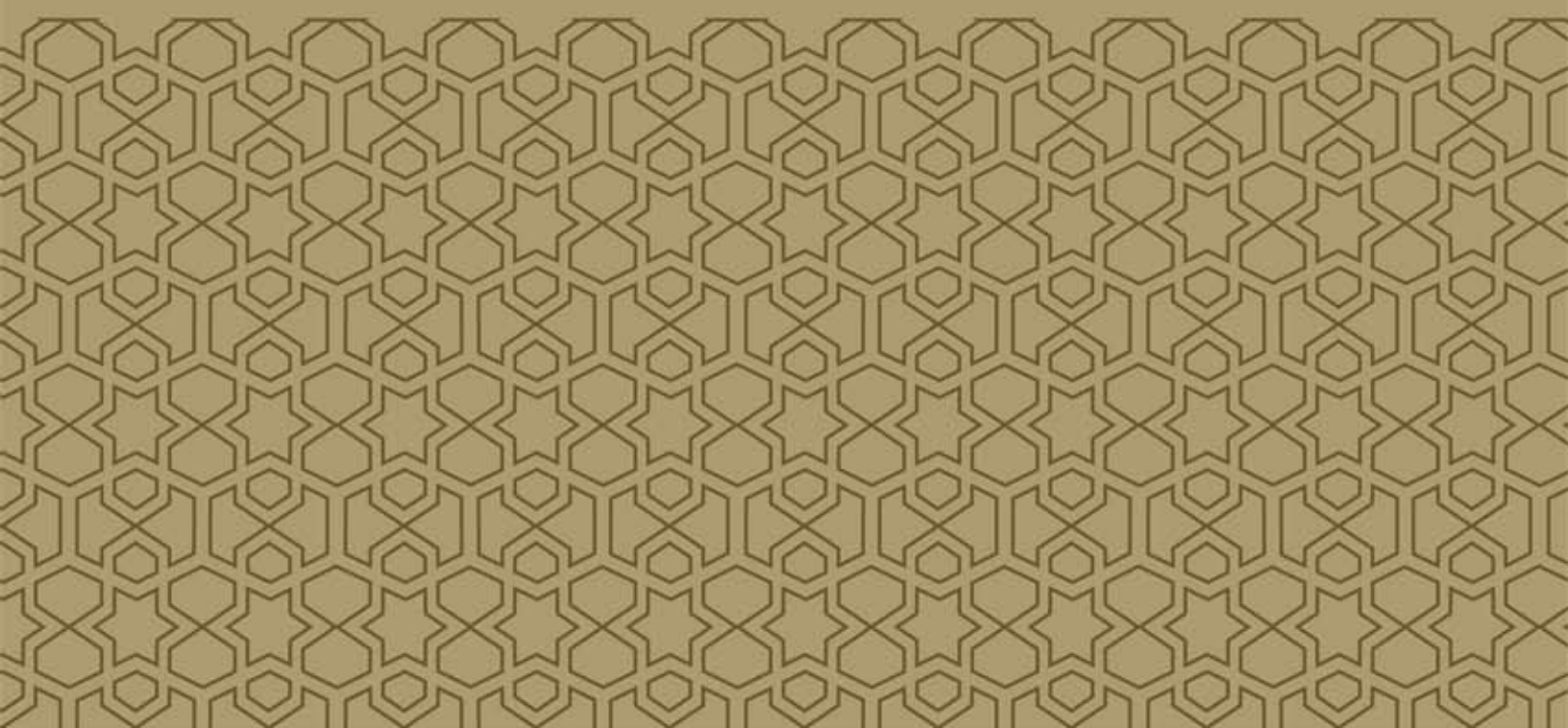




Restoring Hope. Rebuilding Lives.



