

# The Jammu & Kashmir Bank Limited,

Registered Office: Corporate Headquarter

M A Road, Srinagar 190001 T +91 (0)194 2483775 F +91 (0)194 2481928

CIN L65110JK1938SGC000048



**Dear Member,**

## **Notice Pursuant to Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014.**

Notice is hereby given, pursuant to the provisions of Section 110 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) read with Companies (Management and Administration) Rules, 2014, (including any statutory modification or re-enactment(s) thereof for the time being in force), that the Resolution appended below is proposed to be passed by the Shareholders through postal ballot/electronic voting (e-voting). The explanatory Statement pertaining to the said resolution setting out the material facts and the reasons thereof is annexed hereto with the Postal Ballot for your consideration.

Members desiring to opt for e-voting as per facilities arranged by The J&K Bank Limited ("the Bank") are requested to read the instructions in the Notes under the section "Voting through electronic means."

The Board of Directors of the Bank has appointed CA Majaz Ahmad, Partner in M/s SDM & Co., firm of Chartered Accountants, as Scrutinizer ('Scrutinizer') for conducting the postal ballot/e-voting process in a fair and transparent manner.

Members are requested to carefully read the instructions printed on the postal ballot form and return the same duly completed in the enclosed self-addressed Business Reply Envelope not later than 5:00 p.m. IST on 20th September, 2016. Postage will be borne and paid by the Bank. Postal

Ballot form(s), if sent by courier or by Registered post/Speed Post and at the expense of the shareholder(s) will also be accepted. The Postal Ballot form(s) may also be deposited personally at the address given on the Business Reply Envelope. Please note that duly completed postal ballot form(s) should reach the 'Scrutinizer' not later than 5:00 p.m. IST on 20th September, 2016, to be eligible for being considered, failing which, it will be strictly treated as if no reply has been received from the Shareholder.

The 'Scrutinizer' will submit his report to the Chairman of the Bank after the completion of the scrutiny of the Postal Ballots (including e-voting). The result of postal ballot shall be declared on or before 24th September, 2016 and be displayed at the Registered Office/Corporate Office of the Bank, communicated to the Stock Exchanges and would also be uploaded on the Bank's website at [www.jkbank.net](http://www.jkbank.net) and on the website of e-voting agency – Karvy Computershare Pvt. Ltd. at [www.karisma.karvy.com](http://www.karisma.karvy.com).

### **RESOLUTION:**

**RAISING OF MONEY THROUGH ALLOTMENT OF UNSECURED, REDEEMABLE, SUBORDINATED, NON-CONVERTIBLE, BASEL III COMPLIANT TIER 2 BONDS IN THE NATURE OF DEBENTURES/BONDS AGGREGATING TO RS.1000 CRORES**

To consider and, if thought fit to pass, the following resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of section 42 of The Companies Act, 2013, read

with rule 14(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and any other provisions or statutory enactment in respect thereof, consent of the shareholders of the Bank be and is hereby accorded to the Board of Directors of the Bank to make offer(s) or invitation(s) to subscribe to the unsecured, redeemable, subordinated, non-convertible, Basel III compliant Tier 2 bonds in the nature of debentures for inclusion in Tier 2 Capital of the Bank of face value of Rs. 10.00 lacs each at par aggregating up to Rs.1000 crores ("Bonds") in one or multiple tranches in the financial year 2016-17 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 shall be authorized to issue Bonds of face value Rs. 10.00 lacs each at par aggregating upto Rs. 1000 crore of tenure not exceeding 10 years upto a date that is not later than one year from the date hereof and notwithstanding that the aggregate amount of all such Bonds taken together with domestic/off-shore, secured/unsecured, loans/borrowings, guarantees shall not exceed the overall borrowing powers approved by the shareholders by way of a special resolution under the provisions of Section 180 (1) of the Companies Act, 2013 read with the applicable rules made under the Companies Act, 2013."

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

and conditions of issue Bonds as they may, in their absolute discretion, deem necessary."

By Order of the Board of Directors

For The Jammu & Kashmir Bank Limited

(Abdul Majid Bhat)

Company Secretary

Place: Srinagar

Date: 10th August, 2016

**Notes:**

1. The Explanatory Statement pursuant to the provisions of Section 102 of the Act, stating all material facts, reasons for the proposal is annexed herewith.
2. The Postal Ballot Notice is being sent to the Members whose names appear on the Register of Members/ List of Beneficial Owners as received from National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as on August 16, 2016. The Postal Ballot Notice is being sent to Members in electronic form to the email IDs registered with their Depository Participant (in case of electronic shareholding)/the Bank's Registrar and Transfer Agents (RTA) (in case of physical shareholding). For Members whose email IDs are not registered, physical copy of Postal Ballot Notice and form are being sent by permitted mode alongwith a postage pre-paid self addressed Business Reply Envelope (BRE).
3. The Members whose names appear on the Register of Members/List of Beneficial

Owners as on August 16, 2016 will be considered for the purpose of voting. A person who is not a Member as on the relevant date should treat this Notice for information purpose only.

