POLICY ON APPOINTMENT & REMUNERATION OF DIRECTORS

Board Secretariat
Corporate Headquarters, M. A. Road,
Srinagar 190001, Kashmir, India.
Phone: +911942483775 / FAX: +911942481928
Email: board.sectt@jkbmail.com

J&K Bank
Serving To Empower

Document Control

Title	**Policy on Appointment and Remuneration of Directors**	**Version**	**2.0**
Created By	Board Secretariat	**Date of Origin**	09-10-2023
Date of Last Review	Not Applicable	**Due Date of Renewal**	15.12.2025
Reviewed By	Nomination & Remuneration Committee of Board	**Date of Review**	24.07.2025
Approved By	Board of Directors	**Date of Approval**	24.09.2025
Date of Next Review			24.09.2027
Frequency of Review			Biennial

Table of Contents

1. INTRODUCTION

This Policy has been framed in compliance to the applicable provisions of the Companies Act, 2013, the Banking Regulation Act, 1949, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and other Guidelines issued by the RBI, as amended from time to time and the Articles of Association of Bank.

2. OBJECTIVE

The objective of this Policy is to set out criteria and other standards for appointment or re-appointment of Directors on the Board of the Bank and for evaluating the 'fit and proper' criteria for Directors. The Bank has a duly constituted Nomination and Remuneration Committee (N&RC) whose role inter alia is to:

i. Formulate the criteria for determining qualifications, attributes and independence of a Director and decide their 'fit & proper' status;
ii. Identify the persons who qualify to become directors and to recommend to the Board of Directors their appointment and removal;

While recommending the appointment of Directors on the Board of the Bank, the N&RC shall inter alia consider the following factors:

a) Relevant qualifications, skills and experience of the new and existing Board of Directors;
b) Appropriate mix of Executive, Non-Executive Non-Independent and Independent Directors;
c) The optimum size of the Board to commensurate with the size of the operations and complexity of the Bank and applicable legal provisions.
d) Gender Diversity, etc., with at least one Independent Woman Director.

3. PROCESS FOR APPOINTMENT / RE-APPOINTMENT OF DIRECTOR

While carrying out the process of appointment/re-appointment, removal etc. of the Directors, the N&RC shall be guided by the applicable statutory provisions/regulatory guidelines as contained in the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time), section 10A of the Banking Regulation Act, 1949, the Guidelines issued by the Reserve Bank of India from time to time besides the Article of Associations of the Bank. The Criteria are listed out in the *Annexure-1* to this policy.

The Ministry of Corporate Affairs Notification No. GSR 463 (E) dated 05.06.2015 has provided certain exemptions to the Government Companies. Clause 12 of the said notification provides that in respect of the Government Companies, for the word

"Board" in Chapter XI, Section 149 (6) (a) of the Companies Act, 2013, expression "Ministry or Department of Central Government which is administratively in charge of Company, or, as the case may be, the State Government", shall be substituted. The Bank being a Government Company in terms of section 2 (45) of the Companies Act, 2013, and in terms of the said notification, the "opinion" of the Board referred to in Section 149(6)(a) is to be effectively read as the opinion expressed by "Government". As such for the appointment of Directors, the N&RC shall through MD & CEO/ Government Nominee Director adopt a consultative approach with the Government so that the requirements as envisaged under section 149(6) are met and the appointments are done with the concurrence of Government. Where a director is to be reappointed on the Board of the Bank, as a precondition concurrence of the government shall be obtained first, before seeking willingness from the said director.

4. EVALUATING THE FIT & PROPER CRITERIA FOR DIRECTORS

In addition to observing the compliance to the aforementioned provisions, the N&RC shall shortlist the candidate(s) suitable for appointment / re-appointment as the Director(s) of the Bank and shall conduct the due diligence and ascertain as to whether the candidate(s) is "Fit and Proper" in order to be appointed as a Director of the Bank as per the criteria laid down in the circular no. RBI/2004/268 DBOD.No.BC.105/08.139.001/2003-04 dated June 25, 2004, as amended vide circular RBI/2004-2005/303 DBOD.No.BC. 60 /08.139.001/2004-2005 dated December 16, 2004 and circular RBI/2010-11/ 541 DBOD. No.BC.No. 95 /29.39.001/2010-11 dated May 23, 2011 and RBI/2019-20/204 DoR.Appt.No.58/29.67.001/2019-20 dated March 31, 2020 issued by the Reserve Bank of India ("RBI") (jointly referred to as, the "Fit and Proper RBI Circulars").