J&K Bank
Serving To Empower

Annual Report
2014-15



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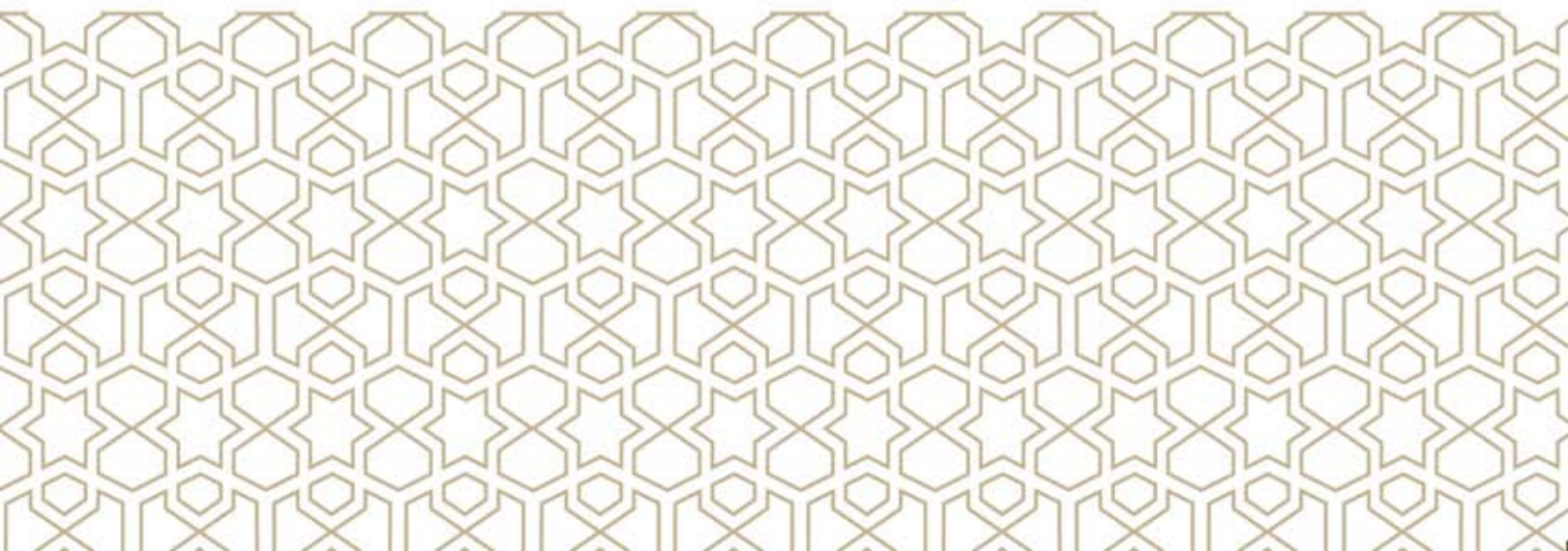
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Notice

NOTICE is hereby given that the **77th Annual General Meeting** of the Shareholders of **The Jammu & Kashmir Bank Limited** will be held as under:

Day : Saturday
Date : 22nd August, 2015
Time : 1100 hours
Place : Sher-i-Kashmir International Conference Centre (SKICC), Srinagar, J&K

to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2015 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 declare Dividend on equity shares for the financial year 2014-15.
3. To appoint Director in place of Mr. Mohammad Ibrahim Shahdad who retires by rotation.
4. To fix the remuneration of Auditors in terms of provisions of Section 142 of the Companies Act, 2013, for the financial year 2015-16.

SPECIAL BUSINESS:

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

"Resolved that pursuant to section 61(1)(e) and other applicable provisions, if any, of the Companies Act, 2013 read with Article 10(A) of the Articles of Association of the Bank and such approvals, consents, permissions and sanctions, as may be necessary from the Reserve Bank of India and other appropriate authorities, approval of the Members of the Bank be and is hereby accorded to decrease the Authorized capital of the Bank from ₹ 100,00,00,000 (Rupees one hundred Crore) divided into 1,000,000,000 equity shares of ₹ 1/- each to ₹ 950,000,000 (Rupees Ninety Five Crore) divided into 950,000,000 Equity Shares of ₹ 1/- each by cancellation of 50,000,000 Equity Shares of ₹ 1/- each."

"Resolves further that Clause V of the Memorandum of Association be and is hereby altered as under:"

"The capital of the Company is ₹ 95,00,00,000/- (Ninety Five crores) divided into 95,00,00,000 equity shares of ₹ 1/- each."

"Resolves further that Article 5 of the Articles of Association be is hereby altered as under"

"The Capital of the Company is ₹95,00,00,000/- (Ninety Five crores) divided into 95,00,00,000 equity shares of ₹ 1/- each."