4. Resolution passed by the Members through Postal Ballot are deemed to have been passed as if the same have been passed at a General Meeting of the Members.
5. The Members can opt for only one mode of voting, i.e., either by physical ballot form or e-voting. In case Members cast their votes through both the modes, voting done by e-voting shall prevail and votes cast through physical postal ballot form will be treated as invalid.
6. In case a Member is desirous of obtaining a printed Postal Ballot Form or a duplicate, he/she may send an e-mail to **evoting@karvy.com**. The RTA shall forward the same along with postage pre-paid self addressed BRE to the Member.
7. Voting rights shall be reckoned on the paid up value of shares registered in the name of Members as on August 16, 2016. The Postal Ballot period commences on August 22, 2016 (0900 hours IST) and ends on September 20, 2016 (1700 hours IST).
8. In compliance with Section 108 and 110 of 'the Act' and the Rules made there under, the Bank has provided the facility to the Members to exercise their vote electronically and vote on the Resolution through e-voting facility arranged by Karvy Computershare Pvt. Ltd. The instructions for electronic voting are annexed to this Notice.
9. A Member cannot exercise his vote by proxy on postal ballot.
10. Members wishing to exercise their vote by physical postal ballot are requested to

carefully read the instructions printed on the Postal Ballot form and return the form, duly completed and signed, in the enclosed self addressed BRE to the 'Scrutinizer', so that it reaches the 'Scrutinizer' not later than the close of the working hours (i.e. 1700 hours IST) on September 20, 2016. The postage will be borne by the Bank. However, Envelopes containing postal ballots, if sent by courier or registered/speed post at the expense of the Members, will also be accepted. If any postal ballot is received after 1700 hours IST on September 20, 2016, it will be considered that no reply from the Member has been received.

11. The last date for receipt of the duly completed Postal Ballot Forms or e-voting shall be the date on which the resolution shall be deemed to have been passed, if approved by the requisite majority.
12. All the material documents referred to in the Notice will be made available for inspection by the Members at the registered office of the Company during working hours on any working day upto September 20, 2016.

#### **VOTING THROUGH ELECTRONIC MEANS:**

In compliance with Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 108, 110 and other applicable provisions of 'the Act' read with the relevant Rules, the Bank is pleased to provide e-voting facility to all its Members, to enable them to cast their votes electronically instead of dispatching the physical Postal Ballot Form by post. The Bank has engaged the services of Karvy Computershare Pvt. Ltd. for the purpose of providing e-voting facility to all its Members.

- I 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) Members of the Bank holding shares either in physical form or in dematerialized form, as on the August 16, 2016, may cast their vote electronically.
- (iii) Enter the LOGIN credentials i.e., user id and password mentioned in the Postal Ballot Form. 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 folio / 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 **camajaz@gmail.com** with a copy marked to **evoting@karvy.com**.
- (xiii) The e-voting period commences on August 22, 2016 (0900 hours IST) and ends on September 20, 2016 (1700 hours IST). During this period Members of the Bank, holding shares either in physical form or in dematerialized form, as on August, 16, 2016 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.

- (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 Computershare Pvt. Ltd at Tel No. 1800 345 4001 (toll free).

- II. For Members whose email IDs are not registered with the RTA/Depository

Participant(s) and who receive the physical postal ballot forms, the following instructions may be noted:

- a. Initial password is provided as below/ at the bottom of the Postal Ballot Form:

**EVEN** (E Voting Event Number)

**USER ID**

**PASSWORD/PIN**

- b. Please follow all steps from Sr. No. i to Sr. No. xiv of I above, to cast vote.

# ANNEXURE TO THE NOTICE

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

The Basel Committee was formed by G10 countries to set up international standards for banking supervision with focus on capital adequacy requirements of banks to contain bank failures and eliminate any opportunity of regulatory arbitrage primarily arising at international level. To prevent banking crisis and to reduce any scope for regulatory arbitrage arising out of weak national regulation, Basel I was created. Basel I introduced a capital measurement system and tried to harmonize regulatory and capital adequacy standards among member nations. Under Basel I assets of banks were divided into five different categories and for each category risk-weights ranging from 0% to 100% was assigned. The risk-weighted assets were calculated by multiplying the sum of the assets in each category by these risk-weights and Banks were required to maintain at a minimum ratio of 8% (9% in India) of capital to risk-weighted assets (CRWA). By imposing minimum ratio of CRWA, it tried to address capital risk arising at level of individual banks. However, it was felt that risk assessment methods under Basel I were crude and a need was also felt to incorporate market based discipline in the regulatory framework.

