)

Place: Srinagar
Dated: 15th May, 2019

Comments of C&AG

Comments of the Comptroller & Auditor General of India under section 143(6)(b) of the Companies Act, 2013 on the accounts of the Bank for the year ended on 31st March, 2019 along with explanations thereto, by the Board of Directors of the Bank, are included in the Directors Report section of this Annual Report.

Balance Sheet

as at 31st March, 2019

	Schedule	As at 31.03.2019 ₹ '000' Omitted	As at 31.03.2018 ₹ '000' Omitted
CAPITAL AND LIABILITIES			
Capital	1	557,002	557,002
Reserves and Surplus	2	65,703,953	61,055,145
Deposits	3	896,388,962	800,064,981
Borrowings	4	26,239,561	16,283,357
Other Liabilities and Provisions	5	25,173,393	18,915,684
TOTAL		1,014,062,871	896,876,169
ASSETS			
Cash and Balance with Reserve Bank of India	6	48,749,687	43,283,608
Balance with Banks & Money at Call & Short Notice	7	9,869,069	39,245,223
Investments	8	231,605,030	188,800,296
Advances	9	662,715,072	569,127,445
Fixed Assets	10	16,746,949	16,145,918
Other Assets	11	44,377,066	40,273,679
TOTAL		1,014,062,871	896,876,169
Contingent Liabilities	12	63,925,410	57,951,236
Bills for Collection		14,436,629	11,935,341
Principal Accounting Policies	17		
Notes on Accounts	18		

The Schedules Referred to above and the attached Cash Flow Statement form an integral part of the Balance Sheet

Parvez Ahmed
Chairman & CEO
DIN : 03467232

Dr. Arun Kumar Mehta, I.A.S
Director
DIN: 02712778

Mohammad Ashraf Mir
Director
DIN : 07586792

Dr. Pronab Sen
Director
DIN : 07831725

Dr. Sanjiv Agarwal
Director
DIN : 00110392

Sunil Chandiramani
Director
DIN : 00524035

Dhaman Kumar Pandoh
Director
DIN : 01332068

Rahul Bansal
Director
DIN : 01216833

Vikram Gujral
Director
DIN : 03637222

Rakesh Gandotra
President (CFO)

Mohammad Shafi Mir
Company Secretary

Place: Srinagar
Dated: 15th May, 2019

In terms of our report of even date annexed

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

For Verma Associates
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Partner
(M. No. 094713)

CA. Kamlesh Kumar Goel
Partner
(M. No. 015002)

Place: Srinagar
Dated: 15th May, 2019

Profit and Loss Account

for the year ended 31st March, 2019

	Schedule	Year Ended 31.03.2019 ₹ '000' Omitted	Year Ended 31.03.2018 ₹ '000' Omitted
I INCOME			
Interest Earned	13	76,755,605	66,214,004
Other Income	14	8,126,265	4,953,062
TOTAL		84,881,870	71,167,066
II EXPENDITURE			
Interest Expended	15	42,916,327	37,506,054
Operating Expenses	16	24,786,580	19,842,255
Provisions and Contingencies		12,530,155	11,791,559
TOTAL		80,233,062	69,139,868
III NET PROFIT / (LOSS)		4,648,808	2,027,198
TOTAL		84,881,870	71,167,066
IV APPROPRIATIONS		-	-
i) Transferred to			
ii) Statutory Reserve		1,162,202	506,799
iii) Capital Reserve		201,520	-
iv) Revenue and Other Reserve		2,907,286	1,520,399
v) Investment Fluctuation Reserve		377,800	-
vi) Special Reserve		-	-
vii) Proposed Dividend		-	-
Tax on Dividend		-	-
TOTAL		4,648,808	2,027,198
Principal Accounting Policies	17.		
Notes on Accounts	18.		
Earnings per Share (Basic/Diluted)		8.35	3.64

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

Parvez Ahmed
Chairman & CEO
DIN : 03467232

Dr. Arun Kumar Mehta, I.A.S
Director
DIN : 02712778

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Director
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Vikram Gujral
Director
DIN : 03637222

Rakesh Gandotra
President (CFO)

Mohammad Shafi Mir
Company Secretary

Place: Srinagar
Dated: 15th May, 2019

In terms of our report of even date annexed

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

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(M. No. 094713)

CA. Kamlesh Kumar Goel
Partner
(M. No. 015002)

Place: Srinagar
Dated: 15th May, 2019

Schedules to the Balance Sheet

as at 31st March, 2019

	As at 31.03.2019 ₹ '000' Omitted	As at 31.03.2018 ₹ '000' Omitted
SCHEDULE 1 - CAPITAL		
AUTHORISED CAPITAL		
950,000,000 (P.Y. 950,000,000)		
Equity Shares of ₹1/- each	950,000	950,000
ISSUED :-		
557,076,392 (P.Y. 557,076,392) Equity Shares of ₹1/- each	557,076	557,076
SUBSCRIBED AND PAID-UP CAPITAL		
556,858,392 (P.Y. 556,858,392)		
Equity Shares of ₹1/- each	556,858	556,858
Add Forfeited Equity Shares (218,000) (P.Y. 218,000)	144	144
TOTAL	557,002	557,002
SCHEDULE 2 - RESERVES & SURPLUS		
I. STATUTORY RESERVES		
Opening Balance	20,541,016	20,034,217
Additions during the year	1,162,202	506,799
TOTAL	21,703,218	20,541,016
II. CAPITAL RESERVES		
Opening Balance	708,457	708,457
Additions during the year	201,520	-
TOTAL	909,977	708,457
III. SHARE PREMIUM		
Opening Balance	6,115,712	3,331,236
Additions during the year	-	2,784,476
TOTAL	6,115,712	6,115,712
IV. INVESTMENT FLUCTUATION RESERVE		
Opening Balance	-	-
Additions during the year	377,800	-
Drawn Down to Revenue and other Reserves	-	-
TOTAL	377,800	-
V. REVALUATION RESERVE FIXED ASSETS		
Opening Balance	6,201,816	6,348,124
Additions during the year (Refer Note No 3 (b))	-144,335	-146,309
TOTAL	6,057,481	6,201,815
VI. SPECIAL RESERVE (U/S 36 (I) (Viii) of I. Tax Act, 1961		
Opening Balance	1,231,600	1,231,600
Additions during the year	-	-
TOTAL	1,231,600	1,231,600
VII. REVENUE AND OTHER RESERVES		
Opening Balance	26,256,545	24,589,838
Additions during the year	3,051,621	1,666,707
Drawn down from Investment Reserve	-	-
TOTAL	29,308,165	26,256,545
TOTAL (I,II,III,IV,V,VI & VII)	65,703,953	61,055,145

Schedules to the Balance Sheet

as at 31st March, 2019

	As at 31.03.2019 ₹ '000' Omitted	As at 31.03.2018 ₹ '000' Omitted
SCHEDULE 3 - DEPOSITS		
A I. Demand Deposits		
i) From Banks	1,232,134	1,109,164
ii) From Others	112,391,699	111,605,146
TOTAL (I & ii)	113,623,833	112,714,310
II. Saving Bank Deposits	340,802,469	294,432,041
III. Term Deposits		
i) From Banks	31,424,118	23,231,344
ii) From Others	410,538,542	369,687,286
TOTAL (I & ii)	441,962,660	392,918,630
TOTAL A (I+II+III)	896,388,962	800,064,981
B. I. Deposits of branches in India	896,388,962	800,064,981
II. Deposits of branches outside India	Nil	Nil
TOTAL B (I+II)	896,388,962	800,064,981
SCHEDULE 4 - BORROWINGS		
I. Borrowings in India		
i) Reserve Bank of India	-	-
ii) Other Banks	-	-
iii) Unsecured Redeemable Debentures/Bonds (Subordinate Debt & BASEL III for Tier I & Tier II Capital)	26,000,000	16,000,000
iv) Other Institutions & Agencies	239,561	283,357
TOTAL (i to iv)	26,239,561	16,283,357
II. Borrowings outside India	-	-
GRAND TOTAL (I & II)	26,239,561	16,283,357
Secured borrowings included in I & II above	Nil	Nil
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
i) Bills Payable	2,753,577	2,921,964
ii) Inter Office Adjustments (Net)	-	-
iii) Interest Accrued on Non-cumulative deposits	290,422	441,225
iv) Deferred Tax Liability	-	-
v) Provision Against Standard Assets	4,388,330	4,776,474
vi) Other (Including Provisions)	17,741,064	10,776,021
TOTAL (i to vi)	25,173,393	18,915,684
SCHEDULE 6 - CASH & BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in Hand (Including Foreign Currency Notes)	4,547,393	2,996,968
II. Balance with Reserve Bank of India		
i) In Current Account	44,202,294	40,286,640
ii) In Other Accounts	-	-
TOTAL (I & II)	48,749,687	43,283,608

Schedules to the Balance Sheet

as at 31st March, 2019

	As at 31.03.2019 ₹ '000' Omitted	As at 31.03.2018 ₹ '000' Omitted
SCHEDULE 7 - BALANCE WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
i) Balance with Banks		
a) In Current Accounts	525,176	205,819
b) In Other Deposit Accounts	35	40,040
TOTAL (i)	525,211	245,859
ii) Money At Call and Short Notice		
a) With Banks	8,999,015	38,775,875
b) With Other Institutions	-	-
TOTAL (ii)	8,999,015	38,775,875
TOTAL (i & ii)	9,524,226	39,021,734
II. Outside India		
i) In Current Accounts	344,843	223,489
ii) In Other Deposit Accounts	-	-
iii) Money at Call & Short Notice	-	-
TOTAL II of (i, ii & iii)	344,843	223,489
GRAND TOTAL (I&II)	9,869,069	39,245,223
SCHEDULE 8 - INVESTMENTS		
I. Investments in India		
Gross	236,498,382	195,288,476
Less: Provision for Depreciation	484,421	746,827
Less: Provision for Investment (NPI)	4,408,931	5,741,353
Net Investments	231,605,030	188,800,296
i) Government Securities	185,065,245	171,970,358
ii) Other Approved Securities	-	-
iii) Shares (Pref. + Equity)	1,974,157	3,295,428
iv) Debentures and Bonds	15,901,370	7,307,685
v) Sponsored Institutions	456,748	456,748
vi) Others :		
a) Certificate of Deposit	27,048,561	4,227,060
b) Suitfile	-	-
c) Inv. In Subsidiary / or Joint Ventures	200,000	200,000
d) Venture Capital	239	239
e) Commercial Paper	-	-
f) Security Receipts	958,710	1,342,778
TOTAL (I)	231,605,030	188,800,296
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)	231,605,030	188,800,296
III. Investments Category-Wise		
i) Held to Maturity	171,555,746	150,629,821
ii) Held for Trading	-	30,014
iii) Available for Sale	60,049,284	38,140,461
TOTAL (III)	231,605,030	188,800,296

Schedules to the Balance Sheet

as at 31st March, 2019

	As at 31.03.2019 ₹ '000' Omitted	As at 31.03.2018 ₹ '000' Omitted
SCHEDULE 9 - ADVANCES		
A		
i) Bills Purchased and Discounted	10,706,271	5,551,122
ii) Cash Credits, Overdrafts and Loans Repayable on Demand	224,624,195	194,367,173
iii) Term Loans	427,384,606	369,209,150
TOTAL (i to iii)	662,715,072	569,127,445
B		
i) Secured by Tangible Assets	517,631,914	404,528,557
ii) Covered by Bank/Govt. Guarantees	10,003,898	5,815,705
iii) Unsecured	135,079,260	158,783,183
TOTAL (i to iii)	662,715,072	569,127,445
C		
I. Advances in India		
i) Priority Sector	217,007,830	178,249,859
ii) Public Sector	59,678,263	26,652,835
iii) Banks	193,899	309,482
iv) Non Priority Sector (Others)	385,835,080	363,915,269
TOTAL (i to iv)	662,715,072	569,127,445
II. Advances Outside India		
i) Due from Banks	Nil	Nil
ii) Due from Others	Nil	Nil
GRAND TOTAL (I & II)	662,715,072	569,127,445
SCHEDULE 10 - FIXED ASSETS		
I. Premises		
a) Gross Block at the beginning of the year	13,272,350	12,513,203
Additions during the year (Refer Note No 3 (b & c))	429,692	759,147
	13,702,042	13,272,350
Deductions during the year	-	-
Total	13,702,042	13,272,350
Depreciation to date	1,952,153	1,742,995
Total (a)	11,749,889	11,529,355
b) Constructions work in progress	289,618	165,488
TOTAL (I) [a+b]	12,039,507	11,694,843
II. Other Fixed Assets		
(Including Furniture & Fixtures)		
Gross Block at the beginning of the year	11,684,483	10,327,496
Additions during the year	1,097,572	1,533,225
	12,782,055	11,860,721
Deductions during the year	42,659	176,238
	12,739,396	11,684,483
Depreciation to date	8,031,954	7,233,408
TOTAL (II)	4,707,442	4,451,075
GRAND TOTAL (I & II)	16,746,949	16,145,918

Schedules to the Balance Sheet

as at 31st March, 2019

	As at 31.03.2019 ₹ '000' Omitted	As at 31.03.2018 ₹ '000' Omitted
SCHEDULE 11 - OTHER ASSETS		
I. Interest Accrued but not Due	4,309,753	4,122,520
II. Interest Accrued and Due	-	-
III. Inter Office Adjustment (Net)	723,502	689,020
IV. Tax paid in Advance/Tax Deducted at Source (Net of Provisions)	1,227,376	3,591,806
V. Stationery and Paper in Hand	54,771	61,353
VI. Deferred Tax Asset	2,978,302	2,204,359
VII. Others	35,083,362	29,604,621
TOTAL (I to VII)	44,377,066	40,273,679
SCHEDULE 12 - CONTINGENT LIABILITIES		
I. Claims against the Bank not acknowledged as debts	5,947,960	4,005,878
II. Liability for partly paid investments	-	-
III. Liability on account of outstanding Forward Exchange Contracts	24,251,115	22,701,004
IV. Guarantees given on behalf of constituents:-		
a) In India	22,299,278	20,092,863
b) Outside India	268,997	333,751
V. Acceptances, Endorsements & Other Obligations	10,089,900	10,038,746
VI. Other items for which the Bank is Contingently liable	-	32
VII. Liability on a/c of Depositors Education Awareness Fund (DEAF)	1,068,160	778,962
TOTAL (I to VII)	63,925,410	57,951,236

Schedules to the Profit & Loss Account

for the year ended 31st March, 2019

	Year ended 31.03.2019 ₹ '000' Omitted	Year ended 31.03.2018 ₹ '000' Omitted
SCHEDULE 13 - INTEREST EARNED		
I. Interest/Discount on Advances/Bills	59,352,427	49,777,398
II. Income on Investments (Net of Amortization)	15,519,904	14,315,841
III. Interest on Balances with RBI and other Inter Bank Funds	1,597,882	2,116,752
IV. Others	285,392	4,013
TOTAL (I to IV)	76,755,605	66,214,004
SCHEDULE 14 - OTHER INCOME		
I. Commission, Exchange & Brokerage	2,265,872	2,022,765
II. Profit /(Loss) on Sale of Investments	1,942,912	378,996
Profit on Sale of Investments	1,942,912	378,996
Less: Loss on sale of investments	-	-
III. Profit /(Loss) on revaluation of Investments	181,880	96,792
Profit on revaluation of Investments	181,880	96,792
Less: loss on revaluation of investments	-	-
IV. Profit/(Loss) on Sale of Land, Buildings & Other Assets	1,721	(2,496)
Profit on Sale of Land, Buildings & Other Assets	6,168	5,177
Less: Loss on Sale of Land, Buildings & Other Assets	4,447	7,673
V. Profit /(Loss) on Exchange Transactions	6,849	18,378
Profit on Exchange Transactions	6,849	18,378
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	3,727,031	2,438,627
TOTAL (I to VII)	8,126,265	4,953,062
SCHEDULE 15 - INTEREST EXPENDED		
I. Interest on Deposits	40,191,020	36,123,411
II. Interest on RBI/Inter-Bank Borrowings	411,403	246,950
III. Others/Subordinate Debt	2,313,904	1,135,693
TOTAL (I to III)	42,916,327	37,506,054
SCHEDULE 16 - OPERATING EXPENSES		
I. Payments to and provisions for Employees	16,461,847	12,868,850
II. Rent, Taxes and Lighting	968,901	844,759
III. Printing and Stationery	117,414	106,528
IV. Advertisement and Publicity	201,410	228,537
V. Depreciation on Bank's Property	1,040,863	965,489
VI. Directors Fees, Allowances and Expenses	29,918	16,637
VII. Auditors Fees & Expenses (Including Branch Auditor's fees & Expenses)	195,037	175,101
VIII. Law Charges	85,640	73,643
IX. Postage, Telegrams, Telephones etc.	46,699	58,620
X. Repairs and Maintenance	234,290	174,187
XI. Insurance	857,226	765,207
XII. Other Expenditure	4,547,335	3,564,697
TOTAL (I to XII)	24,786,580	19,842,255

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 ₹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-

Schedule 17

“Principal Accounting Policies”

quoted Mutual Fund Units is valued on the basis of the latest re-purchase price declared by the Mutual Fund in respect of each particular scheme. In case of Funds with a lock-in period, where repurchase price/market quote is not available, Units are valued at NAV. If NAV is not available, then these are valued at cost, till the end of the lock-in period. Wherever the re-purchase price is not available the Units are valued at the NAV of the respective scheme.

- vi. The individual scrip in the “held-for-trading” category are marked to market at weekly intervals and the net depreciation under each of the six classifications under which investments are presented in the Balance Sheet is accounted for in the Profit and Loss account and appreciation is ignored.
- vii. The depreciation in value of investments where interest/principal is in arrears is not set-off against the appreciation in respect of other performing securities. Such investments including Non-performing Non-SLR investments are treated applying 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 collateralised 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 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.

Schedule 17

“Principal Accounting Policies”

6. Fixed Assets/Depreciation

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

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

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.

Schedule 17

“Principal Accounting Policies”

b) Defined Benefit Plan

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

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

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

8. Revenue Recognition and Expenditure booking

Income and expenditure is accounted for on accrual basis unless otherwise stated.

- a) Interest and other income on advances/ investments classified as Non Performing Advances/ investments are recognized to the extent realized in accordance with the guidelines issued by the Reserve Bank of India.
- b) The recovery in Non-Performing Assets has been first appropriated towards amount of principal and thereafter towards amount of interest.
- c) Interest on overdue term deposits is provided at Savings Bank Rate of Interest.
- d) Fee, commission (other than insurance commission & Government business), exchange, locker rent, insurance claims and dividend on shares and units in Mutual Fund are recognized on realization basis.
- e) Income from interest on income tax/other tax refunds is accounted for on the basis of orders passed by the Competent Authorities.
- f) Unforeseen income/ expenses are accounted for in the year of receipt/ payment.
- g) Stationery issued to branches has been considered as consumed.

9. Credit Card reward Points

The Bank has estimated the probable redemption of reward points by not using actuarial method but has made 100% provision for redemption against the accumulated reward points in respect of standard card holders.

10. Net Profit/Loss

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

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

11. Taxes on Income

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

12. Contingency Funds

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

Schedule 18

“Notes on Accounts”

1. Reconciliation/adjustment of inter-bank/inter-branch transactions, branch suspense, Government Transactions, NOSTRO, System Suspense, Clearing, and Sundry Deposits is in progress on an ongoing basis. The impact, in the opinion of the management of the unreconciled 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 favourable appellate orders and interpretation of law, no further provision has been considered by the management in respect of the disputed demands.

3. Fixed Assets:

- a) Documentation formalities are pending in respect of certain immovable properties held by the bank valued at ₹5.61 crores (previous year ₹ 5.70 crores). In respect of immovable properties valued at ₹20.54 Crore (previous year ₹21.02 crores) bank holds agreement to sell along with the possession of the properties.
- b) Pursuant to the revised Accounting Standard 10 “Property, Plant & Equipment” applicable from 1st April 2017 depreciation of ₹14.43 crores (previous year being ₹ 14.63 crores) on the revalued portion of the fixed assets (being Premises & Land) has been transferred from the Revaluation reserve to Revenue reserve instead of crediting to Profit & Loss account.
- c) Depreciation is provided on straight line method in accordance with the provisions of Companies Act 2013 based on the useful life of the assets. 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 contributable to this software will flow to bank, is being capitalized and depreciation is charged at the rate of 33.33% on straight line method.

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 of ₹0.16 Crores (previous year ₹0.15 Crores) in respect of leased properties.

4. Capital

		(₹ in Crores)	
		BASEL-III	BASEL-III
S.No.	Particulars	31.03.2019	31.03.2018
i)	Common Equity Tier I Capital ratio (%)	9.13%	9.24%
ii)	Tier I Capital Ratio %	10.60%	9.24%
iii)	Tier II Capital Ratio %	1.86%	2.18%
iv)	Total Capital ratio (CRAR) (%)	12.46%	11.42%
v)	Percentage of shareholding of the Government of India in Public Sector Banks	NIL	NIL
vi)	Amount of Equity Capital raised during the year	NIL	282
vii)	Amount of additional Tier I capital raised during the year of which: Perpetual Debt Instruments	1000	NIL
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	500

Schedule 18

“Notes on Accounts”

Government of Jammu & Kashmir holds 59.23% of equity shares of the Bank as on 31.03.2019.

The subordinate debt of ₹600 Crores raised by way of Unsecured Redeemable Lower tier-II Bonds on 30.12.2009, maturing on 30.12.2019 has been shown under Borrowings as per RBI guidelines.

₹ 500 crores of Basel III compliant Tier II capital raised on 24th March 2017 & another ₹ 500 crores raised on 28th December 2017, maturing on 24th June 2022 & 27th December 2024 respectively and ₹ 1000 crore AT1 (Additional Tier-1) raised on 14th June, 2018 have been shown under Borrowings as per RBI guidelines.

Investments

5. The Bank has made a profit of ₹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 amount of ₹ 20.15 crore (after netting of taxes and required transfer to statutory reserves from such profit (previous year, Nil)) was transferred to Capital Reserve Account.
6. The Bank has ₹ 34,00,70,800 as share capital (previous year ₹ 34,00,70,800) and ₹ 11,66,76,915 in Tier II Perpetual bonds (previous year ₹ 11,66,76,915) in its sponsored Regional Rural Bank (J&K Grameen Bank).
7. (a) The total investment of the Bank in PNB MetLife India Insurance Company Limited stood at ₹61.08Crores as on 31.03.2019 (Previous year ₹102.19 Crores). In compliance with RBI Letter No. DBOD.BP/-17099/21.4.141/ 2008-09 dated 9th April 2009, the investment stands transferred to AFS Category on October 1st, 2009. The valuation has been carried out at an average of two independent valuation reports obtained from Category I Merchant Bankers as per RBI guidelines & the consequent appreciation has been ignored in view of the Accounting Policy in respect of such investments.

(b) Other income (Schedule 14) includes a profit of ₹ 143.89 Crores on account of sale of equity shares of PNB MetLife India Insurance Company Limited to Oman India Joint Investment Fund II. Post -sale the holding of the Bank in PNB MetLife India Insurance Co. Pvt Ltd has been reduced from 5.08% to 3.04%
8. a) RBI Circular No.DBR.No.BP.BC.113/21.04.048/2017-18,dated June 15,2018 grants banks an option to spread provisioning for mark to market (MTM) losses on investments held in AFS and HFT for the quarter ended June 30,2018 and the provisioning required may be spread equally over upto four quarters, commencing with the quarter ended June 30, 2018. The Bank has availed the said option since quarter ended June 30, 2018. However, there is no further provision required in respect of MTM losses as on 31.03.2019.

b) 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 created an Investment Fluctuation Reserve (IFR) for ₹37.78 crore on the trading profit (HFT and AFS) of the Bank for the Financial Year 2018-19 (Previous year, Nil)
9. During the FY 2018-19 Bank has raised capital by way of 10.50% Unsecured, Subordinated, Fully Paid-Up, Non-Convertible, Basel III compliant, Perpetual Debt Instruments in the nature of debentures for augmenting Additional Tier I Capital (“PDIs” or “Debentures”) for an amount of ₹ 1000 Crores (previous year ₹NIL) with IDBI Trusteeship Services Limited Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai-400001, as Debenture Trustee.

Schedule 18

"Notes on Accounts"

10. Details of Investments

(₹ in Crores)

S. No.	Particulars	As on	
		31.03.2019	31.03.2018
1.	Value of Investments		
	Gross Value of Investments		
	a) In India	23649.84	19528.85
	b) Outside India	NIL	NIL
	Provision for depreciation		
	a) In India	48.44	74.68
	b) Outside India	NIL	NIL
	Provision for NPI		
	a) In India	440.89	574.14
	b) Outside India	NIL	NIL
	Net Value of Investments		
	a) In India	23160.50	18880.03
	b) Outside India	NIL	NIL
2.	Movement of provisions held towards the depreciation on Investments		
	(i) Opening Balance	74.68	52.28
	(ii) Add: Provisions made during the year	11.87	84.63
	Less: Write-off/write back of excess provisions during the year	38.11	62.23
	(iii) Closing Balance	48.44	74.68

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

(₹ in Crores)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	365 Days Daily Average outstanding during the year	Outstanding as on 31 st March, 2019
Securities sold under Repo Government Securities	150.00	1000.00	60.10	0.00
(Previous Year)	150.00	175.00	11.99	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	13.00	3845.00	234.44	810.00
(Previous Year)	55.00	5074.00	1568.64	3845.00
i) Corporate Debt Securities	0	0	0	0
(Previous Year)	0	0	0	0

Schedule 18

"Notes on Accounts"

12. Non-SLR Investment portfolio

12.1 Issuer composition of Non SLR Investments

(₹ in Crores)

S. No.	Issuer	Amount	Extent of Private Placement	Extent of below Investment grade	Extent of unrated Securities	Extent of unlisted Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	PSUs	128.68	119.85	0.00	0.00	0.00
2	FIs (incl. NBFC's AIFI'S)	1157.68	1157.40	10.00	0.00	0.00
3	Banks(incl. CD's)	2773.36	68.50	5.00	0.00	0.00
4	Private Corporates (incl. CP's)	904.36	318.11	0.00	43.60	25.00
5	Subsidiaries/Joint Ventures	20.00	0.00	0.00	0.00	0.00
6	Others	159.10	0.00	0.00	0.00	0.00
	Total	5143.18				
7	Provision towards depreciation / NPI	489.20				
8	Total	4653.98				

The Bank's investment in unlisted securities as on 31.03.2019 is 1.07 % (previous year 0.46%) which is well within the RBI stipulated limit of 10%.

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

(₹ in Crores)

Particulars	Amount as on 31.03.2019	Amount as on 31.03.2018
NABARD	1029.76	903.60
RIDF	978.99	970.22
SIDBI/MUDRA	617.28	375.96
RHDF	298.51	257.78
TOTAL	2924.54	2507.56

12.2 Non-performing Non-SLR investments

(₹ in Crores)

Particulars	Amount as on 31.03.2019	Amount as on 31.03.2018
Opening Balance	653.22	569.67
Additions during the year	192.74	167.69
Reductions during the year	300.30	84.14
Closing Balance	545.66	653.22
Total Provision held (including floating provisions of ₹ 2.76 Crores)	443.65	576.90

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"Notes on Accounts"

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

The Bank has made a profit of ₹ 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 amount of ₹ 20.15 crore (after netting of taxes and required transfer to statutory reserves from such profit (previous year, Nil)) was transferred to Capital Reserve Account.

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

(₹ in Crores)

Particulars	As on 31.03.2019				As on 31.03.2018			
	HFT	AFS	HTM	Total	HFT	AFS	HTM	Total
Govt. Securities	0.00	1435.48	17071.04	18506.52	0.00	2217.23	14979.81	17197.04
Other approved securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Shares (Equity & Pref.)	0.00	197.42	0.00	197.42	3.00	326.54	0.00	329.54
Debentures & Bond	0.00	1571.28	18.86	1590.14	0.00	713.27	17.50	730.77
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	2800.76	45.67	2846.43	0.00	557.01	45.67	602.68
Total	0.00	6004.94	17155.57	23160.51	3.00	3814.05	15062.98	18880.03

13 Details of book value of investments in Security Receipts

(₹ in Crores)

Particulars	Backed by NPAs sold by the bank underlying		Backed by NPAs sold by other banks/financial institutions/ non-banking financial companies as underlying		Total	
	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year
Book Value	142.14	108.03	9.08	5.38	151.22	113.41

14. Derivatives

14.1 Forward Rate Agreement/Interest Rate Swap

(₹ in Crores)

S. No.	Particulars	Current Year	Previous Year
i)	The notional principal of swap agreements	NIL	NIL
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	NIL	NIL
iii)	Collateral required by the Bank upon entering into swaps	NIL	NIL
iv)	Concentration of credit risk arising from the swaps	NIL	NIL
v)	The fair value of the swap book	NIL	NIL

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"Notes on Accounts"

14.2 Exchange Traded Interest Rate Derivatives

(₹ in Crores)

S. No.	Particulars	Current Year	Previous Year
i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the Year (instrument-wise)	NIL	NIL
ii)	Notional principal amount of exchange traded interest rate derivatives outstanding (instrument-wise)	NIL	NIL
iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	NIL	NIL
iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	NIL	NIL

14.3 Disclosures on Risk exposures in derivatives

a) Qualitative Disclosures

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

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

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

b) Quantitative Disclosures

S. No.		31.03.2019		31.03.2018	
		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
(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

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"Notes on Accounts"

14.4 Forward Exchange contracts as on 31.03.2019

(₹ in Crores)	
Up to 14 days	446.67
Beyond 14 day	1978.43
Total	2425.10

15 Asset Quality

15.1 Non Performing Assets.

(₹ in Crores)			
S. No.	Particulars	Current Year	Previous Year
(i)	Net NPAs to Net Advances (%)	4.89%	4.90%
(ii)	Movement of NPAs (Gross)		
	a) Opening balance	6006.70	6000.01
	b) Additions during the year	2964.60	3104.69
	c) Reductions during the year	2749.95	3098.00
	d) Closing balance	6221.35	6006.70
(iii)	Movement of Net NPAs		
	a) Opening balance	2791.12	2425.37
	b) Additions during the year	1911.09	3417.72
	c) Reductions during the year	2749.96	3098.00
	d) Closing balance*	3239.61	2791.12
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	a) Opening balance **	3112.25	3425.29
	b) Provisions made during the year	1053.51	1222.72
	c) Write-off/write-back of excess provisions	1297.75	1535.75
	d) Closing balance	2868.01	3112.26

*Net NPA has been arrived at after adding net interest suspense of ₹0.00 Crores, Write-off/OTS of ₹ 1297.75 crores and by reducing net ECGC claims of ₹ 2.25Crores, Net Interest Capitalization of ₹1.62 Crores & reducing DIFV of ₹6.55 crores

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

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

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"Notes on Accounts"

16. Particulars of Accounts Restructured

(₹ in Crores)

Disclosure of Restructured A/cs	Restructured Accounts						SME						CDR						Others						Total												
	No. of borrowers		Amount		Provision		No. of borrowers		Amount		Provision		No. of borrowers		Amount		Provision		No. of borrowers		Amount		Provision		No. of borrowers		Amount		Provision		No. of borrowers		Amount		Provision		
	Std	S.Std	DF	Loss	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	Std	S.Std	DF	Loss	Total	Std	S.Std	DF	Loss	Total		
Restructured A/cs 01.04.2018	2	0	13	0	15	28951	134	81	25	29191	8993	375	1383	11	10762	37946	509	1477	36	39968																	
Fresh Restructuring in FY 2018-19	5.46	0.00	487.12	0.00	492.58	2919.52	4.91	130.52	0.72	3055.67	1736.43	261.95	577.95	8.42	2584.75	4661.41	266.86	1195.59	9.14	6133																	
Upgradations in FY 2018-19	0.27	0	286.44	0	286.71	145.98	0.87	35.44	0.72	183.01	86.82	40.85	236.49	8.42	372.58	233.07	41.72	558.37	9.14	842.3																	
Restructured Standard Advances which cease to attract higher provision at the beginning of next FY																																					
Downgradations in FY 2018-19																																					
Write-offs in FY 18-19	0	0	12	2	14	0	0	25	2	27	0	0	45	4	49	0	0	82	8	90																	
Restructured A/cs 31.03.2019	0	0	522.93	22.41	545.34	0	0	46.83	22.61	69.44	0	0	253.48	11.2	264.68	0	0	823.24	56.22	879.46																	
Provision	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0																	
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	29.16	0	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	131	4999.57																	
Provision	0.53	0	29.16	0	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	131	813.70																	

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"Notes on Accounts"

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

(₹ in Crores)

S. No.	Particulars	Current Year	Previous Year
1.	No of accounts	4	6
2.	Aggregate Value (net of provisions) of accounts sold to SC/RC	68.39	559.30
3.	Aggregate Consideration	134.03	948.45*
4.	Additional consideration realized in respect of accounts transferred in earlier years	0	0
5.	Aggregate gain/loss over net book value	65.64	389.15

*Cash+Security Receipts(SR) i.e. Cash: ₹923.81+SR ₹24.64Cr.

18. Details of non performing financial assets purchased.

(₹ in Crores)

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

18.1 Details of non performing financial assets sold.

(₹ in Crores)

S. No.	Particulars	Current Year	Previous Year
1)	No. of accounts sold	4	6
2)	Aggregate outstanding	745.46	1606.35
3)	Aggregate consideration received	134.03	948.45

18.2 Assets sold to Asset Reconstruction Companies (ARCs)

During the financial year four accounts (NPA/NPI) were sold to Asset Reconstruction Companies (ARCS). Against total principal NPA balance of ₹745.46Cr, the bank has received an amount of ₹134.03Cr, which constitutes 17.98% of the principal NPA/NPI. A collective Provisioning Coverage of these assets was to the tune of ₹677.07Cr constituting 90.83%. Thus in totality there has been a positive impact of ₹65.64Cr on the balance sheet of the bank as on 31.03.2019 and NPA/NPI outstanding got reduced by ₹745.46Cr. The transactions were carried out on 100% Cash only basis

(₹ in Crores)

No of accounts	NPA balance	Cash component	Security Receipts Component	Total	Provisioning Held
4	745.46	134.04	Nil	134.04	677.07

18.3 Purchase of Property:-

During the FY 2018-19, the bank has not purchased any non-banking asset under the provision of SARFAESI Act 2002.

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"Notes on Accounts"

19. Provisions on standard Assets

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Provision towards Standard Assets	438.83	477.65

20. Business Ratios

S.No.	Particulars	As on	
		31.03.2019	31.03.2018
(i)	Interest income as a percentage to working funds*	8.05%	8.06%
(ii)	Non-Interest income as a percentage to working funds*	0.85%	0.60%
(iii)	Operating Profit as a percentage to working funds*	1.80%	1.68%
(iv)	Return on Assets **	0.49%	0.25%
(v)	Business (deposits plus advances) per employee***	12.37 Crores	11.99 Crores
(vi)	Net Profit per employee	0.04 Crores	0.02 Crores

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

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

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

21. Asset Liability Management

(i) Maturity pattern of certain items of assets and liabilities as on 31.03.2019

i) Maturity Pattern of assets and liabilities as on 31-03-2019*

(₹ in lakhs)

	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 yr	Over 1 yr upto 3 yrs	Over 3 yrs upto 5 yrs	Over 5 yrs	TOTAL
Deposits	20632.34	119973.93	157841.58	248193.33	127710.39	103980.02	399025.93	907546.67	3571608.55	2448554.65	858822.22	8963889.62
Borrowings	0	0	0	0	0	0	0	60000	0	150889	51506.61	262395.61
Investments	268015.00	9975.77	0.00	14904.62	29433.50	140607.41	80969.57	116120.70	137919.46	505446.54	1012657.73	2316050.30
Advances	53604.36	173665.52	202906.22	48099.84	106944.21	167748.20	202932.03	593016.91	2524542.64	1359679.76	1194011.03	6627150.72

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

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“Notes on Accounts”

Details of Foreign currency Assets/Liabilities (Maturity Pattern) as on 31.03.2019

(₹ 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	307.74	160.51	240.59	193.52	553.60	0.36	17.94	0.00	1474.26
EURO	23.23	7.12	19.00	24.39	21.59	0.00	0.00	0.00	95.33
GBP	4.46	7.47	8.55	7.24	8.22	0.00	0.00	0.00	35.94
J.YEN	0.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.15
AUD	1.96	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.96
CAD	1.86	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.86
CHF	0.69	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.69
SAR	0.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.30
Total	340.39	175.1	268.14	225.15	583.41	0.36	17.94	0.00	1610.49
(Previous Year)	219.91	163.12	488.46	285.14	128.92	0.00	0.00	0.00	1285.55
LIABILITIES									
USD	296.19	179.18	240.52	195.15	555.75	5.48	0.00	0.00	1472.27
EURO	15.80	11.34	18.76	27.12	22.01	0.00	0.00	0.00	95.03
GBP	3.55	8.65	8.64	7.42	7.64	0.00	0.00	0.00	35.90
J.YEN	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AUD	0.00	1.48	0.00	0.00	0.00	0.00	0.00	0.00	1.48
CAD	0.00	1.98	0.10	0.00	0.00	0.00	0.00	0.00	2.08
CHF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	315.54	202.63	268.02	229.69	585.40	5.48	0.00	0.00	1606.76
(Previous year)	256.78	197.21	438.30	278.40	123.15	5.22	1.69	0.00	1300.75

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

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"Notes on Accounts"

22. Exposures

22.1 Exposure to Real Estate Sector

(₹ in Crores)

S.No.	Particulars	As on	
		31.03.2019	31.03.2018
1.	Direct Exposure		
(i)	Residential Mortgages	5682.68	3260.92
	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 ₹2678.44 Crores)(Previous Year ₹1601.14 Crores)		
(ii)	Commercial real estate	3864.14	3054.09
	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 securitised exposures		
(a)	Residential	0.00	0.00
(b)	Commercial real estate	0.00	0.00
2.	Indirect Exposure (Fund based & non fund based exposure on National Housing Bank and housing finance companies)	1108.78	3601.84
	Total Exposure to Real Estate	10655.60	9916.85

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

22.2. Exposure to Capital Market

(₹ in Crores)

S.No.	Particulars	Current Year	Previous Year
(i)	Direct investment in Equity shares, Convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt.	83.90	126.33
(ii)	Advances against shares/bonds /debentures or other securities or on clean basis to individuals for investments in shares (including IPOS/ESPOs), convertible bonds, convertible debentures and units of equity-oriented mutual funds	0.00	0.00
(iii)	Advances for any other purpose where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	0.00	0.00
(iv)	Advances for any other purpose to the extent secured by the collateral security of shares or convertible bonds or convertible debenture or units of equity oriented mutual funds i.e where the primary security other than shares /convertible bonds /convertible debentures /units of equity oriented mutual funds does not fully cover the advances	0.04	0.04

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S.No.	Particulars	Current Year	Previous Year
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stock brokers and market makers.	0.03	0.03
(vi)	Loans sanctioned to corporate against the security of shares/ bonds/ debentures or other securities or on clean basis for meeting promoters contribution to the equity of new companies in anticipation of raising resources	0.00	0.00
(vii)	Bridge loans to companies against expected equity flows /issues	0.00	0.00
(viii)	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	0.00	0.00
(ix)	Financing \to stock brokers for margin trading	0.00	0.00
(x)	All exposures to venture Capital Funds (both registered and unregistered)	0.02	0.02
Total		83.99	126.42

22.3 Risk category wise country exposure

(₹ in Crores)

Category	Risk Category	Exposure (net) as at March 2019	Provisions held as at March 2019	Exposure (net) as at March 2018	Provisions held as at March 2018
A1	Insignificant	55.36	Nil	64.62	Nil
A2	Low	1.68	Nil	1.39	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		57.04	Nil	66.01	Nil

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

23. Details of single borrower limit/ group borrower limit exceeded by the Bank as on 31.03.2019 :

Bank has exceeded only single borrower exposure limit in respect of Steel Authority of India by 3.26% over the prudential exposure ceiling as on 31.03.2019.