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

"Resolved that pursuant to section 29 and other applicable provisions, if any, of the Companies Act, 2013 read with Article 3 of the Articles of Association of the Bank and such approvals, consents, permissions and sanctions, as may be necessary from the Reserve Bank of India and other appropriate authorities, approval of the Members of the Bank be and is hereby accorded to the alterations in the Articles of Association of the Bank as Under:

- i. In Article (1) of Articles of Association the words **"Section 617 of the Companies Act, 1956"** appearing in the seventh line shall be substituted by the words **"Section 2(45) of the Companies Act, 2013"**.
- ii. In Article (2) of Articles of Association the words **"Table 'A' in Schedule I to the Companies Act, 1956"** appearing in the first line shall be Substituted by the words **"Table 'F' in schedule I to the Companies Act, 2013"**.
- iii. In Article (3) of Articles of Association the words **"Companies Act, 1956"** appearing in Forth line shall be Substituted by the words **"Companies Act, 2013"**.
- iv. In Article (4) of Articles of Association the Bank,
 - a) the definition of The Companies Act, be modified as **"The Companies Act" means the Companies Act, 2013 as modified from time to time.**
 - b) The definition of Ordinary & Special Resolution, the words **"Section 189 of Companies Act, 1956"** appearing in the first line be Substituted by the words **"Section 114 of the Companies Act, 2013"**.
 - c) the definition of **"Person"** appearing in 6th line, the words **"Corporation and firms as well as individuals"** be Substituted by the words **"Artificial persons as well as individuals"**.
- v. In Article (6) of Articles of Association the words **"Companies Act, 1956"** appearing in the First line shall be Substituted by the words **"Companies Act, 2013"**.
- vi. In Article (7) of Articles of Association the words **"Section 87 & 88 of the Companies Act, 1956"** appearing in Seventh line shall be Substituted by the words **"Section 47 of the Companies Act, 2013"** and the words **"Section 97 of the Companies Act, 1956"** appearing in ninth line shall be substituted by the words **"section 64 of the Companies Act, 2013"**.

- vii. In Article (10A) (ii) of Articles of Association the words **"Section 94 of the Companies Act, 1956"** appearing in the last line shall be substituted by the words **"Section 61 of the Companies Act, 2013"**.
- viii. Article (10A) (iii) of the Articles of Association shall be substituted by the following new Article:
Subject to the provisions of section 61 of the Companies Act, 2013, the company may, by ordinary resolution,–
 - (a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
 - (b) Convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;
 - (c) Sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;
 - (d) Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.
- ix. In Article (10B) of Articles of Association the words **"Section 78,80,100 to 105 of the Companies Act, 1956"** appearing in the first line shall be substituted by the words **"Section 52,56,66 of the Companies Act, 2013"**.
- x. In Article (11) of Articles of Association the words **"Section 150 & 151 of the Companies Act, 1956"** shall be substituted by the words **"Section 88 of the Companies Act, 2013"**.
- xi. In Article (13A) of Articles of Association, in the first line the words **"other than shares,"** shall be inserted after the words **"other securities"**.
- xii. In Article (14) of Articles of Association the words **"(subject to the compliance with the provision of section 79 of the Act) at a discount"** shall be deleted
- xiii. In Article (15) of Articles of Association the words **"Section 78 and 79 of the Companies Act, 1956"** appearing in fifth line & eighth line shall be substituted by the words **"Section 52 and 54 of the Companies Act, 2013"** and the words **"or at a discount"** appearing in sixth line shall be omitted.
- xiv. In Article (15) (b) of Articles of Association the words **"Companies Act, 1956"** appearing in sixth line shall be substituted by the words **"Companies Act, 2013"**.
- xv. In Article 24 of Articles of Association the words **"Section 307 of the Companies Act, 1956"** appearing in third line shall be substituted by the words **"section 170 of the Companies Act, 2013"**.
- xvi. In Article 30 of Articles of Association the words **"Section 91 of the Companies Act, 1956"** appearing in first line shall be substituted by the words **"section 49 of the Companies Act, 2013"**.
- xvii. In Article 33 of Articles of Association the words **"Section 92 of the Companies Act, 1956"** appearing in first line shall be substituted by the words **"Section 50 of the Companies Act, 2013"**.
- xviii. In Article 52 of Articles of Association the words **"Section 111 of the Companies Act, 1956"** appearing in first line shall be substituted by the words **"Section 58 of the Companies Act, 2013"**.
- xix. In Article 55 of the Articles of Association the words **"Section 109A of the Companies Act, 1956"** appearing in first line shall be substituted by the words **"Section 72 of the Companies Act, 2013"**.
- xx. In Article 64(A)(iii) of the Articles of Association the words **"Section 153, 153A, 153B, 187B, 187C and 372 of the Companies Act, 1956"** shall be substituted by the words **"Section 89 of the Companies Act, 2013"**.
- xxi. In Article 64(A)(vi) of Articles of Association the words **"Section 108 of the Companies Act, 1956"** shall be substituted by the words **"Section 56 of the Companies Act, 2013"**.
- xxii. In Article 65 of Articles of Association the words **"Section 292 and 293 of the Companies Act, 1956"** appearing in first line shall be substituted by the words **"Section 179, 180 and 181 of the Companies Act, 2013"**.
- xxiii. In Article 67 of Articles of Association the words **"Section 143 of the Companies Act, 1956"** appearing in first line shall be substituted by the words **"Section 85 of the Companies Act, 2013"** and the word **"section 125 of the Companies Act, 1956"** appearing in Forth line shall be substituted by the word **"section 77 of the Companies Act, 2013"**.
- xxiv. Article 73 of Articles of Association relating to **"Vacation of office by a Director"** shall be substituted as under.
The office of a director shall become vacant in case–
 - a) He incurs any of the disqualifications specified in section 164 of the Companies Act, 2013;
 - b) He absents himself from all the meetings of the Board of Directors held during a period of twelve months with or without seeking leave of absence of the Board;
 - c) He acts in contravention of the provisions of section 184 of the Companies Act, 2013; relating to entering into contracts or arrangements in which he is directly or indirectly interested;
 - d) He fails to disclose his interest in any contract or arrangement in which he is directly or indirectly interested, in contravention of the provisions of section 184 of the Companies Act, 2013;
 - e) He becomes disqualified by an order of a court or the Tribunal;
 - f) He is convicted by a court of any offence, whether involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment

for not less than six months:

Provided that the office shall be vacated by the director even if he has filed an appeal against the order of such court;

- g) He is removed in pursuance of the provisions of this Act;
 - h) He, having been appointed a director by virtue of his holding any office or other employment in the holding, subsidiary or associate company, ceases to hold such office or other employment in that company
- xxv. Article 74(ii) of Articles of Association of the Bank shall be substituted as under:
- Except with the consent of the Board of Directors given by a resolution at a meeting of the Board and subject to such conditions as may be prescribed by the Board, Bank shall not enter into any contract or arrangement with a related party with respect to–
- (a) Sale, purchase or supply of any goods or materials;
 - (b) Selling or otherwise disposing of, or buying, property of any kind;
 - (c) Leasing of property of any kind;
 - (d) Availing or rendering of any services;
 - (e) Appointment of any agent for purchase or sale of goods, materials, services
- xxvi. In Article 76(4)(a) of the Articles of Association relating to Rotation of Directors the words “Public Holiday” appearing Line No. 4 shall be substituted by the words “National Holiday”.
- xxvii. In Article 76(4)(b) of the Articles of Association, the words “Section 263(2) of the Companies Act, 1956” shall be substituted by the words “Section 162 of the Companies Act, 2013.”
- xxviii. In Article 79(2) of the Articles of Association the words “Section 257 of the Companies Act, 1956” shall be substituted by the words “Section 160 of the Companies Act, 2013”.
- xxix. In Article 79(3) of the Articles of Association the words “Section 262 of the Companies Act, 1956” shall be substituted by the words “Section 161 of the Companies Act, 2013”.
- xxx. Article 80 of the Articles of Association shall be substituted as under :
- A director may resign from his office by giving a notice in writing to the company and the Board shall on receipt of such notice take note of the same and the company shall intimate the Registrar in such manner, within such time and in such form as may be prescribed and shall also place the fact of such resignation in the report of directors laid in the immediately following general meeting by the company.

The resignation of a director shall take effect from the date on which the notice is received by the company or the date, if any, specified by the director in the notice, whichever is later:

- xxxi. In Article 81 of the Articles of Association the words “Section 284 of the Companies Act, 1956” appearing in second line and fifth line shall be substituted by the words “Section 169 of the Companies Act, 2013”.
 - xxxii. In Article 82(a) of the Articles of Association the words “Section 303 of the Companies Act, 1956” appearing in second line shall be substituted by the words “Section 170 of the Companies Act, 2013”.
 - xxxiii. In Article 82(b) of the Articles of Association the words “Section 307 of the Companies Act, 1956” appearing in second line shall be substituted by the words “Section 170 of the Companies Act, 2013”.
 - xxxiv. Article 83(a) & Article 83(b) of the Articles of Association of the Bank shall be deleted and substituted by new Article 83 as under:
- Every Director and key managerial personnel shall within a period of 20 days from the date of appointment, give notice to the company of such matters relating to himself as may be necessary for the purpose of enabling the company to comply with the provisions of Section 170 of the Companies Act, 2013 or any amendment thereof from time to time.
- xxxv. In Article 84 of Articles of Association the words “Companies Act, 1956” appearing in tenth line shall be substituted by the “Companies Act, 2013”.
 - xxxvi. In Article 86 of the Articles of Association the words “Section 292 of the Companies Act, 1956” appearing in the first line shall be substituted by the words “Section 179 of the Companies Act, 2013”.
 - xxxvii. In Article 92(a) of the Articles of Association the words “within nine months” shall be substituted by the words “within six months”.
 - xxxviii. In Article 92(c) of the Articles of Association the words “Public holiday” appearing in second line shall be substituted by the words “national holiday”.
 - xxxix. In Article 93(3) of the Articles of Association the words “Sub section (b) of Section 189 of companies Act, 1956” shall be substituted by the words “Sub-section (2) of section 114 of the Companies Act, 2013”.
 - xl. In Article 94 of the Articles of Association, the Words, “one-twentieth” appearing in the first line shall be substituted by the word, “one-tenth” and the words, “or not less 100 members Sum not than one lac of rupees in all,” shall be deleted. Further, “Section 188 of the Companies Act, 1956 shall be replaced by the Words Section 111 of the Companies Act, 2013.
- For the sake of clarity, Article 94 after the aforesaid amendment would read as under:
- The Directors shall, on the requisition in writing of members representing not less than one- tenth of

the total voting power of all the members having at the date of the requisition a right to vote on the resolutions or business to which the requisition related, give to members of the Company entitled to receive notice of the next Annual General Meeting, notice of any resolution which may properly be moved and is intended to be moved at that meeting alongwith any statement supplied by the requisitionists in accordance with the provisions of Section 111 of the Companies Act, 2013

- xli. In Article 99 of the Articles of Association, the words, **"Five Members"** appearing in the first line shall be substituted by the Words, **"Thirty Members"**
- xl. Article 103(3) and Article 103(4) of the Articles of Association shall be deleted and replaced by New Article 103(3) as under:

"In the case of an adjourned meeting, the Bank shall give not less than three days notice to the members either individually or by publishing an advertisement in the newspapers (one in English and one in vernacular language) which is in circulation at the place where the registered office of the company is situated."
- xl. In Article 104 of the Articles of Association the words, **"in the first place by show of hands and in case of equality of votes the chairman shall both on show of hands and at poll(if any) having a casting vote in addition to his own,"** shall be replaced by the Words, **"by the votes cast, whether on a show of hands, or electronically or on a poll, as the case may be and in case of equality of votes the chairman shall in all cases have a casting vote in addition to his own"**.
- xl. In Article 104(A) of the Articles of Association the words **"Section 192A of the Companies Act, 1956"** appearing in the first line shall be substituted by the words **"section 110 of the Companies Act, 2013"**.
- xl. In Article 110(a) of the Articles of Association, after the words **"Upon a poll,"** appearing in first line the word **"electronically"** shall be inserted.
- xl. In Article 112(a) of the Articles of Association the words **"Section 187 of the Companies Act, 1956"** appearing in third line shall be substituted by the words **"Section 113 of the Companies Act, 2013"**.
- xl. In Article 113(d) of the Articles of Association of the Bank, the **"Form of Proxy"** shall be substituted with Form MGT-11.
- xl. In Article 118(b) of the Articles of Association the words **"Companies Act 1956"** shall be substituted by the words **"Companies Act, 2013"**.
- xl. In Article 126 of the Articles of Association the words **"Section 217 of the Companies Act, 1956"** shall be substituted by the words **"Section 134 of the Companies Act 2013"**.

- i. In Article 127 of the Articles of Association the words **"Section 219 of the Companies Act 1956"** appearing in second line shall be substituted by the words **"Section 136 of the Companies Act 2013"**.
- li. In Article 128 (b) of the Articles of Association the words **"Section 619 of the Companies Act, 1956"** appearing in the first line shall be substituted by the words, **"section 139(5) of the companies Act, 2013."**
- lii. In Article 136 of the Articles of Association the words **"Section 633 of the Companies Act 1956"** appearing in forth line shall be substituted by the words **"Section 463 of the Companies Act 2013"**.
- lii. **Share transfer Form (Form No. 7B)** appearing in the end of the Articles of Association shall be replaced by New Form SH- 4.

