

Jammu & Kashmir Bank Limited

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Board Secretariat

Ref:-JKB/BS/F3652/2021/127
Date: 08th September, 2021

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 2020 - 21

Dear Sirs,

In continuation to our letter no. JKB/BS/F3652/2021/126 dated 08th September, 2021 and pursuant to Regulation 34 (1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are attaching herewith a copy of Annual Report 2020-21 for the 83rd Annual General Meeting of the Bank.

This is for your information and appropriate dissemination.

Thanking you

Yours faithfully
For Jammu & Kashmir Bank Ltd.

A handwritten signature in blue ink, appearing to read 'Shafi Mir', is written over a horizontal line.

(Mohammad Shafi Mir)
Company Secretary

Braving Headwinds

Achieving newer heights



STIMULATING
GROWTH



BUILDING
ENTERPRISE



EMPOWERING
LIVES





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Chairman Speaks

Esteemed Shareholders,

Hope you are all in good health, safe and doing well.

I feel immensely pleased to present the 83rd Annual Report of the Bank and place before you the highlights of the Bank's performance for the FY2020-21. Details of the initiatives and achievements are provided in the enclosed Annual Report of the Bank.

It has been one and a half year now since the onset of unprecedented world-wide health crisis caused by the COVID-19 pandemic leading to complete economic disruption and the consequent devastation unleashed across the globe. The financial year gone by was enormously affected by the damage caused by the pandemic. COVID-19 brought the entire planet to a grinding halt forcing restrictions on movement thereby crippling businesses completely. During the period, many of us lost near and dear ones to the pandemic. J&K Bank Family too lost few of its brave souls to the pandemic. We firmly stand with and share the grief with their loved ones and wish them well.

Although the ongoing pandemic brought extremely challenging circumstances halting every aspect of the economy, yet the prompt and significant interventions instituted by the Central Government as also the Reserve Bank of India to save the lives besides introducing fiscal and monetary measures to keep the businesses going and revive the economy controlled the damage to a large extent. Consequently, due to the slew of measures taken, the economy grew by 1.6 per cent in the fourth quarter of the year and 20.1 per cent during the first quarter of current fiscal albeit reflecting the base effect while it had contracted by 24.4 per cent at the end of the first quarter of the FY 20-21. After the rollout of the world's largest vaccination program in the country, economic growth is expected to take the driver's seat. According to some forecasts, India is expected to be one of the fastest growing economies in the world in the current financial year.

Coming to our home territory, the economy in J&K and Ladakh is gaining momentum and is expected to be on a much stronger footing by the end of half-year. Businesses are finding their path-to-recovery through various revival schemes launched by the Central Government under 'AtmaNirbhar Bharat' ably complemented by the business revival schemes launched by your Bank. Further, the industrial developmental package of Rs. 28400 Crore



approved by the Center for UT of J&K will prove to be a game-changer, which shall greatly improve the region's economy besides generating employment opportunities in both manufacturing and service sectors with a host of incentives that will lead to socio-economic development, boost domestic manufacturing and help UT of Jammu & Kashmir in becoming self-reliant. Bank with its massive outreach and across-the-spectrum client base will contribute in a major way and act as the catalyst for the fast-track economic development that will usher in following implementation of the package.

Performance of your Bank

Your Bank - flagship financial institution of UTs of Jammu & Kashmir and Ladakh - has successfully pulled itself out of the pandemic-induced turbulence. The financial results announced by the Bank for the financial year 2020-21 have been historic in nature as it registered a progressive performance with an annual net profit of Rs. 432.12 crore as against a net loss of Rs. 1,139.41 crore for the previous year. Backed by higher non-Interest Income that increased by 32% YoY to Rs 718.99 crore, Our Operating profit increased 6% to Rs.1611.23 Crore as on March 31, 2021 against Rs.1525.05 Crore recorded on March 31, 2020. The net NPA as percentage to net Advances has significantly declined to 2.95 % from 3.48 % while as the Gross NPA ratio has reduced sharply to 9.67% from 10.97% recorded as on March 31, 2020. The Provision Coverage Ratio for the FY2020-21 improved to 81.97% as against 78.59% recorded as on March last year. Bank has vastly improved its numbers in terms of key financial parameters like NIM, Gross NPA, Net NPA, Provisions Coverage, CASA, and Capital Adequacy besides gradually improving bottom line.

Overall we are well positioned to gain momentum and transcend our envisaged trajectory of growth. The

performance of your Bank reflects the spirit of resilience and relentless commitment of the staff towards this wonderful institution. I am proud of my colleagues and thank all of them for putting up this performance despite odds and let me reiterate that the human capital of the Bank remains the cornerstone in the legacy of its institutional achievements.

Capital Requirement

Owing to regulatory requirements of capital coupled with maintenance of adequate buffers to support envisaged growth, Bank is contemplating to raise Equity Share Capital up to Rs. 1000 Crore in one or more tranches. The regulator has approved raising of capital by issue of 16.76 crore equity shares aggregating to Rs. 500 crore through preferential allotment to Government of J&K, the promoter and majority shareholder of the Bank.

Also, I feel delighted to share with you that the Bank has successfully implemented the board-approved Employee Share Purchase Scheme (ESPS - 2021) to raise up to Rs 150 Crore by issuing equity shares to eligible employees of the Bank. As our long legacy always testifies, the members of J&K Bank Family participated whole-heartedly and made the scheme a roaring success as the issue got over-subscribed within few days after it was opened.

Way Forward

Pursuing our strategy that strikes a balance between long-term objectives and immediate imperatives, we have strengthened the balance sheet enough to generate a long-term organisational momentum for the steady growth of business while cementing our collective resolve to march ahead and complement the implementation of government's vision of self-reliant, entrepreneur-friendly and socially-inclusive economy.

The focus of the Bank will continue to remain on sustained growth without compromising on asset quality, while enhancing human capacities through up skilling, improving our systems and procedures, upgrading technological platforms to meet our growth objectives and envisaged institutional excellence.

At the same time, we shall continue to bring in more excellence in providing quality services and products to our growing number of valuable customers.

Besides, fortifying the corporate governance frameworks within the organisation, we have reinforced the compliance culture and that has played an important role in our success. Your Bank, as you know, is covered under RTI Act, besides conforming to the CVC guidelines and I assure you that all the affairs of the Bank are being conducted in a highly transparent manner. The future balance sheets of the Bank will reflect the envisaged and properly strategized growth by implementing the well thought out and planned reforms in the Bank.

Bank is also working continuously to improve the quality of service which is gauged through customer satisfaction surveys and customer advisory forum meets regularly conducted at operative levels as per regulatory guidelines.

Dear Shareholders,

Our core strength originates from the wellsprings of emotional equity that the people of J&K, Ladakh and rest of the country have invested in the Bank for decades now. Our customers are our forte and the increasing competition will only further strengthen our resolve to deepen our bonds with our people, improve our customer services and stimulate us to keep offering them with best-in-class, innovative, easily accessible financial products, banking services and facilities at competitive rates across the physical and digital domains.

We perceive our role in the region as that of a developmental financial institution, which extends our resolve to work for the overall socio-economic empowerment and progress of the people in this region. Financial empowerment of people being the quintessence of our vision, we have always envisaged our home region, J&K and Ladakh, as financially inclusive, economically vibrant with expanding avenues for entrepreneurship and progressive enterprises. In the rest of India, we are pursuing increasing our footprint in niche markets and augmenting our share in the retail segment while capitalizing on lending opportunities in PSU and higher rated corporate segments.

On behalf of my colleagues on the Board-of-Directors of the Bank, my heartfelt gratitude to our customers who continue to repose faith in us and continue to inspire us to perform with renewed vigor. I would like to take this opportunity to express my deep sense of gratitude to our promoters, the Government of UT of J&K and Government of Ladakh UT for lending their kind, unflinching support in toughest of the times. I am also grateful to the esteemed Board of Directors for their support and guidance. And I am highly thankful to the members of J&K Bank Family whose commitment, sincerity and persistent efforts have made the Bank's exceptional annual performance possible.

Looking forward for your continued support and patronage.

Thank You All!

R.K. Chhibber

Chairman & Managing Director



Notice

NOTICE is hereby given that the **83rd Annual General Meeting (AGM)** of the Shareholders of **Jammu & Kashmir Bank Limited (the "Bank")** will be held on **September 30, 2021 at 11:00 A.M. through Video Conferencing / Other Audio Visual Means**, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements (standalone and consolidated) of the Bank for the Financial Year ended 31st March, 2021 including Balance Sheet as at 31st March, 2021 and the Profit & Loss Account for the Financial Year ended on that date, together with the Reports of the Board of Directors and Auditors and comments of the Comptroller and Auditor General of India thereon.
2. To appoint a Director in Place of **Mr. Vikram Gujral (DIN: 03637222)**, who retires by rotation and being eligible, has offered himself for re-appointment.
3. To fix the remuneration of Auditors, in terms of provisions of section 142 of the Companies Act, 2013, for the Financial Year 2021-22.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of the Companies Act, 2013 and rules framed thereunder as amended from time to time and subject to the approvals, consents, permissions and sanctions, if any, of the Reserve Bank of India ("RBI"), the Securities and Exchange Board of India ("SEBI"), and/or any other authority as may be required in this regard and subject to such terms, conditions and modifications thereto as may be prescribed by them while granting such approvals and which may be agreed to by the Board of Directors of the Bank and subject to the regulations viz., SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("ICDR Regulations") as amended up to date, guidelines, if any, prescribed by the RBI, SEBI, notifications/circulars and clarifications under the Banking Regulation Act, 1949, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), Securities and Exchange Board of India Act, 1992 and all other applicable laws and all other relevant authorities from time to time and subject to the Listing Agreements entered into with the Stock Exchanges where the equity shares of the Bank are listed, consent of the shareholders of the Bank be and is hereby accorded to the Board of Directors of

the Bank (hereinafter called "**Board**") which shall be deemed to include any Committee which the Board may have constituted or hereafter constitute to exercise its powers including the powers conferred by this Resolution) to create, offer, issue and allot (including with provision for reservation on firm allotment and/or competitive basis of such part of issue and for such categories of persons as may be permitted by the law then applicable) by way of an offer document / prospectus or such other document, in India or abroad, such number of equity shares and/or other permitted securities which are capable of being converted into equity or not, for an aggregate amount not exceeding Rs.1000 Crore (Rupees One Thousand Crore Only), in one or more tranches inclusive of such premium as may be fixed on the Equity Shares at such time or times, at such price or prices, at a discount or premium to market price or prices to one or more of the shareholders, Indian nationals, Non-Resident Indians ("NRIs"), Companies (private or public), investment institutions, Societies, Trusts, Research organisations, Qualified Institutional Buyers ("QIBs") like Foreign Institutional Investors ("FIIs"), Banks, Financial Institutions, Indian Mutual Funds, Venture Capital Funds, Foreign Venture Capital Investors, State Industrial Development Corporations, Insurance Companies, Provident Funds, Pension Funds, Development Financial Institutions or other entities, authorities or any other category of investors which are authorized to invest in equity/securities of the Bank as per extant regulations/guidelines or any combination of the above as may be deemed appropriate by the Bank.

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

RESOLVED FURTHER THAT in accordance with the provisions of the Listing Regulations, the provisions of ICDR Regulations, the provisions of the Foreign Exchange Management Act, 1999 and the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017, and subject to requisite approvals, consents, permissions and / or sanctions of SEBI, Stock Exchanges, RBI, Foreign Investment Promotion Board (FIPB), Department

of Industrial Policy and Promotion, Ministry of Commerce (DIPP) and all other authorities as may be required (hereinafter collectively referred to as "the Appropriate Authorities") and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission, and/or sanction (hereinafter referred to as "the requisite approvals") the Board, may at its absolute discretion, issue, offer and allot, from time to time in one or more tranches, equity shares or any securities other than warrants, which are convertible into or exchangeable with equity shares at a later date, to Qualified Institutional Buyers (QIBs) (as defined in ICDR Regulations) pursuant to a qualified institutional placement (QIP), as provided for under Chapter VI of the ICDR Regulations, through a placement document and / or such other documents / writings / circulars / memoranda and in such manner and on such price, terms and conditions as may be determined by the Board in accordance with the ICDR Regulations or other provisions of the law as may be prevailing at that time.

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

1. The "relevant date" for pricing of the Securities in accordance with ICDR Regulations will be the date of the meeting in which the Board of Directors of the Bank or the Committee of Directors duly authorised by the Board of Directors of the Bank decides to open the proposed issue;
2. The issue of Securities shall be at such price which is not less than the price determined in accordance with the pricing formula provided under Chapter VI of the ICDR Regulations (the "QIP Floor Price"). The Board may, however, in accordance with applicable laws, also offer a discount of not more than 5% on the QIP Floor Price or such other percentage as may be permitted under applicable laws from time to time;
3. The allotment of the Securities shall be completed within such period as provided under ICDR Regulations;
4. No allotment shall be made, either directly or indirectly to any QIB who is a promoter or any person related to promoters in terms of the ICDR Regulations;
5. A minimum of 10% of the Securities to be issued and allotted pursuant to Chapter VI of ICDR Regulations shall be allotted to Mutual Fund(s) and if the Mutual Fund(s) do not subscribe to said minimum percentage or any part thereof, such minimum portion or part thereof may be allotted to other QIBs;
6. The prices determined for QIP shall be subject to appropriate adjustments, if the Bank, pending allotment under this resolution:

- a. makes an issue of equity shares by way of capitalization of profits or reserves, other than by way of dividend on shares;
- b. makes a rights issue of equity shares;
- c. consolidates its outstanding equity shares into a smaller number of shares;
- d. divides its outstanding equity shares including by way of stock split;
- e. re-classifies any of its equity shares into other securities of the issuer; or
- f. is involved in such other similar events or circumstances, which in the opinion of the concerned stock exchange, requires adjustments.

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

RESOLVED FURTHER THAT the issue and allotment of new equity shares / securities if any, to NRIs, FIIs and / or other eligible foreign investors shall be subject to the approval of the RBI under the Foreign Exchange Management Act, 1999 and the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 as may be applicable.

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

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



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

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board, be and is hereby authorised to determine in consultation with the Lead Managers, Underwriters, Advisors and/or other persons as appointed by the Bank, the form and terms of the issue(s), including the class of investors to whom the shares / securities are to be allotted, number of shares / securities to be allotted in each tranche, issue price (including premium, if any), face value, premium amount on issue / conversion of Securities/exercise of warrants/ redemption of securities, rate of interest, redemption period, number of equity shares / preference shares or other securities upon conversion or redemption or cancellation of the securities, the price, premium or discount on issue / conversion of securities, rate of interest, period of conversion, fixing of record date or book closure and related or incidental matters, listings on one or more stock exchanges in India and / or abroad, as the Board in its absolute discretion deems fit.

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

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

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

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 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 ("Bonds") 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 (Rupees One Thousand Crore) in one or multiple tranches on private placement basis through Private Placement Offer Letter(s) in conformity with Form PAS-4 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Bank shall be authorized to issue Bonds of face value of Rs. 10.00 lacs each at par aggregating Upto Rs. 1000 Crore (Rupees One Thousand 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."

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

"RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 ('Act') read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable rules, if any, under the Act, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), Section 10A and other applicable provisions, if any, of the Banking Regulation Act, 1949, applicable rules, circulars and guidelines issued by

the Reserve Bank of India ('RBI') in this regard, from time to time, and any other applicable laws (including any statutory amendment(s), modification(s) or re-enactment(s) thereof, for the time being in force), the provisions of the Articles of Association of the Bank, and based on the recommendations of the Nomination and Remuneration Committee and Board of Directors of the Bank ('Board'), Mr. Nitishwar Kumar, IAS (DIN: 05326456), who was appointed as an Additional Director of the Bank in the category of Non-Executive Non-Independent Director on 09th October, 2020, and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as a Non-Executive Non-Independent Director of the Bank, whose period of office shall be liable to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 ('Act') read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable rules, if any, under the Act, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), Section 10A and

other applicable provisions, if any, of the Banking Regulation Act, 1949, applicable rules, circulars and guidelines issued by the Reserve Bank of India ('RBI') in this regard, from time to time, and any other applicable laws (including any statutory amendment(s), modification(s) or re-enactment(s) thereof, for the time being in force), the provisions of the Articles of Association of the Bank, and based on the recommendations of the Nomination and Remuneration Committee and Board of Directors of the Bank ('Board'), Dr. Mohamad Ishaq Wani (DIN:08944038), who was appointed as an Additional Director of the Bank in the category of Non-Executive Non-Independent Director on 09th October, 2020, and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as a Non-Executive Non-Independent Director 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

Place: Srinagar
Dated: September 08, 2021



NOTES

1. Corporate members are requested to send a scanned certified copy of the Board resolution (PDF/JPEG format) through email authorizing their representative to attend and vote at the AGM, pursuant to section 113 of the Act, at sharedeptt_gc@jkbmail.com, with a copy marked to einward.ris@kfintech.com.
2. A Statement pursuant to Section 102 of the Companies Act, 2013, setting out all material facts relating to the relevant resolutions of this Notice is annexed herewith and the same should be taken as part of this Notice. Further, as required under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the "Listing Regulations") and the provisions of the Secretarial Standard No. 2 on General Meetings, a brief profile of the directors proposed to be appointed /re-appointed is set out in the Explanatory Statement to this Notice.
3. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names in the Register of Members will be entitled to vote, provided the votes are not already cast by remote e-voting by the first holder.
4. All relevant documents referred to in this Notice requiring the approval of the Members at the meeting shall be available for inspection by the Members. Members who wish to inspect the documents are requested to send an email to sharedeptt_gc@jkbmail.com mentioning their name, Folio no. / Client ID and DP ID, and the documents they wish to inspect, with a self-attested copy of their PAN card attached to the email.
5. Members holding shares in dematerialized form are requested to intimate any change in their address or bank account details (including 9 digit MICR no., 11 digit IFSC and core banking account no.) to their respective Depository Participants with whom they are maintaining demat accounts.
6. Members holding shares in physical form are requested to send an email communication duly signed by all the holder(s) intimating about the change of address immediately to the Registrar and Share Transfer Agent (RTA) / Bank along with the self-attested copy of their PAN Card(s), unsigned copy of the 'Cancelled' Cheque leaf where an active Bank account is maintained and the copy of the supporting documents evidencing change in address. Communication details of RTA are as under:

M/s KFin Technologies Private Limited
Selenium Tower B, Plot 31-32,
Financial District, Nanakramguda,
Serilingampally Mandal,
Hyderabad - 500 032,
Telangana - India.
Toll Free Number: 1-800-309-4001
Email: einward.ris@kfintech.com
7. As per Sections 124 and 125 of the Companies Act, 2013, the amount of unpaid or unclaimed dividend lying in unpaid dividend account for a period of seven (7) years from the date of its transfer to the unpaid dividend account and the underlying Equity Shares of such unpaid or unclaimed dividend, are required to be transferred to the Investor Education and Protection Fund ("IEPF") established by the Central Government. Accordingly, the unclaimed dividend in respect of financial years 2012-13 and 2013- 2014 have already been transferred to the IEPF on July 16, 2020 and August 20, 2021 respectively.
8. As per Rule 5 of Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), information containing the names and the last known addresses of the persons entitled to receive the sums lying in the account referred to in Section 125 (2) of the Act, nature of the amount, the amount to which each person is entitled, due date for transfer to IEPF, etc. is provided by the Bank on its website at the link <https://www.jkbank.com/investor/stockExchangeIntimation/shareholderInformation.php>. The concerned Members are requested to verify the details of their unclaimed dividend, if any, from the said website and lodge their claim with the Bank's RTA, before the unclaimed dividends are transferred to the IEPF. The Bank has also intimated all the Members whose dividends have remained uncashed by sending an individual communication to such Members, with a request to send the requisite documents to the RTA/ Bank for claiming uncashed dividends.
9. As per the provisions of Section 124(6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the company in the name of Investor Education and Protection Fund along with a statement containing such details as may be prescribed; Provided that any claimant of shares transferred above shall be entitled to claim the transfer of shares from Investor Education and Protection Fund in accordance with such procedure and on submission of such documents as may be prescribed.
10. As per the requirement of Rule 6 of the IEPF Rules, the Bank had sent individual intimation to all the shareholders and also published notice in the leading newspapers in English and regional language having wide circulation for the information to shareholders regarding transfer of shares to IEPF. The shares in respect of the shareholders whose dividend has not been claimed for seven (7) consecutive years, upto financial year 2012-13 and 2013-14, were transferred to the designated Dematerialized Account of the IEPF authority on August 20, 2020 & August 25, 2021 respectively.
11. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to Section 72 of the Companies Act, 2013. Members desiring to avail this facility may send their nomination in the prescribed Form SH-13 in original alongwith self-attested

copy of PAN card and address proof, duly filled in, to the RTA at the address mentioned at point no. 6 in the Notes. The prescribed form in this regard is attached and forms part of this annual report. Members holding shares in electronic form are requested to contact their Depository Participants directly for recording their nomination.

12. Members desiring any information relating to the annual accounts of the Bank are requested to send an email (with full credentials) to the Bank at investorrelations@jkbmail.com at least ten (10) days before the meeting.
13. In view of the outbreak of COVID-19, the Ministry of Corporate Affairs (MCA), vide its General Circular Nos. 14/2020 dated 8th April, 2020, 17/2020 dated 13th April, 2020, 20/2020 dated 5th May, 2020 and 2/2021 dated 13th January, 2021 ("MCA Circulars") and other applicable circulars issued by the Securities and Exchange Board of India (SEBI), has allowed the Companies to conduct the AGM through Video Conferencing (VC) or Other Audio Visual Means (OAVM) during the calendar year 2021 also. In accordance with, the said circulars of MCA, SEBI and applicable provisions of the Act and Listing Regulations, the 83rd AGM of the Bank is being conducted through VC / OAVM. M/s Kfin Technologies Private Limited will be providing e-voting facility, for participation in the AGM through VC / OAVM and e-voting during the AGM. The procedure for participating in the meeting through VC / OAVM is explained at Note No. 21 onwards and is also available on the website of the Bank at www.jkbank.com.
14. As the AGM will be conducted through VC/OAVM, the facility for appointment of proxy by the Members is not available for this AGM and hence, the Proxy Form and Attendance Slip including Route Map are not annexed to this notice.
15. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
16. The Bank is pleased to provide two-way facility of video conferencing (VC) / other audio-visual means (OAVM) and live webcast of the proceedings of the AGM on Thursday September 30, 2021, 11.00 a.m onwards at the web link - <https://emeetings.kfintech.com/>.

Electronic dispatch of annual report and process for registration of email ID for obtaining annual report.

17. In accordance with the MCA circulars, owing to the difficulties involved in dispatching of physical copies of the financial statements (including Report of Board of Directors, Auditor's report or other documents required to be attached therewith), such statements including the Notice of AGM are being sent in electronic mode to Members whose e-mail addresses are registered with the Bank or the Depository Participant(s).
18. For Members who have not registered their email addresses, kindly register the same at the link <https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx> as copies of this Notice as well as the other documents will not be sent to them in physical mode

and will be sent only by email, in view of the COVID-19 pandemic and the applicable MCA Circulars.

19. Members who have not updated their latest email addresses in the records of the Bank / Depository Participants, are requested to update the same at the earliest by Sunday September 19, 2021. The notice and documents will be sent by email only to those Members who register their email addresses by or before this date.
20. The Notice of AGM along with Annual Report for the financial year 2020-21 is available on the website of the Bank at www.jkbank.com, on the website of Stock Exchanges i.e. The BSE Limited at www.bseindia.com and National Stock Exchange of India Limited at www.nseindia.com and on the website of M/s KFin Technologies Pvt. Ltd. at www.kfintech.com

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

21. Pursuant to the provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time and Regulation 44 of the SEBI (LODR) Regulations, 2015 shareholders are provided with the facility to cast their vote electronically, through the e-voting services provided by M/s KFin Technologies Private Limited in respect of all resolutions set forth in this Notice. The facility of casting votes by shareholders using an electronic voting system from a place other than the venue of the AGM is termed as 'Remote Electronic Voting' (e-voting).

Mr. DSM Ram, Practising Company Secretary has been appointed as the Scrutinizer to scrutinize the voting process in a fair and transparent manner:

22. The remote e-voting period commences on Monday, September 27, 2021 (9:00 a.m) and ends Wednesday, September 29, 2021 (5:00 p.m). During this period, shareholders of the Bank, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, September 24, 2021, may cast their votes electronically. The remote e-voting module will be disabled by M/s Kfin Technologies Private Limited for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder will not be allowed to change it subsequently or cast the vote again.
23. In addition, the facility for e-voting through electronic voting system will be available during the AGM. Members attending the AGM remotely who have not cast their vote by remote e-voting shall be eligible to cast their vote through e-voting during the AGM. Members who have voted through remote e-voting shall be eligible to attend the AGM, however, they shall not be eligible to vote at the meeting. Members holding shares in physical form and institutional shareholders are requested to access the remote e-voting facility provided by the Bank through M/s Kfin Technologies Private Limited and individual shareholders holding their shares in demat form are requested to access the remote e-voting facility through their depositories or their depository participants.



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

A. Voting through electronic means:

- i. In terms of the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended (hereinafter called 'the Rules' for the purpose of this section of the Notice) and Regulation 44 of the Listing Regulations, the Bank is providing remote e-voting facility to exercise votes on the items of business given in the Notice through electronic voting system, to members holding shares as on Friday September 24, 2021 (end of day), being the cut-off date fixed for determining voting rights of Members, entitled to participate in the remote e-voting process, through the e-voting platform provided by M/s Kfin Technologies Private Limited to vote

at the e-AGM. Person who is not a Member as on the cut-off date should treat this Notice for information purposes only.

- ii. The details of the process and manner for remote e-voting are given below:

e-Voting procedure for Individual shareholders holding securities in Demat:

As per the SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility. Login procedure for individual shareholders holding the securities in demat mode directly from the website of depositories:

NSDL	CDSL
<p>1. User already registered for IDeAS facility:</p> <ol style="list-style-type: none"> I. URL: https://eservices.nsd.com II. Click on the "Beneficial Owner" icon under 'IDeAS' section. III. On the new page, enter User ID and Password. Post successful authentication, click on "Access to e-Voting". IV. Click on company name or e-Voting service provider and you will be re-directed to e-Voting service provider website for casting the vote during the remote e-Voting period. <p>2. User not registered for IDeAS e-Services</p> <ol style="list-style-type: none"> I. To register click on link: https://eservices.nsd.com II. Select "Register Online for IDeAS" III. Proceed with completing the required fields. <p>3. By visiting the e-Voting website of NSDL</p> <ol style="list-style-type: none"> I. URL: https://www.evoting.nsd.com/ II. Click on the icon "Login" which is available under 'Shareholder/Member' section. III. Enter User ID (i.e. 16-digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. IV. Post successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. <p>Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.</p>	<p>1. Existing user who have opted for Easi / Easiest</p> <ol style="list-style-type: none"> I. URL: https://web.cdslindia.com/myeasi/home/login or URL: www.cdslindia.com II. Click on New System Myeasi III. Login with user id and password. IV. Option will be made available to reach e-Voting page without any further authentication. V. Click on e-Voting service provider name to cast your vote. <p>2. User not registered for Easi/Easiest</p> <ol style="list-style-type: none"> I. Option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration II. Proceed with completing the required fields. <p>3. By visiting the e-Voting website of CDSL</p> <ol style="list-style-type: none"> I. URL: www.cdslindia.com II. Provide demat Account Number and PAN No. System will authenticate user by sending OTP on registered Mobile & Email as recorded in the demat Account. <p>After successful authentication, user will be provided links for the respective ESP where the e- Voting is in progress.</p>

Method of Login for individual shareholders holding the securities in Demat form through their depository participants.

Shareholders can also login using the login credentials of their demat account through Depository Participant registered with NSDL/CDSL for e-Voting facility. Once logged in, you will be able to see e-Voting option. Click on e-Voting option and you will be redirected to NSDL/CDSL Depository site after successful authentication. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.

Important Note:

Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forgot Password option available at [above mentioned website](#).

For technical Assistance

Members facing any technical issue in login can contact the respective helpdesk by sending a request on the email id's or contact on the phone no's provided below:

NSDL	CDSL
Email: evoting@nsdl.co.in Toll free no.'s: 1800 1020 990 1800 22 44 30	Email: helpdesk.evoting@cdslindia.com Phone No: 022- 23058738 022-23058542-43

e-Voting procedure for Institutional Shareholders and shareholders holding securities in Physical form:

In compliance with Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 108,110 and other applicable provisions of the Companies Act, 2013 read with the relevant Rules, the Bank is pleased to provide e-voting facility to all its shareholders holding securities in physical form and to the Institutional Shareholders, to enable them to cast their votes electronically. The Bank has engaged the services of M/s KFin Technologies Private Limited for the purpose of providing e-voting facility to all its Members.

The details of the process and manner for e-voting are given below:

- Initial password is provided in the body of the email.
- Launch internet browser and type the URL: <https://evoting.kfintech.com> in the address bar.
- Enter the login credentials i.e. User ID and password mentioned in your email. Your Folio No./ DP ID Client ID will be your User ID. However, if you are already registered with M/s KFin Technologies Private Limited for e-voting, you can use your existing User ID and password for casting your votes.
- After entering the details appropriately, click on LOGIN.
- You will reach the password change menu wherein you

are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$,etc.). It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- You need to login again with the new credentials.
- On successful login, the system will prompt you to select the EVENT i.e. J&K Bank Ltd.
- On the voting page, the number of shares (which represents the number of votes) held by you as on the cut-off date will appear. If you desire to cast all the votes assenting/dissenting to the resolution, enter all shares and click 'FOR'/'AGAINST' as the case may be or partially in 'FOR' and partially in 'AGAINST', but the total number in 'FOR' and/or 'AGAINST' taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option 'ABSTAIN' and the shares held will not be counted under either head.
- Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat account.
- Cast your votes by selecting an appropriate option and click on 'SUBMIT'. A confirmation box will be displayed. Click 'OK' to confirm, else 'CANCEL' to modify. Once you confirm, you will not be allowed to modify your vote subsequently. During the voting period, you can login multiple times till you have confirmed that you have voted on the resolution.
- Corporate/institutional members (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned image (PDF/JPG format) of certified true copy of relevant board resolution/authority letter etc. together with attested specimen signature of the duly authorised signatory (ies) who is/are authorised to vote, to the Scrutinizer through e-mail at ram.devata@gmail.com.
- Members can cast their vote online from Monday, September 27, 2021 (9:00 a.m) till Wednesday, September 29, 2021 (5:00 p.m). Voting beyond the said date/time shall not be allowed and the e-voting facility shall be blocked.
- For Members who have not registered their email addresses, kindly register the same and along with their mobile numbers at the link <https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx> as the Notice and any other documents will not be sent to them in physical mode. The same shall be sent only by email in view of the COVID-19 pandemic and the applicable circulars.
- In case of any queries/grievances, you may refer the Frequently Asked Questions (FAQs) for members and e-voting user manual available at the 'download' section of <https://evoting.kfintech.com> or call KFin on 1800 309 4001 (toll free).



B. Voting at e-AGM:

- i. Only those members/shareholders, who will be present in the e-AGM through video conferencing facility and have not cast their vote through remote e-voting & are otherwise not barred from doing so are eligible to vote through e-voting in the e-AGM.
- ii. However, Members who have voted through remote e-voting will be eligible to attend the e-AGM.
- iii. Members attending the e-AGM shall be counted for the purpose of reckoning the quorum under section 103 of the Act.
- iv. Upon declaration by the Chairman about the commencement of e-voting at e-AGM, members shall click on the thumb sign on the left hand bottom corner of the video screen for voting at the e-AGM, which will take them to the 'Instapoll' page.
- v. Members to click on the 'Instapoll' icon to reach the resolution page and follow the instructions to vote on the resolutions.

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

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

emeetings.kfintech.com/and clicking on the tab "Speaker Registration" during the period starting from Monday, September 27, 2021 (9:00 a.m) upto Wednesday, September 29, 2021 (5:00 p.m). Only those members who have registered themselves as a speaker will be allowed to express their views/ask questions during the e-AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the e-AGM. Please note that only questions of the members holding the shares as on cut-off date will be considered.

- vi. A video guide assisting the members attending e-AGM either as a speaker or participant is available for quick reference at URL: <https://emeetings.kfintech.com>.
- vii. Members who need technical assistance before or during the 83rd e-AGM can contact M/s KFin Technologies Private Limited at evoting@kfintech.com or Helpline: 1800 309 4001.

D. General Instructions:

- i. The Board of Directors has appointed Mr. DSM Ram, Practising Company Secretary (ACS No. 14939, CP No. 4239) as the Scrutinizer to the e-voting process at the e-AGM in a fair and transparent manner.
 - ii. The Chairman shall formally propose to the members participating through VC/OAVM facility to vote on the resolutions as set out in the Notice of the 83rd e-AGM and announce the start of the casting of vote through the e-voting system of M/s KFin Technologies Private Limited.
 - iii. The Scrutinizer shall, immediately after the conclusion of e-voting at the e-AGM, first count the votes cast at the meeting, thereafter unblock the votes through e-voting in the presence of at least two witnesses, not in the employment of the Bank and make a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman of the Bank, who shall countersign the same.
 - iv. The Scrutinizer shall submit his report to the Chairman of the Bank, who shall declare the result of the e-voting.
25. The voting results declared along with the Scrutinizer's Report will be placed on the Bank's website www.jkbank.com and on the website of M/s KFin Technologies Private Limited <https://evoting.karvy.com> immediately after the declaration of the result by the Chairman or a person authorized by the Chairman. The results will also be immediately forwarded to The BSE Ltd. and National Stock Exchange of India Ltd.

Annexure to Notice

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

ITEM NO. 03

Though not strictly necessary, Explanatory Statement is being given for Item No. 03 of the Notice, with the view to set-out material facts concerning such business. Pursuant to the provisions of Section 142 of the Companies Act, 2013, the remuneration of Auditors, appointed by C&AG under Section 139(5) of the Companies Act, 2013, has to be fixed by the Bank in General Meeting or in such manner as the Bank in the General Meeting may determine. Members may accordingly authorize the Board of Directors to pay the remuneration of Auditors as per the RBI circular applicable to Public Sector Banks for the financial year 2021-22 including remuneration for the Limited Review of Quarterly Financial Results for the period ending 30th June, 2021, 30th September, 2021 and 31st December, 2021.

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

Directors recommend the adoption of Resolution to be moved

at the Meeting in this regard.

Item No. 04 & 05

The implementation of Basel III guidelines has necessitated the need for banks in India to augment their capital base. This becomes important as Basel III capital requirements call for increase in quantity and quality of capital, besides providing for capital buffer during economic downturn. The Basel III capital regulations were implemented in India with effect from April 1, 2013. Banks have to comply with the regulatory limits and minima as prescribed under Basel III capital regulations, on an ongoing basis. Basel III capital regulations would be fully implemented by October 01, 2021.

In order to ensure smooth migration without any near-term stress, appropriate transitional arrangements for capital ratios was made by RBI which commenced from 01.04.2013. Capital ratios and deductions from Common Equity will be fully phased-in and implemented fully on 01.10.2021 and accordingly the phase-in arrangements for Scheduled Commercial Banks operating in India are drawn as under:

Transitional Arrangements-Scheduled Commercial Banks				Capital as % of RWAs				
	April 1, 2013	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019 & 2020	Oct 01, 2021
Minimum Capital Ratios								
Minimum Common Equity Tier I (CET 1)	4.50	5.00	5.50	5.50	5.50	5.50	5.50	5.50
Capital Conservation Buffer (CCB)	-	-	-	0.625	1.25	1.875	1.875	2.50
Minimum CET1+CCB	4.50	5.00	5.50	6.125	6.75	7.375	7.375	8.00
Minimum Tier 1 Capital	6.00	6.50	7.00	7.00	7.00	7.00	7.00	7.00
Minimum Total Capital	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Minimum total Capital +CCB	9.00	9.00	9.00	9.625	10.25	10.875	10.875	11.50

It is in place to mention that on March 27, 2020 taking cognizance of likely impact of COVID-19 on financial markets & Banks in particular, RBI issued circular DOR.BP.BC.No.45/21.06.201/2019-20 wherein transition period for implementing the last tranche of 0.625% under the Capital Conservation Buffer (CCB), was initially extended from March 31, 2020 to September 30, 2020 thereafter vide circular DOR.BP.BC.No15/21.06.201/2020-21 dated: 29th September, 2020 to April 01, 2021 and subsequently vide DOR.CAP.BC.No.34/21.06.201/2020-21 dated: 5th February, 2021 to 01st October 2021. Consequently capital requirement till Q2 FY 2021-22 is 10.88% out of which 7.38% has to be maintained in the form of Common Equity Tier I- CET1 (minimum requirement of 5.5% and CCB 1.88%) , another 1.5% can be supplemented in the form of Additional Tier I Capital (AT1) and rest 2% of the total minimum regulatory CRAR (10.88%) can be met in the form of Tier II capital.

To gauge the capital requirements under Basel III, Capital Planning exercise is carried out by Bank under Internal Capital Adequacy Assessment Process (ICAAP). The exercise

is reviewed on regular basis (quarterly) in light of economic and business environment within India. Besides, the downward pressures in the financial sector, increase in NPA, slow growth in overall business variables, relative increase in risk weighted assets compared to the incremental capital growth, the capital buffer maintained by the Bank historically over and above the regulatory minimum are also factored in while arriving at the capital position of the Bank in near to medium term. Based on the above factors in the capital planning exercise carried out, the Bank needs to augment its capital base in a phased manner. Bank shall augment its capital base by raising of common equity (CET1), issue of Additional Tier 1 bonds (AT1) or issue of Tier 2 bonds and through internal profit accruals. The current issue of raising capital is part of Tier I and Tier II capital raising exercise for augmenting Bank's capital base, to the extent of INR 2000 crores through various modes including follow-up issue, rights issue, preferential issue, issue to financial institutions, public, institutional placements, and other permitted mode of raising capital including mobilization of around INR 1000 crores of Tier II capital based on the market conditions. The



Basel III requirements envisage maintaining of adequate capital that is in line with regulatory requirements. The need for more capital is also in line with the future business growth that the Bank has projected over near to medium term.

The Board at its meeting held on Thursday, September 02, 2021, subject to the approval of the Members and such other approvals as may be required, approved the raising of capital by the Bank. Therefore, the Bank proposes to have an enabling approval for raising of funds for an amount up to Rs.2000 crore in one or more tranches (Rs. 1000 crore each in Tier I and Tier II), on such terms and conditions as it may deem fit, by way of issuance of equity shares and/ or any equity linked securities ('Eligible Securities') through any permissible mode or combination of, including but not limited to a qualified institutions placement, private placement, and/ or follow-on public offering. The issue of Securities may be consummated in one or more tranches at such time or times at such price and to such classes of investors as the Board (including any Committee duly authorized thereof) may in its absolute discretion decide, having due regard to the prevailing market conditions and any other relevant factors and wherever necessary, in consultation with lead manager(s) and other agencies that may be appointed, subject, however, to the SEBI ICDR Regulations and other applicable guidelines, notifications, rules and regulations.

The Board (including 'any other Committee duly authorized thereof) may in its discretion adopt any one or more of the mechanisms prescribed above to meet its objectives as stated in the aforesaid paragraphs without the need for fresh approval from the Members of the Bank. The proposed issue of capital is subject to the approvals of the Reserve Bank of India, if any and applicable regulations issued by the Securities and Exchange Board of India, each to the extent applicable, and any other government/ statutory/ regulatory approvals as may be required in this regard in India or abroad.

In case the Issue is made through a qualified institutions placement: (a) the allotment of the Securities shall be completed within a period of 365 days from passing this resolution or such other time as may be allowed under the SEBI ICDR Regulations from time to time; and (b) the pricing of the Securities that may be issued to qualified institutional buyers pursuant to a qualified institutional placement shall be determined by the Board in accordance with the regulations on pricing of securities prescribed under the SEBI ICDR Regulations. The resolution enables the Board to offer such discount as permitted under applicable law on the price determined pursuant to the SEBI ICDR Regulations. The Bank may, in accordance with applicable law, offer a discount, of not more than 5% or such percentage as permitted under applicable law, on the floor price determined pursuant to the SEBI ICDR Regulations (not be less than the average of the weekly high and low of the closing prices of the equity shares quoted on a stock exchange during the two weeks preceding the 'Relevant Date'). The 'Relevant Date' for this purpose would be the date when the Board (including 'any other Committee duly authorized thereof) decides to open the qualified institutions placement for subscription, if Equity Shares are issued, or, in case of issuance of convertible securities, the date of the meeting in which the Board decides to open the issue of the convertible securities as provided under the SEBI ICDR Regulations.

Since, the pricing and other terms of the Issue cannot be decided, except at a later stage, an enabling resolution is being passed to give adequate flexibility and discretion to the Board to finalize the terms of the Equity Shares or Eligible Securities that may be issued by way of the Issue, subject to applicable law. The pricing shall be freely determined subject to such price not being less than the price calculated in accordance with applicable law. Convertible Eligible Securities, if allotted, shall be convertible into Equity Shares of the Bank within 60 months or such other time as may be decided by the Board and permitted by applicable law.

The Equity Shares to be issued shall rank pari passu in all respects, including in respect of entitlement to dividend with the existing equity shares, as may be provided under the terms of the QIP, and in accordance with the provisions of the placement document(s), subject to the terms of such Eligible Securities, Equity Shares allotted pursuant to conversion of any Eligible Securities shall be allotted as fully paid up.

If the Issue is conducted through the QIP route, the Eligible Securities or Equity Shares shall not be eligible to be sold for a period of one year from the date of allotment, except on a recognised stock exchange, or except as may be permitted under the SEBI ICDR Regulations from time to time.

The Special Resolutions also seeks to give the Board powers to issue Securities in one or more tranche or tranches, at such time or times, at such price or prices and to such person(s) including institutions, incorporated bodies and/or individuals or otherwise as the Board in its absolute discretion deem fit. The detailed terms and conditions for the issue(s)/ offering(s) will be determined by the Board (including 'any other Committee duly authorized thereof) in its sole discretion in consultation with the advisors, lead managers, underwriters and such other authority or authorities as may be necessary considering the prevailing market conditions and in accordance with the applicable provisions of law and other relevant factors.

The Equity Shares to be allotted would be listed on one or more stock exchanges in India. The offer/ issue/ allotment would be subject to the availability of the regulatory approvals, if any. The conversion of Eligible Securities held by foreign investors into Equity Shares would be subject to the applicable foreign investment cap and relevant foreign exchange regulations. As and when the Board does take a decision on matters on which it has the discretion, necessary disclosures will be made to the stock exchanges as may be required under the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Accordingly, the proposed resolutions as set out at item No. 4 & 5 are placed before the Members of the Bank for approval by way of a special resolutions.

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

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

ITEM NO. 6

The Board of Directors of the Bank, on the recommendation of the Nomination and Remuneration Committee, had appointed Mr. Nitishwar Kumar, IAS (DIN: 05326456) as an Additional Director, in the category of Non-Executive Non-Independent Director of the Bank, on 09th October, 2020, to hold office up to the ensuing Annual General Meeting.

The Bank has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013 from a Member, proposing the candidature of Mr. Kumar for appointment as Non-Executive Non-Independent Director of the Bank.

Further, Mr. Kumar has given his consent to act as a Director of the Bank and various other declarations as required under the Act and other applicable laws.

In the opinion of the Board, Mr. Kumar is a person of integrity and has requisite experience and expertise for him to be appointed as a Non-Executive Non- Independent Director of the Bank.

Mr. Kumar shall be liable to retire by rotation during his tenure as a Non-Executive Non-Independent Director of the Bank.

The Board recommends passing of the Ordinary Resolution as set out in Item No. 6 of this Notice, for approval of the Members.

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

ITEM NO. 7

The Board of Directors of the Bank, on the recommendation of the Nomination and Remuneration Committee, had appointed Dr. Mohmad Ishaq Wani (DIN:08944038) as an Additional Director, in the category of Non-Executive Non-Independent Director of the Bank, on 06th November, 2020, to hold office up to the ensuing Annual General Meeting.

The Bank has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013 from a Member, proposing the candidature of Dr. Wani for appointment as Non-Executive Non-Independent Director of the Bank.

Further, Dr. Wani has given his consent to act as a Director of the Bank and various other declarations as required under the Act and other applicable laws.

In the opinion of the Board, Dr. Wani is a person of integrity and has requisite experience and expertise for him to be appointed as a Non-Executive Non- Independent Director of the Bank.

Dr. Wani shall be liable to retire by rotation during his tenure as a Non-Executive Non-Independent Director of the Bank.

The Board recommends passing of the Ordinary Resolution as set out in Item No. 7 of this Notice, for approval of the Members.

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

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

Particulars	Details of Director seeking appointment / re-appointment at the AGM		
Name	Nitishwar Kumar, IAS	Vikram Gujral	Mohmad Ishaq Wani
Category	Non-Executive Non Independent Rotational Director		
DIN	05326456	03637222	08944038
Date of Birth	05.08.1967	20.09.1965	03.03.1958
Qualification	M.A(Economics) M.Sc(Public Management & Governance)	B. Com, LLB	M.Sc, M.Phil, Ph.d
Nature of Expertise/ Experience*	25 years of administrative experience in different capacities at State and Central government Level.	27 years of Business experience and more than two years' experience as Director of Bank	More than 30 years' experience in different capacities at State Government Level.
Terms and conditions of appointment / re-appointment	Appointment as Director liable to retire by rotation	Re-appointment as Director liable to retire by rotation	Appointment as Director liable to retire by rotation
Details of Remuneration paid (sitting fees) during the year 2020-21 (in Rs.)	NIL	15,20,000.00	2,40,000.00



Remuneration proposed to be paid	Nil	The 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 ₹10 Lakhs per director per annum, subject to a ceiling of one percent of the profit of the Bank for the relevant financial year in respect of all Directors in aggregate.	
Date of First Appointment in the Board	09.10.2020	26.03.2019	06.11.2020
Shareholding in the Bank	Nil	Nil	Nil
Relationship with other Directors, Key Managerial Personnel	Nil	Nil	Nil
No. of Board Meetings attended during the year 2020- 21	01	15	06

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

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

Place : Srinagar
Dated: September 08, 2021

By order of the Board of Directors

Mohammad Shafi Mir
Company Secretary

Director's Report 2020-21

To the Members,

Your Directors have pleasure in presenting the 83rd 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, 2021.

Performance at a Glance

- The aggregate business of the Bank stood at Rs. 174902.88 Crore at the end of the financial year 2020-21.
- The total deposits of the Bank grew by Rs. 10272.92 Crore from Rs. 97788.23 Crore as on 31st March, 2020 to Rs. 108061.15 Crore as on 31st March, 2021, recording a YoY growth of 10.51 percent. CASA deposits of the Bank at Rs. 61424.94 Crore constituted 56.84% of total deposits of the Bank.
- Cost of deposits for current FY stood at 4.10 percent.
- The net advances of the Bank stood at Rs. 66841.73 Crore as on 31st March, 2021.
- Yield on advances for the current FY stood at 8.54 percent.
- The Average Priority Sector advances for the FY 2020-21 stood at Rs. 29970.89 Crore as on 31st March, 2021.
- The Bank effected cumulative cash recovery, up-gradation of NPA's of Rs. 1823.77 Crore during FY 2020-21 including Technical Write-off of Rs. 1203.49 Crore.
- Investment portfolio of the Bank stood at Rs. 30814.24 Crore as on 31st March, 2021.

Insurance Business

The Bank earned a commission income of Rs. 52.50 Crore from Insurance Business by mobilizing a business of Rs. 382.95 Crore in life insurance and Rs. 205.98 Crore in non-life insurance during financial year 2020-21.

Income Analysis

- The Interest income of the Bank stood at Rs. 8111.09 Crore for the year 2020-21. Interest expenses stood at Rs. 4340.31 Crore for FY 2020-21. The Net Interest Income stood at Rs. 3770.78 Crore for FY 2020-21.
- The Net Income from operations [Net Interest Income plus Non-interest Income] stood at Rs. 4489.77 Crore for the FY 2020-21.
- The Operating Expenses registered an increase of Rs. 151.00 Crore during the financial year 2020-21 and stood at Rs. 2878.54 Crore as compared to Rs. 2727.54 Crore for 2019-20.
- The Cost to Income ratio (Operating Expenses to Net Operating Income) stood at 64.11 percent for the financial year 2020-21.

Gross Profit

The Gross Profit for the financial year 2020-21 stood at Rs. 1611.23 Crore.

Provisions

The Provision for Loan Losses, Standard Assets, Taxation and others aggregated to Rs. 1179.11 Crore in the financial year 2020-21.

Net Profit/Loss

The Bank registered a Net Profit of Rs. 432.12 Crore for the financial year 2020-21.

Dividend

In terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Bank has formulated and adopted a Dividend Distribution Policy with the objective of appropriately rewarding Shareholders through dividends while retaining the capital required for supporting its future growth. The said Policy has been hosted on the website of the Bank at <https://www.jkbank.com/investor/stockExchangeIntimation/corporateGovernanceReports.php>. The Reserve Bank of India (RBI), through its notification dated 4th December, 2020 has advised that in view of the ongoing stress and heightened uncertainty on account of COVID-19, banks should continue to conserve capital to support the economy and absorb losses. The notification also stated that in order to further strengthen the banks' balance sheets, while at the same time support lending to the real economy, banks shall not make any dividend payment on equity shares from the profits pertaining to the financial year ended 31st March, 2020. The Bank did not declare any dividend for the year ended 31st March, 2020. Further, the Board of Directors has considered it prudent to not propose any dividend for the year ended 31st March, 2021 also, in light of the situation evolving around COVID-19 in the country and related uncertainty arising therefrom.

Branch/ATM Network

During the financial year 2020-21, 3 new branches were established, thereby taking the number of branches to 955 (including IARBs) as on 31.03.2021, spread over 18 states and 4 union territories. The area-wise breakup of the branch network (excluding extension counters/ mobile branches and Service branches) on the basis of census 2011 as at the end of FY 2020-21 is as under:

Area	Business Units (including IARBs)
Metro	174
Urban	109
Semi-Urban	159
Rural	513
Total	955

During the financial year FY 20-21, 3 EBU/USBs were established, 29 ATMs were commissioned thereby taking the number of ATMs to 1383 as on 31.03.2021.



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.

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.

During the year, Bank has raised the Authorized Capital from Rs. 95 Crores to Rs. 250 Crores.

Net Worth and Capital Adequacy Ratio (CRAR)

The Net Worth of the Bank stood at Rs.5852.98 Crore on 31st March 2021 after excluding the revaluation reserves.

Capital Adequacy Ratio under Basel III stood at 12.20 percent as on 31st March, 2021. The tier I component of CRAR is 10.28 percent as on 31st March 2021. Book Value per Share for the financial year 2020-21 stood at Rs. 82.04.

Board of Directors

As on date of this report, the Board consists of Nine (09) Directors consisting of Chairman & MD and 08 Non-Executive Directors.

Independent and Non-Independent

Non-Independent Executive Director

Mr. R. K. Chhibber, Non Independent Executive Director has been serving as the Chairman & MD of the Bank under Section 10BB of the Banking Regulation Act, 1949 since October 10, 2019 with the approval of Reserve Bank of India (RBI).

Non-Independent Non-Executive Director

Mr. Atal Dulloo, IAS, Financial Commissioner to Govt. of J&K, Finance Department (Additional Chief Secretary), Mr. Nitishwar Kumar, IAS, Mr. Anil Kumar Misra (RBI Appointed Additional Director), Mr. Vikram Gujral and Dr. Mohamad Ishaq Wani 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 Obligations and Disclosure Requirements) Regulations, 2015 and Section 149(6) of the Companies Act, 2013 and based on the declarations/disclosures received from the Directors, the following Non-Executive Directors are Independent Directors:

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

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

Appointments/Resignations from the Board of Directors

- Mr. Zubair Iqbal (DIN: 08742685) was appointed as Government Nominee Director on the Board of the Bank w.e.f 15th May, 2020,
- Mr. Nitishwar Kumar, IAS (DIN: 05326456) was appointed as Additional Director on the Board of the Bank w.e.f 09th October, 2020,
- Dr. Mohamad Ishaq Wani (DIN: 08944038) was appointed as Additional Director on the Board of the Bank w.e.f 06th November, 2020 and
- Mr. Rigzian Sampheal, IAS (DIN: 08157221) was appointed as Director in Casual Vacancy on the Board of the Bank w.e.f 22nd December, 2020.
- Mr. Sonam Wangchuk (DIN: 07662456) resigned from Directorship of the Bank w.e.f 16th September, 2020.
- Mr. Bipul Pathak, IAS (DIN: 08077260) and Mr. Zubair Iqbal (DIN: 08742685) ceased to be Government Nominee Directors on the Board of the Bank w.e.f 17th September, 2020 and 03rd March, 2021 respectively consequent upon withdrawal of their nomination as Director by Government of Jammu and Kashmir.
- Mr. Rigzian Sampheal, IAS (Director in Casual Vacancy) resigned from the Board of the Bank on 21st April, 2021.
- Mr. Atal Dulloo, IAS (DIN: 03542909) was appointed as Govt. Nominee Director on September, 01, 2021 in place of Dr. Arun Kumar Mehta, IAS.

During the year under review, no Independent Director resigned before the expiry of his/her tenure.

Directors seeking appointment/re-appointment at AGM

Mr. Nitishwar Kumar, IAS (DIN: 05326456) and Dr. Mohamad Ishaq Wani (DIN: 08944038), Additional Directors on the Board of Bank being eligible are seeking appointment as Directors liable to retire by rotation. Mr. Vikram Gujral (DIN: 03637222) who is retiring by rotation, has offered himself for re-appointment. The profile and necessary details of the above mentioned Directors have been annexed to the Notice of the AGM and included in the Corporate Governance Report.

Appointments/Resignations of the Key Managerial Personnel

Mr. R. K. Chhibber, Chairman & Managing Director, Ms. Rajni Saraf, Chief Financial Officer and Mr. Mohammad Shafi Mir, Company Secretary are the Key Managerial Personnel of the Bank.

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

Number of Meetings of the Board

During the year under review, Sixteen (16) Board Meetings were held in due compliance with statutory provisions on the following dates:

15.04.2020, 22.04.2020, 16 & 17.05.2020, 01.06.2020, 29.06.2020, 28.08.2020, 08.09.2020, 10.09.2020, 09.10.2020, 06.11.2020, 22.12.2020, 29.12.2020, 19.01.2021, 09.02.2021, 25.02.2021, 23.03.2021.

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 forming part of this report.

Performance Evaluation of the Board

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

- The performance evaluation of all the Independent Directors is conducted by the entire Board excluding the Director being evaluated and the RBI appointed Additional Director.
- Independent Directors evaluates the performance of Non-Independent Directors, Chairperson and Board as a whole and submits its report to the Board alongwith necessary comments and suggestive course of action arising out of the evaluation.
- The performance evaluation of the Committees of the Board is conducted by the entire Board excluding the RBI appointed Additional Director.

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

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

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

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

Subsidiary Company

As on March 31, 2021, your Bank has one unlisted wholly owned subsidiary, JKB Financial Services Limited (JKBFSL). JKB Financial Services Ltd. was set up in the year 2008 to carry on the activities of Stock Broking, Depository Services, distribution of mutual Funds, distribution of Credit Cards and collection of utility bills. The Company took over the depository business of NSDL/CDSL from J&K Bank and started operations as a full-fledged Broker of NSE/BSE with effect from 1st March 2013. The Company planted its roots, in first instance, in depository and broking services and is currently offering Stock Broking services in NSE/BSE cash segment and NSE F&O segment. The company has embarked on an aggressive journey of profitable growth through a collaborative model, customer outreach, state of the art technology applications platforms, diversified product portfolio and customer awareness and advisory services. The JKBFSL network spans over Jammu, Kashmir and Gurgaon and the company strives to be the premier provider of financial planning and investment management products and services in J&K and Ladakh besides having presence in other major centres of the country.

Performance and Financial Position of JKBFSL

The Company saw a remarkable turnaround during the year breaking the cycle of continuous losses and posting profits with significant growth in all revenue segments. Following are the performance highlights of the company during the year:

Income:

- The broking income of the Company grew from ₹384.64 lakhs as on 31.03.2020 to ₹812.34 lakhs thereby registering a YOY growth of 111%.
- The depository income grew from ₹46.32 lakhs to ₹108.52 lakhs during the year registering a YOY growth of 134.28%.
- The mutual fund commission grew from ₹5.29 lakhs to ₹12.30 lakhs thereby recording a YOY growth of 132.51%.
- The total income of the Company grew from ₹482.35 lakhs to ₹984.30 lakhs, a YOY growth of 104.06%

Expenditure:

- The Company laid emphasis on cutting down its operating expenses wherever possible.
- The employee expenses saw a YOY decline of 33.57% from ₹458.41 lakhs to ₹304.54 lakhs during the year.
- The overall expenses saw a YOY decline of 20% from ₹702.80 lakhs as on 31.03.2020 to ₹562.24 lakhs as on 31.03.2021.



Profits:

- The Company registered an operating profit of ₹410.20 lakhs in comparison to an operating loss of ₹236.93 lakhs a year ago.
- The net profit achieved was ₹267.14 lakhs in comparison to a net loss of ₹152.34 lakhs during the previous year.

Accumulated losses:

- The Company reduced its accumulated losses from ₹586.39 lakhs to ₹319.25 lakhs during the year.

Branch Network:

- The company opened two new branches during the year-one at Anantnag in south Kashmir and another at Janipur in Jammu. This has taken the total number of branches to 12.
- In order to make financial services accessible to the people of JK and Ladakh, the Company plans to increase its branch footprint across the 22 district headquarters of the two UTs in the near future.

New Products and Services:

- The Company launched Margin Trading Facility (MTF) product during the year which offers funding facility to the customers for purchasing of stocks against margins only. Such funded positions can be carried on for a period of up to 180 days.
- Gold ETF (My SIP, My Choice) was launched by the Company to enable its customers to invest in digital gold through flexible instalments. The product gives the customers the luxury of investing in gold on frequent intervals to build wealth in the shape of accumulated gold over a period of time without worrying about the purity, safety or security of gold.
- The Company launched a new website with tools enabling a customer to open DEMAT /trading account online. Besides the website enables a customer to invest in mutual fund schemes of all AMCs online in a paperless manner.

Collaborative Business Model:

The Bank has after obtaining a go-ahead from RBI entered into a collaborative business tie-up with the Company through which the Company's products viz. DEMAT/Trading accounts and Mutual Fund investments shall be made accessible to J&K Bank clients across all its branches. This would make investing in financial services products easily accessible to people living in far flung rural areas of the UTs of JK and Ladakh.

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 and has commenced business from 01.07.2009. With its Head Office situated at Jammu, the Bank is operating in 13 districts of the UTs of J&K and Ladakh viz. Baramulla, Bandipora, Kupwara, Jammu, Kathua, Rajouri, Poonch, Leh, Kargil, Samba,

Kishtwar, Ganderbal and Srinagar through its 217 branches with 1058 employees (including 11 officials on deputation from Sponsor Bank) as on March 31, 2021.

Capital Structure:

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

(Amount in Crore)

1.	Authorized Share Capital	2000.00
2.	Total Subscribed / Paid up Share Capital	97.16
	Central Government (50%)	48.58
	J&K UT Government (15%)	14.57
	Sponsor Bank (J&K Bank) (35%)	34.01

Tier II perpetual bonds:

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

Performance of the Bank as on 31.03.2021

Business:

The total Business of the Bank as on 31st March 2021 stood at Rs. 7036.94 Crore against Rs. 6310.13 Crore as on 31st March 2020, registering a growth of 11.52 % during the financial year 2020-21.

Deposits:

The Deposits of the Bank have increased from Rs. 4106.91 Crore to Rs. 4472.43 Crore during the financial year 2020-21, thereby registering a growth rate of 8.90 %.

Advances:

Gross Advances of the Bank as on 31st March 2021 stood at Rs. 2564.51 Crore as against Rs. 2203.22 Crore as on the corresponding date of the previous year, recording a growth of 16.40 %.

CD Ratio:

The C.D. Ratio of the Bank has increased by 369 bps from 53.65 % as on 31st March 2020 to 57.34 % as on 31st March 2021.

NPA Management:

JKGB has made recoveries/ up gradations for an amount of Rs. 36.82 Crore in the NPAs during the FY 2020-21 with fresh slippages to the tune of Rs. 55.93 Crore. The Gross NPAs of the Bank which as on 31st March, 2021 stood at 7.19 % (Rs. 184.42 Crore) has decreased from 9.11 % (Rs. 200.75 Crore) as on 31st March, 2020. Similarly Net NPAs of the bank which as on 31st March, 2021 stood at 3.97 % (Rs. 98.47 Crore) has decreased from 4.57 % (Rs. 95.83 Crore) as on 31st March, 2020.

Detailed NPA position as on 31st March, 2021 is given hereunder:

(Amount in Crore)

S. No.	PARTICULARS	FY2020-21
	NPA at the beginning of FY	200.75
	Slippage	55.93
	TOTAL (1+2)	256.68
	Recovery/ up gradation	36.82
	NPA at the end (3-4)	219.86
	Technical Write Off	35.44
	Gross NPA less technical write off	184.42
	%age to gross advances	7.19 %
	Provisions	85.95
	Net NPA at the end	98.47
	%age to net advances	3.97 %
	NPA Coverage %	55.21

Priority Sector Advances:

The priority sector advances outstanding as on 31st March 2021 stood at Rs.2050.89 Crore against Rs. 1737.44 Crore outstanding as on 31st March 2020, registering a growth of 18.04% on YOY basis. RRB specific benchmark of 75% portion of priority sector advances to total advances outstanding has been well maintained with 79.97% as on 31st March, 2021.

Business per Employee:

The Business per employee as on 31st March 2021 stood at Rs.6.65 Crore against Rs.5.92 Crore as on corresponding date of the previous year.