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

(₹ in Crores)

Particulars	2018-19	2017-18
Total amount of advances outstanding against charge over intangible securities such as the rights, licenses, authority etc.	0.00	0.00

25. Penalty imposed by Reserve Bank of India

Penalty imposed by Reserve Bank of India during the year ₹504.58 lakhs(Previous year ₹ 6.28 lakhs).

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"Notes on Accounts"

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

26.1 Accounting Standard 5

Net profit or loss for the period, prior period items and changes in accounting policies:

There is no material Prior Period item included in Profit & Loss Account required to be disclosed as per Accounting Standard-5 read with RBI Guidelines.

26.2 Accounting Standard 9- Revenue Recognition

There 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.

26.3 Accounting Standard 15 -Employees Benefit

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

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

I - Principal Actuarial Assumptions as the Balance Sheet date:

Actuarial Assumptions	PENSION		GRATUITY		LEAVE ENCASHMENT	
	31.3.2018	31.3.2019	31.3.2018	31.3.2019	31.3.2018	31.3.2019
Discount Rate	7.75%	7.80%	7.75%	7.80%	7.75%	7.80%
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%

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

(₹ in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Present value of Obligation 01.04.2018	938.07	368.62	221.01
Interest Cost	62.57	27.28	16.42
Current Service Cost	45.99	35.38	22.38
Benefits paid	(271.68)	(37.67)	(21.12)
Actuarial loss/ (gain) on obligations (Balancing figure)	237.50	57.05	35.17
Present Value of Obligations, 31.03.2019	1012.45	450.66	273.86

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

(₹ in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Fair Value of Plan Assets 01.04.2018	920.10	318.73	0.00
Expected return on Plan assets	72.30	28.17	0.00
Contributions by Bank/Employees	323.65	121.62	21.12
Benefits paid	(271.68)	(37.67)	(21.12)
Actuarial (loss)/ gain on Plan Assets (Balancing figure)	(36.46)	1.65	0.00
Fair Value of Plan Assets, 31.03.2019	1007.91	432.50	0.00

IV - Actual return on Plan Assets

(₹ in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Expected return on Plan Assets	72.30	28.17	0.00
Actuarial (loss)/ gain on Plan Assets	(36.46)	1.65	0.00
Actual Return on Plan Assets	35.84	29.82	0.00

V - Net Actuarial Gain/ (loss) recognized

(₹ in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Actuarial gain/ (loss) for the period - Obligation	237.50	57.05	35.17
Actuarial gain/ (loss) for the period - Plan Assets	(36.46)	1.65	0.00
Total Gain/ (Loss) for the period	273.96	55.40	35.17
Actuarial gain or (loss) recognized in the period	273.96	55.40	35.17
Unrecognized Actuarial gain/ (loss) at the end of the year	0.00	0.00	0.00

VI - Amount recognized in Balance Sheet & Related Analysis

(₹ in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Present value obligation, 31.03.2019	1012.45	450.66	273.86
Fair Value of Plan Assets, 31.03.2019	(1007.91)	(432.50)	0
Difference	4.54	18.16	273.86
Unrecognized Transitional Liability	0	0	0
Unrecognized Past Service cost - vested benefits - Carried Forward	0	0	0
Liability Recognized in the Balance Sheet	4.54	18.16	273.86
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)	-	-	-

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VII - Expense recognized in Profit and Loss Statement

(₹ in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Current Service Cost	45.99	35.38	22.38
Interest Cost	62.57	27.28	16.42
Expected return on Plan assets	(72.30)	(28.17)	0.00
Net Actuarial gain/ (loss) recognised in the year	273.96	55.40	35.17
Past Service Cost-recognised	0.00	0.00	0.00
Expenses recognized in the statement of profit and loss	310.22	89.89	73.97

VIII - Movement in Net liability to be recognized in Balance Sheet

(₹ in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Opening Net Liability	17.97	49.89	221.01
Expenses	310.22	89.89	73.97
Contributions paid	(323.65)	(121.62)	(21.12)
Closing Net Liability (Liability recognised in B/S in current period)	4.54	18.16	273.86

IX - Amount for the Current Period

(₹ in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Present value of Obligations, 31.03.2019	1012.45	450.66	273.86
Fair Value of Plan Assets, 31.03.2019	1007.91	432.50	0
Surplus/(Deficit) before unrecognised past service cost	(4.54)	(18.16)	(273.86)
Experience Adjustments in Plan Liabilities - (loss)/ gain	241.60	58.68	36.54
Experience Adjustments in Plan Assets (loss) / gain	(36.46)	1.65	N/A

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

Particulars	PENSION (%)	GRATUITY (%)
Government of India Securities	2.30	3.98
State Government Securities	1.10	51.94
High Quality Corporate Bonds	2.40	26.48
Equity Shares of listed companies	0	4.96
Funds managed by Insurer	94.20	1.40
Other- Bank Deposits and CD's	0	11.24
Total	100.00	100.00

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XI - Best estimate of contribution during next year

(₹ in Crore)

Particulars	PENSION (Funded)	GRATUITY (Funded)
Bank's best estimate of Contribution during next year	279.98	68.27

Particular Basis of assumption:

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

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

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

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

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

26.4 Accounting Standard 17 - Segment Reporting

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

(₹ in Crores)

Description	31.03.2019	31.03.2018
A Segment Revenue (Income)		
i. Treasury Operations	1952.74	1693.39
ii. Corporate/Wholesale Banking	2672.41	2170.12
iii. Retail Banking	4879.67	3838.58
iv. Other Banking Business	41.11	31.98
Total	9545.92	7734.07
(Less): Inter segment revenue	1057.74	617.36
Total Income from Operations	8488.19	7116.71
B Segment Results (Profit before tax)		
i. Treasury Operations	132.60	54.38
ii. Corporate /Wholesale Banking	350.67	264.23
iii. Retail Banking	1024.55	588.04
iv. Other Banking Business	41.11	29.35
v. Un-allocated Business	(889.19)	(576.87)
Total	659.73	359.13
C (Segment Assets)		
i. Treasury Operations	27523.61	25846.18
ii. Corporate/Wholesale Banking	31834.11	29632.54
iii. Retail Banking	42048.57	34208.72
iv. Other Banking Business	0.00	0.17
Total	101406.29	89687.61

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D.	(Segment Liabilities)		
i.	Treasury Operations	969.99	2547.32
ii.	Corporate /Wholesale Banking	27741.73	24854.98
iii.	Retail Banking	66068.47	56123.39
iv.	Other Banking Business	0.00	0.71
	Total	94780.19	83526.40
E.	Capital Employed (Segment Assets-Segment Liabilities)		
i.	Treasury Operations	26553.61	23298.86
ii.	Corporate/Wholesale Banking	4092.38	4777.55
iii.	Retail Banking	(24019.90)	(21914.66)
iv.	Other Banking Business	0.00	(0.54)
	Total	6626.10	6161.21

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

26.5 Accounting Standard 18 - Related party disclosures as on 31.03.2019

(₹In Crores)

Items/Related Party		J&K Grameen Bank (Associate)	JKB Financial Services Ltd. (Subsidiary)
Deposits	Balance as on date	1472.77	1.65
	Maximum Balance during the year	1472.77	3.94
Advances	Balance as on date	*11.67	NIL
	Maximum Balance during the year	11.67	NIL
Investments	Balance as on date	34.01	20.00
	Maximum Balance during the year	34.01	20.00
Interest Paid		109.00	0.19
Interest/Commission Received		1.58	NIL
Sale of Fixed Assets		NIL	0.04
Transfer of Current Assets/ Liabilities(Net)		NIL	NIL
Reimbursement of Expenses		NIL	3.47
IT Support Services		NIL	NIL

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

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

- The Jammu & Kashmir Asset Reconstruction Limited has been incorporated by Government of J&K and J&K Bank Ltd on 28.04.2017. The Bank has subscribed capital to the tune of ₹98 lakhs whereas Government of J&K has subscribed ₹102 lakh. The Bank has incurred ₹76,32,730/- towards incorporation expenses for the company. The Promoters i.e. J&K Government and Jammu & Kashmir Bank Limited are yet to release their respective shares towards the capital of the company.
- Salary of Key Managerial Personnel (KMP)

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(₹ in Lakhs)

Items/Related Party	K.M.P			
	Mr. Parvez Ahmed (Chairman)*	Mr. P K Tickoo (CFO)	Mr. Rakesh Gandotra (CFO)	Mr. Mohammad Shafi Mir (Company Secretary)
Period for which post held during FY 2018-19	12 months	3 month 7 days	8 months 24 days	12 months
Investments				
Interest/Commission Received				
Salary	66.11	7.25	17.61	14.37

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

26.6 Accounting standard 19 - Leases

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

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

Lease rent paid for operating leases are recognized as an expense in the Profit & Loss account in the year to which it relates. The lease rent recognized during the year is ₹59.36 crore (previous year being ₹55.90 crores)

26.7 Accounting standard 20 - Earning per share

	31.03.2019	31.03.2018
Net Profit available to Equity Share Holders (in Crores)	464.88	202.72
No. of Equity Shares	557076392	557076392
Basic/Diluted Earnings per share (in ₹)	8.35	3.64
Face value per share	₹1/-	₹1/-

26.8 Accounting Standard -21 (Consolidated Financial Statements)

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

26.9 Accounting standard 22 - Accounting for taxes on income

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

(₹ In Crores)

Timing Difference	Deferred Tax Asset	Deferred Tax Liabilities
Depreciation on Assets	-	54.16
Leave Encashment	97.45	-
Special Reserve	-	43.04
Wage Revision	59.40	-
Bad & Doubtful Assets	238.18	-

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Net Deferred Tax Asset as on 31.03.2019 : ₹297.83 Crores
Tax Impact for the year : ₹77.39 Crores

26.10 Accounting Standard 26-Intangible Assets

The Bank has incurred an amount of ₹142.33 Lakhs (previous year, ₹134.25 Lakhs) on Brand names bifurcated into two heads namely Business Unit Signage and Brand Strategy Project. Expenditure on Business Unit Signage amounting to ₹57.63 Lakhs (previous year, ₹52.79 Lakhs) has been debited under the head Furniture & Fixture, whereas, Brand strategy project expenses amounting to ₹84.70 Lakhs (Previous year, ₹81.46 Lakhs) 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 ₹5.78 Crores (previous year ₹9.65 crores) on account of purchase of computer software, not forming integral part of computers, and has capitalized the cost of the same.

26.11 Accounting Standard 28 - Impairment of Assets

Majority of Fixed Assets of the Bank are considered as Corporate Assets and not cash generating assets and in the opinion of Management there is no material impairment in these Fixed Assets. Regarding other Fixed Assets generating cash there is no material impairment. As such no provision is required as per AS-28 issued by ICAI.

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

In respect of Contingent Liabilities under each class shown as per Schedule 12, in the opinion of the Management, the possibility of any out flow in settlement is remote. A provision of ₹0.67 crores (Previous year ₹0.47 Crores) has been made during the year totaling to ₹12.58 crores (Previous year ₹11.91 Crores) upto 31.03.2019 against claims decreed against the Bank. Claims have not been acknowledged as debts owing to the appeal filed by the bank before the court of competent jurisdiction, pending adjudication.

27 ADDITIONAL DISCLOSURES

27.1 Provisions and Contingencies

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

Particulars	For the year ended	
	(₹ in Crores)	
	31.03.2019	31.03.2018
Tax Expense		
i) Income Tax	272.24	157.00
ii) Deferred Tax Liability/ (Asset)	(77.39)	(238.76)
Provision against NPA's	1053.51	1222.72
Provision for depreciation on investments	(26.24)	15.38
Provision for frauds and embezzlements	0.34	(0.08)
Provision for diminution in the fair value of restructured /rescheduled advances	(44.44)	(6.68)
Provision for Non Performing Investments	113.15	167.46
Other provisions & contingencies	-	-
Provision for contingent liabilities	0.67	0.47
Provision for Standard Assets	(38.81)	(138.36)
Total	1253.01	1179.16

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"Notes on Accounts"

28. Details/ Utilization of Floating Provisions

(₹ in Crores)

Particulars	For the year ended	
	31.03.2019	31.03.2018
Opening balance	348.72	348.72
Additions made during the year	0.00	0.00
Draw Down made during the year	0.00	0.00
Closing balance	348.72	348.72

29. Investments (Floating Provision)

(₹ in Crores)

Particulars	For the year ended	
	31.03.2019	31.03.2018
Opening balance	2.76	2.76
Additions made during the year	NIL	NIL
Utilization made during the year	NIL	NIL
Closing balance	2.76	2.76

30. Customer Complaints.

A	No. of complaints pending at the beginning of the Year	09
B	No. of complaints received during the Year	325
C	No. of complaints redressed during the year	328
D	No. of complaints pending at the end of the Year	06

31. Awards passed by Banking Ombudsman.

A	No. of unimplemented awards at the beginning of the Year	02
B	No. of Awards passed by the Banking Ombudsman during the Year	0
C	No. of Awards implemented during the year	02
D	No. of unimplemented Awards pending at the end of the Year	0

32. Foreign Exchange

- 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.
- Claims pending with ECGC is ₹225.17 crores (Previous year ₹225.17 crores)

33. 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 2018-19

34. Provision Coverage Ratio (PCR)

The provision coverage ratio (PCR) for the Bank as on 31st March 2019 is 64.30%(Previous Year 65.83%) which is calculated taking into account the total technical write offs made by the Bank.

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"Notes on Accounts"

35. Bancassurance Business:

The Bank has tie ups with PNB MetLife India Insurance Company Limited and Bajaj Allianz General Insurance Company Ltd for mobilizing insurance business both life and Non Life. The details of the commission earned by the Bank during FY 2018-19 on account of mobilizing said business is given hereunder:-

(₹ in Crores)

S No	Nature of income	Amount
1	For selling Life Insurance Policies	22.89
2	For selling Non Life Insurance Policies	18.22
Total		41.11

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

36.1 Concentration of Deposits

(₹ in Crores)

Particulars	31.03.2019	31.03.2018
Total Deposits of 20 largest depositors	10577.81	11464.50
Percentage of 20 largest deposits to total Deposits of the Bank	11.80%	14.33%

36.2 Concentration of Advances

(₹ in Crores)

Total Advances to twenty largest borrowers	13270.17
Percentage of advances of twenty largest borrowers to Total Advances of the Bank	19.13%

36.3 Concentration of Exposures

(₹ in Crores)

Total Exposure to twenty largest borrowers customers	13587.91
Percentage of exposures to twenty largest borrowers /customers to Total exposure of the bank on borrowers/customers	16.81%

36.4 Concentration of NPA's

(₹ in Crores)

Total Exposure to top four NPA accounts	1993.27
Percentage of exposure to top four NPA accounts to Total NPA exposure of the Bank	32.04%

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"Notes on Accounts"

37. Sector Wise Advances

(₹ in Crores)

S.No.	Priority Sector	Current Year			Previous Year		
		Outstanding Total Advances	Gross NPA's	Percentage of Gross NPA's to Total Advances in that Sector	Outstanding Total Advances	Gross NPA's	Percentage of Gross NPA's to Total Advances in that Sector
1	Agriculture & Allied Activities	6350.61	248.82	3.92	5751.56	265.95	4.62
2	Advances to Industries sector eligible as priority sector lending	3019.82	208.01	6.89	2552.93	417.52	16.35
3	Services	9700.02	207.27	2.14	8327.42	210.58	2.53
4	Personal Loans	2987.78	13.86	0.46	2481.37	16.82	0.68
	Sub-Total A	22058.23	677.96	3.07	19113.28	910.87	4.77
B	Non-Priority Sector						
1	Agriculture & Allied Activities	1088.10*	285.81	26.27	0	0	0.00
2	Industry	12029.96	3041.01	25.28	13306.82	4013.65	30.16
3	Services	18340.34	2114.18	11.53	16614.45	934.59	5.63
4	Personal loans	15855.58	102.39	0.65	11263.73	147.6	1.31
	Sub-Total B	47313.99	5543.39	11.72	41185	5095.84	12.37
	Gross Total	69372.22	6221.35	8.97	60298.28	6006.71	9.96

*Due to Reclassification in Current Year.

38. Movement of NPA's

(₹ in Crores)

Particulars	Current Year	Previous Year
Gross NPA's as on April 01, (Opening Balance)	6006.70	6001.01
Additions (Fresh NPA's) during the year	2964.60	3104.69
Sub Total : (A)	8971.30	9104.70
Less		
i) Upgradation	657.00	185.64
ii) Recoveries (Excluding Recoveries made from upgraded Accounts)	277.70	340.10
iii) Technical/ Prudential/ write offs	1307.86	1611.73
iv) Due to Compromise/settlement	507.39	960.53
Sub Total (B)	2749.95	3098.00
Gross NPA as on 31st March	6221.35	6006.70

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"Notes on Accounts"

39. Sector wise NPA's

S.No.	Sector	Percentage of NPA to Total advances in that sector
1	Agriculture & Allied activities	7.19
2	Industry (Micro & Small Medium and Large)	21.59
3	Services	8.28
4	Personal Loans	0.62

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

(₹ in Crores)

Particulars	Current Year	Previous Year
Opening balance of Technical/Prudential write-off accounts as at April 01	2162.16	1323.30
Add: Technical/Prudential write-offs during the year	892.00	1008.32
Sub Total:	3054.16	2331.62
Less: Recoveries made during the year	200.53	169.46
Closing balance as at March 31	2853.63	2162.16

41. Sector wise NPA's

(₹ in Crores)

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

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

Name of the SPV sponsored	
Domestic	Overseas
NIL	NIL

43. Divergence in the asset classification and provisioning:

In 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.

(₹ in Thousands)

S. No.	Particulars	Amount
1	Gross NPAs as on March 31, 2018 as reported by the bank	60067030
2	Gross NPAs as on March 31, 2018 as assessed by RBI	65157030
3	Divergence in Gross NPAs (2-1)	5090000
4	Net NPAs as on March 31, 2018 as reported by the bank	27911246
5	Net NPAs as on March 31, 2018 as assessed by RBI	31948246
6	Divergence in Net NPAs (5-4)	4037000
7	Provisions for NPAs as on March 31, 2018 as reported by the bank	31122554

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S. No.	Particulars	Amount
8	Provisions for NPAs as on March 31, 2018 as assessed by the RBI	32175554
9	Divergence in Provisioning (8-7)	1053000
10	Reported Net Profit after Tax (PAT) for the Year ended March 31, 2018	2027198
11	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2018 after taking into account the divergence in provisioning	974198

March 31 2018 is the close of the reference period in respect of which divergences were assessed

44. The Bank follows policy of providing interest on overdue time deposits at Saving Bank interest rates in conformity with guidelines of Reserve Bank of India.

45. Corporate Social Responsibility (CSR Activities)

Pursuant to section 135 of the Companies Act 2013, it is required to expend 2% of the average net profits made during three immediate preceding financial years for CSR activities. Accordingly, bank is required to spend ₹0.00Crores (Previous year ₹0.04Crores) for twelve months period ended 31st March 2019 against which bank has spent ₹12.46Crores (Previous year ₹31.71Crores).

- 46.**
- In Compliance to RBI Letter No. DBR.NO.BP.13018/21.04.048/2015-16 dated April 12, 2016, bank was required to make a provision @ 15% of the existing outstanding balance under Food Credit availed by State Government of Punjab. Now, the RBI vide letter no. BVV.BP.S 7201/21.04.132/2017-18 dated 08 February 2018 has allowed banks to write back the provision of 10%. However, The Bank continues to maintain 5% provisions and has maintained a provision of ₹8.80 crore against balance outstanding of ₹175.98 crores as on 31.03.2019 under Food credit availed by State Government of Punjab.
 - In view of flood during 2014 and disturbances during 2016, Bank rehabilitated affected borrowal accounts under RBI Master Directions issued for Relief Measures by Banks in areas affected by natural calamities. The total amount of rehabilitated/restructured advances stood at ₹ 3701.00 Crores (Flood & disturbances) as on 31.03.2019. The Bank has recognised funded interest aggregating ₹ 796.02 crores as interest income in these accounts upto 31st Dec 2017. The Bank has capitalised funded interest (net of recoveries) of ₹513.10 crores by staggering over five quarters beginning with 1st quarter ended 31st March 2018 in compliance of dispensation allowed to the Bank by Reserve Bank of India. Accordingly, the Bank has created interest capitalisation of ₹ 265.94 crores by corresponding debit to interest income in Profit & Loss account. The interest capitalisation stands completed by 31st March 2019.
 - In terms of RBI circular no. DBR.No.BP.BC.18/21.04.048/2018-19 dated January 1st 2019, Bank has restructured 2 accounts amounting to ₹ 1.106 crores.
 - The Bank has maintained classification of 350 MSME borrower accounts having aggregate outstanding balance of ₹23.95 crores 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.

47. 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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48. Movement in Provisioning for Credit Card Reward Point is set out below

(₹ in Crores)

Particulars	
Opening Provision Balance as on 01.04.2018	0.98
Provisions made during the Year	4.23
Redemption made during the Year	3.45
Closing Provision Balance as on 31.03.2019	1.76

49. Intra-Group Exposure

(₹ in Crores)

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

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

(₹ in Crores)

Particulars	Current Year 31.03.2019	Previous Year 31.03.2018
Opening balance of amounts transferred to DEAF	77.90	61.24
Add:- Amounts transferred to DEAF (During the Year)	32.32	18.48
Less : Amounts reimbursed by DEAF towards claims	3.40	1.82
Closing balance of amounts transferred to DEAF	106.82	77.90

51. Unhedged 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 Unhedged Foreign Currency Exposures (UFCE) from April 1, 2014 onwards.

Details of Incremental provisioning made by Bank towards this risk.

(₹ in Crores)

Particulars	Provision Held	
	Current Year 31.03.2019	Previous Year 31.03.2018
Opening balance	1.81	1.09
Additions during the year	0.75	0.72
Deductions during the year	1.21	0.00
Closing balance	1.34	1.81

The capital held by the Bank towards the foreign currency exposure amounts to ₹2.27 Crores (Previous Year ₹3.12 Crores)

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"Notes on Accounts"

52. Liquidity Coverage Ratio (LCR)

(₹ in Crores)

FY 2018-19	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)	13759.28	13739.80	11439.14	11369.10
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which	30115.56	2341.04	28959.89	2243.84
(i)	Stable deposits	13408.21	670.40	13042.50	652.11
(ii)	Less stable deposits	16707.35	1670.64	15917.39	1591.73
3	Unsecured wholesale funding ,of which	8575.32	2826.45	8836.08	3506.20
(i)	Operational Deposits (all counterparties)	4057.45	960.35	3311.74	777.37
(ii)	Non Operational deposits (all counterparties)	4517.87	1866.11	5524.35	2728.83
(iii)	Unsecured debt	0.00	0.00	0.00	0.00
4	Secured Wholesale funding	84.33	0.00	1637.32	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	13540.53	609.58	7266.85	542.50
7	Other contingent funding Obligations	3388.62	101.65	3326.04	99.78
8	Total cash outflows	55704.35	5878.73	50026.18	6392.32
Cash Inflows					
9	Secured Lending (e.g. reverse repo)	426.11	0.00	498.36	0.00
10	Inflows from fully performing exposure	2415.11	1782.13	1971.57	1248.77
11	Other cash inflows	0.00	0.00	0.00	0.00
12	Total cash inflows	2841.21	1782.13	2469.93	1248.77
			Total adjusted value		Total adjusted value
	TOTAL HQLA		13739.80		11369.10
	Total Net Cash Outflows		4096.60		5143.55
	Liquidity Coverage ratio (%)		335.40		221.04

Schedule 18

“Notes on Accounts”

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 Asset (HQLAs) that can be converted into cash to meet liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.

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 (MSF) and the Facility to Avail Liquidity for LCR (FALLCR). Cash& balances in excess of cash reserve requirement with RBI also constitute HQLA.

Average LCR of the Bank was 335.40% for the FY 2018-19 which is well above the requirement of 90% prescribed by RBI for the calendar year 2018 and 100% from January 2019 onwards.

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.

Schedule 18

"Notes on Accounts"

53. Disclosure on Remuneration

a)	Information relating to the composition and mandate of the Remuneration Committee.	<p>Bank has constituted the Nomination and Remuneration Committee of the Board pursuant to the requirement of the Reserve Bank of India and the Companies Act, 2013, which constitutes of following members of the Board.</p> <p>Dr. Arun Kumar Mehta, IAS (Member) Dr. Pronab Sen (Member) Mr. Azhar UI Amin (Member) Mr. Sunil Chandiramani (Member) Mr. Dhaman Kumar Pandoh (Member)</p>
b)	Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.	<ul style="list-style-type: none"> • Ensure effective governance of compensation, alignment of compensation with prudent risk taking. • Ensure effective supervisory oversight and engagement 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"> (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Key Management Personnel and other employees of the company; (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and (c) Remuneration to key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
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.	Performance of its management and employees are linked with the performance of the Bank as a whole. However in individual cases variable pay is withheld in case of low performance of individual Staff members.
e)	A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.	NIL
f)	Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms.	"Variable Pay" is being paid on monthly basis as a fixed percentage of "Basic Pay" & part of it will account for Payment of Dearness allowances / Pension Contribution & other allowances.

Schedule 18

"Notes on Accounts"

Quantitative Disclosure			
	Particulars	31.03.2019	31.03.2018
g)	Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	The Committee met three times during the year and total sitting fee of ₹5,60,000. was paid to the Members of the Committee	The Committee met four times during the year and total sitting fee of ₹420000/- was paid to the Members of the Committee
h)	i) Number of employees having received a variable remuneration award during the financial year.	NIL	NIL
	ii) (The quantitative disclosures should only cover Whole Time Directors / Chief Executive Officer/ Other Risk Takers)		
	iii) Number and total amount of sign-on awards made during the financial year.	NIL	NIL
	iv) Details of guaranteed bonus, if any, paid as joining / sign on bonus	NIL	NIL
	v) Details of severance pay, in addition to accrued benefits, if any.	NIL	NIL
i)	i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	NIL	NIL
	ii) Total amount of deferred remuneration paid out in the financial year.	NIL	NIL
j)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	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

54. The Principal Accounting Policies (Schedule 17) and Notes on Accounts (Schedule 18) form an integral part of these Accounts.

55. 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.

Parvez Ahmed
Chairman & CEO
DIN : 03467232

Dr. Arun Kumar Mehta, I.A.S
Director
DIN: 02712778

Mohammad Ashraf Mir
Director
DIN : 07586792

Dr. Pronab Sen
Director
DIN : 07831725

Dr. Sanjiv Agarwal
Director
DIN : 00110392

Sunil Chandiramani
Director
DIN : 00524035

Dhaman Kumar Pandoh
Director
DIN : 01332068

Rahul Bansal
Director
DIN : 01216833

Vikram Gujral
Director
DIN : 03637222

Rakesh Gandotra
President (CFO)

Mohammad Shafi Mir
Company Secretary

Place: Srinagar
Dated: 15th May, 2019

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. Salil Gupta
Partner
(M. No. 097922)
Place: Srinagar
Dated: 15th May, 2019

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

CA. Anil Gupta
Partner
(M. No. 094713)

CA. Kamlesh Kumar Goel
Partner
(M. No. 015002)

Cash Flow Statement

for the year ended 31st March, 2019

		2018-19 ₹ '000' Omitted	2017-18 ₹ '000' Omitted
A	CASH FLOW FROM OPERATING ACTIVITIES	(29,954,276)	23,623,374
B	CASH FLOW FROM INVESTING ACTIVITIES	(1,641,895)	(1,638,213)
C	CASH FLOW FROM FINANCING ACTIVITIES	7,686,096	6,684,308
	NET CHANGE IN CASH AND CASH EQUIVALENTS	(23,910,075)	28,669,469
D	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	82,528,831	53,859,362
E	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	58,618,756	82,528,831
A.	CASH FLOW FROM OPERATING ACTIVITIES:		
	Net Profit after Taxes	4,648,808	2,027,197
	Add : Provision for Taxes	1,948,457	(817,575)
	Net profit before taxes (i)	6,597,265	1,209,622
	Adjustment for :		
	Depreciation charges	1,040,863	925,442
	Provision for NPA's	10,535,129	12,227,238
	Provision on Standard Assets	(388,144)	(1,383,628)
	Depreciation on investment	(262,406)	153,786
	Provision for Non-Performing investment	1,131,478	1,674,553
	Other provisions	(434,359)	(62,815)
	Interest paid on subordinate Bonds (Financing Activities)	2,313,904	1,135,693
	Total Adjustment (ii)	13,936,465	14,670,269
	Operating profit before change in Operating assets & liabilities (i) + (ii)	20,533,730	15,879,891
	Adjustment for changes in Operating Assets & Liabilities		
	Increase / (Decrease) in Deposits	96,323,981	75,434,052
	Increase / (Decrease) in Borrowings	(43,796)	(1,477,131)
	Increase / (Decrease) in Other liabilities & provisions	5,504,299	(7,409,532)
	(Increase) / Decrease in investments	(42,542,328)	23,954,810
	(Increase) / Decrease in Advances	(103,678,320)	(83,126,802)
	(Increase) / Decrease in Other Assets	(5,693,872)	2,163,651
	Net Cash flow from Operating activities (iii)	(50,130,036)	9,539,048
	Cash generated from operation (i + ii + iii)	(29,596,306)	25,418,939
	Less : Tax paid	357,970	1,795,565
	TOTAL : (A)	(29,954,276)	23,623,374
B.	CASH FLOW FROM INVESTING ACTIVITIES :		
	a) Fixed Assets	(1,641,895)	(1,638,213)
	b) Investment in Subsidiary	-	-
	TOTAL : (B)	(1,641,895)	(1,638,213)

Cash Flow Statement

for the year ended 31st March, 2019

		2018-19 ₹ '000' Omitted	2017-18 ₹ '000' Omitted
C.	CASH FLOW FROM FINANCING ACTIVITIES:		
	a) Share Capital	-	35,525
	b) Equity Share Warrants	-	-
	c) Share Premium	-	2,784,476
	d) Tier I & II Bonds	10,000,000	5,000,000
	e) Dividend & Dividend Tax Paid	-	-
	f) Interest Paid on Subordinate Debt	(2,313,904)	(1,135,693)
	TOTAL :(C)	7,686,096	6,684,308
D.	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	a) Cash in hand & Balance with RBI	43,283,608	35,909,731
	b) Balance with Banks & Money at Call & Short Notice	39,245,223	17,949,631
	TOTAL :(D)	82,528,831	53,859,362
E.	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
	a) Cash in hand & Balance with RBI	48,749,687	43,283,608
	b) Balance with Banks & Money at Call & Short Notice	9,869,069	39,245,223
	TOTAL :(E)	58,618,756	82,528,831

Disclaimer: Due to rounding, numbers presented may not add up precisely to the totals provided.

Parvez Ahmed
Chairman & CEO
DIN : 03467232

Dr. Arun Kumar Mehta, I.A.S
Director
DIN: 02712778

Mohammad Ashraf Mir
Director
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Vikram Gujral
Director
DIN : 03637222

Rakesh Gandotra
President (CFO)

Mohammad Shafi Mir
Company Secretary

Place: Srinagar
Dated: 15th May, 2019

The above Cash Flow Statement has been taken on record by the Board of Directors in its meeting held on 15th May, 2019 at Srinagar.

Auditors Certificate

We have verified the attached 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, 2019 and March 31st, 2018. 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.

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
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CA. Salil Gupta
Partner
(M. No. 097922)

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Partner
(M. No. 081631)

CA. Anil Gupta
Partner
(M. No. 094713)

CA. Kamlesh Kumar Goel
Partner
(M. No. 015002)

Place: Srinagar
Dated: 15th May, 2019

Independent Auditors Report

To
The Members of
The Jammu & Kashmir Bank Limited

Report on the 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 (together, the Group) comprising of the consolidated Balance Sheet as at 31st March 2019, 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'). Also incorporated in these financial statements are the returns of 61 Branches/offices audited by us and 913 branches/offices audited by statutory branch Auditors and one subsidiary audited by the subsidiary company auditor. The branches/offices audited by us and those audited by 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, the aforesaid consolidated financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 in the manner so required for banking Companies and are in conformity with accounting principles generally accepted in India and give a true and fair view of the state of affairs of the Bank as at 31st March 2019, and its profit and its 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 Financial Statements section of our report. We are independent of the Group 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.

Emphasis of Matter

4. We draw attention to Note 46(b) of the financial statements, that in view of flood during 2014 and disturbances during 2016, Bank rehabilitated affected borrowal accounts under RBI Master Directions issued for Relief Measures by Banks in areas affected by natural calamities. The total amount of rehabilitated/restructured advances stood at ₹ 3701.00 Crores (Flood & disturbances) as on 31.03.2019. The Bank has recognised funded interest aggregating ₹ 796.02 crores as interest income in these accounts up to 31st Dec 2017. The Bank has capitalised funded interest (net of recoveries) of ₹ 513.10 crores by staggering over five quarters beginning with 1st quarter ended 31st March 2018 in compliance of dispensation allowed to the Bank by Reserve Bank of India. Accordingly, the Bank has created interest capitalisation of ₹ 265.94 crores by corresponding debit to interest income in Profit & Loss account. The interest capitalisation stands completed by 31st March 2019. Our opinion is not modified in respect of this matter.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

A. IT Systems & Controls

Description of Key Audit Matter

The bank is highly dependent on the reliability, integrity and availability of financial data from its electronic data processing system (MIS). We relied on automated controls and effectiveness of such controls over IT systems.

We observed that the bank is still using the older version of CBS platform (Finacle Core 7.0.25) and has not upgraded to higher version. Core Banking Solutions (CBS) is not biometric enabled and thus access controls require improvement.

Description of Auditor's Response

We performed test of controls and test of details on sample basis. We also relied on the reports of the branch auditors. We have relied on management assertion that the steps are underway to upgrade the system.

B. Provisions and contingencies

Description of Key Audit Matter

As per extant guidelines of RBI the Banks should put in place a Board-approved policy for making provisions for standard assets at rates higher than the regulatory minimum, based on evaluation of risk and stress in various sectors. The bank has not provided for stressed assets which are regularly classified as SMA. Policy also needs to be refined for making provision on Non-Fund exposure to those Non-Performing borrowers where guarantees are still alive but not devolved.

Description of Auditor's Response

The bank has agreed to formulate suitable policy to provide for Standard Accounts under stress.

Responsibilities of Management and Those Charged with Governance for the consolidated Financial Statements

6. The Group's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these consolidated financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and

presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the audit of the Financial Statements

7. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements 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 financial statements. 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.

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

8. We did not audit the financial statements / information of 913 branches/offices included in the consolidated financial statements of the Group, whose financial statements / financial information reflect total advances of ₹ 65,321.55 Crores as at 31st March 2019, as considered in the consolidated financial statements. The financial statements / information of these branches have 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 is not modified in respect of this matter.
9. The accompanying consolidated financial statements include total assets of 20,61,42 thousands as at 31st March 2019, and total revenues of 5,35,85 thousands, net cash outflows of 3,37,07 thousands and loss of 71,50 thousands for the year ended on that date, in respect of one subsidiary, which has been audited by other auditor, which financial statements, other financial information and Auditors reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of subsection(3) of section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of such other auditor. Our opinion on the consolidated financial statements and our report on other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other Auditor.
10. 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 ₹98 lakhs whereas Government of J&K has subscribed ₹102 lakhs. The Bank has incurred ₹76, 32,730/- towards incorporation expenses for the company. The State Government has not released the initial Share Capital to the tune of ₹102 Lakhs and the Bank has also not received share certificate till reporting date.

Report on Other Legal and Regulatory Requirements

11. 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.

