

# Annual Report 2018-19



**Growing**  
together  
for a positive  
change



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# Chairman Speaks

## Esteemed Shareholders,

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

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

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

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

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



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

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

Among the recent developments in your Bank, a proposal is being moved for separation of the posts of Chairman and Managing Director as per RBI regulations and SEBI guidelines. In June, 2019, the Board of Directors of your Bank approved implementation of J&K RTI Act, 2009 and adoption of Central Vigilance Commission (CVC) guidelines. In furtherance thereof, a Chief Compliance Officer has been designated in order to strengthen compliance to various regulations. I am sure that going forward such changes would strengthen the governance and accountability framework of your Bank, thereby enhancing transparency and efficiency and help in making the institution much stronger and healthier. On the first day of October, 2018, your Bank completed "80 years of its existence" of serving the people. We are proud of our legacy and value the sentiments of our people who have great emotional equity with your Bank. Your Bank is committed to its motto of "Serving to Empower" and shall continue to render uninterrupted services to all segments of the society. Moving forward with optimism and with the firm belief in the team J&K Bank, our vision is to take your Bank to new heights

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

Dear Shareholders,

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

**R. K Chhibber**  
**Interim Chairman & MD**



**Mr. Rajesh Kumar Chhibber**  
Interim Chairman &  
Managing Director

## Board of Directors



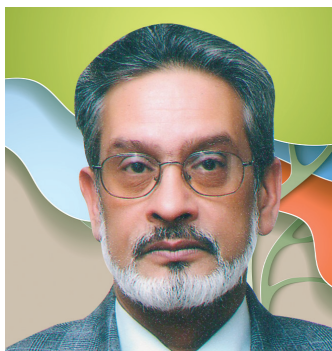
**Dr. Arun Kumar Mehta, IAS**  
Director



**Mr. Anil Kumar Misra**  
Director



**Mr. Mohammad Ashraf Mir**  
Director



**Dr. Pronab Sen**  
Director



**Dr. Sanjiv Agarwal**  
Director



**Mr. Sunil Chandiramani**  
Director



**Mr. Dhaman Kumar Pandoh**  
Director



**Mr. Rahul Bansal**  
Director



**Mr. Vikram Gujral**  
Director

## Management Team



**Mr. Pushap Kumar Tickoo**  
Executive President



**Mr. Gulam Mohammad Sadiq**  
President



**Mr. Arun Gandotra**  
President



**Mr. Ghulam Nabi Teli**  
President



**Mr. Sunil Gupta**  
President



**Mrs. Rajini Saraf**  
President



**Mr. Mohammad Maqbool Lone**  
President



**Mr. Chetan Paljor**  
President



**Mr. Mohammad Younis Patoo**  
President



**Mr. Ashraf Ali Malik**  
President

# Notice

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

Day : Thursday

Date : 26<sup>th</sup> September, 2019

Time : 1100 hours

Place : Jammu & Kashmir Bank Limited,  
Corporate Headquarters, M.A. Road, Srinagar, 190001  
to transact the following business:

## ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements (standalone and consolidated) of the Bank for the Financial Year ended 31st March, 2019 including Balance Sheet as at 31st March, 2019 and the Profit & Loss Account for the Financial Year ended on that date, together with the Reports of the Board of Directors and Auditors and comments of the Comptroller and Auditor General of India thereon.
2. To appoint a Director in Place of Mr. Rahul Bansal (DIN: 01216833), who retires by rotation and being eligible, has offered himself for reappointment.
3. To fix the remuneration of Auditors in terms of provisions of Section 142 of the Companies Act, 2013 for the Financial Year 2019-20.

## SPECIAL BUSINESS:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Resolved further that consent of the shareholders of the Bank be and is hereby accorded to the Board of Directors of the Bank to make offer(s) or invitation(s) to subscribe to the unsecured, redeemable, subordinated, non-convertible, Basel III compliant Tier 2 bonds in the nature of debentures for inclusion in Tier 2 Capital of the Bank of face value of ₹ 10.00 lacs each at par aggregating up to ₹ 1050 crores (“Bonds”) in one or multiple tranches on private placement basis through Private Placement Offer Letter(s) in conformity with Form PAS-4 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008, as amended.”

“RESOLVED further that the Board of Directors of the Bank be authorized to issue Bonds of face value of ₹ 10.00 lacs each at par aggregating Upto ₹ 1050 Crore of tenure not exceeding 10 years and notwithstanding that the aggregate amount of all such Bonds taken together with domestic/off-shore, secured/unsecured, loans/borrowings, guarantees shall not exceed the overall borrowing powers approved by the shareholders by way of a special resolution under the provisions of Section 180 (1) of the Companies Act, 2013 read with the applicable rules made under the Companies Act, 2013.”

“RESOLVED further that the Board of Directors of the Bank and/or the officer(s) designated by them be and are hereby authorized to do, from time to time, all such acts, deeds and things as may be deemed necessary in respect of issue of Bonds including but not limited to number of issues/ tranches, face value, issue price, issue size, timing (upto a date that is not later than one year from the date hereof), amount, coupon/interest rate(s), yield, listing, allotment, dematerialization and other terms and conditions of issue Bonds as they may, in their absolute discretion, deem necessary.”

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

“RESOLVED that pursuant to Section 14 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time

being in force) and subject to such approvals, consents, permissions and other sanctions, as may be necessary from the Reserve Bank of India and other appropriate authorities, if any, approval of the Members of the Bank be and is hereby accorded to the alteration in the Articles of Association of the Bank as under:

A. Article 4 of the Articles of Association of the Bank be amended to read as under:

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

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

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

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

(ha) "Managing Director" means a Director who, subject to the superintendence, control and direction of the Board of Directors is entrusted with the substantial powers of management of the affairs of the Bank and includes a director occupying the position of managing director, by whatever name called.

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

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

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

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

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

(a) Managing Director ;

(b) Executive Director(s);

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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