Business per Branch:

The Business per branch as on 31st March 2021 stood as Rs.32.43 Crore against Rs.29.08 Crore as on corresponding date of the previous year.

Profitability:

Against Net Loss of Rs.119.34 Crore recorded during previous FY 2019-20, the Bank has recorded Net loss of Rs.18.14 Crore as on 31st March 2021. On account of pension provisioning of Rs. 92.85 Crore for FY 2020-21 (being 20 % of total pension liability of Rs. 464.25 Crore worked out as per GOI directives), Bank recorded net loss of Rs. 18.14 Crore during FY 2020-21.

Lead Bank Responsibility:

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

The Annual Credit Plan for UT of J&K for FY 2020-21 was launched on 1st April, 2020, envisaging a total credit target of Rs. 44,630.02 Crore for 15,37,993 beneficiaries. During

the FY 2020-21, banks operating in UT of J&K have disbursed total credit of Rs. 30,688.49 Crore in favour of 12,36,419 beneficiaries, thus registering an achievement of almost 69% in financial terms and more than 80% in physical terms. The total credit disbursed includes, Rs.17, 307.50 Crore as Priority Sector and Rs. 13, 380.99 Crore as Non-Priority Sector.

Out of total priority Sector target of Rs. 35,701.41 Crore for FY 2020-21, Banks operating in UT of J&K have disbursed Rs. 17,307.50 Crore (48.48 %) during the year concluded on 31.03.2021.

J&K Bank was assigned annual target of Rs. 18,222.99 Crore under Priority Sector for FY 2020-21 against which Rs. 10,650.06 (58.44 %) were disbursed during the year.

During the FY 2020-21, following meetings were conducted:

- Special Meeting of J&K UTLBC on "Measures under AtmaNirbhar Bharat Abhiyan" was held on 23.06.2020.
- 2nd Meeting of J&K UTLBC was held on 21.01.2021.
- Meeting of the Sub-Committee of Empowered Committee on MSMEs to discuss rehabilitation of Sick MSMEs units in UT of J&K was held on 29.03.2021.
- Lead Bank ensured that the District- level and block-level meetings, such as DCC/ DLRC/ BLBC, and other relative meetings under Lead Bank Scheme were held as per schedule in all the 20 districts of UT of J&K during the FY 2020-21.

Implementation of Financial Inclusion Plans (FIPs):

1. After successful implementation of FIP-I and FIP-II, under the directions from Reserve Bank of India, a roadmap for opening "Brick & Mortar" branches or CBS-enabled Banking Outlets in the identified 104 villages having population over 5000 in UT of J&K is presently under implementation. These villages have been allocated to 8 major scheduled commercial banks operating in UT of J&K viz. J&K Bank -48, SBI-15, PNB-11, HDFC Bank-11, ICICI Bank-05, Canara Bank-05, UCO Bank-05 and CBI-04. As of 31.03.2021, 77 villages have been covered for banking services with opening of 10 brick & mortar branches and 67 CBS-enabled Banking outlets including 20 Access Points of India Post Payments Bank (IPPB). Out of the 77 covered villages, besides 20 villages covered through Access Points of IPPB, 31 villages have been covered by J&K Bank, 12 by SBI, 8 villages by PNB, 2 villages by HDFC & UCO Bank and 1 village each covered by ICICI Bank and Canara Bank.
2. Providing Banking Services within a radius of 5 KMs of every village:

Though the banking services as per Sub Service Area (SSA) Plan were provided across the erstwhile J&K State by 2016, however in the year 2019 National Informatics Centre (NIC) conducted a GPS (Latitude/ Longitude) based verification of available Banking Touch Points uploaded by banks on Jan Dhan Darshak App - (GIS App) and a fresh list of uncovered villages (i.e. villages not having a Bank Branch/BC/Post Office within 5 KMs distance) was arrived at by DFS and shared with



respective SLBC/ UTLBC in the month of October 2019 for assigning same to banks for providing the necessary Banking Touch Points as per the 5 KM criteria fixed by DFS. Once the banks provides/ deploys the necessary Banking Touch Point in the allocated villages, the details of the same including Latitude/ Longitude Positions are to be uploaded/ updated to Jan Dhan Darshak App by the concerned bank so that villages is reflected as "covered" as per the GPS Mapping.

For UT of J&K, 147 villages were identified by DFS as "uncovered" under GPS system of identification. The progress as on 31.03.2021 is as under:

S.No.	BANK NAME	NUMBER OF ALLOCATED VILLAGES REPORTED UNCOVERED BY DFS AS ON 11.10.2019	NUMBER OF VILLAGES COVERED BY BANKING TOUCH POINT AS ON 31.03.2021	NUMBER OF UNCOVERED VILLAGES AS ON 31.03.2021
1	J&K BANK	75	62	13
2	SBI	20	20	0
3	PNB	07	07	0
4	JKGB	28	28	0
5	EDB	05	05	0
6	IPPB	12	12	0
TOTAL		147	134	13

Reserve Bank of India, Central Office Mumbai under programme "Universal Access to Financial Services" under National Strategy For Financial Inclusion (NFSI) has inter alia referred to the directions/ programme of the DFS for providing Banking Touch Points within a range of 5 KMs of each village and has been monitoring/ reviewing the progress on regular basis through their Regional Office.

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

In terms of guidelines issued by Ministry of Rural Development, Government of India, setting up the Rural Self Employment Training Institutes (RSETIs) in all the districts of UT of J&K was assigned by J&K UTLBC to two banks, viz. J&K Bank and SBI as per their Lead Bank responsibility. Accordingly, J&K Bank has set up 12 RSETIs in its allocated 12 lead districts (Srinagar, Ganderbal, Budgam, Baramulla, Bandipora, Kupwara, Anantnag, Kulgam, Pulwama, Shopian, Poonch and Rajouri). Performance of RSETIs in conducting training programmes and the number of persons benefited through credit linkage is being reviewed in all Quarterly UTLBC meetings.

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

In terms of RBI guidelines for setting up of Financial Literacy Centres (FLCs) in all the districts of UT of Jammu and Kashmir, J&K Bank has made 12 FLCs operational in its 12 allocated lead districts viz. Srinagar, Ganderbal, Budgam, Baramulla, Bandipora, Kupwara, Anantnag, Kulgam, Pulwama, Shopian, Poonch and Rajouri and SBI having made 8 FLCs operational in its 8 allocated lead districts of UT of J&K, viz. Jammu,

Samba, Kathua, Udhampur, Reasi, Doda, Ramban, Kishtwar. In addition, PNB, JKGB, EDB and J&K State Cooperative Bank have also established 6, 2, 2 & 1 FLCs respectively, in various districts of UT of J&K, which as on 31.03.2021 takes the total number of FLCs in UT of J&K to 31. The performance of FLCs in conducting the Financial Literacy Camps as per the guidelines from RBI is being reviewed at various forums including quarterly UTLBC meetings.

100% Saturation Drive for KCC Crop

In line with the vision of GoI to achieve 100% KCC saturation of farmers across the nation, J&K UTLBC in collaboration with Agriculture Production Department, J&K UT Government, organized a special drive named "Kisan Pakhwada" across the UT of J&K from 7th July, 2020 to 21st July, 2020 with a view to ensure 100% coverage of farmers in UT of J&K under KCC Scheme. The Kissan Pakhwada was inaugurated by the Hon'ble Lt. Governor, UT of J&K.

As a result of above programme, the number of KCCs issued by banks in UT of J&K has substantially increased from 7.51 lac as on 31.03.2020 to 9.97 lac as on 31.03.2021.

Brand Building

In the world of banking and finance, it is primarily the brand perception that manifests the health of an organization within the public imagination along with the numbers displayed in its balance sheet. Thus, being proactive in our brand building through advertising and promotions, we have sufficiently improved our brand exposure during the financial year 2020-21 to increase the brand recall thereby increasing our brand value.

To enhance brand visibility and explore the possibility of positioning it at important locales, the Bank has recently entered into an arrangement with Airport Authority of India for Trolley Branding Rights on 800 trolleys available at Srinagar International Airport.

The strategic focus on enhancing the brand image of the Bank and improving its brand value has strengthened and cemented the bond of trust further with all our stakeholders while providing best products and services to the customers besides leveraging all the means and channels of communications available for uninterrupted messaging throughout the financial year. While doing this, all the elements of our brand identity, which include our logo its colors besides the fonts used, advertising, website design, content and the overall packaging, were uniformly and consistently applied across all the channels of communication.

Corporate Social Responsibility (CSR) Policy

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

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

stockExchangeIntimation/corporateGovernanceReports.php

The Bank had not allocated any budget for CSR activities for FY 2020-21 in conformity with the regulatory guidelines set to arrive at the budget for CSR spend. However, the statutory disclosures with respect to the CSR committee of the Board and a report on the CSR forms part of this report at Annexure-1.

Corporate Governance

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

Management Discussion and Analysis

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

Whistle Blower Policy & Vigil Mechanism

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

The policy is available on the website of the Bank at the link https://www.jkbank.com/pdfs/policy/5451_Whistle_Blower-24082020.pdf

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 employment practices. However, no case was referred to the Audit Committee of the Bank during the year.

Risk Management

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

Committees of the Board of Directors and Senior Management Committees - Credit Risk Management Committee, Market Risk Management Committee, Operational Risk Management Committee and Asset Liability Committee (ALCO).

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

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

Information security and business continuity plan also forms part of risk management functions in the Bank. Treasury activities are separately monitored by mid office, which reports to IRMD. The Bank has Stress Testing Policy to measure impact of adverse stress scenarios on the adequacy of capital. The stress scenarios are idiosyncratic, generic and a combination of both.

Business Responsibility Report

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

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

The Bank does not engage in any form of child labour/ forced labour/involuntary labour and does not adopt any discriminatory employment practices. The Bank has a



Policy against sexual harassment and 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, one complaint was lodged before the Internal Complaints Committee duly constituted under the Sexual Harassment of Women at Work Place (Prevention and Redressal) Act, 2013 and the rules made thereunder. Accordingly, due inquiry proceedings were conducted in the case, as stipulated in the Act and adequate opportunity was provided to both complainant and respondent to present/defend their case. Finding the case devoid of any merits, the same was disposed of within the requisite time frame of 90 days.

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 (<https://www.jkbank.com/pdfs/policy/Related%20Party%20Transactions%20Policy%2022.04.2020-09062020.pdf>). Statement of related party transactions under sub section (1) of section 188 of the Companies Act, 2013 is attached herewith as Annexure 6.

Information under Insolvency and Bankruptcy Code, 2016

The Bank as on 31st March, 2021 has cases under the IBC resolution the details whereof along with existing status is tabulated as under

(Amt. in Crs)

S. No.	No. of Accounts	Stage of Process	NPA / NPI outstanding	Recoveries during the year, if any
1	31	Resolution process(Pending with NCLT)	2641.80	Nil
2	16	Liquidation Process	1372.42	0.54
3	0	Resolution approved/ implemented during the year	0	0

Frauds reported by the Bank

The Bank during the financial year 2020-21 has detected/ reported 23 cases of frauds to Reserve Bank of India involving an amount of Rs 1519.62 Crore.

Frauds reported by Auditors

During the year under review, no fraud was reported by any of the statutory auditors under section 143 (12) of the Companies Act, 2013 to the Ministry of Corporate Affairs, Govt. of India.

Consolidated Financial Statements

Pursuant to Section 129 of the Companies Act, 2013, the Bank has prepared Consolidated Financial Statements of the Bank, its Subsidiary (JKB Financial Services Ltd.) and also its Associate (J&K Grameen Bank) which shall be laid before shareholders at the ensuing 83rd Annual General Meeting of the Bank along with Bank's Financial Statements under sub-section (2) 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 and Accounting Standard (AS) 23 - investment in Associates, the Consolidated Financial Statements of the Bank along with its Subsidiary/Associate for the year ended March 31, 2021 form part of this Annual Report.

Statutory Auditors

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

Fees paid to Statutory Auditors

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

(Amount in Rs. Lakhs)

S. No	Particular	M/S Verma Associates	M/S K K Goel & Associates	M/S P C Bindal & Co	M/S O P Garg & Co	Total
1	Fee payment by Bank to Statutory Central Auditors	85.54	86.69	85.87	71.42	329.52
2	Fee payment by J & K Grameen Bank (Associate) to Statutory Central Auditors of the Bank	0.83	Nil	6.77	1.14	8.74

Comments of C & AG

Comptroller and Auditor General of India has "Nil" Comments under Section 143 (6) of The Companies Act, 2013 on the accounts of the Bank for the year ended 31st March 2021.

Secretarial Auditors

Pursuant to Section 204 of the Companies Act 2013, your Bank has appointed Pawan Kumar, Company Secretaries as

its Secretarial Auditors to conduct the Secretarial Audit of the Bank for the FY 2020-21. The Bank provided all assistance and facilities to the Secretarial Auditor for conducting their audit.

Secretarial Audit Report

The report of Secretarial Auditor for the FY 2020-21 is annexed to this report as Annexure 2. The Bank's replies to the comments of Secretarial Auditor are furnished as under:

S.No.	Observations of the Secretarial Auditor	Response of the Bank
1.	During the audit period, the composition of the Board was not in compliance with the provisions of Section 152 of the Companies Act, 2013 as the Bank didn't have adequate number of Rotational Directors.	During the period under review, due to some extraordinary circumstances, the Bank has involuntarily become non-compliant with certain regulatory requirements relating to the Composition of Board of Directors. Currently, the Bank is in the process of reconstituting its Board and re-aligning its structure with the regulatory requirements.
2.	Since, the Chairman of the company was Executive during the audit period, half of the Board should comprise of Independent Directors as mandated under Regulation 17(1)(b) of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 whereas company, had only three Independent directors throughout the financial year under audit, which was less than half of the Board strength.	
3.	During the audit period, the reserve Bank of India has imposed fine of Rs. 2.81 lacs on currency chests.	The fine has been imposed by RBI in the routine course of operations at the currency chests. Pertently, out of this penalty, Rs. 2.00 lakhs have been subsequently waived off by the RBI. The imposed fine has been recovered from the erring officials.
4.	Certain circulars issued by Reserve Bank of India /NPCI which were not complied with as at the end of the financial year ended on 31 st March, 2021 as per Annexure A of the audit report	As on date, most of the circulars issued by RBI / NCPI have been fully complied with and the rest are expected to be complied with in the earliest possible time.
5.	During the audit period, a penalty of Rs. 2.00 lacs was imposed by FIU INDIA under Section 13 of the PML Act 2002, for failure to submit the requisite reports as stipulated under Alert No. 5/2019 dated 27.03.2019	The penalty has been imposed for non-reporting of STR to FIU India in the prescribed format. The Bank has filed an appeal against the penalty on the grounds that there were "nil reportable items". The matter is pending before the Appellate Tribunal.

Compliance with Secretarial Standards

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

Employee Remuneration

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

Statutory Disclosures

1. The disclosures to be made under sub-section (3)(m) of Section 134 of the Companies Act, 2013 read with rule (8) (3) of the Companies (Accounts) Rules, 2014 by your Bank are explained as under:

A. Conservation of energy:

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

Bank has taken various steps to use energy efficient IT equipment & continuously working towards achieving low carbon footprint levels.



Various IT initiatives have been initiated in this regard by the Bank which are given below:

- Usage of Note sheet Automation Application to digitize the paper based File System
- Internal communication in the forms of circulars, guidelines, newsletters, policies and procedures is done through a dedicated Intranet site.
- Bank's Data Center is hosted at a high energy efficient hosting facility in Noida which operate on the ITIL based service delivery framework and follow ISO 9001 and ISO 20000 standards.
- Increased usage of email across Bank to ensure digital communication is increased.
- Energy star compliant computing and communication hardware is used by the Bank across all offices and banking outlets.
- Promotion of various non-conventional sources of energy products among staff & public like Financing of Solar Devices etc.

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

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

iii. The capital investment on energy conservation equipment

Bank is continuously striving to ensure energy conservation equipment are used across enterprise like Virtual Servers, Thin Clients, Multi-purpose Printers, scanners etc.

B. Technology Absorption:

Due to COVID-19 pandemic the increased shift of customers towards digital & touch-less banking experience has helped Bank to take advantage of this opportunity by rolling out more digital services and has thus helped to reduce the customer footfall in the branches. This paradigm shift has helped customers to become independent and use any banking facility digitally anywhere in a matter of minutes rather than being dependent on banking branches/outlets.

Our Bank has ensured that continuous support is provided to new customers availing various digital services & also hand hold the traditional customers who are first time users of various online services.

Various new IT initiatives have been taken with focus on customer convenience like Migration of new Mobile Banking to enhanced version, NETC FASTag, Kiosk Banking IMPS, ATM Monitoring, Contactless Transactions, etc.

The Bank has started migration process of moving to an advanced version of Core Banking Solution (Finacle)

that will enhance the functionality richness and provide features that will enable the Bank to innovate more products and service offerings with added benefits like increasing operational agility, interoperability and productivity.

C. Foreign Exchange Earnings and Outgo:

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

During the year ended 31st March, 2021 the Bank earned Rs. 78.86 lacs and spent Rs. 160.86 lacs in foreign currency. This does not include Foreign Currency Cash Flow in derivatives and Foreign Currency Exchange Transaction.

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

Your Bank has Zero tolerance towards any action on the part of any executive/employee which may fall under the ambit of 'Sexual Harassment' at workplace, and is fully committed to uphold and maintain the dignity of every woman executive/employee working in the Bank. Only one complaint of sexual harassment was lodged with the Internal Complaints Committee during the year 2020-21 and the same was disposed off within the required time frame of 90 days.
4. No Stock options were issued to the Directors of your Bank during the year.

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, 2021 forms part of this report as Annexure 4.

Directors Responsibility Statement

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

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had 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 company at the end of the financial year and of the profit and loss of the company for that period;

- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Adequacy of Internal Financial Controls related to Financial Statement

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

Requirement for maintenance of cost Records

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

CEO & CFO Certification

Certificate issued by Mr. R. K. Chhibber, Chairman & MD and Mrs. Rajni Saraf, CFO of the Bank, for the financial year under review, was placed before the Board of Directors at its meeting held on 13th August, 2021 in terms of Regulation 17(8) of the Listing Regulations.

Important events after the closure of Financial Year ended 31-03-2021

This report covers the period of financial year of the Bank beginning on 1st April, 2020 to 31st March, 2021. However, few material events listed below happened after 1st April, 2021:

- a) Board of Directors of the Bank on 18th June, 2021 decided to obtain consent of the Members of the Bank through Postal Ballot by way of special resolutions:
 - Issue equity shares on a preferential basis to Government of Jammu and Kashmir, Promoter and Majority Shareholder of the Bank in accordance with Sections 42 and Section 62 of the Companies Act, 2013 read with the relevant rules thereunder and Chapter

V of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

- Issue of shares to employees and whole time directors of the Bank

The shareholders of the Bank approved the above mentioned resolutions on 21st July, 2021.

- b) The Reserve Bank of India in exercise of powers conferred under Section 47A(1)(c) read with Section 46(4)(i) of the Banking Regulation Act, 1949 imposed a penalty of Rs. 1 crore (rupees one crore) on the Bank, on account of contravention of directions contained in Circulars on 'lending to non-banking financial companies (NBFCs) and Bank Finance to NBFCs.

Transfer of Shares to UT of Ladakh

The J&K Govt. General Administration Department S.O. No. 339 dated 30/10/2020 apportioned the Assets, Liabilities and Posts of the erstwhile State of Jammu and Kashmir between the Union Territory of Jammu and Kashmir and Union Territory of Ladakh w.e.f. 31.10.2020. As per the said notification 8.23% shareholding of Jammu & Kashmir Bank Ltd which amounts to 13.89% of the shareholding of the erstwhile state of Jammu and Kashmir as on 31.10.2019 shall be transferred to the UT of Ladakh and the then remaining 51% of shareholding of erstwhile Jammu and Kashmir state would remain with the UT of Jammu and Kashmir. The Reserve Bank of India vide letter no. DOR.HOL.No.S481/16.01.063/2021-22 dated July 26, 2021, has accorded approval for the said apportionment. The said arrangement is however subject to other necessary legal formalities.

Acknowledgements

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

For and on behalf of the Board of Directors

R. K. Chhibber
 Chairman & MD

Place: Srinagar (J&K)

Date: September 08, 2021



Annexure 1

The Annual Report on Corporate Social Responsibility (CSR) Activities

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

However, owing to zero allocation towards CSR, the bank did not undertake any project/ activity under CSR during FY2020-21.

CSR Committee of the Board

- Mr. R K Chhibber
Chairman CSR Committee
- Dr. Rajeev Lochan Bishnoi
Member
- Ms. Monica Dhawan
Member
- Dr. Mohmad Ishaq Wani
Member

CSR Spend for the year 2020-21

Particulars	Amount (in crores)
PBT 2017-18	359.13
PBT 2018-19	659.74
PBT 2019-20	(1100.05)
Total Profit for the past 3 years	(81.19)
Average Profit	(27.06)
CSR allocation, 2% of average profit	Nil
Amount Spent	Nil

CSR Spend during the financial year (In Crores)

S No	CSR Project of activity identified	Sector Schedule 7	Specify UT/ State/District were the projects/ programs were undertaken	Amount Outlay (Budget) project or program wise	Amount spent on the projects/ programs Subheads -Direct Expenditure -Overhead Expenditure	Cumulative expenditure upto the reporting period	Amount spent directly or through implementing agency
1	N.A	N.A	-	Nil	Nil	Nil	-
Amount Spent						Nil	

Details of activities undertaken under CSR during the FY 2020-21

No CSR projects / activities were undertaken during FY 2020-21.

Responsibility statement of the CSR Committee

Being a premier financial institution that is interwoven with the social fabric of the region, J&K Bank goes beyond commercial considerations to implement its CSR policy. Through the

prism of the policy, J&K Bank envisions an inclusive and sustainable socio-economic betterment for Union Territories of J&K and Ladakh and even beyond, and endeavors to achieve an environmentally conscious, innovative and healthy society. The objective of the Bank's CSR policy remains demarginalizing the marginalized, uplifting the downtrodden, and nurturing skill and entrepreneurship. However, owing to budgetary constraints the Bank did not undertake any project/ activity under CSR during FY 2020-21.

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

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

Dr. Rajeev Lochan Bishnoi
Member

Ms. Monica Dhawan
Member

Dr. Mohmad Ishaq Wani
Member

Annexure 2

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

[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
 CIN: L65110JK1938SGC000048
 (CORPRATE HEAD QUARTERS,

M.A ROAD SRINAGAR

J&K, - 190001

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 called the Company or bank).

Due to outbreak of Covid-19 pandemic, that caused lockdown and other travel restrictions imposed during the period of our audit, I could not visit the registered office of the company and carry out the audit process physically. I have inspected all the relevant documents necessary for Secretarial Audit based upon the information provided by the company through online mode and the 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 Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year 2020-2021, generally complied with the statutory provisions listed hereunder and also that the Company 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 made available to me and maintained by the Company for the financial year 2020-2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contract (Regulation) Act, 1956 (SCRA) and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Byelaws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of

Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(Not applicable to the Company during the Audit Period);

- (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;

- b) The 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, 2018;

(Not applicable to the Company during the Audit Period);

- (d) The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014;

(Not applicable to the Company during the Audit Period);

- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(Not applicable to the Company during the Audit Period);

- (f) 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;

(Not applicable to the Company during the Audit Period)

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009/2021;

(Not applicable to the Company during the Audit Period);

- (h) The Securities and Exchange Board of India (Buyback of Securities Regulations, 2018;

(Not applicable to the Company during the Audit Period); and

- (i) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013;

(Not applicable to the Company during the Audit Period)



(vi) Other business /industry related laws applicable specifically to the Company:

I further report that based on the information provided and representations made by the management of the company and compliance reports submitted to the Audit Committee Board (ACB)/ board of directors of the company and taken on record by the ACB/ board of directors of the company, the following business/ industry related laws were applicable specifically to the Company during the Audit Period:

- a) SEBI (Bankers to an issue) Regulations, 1994
The company is registered as Bankers to an issue with SEBI. As reported by the company no activity as bankers to the issue was taken up by the Company during the audit period.
- b) The Insolvency and Bankruptcy Code 2016 and amendments thereto from time to time.
- c) The Banking Regulation Act, 1949 and rules framed there under and circulars issued thereunder so far as applicable to the Company;
- d) The Deposit Insurance and credit Guarantee Corporation Act, 1961
- e) Prevention of Money laundering (PML) ACT, 2002
- f) Labour laws as applicable to the Bank.
- g) IRDA (Registration of Corporate Agents) Regulations, 2015.

I further report that compliance by the company of applicable financial laws like direct and indirect tax laws and maintenance of financial records and books has not been reviewed by me since the same have been subject to review by statutory auditors and auditors under other statutes.

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

- (i) Secretarial Standards of The Institute of Company Secretaries of India with respect to Board and general meetings.
- (ii) The securities and Exchange Board of India (Listing Obligations and disclosure Requirements) Regulations, 2015

As per the explanations and representations made by the management and subject to clarifications given to me, the Company has generally complied, during the audit period with the provisions of the Act, Rules, Regulations, Guidelines, etc., mentioned above subject to following observations.

1. During the audit period, the composition of the Board was not in compliance with the provisions of Section 152 of the Companies Act, 2013 as the Bank didn't have adequate number of Rotational Directors.

2. Since, the Chairman of the company was Executive during the audit period, half of the Board should comprise of independent Directors as mandated under Regulation 17(1)(b) of The securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 whereas company, had only three Independent directors throughout the financial year under audit, which was less than half of the Board strength.

During the audit period, the reserve Bank of India has imposed fine of Rs. 2.81 lacs on currency chests.

3. Circulars issued by Reserve bank of India /NPCI which were not complied with as at the end of the financial year ended on 31st March, 2021 as per annexure A
4. During the audit period, a penalty of Rs. 2.00 lacs was imposed by FIU INDIA under Section 13 of the PML Act 2002, for failure to submit the requisite reports as stipulated under Alert No. 5/2019 dated 27.03.2019

I further report that the Board of Directors of the company was not constituted with a proper balance of Executive Directors, Non-Executive Directors and Independent Directors, as during the period under review the Company didn't have adequate number of Rotational Directors as mandated under Section 152 of the Companies Act, 2013. Further, since, the Chairman of the company was Executive during the audit period, as mandated under Regulation 17(1) (b) of The securities and Exchange Board of India (listing Obligations and disclosure Requirements), Regulations 2015, half of the Board should comprise of independent Directors and company had only three independent directors throughout the audit, which was less than half of the Board strength.

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.

Adequate notice was given to all Directors at least seven days in advance to the scheduled Board Meetings except in those cases where the meetings were conducted at shorter notice. Agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority Decisions at the Board Meetings were taken unanimously, while the dissenting members views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company 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 centralized system.

I further report that during the audit period, the Company had following events which had bearing on the Company's affairs

in pursuance of the above referred laws, rules, regulations, guidelines etc.

- i. The Company in the Annual General Meeting held on September 28th, 2020 raised its Authorised Capital from Rs.95,00,00,000 to Rs.2,50,00,00,000 .
- ii. The J&K Govt. General Administration Department S.O. No. 339 dated 30/10/2020 apportioned the Assets, Liabilities and Posts of the erstwhile State of Jammu and Kashmir between the Union Territory of Jammu and Kashmir and Union Territory of Ladakh. As per the said notification, 8.23% shareholding of Jammu & Kashmir Bank Ltd as on the date of enforcement of Jammu & Kashmir Reorganisation Act, 2019 i.e. October 31, 2019 (which amounts to 13.89% of the shareholding of the erstwhile state of Jammu and Kashmir as on 31.10.2019) shall be transferred to the UT of Ladakh and the then remaining 51% of shareholding of erstwhile Jammu and Kashmir state would remain with the UT of Jammu and Kashmir. The Reserve Bank of India vide letter no. DOR.HOL.No.S481/16.01.063/2021-22 dated July 26, 2021, has accorded approval for the said apportionment. The said arrangement is however subject to other necessary legal formalities.
- iii. The Bank was served an Order of Inspection/Inquiry by the Office of the Registrar of Companies, UT of J & K and Ladakh, dated 13.10.2020, w.r.t credit facilities sanctioned to one of its borrowers, M/s Ambience Towers Pvt Ltd., under Section 206(4) of the Companies Act, 2013, pursuant to filing of form ADT-4 by one of Statutory Central Auditor firms, M/s P.C Bindal & Co., Chartered Accountants, u/s 143(12) of the Companies Act, 2013 read with rule 13(4) of the Companies (Audit & Auditors) Rules, 2014. The aforesaid Inspection/Inquiry is under process.
- iv. As reported by the company, certain designated employees, who were not in possession of unpublished price sensitive information, have traded in the securities of company during the window closure period and the traded amounts were mostly nominal. The company conducted internal investigation into all such trades and ascertained that all these transaction were done merely out of ignorance and without any malafide intention and were bonafide and none of the subject designated persons seemed to be in possession of any unpublished price sensitive information at the time of executing such trades. The company has reprimanded such employees and warned them to be cautious in future.

Pawan Kumar
Company Secretary

ACS No: 4628 CP No: 16624
UDIN: A004628C000776421

Place: Jammu
Date: 18/08/2021

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



Annexure A to Secretarial Audit Report

Circulars issued by Reserve bank of India /NPCI which were not complied with as at the end of the financial year ended on 31st March, 2021.

Sr.No	Circular No.
1	RBI Circular DCM(Plg.)No.3641/10.25.007/2017-18 dt12-04-2018
2	NPCI Circular No. NPCI/2018-19/NACH/Circular.No.045 dt03-01-2019
3	Added NPCI Circular No.NPCI/2018-19/AePS/032 dt 15-02-2019
4	Added RBI Circular No.DCM(Plg.)No.2128/10.25.007/2018-19 dt28-02-2019
5	Added NPCI Circular No.NPCI/2019-20/NACH/Circular No.003 dt 24-04-2019
6	Added NPCI Circular No.NPCI/2019-20/NACH/Circular#003A
7	Added RBI Circular No. DPSS.CO.PD.No.447/02.14.003/2019-20 dt 21-08-2019
8	Added RBI CircularNo.DPSS.CO.PD.No.501/02.14.003/2019-20 dt 29-08-2019
9	DOR.Appt.BC.No.23/29.67.001/2019-20
10	NPCI Circular NPCI/2020-21/NACH/Circular No.013 dt 11-09-2020
11	NPCI Circular NPCI/2020- 21/NACH/Circular No.015 dt 10-09-2020
12	NPCI Circular NPCI/UPI/OC.No.96/20 20-21 dt 28-09-2020
13	NPCI Circular NPCI/UPI/OC- 98/2020-21 dt 24-11-2020
14	NPCI circular No. NPCI/2020- 21/CTS/Circular No.004 dt 17- 10-2020. (updated on 01-12-2020 on KMT)
15	NPCI circular No. NPCI/2020-21/AEPS/009 dt 03-12-2020

Pawan Kumar
Company Secretary
ACS No: 4628 CP No: 16624
UDIN: A004628C000776421

Place: Jammu
Date: 18/08/2021

Annexure B to Secretarial Audit Report

To,
The Members,
JAMMU AND KASHMIR BANK LIMITED
CIN: L65110JK1938SGC000048
(CORPRATE HEAD QUARTERS,

M.A ROAD SRINAGAR

J&K , - 190001

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. Due to outbreak of Covid-19 pandemic, that caused lockdown and other travel restrictions imposed by the UT Govt. during the period of our audit, I could not visit the registered office of the company and carry out the audit process physically. The audit process was carried on the basis of documents, reports and records made available to me, through online mode which were relied upon as audit evidence for conducting the audit.
3. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
4. Wherever required, I have obtained the management representation about list of applicable laws, Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations and standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Pawan Kumar
Company Secretary
ACS No: 4628 CP No: 16624
UDIN: A004628C000776421

Place: Jammu
Date: 18/08/2021



Annexure 3

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, 2021, ARE AS UNDER:

- I. Employed throughout the Financial Year and in Receipt of Remuneration Aggregating Rs. 1.02 Crore or more Per Annum: NIL
- II. Employed for a Part of the Financial Year and in Receipt of Remuneration Aggregating Rs. 8.50 Lakhs or more Per Month: NIL
- III. Employed throughout the financial year or part thereof and in receipt of remuneration which in aggregate or the rate of which in aggregate is in excess of that drawn by managing director or whole time or manager and holds by himself or along with his spouse and dependent children, not less than 2% of the equity shares of the company: NIL

B. List of top ten employees (Other than Chairman & MD) in terms of remuneration drawn during the FY 2020-21 with following fields:

S. No.	Name	Designation (as on 31 st March, 2021)	Remuneration drawn	Nature of employment (whether contractual or otherwise)	Qualification/Experience	Date of Joining	Age	Last employment held before joining the Bank	% of equity shares	Whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager
1.	GHULAM NABI TELI	President	4393747	Permanent	Bachelor of Arts / Master of Arts (English) / DIPLOMA IN BANKING TECHNOLOGY / CAIB	01-10-86	59	-	-	-
2.	ANIL DEEP MEHTA	President	4271954	Permanent	BSC (Non-Medical) / MSC (Maths) / CAIB	23-10-89	58	-	-	-
3.	SUNIL GUPTA	President	4216514	Permanent	BCOM /PG Diploma in Business Management (PGDBM) / CAIB-I	01-10-86	59	-	0.0007	-
4.	CHETAN PALJOR	President	4112687	Permanent	BSC (Medical) /MSC	10-10-86	58	-	-	-
5.	ARUN GANDOTRA	President	4061227	Permanent	BSC (Medical)/ MSC (Zoology) / CAIB /CAIB-II	01-10-86	59	-	-	-
6.	RAJNI SARAF	President	3969417	Permanent	Bachelor of Arts / Masters in Commerce / CAIB	01-10-86	58	-	0.0001	-
7.	IMTIYAZ AHMAD BHAT	Vice President	3897452	Permanent	BSC (Non-Medical) / CAIB-I /CAIB-II	17-10-89	54	-	-	-
8.	SAJAD HUSSAIN	Vice President	3821480	Permanent	BSC (Medical) / CAIB	17-10-89	56	-	-	-
9.	SYED SHAFAT HUSSAIN	Vice President	3810278	Permanent	BSC (Medical) / Master of Arts (English) / CAIB-I	17-10-89	57	-	0.0004	-
10	ANAND PAL SINGH	Vice President	3735689	Permanent	BA(LLB) / BSC (Non-Medical) / CAIB-I	26-10-89	55	-	-	-

- C) The ratio of the remuneration of each director to the median remuneration of employees 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 & MD	5.69
		Mr. Anil Kumar Misra	0.73
		Mr. Vikram Gujral	1.27
		Mr. Sonam Wangchuk	0.20
		Dr. Rajeev Lochan Bishnoi	1.94
		Ms. Monica Dhawan	1.77
		Mr. Naba Kishore Sahoo	2.04
		Mr. Zubair Iqbal	0.40
		Dr. Mohmad Ishaq Wani	0.20
II	The percentage increase in remuneration of each director, CFO, CEO, CS in the financial year	Chairman & MD	10.26%
		CFO	14.33%*
		CS	15.70%*
		During the FY 2020-21, Non-Executive / Independent and Non-Independent Directors were paid sitting fee of Rs.40,000/- for attending each Board and Committee meeting thereon except the Directors who are in full time employment of Union Territories of Jammu & Kashmir and Ladakh. During FY 2020-21, there was no change in sitting fee of Directors.	
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 15.67%*.	
IV	The number of permanent employees on the rolls of the Bank	There were 11727 employees as on March 31, 2021.	
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 15.67%*. 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	

* Remuneration for the current year includes revised wages on account of the 11th Wage revision.



Annexure 4

EXTRACTS OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2021

{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. Banking Company under Banking Regulation Act, 1949. Old Private Sector Bank under RBI Classification.
v. Address of the Registered office and Contact details	Corporate Headquarters, M. A. Road, Srinagar 190001 J&K (India)
vi. Whether listed Company	Yes i) The BSE Ltd. ii) National Stock Exchange of India Ltd.
vii. Name, Address and contact details of Registrar and Transfer Agent, if any	KFin Technologies Private Limited (Unit:- J&K Bank) Selenium Tower B, Plot 31 & 32 Financial District, Nanakramguda, Serilingampally Mandal Hyderabad - 500 032, Telangana Email: einward.ris@kfintech.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

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	0*

* The Company was incorporated by J&K Govt. and the Bank on 28-04-2017. J&K Govt. subscribed 51% and the Bank subscribed 49% Capital in the Company. The Promoters i.e. J&K Govt. and the Bank have not released their respective shares towards the capital of the company and have decided to wind up the company.

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

(i) Category-wise shareholding

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A(1) Promoter and Promoter Group (Indian)									
Individuals/Hindu Undivided Family	0	0	0	0	0	0	0	0	0
Central Government/ UT of Government of Jammu & Kashmir	486,425,578	0	486,425,578	68.18	486,425,578	0	486,425,578	68.18	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)	486,425,578	0	486,425,578	68.18	486,425,578	0	486,425,578	68.18	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 shareholding³									
Institutions									
Mutual Funds/UTI	20997788	0	20997788	2.94	1349624	0	1349624	0.19	(2.75)
Financial Institutions/ Banks	382507	0	382507	0.05	200	0	200	0.00	(0.05)
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	2.15	15374694	0	15374694	2.15	0
Foreign Institutional Investors	74177685	0	74177685	10.40	25593133	0	25593133	3.59	(7.21)
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)	110932674	0	110932674	15.54	42317651	0	42317651	5.93	(9.61)



B(2) Non-institutions									
Bodies Corporate	9507050	148940	9655990	1.35	15702436	148940	15851376	2.22	0.87
Individuals - i. Individual Shareholders Holding Nominal Share Capital Up To >Rs. 2 Lakh.	79464885	12912086	92376971	12.95	128453035	12687186	141140221	19.78	6.83
Individuals - ii. Individual Shareholders Holding Nominal Share Capital In Excess Of Rs. 2 Lakh	4362680	0	4362680	0.61	17057321	0	17057321	2.39	2.32
NBFC registered with RBI	1750	0	1750	0.00	1750	0	1750	0.00	0.00
Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
Any Other	2359453	0	2359453	0.33	1932294	0	1932294	0.27	(0.06)
Clearing Members	1057240	0	1057240	0.15	2017566	0	2017566	0.28	0.13
Non Resident Indians	6157166	10000	6167166	0.86	6540846	10000	6550846	0.92	0.06
Trusts	111436	0	111436	0.02	156335	0	156335	0.02	0.00
Sub-Total (B)(2)	103021660	13071026	116092686	16.28	171861583	12846126	184707709	25.89	9.62
Total Public Shareholding (B)= (B)(1)+(B)(2)	213954334	13071026	227025360	31.82	214179234	12846126	227025360	31.82	0
TOTAL (A)+(B)	700379912	13071026	713450938	100	700604812	12846126	713450938	100	0
Shares held by Custodians and against which Depository Receipts have been issued (C)	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	700379912	13071026	713450938	100	700604812	12846126	713450938	100	0

(ii) Shareholding of Promoters

Name of the shareholder	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
	No. of Shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of Shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
Chief Secretary Jammu & Kashmir Govt	459,004,701	64.34	0	459,004,701	64.34	0	0
Secretary Finance Deptt Jammu & Kashmir Govt	274,20,877	3.84	0	274,20,877	3.84	0	0
Total	486,425,578	68.18	0	486,425,578	68.18	0	0

(iii) Changes in Promoters Shareholding:

Name of the Shareholders	Shareholding at the beginning of the year		Cumulative share bought/sold during the year		Shareholding at the end of the year		Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease
	No. of shares	% of shares of the company	No. of shares	% of total shares of the company	No. of shares	% of shares of the company	
Chief Secretary Jammu & Kashmir Govt	459,004,701	64.34	0	0	459,004,701	64.34	NA
Secretary Finance Deptt Jammu & Kashmir Govt	274,20,877	3.84	0	0	274,20,877	3.84	NA

(iv) Shareholding pattern 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	
Life Insurance Corporation Of India	15374694	2.15	0	0	15374694	2.15	NA
East Bridge Capital Master Fund I Ltd	10243362	1.43	0	0	10243362	1.43	NA
Radhakrishnan Shivkishan Damani	0	0	2800000	0.39	2800000	0.39	Purchase of Shares
Mohan Gupta	0	0	2800000	0.39	2800000	0.39	Purchase of Shares
Sanjeev Arora	1273530	0.23	1414696	0.15	2688226	0.38	Purchase of Shares
Saffron Agencies Limited	0	0	2427500	0.34	2427500	0.34	Purchase of Shares
Kirandevi Gopikishan Damani	0	0	2384127	0.33	2384127	0.33	Purchase of Shares
Gagandeep Consultancy Private Limited	0	0	2000000	0.28	2000000	0.28	Purchase of Shares
Retail employees Superannuation Pty. Limited as TR	2118757	0.38	(148530)	(0.11)	1970227	0.27	Disposal of Shares
Hosking Global Fund PLC- Hosking Global Sub Fund No. 1	3222263	0.45	(1347802)	(0.19)	1874461	0.26	Disposal of Shares

v) Shareholding of Directors:

A. Directors

Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shares bought/sold during the year		Shareholding at the end of the year		Date wise increase/decrease with reasons
	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company	
Mr. Rajesh Kumar Chhibber	11000	0.001	0	0	11000	0.001	NA

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	00.00	2019.58	0.00	2019.58
2. Interest due but not paid	0.00	0.00	0.00	0.00
3. Interest accrued but not due	0.00	96.75	0.00	96.75
Total (1 + 2 + 3)	0.00	2116.33	0.00	2116.33
Changes in indebtedness during the year				
-Addition	0.00	96.75	0.00	96.75
-Reduction	0.00	101.13	944.86	101.13
Net Change	0.00	(4.38)	(944.86)	(4.38)
Indebtedness at the end of the financial year				
1. Principal Amount	00.00	2015.20	0.00	2015.20
2. Interest due but not paid	0.00	0.00	0.00	0.00
3. Interest accrued but not due	0.00	96.75	0.00	96.75
Total (1 + 2 + 3)	0.00	2111.95	0.00	2111.95

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



VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in Rs.)

Particulars of Remuneration	Name of the MD : Mr. Rajesh Kumar Chhibber			Total Amount
	(01.04.2020-31.03.2021)			
	Basic	DA	Others	
a. Gross Salary Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	5148000.00	1026000.00	425900.00	6599900.00
b. Value of perquisites u/s 17(2) Income tax Act, 1961	---	---	57961.10	57961.10
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 (Arrears on account of wage revision)	305419.00	349030.00	203411.00	159800.00
Total (A)	5453419.00	676970.00	687272.10	6817661.10

Remuneration to other Directors

(Amount in Rs.)

Particulars of Remuneration	Mr. Anil Kumar Misra	Mr. Vikram Gujral	Mr. Sonam Wangchuk	Mr. Zubair Iqbal	Dr. Mohmad Ishaq Wani
Other Non - Executive Directors					
• Fee for attending Board and Committee Meetings	8,80,000.00	15,20,000.00	2,40,000.00	4,80,000.00	2,40,000.00
• Commission	----	----	----	----	----
• Others (please specify)	----	----	----	----	----
Total (1)	8,80,000.00	15,20,000.00	2,40,000.00	4,80,000.00	2,40,000.00

Particulars of Remuneration	Dr. Rajeev Lochan Bishnoi	Ms. Monica Dhawan	Mr. Naba Kishore Sahoo
Independent Directors			
• Fee for attending Board and Committee Meetings	23,20,000.00	21,20,000.00	24,40,000.00
• Commission	----	----	----
• Others (please specify)	----	----	----
Total (2)	23,20,000.00	21,20,000.00	24,40,000.00
Total (B) =(1+2)	102,40,000.00		

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

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

Particulars of Remuneration	Key Managerial Personnel		Total Amount
	Chief Financial Officer	Company Secretary	
Gross Salary			
a. Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	2785862.00	1772472.00	4558334.00
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 (Arrears on account of Wage Revision)	1293114.00	698583.00	1991697.00
Total	4078976.00	2471055.00	6550031.00

PENALTIES / PUNISHMENT/COMPOUNDING OF OFFENCES:

During the Financial year 2020-21, a penalty of Rs. 2.00 lakhs was imposed by FIU INDIA for non reporting of STR in the prescribed format. The Bank has filed an appeal against the penalty on the grounds that there were "Nil Reportable Items". The matter is pending before the Appellate Tribunal. Further, the Reserve Bank of India had imposed a monetary penalty of Rs. 2.81 lakhs (Out of which penalty of Rs. 2.00 lakhs has been waived off by RBI) on currency chests.



Annexure 5

Form AOC-I

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

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

Part "A": Subsidiaries

(Amounts in Rs. Lakhs)

S.No	Particulars	Remarks
1.	Name of the subsidiary	JKB Financial Services Ltd.
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same as that of Holding company
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Not Applicable
4.	Share capital	2000
5.	Reserves & surplus	(319.25)
6.	Total assets	3543.97
7.	Total Liabilities	3543.97
8.	Investments	NIL
9.	Turnover	937.44
10.	Profit before taxation	422.05
11.	Provision for taxation	154.92
12.	Profit after taxation	267.14
13.	Proposed Dividend	NIL
14.	% of shareholding	100 %

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

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

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures Name of Associates		The J&K Grameen Bank	Jammu & Kashmir Asset Reconstruction Limited.
1.	Latest audited Balance Sheet Date	31.03.2021	NA
2.	Shares of Associate/Joint Ventures held by the Bank on the year end : Number Amount Extend of Holding %	340.1 Lakhs Rs.34.01 Crores 35 %	0 0 0
3.	Description of how there is significant influence	The J&K Bank is the sponsor Bank of the J&K Grameen Bank, holding 35 % of its Share Capital	Bank subscribed 49% capital in the company
4.	Reason why the associate is not consolidated		The Jammu & Kashmir Asset Reconstruction Limited has been incorporated by Government of J&K and Jammu & Kashmir Bank Limited on 28.04.2017. The Bank has subscribed capital to the tune of Rs. 98 lakhs whereas Government of J&K has subscribed Rs. 102 lakh. The Bank has incurred an expenditure of Rs. 82,18,047.00 towards incorporation expenses for the company, which includes Rs.5,85,317.00 payable to professionals on account of incorporation expenses for the company and the same was reimbursed to them during financial year 2020-2021. The Promoters i.e. J&K Government and Jammu & Kashmir Bank Limited have not released their respective shares towards the capital of the company. In the meantime the promoters have also decided to windup the company and the Bank in turn has approached the Registrar of Companies (J&K) (ROC) for removal of the name of the company from the register of companies under section 248 of the Companies Act, 2013. The application of the Bank is pending with ROC.
5.	Net worth attributable to Shareholding as per latest audited Balance Sheet	Rs.(313.15) Lakhs i.e. 35% of Total Net Worth of Rs. (894.70) Lakhs	
6.	Profit / Loss for the year	Rs. (1813.86) Lakhs	
7.	Considered in Consolidation	Yes	No
8.	Not Considered in Consolidation	No	Yes

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

Anil Kumar Misra
 Director
 DIN: 08066460

Vikram Gujral
 Director
 DIN: 03637222

Dr. Rajeev Lochan Bishnoi
 Director
 DIN: 00130335

Monica Dhawan
 Director
 DIN: 01963007

Naba Kishore Sahoo
 Director
 DIN: 07654279

Dr. Mohmad Ishaq Wani
 Director
 DIN: 08944038

Rajni Saraf
 President/CFO

Mohammad Shafi Mir
 Company Secretary



Annexure 6

Form AOC-2

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

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

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

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

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

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

TABLE "A"

(Rs. In Crores)

Items/Related Party		J&K Grameen Bank (Associate)	JKB Financial Services Ltd. (Subsidiary)	Jammu & Kashmir Asset Reconstruction Limited
Advances	Balance as on date	*11.67	13.85	As per note below
	Maximum Balance during the year	89.67	22.84	
Deposits	Balance as on date	1268.02	7.70	
	Maximum Balance during the year	1518.94	7.70	
Investments	Balance as on date	34.01	20.00	
	Maximum Balance during the year	34.01	20.00	
Interest Paid		85.61	0.09	
Interest/Commission Received		0.36	0.04	
Sale of Fixed Assets		NIL	0.06	
Reimbursement on behalf of Associate/Subsidiary		NIL	0.68	
Transfer of Current Assets/ Liabilities (Net)		NIL	0.13	
IT Support Services		0.91	NIL	
Outstanding with Associate/Subsidiary		NIL	0.48	

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

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

3. The Jammu & Kashmir Asset Reconstruction Limited has been incorporated by Government of J&K and Jammu & Kashmir Bank Limited on 28.04.2017. The Bank has subscribed capital to the tune of Rs. 98 lakhs whereas Government of J&K has subscribed Rs. 102 lakh. The Bank has incurred an expenditure of Rs. 82,18,047.00 towards incorporation expenses for the company, which includes Rs.5,85,317.00 payable to professionals on account of incorporation expenses for the company and the same was reimbursed to them during financial year 2020-2021. The Promoters i.e. J&K Government and Jammu & Kashmir Bank Limited have not released their respective shares towards the capital of the company. In the meantime the promoters have also decided to windup the company and the Bank in turn has approached the Registrar of Companies (J&K) (ROC) for removal of the name of the company from the register of companies under section 248 of the Companies Act, 2013. The application of the Bank is pending with ROC.

4. Salary of Key Managerial Person (KMP)

(Amount in Lakhs)

Items/Related Party	K.M.P*		
	Mr. R. K. Chhibber ** (Chairman)	Mrs. Rajni Saraf (CFO)	Mr. Mohammad Shafi Mir (Company Secretary)
Period for which post held during FY 2020-21	12 months	12 months	12 months
Salary***	68.18	40.79	24.71

*Key Managerial Personnel

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

***Salary includes arrears on account of wage revision.



Annexure 7

Business Responsibility Report

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

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company	:	L65110JK1938SGC000048
2.	Name of the Company	:	Jammu and Kashmir Bank Limited
3.	Registered address	:	Corporate Headquarters, M. A. Road, Srinagar, Kashmir -190001
4.	Website	:	www.jkbank.com
5.	E-mail id	:	board.sectt@jkbankmail.com
6.	Financial Year reported	:	2020-2021
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 The Jammu and Kashmir Bank Limited (J&K Bank), manufactures/provides	:	The Jammu and Kashmir Bank Limited (J&K Bank), incorporated in Jammu & Kashmir, India, is a publicly held banking company engaged in providing a wide range of banking services including Retail Banking, Corporate Banking & Treasury Operations.

9. Total number of locations where business activity is undertaken by the Company

i. Number of International Locations (Provide details of major 5)

Nil

ii. Number of National Locations

As on 31st March, 2021, J&K Bank had a network of 955 branches (including IARBs) which are spread over 18 States and 4 Union Territory in India.

10. Markets served by the Company Local/State/National/International

J&K Bank serves customers in national locations.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR) : ₹ 7134.51 Lacs

2. *Total Turnover (INR) : ₹ 883008.18 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) : ₹ 43212.40 Lacs

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

The Bank had not allocated any budget for CSR activities for FY 2020-21 in conformity with the regulatory guidelines set to arrive at the budget for CSR spend.

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

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies?

Yes

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)

No

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? [Less than 30%, 30-60%, More than 60%]

No

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

a) Details of the Director/Directors responsible for implementation of the BR policy/policies

Certain of the principles or components of the principles of the National Voluntary Guidelines (NVGs) on social, environmental and economic responsibilities of business have more relevance to a manufacturing company and the same has been specified under the respective sections. The Company has in place the policies and processes to address

such principles of the NVGs on social, environmental and economic responsibilities of business which are applicable.

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

b) Details of the BR Head

S. No	Particulars	Details
1	DIN (if applicable)	NA
2	Name	Mr. Ashutosh Sarin
3	Designation	President
4	Telephone number	+91-194-2481930-35
5	E-mail id	ashutosh.sareen@jkbmail.com

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

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

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

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

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

3. Governance related to BR

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

Annually

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

Yes, the BRR is published annually and the hyperlink to view the report online is <https://www.jkbank.com/investor/financials/annualReports.php>

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

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

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

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

The Bank had 16 customer complaints pending at the beginning of the Financial year 2020-21 and 772 Service Requests/ Complaints were received during the year; out of which 768 stand redressed and 20 complaints were pending at the end of the FY 2020-21.

Principle 2

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

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

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

Asides, the bank offers multiple interfaces to its customers viz. e-banking, mobile banking etc. The bank further prefers use of electronic media through social platforms over print media and also provides customers option to subscribe statements over e-mails and e-bills for credit cards etc.

Some of our products and services incorporating social and environmental concerns are given below:-

1. J&K Bank Ladli Beti Scheme:

Bank in collaboration with the Administration of J&K has rolled out 'Ladli Beti' Scheme as a noble cause



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

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

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

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

J&K Bank Apple Advance Scheme/Kissan Credit Card Scheme has helped in changing the micro economics of the UTs of J&K and Ladakh with respect to the rural scenario. The schemes have uplifted the weaker agrarian groups, decreased their dependence on middle men/ intermediaries and made them self-sufficient, bolder and confident. This has not only effected the economy of the UT in a positive manner but has also changed the mindset of the economically backward agricultural sector. Today the said segment is not only living a secure life but is also dreaming of a better one. Bank under its initiative of Corporate Social Responsibility has been trying to help the people belonging to all sections of society irrespective of the economic class with primary focus on preventive healthcare, education, community development, skill development, sanitation etc. Besides, in order to provide basic amenities to its people in the UTs of J&K and Ladakh, by way of creation and maintenance of world class civic amenities like parks, providing ambulances to various hospitals/ NGO's and various other events of social and economic importance. Bank, as Convenor Bank of J&K UTLBC, ensures equitable growth to people in UT of J&K.

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

NA

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

- i. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain? NA
- ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year? NA

3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes what percentage of your inputs was sourced sustainably?
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.
NA

Principle 3

1. Please indicate the total number of employees:
The Bank had 12,307 employees (including contractual employees) at March 31, 2021.
2. Please indicate the total number of employees hired on temporary/contractual/casual basis:
The Bank had 959 employees at March 31, 2021 on fixed term contract.
3. Please indicate the number of permanent women employees:
The Bank had 2,671 women employees at March 31, 2021.
4. Please indicate the number of permanent employees with disabilities:
The Employees disability status is being maintained/ recorded in Banks HRMS solution (People's System). The Bank is an equal opportunity employer and treats all employees at par. Based on the HRMS data at present the Bank has 22 employees with self-disability for whom monthly disability conveyance allowance is being paid.
5. Do you have an employee association that is recognised by management?
Yes.
There are two Federations which are recognized by the Management.
 - a. All India Jammu & Kashmir Bank Officers Federation.
 - b. All India Jammu & Kashmir Bank Employees Union.
6. What percentages of your permanent employees are members of this recognised employee association?
97.41 %** see note at the end.

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

The Bank does not engage in any form of child labour/forced labour/involuntary labour and does not adopt any discriminatory employment practices. The Bank has a Policy against sexual harassment and a committee "Internal Complaints Committee for Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace" has been constituted for dealing with complaints of harassment or discrimination. The said policy is in line with relevant Act passed by the parliament in 2013. The Bank, through the policy ensures that all such complaints are resolved within defined timelines. During the year, one complaint was lodged before the Internal Complaints Committee duly constituted under the Sexual Harassment of Women at Work Place (Prevention and Redressal) Act, 2013 and the rules made thereunder. Accordingly, due inquiry proceedings were conducted in the case, as stipulated in the Act and adequate opportunity was provided to both complainant and respondent to present/ defend their case. Finding the case devoid of any merits, the same was disposed of within the requisite time frame of 90 days.

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

Type of Employees	Number Trained (FY2020-21)
Permanent Employees	2923
Permanent Women Employees	580 (Out of 2923)
Casual/temporary/contractual employees.	--
Employees with disability.	--

In order to meet the requirement of improved skill development of employee under RBS, the Bank has been proactively following the holistic approach in all round development of its human resource as while identifying the pool of resources with specific academic qualifications, imparting special learning & nurturing skill enhancement for capacity development. Trainings are being imparted to employees at Bank's own training Colleges and National institutes of repute, both by in-house facilities and at institutes of repute like CAFRAL, NIBSCOM, NIBM, IDBRT etc. During the FY 2020-2021, 2923 employees across all cadres have been imparted trainings in various fields, 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 3400.

During this period 14 Executives (CMD, Executive Presidents/Presidents & Vice Presidents) were nominated

for attending various Webinars and conferences.

Furthermore out of the 2923 employees trained, 580 were women employees.

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

Principle 4

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

Yes, the bank identifies its internal and external stakeholders which include Shareholders/ investors, customers, employees, regulatory and government bodies. Further, customers are segmented into corporate, retail and staff of the Bank. Besides, the Bank has devised tailor made products / schemes to meet the requirements of every strata of the society which include marginalized sections. The Bank actively participates in the Financial Inclusion Initiatives, Digital India Mission, Atminirbhar Bharat etc. to promote financial services among the stakeholders. The Bank conducts regular and planned engagements with customers, trade bodies etc. through Customer Advisory Forum (CAF) meetings. Besides, the Bank undertakes investor meetings on periodic basis. In addition, the Bank also engages with various regulatory bodies in matters of compliance, supervision etc.

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 union territory of Jammu and Kashmir which focus on skill development trainings to the under privileged and marginalized sections of the society. The Institutes have so far conducted 1577 training programs since inception i.e. July 2011 to 31.03.2021 where 44171 candidates have been imparted entrepreneurship / skill development trainings. Out of which 32320 candidates are settled. 28720 pass out trainees are self-employed, out of which 11247 candidates have utilized their own sources for establishing their own ventures. 17473 trained candidates have set up their establishments with the help of Credit assistance by the Bank. About 3600 candidates trained in these Institutes got settled under wage employment. During the year, the Institutes have conducted 105 training programs where 2623 candidates have been imparted entrepreneurship / skill development trainings.



Out of which 2461 candidates are settled. 2441 pass out trainees are self-employed, out of which 837 candidates have utilized their own sources for establishing their own ventures. 1604 trained candidates have set up their establishments with the help of Credit assistance by the Bank. About 20 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 does not have the specific policy however, the Bank's philosophy of non-discrimination among employees, meritocracy and mechanisms for redressal of employee issues applies across the Bank and its subsidiary.

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

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

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?
Employee complaints have been addressed in Principle 3. There were no complaints received by the Bank specific to human rights violation, from other stakeholders.

Principle 6

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

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

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

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

- i. New business units/offices have been designed such that they are equipped with energy efficient air conditioners, LED lights and other energy conservation measures. Energy conservation

measures such as installation of energy efficient equipment's are some of the key initiatives taken by the Bank.

- ii. The Bank has taken the initiative of installing Solar PV cell based sources of power in its USBs at Ladakh, wherever feasible, which helps us to save energy.
- iii. To reduce paper consumption, J&K Bank emphasizes the use of alternate banking channels like internet banking, mobile banking, ATMs, and fully electronic branches.
- iv. The Bank has endeavored to reach out to the customers and seek their collaboration in the 'Go Green' movement, encouraging online bill payment, online funds transfer and subscribing to e-statements to migrate customers to 'paperless' and 'commute-free' modes of conducting banking transactions.
- v. A series of initiatives have been taken for promotion of Digital Channels, which include mass issuance of Debit/Credit cards, enablement of e-banking and Mobile banking users, POS installations, onboarding and enablement of customers for Kiosk banking and AADHAAR seeding.

3. Does the company identify and assess potential environmental risks? Y/N
The Bank implements the applicable environmental regulations/policies issued by the Government and its agencies in respect of its premises and operations. The Bank also requires the borrowers of project loans to comply with the various national environmental standards.

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

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

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

Principle 7

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

The Bank is a member of Indian Banks' Association.

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others) Our Bank is member of Indian Banking Association only, hence not applicable.

Principle 8

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

J&K Bank undertakes a number of initiatives for the under-privileged, including a large scale skill development initiative. The Bank has established twelve Rural Self Employment Training Institutes across the union territory of Jammu and Kashmir which focus on skill development trainings to the under privileged and marginalized sections of the society. The Institutes have so far conducted 1577 training programs since inception i.e. July 2011 to 31.03.2021 where 44171 candidates have been imparted entrepreneurship / skill development trainings. Out of which 32320 candidates are settled. 28720 pass out trainees are self-employed, out of which 11247 candidates have utilized their own sources for establishing their own ventures. 17473 trained candidates have set up their establishments with the help of Credit assistance by the Bank. About 3600 candidates trained in these Institutes got settled under wage employment. During the year, the Institutes have conducted 105 training programs where 2623 candidates have been imparted entrepreneurship / skill development trainings. Out of which 2461 candidates are settled. 2441 pass out trainees are self-employed, out of which 837 candidates have utilized their own sources for establishing their own ventures. 1604 trained candidates have set up their establishments with the help of Credit assistance by the Bank. About 20 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 NGOs, 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?

Since the Bank had, in conformity with MCA guidelines, NIL budget for CSR for the FY2020-21, no expenditure has, as such, been incurred under CSR during FY2020-21.

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

Community development through CSR interventions forms the core of all the initiatives undertaken by the Bank. The CSR projects are designed to reflect the needs of each target population. Bank always encourages the active engagement of all the stakeholders as and when it deems fit. The initiatives primarily focus on improving livelihood and provide access to quality health services, education and environment. The effectiveness of the initiatives is ensured through regular monitoring and feedback. However, owing to Nil budgetary allocation for CSR, no initiatives were undertaken during FY 2020-21.

Principle 9

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

2.54% Service Requests/ customer complaints were pending at the end of Financial Year 2020-21 comprising of 20 cases.

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).

Not applicable. 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.

Nil

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

Yes. The Customer Satisfaction Survey project of the Bank was completed on June 9, 2021. The Bank has received positive feedback from the respondents and overall satisfaction level of the customers has been assigned a score of 8.2 (on a scale of 1-10).