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. 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/ 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 31 March 2019 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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 - Refer Note No.26.12 of 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

CA. Salil Gupta
Partner
(M. No. 097922)

Place: Srinagar
Dated: 15th May, 2019

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

CA. Kamlesh Kumar Goel
Partner
(M. No. 015002)

Annexure-A to Para 12 of independent auditor's report of even date on the Consolidated 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 FY.2018-19

Sl. No.	Directions/Sub directions	Auditor's comments including action taken wherever required	Impact on accounts and financial statements
1	If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process	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.	There are cases of waiver/write off of debts/ loans/ interest etc. amounting to ₹ 20.18 Crores in addition to the waiver of unapplied interest of ₹ 527.46 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. During the financial year four accounts (NPA) were sold to Asset Reconstruction Companies (ARC). having total principal NPA balance of ₹745.46 Crores, and unapplied interest of ₹362.15 Crores against sale proceeds of ₹134.03 Crores resulting in sacrifice of ₹ 973.58 Crores	Waiver/Write off resulted in loss of ₹547.64 Crores. Sale of NPAs to ARC resulted in release of Provision held by ₹677.07 Crores and increase of profits by equivalent amount. This has also resulted in reduction in NPAs by ₹ 745.46 Crores.
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 472 Cases involving ₹582.25 Crores pending legal/arbitration cases being claims against the bank not acknowledged as debts.	There was no such item in pending legal/arbitration cases which required provisioning.
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 10 restructured standard accounts with total outstanding of ₹414.84 Crores as restructuring was not in compliance of extant guidelines. Additional provision for ₹ 136.21 Crores was provided by the bank as on 31.03.2019	Total provision for ₹156.95 Crores was required and bank has having of ₹20.74 Crores only and as such additional provision for ₹136.21 Crores was created as per RBI directions. This resulted in reduction of Profits by ₹136.21 Crores

Sl. No.	Directions/Sub directions	Auditor's comments including action taken wherever required	Impact on accounts and financial statements
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 ₹ 10.43 Crores for maintaining and development of these parks.	The expenditure amounting to ₹ 10.43 Crores have been incurred and revenue of ₹ 1.96 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 the reports of the Branch Auditors, some branches attempted window dressing by inflating deposits aggregating ₹ 5.65 Crores at the reporting date which were repaid immediately after close of the year.	There has resulted in overstatement of deposits and Advances by ₹ 5.65 Crores. However impact was not material on the overall deposit portfolio.
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 made deposits of low yield interest with the following designated agencies as on 31-03-2019: PARTICULARS (₹ In Crores) NABARD :- 927.31 RIDF :- 978.99 SIDBI :- 617.28 NHB :- 298.51 Mudra :- 102.45 TOTAL :- 2924.54	The impact on the financial health is lower rate of return of interest ranging from 3.25% p.a. to 4.75% p.a. received from the agencies with which deposits were made for shortfall.
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 ₹ 384.63 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 ₹ 59.10 Crores and reversal of unrealized interest ₹ 6.98 Crores was suggested.	Auditors identified the said NPAs, where by advances of ₹ 384.63 Crores have been downgraded from the banks standard assets classification. The impact thereof on profit is as follows: 1. Interest Reversal: ₹ 6.98 Crores 2. Increase in NPA provision ₹ 59.10 Crores
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 complied with the instructions/ guidelines issued from time to time by RBI and comply with the Policy framed for the same.	Nil

Sl. No.	Directions/Sub directions	Auditor's comments including action taken wherever required	Impact on accounts and financial statements																		
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 1903 expired guarantees amounting to ₹ 311.53 Crores 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	<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>S.no.</th> <th>Land</th> <th>Area</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Vashi, Mumbai (1stFloor)</td> <td>5400Sq.ft</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 Sq.ft.</td> </tr> <tr> <td>4.</td> <td>Kargil</td> <td>1 Kanal 4 Marla</td> </tr> <tr> <td>5.</td> <td>Currency Chest</td> <td>2 Kanals</td> </tr> </tbody> </table> <p>It is advised to complete the documentation for clear title at the earliest.</p>	S.no.	Land	Area	1.	Vashi, Mumbai (1stFloor)	5400Sq.ft	2.	Budgam	4 Kanals	3.	Ansal Plaza, Khelgaon	17787 Sq.ft.	4.	Kargil	1 Kanal 4 Marla	5.	Currency Chest	2 Kanals	The acquisition value of the said lands/properties has been capitalized and the value as on 31.03.2019 is ₹ 26.16 Crores.
S.no.	Land	Area																			
1.	Vashi, Mumbai (1stFloor)	5400Sq.ft																			
2.	Budgam	4 Kanals																			
3.	Ansal Plaza, Khelgaon	17787 Sq.ft.																			
4.	Kargil	1 Kanal 4 Marla																			
5.	Currency Chest	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																		

Sl. No.	Directions/Sub directions	Auditor's comments including action taken wherever required	Impact on accounts and financial statements
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 break-even 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

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

CA. Salil Gupta
Partner
(M. No. 097922)

Place: Srinagar
Dated: 15th May, 2019

For Verma Associates
Chartered Accountants
FRN: 02717N

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

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

CA. Anil Gupta
Partner
(M. No. 094713)

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

CA. Kamlesh Kumar Goel
Partner
(M. No. 015002)

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. In conjunction with our audit of consolidated financial statements of the company as of and for the year ended 31st March 2019, we have audited the internal financial controls over financial reporting of Jammu and Kashmir Bank Limited ('hereinafter referred to as "the Holding Company"') and its Subsidiary Company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its Subsidiary Company, which are companies incorporated in India are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the 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 Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') 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 Group's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

6. A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that:
- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
 - provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

- (c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Holding Company and its Subsidiary Company, which are Companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2019, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

9. Our aforesaid reports u/s.143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relate to one subsidiary company, which is a company incorporated in India, is based on the corresponding report of the auditor of such company.

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

CA. Salil Gupta
Partner
(M. No. 097922)

Place: Srinagar
Dated: 15th May, 2019

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

CA. Anil Gupta
Partner
(M. No. 094713)

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

CA. Kamlesh Kumar Goel
Partner
(M. No. 015002)

Consolidated Balance Sheet

as at 31st March, 2019

	Schedule	As at 31.03.2019 ₹ '000' Omitted	As at 31.03.2018 ₹ '000' Omitted
CAPITAL AND LIABILITIES			
Capital	1	557,002	557,002
Reserves and Surplus	2	65,660,548	61,018,890
Deposits	3	896,368,323	800,045,331
Borrowings	4	26,239,561	16,283,357
Other Liabilities and Provisions	5	25,222,827	18,939,811
TOTAL		1,014,048,261	896,844,391
ASSETS			
Cash and Balance with Reserve Bank of India	6	48,749,687	43,283,608
Balance with Banks & Money at Call & Short Notice	7	9,973,402	39,316,837
Investments	8	231,405,030	188,600,296
Advances	9	662,715,072	569,127,445
Fixed Assets	10	16,753,170	16,148,811
Other Assets	11	44,451,900	40,367,394
TOTAL		1,014,048,261	896,844,391
Contingent Liabilities	12	63,925,410	57,951,236
Bills for Collection		14,436,629	11,935,341
Principal Accounting Policies	17		
Notes on Accounts	18		

The Schedules Referred to above and the attached Cash Flow Statement form an integral part of the Balance Sheet

Parvez Ahmed
Chairman & CEO
DIN : 03467232

Dr. Arun Kumar Mehta, I.A.S
Director
DIN: 02712778

Mohammad Ashraf Mir
Director
DIN : 07586792

Dr. Pronab Sen
Director
DIN : 07831725

Dr. Sanjiv Agarwal
Director
DIN : 00110392

Sunil Chandiramani
Director
DIN : 00524035

Dhaman Kumar Pandoh
Director
DIN : 01332068

Rahul Bansal
Director
DIN : 01216833

Vikram Gujral
Director
DIN : 03637222

Rakesh Gandotra
President (CFO)

Mohammad Shafi Mir
Company Secretary

Place: Srinagar

Dated: 15th May, 2019

In terms of our report of even date annexed

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

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Partner
(M. No. 094713)

CA. Kamlesh Kumar Goel
Partner
(M. No. 015002)

Place: Srinagar

Dated: 15th May, 2019

Consolidated Profit and Loss Account

for the year ended 31st March, 2019

	Schedule	Year Ended 31.03.2019 ₹ '000' Omitted	Year Ended 31.03.2018 ₹ '000' Omitted
I INCOME			
Interest Earned	13	76,755,605	66,214,004
Other Income	14	8,174,779	5,008,401
TOTAL		84,930,384	71,222,405
II EXPENDITURE			
Interest Expended	15	42,911,256	37,501,945
Operating Expenses	16	24,850,512	19,902,021
Provisions and Contingencies		12,530,155	11,791,559
TOTAL		80,291,923	69,195,525
III NET PROFIT / (LOSS)		4,638,461	2,026,880
TOTAL		84,930,384	71,222,405
IV APPROPRIATIONS		-	-
i) TRANSFERRED TO			
ii) Statutory Reserve		1,159,615	506,720
iii) Capital Reserve		201,520	-
iv) Revenue and Other Reserve		2,899,526	1,520,160
v) Investment Fluctuation Reserve		377,800	-
vi) Special Reserve		-	-
vii) Proposed Dividend		-	-
Tax on Dividend		-	-
TOTAL		4,638,461	2,026,880
Principal Accounting Policies	17		
Notes on Accounts	18		
Earnings per Share (Basic/Diluted)		8.35	3.63

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

Parvez Ahmed
Chairman & CEO
DIN : 03467232

Dr. Arun Kumar Mehta, I.A.S
Director
DIN : 02712778

Mohammad Ashraf Mir
Director
DIN : 07586792

Dr. Pronab Sen
Director
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Director
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President (CFO)

Mohammad Shafi Mir
Company Secretary

Place: Srinagar

Dated: 15th May, 2019

In terms of our report of even date annexed

For O P Garg & Co
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Partner
(M. No. 094713)

CA. Kamlesh Kumar Goel
Partner
(M. No. 015002)

Place: Srinagar

Dated: 15th May, 2019

Schedules to the Consolidated Balance Sheet

as at 31st March, 2019

	As at 31.03.2019 ₹ '000' Omitted	As at 31.03.2018 ₹ '000' Omitted
SCHEDULE 1 - CAPITAL		
AUTHORISED CAPITAL		
950,000,000 (P.Y. 950,000,000)		
Equity Shares of ₹1/- each	950,000	950,000
ISSUED :-		
557,076,392 (P.Y. 557,076,392) Equity Shares of ₹1/= each	557,076	557,076
SUBSCRIBED AND PAID-UP CAPITAL		
556,858,392 (P.Y. 556,858,392)		
Equity Shares of ₹1/- each	556,858	556,858
Add Forfeited Equity Shares (218,000) (P.Y. 218,000)	144	144
TOTAL	557,002	557,002
SCHEDULE 2 - RESERVES & SURPLUS		
I. STATUTORY RESERVES		
Opening Balance	20,541,016	20,034,217
Additions during the year	1,162,202	506,719
TOTAL	21,703,218	20,540,936
II. CAPITAL RESERVES		
Opening Balance	708,457	708,457
Additions during the year	201,520	-
TOTAL	909,977	708,457
III. SHARE PREMIUM		
Opening Balance	6,115,712	3,331,236
Additions during the year	-	2,784,476
TOTAL	6,115,712	6,115,712
IV. INVESTMENT FLUCTUATION RESERVE		
Opening Balance	-	-
Additions during the year	377,800	-
Drawn Down to Revenue and other Reserves	-	-
TOTAL	377,800	-
V. REVALUATION RESERVE FIXED ASSETS		
Opening Balance	6,201,816	6,348,124
Additions during the year (Refer Note No 3 (b & c)	(144,335)	(146,309)
TOTAL	6,057,481	6,201,815
VI. SPECIAL RESERVE (U/S 36 (I) (Viii) of I. Tax Act, 1961		
Opening Balance	1,231,600	1,231,600
Additions during the year	-	-
TOTAL	1,231,600	1,231,600
VII. REVENUE AND OTHER RESERVES		
Opening Balance	26,220,370	24,553,803
Additions during the year	3,044,390	1,666,567
Drawn down from Investment Reserve	-	-
TOTAL	29,264,760	26,220,370
TOTAL (I,II,III,IV,V,VI & VII)	65,660,548	61,018,890

Schedules to the Consolidated Balance Sheet

as at 31st March, 2019

	As at 31.03.2019 ₹ '000' Omitted	As at 31.03.2018 ₹ '000' Omitted
SCHEDULE 3 - DEPOSITS		
A I. Demand Deposits		
i) From Banks	1,232,134	1,109,164
ii) From Others	112,386,060	111,600,496
TOTAL (I & ii)	113,618,194	112,709,660
II. Saving Bank Deposits	340,802,469	294,432,041
III. Term Deposits		
i) From Banks	31,424,118	23,231,344
ii) From Others	410,523,542	369,672,286
TOTAL (I & ii)	441,947,660	392,903,630
TOTAL A (I+II+III)	896,368,323	800,045,331
B. I. Deposits of branches in India	896,368,323	800,045,331
II. Deposits of branches outside India	Nil	Nil
TOTAL B (I+II)	896,368,323	800,045,331
SCHEDULE 4 - BORROWINGS		
I. Borrowings in India		
i) Reserve Bank of India	-	-
ii) Other Banks	-	-
iii) Unsecured Redeemable Debentures/Bonds (Subordinate Debt & BASEL III for Tier I & Tier II Capital)	26,000,000	16,000,000
iv) Other Institutions & Agencies	239,561	283,357
TOTAL (i to iv)	26,239,561	16,283,357
II. Borrowings outside India	-	-
GRAND TOTAL (I & II)	26,239,561	16,283,357
Secured borrowings included in I & II above	Nil	Nil
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
i) Bills Payable	2,753,577	2,921,964
ii) Inter Office Adjustments (Net)	-	-
iii) Interest Accrued on Non-cumulative deposits	290,422	441,225
iv) Deferred Tax Liability	-	-
v) Provision Against Standard Assets	4,388,330	4,776,474
vi) Other (Including Provisions)	17,790,498	10,800,148
TOTAL (i to vi)	25,222,827	18,939,811
SCHEDULE 6 - CASH & BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in Hand (Including Foreign Currency Notes)	4,547,393	2,996,968
II. Balance with Reserve Bank of India		
i) In Current Account	44,202,294	40,286,640
ii) In Other Accounts	-	-
TOTAL (I & II)	48,749,687	43,283,608

Schedules to the Consolidated Balance Sheet

as at 31st March, 2019

	As at 31.03.2019 ₹ '000' Omitted	As at 31.03.2018 ₹ '000' Omitted
SCHEDULE 7 - BALANCE WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
i) Balance with Banks		
a) In Current Accounts	575,134	233,058
b) In Other Deposit Accounts	54,410	84,415
TOTAL (i)	629,544	317,473
ii) Money At Call and Short Notice		
a) With Banks	8,999,015	38,775,875
b) With Other Institutions	-	-
TOTAL (ii)	8,999,015	38,775,875
TOTAL (i & ii)	9,628,559	39,093,348
II. Outside India		
i) In Current Accounts	344,843	223,489
ii) In Other Deposit Accounts	-	-
iii) Money at Call & Short Notice	-	-
TOTAL II of (i, ii & iii)	344,843	223,489
GRAND TOTAL (I&II)	9,973,402	39,316,837
SCHEDULE 8 - INVESTMENTS		
I. Investments in India		
Gross	236,298,382	195,088,476
Less: Provision for Depreciation	484,421	746,827
Less: Provision for Investment (NPI)	4,408,931	5,741,353
Net Investments	231,405,030	188,600,296
i) Government Securities	185,065,245	171,970,358
ii) Other Approved Securities	-	-
iii) Shares (Pref. + Equity)	1,974,157	3,295,428
iv) Debentures and Bonds	15,901,370	7,307,685
v) Sponsored Institutions	456,748	456,748
vi) Others :		
a) Certificate of Deposit	27,048,561	4,227,060
b) Suitfile	-	-
c) Inv. in Subsidiary / or Joint Ventures	-	-
d) Venture Capital	239	239
e) Commercial Paper	-	-
f) Security Receipts	958,710	1,342,778
TOTAL (I)	231,405,030	188,600,296
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)	231,405,030	188,600,296
III. Investments Category-Wise		
i) Held to Maturity	171,555,746	150,629,821
ii) Held for Trading	-	30,014
iii) Available for Sale	59,849,284	37,940,461
TOTAL (III)	231,405,030	188,600,296

Schedules to the Consolidated Balance Sheet

as at 31st March, 2019

	As at 31.03.2019 ₹ '000' Omitted	As at 31.03.2018 ₹ '000' Omitted
SCHEDULE 9 - ADVANCES		
A i) Bills Purchased and Discounted	10,706,271	5,551,122
ii) Cash Credits, Overdrafts and Loans Repayable on Demand	224,624,195	194,367,173
iii) Term Loans	427,384,606	369,209,150
TOTAL (i to iii)	662,715,072	569,127,445
B i) Secured by Tangible Assets	517,631,914	404,528,557
ii) Covered by Bank/Govt. Guarantees	10,003,898	5,815,705
iii) Unsecured	135,079,260	158,783,183
TOTAL (i to iii)	662,715,072	569,127,445
C I. Advances in India		
i) Priority Sector	217,007,830	178,249,859
ii) Public Sector	59,678,263	26,652,835
iii) Banks	193,899	309,482
iv) Non Priority Sector (Others)	385,835,080	363,915,269
TOTAL (i to iv)	662,715,072	569,127,445
II. Advances Outside India		
i) Due from Banks	Nil	Nil
ii) Due from Others	Nil	Nil
GRAND TOTAL (I & II)	662,715,072	569,127,445
SCHEDULE 10 - FIXED ASSETS		
I. Premises		
a) Gross Block at the beginning of the year	13,272,350	12,513,203
Additions during the year (Refer Note No 3 (b & c))	429,692	759,147
	13,702,042	13,272,350
Deductions during the year	-	-
Total	13,702,042	13,272,350
Depreciation to date	1,952,153	1,742,995
Total (a)	11,749,889	11,529,355
b) Constructions work in progress	289,618	165,488
TOTAL (I) [a+b]	12,039,507	11,694,843
II. Other Fixed Assets (Including Furniture & Fixtures)		
Gross Block at the beginning of the year	11,700,416	10,342,982
Additions during the year	1,103,226	1,533,703
	12,803,642	11,876,685
Deductions during the year	43,812	176,251
	12,759,830	11,700,434
Depreciation to date	8,046,167	7,246,466
TOTAL (II)	4,713,663	4,453,968
GRAND TOTAL (I & II)	16,753,170	16,148,811

Schedules to the Consolidated Balance Sheet

as at 31st March, 2019

	As at 31.03.2019 ₹ '000' Omitted	As at 31.03.2018 ₹ '000' Omitted
SCHEDULE 11 - OTHER ASSETS		
I. Interest Accrued but not Due	4,309,753	4,122,520
II. Interest Accrued and Due	-	-
III. Inter Office Adjustment (Net)	723,502	689,020
IV. Tax paid in Advance/Tax Deducted at Source (Net of Provisions)	1,228,265	3,593,090
V. Stationery and Paper in Hand	54,771	61,353
VI. Deferred Tax Asset	2,998,851	2,221,710
VII. Others	35,136,758	29,679,701
TOTAL (I to VII)	44,451,900	40,367,394
SCHEDULE 12 - CONTINGENT LIABILITIES		
I. Claims against the Bank not acknowledged as debts	5,947,960	4,005,878
II. Liability for partly paid investments	-	-
III. Liability on account of outstanding Forward Exchange Contracts	24,251,115	22,701,004
IV. Guarantees given on behalf of constituents:-		
a) In India	22,299,278	20,092,863
b) Outside India	268,997	333,751
V. Acceptances, Endorsements & Other Obligations	10,089,900	10,038,746
VI. Other items for which the Bank is Contingently liable	-	32
VII. Liability on a/c of Depositors Education Awareness Fund (DEAF)	1,068,160	778,962
TOTAL (I to VII)	63,925,410	57,951,236

Schedules to the Consolidated Profit & Loss Account

for the year ended 31st March, 2019

	Year ended 31.03.2019 ₹ '000' Omitted	Year ended 31.03.2018 ₹ '000' Omitted
SCHEDULE 13 - INTEREST EARNED		
I. Interest/Discount on Advances/Bills	59,352,427	49,777,398
II. Income on Investments (Net of Amortization)	15,519,904	14,315,841
III. Interest on Balances with RBI and other Inter Bank Funds	1,597,882	2,116,752
IV. Others	285,392	4,013
TOTAL (I to IV)	76,755,605	66,214,004
SCHEDULE 14 - OTHER INCOME		
I. Commission, Exchange & Brokerage	2,300,759	2,065,429
II. Profit /(Loss) on Sale of Investments	1,942,912	378,996
Profit on Sale of Investments	1,942,912	378,996
Less: Loss on sale of investments	-	-
III. Profit /(Loss) on revaluation of Investments	181,880	96,792
Profit on revaluation of Investments	181,880	96,792
Less: loss on revaluation of investments	-	-
IV. Profit/(Loss) on Sale of Land, Buildings & Other Assets	1,721	(2,496)
Profit on Sale of Land, Buildings & Other Assets	6,168	5,177
Less: Loss on Sale of Land, Buildings & Other Assets	4,447	7,673
V. Profit /(Loss) on Exchange Transactions	6,849	18,378
Profit on Exchange Transactions	6,849	18,378
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	3,740,658	2,451,302
TOTAL (I to VII)	8,174,779	5,008,401
SCHEDULE 15 - INTEREST EXPENDED		
I. Interest on Deposits	40,185,949	36,119,303
II. Interest on RBI/Inter-Bank Borrowings	411,403	246,949
III. Others/Subordinate Debt	2,313,904	1,135,693
TOTAL (I to III)	42,911,256	37,501,945
SCHEDULE 16 - OPERATING EXPENSES		
I. Payments to and provisions for Employees	16,501,052	12,906,196
II. Rent, Taxes and Lighting	972,054	850,130
III. Printing and Stationery	117,723	106,844
IV. Advertisement and Publicity	201,409	228,537
V. Depreciation on Bank's Property	1,042,746	966,830
VI. Directors Fees, Allowances and Expenses	29,918	16,637
VII. Auditors Fees & Expenses (Including Branch Auditor's fees & Expenses)	195,291	175,402
VIII. Law Charges	85,879	73,967
IX. Postage, Telegrams, Telephones etc.	47,153	59,062
X. Repairs and Maintenance	234,479	174,315
XI. Insurance	857,953	765,405
XII. Other Expenditure	4,564,855	3,578,696
TOTAL (I to XII)	24,850,512	19,902,021

Schedule 17

“Principal Accounting Policies”

1. Basis of preparation of Financial Statements

The financial statements are prepared and presented under historical cost 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.

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

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.

Schedule 17

“Principal Accounting Policies”

- 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 ₹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 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 are marked to market at weekly intervals and the net depreciation under each of the six classifications under which investments are presented in the Balance Sheet is accounted for in the Profit and Loss account and appreciation is ignored.
- vii. The depreciation in value of investments where interest/principal is in arrears is not set-off against the appreciation in respect of other performing securities. Such investments including Non-performing Non-SLR investments are treated applying 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 collateralised 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

Schedule 17

“Principal Accounting Policies”

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 for NPA's. Provisions for advances classified as Standard Assets is shown under Other Liabilities & Provisions.
- iii) Restructuring of Advances and provisioning thereof have been made as per RBI guidelines.

6. Fixed Assets/Depreciation

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

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

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.

Schedule 17

"Principal Accounting Policies"

7. Employees Benefits

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

a) Defined Contribution Plan

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

b) Defined Benefit Plan

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

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

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

8. Revenue Recognition and Expenditure booking

Income and expenditure is accounted for on accrual basis unless otherwise stated.

- a) Interest and other income on advances/ investments classified as Non Performing Advances/ investments are recognized to the extent realized in accordance with the guidelines issued by the Reserve Bank of India.
- b) The recovery in Non-Performing Assets has been first appropriated towards amount of principal and thereafter towards amount of interest.
- c) Interest on overdue term deposits is provided at Savings Bank Rate of Interest.
- d) Fee, commission (other than insurance commission & Government business), exchange, locker rent, insurance claims and dividend on shares and units in Mutual Fund are recognized on realization basis.
- e) Income from interest on income tax/other tax refunds is accounted for on the basis of orders passed by the Competent Authorities.
- f) Unforeseen income/ expenses are accounted for in the year of receipt/ payment.
- g) Stationery issued to branches has been considered as consumed.

9. Credit Card reward Points

The Bank has estimated the probable redemption of reward points by not using actuarial method but has made 100% provision for redemption against the accumulated reward points in respect of standard card holders.

10. Net Profit/Loss

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

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

11. Taxes on Income

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

12. Contingency Funds

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

Schedule 18

“Notes on Accounts”

1. The subsidiary considered in the preparation of the consolidated financial statements
 - a. Name of the Subsidiary Company JKB Financial Services Ltd
 - b. Country of incorporation India
 - c. Voting power held 100%
 - d. Ownership interest 100%
2. The operating income of the company amounting ₹4,42,78,675.30 includes brokerage Income of ₹3,97,60,073.43 and Depository Income of ₹41,47,318.38 . The company is operating as a Stock Broker of NSE (Cash & F&O) and BSE (Cash) and as Depository Participants of CDSL and NSDL Depositories.
3. Trade receivables includes ₹12,11,612.04 being outstanding from the DP Clients taken over from holding Company with the condition that if any amount remains unrecovered from such clients as on 31.03.2016, the same shall be recoverable from the holding Company, hence considered good by the management. Further, other AMC (Demat A/C's) receivables outstanding for more than six months are considered good by the management, hence no provision for these receivables have been made.
4. The deferred tax asset (Net) of ₹2,05,49,233/- as shown in the Balance Sheet includes DTA of ₹2,08,16,191/- and DTL ₹2,66,958/- and Deferred Tax Expenses of ₹31,97,394/- recognized in the Profit and Loss Account is calculated as per the provisions of AS 22 (Accounting for taxes on income)

Creation of DTA/Reversal of DTL	Amount in ₹
On Timing Difference in Depreciation	(2,51,536)
Creation of DTA	
Deferred Tax on Business Income (Loss)	34,48,931
Net Deferred Tax Recognized in P&L A/C	31,97,395

Disclosures made by Parent Company

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 unreconciled 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 favourable appellate orders and interpretation of law, no further provision has been considered by the management in respect of the disputed demands.

3. Fixed Assets:

- a) Documentation formalities are pending in respect of certain immovable properties held by the bank valued at ₹5.61 crores (previous year ₹5.70 crores). In respect of immovable properties valued at ₹20.54 Crore (previous year ₹ 21.02 crores) bank holds agreement to sell along with the possession of the properties.
- b) Pursuant to the revised Accounting Standard 10 “Property, Plant & Equipment” applicable from 1st April 2017 depreciation of ₹14.43 crores (previous year being ₹14.63 crores) on the revalued portion of the fixed assets (being Premises & Land) has been transferred from the Revaluation reserve to Revenue reserve instead of crediting to Profit & Loss account.
- c) Depreciation is provided on straight line method in accordance with the provisions of Companies Act 2013 based on the useful life of the assets. 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

Schedule 18

"Notes on Accounts"

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 contributable to this software will flow to bank, is being capitalized and depreciation is charged at the rate of 33.33% on straight line method in terms of RBI guidelines.

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 of ₹0.16 Crores (previous year ₹0.15 Crores) in respect of leased properties.

4. Capital

		(₹in Crores)	
		BASEL-III	BASEL-III
S.No.	Particulars	31.03.2019	31.03.2018
i)	Common Equity Tier I Capital ratio (%)	9.13%	9.24%
ii)	Tier I Capital Ratio %	10.60%	9.24%
iii)	Tier II Capital Ratio %	1.86%	2.18%
iv)	Total Capital ratio (CRAR) (%)	12.46%	11.42%
v)	Percentage of shareholding of the Government of India in Public Sector Banks	NIL	NIL
vi)	Amount of Equity Capital raised during the year	NIL	282
vii)	Amount of additional Tier I capital raised during the year of which: Perpetual Debt Instruments	1000	NIL
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	500

Government of Jammu & Kashmir holds 59.23% of equity shares of the Bank as on 31.03.2019.

The subordinate debt of ₹600 Crores raised by way of Unsecured Redeemable Lower tier-II Bonds on 30.12.2009, maturing on 30.12.2019 has been shown under Borrowings as per RBI guidelines.

₹500 crores of Basel III compliant Tier II capital raised on 24th March 2017 & another ₹500 crores raised on 28th December 2017, maturing on 24th June 2022 & 27th December 2024 respectively and ₹1000 crore AT1 (Additional Tier-1) raised on 14th June, 2018 have been shown under Borrowings as per RBI guidelines.

Investments

5. The Bank has made a profit of ₹ 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 amount of ₹20.15 crore (after netting of taxes and required transfer to statutory reserves from such profit (previous year, Nil)) was transferred to Capital Reserve Account.
6. The Bank has ₹34,00,70,800 as share capital (previous year ₹34,00,70,800) and ₹11,66,76,915 in Tier II Perpetual bonds (previous year ₹ 11,66,76,915) in its sponsored Regional Rural Bank (J&K Grameen Bank).
7. (a) The total investment of the Bank in PNB MetLife India Insurance Company Limited stood at ₹61.08 Crores as on 31.03.2019 (Previous year ₹102.19 Crores). In compliance with RBI Letter No. DBOD.BP/-17099/21.4.141/ 2008-09 dated 9th April 2009, the investment stands transferred to AFS Category on October 1st, 2009. The valuation has been carried out at an average of two independent valuation reports obtained from Category I Merchant Bankers as per RBI guidelines & the consequent appreciation has been ignored in view of the Accounting Policy in respect of such investments.

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“Notes on Accounts”

- (b) Other income (Schedule 14) includes a profit of ₹143.89 Crores on account of sale of equity shares of PNB MetLife India Insurance Company Limited to Oman India Joint Investment Fund II. Post -sale the holding of the Bank in Met-life India Insurance Co. Pvt Ltd has been reduced from 5.08% to 3.04%
8. a) RBI Circular No.DBR.No.BP.BC.113/21.04.048/2017-18,dated June 15,2018 grants banks an option to spread provisioning for mark to market (MTM) losses on investments held in AFS and HFT for the quarter ended June 30, 2018 and the provisioning required may be spread equally over upto four quarters, commencing with the quarter ended June 30, 2018. The Bank has availed the said option since quarter ended June 30, 2018. However, there is no further provision required in respect of MTM losses as on 31.03.2019.
- b) 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 created an Investment Fluctuation Reserve (IFR) for ₹37.78 crore on the trading profit (HFT and AFS) of the Bank for the Financial Year 2018-19 (Previous year, Nil)
9. During the FY 2018-19 Bank has raised capital by way of 10.50% Unsecured, Subordinated, Fully Paid-Up, Non-Convertible, Basel III compliant, Perpetual Debt Instruments in the nature of debentures for augmenting Additional Tier I Capital (“PDIs” or “Debentures”) for an amount of ₹1000 Crores (previous year ₹ NIL) with IDBI Trusteeship Services Limited Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai-400001, as Debenture Trustee.

10. Details of Investments

(₹ in Crores)

S. No.	Particulars	As on	
		31.03.2019	31.03.2018
1.	Value of Investments		
	Gross Value of Investments		
	a) In India	23649.84	19528.85
	b) Outside India	NIL	NIL
	Provision for depreciation		
	a) In India	48.44	74.68
	b) Outside India	NIL	NIL
	Provision for NPI		
	a) In India	440.89	574.14
	b) Outside India	NIL	NIL
	Net Value of Investments		
	a) In India	23160.50	18880.03
	b) Outside India	NIL	NIL
2.	Movement of provisions held towards the depreciation on Investments		
	(i) Opening Balance	74.68	52.28
	(ii) Add: Provisions made during the year	11.87	84.63
	Less: Write-off/write back of excess provisions during the year	38.11	62.23
	(iii) Closing Balance	48.44	74.68

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"Notes on Accounts"

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

(₹ in Crores)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	365 Days Daily Average outstanding during the year	Outstanding as on 31 st March, 2019
Securities sold under Repo Government Securities	150.00	1000.00	60.10	0.00
(Previous Year)	150.00	175.00	11.99	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	13.00	3845.00	234.44	810.00
(Previous Year)	55.00	5074.00	1568.64	3845.00
i) Corporate Debt Securities	0	0	0	0
(Previous Year)	0	0	0	0

12. Non-SLR Investment portfolio

12.1 Issuer composition of Non SLR Investments

(₹ in Crores)

S. No.	Issuer	Amount	Extent of Private Placement	Extent of below Investment grade	Extent of unrated Securities	Extent of unlisted Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	PSUs	128.68	119.85	0.00	0.00	0.00
2	FIs (incl. NBFC's AIFI'S)	1157.68	1157.40	10.00	0.00	0.00
3	Banks(incl. CD's)	2773.36	68.50	5.00	0.00	0.00
4	Private Corporates (incl. CP's)	904.36	318.11	0.00	43.60	25.00
5	Subsidiaries/Joint Ventures	20.00	0.00	0.00	0.00	0.00
6	Others	159.10	0.00	0.00	0.00	0.00
	Total	5143.18				
7	Provision towards depreciation / NPI	489.20				
8	Total	4653.98				

The Bank's investment in unlisted securities as on 31.03.2019 is 1.07 % (previous year 0.46%) which is well within the RBI stipulated limit of 10%.

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

(₹ in Crores)

Particulars	Amount as on 31.03.2019	Amount as on 31.03.2018
NABARD	1029.76	903.60
RIDF	978.99	970.22
SIDBI/MUDRA	617.28	375.96
RHDF	298.51	257.78
TOTAL	2924.54	2507.56

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"Notes on Accounts"

12.2 Non-performing Non-SLR investments

(₹ in Crores)

Particulars	Amount as on 31.03.2019	Amount as on 31.03.2018
Opening Balance	653.22	569.67
Additions during the year	192.74	167.69
Reductions during the year	300.30	84.14
Closing Balance	545.66	653.22
Total Provision held (including floating provisions of ₹ 2.76 Crores)	443.65	576.90

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

The Bank has made a profit of ₹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 amount of ₹20.15 crore (after netting of taxes and required transfer to statutory reserves from such profit (previous year, Nil)) was transferred to Capital Reserve Account.

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

(₹ in Crores)

Particulars	As on 31.03.2019				As on 31.03.2018			
	HFT	AFS	HTM	Total	HFT	AFS	HTM	Total
Govt. Securities	0.00	1435.48	17071.04	18506.52	0.00	2217.23	14979.81	17197.04
Other approved securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Shares (Equity & Pref.)	0.00	197.42	0.00	197.42	3.00	326.54	0.00	329.54
Debentures & Bond	0.00	1571.28	18.86	1590.14	0.00	713.27	17.50	730.77
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	2800.76	45.67	2846.43	0.00	557.01	45.67	602.68
Total	0.00	6004.94	17155.57	23160.51	3.00	3814.05	15062.98	18880.03

13 Details of book value of investments in Security Receipts

(₹ in Crores)

Particulars	Backed by NPAs sold by the bank underlying		Backed by NPAs sold by other banks/financial institutions/ non-banking financial companies as underlying		Total	
	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year
Book Value	142.14	108.03	9.08	5.38	151.22	113.41

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"Notes on Accounts"

14. Derivatives

14.1 Forward Rate Agreement/Interest Rate Swap

(₹ in Crores)

S. No.	Particulars	Current Year	Previous Year
i)	The notional principal of swap agreements	NIL	NIL
ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	NIL	NIL
iii)	Collateral required by the Bank upon entering into swaps	NIL	NIL
iv)	Concentration of credit risk arising from the swaps	NIL	NIL
v)	The fair value of the swap book	NIL	NIL

14.2 Exchange Traded Interest Rate Derivatives

(₹ in Crores)

S. No.	Particulars	Current Year	Previous Year
i)	Notional principal amount of exchange traded interest rate derivatives undertaken during the Year (instrument-wise)	NIL	NIL
ii)	Notional principal amount of exchange traded interest rate derivatives outstanding (instrument-wise)	NIL	NIL
iii)	Notional principal amount of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	NIL	NIL
iv)	Mark-to-market value of exchange traded interest rate derivatives outstanding and not "highly effective" (instrument-wise)	NIL	NIL

14.3 Disclosures on Risk exposures in derivatives

a) Qualitative Disclosures

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

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

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

b) Quantitative Disclosures

S. No.	Particulars	31.03.2019		31.03.2018	
		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 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

14.4 Forward Exchange contracts as on 31.03.2019

Up to 14 days	446.67
Beyond 14 day	1978.43
Total	2425.10

15 Asset Quality

15.1 Non Performing Assets.

S. No.	Particulars	Current Year	Previous Year
(i)	Net NPAs to Net Advances (%)	4.89%	4.90%
(ii)	Movement of NPAs (Gross)		
	a) Opening balance	6006.70	6000.01
	b) Additions during the year	2964.60	3104.69
	c) Reductions during the year	2749.95	3098.00
	d) Closing balance	6221.35	6006.70
(iii)	Movement of Net NPAs		
	a) Opening balance	2791.12	2425.37
	b) Additions during the year	1911.09	3417.72
	c) Reductions during the year	2749.96	3098.00
	d) Closing balance*	3239.61	2791.12
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	a) Opening balance **	3112.25	3425.29
	b) Provisions made during the year	1053.51	1222.72
	c) Write-off/write-back of excess provisions	1297.75	1535.75
	d) Closing balance	2868.01	3112.26

**Net NPA has been arrived at after adding net interest suspense of ₹0.00 Crores, Write-off/OTS of ₹1297.75 crores and by reducing net ECGC claims of ₹2.25Crores, Net Interest Capitalization of ₹1.62 Crores & reducing DIFV of ₹6.55 crores

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

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

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"Notes on Accounts"

16. Particulars of Accounts Restructured

(₹ in Crores)

Disclosure of Restructured A/cs	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 01.04.2018	No. of borrowers	2	0	13	0	15	28951	134	81	25	29191	8993	375	1383	11	10762	37946	509	1477	36	39968				
	Amount	5.46	0.00	487.12	0.00	492.58	2919.52	4.91	130.52	0.72	3055.67	1736.43	261.95	577.95	8.42	2584.75	4661.41	266.86	1195.59	9.14	6133				
	Provision	0.27	0	286.44	0	286.71	145.98	0.87	35.44	0.72	183.01	86.82	40.85	236.49	8.42	372.58	233.07	41.72	558.37	9.14	842.3				
Fresh Restructuring in FY 2018-19	No. of borrowers						2	1			3						2	1	0	0	3				
	Amount						1.10	88.42		89.52							1.1	88.42	0	0	89.52				
	Provision						0.05	34.47		34.52							0.05	34.47	0.00	0.00	34.52				
Upgradations in FY 2018-19	No. of borrowers																								
	Amount																								
	Provision																								
Restructured Standard Advances which cease to attract higher provision at the beginning of next FY	No. of borrowers						10	0	0	0	10	2075	0	0	0	2075	2085	0	0	0	2085				
	Amount						2.30	176.85	0	2.30	176.85	179.15	0	0	0	176.85	179.15	0	0	0	179.15				
	Provision						0.12	8.84		0.12	8.84	8.84				8.84	8.96				8.96				
Downgradations in FY 2018-19	No. of borrowers						0	856	102	66	1024	0	158	26	24	208	0	1014	128	90	1232				
	Amount						0	5129	289.19	4.28	345	0	479.77	248.53	0.69	728.99	0	531.06	537.72	4.97	1073.75				
	Provision						0	7.84	97.67	4.28	109.79	0	72.95	57.84	0.58	131.37	0	80.79	155.51	4.86	241.16				
Write-offs in FY 18-19	No. of borrowers	0	0	12	2	14	0	0	25	2	27	0	0	45	4	49	0	0	82	8	90				
	Amount						0	522.93	22.41	545.34	0	0	253.48	11.2	264.68	0	0	0	823.24	56.22	879.46				
	Provision	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Restructured A/cs 31.03.2019	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	29.16	0	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	13.1	4999.57				
	Provision	0.53	0	29.16	0	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	13.1	813.70				

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"Notes on Accounts"

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

(₹ in Crores)

S. No.	Particulars	Current Year	Previous Year
1.	No of accounts	4	6
2.	Aggregate Value (net of provisions) of accounts sold to SC/RC	68.39	559.30
3.	Aggregate Consideration	134.03	948.45*
4.	Additional consideration realized in respect of accounts transferred in earlier years	0	0
5.	Aggregate gain/loss over net book value	65.64	389.15

*Cash+Security Receipts(SR) i.e. Cash: ₹923.81+SR ₹24.64Cr.

