

PROCEEDINGS OF THE 75TH ANNUAL GENERAL MEETING
OF THE SHAREHOLDERS OF
THE JAMMU & KASHMIR BANK LIMITED
HELD ON SATURDAY 22ND JUNE 2013 AT 11.00 AM
AT SHER-I-KASHMIR INTERNATIONAL CONFERENCE CENTER, SRINAGAR.

PRESENT

- 1) Mr. Mushtaq Ahmad
- 2) Mr. Mohammad Ibrahim Shahdad
- 3) Mr. Vikrant Kuthiala
- 4) Prof. Nisar Ali
- 5) Mr. A. M. Matto
- 6) Mr. R. K. Gupta
- 7) Mr. Nihal G. Garware

In the Chair

Directors

And 257 Members present in person
And 87 Members present in proxy

Mr. B. B. Vyas, IAS Government Nominee Shareholder and Proxy for the Chief Secretary, Govt. of J&K, and Mr. Abdul Majid Bhat, Secretary were also present.

Mr. Mushtaq Ahmad, Chairman and Members of the Board present at the Meeting took their chair. After ascertaining that requisite quorum for the meeting was present, Chairman called the meeting to order.

At the onset Chairman of the Bank addressed to the shareholders which is reproduced hereunder:

Dear valued Shareholders,

This AGM is special. We are at the cusp of a momentous event in our journey - the completion of 75 years of our Bank's incorporation. It is an occasion to celebrate what we have achieved during the last financial year and what we have attained over the years. It is also an occasion to reflect with pride over the distance we have traversed as an institution; on the challenges we encountered along the way and the innumerable triumphs we achieved.

The Bank was incorporated on 1st October, 1938, with a capital of Rs. 7,72,725 and a base of 61,818 shares, with a simple yet noble idea of liberating the people of J&K state from the grasp of moneylenders. From this very modest beginning, the Bank has grown into a premier institution with a pan-India presence. However, our core philosophy of helping people realise their dreams, and bringing more and more people into the ambit of financial inclusion has not changed. Today, J&K Bank is considered as one of the best in the country and consistently ranks among the top performers on all vital indicators. While these achievements enhance our confidence in our abilities, the core guiding philosophy remains the same: creating opportunities and touching lives in more ways than one. A Platinum Jubilee, I think, provides the relevant opportunity to reaffirm our commitment to our enduring values.



The Bank's Platinum Jubilee celebrations coincide with signs of revival across major economies globally. FY 2012-13, however, remained a year of weak growth for most of the developed countries and one of slowing economic growth for the developing nations. In the US, the mild indications of economic recovery witnessed during FY 2011-12 crystallised towards little more stabilisation with improvements in the housing sector and employment conditions. Europe's financial system largely stabilised during the past fiscal after intervention of the European Central Bank. But the 17 countries using the Euro currency remain in recession and the austerity strategies are stifling growth and further aggravating the already high levels of unemployment.

Growth in emerging and developing economies (EDEs) has already picked up after a slowdown in FY 2012-13, thanks to resilient consumer demand, supportive macroeconomic policies and revival of exports. However, some of these countries like Brazil, Russia and Turkey confront surge in inflation, which may compel tighter monetary responses. Inflation, otherwise, remained remarkably stable in most of the world economies, including the advanced ones, and inflation expectations remained well-anchored.

The Indian economy continued to remain sluggish in FY 2012-13. The advance estimates of 5 percent GDP growth for FY 2012-13 is the lowest in a decade. Both manufacturing and service activities remained subdued on account of supply-side bottlenecks and sluggish external demand. The current account deficit (CAD) came in at an all-time high of 6.7 percent of GDP in Q3 of FY 2012-13. However, headline inflation, as measured by the wholesale price index (WPI), moderated significantly in later part of the year to average out at 7.3 percent for the whole year, compared to 8.9 percent for the previous year.