The said circulars, inter alia, direct the banks to undertake a process of due diligence for determining the suitability of a person for appointment /re-appointment /continuing to hold appointment as a director on the Board, based upon qualification, expertise, track record, integrity and other fit and proper criteria and further obtain necessary information and declaration ("Fit and Proper Declaration") from the proposed / existing directors for this purpose. Said declaration is obtained in the format as prescribed (*Annexure 2*) under the applicable laws/regulatory guidelines. Accordingly, while carrying out the assessment, the N&RC should ascertain the Fit and Proper Declaration received from the candidate(s) being considered for directorship of the Bank besides performing an independent assessment aided/supplemented by internal due diligence as deemed appropriate. The Committee may also make references, wherever considered necessary, to appropriate authority/persons to ensure the compliance with the above requirements.

In case of appointment of Independent Directors, the N&RC shall also consider the additional criteria prescribed for independent directors under the Applicable Laws.

The N&RC or the Chairperson of the N&RC or the Chairperson of the Bank or the MD & CEO may have informal interactions with the shortlisted candidate(s) before recommending his / her appointment to the Board. A detailed checklist setting out all the relevant provisions for appointment of Directors, as prescribed under the Applicable Laws, shall be deemed to form an integral part of this Policy.

Based on the information obtained from the aforesaid declarations / confirmations and the N&RC's own examination / scrutiny, if the N&RC is satisfied that the candidate(s) are eligible and fit for being appointed as Director(s), it shall recommend to the Board the acceptance or otherwise of the proposed candidate(s).

The Board may, on the basis of recommendation of the N&RC, approve the appointment of the new Director(s) subject to approval of the shareholders or in case the Board is not satisfied with the candidate(s) selected, direct the N&RC to consider selection of fresh candidates.

The Board shall ensure that Deed of Covenants (as prescribed under the Fit and Proper RBI Circulars, presently as per Annexure - 3) ("Deed of Covenants") is also executed with the new Directors at the time of their appointment. The said Annexure hereto shall be deemed to be replaced suitably upon any amendment or change or substitution thereto by the RBI by way of its circulars or directives.

Any Director appointed during the financial year for which performance review / evaluation exercise of the Board of Directors is being conducted, must have attended at least 3 (three) Board meetings convened in that financial year in order to participate in such review / evaluation exercise carried out in accordance with the Applicable Laws.

5. NOMINEE DIRECTORS

a) Government Nominee Directors

Since the Bank is a Government Company in terms of section 2(45) of the Companies Act, 2013, as such in terms of Article 69 of the Articles of Association of the Bank, not more than two Directors on the Board of the Bank shall be appointed by the Government, who will be called "Government Directors"; provided that no Director other than a Government Director shall be elected as Managing Director & Chief Executive Officer (MD & CEO) of the Bank. One Director on the Board of the Bank shall be appointed by the Government of Union Territory of Ladakh or be from the Union Territory of Ladakh.

The appointments shall however be subject to the process of due diligence as mentioned at para 4 above and applicable provisions of the Companies Act, 2013, the Banking Regulation Act, 1949 and other regulatory guidelines.

b) Debenture Trustee(s) Nominee Director

The Director nominated by Debenture Trustee(s) in terms of Regulation 23(6) of Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, read with Article 69A of the Articles of Association of the Bank, shall be called Debenture Trustee(s) Nominee Director. The appointment of said Director shall be made by the Board of the Bank after being nominated by the Debenture Trustee(s) and the process of due diligence followed by the N&RC.

6. ANNUAL AFFIRMATIONS FOR CONTINUING DIRECTORS

The Bank shall, at the end of every financial year, obtain not later than 30th April, the following declarations reflecting the position as on 31st March from the existing Directors:

a. Fit and Proper declaration in the format prescribed by the RBI.
b. Deed of Covenants executed with the Bank in the format prescribed by the RBI.
c. Other declarations prescribed under the Applicable Laws.

The declarations as provided by the Directors other than the members of N&RC shall be scrutinized by the N&RC. The declarations furnished by the members of N&RC shall be scrutinized by the Board, excluding the members of the N&RC.

Based on the information obtained from aforesaid declarations / confirmations and evaluation of the eligibility criteria set out in this Policy, the N&RC or the Board, as the case may be, shall decide whether the Directors continue to fulfil the criteria of being fit and proper.