18. Details of non performing financial assets purchased.

(₹ in Crores)

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

18.1 Details of non performing financial assets sold.

(₹ in Crores)

S. No.	Particulars	Current Year	Previous Year
1)	No. of accounts sold	4	6
2)	Aggregate outstanding	745.46	1606.35
3)	Aggregate consideration received	134.03	948.45

18.2 Assets sold to Asset Reconstruction Companies (ARCs)

During the financial year four accounts (NPA/NPI) were sold to Asset Reconstruction Companies (ARCS). Against total principal NPA balance of ₹745.46Cr, the bank has received an amount of ₹134.03Cr, which constitutes 17.98% of the principal NPA/NPI. A collective Provisioning Coverage of these assets was to the tune of ₹677.07Cr constituting 90.83%. Thus in totality there has been a positive impact of ₹65.64Cr on the balance sheet of the bank as on 31.03.2019 and NPA/NPI outstanding got reduced by ₹745.46Cr. The transactions were carried out on 100% Cash only basis

(₹ in Crores)

No of accounts	NPA balance	Cash component	Security Receipts component	Total	Provisioning Held
4	745.46	134.04	Nil	134.04	677.07

18.3 Purchase of Property:-

During the FY 2018-19, the bank has not purchased any non-banking asset under the provision of SARFAESI Act 2002.

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"Notes on Accounts"

19. Provisions on standard Assets

Particulars	(₹ in Crores)	
	31.03.2019	31.03.2018
Provision towards Standard Assets	438.83	477.65

20. Business Ratios

S.No.	Particulars	As on	
		31.03.2019	31.03.2018
(i)	Interest income as a percentage to working funds*	8.05%	8.06%
(ii)	Non-Interest income as a percentage to working funds*	0.85%	0.60%
(iii)	Operating Profit as a percentage to working funds*	1.80%	1.68%
(iv)	Return on Assets **	0.49%	0.25%
(v)	Business (deposits plus advances) per employee***	12.37 Crores	11.99 Crores
(vi)	Net Profit per employee	0.04 Crores	0.02 Crores

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

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

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

21. Asset Liability Management

(i) Maturity pattern of certain items of assets and liabilities as on 31.03.2019

i) Maturity Pattern of assets and liabilities as on 31-03-2019*												(₹ in lakhs)
	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 yr	Over 1 yr upto 3 yrs	Over 3 yrs upto 5 yrs	Over 5 yrs	TOTAL
Deposits	20632.34	119973.93	157841.58	248193.33	127710.39	103980.02	399025.93	907546.67	3571608.55	2448554.65	858822.22	8963889.62
Borrowings	0	0	0	0	0	0	0	60000	0	150889	51506.61	262395.61
Investments	268015.00	9975.77	0.00	14904.62	29433.50	140607.41	80969.57	116120.70	137919.46	505446.54	1012657.73	2316050.30
Advances	53604.36	173665.52	202906.22	48099.84	106944.21	167748.20	202932.03	593016.91	2524542.64	1359679.76	1194011.03	6627150.72

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

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Details of Foreign currency Assets/Liabilities (Maturity Pattern) as on 31.03.2019

(₹ in Crores)

Currency	1 to14 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	307.74	160.51	240.59	193.52	553.60	0.36	17.94	0.00	1474.26
EURO	23.23	7.12	19.00	24.39	21.59	0.00	0.00	0.00	95.33
GBP	4.46	7.47	8.55	7.24	8.22	0.00	0.00	0.00	35.94
J.YEN	0.15	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.15
AUD	1.96	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.96
CAD	1.86	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.86
CHF	0.69	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.69
SAR	0.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.30
Total	340.39	175.1	268.14	225.15	583.41	0.36	17.94	0.00	1610.49
(Previous Year)	219.91	163.12	488.46	285.14	128.92	0.00	0.00	0.00	1285.55
LIABILITIES									
USD	296.19	179.18	240.52	195.15	555.75	5.48	0.00	0.00	1472.27
EURO	15.80	11.34	18.76	27.12	22.01	0.00	0.00	0.00	95.03
GBP	3.55	8.65	8.64	7.42	7.64	0.00	0.00	0.00	35.90
J.YEN	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
AUD	0.00	1.48	0.00	0.00	0.00	0.00	0.00	0.00	1.48
CAD	0.00	1.98	0.10	0.00	0.00	0.00	0.00	0.00	2.08
CHF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	315.54	202.63	268.02	229.69	585.40	5.48	0.00	0.00	1606.76
(Previous year)	256.78	197.21	438.30	278.40	123.15	5.22	1.69	0.00	1300.75

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

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"Notes on Accounts"

22. Exposures

22.1 Exposure to Real Estate Sector

(₹ in Crores)

S.No.	Particulars	As on	
		31.03.2019	31.03.2018
1.	Direct Exposure		
(i)	Residential Mortgages	5682.68	3260.92
	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 ₹2678.44 Crores)(Previous Year ₹1601.14 Crores)		
(ii)	Commercial real estate	3864.14	3054.09
	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 securitised exposures		
(a)	Residential	0.00	0.00
(b)	Commercial real estate	0.00	0.00
2.	Indirect Exposure (Fund based & non fund based exposure on National Housing Bank and housing finance companies)	1108.78	3601.84
	Total Exposure to Real Estate	10655.60	9916.85

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

22.2. Exposure to Capital Market

(₹ in Crores)

S.No.	Particulars	Current Year	Previous Year
(i)	Direct investment in Equity shares, Convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt.	83.90	126.33
(ii)	Advances against shares/bonds /debentures or other securities or on clean basis to individuals for investments in shares (including IPOS/ESPOs), convertible bonds, convertible debentures and units of equity-oriented mutual funds	0.00	0.00
(iii)	Advances for any other purpose where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	0.00	0.00
(iv)	Advances for any other purpose to the extent secured by the collateral security of shares or convertible bonds or convertible debenture or units of equity oriented mutual funds i.e where the primary security other than shares /convertible bonds /convertible debentures /units of equity oriented mutual funds does not fully cover the advances	0.04	0.04

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S.No.	Particulars	Current Year	Previous Year
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stock brokers and market makers.	0.03	0.03
(vi)	Loans sanctioned to corporate against the security of shares/ bonds/ debentures or other securities or on clean basis for meeting promoters contribution to the equity of new companies in anticipation of raising resources	0.00	0.00
(vii)	Bridge loans to companies against expected equity flows /issues	0.00	0.00
(viii)	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds	0.00	0.00
(ix)	Financing \to stock brokers for margin trading	0.00	0.00
(x)	All exposures to venture Capital Funds (both registered and unregistered)	0.02	0.02
Total		83.99	126.42

22.3 Risk category wise country exposure

(₹ in Crores)

Category	Risk Category	Exposure (net) as at March 2019	Provisions held as at March 2019	Exposure (net) as at March 2018	Provisions held as at March 2018
A1	Insignificant	55.36	Nil	64.62	Nil
A2	Low	1.68	Nil	1.39	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		57.04	Nil	66.01	Nil

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

23. Details of single borrower limit/ group borrower limit exceeded by the Bank as on 31.03.2019 :

Bank has exceeded only single borrower exposure limit in respect of Steel Authority of India by 3.26% over the prudential exposure ceiling as on 31.03.2019.

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

(₹ in Crores)

Particulars	2018-19	2017-18
Total amount of advances outstanding against charge over intangible securities such as the rights, licenses, authority etc.	0.00	0.00

25. Penalty imposed by Reserve Bank of India

Penalty imposed by Reserve Bank of India during the year ₹ 504.58 lakhs (Previous year ₹6.28 lakhs).

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"Notes on Accounts"

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

26.1 Accounting Standard 5

Net profit or loss for the period, prior period items and changes in accounting policies:

There is no material Prior Period item included in Profit & Loss Account required to be disclosed as per Accounting Standard-5 read with RBI Guidelines.

26.2 Accounting Standard 9- Revenue Recognition

There 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.

26.3 Accounting Standard 15 - Employees Benefit

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

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

I - Principal Actuarial Assumptions as the Balance Sheet date:

Actuarial Assumptions	PENSION		GRATUITY		LEAVE ENCASHMENT	
	31.3.2018	31.3.2019	31.3.2018	31.3.2019	31.3.2018	31.3.2019
Discount Rate	7.75%	7.80%	7.75%	7.80%	7.75%	7.80%
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%

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

(₹ in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Present value of Obligation 01.04.2018	938.07	368.62	221.01
Interest Cost	62.57	27.28	16.42
Current Service Cost	45.99	35.38	22.38
Benefits paid	(271.68)	(37.67)	(21.12)
Actuarial loss/ (gain) on obligations (Balancing figure)	237.50	57.05	35.17
Present Value of Obligations, 31.03.2019	1012.45	450.66	273.86

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

(₹ in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Fair Value of Plan Assets 01.04.2018	920.10	318.73	0.00
Expected return on Plan assets	72.30	28.17	0.00
Contributions by Bank/Employees	323.65	121.62	21.12
Benefits paid	(271.68)	(37.67)	(21.12)
Actuarial (loss)/ gain on Plan Assets (Balancing figure)	(36.46)	1.65	0.00
Fair Value of Plan Assets, 31.03.2019	1007.91	432.50	0.00

IV - Actual return on Plan Assets

(₹ in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Expected return on Plan Assets	72.30	28.17	0.00
Actuarial (loss)/ gain on Plan Assets	(36.46)	1.65	0.00
Actual Return on Plan Assets	35.84	29.82	0.00

V - Net Actuarial Gain/ (loss) recognized

(₹ in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Actuarial gain/ (loss) for the period - Obligation	237.50	57.05	35.17
Actuarial gain/ (loss) for the period - Plan Assets	(36.46)	1.65	0.00
Total Gain/ (Loss) for the period	273.96	55.40	35.17
Actuarial gain or (loss) recognized in the period	273.96	55.40	35.17
Unrecognized Actuarial gain/ (loss) at the end of the year	0.00	0.00	0.00

VI - Amount recognized in Balance Sheet & Related Analysis

(₹ in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Present value obligation, 31.03.2019	1012.45	450.66	273.86
Fair Value of Plan Assets, 31.03.2019	(1007.91)	(432.50)	0
Difference	4.54	18.16	273.86
Unrecognized Transitional Liability	0	0	0
Unrecognized Past Service cost - vested benefits - Carried Forward	0	0	0
Liability Recognized in the Balance Sheet	4.54	18.16	273.86
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)	-	-	-

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VII - Expense recognized in Profit and Loss Statement

(₹ in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Current Service Cost	45.99	35.38	22.38
Interest Cost	62.57	27.28	16.42
Expected return on Plan assets	(72.30)	(28.17)	0.00
Net Actuarial gain/ (loss) recognized in the year	273.96	55.40	35.17
Past Service Cost-Recognized	0.00	0.00	0.00
Expenses recognized in the statement of profit and loss	310.22	89.89	73.97

VIII - Movement in Net liability to be recognized in Balance Sheet

(₹ in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Opening Net Liability	17.97	49.89	221.01
Expenses	310.22	89.89	73.97
Contributions paid	(323.65)	(121.62)	(21.12)
Closing Net Liability (Liability recognized in B/S in current period)	4.54	18.16	273.86

IX - Amount for the Current Period

(₹ in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Present value of Obligations, 31.03.2019	1012.45	450.66	273.86
Fair Value of Plan Assets, 31.03.2019	1007.91	432.50	0
Surplus/(Deficit) before unrecognized past service cost	(4.54)	(18.16)	(273.86)
Experience Adjustments in Plan Liabilities - (loss)/ gain	241.60	58.68	36.54
Experience Adjustments in Plan Assets (loss) / gain	(36.46)	1.65	N/A

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

(in %age)

Particulars	PENSION (%)	GRATUITY (%)
Government of India Securities	2.30	3.98
State Government Securities	1.10	51.94
High Quality Corporate Bonds	2.40	26.48
Equity Shares of listed companies	0	4.96
Funds managed by Insurer	94.20	1.40
Other- Bank Deposits and CD's	0	11.24
Total	100.00	100.00

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XI- Best estimate of contribution during next year

(₹ in Crore)

Particulars	PENSION (Funded)	GRATUITY (Funded)
Bank's best estimate of Contribution during next year	279.98	68.27

Particular Basis of assumption:

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

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

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

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

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

26.4 Accounting Standard 17 - Segment Reporting

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

(₹ in Crores)

Description	31.03.2019	31.03.2018
A Segment Revenue (Income)		
i. Treasury Operations	1952.74	1693.39
ii. Corporate/Wholesale Banking	2672.41	2170.12
iii. Retail Banking	4879.67	3838.58
iv. Other Banking Business	41.11	31.98
Total	9545.92	7734.07
(Less): Inter segment revenue	1057.74	617.36
Total Income from Operations	8488.19	7116.71
B Segment Results (Profit before tax)		
i. Treasury Operations	132.60	54.38
ii. Corporate /Wholesale Banking	350.67	264.23
iii. Retail Banking	1024.55	588.04
iv. Other Banking Business	41.11	29.35
v. Unallocated Business	(889.19)	(576.87)
Total	659.73	359.13
C (Segment Assets)		
i. Treasury Operations	27523.61	25846.18
ii. Corporate/Wholesale Banking	31834.11	29632.54
iii. Retail Banking	42048.57	34208.72
iv. Other Banking Business	0.00	0.17
Total	101406.29	89687.61

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D.	(Segment Liabilities)		
i.	Treasury Operations	969.99	2547.32
ii.	Corporate /Wholesale Banking	27741.73	24854.98
iii.	Retail Banking	66068.47	56123.39
iv.	Other Banking Business	0.00	0.71
	Total	94780.19	83526.40
E.	Capital Employed (Segment Assets-Segment Liabilities)		
i.	Treasury Operations	26553.61	23298.86
ii.	Corporate/Wholesale Banking	4092.38	4777.55
iii.	Retail Banking	(24019.90)	(21914.66)
iv.	Other Banking Business	0.00	(0.54)
	Total	6626.10	6161.21

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

26.5 Accounting Standard 18 - Related party disclosures as on 31.03.2019

(₹In Crores)

Items/Related Party		J&K Grameen Bank (Associate)	JKB Financial Services Ltd. (Subsidiary)
Deposits	Balance as on date	1472.77	1.65
	Maximum Balance during the year	1472.77	3.94
Advances	Balance as on date	*11.67	NIL
	Maximum Balance during the year	11.67	NIL
Investments	Balance as on date	34.01	20.00
	Maximum Balance during the year	34.01	20.00
Interest Paid		109.00	0.19
Interest/Commission Received		1.58	NIL
Sale of Fixed Assets		NIL	0.04
Transfer of Current Assets/ Liabilities(Net)		NIL	NIL
Reimbursement of Expenses		NIL	3.47
IT Support Services		NIL	NIL

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

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

- The Jammu & Kashmir Asset Reconstruction Limited has been incorporated by Government of J&K and J&K Bank Ltd on 28.04.2017. The Bank has subscribed capital to the tune of ₹98 lakhs whereas Government of J&K has subscribed ₹102 lakh. The Bank has incurred ₹76,32,730/- towards incorporation expenses for the company. The Promoters i.e. J&K Government and Jammu & Kashmir Bank Limited are yet to release their respective shares towards the capital of the company.
- Salary of Key Managerial Personnel (KMP)

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(₹ in Lakhs)

Items/Related Party	K.M.P			
	Mr. Parvez Ahmed (Chairman)*	Mr. P K Tickoo (CFO)	Mr. Rakesh Gandotra (CFO)	Mr. Mohammad Shafi Mir (Company Secretary)
Period for which post held during FY 2018-19	12 months	3 month 7 days	8 months 24 days	12 months
Investments				
Interest/Commission Received				
Salary	66.11	7.25	17.61	14.37

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

26.6 Accounting standard 19 - Leases

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

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

Lease rent paid for operating leases are recognized as an expense in the Profit & Loss account in the year to which it relates. The lease rent recognized during the year is ₹59.36 crore (previous year being ₹55.90 crores)

26.7 Accounting standard 20 - Earning per share

	31.03.2019	31.03.2018
Net Profit available to Equity Share Holders (in Crores)	464.88	202.72
No. of Equity Shares	557076392	557076392
Basic/Diluted Earnings per share (in ₹)	8.35	3.64
Face value per share	₹1/-	₹1/-

26.8 Accounting Standard -21 (Consolidated Financial Statements)

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

26.9 Accounting standard 22 - Accounting for taxes on income

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

(₹ In Crores)

Timing Difference	Deferred Tax Asset	Deferred Tax Liabilities
Depreciation on Assets	-	54.16
Leave Encashment	97.45	-
Special Reserve	-	43.04
Wage Revision	59.40	-
Bad & Doubtful Assets	238.18	-

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Net Deferred Tax Asset as on 31.03.2019 :₹297.83Crores
Tax Impact for the year :₹77.39Crores

26.10 Accounting Standard 26-Intangible Assets

The Bank has incurred an amount of ₹142.33 Lakhs (previous year, ₹134.25 Lakhs) on Brand names bifurcated into two heads namely Business Unit Signage and Brand Strategy Project. Expenditure on Business Unit Signage amounting to ₹ 57.63 Lakhs (previous year, ₹ 52.79 Lakhs) has been debited under the head Furniture & Fixture, whereas, Brand strategy project expenses amounting to ₹84.70 Lakhs (Previous year, ₹ 81.46 Lakhs) 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 ₹5.78 Crores (previous year ₹9.65 crores) on account of purchase of computer software, not forming integral part of computers, and has capitalized the cost of the same.

26.11 Accounting Standard 28 - Impairment of Assets

Majority of Fixed Assets of the Bank are considered as Corporate Assets and not cash generating assets and in the opinion of Management there is no material impairment in these Fixed Assets. Regarding other Fixed Assets generating cash there is no material impairment. As such no provision is required as per AS-28 issued by ICAI.

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

In respect of Contingent Liabilities under each class shown as per Schedule 12, in the opinion of the Management, the possibility of any out flow in settlement is remote. A provision of ₹0.67crores (Previous year ₹0.47 Crores) has been made during the year totaling to ₹12.58crores (Previous year ₹11.91 Crores) upto 31.03.2019 against claims decreed against the Bank. Claims have not been acknowledged as debts owing to the appeal filed by the bank before the court of competent jurisdiction, pending adjudication.

27 ADDITIONAL DISCLOSURES

27.1 Provisions and Contingencies

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

Particulars	For the year ended	
	31.03.2019	31.03.2018
Tax Expense		
i) Income Tax	272.24	157.00
ii) Deferred Tax Liability/ (Asset)	(77.39)	(238.76)
Provision against NPA's	1053.51	1222.72
Provision for depreciation on investments	(26.24)	15.38
Provision for frauds and embezzlements	0.34	(0.08)
Provision for diminution in the fair value of restructured /rescheduled advances	(44.44)	(6.68)
Provision for Non Performing Investments	113.15	167.46
Other provisions & contingencies	-	-
Provision for contingent liabilities	0.67	0.47
Provision for Standard Assets	(38.81)	(138.36)
Total	1253.01	1179.16

(₹ in Crores)

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28. Details / Utilization of Floating Provisions

(₹ in Crores)

Particulars	For the year ended	
	31.03.2019	31.03.2018
Opening balance	348.72	348.72
Additions made during the year	0.00	0.00
Draw Down made during the year	0.00	0.00
Closing balance	348.72	348.72

29. Investments (Floating Provision)

(₹ in Crores)

Particulars	For the year ended	
	31.03.2019	31.03.2018
Opening balance	2.76	2.76
Additions made during the year	NIL	NIL
Utilization made during the year	NIL	NIL
Closing balance	2.76	2.76

30. Customer Complaints.

A	No. of complaints pending at the beginning of the Year	09
B	No. of complaints received during the Year	325
C	No. of complaints redressed during the year	328
D	No. of complaints pending at the end of the Year	06

31. Awards passed by Banking Ombudsman.

A	No. of unimplemented awards at the beginning of the Year	02
B	No. of Awards passed by the Banking Ombudsman during the Year	0
C	No. of Awards implemented during the year	02
D	No. of unimplemented Awards pending at the end of the Year	0

32. Foreign Exchange

- 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.
- Claims pending with ECGC is ₹225.17 crores (Previous year ₹ 225.17 crores)

33. 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 2018-19

34. Provision Coverage Ratio (PCR)

The provision coverage ratio (PCR) for the Bank as on 31st March 2019 is 64.30% (Previous Year 65.83%) which is calculated taking into account the total technical write offs made by the Bank.

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35. Bancassurance Business:

The Bank has tie ups with PNB MetLife India Insurance Company Limited and Bajaj Allianz (P) Ltd for mobilizing insurance business both life and Non Life. The details of the commission earned by the Bank during FY 2018-19 on account of mobilizing said business is given hereunder:-

		(₹ in Crores)
S No	Nature of income	Amount
1	For selling Life Insurance Policies	22.89
2	For selling Non Life Insurance Policies	18.22
Total		41.11

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

36.1 Concentration of Deposits

(₹ in Crores)		
Particulars	31.03.2019	31.03.2018
Total Deposits of 20 largest depositors	10577.81	11464.50
Percentage of 20 largest deposits to total Deposits of the Bank	11.80%	14.33%

36.2 Concentration of Advances

(₹ in Crores)	
Total Advances to twenty largest borrowers	13270.17
Percentage of advances of twenty largest borrowers to Total Advances of the Bank	19.13%

36.3 Concentration of Exposures

(₹ in Crores)	
Total Exposure to twenty largest borrowers customers	13587.91
Percentage of exposures to twenty largest borrowers /customers to Total exposure of the bank on borrowers/customers	16.81%

36.4 Concentration of NPA's

(₹ in Crores)	
Total Exposure to top four NPA accounts	1993.27
Percentage of exposure to top four NPA accounts to Total NPA exposure of the Bank	32.04%

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37. Sector Wise Advances

(₹ in Crores)

S.No.	Priority Sector	Current Year			Previous Year		
		Outstanding Total Advances	Gross NPA's	Percentage of Gross NPA's to Total Advances in that Sector	Outstanding Total Advances	Gross NPA's	Percentage of Gross NPA's to Total Advances in that Sector
1	Agriculture & Allied Activities	6350.61	248.82	3.92	5751.56	265.95	4.62
2	Advances to Industries sector eligible as priority sector lending	3019.82	208.01	6.89	2552.93	417.52	16.35
3	Services	9700.02	207.27	2.14	8327.42	210.58	2.53
4	Personal Loans	2987.78	13.86	0.46	2481.37	16.82	0.68
	Sub-Total A	22058.23	677.96	3.07	19113.28	910.87	4.77
B	Non-Priority Sector						
1	Agriculture & Allied Activities	1088.10*	285.81	26.27	0	0	0.00
2	Industry	12029.96	3041.01	25.28	13306.82	4013.65	30.16
3	Services	18340.34	2114.18	11.53	16614.45	934.59	5.63
4	Personal loans	15855.58	102.39	0.65	11263.73	147.6	1.31
	Sub-Total B	47313.99	5543.39	11.72	41185	5095.84	12.37
	Gross Total	69372.22	6221.35	8.97	60298.28	6006.71	9.96

*Due to Reclassification in Current Year.

38. Movement of NPA's

(₹ in Crores)

Particulars	Current Year	Previous Year
Gross NPA's as on April 01, (Opening Balance)	6006.70	6001.01
Additions (Fresh NPA's) during the year	2964.60	3104.69
Sub Total : (A)	8971.30	9104.70
Less		
i).Up-gradation	657.00	185.64
ii) Recoveries (Excluding Recoveries made from upgraded Accounts)	277.70	340.10
iii) Technical/ Prudential/ write offs	1307.86	1611.73
iv) Due to Compromise/settlement	507.39	960.53
Sub Total (B)	2749.95	3098.00
Gross NPA as on 31st March	6221.35	6006.70

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39. Sector wise NPA's

S.No.	Sector	Percentage of NPA to Total advances in that sector
1	Agriculture & Allied activities	7.19
2	Industry (Micro & Small Medium and Large)	21.59
3	Services	8.28
4	Personal Loans	0.62

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

(₹ in Crores)

Particulars	Current Year	Previous Year
Opening balance of Technical/Prudential write-off accounts as at April 01	2162.16	1323.30
Add: Technical/Prudential write-offs during the year	892.00	1008.32
Sub Total:	3054.16	2331.62
Less: Recoveries made during the year	200.53	169.46
Closing balance as at March 31	2853.63	2162.16

41. Overseas Assets, NPA's and Revenues

(₹ in Crores)

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

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

Name of the SPV sponsored	
Domestic	Overseas
NIL	NIL

43. Divergence in the asset classification and provisioning:

In 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.

(₹ in Thousands)

S. No.	Particulars	Amount
1	Gross NPAs as on March 31, 2018 as reported by the bank	60067030
2	Gross NPAs as on March 31, 2018 as assessed by RBI	65157030
3	Divergence in Gross NPAs (2-1)	5090000
4	Net NPAs as on March 31, 2018 as reported by the bank	27911246
5	Net NPAs as on March 31, 2018 as assessed by RBI	31948246
6	Divergence in Net NPAs (5-4)	4037000
7	Provisions for NPAs as on March 31, 2018 as reported by the bank	31122554

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S. No.	Particulars	Amount
8	Provisions for NPAs as on March 31, 2018 as assessed by the RBI	32175554
9	Divergence in Provisioning (8-7)	1053000
10	Reported Net Profit after Tax (PAT) for the Year ended March 31, 2018	2027198
11	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 2018 after taking into account the divergence in provisioning	974198

March 31 2018 is the close of the reference period in respect of which divergences were assessed

44. The Bank follows policy of providing interest on overdue time deposits at Saving Bank interest rates in conformity with guidelines of Reserve Bank of India.

45. Corporate Social Responsibility (CSR Activities)

Pursuant to section 135 of the Companies Act 2013, it is required to expend 2% of the average net profits made during three immediate preceding financial years for CSR activities. Accordingly, bank is required to spend ₹0.00Crores (Previous year ₹0.04Crores) for twelve months period ended 31st March 2019 against which bank has spent ₹12.46Crores (Previous year ₹31.71Crores).

- 46.**
- a) In Compliance to RBI Letter No. DBR.NO.BP.13018/21.04.048/2015-16 dated April 12, 2016, bank is required to make a provision @ 15% of the existing outstanding balance under Food Credit availed by State Government of Punjab. Now, the RBI vide letter no. BVV.BP.S 7201/21.04.132/2017-18 dated 08 February 2018 has allowed banks to write back the provision of 10%. However, The Bank continues to maintain 5% provisions and has maintained a provision of ₹8.80 crore against balance outstanding of ₹175.98 crores as on 31.03.2019 under Food credit availed by State Government of Punjab.
 - b) In view of flood during 2014 and disturbances during 2016, Bank rehabilitated affected borrowal accounts under RBI Master Directions issued for Relief Measures by Banks in areas affected by natural calamities. The total amount of rehabilitated/restructured advances stood at ₹3701.00 Crores (Flood & disturbances) as on 31.03.2019. The Bank has recognised funded interest aggregating ₹796.02 crores as interest income in these accounts upto 31st Dec 2017. The Bank has capitalised funded interest (net of recoveries) of ₹513.10 crores by staggering over five quarters beginning with 1st quarter ended 31st March 2018 in compliance of dispensation allowed to the Bank by Reserve Bank of India. Accordingly, the Bank has created interest capitalisation of ₹265.94 crores by corresponding debit to interest income in Profit & Loss account. The interest capitalisation stands completed by 31st March 2019.
 - c) In terms of RBI circular no. DBR.No.BP.BC.18/21.04.048/2018-19 dated January 1st 2019, Bank has restructured 2 accounts amounting to ₹1.106 crores.
 - d) The Bank has classified 350 MSME borrower accounts having aggregate outstanding balance of ₹23.95 crores 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.

47. 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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48. Movement in Provisioning for Credit Card Reward Point is set out below

(₹ in Crores)

Particulars	
Opening Provision Balance as on 01.04.2018	0.98
Provisions made during the Year	4.23
Redemption made during the Year	3.45
Closing Provision Balance as on 31.03.2019	1.76

49. Intra-Group Exposure

(₹ in Crores)

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

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

(₹ in Crores)

Particulars	Current Year 31.03.2019	Previous Year 31.03.2018
Opening balance of amounts transferred to DEAF	77.90	61.24
Add:- Amounts transferred to DEAF (During the Year)	32.32	18.48
Less : Amounts reimbursed by DEAF towards claims	3.40	1.82
Closing balance of amounts transferred to DEAF	106.82	77.90

51. Unhedged 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 Unhedged Foreign Currency Exposures (UFCE) from April 1, 2014 onwards.

Details of Incremental provisioning made by Bank towards this risk.

(₹ in Crores)

Particulars	Provision Held	
	Current Year 31.03.2019	Previous Year 31.03.2018
Opening balance	1.81	1.09
Additions during the year	0.75	0.72
Deductions during the year	1.21	0.00
Closing balance	1.34	1.81

The capital held by the Bank towards the foreign currency exposure amounts to ₹2.27 Crores (Previous Year ₹3.12 Crores)

Schedule 18

"Notes on Accounts"

52. Liquidity Coverage Ratio (LCR)

(₹ in Crores)

FY 2018-19	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)	13759.28	13739.80	11439.14	11369.10
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which	30115.56	2341.04	28959.89	2243.84
(i)	Stable deposits	13408.21	670.40	13042.50	652.11
(ii)	Less stable deposits	16707.35	1670.64	15917.39	1591.73
3	Unsecured wholesale funding ,of which	8575.32	2826.45	8836.08	3506.20
(i)	Operational Deposits (all counterparties)	4057.45	960.35	3311.74	777.37
(ii)	Non Operational deposits (all counterparties)	4517.87	1866.11	5524.35	2728.83
(iii)	Unsecured debt	0.00	0.00	0.00	0.00
4	Secured Wholesale funding	84.33	0.00	1637.32	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	13540.53	609.58	7266.85	542.50
7	Other contingent funding Obligations	3388.62	101.65	3326.04	99.78
8	Total cash outflows	55704.35	5878.73	50026.18	6392.32
Cash Inflows					
9	Secured Lending (e.g. reverse repo)	426.11	0.00	498.36	0.00
10	Inflows from fully performing exposure	2415.11	1782.13	1971.57	1248.77
11	Other cash inflows	0.00	0.00	0.00	0.00
12	Total cash inflows	2841.21	1782.13	2469.93	1248.77
			Total adjusted value		Total adjusted value
	TOTAL HQLA		13739.80		11369.10
	Total Net Cash Outflows		4096.60		5143.55
	Liquidity Coverage ratio (%)		335.40		221.04

Schedule 18

“Notes on Accounts”

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 Asset (HQLAs) that can be converted into cash to meet liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario.

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 (MSF) and the Facility to Avail Liquidity for LCR (FALLCR). Cash& balances in excess of cash reserve requirement with RBI also constitute HQLA.

Average LCR of the Bank was 335.40% for the FY 2018-19 which is well above the requirement of 90% prescribed by RBI for the calendar year 2018 and 100% from January 2019 onwards.

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.

Schedule 18

“Notes on Accounts”

53. Disclosure on Remuneration

a)	Information relating to the composition and mandate of the Remuneration Committee.	<p>Bank has constituted the Nomination and Remuneration Committee of the Board pursuant to the requirement of the Reserve Bank of India and the Companies Act, 2013, which constitutes of following members of the Board.</p> <p>Dr. Arun Kumar Mehta, IAS (Member) Dr. Pronab Sen (Member) Mr. Azhar UI Amin (Member) Mr. Sunil Chandiramani (Member) Mr. Dhaman Kumar Pandoh (Member)</p>
b)	Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.	<ul style="list-style-type: none"> • Ensure effective governance of compensation, alignment of compensation with prudent risk taking. • Ensure effective supervisory oversight and engagement 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"> (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Key Management Personnel and other employees of the company; (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and (c) Remuneration to key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
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.	Performance of its management and employees are linked with the performance of the Bank as a whole. However in individual cases variable pay is with held in case of low performance of individual Staff members.
e)	A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.	NIL
f)	Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms.	“Variable Pay” is being paid on monthly basis as a fixed percentage of “Basic Pay” & part of it will account for Payment of Dearness allowances / Pension Contribution & other allowances.

Schedule 18

"Notes on Accounts"

Quantitative Disclosure			
	Particulars	31.03.2019	31.03.2018
g)	Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	The Committee met three times during the year and total sitting fee of ₹5,60,000. was paid to the Members of the Committee	The Committee met four times during the year and total sitting fee of ₹420000/- 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 should only cover Whole Time Directors / Chief Executive Officer/ Other Risk Takers)	NIL	NIL
	ii) Number and total amount of sign-on awards made during the financial year.	NIL	NIL
	iii) Details of guaranteed bonus, if any, paid as joining / sign on bonus	NIL	NIL
	iv) Details of severance pay, in addition to accrued benefits, if any.	NIL	NIL
i)	i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	NIL	NIL
	ii) Total amount of deferred remuneration paid out in the financial year.	NIL	NIL
j)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	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

54. The Principal Accounting Policies (Schedule 17) and Notes on Accounts (Schedule 18) form an integral part of these Accounts.
55. 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.

Parvez Ahmed
Chairman & CEO
DIN : 03467232

Dr. Arun Kumar Mehta, I.A.S
Director
DIN: 02712778

Mohammad Ashraf Mir
Director
DIN : 07586792

Dr. Pronab Sen
Director
DIN : 07831725

Dr. Sanjiv Agarwal
Director
DIN : 00110392

Sunil Chandiramani
Director
DIN : 00524035

Dhaman Kumar Pandoh
Director
DIN : 01332068

Rahul Bansal
Director
DIN : 01216833

Vikram Gujral
Director
DIN : 03637222

Rakesh Gandotra
President (CFO)

Mohammad Shafi Mir
Company Secretary

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. Salil Gupta
Partner
(M. No. 097922)
Place: Srinagar
Dated: 15th May, 2019

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

CA. Anil Gupta
Partner
(M. No. 094713)

CA. Kamlesh Kumar Goel
Partner
(M. No. 015002)

Consolidated Cash Flow Statement

for the year ended 31st March, 2019

		2018-19 ₹ '000' Omitted	2017-18 ₹ '000' Omitted
A	CASH FLOW FROM OPERATING ACTIVITIES	(2,99,17,074)	2,36,26,811
B	CASH FLOW FROM INVESTING ACTIVITIES	(16,46,378)	(16,38,678)
C	CASH FLOW FROM FINANCING ACTIVITIES	76,86,096	66,84,308
	NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,38,77,356)	2,86,72,441
D	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	8,26,00,445	5,39,28,004
E	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	5,87,23,089	8,26,00,445
A.	CASH FLOW FROM OPERATING ACTIVITIES:		
	Net Profit after Taxes	46,38,461	20,26,880
	Add : Provision for Taxes	19,48,457	(8,17,575)
	Net profit before taxes (i)	65,86,918	12,09,305
	Adjustment for :		
	Depreciation charges	10,42,747	9,26,781
	Provision for NPA's	1,05,35,129	1,22,27,238
	Provision on Standard Assets	(3,88,144)	(13,83,628)
	Depreciation on investment	(2,62,406)	1,53,786
	Provision for Non-Performing investment	11,31,478	16,74,553
	Other provisions	(4,34,359)	(62,815)
	Interest paid on subordinate Bonds (Financing Activities)	23,13,904	11,35,693
	Total Adjustment (ii)	1,39,38,349	1,46,71,608
	Operating profit before change in Operating assets & liabilities (i) + (ii)	2,05,25,267	1,58,80,913
	Adjustment for changes in Operating Assets & Liabilities		
	Increase / (Decrease) in Deposits	9,63,22,992	7,54,55,597
	Increase / (Decrease) in Borrowings	(43,796)	(14,77,131)
	Increase / (Decrease) in Other liabilities & provisions	55,28,877	(73,97,214)
	(Increase) / Decrease in investments	(4,25,42,328)	2,39,54,810
	(Increase) / Decrease in Advances	(10,36,78,320)	(8,31,26,801)
	(Increase) / Decrease in Other Assets	(56,72,191)	21,48,613
	Net Cash flow from Operating activities (iii)	(5,00,84,766)	95,57,874
	Cash generated from operation (i + ii + iii)	(2,95,59,499)	2,54,38,787
	Less : Tax paid	3,57,575	18,11,976
	TOTAL : (A)	(2,99,17,074)	2,36,26,811
B.	CASH FLOW FROM INVESTING ACTIVITIES :		
	a) Fixed Assets	(16,46,378)	(16,38,678)
	b) Investment in Subsidiary	-	-
	TOTAL : (B)	(16,46,378)	(16,38,678)

Consolidated Cash Flow Statement

for the year ended 31st March, 2019

		2018-19 ₹ '000' Omitted	2017-18 ₹ '000' Omitted
C.	CASH FLOW FROM FINANCING ACTIVITIES:		
	a) Share Capital	-	35,525
	b) Equity Share Warrants	-	-
	c) Share Premium	-	27,84,476
	d) Tier I & II Bonds	1,00,00,000	50,00,000
	e) Dividend & Dividend Tax Paid	-	-
	f) Interest Paid on Subordinate Debt	(23,13,904)	(11,35,693)
	TOTAL : (C)	76,86,096	66,84,308
D.	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	a) Cash in hand & Balance with RBI	4,32,83,608	3,59,09,731
	b) Balance with Banks & Money at Call & Short Notice	3,93,16,837	1,80,18,273
	TOTAL : (D)	8,26,00,445	5,39,28,004
E.	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
	a) Cash in hand & Balance with RBI	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 : (E)	5,87,23,089	8,26,00,445

Disclaimer: Due to rounding, numbers presented may not add up precisely to the totals provided.

Parvez Ahmed
Chairman & CEO
DIN : 03467232

Dr. Arun Kumar Mehta, I.A.S
Director
DIN : 02712778

Mohammad Ashraf Mir
Director
DIN : 07586792

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Rahul Bansal
Director
DIN : 01216833

Vikram Gujral
Director
DIN : 03637222

Rakesh Gandotra
President (CFO)

Mohammad Shafi Mir
Company Secretary

Place: Srinagar
Dated: 15th May, 2019

The above Cash Flow Statement has been taken on record by the Board of Directors in its meeting held on 15th May, 2019 at Srinagar.

Auditors Certificate

We have verified the attached 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, 2019 and March 31st, 2018. 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
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FRN: 05299N

CA. Salil Gupta
Partner
(M. No. 097922)

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(M. No. 081631)

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Partner
(M. No. 094713)

CA. Kamlesh Kumar Goel
Partner
(M. No. 015002)

Place: Srinagar
Dated: 15th May, 2019

Basel-III - Pillar-3 disclosures

as on 31st March- 2019

Table DF-1: Scope of application: The Basel III capital adequacy norms are applicable to Jammu & Kashmir bank Ltd.

Name of the head of the banking group to which the Framework applies.	Jammu and Kashmir Bank Ltd
--	-----------------------------------

Jammu and Kashmir Bank (J&K Bank) is a commercial Bank incorporated on October 1, 1938 and the only state-government-owned scheduled commercial bank in India.