Indian economy is expected to improve moderately in FY 2013-14, with a momentum likely in the later part of the year. The baseline GDP growth for FY 2013-14 is projected at 6 percent. The RBI, however, on conservative estimates pegs it at 5.7 percent, which is comparatively better than the advance estimate of 5 percent for FY 2012-13. Inflation has already returned to its lowest since October 2009. CAD, which touched a record high of 5.4 percent of GDP in April-December, 2012, is likely to moderate slightly, but is expected to remain much above the comfort levels. Concerns have also emerged due to appreciable depreciation of rupee in the past few weeks that could adversely impact both inflation and the CAD

Despite the economic hardships and uncertainties nationally and internationally, J&K Bank continued its superlative performance in FY 2012-13, achieving unprecedented business volumes, revenues and profit. The major constituents of our business model, including optimum asset utilisation, prudent liability management, judicious monitoring of credit assets, efficient risk management, persistent improvement of systems and procedures and, above all, customer convenience were pursued in an integrated and coordinated approach to extract maximum returns from available resources. The sterling performance is visible on all key indicators.

The total business of Rs. 1,03,421.03 Crores and a Net Profit of Rs. 1,055.10 Crores is the highest ever posted by the Bank. Operating Profit for your Bank crossed Rs. 1,810.76 Crores, growing 32.14 percent year on year, indicating the robustness of our core operations. Your Bank consolidated on the income side as well and recorded a healthy increase of 25.98 percent in its Net Interest Income, which jumped from Rs. 1,838.36 Crores in the previous year to Rs. 2,316.04 Crores as on 31st March, 2013. More importantly, the net NPAs at 0.14 percent of the total loan book is a clear indicator of the quality of the Bank's assets and re-



affirmation of its commitment to maintain the same. The Provisioning Coverage Ratio of 94.01 percent is way above the regulatory requirement of 70 percent. At the same time, Return on Net Worth at 23.56 percent, Dividend Yield of 3.75 percent and Dividend Payout ratio of 22.97 percent are among the best in the industry.

It gives me immense pleasure to present this Annual Report in the 75th year of the Bank's foundation. This Annual Report, yet again, is a testimony of the effectiveness of the Bank's business model and robustness of its strategies. It demonstrates our resolve to build further on our accomplishments and strengthens the conviction entrusted by you and millions of other stakeholders.

The Bank's vision and endeavour to accelerate the socio-economic development of Jammu & Kashmir through exhaustive credit dispensation and selective pan-India quality lending, continued to drive its progress. The result is that we have not only achieved, but even surpassed ours. Rs. 1,00,000 Crores business target and Rs. 1,000 Crore profit in the Platinum Jubilee year.

At J&K Bank, we focused on expansion through a rapid increase in multi-delivery channels. The extensive expansion of business units initiated last year was pursued more vigorously during FY 2012-13 and a total of 82 business units were added to widen the Bank's network to 685, as at the end of March, 2013. Similarly, 105 new ATMs were added during the last fiscal to take the total ATM network to 613 on 31st March, 2013. Mobile banking services were also introduced during FY 2012-13 to provide customers more accessibility and convenience.

Our core value system has always been a guiding factor in our decision-making. In line with these values, we firmly believe in inclusive banking, which encompasses all sections of society, particularly the economically underprivileged. The objective of inclusive banking is being achieved through a multi-faceted strategy, involving the deployment of Business Correspondents, Common Service Centres and Brick & Mortar business units. The programme is underway across 1,260 identified unbanked villages and 1,093 SLBC-allocated villages in the population range of above 1,000 and less than 2,000. The Bank also envisages to extend its outreach programme to 3,271 below-2,000 population villages and the same is targeted to be achieved by the end of March, 2016, through a mix of varied conduits

Esteemed Shareholders, your Bank has travelled a long and eventful journey to carve out its distinctive identity in India's banking industry. I am fortunate to be a part of this journey and personally witnessed the Bank's transformation from an unknown entity to an institution of repute. I have shared the joys over the innumerable successes it enjoyed enroute this long journey and experienced the resolute spirit, which enabled it to emerge victorious from daunting challenges. All this has been possible with your unwavering support and of the many worthy predecessors before you. I am confident you will continue to provide the support and trust to strengthen it further.

On this historic occasion, I acknowledge, with gratitude, the generous support we have been receiving from our main promoter, the State Government. I also sincerely express my thankfulness for the invaluable direction and guidance provided by the banking regulator, the Reserve Bank of India. I also acknowledge, with thanks, the co-operation received from Government of India, NABARD, SIDBI, IBA, Stock Exchanges, Department of Company Affairs, Registrar of Companies, Comptroller & Auditor General of India. I am also grateful to the esteemed Board of Directors for their support and guidance. Last but not the

least, I am highly thankful to the employees whose resolve, dedication, sincerity and untiring efforts have turned the Bank's dreams into a reality.