ANNEXURE

		P1- Please refer Note P1	P2- Please refer Note P2	P3- Please refer Note P3	P4- Please refer Note P4	P5- Please refer Note P5	P6- Please refer Note P6	P7- Please refer Note P7	P8- Please refer Note P8	P9- Please refer Note P8
1	Do you have a policy/policies for	Y	N	Y	Y	N	N	N	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	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*
4	Has the policy been approved by the Board?	Y	-	Y	Y	-	-	-	Y	Y
	If yes, has it been signed by MD/ owner/ CEO/appropriate Board Director?	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
6	Indicate the link for the policy to be viewed online?	Note 2	-	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
8	Does the company have inhouse structure to implement the policy/ policies?	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
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
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 adhere to the RBI guidelines on the priority sector lending and Financial Inclusion, which are aimed at marginalized and vulnerable stakeholders.								

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

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

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

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

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



Management Discussion and Analysis

GLOBAL ECONOMIC OUTLOOK

Introduction

The global economy is exhibiting incipient signs of recovery as countries renew their tryst with growth, supported by monetary and fiscal stimulus. Still, activity remains uneven across countries and sectors. The outlook is highly uncertain and clouded with downside risks. In July 2021, the International Monetary Fund (IMF) revised up its global growth projection for 2021 to 6.0 per cent (from 5.5 per cent projected in January 2021) reflecting the anticipated legislation of additional fiscal support in the second half of 2021 and improved health metrics more broadly across the globe. World merchandise trade maintained its recent uptrend, growing by 5.4 per cent in February 2021 on a year-on-year (y-o-y) basis. Consumer price index (CPI) inflation remains benign for major advanced economies; in a few emerging economies, however, it persists above targets on account of firming global food and commodity prices. Global financial markets regained buoyancy in April on vaccine optimism after bouts of volatility in February-March, followed by corrections.

Never-seen-before extreme health emergency unleashed by COVID-19 simultaneously caused a global recession. If we have a look over the past century and a half, we find the depth of the COVID-induced recession was surpassed only by the two World Wars and the Great Depression of 1929. Even as global economic activity is rebounding, it is unlikely for businesses in varied sectors of economy to return to normal in the post-COVID future, especially after the second spell of the pandemic turned deadly. The second wave caused a severe loss of life, pushing millions into extreme poverty, and inflicted lasting scars by leaving millions with drastic cut in their incomes. The loss of income is a trend which is going to last for a prolonged period.

As per World Bank in its June 2021 Global Economic Prospectus, the global economy is expected to expand 5.6% in 2021, the fastest post-recession pace in 80 years, largely on strong rebounds from a few major economies. However, many emerging market and developing economies continue to struggle with the COVID-19 pandemic and its aftermath, the World Bank says in its June 2021 Global Economic Prospects. As per the report, among major economies, U.S. growth is projected to reach 6.8% this year, reflecting large-scale fiscal support and the easing of pandemic restrictions. Growth in other advanced economies is also firming, but to a lesser extent. Among emerging markets and developing economies, China is anticipated to rebound to 8.5% this year, reflecting the release of pent-up demand.

Emerging market and developing economies as a group are forecast to expand 6% this year, supported by higher demand and elevated commodity prices. However, the recovery in many countries is being held back by a resurgence of COVID-19 cases and lagging vaccination progress, as well as the withdrawal of policy support in some instances. Excluding China, the rebound in this group of countries is anticipated to be a more modest 4.4%. The recovery among emerging

market and developing economies is forecast to moderate to 4.7% in 2022. Even so, gains in this group of economies are not sufficient to recoup losses experienced during the 2020 recession, and output in 2022 is expected to be 4.1% below pre-pandemic projections.

Per capita income in many emerging market and developing economies is also expected to remain below pre-pandemic levels, and losses are anticipated to worsen deprivations associated with health, education and living standards. Major drivers of growth had been expected to lose momentum even before the COVID-19 crisis, and the trend is likely to be amplified by the scarring effects of the pandemic.

Growth in low-income economies this year is anticipated to be the slowest in the past 20 years other than 2020, partly reflecting the very slow pace of vaccination. Low-income economies are forecast to expand by 2.9% in 2021 before picking up to 4.7% in 2022. The group's output level in 2022 is projected to be 4.9% lower than pre-pandemic projections. Forecasts of the pace of the global recovery are subject to considerable uncertainty, especially given the volatile nature of the pandemic. Positive surprises to growth since the January 2021 forecast suggest that risks to the outlook have become more balanced; however, downside risks to the near-term outlook continue to predominate.

On the downside, the pandemic could prove more persistent than expected, a wave of corporate bankruptcies or financial market stress could derail the recovery, and an unequal pickup in growth could exacerbate social unrest in various parts of the world. On the upside, more rapid vaccine production along with more equitable distribution could lead to faster than expected control of the pandemic; moreover, the current upturn in growth, currently concentrated in some major economies, could lead to sizable spillovers and trigger a broader and stronger global economic recovery. In these circumstances, global growth would be much more subdued, only recovering to 1.6 percent in 2021 and 2.5 percent in 2022. In a more severe downside scenario including widespread financial stress, global growth could even be negative in 2021.

Effective containment measures are key to avoid disruptive flare-ups of new cases. As such, the top near-term policy priority will continue to be pandemic control, such as sustaining compliance with social distancing and masking guidelines; increasing testing capacity; and, eventually, overcoming challenges in procuring and distributing vaccines. Timely and equitable access to vaccines across the world will necessitate global cooperation. Only once the pandemic is contained in all countries will each country be safe from a resurgence.

Even once the pandemic has subsided, the global economic landscape is unlikely to return to its previous state. The pandemic will leave lasting scars on productivity, including through its effect on the accumulation of physical and human capital, which will exacerbate the downward trend in potential growth. Accordingly, beyond the necessary steps to nurture

the recovery and protect vulnerable populations in the near term, decisive policy action will be essential to address the far-reaching damage from COVID-19 and ultimately mitigate its compounding effects on the ongoing structural decline in long-term growth.

Over the longer run, the pandemic has highlighted the urgent need for reforms in advanced economies that harness the productivity benefits of sectoral reallocation and bolster the adoption of automation and digital technologies, along with the strengthening of social safety nets to facilitate this process.

Indian Economy Outlook

The Indian economy was advantageously poised as the financial year 2020-21 - the year of the pandemic - was drawing to a close. India was at the foothills of a strong recovery, having regained positive growth, but more importantly, having flattened the infections curve. But in a time of few weeks, there was a drastic change in the situation. Second deadly wave of the coronavirus outbreak, during the months of April-May, got unleashed in every part of India and situation became grim following an intense rise in infections and mortalities. New mutant strains emerged, causing severe strains on healthcare and medical facilities, vaccine supplies and frontline health personnel. However, India has mounted a valiant defense, domestically and globally, to ramp up vaccines and medical support, and save lives.

India's nascent economic recovery has been derailed by the second covid-19 wave even before it could gather steam. Remarkably, the Reserve Bank of India (RBI) has noted that 2020-21 will go down in history as the year of the Covid-19 pandemic break in the life and ethos of humanity. It altered economic activity, finance and, more generally, life and livelihoods in a drastic and deep way that may take several years to heal.

While commenting on the Indian economic outlook, RBI states that the near-term economic outlook is clouded, with an accentuation of downside risks and potential externalities of global spillovers. "Embattled by new waves of infections and mutant strains of Covid-19, the slow pace of inoculation in several parts of the world and visceral vaccine protectionism, the global and domestic outlook has once again turned grim and overcast with extreme uncertainty and downside risks," says the RBI in its Annual Report 2020-21.

Reserve Bank of India after the onset of the second wave had revised its projections with real GDP growth projected at 9.5 per cent in 2021-22, consisting of 18.5 per cent in Q1; 7.9 per cent in Q2; 7.2 per cent in Q3; and 6.6 per cent in Q4:2021-22 in its Annual Report. In the month of August 2021, RBI Governor stated that as the COVID-19 second wave ebbs, there is optimism that with adequate pandemic protocols and ramp-up in the vaccination rate, we should be able to tide over a third wave, if it occurs. As a nation, we should continue to be vigilant and ready to proactively deal with any resurgence of the pandemic with more rapidly transmissible mutants of the virus, should it happen. While retaining the real GDP projection growth at 9.5 per cent in 2021-22 consisting of 21.4 per cent in Q1; 7.3 per cent in Q2; 6.3 per cent in Q3; and 6.1 per cent in Q4 of 2021-22. Real GDP growth for Q1:2022-23 is projected at 17.2 per cent.

Drawing on learnings and adaptations during the course of the tumultuous year gone by, the regulator says the country can prepare for the year ahead with confidence and fortitude. It's fervently believed that vaccination on larger scale holds the key to escape from the wrath of the pandemic. And need of the hour is to tailor strategies that put the country back on a secure path of strong and sustainable growth with macroeconomic and financial stability. This way, the country can once again get engaged in achieving its developmental aspirations.

As the country is recovering from the second wave of Covid-19, vaccinating the population remains the top priority of the country, along with the five pronged approach of Covid appropriate behaviour, test, trace, treat and vaccinate to contain the impacts of the pandemic. More than 58.25 crore doses of the vaccine have been administered by August 22, 2021. A population of 70 crore (approximately 80% of the eligible population) needs to be vaccinated with two doses of the vaccine, for herd immunity to kick in. Most of India's public and private infrastructure is gearing up to make this happen.

The domestic monetary & financial conditions remain accommodative and supportive of economic activity. The inoculation progress is also expected to gain momentum in the ensuing months, which would aid in stabilizing the economic activity and the expectations on improvement in global demand conditions would augur well for export activities. The resilience in agricultural & farm economy are expected to sustain the buoyancy in demand and the forecast of a normal monsoon would further strengthen rural prospects.

The recent announcements made by Ho'ble Finance Minister, Government of India, in the month of June 2021 enhancing the overall cap of ECLGS to 4.50 Lakh Crores, additional 1.10 Lakh Crores guarantee schemes for sectors affected by the pandemic, credit guarantee scheme to provide loans to small borrowers through Microfin Institutions and new schemes to revive the tourism sector are expected to stimulate the economy further.

Nevertheless, the scale and speed of vaccination dissemination and effective containment of further spread of infections would be critical for sustaining the cautious optimistic outlook of the economy.

J&K Economy

Jammu & Kashmir economy has always remained a cause of concern. Despite huge potential available in various sectors, the region has struggled to explore its economic potential. Even as, over the years, consistent efforts were made to make the most out of the available economic potential, strife coupled with the natural disaster of 2014 deluge derailed all such efforts. Now the ongoing COVID-induced pandemic has proved a catastrophe for the economy of J&K and has brought it to the brink of collapse. There is no sector of its economy -- be it tourism, horticulture, transport, or trade -- that hasn't suffered pandemic-induced losses. Precisely, the series of occurrences over the years have grossly hampered the economic growth of the region.

Meanwhile, J&K economy is classified into primary, secondary



and tertiary sectors, making an overall contribution of 21%, 22% and 57% respectively to the state domestic product, which together have been significantly contributing to the state domestic product. Notably, agriculture in the primary sector, construction in the secondary sector and public administration in the tertiary sector have emerged as the largest contributors towards the Gross State Domestic Product (GSDP).

Needless to mention that the tourism sector has been playing a captain's role in the region's economy as it makes an enormous contribution to the region's local economies through job creation and sustainable development. It is the largest service industry in the UT and is significantly contributing to the GSDP. It earns foreign exchange, provides widespread employment, and yields tax revenue. Remarkably, pilgrimage tourism provides an extra boost to the region's economy.

Impact of Covid-19 Pandemic

The deadly second wave of COVID -19 unleashed unprecedented devastation both on the health as well as on the economic front in the Jammu & Kashmir and Ladakh regions. With mutated behaviour, the deadly infections ravaged livelihoods, squeezed incomes, impacted labour supply and severely damaged the consumer and investment sentiment in the region. Consequently, J&K witnessed yet another spell of unaffordable lockdown, though not at the scale which was witnessed in the phase of the pandemic. Here it is worth mentioning that the region was hit by lockdowns since August 2019 (pre-pandemic times) and the virus-induced lockdowns further complicated the intensity of economic strangulation experienced by households, individuals and businesses in this region, which is far worse than what is being felt in mainland India.

Though lockdowns returned intermittently in the second wave, the economic activities once again lost steam as people observed extreme cautions to save their lives. As economic recovery was making its way back after suffering in the first COVID-19 wave, the deadly second wave halted its progress and once again millions lost jobs and millions witnessed drastic cuts in household incomes.

Among four main engines of economic output i.e. personal consumption, business investment, government spending and net exports, J&K's economy is primarily driven by consumption and government spending with a mild support from investment and exports. These two components create a major portion of the region's economic output, household incomes and employment. Consumption supports trading sector which is the second largest employment provider in J&K's economy after agriculture. It provides livelihood to over 10 lakh people which is almost a quarter of J&K's total workforce. The impact of lockdown hit trading activities very negatively resulting in immediate downsizing of the workforce. This eventually led to job and income losses instantly.

Opportunity in Crisis

The devastation caused by the Covid-19 pandemic to the economy of the J&K region demands a concerted effort from all stakeholders in developing ways not only to contain the pandemic, but also improve the economy and find other

channels to deliver the maximum growth in GSDP.

There is an opportunity for the banks operating in the region to customize sector-wise economic answers for the pandemic-induced problems to pull out the local businesses and households in J&K out of financial distress. Be it agriculture sector, horticulture sector, industry or services sector, the virus has derailed economics of all these sectors. In order to get these sectors back on track, there is a need to revisit the traditional products & services and revamp/tailor these schemes in line with the COVID-induced norms which are going to stay permanently. Precisely, it's a business opportunity for the banks to garner business in the new norm with customized solutions.

With J&K Government approving an incentive scheme worth ₹28,400 crore under Industrial Development Package-2021 with the aim to bring industrial development in the Union Territory of Jammu and Kashmir, this creates a huge opportunity for the banking sector to give boost to its MSME portfolio. The scheme is also expected to create jobs, attract investment and is aimed at boosting economic growth of the UT of J&K and Ladakh. Its outlay is until 2037 and ₹1,123.84 crore have already been disbursed under various special packages.

Besides, the following are some of the major initiatives taken by the Government to promote Jammu & Kashmir as an investment destination for revival of economy:

- According to the Department for Promotion of Industry and Internal Trade (DPIIT), cumulative FDI inflow in J&K was valued at US\$ 0.21 million between October 2019 and December 2020.
- J&K 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.
- National Highway Infrastructure Development Corporation (NHIDCL) is developing five tunnels in the UT at a cost of US\$ 3.42 million. The tunnels will have all weather access and will be completed by 2024.
- Total production* of horticulture crops in UT in 2018-19** stood at 3.96 million tonnes with 414.47 thousand hectares area under production. The industry plays a vital role in the UT's economic development. In 2019-20, total production of horticulture crops was expected to be 3,912.91 thousand metric tonnes and area under production was 400.25 thousand hectares. In 2019-20, the total production of vegetables and fruits was estimated at 1337.12 thousand metric tonnes and 2541.16 thousand metric tonnes, respectively.
- In February 2021, Hon'ble Prime Minister Shri Narendra Modi inaugurated the second Khelo India Winter Games in Gulmarg with the objective of making Jammu and Kashmir a hub for winter sports.
- In October 2020, construction work started on the Zojila Tunnel at J&K. The tunnel will provide all-weather connectivity on NH-1 between Kashmir Valley and Leh (Ladakh Plateau) and will bring about an all-

round Jammu & Kashmir economic and socio-cultural integration (UTs of J&K and Ladakh). It involves building a 14.15-km long tunnel under the Zojila pass on NH-1, linking Srinagar and Leh via Dras & Kargil.

- About 150,000 metres of silk cloth is produced per annum in J&K. During 2018-19(P), 118 MT of raw silk was produced in the J&K and had a production target of 170 MT for 2019-20(T).

(Source Jammu And Kashmir Presentation And Economic Growth Report | India Brand Equity Foundation (IBEF))

BANKING SECTOR OUTLOOK

Global Banking Scenario

The banking system has proven remarkably resilient during the pandemic. Capital and liquidity have generally been strong across the industry. Within exceptionally short timeframes, large banks moved the vast majority of their employees to remote work. Institutions have effectively managed surge demand from customers seeking support, and acted as pipelines for government economic stimulus packages. The industry has shown an astonishing ability to manage change in the face of an unprecedented crisis.

Understandably though, financial performance across the sector has been weak throughout 2020. Globally, average returns on equity for banks were in single digits for the first half of the year, as banks shored up provisions to manage emerging asset quality risks, which added to the profitability challenge.

Additionally, lending fell in the first half of the year, despite government stimulus measures, as did net interest income on lending and deposit products, amid a weakening interest rate environment. Within wealth management, revenues were negatively impacted by margin pressure in the first half, but a sharper recovery in Q3 looks likely to offset any profitability challenges for the segment for the full year. Universal banks have also been bolstered by the performance of trading businesses and issuance fees. That said, a return to lower volatility in 2021 would see investment banking revenues revert to more normal levels.

Meanwhile, as vaccination against Covid 19 infection has been rolled out, banks will continue to be central to supporting the economy and helping the business recovery through 2021. However, being focused on capital prudence is important while managing profitability. This will not be easy should net interest margins remain depressed. Interest rates are likely to stay low for the foreseeable future. The pandemic has also driven some shifts in the competitive landscape. Its impacts have exposed weaknesses in the challenger sector in several markets, where challengers have historically delivered impressive growth in their customer base but not accompanying profitability. The challenger banks' "race to scale" has hit turbulent water, and some firms may need to revisit their long-term strategy for achieving profitability.

An opportunity to transform

Even as the COVID-19 pandemic has thrown challenges for banks, this disruption is leading to new opportunities. Banks have been through a live stress test, highlighting areas of weakness in operating models and where banks can improve performance. While many challengers are focused on a

path to profitability, traditional banks have an opportunity to accelerate their digital transformation, particularly while expectations around short-term returns are lower than normal. Meanwhile, challenger banks must race to scale – but they can no longer do so at the expense of profitability.

Banks have an opportunity to transform by accelerating investments in technology and embedding agile and scalable business models. But reframing their future requires banks to build a strong core. As banks accelerate their transformation plans, they should double down on their investments in three key pillars – resilience, cost and customer centricity.

Indian Banking Scenario

Second COVID wave of Covid-19 infections posed increased risks for India's fragile economic recovery and the banking sector. Various rating agencies in their reports expect a moderately worse environment for the Indian banking sector in 2021.

Notably, Fitch has lowered the operating environment score for Indian banks to 'bb' in March 2020, with a negative outlook. Downside risk to Indian banks' Viability Ratings - particularly those in the 'bb' category - would rise if it is assessed that operating environment risks have increased enough to warrant a lower score. However, the banks' support-driven Issuer Default Ratings are unlikely to change unless the state's ability or propensity to support the banks has changed. Precisely, it's believed that a speedy economic recovery is critical for the sector to rebound, even though it would be a challenging landscape for Indian banks in 2021.

Meanwhile, the extension of pandemic through 3rd wave may stall a strong recovery in the economy and credit conditions. In a severe downside scenario, the Indian banking system's weak loans should rise to about 12 per cent of gross loans. It may thwart banking system profitability.

Bad loan scenario

Although Indian banks reported a decline in bad loans at the end of FY20-21, the impact of the pandemic-induced disruptions on asset quality will be spread over FY22, with bad loans expected to rise to 9.9-10.2% by 31 March, 2022. Banks had seen their gross and net non-performing assets (NPAs) improve in Q3. Despite including pro forma bad loans of about Rs. 1.3 trillion, gross NPA ratio stood at 8.3% compared with 8.6% as on 31 March, 2020.

Even as the headline asset quality and restructuring numbers are encouraging, these do not reflect the underlying stress on asset quality of banks. The level of loans in overdue categories has increased after upliftment of moratorium and the impact on asset quality will be spread over FY22 as various interventions and relief measures have prevented a large one-time hit on profitability and capital of banks.

Notably, state-owned banks raised Rs. 12,000 crore and private banks raised Rs. 53, 600 crore of equity capital from market sources during FY21. In addition, the government infused Rs20, 000 crore in public sector banks as part of its budgeted recapitalization for FY21.

Following the capital raise, the tier 1 capital position of public sector banks improved to 10.99% as on 31st December 2020 from 9.7% as on 31 March, 2020, while for private banks, it improved to 16.66% from 14.1%.



Payment systems

India has emerged as one of the leaders when it comes to payment systems; perhaps akin to the recognition in the COVID vaccine front. Digital payments volume in India increased at a compounded annual growth rate of over 55 per cent in the past five years from 5.9 billion in 2015-16 to 34.3 billion in 2019-20, almost six times in 5 years. Retail payment systems such as the UPI and Aadhaar Enabled Payment Service (AePS) have changed the entire dynamics of retail payment systems as they are being used at every nook and corner of the country. Last year when many other nations were writing cheques to provide stimulus to the people, India processed 274 crore digital transactions to provide Direct Benefit Transfer (DBT) to the people straight into their bank accounts.

Emerging areas such as mobile and digital banking, digital lending, addition of POS machines and huge increase in number of FinTech startups are all new developments that are closely linked to the banking sector. Several new startups are looking to disrupt services received by customers, and also helping banks accelerate their digital journey through tie ups with the banks.

Way Ahead

Banking sector needs to comprehend the covid-induced future necessities of the society and accordingly customize its response to the growth initiatives in the Indian financial sector. IT systems need to be developed to handle the exponential surge in the number of digital transactions. The example of Unified Payments Interface (UPI) which took three years' (2017-2019) to register a monthly count of 1 billion transactions, but doubled to 2 billion a month in a short span of another year clearly stands out. This demonstrates the need for scalability of systems and platforms in such a way that it can be easily scaled up, not 'incremental scalability, but 'exponential scalability'.

India is on the way to becoming Asia's top financial technology (FinTech) hub with 87 per cent FinTech adoption rate as against the global average of 64 per cent. The RBI governor in this backdrop has stated, it is RBI's priority to foster effective regulations with continuous knowledge acquisition so that we stay ahead of the curve. "The Reserve Bank's endeavour is to ensure that the regulations do not constrain innovation; rather they should encourage and nurture innovation, without compromising the need for financial sector stability, cybersecurity, customer protection, etc. Optimality in regulation and supervision is the key."

Notably, the regulator has recently constituted a working group on digital lending, including lending through online platforms and mobile apps. Overall, an orderly growth of Fintechs will benefit all the stakeholders in the financial sector.

Banking sector in J&K

Role of banks operating in J&K and Ladakh assumes extra significance. They have a crucial role to bail out the region from economic backwardness and bring in prosperity in all sectors of economy. Over a period of time, the region has developed a robust banking network with 2008 branches as at the end of March 31, 2021, spread across its nook and corner. The banking sector consists of 37 banks, which includes 12 public sector banks, 11 private sector banks, 10 Cooperative banks, two regional rural banks, one State

Financial Corporation and India Posts Payment bank.

A glimpse of the aggregate analysis of the advances and deposits position of the banks as on March 31, 2021 reflects some interesting and peculiar behavioral aspects. All banks together have granted loans to the tune of over Rs 79,942.46 crore, including Rs.7,841.38 crore of corporate advances to various sectors of economy with a deposit base of Rs.1,48,677.11 crore as at the end of March 2021. The credit - deposit (CD) ratio stands at 53.77%.

At the end of the March 2021, public sector (Nationalized) banks having 453 branches in the region are having a deposit base of Rs. 35,363.61 crore and their outstanding loans recorded at Rs.18,976.62 crore.

Two regional rural banks (RRBs) with a branch network of 332 and 10 cooperative banks having branch network of 263 have deposit base of Rs.5668.29 crore and Rs.3473.09 crore respectively. The outstanding advances of these banks stood at Rs.3078.78 crore and Rs.1421.61 crore respectively at the end of March 2021.

Among the 11 private sector banks operating in J&K, it's J&K Bank which is a major player with a branch network of 803 spread across every nook and corner of the region. The private sector banks together have a deposit base of Rs. 1,04,166.08 crore and outstanding advances stood at Rs. 54,126.75 crore at the end of March 2021. J&K Bank alone has a contribution of Rs.50,020.44 crore to the outstanding advances on the said date.

J&K Bank -Business Strategy

Based on the economic outlook, the principal goal of the Bank over the Medium-term Strategy period is to build a strong balance sheet reflecting better asset quality, good prospects of maximization of returns and better capital structure. Under medium term strategy, bank shall focus on the following:

- Accelerated growth across various business segments like Retail credit, Priority sector, agriculture, MSME, housing, car/two wheeler etc. The prospects under these segments seem to be far better post normalization of business environment after COVID disruption.
- The bank shall adopt segmented approach to identify different customer segments and provide them customized facilities matching their requirements.
- Rationalization of human resources and competence mapping to match their skills with organizational requirements.
- Increase retail and CASA deposit base in order to reduce cost of funds and improve margins & profitability.
- To improve various profitability and efficiency ratios of bank.
- Improve the sales culture at operative levels launching business promotional campaigns across the bank for various products of the bank.
- To avoid fresh slippages by keeping a close eye on the accounts reflecting in SMA.

- Providing regular training programmes to staff on major aspects of banking operations viz Credit Appraisal, Recovery Management in Banks, KYC/AML etc.
- Reduce cost of operations by mass on boarding of customers to digital channels by issuance of credit cards, debit cards and encouraging use of ATMs, CDMs, POS, mPay and e-banking to minimize the footfall in the Business Units.
- To maximize public outreach through local print media, electronic media and social media platforms and create awareness among the public/target groups/customers about the various products/facilities being offered by the bank.
- To extend every possible support to viable MSMEs & other borrowers in line with their merit based requirements and directions as per the regulatory framework.
- Opening of new banking outlets shall be considered on case to case basis after taking into account Business potential/profitability/financial inclusion of unbanked areas, Competition and Regulatory requirement.

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

During the fiscal 2020-21, the total income was recorded at Rs. 8830.08 Cr compared to Rs. 8992.21 Cr for the previous FY, showing a decline of 1.80%. Interest income stood at Rs. 8111.09 Cr for the FY2020-21 as against Rs. 8446.29 Cr for the previous FY recording a YoY decline of 3.97%. The non-interest income significantly increased to Rs. 718.99 Cr for the year ended 31.03.2021 as against Rs. 545.92 Cr for the year ended 31.03.2020. Interest expended decreased to Rs.4340.31 Cr in the fiscal 2020-21 from Rs. 4739.62 Cr in the previous fiscal 2019-20 recording a YoY decrease of 8.42%.

The Bank's operating expenses stood at Rs. 2878.54 Cr for FY 2020-21 as compared to Rs. 2727.54 Cr for FY 2019-20. Operating Profit stood at Rs. 1611.23 Cr for FY 2020-21 as compared to Rs 1525.05 cr for FY 2019-20 growth of 5.65% YoY owing to increase in non-interest income.

NPA Coverage ratio of the Bank stood at 81.97% as on March 31, 2021 as compared to 78.59% as on March 31, 2020 and net NPAs were considerably reduced from 3.48% as on March 31, 2020 to 2.95% as on March 31, 2021.

The bank posted a Net Profit of Rs 432.12 crore for the financial year ended Mar, 2021 as compared to Net Loss of Rs 1139.41 crore during the financial year ended Mar, 2020.

The aggregate business of the bank stood at Rs. 174902.88 Crores at the end of the financial year 2020-21.

The Bank recorded deposit growth of 10.51% and advances growth of 3.79% during the year.

Cost of deposits have significantly decreased to 4.10% from 4.96%, while, CASA has shown an improvement to 56.84%. The loan-book of UTs of J&K and Ladakh have witnessed 16% growth thereby re-orienting the lending

composition of the bank with J&K and Ladakh getting 71% of total advances of the Bank.

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

Deposits	Amount (Rs. in Crores)	Advances	Amount (Rs. in Crores)
Demand	13870.88	Cash Credits, Overdrafts & Demand Loans	24289.18
Savings	47554.06	Bills Purchased & discounted	693.65
Term	46636.21	Term Loans	50904.58
Total	108061.15	Total	75887.41

- The total deposits of the Bank grew by Rs.10272.92 Crores from Rs. 97788.23 Crores as on March 31, 2020 to Rs.108061.15 Crores as on March 31, 2021, a growth of 10.51% percent. CASA deposits of the bank at Rs.61424.94 Crores constituted 56.84% percent of total deposits of the Bank.
- Average deposits stood at Rs.102938.15 Crores during FY20-21, compared to Rs. 93713.56 Cr during 2019-20 recording a growth rate of 9.84%. Cost of Deposits for the financial year ended March 31, 2021 at 4.10% compared to 4.96% recorded for the last financial year.
- During the year, Gross Credit increased from Rs. 69927.24 Crores (FY 2019-20) to Rs.71916.62 Crores (FY2020-21), registering a growth of 2.84%. The average advances was higher by Rs. 1272.31 Crores at Rs. 70921.93 Crores at the end of the fiscal 2019-20 from Rs. 69649.62 Crores at the end of previous fiscal.
- The average yield on advances was 8.54% for the fiscal against 9.48% during the previous fiscal.

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

Opportunities and Threats

In the second year of the COVID pandemic, banks have continued to see huge changes on all fronts -from stressed assets due to impacted businesses, to consumer behaviour and digitization of as many transactions as possible.

Banking sector, like many other sectors, faces unprecedented uncertainty due to COVID-19. COVID-19 pandemic has picked gaps and general lack of agility in the banking systems when faced with an emergency situation. Since banking services are classified under the essential services list, the crisis mounted immense pressure on the banks to ensure business-as-usual. During the course, the banks faced operational and technical challenges. Alongside the challenges confronting the banking sector to counter the crisis, some opportunities also emerged on the scene to make the systems and procedures more vibrant. For example, there is an opportunity to adopt



cutting edge banking technologies and blaze the digital transformation trail. It is an opportunity for banks to focus on a complete transition by digitization of all their functions, processes and systems. The banks and financial institutions have an opportunity now to look at collaboration with the new entrants and fintechs. Such necessity-driven partnerships will drive innovation and jointly reap the benefits of the large customer base of the banks and the new technologies of the fintechs.

Rapid Digitalization is playing a bigger role than ever in banking, and all banks, including our Bank are learning and participating in the digitizing of all aspects of banking. Every form of traditional banking is exploring digitization and significant headways have been made in payments, mobile banking, online banking, digital lending, e-KYC, remote customer servicing etc. Data security is, however a critical component in this revolution, and it is a key risk to manage. The financial regulators in India are working towards building a fundamentally strong system that can manage such risks and have been very successful at it.

Besides, COVID-19 induced mess translates into a huge burden on the banks and financial institutions which among other things have witnessed deterioration in asset quality. Notably, the Central Government and RBI brought on a slew of reforms, actions and initiatives to maintain liquidity in the economy, give relief to distressed segments, and aid the banks in helping businesses and individuals tide through the tough times.

Risks and Concerns

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

The Integrated Risk Management Committee of the Board (IRMC), which is a committee of the Board, reviews various aspects of risk arising from the businesses of the Bank & frames, monitors and reviews the risk management framework. The Integrated Risk Management Committee (IRMC) of the Board reviews risk management policies of the Bank pertaining to credit, market, liquidity, operational & Pillar II risks that includes strategic risk and reputational risk, Internal Capital Adequacy Assessment Process (ICAAP), stress testing, Business continuity planning & information security. The Committee reviews implementation of Basel III, risk return profile of the Bank, compliance with RBI guidelines pertaining to credit, market, operational and residuary risks faced by the Bank, including actions taken by Asset Liability Management Committee (ALCO). The Chief Risk Officer (CRO) oversees the development and implementation of Bank's risk management functions. Further details in this regard are available in this report in Directors' Report and Corporate Functions Report.

Internal Control and Systems Adequacy

A strong internal control system, including an independent and effective internal audit function, is part of sound corporate governance. Internal control is the systems,

policies, procedures, and processes effected by the Board of directors and management personnel to safeguard bank's assets, limit or control risks, and achieve bank's objectives.

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

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

The Supervision, Control & Audit Vertical of the Bank which is responsible for evaluating the adequacy and effectiveness of all internal controls, governance processes is manned by appropriately qualified, competent and experienced personnel. Evaluating internal control involves identifying the internal control objectives relevant to the bank, department, business line, or product; reviewing pertinent policies, procedures, and documentation; discussing controls with appropriate levels of bank personnel; observing the control environment; testing transactions as appropriate; sharing findings, concerns, and recommendations with the Board of directors / Audit Committee and senior management; and determining that the bank has taken timely corrective action on noted deficiencies. The objectives of internal audit are achieved by the vertical through various types of audits & inspections - periodical & ongoing - like Risk Based Internal Audit, Concurrent Audit, Management Audit, Information Systems Audit, Legal Audit, Credit Audit and special audits like Forex Audit, Audit of Currency Chests, etc. In addition to internal auditors, Bank also uses services of professionals like C.A firms for conducting various audits like Concurrent Audit, Stock Audit and Forensic Audit. All the audits are conducted as per regulatory guidelines and the head of internal audit maintains adequate oversight and ensures that the use of external experts does not compromise the independence and objectivity of the internal audit function. Risk Based Internal Audit (RBIA) of all business units is conducted at periodical intervals ranging from 6 months to 18 months depending on their risk profile (level / grade) and direction (increasing / decreasing) and the audit is comprehensive covering all operational areas of the business units.

Besides, keeping pace with rapid digitalization in your bank, technology-based audit system has been introduced

for enhanced efficiency and effectiveness through system driven audits. The modules which uses technology for audit purpose are:

1. Concurrent Audit
2. Risk based Internal Audit
3. Long Form Audit Report
4. Information Systems Audit
5. Credit Audit
6. Legal Audit
7. Departmental Audit
8. Snap Audit
9. Management Audit

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

Branch Audit

S&C and Audit Department undertakes review of the operations of Business Units through Risk Based Internal Audit (RBIA), an adjunct to Risk Based Supervision, as per RBI directives. Your Bank has initiated a system driven process through a software eThic for conducting the audit of all Business units of the Bank covering the business operations.

Credit Audit

Your Bank undertakes Credit Audit to review large value standard borrowal accounts, evaluate portfolio quality including audit of appraisals, sanction and follow-up process on an ongoing basis. The loan review mechanism under credit audit has been designed to provide, inter alia, early warning signals in eligible borrowal accounts.

Management Audit

Management audit is an independent and systematic appraisal of how effectively and efficiently an organization is accomplishing its objectives and performing the management functions of planning, organizing, directing, coordinating and controlling. Management audit is a total audit system encompassing the entire gamut of management functions and tools including the internal audit/inspection functions.

Foreign Exchange (Forex) Audit

Foreign Exchange business of the Bank being conducted across the country borders is exposed to a number of risks. Foreign currency prices are subject to change on account of monetary policies of the Reserve Bank and by domestic, international and overall global economic factors. Since the Forex market is a 24-hour global market with numerous players involving vast sums of money, rates can move considerably on account of any overseas developments and expectation of any change in monetary flows triggering speculation. Moreover, Forex market is information technology driven and as such, decision-making has to be instantaneous

Information system audit

Information system audit is a part of the overall audit process, which is one of the facilitators for good corporate governance. Information System (IS) auditing is a systematic independent examination of the information systems and the environment to ascertain whether the objectives, set out to be met, have been achieved. IS Audit is the process of collecting and evaluating evidence to determine whether a computer system (information system) is safeguarding the assets, maintaining data integrity and operating effectively to achieve organizational goals.

Concurrent Audit

Your Bank has put in place concurrent audit system carried out round the year at BUs on an ongoing basis. Concurrent audit is an independent appraisal activity conceived as a systematic examination of all financial transactions at a BU to ensure accuracy and compliance of internal systems and procedures as laid down by the bank. It aims at minimizing the incidence of serious errors and fraudulent manipulations as it is intended to be undertaken concurrently. Your Bank has engaged Chartered Accountant Firms in addition to the retired experienced bank officers and regular officers for audits. Additionally, Concurrent Auditors are placed at Central Processing Centers to identify shortcomings in underwriting at a very early stage of the client relationship.

Legal Audit

Legal Audit in your Bank covers scrutiny of the loan and security related documents of loan accounts with credit exposure of Rs.5 crore and above. The legal audit is a control function, carried out by in-house team of internal auditors or through panel advocates to ensure that there are no shortcomings in the documents or creation of security in favour of your Bank.

Management Audit

Management Audit covers identified departments controlling offices covering the strategy, processes, job roles and risk management are covered under the audit.

Human Resources and Industrial relations

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

In order to meet the requirements of business growth, Branch network expansion, attrition and retirements, the process of recruitment of 350 Probationary Officers and 1500 Banking Associates has been completed. Two Economists & 5 Chartered Accountants have been appointed as specialists besides appointment of Civil Engineers, Mechanical Engineers is under process.

In the senior management level, Nine Vice Presidents were elevated as Presidents and Nine Assistant Vice Presidents were elevated as Vice Presidents.

Business per Employee and Net Profit per Employee were at Rs 14.48 crore and Rs 3.51 lakh respectively for the financial year ended Mar, 2021 compared to Business per Employee of Rs 13.08 crore and Net Loss per Employee of Rs 9.03 lakh pertaining to the financial year ended Mar, 2020.



Training:

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

Bank's own Staff Training Colleges /Technology Training Colleges at Srinagar and Jammu also cater to the sizeable training needs of the organization. In FY 2020-21, as many as 2932 officials have been imparted training in different banking related fields. Although due to Pandemic Physical Classroom Trainings were put on hold, bank did venture into online trainings to keep the learning process in tandem. These training were conducted in-house as well as officials were nominated for training programmes conducted by outside bank institutes. Further, RBI has made it mandatory for Senior Management & Board Members to be "certified in IT & Cyber Security". In line with the regulatory direction, two Board Members and twenty eight top executives including Executive Presidents/ Presidents and Vice Presidents from J&K Bank have been certified from the Institute for Development and Research in Banking Technology (IDRBT).

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

- ❖ National Institute of Bank Management (NIBM).
- ❖ Federation of Indian Chambers of Commerce & Industry of India (FICCI).
- ❖ The Associated Chambers of Commerce & Industry of India (ASSOCHAM)
- ❖ Indian Institute of Banking & Finance (IIBF).
- ❖ Confederation of Indian Industry (CII)
- ❖ Foreign Exchange Dealers Association of India (FEDA)

Capacity Building:

In order to encourage and groom its staff to acquire further knowledge and skill sets for disposal of assignments diligently and in a professional way, the Bank has taken a step ahead and enlisted courses contemporary to banking landscape as per RBI's guidelines. The officials successfully completing

these courses are being reimbursed actual course fee and honorarium in case of Diplomas and MBA (B&F). As many as seven Diploma courses and eight Certificate courses offered by IIBF, besides certification/re-certification courses in IT conducted by Cisco/Solaris/Oracle /Microsoft/Sun Java have been enlisted.

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

- Certified Credit Professional Course, offered by IIBF (Indian Institute of Banking & Finance).
- Treasury Dealer Course, offered by IIBF (Indian Institute of Banking & Finance).
- Risk in Financial Services, offered by IIBF (Indian Institute of Banking & Finance).
- Diploma in IFRS (International Financial Reporting Standards) offered by ACCA (Association of Chartered Certified Accountants) through learning-provider KPMG (Klynveld Peat Marwick Goerdeler).
- The Chartered Financial Analyst Programme offered by CFA Institute (USA).
- Financial Risk Management by GARP (Global Association of Risk Professionals) USA.
- Certification in Foreign Exchange, offered by IIBF (Indian Institute of Banking & Finance)

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

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 0.38% for the Financial Year ended 31st March, 2021 compared to (1.10%) for the previous Financial Year.
- Return on Average Net-Worth is 7.68% for the Financial Year ended 31st March, 2021 compared to (19.96%) for the previous Financial Year.
- Earnings per Share is Rs.6.06 for the Financial Year ended 31st March, 2021 compared to Rs. (15.97) for the previous Financial Year.

Corporate Functions Report

Corporate Social Responsibility (CSR) Policy

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

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

Major CSR activities in the year 2020-21

The Bank had not allocated any budget for CSR activities for FY 2020-21 in conformity with the regulatory guidelines set to arrive at the budget for CSR spend. However the statutory disclosures with respect to CSR committee of the Board and a report on the CSR forms part of this annual report mentioned elsewhere.

Vision

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

However, owing to zero allocation towards CSR, the bank did not undertake any project/activity under CSR during FY2020-21

CSR Committee of the Board

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

AWARDS AND CERTIFICATION RECEIVED BY THE BANK DURING 2020-21

J&K Bank's illustrious history of more than eight decades is decorated with awards and accolades. Over the years, the bank has collected numerous honors in various categories. During the FY 2020-21, the bank outshone its competitors to grab the headlines in following categories.

Detail of awards received during the FY 2020-21

Best Technology Bank of the Year Award

At the 16th Annual Banking Technology Awards of Indian Banks' Association (IBA), J&K Bank was honoured with the 'Best Technology Bank of the Year Award' (under small banks' category-asset size < 150,000 crore) for the year 2019-20. The Bank's Chairman and Managing Director R K Chhibber received the award in a virtual award ceremony held in third week of March, 2021.

Notably, IBA's 16th Annual Banking Technology Awards were aimed at recognizing the best-of-the-breed Indian banks across various categories.

Chosen for the top award by the jury comprising of experts, stalwarts and senior functionaries from the banking industry, the Bank emerged as runner up in the category of Best Digital Financial Inclusion Initiatives Award.

HR initiatives for the Financial Year 2020-21

At J&K Bank, we believe that our human capital remains foundational to our legacy of institutional achievements. Human Resource leaders need to be nimble, broad-thinker and tech-savvy enough to deal with an increasingly agile and restless workforce as they are an important asset and a key driving force to achieve desired goals/targets of an organization.

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

Under HR initiatives, the Bank has regularized 363 Banking Associates in the services of the Bank during the FY 2020-21. Also under Bank's career progression policy 1 Banking Attendants was promoted as Assistant Banking Associates. Also under the Bank's Compassionate policy 6 Banking Attendants, 5 Assistant Banking Associates & 4 Banking Associates were appointed in the services of the Bank.

In the top Management Cadre 9 Vice Presidents were elevated to the post of President, 9 Assistant Vice Presidents were promoted to the post of Vice-President.

Besides, process for the recruitment of specialized officers in respect to Engineering, Economics & accounting was initiated during FY 2020-21, from which 2 Economists & 5 CAs have been appointed in the services of the Bank, whereas for the other specialized officer post the process is underway.



The Recruitment process for appointment of 350 Probationary Officers & 1500 Banking Associates under the aegis of IBPS initiated in the month of October 2020 stand completed.

We also bid adieu to 1 President, 6 Vice-Presidents, 23 Assistant Vice-Presidents & 48 Executive Managers during the FY 2020-21.

In the FY 2020-21, the policy for contractual appointments was submitted to board & stands approved, also the Promotion policy specific to the promotion of Banking Associates has been framed & approved by the board, The promotion policy (General) for all cadres is presently being reviewed & is expected to complete by the next financial year.

Also with the passing of 11th Bi-Partite settlement, all the necessary changes were implemented & the revised compensation structure was put in place from the month of March 2021.

During the period, due to COVID-19 induced challenges, the Bank has conducted training modules through online training classes/ sessions/workshops etc. As many as 2932 officials have been imparted training in different banking related fields.

Further, in compliance with RBI directives on "certifications in IT & Cyber Security" 2 Board Members and 28 top Executives from the Bank have been certified as of date from the Institute for Development and Research in Banking Technology (IDRBT).

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

Risk Management

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

and monitoring of various risks is managed by the Risk Management Department. The Risk Management department is headed by the Chief Risk Officer (CRO). The CRO reports to the IRMC. of the Board. The CRO is responsible for ensuring an effective implementation of an enterprise-wide risk management framework through various risk policies, processes and limits.

The risk management function in the Bank strives to proactively anticipate vulnerabilities in the business operations through quantitative or qualitative examination of the embedded risks. The Bank continues to focus on improving its risk measurement systems including automation of the processes wherever feasible to ensure compliance of regulatory requirements as well as bringing efficiency in the risk management framework. The risk management policies and procedures established are updated on continuous basis and benchmarked to best practices. The Bank has successfully implemented Basel norms since its introduction. Under this, it has adopted the 'Standardized Approach' for measurement of Credit Risk, 'Basic Indicator Approach' for Operational Risk and 'The Standardized Duration Approach' for Market Risk. The Bank has formulated extensive policy on ICAAP commensurate with the Bank's size, level of complexity, risk profile and scope of operations. The Bank has thus evolved a robust risk management framework, which is geared to support the strategic objectives and business plans of the Bank.

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

Credit Risk Management

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

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

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

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

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

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

Operational Risk Management

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

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

The Bank has a robust Business Continuity plan that ensures

uninterruptable operations in case of disruption and is periodically tested to ensure that it can meet any operational contingencies. Bank's Board has the ultimate responsibility and oversight over BCP activity. The Board approves the Business Continuity Policy of bank. Senior Management is responsible for overseeing the BCP process. Bank's Board and Senior Management ensures BCP is independently reviewed and approved at least annually.

During the FY 2020-21, Bank rose to the challenge of delivering banking services during the outbreak of the COVID-19 pandemic and the ensuing nationwide lockdown. Bank's first priority was to ensure the safety of workforce who were advised to work on rotational basis and from their homes wherever possible. The Business Continuity Plan was invoked and to boost the preparedness for proactively tackling any eventuality arising out of this pandemic and ensuring uninterrupted business continuity, Quick Response Teams (QRTs) were created at different levels across the Bank. QRTs along with other support teams swung into action. The teams prioritised critical functions to ensure minimal or no business disruptions.

There is an independent Information Security department headed by Chief Information Security officer (CISO) that addresses information security related risks and ensures employee sensitization exercises, which reports to the Chief Risk Officer (CRO) of the Bank.

The Bank has comprehensive policy "Preventive Vigilance Framework with Special Emphasis on Activation & Promotion of Whistle Blower Policy", which defines the governance, roles & responsibilities of various officials/ officers from a business unit to the Board level together with putting in place various controls for preventing fraud incidents and detecting frauds in an effective way. The central vigilance team oversees implementation of fraud prevention measures. Frauds are investigated to identify the root cause and relevant corrective steps are taken to prevent recurrence. Fraud prevention committees at the senior management and Board level also deliberate on material fraud events and initiate preventive action. Periodic reports are submitted to the Board and senior management committees.

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

Liquidity Risk

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



bank in line with bank's risk management objectives and risk tolerance.

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

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

Market Risk Management

The market risk management is governed by Market risk policy of the Bank. A well-defined Market risk management framework is in place to assess and minimize risks inherent in treasury operations through various risk management tools. In addition to various regulatory limits, Bank has defined various internal limits like Net Overnight Open Position, Modified Duration, Stop Loss, VaR Limits, 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, etc. All these policies are reviewed and approved by the Bank's Board of Directors. For the Market Risk Management of the Bank, there is a functional separation between the Treasury Front Office, Mid office and Treasury Back Office.

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

Pillar II Risks

The Bank has a structured framework in the form of Internal Capital Adequacy Assessment Process (ICAAP) to assess capital position vis-a-vis identified risks and also the future capital requirement of the Bank. ICAAP is to identify, assess and manage all risks that may have a material adverse

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

Capital Planning and Management considering the material risks faced by the Bank and future capital requirement of the Bank basis growth strategies, macroeconomic environment and market share of the Bank.

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

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

The Bank has a 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:

Bank's rating for its Fixed deposit and Upper Tier II Bonds (Basel III Compliant) assigned by RBI accredited rating entities is as follows:

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

Marketing & Product Development

The banking industry operates in a dynamic environment that poses a variety of challenges, compelling it to remain proactive in redesigning and re-engineering itself to remain relevant and competitive. Thus the banks need to constantly update their existing offerings as well as come up with new products to hold the existing market segments as well as to penetrate new markets. Thus new product development and updation of existing products assumes utmost importance in the banking sector. Keeping abreast with the new trends in banking industry, the product development and approval policy has been revised to make it more inclusive, responsive and market oriented.

The banking industry, like any other service industry has to focus more on service delivery, as it heavily contributes to service quality. Thus product development, in addition to routine product features, shall focus on ease of processing of service requests, simplicity of processing, promptness of delivery, safety and security and likewise. Customer centric and customer friendly behaviour of staff assumes paramount importance to customer satisfaction and customer delight, thus training and development of staff to improve their core competencies in this direction needs added emphasis.

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

The personal consumption loan christened as Saral/Sahuliat Loan schemes for salaried individuals is a flagship product of the bank having wide acceptance in UT's of J & K and Ladakh. The product is being constantly reviewed to suit the needs of almost all the sections of society and the Bank has so far been successful in covering a vast segment of customers under the product. Housing Loan, Car Loan, Solar Finance, Loan for Consumer Durables, and Festival Advance are other key products under personal segment. Education loan scheme, which is an important personal loan product has also been revised to better suit the requirements of the students.

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

In order to mitigate the problems faced by people in general and business community in particular due to country wide Covid induced Lock down, Union Govt has announced certain rehabilitation packages and the bank has been prompt in implementing these packages and extending their benefits to its customers. Besides the bank has also introduced new schemes for rehabilitation of private educational institutions, hotels, restaurants and other business entities effected by Covid induced lockdown.

Bank is playing vital role in revival of MSME Sector in the



UTs of J&K and Ladakh; and special attention is being paid to the needs of the sector in line with regulatory environment. The bank's schemes for business community are regularly updated to align them with the market demands. Accordingly Contractor Finance scheme of the bank was revised during this year. Further, bank introduced Commercial Vehicle scheme under Mumkin Initiative of Mission Youth, J&K during this year.

As a part of its marketing endeavor and to provide customers with special discounts on occasions of festivities, the Bank launched many Business Promotion campaigns/ Festive offers during the FY 2020-21 which have considerably improved our retail credit portfolio.

The global pandemic caused by Covid-19 has re-emphasized the importance of availability and availment of financial services through digital channels. Bank is imparting added focus on providing innovative digital financial services through Interactive and secure Technology to its customers which shall enable virtual interaction with them without losing human touch. Besides bank has already migrated the retail credit operations partially to digital platform and steps are being initiated to widen the scope of technology utilization in credit appraisal and dispensation by transferring more customer segments and credit products to digital platform. Bank has initiated steps to augment fee based income by increasing non-fund business by raising awareness among the staff and Bank's Clientele to avail the benefits of non - fund business. Besides the sale of 3rd party products is being emphasized to improve the non interest income of the bank.

Advertising and Publicity

Although COVID-19 pandemic continues to leave unprecedented damage and destruction in its trail, the Bank's products, services and facilities were successfully advertised and publicized across the operational geographies of the bank during the FY2020-21. Also, the marketing campaigns initiated by the Bank to promote its offerings especially digital ones to enhance business were duly publicized with proper follow-up communications.

The functioning and accomplishments of the bank were effectively publicized and communicated to the relevant target audiences including the major stake-holders along with the customers, shareholders, other stakeholders and general public through customized and efficiently packaged messages using print and multi-media outlets within the UTs of J&K and Ladakh, and relevant channels across the country. The strategy of constant engagement with media through initiatives like interviews of key management personnel including, pitching positive stories stemming from the achievements of the Bank were undertaken during the FY 2020-21 to improve public perception and re-inforce the brand image as also to highlight positivity about the health of the Bank.

Since the pandemic affected the overall functioning of businesses in physical domains severely throughout the financial year, the bank markedly increased its presence in the digital and social-media universe in a planned manner to streamline its online/digital presence further to reach out to larger audiences and enhanced its brand image by optimally

leveraging the highly popular mediums of social-connectivity platforms especially Facebook, Twitter, Instagram and YouTube.

IT Initiatives during FY 2020-21

This year Bank's major focus has been to provide more digital banking options to customers considering the shift & need towards online banking forced by COVID-19. The major customer oriented digital services undertaken by bank are as follows:

i. Upgradation of CBS:

Bank has initiated project for up-gradation of its Core banking solution to latest version Finacle 10 which shall address comprehensive technology-led business transformation requirements of the bank so as to provide operational agility, increased productivity and maiming the opportunities for growth.

ii. TIN 2.0 (Tax Information Network)

Tax Information Network (TIN) is an initiative by Income Tax Department of India (ITD) for the modernization of the current system for collection, processing, monitoring and accounting of direct taxes using information technology. TIN is a repository of nationwide Tax related information, and has been established by NSDL e-Governance Infrastructure Limited on behalf of ITD.

It is a new payment process and accounting system proposed by Income Tax department and shall subsume the erstwhile OLTAS (Online Tax accounting system) presently hosted by NSDL e-Governance on behalf of income tax department. All the direct taxes shall be collected at all the authorized centers of RBI including our Bank.

iii. ATM Monitoring

A centralized Monitoring setup has been established to ensure 24x7 functioning of all ATM terminals to ensure uninterrupted customer service.

iv. Kiosk Banking IMPS

To enable transfer of money in real time through Kiosk Banking, IMPS functionality has been added to Kiosk Banking for convenience of customers. So far this feature was available through e-banking and mobile banking and is being extended to kiosk banking channel.

v. Enhancing Security of Card Transactions

In order to improve user convenience and increase the security of card transactions various security features have been enabled for different types of card transactions (Card Present/ Card Not Present transactions). By enabling these features customers have the liberty of availing these security features either by themselves at ATM terminals or through branches.

vi. NETC - FASTag

Bank undertook the project of electronic collection of Toll tariff across designated Toll plazas and subsequently automated the overall process of Toll collection thus helping customers to enjoy digitized toll collection services

vii. Employee Provident Fund Organization

Central Board of Employees' Provident Fund Organization (EPFO) has chosen J&K Bank as one of the Bank's for collection of provident fund in the country. Our Bank will serve as Central Bank account for online collection of contributions, dues, damages, remittance, payment or charges payable to the Central Board by an employer, an establishment, a person or any other entity, having bank account with our Bank. Steps have been taken to enable this service for customers which shall help them using EPFO service through J&K Bank's e-banking facility.

viii. New Pension Software

A new software for disbursement of pension to Government Pensioners has been made functional which supports manifold increase in the volume of transactions. It has helped to reduce the overall transaction time & is at par with the industry standards. Further bank has undertaken an initiative to digitize Pension Payment Order process from Ladakh. As part of the process, all new Pension Payment Orders will be in the form of EPPO only. EPPO only consists of XML files and PDF files. This is aimed at simplification of rules and ease of living for the elderly pensioners.

Achievements in Digital Banking FY20-21

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

and functions in a staged way.

The Bank has been taking several measures to encourage digital payments and has embarked on digital transformation journey to promote banks digital products besides upgrading the existing products to the best standards and adding new digital products to keep up with the latest technological innovations in the banking industry and has remained successful in maintaining the Digital Transaction percentage above 55% standing at 56.7 % at the end of FY 2020-21.

The details of "Achievements in Digital Banking FY20-21" are as below:

- a) The Bank bagged Best Technology Bank of the Year Award (under small banks' category-asset size < 150,000 crore) and runner up in Best Digital Financial Inclusion Initiatives Award presented by Indian Banks' Association (IBA) for the FY 2019-20.
- b) Bank launched FASTag product and services.
- c) Water Bill payment made live on Bank's Mobile App (mPay).
- d) UPI mode of payments enabled on Internet Banking channel.
- e) Bank extended the Zero-Cost Emi tie-up on its Credit Cards with Amazon.
- f) J&K Power Development Department made live on BBPS platform for bill collection.
- g) During the financial year 2020-21, 30 additional ATMs were commissioned thereby taking the number of ATMs to 1383 as on 31.03.2021.

Digital User/Transaction Summary report for the FY 2020-21:

Digital Channels	Q4 FY 2019-20	Q1 FY 2020-21	Q2 FY 2020-21	Q3 FY 2020-21	Q4 FY 2020-21
Debit Card Users	3494347	3516473	3645147	3717508	3813995
Credit Card Users*	138619	73316	76956	80329	83664
Ebank Users	424022	430362	442180	452314	463055
mPay Users	788051	856185	951542	1107541	1224481
POS Users	15198	15017	14808	14643	13193
KIOSK Users	179398	190746	215909	222138	232586
UPI Users	294044	335871	420831	510379	610721
Total Digital Transactions	51125103	51576373	64862243	77004941	87422285
Total Transactions	96059176	92759980	118818429	141468770	154222318
% age Digital Transactions	53.2%	55.6%	54.6%	54.4%	56.7%

*The inactive credit cards were removed post Q4 FY 2019-20, and the count for Active Credit cards is considered.



Financial Inclusion:

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

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

RBI selected Villages (Progress/ Achievements)

RBI has selected 15 model villages and allocated them to J&K Bank for 100% financial inclusion in UT of J&K. All the said 15 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 /PIN PADs.

Achievements under FIP

With the objective to integrate the underbanked and unbanked population with financial system, Bank has in addition to Business Units network, engaged 993 Business Correspondents up to 31.03.2021 for providing banking and financial services in remote and other areas which is also facilitating the financial inclusion in UT of J&K & UT of Ladakh. During the FY 2020-21, 3 no of Business Units were opened and 8 additional BCs were engaged by the Bank for providing Banking and Financial services in remote and unbanked areas of UT of J&K and UT of Ladakh. It is pertinent to mention here that pursuant to RBI directives, Bank has in place a policy, approved by Board of Directors, for engagement of fresh Business Correspondents (BCs) as and when required. The year on year growth in engagement of BCs up to 31st March 2021 is as under:

S. No	Particulars	No. of BCs	Growth in %
1	Position as on March 2011	218	NA
2	Position as on March 2012	440	102

3	Position as on March 2013	629	43
4	Position as on March 2014	695	10
5	Position as on March 2015	858	23
6	Position as on March 2016	929	8
7	Position as on March 2017	942	1.4
8	Position as on March 2018	972	3.09
9	Position as on March 2019	981	1
10	Position as on March 2020	985	0.40
11	Position as on March 2021	993	0.81

During the FY ended 31st March 2021, Business Correspondents have executed 26.15 lakh number of financial transactions involving an amount of Rs.907.40 crore.

Financial Literacy cum Credit counseling Centre's (FLCCs)

In compliance to RBI directive vide circular No. RPCD.FLC.No.12452/12.01.018/2011-12 dated 06.06.2012, J&K Bank has already set up FLCs in its 12 lead districts during 2012. The need for financial literacy and its importance for financial inclusion has become widely recognized. To promote financial education, digital literacy, creation of awareness among the people living in the unbanked and under-banked areas and to achieve the targets stipulated by RBI, Bank has organized 234 number of Financial Literacy Camps (FLCs) against the target of 1008 camps during Financial Year ended 31st March 2021. The number of camps has remained relatively low due to COVID-19 pandemic situation. Various financial literacy programmes were customized to suit the requirements of school/college students, microfinance clients, SHGs, rural women, bank clients etc. The Bank would continue with its efforts to enhance financial literacy by providing guidance and support to the targeted groups. Further, available technology is being leveraged to create more awareness about the benefits of three Social Security Schemes i.e. PMSBY, PMJJBY & APY.

The consolidated position of Financial Literacy Camps conducted by the 12 FLC facilitators during the financial year (April 2020-March 2021) is appended below:

Progress report regarding Financial Literacy camps conducted by Financial Literacy Facilitators in 12 Lead Districts during the financial year (April 2020-March 2021)		
S. No.	Type of Camps conducted as per RBI guidelines	Progress FY 2020-2021
1	Number of Special Camps	78
2	Number of Target Specific Camps	156
	Total	234

Financial Literacy Camps through Rural Branches

In compliance to revised RBI guidelines, J&K UTLBC 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 2536 financial literacy camps as against the target of 6000 camps during financial year ended 31st March 2021 to create awareness among the people of unbanked areas particularly deprived sections of society. The number of camps has remained relatively low due to COVID-19 pandemic situation. The zone wise position of financial literacy camps conducted by rural business units of the bank during the financial year ended 31st March 2021 is appended below:

Progress report of Financial Literacy camps conducted through rural Business Units of Bank for the financial year (April 2020-March 2021)		
S/No	NAME OF THE ZONE/UT	Cumulative Position
		No. of Special Camps conducted by Rural B/Us Bank
	Kashmir Central Zone (I)	8
	Kashmir Central Zone (II)	168
	Kashmir South Zone (I)/ Kashmir South Zone (II)	62
	Kashmir North Zone	375
	Jammu Central Zone (I)	154
	Jammu Central Zone (II)	647
	Jammu West Zone	554
	Jammu North Zone (I)	275
	Jammu North Zone (II)	130
	UT of Ladakh Zone	163
	Total	2536

Pradhan Mantri Jan Dhan Yojna (PMJDY)

- Pradhan Mantri Jan Dhan Yojna (PMJDY) has been launched on 28th of August 2014 under comprehensive financial inclusion plan, with an objective to bring the entire unbanked population particularly living below poverty line within the ambit of banking fold, by extending the facility of financial services at their door step at an affordable cost.
- Under the scheme, 17.85 Lakh PMJDY accounts have been opened up to 31st March 2021 with deposit of Rs.1107.95 crore. Further during the year 2020-21, 128563 PMJDY accounts have been opened by various Business Units of the Bank.

Progress under PMJDY as on 31.03.2021

PMJDY Rural A/Cs	PMJDY Urban A/Cs	Total no. of PMJDY A/Cs	Total Balance In PMJDY A/Cs In Crores
1578497	207059	1785556	1107.95

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 issue cards in India. As a value added service, the insurance cover of Rs. 2 Lakh (accidental death or permanent disability only) is available to eligible PMJDY Rupay Card holders. The status of said claims is given hereunder:

Status as on 31.03.2021

Insurance scheme	Claims Received	Claims Settled	Claims In Process	Claims Rejected
Accidental Insurance	17	13	0	4

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

The Social Security Schemes - Pradhan Mantri Suraksha Bima Yojna (PMSBY), Pradhan Mantri Jeevan Jyoti Bima Yojna (PMJJBY) and Atal Pension Yojna (APY), 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.

PMSBY: The scheme is a one year cover, renewable from year to year, Accidental Insurance Scheme offering accidental death and disability cover of Rs.2 lakhs for death or permanent disability and cover of Rs.1.00 lakh for partial disability as per criteria defined in the scheme. All savings bank account holders in the age group of 18 to 70 years in participating banks are entitled to join. The premium of Rs.12/- per annum per member is deducted from the account holder's savings bank account through 'auto debit' facility in one instalment, on or before 31st May of each annual coverage period under the scheme.