(i) Qualitative Disclosures:

a. The List of group entities considered for consolidation

Name of the entity/ Country of Incorporation	Included under accounting scope of consolidation (yes / no)	Method of consolidation	Included under regulatory scope of consolidation (yes / no)	Method of consolidation	Reason for difference in the method of consolidation	Reasons, if consolidated under only one of the scopes of consolidation
---Nil---	---Nil---	---Nil---	---Nil---	---Nil---	---Nil---	---Nil---

b. The List of group entities not considered for consolidation both under the accounting and regulatory scope of consolidation is given below.

Name of the entity/ Country of incorporation	Principle activity of the entity	Total balance sheet equity	Percentage of bank's holding in the total equity	Regulatory treatment of bank's investments in the capital instruments of the entity	Total balance sheet assets
J&K Bank Financial Services Ltd	Marketing of Financial Products	₹ 200 million	100%	The entire amount of ₹ 200million has been deducted from capital	₹ 206.14 million

(ii) Quantitative Disclosures

c. The List of group entities considered for consolidation as on 31st March 2019:

Name of the entity / country of incorporation	Principal activity of the entity	Total Balance Sheet Equity	Total Balance Sheet Assets
---Nil---	---Nil---	---Nil---	---Nil---

d. The aggregate amount of capital deficiencies in all subsidiaries, which are not included in the regulatory scope of consolidation i.e. that are deducted:

Name of the subsidiaries/ country of incorporation	Principal activity of the entity	Total balance sheet equity	Percentage of Bank's Holding in the Total Equity	Capital Deficiencies
---Nil---	---Nil---	---Nil---	---Nil---	---Nil---

e. The aggregate amounts (e.g current book value) of the bank's total interests in insurance entities, which are risk weighted:

Name of the insurance entities Country of incorporation	Principal activity of the entity	Total balance sheet equity	Percentage of bank's holding in the total equity / proportion of voting power	Quantitative impact on regulatory capital of using risk weighting method versus using the full deduction method
PNB MetLife India Insurance Company Ltd/ India	Insurance Business	₹ 610.8 Mios	3.04%	CRAR will reduce by 0.08% under the deduction method

f. Any restrictions or impediments on transfer of funds or regulatory capital within the banking group

Table DF - 2 : Capital adequacy;

1. Qualitative disclosure

- 1.1 A summary discussion of the bank's approach to assessing the adequacy of its capital to support current and future activities.
- i) The Bank is subject to Capital Adequacy guidelines of RBI, which are based on the framework of Basel Committee on Banking Supervision. As per Basel III guidelines the minimum capital required to be maintained by the Bank is 10.875 percent with minimum Common Equity Tier 1 (CET1) of 7.375% as on March 2019. Stress analysis is conducted on half yearly basis or as required to see the impact on capital adequacy ratio (CAR) in near to medium horizon.
 - ii) The Bank assesses its capital requirement based on business projections and opportunities for growth that are in line with the strategic intent of the Bank. The business projections are mapped to credit, market and operational risks which allows for assignment of regulatory capital besides providing capital headroom to meet growth projections. As part of the Internal Capital Adequacy Assessment Process (ICAAP), Bank also assesses adequacy of capital under stress conditions for gauging the adequacy of capital to support not only three primary risks of credit, market and operational risk but other residual risks like interest rate risk in banking book, liquidity risk, credit concentration risk, strategic risk and reputational risk.

2. Quantitative Disclosures

		Amount in ₹ million	
2.1	Capital requirements for credit risk	65761.52	
	• Portfolio subjected to standardised approach	65761.52	
	• Portfolios subjected to the IRB approaches	Nil	
	• Securitisation exposures	Nil	
2.2	Capital requirement for market risk (under Standardized duration approach)	1354.53	
	• Interest rate risk	954.14	
	• Foreign exchange risk (including gold)	30.60	
	• Equity risk	369.79	
2.3	Capital requirement for operational risk	4730.28	
	• Basic indicator approach:	4730.28	
2.4	Common Equity Tier 1, Tier 1 and Total Capital ratios:		
Name of the Entity	Common Equity Tier 1 ratio	Tier 1 ratio	Total capital ratio
J&K Bank Ltd	9.13%	10.60%	12.46%

Risk Exposure and Assessment

Structure and Organisation of Risk Management Function

The Bank's risk governance architecture focuses on key risk areas of credit, market (including liquidity) and operational risk. The quantification of these risks, wherever possible, ensures effective and continuous monitoring and control. The risk management system is overseen by Board of Directors of the bank, with Integrated Risk Management Committee (IRMC), a board level sub-committee entrusted with the overall responsibility of ensuring that adequate structures, policies and procedures are in place for risk management in the Bank. The IRMC of Board is supported by separate Executive level Committees viz, Credit Risk Management Committee (CRMC), Asset-Liability Management Committee (ALCO), Market Risk Management Committee and Operational Risk Management Committee (ORMC) to ensure effective management of credit, market and operational risks respectively. The executive level committees are in turn assisted / supported by respective risk management support groups for credit, operational, market and liquidity risks. These support groups provide support functions to the above committees through analysis of risks and reporting of risk positions and making recommendations as to the level and degree of risks to be undertaken.

Credit Monitoring Division (CMD) has been set up for ongoing monitoring of credit quality of borrowers. Department besides online monitoring of special mention accounts and limit monitoring releases caution list of borrowers at regular intervals based on the Early Warning Signal framework of the RBI.

In terms of enhanced operational risk management framework Bank has formed Zonal Risk Management Committees (ZRMC) which meets necessarily at least once in a quarter to discuss all the issues related to operational/Credit risk management and implementation of enhanced risk management framework at the gross root level. Zonal Head, designated Zonal Risk managers and identified business unit heads participate in the meeting.

Table DF - 3: Credit Risk

General disclosures --- Credit Risk

Credit Risk is the possibility of loss that a bank may be subjected to, on account of changes or deterioration in the credit profile / credit quality of borrowers and counterparties. The Bank is exposed to credit risk through lending and capital market activities. Bank has put in place Board approved comprehensive Credit Risk Management Policy which aims at ensuring sustained growth of healthy loan portfolio while identifying and managing credit risks, both at transaction and portfolio levels. It lays down the roles and responsibilities, risk appetite, key processes and reporting framework.

The Bank manages its credit risk through following strategies:

- a) Well defined credit risk management structure to identify measure, monitor and control / mitigate credit risk from loan origination to disbursement and post disbursement monitoring has been laid out.
- b) Board approved Investment Policy of the Bank addresses credit risks related to investment activities undertaken by the Bank, prescribing prudential limits, methods of risk measurement and hedges required in mitigation of risks arising in investment portfolio.
- c) Corporate credit is managed through rating of borrowers and thorough risk vetting of individual exposures at origination and periodic review after sanctioning. Retail credit to individuals and small business is managed through definition of product criteria, appropriate credit filters and subsequent portfolio monitoring.
- d) Industry wise segment ceilings on aggregate lending by the Bank.
- e) Individual borrower wise ceilings on lending as well as borrower group wise lending ceilings linked to the Bank's capital funds.
- f) Bank has comprehensive risk rating system that serves as a single point indicator of diverse risk factors of counterparty and for taking credit decisions in a consistent manner. The credit rating models use a combination of quantitative and qualitative factors that include borrower specific characteristics, industry score etc. to arrive at a 'point in time' view of risk.
- g) Allowing credit exposures as per the credit rating of borrowers upto defined thresholds of risk levels. The approach also includes diversification of credit portfolio rating category wise but within the acceptable risk parameters.
- h) The Bank's entire current business is within India and hence there is no geographic ceiling on lending in India or outside India. Further, there is also no ceiling on lending within a State in India.
- i) A mechanism of clear and well defined delegation of authority operates within the Bank in regard to decision making, which links risk and exposure amount to level of approval.
- j) Regular review of all credit sanctioning powers delegated to various sanctioning levels so as to continuously strengthen the credit processes, and monitoring oversight are undertaken.
- k) Approval processes with respect to credit proposals are preceded by study of risks and preliminary due diligence particularly while sourcing fresh credit accounts.
- l) Credit audit system and loan review mechanism function independently of the credit processing / credit approval system and ensure effective loan monitoring, management / mitigation of credit and operational risks in the loan portfolio.
- m) An appropriate mechanism for ongoing identification, development and assessment of expertise of officials in the area of credit appraisal and credit management function.

1. Qualitative Disclosures: The general qualitative disclosure requirement with respect to credit risk including:

1.1.1 Definition of NPA and impaired account

An asset including a leased asset becomes non-performing when it ceases to generate income for the bank. A non-performing asset (NPA) is a loan or an advance where:

- a. Interest and/or installment of principal remain overdue for a period of more than 90 days in respect of a term loan
- b. The account remains 'out of order' as indicated in paragraph 1.1.2 below, in respect of an Overdraft / Cash Credit (OD/CC)
- c. The bill remains overdue for a period of more than 90 days in case of bills purchased and discounted
- d. The installment of principal or interest thereon remains overdue for two crop seasons for short duration crops
- e. The installment of principal or interest thereon remains overdue for one crop season for long duration crops.
- f. In respect of securities, where interest/principal is in arrears for a period of more than 90 days.

An account is also classified as NPA if the interest due and charged during any quarter is not serviced fully within 90 days from the end of the quarter.

1.1.2 'Out of Order' status: An account is treated as 'Out of Order' if the outstanding balance remains continuously in excess of the sanctioned limit / drawing power. In cases where the outstanding balance in the principal operating account is less than the sanctioned limit / drawing power, but there are no credits continuously for 90 days as on the date of Balance Sheet or credits are not sufficient to cover the interest debited during the same period, these accounts are treated as "out of order".

1.1.3 Overdue: Any amount due to the bank under any credit facility is 'overdue' if it is not paid on the due date fixed by the bank.

1.2 Discussion of the bank's credit risk management policy.

The credit risk management policy of the bank aims at ensuring sustained growth of healthy loan portfolio while evolving a well- defined system to identify measure, monitor and control various risks attached to credit portfolio of the Bank. The policy aims at ensuring consistency and standardization of credit practices. There is a defined credit appraisal & credit approval authority, reporting cum monitoring / follow-up system and loan review mechanism/ credit audit system in place at the Bank.

2. Quantitative Disclosures

2.1	Total gross credit risk exposures - Fund based and Non-fund based separately, broken down by major types of credit exposures.	a) On Balance Sheet b) Off Balance sheet Total	1014062.87 50246.09 1064308.96
2.2	Geographic distribution of exposures:		
	• Overseas		Nil
	• Domestic		1064308.96
2.3	Industrial type distribution of exposure, Fund based and Non-fund based separately.	Major industry type exposure is given separately as per Annexure-A.	
2.4	Residual contractual maturity breakdown of assets,	Residual maturity is provided separately as per Annexure-B.	
2.5	Amount of NPAs (Gross)		62213.50
	• Substandard		20635.11
	• Doubtful		39091.30
	• Loss		2487.09
2.6	Net NPAs		32396.10

2.7	NPA Ratios			
	• Gross NPAs to gross advances			8.97
	• Net NPAs to net advances			4.89
2.8	Movement of NPAs (Gross)			
	• Opening balance (01.04.2018)			60067.00
	• Additions during the year			29646
	• Reductions during the year			27499.5
	• Closing balance (31.03.2019)			62213.50
2.9	Movement of specific provisions (NPAs)			
	• Opening balance (01.04.2018)			31122.50
	• Provisions made during the year			10535.10
	• Write-off			12977.50
	• Write back of excessive provisions			
	• Any other adjustment, including transfers between provisions			
	• Closing balance (31.03.2019)			28680.01
2.10	Movement of General Provisions	Provisions for Standard asset	Provisions for Contingencies	Provisions for Investment Reserve
	• Opening balance (01.04.2018)	4776.5	1.2	0
	• Provisions made during the period			377.8
	• Write-off			
	• Write back of excessive provisions			
	• Any other adjustment, including transfers between provisions	388.2		
	• Closing balance (31.03.2019)	4388.3	1.2	377.8
3.0	Write offs booked directly to the income statement (01-04-2018 to 31-03-2019)			5061.78
3.1	Recoveries booked directly to the income statement (01-04-2018 to 31-03-2019)			2005.26
4.0	Amount of non-performing investment			5456.65
4.1	Amount of provisions held for non-performing investment			4408.93
4.2	Movement of provision for depreciation on investments.			
	• Opening balance as on 01.04.2018			746.82
	• Provisions made during the period			118.74
	• Write-off			0
	• Write back of excessive provision			381.15
	• Closing balance 31.03.2019			484.42
5.0	Major industry wise break up of NPAs & Specific Provisions			
	Industry		NPAs	Specific Provisions
	• Basic Metal & Metal Products		5022.91	2371.43
	• Infrastructure		17079.06	6278.57
	• Food Processing		120.24	41.20
	• Textiles		1646.62	783.81
	• Chemicals & Chemical Products		9.17	3.96
	• Vehicles, Vehicle parts & Transport equipment		8.82	2.68

5.1	Geography wise distribution of NPAs		
	• Kashmir Region (including Ladakh)	12124.73	
	• Jammu Region	4062.82	
	• North zone (includes states of Delhi, UP, Uttarakhand, West Bengal, Rajasthan, Bihar)	19877.68	
	• Upper North zone (includes states of Punjab & Himachal Pradesh)	369.86	
	• Mumbai Zone (includes states of Maharashtra, Gujarat, Madhya Pradesh, Goa & Chhattisgarh)	11642.07	
	• South Zone (includes states of Karnataka, Kerala, Tamil Nadu & Andhra Pradesh)	14136.38	
5.2	Geography wise distribution of :		
	• Kashmir Region (including Ladakh)	5967.97	2385.36
	• Jammu Region	1746.24	464.17
	• North zone (includes states of Delhi, UP, Uttarakhand, West Bengal, Rajasthan, Bihar)	7136.10	514.66
	• Upper North zone (includes states of Punjab & Himachal Pradesh)	135.82	68.64
	• Mumbai Zone (includes states of Maharashtra, Gujarat, Madhya Pradesh, Goa & Chhattisgarh)	5537.74	565.38
	• South Zone (includes states of Karnataka, Kerala, Tamil Nadu & Andhra Pradesh)	4669.04	273.45
	Floating Provisions/Provisions for Teaser loans / UFCE	3487.17	116.67 (Provisions for Teaser Loans/ UFCE)

Table DF - 4 : Disclosure for portfolio subject to Standardised Approach

1. Qualitative Disclosures:

1.1 For portfolio under the standardized approach:

<ul style="list-style-type: none"> Names of credit rating agencies used, plus reasons for any changes. 	<ul style="list-style-type: none"> The Bank's exposure being mainly domestic, rating agencies like CARE, CRISIL, ICRA, India Ratings, Brickwork Ratings ,Acuite and Infomeric have been identified for rating of exposure as per RBI guidelines. Designated rating agencies are used irrespective of types of corporate exposures.
<ul style="list-style-type: none"> Type of exposure for which each agency is used. 	<ul style="list-style-type: none"> For exposures with a contractual maturity of less than or equal to one year (except cash credit, overdraft and other revolving credits), short-term ratings given by approved rating agencies are used. For cash credit, sanctioned overdrafts and other revolving credits (irrespective of the period) and for term loan exposures of over one year, long term ratings are used.
<ul style="list-style-type: none"> A description of the process used to transfer public issues rating onto comparable assets in the banking book 	<ul style="list-style-type: none"> Public issue ratings are used for comparable assets of borrower in the banking book as follows: - <ol style="list-style-type: none"> In cases where the borrower has a specific assessment for an issued debt - but the bank's claim is not an investment in this particular debt - the rating applicable to the specific debt (where the rating maps into a risk weight lower than that which applies to an unrated claim) is applied to the bank's unassessed claim if the Bank's exposure ranks pari passu or senior to the specific rated debt in all respects and the maturity of the unrated Bank's claim is not later than the maturity of the rated claim. If either the issuer or single issue has been assigned a low quality assessment which maps into a risk weight equal to or higher than that which applies to unrated claims, an unassessed claim on the same counterparty that ranks pari passu or is subordinated to the rated exposure is assigned the same risk weight as is applicable to the low quality assessment.

2. Quantitative Disclosures

Amount in ₹ million

2.1	Exposure amount after risk mitigation subjected to the standardized approach, amount of bank's outstanding (rated and unrated) in the following three major risk buckets as well as those that are deducted:	
	• Below 100% risk weight	619372.85
	• 100% risk weight	181385.19
	• More than 100% risk weight	180665.97

Table- DF -5: Credit risk mitigation:

1. Qualitative disclosure

1.1 The general qualitative disclosure requirements with respect to credit risk mitigation

A Credit Mitigation and Collateral Management Policy, addressing the Bank's approach towards the credit risk mitigants is used for capital calculation. The Bank reduces its exposure to counterparty with the value of eligible financial collateral to take account of risk mitigating effect of the collateral.

1.2 Policies and processes for, and an indication of the extent to which the bank makes use of on and off balance sheet netting.

Bank has put in place Board approved policy on Credit Risk Mitigation and Collateral Management, covering credit risk mitigation techniques used by the Bank for both risk management and capital computation purposes. The Bank has a separate collaterals valuation policy that forms the basis for valuation of collaterals.

1.3 Policies and processes for collateral valuation and management

The policy adopts the Comprehensive Approach, which allows full offset of collateral (after appropriate haircuts) against exposures, by effectively reducing the exposure amount by the value ascribed to the collateral. The following issues are addressed in the policy:

- a) Classification of credit risk mitigants
- b) Acceptable credit risk mitigants
- c) Documentation and legal process requirements for credit risk mitigants.
- d) Valuation of collateral
- e) Custody of collateral
- f) Insurance
- g) Monitoring of credit risk mitigants

1.4 The description of the main type of collaterals taken by the bank

The main type of collaterals taken by the bank are Cash or cash equivalent, Bank deposits, NSCs, KVIP's, LIC policy, Central / State government Securities etc.

1.5 The main type of guarantor counterparties and their creditworthiness.

Bank considers guarantees, which are direct, explicit, irrevocable and unconditional for credit risk mitigation. Use of such guarantees for capital computation is as per RBI guidelines.

Types of guarantor counter party are:

- a. Sovereigns (Central / State Governments)
- b. Sovereign entities like ECGC, CGTSI
- c. Banks and Primary Dealers with a lower risk weight than the counter party
- d. Other entities that are externally rated. This would include guarantee cover provided by parent, subsidiary and affiliate companies when they have lower risk weight than the obligor.

1.6 Information about (market or credit) risk concentration within the mitigation taken

Majority of financial collaterals held by the Bank are by way of bank's own deposits, government securities, life insurance policies and other approved securities like NSCs, KVPs etc. Bank does not envisage market liquidity risk in respect of financial collaterals. Overall, financial collaterals do not have any issue in realization. Concentration on account of collateral is relevant in case of land & building. Except in the case of housing loan to individuals, land and building is considered only as additional security. As land and building is not recognized as eligible collateral under Basel III Standardized Approach, its value is not reduced from the amount of exposure in the process of computation of capital charge, and is used only in the case of housing loan to individuals and non-performing assets to determine the appropriate risk weight. As such, there is no concentration risk on account of nature of collaterals.

2. Quantitative Disclosures

		Amount in ₹ million
2.1	For disclosure of credit risk portfolio under the standardized approach, the total exposure that is covered by:	Exposure covered by Deposits/Cash/LIC Policies/ NSCs/KVPs 54163.77
2.2	Eligible financial collaterals; after the application of haircuts.	Exposure covered by Other Eligible Collaterals -- Nil

Table DF - 6 : Asset Securitisation:

Bank is not currently undertaking any Securitisation activity.

Table DF - 7:Market risk in trading book

1. Qualitative Disclosures:

The market risk for the Trading Book of the Bank is managed in accordance to the Board approved Investment Policy, Trading Policy and Market Risk Policy. These policies provide guidelines to the operations, Valuations, and various risk limits and controls pertaining to various securities, foreign exchange. These policies enhance Bank's ability to transact in various instruments in accordance with the extant regulatory guidelines and provide sound foundation for day to day Risk Control, Risk management, and prompt business decision making. The Bank also has a Stress Testing Framework which enables Bank to capture impact of various stress scenarios on Trading Book Portfolio. All these policies are reviewed periodically to incorporate changes in economic, business and regulatory environment.

1.1 The general qualitative disclosure requirement for market risk including the portfolio covered by securitised approach.

Risk management and reporting is based on globally accepted parameters such as Modified Duration, PVO1, Exposure and Gap Limits, VaR, etc. As per the Market Risk Policy/Trading policy, limits have been set for Forex Open Position limits (Daylight / Overnight), stop-loss limit, Sensitivity limit, VaR limit and exposure limits which are monitored on a daily basis. Bank has a Mid Office in place for functions like on-site monitoring of adherence to set limits, independent reporting of activities to Top Management and valuation etc.

Approach for Computation of Capital Charge for Market Risk

Bank has adopted the Standardised Approach as prescribed by RBI for computation of capital charge for market risk and is already fully compliant with such RBI guidelines. Standardised Approach is applied for calculation of Market Risk for:

- Securities under HFT category
- Securities under AFS category
- Open foreign exchange position
- Equity positions

1.2 General disclosures for market risk including portfolios covered by the IMA. A description of the soundness of the banks methodologies in assessing the capital adequacy, stress testing, and back-testing/validating the accuracy and consistency of the internal models and modelling processes.

Market risk is calculated on trading portfolio under Standardised duration method as per directives of RBI. Stress testing under various scenarios and calculation of Historical VaR forms an integral part of the portfolio risk management.

1. Quantitative Disclosures

		Amount in ₹ million
1.1	The capital requirement for market risk as per Standardized Duration Approach:	1354.5
	• Interest rate risk.	954.14
	• Equity position risk.	369.79
	• Foreign exchange risk.	30.6
	• Commodity risk.	----

Table DF - 8--- Operational Risk

1. Qualitative Disclosures:

1.1 General disclosures: Operational risk is at the core of the Bank's operations to integrate best risk management practices into processes, systems and culture of the bank. The operational risk management (ORM) policy documents the Bank's approach towards management of operational risk and defines the roles and responsibilities of the various stakeholders to manage operational risk within the Bank. The Integrated Risk Management Committee (IRMC) of the Board at the apex level is the policy making body. IRMC is supported by Operational Risk Management Committee (ORMC) at the Executive level, which is responsible for bank wide implementation of ORM policy. A systematic process for reporting risks, operational losses has been developed. Bank has been collecting internal operational loss data from business units / offices. For this purpose, a system for reporting identified loss events and loss data have been put in place. The Bank has also implemented a comprehensive Business Continuity Plan (BCP) and established Disaster Recovery setup to ensure continuity of critical operations of the Bank in the event of any business disruption. The bank has been regularly conducting DR drills for various systems and applications in use.

The bank has a robust internal control / audit mechanism and reporting system for managing and mitigating operational risk.

1.2 In addition to general qualitative disclosure requirement, the approach (es) for operational risk capital assessment for which the bank qualifies.

As per the RBI guidelines, bank is following the Basic indicator approach (BIA) for computing capital charge for operational risk.

2. Quantitative Disclosures

Capital charge for operational risk	Capital charge for operational risk is computed as per the Basic Indicator Approach prescribed by RBI. Under this approach, capital allocation for operational risk works out to: 4730.28(million)
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Table DF -9 : Interest rate risk in the banking book (IRRBB)

1. Qualitative Disclosures:

1.1 The general qualitative disclosure requirements, including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behaviour of non-maturity deposits, and frequency of IRRBB measurement.

Interest Rate Risk in Banking Book (IRRBB) is the risk which impacts assets and liabilities of Bank's non-trading (core) exposures which are contracted for steady income and statutory obligations and are generally held till maturity. Interest rate risk is measured as the potential volatility in the Bank's core net interest income caused by changes in market interest rates. Difference in pricing parameters of these Assets and Liabilities which may be due to different tenor, asset type, liability type or other parameters exposes the Bank to possible loss.

Bank utilizes the following methods to measure, monitor and control the adverse impact of interest rates on the Bank's financial condition within tolerable limits. This impact is calculated from following perspectives.

Earnings perspective: Indicates the impact on Bank's Net Interest Income (NII) in the short term.

Economic perspective: Indicates the impact on the net-worth of bank due to re-pricing of assets, liabilities and off-balance sheet items.

Measurement and computation of interest rate risk in Banking Book under the above two methods is done on a monthly basis.

2. Quantitative Disclosures

2.1	The increase (decline) in earning and economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method of measuring IRRBB, broken down by currency (where the turnover is more than 5 percent turnover).	Changes on account of Interest rate volatility <ul style="list-style-type: none"> Change in net interest income (with 200 bps change in interest rates for both assets and liabilities) 445.8 million Change in market value of equity(with 200 bps change in interest rates for both assets and liabilities). 5.73% (₹ 3560.46 million)
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Table DF -10: General Disclosure for Exposures Related to Counterparty Credit Risk

1. Qualitative Disclosures

The Bank has a Credit Risk Management Policy and Collateral Management Policy in place which lays down guidelines, processes and measures for counterparty risk management. The counterparty limits are monitored and internal triggers are put in place to guard against breach in limits. Bank takes eligible financial collateral (e.g., cash or securities) on an account-by-account basis to reduce the credit exposure to counterparty while calculating the capital requirements.

2. Quantitative Disclosures

The derivative exposure is calculated using Current Exposure Method (CEM) and the balance out standing as on March 31, 2019 is given below.

Particulars	Amount in ₹ million	
	Notional Amount	Current Exposure
Forward forex contracts	24251	916

DF11: Composition of Capital

Basel III common disclosure template to be used from March 31,2019			Ref No
Common Equity Tier1 capital: instruments and reserves			
1	Directly issued qualifying common share capital plus related stock surplus(share premium)	6672.7	
2	Retained earnings	55878.83	
3	Accumulated other comprehensive income (and other reserves)		
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)		
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)		
6	CommonEquityTier1capitalbefore regulatory adjustments	62551.53	
Common Equity Tier1 capital: regulatory adjustments			
7	Prudential valuation adjustments (illiquidity premium)	214.3	
8	Goodwill(net of related tax liability)		
9	Intangibles(net of related tax liability)		
10	Deferred tax assets ²		
11	Cash-flow hedge reserve		
12	Short fall of provisions to expected losses		
13	Securitisation gain on sale		
14	Gains and losses due to changes in own credit risk on fair valued liabilities		
15	Defined-benefit pension fund net assets		
16	Investments in own shares(if not already netted off paid-up capital on reported balance sheet)		
17	Reciprocal cross-holdings in common equity		
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)		

Basel III common disclosure template to be used from March 31,2019			Ref No
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold) ³	200.00	
20	Mortgage servicing rights ⁴ (amount above 10% threshold)		
21	Deferred tax assets arising from temporary differences ⁵ (amount above 10% threshold, net of related tax liability)		
22	Amount exceeding the 15% threshold ⁶		
23	Of which: significant investments in the common stock of financial entities		
24	Of which: mortgage servicing rights		
25	Of which: deferred tax assets arising from temporary differences		
26	National specific regulatory adjustments ⁷ (26a+26b+26c+26d)		
26a	Of which: Investments in the equity capital of unconsolidated insurance subsidiaries		
26b	Of which: Investments in the equity capital of unconsolidated non-financial subsidiaries ⁸		
26c	Of which: Short fall in the equity capital of majority owned financial entities which have not been consolidated with the bank ⁹		
26d	Of which: Unamortised pension funds expenditures		
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions		
28	Total regulatory adjustments to Common equity Tier 1	414.30	
29	Common Equity Tier 1 capital (CET1)	62137.24	
Additional Tier 1 capital: instruments			
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (share premium) (31+32)	10000	
31	Of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)		
32	Of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)	10000	
33	Directly issued capital instruments subject to phase out from Additional Tier 1		
34	Additional Tier 1 instruments (and CET 1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)		
35	Of which: instruments issued by subsidiaries subject to phase out		
36	Additional Tier 1 capital before regulatory adjustments	10000	
Additional Tier 1 capital: regulatory adjustments			
37	Investments in own Additional Tier 1 instruments		
38	Reciprocal cross-holdings in Additional Tier 1 instruments		
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)		
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)		
41	National specific regulatory adjustments (41a+41b)		
41a	Of which: Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries		
41b	Of which: Short fall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank		
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		
43	Total regulatory adjustments to Additional Tier 1 capital		
44	Additional Tier 1 capital (AT1)	10000	
45	Tier 1 capital (T1=CET1+AT1)(29+44)	72137.24	
Tier 2 capital: instruments and provisions			
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	8000.0	
47	Directly issued capital instruments subject to phase out from Tier 2	0	
48	Tier 2 instruments (and CET 1 and AT 1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	377.8	
49	Of which: instruments issued by subsidiaries subject to phase out	0	
50	Provisions ¹¹	4388.3	
51	Tier 2 capital before regulatory adjustments	12766.1	
Tier 2 capital: regulatory adjustments			
52	Investments in own Tier 2 instruments		
53	Reciprocal cross-holdings in Tier 2 instruments		

	Basel III common disclosure template to be used from March 31,2019	Ref No
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	
55	Significant investments ¹² in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	116.7
56	National specific regulatory adjustments(56a+56b)	
56a	Of which: Investments in the Tier 2 capital of unconsolidated insurance subsidiaries	
56b	Of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank	
57	Total regulatory adjustments to Tier 2 capital	116.7
58	Tier 2 capital (T2)	12649.4
59	Total capital(TC=T1+T2)(45+58)	84786.6
60	Total risk weighted assets (60a+60b+60c)	680485.8
60a	Of which: total credit risk weighted assets	604425.7
60b	Of which: total market risk weighted assets	16931.6
60c	Of which: total operational risk weighted assets	59128.4
	Capital Ratios and Buffers	
61	Common Equity Tier 1(as a percentage of risk weighted assets)	9.13
62	Tier 1 (as a percentage of risk weighted assets)	10.60
63	Total capital(as a percentage of risk weighted assets)	12.46
64	Institution specific buffer requirement (minimum CET 1 requirement plus capital conservation plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	
65	Of which: capital conservation buffer requirement	1.875
66	Of which: bank specific countercyclical buffer requirement	
67	Of which: G-SIB buffer requirement	
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	
	National minima (if different from Base III)	
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)	7.375
70	National Tier 1 minimum ratio (if different from Basel III minimum)	8.875
71	National total capital minimum ratio (if different from Basel III minimum)	10.875
	Amounts below the thresholds for deduction (before risk weighting)	
72	Non-significant investments in the capital of other financial entities	
73	Significant investments in the common stock of financial entities	
74	Mortgage servicing rights (net of related tax liability)	
75	Deferred tax assets arising from temporary differences (net of related tax liability)	
	Applicable caps on the inclusion of provisions in Tier 2	
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	4388.3
77	Cap on inclusion of provisions in Tier 2 under standardised approach	7555.32
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	
	Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)	
80	Current cap on CET 1 instruments subject to phase out arrangements	
81	Amount excluded from CET 1 due to cap (excess over cap after redemptions and maturities)	
82	Current cap on AT 1 instruments subject to phase out arrangements	
83	Amount excluded from AT 1 due to cap (excess over cap after redemptions and maturities)	
84	Current cap on T 2 instruments subject to phase out arrangements	0
85	Amount excluded from T 2 due to cap (excess over cap after redemptions and maturities)	6000.0

Notes to the Template

Row No. of the template	Particular	(₹ in million)
10	Deferred tax assets associated with accumulated losses	
	Deferred tax assets (excluding those associated with accumulated losses) net of Deferred tax liability	2978.3
	Total as indicated in row 10	

19	If investments in insurance subsidiaries are not deducted fully from capital and instead considered under 10% threshold-for deduction, the resultant increase in the capital of bank	
	of which: Increase in Common Equity Tier 1 capital	
	of which: Increase in Additional Tier 1 capital	
	of which: Increase in Tier 2 capital	
26b	If investments in the equity capital of unconsolidated non-financial subsidiaries are not deducted and hence, risk weighted then:	
	(i) Increase in Common Equity Tier 1 capital	
	(ii) Increase in risk weighted assets	
50	Eligible Provisions included in Tier2 capital	4388.3
	Eligible Revaluation Reserves included in Tier 2 capital	0.0
	Total of row 50	4388.3

DF 12: Composition of Capital -Reconciliation of Regulatory Capital

Step 1

Amount in ₹ million

		Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation
		As on reporting date	As on reporting date
A	Capital & Liabilities		
i	Paid-up Capital	557.00	
	Reserves & Surplus	65703.95	
	Minority Interest	0.00	
	Total Capital	66260.95	
ii	Deposits	896388.96	
	Of which: Deposits from banks	32656.25	
	Of which: Customer deposits	863732.71	
	Of which: Other deposits (pl. specify)	0.00	
iii	Borrowings	26239.6	
	Of which: From RBI	0.00	
	Of which: From banks	0.00	
	Of which: From other institutions & agencies	239.56	
	Of which: Others (pl. specify)		
	Of which: Capital instruments	26000.00	
iv	Other Liabilities & Provisions	25173.39	
	Total	1014062.9	
B	Assets		
i	Cash and balances with Reserve Bank of India	48749.7	
	Balance with banks and money at call and short notice	9869.10	
ii	Investments:	231605.04	
	Of which: Government securities	185065.25	
	Of which: Other approved securities	0.00	
	Of which: Shares	1974.16	
	Of which: Debentures & Bonds	15901.37	
	Of which: Subsidiaries	200.00	
	Of which Joint Ventures / Associates/ sponsored banks	456.75	
	Of which: Others (Commercial Papers, Mutual Funds CDs etc.)	28007.51	
iii	Loans and advances	662715.07	
	Of which: Loans and advances to banks	193.90	
	Of which: Loans and advances to customers	662521.17	
iv	Fixed assets	16746.94	

v	Other assets	44377.06	
	Of which: Goodwill and intangible assets	0.0	
	Of which: Deferred tax assets	2978.3	
vi	Goodwill on consolidation	0.0	
vii	Debit balance in Profit & Loss account	0.0	
	Total Assets	1014062.9	

Step 2

		Amount in ₹ million		
		Balance sheet as in financial statements	Balance sheet under regulatory scope of consolidation	Reference no:
		As on reporting date	As on reporting date	
A	Capital & Liabilities			
i	Paid-up Capital	557.00		
	Of which: Amount eligible for CET 1	557.00		
	Of which: Amount eligible for AT 1			
	Reserves & Surplus	65703.95		
	Of which:			
	Statutory reserve	21703.21		
	Share premium	6115.71		
	Revenue & Other reserves	29509.68		
	Capital reserves	708.46		
	Investment reserve	377.8		
	Revaluation Reserve	6057.48		
	Special Reserve (u/s 36(i)(viii) of I. Tax act, 1961)	1231.6		
	Out of which amount eligible for inclusion in Tier 1 capital	2725.8		
	Minority Interest			
	Total Capital	62137.24		
ii	Deposits	896388.96		
	Of which: deposits of banks	32656.25		
	Of which: Customer deposits	863732.71		
	Of which: Other deposits (pl. specify)	0.00		
	Borrowings	26239.56		
	Of which: From RBI	0.00		
	Of which: From banks	0.00		
	Of which: From other institutions & agencies	239.56		
	Of which: Others (pl. specify)			
	Of which: Capital instruments	26000.00		
	Out of which eligible for inclusion in Tier II capital	8000.00		
iv	Other Liabilities & Provisions	25173.39		
	Of which: DTLs related to goodwill	0.0		
	Of which: DTLs related to intangible assets	0.0		
	Of which: Standard asset provision included under Tier II	4388.3		
	Of which: Provisions for contingencies included under Tier II	0.00		
	Total	1014062.9		
B	Assets			
i	Cash and balances with Reserve Bank of India	48749.69		
ii	Balance with banks and money at call and short notice	9869.07		
iii	Investments:	231605.03		
	Of which: Government securities	185065.25		
	Of which: Other approved securities	0.00		
	Of which: Shares	1974.16		

	Of which: Debentures & Bonds	15901.37	
	Of which: Subsidiaries	200.00	
	Of which: Joint Ventures / Associates	456.75	
	Of which: Others (Commercial Papers, Mutual Funds etc.)	28007.51	
iv	Loans and advances	662715.07	
	Of which: Loans and advances to banks	193.90	
	Of which: Loans and advances to customers	662521.17	
v	Fixed assets	16746.95	
vi	Other assets	44377.06	
	Of which: Goodwill and intangible assets Out of which	0.0	
	Goodwill		
	Other Intangibles (excluding MSRs)	0.00	
	Deferred tax assets	2978.30	
vii	Goodwill on consolidation	0.00	
viii	Debit balance in Profit & Loss account	0.00	
	Total Assets	1014062.9	

DF13 : Main features of regulatory capital Instrument

	Common Equity Tier I	
1	Issuer	The Jammu and Kashmir Bank Ltd.
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	ISIN : INE168A01041
3	Governing law(s) of the instrument	The Companies Act, 2013
	Regulatory treatment	
4	Transitional Basel III rules	
5	Post-transitional Basel III rules	
6	Eligible at solo/group/ group & solo	SOLO
7	Instrument type	Equity Shares
8	Amount recognised in regulatory capital (` in million, as of most recent reporting date)	48,47,78,020 as on 20 th March, 2017 3,65,55,051 issued on 20 th March, 2017 3,55,25,321 issued on 7 th June, 2017 55,68,58,392, Total Capital as on 31.03.2019
9	Par value of instrument	Re. 1/- (one only)
10	Accounting classification	Equity Capital
11	Original date of issuance	48,47,7,8,020 in 1999 3,65,55,051 issued on 20 th March, 2017 3,55,25,321 issued on 7 th June, 2017
12	Perpetual or dated	Perpetual
13	Original maturity date	Not applicable
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	Not applicable
16	Subsequent call dates, if applicable	Not Applicable
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Floating rate
18	Coupon rate and any related index	Not applicable
19	Existence of a dividend stopper	Nil
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	Not Applicable
22	Non-cumulative or cumulative	Not applicable
23	Convertible or non-convertible	Non Convertible
24	If convertible, conversion trigger(s)	Not applicable
25	If convertible, fully or partially	Not applicable
26	If convertible, conversion rate	Not applicable
27	If convertible, mandatory or optional conversion	Not Applicable

28	If convertible, specify instrument type convertible into	Not Convertible
29	If convertible, specify issuer of instrument it converts into	Not applicable
30	Write-down feature	No
31	If write-down, write-down trigger(s)	Not Applicable
32	If write-down, full or partial	Not Applicable
33	If write-down, permanent or temporary	Not Applicable
34	If temporary write-down, description of write-up mechanism	Not Applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Not Applicable
36	Non-compliant transitioned features	Not Applicable
37	If yes, specify non-compliant features	Not Applicable