7. RE-APPOINTMENT OF DIRECTORS

At the time of re-appointment of Director(s), the N&RC shall follow the process prescribed in this Policy for appointment of Directors. The N&RC shall scrutinize the declarations / confirmations obtained from the Directors under applicable Laws, including Fit & Proper Declaration. If N&RC is satisfied that the candidate is eligible and fit for being re-appointed as a Director under the Applicable Laws, it shall recommend to the Board the acceptance or otherwise of the re-appointment of the Director(s).

In terms of Regulatory guidelines, the Directors re-appointed are required to sign Deed of Covenants.

8. LETTER OF APPOINTMENT

Formal letters of appointment / re-appointment, as the case may be, are required to be issued to the Director(s) appointed /reappointed as Non-Executive Directors at the time of their said appointment. Such letter, inter alia, also set out the matters as stated in Schedule IV of the Companies Act, 2013 and is to be placed on the website of the Bank. In case of Executive Director, the Bank shall enter into an agreement with the Executive Director.

9. FAMILIARISATION PROGRAMME FOR THE NON-EXECUTIVE DIRECTORS OF THE BANK

In terms of Regulation 25 (7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time the listed entity shall familiarise the Independent Directors as well as to enhance the skill sets through various programmes about the listed entity, including the following:

(a) nature of the industry in which the listed entity operates;
(b) business model of the listed entity;
(c) roles, rights, responsibilities of Independent Directors; and
(d) any other relevant information.

Accordingly, the Bank on continuous and regular basis arranges to provide the desired familiarisation programmes (including information of the Bank's segments, various products, services) for newly appointed Non-Executive / Independent Directors, besides sharing with them the applicable codes, policies, etc. formulated and adopted by the Bank.

The Bank also arranges to provide for its Directors, the training programmes covering latest technological and banking scenarios from reputed centres of the country to keep them abreast with latest developments in the Banking sector.

10. REMUNERATION TO DIRECTORS

10.1 The Non-Executive Directors shall be entitled to:

- Sitting Fee
- Reimbursement of expenses
- Fixed Remuneration

10.1.1 Sitting Fees

Pursuant to the relevant provisions of the Companies Act, 2013 and the Rules thereunder, the Non-Executive Directors shall also be paid sitting fees of Rs. 40, 000 for attending meetings of the Board or Committee(s) thereof in accordance with the Articles of Association of the Bank. The amount of sitting fees, subject to the Articles of Association, may be revised by the Bank's Board from time to time.

10.1.2 Reimbursement of expenses

The Non-Executive Directors shall also be reimbursed expenses incurred by them for participation in the Board/Committee meetings and other expenses for official purposes.

10.1.3 Fixed Remuneration (Non-Executive Directors other than Part-time Non-Executive Chairman)

The fixed remuneration payable to the Non-Executive Directors (other than Part-time Non- Executive Chairman, Government Nominee Directors in active service of Government, and Directors in active Service of Government) shall be in accordance with the provisions of Circular No. RBI/2023-24/121 - DoR.HGG.GOV.REC.75/ 29.67.001/2023-24 dated February 9, 2024 ("RBI Circular on NED Compensation"). The Shareholders in the 86th Annual General Meeting held on August 17, 2024 have approved payment of fixed remuneration of Rs.10.00 lacs per director per annum. In case of RBI nominee director fixed remuneration shall be paid only if advised by the Reserve Bank of India.

In case of a Non-Executive Director, joining the Board during the year, such Fixed Remuneration as above would be paid on a pro-rata basis, based on the number of days for which he/she was on the Board.

The aforesaid amount of Compensation in the form of fixed remuneration, subject to the Shareholders approval/regulatory limits, may be revised by the Bank's Board, from time to time, in line with applicable regulations and may be paid at such frequency as may be determined by the Board from time to time and as may be permitted under applicable laws.

10.2 Fixed Remuneration (Part-time Non-Executive Chairman)

The remuneration payable to the Part-time Non-Executive Chairman of the Bank would be in accordance with the provisions of Section 10B (1A) of the Banking Regulation Act, 1949, the guidelines/circulars issued from time to time by the RBI, the provisions of the Companies Act, 2013 and rules made thereunder and such other laws/regulations/ rules, as may be applicable from time to time.