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

"Resolved that pursuant to section 29 and other applicable provisions, if any, of the Companies Act, 2013 read with Article 3 of the Articles of Association of the Bank and such approvals, consents, permissions and sanctions, as may be necessary from the Reserve Bank of India and other appropriate authorities, approval of the Members of the Bank be and is hereby accorded to the alterations in the Articles of Association of the Bank by **inserting New Article 88A** after the existing Article 88 as Under:

"Quorum for Committee Meetings"	"The quorum for a meeting the Committee of Board of Directors of a Bank shall be one-third of its total strength (any fraction contained in that one-third being rounded off as one), or two Directors, whichever is higher. Provided that where at any time number of interested Directors exceeds or is equal to two-thirds of the total strength, the number of remaining Directors, that is to say, the number of the Directors who are not interested present at the meeting being not less than two shall be the quorum during such time. Questions arising at any meeting shall be decided by majority of votes. In case of an equality of votes the Chairman of the Meeting shall have a second or casting vote."
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By order of the Board of Directors

Place: Srinagar
Dated: 22nd June, 2015

Abdul Majid Bhat
Company Secretary

NOTES

- a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE BANK.

PROXIES, IN ORDER TO BE VALID AND EFFECTIVE, MUST BE RECEIVED BY THE BANK AT IT'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.

A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS.

A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY, CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

- b) Shareholders who have not encashed their past Dividend Warrants are requested to do so without any further delay. Unclaimed Amount, in respect of Unpaid/ Unclaimed Dividend Warrants, which is more than seven years old shall be transferred by the Bank to **"Investor Education and Protection Fund"** established under Sub-Section (1) of Section 205C of the Companies Act, 1956 and thereafter, no claim can be preferred by the shareholders against the Company or the Fund.
- c) The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 17th August, 2015 to Saturday, 22nd August, 2015 (both days inclusive).
- d) The payment of Dividend for the financial year 2014-2015, if declared at the Annual General Meeting, will be paid in case of physical shareholding to those Members whose names appear on the Register of Members of the Company on 22nd August, 2015 and in case of dematerialized Shareholding, to those beneficiaries appearing in the records of National Securities Depository Limited and Central Depository Services (India) Limited, as at the close of working hours on 14th August, 2015, subject to the provisions of Section 126 of the Companies Act, 2013.
- e) Members holding shares in physical form are requested to intimate change, if any, in their Registered Address, to the Share Transfer Agent. If the shares are held in Demat form, intimation regarding change of address, if any, has to be notified to the concerned Depository Participant where the Shareholder is maintaining Demat Account.
- f) Requests for transfer of physical shares received during the period of book closure shall be considered only after the reopening of Books and accordingly, requests for share transfers received during book closure period shall not be considered for dividend declared, if any.
- g) Dividend for the F.Y. 2014-15, if declared, will not be taxable in the hands of the Shareholders.
- h) Brief Profile of Directors retiring by rotation at the Annual General Meeting and being eligible for reappointment as required under Clause 49 of the Listing Agreement forms part of the Corporate Governance Report attached.
- i) National Electronic Clearing Service
- i. The Reserve Bank of India has introduced the National Electronic Clearing Services i.e. NECS to bring further efficiency and uniformity in electronic credit and has accordingly instructed all banks to move to the NECS platform.
- The Advantages of NECS over ECS (Electronic Clearing Services) include faster credit of remittance to beneficiary's account, wider coverage with no limitations of location in India, besides ease in operations for remitting agencies.
- NECS, for the purpose of centralised processing of instructions and efficiency in handling bulk transactions, is operational only for banks /bank branches leveraging on Core Banking Solution (CBS), which provide 10 or more digit bank account number to their customers.
- Accordingly, Shareholders having holding in Physical Form and wishing to avail the NECS facility for credit of dividend amount to their Bank Account directly should send relevant details to our Share Transfer Agent-Karvy Computershare Pvt. Ltd., by filling up the NECS-I Mandate Form, appended to this notice. Further, Shareholders having holding in Demat Form and desirous of availing such credit through NECS, may send the requisite details directly to their Depository Participant, by filling up NECS-II Mandate Form appended to this notice.
- Disclaimer**
- The credit of Dividend through NECS is bona-fide and in compliance with the mandate of Securities & Exchange Board of India (SEBI) in this regard. For effecting this requirement, the Bank relies on the Bank Account data of Shareholders, as provided by the Depositories and on the Clearing System adopted by the Reserve Bank of India. The Bank will not be responsible for credit of dividend to wrong/in-operative Bank Account where it is found that such wrongful credit was due to non-intimation/error in recording the correct Bank Account details.
- ii. In case of members holding shares in electronic form and who have furnished Bank Account details pertaining to the Branches where NECS facility is not available, the Bank details furnished by respective Depositories to the Company will be printed on their Dividend Warrants. The Bank will not entertain any direct request from such members for deletion/change in such Bank Account details.