Instrument	Unsecured, Non-Convertible Subordinated Perpetual Additional Tier 1 Basel-III compliant Bonds in the nature of Debentures
Issuance & Trading	Demat Mode
Credit Rating	BWR A. +
Mode of Issue	Private placement
Issue Price	₹ 1 million /bond
Objects of the Issue/ Details of the utilization of the Proceeds	Augmenting Additional Tier 1 Capital (as the term is defined in the Basel III Guidelines) and overall capital of the Bank for strengthening its capital adequacy and for enhancing its long term resources
Minimum application size	1 Bond and in multiples of 1 Bond thereafter
Tenor	Perpetual
Security	Unsecured
Conversion	Non-convertible
Coupon Rate	10.50% p.a. Fixed rate instrument.
Interest Payment Frequency	Annual (The interest shall not be cumulative)
Interest Payment Date	June 14 of every year
Dividend Stopper Clause	This clause will be applicable to these PDIs and it will stop dividend payments on common shares in the event the Bondholders are not paid Coupon. In the event the Bondholders are not paid Coupon, they shall not impede the full discretion that Issuer has at all times to cancel distributions/payments on the PDIs, nor will they impede / hinder: <ul style="list-style-type: none"> (a) The Re-Capitalization of the Bank. (b) The Bank's right to make payments on other instruments, where the payments on this other instrument were not also fully discretionary. (c) The Bank's right to making distributions to shareholders for a period that extends beyond the point in time that Coupon /dividends on the PDIs are resumed. (d) The normal operation of the Bank or any restructuring activity (including acquisitions/ disposals).
Put Option	No Put Option
Call Option	The exercise of Call Option by the Bank will be subject to ALL of the below mentioned conditions. <ul style="list-style-type: none"> a) The instrument has run for at least five years b) The prior approval of RBI (Department of Banking Operations & Development). c) The instrument is replaced with capital of the same or better quality and the replacement of this capital is done at conditions which are sustainable for the income capacity of the bank OR <ul style="list-style-type: none"> d) The bank demonstrating to RBI that its capital position is well above the minimum capital requirements after the Repurchase / Buyback / Redemption. Here, minimum refers to Common Equity Tier 1 of 8% of RWAs (including capital conservation buffer of 2.5% of RWAs) and Total Capital of 11.5% of RWAs including any Additional Capital Requirement identified under Pillar 2.
Exercise of Calls Options in Tax Events and Regulatory Event	Bank may call the instrument due to the occurrence of Tax events or Regulatory event only if permitted by RBI. RBI may permit such type of calls only if it is convinced that the bank was not in a position to anticipate these events at the time of issuance of Perpetual Debt Instruments (PDIs) as per RBI Master circular on Basel-III Capital Regulations July 1, 2013

Repurchase/ Buy-Back / Redemption	<p>The Bank may at any time, subject to the following conditions having been satisfied and such repayment being otherwise permitted by the then prevailing Basel III Guidelines, repay the principal amount of the PDIs by way of repurchasing, buy-back or redemption:</p> <p>(a) with the prior approval of RBI;</p> <p>(b) the Bank has not assumed or created any market expectations that RBI approval for such repurchase/redemption/buy-back shall be given; and</p> <p>(c) the Bank: (i) replaces the PDIs with capital of the same or better quality and the replacement of the PDIs is done at conditions which are sustainable for the income capacity of the Bank; or (ii) demonstrates that its capital position is well above the minimum capital requirements after the repurchase / buy-back / redemption; and</p> <p>(d) any other pre-conditions specified in the Basel III Guidelines at such time have been satisfied.</p> <p>Such PDIs may be held, reissued, resold, extinguished or surrendered, at the option of the Bank.</p>
Listing	The PDIs shall be listed on the Wholesale Debt Market (WDM) segment of the BSE. The Designated Stock Exchange for this issue shall be BSE.
Depository	NSDL & CDSL
Deemed Date of Allotment	June 14, 2018
Settlement mode	Payment of interest and repayment of principal shall be made by way of credit through direct credit / NECS /RTGS/NEFT mechanism.
Seniority	<p>The claims of the Bondholders in the PDIs shall be:</p> <p>i. Superior to the claims of investors in equity shares and perpetual non-cumulative preference shares, if any, of the Bank whether currently outstanding or issued at any time in the future.</p> <p>ii. Subordinated to the claims of depositors, general creditors and subordinated debt of the Bank other than any subordinated debt qualifying as Additional Tier 1 Capital (as defined in the Basel III Guidelines) of the Bank;</p> <p>iii. Neither secured nor covered by a guarantee of the Bank or its related entity or other arrangement that legally or economically enhances the seniority of the claim vis-à-vis creditors of the Bank;</p>
Loss Absorbency	<p>The PDIs are subject to principal loss absorption as described herein and which are required of 'Additional Tier I instruments' at Level of Pre-Specified Trigger and at Point of Non Viability as provided for in Annex 16 of the Basel III Guidelines.</p> <p>The write-down will have the following effects:</p> <ul style="list-style-type: none"> • Reduce the claim of the PDIs(up to nil) in liquidation; • Reduce the amount re-paid (up to nil) when a call is exercised; and • Partially or fully reduce Coupon payments on the PDIs. <p>Loss Absorption at Pre-Specified Trigger Level</p> <p>If a Pre-Specified Trigger Level(as described below) occurs, the Bank shall: (a) notify the Trustee; (b) cancel any coupon which is accrued and unpaid to as on the write- down date; and (c) without the need for the consent of Bondholders or the Trustee, write down the outstanding principal of the PDIs by such amount as the Issuer may in its absolute discretion decide subject to the amount of write down not exceeding the amount which would be required to bring the Common Equity Tier 1 (CET 1) ratio to 8% of RWAs (minimum CET 1 of 5.5% + capital conservation buffer of 2.5%) and in no case such amount shall be less than the amount required to immediately return the Issuer's CET 1 ratio to above the Pre-Specified Trigger Levelor, if this is not possible, the full principal value of the PDIs (the "CET1 Write Down Amount")</p>

<p>Point of Non-Viability (PONV) Trigger</p>	<p>The PDIs, at the option of the RBI, can be permanently written off upon occurrence of the trigger event, called the Point of Non-Viability Trigger ("PONV Trigger"). If a PONV Trigger (as described below) occurs, the Issuer shall: (a) notify the Trustee; (b) cancel any Coupon which is accrued and unpaid on the PDIs as on the write-down date; and (c) without the need for the consent of Bondholders or the Trustee, write down the outstanding principal of the PDIs by such amount as may be prescribed by RBI and subject as is otherwise required by the RBI at the relevant time.</p> <p>Following writing-off of the PDIs and claims and demands as noted above neither the Bank, nor any other person on the Bank's behalf shall be required to compensate or provide any relief, whether absolutely or contingently, to the Bondholder or any other person claiming for or on behalf of or through such holder and all claims and demands of such persons, whether under law, contract or equity, shall stand permanently and irrevocably extinguished and terminated.</p> <p>The write-off of any CET 1 capital shall not be required before the write-off of any of the PDIs and there is no right available to the Bondholder hereof or any other person claiming for or on behalf of or through such holder to demand or seek that any other regulatory capital be subject to prior or simultaneous write-off or that the treatment offered to holders of such other regulatory capital be also offered to the Bondholders. 'PONV Trigger Event' is the earlier of:</p> <ul style="list-style-type: none"> (a) A decision that a permanent write-off without which the Bank would become non-viable, is necessary as determined by the RBI; and (b) the decision to make a public sector injection of capital, or equivalent support, without which the Bank would have become non-viable, as determined by the relevant authority. <p>The PONV Trigger Event will be evaluated both at consolidated and solo level and breach at either level will trigger write-off.</p> <p>The amount of non-equity capital to be written-off will be determined by RBI.</p> <p>The order of write-off of the PDIs shall be as specified in the order of Seniority as per this Information Memorandum and any other regulatory norms as may be stipulated by the RBI from time to time.</p> <p>The PDIs can be written-down multiple times in case the Bank hits the PONV Trigger Level subsequent to the first write-down. The PDIs which have been written down shall not be written up.</p> <p>The write-off consequent upon the PONV Trigger Event shall occur prior to any public-sector injection of capital so that the capital provided by the public sector is not diluted. The Bondholders shall not have any residual claims on the Bank (including any claims which are senior to ordinary shares of the Bank), following the PONV Trigger Event and when write-off is undertaken.</p> <p>For these purposes, the Bank may be considered as non-viable if:</p> <p>The Bank which, owing to its financial and other difficulties, may no longer remain a going concern on its own in the opinion of the RBI unless appropriate measures are taken to revive its operations and thus, enable it to continue as a going concern. The difficulties faced by the Bank should be such that these are likely to result in financial losses and raising the CET 1 capital of the Bank should be considered as the most appropriate way to prevent the Bank from turning non-viable. Such measures would include write-off of non-equity regulatory capital into common shares in combination with or without other measures as considered appropriate by the RBI.</p> <p>The Bank facing financial difficulties and approaching a PONV will be deemed to achieve viability if within a reasonable time in the opinion of RBI, it will be able to come out of the present difficulties if appropriate measures are taken to revive it. The measures including augmentation of equity capital through write off of PDIs / public sector injection of funds are likely to:</p> <ul style="list-style-type: none"> (a) Restore depositors'/investors' confidence; (b) Improve rating /creditworthiness of the Bank and thereby improve its borrowing capacity and liquidity and reduce cost of funds; and (c) Augment the resource base to fund balance sheet growth in the case of fresh injection of funds. <p>RBI would follow a two- stage approach to determine the non-viability of the Bank. The Stage 1 assessment would consist of purely objective and quantifiable criteria to indicate that there is a prima facie case of the Bank approaching non-viability and, therefore, a closer examination of the Issuer's financial situation is warranted. The Stage 2 assessment would consist of supplementary subjective criteria which, in conjunction with the Stage 1 information, would help in determining whether the Bank is about to become non-viable. These criteria would be evaluated together and not in isolation. Once the PONV is confirmed, the next step would be to decide whether rescue of the Bank would be through write-off alone or write-off in conjunction with a public-sector injection of funds.</p>
<p>Cross Default</p>	<p>Not Applicable</p>
<p>Treatment of Basel-III compliant PDI instrument of Re-Constitution/ Amalgamation/ Acquisition / Winding-Up / Liquidation of the bank</p>	<p>As per terms and conditions specified in Annex 16 of RBI master circular on Basel-III Capital Regulations, (Paras 2.9 to 2.15 and para 3.9), dated July 1, 2013</p>

(Lower Tier II bonds of ₹ 6000million)		
1	Issuer	Jammu & Kashmir Bank Ltd
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE168A08012
3	Governing law(s) of the instrument	SEBI Regulations,2008
	Regulatory treatment	
4	Transitional Basel III rules	Tier 2
5	Post-transitional Basel III rules	Tier 2
6	Eligible at solo/group/ group & solo	Solo & Group
7	Instrument type	Tier 2 Debt Instruments
8	Amount recognised in regulatory capital (₹ in million, as of most recent reporting date)	6000 million
9	Par value of instrument	₹ 1000000 per NCD
10	Accounting classification	Liability
11	Original date of issuance	30/12/2009
12	Perpetual or dated	Dated
13	Original maturity date	30/12/2019
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	9% p.a.
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-Cumulative
23	Convertible or non-convertible	Non-Convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	No
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

Basel III compliant Tier II bonds of ₹ 5000 million		
1	Issuer	THE JAMMU & KASHMIR BANK LTD
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE168A08038
3	Governing law(s) of the instrument	Companies Act, 2013; SEBI (Issue and Listing of Debt Securities) Regulations, 2008; and RBI's Master Circular on Basel III Capital Regulations
	Regulatory treatment	
4	Transitional Basel III rules	Tier 2
5	Post-transitional Basel III rules	Tier 2

6	Eligible at solo/group/ group & solo	SOLO
7	Instrument type	Tier 2 Debt Instruments
8	Amount recognised in regulatory capital (` in million, as of most recent reporting date)	Rs.5000 Million
9	Par value of instrument	Rs.1000000/- per NCD
10	Accounting classification	Liability
11	Original date of issuance	24.03.2017
12	Perpetual or dated	Dated
13	Original maturity date	24.06.2022
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	NA
16	Subsequent call dates, if applicable	NA
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	9.50% p.a.
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-Convertible
24	If convertible, conversion trigger(s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	Yes
31	If write-down, write-down trigger(s)	PONV Trigger Event as defined in Transaction Documents
32	If write-down, full or partial	Fully or Partially
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Tier 2 instruments shall be superior to the claims of investors in instruments eligible for inclusion in Tier 1 Capital and subordinate to the claims of all depositors and general creditors of the Bank
36	Non-compliant transitioned features	Yes
37	If yes, specify non-compliant features	The Bonds shall be subject to loss absorbency features applicable for non-equity capital instruments as per the Master Circular issued by the Reserve Bank of India on Basel III capital regulations covering terms and conditions for issue of debt capital instruments for inclusion as Tier II Capital (Annex 5 of the Master Circular) and minimum requirement to ensure loss absorbency of non-equity regulatory capital instruments at the Point of Non Viability (PONV) (Annex 16 of the Master Circular) read along with the Master Circular. Accordingly, the Bonds may, at the option of the RBI, be permanently written off upon occurrence of the trigger event called the "Point of Non Viability Trigger". PONV trigger event shall be as defined in the RBI Regulations and shall be determined by the RBI.

Basel III complaint Tier II bonds of ₹ 5000 million		
1	Issuer	THE JAMMU & KASHMIR BANK LTD
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	INE168A08046
3	Governing law(s) of the instrument	Companies Act, 2013; SEBI (Issue and Listing of Debt Securities) Regulations, 2008; and RBI's Master Circular on Basel III Capital Regulations
	Regulatory treatment	
4	Transitional Basel III rules	Tier 2
5	Post-transitional Basel III rules	Tier 2
6	Eligible at solo/group/ group & solo	SOLO
7	Instrument type	Tier 2 Debt Instruments
8	Amount recognised in regulatory capital (₹ in million, as of most recent reporting date)	Rs.5000 Million
9	Par value of instrument	Rs.1000000/- per NCD
10	Accounting classification	Liability
11	Original date of issuance	28.12.2017
12	Perpetual or dated	Dated
13	Original maturity date	27.12.2024
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	NA
16	Subsequent call dates, if applicable	NA
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	9.25% p.a.
19	Existence of a dividend stopper	Yes
20	Fully discretionary, partially discretionary or mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-Convertible
24	If convertible, conversion trigger(s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	Yes
31	If write-down, write-down trigger(s)	PONV Trigger Event as defined in Transaction Documents
32	If write-down, full or partial	Fully or Partially
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Tier 2 instruments shall be superior to the claims of investors in instruments eligible for inclusion in Tier 1 Capital and subordinate to the claims of all depositors and general creditors of the Bank
36	Non-compliant transitioned features	Yes

37	If yes, specify non-compliant features	The Bonds shall be subject to loss absorbency features applicable for non-equity capital instruments as per the Master Circular issued by the Reserve Bank of India on Basel III capital regulations covering terms and conditions for issue of debt capital instruments for inclusion as Tier II Capital (Annex 5 of the Master Circular) and minimum requirement to ensure loss absorbency of non-equity regulatory capital instruments at the Point of Non Viability (PONV) (Annex 16 of the Master Circular) read along with the Master Circular. Accordingly, the Bonds may, at the option of the RBI, be permanently written off upon occurrence of the trigger event called the "Point of Non Viability Trigger". PONV trigger event shall be as defined in the RBI Regulations and shall be determined by the RBI.
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LEVERAGE RATIO

Leverage ratio is a non-risk based measure of exposure over capital. The leverage ratio is calibrated to act as a credible supplementary measure to the risk based capital requirements. The Basel III leverage ratio is defined as the ratio of capital measure (the numerator) to exposure measure (the denominator), expressed as a percentage.

The capital measure used for the leverage ratio at any particular point in time is the Tier 1 capital measure applying at that time under the risk-based framework. Total exposure measure is the sum of the on-balance sheet exposures, derivative exposures, securities financing transaction (SFT) exposures and off- balance sheet (OBS) items.

Leverage ratio = $\frac{\text{Capital Measure (Tier 1 Capital)}}{\text{Exposure Measure}}$

Exposure Measure

As on 31.03.2019	Amount in ₹ million
Tier 1 Capital	72137.25
Exposure Measure	1064629.34
Leverage Ratio	6.78

Annexure-A

Industry wise exposure as on 31.03.2019

Industry Name	Amount in ₹ million			
	Total Funded Exposure	Total Non Fund Exposure	Total Investment Exposure	Total Exposure
A. Mining and Quarrying	578.39	138.51	8.8	725.703
B. Food Processing	3,597.17	5,345.28	200	9142.447
C. Beverages (excluding Tea & Coffee) and Tobacco	1,220.23	205.67	0	1425.898
D. Textiles	11,311.73	5,585.01	61.9	16958.646
E. Leather and Leather products	1,119.10	718.39	0	1837.482
F. Wood and Wood Products	910.23	178.31	0	1088.534
G. Paper and Paper Products	987.43	217.63	0	1205.064
H. Petroleum (non-infra), Coal Products (non-mining) and Nuclear Fuels	5,875.85	3,860.31	1016.1	10752.258
I. Chemicals and Chemical Products (Dyes, Paints, etc.)	14,593.04	2,495.03	415	17503.074
J. Rubber, Plastic and their Products	4,650.87	1,710.75	0	6361.627
K. Glass & Glassware	106.38	13.92	0	120.297
L. Cement and Cement Products	7,187.82	1,906.26	0	9094.076
M. Basic Metal and Metal Products	27,822.56	7,233.09	136.5	35192.143
N. All Engineering	5,160.35	872.88	105.2	6138.427
O. Vehicles, Vehicle Parts and Transport Equipments	76.11	6.63	0	82.746
P. Gems and Jewellery	6,812.46	187.16	0	6999.62
Q. Construction	0.00	0.00	0	0
R. Infrastructure	75,970.15	8,786.18	9317.9	94074.226
S. Other Industries, pl. specify	1,948.70	1,548.85	1675.7	5173.25
All Industries (A to S)	169928.57	41009.85	12937.1	223875.52

Amount in ₹ million

	Inflows	Day1	2-7 Days	8-14 Days	15-30 Days	31 Days and upto 2 months	More than 2 months and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 years	Over 1 years and upto 3years	Over 3 year and upto 5 years	Over 5 year and upto 7 years	Over 7 year and upto 10 years	Over 10 year and upto 15 years	Over 15 year s	Over 5 years	Total
1	Cash	4547.39	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	4547.39
2	Balances With RBI	8811.49	0.00	0.00	1875.71	336.21	499.01	1500.57	3415.21	13480.36	9290.08	3217.02	0.00	0.00	1776.62	4993.64	44202.29
3	Balances With Others	870.05	199.02	0.00	700	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1769.07
	(i) Current	870.05	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	870.05
	(ii) Monet At All And Short Notice, Term	0.00	199.02	0.00	700	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	899.02
4	Investments (Including)	2680.5	997.58	0.00	1490.46	2943.35	14060.74	8096.96	11612.07	13791.95	50459.65	49872.05	49774.26	0.00	656.75	100303.1	230557.31
5	Advances Performing	5360.44	17366.55	20290.62	4809.98	1069.42	16774.82	20293.2	59301.69	252544.26	122499.4	56072.03	30338.85	13670.48	391.86	100473.6	630318.96
	(I) Bills Purchased	53.37	180.38	253.8	375.87	4652.26	79.61	99.02	4486.86	0.14	0.14	0.00	0.00	0.00	0.00	0.00	10181.45
	(II) Cash Credits, Over Drafts and	2289.06	13734.33	16023.39	0.00	0.00	0.00	0.00	0.00	181598.38	0.00	0.00	0.00	0.00	0.00	0.00	213645.15
	(III) Term Loans	3018.01	3451.84	4013.44	4434.12	6042.17	16695.2	20194.18	54814.83	70855.74	122499.2	56072.03	30338.85	13670.84	391.86	100473.6	4064492.35
6	NPA(Advances And	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	13553.59	19890.23	0.00	0.00	0.00	19890.23	33443.83
7	Fixed Assets	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	16746.95	16746.95	16746.95
8	Other Assets	51.68	310.07	361.75	0.00	176.7	0.00	2517.73	3190.8	8533.4	3844.1	10982.8	0.00	0.00	0.00	10982.8	29969.03
	(I) Leased Assets	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
	(II) Others(RIDF/ NABART/SIDBI/R)	0.00	0.00	0.00	0.00	176.7	0.00	2517.73	3190.8	8533.4	3844.1	10982.8	0.00	0.00	0.00	120982.8	29245.53
	Inter-Office	51.68	310.07	361.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	723.5
9	Reverse Repos	0.00	8100	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	8100
10	Swaps (Sell/Buy)	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
11	Bills Rediscounted	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
12	Interest Receivable	10.8	0.16	0.13	19.56	26.66	73.66	89.1	241.84	312.51	498.09	247.39	133.85	60.32	1.73	443.29	1715.9
13	Committed Lines Of	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
14	Export Refinance From	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
15	Others (Specify)	4.21	25.23	29.43	67.28	1616.11	126.15	386.85	4137.36	13812.92	0.00	0.00	0.00	0.00	12692.14	12692.14	32897.67
		4.21	25.23	29.43	67.28	1616.11	126.15	386.85	4137.36	13812.92	0.00	0.00	0.00	0.00	12692.14	12692.14	32897.67
16	C Total Inflows	46457.56	26998.6	20681.93	8963	15793.45	31534.37	32884.4	81898.97	302385.5	200144.9	140281.5	80246.96	13731.15	32266.05	266525.7	1034268.39

Report 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 pursuant to Regulation 34(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 mandated these. It is our endeavour 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 uses Corporate Governance innovatively in a transitional economy like Jammu and Kashmir. The Bank looks at Corporate Governance as an instrument of economic and social transformation, besides fiscal discipline. Given the fact that J&K Bank is seen as a great success of “public-private partnership”, your Bank as a business is expected to play a pivotal role in social transformation of the economy. This lends relevance to implementation of good governance practices which go beyond the Corporate Governance Code.

We, as the premier corporation of Jammu and Kashmir, have a focused interest in making the state 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 makes governance a critical factor in functioning. 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-regulation and make financial transactions transparent and constitutional.

VISION

“To catalyse economic transformation and capitalise on growth”.

Our vision is to engender and catalyse economic transformation of Jammu and Kashmir and capitalise from the growth induced financial prosperity thus engineered. The Bank aspires to make Jammu and Kashmir the most prosperous state in the country by helping create a new financial architecture for the J&K economy, at the center of which will be the J&K Bank. At the same time, we want to expand our existing network in other states of the country which offer better potential for the Banking.

MISSION

Our mission is two-fold: To provide the people of J&K international quality financial services and solutions and to

be a super specialist Bank in the rest of the country. The two together will make us the most profitable Bank in the country.

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 stakeholder’s interests are kept at utmost high level.

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 the 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 eleven (11), comprising of Chairman & CEO and ten (10) Non- Executive Directors. None of the Directors are/were inter-se related to each other.

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 & CEO, 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, providing policy framework, laying down of control measures and compliance with applicable Laws and Regulations and review of performance.

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 (Action Taken 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 in ordinary course and follow high degree of business ethics, transparent practices, objective discussions, and good governance practices, etc amidst cordial environment.

FREQUENCY OF BOARD MEETINGS

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

19.05.2018, 30.05.2018, 23.06.2018, 07.07.2018, 26.07.2018, 26.08.2018, 17.09.2018, 16.10.2018, 26.11.2018, 27.12.2018, 12.01.2019, 23.02.2019 and 26.03.2019

ATTENDANCE AT BOARD MEETINGS

Following table provides a bird's eye view of participation of Directors in Board Meetings and last Annual General Meeting.

Name of Director	Category of Director	Meetings during the tenure	Meetings Attended	%age	Whether Attended AGM held on 07.07.2018
Mr. Parvez Ahmed	Chairman & CEO	13	13	100	Y
Mr. Navin Kumar Choudhary, IAS (upto 15.03.2019)	Govt. Nominee Director	12	12	100	Y
Dr. Arun Kumar Mehta, IAS (appointed on 15.03.2019)	Govt. Nominee Director	1	1	100	NA
Mr. Yogesh Kumar Dayal (upto 30.06.2018)	RBI Nominee Director	3	0	0	N
Mr. Abdul Majid Mir (upto 07.07.2018)	Non-Executive Non Independent Director	3	3	100	N
Mr. Azhar ul Amin	Non-Executive Non Independent Director	13	13	100	Y
Mr. Mohammad Maqbool Rather	Non-Executive Independent Director	13	13	100	Y
Mr. Mohammad Ashraf Mir	Non-Executive Independent Director	13	13	100	Y
Dr. Pronab Sen	Non-Executive Independent Director	13	11	84.6	N
Mrs. Vijayalakshmi R. Iyer (upto 27.03.2019)	Non-Executive Independent Director	13	9	69.23	Y
Dr. Sanjiv Agarwal	Non-Executive Independent Director	13	13	100	Y
Mr. Sunil Chandiramani	Non-Executive Independent Director	13	12	92.30	N
Mr. Dhaman Kumar Pandoh	Non-Executive Non Independent Director	13	13	100	Y
Mr. Rahul Bansal	Non-Executive Non Independent Director	13	10	77	Y
Mr. Vikram Gujral (Appointed on 26.03.2019)	Additional Director Non-Executive Non- Independent	1	0	0	NA

Appointments/Resignations from the Board of Directors

During the year under review, Mr. Yogesh Kumar Dayal (DIN: 07584913) ceased to be Director on the Board of the Bank on 30th June, 2018 due to withdrawal of nomination by Reserve Bank of India. Mr. Abdul Majid Mir (DIN: 02175199) ceased to be Director of the Bank on 07th July, 2018 and Mrs. Vijayalakshmi R Iyer (DIN: 05242960) resigned from Directorship of the Bank on 27th March, 2019. Dr. Arun Kumar Mehta, IAS (DIN: 07218193) was appointed as nominee Director by the Govt. of Jammu & Kashmir in place of Mr. Navin Kumar Choudhary, IAS (DIN: 07218193) on 15th March, 2019 and Mr. Vikram Gujral (DIN: 03637222) was appointed as Additional Director on the Board of the Bank on 26th March, 2019. Further Mr. Mohammad Maqbool Rather (DIN: 07586779) having attained the age of 75 years has ceased to be Director of the Bank with effect from 1st April, 2019 in compliance to Regulation 17(1A) of SEBI (Listing and Obligations Disclosures Requirement) (Amendment) Regulations, 2018.

Directors place on record their deep appreciation for the valuable services rendered by Mr. Navin Kumar Choudhary, IAS, Mr. Yogesh Kumar Dayal, Mr. Abdul Majid Mir, Mrs. Vijayalakshmi R Iyer & Mr. Mohammad Maqbool Rather during their tenure as Directors of the Bank.

Brief Profile of Directors

J&K Bank's policy of board diversity is 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 as on 15.05.2019 is as under:

Mr. R. K. Chhibber

DIN: 08190084

Mr. Rajesh Kumar Chhibber, aged 59 years, 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. He is also on the Board of JKB Financial Services Ltd

Dr. Arun Kumar Mehta, IAS

DIN: 02712778

Dr. Arun Kumar Mehta, IAS, aged 55 years, 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 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.

He is also on the Board of J&K Asset Reconstruction Co. Ltd, J&K Industries Ltd., J&K SIDCO, J&K SICOP, J&K Handicrafts (S&E) Dev. Corporation, J&K Development Finance Corp., J&K Cements Ltd., J&K HPMC Ltd., J&K Agro Industries Dev. Corp., J&K Cable Car corp., J&K Tourism Development Corp., J&K PCC Ltd., J&K SRTC Ltd., J&K SC, ST, & OBC Dev. Corp., J&K State Power Development corp., J&K State Financial Corp., J&K State Forest Corp., J&K Infrastructure Development Corp. Ltd & J&K Women's Development Corp. Ltd.

Mr. Mohammad Ashraf Mir

DIN: 07586792

Mr. Mohammad Ashraf Mir, aged 60 years, is a first generation entrepreneur with 34 years of experience as a successful industrialist, contractor and businessman. He started his career with M/s Indian Steel & Metal Industries in the year 1982 and is its proprietor. Mr. Mir is also an "A" class contractor and is known for doing many prestigious projects across the state.

Mr. Mir has remained in Executive Council of Federation Chamber of Industries Kashmir (FCIK) for last 20 years and currently serves as its President. He has also served the FCIK as its Senior Vice President, President Industrial Association Sanat Nagar and President SICOP Unit Holders' Association.

Currently serving FCIK as its President he is also a Board Member of J&K Small Scale Industrial Development Corporation Ltd (SICOP), J&K State Industrial Development Corporation (SIDCO) and J&K State Pollution Control Board. Mr. Mir is a member of the governing body of Islamia College of Science and Commerce, Srinagar. He is also a member of many State Level Apex committees constituted by government from time to time.

Dr. Pronab Sen

DIN: 07831725

Dr. Pronab Sen aged 66 years is currently the Country Director for the International Growth Centre's India Central Programme. He is also a Member of the High-level Expert Group on Measurement of Economic Performance and Social Progress (OECD) and the Technical Advisory Group of the International Comparison Project (World Bank). Most recently, he was Chairman of the National Statistical Commission. Prior to superannuation from the Government in 2012, he was the first Principal Economic Advisor at the Government of India's Planning Commission. He has also held positions as the first Chief Statistician of India, acting as the functional and technical Head of the national statistical system in India, as well as Secretary, Ministry of Statistics & Programme Implementation, Government of India (2007-2010).

Born in 1952 in New Delhi, India, Dr. Sen received his B.A. (Hons) in Economics from St. Stephen's College, University of Delhi (1972); M.B.A. (1974) and M.A. in Economics (1975) from the George Washington University, Washington D.C.; and Ph.D. in Economics (1982) from the Johns Hopkins University, Baltimore. He specialized in Open-economy Macroeconomic Systems, International Economics and Public Finance.

Dr. Sen worked as management consultant in Washington D.C. (1974-1977). He taught at Johns Hopkins University, Baltimore and Delhi School of Economics, Delhi between 1977 and 1983.

Dr. Sen turned to pure research in economics at the Indian Council for Research in International Economic Relations, New Delhi (1983-1987) and the Economic Research Unit, New Delhi (1987-1990). Worked at the World Institute for Development Economics Research, Helsinki in 1986 and again in 1989.

He joined the Government of India as Economic Adviser, Department of Electronics (1990-1994), where he was one of the architects of the National Software Policy 1990 and the Software Technology Park Policy 1991. Moved to the Planning Commission, Government of India in 1994. As Principal Adviser, Perspective Planning Division of the Planning Commission, he was the author of the Approach Paper to four Five Year Plans and the principal author and coordinator of three Five Year Plans and Mid-term Appraisals.

He has chaired a number of Government Committees, most notably on Ecological Fragility, Control of Prices of Essential Drugs, and Slums.

Dr. Sanjiv Agarwal

DIN: 00110392

Dr. Sanjiv Agarwal, aged 60 years, is a Fellow Member of the Institute of Chartered Accountants of India (ICAI) and a Fellow Member of Institute of Company Secretaries (ICSI) of India besides being an Associate Member of the Institute of Chartered Secretaries and Administration, London (UK). He is also a post-graduate in Accountancy and Business Statistics from the University of Rajasthan, Jaipur. He has been awarded Doctorate of Philosophy on the title "A Conceptual Approach to Corporate Governance: Preparation for Global Interface" from R. A. Poddar Institute of Management, University of Rajasthan, Jaipur. He also holds specialized qualifications in Corporate Governance from ICSI, New Delhi and as an Insolvency professional registered with the Insolvency and Bankruptcy Board of India (IBBI), New Delhi. He also acts as a 'Mediator' on behalf of Ministry of Corporate Affairs /NCLT.

Dr. Agarwal has over three decades of professional experience as a Practicing Chartered Accountant with vast exposure in Indirect Taxes including Service Tax, Goods & Service Tax advisory, Corporate Laws & Corporate Governance and Financial Services. He is considered to be an expert on Service

Tax, Goods and Services Tax (GST), Corporate Governance issues, and Companies Act. He has keen interest in academics, is a regular contributor of articles and has to his credit a large number of published articles in various professional journals, websites and economic dailies on various subjects including Service Tax, Goods and Service Tax (GST), Corporate Laws, Economics, Banking, Insolvency Laws and Corporate Governance. He regularly writes for professional journals of ICAI, ICSI, Excise Law Times, Service Tax Review, Business Advisor, www.taxmanagementindia.com, www.taxguru.com, www.gststreet.com etc. He has so far authored/edited over thirty five books on different professional subjects such as Service Tax, Goods and Service Tax, Corporate Governance, Audit Committees, Capital Markets, Company Law, Limited Liability Partnership, Accounting Standards etc.

Dr. Agarwal is an active participant and speaker/faculty at National and Regional Seminars and Conferences on various topics organized by ICAI, ICSI and Apex Chambers. He is also a visiting faculty at various Management Institutes, Law Colleges and Banks. Central Government (DCA) had nominated him as a member on the Working Group constituted for suggesting changes in Companies Act to implement good Corporate Governance in 2002-03. He has been a member of Secretarial Standards Board (SSB) constituted by the ICSI for five terms and also a member of Indirect Tax Committee of ICAI in 2009-10. He has also been a member of Expert Advisory Board (four terms) of the ICSI. He is a member of GST Core Group constituted by the ICSI. He has addressed a large number of conferences and seminars including in-house training sessions / webinars on service tax, GST, corporate governance and other topics for Central / State Governments, PSUs, ICAI / ICSI / corporate houses etc.

Dr. Agarwal was elected to the Northern India Regional Council of ICSI for the terms 1995-97 and 1998-2000 and has been the Chairman of Regional Council (NIRC-ICSI) in 1999. He also served as the Chairman of Jaipur Branch of ICAI in 2002-03. He is actively associated with the Institute of Chartered Accountants of India, The Institute of Company Secretaries of India, various apex level Chambers of Commerce and Industry and Stock Exchanges. He has been a SEBI nominated director on the Board of Jaipur Stock Exchange Ltd. and JSEL Securities Ltd. and an Independent Director on the Board of State Bank of Bikaner & Jaipur (a SBI Group Bank) and other companies including Government companies.

Mr. Sunil Chandiramani

DIN: 00524035

Mr. Sunil Chandiramani, aged 50 years, is a Chartered Accountant by profession, qualified Technologist and IT security specialist, having spent over 25 years with India's leading professional services firm - Ernst & Young, and served large clients in industries such as Financial Services,

Government, Technology & IT Enabled Services, Telecom, Retail & Consumer Products and Hospitality. His areas of expertise include Business Transformation & Change Management, Performance Management, Cost Reduction, IT Strategy & Program Management, Solution Enablement, Business Process Redesign, Corporate Governance, Risk Management, IT Security and Business Continuity Planning. He is regarded as an energetic leader and is known for his ability to envision, build teams, and deliver market leading business results in uniquely challenging situations. Widely regarded as a thought leader, Sunil has been invited to speak at conferences both in India and overseas and at prestigious forums like CII, NASSCOM, American Chamber of Commerce and leading Management institutions. He has been a Member of committees constituted by Reserve Bank of India (RBI), the Securities and Exchange Board of India (SEBI) and CII. He is on the Advisory panel for Universal Business School (UBS) and the Information Security Management Group. Presently Sunil is the CEO of NYKA Advisory Services where alongwith others he works with high growth entrepreneurs.

He is also on the Board of Mankastu Impex Pvt. Ltd., Updater Services Pvt. Ltd., Bayside Media Pvt. Ltd., Ganesh Grains Ltd., Vigyanlabs innovations Pvt. Ltd, Aditya Birla Retail Ltd.

Mr. Dhaman Kumar Pandoh

DIN: 01332068

Mr. Dhaman Kumar Pandoh, aged 47 years, is a Law graduate and a Fellow Member of the Institute of Company Secretaries of India. He is having more than 20 years of experience in the field and his specializations are in the area of Secretarial matters, Taxation, Company law and Foreign exchange. He is the founding Member of the Jammu Chapter of Institute of Company Secretaries of India and is presently serving the chapter as Vice Chairman.

He is Director on the Board of several companies. In addition to being a participant and guest speaker at various professional and other bodies on Corporate Laws he has also been consultant to various companies, particularly to J&K State Government Corporations. He is also a Member of various social, educational and sports associations. Adventure Sports is his passion and he is a Member of Jammu Adventure Sports Association.

He is also on the Board of Chinar Consultants Pvt. Ltd.

Mr. Rahul Bansal

DIN: 01216833

Mr. Rahul Bansal aged 44 years is a B.Com from Punjab University, Chandigarh. He has also done his MBA from London (UK). With 18 years of experience as an Industrialist, he is responsible for management of several business enterprises that are running successfully. Besides holding directorship in various companies, he had served as Sr. Vice

President of Bari Brahmana Industries Association. He is also associated as Designated Partner and Editor with Jammu based daily English Newspaper- the News Now.

He is also on the Board of Narbada Steels Ltd., Narbada Energy Pvt. Ltd, Narbada Gases Pvt. Ltd, Jai Maa Mansa Devi Builders Pvt. Ltd., Grand Plaza Hotel Pvt. Ltd., & Four A Hotels & Resorts Pvt. Ltd.

Mr. Vikram Gujral

DIN: 03637222

Mr. Vikram Gujral, aged 53 years, B.Com, LLB is an acclaimed entrepreneur having vast experience of more than 25 years in the field of Construction, Construction Equipment and Cement Industry. 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 AOL J&K Trust & North Apex Body Member for AOL Foundation, he has been actively associated with the philanthropic social development of the economically deprived and distressed communities.

Mr. Gujral has been instrumental in introducing a number of multinational companies in his chosen field of business in the state of J&K and his work has been consistently recognised by the government and social organizations.

He is also on the Board of Royal Skyline Automobiles Pvt. Ltd. Details of number of Shares / Convertible Debentures held by Non-Executive Directors as on 31-03-2019:

Name of the Director	Number of shares held	Number of Convertible Debentures Held
Mr. Mohammad Ashraf Mir	1000	0
Mr. Rahul Bansal	5750	0

Skill, Expertise and Competencies of Board of Directors

The composite mix of skills, expertise and competencies of the Board of your Bank is regulated by the Banking Regulation Act, 1949 which per se provides for the requirements under section 10A that not less than fifty-one per cent of the total number of members of the Board of Directors of a banking company shall consist of persons, who

- (a) Shall have special knowledge or practical experience in respect of one or more of the following matters:
 - (i) Accountancy,
 - (ii) Agriculture and rural economy,
 - (iii) Banking,
 - (iv) Co-operation,
 - (v) Economics,
 - (vi) Finance,
 - (vii) Law,

(viii) Small-scale industry,

(ix) Any other matter the special knowledge of, and practical experience in, which would, in the opinion of the Reserve Bank, be useful to the banking company:

Provided that out of the aforesaid number of directors, not less than two shall be persons having special knowledge or practical experience in respect of agriculture and rural economy, co-operation or small-scale industry.

The brief profile of Directors as stated above describes the skills, expertise and competencies available at the Board level.

OTHER DISCLOSURES

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 policy on Board Diversity which sets out a framework to promote diversity on Bank's Board of Directors.

THE CODE OF CONDUCT FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT

In accordance with the Regulation 17(5) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('Listing Regulations') the Company has framed a 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.