Platinum Jubilee is an occasion to rejoice and cherish. It is also an occasion for resolution. Let us all rededicate ourselves to the task of elevating our institution to new heights of achievement on the strength of our commitment and enduring value system.

Secretary then read out auditor's report along with relevant comments of the Comptroller and Auditor General of India(C&AG) on the Accounts of the Bank, for the year ended 31st March, 2013

Secretary then provided a brief background of each item for transaction at the meeting.

Chairman then took up Business items for Consideration and adoption by the Shareholders

ITEM NO: 1 **CONSIDERATION OF ACCOUNTS**

Mr. A.M. Matto, Shareholder, proposed the following as an Ordinary Resolution:

"Resolved that the Audited Balance Sheet as at 31st March, 2013 and Profit & Loss Account for the period ended on that date, and Auditor's Report thereon, along with the comments of C&AG, as laid before the Members at the Meeting, together with Report of Directors, be and are hereby approved and adopted."

Mr. M. I. Shahdad, Shareholder, seconded the move.

The Resolution was put to vote on show of hands by the Chairman and was declared passed unanimously.

ITEM NO : 2 **DECLARATION OF DIVIDEND**

Mr. M. I. Shahdad, Shareholder proposed the following as an Ordinary Resolution:

"Resolved that Dividend @ 500% (Rs. 50/- per equity share of Rs. 10 each) be declared for the financial year 2012-2013 and paid to the holders of 4,84,77,802 equity shares of Rs. 10/- each, whose names appear on the Register of Members on the date of Annual General Meeting and Register of Beneficial Owners maintained by Depositories, on 14th June, 2013."

Mr. A. M. Matto, Shareholder, seconded the move.

The Resolution was put to vote on show of hands by the Chairman and was declared passed unanimously.



ITEM NO.3: **RE- APPOINTMENT OF DIRECTOR - MR. A. M. MATTO**

Dr. Fayaz Ahmed, Shareholder, proposed the following as an Ordinary Resolution:

“ Resolved that Mr. A. M. Matto, who retires by rotation and being eligible offers himself for re-appointment, be and is hereby re-appointed as Director of the bank.”

Dr. Manzoor Ahmed Shah, Shareholder, seconded the move.

The Resolution was put to vote on show of hands by the Chairman and was declared passed unanimously.

ITEM NO.4 **RE-APPOINTMENT OF DIRECTOR- PROF. NISAR ALI**

Dr. Manzoor Ahmed Shah, Shareholder, proposed the following as an Ordinary Resolution:

“Resolved that Prof. Nisar Ali, who retires by rotation and being eligible offers himself for re-appointment, be and is hereby re-appointed as Director of the Bank.”

Dr. Fayaz Ahmed, Shareholder, seconded the move.

The Resolution was put to vote on show of hands by the Chairman and was declared passed unanimously.

ITEM NO. 5 **REMUNERATION OF AUDITORS**

Mr. A. M. Matto, Shareholder, proposed the following as an ordinary Resolution:

“Resolved that pursuant to the provisions of section 224(8)(aa) and other applicable provisions, if any, of the Companies Act, 1956, the Board of Directors, be and are hereby empowered to pay Remuneration to Statutory Auditors for the financial year ending 31st March 2014, as per the schedule of the RBI applicable to Public Sector Banks, including remuneration for the Limited Review of Quarterly Reviewed Financial Results for



the period ending 30th June, 2013, 30th September, 2013 and 31st December, 2013."

Mr. M. I. Shahdad, Shareholder, seconded the move.

The Resolution was put to vote on show of hands by the Chairman and was declared passed unanimously.

This was followed by a Question - Answer session wherein the Chairman replied the various queries of shareholders of the Bank relating to establishment of branches at different locations, future outlook of the bank for expansion of business, lending pattern of the Bank in and outside the J&K State, Customer Relation, and Corporate Social Responsibility of the Bank etc.

Chairman thanked the shareholders for their active participation in the meeting and thereafter, declared the meeting closed.

Recorded By



(Abdul Majid Bhat)
Company Secretary

Date: 2nd July, 2013