To overcome problems related to Basel I, in June 1999, the Basel Committee issued a proposal for a revised Capital Adequacy Framework (Basel II). Basel II expanded Basel I's capital requirement rules and introduced internal risk assessment processes. It introduced several new factors such as market and operational risk, market-based discipline in new regulatory framework. Under Basel II Banks were required to keep adequate capital depending on their exposure of risky banking activities.

Both Basel I and II were based on micro prudential regulatory framework. Focus was on regulation of risk emerging at individual banks but there was no provision on regulation of risk arising at the banking system as a whole.

To close the loopholes in the regulation which the financial crisis of 2008 exposed, the new comprehensive measures of banking sector regulation were proposed by G20. This new comprehensive set of regularity standard for banks has been referred to as "Basel III". These standards aim at:

- i. Making banking sector more robust from financial and economic stress by increasing the level and quality of capital base.
- ii. More emphasis given to sound risk management and governance.
- iii. More emphasis given to increase stringent disclosure norms.
- iv. Macro prudential regulation introduced to regulate system wide risks that can accumulate across the banking sector and as well as the pro cyclical amplification of these risks over time.

Thus, Basel III establishes tougher capital standards through more restrictive capital definitions, higher risk-weighted assets (RWA), additional capital buffers, and higher requirements for minimum capital ratios besides providing for liquidity and leverage measures.

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.

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
Minimum Common Equity Tier I (CET 1)	4.5	5	5.5	5.5	5.5	5.5	5.5
Capital Conservation Buffer (CCB)	–	–	–	0.625	1.25	1.875	2.5
Minimum CET1+CCB	4.5	5	5.5	6.125	6.75	7.375	8
Minimum Tier 1 Capital	6	6.5	7	7	7	7	7
Minimum Total Capital*	9	9	9	9	9	9	9
Minimum total Capital +CCB	9	9	9	9.625	10.25	10.875	11.5

The Basel III capital regulations were implemented in India with effect from April 1, 2013. Banks have to comply with the regulatory limits and minima as prescribed under Basel III capital regulations, on an ongoing basis. Basel III capital regulations would be fully implemented by March 31, 2019.

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 and deductions from Common Equity will be fully phased-in and implemented fully on 31.03.2019 and accordingly the phase-in arrangements for Scheduled Commercial Banks operating in India is as under:

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 by about Rs. 3000-4000 crores in phases up to March 31, 2019 depending upon the head room over and above the Pillar I and Pillar II requirements. The augmentation of Rs. 3000-4000 crores capital shall be met through internal profit accruals besides using other options available to Bank - raising of common equity (CET1), issue of Additional Tier 1 bonds (AT1) or issue of Tier 2 bonds. The current issue of raising capital is part of Tier II capital raising exercise.

The Basel III requirements, envisaged growth in business in next three to five years and the maintaining of the buffer capital that the bank has been keeping in the past to cover risks other than Pillar I risks have necessitated augmentation of capital base of the Bank. Historically our Bank has been maintaining capital adequacy ratio well above the regulatory minimum of 9% by more than 3%, as is evident from the ratio of Capital to Risk Weighted Assets.

The need for capital is also in line with the directions from Integrated Risk Management Committee of the Board and ratification for raising of Capital by the Board of Directors of the Bank.

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

The Board recommends the Special Resolution for approval by the Members

By Order of the Board of Directors  
For The Jammu & Kashmir Bank Limited

(Abdul Majid Bhat)  
Company Secretary

Place: Srinagar

Date: 10th August, 2016



# The Jammu & Kashmir Bank Ltd.

Registered Office: M.A. Road, Srinagar-190001

CIN: L65110JK1938SGC000048

Tel No: 0194-2483775 Fax No: 0194-2481928



## 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]

#### POSTAL BALLOT FORM

Serial No.:

1. Name of the first named Shareholder :  
(In Block Letters)
2. Postal address :
3. Registered Folio No./ \*Client ID No. :
4. Class of Share : Equity Shares
5. Number of Shares :

I/we hereby exercise my/our vote in respect of Special Resolution to be passed through Postal Ballot for the business stated in the Notice of the Bank by sending my/our assent or dissent to the said resolution by placing a tick (✓) mark in the appropriate box below:

Resolution Summary	I assent to the resolution (FOR)	I dissent from the resolution (AGAINST)
Special Resolution under section 42 of The Companies Act, 2013, read with Rule 14(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and any other provisions or statutory enactment in respect thereof, to issue unsecured, redeemable, subordinated, non-convertible, Basel III compliant Tier 2 bonds in the nature of debentures for inclusion in Tier 2 Capital of the Bank of face value of Rs. 10.00 lacs each at par aggregating up to Rs.1000 crores in one or multiple tranches in the financial year 2016-17 on private placement basis.		