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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, relevant and 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 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). 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 SEBI (LODR), 2015, 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 SEBI (LODR) 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 reviewed/approved by the Board on 31st of January, 2018 and are available on the website of the Bank at the link: <https://www.jkbank.com/investor/stockExchangeIntimation/corporateGovernanceReports.php>)

CEO / CFO CERTIFICATION

In terms of Regulation 17(8) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, 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 15th May, 2019.

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 Woman 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 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, two complaints were lodged before the committee and both the cases were disposed off after proper enquiry.

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. Further, Audit Committee did not receive a single reference under the said policy. The policy is available on the website of the Bank at the link: <https://www.jkbank.com/others/common/policy.php>

Disclosures

The Board of your Company has in all its endeavour 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 transactions with its Directors, Management or with their Relatives, other than in the normal course of business of the Bank.
3. The Bank did not enter into any material related party transactions 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 Remuneration Committees.
6. The Bank has complied with Corporate Governance norms as stipulated by SEBI.
7. The Bank has complied with all applicable accounting standards and related RBI guidelines.

COMMITTEES OF THE BOARD

The Board of Directors of our Bank has constituted all mandatory and other functional Committees of the Board to consider and take decisions on matters requiring special focus. The role and functions of the Committees of the Board is described hereunder:

MANAGEMENT COMMITTEE

Role and Function

The Management Committee of the Board considers various business and administrative matters of material significance like sanctioning of loan proposals, compromise / write-off cases, sanction of capital and revenue expenditures, etc.

Composition, Meetings and Attendance

The Committee consists of:

Mr. R. K. Chhibber (from 10.06.2019)	(Chairman)
Mr. Parvez Ahmed (upto 08.06.2019)	(Chairman)
Dr. Arun Kumar Mehta, IAS (From 15.03.2019)	(Member)
Mr. Navin Kumar Choudhary, IAS (upto 15.03.2019)	(Member)
Mr. Abdul Majid Mir (Upto 07.07.2018)	(Member)
Mr. Mohammad Maqbool Rather (Upto 01.04.2019)	(Member)
Dr. Sanjiv Agarwal	(Member)

The Management Committee met eleven times during the year on the following dates:

19.05.2018, 23.06.2018, 07.07.2018, 26.07.2018, 26.08.2018, 17.09.2018, 16.10.2018, 26.11.2018, 27.12.2018, 23.02.2019 and 26.03.2019

These meetings were attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Mr. Parvez Ahmed	11	11	100
Dr. Arun Kumar Mehta, IAS (From 15.03.2019)	1	1	100
Mr. Navin Kumar Choudhary, IAS (Upto 15.03.2019)	10	10	100

Name of Director	Meetings during the tenure	Meetings Attended	%age
Mr. Abdul Majid Mir (Upto 07.07.2018)	2	2	100
Mr. Mohammad Maqbool Rather	11	11	100
Dr. Sanjiv Agarwal	11	11	100

AUDIT COMMITTEE

Role and Function

Bank's Audit Committee of the Board (ACB) comprising of 3 Non-Executive Independent Directors and 1 Non-Executive Director. The functions of the Audit Committee are in terms of section 177 of the Companies Act, 2013 read with Regulation 18 of SEBI (LODR) Regulation, 2015. These inter alia, include 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 itself to 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 reviews the follow up of inter-branch adjustment accounts and other major areas of Balancing of Books and House Keeping.

Composition, Meetings and Attendance

The Audit Committee of the Board consists of:

Dr. Sanjiv Agarwal	(Chairman)
Mr. Yogesh Kumar Dayal (Upto 30.06.2018)	(Member)
Mr. Mohammad Ashraf Mir	(Member)
Mr. Sunil Chandiramani	(Member)
Mr. Dhaman Kumar Pandoh	(Member)

The Audit Committee met nine times during the year in due compliance with RBI and Listing Agreement on the following dates:

30.05.2018, 22.06.2018, 25.07.2018, 16.09.2018, 16.10.2018, 12.01.2019, 31.01.2019, 23.02.2019 and 25.03.2019

These meetings were attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Dr. Sanjiv Agarwal	9	9	100
Mr. Yogesh Kumar Dayal(Upto 30.06.2018)	2	0	0
Mr. Mohammad Ashraf Mir	9	9	100
Mr. Sunil Chandiramani	9	9	100
Mr. Dhaman Kumar Pandoh	9	9	100

INTEGRATED RISK MANAGEMENT COMMITTEE

Role and Function

Bank has constituted an Integrated Risk Management Committee to manage market risk, credit risk and operational risk in an integrated and efficient manner and the Committee performs the following essential functions:

- Identify, monitor and measure the risk profile of the Bank.
- Develop policies and procedures, verify the models that are used for pricing complex products and also identify new risks.
- Develop policies that clearly spell out the quantitative prudential limits on various segments of Bank's operations.
- Effectively communicate the risk strategy and policies throughout the organization.

Composition, Meetings and Attendance

The Committee consists of:

Mr. R. K. Chhibber (from 10.06.2019)	(Chairman)
Mr. Parvez Ahmed (Upto 08.06.2019)	(Chairman)
Mr. Navin Kumar Choudhary, IAS(Upto 15.03.2019)	(Member)
Dr. Arun Kumar Mehta, IAS (From 15.03.2019)	(Member)
Mr. Abdul Majid Mir(Upto 07.07.2018)	(Member)
Dr. Pronab Sen	(Member)
Mrs. Vijayalakshmi R. Iyer(Upto 27.03.2019)	(Member)
Dr. Sanjiv Agarwal	(Member)
Mr. Sunil Chandiramani	(Member)

The Integrated Risk Management Committee met Four times during the year on the following dates:

23.06.2018, 16.09.2018, 26.11.2018, 23.02.2019

These meetings were attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Mr. Parvez Ahmed	4	4	100
Dr. Arun Kumar Mehta, IAS (From 15.03.2019)	0	0	0
Mr. Navin Kumar Choudhary, IAS (Upto 15.03.2018)	4	4	100
Mr. Abdul Majid Mir (Upto 07.07.2018)	1	1	100
Dr. Pronab Sen	4	4	100
Mrs. Vijayalakshmi R. Iyer (Upto 27.03.2019)	4	2	50
Dr. Sanjiv Agarwal	4	4	100
Mr. Sunil Chandiramani	4	4	100

SPECIAL COMMITTEE OF BOARD ON FRAUDS

Role and Function

Committee has been constituted pursuant to RBI directions to monitor the large value fraud cases involving an amount of ₹ 1 Crore and above.

Committee was earlier named as Monitoring of Large Value Frauds/Frauds Review/Wilful Defaulters Classification Committee and has been renamed and reconstituted on 19.05.2018.

Composition, Meetings and Attendance

The Committee consists of:

Mr. R. K. Chhibber (from 10.06.2019)	(Chairman)
Mr. Parvez Ahmed (Upto 08.06.2019)	(Chairman)
Dr. Arun Kumar Mehta, IAS (From 15.03.2019)	(Member)
Mr. Navin Kumar Choudhary, IAS (Upto 15.03.2019)	(Member)
Mr. Abdul Majid Mir (Upto 07.07.2018)	(Member)
Mr. Azhar-ul-Amin (Upto 23.04.2019)	(Member)
Mr. Mohammad Maqbool Rather (Upto 19.05.2018)	(Member)
Mr. Mohammad Ashraf Mir (From 19.05.2018)	(Member)
Mr. D. K. Pandoh (From 19.05.2018)	(Member)

The Committee met four times during the year on the following dates;

23.06.2018, 16.09.2018, 26.11.2018 and 23.02.2019

These meetings were attended by the Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Mr. Parvez Ahmed	4	4	100
Dr. Arun Kumar Mehta, IAS (From 15.03.2019)	0	0	0
Mr. Navin Kumar Choudhary, IAS (Upto 15.03.2019)	4	4	100
Mr. Abdul Majid Mir (Upto 07.07.2018)	1	1	100
Mr. Azhar-ul-Amin	4	4	100
Mr. Mohammad Ashraf Mir (From 19.05.2018)	4	4	100
Mr. D. K. Pandoh (From 19.05.2018)	4	4	100

CUSTOMER SERVICE COMMITTEE

Role and Function

The Committee has been constituted with a view to review and look into matters relating to providing better customer services and customer complaints and speedy redressal thereof.

Composition, Meetings and Attendance

The Committee consists of:

Mr. R. K. Chhibber (from 10.06.2019)	(Chairman)
Mr. Parvez Ahmed (Upto 08.06.2019)	(Chairman)
Dr. Arun Kumar Mehta, IAS (From 15.03.2019)	(Member)
Mr. Navin Kumar Choudhary, IAS (From 23.06.2018 to 15.03.2019)	(Member)
Mr. Mohammad Maqbool Rather (Upto 01.04.2019)	(Member)
Mr. Mohammad Ashraf Mir	(Member)
Dr. Sanjiv Agarwal	(Member)
Mr. Dhaman Kumar Pandoh	(Member)
Mr. Rahul Bansal	(Member)

The Customer Service Committee met four times during the year on the following dates:

23.06.2018, 16.09.2018, 26.11.2018 and 23.02.2019

These meetings were attended by the Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Mr. Parvez Ahmed	4	4	100
Dr. Arun Kumar Mehta, IAS (From 15.03.2019)	0	0	0
Mr. Navin Kumar Choudhary, IAS (From 23.06.2018 to 15.03.2019)	4	4	100
Mr. Mohammad Maqbool Rather	4	4	100
Mr. Mohammad Ashraf Mir	4	4	100
Dr. Sanjiv Agarwal	4	4	100
Mr. Dhaman Kumar Pandoh	4	4	100
Mr. Rahul Bansal	4	4	100

INFORMATION TECHNOLOGY STRATEGY COMMITTEE

Role and Function

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 Committee consists of:

Mr. R. K. Chhibber (from 10.06.2019)	(Chairman)
Mr. Parvez Ahmed (Upto 08.06.2019)	(Chairman)
Mr. Navin Kumar Choudhary, IAS (Upto 15.03.2019)	(Member)
Dr. Arun Kumar Mehta, IAS (From 15.03.2019)	(Member)
Mr. Abdul Majid Mir (Upto 07.07.2018)	(Member)
Mrs. Vijayalakshmi R. Iyer (Upto 27.03.2019)	(Member)
Mr. Sunil Chandiramani	(Member)
Mr. Rahul Bansal	(Member)

The Information Technology Committee met four times during the year on the following dates:

23.06.2018, 16.09.2018, 26.11.2018 and 23.02.2019

These Meetings were attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Mr. Parvez Ahmed	4	4	100
Mr. Navin Kumar Choudhary, IAS (Upto 15.03.2019)	4	4	100
Dr. Arun Kumar Mehta, IAS (From 15.03.2019)	0	0	0
Mr. Abdul Majid Mir (Upto 07.07.2018)	1	1	100
Mrs. Vijayalakshmi R. Iyer (Upto 27.03.2019)	4	2	50
Mr. Sunil Chandiramani	4	4	100
Mr. Rahul Bansal	4	4	100

LEGAL AND IMPAIRED ASSETS RESOLUTION COMMITTEE

Role and Function

Bank has constituted a Legal & Impaired Assets Resolution Committee to take review of legal cases and resolution of impaired assets of the Bank.

Composition, Meetings and Attendance

The Committee consists of:

Mr. R. K. Chhibber (from 10.06.2019)	(Chairman)
Mr. Parvez Ahmed (Upto 08.06.2019)	(Chairman)
Mr. Azhar ul Amin (Upto 23.04.2019)	(Member)
Mr. Mohammad Maqbool Rather (Upto 01.04.2019)	(Member)
Mr. Mohammad Ashraf Mir	(Member)
Mr. Dhaman Kumar Pandoh	(Member)

The Legal and Impaired Assets Resolution Committee met five times during the year on the following dates:

22.06.2018, 16.09.2018, 16.10.2018, 27.11.2018 and 26.03.2019

Name of Director	Meetings during the tenure	Meetings Attended	%age
Mr. Parvez Ahmed	5	5	100
Mr. Azhar ul Amin	5	5	100
Mr. Mohammad Maqbool Rather	5	5	100
Mr. Mohammad Ashraf Mir	5	5	100
Mr. Dhaman Kumar Pandoh	5	5	100

NOMINATION & REMUNERATION COMMITTEE

Bank has constituted a Nomination & Remuneration Committee of the Board under the RBI Circular dated 2004 and pursuant to the requirements of Regulation 19 of the Securities and Exchange Board of India (LODR) Regulations, 2015 and u/s 178 of the Companies Act, 2013.

Role and Function

- Ensure effective governance of compensation.
- Ensure effective alignment of compensation with prudent risk taking.
- Ensure effective supervisory oversight and engagement by stakeholders.
- Comply with the regulatory directives whereby all Private Sector Banks are required to formulate and adopt a comprehensive compensation policy covering all their employees and conduct annual review thereof.
- Identify persons, who are qualified and may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal.

- Recommend to the Board a policy, relating to the remuneration for directors, key managerial personnel and other employees.
- Formulate the policy which, inter alia, shall ensure that:
 - (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Key Management Personnel and other employees of the company;
 - (b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - (c) Remuneration to key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

Composition, Meetings and Attendance

The Committee consists of:

Mrs. Vijayalakshmi R. Iyer (Upto 27.03.2019)	(Chairperson)
Dr. Arun Kumar Mehta, IAS (From 15.03.2019)	(Member)
Mr. Navin Kumar Choudhary, IAS (Upto 15.03.2019)	(Member)
Mr. Pronab Sen	(Member)
Mr. Azhar ul Amin (upto 23.04.2019)	(Member)
Mr. Sunil Chandiramani	(Member)
Mr. Dhaman Kumar Pandoh	(Member)

The Nomination & Remuneration Committee met three times during the year on the following dates.

19.05.2018, 27.12.2018 and 26.03.2019

These Meetings were attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Mrs. Vijayalakshmi R. Iyer (Upto 27.03.2019)	3	1	33
Dr. Arun Kumar Mehta, IAS (From 15.03.2019)	1	1	100
Mr. Navin Kumar Choudhary, IAS (Upto 15.03.2019)	2	2	100
Mr. Pronab Sen	3	2	67
Mr. Azhar ul Amin	3	3	100
Mr. Sunil Chandiramani	3	3	100
Mr. Dhaman Kumar Pandoh	3	3	100

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

Role and Function

Corporate Social Responsibility Committee has been constituted pursuant to section 135 of Companies Act, 2013 to:

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Bank as specified in Schedule VII.
- Recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- Monitor the Corporate Social Responsibility Policy of the Bank from time to time.

Composition, Meetings and Attendance

The Committee consists of:

Mr. R. K. Chhibber (from 10.06.2019)	(Chairman)
Mr. Parvez Ahmed (Upto 08.06.2019)	(Chairman)
Mr. Abdul Majid Mir (Upto 07.07.2018)	(Member)
Mr. Mohammad Maqbool Rather (Upto 01.04.2019)	(Member)
Mr. Mohammad Ashraf Mir	(Member)
Mr. Rahul Bansal	(Member)

The Corporate Social Responsibility Committee met four times during the year on the following dates:

30.05.2018, 26.07.2018, 27.11.2018 and 26.03.2019

These meetings were attended by the Members as detailed below.

Name of Director	Meetings during the tenure	Meetings Attended	%age
Mr. Parvez Ahmed	4	4	100
Mr. Abdul Majid Mir (Upto 07.07.2018)	1	1	100
Mr. Mohammad Maqbool Rather	4	4	100
Mr. Mohammad Ashraf Mir	4	4	100
Mr. Rahul Bansal	4	3	75

STAKE HOLDERS RELATIONSHIP COMMITTEE:

The Bank Constituted "Stakeholders Relationship Committee" pursuant to the provisions of section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI (LO&DR) Regulations, 2015

Role and Function

- To look into redressing of complaints of shareholders, investors and other stakeholders of the Bank.

- All Shareholders' / Investors' Grievances / Correspondences were expeditiously attended to and the replies sent generally within a period of 7 days of receipt. No share transfer beyond the 30 days was pending as on 31st March 2019.
- All requests for dematerialization of shares are likewise processed and confirmation communicated to Investors and Depository participants within five working days.

During the year, 290 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.	PARTICULARS	RECEIVED	DISPOSED	PENDING No.
1.	Change / Correction of the Address	65	65	0
2.	Intimation of the Bank Mandate / NECS Mandate	65	65	0
3.	Non-receipt of Share Certificates	18	18	0
4.	Loss of Share Certificates and request for issue of duplicate share certificate(s)	16	16	0
5.	Deletion / inclusion of joint name and transmission	22	22	0
6.	Non-receipt of dividend warrants (NRDW)	12	12	0
7.	Registration of NECS	12	12	0
8.	Receipt of dividend warrants for revalidation	9	9	0
9.	Intimation of the Nomination form details	28	28	0
10.	Letters from SEBI/Stock Exchanges	4	4	0
11.	Request for stock split in lieu of old shares	0	0	0
12.	Others	39	39	0
	Total	290	290	0

Composition, Meetings and Attendance

Stakeholder's Relationship Committee consists of:

Mr. Navin Kumar Choudhary, IAS (Upto 15.03.2019)	(Chairman)
Dr. Arun Kumar Mehta (From 15.03.2019)	(Chairman)
Mr. Azhar ul Amin (upto 23.04.2019)	(Member)
Dr. Sanjiv Agarwal	(Member)
Mr. Dhaman Kumar Pandoh	(Member)
Mr. Rahul Bansal	(Member)

Stakeholders Relationship Committee met two times during the year on the following dates.

26.07.2018 and 23.02.2019

These meetings were attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Mr. Navin Kumar Choudhary, IAS (Upto 15.03.2019)	2	2	100
Dr. Arun Kumar Mehta, IAS (From 15.03.2019)	0	0	0
Mr. Azhar ul Amin	2	2	100
Dr. Sanjiv Agarwal	2	2	100
Mr. Dhaman Kumar Pandoh	2	2	100
Mr. Rahul Bansal	2	2	100

HUMAN RESOURCE DEVELOPMENT COMMITTEE

Role and Function

- To Review Organizational Structure, Succession Planning, HR Transfer Policy, HR Promotion Policy and make final recommendations to the Board in this regard.
- To meet at regular intervals, as per requirements, however, at least on meeting be conducted quarterly.
- To conduct the interview for promotion to senior levels of the Management i.e Vice Presidents & above.

Composition, Meetings and Attendance

The Committee consists of:

Mr. R. K. Chhibber (from 10.06.2019)	(Chairman)
Mr. Parvez Ahmed (Upto 08.06.2019)	(Chairman)
Mr. Navin Kumar Choudhary, IAS (Upto 15.03.2019)	(Member)
Dr. Arun Kumar Mehta, IAS (From 15.03.2019)	(Member)
Mr. Mohammad Ashraf Mir	(Member)
Dr. Pronab Sen	(Member)
Mrs. Vijayalakshmi R. Iyer (Upto 27.03.2019)	(Member)
Mr. Sunil Chandiramani	(Member)

The HRD Committee met three times during the year on the following date:

30.05.2018, 26.08.2018, 17.09.2018

These meetings were attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Mr. Parvez Ahmed	3	3	100
Mr. Navin Kumar Choudhary, IAS (Upto 15.03.2019)	3	3	100
Dr. Arun Kumar Mehta, IAS (From 15.03.2019)	0	0	0
Mr. Mohammad Ashraf Mir	3	3	100
Dr. Pronab Sen	3	3	100
Mrs. Vijayalakshmi R. Iyer (Upto 27.03.2019)	3	2	67
Mr. Sunil Chandiramani	3	3	100

INVESTMENT COMMITTEE

Role and Function

- to review and monitor the performance of Treasury Operations of the Bank and exercise powers relating to investment decisions as delegated by the Board.

Composition, Meetings and Attendance

The Committee consists of:

Mr. R. K. Chhibber (from 10.06.2019)	(Chairman)
Mr. Parvez Ahmed (Upto 08.06.2019)	(Chairman)
Mr. Navin Kumar Choudhary, IAS (Upto 15.03.2019)	(Member)
Dr. Arun Kumar Mehta, IAS (From 15.03.2019)	(Member)
Dr. Pronab Sen	(Member)
Mrs. Vijayalakshmi R. Iyer (Upto 27.03.2019)	(Member)
Mr. Sunil Chandiramani	(Member)

The Investment Committee met two times during the year on the following date:

26.08.2018, 26.03.2019

These meetings were attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Mr. Parvez Ahmed	2	2	100
Mr. Navin Kumar Choudhary, IAS (Upto 15.03.2019)	1	1	100
Dr. Arun Kumar Mehta, IAS (From 15.03.2019)	1	1	100
Dr. Pronab Sen	2	2	100
Mrs. Vijayalakshmi R. Iyer (Upto 27.03.2019)	2	2	100
Mr. Sunil Chandiramani	2	2	100

GST STEERING COMMITTEE

Role and Function

To review the implementation of GST Laws in the Bank, to evaluate the implications/opportunities of GST to the Bank and to review the GST related compliances by the management.

Composition, Meetings and Attendance

The Committee consists of:

Dr. Sanjiv Agarwal	(Chairman)
Mr. Mohammad Ashraf Mir	Member
Mr. Sunil Chandiramani	Member
Mr. D. K Pandoh	Member

The GST Steering Committee met four times during the year on the following dates:

25.07.2018, 16.09.2018, 27.11.2018 and 25.03.2019

These meetings were attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Dr. Sanjiv Agarwal	4	4	100
Mr. Mohammad Ashraf Mir	4	4	100
Mr. Sunil Chandiramani	4	4	100
Mr. D. K Pandoh	4	4	100

REMUNERATION OF DIRECTORS

Remuneration of the Chief Executive Officer is subject to approval of Reserve Bank of India in terms of Section 35B of the Banking Regulation Act, 1949. Mr. Parvez Ahmed was Chairman & CEO of the Bank effective from 6th October, 2016 to 8th June, 2019. The monthly remuneration being paid to him amounting to ₹ 5,50,000 has been duly approved by the Reserve Bank of India

Non - Executive Directors other than the RBI nominated Directors are paid sitting fees @ ₹40,000/- for every Board/ Committee Meeting attended and profit related compensation as per the RBI guidelines. 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.

No stock options were granted to the Directors of the Bank during the year under review.

Legal Compliances

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 during the last three years. However, penalty

imposed by RBI during the aforesaid period amounts to ₹504.58 lacs, ₹6.28 lacs and ₹4.15 lacs respectively. Subject to above, the Bank has generally complied with the provisions of relevant Acts, Rules & Regulations framed there under during the financial year 2018-2019.

FAMILIARISATION PROGRAMME

Presentations are made to new Director who joins the Board with a brief background of the Bank, its operations and is informed of the important policies of the Company including the Code of Conduct for Directors and Senior Management Personnel and the Code of Conduct for Prevention of Insider Trading, Policy on Related Party Transactions, Policy on Remuneration & Whistle blower policy.

Senior management personnel of the Company make presentations to the Board Members on periodical basis, briefing them on the operations of the Company, plans, strategy, risks involved, new initiatives, etc. and seek their feed-back and suggestions on the same. Details of familiarization program conducted are posted on the Bank's website.

During the year a program namely "Master Class on Building Better Boards" was conducted by Indian Institute of Corporate Affairs (IICA) in association with International Finance Corporation (IFC) on 27th & 28th of August, 2018 and was attended by following Directors:

1. Mr. Mohammad Maqbool Rather
2. Mr. Mohammad Ashraf Mir
3. Dr. Sanjiv Agarwal
4. Mr. Sunil Chandiramani
5. Mr. Dhaman Kumar Pandoh
6. Mr. Rahul Bansal

The details of familiarization programs imparted to the Directors is available on the website of the Bank at <https://www.jkbank.com/investor/stockExchangeIntimation/corporateGovernanceReports.php>

Fees paid to Statutory Auditors:

The details of fees for all services paid by the Bank to the Statutory Central Auditors and Statutory Branch Auditors is detailed as under:

S. No.	Particulars	Amount
1.	Statutory Central Auditors	25931367
2.	Other Branch Auditors	143862780
	Total*	169794149

* In addition to the above fee TA/DA has been provided to the Auditors

Details of utilization of funds raised through preferential allotment or qualified institutions placement

During the year, the Bank has not raised any funds through preferential allotment or qualified institutions placement.

SHARE HOLDERS INFORMATION

The Addresses of Stock Exchanges where the equity shares of the Bank are listed are furnished hereunder:

- National Stock Exchange of India Limited
Exchange Plaza, 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

The annual fees for 2018-19 have been paid to all the Stock Exchanges where the shares are listed.

BSE Scrip Code: 532209

NSE Symbol: J&KBANK

Demat ISIN Number: INE168A01041

Name of Depositories: i. NSDL ii. CDSL

Registrar and Transfer Agent (RTA)
Karvy Fintech Private Limited
Unit: - Jammu and Kashmir Bank Limited
Karvy Selenium Tower B,
Plot 31-32, Gachibowli, Financial District, Nanakramguda,
Hyderabad - 500 032, Phone 040-67161508, 67161509

Email ID for Redressal of Investor Grievances

Pursuant to Regulation 46(2)(j) 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

Financial Calendar

Approval of quarterly results for the period ending:

30 th June, 2018	26 th July, 2018
30 th September, 2018	16 th October, 2018
31 st December, 2018	12 th January, 2019
31 st March, 2019 (Audited)	15 th May, 2019

Information relating to last four General Body Meetings is furnished below:

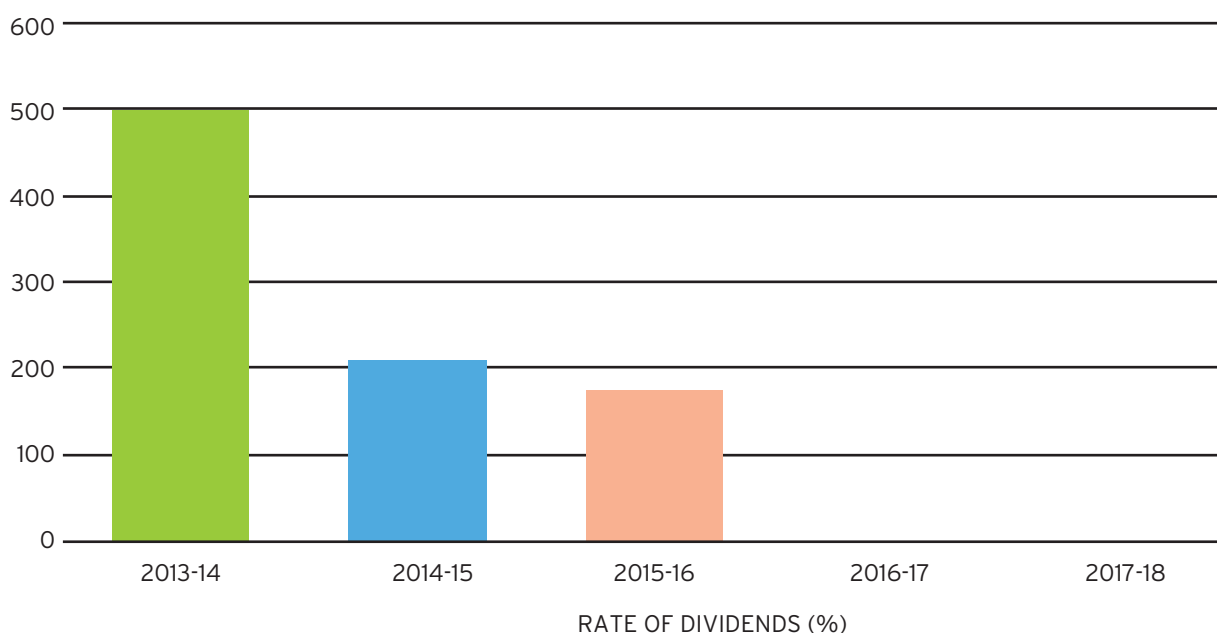
Name of Meeting	Day, Date and time of meeting	Venue	Special Business Transacted
77 th Annual General Meeting	Saturday, 22 nd August, 2015 at 11:00 AM	Sher-i-Kashmir International Conference Centre (SKICC), Srinagar	<ul style="list-style-type: none">Alteration of Articles of Association
78 th Annual General Meeting	Wednesday, 20 th July, 2016 at 11:00 AM	Sher-i-Kashmir International Conference Centre (SKICC), Srinagar	<ul style="list-style-type: none">Alteration in Articles of AssociationAdoption of RBI circular relating to payment of compensation to Non-Executive Directors
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">To raise funds, subject to the maximum of ₹1500 Crore.Alteration in Articles of Association.
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.

POSTAL BALLOT

No resolution was passed through postal ballot during the financial year under review.

DIVIDEND HISTORY OF LAST FIVE YEARS

Financial Year	Rate of Dividends (%)	Date of Declaration	Date of Payment
2013-14	500	02.08.2014	11.08.2014
2014-15	210	22.08.2015	31-08-2015
2015-16	175	20.07.2016	28-07-2015
2016-17	Nil	----	----
2017-18	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, 2019, the position of dematerialized shares as well as physical shares is as under:

(As on 31.03.2019)

Particulars	No. of shares	%age
Physical Shares	135,33,260	2.43
Dematerialized Shares	543,325,132	97.57
Total	556,858,392	100.000

DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2019

S. NO	Category	No. of Holders	% to Holders	Amount	% to Amount
1	Upto 1 - 5000	84,973	96.7306	465,84,969	8.3657
2	5001 - 10000	1,858	2.1151	125,17,516	2.2479
3	10001 - 20000	502	0.5715	70,87,282	1.2727
4	20001 - 30000	164	0.1867	40,65,806	0.7301
5	30001 - 40000	76	0.0865	26,75,793	0.4805
6	40001 - 50000	43	0.0489	19,90,621	0.3575
7	50001 - 100000	93	0.1059	67,46,679	1.2116
8	100001 & Above	136	0.1548	4751,89,726	85.3340
	Total	87,845	100.00	55,68,58,392	100

LIST OF SHAREHOLDERS HOLDING MORE THAN 1% AS ON 31ST MARCH, 2019

S. No.	NAME	SHARES	% TO EQT	CATEGORY
1	Chief Secretary Jammu and Kashmir Govt	31,243,975	55.8928	PRO
2	Secretary Finance Deptt Jammu and Kashmir Govt	18,589,057	3.3382	PRO
3	East Bridge Capital Master Fund Limited	17,512,431	3.1449	FPC
4	Life Insurance Corporation of India	15,374,694	2.7610	IFI
5	East Bridge Capital Master Fund I Limited	102,95,499	1.8489	FPC
6	ICICI Prudential Value Discovery Fund	100,00,000	1.7958	MUT
7	ICICI Prudential Midcap Fund	57,72,102	1.0365	MUT
	Total	388,787,758	69.82	

UNCLAIMED DIVIDENDS

Shareholders who have not encashed their past dividend warrants have been intimated individually to do so without any further delay. Under the Investor Education and Protection Fund (Awareness & Protection of Investors) Rules, 2001, unclaimed amount in respect of unpaid/unclaimed dividend warrants which is more than seven years old, shall be transferred by the Bank to "Investor Education and Protection Fund" established under Section 125 (1) of the Companies Act, 2013 and thereafter, no claim can be preferred by the Shareholders against the Bank. Shareholders are accordingly advised to claim their unclaimed dividend, if not already claimed.

The detail of unpaid/unclaimed dividend of last three years is as under:

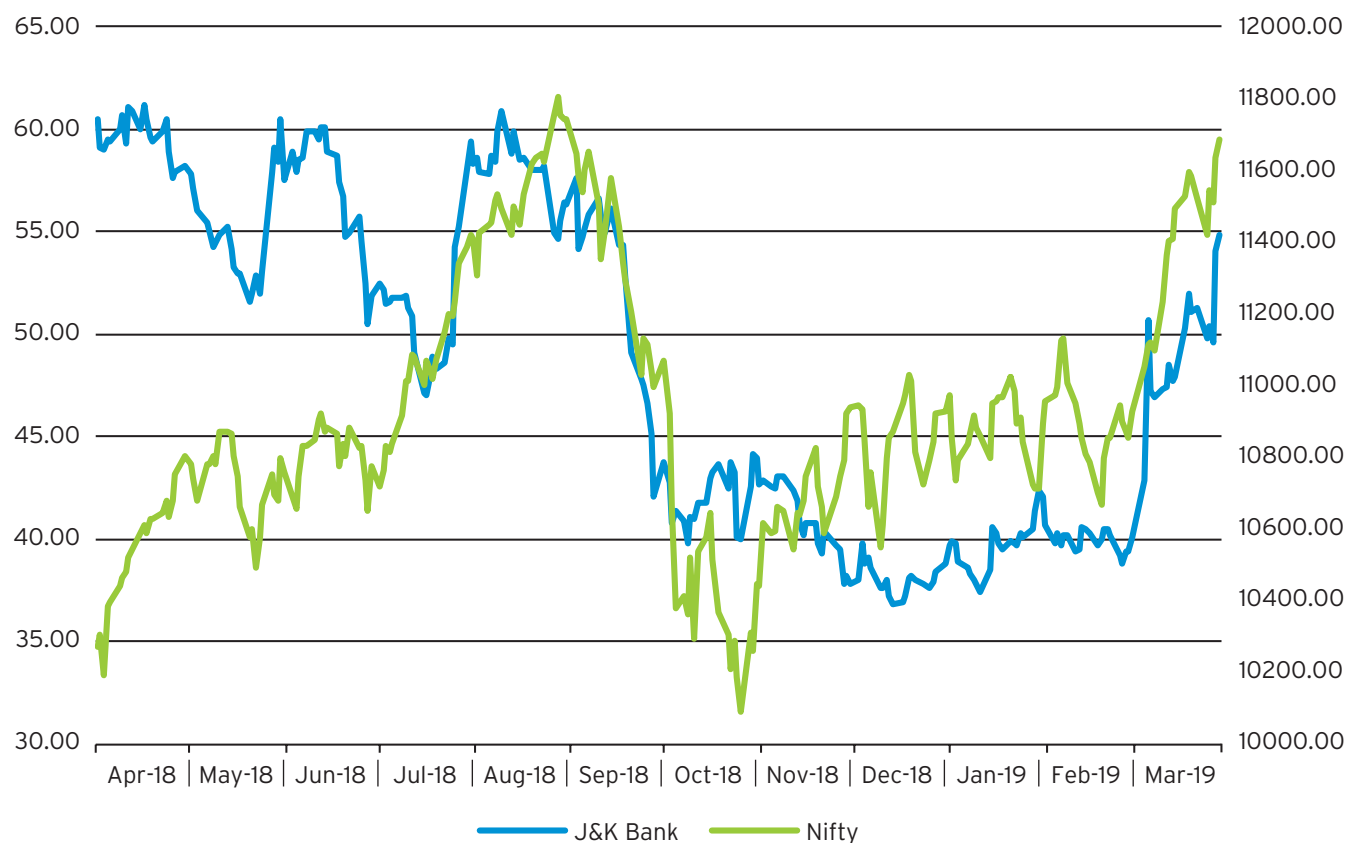
(As on 31-03-2019)

Financial Year	Amount of Unclaimed Dividends
2015-16	66,55,517.00
2016-17	No Dividends Declared
2017-18	No Dividends Declared

STOCK MARKET DATA

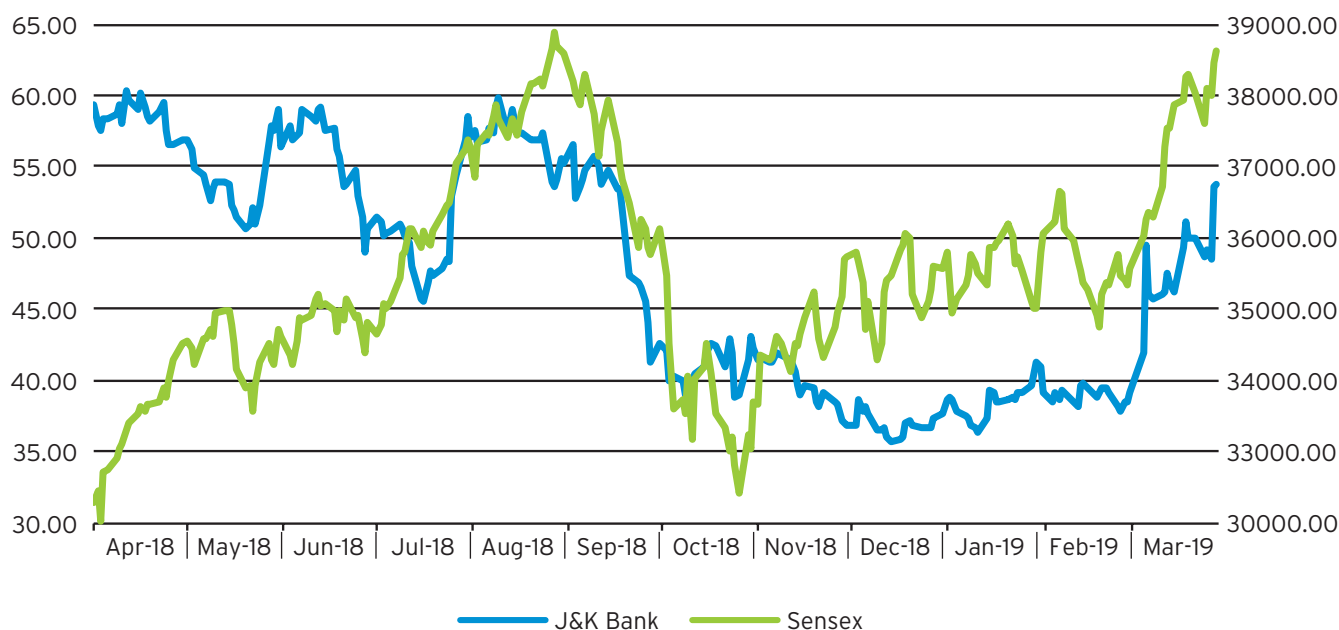
JK Bank on NSE Nifty April 2018 - March 2019

Month	High Price		Low Price		Close Price		Turnover In lakhs
	Rate	Date	Rate	Date	Rate	Date	
April, 2018	61.90	18-04-2018	56.15	27-04-2018	60.35	12-04-2018	4802.37
May, 2018	62.00	31-05-2018	50.05	23-05-2018	59.05	31-05-2018	5588.47
June, 2018	61.80	11-06-2018	48.00	28-06-2018	59.20	14-06-2018	3626.74
July, 2018	58.95	31-07-2018	43.65	16-07-2018	58.45	31-07-2018	5479.02
August, 2018	60.85	10-08-2018	52.40	27-08-2018	59.75	10-08-2018	3317.64
September, 2018	56.95	03-09-2018	38.00	28-09-2018	56.60	03-09-2018	2999.32
October, 2018	49.70	17-10-2018	38.50	09-10-2018	43.10	30-10-2018	6290.82
November, 2018	43.00	02-11-2018	36.50	30-11-2018	42.00	07-11-2018	411.88
December, 2018	39.20	06-12-2018	35.40	14-12-2018	38.70	04-12-2018	3434.64
January, 2019	42.30	15-01-2019	36.10	11-01-2019	41.30	30-01-2019	15816.17
February, 2019	40.95	01-02-2019	37.50	26-02-2019	39.80	14-02-2019	4615.01
March, 2019	55.65	29-03-2019	38.35	01-03-2019	53.70	29-03-2019	13663.31

J&K Bank NSE Nifty

JK Bank on BSE Sensex April 2018 - March 2019

Month	High Price		Low Price		Close Price		Turnover In lakhs
	Rate	Date	Rate	Date	Rate	Date	
April, 2018	62.95	02-04-2018	56.00	26-04-2018	60.10	17-04-2018	8358.92
May, 2018	61.75	31-05-2018	50.25	23-05-2018	59.40	31-05-2018	5927.91
June, 2018	63.00	11-06-2018	49.05	28-06-2018	59.00	14-06-2018	1984.26
July, 2018	59.00	31-07-2018	44.90	17-07-2018	58.30	31-07-2018	901.02
August, 2018	60.90	10-08-2018	52.75	27-08-2018	59.80	10-08-2018	341.62
September, 2018	56.90	11-09-2018	39.65	28-09-2018	56.50	03-09-2018	424.79
October, 2018	49.10	17-10-2018	35.20	17-10-2018	43.10	30-10-2018	988.79
November, 2018	43.00	02-11-2018	36.00	28-11-2018	42.00	07-11-2018	358.58
December, 2018	39.05	06-12-2018	35.05	18-12-2018	38.70	04-12-2018	375.82
January, 2019	42.10	15-01-2019	36.15	11-01-2019	41.25	30-01-2019	1597.03
February, 2019	41.00	01-02-2019	37.50	26-02-2019	39.60	01-02-2019	415.50
March, 2019	55.50	29-03-2019	38.50	01-03-2019	53.75	29-03-2019	1882.63

J&K Bank BSE Sensex



List of Credit Ratings of Debt Instruments issued by the Company

S. No.	Particulars	31.03.2019	31.03.2018
1	Credit rating and change in credit rating (if any):		
	1. Certificate of Deposits	CRSIL A1+	CRSIL A1+
	2. Short Term Deposits	CRSIL A1+	CRSIL A1+
	3. Long term Deposits	FAA/ -ve	FAA/ -ve
	4. Tier II Sub ordinate Debt	CARE AA -ve BWR AA IND AA -ve	CARE AA -ve BWR AA IND AA

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 Newspapers and are also placed on our website. The Board takes on record the Unaudited/ 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 Company is 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.