PMJJBY: The scheme is a one year cover, renewable from year to year, Insurance Scheme offering life insurance cover of Rs.2 lakhs for death due to any reason. All savings bank account holders in the age group of 18 to 50 years in participating banks are entitled to join. The premium of Rs.330/- per annum per member is deducted from the account holder's savings bank account through 'auto debit' facility in one instalment, on or before 31st May of each annual coverage period under the scheme.

APY: Atal Pension Yojna (APY) is a government-backed pension scheme in India targeted at the unorganized sector. APY has been launched with a noble cause of providing Old Age income security for target age group of 18-40 years. Under the APY, guaranteed pension of Rs. 1000.00, Rs. 2000.00, Rs 3000.00, Rs. 4000.00 and Rs 5000.00- per month will be given at the age of 60 years depending on the contributions by the subscribers. The progress of the Bank under the aforementioned social security schemes is given hereunder:



Cumulative progress as on 31.03.2021

Name of Pension/Insurance scheme	Name of Pension/ Insurance partner	Applications sourced	No. of Cases where Premium Debited	Premium Debited (in Rs)
PMSBY	NEW INDIA ASSURANCE CO	413353	402306	4827672
PMJJBY	LIC OF INDIA	228486	219280	72362400
APY	PFRDA	20001	13597	323510733

Name of Pension/ Insurance scheme	Name of Pension/ Insurance partner	Applications sourced	No. of Cases where Premium Debited	Premium Debited (in Rs)
PMSBY	NEW INDIA ASSURANCE CO.	32002	32002	384024
PMJJBY	LIC OF INDIA	17247	17247	5691510
APY	PFRDA	584	584	72445265

Progress during FY 2020-21

Cumulative position of PMSBY & PMJJBY claims as on 31.03.2021

S. No.	NAME OF INSURANCE SCHEME	NAME OF INSURANCE COMPANY	CLAIMS RECEIVED	CLAIMS SETTLED	CLAIMS REJECTED	CLAIMS PENDING
1	PMSBY	NEW INDIA ASSURANCE CO.	241	153	25	63
2	PMJJBY	LIC OF INDIA	859	735	48	76

Progress during FY 2020-21

S. No.	NAME OF INSURANCE SCHEME	NAME OF INSURANCE COMPANY	CLAIMS RECEIVED	CLAIMS SETTLED	CLAIMS REJECTED	CLAIMS PENDING
1	PMSBY	NEW INDIA ASSURANCE CO	53	29	3	21
2	PMJJBY	LIC OF INDIA	250	165	23	62

Micro Overdraft facility under PMJDY

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

Status as on 31.03.2021

No. of Accounts	Amount (in lacs)
4011	52.33

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

As a part for implementation of Financial Inclusion programme, Bank has engaged 993 BCs the complete details whereof are available at website (www.jkbank.com) of the Bank.

Technology readiness for FI Programme

Online FI Solution (Kiosk Solution)

Bank decided to implement Online FI Solution prior to

launching of PMJDY by Prime Minister in August 2014. Basic requirement for implementing technology platform for PMJDY is to have an online FI system in place which is integrated with 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.

The OD limit for each BC is generally Rs. 50,000/-which has been increased to Rs 100000 temporarily due to COVID-19 Pandemic and the limit on transaction has been set for an amount of Rs. 5,000/- with maximum of Rs. 10,000/- per account per day.

Bank has procured 1600 Biometric authentication devices, out of which 1564 devices have been installed at Branches and BC locations for the implementation of the project. Bank has also Procured 950 PIN PADs, out of which 939 PIN PADs have been issued to BCs as on 31st March 2021 for complete roll out of the ONLINE FI SOLUTION.s

**Transactions through Online FI Solution (Kiosk Solution)
Progress of financial transactions during FY 2020-2021**

S.No.	Transaction Type	No. of Transactions	Amount of Transactions (In Rs)
1	AEPS OFFUS DEPOSIT	0	0
2	AEPS OFFUS FUNDSTRANSFER	869	3566940
3	AEPS OFFUS WITHDRAWAL	5361	14710355
4	AEPS ONUS DEPOSIT	54015	214409716
5	AEPS ONUS FUNDSTRANSFER	28343	120919118
6	AEPS ONUS WITHDRAWAL	197064	538549012
7	DEPOSIT	19546	62578478
8	FUNDSTRANSFER	7711	29035556
9	RUPAY OFFUS WITHDRAWAL	94768	393295771
10	RUPAY ONUS WITHDRAWAL	394575	1387433935
11	WITHDRAWAL	1812567	6309497847
Grand Total		2614819	9073996728

Progress of non-financial transactions during FY 2020-2021

S. No.	Transaction Type	No. of Transactions
1	BALANCE ENQUIRY	98555
2	MINI STATEMENT	18235
3	OFFUS BALANCE ENQUIRY	19230
4	ONUS BALANCE ENQUIRY	232619
5	RUPAY BALANCE ENQUIRY	68356
6	RUPAY MINI STATEMENT	345459
Grand Total		782454

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 2020-21

S. No.	Transaction Status	No. of Transactions
1	Success	117807
2	Failure	169505
Grand Total		287312



Progress of AEPS during FY 2020-21

S. No.	Transaction Type	No. of Transactions	Amount of Transactions (In Rs)
1	AEPS OFFUS DEPOSIT	0	0
2	AEPS OFFUS FUNDSTRANSFER	869	3566940
3	AEPS OFFUS WITHDRAWAL	5361	14710355
4	AEPS ONUS DEPOSIT	54015	214409716
5	AEPS ONUS FUNDSTRANSFER	28343	120919118
6	AEPS ONUS WITHDRAWAL	197064	538549012
Grand Total		285652	892155141

Customer Service

Customer satisfaction driven by best in class customer service has continued to remain one of the prime focus areas of the Bank. A robust Grievance Redressal System in sync with regulatory guidelines and best industry practices has played a vital role towards achievement of this goal.

For facilitating hassle free escalation of grievances & service requests, Bank has notified various communication channels in the public domain which include on-line grievance portal on website, email channel for CSRTS Application, landline telephone numbers and SMS service.

The customer complaints received through various channels are scrutinized at multiple levels for effective and satisfactory resolution. If necessary, a root cause analysis is performed so as to plug the gaps, if any, and avoid recurrence of complaints on similar grounds. This approach has helped the Bank in making the grievance redressal mechanism more effective and responsive.

In order to ensure timely resolution of customer complaints and avoid further escalation, special emphasis is laid on adherence to TAT (Turn Around Time) as prescribed in our Board approved policies. All this while, the customer is kept updated with the progress of resolution of his/her request/grievance. Moreover, the customer is able to track the status of his/her request with the help of a unique ID,

which is generated and delivered to the complainant when a complaint is lodged through online mode.

The Bank also conducts Customer Advisory Forum (CAF) meetings at all of its Business Units at regular intervals. These meetings help us obtain first hand feedback about our products and services and in turn facilitate necessary changes/improvements as per customer expectations. In compliance to regulatory guidelines Bank has appointed an Internal Ombudsman, which is an independent authority to review complaints that are partially or wholly rejected by the Bank. Implementation of I.O. Scheme and appointment of Internal Ombudsman by the Bank has vastly improved the customer satisfaction quotient, besides reducing escalation of grievances to other fora. Bank has also reviewed various policies on customer service to make them more vibrant and customer friendly. These policies have been conspicuously displayed on Bank's website for awareness of general public.

Despite numerous odds and difficulties brought about by the COVID19 pandemic, the Bank has continued to deliver unhindered banking facilities to its customers/ general public, while following all precautionary measures/SOPs to avoid spread of the virus.

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 «RBI compliance/ Regulatory Matters» Department has been created at apex level and for the purpose of regulatory compliance bank has put in CERMO+ Application to keep track of the regulatory guidelines and its compliance.

Independent Auditors Report

To
The Members of
The Jammu & Kashmir Bank Limited

Report on Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of The Jammu & Kashmir Bank Limited ('the Bank'), which comprise the Balance Sheet as at 31st March 2021, 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 57 branches/offices audited by us and 928 branches audited by Statutory Branch Auditors for the year ended on that date. The Branches/offices audited by us and those audited by other auditors have been selected by the Comptroller & Auditor General of India in accordance with the guidelines issued to the Bank by the Reserve Bank of India.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of other auditors on separate audited financial statements/ financial information of the branches, as referred to in paragraphs 12 below, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 (the 'Act') in the manner so required for bank and are in conformity with accounting principles generally accepted in India and:
 - a) the Balance Sheet, read with the notes thereon is a full and fair Balance Sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of the state of affairs of the Bank as at 31st March, 2021;

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

Basis for Opinion

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

Key Audit Matters

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

We have determined the matter described below to be the key audit matter to be communicated in our report:



Key audit matters	How our audit addressed the key audit matter
<p>Modified Audit Procedures carried out in the light of continuing COVID-19 pandemic:</p> <p>Due to the continuing COVID-19 pandemic, lockdown declared by some of the State Governments and travel restrictions imposed by State Governments / Local Authorities during the period of our audit and the RBI directions to Bank to facilitate carrying out audit remotely wherever physical access was not possible, audit could not be conducted by visiting the premises of certain Branches / Zonal Offices/ Business Units of the Corporate Office</p> <p>As we could not gather audit evidence in person/ physically/ through discussions and personal interactions with the officials at the Branches/Zones/ Business Units of the Corporate Office either fully or partially, we have identified such modified audit Procedures as a Key Audit Matter.</p> <p>Accordingly, our audit procedures were modified to carry out the audit remotely.</p>	<p>Due to the outbreak of COVID-19 pandemic that caused nationwide lockdown and other travel restrictions imposed by the Central and State Governments/local administration during the period of our audit, we could not travel to the Branches/Zonal Offices/Business Units of the Corporate Office and carry out the audit processes physically at the respective offices.</p> <p>Wherever physical access was not possible, necessary records/ reports/ documents/ certificates were made available to us by the Bank through digital medium, emails. To this extent, the audit process was carried out on the basis of such documents, reports and records made available to us which were relied upon as audit evidence for conducting the audit and reporting for the current period.</p> <p>Accordingly, we modified our audit procedures for control testing and substantive testing which included the following:</p> <ol style="list-style-type: none"> Conducted verification of necessary records/ documents/ through remote access/emails in respect of some of the Branches / Zonal Offices/Business Units and other offices of the Bank wherever physical access was not possible. Carried out verification of scanned copies of the documents, deeds, certificates and the related records made available to us through emails and remote access over secure network of the Bank. Making enquiries and gathering necessary audit evidence through Video Conferencing, dialogues and discussions over phone calls/conference calls, emails and similar communication channels. Resolution of our audit observations telephonically/ through email instead of of a face-to-face interaction with the designated officials.

Emphasis of Matter

- We draw attention to relevant note of Schedule 18 to the Financial Results which explains the uncertainties due to outbreak of novel corona virus (COVID 19) and the management assessment of its impact on the business operation of the Bank.
Our opinion is not modified in respect of this matter.

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

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

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

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

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

policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Financial Results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone Financial Results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Financial Results, including the disclosures, and whether the standalone Financial Results represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Other Matters

9. We did not audit the financial statements/information of 928 branches/offices included in the standalone Financial Results of the Bank whose Financial Results reflect total advances of Rs.68368.84 Crores and total revenue of Rs.5657.51 Crores as at 31st March 2021, as considered in the standalone Financial Results. The financial statements/ information of these branches has been audited by the branch auditors whose reports have been furnished to us, and in our opinion in so far as it relates to the amounts and disclosures included in respect of branches, is based solely on the report of such branch auditors. Our opinion on the standalone financial statements does not cover the other information and the Basel-III disclosure and we do not express any form of assurance conclusion thereon.



10. The annual financial results include the results for the quarter ended 31st March 2021 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subjected to limited review by us.

Report on Other Legal and Regulatory Requirements

11. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

12. The Comptroller and Auditor General of India has issued directions indicating the areas to be examined in terms of sub-section (5) of section 143 of the Companies Act, 2013, the compliance of which is set out in "Annexure-A" to this Report.

13. Subject to the limitations of the audit indicated in paragraphs 4 to 10 above and as required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, we report that:

- 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;
- the transactions of the Bank, which have come to our notice, have been within the powers of the Bank;
- 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:

- 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;
- 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;
- 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;

- 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;
- 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;
- on the basis of written representations received from the directors as on 31 March 2021 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act;
- 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";
- as per the Notification No.GSR 463(E) dated 05.06.2015 Section 197 of Companies Act, 2013 is not applicable to The Jammu & Kashmir Bank Limited, being a Government Company;
- 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:
 - the Bank has disclosed the impact of pending litigations on its financial position in its financial statements in Schedule 18-Notes on Accounts attached;
 - The Bank did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses) and
 - 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. Vikram Garg)
Partner
M.No.097038
UDIN:21097038AAAAEV8621

For Verma Associates
Chartered Accountants
FRN:02717N

(CA. Madan Verma)
Partner
M.No.081631
UDIN:21081631AAAACO9032

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

(CA. Shailza Wazir)
Partner
M.No.502279
UDIN:21502279AAAEC1865

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

(CA. Amit Kumar Gupta)
Partner
M.No.501373
UDIN:21501373AAAABW5989

Place : Srinagar
Date: 17th June 2021

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

Directions/sub-directions of Comptroller and Auditor General of India under Section 143(5) of Companies Act 2013 for the Financial Year 2020-21

Sn	Directions/Sub directions	Auditor's comments including action taken wherever required	Impact on accounts and financial statements
1	If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process	Since the Company has not been selected for disinvestment, directions are not applicable.	Nil
2	Please report whether there are any cases of waiver/ write off of debts/ loans/interest etc., if yes, the reasons there for and the amount involved.	<p>There are 1367 cases of waiver/write off of debts/ loans/interest etc. amounting to Rs. 4.50 Crores in addition to the waiver of unapplied interest of Rs.103.69 Crores on account of negotiated settlement with the borrowers defaulting in payment due to the circumstances beyond their control such as death/disappearance of the borrower, recession in economy, no enforceable security, natural calamities such as earthquake, flood, drought, change in Govt. policy, genuine business failure in-spite of sincere efforts made by borrower etc. and where the recovery chances through normal business operations are bleak.</p> <p>During the financial year NO account (NPA) was sold to Asset Construction Companies (ARC</p>	<p>Waiver/Write off resulted in loss of Rs.108.19 Crores.</p> <p>NIL.</p>
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities	As per explanations given to us, the company has not received any assets as gift/grant(s) from government or other authorities. The company has no inventories lying with third parties.	NIL
4	A report on age-wise analysis of pending legal/arbitration cases including the reasons of pendency and existence/ effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.	There are 459 Cases involving Rs. 586.32 Crores pending legal/arbitration cases being claims against the bank not acknowledged as debts.	Bank hold a provision of Rs.11.70 Crores in cases which have been decided against the bank but Bank has filed appeals against the orders.
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.	Yes, the restructuring of loan was done as per the provisions of the Reserve Bank of India and Bank's own Restructuring of loan Policy.	NIL



Sn	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 Rs.0.60 Crores for maintaining and development of these parks.	The expenditure amounting to Rs. 0.60 Crores has been incurred and revenue of Rs. 0.02 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.	The Branch Auditor has reported window dressing whereby advances have been inflated by Rs.2.13 Crores by corresponding increase in deposits.	Advances and Deposits have been overstated by Rs.2.13 Crores.														
8	Whether the Bank has been able to achieve the targets under Priority sector lending, if not, impact on the financial health of the Bank by lending the shortfall amount in Rural infrastructure Development Fund, Small industrial Development Bank of India, etc. may please be brought out.	As per information and explanations given to us, the Bank has not been able to achieve the targets under priority sector lending. As a result of shortfall, the bank has to make deposits of low yield interest with the following designated agencies as on 31-03-2021: <table border="1" style="margin: 10px auto;"> <thead> <tr> <th>Particulars</th> <th>Rs.in Crores</th> </tr> </thead> <tbody> <tr> <td>NABARD</td> <td>1056.71</td> </tr> <tr> <td>RIDF(NABARD)</td> <td>1193.23</td> </tr> <tr> <td>SIDBI</td> <td>1361.99</td> </tr> <tr> <td>NHB</td> <td>408.90</td> </tr> <tr> <td>MUDRA</td> <td>217.80</td> </tr> <tr> <td>Total</td> <td>4238.63</td> </tr> </tbody> </table>	Particulars	Rs.in Crores	NABARD	1056.71	RIDF(NABARD)	1193.23	SIDBI	1361.99	NHB	408.90	MUDRA	217.80	Total	4238.63	The impact on the financial health is lower rate of return of interest ranging from 2.25% p.a. to 2.65% p.a. received from the agencies with which deposits were made for shortfall.
Particulars	Rs.in Crores																
NABARD	1056.71																
RIDF(NABARD)	1193.23																
SIDBI	1361.99																
NHB	408.90																
MUDRA	217.80																
Total	4238.63																
9	Whether there were cases of greening of advances, up gradation of loan account at the fag end of the Financial Year or delay/non- declaration of Non-performing Assets as per RBI guidelines. Its impact on the profitability and Asset Classification.	Advances amounting to Rs.81.12 Crores were not declared as NPA as per RBI guidelines which were downgraded after those were identified by the Statutory Auditors and additional provision of Rs.26.42 Crores and reversal of unrealized interest Rs. 2.08 Crores was suggested.	Auditors identified the said NPAs, where by advances of Rs.81.12 Crores have been downgraded from the bank's standard assets classification. The impact thereof on decrease of profit is as follows: 1. Interest Reversal: Rs.2.08 Crores 2.Increase in NPA provision Rs. 26.42 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 the directions issued by RBI.	Nil														

Sn	Directions/Sub directions	Auditor's comments including action taken wherever required	Impact on accounts and financial statements
11	Whether introduction of any scheme for settlement of dues and extensions thereto complied with the policy/guidelines of Company/ Govt.	As per information and explanation given to us, the bank is complied with the instructions/guidelines issued from time to time by RBI and comply with the Policy framed for the same.	Nil
12	Whether the Co. has a system to ensure that loans were secured by adequate security free from encumbrances and have first charge on the mortgaged assets. Further instances of undue delay in disposal of seized units may be reported.	As per information and explanation given to us the bank has a system to ensure that loans are secured by adequate security free from encumbrances and have charge on mortgaged assets and bank has framed policy for the same.	Nil
13	Whether the bank guarantees have been revalidated in time?	<p>As on 31.03.2021 2101 BG's amounting to Rs.436.84 Crores with a margin of Rs.99.10 Crores had expired. Furthermore, 323 LC's amounting to Rs.378.69 Crores with a margin of Rs.48.94 Crores has expired on 31.03.2021. Majority of the expired BG's have been issued in favour of Custom Authorities and other Govt. Departments without claim period and as such cannot be reversed till the BG Bonds are received by the Branches in original as these BG's are exposed to period of limitation under the Limitation Act, 1963 which period is 30 years when the Government is the guarantee beneficiary and 3 years when any other party is the guarantee beneficiary.</p> <p>Furthermore most of the expired LCs' have been issued on behalf of Govt. Departments and in majority of the cases part payments have already been made to the beneficiaries. However, pending formalities like successful installation of machinery certificates from the Govt. Departments the Branches are not able to pass on the payments to the beneficiaries fully. As such part amount of such LC's remains unpaid for want of installation certificates by the Govt. Departments which results in accumulation of expired LC's. Credit Monitoring Department is continuously following up the Branches for reversal of LCs' and guidelines in this regard are being circulated to the operative levels on frequent intervals. However, as per regulatory requirements the Bank is duly providing capital for these expired BG's and LC's.</p>	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



Sn	Directions/Sub directions	Auditor's comments including action taken wherever required	Impact on accounts and financial statements															
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>Sn</th> <th>Land</th> <th>Area</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Vashi (1st Floor)</td> <td>5400 Sft</td> </tr> <tr> <td>2.</td> <td>Budgam</td> <td>4 Kanals</td> </tr> <tr> <td>3.</td> <td>Ansal Plaza, Khelgaon</td> <td>17925 Sft</td> </tr> <tr> <td>4.</td> <td>Kargil</td> <td>1 Kanal 4 Marla</td> </tr> </tbody> </table> <p>It is advised to complete the documentation for clear title at the earliest.</p>	Sn	Land	Area	1.	Vashi (1st Floor)	5400 Sft	2.	Budgam	4 Kanals	3.	Ansal Plaza, Khelgaon	17925 Sft	4.	Kargil	1 Kanal 4 Marla	The acquisition value of the said lands/properties has been capitalized and the value as on 31.03.2021 is Rs. 59.47 Crores.
Sn	Land	Area																
1.	Vashi (1st Floor)	5400 Sft																
2.	Budgam	4 Kanals																
3.	Ansal Plaza, Khelgaon	17925 Sft																
4.	Kargil	1 Kanal 4 Marla																
17	Examine the system of effective utilization of loans/Grant-in-Aid/ Subsidy. List of cases diversion of fund	The loans received are utilized for the intended purpose. However, there were no Grant-in-Aid/Subsidy received during the financial year	Nil															
18	Examine the cost benefit analysis of major capital expenditure/Expansion including IRR and payback period.	As per information and explanation given to us, the major expenditure is being incurred on opening of new business units and as per historical data majority of new business units within J&K States attain breakeven within one year of its operation	Nil															
19	If the audited entity has computerized its operation or part of it, asses and report how much of the data in the company is in electronic format, which of the area such as accounting, sale personnel information, payroll, inventory etc. has been computerized and the company has evolved proper security policy for data/software/ hardware.	As per information and explanation given to us, all the operation of the bank including accounting, payroll in HRMS, inventory in FAM system are computerized and the bank have evolved proper security policy for data/software/ hardware.	Nil															
20	Other Matter	Other Assets include ₹ 4383.02 Crores due form UT of J&K comprising agency account, commission due & pension payments. The advance is interest free & is in the nature of clean overdraft to the Government.	Not Available															

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

For Verma Associates
Chartered Accountants
FRN:02717N

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

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

(CA. Vikram Garg)
Partner
M.No.097038
UDIN:21097038AAAAEV8621

(CA. Madan Verma)
Partner
M.No.081631
UDIN:21081631AAAACO9032

(CA. Shailza Wazir)
Partner
M.No.502279
UDIN:21502279AAAEC1865

(CA. Amit Kumar Gupta)
Partner
M.No.501373
UDIN:21501373AAAABW5989

Place : Srinagar
Date: 17th June 2021

**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 2021 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') and the Standards on Auditing ('the Standards'), issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining and understanding of internal financial controls over financial reporting, assessing the risk that a material

weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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



Opinion

8. (a) The Bank's finance department require professionals like Chartered Accountants to strengthen internal financial controls over financial reporting.
- (b) In our opinion, the Bank has, in all material respects, an adequate internal financial controls

system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2021, 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

(CA. Vikram Garg)
Partner
M.No.097038
UDIN:21097038AAAAEV8621

For Verma Associates
Chartered Accountants
FRN:02717N

(CA. Madan Verma)
Partner
M.No.081631
UDIN:21081631AAAAC09032

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

(CA. Shailza Wazir)
Partner
M.No.502279
UDIN:21502279AAAAEC1865

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

(CA. Amit Kumar Gupta)
Partner
M.No.501373
UDIN:21501373AAAABW5989

Place : Srinagar
Date: 17th June 2021

Standalone Balance Sheet

as at 31st March, 2021

CAPITAL AND LIABILITIES	Schedule	As at 31.03.2021 ₹ '000' Omitted	As at 31.03.2020 ₹ '000' Omitted
Capital	1	713,594	713,594
Reserves and Surplus	2	67,542,478	63,221,239
Deposits	3	1,080,611,496	977,882,315
Borrowings	4	20,151,969	20,195,765
Other Liabilities and Provisions	5	33,899,922	26,708,057
TOTAL :-		1,202,919,459	1,088,720,970
ASSETS			
Cash and Balance with Reserve Bank of India	6	36,853,326	29,474,809
Balance with Banks & Money at Call & Short Notice	7	58,122,602	68,353,467
Investments	8	308,142,439	230,522,425
Advances	9	668,417,318	643,990,687
Fixed Assets	10	20,124,103	20,705,182
Other Assets	11	111,259,671	95,674,400
TOTAL :-		1,202,919,459	1,088,720,970
Contingent Liabilities	12	48,669,364	57,567,837
Bills for Collection		14,396,031	11,607,721
Principal Accounting Policies	17		
Notes on Accounts	18		

The schedules referred to above form an integral part of the Balance Sheet.

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

Anil Kumar Misra
 Director
 DIN: 08066460

Vikram Gujral
 Director
 DIN: 03637222

Dr. Rajeev Lochan Bishnoi
 Director
 DIN: 00130335

Monica Dhawan
 Director
 DIN: 01963007

Naba Kishore Sahoo
 Director
 DIN: 07654279

Dr. Mohmad Ishaq Wani
 Director
 DIN: 08944038

Rajni Saraf
 President/CFO

Mohammad Shafi Mir
 Company Secretary

Place : Srinagar
 Date: 17th June 2021

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. Vikram Garg)
 Partner
 M.No.097038

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 Partner
 M.No.081631

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

(CA. Amit Kumar Gupta)
 Partner
 M.No.501373

Place : Srinagar
 Date: 17th June 2021



Schedules to Standalone Balance Sheet

as at 31st March, 2021

		As at 31.03.2021 ₹ '000' Omitted	As at 31.03.2020 ₹ '000' Omitted
SCHEDULE 1 - CAPITAL			
	AUTHORISED CAPITAL		
	2,500,000,000 (P.Y. 950,000,000)		
	Equity Shares of Rs.1/- each	2,500,000	950,000
	ISSUED :-		
	713,668,938 (P.Y. 713,668,938) Equity Shares of Rs.1/= each	713,668	713,668
	SUBSCRIBED AND PAID-UP CAPITAL		
	713,450,938 (P.Y. 713,450,938)		
	Equity Shares of Rs. 1/- each	713,450	713,450
	Add Forfeited Equity Shares (218,000) (P.Y. 218,000)	144	144
	TOTAL	713,594	713,594
SCHEDULE 2 - RESERVES & SURPLUS			
I.	STATUTORY RESERVES		
	Opening Balance	21,703,218	21,703,218
	Additions during the year	1,080,310	-
	TOTAL	22,783,528	21,703,218
II.	CAPITAL RESERVES		
	Opening Balance	1,214,577	909,977
	Additions during the year	1,338,750	304,600
	TOTAL	2,553,327	1,214,577
III.	SHARE PREMIUM		
	Opening Balance	10,959,119	6,115,712
	Additions during the year	-	4,843,407
	TOTAL	10,959,119	10,959,119
IV.	INVESTMENT FLUCTUATION RESERVE		
	Opening Balance	377,800	377,800
	Additions during the year	-	-
	TOTAL	377,800	377,800
V.	REVALUATION RESERVE FIXED ASSETS		
	Opening Balance	9,960,007	6,057,481
	Additions during the year on account of Revaluation Reserve	-	4,068,002
	Deduction during the year (depreciation)	(233,827)	(165,476)
	TOTAL	9,726,180	9,960,007
VI.	SPECIAL RESERVE (U/S 36 (I) (Viii) of I.Tax Act, 1961		
	Opening Balance	1,231,600	1,231,600

Schedules to Standalone Balance Sheet

as at 31st March, 2021

		As at 31.03.2021 ₹ '000' Omitted	As at 31.03.2020 ₹ '000' Omitted
	Additions during the year	-	-
	TOTAL	1,231,600	1,231,600
VII.	REVENUE AND OTHER RESERVES		
	Opening Balance	17,774,918	29,308,166
	Additions during the year	2,136,006	(11,533,248)
	TOTAL	19,910,924	17,774,918
	TOTAL (I,II,III,IV,V ,VI & VII)	67,542,478	63,221,239
SCHEDULE 3 - DEPOSITS			
A I.	Demand Deposits		
	i) From Banks	936,368	674,941
	ii) From Others	137,772,441	123,063,486
	TOTAL (I & ii)	138,708,809	123,738,427
II.	Saving Bank Deposits	475,540,593	400,954,846
III.	Term Deposits		
	i) From Banks	17,374,667	25,565,611
	ii) From Others	448,987,427	427,623,431
	TOTAL (I & ii)	466,362,094	453,189,042
	TOTAL A (I+II+III)	1,080,611,496	977,882,315
B. I.	Deposits of branches in India	1,080,611,496	977,882,315
II.	Deposits of branches outside India	-	-
	TOTAL B (I+II)	1,080,611,496	977,882,315
SCHEDULE 4 - BORROWINGS			
I.	Borrowings in India		
	i) Reserve Bank of India	-	-
	ii) Other Banks	-	-
	iii) Unsecured Redeemable Debentures/Bonds (BASEL III for Tier I & Tier II Capital)	20,000,000	20,000,000
	iv) Other Institutions & Agencies	151,969	195,765
	TOTAL (i to iv)	20,151,969	20,195,765
II.	Borrowings outside India	-	-
	GRAND TOTAL (I & II)	20,151,969	20,195,765
	Secured borrowings included in I & II above	Nil	Nil



Schedules to Standalone Balance Sheet

as at 31st March, 2021

		As at 31.03.2021 ₹ '000' Omitted	As at 31.03.2020 ₹ '000' Omitted
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS			
i)	Bills Payable	2,773,447	2,447,207
ii)	Inter Office Adjustments (Net)	-	-
iii)	Interest Accrued on Non-cumulative deposits	198,250	230,460
iv)	Deferred Tax Liability	-	-
v)	Provision Against Standard Assets	4,327,438	4,211,783
vi)	Other (Including Provisions)	26,600,787	19,818,607
	TOTAL (i to vi)	33,899,922	26,708,057
SCHEDULE 6 - CASH & BALANCES WITH RESERVE BANK OF INDIA			
I.	Cash in Hand (Including Foreign Currency Notes)	5,179,363	5,707,474
II.	Balance with Reserve Bank of India		
	i) In Current Account	31,673,963	23,767,335
	ii) In Other Accounts	-	-
	TOTAL (I & II)	36,853,326	29,474,809
SCHEDULE 7 - BALANCE WITH BANKS AND MONEY AT CALL AND SHORT NOTICE			
I.	In India		
	i) Balance with Banks		
	a) In Current Accounts	766,931	1,223,932
	b) In Other Deposit Accounts	10	11
	TOTAL (i)	766,941	1,223,943
	ii) Money At Call and Short Notice		
	a) With Banks	56,997,645	66,600,000
	b) With Other Institutions	-	-
	TOTAL (ii)	56,997,645	66,600,000
	TOTAL (i & ii)	57,764,586	67,823,943
II.	Outside India		
	i) In Current Accounts	358,016	529,524

Schedules to Standalone Balance Sheet

as at 31st March, 2021

		As at 31.03.2021 ₹ '000' Omitted	As at 31.03.2020 ₹ '000' Omitted
	ii) In Other Deposit Accounts	-	-
	iii) Money at Call & Short Notice	-	-
	TOTAL II of (i, ii & iii)	358,016	529,524
	GRAND TOTAL (I&II)	58,122,602	68,353,467
SCHEDULE 8 - INVESTMENTS			
I.	Investments in India		
	Gross	315,496,133	237,293,668
	Less: Provision for Depreciation	487,081	210,745
	Less: Provision for Investment (NPI)	6,866,613	6,560,498
	Net Investments	308,142,439	230,522,425
i)	Government Securities	302,809,864	207,164,567
ii)	Other Approved Securities	-	-
iii)	Shares (Pref. + Equity)	1,023,432	950,273
iv)	Debentures and Bonds	3,572,985	5,633,354
v)	Sponsored Institutions	87,508	456,747
vi)	Others :		
	a) Certificate of Deposit	-	15,363,185
	b) Suitfile	-	-
	c) Inv. In Subsidiary / or Joint Ventures	160,000	200,000
	d) Venture Capital	239	239
	e) Commercial Paper	-	-
	f) Security Receipts	488,411	754,060
	TOTAL (I)	308,142,439	230,522,425
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)	308,142,439	230,522,425
III.	Investments Category-Wise		
	i) Held to Maturity	213,606,543	177,115,337
	ii) Held for Trading	48,820	110,414
	iii) Available for Sale	94,487,076	53,296,674
	TOTAL (III)	308,142,439	230,522,425



Schedules to Standalone Balance Sheet

as at 31st March, 2021

		As at 31.03.2021 ₹ '000' Omitted	As at 31.03.2020 ₹ '000' Omitted
SCHEDULE 9 - ADVANCES			
A	i) Bills Purchased and Discounted	3,225,828	4,519,392
	ii) Cash Credits, Overdrafts and Loans Repayable on Demand	215,207,158	214,517,379
	iii) Term Loans	449,984,332	424,953,916
	TOTAL (i to iii)	668,417,318	643,990,687
B	i) Secured by Tangible Assets	511,707,200	502,710,177
	ii) Covered by Bank/Govt. Guarantees	4,572,499	6,052,384
	iii) Unsecured	152,137,619	135,228,126
	TOTAL (i to iii)	668,417,318	643,990,687
C	I. Advances in India		
	i) Priority Sector	262,939,841	233,795,655
	ii) Public Sector	8,672,302	28,446,749
	iii) Banks	17,170	1,790
	iv) Non Priority Sector (Others)	396,788,005	381,746,493
	TOTAL (i to iv)	668,417,318	643,990,687
	II. Advances Outside India		
	i) Due from Banks	-	-
	ii) Due from Others	-	-
	GRAND TOTAL (I & II)	668,417,318	643,990,687
SCHEDULE 10 - FIXED ASSETS			
I.	Premises		
	a) Gross Block at the beginning of the year	17,775,014	13,702,042
	Additions during the year	18,554	4,111,478
		17,793,568	17,813,520
	Deductions during the year	-	38,506
	Total	17,793,568	17,775,014
	Depreciation to date	2,551,416	2,247,355

Schedules to Standalone Balance Sheet

as at 31st March, 2021

		As at 31.03.2021 ₹ '000' Omitted	As at 31.03.2020 ₹ '000' Omitted
	Total (a)	15,242,152	15,527,659
	b) Constructions work in progress	372,657	348,167
	TOTAL (I) [a+b]	15,614,809	15,875,826
II.	Other Fixed Assets		
	a) (Including Furniture & Fixtures)		
	Gross Block at the beginning of the year	13,793,926	12,739,396
	Additions during the year	691,598	1,087,430
		14,485,524	13,826,826
	Deductions during the year	34,497	32,900
		14,451,027	13,793,926
	Depreciation to date	9,983,278	8,964,570
	TOTAL (a)	4,467,749	4,829,356
	b) Constructions work in progress	41,545	-
	TOTAL (II) [a+b]	4,509,294	4,829,356
	GRAND TOTAL (I & II)	20,124,103	20,705,182
SCHEDULE 11 - OTHER ASSETS			
I.	Interest Accrued but not Due	5,805,162	4,439,368
II.	Interest Accrued and Due	-	-
III.	Inter Office Adjustment (Net)	704,613	712,112
IV.	Tax paid in Advance/Tax Deducted at Source (Net of Provisions)	2,344,150	1,836,545
V.	Stationery and Paper in Hand	57,995	56,163
VI.	Deferred Tax Asset	2,650,824	3,303,809
VII.	Others	99,696,927	85,326,403
	TOTAL (I to VII)	111,259,671	95,674,400



Schedules to Standalone Balance Sheet

as at 31st March, 2021

		As at 31.03.2021 ₹ '000' Omitted	As at 31.03.2020 ₹ '000' Omitted
SCHEDULE 12 - CONTINGENT LIABILITIES			
I.	Claims against the Bank not acknowledged as debts	6,224,164	6,253,590
II.	Liability for partly paid investments	-	-
III.	Liability on account of outstanding Forward Exchange Contracts	11,181,866	17,270,915
IV.	Guarantees given on behalf of constituents:-		
	a) In India	22,307,506	25,189,210
	b) Outside India	225,173	262,185
V.	Acceptances, Endorsements & Other Obligations	6,725,649	7,116,137
VI.	Other items for which the Bank is Contingently liable	-	-
VII.	Liability on a/c of Depositors Education Awareness Fund (DEAF)	2,005,006	1,475,800
	TOTAL (I to VII)	48,669,364	57,567,837

Standalone Profit & Loss Account

for the year ended 31st March, 2021

	SCHEDULE	YEAR ENDED 31.03.2021 ₹ '000' Omitted	YEAR ENDED 31.03.2020 ₹ '000' Omitted
I	INCOME		
	Interest Earned	81,110,875	84,462,889
	Other Income	7,189,943	5,459,207
	TOTAL	88,300,818	89,922,096
II	EXPENDITURE		
	Interest Expended	43,403,084	47,396,213
	Operating Expenses	28,785,405	27,275,437
	Provisions and Contingencies	11,791,089	26,644,568
	TOTAL	83,979,578	101,316,218
III	NET PROFIT / (LOSS)	4,321,240	(11,394,122)
	TOTAL	88,300,818	89,922,096
IV	APPROPRIATIONS TRANSFERRED TO		
i)	Statutory Reserve	1,080,310	-
ii)	Capital Reserve	1,338,750	304,600
iii)	Revenue and Other Reserve	1,902,180	(11,698,722)
iv)	Investment Fluctuation Reserve	-	-
v)	Special Reserve	-	-
vi)	Proposed Dividend	-	-
vii)	Tax on Dividend	-	-
	TOTAL	4,321,240	(11,394,122)
	Principal Accounting Policies	17.	
	Notes on Accounts	18.	
	Earnings per Share (Basic/Diluted)	6.06	(15.97)

The schedules referred to above form an integral part of the Profit & Loss Account.

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

Anil Kumar Misra
 Director
 DIN: 08066460

Vikram Gujral
 Director
 DIN: 03637222

Dr. Rajeev Lochan Bishnoi
 Director
 DIN: 00130335

Monica Dhawan
 Director
 DIN: 01963007

Naba Kishore Sahoo
 Director
 DIN: 07654279

Dr. Mohmad Ishaq Wani
 Director
 DIN: 08944038

Rajni Saraf
 President/CFO

Mohammad Shafi Mir
 Company Secretary

Place : Srinagar
 Date: 17th June 2021

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. Vikram Garg)
 Partner
 M.No.097038

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

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

(CA. Amit Kumar Gupta)
 Partner
 M.No.501373

Place : Srinagar
 Date: 17th June 2021



Schedules to Standalone Profit & Loss Account

for the year ended 31st March, 2021

		YEAR ENDED 31.03.2021 ₹ '000' Omitted	YEAR ENDED 31.03.2020 ₹ '000' Omitted
SCHEDULE 13 - INTEREST EARNED			
I.	Interest/Discount on Advances/Bills	60,630,149	65,724,972
II.	Income on Investments (Net of Amortization)	17,307,929	16,076,093
III.	Interest on Balances with R.B.I and other Inter Bank Funds	3,172,246	2,660,320
IV.	Others	551	1,504
	TOTAL (I to IV)	81,110,875	84,462,889
SCHEDULE 14 - OTHER INCOME			
I.	Commission, Exchange & Brokerage	2,075,504	2,344,171
II.	Profit /(Loss) on Sale of Investments	2,521,635	816,255
	Profit on Sale of Investments	2,521,635	816,255
	Less: Loss on sale of investments	-	-
III.	Profit /(Loss) on revaluation of Investments	-	(226,027)
	Profit on revaluation of Investments	-	-
	Less: loss on revaluation of investments	-	226,027
IV.	Profit/(Loss) on Sale of Land, Buildings & Other Assets	2,415	4,367
	Profit on Sale of Land, Buildings & Other Assets	6,007	6,633
	Less: Loss on Sale of Land, Buildings & Other Assets	3,592	2,266
V.	Profit /(Loss) on Exchange Transactions	104,811	7,786
	Profit on Exchange Transactions	104,811	7,786
	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	2,485,578	2,512,655
	TOTAL (I to VII)	7,189,943	5,459,207
SCHEDULE 15 - INTEREST EXPENDED			
I.	Interest on Deposits	41,402,933	44,968,984
II.	Interest on RBI/Inter-Bank Borrowings	12,651	37,688
III.	Others	1,987,500	2,389,541
	TOTAL (I to III)	43,403,084	47,396,213
SCHEDULE 16 - OPERATING EXPENSES			
I.	Payments to and provisions for Employees	20,593,842	18,860,549
II.	Rent, Taxes and Lighting	962,221	996,415
III.	Printing and Stationery	92,587	95,672
IV.	Advertisement and Publicity	16,541	118,148
V.	Depreciation on Bank's Property	1,339,312	1,254,038
VI.	Directors Fees, Allowances and Expenses	12,853	4,520
VII.	Auditors Fees & Expenses (Including Branch Auditor's fees & Expenses)	180,147	177,108
VIII.	Law Charges	113,197	96,250
IX.	Postage, Telegrams, Telephones etc.	47,919	40,582
X.	Repairs and Maintenance	199,452	197,746
XI.	Insurance	1,187,812	902,775
XII.	Other Expenditure	4,039,522	4,531,634
	TOTAL (I to XII)	28,785,405	27,275,437

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“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. The securities which do not fall within the above two categories will be classified under ‘Available for Sale (AFS).
- iv. Investments classified as “Held-to-Maturity” (HTM) category are carried at acquisition cost unless it is more than the face/redemption value, in which case the premium is amortized over the period remaining to the maturity using straight line method.
- v.
 - (a) The individual scrip’s in the “Available-for-Sale” category are marked to market at quarterly intervals. The net depreciation under each of six classifications under which investments are presented in the balance sheet is fully provided for, whereas the net appreciation under any of the aforesaid classifications is ignored.
 - (b) The market value for the purpose of periodical valuation of investments, included in “Available for Sale” and “Held for trading” categories is based on the market price available from the trades/quotes on stock exchanges. Central/State Government securities, other approved securities, debentures and Bonds are valued as per the prices/YTM rates declared by FBIL.
 - (c) Unquoted shares are valued at break-up value ascertained from the latest balance sheet (which should not be more than one year prior to the date of valuation) and in case the latest balance sheet is not available the same are valued at Rs.1/- per Company, as per RBI guidelines.
 - (d) Security receipts (SRs) issued by Asset Reconstruction Companies (ARCs) are valued at cost or NAV, whichever is lower, declared periodically by the ARCs. Depreciation, if any, in individual SRs is fully provided for. Appreciation, if any, is ignored.
 - (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



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quote is not available, Units are valued at NAV. If NAV is not available, then these are valued at cost, till the end of the lock-in period. Wherever the re-purchase price is not available the Units are valued at the NAV of the respective scheme.

- vi. The individual scrip in the “held-for-trading” category is marked to market at weekly intervals and the net depreciation under each of the six classifications under which investments are presented in the Balance Sheet is accounted for in the Profit and Loss account and appreciation is ignored.
- vii. The depreciation in value of investments where interest/principal is in arrears is not set-off against the appreciation in respect of other performing securities. Such investments including Non-performing Non-SLR investments are treated applying RBI prudential norms on NPA Classification and appropriate provisions are made as per RBI norms and no income on such investments is recognized.
- viii. (a) Profit or Loss on sale of Government Securities is computed on the basis of weighted average cost of the respective security.
(b) Profit or loss on sale of investments in any category is taken to the Profit and Loss account. In case of profit on sale of investments in “Held-to-Maturity” category, an equivalent amount of profit net of taxes and the amount required to be transferred to Statutory reserve is appropriated to the “Capital Reserve Account”.
- ix. Interest accrued up to the date of acquisition of securities i.e. broken period interest is excluded from the acquisition cost and recognized as interest expense. Broken period interest received on Sale of securities is recognized as interest income.
- x. Brokerage paid on securities purchased is charged to revenue account except for equity investment operations the same is added to the cost of purchase of investment.
- xi. Investments in J&K Grameen Bank/Sponsored Institutions have been accounted for on carrying cost basis.
- xii. Transfer of securities from one category to another is done at the least of the acquisition cost/book value/market value on the date of transfer.
- xiii. Repurchase & Reverse repurchase transactions are accounted for in accordance with the extant RBI guidelines.
- xiv. Bank is following settlement date accounting policy.

In accordance with RBI circular No. FMRD.DIRD.01/14.03.038/2018-19 DATED July 24, 2018, the Bank has made changes in accounting for Repo/ Reverse Repo transactions including Triparty Repo (Other than transactions under the liquidity adjustment facility (LAF) with the RBI). Accordingly, the securities sold and purchased under Repo/Reverse Repo are accounted for as collateralized lending and borrowing transactions. However, securities are transferred as in case of normal outright sale/purchase transactions and such movement of security is reflected using Repo/Reverse Repo accounts and contra entries. The above entries are reversed on the date of maturity. Cost and revenue are accounted as interest expenditure/Income as the case may be. Balance in Repo account is classified under schedule 4 (Borrowing) and balance in Reverse Repo account is classified under schedule 7 (Balance with Banks & money at call & short notice).

5. Advances

- i) Classification of Advances and Provisions thereof have been made as per the Income Recognition and Asset Classification norms formulated by the RBI viz., Standard, Sub-Standard, Doubtful and Loss Assets and accordingly requisite provisions have been made thereof.
- ii) Advances are shown net of provisions required for NPA's. Provisions for advances classified as Standard Assets is shown under Other Liabilities & Provisions.
- iii) Restructuring of Advances and provisioning thereof have been made as per RBI guidelines.

6. Fixed Assets/Depreciation

- a) Premises and other fixed assets are accounted for at historical cost.
- b) Premises include free hold as well as lease hold properties.
- c) Premises include capital work in progress.

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- d) Depreciation is charged on straight line method as per provisions of Companies Act 2013 based on the useful life of the assets prescribed in Part C of the schedule II of the Companies Act 2013 as given hereunder.

Sn.	Block	Useful Life (Years)
A.	Building (With RCC Frame Structure)	
	-Commercial	60
	-Residential	60
B.	Building (with other than RCC Frame Structure)	
	-Commercial	30
	-Residential	30
C.	Plant & Machinery	15
D.	Furniture & Fixtures	10
E.	Vehicles	8
F.	Fences	5
G.	Others (Including temporary Structures etc.)	3

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

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

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

- e) Premium paid for Leasehold properties is amortized over the period of the lease.
- f) In compliance to the directions of RBI, Board of Directors vide resolution no. 47 dated 21-04-2016 approved the policy on Revaluation of Bank's own properties which covered all the immovable properties owned by the bank including land & office buildings except those fixed assets whose useful life has expired. In respect of revaluation of the Bank's own properties/assets, the bank had obtained Valuation Reports from two independent Valuers, irrespective of the value of the property. As per the policy, the valuation of the property was taken as the average of the two valuations.

7. Employees Benefits

- i) Short-term employee benefits are charged to revenue in the year in which the related service is rendered.
- ii) Long Term Employee Benefit
- a) **Defined Contribution Plan**
Provident Fund: - Provident Fund is a defined contribution scheme as the bank pays fixed contribution at pre-determined rates. The obligation of the Bank is limited to such fixed contribution. The contributions are charged to profit & loss A/C. The bank is paying matching contribution towards those employees who have not opted for the pension.
- b) **Defined Benefit Plan**
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.



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8. Revenue Recognition and Expenditure booking

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

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

9. Credit Card reward Points

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

10. Net Profit/Loss

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

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

11. Taxes on Income

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

12. Contingency Funds

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

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1. Reconciliation/adjustment of inter-bank/inter-branch transactions, branch suspense, Government Transactions, NOSTRO, System Suspense, Clearing, and Sundry Deposits is in progress on an ongoing basis. The impact, in the opinion of the management of the un-reconciled entries, if any, on the financial statements would not be material.
2. Tax paid in Advance/ Tax deducted at source includes amount adjusted by Income Tax Department in respect of various disputed demands. Based on the 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 ₹ 9.31 (previous year ₹ 9.39 crores). In respect of immovable properties valued at ₹ 50.16 Crore (previous year ₹ 51.37 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 ₹ 23.38 crores (previous year being ₹ 16.55 crores) on the revalued portion of the fixed assets (being Premises & Land) has been transferred from the Revaluation reserve to General/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 compliance to Accounting Standard (AS)-26 the acquisition cost of computer software, not forming integral part of the computers and where it is probable that the future economic benefits that are contributable to this software will flow to bank, is being capitalized and depreciation is charged at the rate of 33.33% on straight line method in terms of RBI guidelines.

Further useful life of mobile phones is considered to be 2 years and the depreciation is charged on straight line method.

Depreciation on Banks property includes amortization in respect of leased properties amounting to ₹0.76 Crores (previous year ₹ 0.76 Crores).

4. Capital

Sn.	Particulars	BASEL-III (₹ in Crores)	
		31.03.2021	31.03.2020
i)	Common Equity Tier I Capital ratio (%)	8.82%	8.42%
ii)	Tier I Capital Ratio %	10.28%	9.88%
iii)	Tier II Capital Ratio %	1.92%	1.53%
iv)	Total Capital ratio (CRAR) (%)	12.20%	11.40%
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	500
vii)	Amount of additional Tier I capital raised during the year of which: PNCPS: PDI:	NIL	NIL
viii)	Amount of Tier II capital raised during the year of which Debt capital instrument: Preference share capital instrument: [Perpetual Cumulative Preference shares PCPS) /Redeemable Non-cumulative preference shares (RNCPS) / Redeemable cumulative preference shares (RCPS)]	NIL	NIL

Previous year figures of Capital Adequacy includes Revaluation Reserves at a discount of 55% as part of CET-1 capital amounting to Rs 448.20 crores. However, with reference to RBI Maser Circular No DBR.No.BP.BC.1/21.06.201/2015-16 dated July 01, 2015, and as pointed out by RBI, the Bank has distributed the Revaluation Reserve as Rs 299.16 crores in



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CET-1 and Rs 138.52 crores in Tier-2 Capital out of the total Revaluation Reserve of Rs 437.68 crores.

Government of Jammu & Kashmir holds 68.18% (Previous year 68.18%) of equity shares of the Bank as on 31.03.2021.

The J&K Govt General Administration Department S.O. No. 339 dated 30/10/2020 apportioned the Assets, Liabilities and Posts of the erstwhile State of Jammu and Kashmir between the Union Territory of Jammu and Kashmir and Union Territory of Ladakh w.e.f. 31.10.2020. As per the said notification 8.23% shareholding of Jammu & Kashmir Bank Ltd which amounts to 13.89% of the shareholding of the erstwhile state of Jammu and Kashmir as on 31.10.2019 shall be transferred to the UT of Ladakh and the then remaining 51% of shareholding of erstwhile Jammu and Kashmir state would remain with the UT of Jammu and Kashmir. The said arrangement is however subject to necessary approvals from regulators.

Investments

- The Bank has booked a profit of Rs.178.50 Crore (previous year Rs.30.46 Crore) on direct sale of securities from HTM category during the year through open market operations (OMOs) purchase auction by RBI. As such an appropriation of Rs.133.88 Crore was made to Capital Reserve Account after netting of taxes and required transfer to statutory reserves.
- The total investment of the Bank in PNB Met-life India Insurance Company Ltd stood at Rs.61.08 Crores as on 31.03.2021 (Previous year Rs.61.08 Crores). In compliance with RBI Letter No. DBOD.BP/-17099/21.4.141/ 2008-09 dated 9th April 2009, the investment stands transferred to AFS Category on October 1st, 2009. The valuation has been carried out at an average of two independent valuation reports obtained from Category I Merchant Bankers as per RBI guidelines & the consequent appreciation has been ignored in view of the Accounting Policy in respect of such investments.
- Investments include Rs. 45.67 Crores in Sponsored institution J&K Grameen Bank. Net worth of the J&K Grameen bank has eroded due to continuing losses and since there is a permanent diminution in carrying cost of investment the bank has made prudential provision of Rs.36.92 Crore.
- 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 holds Investment Fluctuation Reserve (IFR) of Rs 37.78 crore created during the Financial Year 2018-19. As per trading portfolio (AFS+HFT) held for the FY 2020-21 no addition is required in the IFR account.

9. Details of Investments (₹ in Crores)

Sn.	Particulars	As on	
		31.03.2020	31.03.2021
1	Value of Investments		
	Gross Value of Investments		
	a) In India	23729.37	31549.61
	b) Outside India	NIL	NIL
	Provision for depreciation		
	a) In India	21.08	48.71
	b) Outside India	NIL	NIL
	Provision for NPI		
	a) In India	656.05	686.66
	b) Outside India	NIL	NIL
	Net Value of Investments		
	a) In India	23052.24	30814.24
	b) Outside India	NIL	NIL
2	Movement of provisions held towards the depreciation on Investments		
	(i) Opening Balance	48.44	21.08
	(ii) Add: Provisions made during the year	41.65	28.84
	Less: Write-off/write back of excess provisions during the year	69.01	1.21
	(iii) Closing Balance	21.08	48.71

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10. 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, 2021
Securities sold under Repo Government Securities	0	0	0	0
(Previous Year)	175.00	200.00	1.57	0.00
i) Corporate Debt Securities	0	0	0	0.00
(Previous Year)	0	0	0	0.00
Securities purchased under Reverse Repo Government Securities	650.00	8250.00	4641.63	5200.00
(Previous Year)	25.00	6660.00	1701.41	6660.00
i) Corporate Debt Securities	0	0	0	0
(Previous Year)	0	0	0	0

11. Non-SLR Investment portfolio

11.1 Issuer composition of Non SLR Investments

(₹ in Crores)

Sn.	Issuer	Amount	Extent of Private Placement	Extent of below Investment grade	Extent of unrated Securities	Extent of unlisted Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	PSUs	120.05	119.85	0.00	0.00	0.00
2	FIs (incl. NBFC's AIF's)	202.00	192.00	115.00	0.00	0.00
3	Banks (incl. CD's)	53.50	53.50	23.50	0.00	0.00
4	Private Corporates (incl. CP's)	735.46	91.97	0.00	43.60	43.60
5	Subsidiaries/Joint Ventures	20.00	0.00	0.00	0.00	0.00
6	Others	137.60	0.00	0.00	0.00	0.00
Total (A)		1268.61				
Provision towards depreciation / NPI (B)*		735.35				
Total (A-B)		533.26				

*excludes floating provision of ₹ 2.76 crores

The Bank's investment in unlisted securities as on 31.03.2021 is 1.45% (previous year 0.49%) 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 31.03.2020	Amount as on 31.03.2021
NABARD	1327.52	1056.71
RIDF (NABARD)	1088.90	1193.23
SIDBI	1184.24	1361.99
NHB	292.64	408.90
MUDRA	149.15	217.48
TOTAL	4042.45	4238.31



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"Notes on Standalone Accounts"

11.2 Non-performing Non-SLR investments

(₹ in Crores)

Particulars	Amount as on 31.03.2020	Amount as on 31.03.2021
Opening Balance	545.66	797.44
Additions during the year	277.64	45.67
Reductions during the year	25.86	25.53
Closing Balance	797.44	817.58
Total Provision held (including floating provisions of Rs. 2.76 Crores)	658.81	689.42

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

- The Bank has booked a profit of Rs. 178.50 crores on direct Sale of Securities from HTM category amounting to Rs.3323.24 Crore (FV) during the financial year through open market operations (OMO) purchase auction by RBI. As such an appropriation of Rs. 133.88 Crore was made to Capital Reserve Account after netting of taxes and required transfer to statutory reserves.
- With the approval of the Board of Directors, the Bank has shifted securities amounting to ₹ 850 Crore (FV) on 18/04/2020 at the cost of acquisition in case of discounted/Par value securities and at the amortized cost in case of securities at the premium, from Held to Maturity (HTM) to Available for Sale (AFS) category. The revaluation of securities was undertaken immediately after transfer of securities to AFS category in conformity with regulatory guidelines.
- The value of sales and transfer of securities to/from HTM category (excluding the exempted transfer) did not exceed 5% of book value of the investment in HTM category at the beginning of the year.

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

(₹ in Crores)

Particulars	As on 31.03.2020				As on 31.03.2021			
	HFT	AFS	HTM	Total	HFT	AFS	HTM	Total
Govt. Securities	10.35	3080.58	17625.53	20716.46	4.88	8962.12	21313.98	30280.98
Other approved securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Shares (Equity & Pref.)	0.69	94.34	0.00	95.03	0.00	102.35	0.00	102.35
Debentures & Bonds	0.00	543.00	20.33	563.33	0.00	335.38	21.92	357.30
Subsidiaries	0.00	0.00	20.00	20.00	0.00	0.00	16.00	16.00
Others (incl. Sponsored, CDs, CPs, Venture Capital & Security receipts)	0.00	1611.75	45.67	1657.42	0.00	48.86	8.75	57.61
Total	11.04	5329.67	17711.53	23052.24	4.88	9448.71	21360.65	30814.24

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“Notes on Standalone Accounts”

12. 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	90.92	86.52	5.38	5.38	96.30	91.90

13. Derivatives

13.1 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

13.2 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

13.3 Disclosures on Risk exposures in derivatives

a) Qualitative Disclosures

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

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

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

b) Quantitative Disclosures



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Sn.	Particulars		31.03.2021		31.03.2020	
			Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
	Derivatives (Notional Principal Amount)					
(i)	a)	For Hedging	NIL	NIL	NIL	NIL
	b)	For Trading	NIL	NIL	NIL	NIL
	Marked to Market Position (1)					
(ii)	a)	Asset (+)	NIL	NIL	NIL	NIL
	b)	Liability (-)	NIL	NIL	NIL	NIL
(iii)	Credit Exposure (2)		NIL	NIL	NIL	NIL
	Likely Impact of 1% change in interest rate (100*PV01)					
(iv)	a)	On hedging derivatives	NIL	NIL	NIL	NIL
	b)	On Trading derivatives	NIL	NIL	NIL	NIL
	Maximum & minimum of 100*PV01 observed during the year					
(v)	a)	On hedging	NIL	NIL	NIL	NIL
	b)	On Trading	NIL	NIL	NIL	NIL

13.4 Forward Exchange contracts as on 31.03.2021

(₹ in Crores)

Period	Current Year
Up to 14 days	132.94
Beyond 14 day	985.24
Total	1118.18

14. Asset Quality

14.1 Non-Performing Assets*

(₹ in Crores)

Sn.	Particulars	Current Year	Previous Year
(i)	Net NPAs to Net Advances (%)	2.95%	3.48%
(ii)	Movement of NPAs (Gross)		
	a) Opening balance	7671.63	6221.35
	b) Additions during the year	1106.89	4053.79
	c) Reductions during the year	1823.77	2603.51
	d) Closing balance	6954.75	7671.63
(iii)	Movement of Net NPAs		
	a) Opening balance	2243.82	3239.61
	b) Additions during the year	75.57	1545.26
	c) Reductions during the year	261.20	2603.51
	d) Closing balance**	1969.33	2243.82
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	a) Opening balance ***	5376.53	2868.01
	b) Add/Transfer Provisions made during the year***	1031.32	2564.45
	c) Write-off/write-back of excess provisions****	1562.57	55.93
	d) Closing balance	4845.29	5376.53

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

** Net NPA has been arrived at after subtracting ECGC claims of ₹ 0.73 Crores, Interest Capitalization of ₹ 90.64 Crores & adding DIFV of ₹ 2.51 crores

*** Figure has been arrived after transfer of Rs. 8.18 Crore from ECGC claims received

**** Including floating provision of Rs. 348.72 Crores which is now part of Tier II capital of Bank

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"Notes on Standalone Accounts"

14.2 As a matter of prudence, Bank has made an additional provision of Rs.209.28 crore for certain stressed sectors/ accounts, Rs.83.47 crore for Non-Performing Assets and Rs.125.81 crore for Standard Assets.

(₹ in Crores)

15. Particulars of Accounts Restructured

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 01.04.2020	No. of borrowers	2	0	1	0	3	1681	709	2250	86	4726		319	408	1756	49	2532		2002	1117	4007	135	7261	
	Amount	4.86	0.00	2.99	0.00	7.85	305.22	121.37	442.29	4.37	873.25		97.99	146.19	1106.38	7.95	1358.51		408.07	267.56	1551.66	12.32	2239.61	
	Provision	0.24	0.00	2.99	0.00	3.23	15.26	19.72	243.52	4.37	282.87		4.90	23.84	612.50	7.95	649.19		20.40	43.56	859.01	12.32	935.29	
Fresh Restructuring in FY 2020-21	No. of borrowers	0	0	0	0	0	282	3	15	0	300		43	0	0	0	43		325	3	15	0	343	
	Amount	0	0	0	0	0.00	159.59	1.16	70.61	0.00	231.36		27.65	0.00	0.00	0.00	27.65		187.24	1.16	70.61	0.00	259.01	
	Provision	0	0	0	0	0.00	15.96	0.21	32.31	0.00	48.48		2.76	0.00	0.00	0.00	2.76		18.72	0.21	32.31	0.00	51.24	
Upgradations in FY 2020-21	No. of borrowers	0	0	0	0	0	197	0	0	0	197		43	0	0	0	43		240	0	0	0	240	
	Amount	0	0	0	0	0.00	55.40	0	0	0	55.40		7.77	0.00	0.00	0.00	7.77		63.17	0.00	0.00	0.00	63.17	
	Provision	0	0	0	0	0.00	42.52	0	0	0	42.52		2.60	0.00	0.00	0.00	2.60		45.12	0.00	0.00	0.00	45.12	
Restructured Standard Advances which cease to attract higher provision at the beginning of next FY	No. of borrowers	2	0	0	0	2	0	0	0	0	0		0	0	0	0	0		2	0	0	0	2	
	Amount	4.86	0	0	0	4.86	0	0	0	0.00	0.00		0.00	0.00	0.00	0.00	0.00		4.86	0.00	0.00	0.00	4.86	
	Provision	0.24	0	0	0	0.24	0	0	0	0.00	0.00		0.00	0.00	0.00	0.00	0.00		0	0	0	0	0.24	
Downgradations in FY 2020-21	No. of borrowers	0	0	0	0	0	0	32	1	33		0	32	1	0	0	33		0	64	2	0	66	
	Amount	0	0	0	0	0.00	0.00	4.73	0.18	4.91		0.00	1.45	0.11	0.00	1.56		0.00	6.18	0.29	0.00	0.00	6.47	
	Provision	0	0	0	0	0.00	0.00	0.24	0.01	0.25		0.00	0.07	0.01	0.00	0.08		0.00	0.31	0.02	0.00	0.00	0.33	
Write-offs in FY 20-21	No. of borrowers	0	0	0	0	0	0	0	0	0		0	0	3	0	3		0	0	3	0	3		
	Amount	0	0	0	0	0.00	0.00	0.00	0.00	0.00		0.00	0.00	71.41	0.00	71.41		0.00	0.00	71.41	0.00	71.41		
	Provision	0	0	0	0	0.00	0.00	0.00	0.00	0.00		0.00	0.00	71.41	0.00	71.41		0.00	0.00	71.41	0.00	71.41		
Restructured A/cs 31.03.2021	No. of borrowers	0	0	0	0	0	1953	40	2441	31	4465		334	37	1946	16	2333		2287	77	4387	47	6798	
	Amount	0	0	0	0	0.00	496.83	6.61	463.86	0.88	968.18		121.93	3.07	1123.17	6.95	1255.12		618.76	9.68	1587.03	7.83	2223.30	
	Provision	0	0	0	0	0.00	49.68	1.03	336.94	0.88	388.53		12.20	0.47	767.10	6.95	786.72		61.88	1.50	1104.04	7.83	1175.25	



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"Notes on Standalone Accounts"

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

(₹ in Crores)

Sn.	Particulars	Current Year	Previous Year*
1.	No of accounts	NIL	1
2.	Aggregate Value (net of provisions) of accounts sold to SC/RC	NIL	56.23
3.	Aggregate Consideration	NIL	65.29
4.	Additional consideration realized in respect of accounts transferred in earlier years	NIL	0
5.	Aggregate gain over net book value	NIL	9.06

*Cash Basis only.