Such Fixed Remuneration may be paid on a monthly, quarterly, semi-annually or annually, as may be approved by the Board, based on the recommendation of the Nomination and Remuneration Committee and as approved by the Shareholders and the RBI, from time to time.

The above mentioned Fixed Remuneration shall be in addition to the Sitting fee for attending meetings of the Board/Committees as approved by the Board from time to time, within the limits prescribed under the Companies Act, 2013 and rules made thereunder.

The Part-time Non-Executive Chairman would also be entitled to reimbursement of expenses for attending Board/Committee meetings, and such other matters as may be decided from time to time by the Board and / or such other authority as may be necessary.

10.3 The remuneration to Whole-Time Directors (MD&CEO and Executive Director) shall be governed by the Bank's Compensation Policy formulated in line with the requirement stipulated under the RBI Guidelines on Compensation of Whole-Time Directors/Chief Executive Officers/Material Risk Takers and Control Function Staff.

11. OWNERSHIP & REVIEW OF THE POLICY

The ownership of this policy shall be with Board Secretariat. The periodicity of review of policy shall be biennial. In the event of any amendment to the statutes/ rules/regulatory guidelines applicable to the policy, same shall be deemed to be part of the policy from the effective date of the amendment. Such changes shall be incorporated in the policy immediately with the approval of MD & CEO and brought to the notice of Board and /or its relevant Committee (s), in the form of an information item, in the meeting that immediately follows. The responsibility for updating the policy shall be that of the owner Department. Where a change in policy is necessitated by exigencies like developments in industry practice, market needs etc., same shall be placed before the Board and/or its relevant Committee(s) for review and approval, before they become a part of the policy.

Annexures 1, 2 & 3

Jammu and Kashmir Bank Limited
Corporate Headquarters, M. A. Road,
Srinagar 190001, Kashmir (J&K)
www.jkbank.com, www.jkbank.net

Annexure-1

I. CARDINAL REQUIREMENTS FOR THE APPOINTMENT OF DIRECTOR AS PER APPLICABLE STATUTORY LAW & REGULATORY GUIDELINES:

1. Nature of Expertise and Substantial Interest ;

In terms of section 10A(2) of Banking Regulation Act, 1949, not less than fifty-one per cent, of the total number of members of the Board of Directors of a banking company shall consist of persons, who -

a) shall have special knowledge or practical experience in respect of one or more of the following matters, namely: accountancy, agriculture and rural economy, banking, co-operation, economics, finance, law, small-scale industry, information technology, payment and settlement systems, human resources, risk management and business management;

provided, of the aforesaid number of Directors, not less than two shall be persons having special knowledge or practical experience in respect of agriculture and rural economy, co-operation or small scale industry; and

b) shall not –

(1) have substantial interest [as defined in Section 5(ne) of the Banking Regulation Act, 1949] in, or be connected with, whether as employee, manager or Managing agent, in **(a)** any company, not being a company registered under section 8 of the Companies Act, 2013, or **(b)** any firm, which carries on any trade, commerce or industry and which, in either case, is not a small-scale industrial concern, or

(2) be proprietors of any trading, commercial or industrial concern, not being a small-scale industrial concern.

2. Restriction on loans and advances as contained in section 20 of Banking Regulation Act, 1949.

2.1 Section 20 of Banking Regulation Act, 1949 provides that notwithstanding anything to the contrary contained in Section 67 of the Companies Act, 2013, the Bank cannot grant loans or advances on the security of its own shares, or enter into any commitment for granting any loan or advance to or on behalf of-

a) any of its directors,
b) any firm in which any of the directors is interested as partner, manager employee or guarantor, or
c) any company of which or the subsidiary or the holding company of which, any of the directors of the banking company is a director, managing agent, manager, employee or guarantor or in which he holds a substantial interest. Exception – subsidiary of a banking company, company registered under section 8 of Companies Act, 2013 or Government Company.
d) any individual in respect of whom any of its directors is a partner or guarantor.