- iii. For Shareholders holding Shares in physical form who have opted for NECS and furnished all relevant/valid information, arrangements have been made to remit Dividend through such mode of payment. Such shareholders are requested to intimate change, if any, in the details furnished in this regard to the Bank, immediately.
- j. **Green Initiatives in the Corporate Governance**
In support of the "Green Initiative" announced by the Government of India and as well as Clause 32 of the Listing Agreement executed with Stock Exchanges, electronic copy of the Annual Report and this Notice, inter alia indicating the process and manner of remote e-voting along with attendance slip and proxy form are being sent by e-mail to those Members whose e-mail addresses have been made available to the Bank /Depository Participants unless the Member has requested for a hard copy of the same. For Members who have not registered their e-mail addresses, physical copies of this Notice inter alia indicating the process and manner of remote e-voting along with attendance slip and proxy form, will be sent to them in the permitted mode.
- The Bank hereby request Members who have not updated their email IDs to update the same with their respective Depository Participant(s) or the Karvy Computershare Private Limited, Registrar and Transfer Agent (R&T) of the Bank. Further, Members holding shares in electronic mode also requested to ensure to keep their email addresses updated with the Depository Participants / R&T of the Bank. Members holding shares in physical mode are also requested to update their email addresses by writing to the R &T of the Bank quoting their folio number(s).
- Members desirous of getting any information about the accounts and operations of the Bank are requested to write their queries to the Bank atleast seven days before the Meeting.
- k. Only registered members/ beneficial owners carrying their attendance slips and holders of valid proxy forms registered with the Bank will be permitted to attend the meeting.
- l. Members are requested to avoid being accompanied by non-members and/or children.
- m. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 is annexed hereto.
- n. **E-Voting:**
The Bank is pleased to provide E-voting facility through Karvy Computershare Pvt Ltd., for all shareholders of the Bank to enable them to cast their votes electronically on the items mentioned in this notice of the 77th Annual General Meeting of the Bank. The Bank has appointed CA. Majaz Ahmad, Chartered Accountant, SDM & Co. Chartered Accountants, Srinagar as the Scrutinizer for conducting the e-voting process in a fair and transparent manner. E-voting is optional. The voting rights of shareholders shall

be in proportion to their shares of the paid up equity share capital of the Bank, subject to the provisions of the Banking Regulation Act, 1949, as on the cut-off date of 1st August 2015

The instructions for E-Voting are as under:

- (i) To use the following URL for e-voting:
From Karvy website: <http://evoting.karvy.com>
- (ii) Shareholders of the Bank holding shares either in physical form or in dematerialized form, as on the cut-off date, may cast their vote electronically.
- (iii) Enter the login credentials [i.e., user id and password mentioned in the attendance slip of the AGM].
Your Folio No/DP ID Client ID will be your user ID.
- (iv) After entering the details appropriately, click on LOGIN.
- (v) You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. The system will prompt you to change your password and update any contact details like mobile, email etc on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) You need to login again with the new credentials.
- (vii) On successful login, the system will prompt you to select the EVENT i.e., J&K Bank.
- (viii) On the voting page, enter the number of shares as on the cut-off date under FOR/AGAINST or alternately you may enter partially any number in FOR and partially in AGAINST but the total number in FOR/AGAINST taken together should not exceed the total shareholding. You may also choose the option ABSTAIN.
- (ix) Shareholders holding multiple folios / demat account shall choose the voting process separately for each folios / demat account.
- (x) Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, shareholders can login any number of times till they have voted on the resolution.
- (xi) Once the vote on the resolution is cast by the shareholder, he shall not be allowed to change it subsequently.
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen

signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to camajaz@gmail.com with a copy marked to e-voting@karvy.com.