17. Details of non-performing financial assets purchased.

(₹ in Crores)

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

18.1 Details of non-performing financial assets sold.

(₹ in Crores)

Sn.	Particulars	Current Year	Previous Year
1)	No. of accounts sold	NIL	1
2)	Aggregate outstanding	NIL	102.19
3)	Aggregate consideration received	NIL	65.29

18.2. Assets sold to Asset Reconstruction Companies (ARCs)

During the financial year no account was sold to Asset Reconstruction Companies (ARCs).

(₹ in Crores)

No of accounts	NPA balance	Cash component	Security Receipts component	Total	Provisioning Held
Nil	Nil	Nil	Nil	Nil	Nil

18.3 Purchase of Property

During the FY 2020-21, the bank has not purchased any non-banking asset under the provision of SARFAESI Act 2002.

19. Provisions on standard Assets

(₹ in Crores)

Particulars	31.03.2021	31.03. 2020
Provision towards Standard Assets	432.74	421.18

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"Notes on Standalone Accounts"

20. Business Ratios

Sn.	Particulars	As on	
		31.03.2021	31.03.2020
(i)	Interest income as a percentage to working funds*	7.15%	8.17%
(ii)	Non-Interest income as a percentage to working funds*	0.63%	0.53%
(iii)	Operating Profit as a percentage to working funds*	1.42%	1.48%
(iv)	Return on Assets **	0.38%	(1.10%)
(v)	Business (deposits plus advances) per employee*** (Rs. in Crores)	14.48	13.08
(vi)	Net Profit/(Loss) per employee (Rs. in crores)	0.04	(0.09)

*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 assets and liabilities as on 31-03-2021* (Rs. In Crores)

	Next Day	2 to 7 Days	8 to 14 Days	15 to 30 Days	31 days upto 2 Months	More than 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 yr	Over 1 yr upto 3 yrs	Over 3 yrs upto 5 yrs	Over 5 yrs	TOTAL
Deposits	588.81	3553.09	4558.37	399.38	438.09	822.89	2728.32	4795.07	46598.97	31689.65	11888.51	108061.14
Borrowings	0	0	0	0	0	0	0	0	1504.44	500	10.75	2015.20
Investments	3253.65	0.20	3.72	0.00	10.35	0.00	4727.39	4767.75	6488.94	4295.48	7266.77	30814.25
Advances	413.54	1114.75	1580.10	502.02	947.51	1196.91	2108.80	5100.79	31833.76	10667.65	11375.91	66841.73

*Note: Classification of assets and liabilities under the maturity buckets is based on the same estimates and assumptions as used by the bank for compiling the Liquidity report submitted to RBI

(iii) Details of Foreign currency Assets/Liabilities (Maturity Pattern) as on 31.03.2021*

(₹ 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	115.81	150.50	96.34	62.60	91.88	0.00	19.17	0.00	536.30
EURO	10.38	4.73	15.21	31.74	41.92	0.00	0.00	0.00	103.98
GBP	4.63	1.62	5.81	11.77	11.64	0.00	0.00	0.00	35.47
J.YEN	0.10	0.00	0.00	0.00	2.34	0.00	0.00	0.00	2.44
AUD	3.40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.40
CAD	1.62	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.62
CHF	0.47	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.47
SAR	0.14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.14
Total	136.55	156.85	117.36	106.11	147.78	0.00	19.17	0.00	683.82
(Previous Year)	232.46	122.61	261.50	182.67	281.86	0.00	19.64	0.00	1100.74



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"Notes on Standalone Accounts"

LIABILITIES									
USD	105.64	158.43	103.96	57.95	109.21	0.00	0.00	0.00	535.19
EURO	9.86	5.16	15.47	32.18	41.11	0.00	0.00	0.00	103.78
GBP	0.91	5.05	7.03	11.88	10.57	0.00	0.00	0.00	35.44
J.YEN	0.00	0.00	0.00	0.00	2.34	0.00	0.00	0.00	2.34
AUD	0.56	2.79	0.00	0.00	0.00	0.00	0.00	0.00	3.35
CAD	0.00	1.86	0.00	0.00	0.00	0.00	0.00	0.00	1.86
CHF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SAR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	116.97	173.29	126.46	102.01	163.23	0.00	0.00	0.00	681.96
(Previous Year)	159.66	173.75	285.34	169.63	306.60	3.30	0.00	0.00	1098.28

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

22. Exposures

22.1 Exposure to Real Estate Sector*

(₹ in Crores)

Sn.	Particulars	As on	
		31.03.2021	31.03.2020
1.	Direct Exposure		
	(i) Residential Mortgages	8466.26	7296.77
	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 ₹ 3518.78 Crores) (Previous Year ₹ 3284.37 Crores)		
	(ii) Commercial real estate	3190.19	3622.81
	Lending's secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits.		
	(iii) Investment in mortgage backed securities and other securitized exposures	-	-
	(a) Residential	-	-
(b) Commercial real estate	-	-	
2.	Indirect Exposure (Fund based & non-fund based exposure on National Housing Bank and housing finance companies)	1628.81	2624.78
	Total Exposure to Real Estate	13285.26	13544.36

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

22.2. Exposure to Capital Market

(₹ in Crores)

Sn.	Particulars	Current Year	Previous Year
(i)	Direct investment in Equity shares, Convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt.	73.08	74.51
(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	0.02

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(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	0.04	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	0.00	0.08
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stock brokers and market makers.	5.03	0.00
(vi)	Loans sanctioned to corporate against the security of shares/ bonds/ debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	0.00	5.03
(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	0.00
Total		78.17	79.64

22.3 Risk category wise country exposure*

(₹ in Crores)

Category	Risk Category	Exposure (net) as at Mar 2021	Provisions held as at Mar 2021	Exposure (net) as at March 2020	Provisions held as at March 2020
A1	Insignificant	51.17	Nil	70.47	Nil
A2	Low	1.18	Nil	1.46	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		52.35	Nil	71.93	Nil

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

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

(₹ in Crores)

Particulars	2020-21	2019-20
Total amount of advances outstanding against charge over intangible securities such as the rights, licenses, authority etc.	Nil	Nil

24. Penalty imposed by Reserve Bank of India

Penalty imposed by Reserve Bank of India during the year 2.81 Lakhs (Previous year ₹ 63.55 lacs).

Sn.	Penalty Imposed by RBI on	Amount in Lakhs
1	Currency Chests	2.81
	Total	2.81

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

25.1 Accounting Standard 5 - Net profit or loss for the period, prior period items and changes in accounting policies

- i. During the year Bank has reversed Rs. 147.50 Lacs of income on credit cards from respective income heads pertaining to previous financial years detailed as hereunder:



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(Rs. In Lacs)

Particulars	FY 17-18	FY 18-19	FY 19-20	Total
Total Interest	1.37	17.11	43.55	62.03
Total Fee	18.78	32.21	34.48	85.47
				147.50

II. During the year Bank has charged an amount of Rs.12.35 Lacs to Expense Head titled "Other Miscellaneous Expenditure" on account of reversal of ineligible GST on credit card income detailed as under

Particulars	FY 17-18	FY 18-19	Total
Tax	3.47	8.88	12.35

25.2 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.

25.3 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	
	31.3.2020	31.3.2021	31.3.2020	31.3.2021	31.3.2020	31.3.2021
Discount Rate	6.82%	6.95%	6.82%	6.95%	6.82%	6.95%
Expected Return on Plan Assets	7.5%	7.0%	7.5%	7.0%	NA	NA
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 01.04.2020	1113.23	579.44	348.79
Interest Cost	63.13	38.18	23.15
Current Service Cost	62.41	54.01	29.81
Benefits paid	(409.70)	(60.19)	(31.38)
Actuarial loss/ (gain) on obligations (Balancing figure)	793.49	128.11	64.84
Present Value of Obligations, 31.03.2021	1622.56	739.55	435.21

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 01.04.2020	1112.00	577.72	0.00
Expected return on Plan assets	94.92	46.04	0.00
Contributions by Bank	426.57	170.00	117.80
Benefits paid	(409.70)	(60.19)	(31.38)
Actuarial (loss)/ gain on Plan Assets (Balancing figure)	376.18	4.05	0.00
Fair Value of Plan Assets, 31.03.2021	1599.97	737.62	0.00

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IV - Actual return on Plan Assets

(₹ in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Expected return on Plan Assets	94.92	46.04	0.00
Actuarial (loss)/ gain on Plan Assets	376.18	4.05	0.00
Actual Return on Plan Assets	471.10	50.09	0.00

V - Net Actuarial Gain/ (loss) recognized

(₹ in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Actuarial gain/ (loss) for the period - Obligation	(793.49)	(128.11)	(64.84)
Actuarial gain/ (loss) for the period - Plan Assets	376.18	4.05	0.00
Total Gain/ (Loss) for the period	(417.31)	(124.06)	(64.84)
Actuarial gain or (loss) recognized in the period	(417.31)	(124.06)	(64.84)
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, 31.03.2021	1622.56	739.55	435.21
Fair Value of Plan Assets, 31.03.2021	(1599.97)	(737.62)	0.00
Difference	22.59	1.93	435.21
Unrecognized Transitional Liability	0	0	0
Unrecognized Past Service cost-vested benefits-Carried Forward	0	0	0
Liability Recognized in the Balance Sheet	22.59	1.93	435.21
Negative amount determined under Paragraph 55 of AS-15(R)	-	-	-
Present value of available refunds and reductions in future contributions	-	-	-
Resulting asset as per Paragraph 59 (b) of AS-15 (R)	-	-	-

VII-Expense recognized in Profit and Loss Statement

(₹ in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Current Service Cost	62.41	54.01	29.81
Interest Cost	63.13	38.18	23.15
Expected return on Plan assets	(94.92)	(46.04)	0.00
Net Actuarial gain/ (loss) recognized in the year	417.31	124.06	64.84
Past Service Cost-Recognized	0.00	0.00	0.00
Expenses recognized in the statement of profit and loss	447.93	170.21	117.80

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

(₹ in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Opening Net Liability	1.23	1.72	348.79
Expenses	447.93	170.21	117.80
Contributions/ Benefits paid	(426.57)	(170.00)	(31.38)
Closing Net Liability (Liability recognized in B/S in current period)	22.59	1.93	435.21



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"Notes on Standalone Accounts"

IX - Amount for the Current Period

(₹ in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Present value of Obligations, 31.03.2021	1622.56	739.55	435.21
Fair Value of Plan Assets, 31.03.2021	1599.97	737.62	0.00
Surplus/(Deficit) before unrecognized past service cost	(22.59)	(1.93)	(435.21)
Experience Adjustments in Plan Liabilities - (loss)/ gain	(882.83)	(135.49)	(70.41)
Experience Adjustments in Plan Assets (loss) / gain	369.40	0.76	0.00

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

Particulars	PENSION (%)	GRATUITY (%)
Government of India Securities	2.03	2.35
State Government Securities	0.97	56.49
High Quality Corporate Bonds	0.38	35.92
Equity Shares of listed companies	0.00	1.55
Funds managed by Insurer	96.62	0.94
Other- Bank Deposits and CD's	0.00	1.35
Treasury Bills	0.00	1.40
Total	100.00	100.00

XI - Best Estimate of contribution during next year

(₹ in Crore)

Particulars	PENSION (Funded)	GRATUITY (Funded)
Bank's best estimate of Contribution during next year	523.00	137.21

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.

25.4 Accounting Standard 17 - Segment Reporting

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

Description	YEAR ENDED	
	31.03.2021 (AUDITED)	31.03.2020 (AUDITED)
1) Segment Revenue (Income)		
i) Treasury Operations	2313.34	1934.24
ii) Corporate/Wholesale Banking	1887.56	2611.12
iii) Retail Banking	5440.63	5134.45
iv) Other Banking Business	52.98	45.87
v) Un-Allocated Business	0.00	0.00
Total	9694.51	9725.68
Less: Inter Segment Revenue	864.43	733.47
Net Income from Operations	8830.08	8992.21

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2) Segment Results		
i) Treasury Operations	300.67	165.59
ii) Corporate/Wholesale Banking	(3.99)	(1041.54)
iii) Retail Banking	1311.71	743.53
iv) Other Banking Business	51.42	44.07
v) Un-Allocated Business	(1125.74)	(1011.70)
Profit/(Loss) from Ordinary Activities (Before Tax)	534.07	(1100.05)
Less: Tax Expenses/(credit)	101.95	39.36
Less: Extraordinary Profit/(Loss)	0.00	0.00
Net Profit/(Loss) after Tax	432.12	(1139.41)
3) Segment Assets		
i) Treasury Operations	41397.53	34279.76
ii) Corporate/Wholesale Banking	21197.51	24921.68
iii) Retail Banking	57696.80	49670.53
iv) Other Banking Business	0.11	0.13
v) Un-Allocated Business	0.00	0.00
Total	120291.95	108872.10
4) Segment Liabilities		
i) Treasury Operations	43.05	20.81
ii) Corporate/Wholesale Banking	28063.54	27372.64
iii) Retail Banking	85359.69	75085.10
iv) Other Banking Business	0.06	0.07
v) Un-Allocated Business	0.00	0.00
Total	113466.34	102478.62
5) Capital Employed		
(Segment assets-Segment Liabilities)		
i) Treasury Operations	41354.48	34258.95
ii) Corporate/Wholesale Banking	(6866.03)	(2450.96)
iii) Retail Banking	(27662.89)	(25414.57)
iv) Other Banking Business	0.05	0.06
v) Un-Allocated Business	0.00	0.00
Total	6825.61	6393.48

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

25.5 Accounting Standard 18 - Related party disclosures as on 31.03.2021

(₹ In Crores)

Items/Related Party		J&K Grameen Bank (Associate)	JKB Financial Services Ltd. (Subsidiary)
Advances	Balance as on date	*11.67	13.85
	Maximum Balance during the year	89.67	22.84
Deposits	Balance as on date	1268.02	7.70
	Maximum Balance during the year	1518.94	7.70
Investments	Balance as on date	34.01	20.00
	Maximum Balance during the year	34.01	20.00



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"Notes on Standalone Accounts"

Interest Paid	85.61	0.09
Interest/Commission Received	0.36	0.04
Sale of Fixed Assets	NIL	0.06
Reimbursement on behalf of Associate/Subsidiary	NIL	0.68
Transfer of Current Assets/ Liabilities (Net)	NIL	0.13
IT Support Services	0.91	NIL
Outstanding with Associate/Subsidiary	NIL	0.48

Advances are shown as borrowings from the bank to its Associate in shape of SOD, LAD and Perpetual Bonds;

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

The Jammu & Kashmir Asset Reconstruction Limited has been incorporated by Government of J&K and Jammu & Kashmir 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 an expenditure of ₹ 82,18,047.00 towards incorporation expenses for the company, which includes ₹ 5,85,317.00 payable to professionals on account of incorporation expenses for the company and the same was reimbursed to them during the financial year 2020-2021. The Promoters i.e. J&K Government and Jammu & Kashmir Bank Limited have not released their respective shares towards the capital of the company. In the meantime the promoters have also decided to wind up the company and the Bank in turn has approached the Registrar of Companies (J&K) (ROC) for removal of the name of the company from the register of companies under section 248 of the companies Act, 2013. The application of the Bank is pending with ROC.

(Amt in Lakhs)

Items/Related Party	K.M.P*		
	Mr. Rajesh Kumar Chhibber (Chairman & MD)	Ms. Rajni Saraf (CFO)	Mr. Mohammad Shafi Mir (Company Secretary)
Period for which post held during FY 2020-21	12 month	12 months	12 months
Salary	68.18**	40.79	24.71

* Key Managerial Personnel.

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

25.6 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 ₹ 77.24 crore (previous year being ₹ 67.31 crores)

25.7 Accounting standard 20 - Earning per share

	31.03.2021	31.03.2020
Net Profit available to Equity Share Holders (in Crores)	432.12	(1139.41)
No. of Equity Shares	713450938	713450938
Basic/Diluted Earnings per share (in Rs.)	6.06	(15.97)
Face value per share	Rs.1/-	Rs.1/-

25.8 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.

25.9 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.

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“Notes on Standalone Accounts”

(₹ In Crores)

Timing Difference	Deferred Tax Asset	Deferred Tax Liabilities
Depreciation on Assets	-	42.94
Leave Encashment	109.53	-
Special Reserve	-	31.00
Wage Revision	-	-
Bad & Doubtful Assets	229.49	-

Net Deferred Tax Asset as on 31.03.2021 : ₹ 265.08 Crores

Tax Impact for the year : ₹ -65.30 Crores

25.10 Accounting standard 23-Accounting for Investment in Associates (Consolidated Financial Statements)

The Bank has a sponsored Bank “J&K Grameen Bank”. The investment towards the capital of associate concern is ₹34.01 Crores (Previous Year ₹34.01 Crores). The consolidated financial statements are placed accordingly in terms of AS 23 issued by the Institute of Chartered Accountants of India.

25.11 Accounting Standard 26-Intangible Assets

The Bank has incurred an amount of ₹ 71.40 Lakh (previous year, ₹ 146.03 Lakh) on Brand names bifurcated into two heads namely Business Unit Signage and Brand Strategy Project. Expenditure on Business Unit Signage amounting to ₹ 17.10 Lakh (previous year, ₹ 57.73 Lakh) has been debited under the head Furniture & Fixture, whereas, Brand strategy project expenses amounting to ₹ 54.30 Lakh (Previous year, ₹ 88.30 Lakh) has been charged to Profit & Loss account treating it as a Revenue expenditure. Accordingly, the Bank has not evaluated useful life of this Brand strategy project over which the expenses could be amortized.

Further, the Bank has incurred an amount of ₹ 38.77 Crores (previous year ₹ 16.11 crores) on account of purchase of computer software, not forming integral part of computers, and has capitalized the cost of the same.

25.12 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.

25.13 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 ₹ 88.15 lakhs has been released during the financial year (as against previous year where a provision of ₹ 0.04 lakhs were made) totalling to ₹ 1169.83 lakhs (previous year ₹ 1257.98 lakhs) upto 31-03-2021 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.

26. ADDITIONAL DISCLOSURES

26.1 COVID-19 pandemic continues to spread across several countries including India resulting in a significant volatility in Global as well as Indian financial markets and a significant decline in global and local economic activities. The Govt. of India announced a series of lock down measures from March 2020 onwards. Such lockdowns were lifted and re-imposed for activities by various governments at various points of time depending on the situation prevailing in their respective jurisdictions. The current second wave of COVID 19 pandemic, wherever the number of new cases have increased significantly in India, has resulted in re-imposition of localized/regional lockdown measures in various parts of the country.

The situation continues to be uncertain and the Bank is evaluating the situation on ongoing basis. The extent to which the Covid-19 pandemic will impact the Bank’s results will depend on future developments, which are highly uncertain including among other things, the success of vaccination drive. The major identified challenges for the Bank would arise from eroding cash flows and extended working capital cycles. The Bank is gearing itself on all the fronts to meet these challenges.

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, and clarification dated May 06, 2020 issued by RBI through Indian Banks Association, the Bank granted moratorium on the payment of instalments and/or interest, as applicable, falling due between March 01, 2020 and May 31, 2020 to eligible borrowers classified as Standard, even if overdue, as on February 29, 2020. In accordance with the additional Regulatory Package guidelines dated May 23, 2020, the Bank granted a second moratorium on instalments or interest, as applicable, due between June 01, 2020 and August 31, 2020.

Details of the relief extended in terms of RBI Circular RBI/2019-20/220 DOR. No. BP. BC. 63/21. 04.048/2020-21



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“Notes on Standalone Accounts”

dated April 17, 2020, COVID- 19 regulatory Package are as follows:

Sn.	Particulars	Amount (in Rs. Crore)
i	Respective amounts in SMA/ overdue categories as on 29.02.2020, where moratorium / deferment was extended in terms of paragraph 2 and 3	10290.33
ii	Respective SMA 2 amounts where asset classification benefits were extended	2948.54
iii	Provisions made during Q4 FY2020 and Q1 FY2021:	
	Provision made in Q4 FY2020	147.50
	Provision made in Q1 FY2021	147.50
		295.00
iv	Provisions adjusted during the year ended March 31, 2021 against slippage	39.67
v	Residual provisions held as on 31.03.2021	NIL

In the interim order dated September 03, 2020, Hon'ble Supreme Court of India in writ petition Gajendra Sharma vs. Union of India Anrs had directed that the accounts which were not declared NPA till August 31, 2020 shall not be declared as NPA till further orders.

Based on the said interim order, the Bank on 31.12.2020 did not classify any account as N.P.A, which was not N.P.A as on August 31, 2020. As a matter of prudence, the Bank made an additional provision of Rs.164.12 Crores (excluding interest of Rs.96.36 crores) till 31.12.2020, thereby holding cumulative provision of Rs.459.12 Crores (Rs.295 crores + Rs.164.12 crores) against the portfolio on which asset classification benefit was extended. Further, the Bank also made a provision of Rs.96.36 crores against interest income of Rs.96.36 crores reckoned in operating profit in respect of such accounts on 31.12.2020.

The above interim order of the Hon'ble Supreme Court of India was vacated 23.03.2021. Further, in accordance with the instructions of RBI Circular dated 07.04.2021, the Bank has classified these borrower accounts as per extant IRAC norms as on March 31, 2021.

26.2 In accordance with RBI circular dated 07.04.2021 on “Asset Classification and Income Recognition following expiry of Covid-19 regulatory package”, the Bank has created an estimated liability of Rs.30,93,78,918.85 towards the refund of ‘interest on interest’ charged to all borrowers including those who have availed working capital facilities during moratorium period i.e., 01.03.2020 to 31.08.2020, irrespective of whether moratorium has been fully or partially availed or not availed. The methodology adopted for calculation of such refund is as prescribed by Indian Bank Association vide its letter dated 19.04.2021.

26.3 Details of resolution plan implemented under Resolution Framework for Covid-19 related stress as per RBI Circular dated 06.08.2020 are given below:

(Rs.in Crore)

Type of Borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) Exposure to accounts mentioned at (A) before implementation of plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution
Personal Loan	8	10.12	0	0.74	1.09
Corporate Persons	1	14.18	0	1.11	1.53
Of which, MSMEs	0	0	0	0	0
Others	0	0	0	0	0
Total	9	24.30	0	1.85	2.62

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“Notes on Standalone Accounts”

27 Provisions and Contingencies

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

(₹ in Crores)

Particulars	For the year ended	
	31.03.2021	31.03.2020
Tax Expense	101.95	39.36
i) Income Tax	36.65	71.91
ii) Deferred Tax Liability/ (Asset)	65.30	(32.55)
Provision against NPA's	1023.15	2522.66
Provision for depreciation on investments	27.63	(27.37)
Provision for frauds and embezzlements	(1.52)	(0.92)
Provision for diminution in the fair value of restructured /rescheduled advances	(13.40)	(30.67)
Provision for Non-Performing Investments	30.61	179.05
Provision for contingent liabilities	(0.88)	0.00
Provision for Standard Assets	11.57	(17.65)
Total	1179.11	2664.46

28. Details / Utilization of Floating Provisions

(₹ in Crores)

Particulars	As on	
	31.03.2021	31.03.2020
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

As per RBI notification RBI/2021-22/28 DOR.STR.REC.10/21.04.048/2021-22 dated May 5, 2021, Banks are advised that they are permitted to utilize 100 percent of floating provision/countercyclical provisioning buffer held by them as on December 31, 2020 for making specific provisions for non- performing assets with the prior approval of their respective Boards. RBI allows banks to utilize the held floating Provisions upto 31.03.2022. Bank has not as such utilized any amount of Floating provision.

29. Investments (Floating Provision)

(₹ in Crores)

Particulars	As on	
	31.03.2021	31.03.2020
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	16
B	No. of complaints received during the Year	772
C	No. of complaints redressed during the year	768
D	No. of complaints pending at the end of the Year	20

31. Awards passed by Banking Ombudsman.

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



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“Notes on Standalone Accounts”

32. Foreign Exchange

- a) The net funded exposure of the bank in respect of Foreign Exchange transactions is not more than 1% of the total assets of the bank, to any country and hence no provision and disclosure is required to be made as per the RBI Circular No. 96/21.04.103/2003 dated: 17.06.2004.
- b) Claims pending with ECGC is Rs. 12.78 crores (Previous year Rs. 1.67 crores)

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

The bank has not issued any letter of comfort on behalf of its customers or on its behalf in respect of trade credits during the FY 2020-21

34. Provision Coverage Ratio (PCR)

The provision coverage ratio (PCR) for the Bank as on 31st March 2021 is 81.97 % (Previous Year 78.59%) which is calculated taking into account the total technical write offs made by the Bank.

35. Bancassurance Business:

The Bank has tie ups with PNB MetLife India Insurance Company Limited for mobilizing life insurance business and with Bajaj Allianz General Insurance Company Ltd and IFFCO Tokio General Insurance Company Ltd for mobilizing general (non-life and health) insurance business. The details of the commission earned by the Bank during FY 2020-21 on account of mobilizing said business is given hereunder:

Sn.	Nature of income	Amount (₹ Crores)
1	For selling Life Insurance Policies of PNB MetLife	33.50
2	For selling Non-Life Insurance Policies of Bajaj Allianz	16.04
3	For Selling Non-Life Insurance Policies of IFFCO Tokio	2.96
Total		52.50

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

36.1 Concentration of Deposits

Particulars	31-03-2021	31-03-2020
Total Deposits of 20 largest depositors (₹ in Crores)	8827.82	9948.91
Percentage of 20 largest deposits to total Deposits of the Bank	8.17%	10.17%

36.2 Concentration of Advances

Particulars	
Total Advances to twenty largest borrowers (₹ in Crores)	9097.97
Percentage of advances of twenty largest borrowers to Total Advances of the Bank	12.65%

36.3 Concentration of Exposures

Particulars	
Total Exposure to twenty largest borrowers' customers (₹ in Crores)	10346.26
Percentage of exposures to twenty largest borrowers /customers to Total exposure of the bank on borrowers/customers	11.47%

36.4 Concentration of NPA's

Particulars	
Total Exposure to top four NPA accounts (₹ in Crores)	1971.38
Percentage of Exposure to top four NPA accounts to Total NPA exposure of the Bank	28.35%

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36.5 Sector Wise Advances*

(₹ in Crores)							
Sn.	Sector	Current Year			Previous Year		
		Outstanding Total Advances	Gross NPA's	%ge of Gross NPA's to Total Advances in that Sector	Outstanding Total Advances	Gross NPA's	%ge of Gross NPA's to Total Advances in that Sector
A.	Priority Sector						
1	Agriculture & Allied Activities	8082.82	512.44	6.34	6987.45	490.24	7.02
2	Advances to Industries sector eligible as priority sector lending	2998.64	286.45	9.55	2737.22	319.26	11.66
3	Services	11933.79	766.49	6.42	10420.04	719.06	6.90
4	Personal Loans	4149.41	40.22	0.97	3938.95	29.45	0.75
	Sub-Total A	27164.66	1605.60	5.91	24083.65	1558.02	6.47
B.	Non-Priority Sector						
1	Agriculture & Allied Activities	638.28	285.80	44.78	955.93	285.80	29.90
2	Industry	10744.38	2356.44	21.93	12604.53	2789.16	22.13
3	Services	11179.71	2430.82	21.74	13895.16	2817.01	20.27
4	Personal loans	22189.60	276.09	1.24	18387.96	221.63	1.21
	Sub-Total B	44751.96	5349.15	11.95	45843.58	6113.61	13.34
	Gross Total	71916.62	6954.75	9.67	69927.24	7671.63	10.97

*Compiled at HO and relied upon by us.

37. Movement of NPA's

(₹ in Crores)

Particulars	Current Year	Previous Year
Gross NPA's as on April 01, (Opening Balance)	7671.63	6221.35
Additions (Fresh NPA's) during the year	1106.89	4053.79
Sub Total: (A)	8778.52	10275.14
Less:		
i) Up-gradation	288.90	1942.01
ii) Recoveries (Excluding Recoveries made from upgraded Accounts)	283.52	576.55
iii) Technical/ Prudential/ write offs	1216.45	67.20
iv) Due to Compromise/settlement	34.89	17.75
Sub Total (B)	1823.77	2603.51
Gross NPA as on 31 st March (Closing Balance)	6954.75	7671.63

38. Sector wise NPA's*

Sn.	Sector	Percentage of NPA to Total advances in that sector
1	Agriculture & Allied activities	9.15
2	Industry (Micro & Small Medium and Large)	19.23
3	Services	13.83
4	Personal Loans	1.20

*Compiled at HO and relied upon by us.



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"Notes on Standalone Accounts"

39. 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, 2020	2809.18	2853.63
Add: Technical/Prudential write-offs during the year	1203.49	0.00
Sub Total:	4012.67	2853.63
Less: Recoveries made during the year	41.89	44.45
Closing balance as at March 31, 2021	3970.79	2809.18

40. Overseas Assets, NPA's and Revenues (₹ in Crores)

Sn.	Particulars	
1	Total Assets	NIL
2	Total NPAs	NIL
3	Total Revenue	NIL

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

Name of the SPV sponsored	
Domestic	Overseas
NIL	NIL

42. Divergence in the asset classification and provisioning:

As per RBI circular No. DBR.BP.BC.No.32/21.04.018/2018-19 dated April 1, 2019, in case the additional provisioning for NPAs assessed by RBI exceeds 10% of the reported profit before provisions and contingencies for the reference period and/or additional Gross NPAs identified by RBI exceeds 15% of published incremental Gross NPAs for the reference period, then the banks are required to disclose divergences from prudential norms on income recognition, asset classification and provisioning.

Divergence in terms of above circular are within threshold limits as specified above, hence no disclosure is required with respect to RBI's annual supervisory process for FY 2020.

43. 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.

44. Corporate Social Responsibility (CSR Activities)

Pursuant to section 135 of the Companies Act 2013, it is required to expend 2% of the average net profits made during three immediately preceding financial years for CSR activities. Accordingly, bank is required to spend ₹ Nil (Previous year ₹ Nil) for twelve months period ended 31st March 2021 against which bank has spent NIL (Previous year ₹ 2.40 Crores).

45. 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%. The Bank continues to maintain 5% provisions and has maintained a provision of ₹ 8.22 crore against balance outstanding of ₹ 164.35 crores as on 31.03.2021 under Food credit availed by State Government of Punjab.

b) As per RBI Circular No DBR.No.BP.BC.18/21.04.048/2018-19 dated 1st January 2019 & DOR.No.BP.BC.34/21.04.048/2019-20 dated 11th February 2019 and circular DOR.No.BP.BC.4/21.04.048/2020-21 dated August 6, 2020 on restructuring of Advances-MSME sector, the details of restructured accounts as on 31.03.2021 are as under

No. of accounts restructured	Amount (₹ in Crores)
118	150.26

c) In terms of RBI Circular No.DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020 with regard to easing of working capital financing is to be provided in terms of exposures of Rs.5.00 Crore and above to a borrower as on March 31, 2021 the Bank has not provided to any borrower during the year.

d) In terms of RBI Circular No. DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020, Bank has extended moratorium/deferment with regard to SMA/overdue categories as under:

No. of Accounts	Amount in Crores of Rs.
215074	10290.33

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- e) The details in terms of RBI Circular No. DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 with regard to SMA/overdue categories where asset classification benefit was extended. The disclosure in this regard is as under:

No. of Accounts	Amount in Crores of Rs.
63160	2948.54

- f) In terms of RBI Circular No. DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 with regard to SMA/overdue categories, the Bank has made a provision of Rs.295.00 Crores.

- g) In terms of RBI Circular No. DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 with regard to SMA/overdue categories the following provisions have been adjusted in terms of Para 6 of the said Circular for the period ended March-2021:

Amount in Crores of Rs.
Rs.295.00

- h) In terms of RBI Circular DBR No. BP. BC 45/21.04.048/2018-19 dated June 7, 2019 on Prudential Framework for Resolution of Stressed Assets, the Bank is holding additional provision of Rs.128.54 Crore as on March 31, 2021 in 4 accounts as detailed below: (Rs. in Crore)

Amount of loans impacted by RBI Circular (a)	Amount of loans to be classified as NPA (b)	Amount of loans as on 31.03.2021 out of (b) classified as NPA (c)	Provision held as on 31.12.2020 (d)	Additional provision made during quarter ended 31.03.2021 (e)	Provision held as on 31.03.2021 (f)
434.44	434.44	434.44	226.93	128.54	355.47

46. 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).

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

₹ in Crore	
Particulars	Amount
Opening Provision Balance as on 01.04.2020	0.55
Provisions made during the Year	3.09
Redemption made during the Year	2.80
Closing Provision Balance as on 31.03.2021	0.84

48. Intra-Group Exposure

(₹ in Crores)

	Current Year	Previous Year
Total Amount of intra-group Exposure	7.70	7.12
Total Amount of top-20 intra group exposures	7.70	7.12
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

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

(₹ in Crores)

Particulars	Current Year 31.03.2021	Previous Year 31.03.2020
Opening balance of DEA fund as on	147.57	106.82
Add: - Amounts transferred to DEAF Fund (During the Year)	55.43	42.88



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Less: Amounts reimbursed to DEA Fund towards claims during the year. (only Principal)	2.50	2.13
Closing balance of amounts transferred to DEAF	200.50	147.57

50. Un-hedged Foreign Currency Exposure

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

(₹ in Crores)

Particulars	Provision Held	
	Current Year 31.03.2021	Previous Year 31.03.2020
Opening balance	1.80	1.34
Additions during the Year	1.10	1.49
Deductions during the Year	0.94	1.03
Closing balance	1.96	1.80

The capital held by the Bank towards the foreign currency exposure amounts to ₹ 3.92 crores (previous year ₹ 3.25 crores)

51. Other Expenditures

During the year the following expenditures incurred were more than 5% of the total other expenditures of ₹ 403.95 Lakhs:

Sn.	Expense Head	₹ Crore	% to Other Expenses
1.	Sweeping and cleaning charges	28.39	7%
2.	Wages to Armed Guards / Temporary staff	96.08	24%
3.	Chest Reimbursement	21.06	5%
4.	IT Services	41.71	10%
5.	Charges Paid To Master Card	22.44	6%

52. Liquidity Coverage Ratio (LCR)

(₹ in Crores)

		Current Year		Previous Year	
FY 2020-21		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)	30454.88	30436.31	18954.01	18923.52
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which	45241.35	2935.58	37096.08	2918.81
(i)	Stable deposits	31770.9	1588.54	15815.71	790.78
(ii)	Less stable deposits	13470.45	1347.04	21280.37	2128.03
3	Unsecured wholesale funding ,of which	13903.38	6465.02	11879.99	5351.33
(i)	Operational Deposits (all counterparties)	0	0	956.44	225.10
(ii)	Non Operational deposits (all counterparties)	13903.38	6465.02	10923.55	5126.23
(iii)	Unsecured debt	0	0	0.00	0.00
4	Secured Wholesale funding	2219.58	0	1922.90	0.00
5	Additional requirements of which	1.8	1.8	0.00	0.00

Schedule 18

“Notes on Standalone Accounts”

FY 2020-21		Current Year		Previous Year	
		Total Unweighted value (Average)	Total Weighted value (Average)	Total Unweighted value (Average)	Total Weighted value (Average)
(i)	Outflows related to derivative exposure and other collateral requirements	1.8	1.8	0.00	0.00
(ii)	outflows related to loss of funding on debt products	0	0	0.00	0.00
(iii)	credit and liquidity facilities	0	0	0.00	0.00
6	Other contractual funding Obligations	8075.87	591.44	7814.91	632.02
7	Other contingent funding Obligations	3141.25	94.24	3895.12	116.85
8	Total cash outflows	72583.23	10088.08	62609.00	9019.01
	Cash Inflows				
9	secured Lending (e.g. reverse repo)	2300.63	0	0.00	0.00
10	Inflows from fully performing exposure	1702.53	1058.83	2220.73	1779.52
11	Other cash inflows	0	0	0.00	0.00
12	Total cash inflows	4003.16	1058.83	2220.73	1779.52
			Total adjusted value		Total adjusted value
	TOTAL HQLA		30436.31		18923.52
	Total Net Cash Outflows		9029.25		7239.49
	Liquidity Coverage ratio (%)		337.09		261.39

DISCLOSURE ON LIQUIDITY COVERAGE RATIO AS ON 31.03.2021

Qualitative disclosure for LCR:

The bank has robust liquidity risk management framework in place that ensures sufficient liquidity including a cushion of unencumbered, high quality liquid assets, to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources. Bank has put in place Contingency Funding Plan approved by ALCO and IRMC of the Board. The contingency Funding Plan includes stored Liquidity in the form of 1% of NDTL in the shape of excess SLR and 2% in the shape of CD's/Liquid Funds or 3% in any of the two i.e., excess SLR or CD's/Liquid Funds. These investments can be liquidated any time to generate cash and maintain sufficient liquidity for funding, growth and meeting repayment obligations.

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

LCR is being computed strictly as per RBI guidelines issued vide circular BOD.BP.BC.No. 120/21.04.098/2013-14 and subsequent amendments issued by RBI. HQLA primarily include government securities in excess of minimum Statutory Liquidity Ratio (SLR), the extent allowed under the marginal Standing Facility to avail Liquidity for LCR (FALLCR). Cash and balances in excess of cash reserve requirement with RBI also constitute HQLA.

Average LCR of the bank was 337.09% for the FY 2020-21 which is well above the regulatory requirement prescribed by RBI.

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



Schedule 18

“Notes on Standalone Accounts”

53. Disclosure on Remuneration

a)	Information relating to the composition and mandate of the Remuneration Committee.	Bank has constituted the Nomination and Remuneration Committee of the Board pursuant to the requirement of the Reserve Bank of India and the Companies Act, 2013, which constitutes of following members of the Board as on 31.03.2021. Mr. Naba Kishore Sahoo (Chairman N&RC) Dr. Rajeev Lochan Bishnoi Ms. Monica Dhawan
b)	Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy.	<ul style="list-style-type: none"> • Ensure effective governance of compensation, alignment of compensation with prudent risk taking. • Ensure effective supervisory oversight and engagement with stakeholders. • Comply with the regulatory directives whereby all Private Sector Banks are required to formulate and adopt a comprehensive compensation policy covering all their employees and conduct annual review thereof. • Identify persons who are qualified and may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal. • Recommend to the Board a policy, relating to the remuneration for directors the key managerial personnel and other employees. • Formulate the policy which inter alia shall ensure that: <ol 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.	The performance of the Bank as a whole is linked to the performance of its employees and management. However, in individual cases variable pay is withheld in case of low performance of individual staff member.
e)	A discussion of the bank’s policy on deferral and vesting of variable remuneration and a discussion of the bank’s policy and criteria for adjusting deferred remuneration before vesting and after vesting.	Bank has a Compensation Policy with due incorporation of all such covenants
f)	Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms.	Bank has a Compensation Policy with due incorporation of all such covenants

Schedule 18

“Notes on Standalone Accounts”

Quantitative Disclosure			
	Particulars	31.03.2021	31.03.2020
g)	Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	The Committee met six times during the year and total sitting fee of ₹ 7,20,000.00* was paid to the Members of the Committee. (*It is pertinent to mention that in addition to the above fee, GST @ 18% has been paid, out of which 9% has been claimed as input credit)	The Committee met four times during the year and total sitting fee of ₹ 4,00,000.00* was paid to the Members of the Committee. (*It is pertinent to mention that in addition to the above fee, GST @ 18% has been paid, out of which 9% has been claimed as input credit)
h)	i) Number of employees having received a variable remuneration award during the financial year. (The quantitative disclosures only cover Whole Time Directors / Chief Executive Officer/ Other Risk Takers)	NIL	NIL
	ii) Number and total amount of sign-on awards made during the financial year.	NIL	NIL
	iii) Details of guaranteed bonus, if any, paid as joining / sign on bonus	NIL	NIL
	iv) Details of severance pay, in addition to accrued benefits, if any.	NIL	NIL
i)	i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	NIL	NIL
	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



Schedule 18

“Notes on Standalone Accounts”

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.

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

Anil Kumar Misra
Director
DIN: 08066460

Vikram Gujral
Director
DIN: 03637222

Dr. Rajeev Lochan Bishnoi
Director
DIN: 00130335

Monica Dhawan
Director
DIN: 01963007

Naba Kishore Sahoo
Director
DIN: 07654279

Dr. Mohmad Ishaq Wani
Director
DIN: 08944038

Rajni Saraf
President/CFO

Mohammad Shafi Mir
Company Secretary

Place : Srinagar
Date: 17th June 2021

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. Vikram Garg)
Partner
M.No.097038
UDIN:21097038AAAAEV8621

(CA. Madan Verma)
Partner
M.No.081631
UDIN:21081631AAAACO9032

(CA. Shailza Wazir)
Partner
M.No.502279
UDIN:21502279AAAAEC1865

(CA. Amit Kumar Gupta)
Partner
M.No.501373
UDIN:21501373AAAABW5989

Place : Srinagar
Date: 17th June 2021

Standalone Cash Flow Statement

for the year ended 31st March, 2021

		YEAR ENDED 31.03.2021 (Audited) ₹ '000' Omitted	YEAR ENDED 31.03.2020 (Audited) ₹ '000' Omitted
A	CASH FLOW FROM OPERATING ACTIVITIES	(106,608)	43,743,332
B	CASH FLOW FROM INVESTING ACTIVITIES	(758,240)	(1,144,270)
C	CASH FLOW FROM FINANCING ACTIVITIES	(1,987,500)	(3,389,542)
	NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,852,348)	39,209,520
D	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	97,828,276	58,618,756
E	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	94,975,928	97,828,276
A.	CASH FLOW FROM OPERATING ACTIVITIES:		
	Net Profit after Taxes	4,321,240	(11,394,122)
	Add : Provision for Taxes	1,019,485	393,592
	Net profit before taxes (i)	5,340,725	(11,000,530)
	Adjustment for :		
	Depreciation charges	1,339,312	1,254,038
	Provision for NPA's	10,231,465	25,226,632
	Provision on Standard Assets	115,655	(176,547)
	Depreciation on investment	276,335	(273,675)
	Provision for Non-Performing investment	306,115	1,790,527
	Other provisions	(157,966)	(315,961)
	Interest paid on subordinate Bonds (Financing Activities)	1,987,500	2,389,541
	Total Adjustment (ii)	14,098,416	29,894,555
	Operating profit before change in Operating assets & liabilities (i) + (ii)	19,439,141	18,894,025
	Adjustment for changes in Operating Assets & Liabilities		
	Increase / (Decrease) in Deposits	102,729,181	81,493,353
	Increase / (Decrease) in Borrowings	(43,796)	(43,796)
	Increase / (Decrease) in Other liabilities & provisions	7,100,186	(70,063)
	(Increase) / Decrease in investments	(78,202,464)	1,356,280
	(Increase) / Decrease in Advances	(34,524,100)	(6,195,539)
	(Increase) / Decrease in Other Assets	(15,730,651)	(50,362,659)
	Net Cash flow from Operating activities (iii)	(18,671,644)	26,177,576
	Cash generated from operation (i + ii + iii)	767,497	45,071,601
	Less : Tax paid	874,105	1,328,269
	TOTAL : (A)	(106,608)	43,743,332
B.	CASH FLOW FROM INVESTING ACTIVITIES :		
	a) Fixed Assets	(758,240)	(1,144,270)
	b) Investment in Subsidiary	-	-
	TOTAL : (B)	(758,240)	(1,144,270)



Standalone Cash Flow Statement

for the year ended 31st March, 2021

		YEAR ENDED 31.03.2021 (Audited) ₹ '000' Omitted	YEAR ENDED 31.03.2020 (Audited) ₹ '000' Omitted
C.	CASH FLOW FROM FINANCING ACTIVITIES:		
	a) Share Capital	-	156,592
	b) Share Premium	-	4,843,407
	c) Tier I & II Bonds	-	(6,000,000)
	d) Dividend & Dividend Tax Paid	-	-
	e) Interest Paid on Bonds	(1,987,500)	(2,389,541)
	TOTAL :(C)	(1,987,500)	(3,389,542)
D.	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR (1st April)		
	a) Cash in hand & Balance with R.B.I	29,474,809	48,749,687
	b) Balance with Banks & Money at Call & Short Notice	68,353,467	9,869,069
	TOTAL :(D)	97,828,276	58,618,756
E.	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
	a) Cash in hand & Balance with R.B.I	36,853,326	29,474,809
	b) Balance with Banks & Money at Call & Short Notice	58,122,602	68,353,467
	TOTAL :(E)	94,975,928	97,828,276

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

Anil Kumar Misra
Director
DIN: 08066460

Vikram Gujral
Director
DIN: 03637222

Dr. Rajeev Lochan Bishnoi
Director
DIN: 00130335

Monica Dhawan
Director
DIN: 01963007

Naba Kishore Sahoo
Director
DIN: 07654279

Dr. Mohamad Ishaq Wani
Director
DIN: 08944038

Rajni Saraf
President/CFO

Mohammad Shafi Mir
Company Secretary

Place : Srinagar
Date: 17th June 2021

Auditors Certificate:

We have verified the attached Standalone Cash Flow Statement of THE JAMMU & KASHMIR BANK LIMITED which has been compiled from and is based on the Audited Financial Statements for the year ended March 31st, 2021 and March 31st, 2020. To the best of our knowledge and belief and according to the information and explanations given to us, it has been prepared pursuant to clause 32 of the Listing Agreement with the Stock Exchanges.

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

For Verma Associates
Chartered Accountants
FRN:02717N

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

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

(CA. Vikram Garg)
Partner
M.No.097038

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

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

(CA. Amit Kumar Gupta)
Partner
M.No.501373

Place : Srinagar
Date: 17th June 2021

Independent Auditors Report

To
**The Members of
 The Jammu & Kashmir Bank Limited**

Report on the Audit of Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of The Jammu and Kashmir Bank Limited ('the Bank') and its subsidiary & associate (together, 'the Group') comprising of the consolidated Balance Sheet as at 31st March 2021, the consolidated Profit and Loss Account, and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and notes to the consolidated financial statements (herein after referred to as 'the consolidated financial statements'). The consolidated financial statements included the Returns for the year ended on that date of:

- I. 57 branches/offices audited by us;
- II. 928 branches audited by Statutory Branch Auditors;
- III. 1 subsidiary audited by the subsidiary company auditor; and
- IV. 1 associate audited by the associate appointed auditor.

The branches/offices audited by us and those audited by other the Auditors have been selected by the Comptroller and Auditor General of India in accordance with the Guidelines issued to the bank by the Reserve Bank of India.

2. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of report of other auditor on separate audited financial statements / financial information of the subsidiary, associate and branches, as referred to in paragraphs 9 to 12 below, the aforesaid consolidated Financial Results::

- (i) includes the annual financial results of the following entities:

Sn.	Name of Company	Relation
1.	The Jammu & Kashmir Bank Ltd	Parent
2.	JKB Financial Services Limited	Subsidiary
3.	J&K Grameen Bank	Associate

- (ii) given the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 in the manner so required for banking Companies and are in conformity with accounting principles generally accepted in India and:

- a) the Balance Sheet, read with the notes thereon is a full and fair Balance Sheet containing all the necessary particulars, is properly drawn up so as to exhibit a true and fair view of the state of affairs of the Bank as at 31st March, 2021;
- b) the Profit and Loss Account, read with the notes thereon shows a true balance of profits; and
- c) the Cash Flow Statement gives a true and fair view of the cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) and applicable law. 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 ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under applicable law, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

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



Key audit matters	How our audit addressed the key audit matter
<p>Modified Audit Procedures carried out in the light of continuing COVID-19 pandemic: Due to the continuing COVID-19 pandemic, lockdown declared by some of the State Governments and travel restrictions imposed by State Governments / Local Authorities during the period of our audit and the RBI directions to Bank to facilitate carrying out audit remotely wherever physical access was not possible, audit could not be conducted by visiting the premises of certain Branches / Zonal Offices/ Business Units of the Corporate Office As we could not gather audit evidence in person/ physically/ through discussions and personal interactions with the officials at the Branches/Zones/ Business Units of the Corporate Office either fully or partially, we have identified such modified audit Procedures as a Key Audit Matter. Accordingly, our audit procedures were modified to carry out the audit remotely.</p>	<p>Due to the outbreak of COVID-19 pandemic that caused nationwide lockdown and other travel restrictions imposed by the Central and State Governments/local administration during the period of our audit, we could not travel to the Branches/Zonal Offices/Business Units of the Corporate Office and carry out the audit processes physically at the respective offices. Wherever physical access was not possible, necessary records/ reports/ documents/ certificates were made available to us by the Bank through digital medium, emails. To this extent, the audit process was carried out on the basis of such documents, reports and records made available to us which were relied upon as audit evidence for conducting the audit and reporting for the current period. Accordingly, we modified our audit procedures for control testing and substantive testing which included the following:</p> <ol style="list-style-type: none"> a. Conducted verification of necessary records/ documents/ through remote access/emails in respect of some of the Branches / Zonal Offices/Business Units and other offices of the Bank wherever physical access was not possible. b. Carried out verification of scanned copies of the documents, deeds, certificates and the related records made available to us through emails and remote access over secure network of the Bank. c. Making enquiries and gathering necessary audit evidence through Video Conferencing, dialogues and discussions over phone calls/conference calls, emails and similar communication channels. d. Resolution of our audit observations telephonically/ through email instead of a face-to-face interaction with the designated officials.

Emphasis of Matter

5. We draw attention to relevant note of Schedule 18 to the Financial Results which explains the uncertainties due to outbreak of novel corona virus (COVID 19) and the management assessment of its impact on the business operation of the Bank .
Our opinion is not modified in respect of this matter.

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

6. The Bank's Board of Directors is responsible for the other information. The other information comprises the Corporate Governance Report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and Directors' Report, including annexures, if any, thereon, which is expected to be made available to us after that date.
Our opinion on the financial statements does not cover the other information and Pillar 3 disclosure under Basel III and we do not and will not express any form of assurance conclusion thereon.

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

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

In preparing the consolidated Financial Results, the respective Management and Board of Directors of the entities included in the Group are responsible for assessing the Bank's ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management and Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so. The respective Board of Directors of the entities included in the Group are also responsible for overseeing the Bank's financial reporting process of the Group.

Auditor's Responsibilities for the audit of the Consolidated Financial Results

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Consolidated Financial Results that individually or in aggregate makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Financial Results may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work, and (ii) to evaluate the effect of any identified misstatements in the Consolidated Financial Results.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

Other Matters

9. We did not audit the financial statements/information of 928 branches/offices included in the consolidated Financial Results of the Group whose financial statements/financial information reflect total advances of Rs.68368.84 Crores and total revenue of Rs.5657.51 Crores as at 31st March 2021, as considered in the consolidated financial statements. The financial statements / information of these branches has been audited by the branch auditors whose reports have been



furnished to us, and in our opinion in so far as it relates to the amounts and disclosures included in respect of branches, is based solely on the report of such branch auditors. Our opinion on the financial statements does not cover the other information and the Basel-III disclosure and we do not express any form of assurance conclusion thereon.

10. The accompanying consolidated Financial Results include the audited financial results of 1 subsidiary whose financial statements/ results/ financial information reflects Group's share of total revenues of Rs.9.84 crores, and Group's share of total net profit after tax of Rs.2.67 crores for the year ended on that date, which has been audited by other auditor, which financial statements, other financial information and Auditor report have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary, is based solely on the reports of such other auditor.
11. The consolidated Financial Results includes Bank's share of net profit after tax of Rs. 5.48 crores for the quarter ended March 31, 2021 and loss of Rs. 6.35 crores for the year ended March 31, 2021, as considered in the Statement, in respect of one associate, whose financial statements have not been audited by us. These financial statements have been audited by other independent auditor whose report on financial statements has been furnished to us by the management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this associate, is based solely on the report of such auditor. The Auditor has qualified the report of the Associate. As per the Auditor 'Basis of Qualified Opinion' during the year ended 31st March 2021, J&K Grameen Bank has breached the regulatory requirements of the National Bank for Agriculture and Rural Development ('NABARD') regarding maintaining the minimum CRAR which indicates the position of capital adequacy of a bank. The breach is primarily on account of provision for pension liability to the tune of Rs.69.07 crores provided during the year ended 31st March 2021 in accordance with NABARD circular no. NB. DoS. Pol. HO/2533/J-1/2019-20 dated 12 December 2019. This breach is further going to be aggravated due to additional provision of Rs.185.70 crores in respect of pension liability of the Bank required to be made in next two financial years. As at 31st March 2021 the total Capital Ratio (CRAR) stood at -0.35% as compare to minimum requirement of 9%. This implies that J&K Grameen Bank will have to take effective steps to augment its capital base in the year 2021-22. Further, in view of the 'NABARD'/'RBI' norms relating to the breach of the aforesaid ratio, there is uncertainty around 'NABARD'/'RBI's potential action for such a breach. The concerned Auditor is unable to comment on the consequential impact of the above regulatory breach on these Associate's Financial Statements.
12. We did not incorporate The Jammu & Kashmir Asset Reconstruction Limited which has been incorporated by Government of J&K and J&K Bank Ltd on 28.04.2017. The Bank has subscribed capital to the tune of Rs.98 lakhs whereas Government of J&K has subscribed Rs.102 lakhs. The Bank has incurred Rs.76,32,730/- towards incorporation expenses for the company. The promoters i.e. J&K Government and Jammu & Kashmir Bank Limited have not released their respective shares towards the capital of the company. In the meantime, the promoters have decided to wind up the company and in turn the Bank has approached the Registrar of Companies (J&K) (RoC) for removal of the name of the company from the register of companies under Section 248 of the Companies Act, 2013. The application of the Bank is pending with RoC.

Report on Other Legal and Regulatory Requirements

13. The consolidated Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
14. The Comptroller and Auditor General of India has issued directions indicating the areas to be examined in terms of sub-section (5) of section 143 of the Companies Act, 2013, the compliance of which is set out in "Annexure-A" to this Report.
15. As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, we report that:
 - a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
 - b) the transactions of the Bank, which have come to our notice, have been within the powers of the Bank;
 - c) the returns received from the offices; and branches of the Bank have been found adequate for the purposes of our audit.
16. Further, as required by section 143(3) of the Act, we report that:
 - a) the other auditor whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the consolidated financial statements;
 - b) in our opinion, proper books of account as required by law have been kept by the Group so far as it appears from our examination of those books;

- c) the reports on the accounts of the branch offices of the Group audited under section 143(8) of the Act by branch auditors of the Bank have been sent to us/ the other auditor whose report we have relied upon and have been properly dealt with by us in preparing this report;
- d) the consolidated Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flows dealt with by this report are in agreement with the books of account;
- e) in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent they are not inconsistent with the accounting policies prescribed by RBI;
- f) on the basis of written representations received from the directors as on 31st March 2021 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2021 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) as per the Notification No. GSR 463(E) dated 05.06.2015 Section 197 of Companies Act, 2013 is not applicable to The Jammu & Kashmir Bank Limited, being a Government Company;
- i) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. the Bank has disclosed the impact of pending litigations on its financial position in its financial statements in Schedule 18-Notes on Accounts attached;
 - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses and
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group.

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

(CA. Vikram Garg)
 Partner
 M.No.097038
 UDIN:21097038AAAAEW7705

For Verma Associates
 Chartered Accountants
 FRN:02717N

(CA. Madan Verma)
 Partner
 M.No.081631
 UDIN:21081631AAAACP5988

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

(CA. Shailza Wazir)
 Partner
 M.No.502279
 UDIN:21502279AAAED4346

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

(CA. Amit Kumar Gupta)
 Partner
 M.No.501373
 UDIN:21501373AAAABX2691

Place : Srinagar
Date: 17th June 2021



Annexure-A to Para 14 of independent auditor's report of even date on the consolidated Financial Results of Jammu & Kashmir Bank Limited.

Directions/sub-directions of Comptroller and Auditor General of India under Section 143(5) of Companies Act 2013 for the Financial Year 2020-21

Sn	Directions/Sub directions	Auditor's comments including action taken wherever required	Impact on accounts and financial statements
1	If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process	Since the Company has not been selected for disinvestment, directions are not applicable.	Nil
2	Please report whether there are any cases of waiver/ write off of debts/ loans/interest etc., if yes, the reasons there for and the amount involved.	There are 1367 cases of waiver/write off of debts/ loans/ interest etc. amounting to Rs. 4.50 Crores in addition to the waiver of unapplied interest of Rs.103.69 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 <u>NO</u> account (NPA) was sold to Asset Construction Companies (ARC)	Waiver/Write off resulted in loss of Rs.108.19 Crores. NIL.
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 459 Cases involving Rs. 586.32 Crores pending legal/arbitration cases being claims against the bank not acknowledged as debts.	Bank hold a provision of Rs.11.70 Crores in cases which have been decided against the bank but Bank has filed appeals against the orders.
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.	Yes, the restructuring of loan was done as per the provisions of the Reserve Bank of India and Bank's own Restructuring of loan Policy.	NIL
6	Whether the Bank is maintaining/ developing various assets of the State Govt. The treatment of the assets and expenditure incurred and revenue earned may be examined and comment may be offered.	As per information and explanations given to us, the bank is maintaining/ developing Parks and Gardens including Golf Course which are not owned by the bank. The bank has incurred Rs.0.60 Crores for maintaining and development of these parks.	The expenditure amounting to Rs.0.60 Crores has been incurred and revenue of Rs.0.02 Crores has been earned for maintaining/ developing parks/gardens and amounts have been debited/ credited to the Profit and Loss Account.