Place: Srinagar

Date: \_\_\_\_\_ #E-mail address: \_\_\_\_\_ Tel. No.: \_\_\_\_\_

(Signature of the shareholder)

# To be provided by the Members holding Equity Shares in physical form. Members holding Shares in electronic form who have not registered their email ID with the depository participant (DP) may please update their email IDs/Contact Number with their DP.

ELECTRONIC VOTING PARTICULARS		
The e-voting facility is available at link: <a href="http://evoting.karvy.com">http://evoting.karvy.com</a> . The electronic voting particulars are set out as follows:		
EVEN (E-Voting Event Number)	USER ID	PASSWORD/PIN

The e-voting facility will be available during the following voting period:

Commencement of e-voting	End of e-voting
August 22, 2016 at 0900 hours IST	September 20, 2016 at 1700 hours IST

## Instructions

1. A Member desiring to exercise vote by postal ballot may complete and sign this Postal Ballot Form and send it to the 'Scrutinizer' in the attached postage prepaid self addressed Business Reply Envelope (BRE). Postage charges will be borne and paid by the Bank, if posted in India. Postal Ballots, if deposited in person or sent by courier/speed post at the expense of the registered Members, will also be accepted.
2. The self addressed envelope bears the address of the 'Scrutinizer' appointed by the Board of Directors of the Bank.
3. The consent must be accorded by recording the assent in the column 'FOR' or dissent in the column 'AGAINST' by placing a tick mark (✓) in the appropriate box in the Postal Ballot Form. A Member need not use all his/her votes nor does he/she need to cast his/her votes in the same way. Further, the assent or dissent received in any other physical form shall be considered invalid.
4. This form should be completed and signed by the shareholder (as per the specimen signature registered with the Bank/Registrar & Transfer Agent (RTA)/Depository Participant). In case of joint holding, this form should be completed and signed by the first named shareholder and in his absence, by the next named shareholder(s).
5. Where the Form has been signed by an authorized representative of a body corporate, Trust, Society etc, a certified true copy of the Board Resolution/ power of attorney/attested specimen signature, authorizing such representative to vote on the resolution, should accompany the Form.
6. A duly completed Form should reach the 'Scrutinizer' not later than the close of working hours (i.e. 1700 hours IST) on or before September 20, 2016. If any Postal Ballot Form is received after this date, it will be considered that no reply from any such Member has been received. The 'Scrutinizer' will submit the report to the Chairman of the Bank after completion of the scrutiny and the results of the Postal Ballot will be announced on or before September 24, 2016.
7. Incomplete, unsigned, incorrect, defaced or mutilated postal ballot form will be rejected. The 'Scrutinizer's' decision on the validity of a Postal Ballot form will be final and binding.
8. Members are requested not to send any other paper with the Postal Ballot Form in the enclosed postage pre-paid self-addressed BRE, as all such envelopes will be sent to the 'Scrutinizer' and any extraneous paper found in such envelope would not be considered and would be destroyed by the 'Scrutinizer'.
9. The Bank is also offering e-voting facility as an alternate, for all its Shareholders to enable them to cast their votes electronically instead of using the Postal Ballot Form. A Member may vote through electronic mode as per the instructions for voting through electronic means, annexed to the Postal Ballot Notice sent herewith.
10. For every Folio No./DP ID/Client ID, there will be only one Postal Ballot Form/e-voting irrespective of the number of joint holder(s). Voting rights in the Postal Ballot/e-voting cannot be exercised by a proxy.
11. Voting rights shall be reckoned on the paid up value of shares registered in the name of shareholders on the cut-off date i.e. August 16, 2016.
12. Members can opt for only one mode of voting i.e. either by Postal Ballot or through e-voting. In case you are opting for voting by Postal Ballot, then please do not cast your vote by e-voting and vice versa. In case Members cast their votes both by Postal Ballot and e-voting, the votes cast through e-voting shall prevail and their votes cast through Postal Ballot form shall be considered invalid.
13. The Members may request a duplicate Form, if so required. However, the duly filled in duplicate Form should reach the 'Scrutinizer', not later than the date specified at Serial No. 6 above.
14. Members are requested to fill in the Form in indelible ink and not by any erasable writing mode.