- (xiii) The e-voting period commences on 19th August, 2015 (9:00 A.M.) and ends on 21st August, 2015 (5:00 P.M.). During these period shareholders' of the Bank, holding shares either in physical form or in dematerialized form, as on the cut-off date of 14th August, 2015 may cast their vote electronically. The e-voting module shall be disabled by Karvy for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently. Further, the shareholders who have cast their vote electronically shall not be able to vote by way of poll at the AGM.
- (xiv) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of <http://evoting.karvy.com> or contact Karvy Computershare Pvt. Ltd at Tel No.1800 345 4001(toll free).

- II. The Scrutinizer shall within a period not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the Bank and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Bank.
- III. The Results on resolutions shall be declared on or after the AGM of the Bank and shall be deemed to be passed on the date of the AGM. The Results declared alongwith the Scrutinizer's Report shall be placed on the Bank's website www.JKBank.net and on the website of Karvy within two days of passing of the resolutions at the AGM of the Bank and communicated to the Stock Exchanges.
- IV. Poll will also be conducted at the AGM and any Shareholder who has not cast his vote through e-voting facility, may attend the AGM and cast his vote.

Annexure to Notice

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

ITEM NO. 04

FIXATION OF REMUNERATION OF AUDITORS

Though not strictly necessary, Explanatory Statement is being given for Item No. 04 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 Company in General Meeting or in such manner as the Company in the General Meeting may determine. Members may accordingly fix the remuneration of Auditors for the financial year 2015-16 including remuneration for the Limited Review of Quarterly Financial Results for the period ending 30th June, 2015, 30th September, 2015 and 31st December, 2015.

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

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

ITEM NO. 05: AMMENDMENT TO MEMORANDUM AND ARTICLES OF ASSOCIATION - REDUCTION OF AUTHORIZED CAPITAL OF THE BANK-

The shareholders of the Bank in their 69th Annual General Meeting held on 9th June, 2007 increased the authorized capital of the Bank from ₹ 75,00,00,000 Crores divided into 7,50,00,000 equity shares of ₹ 10/- each to ₹ 100,00,00,000 divided into 10,00,00,000 equity shares of ₹ 10/- each so as the accommodate the proposed augmentation of the capital base of the Bank consequent upon proposed GDR / Preferential issue of warrants towards meeting its additional capital requirements and also other strategic and business objectives. The Bank complied with the all the provisos of SEBI (DIP) Guidelines, 2000 and obtained all requisite approvals from Regulatory Authorities for issuing the GDRs and was all set for launching the issue in the month of December, 2008. However, given the global financial crisis and its impact on stock markets in 2008-09 and onwards, the Bank cancelled the proposal.

The cancellation of proposal resulted in non compliance with Section 12 (ii) of the Banking Regulation Act, 1949 which provides that subscribed capital of a banking company should not be less than one-half of its authorized capital. The Bank's subscribed capital (₹ 48.50 cr) was less than 50% of the Authorized Capital of ₹ 100 cr.

In order to seek compliance with the provisions of Section 12(1) of the Banking Regulation Act, 1949, the Board of Directors of the Bank consider it appropriate marginally reduce the authorized capital of the Bank by ₹ Five crore, so as to ensure that the Bank is compliant with the said provision of the Act.

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

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

ITEM NO. 06: AMMENDMENT TO ARTICLES OF ASSOCIATION

The new Companies Act, 2013 has come into force with effect from 1st April, 2014 which has shifted focus from regulatory compliance under the companies Act, 1956 to self governance and discipline. The Articles of Association of the Bank were drafted keeping in view the provisions of the erstwhile companies Act, 1956 and frequent reference were made to the Companies Act, 1956.

With the coming into force of the New Act, 2013, it is necessary to align the provisions of the Articles of Association of the Bank in line with the Companies Act, 2013. Accordingly the Board of Directors of the Bank considers it appropriate to amend the provisions of the Articles of Association of the Bank and align the same in line with the provisions of the Companies Act, 2013.

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

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

ITEM NO. 07: AMMENDMENT TO ARTICLES OF ASSOCIATION

Article 84 of the Articles of Association of the Bank provides quorum for the meeting of Board of Directors of the Bank as one third of its total Strength (any fraction contained in that one-third being rounded off as one) or two Directors, whichever is higher. Though Article 86 provides that the meetings and proceedings of any such committee consisting of two or more members shall be governed by the provisions contained in the articles for regulating the meetings and proceedings of the Board, there is no specific provision relating to the quorum for meetings of Committees of the Board.

Secretarial Standard 1 with effect from 1st July, 2015 provides that in the case of meeting of Board level committees, the presence of all the members of any Committee constituted by the Board is