Sn	Directions/Sub directions	Auditor's comments including action taken wherever required	Impact on accounts and financial statements														
7	Whether the branches were doing window dressing and its impact/materiality on the overall deposit portfolio.	The Branch Auditor has reported window dressing whereby advances have been inflated by Rs. 2.13 Crores by corresponding increase in deposits.	Advances and Deposits have been overstated by Rs.2.13 Crores.														
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.	<p>As per information and explanations given to us, the Bank has not been able to achieve the targets under priority sector lending. As a result of shortfall, the bank has to make deposits of low yield interest with the following designated agencies as on 31-03-2021:</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>Rs.in Crores</th> </tr> </thead> <tbody> <tr> <td>NABARD</td> <td>1056.71</td> </tr> <tr> <td>RIDF(NABARD)</td> <td>1193.23</td> </tr> <tr> <td>SIDBI</td> <td>1361.99</td> </tr> <tr> <td>NHB</td> <td>408.90</td> </tr> <tr> <td>MUDRA</td> <td>217.80</td> </tr> <tr> <td>Total</td> <td>4238.63</td> </tr> </tbody> </table>	Particulars	Rs.in Crores	NABARD	1056.71	RIDF(NABARD)	1193.23	SIDBI	1361.99	NHB	408.90	MUDRA	217.80	Total	4238.63	The impact on the financial health is lower rate of return of interest ranging from 2.25% p.a. to 2.65% p.a. received from the agencies with which deposits were made for shortfall.
Particulars	Rs.in Crores																
NABARD	1056.71																
RIDF(NABARD)	1193.23																
SIDBI	1361.99																
NHB	408.90																
MUDRA	217.80																
Total	4238.63																
9	Whether there were cases of greening of advances, up gradation of loan account at the fag end of the Financial Year or delay/non- declaration of Non-performing Assets as per RBI guidelines. Its impact on the profitability and Asset Classification.	Advances amounting to Rs.81.12 Crores were not declared as NPA as per RBI guidelines which were downgraded after those were identified by the Statutory Auditors and additional provision of Rs.26.42 Crores and reversal of unrealized interest Rs. 2.08 Crores was suggested.	<p>Auditors identified the said NPAs, where by advances of Rs.81.12 Crores have been downgraded from the bank's standard assets classification. The impact thereof on decrease of profit is as follows:</p> <ol style="list-style-type: none"> 1. Interest Reversal: Rs.2.08 Crores 2.Increase in NPA provision Rs. 26.42 Crores 														
10	Whether Co. has complied with the direction issued by RBI for <ol style="list-style-type: none"> NBFCs Capital adequacy norms for NBFCs. Classification of NPA 	As per information and explanation given to us the bank has complied with the directions issued by RBI.	Nil														
11	Whether introduction of any scheme for settlement of dues and extensions thereto complied with the policy/guidelines of Company/ Govt.	As per information and explanation given to us, the bank is complied with the instructions/guidelines issued from time to time by RBI and comply with the Policy framed for the same.	Nil														
12	Whether the Co. has a system to ensure that loans were secured by adequate security free from encumbrances and have first charge on the mortgaged assets. Further instances of undue delay in disposal of seized units may be reported.	As per information and explanation given to us the bank has a system to ensure that loans are secured by adequate security free from encumbrances and have charge on mortgaged assets and bank has framed policy for the same.	Nil														



Sn	Directions/Sub directions	Auditor's comments including action taken wherever required	Impact on accounts and financial statements
13	Whether the bank guarantees have been revalidated in time?	<p>As on 31.03.2021 2101 BG's amounting to Rs.436.84 Crores with a margin of Rs.99.10 Crores had expired. Furthermore, 323 LC's amounting to Rs.378.69 Crores with a margin of Rs.48.94 Crores has expired on 31.03.2021. Majority of the expired BG's have been issued in favour of Custom Authorities and other Govt. Departments without claim period and as such cannot be reversed till the BG Bonds are received by the Branches in original as these BG's are exposed to period of limitation under the Limitation Act, 1963 which period is 30 years when the Government is the guarantee beneficiary and 3 years when any other party is the guarantee beneficiary.</p> <p>Furthermore most of the expired LCs' have been issued on behalf of Govt. Departments and in majority of the cases part payments have already been made to the beneficiaries. However, pending formalities like successful installation of machinery certificates from the Govt. Departments the Branches are not able to pass on the payments to the beneficiaries fully. As such part amount of such LC's remains unpaid for want of installation certificates by the Govt. Departments which results in accumulation of expired LC's. Credit Monitoring Department is continuously following up the Branches for reversal of LCs' and guidelines in this regard are being circulated to the operative levels on frequent intervals. However, as per regulatory requirements the Bank is duly providing capital for these expired BG's and LC's</p>	This may add to the liability of the bank.
14	Comment on the confirmation of balances of trade receivable, trade payable, term deposits, bank account and cash obtained	Being banking company there are no trade payable/receivable. However, confirmation for term deposit is not required	Nil
15	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implication, if any may be stated.	As per information and explanation given to us the bank has system in place to process all the accounting transactions through IT.	Nil

Sn	Directions/Sub directions	Auditor's comments including action taken wherever required	Impact on accounts and financial statements															
16	Whether the company has cleared title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.	<p>As per information and explanation given to us, the bank does not have clear title/lease deeds for freehold and leasehold lands for the following properties: -</p> <table border="1"> <thead> <tr> <th>Sn</th> <th>Land</th> <th>Area</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Vashi (1st Floor)</td> <td>5400 Sft</td> </tr> <tr> <td>2.</td> <td>Budgam</td> <td>4 Kanals</td> </tr> <tr> <td>3.</td> <td>Ansal Plaza, Khelgaon</td> <td>17925 Sft</td> </tr> <tr> <td>4.</td> <td>Kargil</td> <td>1 Kanal 4 Marla</td> </tr> </tbody> </table> <p>It is advised to complete the documentation for clear title at the earliest.</p>	Sn	Land	Area	1.	Vashi (1st Floor)	5400 Sft	2.	Budgam	4 Kanals	3.	Ansal Plaza, Khelgaon	17925 Sft	4.	Kargil	1 Kanal 4 Marla	The acquisition value of the said lands/properties has been capitalized and the value as on 31.03.2021 is Rs. 59.47 Crores.
Sn	Land	Area																
1.	Vashi (1st Floor)	5400 Sft																
2.	Budgam	4 Kanals																
3.	Ansal Plaza, Khelgaon	17925 Sft																
4.	Kargil	1 Kanal 4 Marla																
17	Examine the system of effective utilization of loans/Grant-in-Aid/Subsidy. List of cases diversion of fund	The loans received are utilized for the intended purpose. However, there were no Grant-in-Aid/Subsidy received during the financial year	Nil															
18	Examine the cost benefit analysis of major capital expenditure/Expansion including IRR and payback period.	As per information and explanation given to us, the major expenditure is being incurred on opening of new business units and as per historical data majority of new business units within J&K States attain breakeven within one year of its operation	Nil															
19	If the audited entity has computerized its operation or part of it, assess and report how much of the data in the company is in electronic format, which of the area such as accounting, sale personnel information, payroll, inventory etc. has been computerized and the company has evolved proper security policy for data/software/hardware.	As per information and explanation given to us, all the operation of the bank including accounting, payroll in HRMS, inventory in FAM system are computerized and the bank have evolved proper security policy for data/software/hardware.	Nil															
20	Other Matter	Other Assets include ₹4383.02 Crores due from UT of J&K comprising agency account, commission due & pension payments. The advance is interest free & is in the nature of clean overdraft to the Government.	Not Available															

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

(CA. Vikram Garg)
Partner
M.No.097038
UDIN:21097038AAAAEW7705

For Verma Associates
Chartered Accountants
FRN:02717N

(CA. Madan Verma)
Partner
M.No.081631
UDIN:21081631AAAACP5988

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

(CA. Shailza Wazir)
Partner
M.No.502279
UDIN:21502279AAAED4346

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

(CA. Amit Kumar Gupta)
Partner
M.No.501373
UDIN:21501373AAAABX2691

Place : Srinagar
Date: 17th June 2021



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

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

1. We have audited the internal financial controls over financial reporting of Jammu and Kashmir Bank Limited ('the Bank') as at 31st March 2021 in conjunction with our audit of the consolidated financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') and the Standards on Auditing ('the Standards'), issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining and understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design

and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. (a) The Bank's finance department require professionals like Chartered Accountants to strengthen internal financial controls over financial reporting.
- (b) In our opinion, the Bank has, in all material respects, an adequate internal financial controls

system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2021, 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

(CA. Vikram Garg)
Partner
M.No.097038
UDIN:21097038AAAAEW7705

For Verma Associates
Chartered Accountants
FRN:02717N

(CA. Madan Verma)
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(CA. Shailza Wazir)
Partner
M.No.502279
UDIN:21502279AAAED4346

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

(CA. Amit Kumar Gupta)
Partner
M.No.501373
UDIN:21501373AAAABX2691

Place : Srinagar
Date: 17th June 2021



Consolidated Balance Sheet

as at 31st March, 2021

	Schedule	As at 31.03.2021 ₹ '000' Omitted	As at 31.03.2020 ₹ '000' Omitted
CAPITAL AND LIABILITIES			
Capital	1	713,594	713,594
Reserves and Surplus	2	67,309,090	62,744,914
Deposits	3	1,080,472,976	977,858,307
Borrowings	4	20,151,969	20,195,765
Other Liabilities and Provisions	5	34,081,096	26,778,894
TOTAL :-		1,202,728,725	1,088,291,474
ASSETS			
Cash and Balance with Reserve Bank of India	6	36,853,326	29,474,809
Balance with Banks & Money at Call & Short Notice	7	58,183,715	68,451,213
Investments	8	307,740,976	229,904,739
Advances	9	668,417,318	643,990,687
Fixed Assets	10	20,128,381	20,711,368
Other Assets	11	111,405,009	95,758,658
TOTAL :-		1,202,728,725	1,088,291,474
Contingent Liabilities	12	48,669,364	57,567,837
Bills for Collection		14,396,031	11,607,721
Principal Accounting Policies	17		
Notes on Accounts	18		

The schedules referred to above form an integral part of the Balance Sheet.

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

Anil Kumar Misra
Director
DIN: 08066460

Vikram Gujral
Director
DIN: 03637222

Dr. Rajeev Lochan Bishnoi
Director
DIN: 00130335

Monica Dhawan
Director
DIN: 01963007

Naba Kishore Sahoo
Director
DIN: 07654279

Dr. Mohamad Ishaq Wani
Director
DIN: 08944038

Rajni Saraf
President/CFO

Mohammad Shafi Mir
Company Secretary

Place : Srinagar
Date: 17th June 2021

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

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

(CA. Amit Kumar Gupta)
Partner
M.No.501373

Place : Srinagar
Date: 17th June 2021

Schedules to Consolidated Balance Sheet

as at 31st March, 2021

		As at 31.03.2021 ₹ '000' Omitted	As at 31.03.2020 ₹ '000' Omitted
SCHEDULE 1 - CAPITAL			
AUTHORISED CAPITAL			
2,500,000,000 (P.Y. 950,000,000)			
Equity Shares of Rs.1/- each		2,500,000	950,000
ISSUED :-			
713,668,938 (P.Y. 713,668,938) Equity Shares of Rs.1/= each		713,668	713,668
SUBSCRIBED AND PAID-UP CAPITAL			
713,450,938 (P.Y. 713,450,938)			
Equity Shares of Rs. 1/- each		713,450	713,450
Add Forfeited Equity Shares (218,000) (P.Y. 218,000)		144	144
TOTAL		713,594	713,594
SCHEDULE 2 - RESERVES & SURPLUS			
I.	STATUTORY RESERVES		
	Opening Balance	21,703,218	21,703,218
	Additions during the year	1,071,117	-
	TOTAL	22,774,335	21,703,218
II.	CAPITAL RESERVES		
	Opening Balance	1,214,577	909,977
	Additions during the year	1,338,750	304,600
	TOTAL	2,553,327	1,214,577
III.	SHARE PREMIUM		
	Opening Balance	10,959,119	6,115,712
	Additions during the year	-	4,843,407
	TOTAL	10,959,119	10,959,119
IV.	INVESTMENT FLUCTUATION RESERVE		
	Opening Balance	377,800	377,800
	Additions during the year	-	-
	TOTAL	377,800	377,800
V.	REVALUATION RESERVE FIXED ASSETS		
	Opening Balance	9,960,007	6,057,481
	Additions during the year on account of Revaluation Reserve	-	4,068,002
	Deduction during the year (depreciation)	(233,827)	(165,476)
	TOTAL	9,726,180	9,960,007



Schedules to Consolidated Balance Sheet

as at 31st March, 2021

		As at 31.03.2021 ₹ '000' Omitted	As at 31.03.2020 ₹ '000' Omitted
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	17,298,593	29,264,760
	Additions during the year	2,388,136	(11,966,167)
	TOTAL	19,686,729	17,298,593
	TOTAL (I,II,III,IV,V ,VI & VII)	67,309,090	62,744,914
SCHEDULE 3 - DEPOSITS			
A I.	Demand Deposits		
	i) From Banks	936,368	674,941
	ii) From Others	137,663,922	123,039,478
	TOTAL (I & ii)	138,600,290	123,714,419
II.	Saving Bank Deposits	475,540,593	400,954,846
III.	Term Deposits		
	i) From Banks	17,374,667	25,565,611
	ii) From Others	448,957,426	427,623,431
	TOTAL (I & ii)	466,332,093	453,189,042
	TOTAL A (I+II+III)	1,080,472,976	977,858,307
B. I.	Deposits of branches in India	1,080,472,976	977,858,307
II.	Deposits of branches outside India	-	-
	TOTAL B (I+II)	1,080,472,976	977,858,307
SCHEDULE 4 - BORROWINGS			
I.	Borrowings in India		
	i) Reserve Bank of India	-	-
	ii) Other Banks	-	-
	iii) Unsecured Redeemable Debentures/Bonds (BASEL III for Tier I & Tier II Capital)	20,000,000	20,000,000
	iv) Other Institutions & Agencies	151,969	195,765
	TOTAL (i to iv)	20,151,969	20,195,765
II.	Borrowings outside India	-	-
	GRAND TOTAL (I & II)	20,151,969	20,195,765
	Secured borrowings included in I & II above	NIL	Nil

Schedules to Consolidated Balance Sheet

as at 31st March, 2021

		As at 31.03.2021 ₹ '000' Omitted	As at 31.03.2020 ₹ '000' Omitted
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS			
i)	Bills Payable	2,773,447	2,447,207
ii)	Inter Office Adjustments (Net)	-	-
iii)	Interest Accrued on Non-cumulative deposits	198,250	230,460
iv)	Deferred Tax Liability	-	-
v)	Provision Against Standard Assets	4,327,438	4,211,783
vi)	Other (Including Provisions)	26,781,961	19,889,444
	TOTAL (i to vi)	34,081,096	26,778,894
SCHEDULE 6 - CASH & BALANCES WITH RESERVE BANK OF INDIA			
I.	Cash in Hand (Including Foreign Currency Notes)	5,179,363	5,707,474
II.	Balance with Reserve Bank of India		
	i) In Current Account	31,673,963	23,767,335
	ii) In Other Accounts	-	-
	TOTAL (I & II)	36,853,326	29,474,809
SCHEDULE 7 - BALANCE WITH BANKS AND MONEY AT CALL AND SHORT NOTICE			
I.	In India		
	i) Balance with Banks		
	a) In Current Accounts	773,669	1,267,302
	b) In Other Deposit Accounts	54,385	54,386
	TOTAL (i)	828,054	1,321,688
	ii) Money At Call and Short Notice		
	a) With Banks	56,997,645	66,600,000
	b) With Other Institutions	-	-
	TOTAL (ii)	56,997,645	66,600,000
	TOTAL (i & ii)	57,825,699	67,921,688
II.	Outside India		
	i) In Current Accounts	358,016	529,525
	ii) In Other Deposit Accounts	-	-
	iii) Money at Call & Short Notice	-	-
	TOTAL II of (i, ii & iii)	358,016	529,525
	GRAND TOTAL (I&II)	58,183,715	68,451,213
SCHEDULE 8 - INVESTMENTS			
I.	Investments in India		
	Gross	315,094,670	236,675,982



Schedules to Consolidated Balance Sheet

as at 31st March, 2021

		As at 31.03.2021 ₹ '000' Omitted	As at 31.03.2020 ₹ '000' Omitted
	Less: Provision for Depreciation	487,081	210,745
	Less: Provision for Investment (NPI)	6,866,613	6,560,498
	Net Investments	307,740,976	229,904,739
i)	Government Securities	302,809,864	207,164,567
ii)	Other Approved Securities	-	-
iii)	Shares (Pref. + Equity)	1,023,432	950,273
iv)	Debentures and Bonds	3,572,985	5,633,354
v)	Sponsored Institutions	(113,955)	39,061
vi)	Others :		
	a) Certificate of Deposit	-	15,363,185
	b) Suitfile	-	-
	c) Inv. In Subsidiary / or Joint Ventures	(40,000)	-
	d) Venture Capital	239	239
	e) Commercial Paper	-	-
	f) Security Receipts	488,411	754,060
	TOTAL (I)	307,740,976	229,904,739
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)	307,740,976	229,904,739
III.	Investments Category-Wise		
	i) Held to Maturity	213,205,080	176,497,650
	ii) Held for Trading	48,820	110,414
	iii) Available for Sale	94,487,076	53,296,675
	TOTAL (III)	307,740,976	229,904,739
SCHEDULE 9 - ADVANCES			
A	i) Bills Purchased and Discounted	3,225,828	4,519,392
	ii) Cash Credits, Overdrafts and Loans	215,207,158	214,517,379
	Repayable on Demand		
	iii) Term Loans	449,984,332	424,953,916
	TOTAL (i to iii)	668,417,318	643,990,687
B	i) Secured by Tangible Assets	511,707,200	502,710,177
	ii) Covered by Bank/Govt. Guarantees	4,572,499	6,052,384

Schedules to Consolidated Balance Sheet

as at 31st March, 2021

		As at 31.03.2021 ₹ '000' Omitted	As at 31.03.2020 ₹ '000' Omitted
	iii) Unsecured	152,137,619	135,228,126
	TOTAL (i to iii)	668,417,318	643,990,687
C	I. Advances in India		
	i) Priority Sector	262,939,841	233,795,655
	ii) Public Sector	8,672,302	28,446,749
	iii) Banks	17,170	1,790
	iv) Non Priority Sector (Others)	396,788,005	381,746,493
	TOTAL (i to iv)	668,417,318	643,990,687
	II. Advances Outside India		
	i) Due from Banks	NIL	NIL
	ii) Due from Others	NIL	NIL
	GRAND TOTAL (I & II)	668,417,318	643,990,687
SCHEDULE 10 - FIXED ASSETS			
I.	Premises		
	a) Gross Block at the beginning of the year	17,775,014	13,702,042
	Additions during the year	18,554	4,111,478
		17,793,568	17,813,520
	Deductions during the year	-	38,506
	Total	17,793,568	17,775,014
	Depreciation to date	2,551,416	2,247,355
	Total (a)	15,242,152	15,527,659
	b) Constructions work in progress	372,657	348,167
	TOTAL (I) [a+b]	15,614,809	15,875,826
II.	Other Fixed Assets		
	a) (Including Furniture & Fixtures)		
	Gross Block at the beginning of the year	13,816,355	12,759,825
	Additions during the year	693,574	1,090,155
		14,509,929	13,849,980
	Deductions during the year	36,060	33,625
		14,473,869	13,816,355
	Depreciation to date	10,001,842	8,980,813
	TOTAL (a)	4,472,027	4,835,542



Schedules to Consolidated Balance Sheet

as at 31st March, 2021

		As at 31.03.2021 ₹ '000' Omitted	As at 31.03.2020 ₹ '000' Omitted
	b) Constructions work in progress	41,545	-
	TOTAL (II) [a+b]	4,513,572	4,835,542
	GRAND TOTAL (I & II)	20,128,381	20,711,368
SCHEDULE 11 - OTHER ASSETS			
I.	Interest Accrued but not Due	5,805,162	4,439,368
II.	Interest Accrued and Due	-	-
III.	Inter Office Adjustment (Net)	704,613	712,112
IV.	Tax paid in Advance/Tax Deducted at Source (Net of Provisions)	2,347,789	1,836,940
V.	Stationery and Paper in Hand	57,995	56,163
VI.	Deferred Tax Asset	2,662,695	3,331,171
VII.	Others	99,826,755	85,382,904
	TOTAL (I to VII)	111,405,009	95,758,658
SCHEDULE 12 - CONTINGENT LIABILITIES			
I.	Claims against the Bank not acknowledged as debts	6,224,164	6,253,590
II.	Liability for partly paid investments	-	-
III.	Liability on account of outstanding Forward Exchange Contracts	11,181,866	17,270,915
IV.	Guarantees given on behalf of constituents:-		
	a) In India	22,307,506	25,189,210
	b) Outside India	225,173	262,185
V.	Acceptances, Endorsements & Other Obligations	6,725,649	7,116,137
VI.	Other items for which the Bank is Contingently liable	-	-
VII.	Liability on a/c of Depositors Education Awareness Fund (DEAF)	2,005,006	1,475,800
	TOTAL (I to VII)	48,669,364	57,567,837

Consolidated Profit & Loss Account

for the year ended 31st March, 2021

		Schedule	YEAR ENDED 31.03.2021 ₹ '000' Omitted	YEAR ENDED 31.03.2020 ₹ '000' Omitted
I	INCOME			
	Interest Earned	13	81,110,875	84,462,889
	Other Income	14	7,220,603	5,085,970
	TOTAL		88,331,478	89,548,859
II	EXPENDITURE			
	Interest Expended	15	43,398,800	47,392,427
	Operating Expenses	16	28,841,630	27,345,718
	Provisions and Contingencies		11,806,580	26,644,568
	TOTAL		84,047,010	101,382,713
III	NET PROFIT / (LOSS)		4,284,468	(11,833,854)
	TOTAL		88,331,478	89,548,859
IV	APPROPRIATIONS			
	TRANSFERED TO			
i)	Statutory Reserve		1,071,117	-
ii)	Capital Reserve		1,338,750	304,600
iii)	Revenue and Other Reserve		1,874,601	(12,138,454)
iv)	Investment Fluctuation Reserve		-	-
v)	Special Reserve		-	-
vi)	Proposed Dividend		-	-
vii)	Tax on Dividend		-	-
	TOTAL		4,284,468	(11,833,854)
	Principal Accounting Policies	17.		
	Notes on Accounts	18.		
	Earnings per Share (Basic/Diluted)		6.01	(16.59)

The schedules referred to above form an integral part of the Profit & Loss Account.

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

Anil Kumar Misra
 Director
 DIN: 08066460

Vikram Gujral
 Director
 DIN: 03637222

Dr. Rajeev Lochan Bishnoi
 Director
 DIN: 00130335

Monica Dhawan
 Director
 DIN: 01963007

Naba Kishore Sahoo
 Director
 DIN: 07654279

Dr. Mohmad Ishaq Wani
 Director
 DIN: 08944038

Rajni Saraf
 President/CFO

Mohammad Shafi Mir
 Company Secretary

Place : Srinagar
 Date: 17th June 2021

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. Vikram Garg)
 Partner
 M.No.097038

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

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

(CA. Amit Kumar Gupta)
 Partner
 M.No.501373

Place : Srinagar
 Date: 17th June 2021



Schedules to Consolidated Profit & Loss Account

for the year ended 31st March, 2021

		YEAR ENDED 31.03.2021 ₹ '000' Omitted	YEAR ENDED 31.03.2020 ₹ '000' Omitted
SCHEDULE 13 - INTEREST EARNED			
I.	Interest/Discount on Advances/Bills	60,630,149	65,724,972
II.	Income on Investments (Net of Amortization)	17,307,929	16,076,093
III.	Interest on Balances with R.B.I and other Inter Bank Funds	3,172,246	2,660,320
IV.	Others	551	1,504
	TOTAL (I to IV)	81,110,875	84,462,889
SCHEDULE 14 - OTHER INCOME			
I.	Commission, Exchange & Brokerage	2,158,198	2,377,203
II.	Profit /(Loss) on Sale of Investments	2,521,635	816,255
	Profit on Sale of Investments	2,521,635	816,255
	Less: Loss on sale of investments	-	-
III.	Profit /(Loss) on revaluation of Investments	-	(226,027)
	Profit on revaluation of Investments	-	-
	Less: Loss on revaluation of investments	-	226,027
IV.	Profit/(Loss) on Sale of Land, Buildings & Other Assets	2,844	4,367
	Profit on Sale of Land, Buildings & Other Assets	6,436	6,633
	Less: Loss on Sale of Land, Buildings & Other Assets	3,592	2,266
V.	Profit /(Loss) on Exchange Transactions	104,811	7,786
	Profit on Exchange Transactions	104,811	7,786
	Less: Loss on E/Transactions	-	-
VI.	Income earned by way of Dividends etc. from Subsidiaries, Companies and/ or Joint Venture abroad/in India	-	-
VII.	Share of Loss in Associate	(63,485)	(417,686)
VIII.	Miscellaneous Income	2,496,600	2,524,072
	TOTAL (I to VIII)	7,220,603	5,085,970
SCHEDULE 15 - INTEREST EXPENDED			
I.	Interest on Deposits	41,398,649	44,965,198
II.	Interest on RBI/Inter-Bank Borrowings	12,651	37,688
III.	Others	1,987,500	2,389,541
	TOTAL (I to III)	43,398,800	47,392,427

Schedules to Consolidated Profit & Loss Account

for the year ended 31st March, 2021

		YEAR ENDED 31.03.2021 ₹ '000' Omitted	YEAR ENDED 31.03.2020 ₹ '000' Omitted
SCHEDULE 16 - OPERATING EXPENSES			
I.	Payments to and provisions for Employees	20,624,296	18,906,390
II.	Rent, Taxes and Lighting	965,767	998,900
III.	Printing and Stationery	92,939	96,244
IV.	Advertisement and Publicity	16,541	118,148
V.	Depreciation on Bank's Property	1,342,811	1,256,738
VI.	Directors Fees, Allowances and Expenses	12,913	4,520
VII.	Auditors Fees & Expenses (Including Branch Auditor's fees & Expenses)	180,820	177,541
VIII.	Law Charges	113,513	96,904
IX.	Postage, Telegrams, Telephones etc.	48,207	40,894
X.	Repairs and Maintenance	200,128	198,031
XI.	Insurance	1,188,219	903,365
XII.	Other Expenditure	4,055,476	4,548,043
	TOTAL (I to XII)	28,841,630	27,345,718



Schedule 17

“Principal Accounting Policies”

1. Basis of preparation of Financial Statements

The financial statements are prepared and presented under historical cost basis, except as otherwise stated, convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in India (“GAAP”) and in compliance with the Accounting Standards (‘AS’) specified under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014, and guidelines issued by the Securities and Exchange Board of India to the extent applicable.

2. Consolidation Procedure

- Consolidated Financial Statements of the Jammu & Kashmir Bank and its subsidiary viz JKB Financial Services Limited have been prepared on the basis of their audited financial statements in accordance with the AS-21 Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.
- Line by line aggregation/ combination of like items of assets and liabilities, income and expenses after eliminating material intra group balances /transactions, unrealized profits/losses and making necessary adjustments wherever required to conform to the uniform accounting policies. The financial statements of the subsidiary have been drawn up to the same reporting date as that of parent.
- Minority interest in the net results of the operations and net assets represent the part of profit/loss and net assets not owned by the parent and consist of:
 - a) The amount of equity attributable to the minority at the date on which the investment in the subsidiary is made and
 - b) The minority share of movement in equity since date of parent-subsidiary relationship came into existence.
- Consolidated Financial Statements of the Jammu & Kashmir Bank and its associate sponsored Bank viz J&K Grameen Bank have been prepared on the basis of their audited financial statements in accordance with the Accounting Standard-21 ‘Consolidated Financial Statements’ and Accounting Standard-23 accounting for “Investment in Associates’ issued by the Institute of Chartered Accountants of India.

A. Significant Accounting policies followed by the Parent Company

1. Basis of preparation of Financial Statements

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

2. Use of Estimates

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

3. Transactions involving Foreign Exchange

- i. Monetary Assets and Liabilities as on balance sheet date have been translated using closing rate as at year-end announced by Foreign Exchange Dealers Association of India.
- ii. Exchange differences arising on settlement of monetary items have been recognized as income or as expense in the period in which they arise.
- iii. Outstanding forward exchange contracts are revalued at the exchange rates for appropriate maturity rates as announced by FEDAI at the year-end exchange rates and the resultant gain/ loss is taken to revenue.

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.

Schedule 17

“Principal Accounting Policies”

- 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. The securities which do not fall within the above two categories will be classified under ‘Available for Sale (AFS)’.
- iv. Investments classified as “Held-to-Maturity” (HTM) category are carried at acquisition cost unless it is more than the face/redemption value, in which case the premium is amortized over the period remaining to the maturity using straight line method.
- v. (a) The individual scrip’s in the “Available-for-Sale” category are marked to market at quarterly intervals. The net depreciation under each of six classifications under which investments are presented in the balance sheet is fully provided for, whereas the net appreciation under any of the aforesaid classifications is ignored.
 - (b) The market value for the purpose of periodical valuation of investments, included in “Available for Sale” and “Held for trading” categories is based on the market price available from the trades/quotes on stock exchanges. Central/State Government securities, other approved securities, debentures and Bonds are valued as per the prices/YTM rates declared by FBIL.
 - (c) Unquoted shares are valued at break-up value ascertained from the latest balance sheet (which should not be more than one year prior to the date of valuation) and in case the latest balance sheet is not available the same are valued at Rs.1/- per Company, as per RBI guidelines.
 - (d) Security receipts (SRs) issued by Asset Reconstruction Companies (ARCs) are valued at cost or NAV, whichever is lower, declared periodically by the ARCs. Depreciation, if any, in individual SRs is fully provided for. Appreciation, if any, is ignored.
 - (e) Investment in quoted Mutual Fund Units is valued as per Stock Exchange quotations. An investment in unquoted Mutual Fund Units is valued on the basis of the latest re-purchase price declared by the Mutual Fund in respect of each particular scheme. In case of Funds with a lock-in period, where repurchase price/market quote is not available, Units are valued at NAV. If NAV is not available, then these are valued at cost, till the end of the lock-in period. Wherever the re-purchase price is not available the Units are valued at the NAV of the respective scheme.
- vi. The individual scrip in the “held-for-trading” category is marked to market at weekly intervals and the net depreciation under each of the six classifications under which investments are presented in the Balance Sheet is accounted for in the Profit and Loss account and appreciation is ignored.
- vii. The depreciation in value of investments where interest/principal is in arrears is not set-off against the appreciation in respect of other performing securities. Such investments including Non-performing Non-SLR investments are treated applying RBI prudential norms on NPA Classification and appropriate provisions are made as per RBI norms and no income on such investments is recognized.
- viii. (a) Profit or Loss on sale of Government Securities is computed on the basis of weighted average cost of the respective security.
 - (b) Profit or loss on sale of investments in any category is taken to the Profit and Loss account. In case of profit on sale of investments in “Held-to-Maturity” category, an equivalent amount of profit net of taxes and the amount required to be transferred to Statutory reserve is appropriated to the “Capital Reserve Account”.
- ix. Interest accrued up to the date of acquisition of securities i.e. broken period interest is excluded from the acquisition cost and recognized as interest expense. Broken period interest received on Sale of securities is recognized as interest income.
- x. Brokerage paid on securities purchased is charged to revenue account except for equity investment operations the same is added to the cost of purchase of investment.
- xi. Investments in J&K Grameen Bank/Sponsored Institutions have been accounted for on carrying cost basis
- xii. Transfer of securities from one category to another is done at the least of the acquisition cost/book value/market value on the date of transfer.
- xiii. Repurchase & Reverse repurchase transactions are accounted for in accordance with the extant RBI guidelines.



Schedule 17

“Principal Accounting Policies”

- xiv. Bank is following settlement date accounting policy.

In accordance with RBI circular No. FMRD.DIRD.01/14.03.038/2018-19 DATED July 24, 2018, the Bank has made changes in accounting for Repo/ Reverse Repo transactions including Triparty Repo (Other than transactions under the liquidity adjustment facility (LAF) with the RBI). Accordingly, the securities sold and purchased under Repo/ Reverse Repo are accounted for as collateralized lending and borrowing transactions. However, securities are transferred as in case of normal outright sale/purchase transactions and such movement of security is reflected using Repo/Reverse Repo accounts and contra entries. The above entries are reversed on the date of maturity. Cost and revenue are accounted as interest expenditure/Income as the case may be. Balance in Repo account is classified under schedule 4 (Borrowing) and balance in Reverse Repo account is classified under schedule 7 (Balance with Banks & money at call & short notice).

5. Advances

- 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.
- Advances are shown net of provisions required for NPA's. Provisions for advances classified as Standard Assets is shown under Other Liabilities & Provisions.
- Restructuring of Advances and provisioning thereof have been made as per RBI guidelines.

6. Fixed Assets/Depreciation

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

Sn.	Block	Useful Life (Years)
A.	Building (With RCC Frame Structure)	
	-Commercial	60
	-Residential	60
B.	Building (with other than RCC Frame Structure)	
	-Commercial	30
	-Residential	30
C.	Plant & Machinery	15
D.	Furniture & Fixtures	10
E.	Vehicles	8
F.	Fences	5
G.	Others (Including temporary Structures etc.)	3

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

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

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

Schedule 17

“Principal Accounting Policies”

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

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

7. Employees Benefits

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

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

- b) Defined Benefit Plan

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

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

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

8. Revenue Recognition and Expenditure booking

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

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

9. Credit Card reward Points

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



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“Principal Accounting Policies”

10. Net Profit/Loss

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

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

11. Taxes on Income

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

12. Contingency Funds

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

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"Notes on Consolidated Accounts"

1. The O1 Subsidiary and O1 Associate (which along with Jammu & Kashmir Bank Limited, the parent, constitute the Group) are considered in the preparation of the consolidated financial statements are as under:

Name of the Subsidiary/Associate	Country of Incorporation	% voting power held as at	
		31.03.2021	31.03.2020
Subsidiary			
JKB Financial Services Ltd	India	100%	100%
Associate			
J&K Grameen Bank	India	35%	35%

Additional information to consolidated accounts Additional information to consolidated accounts at March 31, 2021
 (Pursuant to Schedule III of the Companies Act, 2013)

(₹ In Crores)

	Net Assets*		Share in profit or (loss)**	
	% of total net assets	Amount	% of total net profit or loss	Amount
Subsidiary				
JKB Financial Services Ltd	100%	15.62	100%	2.67
Associate				
J&K Grameen Bank	35%	45.67	35%	(6.35)

*Total Assets minus total liabilities.

** The bank's share in the Subsidiary & Associate has been considered in the accounts on the basis of audited financial statements received for the year 2020-21.

J&K Grameen Bank (Associate) has incurred a loss of Rs.119.34 Crores during the FY2019-20 and Rs.18.14 Crores during the financial year ended 31st March 2021. Due to losses, it has breached the National Bank for Agriculture and Rural Development (NABARD) mandated CRAR ratio. As at 31st March 2021 the total Capital Ratio (CRAR) stood at -0.35% as compared to minimum requirement of 9%. This requires it to take effective steps to augment its capital base in the year 2021-22. The breach of CRAR ratio was impacted by due to provision for pension liability to the tune of Rs.172.83 crores during the FY2019-20 and Rs.69.07 crores during the financial year ended 31st March 2021 provided in accordance with NABARD circular no. NB. DoS. Pol. HO/2533/J-1/2019-20 dated 12 December 2019. This breach is further going to be aggravated due to additional provision of Rs.185.70 crores required to be made in the remaining two financial years in respect of pension liability of J&K Grameen Bank. The J&K Grameen Bank's management and board of directors have made an assessment of its ability to continue as a going concern and are satisfied that the proposed capital infusion and the strong customer base and branch network will enable it to continue its business for the foreseeable future, so as to be able to realize its assets and discharge its liabilities in its normal course of business. As such, the financial statements of J&K Grameen Bank (Associate) continue to be prepared on a going concern basis."

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 un-reconciled entries, if any, on the financial statements would not be material.
2. Tax paid in Advance/ Tax deducted at source includes amount adjusted by Income Tax Department in respect of various disputed demands. Based on the 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 ₹ 9.31 (previous year ₹ 9.39 crores). In respect of immovable properties valued at ₹ 50.16 Crore (previous year ₹ 51.37 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 ₹ 23.38 crores (previous year being ₹ 16.55 crores) on the revalued portion of the fixed assets (being Premises & Land) has been transferred from the Revaluation reserve to General/Revenue reserve instead of crediting to Profit & Loss account.



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"Notes on Consolidated Accounts"

- 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 compliance to Accounting Standard (AS)-26 the acquisition cost of computer software, not forming integral part of the computers and where it is probable that the future economic benefits that are contributable to this software will flow to bank, is being capitalized and depreciation is charged at the rate of 33.33% on straight line method in terms of RBI guidelines.

Further useful life of mobile phones is considered to be 2 years and the depreciation is charged on straight line method.

Depreciation on Banks property includes amortization in respect of leased properties amounting to ₹ 0.76 Crores (previous year ₹ 0.76 Crores).

4. Capital

Sn.	Particulars	BASEL-III (₹ in Crores)	
		31.03.2021	31.03.2020
i)	Common Equity Tier I Capital ratio (%)	8.82%	8.42%
ii)	Tier I Capital Ratio %	10.28%	9.88%
iii)	Tier II Capital Ratio %	1.92%	1.53%
iv)	Total Capital ratio (CRAR) (%)	12.20%	11.40%
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	500
vii)	Amount of additional Tier I capital raised during the year of which: PNCPS: PDI:	NIL	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	NIL

Previous year figures of Capital Adequacy includes Revaluation Reserves at a discount of 55% as part of CET-1 capital amounting to Rs 448.20 crores. However, with reference to RBI Master Circular No DBR.No.BP.BC.1/21.06.201/2015-16 dated July 01, 2015, and as pointed out by RBI, the Bank has distributed the Revaluation Reserve as Rs 299.16 crores in CET-1 and Rs 138.52 crores in Tier-2 Capital out of the total Revaluation Reserve of Rs 437.68 crores.

Government of Jammu & Kashmir holds 68.18% (Previous year 68.18%) of equity shares of the Bank as on 31.03.2021.

The J&K Govt General Administration Department S.O. No. 339 dated 30/10/2020 apportioned the Assets, Liabilities and Posts of the erstwhile State of Jammu and Kashmir between the Union Territory of Jammu and Kashmir and Union Territory of Ladakh w.e.f. 31.10.2020.

As per the said notification 8.23% shareholding of Jammu & Kashmir Bank Ltd which amounts to 13.89% of the shareholding of the erstwhile state of Jammu and Kashmir as on 31.10.2019 shall be transferred to the UT of Ladakh and the then remaining 51% of shareholding of erstwhile Jammu and Kashmir state would remain with the UT of Jammu and Kashmir. The said arrangement is however subject to necessary approvals from regulators.

Investments

5. The Bank has booked a profit of Rs.178.50 Crore (previous year Rs.30.46 Crore) on direct sale of securities from HTM category during the year through open market operations (OMOs) purchase auction by RBI. As such an appropriation of Rs.133.88 Crore was made to Capital Reserve Account after netting of taxes and required transfer to statutory reserves.
6. The total investment of the Bank in PNB Met-life India Insurance Company Ltd stood at Rs.61.08 Crores as on 31.03.2021 (Previous year Rs.61.08 Crores). In compliance with RBI Letter No. DBOD.BP/-17099/21.4.141/ 2008-09 dated 9th April 2009, the investment stands transferred to AFS Category on October 1st, 2009. The valuation has been carried out at

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"Notes on Consolidated Accounts"

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.

7. Investments include Rs. 45.67 Crores in Sponsored institution J&K Grameen Bank. Net worth of the J&K Grameen bank has eroded due to continuing losses and since there is a permanent diminution in carrying cost of investment the bank has made prudential provision of Rs.36.92 Crore.
8. In terms of RBI Circular no. DBR.No.BP.BC.102/21.04.048/2017-18 dated April 2, 2018 and RBI Circular No. DBR.No.BP.BC.6/21.04.141/2015-16 dated July 1, 2015, Bank holds Investment Fluctuation Reserve (IFR) of Rs 37.78 crore created during the Financial Year 2018-19. As per trading portfolio (AFS+HFT) held for the FY 2020-21 no addition is required in the IFR account.
9. **Details of Investments** (₹ in Crores)

Sn.	Particulars	As on	
1	Value of Investments	31.03.2020	31.03.2021
	Gross Value of Investments		
	a) In India	23729.37	31549.61
	b) Outside India	NIL	NIL
	Provision for depreciation		
	a) In India	21.08	48.71
	b) Outside India	NIL	NIL
	Provision for NPI		
	a) In India	656.05	686.66
	b) Outside India	NIL	NIL
	Net Value of Investments		
	a) In India	23052.24	30814.24
	b) Outside India	NIL	NIL
2	Movement of provisions held towards the depreciation on Investments		
	(i) Opening Balance	48.44	21.08
	(ii) Add: Provisions made during the year	41.65	28.84
	Less: Write-off/write back of excess provisions during the year	69.01	1.21
	(iii) Closing Balance	21.08	48.71

10. 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, 2021
Securities sold under Repo Government Securities	0	0	0	0
(Previous Year)	175.00	200.00	1.57	0.00
i) Corporate Debt Securities	0	0	0	0.00
(Previous Year)	0	0	0	0.00
Securities purchased under Reverse Repo Government Securities	650.00	8250.00	4641.63	5200.00
(Previous Year)	25.00	6660.00	1701.41	6660.00
i) Corporate Debt Securities	0	0	0	0
(Previous Year)	0	0	0	0



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"Notes on Consolidated Accounts"

11. Non-SLR Investment portfolio 11.1 Issuer composition of Non SLR Investments

(₹ in Crores)

Sn.	Issuer	Amount	Extent of Private Placement	Extent of below Investment grade	Extent of unrated Securities	Extent of unlisted Securities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	PSUs	120.05	119.85	0.00	0.00	0.00
2	FIs (incl. NBFC's AFI'S)	202.00	192.00	115.00	0.00	0.00
3	Banks (incl. CD's)	53.50	53.50	23.50	0.00	0.00
4	Private Corporates (incl. CP's)	735.46	91.97	0.00	43.60	43.60
5	Subsidiaries/Joint Ventures	20.00	0.00	0.00	0.00	0.00
6	Others	137.60	0.00	0.00	0.00	0.00
Total (A)		1268.61				
Provision towards depreciation / NPI (B)*		735.35				
Total (A-B)		533.26				

*excludes floating provision of ₹ 2.76 crore

The Bank's investment in unlisted securities as on 31.03.2021 is 1.45% (previous year 0.49%) 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 31.03.2020	Amount as on 31.03.2021
NABARD	1327.52	1056.71
RIDF(NABARD)	1088.90	1193.23
SIDBI	1184.24	1361.99
NHB	292.64	408.90
MUDRA	149.15	217.48
TOTAL	4042.45	4238.31

11.2 Non-performing Non-SLR investments

(₹ in Crores)

Particulars	Amount as on 31.03.2020	Amount as on 31.03.2021
Opening Balance	545.66	797.44
Additions during the year	277.64	45.67
Reductions during the year	25.86	25.53
Closing Balance	797.44	817.58
Total Provision held (including floating provisions of Rs. 2.76 Crores)	658.81	689.42

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

- The Bank has booked a profit of Rs. 178.50 crores on direct Sale of Securities from HTM category amounting to Rs.3323.24 Crore (FV) during the financial year through open market operations (OMO) purchase auction by RBI. As such an appropriation of Rs. 133.88 Crore was made to Capital Reserve Account after netting of taxes and required transfer to statutory reserves.
- With the approval of the Board of Directors, the Bank has shifted securities amounting to ₹ 850 Crore (FV) on 18/04/2020 at the cost of acquisition in case of discounted/Par value securities and at the amortized cost in case of securities at the premium, from Held to Maturity (HTM) to Available for Sale (AFS) category. The revaluation of securities was undertaken immediately after transfer of securities

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to AFS category in conformity with regulatory guidelines.

- c) The value of sales and transfer of securities to/from HTM category (excluding the exempted transfer) did not exceed 5% of book value of the investment in HTM category at the beginning of the year.

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

Particulars	As on 31.03.2020				As on 31.03.2021			
	HFT	AFS	HTM	Total	HFT	AFS	HTM	Total
Govt. Securities	10.35	3080.58	17625.53	20716.46	4.88	8962.12	21313.98	30280.98
Other approved securities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Shares (Equity & Pref.)	0.69	94.34	0.00	95.03	0.00	102.35	0.00	102.35
Debentures & Bonds	0.00	543.00	20.33	563.33	0.00	335.38	21.92	357.30
Subsidiaries	0.00	0.00	20.00	20.00	0.00	0.00	16.00	16.00
Others (incl. Sponsored, CDs, CPs, Venture Capital & Security receipts)	0.00	1611.75	45.67	1657.42	0.00	48.86	8.75	57.61
Total	11.04	5329.67	17711.53	23052.24	4.88	9448.71	21360.65	30814.24

12. 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	90.92	86.52	5.38	5.38	96.30	91.90

13. Derivatives

13.1 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

13.2 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



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"Notes on Consolidated Accounts"

13.3 Disclosures on Risk exposures in derivatives

a) Qualitative Disclosures

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

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

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

b) Quantitative Disclosures

		31.03.2021		31.03.2020	
Sn.	Particulars	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
	Derivatives (Notional Principal Amount)				
(i)	a) For Hedging	NIL	NIL	NIL	NIL
	b) For Trading	NIL	NIL	NIL	NIL
	Marked to Market Position (1)				
(ii)	a) Asset (+)	NIL	NIL	NIL	NIL
	b) Liability (-)	NIL	NIL	NIL	NIL
(iii)	Credit Exposure (2)	NIL	NIL	NIL	NIL
	Likely Impact of 1% change in interest rate (100*PV01)				
(iv)	a) On hedging derivatives	NIL	NIL	NIL	NIL
	b) On Trading derivatives	NIL	NIL	NIL	NIL
	Maximum & minimum of 100*PV01 observed during the year				
(v)	a) On hedging	NIL	NIL	NIL	NIL
	b) On Trading	NIL	NIL	NIL	NIL

13.4 Forward Exchange contracts as on 31.03.2021

(₹ in Crores)

Period	Current Year
Up to 14 days	132.94
Beyond 14 day	985.24
Total	1118.18

14. Asset Quality

14.1 Non-Performing Assets*

(₹ in Crores)

Sn.	Particulars	Current Year	Previous Year
(i)	Net NPAs to Net Advances (%)	2.95%	3.48%
(ii)	Movement of NPAs (Gross)		
	a) Opening balance	7671.63	6221.35
	b) Additions during the year	1106.89	4053.79
	c) Reductions during the year	1823.77	2603.51
	d) Closing balance	6954.75	7671.63
(iii)	Movement of Net NPAs		
	a) Opening balance	2243.82	3239.61
	b) Additions during the year	75.57	1545.26
	c) Reductions during the year	261.20	2603.51
	d) Closing balance**	1969.33	2243.82

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"Notes on Consolidated Accounts"

Sn.	Particulars	Current Year	Previous Year
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	a) Opening balance ***	5376.53	2868.01
	b) Add/Transfer Provisions made during the year***	1031.32	2564.45
	c) Write-off/write-back of excess provisions****	1562.57	55.93
	d) Closing balance	4845.29	5376.53

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

** Net NPA has been arrived at after subtracting ECGC claims of ₹ 0.73 Crores, Interest Capitalization of ₹ 90.64 Crores & adding DIFV of ₹ 2.51 crores

*** Figure has been arrived after transfer of Rs. 8.18 Crore from ECGC claims received

**** Including floating provision of Rs. 348.72 Crores which is now part of Tier II capital of Bank

14.2 As a matter of prudence, Bank has made an additional provision of Rs.209.28 crore for certain stressed sectors/ accounts, Rs.83.47 crore for Non-Performing Assets and Rs.125.81 crore for Standard Assets.



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"Notes on Consolidated Accounts"

(₹ in Crores)

15. Particulars of Accounts Restructured

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 01.04.2020	No. of borrowers	2	0	1	0	3	1681	709	2250	86	4726	319	408	1756	49	2532	2002	1117	4007	135	7261
	Amount	4.86	0.00	2.99	0.00	7.85	305.22	121.37	442.29	4.37	813.25	97.99	146.19	1106.38	7.95	1368.51	408.07	267.56	1551.66	12.32	2239.61
	Provision	0.24	0.00	2.99	0.00	3.23	15.26	19.72	243.52	4.37	282.87	4.90	23.84	612.50	7.95	649.19	20.40	43.56	859.01	12.32	935.29
Fresh Restructuring in FY 2020-21	No. of borrowers	0	0	0	0	0	282	3	15	300	43	0	0	0	43	325	3	15	0	0	343
	Amount	0	0	0	0	0.00	159.59	1.16	70.61	0.00	231.36	27.65	0.00	0.00	0.00	27.65	187.24	1.16	70.61	0.00	259.01
	Provision	0	0	0	0	0.00	15.96	0.21	32.31	0.00	48.48	2.76	0.00	0.00	0.00	2.76	18.72	0.21	32.31	0.00	51.24
Upgradations in FY 2020-21	No. of borrowers	0	0	0	0	0	197	0	0	197	43	0	0	0	43	240	0	0	0	0	240
	Amount	0	0	0	0	0.00	55.40	0	0	55.40	7.77	0.00	0.00	0.00	7.77	63.17	0.00	0.00	0.00	0.00	63.17
	Provision	0	0	0	0	0.00	42.52	0	0	42.52	2.60	0.00	0.00	0.00	2.60	45.12	0.00	0.00	0.00	0.00	45.12
Restructured Standard Advances which cease to attract higher provision at the beginning of next FY	No. of borrowers	2	0	0	0	2	0	0	0	0	0	0	0	0	0	2	0	0	0	0	2
	Amount	4.86	0	0	0	4.86	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00	4.86	0.00	0.00	0.00	0.00	4.86
	Provision	0.24	0	0	0	0.24	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00	0	0	0	0	0	0.24
Downgradations in FY 2020-21	No. of borrowers	0	0	0	0	0	0	32	1	33	0	32	1	0	33	0	64	2	0	0	66
	Amount	0	0	0	0	0.00	0.00	4.73	0.18	4.91	0.00	1.45	0.11	0.00	1.56	0.00	6.18	0.29	0.00	0.00	6.47
	Provision	0	0	0	0	0.00	0.00	0.24	0.01	0.25	0.00	0.07	0.01	0.00	0.08	0.00	0.31	0.02	0.00	0.00	0.33
Write-offs in FY 20-21	No. of borrowers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Amount	0	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Provision	0	0	0	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Restructured A/cs 31.03.2021	No. of borrowers	0	0	0	0	0	1953	40	2441	31	4465	334	37	1946	16	2333	2287	77	4387	47	6798
	Amount	0	0	0	0	0.00	496.83	6.61	463.86	0.88	968.18	121.93	3.07	1123.17	6.95	1255.12	618.76	9.68	1587.03	7.83	2223.30
	Provision	0	0	0	0	0.00	49.68	1.03	336.94	0.88	388.53	12.20	0.47	7.6710	6.95	786.72	61.88	1.50	1104.04	7.83	1175.25

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

(₹ in Crores)

Sn.	Particulars	Current Year	Previous Year*
1.	No of accounts	NIL	1
2.	Aggregate Value (net of provisions) of accounts sold to SC/RC	NIL	56.23
3.	Aggregate Consideration	NIL	65.29
4.	Additional consideration realized in respect of accounts transferred in earlier years	NIL	0
5.	Aggregate gain over net book value	NIL	9.06

*Cash Basis only.

17. Details of non-performing financial assets purchased.

(₹ in Crores)

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

18. Details of non-performing financial assets sold.

(₹ in Crores)

Sn.	Particulars	Current Year	Previous Year
1)	No. of accounts sold	NIL	1
2)	Aggregate outstanding	NIL	102.19
3)	Aggregate consideration received	NIL	65.29

18.1. Assets sold to Asset Reconstruction Companies (ARCs)

During the financial year no account was sold to Asset Reconstruction Companies (ARCs). (₹ in Crores)

No of accounts	NPA balance	Cash component	Security Receipts component	Total	Provisioning Held
Nil	Nil	Nil	Nil	Nil	Nil

18.2 Purchase of Property

During the FY 2020-21, the bank has not purchased any non-banking asset under the provision of SARFAESI Act 2002.

19. Provisions on standard Assets

(₹ in Crores)

Particulars	31.03.2021	31.03.2020
Provision towards Standard Assets	432.74	421.18

20. Business Ratios

Sn.	Particulars	As on	
		31.03.2021	31.03.2020
(i)	Interest income as a percentage to working funds*	7.15%	8.17%
(ii)	Non-Interest income as a percentage to working funds*	0.63%	0.53%
(iii)	Operating Profit as a percentage to working funds*	1.42%	1.48%
(iv)	Return on Assets **	0.38%	(1.10%)
(v)	Business (deposits plus advances) per employee*** (Rs. in Crores)	14.48	13.08
(vi)	Net Profit/(Loss) per employee (Rs. in crores)	0.04	(0.09)

*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.



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"Notes on Consolidated Accounts"

21. Asset Liability Management

(i) Maturity Pattern of assets and liabilities as on 31-03-2021*

(₹ in Crores)

	Next Day	2 to 7 Days	8 to 14 Days	15 to 30 Days	31 days upto 2 Months	More than 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 yr	Over 1 yr upto 3 yrs	Over 3 yrs upto 5 yrs	Over 5 yrs	TOTAL
Deposits	588.81	3553.09	4558.37	399.38	438.09	822.89	2728.32	4795.07	46598.97	31689.65	11888.51	108061.14
Borrowings	0	0	0	0	0	0	0	0	1504.44	500	10.75	2015.20
Investments	3253.65	0.20	3.72	0.00	10.35	0.00	4727.39	4767.75	6488.94	4295.48	7266.77	30814.25
Advances	413.54	1114.75	1580.10	502.02	947.51	1196.91	2108.80	5100.79	31833.76	10667.65	11375.91	66841.73

*Note: Classification of assets and liabilities under the maturity buckets is based on the same estimates and assumptions as used by the bank for compiling the Liquidity report submitted to RBI

(iii) Details of Foreign currency Assets/Liabilities (Maturity Pattern) as on 31.03.2021*

(₹ 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	115.81	150.50	96.34	62.60	91.88	0.00	19.17	0.00	536.30
EURO	10.38	4.73	15.21	31.74	41.92	0.00	0.00	0.00	103.98
GBP	4.63	1.62	5.81	11.77	11.64	0.00	0.00	0.00	35.47
J.YEN	0.10	0.00	0.00	0.00	2.34	0.00	0.00	0.00	2.44
AUD	3.40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.40
CAD	1.62	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.62
CHF	0.47	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.47
SAR	0.14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.14
Total	136.55	156.85	117.36	106.11	147.78	0.00	19.17	0.00	683.82
(Previous Year)	232.46	122.61	261.50	182.67	281.86	0.00	19.64	0.00	1100.74
LIABILITIES									
USD	105.64	158.43	103.96	57.95	109.21	0.00	0.00	0.00	535.19
EURO	9.86	5.16	15.47	32.18	41.11	0.00	0.00	0.00	103.78
GBP	0.91	5.05	7.03	11.88	10.57	0.00	0.00	0.00	35.44
J.YEN	0.00	0.00	0.00	0.00	2.34	0.00	0.00	0.00	2.34
AUD	0.56	2.79	0.00	0.00	0.00	0.00	0.00	0.00	3.35
CAD	0.00	1.86	0.00	0.00	0.00	0.00	0.00	0.00	1.86
CHF	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SAR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	116.97	173.29	126.46	102.01	163.23	0.00	0.00	0.00	681.96
(Previous Year)	159.66	173.75	285.34	169.63	306.60	3.30	0.00	0.00	1098.28

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

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“Notes on Consolidated Accounts”

22. Exposures

22.1 Exposure to Real Estate Sector*

(₹ in Crores)

Sn.	Particulars	As on	
		31.03.2021	31.03.2020
1.	Direct Exposure		
	(i) Residential Mortgages	8466.26	7296.77
		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 ₹ 3518.78 Crores) (Previous Year ₹ 3284.37 Crores)	
	(ii) Commercial real estate	3190.19	3622.81
		Lending's secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits.	
	(iii) Investment in mortgage backed securities and other securitized exposures	-	-
	(a) Residential	-	-
(b) Commercial real estate	-	-	
2.	Indirect Exposure (Fund based & non-fund based exposure on National Housing Bank and housing finance companies)	1628.81	2624.78
	Total Exposure to Real Estate	13285.26	13544.36

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

22.2. Exposure to Capital Market

(₹ in Crores)

Sn.	Particulars	Current Year	Previous Year
(i)	Direct investment in Equity shares, Convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt.	73.08	74.51
(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	0.02
(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	0.04	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	0.00	0.08
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stock brokers and market makers.	5.03	0.00
(vi)	Loans sanctioned to corporate against the security of shares/ bonds/ debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	0.00	5.03
(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	0.00
	Total	78.17	79.64



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"Notes on Consolidated Accounts"

22.3 Risk category wise country exposure*

(₹ in Crores)

Category	Risk Category	Exposure (net) as at Mar 2021	Provisions held as at Mar 2021	Exposure (net) as at March 2020	Provisions held as at March 2020
A1	Insignificant	51.17	Nil	70.47	Nil
A2	Low	1.18	Nil	1.46	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		52.35	Nil	71.93	Nil

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

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

(₹ in Crores)

Particulars	2020-21	2019-20
Total amount of advances outstanding against charge over intangible securities such as the rights, licenses, authority etc.	Nil	Nil

24. Penalty imposed by Reserve Bank of India

Penalty imposed by Reserve Bank of India during the year 2.81 Lakhs (Previous year ₹ 63.55 lacs).

Sn.	Penalty Imposed by RBI on	Amount in Lakhs
1	Currency Chests	2.81
	Total	2.81

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

25.1 Accounting Standard 5 - Net profit or loss for the period, prior period items and changes in accounting policies

- i. During the year Bank has reversed Rs. 147.50 Lacs of income on credit cards from respective income heads pertaining to previous financial years detailed as hereunder (₹. In Lacs)

Particulars	FY 17-18	FY 18-19	FY 19-20	Total
Total Interest	1.37	17.11	43.55	62.03
Total Fee	18.78	32.21	34.48	85.47
				147.50

- ii. During the year Bank has charged an amount of Rs.12.35 Lacs to Expense Head titled "Other Miscellaneous Expenditure" on account of reversal of ineligible GST on credit card income detailed as under

Particulars	FY 17-18	FY 18-19	Total
Tax	3.47	8.88	12.35

25.2 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.

25.3 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.

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“Notes on Consolidated Accounts”

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	
	31.3.2020	31.3.2021	31.3.2020	31.3.2021	31.3.2020	31.3.2021
Year						
Discount Rate	6.82%	6.95%	6.82%	6.95%	6.82%	6.95%
Expected Return on Plan Assets	7.5%	7.0%	7.5%	7.0%	NA	NA
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 01.04.2020	1113.23	579.44	348.79
Interest Cost	63.13	38.18	23.15
Current Service Cost	62.41	54.01	29.81
Benefits paid	(409.70)	(60.19)	(31.38)
Actuarial loss/ (gain) on obligations (Balancing figure)	793.49	128.11	64.84
Present Value of Obligations, 31.03.2021	1622.56	739.55	435.21

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 01.04.2020	1112.00	577.72	0.00
Expected return on Plan assets	94.92	46.04	0.00
Contributions by Bank	426.57	170.00	117.80
Benefits paid	(409.70)	(60.19)	(31.38)
Actuarial (loss)/ gain on Plan Assets (Balancing figure)	376.18	4.05	0.00
Fair Value of Plan Assets, 31.03.2021	1599.97	737.62	0.00

IV - Actual return on Plan Assets

(₹ in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Expected return on Plan Assets	94.92	46.04	0.00
Actuarial (loss)/ gain on Plan Assets	376.18	4.05	0.00
Actual Return on Plan Assets	471.10	50.09	0.00

V - Net Actuarial Gain/ (loss) recognized

(₹ in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Actuarial gain/ (loss) for the period - Obligation	(793.49)	(128.11)	(64.84)
Actuarial gain/ (loss) for the period - Plan Assets	376.18	4.05	0.00
Total Gain/ (Loss) for the period	(417.31)	(124.06)	(64.84)
Actuarial gain or (loss) recognized in the period	(417.31)	(124.06)	(64.84)
Unrecognized Actuarial gain/ (loss) at the end of the year	0.00	0.00	0.00



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VI -Amount recognized in Balance Sheet & Related Analysis

(₹ in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Present value obligation, 31.03.2021	1622.56	739.55	435.21
Fair Value of Plan Assets, 31.03.2021	(1599.97)	(737.62)	0.00
Difference	22.59	1.93	435.21
Unrecognized Transitional Liability	0	0	0
Unrecognized Past Service cost-vested benefits-Carried Forward	0	0	0
Liability Recognized in the Balance Sheet	22.59	1.93	435.21
Negative amount determined under Paragraph 55 of AS-15(R)	-	-	-
Present value of available refunds and reductions in future contributions	-	-	-
Resulting asset as per Paragraph 59 (b) of AS-15 (R)	-	-	-

VII-Expense recognized in Profit and Loss Statement

(₹ in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Current Service Cost	62.41	54.01	29.81
Interest Cost	63.13	38.18	23.15
Expected return on Plan assets	(94.92)	(46.04)	0.00
Net Actuarial gain/ (loss) recognized in the year	417.31	124.06	64.84
Past Service Cost-Recognized	0.00	0.00	0.00
Expenses recognized in the statement of profit and loss	447.93	170.21	117.80

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

(₹ in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Opening Net Liability	1.23	1.72	348.79
Expenses	447.93	170.21	117.80
Contributions/ Benefits paid	(426.57)	(170.00)	(31.38)
Closing Net Liability (Liability recognized in B/S in current period)	22.59	1.93	435.21

IX - Amount for the Current Period

(₹ in Crore)

Particulars	PENSION	GRATUITY	LEAVE ENCASHMENT
Present value of Obligations, 31.03.2021	1622.56	739.55	435.21
Fair Value of Plan Assets, 31.03.2021	1599.97	737.62	0.00
Surplus/(Deficit) before unrecognized past service cost	(22.59)	(1.93)	(435.21)
Experience Adjustments in Plan Liabilities - (loss)/ gain	(882.83)	(135.49)	(70.41)
Experience Adjustments in Plan Assets (loss) / gain	369.40	0.76	0.00

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

Particulars	PENSION (%)	GRATUITY (%)
Government of India Securities	2.03	2.35
State Government Securities	0.97	56.49
High Quality Corporate Bonds	0.38	35.92
Equity Shares of listed companies	0.00	1.55
Funds managed by Insurer	96.62	0.94
Other- Bank Deposits and CD's	0.00	1.35
Treasury Bills	0.00	1.40
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	523.00	137.21

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.