However, as per RBI circular No RBI/2014-15/64 DBOD. No. Dir. BC.16/13.03.00/2014-15 dated July 1, 2014, for the above purpose, the term loans and advances' shall not include the following:

I. loans or advances against Government securities, life insurance policies or fixed deposit;
II. such loans or advances as can be made by a banking company to any of its directors (who immediately prior to becoming a director, was an employee of the banking company) in his capacity as an employee of that banking company and on the same terms and conditions as would have been applicable to him as an employee of that banking company, if he had not become a director of the banking company. The

banking company includes every bank to which the provisions of Section 20 of the Banking Regulation Act, 1949 apply;

III. such loans or advances as are granted by the banking company to its Chairman and Chief Executive Officer, who was not an employee of the banking company immediately prior to his appointment as Chairman/ Managing Director/CEO, for the purpose of purchasing a car, personal computer, furniture or constructing/ acquiring a house for his personal use and festival advance, with the prior approval of the RBI and on such terms and conditions as may be stipulated by it;

IV. such loans or advances as are granted by a banking company to its whole-time director for the purpose of purchasing furniture, car, Personal Computer or constructing/acquiring house for personal use, festival advance with the prior approval of RBI and on such terms & conditions as may be stipulated by it;

V. call loans made by banking companies to one another;

VI. a credit limit granted under credit card facility provided by a bank to its directors to the extent the credit limit so granted is determined by the bank by applying the same criteria as applied by it in the normal conduct of the credit card business.

2.1 Besides in terms of Frequently Asked Questions (FAQ's) appended to the above said Circular following exceptions have been carved out to the restrictions on loans and Advances to Directors.

Exceptions:

2.2.1 In case of advances granted/ commitment made by the Bank to the companies prior to appointment of director of the companies on the Bank's board, provided the facility is not renewed and/ or enhanced after maturity, the aforesaid restriction shall not be applicable.

2.2.2 While examining the restrictions (and any exceptions thereof) on such loans and advances, the Bank shall be guided by the Master Circular on Loans and Advances (Statutory and Other Restrictions) issued by the RBI, as amended from time to time.

3. Prior Approval of Reserve Bank of India.

In terms of Section 35B of Banking Regulation Act, 1949, any amendment in the provisions relating to maximum permissible number of directors or appointment /re-appointment or termination of appointment or remuneration of chairperson, managing director or any other whole time director or manager or CEO by whatever name called, whether that provision is contained in the company's memorandum or articles of association, or in an agreement entered into by it, or in any resolution passed by the Company in general meeting or by its Board of Directors shall not have effect unless prior approval of RBI is obtained.

4. Evaluation of Fit and Proper Criteria of the proposed directors

In terms of circular no. RBI/2004/268 DBOD.No.BC.105/08.139.001/2003-04 dated June 25, 2004, as amended vide circular RBI/2004-2005/303 DBOD.No.BC. 60 /08.139.001/2004-2005 dated December 16, 2004 and circular RBI/2010-11/ 541 DBOD. No.BC.No. 95 /29.39.001/2010-11 dated May 23, 2011 and RBI/2019-20/204 DoR.Appt.No.58/29.67.001/2019-20 dated March 31, 2020 issued by the Reserve Bank of India, the Private Sector banks are required to undertake a process of due diligence for determining the suitability of the persons proposed to be appointed as directors as well as for their continuation to hold office as directors of such banks, based upon qualification, expertise, track record, integrity and other fit and proper criteria and further obtain necessary information and declaration ("Fit and Proper Declaration") from the proposed / existing directors for this purpose.

II. PRIMARY CONDITIONS FOR APPOINTMENT OF A DIRECTOR AS PRESCRIBED IN SEBI LISTING REGULATIONS

5. Definition of an Independent Director.

In terms of section 149 of the Companies Act, 2013, the director should be a non-executive director, other than a nominee director of the listed entity:

a) who, in the opinion of the board of directors, is a person of integrity and possesses relevant expertise and experience;
b) who is or was not a promoter of the listed entity or its holding, subsidiary or associate company or member of the promoter group of the listed entity;
c) who is not related to promoters or directors in the listed entity, its holding, subsidiary or associate company;
d) who, apart from receiving director's remuneration, has or had no material pecuniary relationship with the listed entity, its holding, subsidiary or associate company, or their promoters, or directors, during the three immediately preceding financial years or during the current financial year;
e) None of whose relatives

(i) is holding securities of or interest in the listed entity, its holding, subsidiary or associate company during the three immediately preceding financial years or during the current financial year of face value in excess of fifty lakh rupees or two percent of the paid-up capital of the listed entity, its holding, subsidiary or associate company, respectively, or such higher sum as may be specified;

(ii) is indebted to the listed entity, its holding, subsidiary or associate company or their promoters or directors, in excess of such amount as may be specified during the three immediately preceding financial years or during the current financial year;