SHAREHOLDERS RIGHTS

A shareholder can enjoy the following rights as mentioned in the Companies Act, 2013:

- To transfer shares.
- To receive the share certificates upon transfer within the stipulated period prescribed in the Companies Act, 2013 and SEBI Guidelines.
- To receive notice of general meetings, 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.

- To attend and speak in person, at general meetings. Proxy cannot vote on show of hands but can vote on a poll.
- To vote at the general meeting on show of hands wherein every shareholder has one vote. In case of poll, the number of votes of a shareholder depends on the proportion of equity shares held by him with the total paid up equity capital of the company.
- To demand poll along with other shareholder(s) who collectively hold 50,000 shares or is not less than 1/10th of the total voting power in respect of any resolution.
- 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 proceed against the Company by way of civil or criminal proceedings.
- To proceed against for the winding up of the Company.
- To receive the residual proceeds upon winding up of a Company.

INVESTORS' FEEDBACK

In our endeavour to serve our shareholders more effectively and in order to improve the quality of our communication with our esteemed members, we request you to spare some of your precious moments and provide us your valuable feedback in the enclosed proforma.

Calendar for Shareholder's Information	Date
Board meeting for consideration of Accounts	15 th May, 2019
Dispatch of Annual Report / Notice of AGM	17 th July, 2019
Dispatch of Revised Notice	14 th August, 2019
Last date for lodgment of proxy forms	24 th September, 2019 (upto 1100 hours)
Date of AGM	26 th September, 2019

DISCLOSURE ON COMPANY SECRETARY'S RESPONSIBILITY

The Company Secretary confirms that during the year from 1st April, 2018 to 31st March, 2019, the Bank has:

1. Maintained all the Books of Account and Statutory Registers required under the Companies Act, 2013, and the Rules made there under coming under the purview of Company Secretary's responsibility;
 - a) Filed all Forms and Returns and furnished all necessary particulars to the Registrar of Companies and / or authorities as required under the Companies Act, 2013, coming under the purview of Company Secretary's responsibility;
 - b) Issued all Notices required to be given for Board/Committee and General Meetings as per the requirement of the Companies Act, 2013;
 - c) Complied with the requirements relating to maintenance of Minutes of the proceedings of the Meetings of Directors, Committees of the Board and Shareholders;
 - d) Complied with the requirements of the SEBI(Listing Obligations & Disclosure Requirements) Regulations, 2015;
 - e) Effected Share Transfers and dispatched Certificates within the statutory time limit;
 - f) Redressed complaints of Shareholders to the best of efforts of the Bank;
 - g) Complied with the regulations prescribed by the Stock Exchanges, SEBI, and other Statutory and Regulatory Authorities and also the statutory requirements under the Companies Act, 2013, Banking Regulation Act, 1949 and other applicable statutes in force for the Banking Company, as far as they relate to the Company Secretary.
 - h) Made due disclosure required under the applicable Acts; obtained all necessary approvals of Directors, Shareholders, Central and State Governments and other regulatory agencies.
2. None of the Directors were disqualified under section 164 of the Companies Act, 2013 during the year under review.
3. The Board of Directors of Bank duly met thirteen times during the financial year and in respect of meetings conducted during the period proper notices were given and the proceedings were properly recorded and signed in the Minute's Book maintained for the purpose. The meetings of various Committees of the Board were duly and properly convened and minutes of such meetings have been properly recorded and signed in the Minute's Book maintained for the purpose.
4. The Annual General Meeting for the financial year 2017-18 was held on 7th July, 2018 after giving due notice to the members of the Bank and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
5. The Bank has not advanced any loans to its Directors or persons or firms or Companies referred to under section 185 of the Companies Act, 2013, during the financial year.
6. The Bank has not entered into any contracts falling within the purview of section 184 of the Companies Act, 2013.
7. A Share Transfer Committee of the Board has approved the transfer, sub-division/consolidation etc. of shares of the bank. The proceedings of the above committee have been properly recorded, signed in the Minutes Book maintained for the purpose.
8. Unclaimed amount, in respect of unpaid / unclaimed dividend warrants have been transferred to the Investor Education and Protection Fund of the Central Govt. with HDFC Bank within the prescribed time limit.
9. The Board of the Bank is duly constituted and the appointment/re-appointment of the Chairman & CEO and other Directors has been duly made.
10. The appointment/re-appointment of the Chairman & CEO and other Directors of the Bank have been made in accordance with the Articles of Association of the Bank read with the relevant provisions of the Companies Act, 2013 and in accordance with Banking Regulation Act, 1949.
11. The Directors disclosed their interest in other firms /companies to the Board of Directors, pursuant to the provisions of section 164(2) of the Companies Act, 2013 and the rules made there under and their disclosures have been noted and recorded by the Board.
12. The Bank has not bought back any shares during the financial year.

Place: Srinagar
Date: 15th May, 2019

Mohammad Shafi Mir
(Company Secretary)



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, 2019 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.

**For DSMR & Associates
Company Secretaries**

Place: Hyderabad
Date: 23.05.2019

**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, 2019 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 certify 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.

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.

In terms of our report of even date annexed

For

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

CA. Salil Gupta
Partner
(M. No. 097922)

Place: Srinagar
Dated: 15th May, 2019

For Verma Associates
Chartered Accountants
FRN: 02717N

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

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

CA. Anil Gupta
Partner
(M. No. 094713)

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

CA. Kamlesh Kumar Goel
Partner
(M. No. 01500)

Information to Shareholders

[This Memorandum of Information also gives information on matters required to be disclosed as a part of the Report on Corporate Governance]

Dear Members,

It is our pleasure to send you the Notice of 81st Annual General Meeting of the Bank which is scheduled to be held at Jammu & Kashmir Bank Limited, Corporate Headquarters, M.A.Road, Srinagar, 190001 on 26th September, 2019 at 1100 hrs. You are hereby invited to attend the meeting.

Notice Enclosures

Kindly find enclosed with the Notice of the Annual General Meeting the following documents:

- i) Copy of the Annual Report for the year ended 31st March, 2019
- ii) Feedback Form
- iii) Bank's Mandate Form
- iv) Nomination Form
- v) Cancellation or variation of Nomination
- vi) NECS-I Mandate Form
- vii) NECS-II Mandate Form
- viii) Attendance Slip
- ix) Proxy Form
- x) Ballot Paper

Rights at the Meeting

You have the right to attend, speak and vote at the Annual General Meeting if you are a Member on the Bank's Register of Members as on 20th September, 2019 or a Beneficiary Holder in the books of the National Securities Depository Limited or the Central Depository Services (India) Limited as at the close of business hours on 20th September, 2019.

Requirements

If you intend to attend the Meeting in person, please bring the attendance slip, duly completed, along with the copy of your Annual Report.

NOTE: IF YOU HAVE ANY QUESTION ABOUT THE MEETING, OR NEED ANY ASSISTANCE, PLEASE CALL THE ANNUAL GENERAL MEETING ENQUIRY LINE ON 0194 - 2481930- 35 - EXTENSION: 1541-1547 DURING WORKING HOURS.

Appointment of Proxy

Any Member of the Company entitled to attend and vote at the Annual General Meeting of the Company shall be entitled

to appoint another person to attend and vote on poll instead of himself. The person so appointed is known as Proxy. The person so appointed may be a Member or a Non-Member. The Proxy appointed by you may vote at the Meeting only on a poll. You may note that Proxy is not entitled to speak at the Meeting and cannot vote on the show of hands. If you are not able to come and attend the Meeting personally and intend to appoint Proxy to act and vote on poll on your behalf, you are requested to complete, sign and return the accompanying Proxy Form, together with documents specifying the validity of the appointment of the Proxy, at least forty eight (48) hours before the Annual General Meeting of the Company, so as to reach the Corporate Headquarters of our Bank located at M.A. Road, Srinagar, J&K 190 001, not later than 1100 Hours on 24th September, 2019.

You can give several nominations in the proxy form but only one can act as a proxy to attend or vote at the meeting. The Proxy form needs to be dated and signed by you after affixing revenue stamp of Re. 1/- and in the event of any other person signing on your behalf you shall have to give authority to such person by way of power of attorney which shall be sent by you or that person along with the Proxy Form.

In case of appointment of the Proxy by Corporate Bodies, the Proxy Form should be under the common seal of the Corporate Body or under the hand of the duly authorized Officer or Attorney and appropriate Power of Attorney/ Board Resolution or other Authority must be lodged along with the Proxy Form.

You can yourself attend the meeting and vote thereat instead of Proxy before he has voted and in such event your Proxy shall stand revoked.

Please note a person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total Share capital of the Bank. A member holding more than 10% of the total share capital of the Bank may appoint a single person as proxy and such person shall not act as proxy for any other person or share holder.

Entry Pass

The Attendance Slip sent herewith should be duly completed and brought with yourself. It will authenticate your right to attend, speak and vote at the meeting and will speed up your admission, where after entry passes shall be issued to you. You should preserve the entry passes till the conclusion of the Meeting. Separate entry passes will be given to Members and Proxies.

Arrangement for the Meeting

The Meeting will start at 1100 hours sharp and the doors of the meeting hall will open at 0900 hours.

No electronic gadgetry will be allowed inside the meeting hall and members are requested not to bring any cameras, video recorders, voice recorders etc.

For any enquiry relating to any matter that concerns you as a shareholder of the J&K Bank, you are requested to contact the staff volunteers available at the venue of Meeting.

There will be an arrangement of the "Shareholders Enquiry Desk" for the shareholders who have any enquiry relating to their shareholding. If you have any such enquiry, you are requested to enquire from the staff available at the desk.

Any staff member can be contacted for First Aid facility.

Smoking is strictly prohibited both inside the Hall and as well as within the premises. You are requested to kindly cooperate.

Documents

Copies of all important documents including previous three years Annual Reports, Minutes of last three Annual General Meetings and copies of Memorandum and Articles of Association of the Bank, will be available for inspection of the Members at the Corporate Headquarters, M. A. Road, Srinagar between 1200 hours and 1400 hours on all working days until 24th September, 2019 and also on the date of Meeting from 0900 hours until conclusion of the meeting. Further Annual Accounts of JKB Financial Services Ltd, 100% Subsidiary of Bank, will be made available/available for Inspection to Members at any point of time at the Corporate Headquarters, M.A. Road, Srinagar between 1200 hours and 1400 hours on all working days until 24th September, 2019 and also on the date of Meeting from 0900 hours until conclusion of the meeting.

Proceedings at the Meeting

After conclusion of the Chairman's speech, auditor's report including the comments of C&AG, if any, will be read by the Company Secretary. Afterwards the resolutions which are set out in the Notice of the meeting, will then be put to vote. The members will be given an opportunity to ask questions/speak at the meeting. Members interested to speak at the meeting shall hand over their name slips to the Staff

Volunteers and Chairman shall call upon them one by one. As many members may be willing to speak, you are requested to confine your speech to the agenda items set out in the notice of the Meeting.

Voting Rights

The voting rights of the Members is governed by the provisions of Section 47 of Companies Act, 2013, Section 12 of the Banking Regulation Act, 1949, and Article 110-112 of Articles of Association of the Bank. There are following voting rights attached to a Member/Proxy:

On Show of Hands

On show of hands, one member present in person shall have one vote. However, a person appointed as a proxy is not entitled to vote on the show of hands.

On Poll

On poll, every member shall have a right to vote in respect of his share of paid-up equity capital in the total paid-up equity capital of the Bank, whether present in person or through proxy. Your voting right would be in proportion to your share of paid-up equity capital of the Bank.

Manner of Voting

On Show of Hands

Whenever Chairman puts resolution to the vote of meeting, you should raise your hand, so that Chairman could see and take count of your vote, indicating that you are voting either for or against the resolution put before you for voting. Only shareholders present in person and authorized representative of the corporate shareholders are entitled to vote on the show of hands. Proxies are not entitled to vote on the show of hands.

On Poll

On poll being demanded by the requisite number of shareholders, or as and when may be ordered to be taken by the Chairman on any resolution, you will be given ballot papers by the deputed staff and you have to complete the ballot paper in accordance with the instructions contained therein and drop it in the ballot box. Proxy is entitled to vote on the poll.

Dematerialisation of Shares and Depository Services

Dematerialisation is a process, which entails the conversion of physical securities into electronic form. The securities in physical form are shredded and corresponding entry is done in the Investors Electronic Account. The electronic balances are maintained on highly secure systems at the depository. Depository services are an extension of custodial services. Prior to the introduction of depository system, the custodians used to act as the organisation for safekeeping, register, guarding, care watch, inspection and prevention of securities. But the advent of depository system has brought with itself the advantages of electronics and benefits of the custodial services at the doorsteps of investors. The depository allows the shares to be held in electronic form in the same way as money is held in Bank accounts.

A Depository offers following advantages to the Investor:

- Your shares cannot be lost or stolen or mutilated;
- You never need to doubt the genuineness of your shares i.e. whether they are forged or fake;
- Share transactions like transfer, transmission, etc., can be effected immediately;
- Transaction costs are usually lower than on the physical segment;
- There is no risk of bad delivery;
- Bonus/ rights shares allotted to you will be immediately credited to your account; and
- You will receive the statement of accounts of your transactions/ holdings periodically. According to Depository Act, 1996, investors have the option to hold shares in physical form or in electronic form. However, pursuant to directive issued by the Securities & Exchange Board of India (SEBI), shares of your Bank have been notified in the list of securities, where transactions will take place only in electronic mode for all Investors. Shareholders are thus advised to open a Demat Account with depository participant and dematerialise their securities.

Registrar and Share Transfer Agent

The Bank is having a contract with KARVY FINTECH PRIVATE LIMITED to act as Registrar and Share Transfer Agent, both for manual and electronic form with the incorporation of following initiatives / standards to ensure quality services to our investors:

1. The Internal Audit / Concurrent Audit to be carried out by independent firm of Company Secretaries / Chartered Accountants which will present a report to

our Bank on the performance of KARVY vis-à-vis Jammu and Kashmir Bank Account.

2. Incorporation of query module on the web site www.karisma.karvy.com and the shareholders desirous of using the site need to do the following:
 - Log on to the site www.karisma.karvy.com
 - Look for options on the left side of the screen
 - Click Investors
 - This will open welcome to investor service screen
 - Sign-up user id and password (self registration)
 - Look for options on the left side of the screen
 - Select Queries
 - This will open query module, which needs to be filled. The information required is: application number, folio number, name and address, phone number, fax number, email id, nature of query/complaint etc. The information will be recorded by Karvy and replied accordingly
3. A separate email ID, i.e. sharedeptt_gc@jkbmail.com has been created exclusively for redressing the queries / complaints of our Shareholders.
4. Maintenance of the following service standards: Transfer within 7-10 days, Issue of duplicate share certificates within 30 days, Change of address/ mandate /name correction within 1-2 days, Revalidation /Credit of dividend warrants within 2 days, Demat and Remat within 3-5 days, Redressal of investor complaints within 48 hours and e-mail response within 24 hours, Registration of power of attorney within 1-2 days, Split / consolidation/ replacement within 5 days.

All members are requested to communicate with Karvy on the following address:

Karvy Fintech Private Limited,

UNIT J&K BANK LIMITED, Karvy Selenium Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad-500032 TEL:- (040)- 67161508, 67161509

In case an Investor desires to make a suggestion for better and improved services, same may be informed to Mr. Mohammad Shafi Mir (Company Secretary), The Jammu and Kashmir Bank Limited, Board Secretariat, Corporate Headquarters, M.A. Road, Srinagar, Jammu and Kashmir 190 001, e-mail: sharedeptt_gc@jkbmail.com

Nomination Facility

The shareholders have the facility of making nomination in accordance with the provisions of Section 72 of the Companies Act, 2013 and rule 19(1) of the Companies (Share

Capital and Debentures) rules 2014 and allied procedures. The shares in the Company shall vest in the nominee, in the event of the death of the shareholder. In case of joint holders, they may together nominate, in the prescribed manner, a person in whom all the rights in the shares of the Company shall vest, in the event of death of the joint shareholders. Investors can make nomination by filling-in and sending form SH-13 (enclosed at the end of the report) to the Company singly, in case of sole holder or jointly, in case of the joint holders.

Shareholders also have the facility to cancel or vary the existing nomination by nominating any other person in place of the present nominee. Shareholders can cancel or vary the nomination by giving the notice of such cancellation or variation, to the Bank in Form No. SH-14 (enclosed at the end of the report).

Bank Mandate Form

In order to avoid the fraudulent encashment of dividend warrants, shareholders are requested to provide their Bank account details to enable us to incorporate the said details in the dividend warrants. A format of the Bank mandate form is enclosed at the end of this report.

NECS Facility

The National Electronic Clearing System (NECS) is intended to avoid the risk of loss/interception of dividend warrants in postal transit and / or fraudulent encashment of dividend warrants. The Shareholders are requested to avail the NECS facility /Direct credit facility, whereby the dividend will be directly credited in electronic form to their respective bank accounts. This will ensure speedy credit of dividend and Company will duly inform the concerned Shareholders when the credit is passed on to their respective bank accounts.



Feedback Form

Dear Member,

J&K Bank requests you to rate the following aspects of this Annual report on the scale given below:

	Below Expectations	Average	Fair	Good	Excellent
Is it informative?					
How do you rate the Clarity of the contents?					
Is the financial information Comprehensive?					
Is the content of this report relevant to you					
What is your Overall feedback on the report?					
What aspects of the Annual Report did not appeal to you?					
What aspects of the Annual Report appealed to you the most?					

Signature.....
Name.....
Address.....
Folio No./Client ID.....



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
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, Jammu and Kashmir Bank Limited, Board Secretariat, Corporate Headquarters, M.A. Road, Srinagar - 190001 or to our Share Transfer Agent: Karvy Fintech Pvt. Ltd. Unit: J&K Bank Ltd, Karvy Selenium Tower B, Plot No. 31 - 32, Gachibowli Financial District, Nanakramguda Hyderabad - 500 032 TEL:- (040) - 67161508, 67161509. 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
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:



- (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, Jammu and Kashmir Bank Limited, Board Secretariat, Corporate Headquarters, M.A. Road, Srinagar - 190001 or to our Share Transfer Agent: Karvy Fintech Pvt. Ltd. Unit: J&K Bank Ltd, Karvy Selenium Tower B, Plot No. 31 - 32, Gachibowli Financial District, Nanakramguda Hyderabad - 500 032 TEL:- (040) - 67161508, 67161509. 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



NECS-I (National Electronic Clearing System)

Mandate Form for Payment of Dividend on Equity Shares

(For Shareholders holding Shares in Physical Form)

To

M/s Karvy Fintech Pvt. Ltd.

Unit: J&K Bank Limited

Dear Sir,

I hereby authorise J&K Bank Limited to credit dividend (to be declared in future, if any) amount directly to my bank account through NECS, details of which are as under:

1. First/Sole Shareholders Name (in Block letters)
2. Address
3. Regd. Folio No
4. Telephone No E-mail ID
5. Particulars of Bank Account

 - a) Bank Name:
 - b) Branch Name & Address (with Pin code & Tel No.):
 - c) Bank Account No. (as appearing on the Cheque Book)
 - d) Account Type (Please tick)

Savings	10	Current	11	Cash Credit	12
---------	----	---------	----	-------------	----

- e) 9 Digit MICR Code No. of the Bank & Branch appearing on the MICR Cheque issued by the bank

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6. Please attach a photograph of the cheque leaf or a bank cancelled cheque issued by your Bank relating to your above account for verifying the accuracy of the above mentioned code numbers.

Declaration

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I would not hold J&K Bank Limited responsible. In case of NECS facility not being available for any reason, the account details provided above may be incorporated in the payment instrument.

Place:.....

Dated:.....

Signature of the first/ sole shareholder

Notes:

1. If above mandate has already been submitted, please ignore this communication.
2. Kindly fill all columns. Incomplete forms shall not be entertained.
3. Please note that NECS facility is available only at Core Banking Solution Branches (CBS Branches) of the Banks. Therefore, please ensure that you provide only new bank account number allotted by your Bank, post implementation of Core Banking System, to avail NECS.

In case the shareholder is not in a position to give blank "cancelled" cheque or a photocopy thereof, a certificate of the shareholder's Bank may be furnished as under:

Certificate of the Shareholder's Bank

(to be submitted only if blank "cancelled" cheque or a photocopy thereof is not enclosed)
Certificate that the particulars furnished above are correct as per our records.

Place:.....

Dated:.....

Signature of the Authorised Official of the Bank

NECS-II (National Electronic Clearing System)

Mandate Form for Payment of Dividend on Equity Shares

(For Shareholders holding Shares in Electronic Form)

Application No. Date

Depository Participant Name / Address

1. DP/ Client Id

a) NSDL

b) CDSL

2. Account Holder's Details

Name of First / Sole	
Name of Second Holder	
Name of Third Holder	

1. I/We request you to make the following modifications to my/our account in your records.

Existing Details	New Details
1) Bank Name	1) Bank Name
2) Branch Name & Address	2) Branch Name & Address
3) Account No.	3) IFSC - Code
	4) 9 Digit MICR Code of Branch
	5) Account No.
	6) Mobile No.
	7) E-mail.

(Attach an Annexure (with signature/s) if the space above is found insufficient)

	First/Sole	Second Holder	Third Holder
Name			
Signature			

Notes:

1. Please attach a cancelled cheque leaf having 9 Digit MICR Code, Bank A/c Statement and Self attested copy of PAN CARD for all the holders of the Demat Account.
2. Please fill all the details in Block Letters in English.

..... Tear Here

Acknowledgement Receipt

Received Modification Bank Account Details request as per details given below:

Application No. Date

DP/ Client Id

a) NSDL

b) CDSL

Account Holder's Details

Name of First / Sole	
Name of Second Holder	
Name of Third Holder	

Depository Participant Seal and Signature



Attendance Slip

(PLEASE BRING THIS ATTENDANCE SLIP DULY COMPLETED WITHOUT FAIL AND HAND IT OVER AT THE ENTRANCE FOR OBTAINING ENTRY PASS)

Registered Office:
Corporate Headquarters
M. A. Road, Srinagar, Kashmir – 190001
CIN: L65110JK1938SGC000048
Tel: 0194 – 2481930-35 Ext. 1541-1545
Fax: 0194 – 2481928
Email ID: sharedeptt_gc@jkbmail.com
Website: www.jkbank.com

I/We hereby record my/our presence at the 81st Annual General Meeting of JAMMU AND KASHMIR BANK LIMITED held at Jammu & Kashmir Bank Limited, Corporate Headquarters, M.A. Road, Srinagar, 190001 on 26th September, 2019 at 1100 hrs.

Name of the Shareholder:

Folio No./ Client ID/ DP ID:

Name of the proxy / representative, if any:

I certify that I am a registered Shareholder/ Proxy for the Shareholder of the Bank

Signature of the Shareholder / Proxy

Notes:

1. Attendance slip which is not complete in all respects shall not be accepted.
2. The registration counter will remain open between 9.00 A.M to 11.00 A.M.
3. Joint Shareholders may obtain additional attendance slip on request.

MGT-11 Proxy Form

Registered Office: Corporate Head Quarters,
M. A. Road, Srinagar, Kashmir –190001
CIN: L65110JK1938SGC000048

Tel: 0194 – 2481930-35 Ext. 1541-1547, Fax: 0194 – 2481928
Email ID: shareddept_gc@jkbmail.com, Website: www.jkbank.com

[Pursuant to Section 105 (6) of the Companies Act, 2013 and Rule 19 (3) of the Companies
(Management and Administration) Rules, 2014]

Name (s) of the Member (s)	
Registered Address	
Email ID	
Folio No. / Client ID	
DP ID	

I / We being the member (s) of _____ shares of the above named Company, hereby appoint

1.	Name	
	Address	
	E-mail ID	
	Signature	or failing him
2.	Name	
	Address	
	E-mail ID	
	Signature	

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 81st Annual General Meeting of the Bank to be held on the 26th September, 2019 at 1100 hrs, at Jammu & Kashmir Bank Limited, Corporate Headquarters, M.A. Road, Srinagar, 190001 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution	Type of Resolution	I/ We assent to the resolution (For)	I/ We Dissent to the resolution (Against)
1.	Adoption of Audited Financial Statements of the Bank for the year ended 31 st March, 2019.	Ordinary		
2.	Re-appointment of Mr. Rahul Bansal (DIN: 01216833) who retires by rotation and being eligible, has offered himself for re-appointment.	Ordinary		
3.	Fixation of Remuneration to Statutory Auditors for the financial year 2019-20.	Ordinary		
4.	Appointment of Mr. Vikram Gujral (DIN: 03637222) as Director liable to retire by rotation.	Ordinary		
5.	Re-appointment of Mr. Mohammad Ashraf Mir (DIN: 07586792) for a period of two years w.e.f. 17 th June, 2019 as an Independent Director.	Special		
6.	Re-appointment of Dr. Sanjiv Aggarwal (DIN: 00110392) for a period of two years w.e.f. 17 th June, 2019 as an Independent Director.	Special		
7.	Re-appointment of Mr. Sunil Chandiramani (DIN: 00524035) for a period of two years w.e.f. 17 th June, 2019 as an Independent Director.	Special		
8.	Confirmation of continuation of Directorship of Dr. Pronab Sen (DIN: 07831725) till Annual General Meeting.	Special		
9.	To raise funds, subject to the maximum of Rs.1600 Crore.	Special		
10.	To amend the Articles of Association of the Bank.	Special		
11.	Appointment of Mr. Sonam Wangchuk (DIN: 07662456) as a Director liable to retire by rotation.	Ordinary		

Signature of the Shareholder:

Signature of the Proxy holder(s):

Affix Revenue
Stamp

Signed this _____ day of _____, 2019

NOTE: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Form No.

MGT- 12

Polling Paper

[Pursuant to section 109(5) of the Companies Act, 2013 and rule 21(1) (c) of the Companies (Management and Administration) Rules, 2014]

Name of the Company:	Jammu & Kashmir Bank Ltd.
Registered Office:	M.A. Road, Srinagar-190001
CIN:	L65110JK1938SGC000048

BALLOT PAPER

S No	Particulars	Details
1.	Name of the first named Shareholder (In Block Letters)	
2.	Postal address	
3.	Registered Folio No./ *Client ID No. (*applicable to investors holding shares in dematerialized form)	
4.	Class of Share	Equity Shares
5.	Number of Shares	

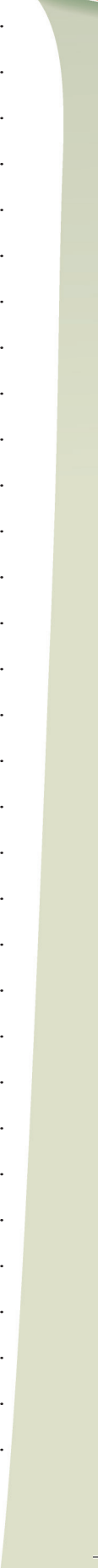
I hereby exercise my vote in respect of Ordinary/Special Resolutions enumerated below by recording my assent or dissent to the said resolutions in the following manner:

No.	Item No.	I assent to the resolution	I dissent from the resolution
1.	To consider and pass with or without modification(s) the following resolution as Ordinary Resolution: "Resolved that Standalone and consolidated Financial Statements as at 31st March, 2019 together with Auditor's Report and comments of C&AG thereon, together with Report of Directors, be and are hereby approved and adopted."		
2.	To consider and pass with or without modification(s) the following resolution as Ordinary Resolution: "Resolved that Mr. Rahul Bansal (DIN: 01216833), who retires by rotation and being eligible, offers himself for re-appointment be and is hereby reappointed as Director of the bank."		
3.	To pass with or without modification(s) the following resolution as Ordinary Resolution: "Resolved that pursuant to the provisions of section 142 and other applicable provisions, if any, of the Companies Act, 2013, the Board of Directors, be and are hereby authorized to fix Remuneration to Statutory Auditors for the financial year ending 31st March 2020, as per the schedule of the RBI applicable to Public Sector Banks, including remuneration for the Limited Review of Quarterly Financial Results for the periods ending 30th June, 2019, 30th September, 2019 and 31st December, 2019."		
4.	To consider and pass with or without modification(s) the following resolution as Ordinary Resolution: "Resolved that Mr. Vikram Gujral, (DIN: 03637222), who was appointed as an Additional Director by the Board under section 161 of the Companies Act, 2013 read with Article 78 of the Articles of Association of the bank and who holds office upto the date of this Annual General Meeting and in respect of whom the bank has received a notice under section 160 of the Companies Act, 2013, be and is hereby appointed, as Director on the Board of Directors of the bank, whose period of office shall be liable to retire by rotation ."		

5.	To consider and pass with or without modification(s) the following resolution as Special Resolution: "Resolved that Mr. Mohammad Ashraf Mir (DIN: 07586792), who being eligible, offers himself for re-appointment be and is hereby re-appointed as Independent Director of the bank, for a 2nd term of two years with effect from 17th June, 2019 and that he shall not be liable to retire by rotation"		
6.	To consider and pass with or without modification(s) the following resolution as Special Resolution: "Resolved that Dr. Sanjiv Agarwal (DIN: 00110392), who being eligible, offers himself for re-appointment be and is hereby re-appointed as Independent Director of the bank, for a 2nd term of two years with effect from 17th June, 2019 and that he shall not be liable to retire by rotation."		
7.	To consider and pass with or without modification(s) the following resolution as Special Resolution: "Resolved that Mr. Sunil Chandiramani (DIN: 00524035), who being eligible, offers himself for re-appointment be and is hereby re-appointed as Independent Director of the bank, for a 2nd term of two years with effect from 17th June, 2019 and that he shall not be liable to retire by rotation."		
8.	To consider and pass with or without modification(s) the following resolution as Special Resolution: "Resolved that the action of the Board of Directors of the Bank in having extended the term of Dr. Pronab Sen (DIN: 07831725), Independent Director, on the Board of the Bank from 17th June, 2019 till Annual General Meeting be and is hereby confirmed."		
9.	Special Resolution pursuant to Section 42 & Section 62 of the Companies Act 2013, read with the rules framed thereunder, regulations framed by the Securities and Exchange Board of India, as applicable and other applicable laws, rules and regulations, to seek consent of the shareholders for the Board of Directors of the Bank to offer, issue and allot fully paid up Non-convertible Perpetual Debt Instruments (part of Additional Tier I Capital) as set out in the Resolution No. 9 to the Notice upto Rs.550 crores and 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 as set out in the Resolution No. 9 to the Notice upto Rs.1050 crores.		
10.	Special Resolution to amend the Articles of Association of the bank to align the Articles of Association, consequent upon splitting the post of Chairman & CEO of the bank into Chairman and Managing Director, pursuant to SEBI/ RBI regulation and non-payment of sitting fee to the Govt. nominee directors of the bank who are in the employment of the Govt., for attending meetings of Board and Committees thereof as set out in the Resolution No. 10 to the Notice.		
11.	To consider and pass with or without modification(s) the following resolution as Ordinary Resolution: "Resolved that of Mr. Sonam Wangchuk (DIN: 07662456), who being eligible, offers himself for appointment be and is hereby appointed as Director of the bank, subject to retiring by rotation."		
Place: Srinagar Date: 26th September, 2019		(Signature of the shareholder*)	



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Corporate Information

Board of Directors

Mr. R. K. Chhibber
Interim Chairman & Managing Director

Dr. Arun Kumar Mehta, IAS
Director

Mr. Anil Kumar Misra
Director

Mr. Mohammad Ashraf Mir
Director

Dr. Pronab Sen
Director

Dr. Sanjiv Agarwal
Director

Mr. Sunil Chandiramani
Director

Mr. Dhaman Kumar Pandoh
Director

Mr. Rahul Bansal
Director

Mr. Vikram Gujral
Director

Auditors

O P Garg & Co.
Chartered Accountants

Verma & Associates
Chartered Accountants

P C Bindal & Co.
Chartered Accountants

K K Geol & Associates
Chartered Accountants

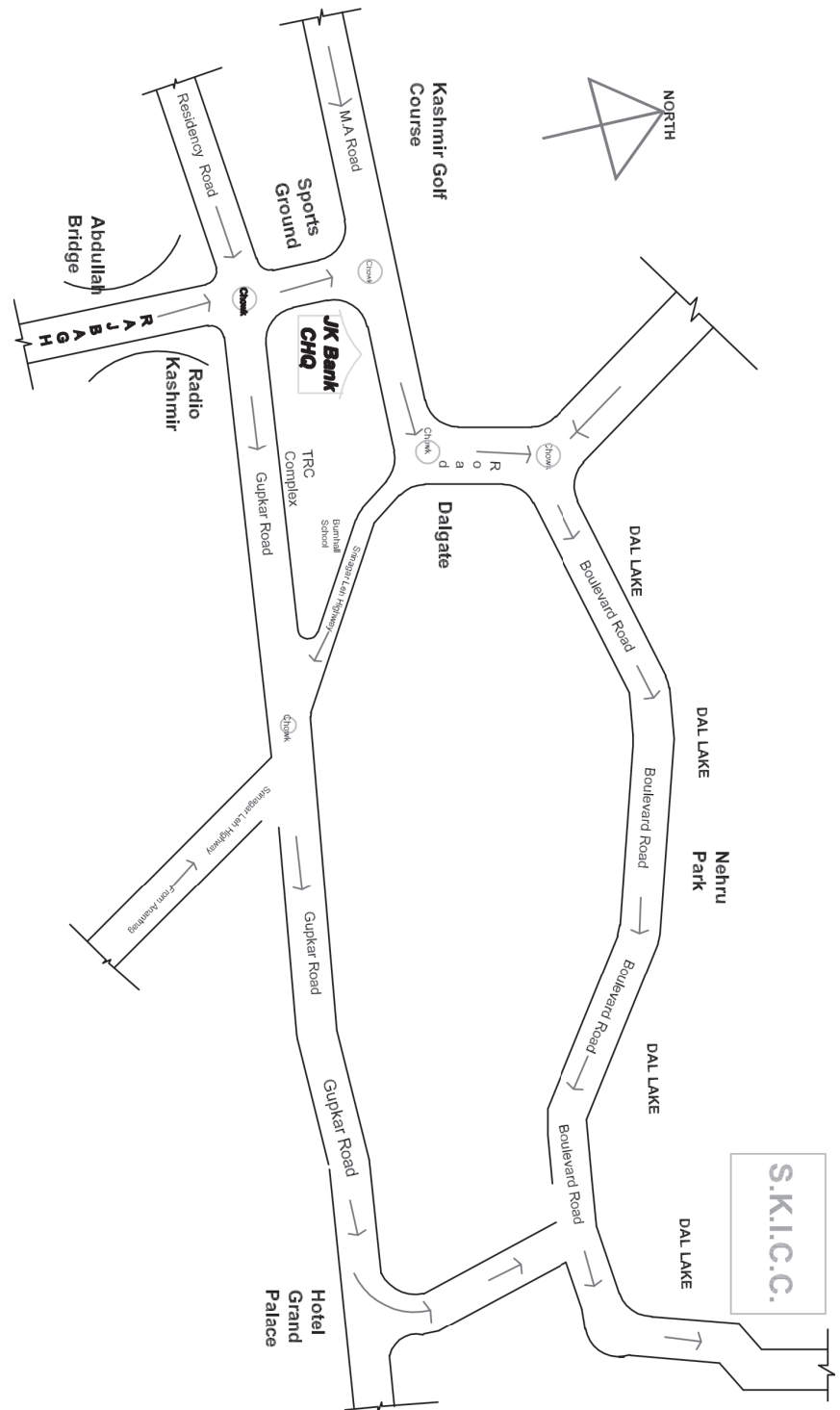
Registered Office:

Jammu & Kashmir Bank Ltd
Corporate Head Quarters,
M.A. Road, Srinagar, Kashmir -190001
CIN: L65110JK1938SGC000048
Tel: 0194 - 2481930-35 Ext. 1541-1547, Fax:
0194 - 2481928
Email: sharedeptt_gc@jkbmail.com,
Website: www.jkbank.com

Registrars and Share Transfer Agents

Karvy Fintech Pvt. Ltd. Unit: J&K Bank
Ltd, Karvy Selenium
Tower B, Plot No. 31 - 32, Gachibowli
Financial District,
Nanakramguda Hyderabad - 500 032
TEL:- (040) - 67161508, 67161509.

ROUTE MAP TO VENUE





Jammu & Kashmir Bank Limited
Corporate Headquarters
M A Road, Srinagar 190 001
Jammu & Kashmir

www.jkbank.net