25.4 Accounting Standard 17 - Segment Reporting

- 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)

Segment Report	YEAR ENDED	
	31.03.2021	31.03.2020
Description	(AUDITED)	(AUDITED)
1) Segment Revenue (Income)		
i) Treasury Operations	2313.34	1934.24
ii) Corporate/Wholesale Banking	1887.56	2611.12
iii) Retail Banking	5440.63	5134.45
iv) Other Banking Business	52.98	45.87
v) Un-Allocated Business	0.00	0.00
Total	9694.51	9725.68
Less: Inter Segment Revenue	864.43	733.47
Net Income from Operations	8830.08	8992.21
2) Segment Results		
i) Treasury Operations	300.67	165.59
ii) Corporate/Wholesale Banking	(3.99)	(1041.54)
iii) Retail Banking	1311.71	743.53
iv) Other Banking Business	51.42	44.07
v) Un-Allocated Business	(1125.74)	(1011.70)
Profit/(Loss) from Ordinary Activities (Before Tax)	534.07	(1100.05)
Less: Tax Expenses/(credit)	101.95	39.36
Less: Extraordinary Profit/(Loss)	0.00	0.00
Net Profit/(Loss) after Tax	432.12	(1139.41)
3) Segment Assets		
i) Treasury Operations	41397.53	34279.76
ii) Corporate/Wholesale Banking	21197.51	24921.68
iii) Retail Banking	57696.80	49670.53
iv) Other Banking Business	0.11	0.13
v) Un-Allocated Business	0.00	0.00
Total	120291.95	108872.10



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4) Segment Liabilities		
i) Treasury Operations	43.05	20.81
ii) Corporate/Wholesale Banking	28063.54	27372.64
iii) Retail Banking	85359.69	75085.10
iv) Other Banking Business	0.06	0.07
v) Un-Allocated Business	0.00	0.00
Total	113466.34	102478.62
5) Capital Employed		
(Segment assets-Segment Liabilities)		
i) Treasury Operations	41354.48	34258.95
ii) Corporate/Wholesale Banking	(6866.03)	(2450.96)
iii) Retail Banking	(27662.89)	(25414.57)
iv) Other Banking Business	0.05	0.06
v) Un-Allocated Business	0.00	0.00
Total	6825.61	6393.48

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

25.5 Accounting Standard 18 - Related party disclosures as on 31.03.2021

(₹ In Crores)

Items/Related Party		J&K Grameen Bank (Associate)	JKB Financial Services Ltd. (Subsidiary)
Advances	Balance as on date	*11.67	13.85
	Maximum Balance during the year	89.67	22.84
Deposits	Balance as on date	1268.02	7.70
	Maximum Balance during the year	1518.94	7.70
Investments	Balance as on date	34.01	20.00
	Maximum Balance during the year	34.01	20.00
Interest Paid		85.61	0.09
Interest/Commission Received		0.36	0.04
Sale of Fixed Assets		NIL	0.06
Reimbursement on behalf of Associate/Subsidiary		NIL	0.68
Transfer of Current Assets/ Liabilities (Net)		NIL	0.13
IT Support Services		0.91	NIL
Outstanding with Associate/Subsidiary		NIL	0.48

Advances are shown as borrowings from the bank to its Associate in shape of SOD, LAD and Perpetual Bonds;

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

The Jammu & Kashmir Asset Reconstruction Limited has been incorporated by Government of J&K and Jammu & Kashmir 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 an expenditure of ₹ 82,18,047.00 towards incorporation expenses for the company, which includes ₹ 5,85,317.00 payable to professionals on account of incorporation expenses for the company and the same was reimbursed to them during the financial year 2020-2021. The Promoters i.e. J&K Government and Jammu & Kashmir Bank Limited have not released their respective shares towards the capital of the company. In the meantime the promoters have also decided to windup the company and the Bank in turn has approached the Registrar of Companies (J&K) (ROC) for removal of the name of the company from the register of companies under section 248 of the companies Act, 2013. The application of the Bank is pending with ROC.

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"Notes on Consolidated Accounts"

(Amt in Lakhs)

Items/Related Party	K.M.P*		
	Mr. Rajesh Kumar Chhibber (Chairman & MD)	Ms. Rajni Saraf (CFO)	Mr. Mohammad Shafi Mir (Company Secretary)
Period for which post held during FY 2020-21	12 month	12 months	12 months
Salary	68.18**	40.79	24.71

* Key Managerial Personnel.

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

25.6 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 ₹ 77.24 crore (previous year being ₹ 67.31 crores)

25.7 Accounting standard 20 - Earning per share

	31.03.2021	31.03.2020
Net Profit available to Equity Share Holders (in Crores)	432.12	(1139.41)
No. of Equity Shares	713450938	713450938
Basic/Diluted Earnings per share (in Rs.)	6.06	(15.97)
Face value per share	Rs.1/-	Rs.1/-

25.8 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.

25.9 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.

Timing Difference	Deferred Tax Asset	Deferred Tax Liabilities
Depreciation on Assets	-	42.94
Leave Encashment	109.53	-
Special Reserve	-	31.00
Wage Revision	-	-
Bad & Doubtful Assets	229.49	-

Net Deferred Tax Asset as on 31.03.2021 : ₹ 265.08 Crores

Tax Impact for the year : ₹ -65.30 Crores

25.10 Accounting standard 23-Accounting for Investment in Associates (Consolidated Financial Statements)

The Bank has a sponsored Bank "J&K Grameen Bank". The investment towards the capital of associate concern is ₹34.01 Crores (Previous Year ₹34.01 Crores). The consolidated financial statements are placed accordingly in terms of AS 23 issued by the Institute of Chartered Accountants of India.

25.11 Accounting Standard 26-Intangible Assets

The Bank has incurred an amount of ₹ 71.40 Lakh (previous year, ₹ 146.03 Lakh) on Brand names bifurcated into two heads namely Business Unit Signage and Brand Strategy Project. Expenditure on Business Unit Signage amounting to ₹17.10 Lakh (previous year, ₹ 57.73 Lakh) has been debited under the head Furniture & Fixture, whereas, Brand strategy project expenses amounting to ₹ 54.30 Lakh (Previous year, ₹ 88.30 Lakh) has been charged to Profit & Loss account treating it as a Revenue expenditure. Accordingly, the Bank has not evaluated useful life of this Brand strategy project



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over which the expenses could be amortized.

Further, the Bank has incurred an amount of ₹ 38.77 Crores (previous year ₹ 16.11 crores) on account of purchase of computer software, not forming integral part of computers, and has capitalized the cost of the same.

25.12 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.

25.13 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 ₹ 88.15 lakhs has been released during the financial year (as against previous year where a provision of ₹ 0.04 lakhs were made) totalling to ₹ 1169.83 lakhs (previous year ₹ 1257.98 lakhs) upto 31-03-2021 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.

26. Additional Disclosures

26.1 COVID-19 pandemic continues to spread across several countries including India resulting in a significant volatility in Global as well as Indian financial markets and a significant decline in global and local economic activities. The Govt. of India announced a series of lock down measures from March 2020 onwards. Such lockdowns were lifted and re-imposed for activities by various governments at various points of time depending on the situation prevailing in their respective jurisdictions. The current second wave of COVID 19 pandemic, wherever the number of new cases have increased significantly in India, has resulted in re-imposition of localized/regional lockdown measures in various parts of the country.

The situation continues to be uncertain and the Bank is evaluating the situation on ongoing basis. The extent to which the Covid-19 pandemic will impact the Bank's results will depend on future developments, which are highly uncertain including among other things, the success of vaccination drive. The major identified challenges for the Bank would arise from eroding cash flows and extended working capital cycles. The Bank is gearing itself on all the fronts to meet these challenges.

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, and clarification dated May 06, 2020 issued by RBI through Indian Banks Association, the Bank granted moratorium on the payment of instalments and/or interest, as applicable, falling due between March 01, 2020 and May 31, 2020 to eligible borrowers classified as Standard, even if overdue, as on February 29, 2020. In accordance with the additional Regulatory Package guidelines dated May 23, 2020, the Bank granted a second moratorium on instalments or interest, as applicable, due between June 01, 2020 and August 31, 2020.

Details of the relief extended in terms of RBI Circular RBI/2019-20/220 DOR. No. BP. BC. 63/21. 04.048/2020-21 dated April 17, 2020, COVID- 19 regulatory Package are as follows:

Sn.	Particulars	Amount (in Rs. Crore)
i	Respective amounts in SMA/ overdue categories as on 29.02.2020, where moratorium / deferment was extended in terms of paragraph 2 and 3	10290.33
ii	Respective SMA 2 amounts where asset classification benefits were extended	2948.54
iii	Provisions made during Q4 FY2020 and Q1FY2021:	
	Provision made in Q4 FY2020	147.50
	Provision made in Q1 FY2021	147.50
iv	Provisions adjusted during the year ended March 31, 2021 against slippage	39.67
v	Residual provisions held as on 31.03.2021	NIL

In the interim order dated September 03, 2020, Hon'ble Supreme Court of India in writ petition Gajendra Sharma vs. Union of India Anrs had directed that the accounts which were not declared NPA till August 31, 2020 shall not be

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declared as NPA till further orders.

Based on the said interim order, the Bank on 31.12.2020 did not classify any account as N.P.A, which was not N.P.A as on August 31, 2020. As a matter of prudence, the Bank made an additional provision of Rs.164.12 Crores (excluding interest of Rs.96.36 crores) till 31.12.2020, thereby holding cumulative provision of Rs.459.12 Crores (Rs.295 crores + Rs.164.12 crores) against the portfolio on which asset classification benefit was extended. Further, the Bank also made a provision of Rs.96.36 crores against interest income of Rs.96.36 crores reckoned in operating profit in respect of such accounts on 31.12.2020.

The above interim order of the Hon'ble Supreme Court of India was vacated 23.03.2021. Further, in accordance with the instructions of RBI Circular dated 07.04.2021, the Bank has classified these borrower accounts as per extant IRAC norms as on March 31, 2021.

26.2 In accordance with RBI circular dated 07.04.2021 on “Asset Classification and Income Recognition following expiry of Covid-19 regulatory package”, the Bank has created an estimated liability of Rs.30,93,78,918.85 towards the refund of 'interest on interest' charged to all borrowers including those who have availed working capital facilities during moratorium period i.e., 01.03.2020 to 31.08.2020, irrespective of whether moratorium has been fully or partially availed or not availed. The methodology adopted for calculation of such refund is as prescribed by Indian Bank Association vide its letter dated 19.04.2021.

26.3 Details of resolution plan implemented under Resolution Framework for Covid-19 related stress as per RBI Circular dated 06.08.2020 are given below:

(₹ In Crores)

Type of Borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) Exposure to accounts mentioned at (A) before implementation of plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution
Personal Loan	8	10.12	0	0.74	1.09
Corporate Persons	1	14.18	0	1.11	1.53
Of which, MSMEs	0	0	0	0	0
Others	0	0	0	0	0
Total	9	24.30	0	1.85	2.62

27 Provisions and Contingencies

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

(₹ in Crores)

Particulars	For the year ended	
	31.03.2021	31.03.2020
Tax Expense	101.95	39.36
i) Income Tax	36.65	71.91
ii) Deferred Tax Liability/ (Asset)	65.30	(32.55)
Provision against NPA's	1023.15	2522.66
Provision for depreciation on investments	27.63	(27.37)
Provision for frauds and embezzlements	(1.52)	(0.92)
Provision for diminution in the fair value of restructured /rescheduled advances	(13.40)	(30.67)
Provision for Non-Performing Investments	30.61	179.05
Provision for contingent liabilities	(0.88)	0.00
Provision for Standard Assets	11.57	(17.65)
Total	1179.11	2664.46



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28. Details / Utilization of Floating Provisions

(₹ in Crores)

Particulars	As on	
	31.03.2021	31.03.2020
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

As per RBI notification RBI/2021-22/28 DOR.STR.REC.10/21.04.048/2021-22 dated May 5, 2021, Banks are advised that they are permitted to utilize 100 percent of floating provision/countercyclical provisioning buffer held by them as on December 31, 2020 for making specific provisions for non- performing assets with the prior approval of their respective Boards. RBI allows banks to utilize the held floating Provisions upto 31.03.2022. Bank has not as such utilized any amount of Floating provision.

29. Investments (Floating Provision)

(₹ in Crores)

Particulars	As on	
	31.03.2021	31.03.2020
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	16
B	No. of complaints received during the Year	772
C	No. of complaints redressed during the year	768
D	No. of complaints pending at the end of the Year	20

31. Awards passed by Banking Ombudsman.

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

32. Foreign Exchange

a) The net funded exposure of the bank in respect of Foreign Exchange transactions is not more than 1% of the total assets of the bank, to any country and hence no provision and disclosure is required to be made as per the RBI Circular No. 96/21.04.103/2003 dated: 17.06.2004.

b) Claims pending with ECGC is Rs. 12.78 crores (Previous year Rs. 1.67 crores)

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

The bank has not issued any letter of comfort on behalf of its customers or on its behalf in respect of trade credits during the FY 2020-21

34. Provision Coverage Ratio (PCR)

The provision coverage ratio (PCR) for the Bank as on 31st March 2021 is 81.97 % (Previous Year 78.59%) which is calculated taking into account the total technical write offs made by the Bank.

35. Bancassurance Business:

The Bank has tie ups with PNB MetLife India Insurance Company Limited for mobilizing life insurance business and with Bajaj Allianz General Insurance Company Ltd and IFFCO Tokio General Insurance Company Ltd for mobilizing general (non-life and health) insurance business. The details of the commission earned by the Bank during FY 2020-21 on account of mobilizing said business is given hereunder:

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Sn.	Nature of income	Amount (₹ Crores)
1	For selling Life Insurance Policies of PNB MetLife	33.50
2	For selling Non-Life Insurance Policies of Bajaj Allianz	16.04
3	For Selling Non-Life Insurance Policies of IFFCO Tokio	2.96
Total		52.50

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

36.1 Concentration of Deposits

Particulars	31-03-2021	31-03-2020
Total Deposits of 20 largest depositors (₹ in Crores)	8827.82	9948.91
Percentage of 20 largest deposits to total Deposits of the Bank	8.17%	10.17%

36.2 Concentration of Advances

Particulars	
Total Advances to twenty largest borrowers (₹ in Crores)	9097.97
Percentage of advances of twenty largest borrowers to Total Advances of the Bank	12.65%

36.3 Concentration of Exposures

Particulars	
Total Exposure to twenty largest borrowers' customers (₹ in Crores)	10346.26
Percentage of exposures to twenty largest borrowers /customers to Total exposure of the bank on borrowers/customers	11.47%

36.4 Concentration of NPA's

Particulars	
Total Exposure to top four NPA accounts (₹ in Crores)	1971.38
Percentage of Exposure to top four NPA accounts to Total NPA exposure of the Bank	28.35%

36.5 Sector Wise Advances*

(₹ in Crores)

Sn.	Sector	Current Year			Previous Year		
		Outstanding Total Advances	Gross NPA's	%ge of Gross NPA's to Total Advances in that Sector	Outstanding Total Advances	Gross NPA's	%ge of Gross NPA's to Total Advances in that Sector
A. Priority Sector							
1	Agriculture & Allied Activities	8082.82	512.44	6.34	6987.45	490.24	7.02
2	Advances to Industries sector eligible as priority sector lending	2998.64	286.45	9.55	2737.22	319.26	11.66
3	Services	11933.79	766.49	6.42	10420.04	719.06	6.90
4	Personal Loans	4149.41	40.22	0.97	3938.95	29.45	0.75
Sub-Total A		27164.66	1605.60	5.91	24083.65	1558.02	6.47
B. Non-Priority Sector							
1	Agriculture & Allied Activities	638.28	285.80	44.78	955.93	285.80	29.90
2	Industry	10744.38	2356.44	21.93	12604.53	2789.16	22.13



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3	Services	11179.71	2430.82	21.74	13895.16	2817.01	20.27
4	Personal loans	22189.60	276.09	1.24	18387.96	221.63	1.21
	Sub-Total B	44751.96	5349.15	11.95	45843.58	6113.61	13.34
	Gross Total	71916.62	6954.75	9.67	69927.24	7671.63	10.97

*Compiled at HO and relied upon by us.

37. Movement of NPA's

(₹ in Crores)

Particulars	Current Year	Previous Year
Gross NPA's as on April 01, (Opening Balance)	7671.63	6221.35
Additions (Fresh NPA's) during the year	1106.89	4053.79
Sub Total: (A)	8778.52	10275.14
Less:		
i) Up-gradation	288.90	1942.01
ii) Recoveries (Excluding Recoveries made from upgraded Accounts)	283.52	576.55
iii) Technical/ Prudential/ write offs	1216.45	67.20
iv) Due to Compromise/settlement	34.89	17.75
Sub Total (B)	1823.77	2603.51
Gross NPA as on 31 st March (Closing Balance)	6954.75	7671.63

38. Sector wise NPA's*

Sn.	Sector	Percentage of NPA to Total advances in that sector
1	Agriculture & Allied activities	9.15
2	Industry (Micro & Small Medium and Large)	19.23
3	Services	13.83
4	Personal Loans	1.20

*Compiled at HO and relied upon by us.

39. 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, 2020	2809.18	2853.63
Add: Technical/Prudential write-offs during the year	1203.49	0.00
Sub Total:	4012.67	2853.63
Less: Recoveries made during the year	41.89	44.45
Closing balance as at March 31, 2021	3970.79	2809.18

40. Overseas Assets, NPA's and Revenues

(₹ in Crores)

Sn.	Particulars	
1	Total Assets	NIL
2	Total NPAs	NIL
3	Total Revenue	NIL

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

Name of the SPV sponsored	
Domestic	Overseas
NIL	NIL

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42. Divergence in the asset classification and provisioning:

As per RBI circular No. DBR.BP.BC.No.32/21.04.018/2018-19 dated April 1, 2019, in case the additional provisioning for NPAs assessed by RBI exceeds 10% of the reported profit before provisions and contingencies for the reference period and/or additional Gross NPAs identified by RBI exceeds 15% of published incremental Gross NPAs for the reference period, then the banks are required to disclose divergences from prudential norms on income recognition, asset classification and provisioning.

Divergence in terms of above circular are within threshold limits as specified above, hence no disclosure is required with respect to RBI's annual supervisory process for FY 2020.

43. 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.

44. Corporate Social Responsibility (CSR Activities)

Pursuant to section 135 of the Companies Act 2013, it is required to expend 2% of the average net profits made during three immediately preceding financial years for CSR activities. Accordingly, bank is required to spend ₹ Nil (Previous year ₹ Nil) for twelve months period ended 31st March 2021 against which bank has spent NIL (Previous year ₹ 2.40 Crores).

45. 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, our Bank continues to maintain 5% provisions and has maintained a provision of ₹ 8.22 crore against balance outstanding of ₹ 164.35 crores as on 31.03.2021 under Food credit availed by State Government of Punjab.

b) As per RBI Circular No DBR.No.BP.BC.18/21.04.048/2018-19 dated 1st January 2019 & DOR.No.BP.BC.34/21.04.048/2019-20 dated 11th February 2019 and circular DOR.No.BP.BC.4/21.04.048/2020-21 dated August 6, 2020 on restructuring of Advances-MSME sector, the details of restructured accounts as on 31.03.2021 are as under

No. of accounts restructured	Amount (₹ in Crores)
118	150.26

c) In terms of RBI Circular No.DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020 with regard to easing of working capital financing is to be provided in terms of exposures of Rs.5.00 Crore and above to a borrower as on March 31, 2021 the Bank has not provided to any borrower during the year.

d) In terms of RBI Circular No. DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020, Bank has extended moratorium/deferment with regard to SMA/overdue categories as under:

No. of Accounts	Amount (₹ in Crores)
215074	10290.33

e) The details in terms of RBI Circular No. DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 with regard to SMA/overdue categories where asset classification benefit was extended. The disclosure in this regard is as under:

No. of Accounts	Amount (₹ in Crores)
63160	2948.54

f) In terms of RBI Circular No. DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 with regard to SMA/overdue categories, the Bank has made a provision of Rs.295.00 Crores.

g) In terms of RBI Circular No. DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 with regard to SMA/overdue categories the following provisions have been adjusted in terms of Para 6 of the said Circular for the period ended March-2021:

Amount (₹ in Crores)
Rs.295.00



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h) In terms of RBI Circular DBR No. BP. BC 45/21.04.048/2018-19 dated June 7, 2019 on Prudential Framework for Resolution of Stressed Assets, the Bank is holding additional provision of Rs.128.54 Crore as on March 31, 2021 in 4 accounts as detailed below: (₹ in Crores)

Amount of loans impacted by RBI Circular (a)	Amount of loans to be classified as NPA (b)	Amount of loans as on 31.03.2021 out of (b) classified as NPA (c)	Provision held as on 31.12.2020 (d)	Additional provision made during quarter ended 31.03.2021 (e)	Provision held as on 31.03.2021 (f)
434.44	434.44	434.44	226.93	128.54	355.47

46. 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).

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

(₹ in Crores)

Particulars	Amount
Opening Provision Balance as on 01.04.2020	0.55
Provisions made during the Year	3.09
Redemption made during the Year	2.80
Closing Provision Balance as on 31.03.2021	0.84

48. Intra-Group Exposure

(₹ in Crores)

	Current Year	Previous Year
Total Amount of intra-group Exposure	7.70	7.12
Total Amount of top-20 intra group exposures	7.70	7.12
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

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

(₹ in Crores)

Particulars	Current Year 31.03.2021	Previous Year 31.03.2020
Opening balance of DEAF fund as on	147.57	106.82
Add: - Amounts transferred to DEAF Fund (During the Year)	55.43	42.88
Less: Amounts reimbursed to DEAF Fund towards claims during the year. (only Principal)	2.50	2.13
Closing balance of amounts transferred to DEAF	200.50	147.57

50. Un-hedged Foreign Currency Exposure

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

Particulars	Provision Held	
	Current Year 31.03.2021	Previous Year 31.03.2020
Opening balance	1.80	1.34
Additions during the Year	1.10	1.49
Deductions during the Year	0.94	1.03
Closing balance	1.96	1.80

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The capital held by the Bank towards the foreign currency exposure amounts to ₹ 3.92 crores (previous year ₹ 3.25 crores)

51. Other Expenditures

During the year the following expenditures incurred were more than 5% of the total other expenditures of ₹403.95 Lakhs:

Sn.	Expense Head	₹ Crore	% to Other Expenses
1.	Sweeping and cleaning charges	28.39	7%
2.	Wages to Armed Guards / Temporary staff	96.08	24%
3.	Chest Reimbursement	21.06	5%
4.	IT Services	41.71	10%
5.	Charges Paid To Master Card	22.44	6%

52. Liquidity Coverage Ratio (LCR)

(₹ in Crores)

		Current Year		Previous Year	
FY 2020-21		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)	30454.88	30436.31	18954.01	18923.52
Cash Outflows					
2	Retail deposits and deposits from small business customers, of which	45241.35	2935.58	37096.08	2918.81
(i)	Stable deposits	31770.90	1588.54	15815.71	790.78
(ii)	Less stable deposits	13470.45	1347.04	21280.37	2128.03
3	Unsecured wholesale funding ,of which	13903.38	6465.02	11879.99	5351.33
(i)	Operational Deposits (all counterparties)	0.00	0.00	956.44	225.10
(ii)	Non Operational deposits (all counterparties)	13903.38	6465.02	10923.55	5126.23
(iii)	Unsecured debt	0.00	0.00	0.00	0.00
4	Secured Wholesale funding	2219.58	0.00	1922.90	0.00
5	Additional requirements of which	1.80	1.80	0.00	0.00
(i)	Outflows related to derivative exposure and other collateral requirements	1.80	1.80	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	8075.87	591.44	7814.91	632.02
7	Other contingent funding Obligations	3141.25	94.24	3895.12	116.85
8	Total cash outflows	72583.23	10088.08	62609.00	9019.01
Cash Inflows					
9	secured Lending (e.g. reverse repo)	2300.63	0.00	0.00	0.00
10	Inflows from fully performing exposure	1702.53	1058.83	2220.73	1779.52
11	Other cash inflows	0.00	0.00	0.00	0.00



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		Current Year		Previous Year	
FY 2020-21		Total Unweighted value (Average)	Total Weighted value (Average)	Total Unweighted value (Average)	Total Weighted value (Average)
12	Total cash inflows	4003.16	1058.83	2220.73	1779.52
			Total adjusted value		Total adjusted value
	TOTAL HQLA		30436.31		18923.52
	Total Net Cash Outflows		9029.25		7239.49
	Liquidity Coverage ratio (%)		337.09		261.39

DISCLOSURE ON LIQUIDITY COVERAGE RATIO AS ON 31.03.2021

Qualitative disclosure for LCR:

The bank has robust liquidity risk management framework in place that ensures sufficient liquidity including a cushion of unencumbered, high quality liquid assets, to withstand a range of stress events, including those involving the loss or impairment of both unsecured and secured funding sources. Bank has put in place Contingency Funding Plan approved by ALCO and IRMC of the Board. The contingency Funding Plan includes stored Liquidity in the form of 1% of NDTL in the shape of excess SLR and 2% in the shape of CD's/Liquid Funds or 3% in any of the two i.e., excess SLR or CD's/Liquid Funds. These investments can be liquidated any time to generate cash and maintain sufficient liquidity for funding, growth and meeting repayment obligations.

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

LCR is being computed strictly as per RBI guidelines issued vide circular BOD.BP.BC.No. 120/21.04.098/2013-14 and subsequent amendments issued by RBI. HQLA primarily include government securities in excess of minimum Statutory Liquidity Ratio (SLR), the extent allowed under the marginal Standing Facility to avail Liquidity for LCR (FALLCR). Cash and balances in excess of cash reserve requirement with RBI also constitute HQLA.

Average LCR of the bank was 337.09% for the FY 2020-21 which is well above the regulatory requirement prescribed by RBI.

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

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 as on 31.03.2021.</p> <p>Mr. Naba Kishore Sahoo (Chairman N&RC) Dr. Rajeev Lochan Bishnoi Ms. Monica Dhawan</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.

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		<ul style="list-style-type: none"> 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; (a) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and (a) Remuneration to key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
c)	Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.	Remuneration committee of the Board undertakes risk evaluations based on industry standards and risk profile of the bank.
d)	Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.	The performance of the Bank as a whole is linked to the performance of its employees and management. However, in individual cases variable pay is withheld in case of low performance of individual staff member.
e)	A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.	Bank has a Compensation Policy with due incorporation of all such covenants
f)	Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms.	Bank has a Compensation Policy with due incorporation of all such covenants

Quantitative Disclosure

	Particulars	31.03.2021	31.03.2020
g)	Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	<p>The Committee met six times during the year and total sitting fee of ₹ 7,20,000.00* was paid to the Members of the Committee.</p> <p>(*It is pertinent to mention that in addition to the above fee, GST @ 18% has been paid, out of which 9% has been claimed as input credit)</p>	<p>The Committee met four times during the year and total sitting fee of ₹4,00,000.00* was paid to the Members of the Committee.</p> <p>(*It is pertinent to mention that in addition to the above fee, GST @ 18% has been paid, out of which 9% has been claimed as input credit)</p>
h)	i) Number of employees having received a variable remuneration award during the financial year. (The quantitative disclosures only cover Whole Time Directors / Chief Executive Officer/ Other Risk Takers)	NIL	NIL
	ii) Number and total amount of sign-on awards made during the financial year.	NIL	NIL
	iii) Details of guaranteed bonus, if any, paid as joining / sign on bonus	NIL	NIL



Schedule 18

“Notes on Consolidated Accounts”

Quantitative Disclosure			
	Particulars	31.03.2021	31.03.2020
	iv) Details of severance pay, in addition to accrued benefits, if any.	NIL	NIL
i)	i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	NIL	NIL
	i) Total amount of deferred remuneration paid out in the financial year.	NIL	NIL
j)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	NA	NA
k)	i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.	NIL	NIL
	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.

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

Anil Kumar Misra
Director
DIN: 08066460

Vikram Gujral
Director
DIN: 03637222

Dr. Rajeev Lochan Bishnoi
Director
DIN: 00130335

Monica Dhawan
Director
DIN: 01963007

Naba Kishore Sahoo
Director
DIN: 07654279

Dr. Mohamad Ishaq Wani
Director
DIN: 08944038

Rajni Saraf
President/CFO

Mohammad Shafi Mir
Company Secretary

Place : Srinagar
Date: 17th June 2021

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. Vikram Garg)
Partner
M.No.097038
UDIN:21097038AAAAEW7705

(CA. Madan Verma)
Partner
M.No.081631
UDIN:21081631AAAACP5988

(CA. Shailza Wazir)
Partner
M.No.502279
UDIN:21502279AAAED4346

(CA. Amit Kumar Gupta)
Partner
M.No.501373
UDIN:21501373AAAABX2691

Place : Srinagar
Date: 17th June 2021

Consolidated Cash Flow Statement

for the year ended 31st March, 2021

		31.03.2021 (Audited) ₹ '000' Omitted	31.03.2020 (Audited) ₹ '000' Omitted
A	CASH FLOW FROM OPERATING ACTIVITIES	(141,654)	43,739,400
B	CASH FLOW FROM INVESTING ACTIVITIES	(759,827)	(1,146,925)
C	CASH FLOW FROM FINANCING ACTIVITIES	(1,987,500)	(3,389,542)
	NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,888,981)	39,202,933
D	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	97,926,022	58,723,089
E	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	95,037,041	97,926,022
A.	CASH FLOW FROM OPERATING ACTIVITIES:		
	Net Profit after Taxes	4,284,468	(11,833,854)
	Add : Provision for Taxes	1,034,976	393,592
	Net profit before taxes (i)	5,319,444	(11,440,262)
	Adjustment for :		
	Depreciation charges	1,342,811	1,256,738
	Share of loss in Associates	(137,978)	-
	Provision for NPA's	10,231,465	25,226,632
	Provision on Standard Assets	115,655	(176,547)
	Depreciation on investment	276,335	(273,675)
	Provision for Non-Performing investment	306,115	1,790,527
	Other provisions	(157,966)	(315,961)
	Interest paid on subordinate Bonds (Financing Activities)	1,987,500	2,389,541
	Total Adjustment (ii)	13,963,937	29,897,255
	Operating profit before change in Operating assets & liabilities (i) + (ii)	19,283,381	18,456,993
	Adjustment for changes in Operating Assets & Liabilities		
	Increase / (Decrease) in Deposits	102,614,669	81,489,984
	Increase / (Decrease) in Borrowings	(43,796)	(43,796)
	Increase / (Decrease) in Other liabilities & provisions	7,210,531	(48,660)
	(Increase) / Decrease in investments	(78,001,002)	1,773,966
	(Increase) / Decrease in Advances	(34,524,100)	(6,195,539)
	(Increase) / Decrease in Other Assets	(15,803,988)	(50,365,773)
	Net Cash flow from Operating activities (iii)	(18,547,686)	26,610,182
	Cash generated from operation (i + ii + iii)	735,695	45,067,175
	Less : Tax paid	877,349	1,327,775
	TOTAL : (A)	(141,654)	43,739,400



Consolidated Cash Flow Statement

for the year ended 31st March, 2021

B.	CASH FLOW FROM INVESTING ACTIVITIES :		
	a) Fixed Assets	(759,827)	(1,146,925)
	b) Investment in Subsidiary	-	-
	TOTAL : (B)	(759,827)	(1,146,925)
C.	CASH FLOW FROM FINANCING ACTIVITIES:		
	a) Share Capital	-	156,592
	b) Share Premium	-	4,843,407
	c) Tier I & II Bonds	-	(6,000,000)
	d) Dividend & Dividend Tax Paid	-	-
	e) Interest Paid on Subordinate Debt	(1,987,500)	(2,389,541)
	TOTAL : (C)	(1,987,500)	(3,389,542)
D.	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR (1st April)		
	a) Cash in hand & Balance with R.B.I	29,474,809	48,749,687
	b) Balance with Banks & Money at Call & Short Notice	68,451,213	9,973,402
	TOTAL : (D)	97,926,022	58,723,089
E.	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
	a) Cash in hand & Balance with R.B.I	36,853,326	29,474,809
	b) Balance with Banks & Money at Call & Short Notice	58,183,715	68,451,213
	TOTAL : (E)	95,037,041	97,926,022

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

Anil Kumar Misra
Director
DIN: 08066460

Vikram Gujral
Director
DIN: 03637222

Dr. Rajeev Lochan Bishnoi
Director
DIN: 00130335

Monica Dhawan
Director
DIN: 01963007

Naba Kishore Sahoo
Director
DIN: 07654279

Dr. Mohmad Ishaq Wani
Director
DIN: 08944038

Rajni Saraf
President/CFO

Mohammad Shafi Mir
Company Secretary

Place : Srinagar

Date: 17th June 2021

Auditors Certificate:

We have verified the attached Consolidated Cash Flow Statement of THE JAMMU & KASHMIR BANK LIMITED which has been compiled from and is based on the Audited Financial Statements for the year ended March 31st, 2021 and March 31st, 2020. 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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(CA. Vikram Garg)
Partner
M.No.097038

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

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

(CA. Amit Kumar Gupta)
Partner
M.No.501373

Place : Srinagar

Date: 17th June 2021

Basel III - Pillar 3 Disclosures

as at March 31, 2021

The Reserve Bank of India (RBI) vide its circular under reference DBR.No.BP.BC. 1/21.06.201/2015-16 dated July 1, 2015 on 'Basel-III Capital Regulations' ('Basel III circular') requires banks to make Pillar 3 disclosures including leverage ratio and liquidity coverage ratio under the Basel III Framework. These disclosures are available on J&K Bank's website under the 'Regulatory Disclosures' section. The link to this section is given below:

https://www.jkbank.com/pdfs/basel/Basel-III_Disclosure%20quarterly%20March_21_24062021.pdf

The Regulatory Disclosures section contains the following disclosures:

Qualitative and quantitative Pillar 3 disclosures:

- Scope of application
- Capital adequacy
- Credit risk
- Disclosure for portfolio subject to Standardised Approach
- Credit risk mitigation
- Asset Securitisation
- Market risk in trading book
- Operational Risk
- Interest Rate risk in the banking book (IRRBB)
- General Disclosure for Exposures Related to Counterparty Credit Risk
- Composition of Capital
- Composition of Capital -Reconciliation of Regulatory Capital
- Main features of regulatory capital Instrument
- Leverage Ratio.



Report on Corporate Governance

BANK'S PHILOSOPHY ON CORPORATE GOVERNANCE

J&K Bank has been committed to all the basic tenets of good Corporate Governance well before the Securities and Exchange Board of India and the Stock Exchanges mandated these. It is our endeavor to go beyond the letter of Corporate Governance codes and apply it innovatively in a more meaningful manner, thereby making it relevant to the organization that is operating in a specific environment.

In line with its vision, Bank wants to use Corporate Governance innovatively in a transitional economy like Jammu and Kashmir. The Bank wants to use Corporate Governance as an instrument of economic and social transformation. Given the fact that J&K Bank is seen as a great success of "public-private partnership", our Bank as a business is expected to play a pivotal role in social transformation of the economy. This lends urgency to implementation of good governance practices which go beyond the Corporate Governance code.

We, as the prime corporate of Jammu and Kashmir and Ladakh, have a focused interest in making the Union Territories 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 majoritarily owned by the Government of UT of J&K but professionally managed, to take care of interests of all stake holders which include sizeable number of other investors, governance is critical. For us, Corporate Governance is concerned with the systems of laws, regulations and practices, which will promote enterprise, ensure accountability and trigger performance. The Bank, for one, stands for being more accountable, practice self-policing and make financial transactions transparent and legit.

VISION

"Pioneering the economic and social transformation"
To become a committed partner in fostering economic and social transformation across the country through a deep commitment to value creation for all our stakeholders, while continuing to build on our historic business relationship with Jammu & Kashmir and Ladakh.

MISSION

- To acquire an enhanced business footprint across geographies and emerge as a prominent national brand in the financial sector.
- To position the Bank as the "Most Preferred Bank" for Customer focus, Operational Excellence and High Integrity towards one and all stakeholders.
- To be the best-in-class financial intermediary, leveraging our digital and physical banking channels;
- To observe customer centricity through service excellence, integrity and transparency, and a comprehensive range of innovative products and services responsive to customer needs.

- To be a lean, learning and efficient banking organization focusing on prudent, sustainable, profitable growth and value creation.
- To adopt the best standards for corporate governance, business ethics and risk management.
- To vigorously promote financial inclusion as a business proposition to harness the potential at the bottom of the pyramid.

BOARD OF DIRECTORS

The responsibility for good governance rests on the Corporate Board which has the primary duty of ensuring that principles of Corporate Governance, both as imbibed in law and regulations and those expected by stakeholders, are religiously and voluntarily complied with and the stakeholder's interests are kept at utmost high level.

All the Independent Directors of the Bank possess requisite qualifications and experience which enable them to contribute effectively to the Bank. The Board confirms that in its opinion, the independent directors fulfill conditions specified in these regulations and are independent of the management.

As on date of this report, the Board consists of nine (09) Directors as detailed hereunder:

S. No	Category	Name of Director
1	Executive Director	Mr. R. K Chhibber (Chairman & MD)
2	Non-Executive Director	Mr. Attal Dulloo, IAS (Govt. Nominee Director), Mr. Nitishwar Kumar, IAS, Mr. Anil Kumar Misra (RBI Appointed Additional Director), Mr. Vikram Gujral, Mr. Mohmad Ishaq Wani
3	Independent Directors	Dr. Rajeev Lochan Bishnoi, Ms. Monica Dhawan, Mr. Naba Kishore Sahoo

None of the Directors are related to each other. Mr. Zubair Iqbal (DIN: 08742685) was appointed as Government Nominee Director on the Board of the Bank w.e.f 15th May, 2020, Mr. Nitishwar Kumar, IAS (DIN: 05326456) was appointed as Additional Director on the Board of the Bank w.e.f 09th October, 2020, Dr. Mohmad Ishaq Wani (DIN: 08944038) was appointed as Additional Director on the Board of the Bank w.e.f 06th November, 2020 and Mr. Rigzian Sampheal, IAS (DIN: 08157221) was appointed as Director in Casual Vacancy on the Board of the Bank w.e.f 22nd December, 2020.

Mr. Sonam Wangchuk (DIN: 07662456) resigned from Directorship of the Bank w.e.f 16th September, 2020. Mr. Bipul Pathak, IAS (DIN: 08077260) and Mr. Zubair Iqbal (DIN: 08742685) ceased to be Government Nominee Directors on the Board of the Bank w.e.f 17th September, 2020 and 03rd March, 2021 respectively consequent upon withdrawal of their nomination as Director by Government of Jammu and Kashmir. Mr. Rigzian Sampheal, IAS (Director in Casual Vacancy) resigned from the Board of the Bank on 21st April, 2021.

Mr. Atal Dulloo, IAS (DIN: 03542909) was appointed as Govt. Nominee Director on September, 01, 2021 in place of Dr. Arun

Kumar Mehta, IAS.

During the year under review, no Independent Director resigned before the expiry of his/her tenure.

FUNCTIONS OF THE BOARD

Your Bank's Board plays a pivotal role in ensuring good governance. Its style of functioning is democratic. The Members of the Board have complete freedom to express their opinions and decisions are taken on the basis of a consensus arrived at after detailed discussion. The members are also free to bring up any matter for discussion at Board Meetings.

The day-to-day management of the Bank is conducted by the Chairman & Managing Director, subject to the supervision and control of the Board of Directors. The functions performed by the Board of the Bank for efficient and effective utilisation of resources at their disposal to achieve the goals visualized, inter-alia, include setting Corporate Missions, laying down Corporate Philosophy, formulation of Strategic and other Business Plans, laying down of control measures and compliance with Laws and Regulations.

BOARD PROCEDURE

All the major issues included in the agenda for discussion in the Board are backed by comprehensive background information to enable the Board to take informed decisions. Agenda papers are generally circulated among the Members seven working days prior to the meeting of the Board. Also, the Board agenda contains the Action Taken Report (ATR) of all the decisions taken and directions given at the previous Board Meeting. The Members of the Board exercise due diligence in performance of the functions as Directors of the Bank and follow highest degree of business ethics, transparent practices and code of good governance amidst cordial environment.

FREQUENCY OF BOARD MEETINGS

During the year under review, Sixteen (16) Board Meetings were held, in due compliance with statutory provisions, on the following dates:

15.04.2020, 22.04.2020, 16 & 17.05.2020, 01.06.2020, 29.06.2020, 28.08.2020, 08.09.2020, 10.09.2020, 09.10.2020, 06.11.2020, 22.12.2020, 29.12.2020, 19.01.2021, 09.02.2021, 25.02.2021 and 23.03.2021

ATTENDANCE AT BOARD MEETINGS

The names of Directors, their attendance at Board Meetings during the year, attendance at the last AGM and details of other Directorships & Board Committee memberships held by them as on March 31, are set out in the following table:

Name of Director	Board Meetings attended during the year/tenure	Whether Attended AGM held on 28.09.2020	No. of Directorships		Name of other listed entities where a person is a Director and category of Directorships	No. of other Committee Memberships
			Indian Public Companies	Other Companies		
Govt./RBI Nominee Directors						
Mr. R. K. Chhibber (DIN: 08190084)	16/16	Y	01	--	--	--
Dr. Arun Kumar Mehta, IAS (DIN: 02712778)	12/16	Y	NA ²	--	--	--
Mr. Bipul Pathak, IAS (DIN: 08077260) (Upto 17.09.2020)	04/08	NA ³	--	--	--	--
Mr. Anil Kumar Misra (DIN: 08066460)	13/16	N	--	--	--	--
Mr. Zubair Iqbal (DIN: 08742685) (From 15.05.2020 to 03.03.2021)	12/12	Y	--	--	--	--
Non-Executive Directors						
Mr. Nitishwar Kumar, IAS (DIN:05326456) (Appointed on 09.10.2020)	01/07	NA ³	--	--	--	--
Mr. Rigzian Sampheal, IAS (DIN: 08157221) (Appointed on 22.12.2020)	01/05	NA ³	--	--	--	--
Mr. Vikram Gujral (DIN: 03637222)	15/16	Y	--	01	--	--
Mr. Sonam Wangchuk (DIN: 07662456) (Upto 16.09.2020)	04/08	NA ³	--	02	--	--
Dr. Mohmad Ishaq Wani (DIN: 08944038) (Appointed on 06.11.2020)	06/06	NA ³	--	--	--	--
Independent Directors						
Dr. Rajeev Lochan Bishnoi (DIN: 00130335)	16/16	Y	06	--	(02) • V L S Finance Limited • South Asian Enterprises Limited (Independent Director)	02 ¹
Ms. Monica Dhawan (DIN: 01963007)	16/16	Y	--	05	--	--
Mr. Naba Kishore Sahoo (DIN: 07654279)	16/16	Y	--	--	--	--

- Includes only Chairmanship/Membership of Audit Committee and Stakeholder's Relationship Committee of other public limited companies. Figures in parentheses indicate Committee Chairmanship.
- Dr. Arun Kumar Mehta, IAS is a Govt. Nominee Director on the Board of various PSU's of UT of J&K.
- On the date of the AGM, the concerned Directors were not on the Board of the Bank.



BRIEF PROFILE OF DIRECTORS

J&K Bank's diverse and rich culture is abundantly evident in its Board Members, who provide direction to the Bank in order to achieve its vision. A brief profile of our eminent Board Members is as under:

Mr. R. K. Chhibber

DIN: 08190084

Mr. Rajesh Kumar Chhibber joined the services of the Bank as Probationary Officer in the year 1982 and has led the Bank in different capacities from managing business operations at Branch and Zonal offices to the Corporate Level across the operational geography of the Bank.

Bringing a treasure of experience to the chair that spans over three decades, his areas of expertise include Credit, Finance, IT, Corporate & Retail Banking, Risk management, Trade Finance, Foreign exchange, Business continuity planning, HR, Bancassurance.

As Vice-President in 2009, he headed the technology department of the Bank and made remarkable contributions in creating the technology infrastructure of the Bank besides instituting the process of providing relevant expertise to the staff.

He also acted as 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 Limited.

Mr. Atal Dulloo, IAS

DIN: 03542909

Mr. Atal Dulloo, IAS, 1989 batch IAS officer of JK Cadre, now merged with AGMUT Cadre, after completion of his probation, worked in Jammu and Kashmir till November 2013 in different capacities, he discharged his duties as Deputy Commissioner Baramulla, Deputy Commissioner Rajouri and Deputy Commissioner Udhampur. In 2002, he was elevated to the level of Administrative Secretary and worked as Administrative Secretary in various Departments, which include the Public Health Engineering, Irrigation & Flood Control Department (Now Jal Shakti Department), Forest Department, Tourism Department, Public Works (Roads & Buildings) Department and Health & Medical Education Department. From November 2013 to September 2018, he was on Central deputation in the Ministry of Rural Development, Government of India, where he was posted as Joint Secretary cum Mission Director, National Rural Livelihood Mission (DAY-NRLM). After repatriation from Central deputation in September 2018, he was posted as Principal Secretary to the Government, Health & Medical Education Department and was elevated to the apex level of Financial Commissioner on 30.05.2019 and re-designated as Additional Chief Secretary, Health and Medical Education Department. Presently he is working as Additional Chief Secretary (Financial Commissioner), Finance Department w.e.f 18th August 2021.

He is also on the Board of Jammu & Kashmir Infrastructure Development Finance Corporation (P) Ltd.

Mr. Nitishwar Kumar, IAS

DIN: 05326456

Mr. Nitishwar Kumar is an Indian Administrative Services Officer of 1996 batch. He is presently Principal Secretary to Hon'ble Lieutenant Governor Govt. of Jammu & Kashmir (UT). Prior to this, he was serving as Joint Secretary/Member Secretary, National Council for Teacher Education (NCTE), Department of School Education & Literacy, Ministry of Education.

His career in different fields of administration spans over 25 years. Having worked in different capacities and departments at State and Central government level, he possesses a wide range of experience and expertise. He has worked in Health, Education, Revenue, Agriculture, Energy, Transportation, Water Resources, Cooperation and Human Resource Development. In many of his assignments, he has been responsible for Planning and Programme implementation which is his area of expertise.

Shri. Kumar is a post graduate in Economics and has also done Masters in Public Management and Governance from London School of Economics & Pol. Science.

He is also an avid reader and keen observer of nature and is widely known for his literary pursuits, poetry and singing.

Besides being Director on the Board of the Bank, Mr. Kumar does not hold directorship in any other company.

Mr. Anil Kumar Misra

DIN: 08066460

Mr. Anil Kumar Misra was an Executive Director in the Reserve Bank of India, responsible for supervision of banking as well as non-banking-financial institutions, and retired in July 2018. As a career central banker since 1982, his experience encompasses the areas of currency management, foreign exchange, payment systems, regulation and supervision of banking and non-banking credit intermediaries, financial inclusion, and risk monitoring in the Reserve Bank. He was also a Director on the Boards of the Union Bank of India and Export Credit Guarantee Corporation of India Limited and a member of the Board of Supervision of the National Bank for Agriculture and Rural Development.

His international experience includes association with the International Monetary Fund as a Financial Sector Stability Advisor, and as a member of the Financial Sector Assessment Program (FSAP) Team for assessment of the Fund's member jurisdictions. He also had a four-and-a-half year stint as a Member of Secretariat at the Financial Stability Board (FSB - located in Basel, Switzerland), which is the G20 arm for dealing with the global financial-sector issues and policy reforms. At the FSB, he was closely involved with the roll out of the FSB's International Cooperation and Information Exchange Initiative, its global outreach strategy via the six world-wide Regional Consultative Groups comprising over 65 countries, and its governance reforms, which led to certain structural changes in the FSB.

He holds Master's degrees in Public Administration (Harvard University, USA) and in Business Management (Banaras Hindu University)

Besides being Director on the Board of the Bank, Mr. Misra does not hold directorship in any other company.

Mr. Vikram Gujral
DIN: 03637222

Mr. Vikram Gujral aged 54 years, B.Com, LLB is an acclaimed entrepreneur having vast experience of more than 26 years in the field of Construction, Construction Equipment and Cement Industry. 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 organisations.

He is also on the Board of Royal Skyline Automobiles Pvt. Ltd.

Dr. Rajeev Lochan Bishnoi
DIN: 00130335

Dr. Rajeev Lochan Bishnoi, 61, is a credit specialist and advises corporates and banks on balance sheet stress, risk processes and improving the overall financial health of the enterprise. He was till recently a Government of India nominee Director on the Board of one of India's largest Government owned banks viz. Bank of India, where he also served as the Chairman of its Audit Committee and a member of its Board Committees on Credit, Human Resource, Wilful Defaulters, Risk Management, Customer Service and Remuneration & Nomination. He was director on the board and in various board level committees of BOI Merchant Bankers Limited as Independent Director until March 2021.

Rajeev is an Independent Director on the Boards of VLS Finance Ltd, VLS Securities Ltd, VLS Capital Ltd and South Asian Enterprises Ltd. He is a life member of Non-Executive Directors in Conversation Trust (NEDICT) promoted by Mr. M. Damodaran, former UTI Chairman & Secretary (Banking), working to establish the best practices for Boards & NEDs. He is an advisor to the J.P. Mathur Charitable Trust, New Delhi, where research is carried out in fields of economic policy and governance with an emphasis on banking. He was a lead organizer of two national level conclaves i.e. Economic Conclave in 2017 and Banking Conclave in 2018 under aegis of the India Policy Foundation and Centre for Economic Research.

Rajeev has a deep interest in Education and is a member of the Board of Management of Shobhit University (U.P.).

With a strong commitment to Renewable and Sustainable Energy Development, Rajeev founded, ADS Greenlife Foundation - devoted in the field of clean and green technologies.

A Former Advisor to the UP Export Corporation Ltd., Rajeev was invited by the Government of Kazakhstan to deliver the Keynote Address at a seminar on 'The Role of Small & Medium Enterprises in the National Economy' held at Kazakhstan.

As a firm believer in the philosophy that economic activity at the bottom of the pyramid is the backbone of the ecosystem of an emerging nation, Rajeev completed his doctoral research work on "Vision and Strategy for Development of Entrepreneurship through Micro Finance and Micro Enterprises in Developing World". He also continuously researches Ancient Indian Economy and History to find

lessons for today's economic conundrums. This is another field of research and study for him now.

Rajeev is a Fellow Member of the Institute of Chartered Accountants of India and was member of its Professional Development Committee. Currently, he is a partner in Chartered Accountancy firm M/S Jain & Malhotra, New Delhi. Rajeev is a hobby poet and has recently written a book of his poetry and Dohas in Hindi, titled "Man Laago Mero Yaar Fakiri Mein" published by Sahitya Bhandar, Allahabad.

Ms. Monica Dhawan
DIN: 01963007

Ms. Monica Dhawan, an alumna of the International Management Institute, holds an MBA in Business Management & Marketing and is a graduate of the prestigious Institute of Hotel Management Pusa. Ms. Monica is the founder of Fusion Corporate Solutions Pvt. Ltd. and has led the company to be a disruptive innovation led experiential marketing company servicing marquee government and private sector clients. In her career, she has handled diversity and variety of projects across sectors & businesses leading them to success. She specializes in Customer Behavior/ Marketing and Brand Positioning with rich experiences of deliverables.

Ms. Dhawan has been acknowledged nationally and internationally for her fantastic work in diverse fields and was awarded "Women Achievers Award" for inspiring Women as a "Young Woman Entrepreneur." Amongst her list of achievements, she was "An Ambassador" (India) for WIA (Women In Africa). She was instrumental in encouraging the community through a passion-filled drive on - "Tree Plantation" an initiative through Tree n Me. Ms. Dhawan has been an invited inspirational guest speaker at various talk shows for corporates and educational institutions from across the globe inspiring children from Primary schools, college, young adults of our country on Sustainable Solutions/ Businesses & CSR.

Pioneer in Employee Engagement Programs, (another heart touching brand building human experience) Ms. Dhawan has worked with corporate giants on Work Life balance, Employee proposition, Values, Competency Network and in creating winning employee brands with special focus on Health Wellness drives supporting Human Resources and Diversity at work.

Ms. Dhawan has been instrumental in creating successful businesses and Brands across 'Experiential marketing-Events & Expositions', 'Specialized Sporting Experiences', 'Content & Communication', Campaigns across Ministries, established PCO Internationally'. Latest amongst all is Design Universe for Buildings/structures giving Engineering solutions, Smart City solutions, Green solutions across board for Infrastructure development.

She is on the Board of Firelies Solutions LLP, VMD Realty Private Limited, Positive Moves (India) Consulting Private Limited, Fusion Corporate Solutions Private Limited and Fusion Sporting Ventures Private Limited.

Mr. Naba Kishore Sahoo
DIN: 07654279

Mr. Naba Kishore Sahoo, aged 62 years has been a banker throughout his life. Starting his career as scale I officer in Canara Bank, he has moved up to scale VII level during a span of 32 years and finally as Executive Director in Allahabad



Bank for 4 years. He has thus to his credit a very rich and diverse experience in banking industry with expertise in Credit, Risk Management & HR. During his career he has been highly successful in driving business and achieving all round performance under very critical and challenging circumstances. His exposure in banking covers a wide spectrum of areas ranging from Urban, semi urban and rural areas in addition to overseas exposure as Chief Executive of Canara Bank in London. He led his teams as a Circle Head of Bhubaneswar and Pune and has been awarded and recognized within the organization as a STAR PERFORMER. He has emerged as a leader by putting efforts in positioning the organisation in the right place by adopting proper strategy, planning, guidance and execution. In addition to being an Agricultural Science graduate which has been instrumental to his success in rural banking he has done CAIB from Indian Institute of Bankers. Besides he has also attended numerous advanced level programs both in India and abroad.

Mr. Sahoo lives in Bhubhaneshwar where in addition to his flair for reading, he is now actively engaged in social work and helping people wherever his acquired skills and knowledge can be put to use.

Besides being Director on the Board of the Bank, Mr. Sahoo does not hold directorship in any other company.

Dr. Mohmad Ishaq Wani
DIN: 08944038

Dr. Mohmad Ishaq Wani holds a Masters in Science, M.Phil. and Doctorate from the University of Kashmir. He joined State Accounts services after qualifying State Combined Competitive Examination in 1984 and has served the Government of Jammu & Kashmir at various positions for over 3 decades. These include codal and budgeting matters, treasury administration & associated functions, GP funds management and administrative issues.

Dr. Wani has held various positions at different points of time during his service, which inter-alia include Director General Accounts and treasuries, Budget and J & K Funds Organization, Director Budget & Codes, Director Finance (SKIMS) etc.

Dr. Wani had been associated with Interpretation of Financial Codes, vetting of proposals and Consent to drawing up of contracts by the various Departments during his term in the Codes Division. He has tendered opinion on matters involving significant financial implications and settling of specific pay anomaly issues.

The responsibilities in budgeting has inter alia revolved round to drawing up of Demand for Grants after collation and

analysis of financial data, preparation of Annual Financial Statement (AFS) and its subsequent monitoring. Other spheres of activity therein included vetting of schemes & furnishing of opinion on financial matters. He had also been associated with standardization of detailed heads of accounts and integration of structural changes in budgets involving differentiation of expenditure into Revenue and Capital components and doing away with the other tiers of classification.

Dr. Wani has attempted substantial rejuvenation of Fund Organisation in terms of computerization and dedicated networking to bring in methods for improvement in working conditions and proper HR management. This ultimately paved way for ease in settlement of cases of superannuating employees.

Dr. Wani has served as Finance Member of various apex state level contract committees of Public Works Department, Public Health Engineering Department, SKIMS, Irrigation and Flood control Department and Mechanical Engineering Department over a period of time to oversee that canon of Financial Propriety relating to high end contracts are followed in letter and spirit.

He has also served as Member Secretary of the Empowered Committee for regularization of Adhoc/Contractual/ Consolidated employees under JK Civil Services Special Provisions Act.

In recognition of outstanding contributions and implementation of finance rules and regulations in different departments as a public servant, Dr. Wani was conferred with the State Award for meritorious public service in the year 2014.

Dr. Wani is presently Honorary Member Budget Assessment & Allotment Committee (BAAC) of University of Kashmir, Honorary member State Audit and Advisory Board (SAAB) of Accountant General (Audit) of J & K and also Honorary Member Finance committee of Islamic University of Science & Technology JK.

Dr. Wani did recently a certification programme in IT & Cyber security for Board members conducted by IDBRT Hyderabad and also a familiarization programme for Independent Directors held by Institute of corporate Affairs GOI.

Besides being Director on the Board of the Bank, he does not hold Directorship in any other company.

DETAILS OF NUMBER OF SHARES/CONVERTIBLE DEBENTURES HELD BY NON-EXECUTIVE DIRECTORS AS ON 31-03-2021

During the year under review, none of the Non-Executive Directors held any Shares / Convertible Debentures of the Bank.

CHART/MATRIX SETTING OUT SKILL, EXPERTISE AND COMPETENCIES AT BOARD LEVEL

S.No.	Name	Designation	Core Skill / Expertise / Competencies
1.	Mr. R K Chhibber	Chairman & MD	Banking, Finance, Accountancy, Treasury & Investment Management, Agriculture & Rural Economy
2.	Mr. Atal Dulloo, IAS	Govt. Nominee Director	Administration, Agriculture & Rural Development, Human Resource Management
3.	Mr. Nitishwar Kumar, IAS	Additional Director	Administration, Management, Rural Economy, Agriculture & Cooperation
4.	Mr. Anil Kumar Misra	RBI Appointed Addl. Director	Banking Supervision
5.	Mr. Vikram Gujral	Rotational Director	Law, Business
6.	Dr. Rajeev Lochan Bishnoi	Independent Director	Banking, Finance, Accountancy, SSI
7.	Ms. Monica Dhawan	Independent Director	Entrepreneur, Management
8.	Mr. Naba Kishore Sahoo	Independent Director	Banking, Agriculture & Rural Economy, Human Resource Management, Risk Management
9.	Dr. Mohmad Ishaq Wani	Additional Director	Administration, Management and Finance

REMUNERATION OF DIRECTORS

Remuneration of the Chairman & MD / CEO is subject to approval of Reserve Bank of India in terms of section 35B of the Banking Regulation Act, 1949. Mr. Rajesh Kumar Chhibber is the Chairman & Managing Director of the Bank with effect from 10th June, 2019. The monthly remuneration paid/being paid to them amounting to Rs. 5,50,000 has been duly approved by Reserve Bank of India.

The Non-Executive Directors of the Bank (except Govt./RBI Nominated Directors who are in the employment of Govt./

RBI) are being paid sitting fee for the Board /Committee Meetings attended by them @ Rs. 40,000 for each Board/ Committee Meeting, apart from reimbursement of Boarding/ Lodging expenses for attending Board/Committee Meetings.

In addition to above, the Non-Executive Directors (except Govt. Directors /RBI Nominated Directors who are in full time employment of RBI) are entitled to profit related compensation to the extent of one percent of the profits of the Bank for the relevant financial year, subject to a maximum of Rs. 10 Lakhs per Director per annum.

The detailed disclosure of the remuneration of the directors is provided as below:

Particulars of Remuneration					
Other Non - Executive Directors	Mr. Anil Kumar Misra	Mr. Vikram Gujral	Mr. Sonam Wangchuk	Mr. Zubair Iqbal	Dr. Mohamad Ishaq Wani
Fee for attending Board and Committee Meetings	8,80,000.00	15,20,000.00	2,40,000.00	4,80,000.00	2,40,000.00
Commission	---	---	---	---	---
Others (please specify)	---	---	---	---	---
Sub Total (1)	8,80,000.00	15,20,000.00	2,40,000.00	4,80,000.00	2,40,000.00
Independent Directors	Dr. Rajeev Lochan Bishnoi	Ms. Monica Dhawan	Mr. Naba Kishore Sahoo		
Fee for attending Board and Committee Meetings	23,20,000.00	21,20,000.00	24,40,000.00		
Commission	---	---	---		
Others (please specify)	---	---	---		
Sub Total (2)	23,20,000.00	21,20,000.00	24,40,000.00		
Total = (1+2)	1,02,40,000.00				

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

FAMILIRISATION PROGRAMME

The details of familiarisation programmes imparted to Independent Directors are available on the website of the Bank at

<https://www.jkbank.com/investor/stockExchangeIntimation/corporateGovernanceReports.php>

PERFORMANCE EVALUATION

The Bank has put in place a mechanism for performance evaluation of the Directors. The details of the same are included in the Directors' Report.

COMMITTEES OF THE BOARD

The Board of Directors of the Bank has constituted several Committees of the Board to take decisions on matters requiring special focus. The brief role and functions of the Committees of the Board is described hereunder:

MANAGEMENT COMMITTEE

Brief terms of Reference /Roles & Responsibilities

The Management Committee of the Board considers various business matters of material significance like sanctioning of loan proposals, compromise / write-off cases, periodical review of NPAs and large corporate loans, monitoring credit and investment exposure, etc.

Composition, Meetings and Attendance

The composition of the Committee during the year under review is as under:

Mr. R. K. Chhibber	(Chairman)
Dr. Arun Kumar Mehta, IAS	(Member)
Mr. Bipul Pathak, IAS (Upto 17.09.2020)	(Member)
Dr. Rajeev Lochan Bishnoi	(Member)
Ms. Monica Dhawan	(Member)
Mr. Naba Kishore Sahoo	(Member)

The Committee met five (5) times during the year on 15.04.2020, 15.09.2020, 22.12.2020, 19.01.2021 and 23.03.2021. These meetings were attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Mr. R. K. Chhibber	5	5	100
Dr. Arun Kumar Mehta, IAS	5	0	0
Mr. Bipul Pathak, IAS (Upto 17.09.2020)	2	0	0
Dr. Rajeev Lochan Bishnoi	5	5	100
Ms. Monica Dhawan	5	5	100
Mr. Naba Kishore Sahoo	5	5	100



Audit Committee Brief terms of Reference /Roles & Responsibilities

The main functions of the Audit Committee are to assess and review the financial reporting system of the Bank, to ensure that the Financial Statements of the Bank are correct, sufficient and credible. It addresses matters pertaining to adequacy of internal controls, reliability of financial statements / other management information, adequacy of provisions, whether the audit tests are appropriate and scientifically carried out. It follows up on all issues raised in the Long Form Audit Report and interacts with Statutory Central Auditors before finalisation of Annual Financial Accounts and Reports focusing primarily on accounting policies and practices, major accounting entries and compliance with the Accounting Standards. The Committee also reviews the adequacy of Internal Control System and holds discussions with Internal Auditors / Inspectors on any significant finding and follow up action thereon. It also reviews the financial and risk management policies of the Bank and evaluates the findings of any internal investigation where there is any suspected fraud or irregularity or failure of Internal Control System of material nature and reports to the Board. ACB also focuses on the follow up of inter-branch adjustment accounts and other major areas of Balancing of Books and House Keeping.

Composition, Meetings and Attendance

The composition of the Committee during the year under review is as under:

Dr. Rajeev Lochan Bishnoi	(Chairman)
Mr. Anil Kumar Misra	(Member)
Ms. Monica Dhawan	(Member)
Mr. Naba Kishore Sahoo	(Member)

The Committee met ten (10) times during the year on 22.04.2020, 28.04.2020, 20.06.2020, 28.06.2020, 24.08.2020, 09.09.2020, 05.11.2020, 21.12.2020, 08.02.2021 and 26.02.2021. These meetings were attended by Members as detailed below.