(iii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the listed entity, its holding, subsidiary or associate company or their promoters or directors, for such amount as may be specified during the three immediately preceding financial years or during the current financial year; or

(iv) has any other pecuniary transaction or relationship with the listed entity, its holding, subsidiary or associate company amounting to two percent or more of its gross turnover or total income:

Provided that the pecuniary relationship or transaction with the listed entity, its holding, subsidiary or associate company or their promoters, or directors in relation to points (A) to (D) above shall not exceed two percent of its gross turnover or total income or fifty lakh rupees or such higher amount as may be specified from time to time, whichever is lower.

(v) who neither himself/herself, nor any of whose relative(s)-

i. holds or has held the position of a key managerial personnel or is or has been an employee of the listed entity or its holding, subsidiary or associate company or any company belonging to the promoter group of the listed entity, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed; Provided that in case of a relative, who is an employee other than key managerial personnel, the restriction under this clause shall not apply for his / her employment.

ii. is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of —

a) firm of auditors or company secretaries in practice or cost auditors of the listed entity or its holding, subsidiary or associate company; or

b) any legal or a consulting firm that has or had any transaction with the listed entity, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;

iii. holds together with his relatives two percent or more of the total voting power of the listed entity; or

iv. is a chief executive or director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts or corpus from the listed entity, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company;

(vi) who is not less than 21 years of age; (Regulation 16 of SEBI LODR Regulations, 2015)

(vii) who is not a non-independent director of another company on the board of which any non-independent director of the listed entity is an independent director. (Regulation 16 of SEBI LODR Regulations, 2015).

6. Composition of Board.

As per Regulation 17 of SEBI LODR regulations, 2015, the Composition of the Board shall be as follows;

a) Minimum 6 Board Members at any given point of time.
b) At least one woman Independent Director.
c) Not less than 50% of the Board shall comprise of Non-Executive Directors. Where Chairman is a Non-Executive Director, at least one third of the Board shall comprise of Independent Directors; in case the Chairman is not a Non-Executive Director, at least half of the total Board shall comprise of Independent Directors.
d) Where the regular Non-Executive Chairperson is a promoter of the listed entity or is related to any promoter or person occupying management positions at the level of Board of Directors or at one level below the Board of Directors, at least half of the Board of Directors of the listed entity shall consist of Independent Directors.
e) The Non-Executive Chairman shall not be related to the Managing Director or the Chief Executive Officer as per the definition of the term “relative” defined under the Companies Act, 2013.

7. Obligations with respect to Independent Directors as prescribed under Regulation 25 of SEBI LODR regulations, 2015.

The obligations with respect to Independent directors are contained in Regulation 25 of SEBI LODR Regulations as under;

7.1 No person shall be appointed or continue as an alternate director for an independent director of a listed entity.

7.2 The maximum tenure of independent directors shall be in accordance with the Companies Act, 2013 and rules made thereunder, in this regard, from time to time.

7.3 Every independent director shall, at the first meeting of the board in which he participates as a director and thereafter at the first meeting of the board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director, submit a declaration that he meets the criteria of independence as stated herein above and that he is not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his ability to discharge his duties with an objective independent judgment and without any external influence.

The Board of Directors of the listed entity shall take on record the aforementioned declaration and confirmation submitted by the independent director after undertaking due assessment of the veracity of the same.

III. PRIMARY CONDITIONS FOR APPOINTMENT OF A DIRECTOR AS PRESCRIBED IN THE COMPANIES ACT, 2013

8. Definition of Independent Director

8.1 In addition to the conditions prescribed in SEBI Listing Regulations, following conditions are prescribed in the Companies Act, 2013.

8.2 An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director,

a) who has or had no pecuniary relationship, other than remuneration as such director or having transaction not exceeding ten per cent. of his total income or such amount as may be prescribed, with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
b) possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business.
c) none of whose relatives –

- is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year. Provided that the relative may hold security or interest in the company of face value not exceeding fifty lakh rupees or two per cent. of the paid-up capital of the company, its holding, subsidiary or associate company or such higher sum as may be prescribed;
- is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, in excess of such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;
- has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for an amount of fifty lakhs rupees, at any time during the two Immediately preceding financial years or during the current financial year;
- has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent or more of its gross turnover or total income singly or in combination with the transactions referred above.