Name of Director	Meetings during the tenure	Meetings Attended	%age
Dr. Rajeev Lochan Bishnoi	10	10	100
Mr. Anil Kumar Misra	10	9	90
Ms. Monica Dhawan	10	10	100
Mr. Naba Kishore Sahoo	10	10	100

Integrated Risk Management Committee Brief terms of Reference /Roles & Responsibilities

The Committee facilitates the business/operations of the Bank by establishment of an effective risk management framework through appropriate risk policies /processes, to monitor risk profile of the Bank to ensure that it is in accordance with risk appetite of the Bank and, to provide the support necessary to enable the Management to perform their assigned duties and responsibilities in an effective manner. The role of the Committee is to review risk policies and recommend these to

the Board for approval. It also examines and monitors the risk issues related to Bank's business and operations and guide the Management appropriately. The Committee oversees all risk management functions in the Bank.

Composition, Meetings and Attendance

The composition of the Committee during the year under review is as under:

Mr. R. K. Chhibber	(Chairman)
Dr. Arun Kumar Mehta, IAS	(Member)
Mr. Bipul Pathak, IAS (Upto 17.09.2020)	(Member)
Dr. Rajeev Lochan Bishnoi	(Member)
Mr. Naba Kishore Sahoo	(Member)

The Integrated Risk Management Committee met four (04) times during the year on 15.04.2020, 08.09.2020, 26.11.2020 and 09.02.2021.

These meetings were attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Mr. R. K. Chhibber	4	4	100
Dr. Arun Kumar Mehta, IAS	4	0	0
Mr. Bipul Pathak, IAS (Upto 17.09.2020)	2	0	0
Dr. Rajeev Lochan Bishnoi	4	4	100
Mr. Naba Kishore Sahoo	4	4	100

Special Committee of Board on Frauds (SCBF) Brief terms of Reference /Roles & Responsibilities

Pursuant to RBI directions, the major functions of the Special Committee would be to monitor and review all the frauds of Rs 1 crore and above so as to:

- Identify the systemic lacunae, if any, that facilitated perpetration of the fraud and put in place measures to plug the same;
- Identify the reasons for delay in detection, if any, reporting to top management of the Bank and RBI;
- Monitor progress of CBI / Police Investigation and recovery position;
- Ensure that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time.
- Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls.
- Put in place other measures as may be considered relevant to strengthen preventive measures against frauds.

Composition, Meetings and Attendance

The composition of the Committee during the year under review is as under:

Mr. R. K. Chhibber	(Chairman)
Mr. Bipul Pathak, IAS (Upto 17.09.2020)	(Member)
Mr. Vikram Gujral	(Member)
Dr. Rajeev Lochan Bishnoi	(Member)
Mr. Naba Kishore Sahoo	(Member)

The Committee met four (04) times during the year on 15.04.2020, 28.09.2020, 21.12.2020 and 22.03.2021. These meetings were attended by the Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Mr. R. K. Chhibber	4	4	100
Mr. Bipul Pathak, IAS (Upto 17.09.2020)	1	0	0
Mr. Vikram Gujral	4	4	100
Dr. Rajeev Lochan Bishnoi	4	4	100
Mr. Naba Kishore Sahoo	4	4	100

Customer Service Committee

Brief terms of Reference /Roles & Responsibilities

The Committee has been constituted with a view to look into matters relating to customer complaints and speedy redressal thereof, reviewing customer service policies / metrics and indicators that provide information on the state of customer services in the Bank, monitoring the implementation of the Banking Ombudsman Scheme, etc. The Committee also holds discussions with the Internal Ombudsman to gauge the efficacy of the grievance redressal framework of the Bank.

Composition, Meetings and Attendance

The composition of the Committee during the year under review is as under:

Mr. R. K. Chhibber	(Chairman)
Mr. Arun Kumar Mehta, IAS	(Member)
Mr. Vikram Gujral	(Member)
Mr. Sonam Wangchuk (Upto 16.09.2020)	(Member)
Ms. Monica Dhawan	(Member)

The Customer Service Committee met four (04) times during the year on 15.04.2020, 28.09.2020, 26.11.2020 and 26.02.2021. These meetings were attended by the Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Mr. R. K. Chhibber	4	4	100
Mr. Arun Kumar Mehta, IAS	4	1	25
Mr. Vikram Gujral	4	4	100
Mr. Sonam Wangchuk (Upto 16.09.2020)	1	1	100
Ms. Monica Dhawan	4	4	100

Information Technology Strategy Committee

Brief terms of Reference /Roles & Responsibilities

Committee has been constituted pursuant to RBI directions to monitor the progress of effective assimilation and speedy implementation of Information Technology in the Bank.

Composition, Meetings and Attendance

The composition of the Committee during the year under review is as under:

Ms. Monica Dhawan (From 28.08.2020)	(Chairperson)
Mr. Bipul Pathak, IAS (From 28.08.2020 to 17.09.2020)	(Member)
Mr. Vikram Gujral	(Member)
Mr. Sonam Wangchuk (Upto 28.08.2020)	(Member)
Dr. Rajeev Lochan Bishnoi (Upto 28.08.2020)	(Chairperson)
Mr. Naba Kishore Sahoo	(Member)

The Information Technology Strategy Committee met five (05) times during the year on 01.06.2020, 24.08.2020, 13.10.2020, 05.11.2020 and 08.02.2021. These Meetings were attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Ms. Monica Dhawan (From 28.08.2020)	3	3	100
Mr. Bipul Pathak, IAS (From 28.08.2020 to 17.09.2020)	0	0	0
Mr. Vikram Gujral	5	5	100
Mr. Naba Kishore Sahoo	5	5	100
Dr. Rajeev Lochan Bishnoi (Upto 28.08.2020)	2	2	100
Mr. Sonam Wangchuk (Upto 28.08.2020)	2	0	0

Legal and Impaired Assets Resolution Committee

Brief terms of Reference /Roles & Responsibilities

The Committee reviews the legal matters and suits filed cases, NPA accounts and also monitors and reviews the performance of Impaired Assets Portfolio Management (IAPM) vertical of the Bank for recovery/settlement of impaired assets of the Bank and other related matters.

Composition, Meetings and Attendance

The composition of the Committee during the year under review is as under:

Mr. R. K. Chhibber	(Chairman)
Dr. Arun Kumar Mehta, IAS	(Member)
Mr. Bipul Pathak, IAS (Upto 17.09.2020)	(Member)
Mr. Vikram Gujral	(Member)
Mr. Naba Kishore Sahoo	(Member)

The Legal and Impaired Assets Resolution Committee met three (03) times during the year on 15.04.2020, 26.11.2020 and 23.03.2021. These meetings were attended by the Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Mr. R. K. Chhibber	3	3	100
Dr. Arun Kumar Mehta, IAS	3	0	0
Mr. Bipul Pathak, IAS (Upto 17.09.2020)	1	0	0
Mr. Vikram Gujral	3	3	100
Mr. Naba Kishore Sahoo	3	3	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 the Securities and Exchange Board of India (LODR) Regulations, 2015 and the Companies Act, 2013.

Brief terms of Reference /Roles & Responsibilities

In compliance to the regulatory requirements, the role and functions of the Committee under the aforesaid statutory and Regulatory requirements are as under:

- 1) The Committee shall identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance and whether to extend or continue the term of appointment of the Independent Director on the basis of the report of Performance evaluation of Independent Director.
- 2) The Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- 3) The Nomination and Remuneration Committee shall, while formulating the policy ensure that-
 - 3.1 the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
 - 3.2 relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
 - 3.3 remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:
- 4) Devising a policy on diversity of board of directors;
- 5) Recommend to the board, all remuneration, in whatever form, payable to senior management.

Composition, Meetings and Attendance

The composition of the Committee during the year under review is as under:

Mr. Naba Kishore Sahoo	(Chairman)
Dr. Rajeev Lochan Bishnoi	(Member)
Ms. Monica Dhawan	(Member)

The Nomination & Remuneration Committee met six (06) times during the year on 17.05.2020, 01.06.2020, 08.10.2020, 05.11.2020, 21.12.2020 and 31.03.2021. These Meetings were

attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Mr. Naba Kishore Sahoo	6	6	100
Dr. Rajeev Lochan Bishnoi	6	6	100
Ms. Monica Dhawan	6	6	100

Corporate Social Responsibility Committee:

Brief terms of Reference /Roles & Responsibilities

The Role and Functions of the Committee shall be as under:

1. Formulate and recommend to the Board for approval, the Corporate Social Responsibility Policy which shall indicate the activity or activities to be undertaken by the Bank as specified in Schedule VII of the Companies Act, 2013 as amended from time to time.
2. Guide and monitor the activities of the Bank in the area of CSR such that the spendings are in line with the activities stipulated in the CSR Policy.
3. Provide inputs, on an ongoing basis, to the formulation of strategic objectives and tactical plans that would help ensure the Bank is able to fulfill its corporate social responsibilities in a responsible and effective manner.

Composition, Meetings and Attendance

The composition of the Committee during the year under review is as under:

Mr. R. K. Chhibber	(Chairman)
Dr. Arun Kumar Mehta, IAS	(Member)
Mr. Vikram Gujral	(Member)
Ms. Monica Dhawan	(Member)

The Corporate Social Responsibility Committee met three (03) times during the year on 15.04.2020, 01.06.2020 and 19.01.2021. These Meetings were attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Mr. R. K. Chhibber	3	3	100
Dr. Arun Kumar Mehta, IAS	3	0	0
Mr. Vikram Gujral	3	3	100
Ms. Monica Dhawan	3	3	100

Stakeholders Relationship Committee:

The Bank Constituted "Stakeholders Relationship Committee" pursuant to the provisions of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015. Mr. Mohammad Shafi Mir, Company Secretary, has been designated as Compliance Officer.

Brief terms of Reference /Roles & Responsibilities

- 1) Considering and resolving the grievances of the security holders of the Bank including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/

duplicate certificates, general meetings etc.

by the Registrar & Share Transfer Agent.

- 2) Review of measures taken for effective exercise of voting rights by shareholders.
- 3) Review of adherence to the service standards adopted by the Bank in respect of various services being rendered
- 4) Review of the various measures and initiatives taken by the Bank for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Bank.

During the year, 264 service requests / complaints were received and all these service requests / complaints stand redressed. The status of investors / shareholders service requests / grievances received during the year under report is as follows:

S.No.	Particulars	Received	Disposed	Pending
1.	Change / Correction of the Address	20	20	0
2.	Intimation of the Bank Mandate / NECS Mandate	1	1	0
3.	Non-receipt of Share Certificates	14	14	0
4.	Loss of Share Certificates and request for issue of duplicate share certificate(s)	41	41	0
5.	Deletion / inclusion of joint name and transmission	67	67	0
6.	Non-receipt of dividend warrants (NRDW)	16	16	0
7.	Registration of NECS	0	0	0
8.	Receipt of dividend warrants for revalidation	2	2	0
9.	Intimation of the Nomination form details	21	21	0
10.	Letters from SEBI/Stock Exchanges	0	0	0
11.	Request for stock split in lieu of old shares	6	6	0
12.	Others	76	76	0
	Total	264	264	0

Composition, Meetings and Attendance

The composition of the Committee during the year under review is as under:

Dr. Arun Kumar Mehta, IAS	(Chairman)
Mr. Vikram Gujral	(Member)
Mr. Sonam Wangchuk (Upto 16.09.2020)	(Member)
Ms. Monica Dhawan	(Member)

The Stakeholders Relationship Committee met three (03) times during the year on 15.04.2020, 26.11.2020 and 09.02.2021. These Meetings were attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Dr. Arun Kumar Mehta, IAS	3	0	0
Mr. Vikram Gujral	3	3	100
Mr. Sonam Wangchuk (Upto 16.09.2020)	1	1	100
Ms. Monica Dhawan	3	3	100

Human Resource Development Committee

Brief terms of Reference /Roles & Responsibilities

- To Review Organizational Structure, Succession Planning, HR Transfer Policy, HR Promotion Policy and make final recommendations to the Board in this regard.
- To conduct the interview for promotion to senior levels of the Management i.e Vice Presidents & above.

Composition, Meetings and Attendance

The composition of the Committee during the year under review is as under:

Mr. R. K. Chhibber	(Chairman)
Dr. Arun Kumar Mehta, IAS	(Member)
Mr. Bipul Pathak, IAS (Upto 17.09.2020)	(Member)
Dr. Rajeev Lochan Bishnoi	(Member)

The Human Resource Development Committee met three (03) times during the year on 15.04.2020, 28.09.2020 and 21.01.2021/08.02.2021. These Meetings were attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Mr. R. K. Chhibber	3	3	100
Dr. Arun Kumar Mehta, IAS	3	3	100
Mr. Bipul Pathak, IAS (Upto 17.09.2020)	1	1	100
Dr. Rajeev Lochan Bishnoi	3	3	100

Investment Committee

Brief terms of Reference /Roles & Responsibilities

To review and monitor the performance of Treasury Operations of the Bank and exercise powers relating to investment decisions as delegated by the Board from time to time.



Composition, Meetings and Attendance

The composition of the Committee during the year under review is as under:

Mr. R. K. Chhibber	(Chairman)
Mr. Sonam Wangchuk (Upto 16.09.2020)	(Member)
Dr. Rajeev Lochan Bishnoi	(Member)
Mr. Naba Kishore Sahoo	(Member)

The Investment Committee met four (04) times during the year on 01.06.2020, 24.08.2020, 26.11.2020 and 22.03.2021. These Meetings were attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Mr. R. K. Chhibber	4	4	100
Mr. Sonam Wangchuk (Upto 16.09.2020)	2	0	0
Dr. Rajeev Lochan Bishnoi	4	4	100
Mr. Naba Kishore Sahoo	4	4	100

GST Steering Committee

Brief terms of Reference /Roles & Responsibilities

To monitor/review the implementation of GST Laws in the Bank and to evaluate the implications/opportunities of GST to the Bank.

Composition, Meetings and Attendance

The composition of the Committee during the year under review is as under:

Mr. R. K. Chhibber	(Chairman)
Dr. Rajeev Lochan Bishnoi	(Member)
Mr. Naba Kishore Sahoo	(Member)

The GST Steering Committee met two (02) times during the year on 24.08.2020 and 26.11.2020. These Meetings were attended by Members as detailed below:

Name of Director	Meetings during the tenure	Meetings Attended	%age
Mr. R. K. Chhibber	2	2	100
Dr. Rajeev Lochan Bishnoi	2	2	100
Mr. Naba Kishore Sahoo	2	2	100

MEETING OF THE INDEPENDENT DIRECTORS

The Independent Directors of the Bank met on 24th August, 2020. All Independent Directors attended the meeting.

CORPORATE GOVERNANCE POLICIES IN COMPLIANCE WITH THE STATUTORY REGULATIONS

Board Diversity Policy

In accordance with the Regulation 19(4) and Part D (A) (3) of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ('Listing Regulations'), the Bank has

framed a formal policy on Board Diversity which sets out a framework to promote diversity on Bank's Board of Directors.

Code of Conduct for Board of Directors and Senior Management

In accordance with the Regulation 17(5) of 'Listing Regulations', the Bank has framed a formal policy on Code of Conduct for Board of Directors and Senior Management of the Bank in order to exercise good judgement, to ensure the interests, safety and welfare of customers, employees & other stakeholders and to maintain a cooperative efficient, positive, harmonious and productive work environment.

Declaration:

I confirm that for the year under review, all Directors and Senior Management have affirmed their adherence to the provisions of the code of conduct for Board of Directors and Senior Management Personnel.

Srinagar - 04.06.2021

R K Chhibber
Chairman & MD

Dividend Distribution Policy

The objective of this policy is to lay down the criteria to be considered by the Board of Directors of the Bank before recommending dividend to the Shareholders for a Financial Year. The policy is framed in compliance to Regulation 43A of the Listing Regulations, applicable provisions of Companies Act, 2013 and RBI Guidelines.

Performance Evaluation Policy for the Board and Members of the Board

The Board of Directors on the recommendations of the Nomination & Remuneration Committee (NRC) has approved a framework/policy for evaluation of the Board, Committees of the Board and the individual Members of the Board (including the chairperson). The objective of this policy is to formulate the procedure and also to prescribe and lay down the criteria to evaluate the performance of the entire Board, each individual Director and the Committees of the Board of the Bank.

Policy for Determination of Materiality of Information/Event(s)

In order to ensure consistent, transparent, regular and timely public disclosure and dissemination of material events/information based on the criteria specified in sub regulation 4 of Regulation 30 of the Listing Regulations, the Board of the Bank has formulated a policy for determination of materiality of such events/information to the members of public.

Policy for Determining Material Subsidiary

The Securities and Exchange Board of India ("SEBI") has in terms of Regulation 16(1) provided that the listed entity shall formulate a policy for determining material subsidiary and to provide the governance framework for such subsidiaries. Pursuant to said Regulation, the Bank has framed a policy for determination of "material subsidiary" of the Bank. The Bank at present has no material subsidiary within the meaning of the definition of material subsidiary under the Regulations.

Policy on Preservation of Documents and Archival of Documents

The Bank has framed the policy on preservation of documents and archival as mandated by the provisions of

Regulation 9 read with Regulation 30(8) of Chapter III of the Listing Regulations, 2015. Through this policy, the Bank has a strategic objective of ensuring that significant documents are safeguarded and preserved to ensure the longevity of priority documents including the electronic resources.

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.

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 an "Internal Complaints Committee for Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace" for dealing with complaints of harassment or discrimination. The said policy is in line with relevant Act passed by the parliament in 2013. The Bank, through the policy ensures that all such complaints are resolved within defined timelines.

During the year, one (1) complaint was lodged before the Internal Complaints Committee duly constituted under the Sexual Harassment of Women at Work Place (Prevention and Redressal) Act, 2013 and the rules made thereunder. Accordingly, due inquiry proceedings were conducted in the case, as stipulated in the Act and adequate opportunity was provided to both complainant and respondent to present/defend their case. Finding the case devoid of any merits, the same was disposed of within the requisite time frame of 90 days.

ETHICAL STANDARDS EMPLOYED BY THE BANK

The Bank has emplaced service manual for its employees. This manual contains comprehensive regulations on ethical standards to be mandatorily observed by all the employees of the Bank.

WHISTLE BLOWER POLICY & VIGIL MECHANISM

The details with reference to whistle blower policy and vigil mechanism along with the affirmation that no personnel has been denied access to the Audit Committee, have been addressed in the Directors Report which is forming part of this Annual Report. During the year, the Audit Committee did not receive any reference under the said policy. The policy is available on the website of the Bank at the link:

https://www.jkbank.com/pdfs/policy/5451_Whistle_Blower-24082020.pdf

CEO / CFO CERTIFICATION

In terms of Regulation 17(8) of the Listing Regulations, the certification by the CEO and CFO on the financial statements and internal controls relating to financial reporting has been obtained and was placed before the Board in its meeting dated 13th August, 2021.

DISCLOSURES

The Board of your Bank has in all its endeavor, 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. The Bank has not entered into any materially significant transaction with its Directors, Management or with their Relatives, other than the normal course of business of the Bank.
3. The Bank did not enter into any material related party transaction with its Directors or Management or their Relatives that would potentially conflict with and adversely affect interests of the Bank.
4. The Directors did not incur any disqualification under Section 164 of the Companies Act, 2013 or under any other law applicable to the Bank.
5. None of the Directors of the Bank are holding positions as Chairman of more than five and as a Member of more than ten Audit and Stakeholders' Relationship Committees.
6. During the year under review, due to unprecedented and extraordinary reasons beyond its control, the Bank has involuntarily become non-compliant with certain regulations of the Listing Regulations/Companies Act, 2013 relating to Composition of Board of Directors, the details whereof are contained in the secretarial audit report annexed to Directors Report.

Subject to above there were no cases of non-compliance by the Bank and no penalties or strictures have been imposed on or proposed against the Bank by the Stock Exchange (s) and / or SEBI and / or any other statutory authorities on matters relating to capital market except to the extent disclosed in the Notes to the Accounts and the Bank has complied with the provisions of relevant Acts, Rules & Regulations framed there under during the financial year 2020-2021.
7. The Bank has complied with all applicable accounting standards and related RBI guidelines.



STRICTURES AND PENALTIES FOR THE LAST 3 FINANCIAL YEARS

Period	Penalty Amount (Amount in Lakhs)	Details
FY 2018-19	504.58	During the Financial year 2018-19, the Reserve Bank of India had imposed a monetary penalty of Rs 300 lakhs on account of non-compliance of asset classification norms and KYC/AML guidelines, penalty of Rs 200 lakhs on the Bank for non-compliance to RBI's directives on "Time-bound implementation & Strengthening of SWIFT related controls" and Rs 4.58 lakhs on currency chests.
FY 2019-20	63.55	During the Financial year 2019-20, the Reserve Bank of India had imposed a monetary penalty of Rs 50 lakhs on account of delayed reporting of Fraud and Rs 13.55 lakhs on currency chests. In addition to this, the Stock Exchanges (NSE & BSE) imposed a penalty of Rs. 106200/- each for delay in submission of financial results. However, consequent upon the representation of the Bank to SEBI/Stock Exchanges, the Stock Exchanges have granted waiver of penalty to the Bank for non-compliance with the provisions of Regulation 33 (3) of the SEBI listing regulations.
FY 2020-21	4.81	During the Financial year 2020-21, a penalty of Rs. 2.00 lakhs was imposed by FIU INDIA for non reporting of STR in the prescribed format. The Bank has filed an appeal against the penalty on the grounds that there were "Nil Reportable Items". The matter is pending before the Appellate Tribunal. Further, the Reserve Bank of India had imposed a monetary penalty of Rs. 2.81 lakhs (Out of which penalty of Rs. 2.00 lakhs has been waived off by RBI) on currency chests.

COMPLIANCE WITH MANDATORY REQUIREMENTS

The Bank has complied with all the applicable mandatory requirements of the Code of Corporate Governance as prescribed under the SEBI Listing Regulations except the Bank has involuntarily become non-compliant with certain regulations of the Listing Regulations/Companies Act, 2013 relating to Composition of Board of Directors.

COMPLIANCE WITH NON-MANDATORY REQUIREMENTS

a) Board of Directors

The Bank has separated the position of Chairman and Managing Director by amending its Articles of Association. The Bank is in the process of appointing a Non-Executive Chairman and a full time Managing Director. The Bank will maintain the expenses relating to the office of non-executive Chairperson of the Bank and will reimburse all the expenses incurred in performance of his/her duties.

b) Shareholder's Rights

The Bank publishes its results on its website at www.jkbank.com which is accessible to the public at large. The same are also available on the websites of the Stock Exchanges on which the Bank's shares are listed. A half-yearly declaration of financial performance including summary of the significant events is presently not being sent separately to each household of shareholders. The Bank's results for each quarter are published in an National English newspaper having wide circulation and in a local newspaper having wide circulation in the UT of J&K.

c) Audit Qualifications

The audit report on the financial statements of the Bank for 2020-21 has unmodified opinion.

d) Reporting of Internal Auditor

The findings of internal/concurrent auditors are consolidated and placed before the Audit Committee by the Bank periodically.

IMPORTANT EVENTS AFTER THE CLOSURE OF FINANCIAL YEAR ENDED 31.03.2021

This report covers the period of financial year of the Bank

beginning on 1st April, 2020 to 31st March, 2021. However, few material events listed below happened after 1st April, 2021:

a) Board of Directors of the Bank on 18th June, 2021 decided to obtain consent of the Members of the Bank through Postal Ballot by way of special resolutions:

- Issue equity shares on a preferential basis to Government of Jammu and Kashmir, Promoter and Majority Shareholder of the Bank in accordance with Sections 42 and Section 62 of the Companies Act, 2013 read with the relevant rules thereunder and Chapter V of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- Issue of shares to employees and whole time directors of the Bank

The shareholders of the Bank approved the above mentioned resolutions on 21st July, 2021.

b) The Reserve Bank of India in exercise of powers conferred under Section 47A(1)(c) read with Section 46(4)(i) of the Banking Regulation Act, 1949 imposed a penalty of Rs. 1 crore (rupees one crore) on the Bank, on account of contravention of directions contained in Circulars on 'lending to non-banking financial companies (NBFCs) and Bank Finance to NBFCs.

SHAREHOLDERS RIGHTS

A shareholder can enjoy the following rights prescribed under the Companies Act, 2013 and the SEBI Listing Regulations, wherever applicable:

- To carry out transmission /transposition and deletion of name on the share certificate(s) and receive the duly endorsed share certificates within the period prescribed in the SEBI Listing Regulations.
- To receive notice of general meetings, annual report, balance sheet, profit and loss account, cash flow statement and auditors' report.
- To appoint proxy to attend and vote at general meetings. In case the member is a body corporate, to appoint a representative to attend and vote at general meetings of the company on its behalf.

- Proxy can vote on a poll. In case of vote on poll, the number of votes of a shareholder is proportionate to the number of equity shares held by him. In case of the 83rd Annual General Meeting of the Bank which will be conducted by Video-Conferencing / Other Audio-Visual Means pursuant to the relevant MCA circulars, physical attendance of the shareholders has been dispensed with and accordingly, the facility for appointment of proxies for attending and voting on behalf of shareholders will not be available at the 83rd Annual General Meeting of the Bank.
- To attend and speak in person, at general meetings. Proxy cannot vote on show of hands but can vote on a poll.
- To demand poll in respect of any resolution along with other shareholder(s) who collectively hold not less than 1/10th of the total voting power or holding shares on which an aggregate sum of not less than 5 lakh rupees has been paid up.
- To requisition an extraordinary general meeting of the Company by shareholders who collectively hold not less than 1/10th of the total paid up capital of the company.
- To move amendments to resolutions proposed at general meetings.
- To receive dividend and other corporate benefits like rights, bonus shares etc. as and when declared / announced.
- To take inspection of the various Registers of the Company.
- To inspect the minute books of general meetings and to receive copies thereof after complying with the procedure prescribed in the Companies Act, 2013.
- To make nomination in respect of shares held by the shareholder.
- To participate in and be sufficiently informed of the decisions concerning fundamental corporate changes.
- To be informed of the rules, including voting procedures that govern general shareholder meetings.
- To demand adequate mechanism to address the grievances of the shareholders.
- To demand protection of minority shareholders from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly, and effective means of redress.

The rights mentioned above should be exercised only after careful reading of the relevant provisions. These rights are not necessarily absolute.

GENERAL SHAREHOLDER INFORMATION

Details of Stock Exchanges / Depositories

The equity shares of the Bank are listed on the following stock exchanges:

S.No.	Name & Address of Stock Exchange	Scrip Code / Symbol
1.	National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400 051	J&KBank
2.	The BSE Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Fort Mumbai 400 001	532209

The annual fees for 2020-2021 has been paid on April 29, 2020 to the above Stock Exchanges where the shares are listed.

Name of Depositories for dematerialization of equity shares (ISIN Number - INE168A01041):

i	National Securities Depository Limited (NSDL)
ii	Central Depository Services (India) Limited (CDSL)

Registrar and Transfer Agent (RTA)

M/s KFin Technologies Private Limited
 Unit: - Jammu and Kashmir Bank Limited
 Selenium Tower B, Plot No. 31 & 32,
 Financial District, Nanakramguda, Serilingampally Mandal
 Hyderabad - 500 032 India
 Phone No. 040-67162222, 3321, 1000

Email ID for Redressal of Investor Grievances

Pursuant to Regulation 85(4) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Bank has created a separate Email ID for redressal of Investor Complaints and Grievances. The Email ID for Redressal of Investor Grievances is sharedeptt_gc@jkbmail.com

Compliance Officer

Name:	Mohammad Shafi Mir, Company Secretary
Role:	To ensure compliance to all statutory regulations as far as they relate to Company Secretary and redressal of grievance of Shareholders / Investors
Address:	Jammu and Kashmir Bank Ltd. Board Secretariat, Corporate Headquarters M. A. Road, Srinagar 190 001
Phone	0194-2483775 / 0194-2481930-35 (Extn.)1540

Debenture Trustees

The SEBI Listing Regulations require companies, which have listed their debt securities, to disclose the names of their debenture trustees with contact details in their Annual Report. The details of debenture trustee for the privately placed bonds of the Bank is as under:

Name	:	IDBI Trusteeship Services Ltd.
Address	:	Asian Building Ground Floor, 17, R Kamani Marg, Ballard Estate, Mumbai, Maharashtra. PIN: 400001.
Phone	:	022-40807004/40807023 / 9892258709
Email ID	:	rmitra@idbitrustee.com / itsl@idbitrustee.com

Financial Calendar (April 01, 2020 to March 31, 2021)

Board meeting for consideration of Accounts	17 th June, 2021								
Dispatch of Annual Report / Notice of AGM by electronic mode	08 th September, 2021 onwards								
Date, Time and Venue of the 83 rd AGM	Meeting will be held on 30 th September, 2021 through video conferencing at 11:00 AM								
Record date for the purpose of determining eligibility of dividend	For the FY 2020-21, the Bank has not declared any dividend hence not applicable								
Board meeting for considering un-audited results for the first 3 quarters of FY 2020-21	<table border="1"> <thead> <tr> <th>Quarter ending</th> <th>Approval Date</th> </tr> </thead> <tbody> <tr> <td>30th June, 2020</td> <td>10th September, 2020</td> </tr> <tr> <td>30th September, 2020</td> <td>06th November, 2020</td> </tr> <tr> <td>31st December, 2020</td> <td>09th February, 2021</td> </tr> </tbody> </table>	Quarter ending	Approval Date	30 th June, 2020	10 th September, 2020	30 th September, 2020	06 th November, 2020	31 st December, 2020	09 th February, 2021
	Quarter ending	Approval Date							
	30 th June, 2020	10 th September, 2020							
	30 th September, 2020	06 th November, 2020							
31 st December, 2020	09 th February, 2021								



General Body Meetings

Information relating to last three (3) General Body Meetings is furnished below:

Name of Meeting	Day, Date and time of meeting	Venue	Nature of Special Resolutions Passed
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 Rs. 1000 Crore. Raising of Basel III Compliant Tier II Capital, Upto the tune of Rs. 1000 Crore.
81 st Annual General Meeting	Thursday, 26 th September, 2019 at 11:00 AM	Jammu and Kashmir Bank Limited, Corporate Headquarters, M. A. Road, Srinagar.	<ul style="list-style-type: none"> Confirmation for extension in the term of Independent Director. Raising of Equity Tier I Capital, upto the tune of Rs. 550 Crore Raising of Basel III Compliant Tier II Capital, upto the tune of Rs. 1050 Crore. Alteration in Articles of Association.
82 nd Annual General Meeting	Monday, 28 th September, 2020 at 11:00 AM	Held through Video Conferencing / Other Audio Visual Means	<ul style="list-style-type: none"> Raising of Equity Tier I Capital, upto the tune of Rs. 3500 Crore Raising of Basel III Compliant Tier II Capital, upto the tune of Rs. 1000 Crore. Alteration in Articles of Association.

Postal Ballot

During the Financial Year 2020-21, the Bank did not pass any special resolution through postal ballot.

Board of Directors of the Bank on 18th June, 2021 decided to obtain consent of the Members of the Bank through Postal Ballot by way of special resolutions, the details whereof have been included in the section on Important Events after the closure of Financial Year ended 31.03.2021 of this report.

MEANS OF COMMUNICATION

J&K Bank disseminates information about its operations through various means to shareholders, analysts and the society at large. All official news releases and presentations made to institutional investors and analysts are posted on the Bank's website (www.jkbank.com). It also issues press releases and conducts programmes that disseminate information. The quarterly results of the Bank are published in widely circulated National/Local Newspapers and are also placed on the website of the Bank. The Board takes on record the Un-Audited/Reviewed Financial Results in the prescribed form of the Stock Exchanges within stipulated time period from the closure of the quarter and announces forthwith the results to all the Stock Exchanges where the shares of the Company are listed. The highlights of quarterly results are also published in National and Vernacular Newspapers within 48 hours of the conclusion of the Board Meeting in which they are taken on record and information is also placed on the website of the Bank. The Bank regularly organizes Press / Analyst Meets to apprise Fund Managers, Press and Analysts about the financial performance of the Bank and to receive their suggestions for future growth.

SHARE TRANSFER PROCESS AND SYSTEM

The Bank's shares which are in compulsory dematerialized (Demat) list are transferable through the depository system. Requests for transmission / transposition or for deletion of name in case of physical share certificates are processed by the Registrar and Share Transfer Agents, M/s KFin Technologies Private Limited and are approved by the Board / Share Transfer Committee of the Bank. The service requests of such nature are processed within a period of ten (10) days from the date of receipt of the relevant documents by Registrar and Share Transfer Agents.

Please note that as per the amended SEBI Listing Regulations,

with effect from April 1, 2019, any requests for transfer of securities shall not be processed unless the securities are held in dematerialized form.

FEES FOR STATUTORY AUDITORS

The details of total fees for all services paid by the Bank and its subsidiary company/associates, on a consolidated basis, to the Statutory Auditors are provided in the Directors' Report.

COMPLIANCE CERTIFICATE OF THE AUDITORS

The Central Statutory Auditors of the Bank have certified that the Bank has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations except as mentioned in the said certificate. The same forms a part of this Report.

DIVIDEND HISTORY OF LAST FIVE YEARS

Financial Year	Rate of Dividends (%)	Date of Declaration	Date of Payment
2015-16	175	20.07.2016	28-07-2016
2016-17	Nil	----	----
2017-18	Nil	----	----
2018-19	Nil	----	----
2019-20	Nil	----	----

DEMATERIALIZED / PHYSICAL SHARES

The shares of the Bank are in compulsory dematerialized 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, 2021, the position of dematerialized shares as well as physical shares is as under:

(As on 31.03.2021)

Particulars	No. of shares	%age
Physical Shares	12,846,126	1.81
Dematerialized Shares	700,604,812	98.19
Total	713,450,938	100.000

DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2021

S.NO	Category	No. of Holders	% to Holders	No. of Shares	% to Total
1	Upto 5000	140003	96.53	77040036	10.80
2	5001 - 10000	3089	2.13	22116580	3.10
3	10001 - 20000	1021	0.71	14864831	2.08
4	20001 - 30000	349	0.24	8651609	1.21
5	30001 - 40000	173	0.12	6060923	0.85
6	40001 - 50000	96	0.07	4444020	0.62
7	50001 - 100000	154	0.11	11131555	1.56
8	100001 & Above	128	0.09	569141384	79.77
	Total	145013	100.00	713450938	100.00

LIST OF SHAREHOLDERS HOLDING MORE THAN 1% AS ON 31.03.2021

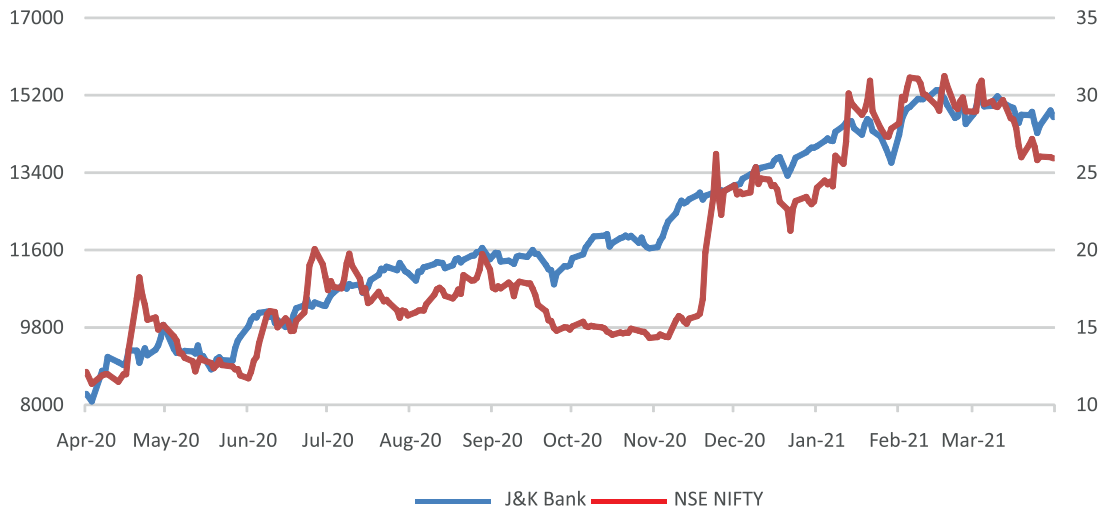
S. No.	NAME	SHARES	% TO EQT	CATEGORY
1	Chief Secretary Jammu and Kashmir Govt.	45,90,04,701	64.34	PRO
2	Secretary Finance Deptt Jammu and Kashmir Govt.	2,74,20,877	3.84	PRO
3	Life Insurance Corporation Of India	1,53,74,694	2.15	QIB
4	East Bridge Capital Master Fund Limited	1,02,43,362	1.43	FPC
	Total	512043634	71.76	

STOCK MARKET DATA
JK Bank on NSE Nifty April 2020 - March 2021

Month	High Price		Low Price		Highest Average Close Price		Turnover In lakhs
	Rate	Date	Rate	Date	Rate	Date	
April, 2020	18.85	21-04-2020	11.00	03-04-2020	18.24	21-04-2020	6165.78
May, 2020	14.85	05-05-2020	11.65	29-05-2020	14.41	04-05-2020	4795.61
June, 2020	20.75	26-06-2020	11.30	01-06-2020	19.80	25-06-2020	26451.36
July, 2020	20.10	09-07-2020	15.10	29-07-2020	19.80	09-07-2020	15487.29
August, 2020	20.50	31-08-2020	15.60	03-08-2020	19.60	28-08-2020	9775.67
September, 2020	18.50	01-09-2020	14.25	25-09-2020	17.90	07-09-2020	5589.32
October, 2020	15.75	05-10-2020	14.05	30-10-2020	15.20	01-10-2020	1877.20
November, 2020	24.55	24-11-2020	14.10	02-11-2020	25.55	24-11-2020	34917.96
December, 2020	26.10	09-12-2020	20.25	22-12-2020	25.70	08-12-2020	20144.86
January, 2021	31.80	21-01-2021	22.85	01-01-2020	30.55	13-01-2021	43958.33
February, 2021	33.00	18-02-2021	27.15	01-02-2021	31.05	08-02-2021	36825.19
March, 2021	31.60	03-03-2021	24.60	19-03-2021	31.05	03-03-2021	15297.97



J&KBank NSE Nifty



JK BANK ON BSE SENSEX APRIL 2020 - MARCH 2021

Month	High Price		Low Price		Highest Average Close Price		Turnover In lakhs
	Rate	Date	Rate	Date	Rate	Date	
April, 2020	18.95	21-04-2020	11.05	03-04-2020	18.38	21-04-2020	604.88
May, 2020	15.10	05-05-2020	11.68	29-05-2020	14.39	04-05-2020	383.47
June, 2020	20.86	26-06-2020	11.55	01-06-2020	19.87	25-06-2020	4916.10
July, 2020	20.10	09-07-2020	15.10	29-07-2020	19.75	09-07-2020	2225.92
August, 2020	20.60	31-08-2020	15.60	03-08-2020	19.60	28-08-2020	1138.34
September, 2020	18.85	01-09-2020	14.45	25-09-2020	17.90	07-09-2020	647.09
October, 2020	15.85	05-10-2020	14.10	30-10-2020	15.17	01-10-2020	235.55
November, 2020	27.02	24-11-2020	14.16	02-11-2020	25.55	24-11-2020	4538.79
December, 2020	26.12	09-12-2020	20.20	22-12-2020	25.86	08-12-2020	2980.01
January, 2021	31.75	21-01-2021	22.80	01-01-2021	30.55	13-01-2021	7657.69
February, 2021	32.95	18-02-2021	27.20	01-02-2021	31.05	08-02-2021	5712.71
March, 2021	31.55	03-03-2021	24.70	19-03-2021	30.95	03-03-2021	2807.76

J&KBank BSE Sensex



SHAREHOLDING PATTERN AS ON 31.03.2021

JAMMU & KASHMIR BANK LIMITED		
Share holding pattern as on 31 st March 2021		
PROMOTERS	486425578	68.18
RESIDENT INDIVIDUALS	161591340	22.65
FOREIGN PORTFOLIO - CORP	11993753	1.69
MUTUAL FUNDS	1563199	0.22
BODIES CORPORATES	20939865	2.94
NON RESIDENT INDIANS	6081041	0.85
H U F	5698117	0.80
NON RESIDENT INDIAN NON REPATRIABLE	1304281	0.18
CLEARING MEMBERS	1585152	0.22
QUALIFIED INSTITUTIONAL BUYER	15374694	2.15
I E P F	760612	0.11
BANKS	200	0.00
TRUSTS	118356	0.01
DIRECTORS	11000	0.00
NBFC	3750	0.00
Total	713450938	100

Shareholding Pattern as on 31st March, 2021





CREDIT RATINGS

S. No.	Particulars	31.03.2021	31.03.2020	Rating Agency
1	Credit rating and change in credit rating (if any):			
	1. Certificate of Deposits	CRISIL A1+	CRISIL A1+	CRISIL
	2. Short Term Deposits	CRISIL A1+	CRISIL A1+	
	3. Long term Deposits	FAA-/Negative	FAA-/Negative	
	4. Tier II Sub ordinate Debt	BWR AA - Negative (Reaffirmed)	BWR AA - Negative	Brickwork
		IND A + Negative (Downgrade)	IND AA - Negative	India Ratings
	5. AT1	BWR A Negative (Reaffirmed)	BWR A Negative	Brickwork

PLANT LOCATION

Being a banking company, the Bank does not have plants. As on March 31, 2021, the Bank has 955 Branches (including IARBs) spread over 18 states and 4 union territories. The location/address of Business Units is available on the website of the Bank.

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 IN

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 JK 190001 IN (hereinafter referred to as 'the Company'), produced before us by the Company 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 and 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 Company & its officers and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby certify that none of the Directors on the Board of the Company, as stated below for the Financial Year ended on 31st March, 2021 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 any such other Statutory Authority.

S.No	Name of the Director	DIN	Date of Appointment in Company*
1.	Mr. Rajesh Kumar Chhibber	08190084	10 th June, 2019
2.	Mr. Arun Kumar Mehta	02712778	15 th March, 2019
3.	Mr. Nitishwar Kumar	05326456	9 th October, 2020
4.	Mr. Anil Kumar Misra	08066460	3 rd July, 2019
5.	Mr. Vikram Gujral	03637222	26 th March, 2019
6.	Mr. Rajeev Lochan Bishnoi	00130335	11 th January, 2020
7.	Ms. Monica Dhawan	01963007	11 th January, 2020
8.	Mr. Naba Kishore Sahoo	07654279	1 st March, 2020
9.	Mr. Mohmad Ishaq Wani	08944038	6 th November, 2020

*The date of appointment is as per the MCA Portal.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For DSMR & Associates
 Company Secretaries

Place: Hyderabad
 Date: 23rd August, 2021

D S M Ram
 C. P. No. 4239
 Proprietor
 UDIN: A014939C000817279
 Peer Review Certificate No.1252/2021 dated 15th May, 2021



To
The Members,
Jammu and Kashmir Bank Limited

We have examined the compliance of conditions of corporate governance by the Jammu and Kashmir Bank Ltd ("Bank") for the year ended on 31st March, 2021 as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Bank for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Bank.

In our opinion and to the best of our information and according to the explanations given to us:

- i. During the audit period, the composition of the Board was not in compliance with the provisions of Section 152 of the Companies Act, 2013 as the Bank didn't have adequate number of Rotational Directors.
- ii. Since, the Chairman of the company was Executive during the audit period, half of the Board should comprise of independent Directors as mandated under Regulation 17(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, whereas, the company had only three independent directors throughout the financial year under audit, which was less than half of the Board strength.

Subject to above, in our opinion and to the best of our information and according to the explanations given to us and read together with Secretarial Audit Report dated August 18, 2021 we certify that the Bank has, in all material aspects complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Bank nor the efficiency or effectiveness with which the Management has conducted the affairs of the Bank.

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

Verma Associates.
Chartered Accountants
FRN: 02717N

P.C Bindal & Co.
Chartered Accountants
FRN: 003824N

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

CA.Salil Gupta
Partner
(M.No:097922)
UDIN: 21097922AAAAFB4030

CA.Madan Verma
Partner
(M.No:081631)
UDIN: 21081631AAAACU7122

CA.Virender K Maini
Partner
(M.No:088730)
UDIN: 21088730AAAAEE1486

CA.Kamlesh Kumar Goel
Partner
(M.No:015002)
UDIN: 21015002AAAALV9877

Date: August 31, 2021

SHAREHOLDER INFORMATION

A) Shareholders' Helpdesk

Share transfers, dividend payments and all other investor related activities are attended to and processed at the office of Registrar and Transfer Agents. For lodgment of transfer deeds and any other documents or for any grievances/complaints, shareholders/investors may contact at the following address:

Ms. Rajitha Cholleti / Ms. Sheetal Doba

M/s KFin Technologies Private Limited
Selenium Tower B, Plot 31-32,
Financial District, Nanakramguda,
Serilingampally Mandal,
Hyderabad - 500 032,
Telangana - India.

Toll Free Number: 1-800-309-4001

E-mail: einward.ris@kfintech.com

Website: <https://www.kfintech.com> and <https://ris.kfintech.com>

Timings: 10:00 a. m. to 4:30 p. m.

(Monday to Friday except public holidays)

For the convenience of investors, certain complaints from investors are accepted at the Bank's Office at the below mentioned address:

Share Grievance Cell, Board Secretariat,
4th floor, Jammu and Kashmir Bank Limited,
Corporate Headquarters,
M.A. Road, Srinagar,
Jammu & Kashmir, 190001.

Shareholders' Helpdesk Timings: 11:00 a.m. to 1:00 p.m.

Between Monday to Friday (except on Bank holidays)

Telephone: +91-0194-2483775, +91-0194-

2481930/31/32/33/34/35, Ext: 1542, 1544 & 1545.

Email: sharedeptt_gc@jkbmail.com

For IEPF related matters - Mr. Ain Altaf Kamili

Tel: +91-0194-2483775

Email: sharedeptt_gc@jkbmail.com

Queries relating to the Bank's operational and financial performance may be addressed to: investorrelations@jkbmail.com.

Name of the Compliance Officer of the Bank:

Mr. Mohammad Shafi Mir,

Company Secretary

Telephone: +91-0194-2483775

Banking Customer Helpdesk

In the event of any queries / complaints, banking customers can directly approach the Branch Manager or can call the Bank using the following contact details:

Call at: Our customer care direct line number: +91-0194-2481999

Our contact center may be reached at the toll free number: 18001800234.

Contact us online

Fill up the "Complaint Form" available at the following website link:

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

Grievances can also be addressed to the bank at the below mentioned e-mail address:

a. iamlistening@jkbmail.com (for clients who have updated their e-mail addresses their base business units)

b. jkbcustomercare@jkbmail.com

For grievances other than Shareholder grievances please send your communication to the following email addresses:

1) Depository Services: helpdesk@jkbfsl.com

2) ATM: jkbcustomercare@jkbmail.com

For any grievance, fill up the "Complaint Form" available at the following website link:

https://www.jkbank.com/pdfs/forms/atm_cust_compl.pdf

Customers may also lodge their grievance with our contact center at toll free number:18001800234

3) Credit Cards/Debit Cards: grievance.creditcards@jkbmail.com

B) Dividends

Receipt of Dividends through Electronic mode

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have directed that listed companies shall mandatorily make all payments to investors including dividend to shareholders, by using any RBI approved electronic mode of payment viz., Electronic Clearing System (ECS), LECS (Local ECS), RECS (Regional ECS), NECS (National ECS), Direct Credit, RTGS, NEFT etc.

In order to receive the dividend without loss of time (as and when declared by the Bank), all the eligible shareholders holding shares in Dematerialized mode are requested to update with their respective Depository Participants, their correct core banking account number, including 9 digit MICR Code and 11 digit IFSC, E-Mail ID, Permanent Account Number (PAN) and Mobile No(s). This will facilitate the remittance of the Dividend amount as directed by SEBI directly in the Bank Account electronically. Updation of E-Mail IDs and Mobile No(s) will enable sending communication relating to credit of dividend, uncashed dividend etc.

Shareholders holding shares in physical form may communicate details relating to their core banking account, viz., core banking account number, including 9 digit MICR Code and 11 digit IFSC, E-Mail ID, Permanent Account Number (PAN) and Mobile No(s) to the Registrar and Share Transfer Agents viz., M/s KFin Technologies Private Limited, Selenium Tower B, Plot 31-32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad - 500 032, Telangana - India, by quoting the reference folio number and attaching a photocopy of the Cancelled Cheque leaf of their active core banking account and also a self-attested copy of their PAN card and a self-attested copy of any one of the documents mentioned hereafter: utility payment bills (not more than three months old) / bank pass book / passport / driving



license to validate their present address.

Various modes for making payment of Dividend under electronic mode: In case, the shareholder has updated core banking account details (including 9 digit MICR Code and 11 digit IFSC code) for the purpose of payment of dividend (as and when declared by the Bank), then the Bank shall make the payment of dividend to such shareholder under any one of the following modes:

1. National Automated Clearing House (NACH)
2. National Electronic Fund Transfer (NEFT)
3. Direct credit in case the shareholders having an active Bank account with Jammu and Kashmir Bank Limited and have registered the same.

In case, any discrepancy is observed in the details regarding the bank accounts where the dividend amount has to be directly credited or has to be credited through electronic mode, the Bank shall issue a dividend warrant and print the dividend account details which has to be debited. The dividend warrant will be dispatched by the Registrar and Share Transfer Agent to the registered address of the shareholder.

Unclaimed Dividends

As per the applicable provisions of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), the Bank is statutorily required to transfer to the Investor Education & Protection Fund (IEPF) all dividends remaining unclaimed for a period of seven (7) years from the date they became due for payment. Dividends for and up to the financial years ended March 31, 2013 and March 31, 2014 have already been transferred to the IEPF on July 16, 2020 and August 20, 2021 respectively. The details of unclaimed dividends for the financial year ended 2015 onwards and the last date for claiming such dividends are given below:

Dividend for the year ended	Date of Declaration of dividend	Due date for transfer to IEPF
March 31, 2015	August 22, 2015	August 21, 2022
March 31, 2016	July 20, 2016	July 19, 2023

(The Bank has not declared any Dividend for FY 2016-17, FY 2017-18, FY 2018-19 and FY 2019-20)

C) Transfer of Shares to Investor Education and Protection Fund (IEPF) Authority

As per the provisions of Section 124(6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") which have become effective on October 31, 2017, all shares in respect of which dividend has not been paid or claimed for seven (7) consecutive years or more, shall be transferred by the company in the name of Investor Education and Protection Fund along with a statement containing such details as may be prescribed: Provided that any claimant of shares transferred above shall be entitled to claim the transfer

of shares from Investor Education and Protection Fund in accordance with such procedure and on submission of such documents as may be prescribed.

As per the requirement of Rule 6 of the IEPF Rules, the Bank had sent individual intimation to all the shareholders and also published notice in the leading newspapers in English and regional language having wide circulation for the information to shareholders regarding transfer of shares to IEPF. The shares in respect of the shareholders whose dividend has not been claimed for seven (7) consecutive years, upto financial year 2012-13, were transferred to the designated Dematerialized Account of the IEPF authority on August 20, 2020 & August 25, 2020. As required under the said provisions all subsequent corporate benefits that may accrue in relation to the above shares shall also be credited to the said IEPF Authority. (Share figures reported are of the face value of Re 1.00 each). Further, the number of shares transferred along with the number of shareholders whose shares have been transferred to Investor Education & Protection Fund Authority are appended below:

Particulars	Records / No. of Shareholders	Equity Shares (Face value of Re. 1.00 each)
Shares Transferred to IEPF in FY 2017-18	412	476266
Shares Transferred to IEPF in FY 2018-19	115	82,207
Shares Transferred to IEPF in FY 2019-20	81	1,19,812
Shares Transferred to IEPF in FY 2020-21	65	83,510

As per the terms of Section 124(6) of the Companies Act, 2013 and the Rule 7 of the IEPF Rules, the shareholders whose corresponding equity shares of the face value of Re 1.00 each stand transferred to IEPF account can claim those shares from IEPF Authority by making an online application in Form IEPF 5 which is available at [http:// www.iepf.gov.in](http://www.iepf.gov.in)

Guidelines to file your claim

- For claiming the shares and dividend from the IEPF Authority, shareholders can make an online web based application through MCA portal. Shareholders need to register themselves on MCA portal by creating Login ID credentials. After successful login into MCA portal, shareholders have to click on MCA services tab and choose IEPF- 5 option under "Investor Services" in "MCA Services" tab and follow the due process for filing the form.
- Printout of the duly filled Form IEPF - 5 with claimant and joint holders (if any) signature and along with the acknowledgment issued after uploading the form will have to be submitted together with an indemnity bond in original, Advance receipt in original, cancelled Cheque leaf of active bank account (details of which mentioned by the claimant at the time of uploading the web based form), and other documents as mentioned in the Form IEPF-5 to

Nodal Officer (IEPF) of the Bank in an envelope marked "Claim for refund from IEPF Authority". Certain information about the Bank which will have to be submitted are as under:

- (a) Corporate Identification Number (CIN) of Company: L65110JK1938SGC000048
- (b) Name of the Company: Jammu and Kashmir Bank Limited
- (c) Address of registered office of the company:

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

- (d) Email ID of the Bank: sharedeptt_gc@jkbmail.com

D) Names of Depositories for dematerialization of equity shares (ISIN No. INE168A01041)

- National Securities Depository Limited (NSDL)
- Central Depository Services (India) Limited (CDSL)



Form No. SH-13

Nomination Form

[Pursuant to section 72 of the Companies Act, 2013 and rule 19(1) of the Companies (Share Capital and Debentures) Rules 2014]

To
The Jammu & Kashmir Bank Ltd:
Corporate Headquarters, M. A. Road,
Srinagar - 190001

I/We the holder(s) of the securities particulars of which are given hereunder wish to make nomination and do hereby nominate the following persons in whom shall vest, all the rights in respect of such securities in the event of my/our death.

1 PARTICULARS OF THE SECURITIES (in respect of which nomination is being made)

Nature of securities	Folio No.	No. of securities	Certificate No.	Distinctive No.

(2) PARTICULARS OF NOMINEE/S –

- (a) Name:
- (b) Signature of Nominee:
- (c) Date of Birth:
- (d) Father's/Mother's/Spouse's name:
- (e) Occupation:
- (f) Nationality:
- (g) Address:
- (h) E-mail id:
- (i) Relationship with the security holder:

(3) IN CASE NOMINEE IS A MINOR–

- (a) Date of birth:
- (b) Date of attaining majority:

- (a) Name of guardian:
- (b) Signature of guardian:
- (c) Address of guardian:

(4) PARTICULARS OF NOMINEE IN CASE MINOR NOMINEE DIES BEFORE ATTAINING AGE OF MAJORITY

- a) Name:
- b) Signature of Nominee:
- c) Date of birth:
- d) Father's/Mother's/Spouse's name:
- e) Occupation:
- f) Nationality:
- g) Address:
- h) E-mail id:
- i) Relationship with the security holder:
- j) Relationship with the minor nominee:

Security Holder (s):

Signature:
Name:
Address:

Witness:

Signature:
Name:
Address:



INSTRUCTIONS:

1. In case you are holding physical shares, the duly filled-in form be sent to Company Secretary, The Jammu and Kashmir Bank Limited, Board Secretariat, Corporate Headquarters, M.A. Road, Srinagar - 190001 or to our Share Transfer Agent: M/s **KFin Technologies Private Limited** (Unit: J&K Bank) Plot 31-32, Selenium Building, Financial District, Nanakramguda, Gachibowli, Hyderabad - 500 032 . In Case you are holding shares in Dematerialised form, the duly filled-in form be sent to the Depository Participant where you are having Demat Account.
2. Please use separate form for each folio. Nomination is applicable to the folio, irrespective of the number of shares registered under the folio. Only one nomination per folio per instance would be entertained
3. The nomination can be made by individuals only applying / holding share(s) on their own behalf singly or jointly upto two persons. Non-Individuals including society, trust, body Corporate, partnership firm, karta of Hindu undivided family, holder of power of attorney, cannot nominate. If the shares are held jointly, all joint holders will sign the nomination form
4. A minor can be nominated by a holder of share(s) and in that event the name and address of the guardian shall be given by the holder.
5. The nominee shall not be a trust, society, body Corporate, karta of Hindu undivided family or a power of attorney holder. A non-resident Indian can be a nominee on Repatriable basis (subject to the Reserve Bank of India's approval as applicable).
6. Nomination stands rescinded upon transfer of share(s) or on receipt of Form No. SH-14 (cancellation or variation of Nomination).
7. Transfer of shares in favour of a nominee shall be a valid discharge by a Company against the legal heirs.
8. The form must be complete in all respects and duly witnessed. Incomplete form is not a valid nomination
9. Subject to rules and regulations as applicable from time to time.

Signature

Name

Address

Folio No./Client ID

Form No. SH-14

Cancellation of Variation of Nomination

[Pursuant to sub - section (3) section 72 of the Companies Act, 2013 and rule 19(9) of the Companies (Share Capital and Debentures) Rules 2014]

To
 The Jammu & Kashmir Bank Ltd:
 Corporate Headquarters, M. A. Road,
 Srinagar - 190001

I/We hereby cancel the nomination(s) made by me/us in favour of
 (name
 and address of the nominee) in respect of the below mentioned securities.

I/We hereby nominate the following person in
 place of as nominee in respect of the below mentioned securities in whom shall
 vest all rights in respect of such securities in the event of my/ our death.

1 PARTICULARS OF THE SECURITIES (in respect of which nomination is being cancelled / varied)

Nature of securities	Folio No.	No. of securities	Certificate No.	Distinctive No.

(2) PARTICULARS OF THE NEW NOMINEE/S –

- (a) Name:
- (b) Signature of Nominee:
- (c) Date of Birth:
- (d) Father's/Mother's/Spouse's name:
- (e) Occupation:
- (f) Nationality:
- (g) Address:
- (h) E-mail id:
- (i) Relationship with the security holder:

(3) IN CASE NOMINEE IS A MINOR

- (a) Date of birth:



- (a) Date of attaining majority:
- (b) Name of guardian:
- (c) Signature of guardian:
- (d) Address of guardian:

(4) PARTICULARS OF NOMINEE IN CASE MINOR NOMINEE DIES BEFORE ATTAINING AGE OF MAJORITY—

- a) Name:
- b) Signature of Nominee:
- c) Date of birth:
- d) Father's/Mother's/Spouse's name:
- e) Occupation:
- f) Nationality:
- g) Address:
- h) E-mail id:
- i) Relationship with the security holder:
- j) Relationship with the minor nominee:

Security Holder (s):

Signature:

Name:

Address:

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Witness:

Signature:

Name:

Address:

.....

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INSTRUCTIONS:

1. In case you are holding physical shares, the duly filled-in form be sent to Company Secretary, The Jammu and Kashmir Bank Limited, Board Secretariat, Corporate Headquarters, M.A. Road, Srinagar - 190001 or to our Share Transfer Agent: M/s **KFin Technologies Private Limited** (Unit: J&K Bank) Plot 31-32, Selenium Building, Financial District, Nanakramguda, Gachibowli, Hyderabad - 500 032 . In Case you are holding shares in Dematerialised form, the duly filled-in form be sent to the Depository Participant where you are having Demat Account.
2. Please use separate form for each folio. Nomination is applicable to the folio, irrespective of the number of shares registered under the folio. Only one nomination per folio per instance would be entertained
3. The nomination can be made by individuals only applying / holding share(s) on their own behalf singly or jointly upto two persons. Non-Individuals including society, trust, body Corporate, partnership firm, karta of Hindu undivided family, holder of power of attorney, cannot nominate. If the shares are held jointly, all joint holders will sign the nomination form
4. A minor can be nominated by a holder of share(s) and in that event the name and address of the guardian shall be given by the holder.
5. The nominee shall not be a trust, society, body Corporate, karta of Hindu undivided family or a power of attorney holder. A non-resident Indian can be a nominee on Repatriable basis (subject to the Reserve Bank of India's approval as applicable).
6. Nomination stands rescinded upon transfer of share(s) or on receipt of Form No. SH-14 (cancellation or variation of Nomination).
7. Transfer of shares in favour of a nominee shall be a valid discharge by a Company against the legal heirs.
8. The form must be complete in all respects and duly witnessed. Incomplete form is not a valid nomination
9. Subject to rules and regulations as applicable from time to time.

Signature

Name

Address

Folio No./Client ID

Corporate Information

BOARD OF DIRECTORS

Mr. R K Chhibber
Chairman & Managing Director

Mr. Atal Dulloo, IAS
Director

Mr. Nitishwar Kumar, IAS
Director

Mr. Anil Kumar Misra
Director

Mr. Vikram Gujral
Director

Dr. Rajeev Lochan Bishnoi
Director

Ms. Monica Dhawan
Director

Mr. Naba Kishore Sahoo
Director

Dr. Mohmad Ishaq Wani
Director

SECRETARY

Mr. Mohammad Shafi Mir

AUDITORS

O P Garg & Co.
Chartered Accountants

Verma Associates.
Chartered Accountants

P C Bindal & Co.
Chartered Accountants

K.K. Goel & Associates.
Chartered Accountants

REGISTRAR AND SHARE TRANSFER AGENT

Kfin Technologies Private Limited
(Unit:- J&K Bank)
Selenium Tower B, Plot 31 & 32
Financial District, Nanakramguda,
Serilingampally Mandal
Hyderabad - 500 032, Telangana
Email: einward.ris@kfintech.com
Website: www.kfintech.com
Toll Free Number : 18003094001

REGISTERED OFFICE:

Jammu & Kashmir Bank Limited,
Corporate Headquarters, M.A. Road
Srinagar, Jammu and Kashmir – 190001
CIN: L65110JK1938SGC000048
Phone +91 0194 – 2481930 – 35 Extn: 1541 – 1547
Fax: 0194 – 2481928
Email: sharedeptt_gc@jkbmail.com
Website: www.jkbank.com



The Jammu & Kashmir Bank Ltd.
Corporate Headquarters
M.A. Road, Srinagar 190 001