9. Appointment of Director

9.1 No person shall be appointed/ reappointed as a Director of the Company, unless he/she has been allotted the Director Identification Number (DIN) and he/she furnishes to the Company, a declaration to the effect that he/she is not disqualified to become a Director under the provisions of the Companies Act, 2013 and rules made there under or under any other law for the time being in force, and files consent to hold the office as Director.

9.2 Following declarations are required to be obtained from the directors prior to their appointment:

a. Consent to be appointed as a Director in Form DIR 2.
b. Notice of interest of directorships on boards of other companies in Form MBP-1.
c. Notice of Director giving intimation that the director has been disqualified / not been disqualified as per the provisions of the Companies Act, 2013. If a director is disqualified under the provisions of Section 164(2) of the said Act, the office

of the director shall become vacant in all the companies, other than the company which is in default as per the said Section 164(2).

d. Details of Relatives under Section 2(77) of the Companies Act, 2013 and their interest for the purpose of identification of related parties of the Bank Declaration of Independence if the proposed appointee is to be appointed as an Independent Director.

9.3 Adherence to Schedule IV: The Independent directors shall abide by the provisions specified in Schedule IV to the Companies Act, 2013.

10. Tenure of Independent Director

10.1 Subject to the provisions of Section 152 of the Companies Act, 2013, an independent director shall hold office for a term up to five consecutive years on the Board of a company, but shall be eligible for reappointment on passing of a special resolution by the company and disclosure of such appointment in the Board's report. However as per Articles of Association of the Bank, the Independent Directors shall hold office for a term up to three consecutive years on the Board of the Bank from the date of Appointment but shall be eligible for re-appointment in accordance with the provisions of the Companies Act, 2013.

10.2 Notwithstanding anything contained in above, no independent director shall hold office for more than two consecutive terms, but such independent director shall be eligible for appointment after the expiration of three years of ceasing to become an independent director:
Provided that an independent director shall not, during the said period of three years, be appointed in or be associated with the company in any other capacity, either directly or indirectly.

*****

Annexure 2

Name of Bank: Jammu and Kashmir Bank Limited
'Declaration and Undertaking' by a proposed Director/ ~~MD & CEO/ CEO~~
(With appropriate enclosures)

<table>
<tr><th>Sr. No</th><th>Particulars</th><th colspan="3">Information Disclosed</th></tr>
<tr><td colspan="5">I. Personal Details</td></tr>
<tr><td rowspan="2">1</td><td rowspan="2">Name in full</td><td>First Name</td><td>Middle Name</td><td>Last Name</td></tr>
<tr><td></td><td></td><td></td></tr>
<tr><td>2</td><td>Father's name</td><td colspan="3"></td></tr>
<tr><td>3</td><td>Sex (M/F/others)</td><td colspan="3"></td></tr>
<tr><td>4</td><td>Present address</td><td colspan="3"></td></tr>
<tr><td>5</td><td>E-mail address & alternate e-mail address:
Telephone Number with STD code:
Mobile Number:</td><td colspan="3"></td></tr>
<tr><td>6</td><td>Nationality</td><td colspan="3"></td></tr>
<tr><td>7</td><td>Date of Birth (dd/mm/yyyy) and Age</td><td colspan="3"></td></tr>
<tr><td>8</td><td>Educational qualifications</td><td colspan="3"></td></tr>
<tr><td>9</td><td>Director Identification Number (DIN)</td><td colspan="3"></td></tr>
<tr><td>10</td><td>Aadhaar Number</td><td colspan="3"></td></tr>
<tr><td>11</td><td>(a) Permanent Account Number (PAN)
(b) Charge where the proposed director is assessed to tax (Income Tax jurisdiction)/name and address of Income Tax Circle/Ward.
Details of filing of return(s) and payment of taxes for past 3 years</td><td colspan="3"></td></tr>
<tr><td>12</td><td>Permanent address</td><td colspan="3"></td></tr>
<tr><td>13</td><td>Details in the form of a brief write up on the relevant knowledge or experience in respect of one or more of the matters namely accountancy, agriculture and rural economy, banking, co-operation, economics, finance, law, small scale industry, information technology, payment and settlement systems, Human resources, risk management, business management or any other matter the special knowledge of and practical experience of which would in the opinion of the Reserve Bank be useful to the Banking Company.</td><td colspan="3"></td></tr>
<tr><td>14</td><td>Present occupation (designation, name of the organisation and brief write-up on experience)</td><td colspan="3"></td></tr>
<tr><td>15</td><td>Previous occupation covering minimum of past ten years, with complete address of the organisation(s) worked in, date of joining, date of relieving (including reasons), designation, etc.</td><td colspan="3"></td></tr>
</table>

<table>
<tr><td>16</td><td>In case a Chartered Accountant, indicate the following:
(a) Membership Number of Institute of Chartered Accountants of India (ICAI):
(b) Date of registration with the ICAI:
(c) Name and Address of the registered firm/s:
(d) Details of the Audit(s) presently undertaken by the firm(s) or by you:</td><td></td></tr>
<tr><td>17</td><td>Name of the banker(s) with Branch and Account Numbers (savings/current/loan accounts) where you are a primary account holder:</td><td></td></tr>
<tr><td>18</td><td>Details of shareholding, if held in any entity, either in physical or dematerialized form, by you, spouse, and your minor child. (attach demat/shareholding certificate)</td><td></td></tr>
<tr><td>19</td><td>Any other information relevant to directorship of the bank</td><td></td></tr>
<tr><td colspan="3">II. Relevant Relationships of proposed director</td></tr>
<tr><td>20</td><td>List of relatives, [Refer Section 2(77) of the Companies Act, 2013 and Rule 4 of the Companies (Specification of Definition) Rules, 2014] if any, who are connected with any bank:</td><td></td></tr>
<tr><td>21</td><td>List of entities in which:
(a) interested [Refer Section 184 of the Companies Act, 2013]:
(b) beneficial ownership [Refer Section 89 of Companies Act, 2013 as also the applicable Significant Beneficial Ownership Rules of MCA]:
(c) Trustee (also mention any other relationship with reference to a trust):</td><td></td></tr>
<tr><td>22</td><td>List of entities, existing and proposed, in which holding substantial interest within the meaning of Section 5(ne)[1] of the Banking Regulation Act, 1949.</td><td><table>
<tr><td>Name of the Company</td><td></td></tr>
<tr><td>Country of Incorporation</td><td></td></tr>
<tr><td>Number of Shares</td><td></td></tr>
<tr><td>Face Value of each share</td><td></td></tr>
<tr><td>Total face value of Shares</td><td></td></tr>
<tr><td>Shareholding as % of total Paid up Capital</td><td></td></tr>
<tr><td>Beneficial interest (in value as well as % terms)</td><td></td></tr>
<tr><td>Whether the entity is a section 8 Company under Companies Act, 2013</td><td></td></tr>
<tr><td></td><td></td></tr>
</table></td></tr>
<tr><td>23</td><td>Details of holdings in entities incorporated abroad and having a place of business in India.</td><td></td></tr>
<tr><td>24</td><td>Name of Bank/NBFC/any other company in which currently or in the past a member of the Board/ Advisor etc. (giving details of period during which such office is being/ was held).</td><td></td></tr>
</table>

25	If connected with any entity undertaking hire purchase, financing, investment, leasing and other para banking activities (nature of association to be mentioned), details thereof.	
26	If a stock broker or connected with any entity engaged in share broking activities, details thereof.	
27	Details of fund and non-fund-based facilities, if any, presently availed in person and/or by entities listed in (21) to (26) above.	
28	Cases, if any, where as an individual or the entities listed at (21) to (26) above have defaulted or declared as wilful defaulter in the past in respect of credit facilities obtained from a bank/NBFC/any other lending institution.	
III. **Records of professional achievements**		
29	Professional achievements relevant for the directorship.	
IV. **Proceedings, if any, against the proposed director**		
30	(a) As a member of a professional association/body, details of disciplinary action, if any, pending or commenced or resulting in conviction in the past or whether been banned from entry at any profession/ occupation at any time, details thereof.	
	(b) If subject of any written complaint or accusation regarding individual professional conduct or activities, details thereof.	
31	Details of prosecution, if any, pending or commenced or resulting in conviction of self or the entities listed at (21) to (26) above for violation of economic laws and regulations.	
32	Details of criminal prosecution, if any, pending or commenced or resulting in conviction.	
33	If indulged in any breach of AML/CFT guidelines, details thereof.	
34	If attracting any of the disqualifications envisaged under Section 164 of the Companies Act, 2013, details thereof.	
35	If adjudicated insolvent or has suspended payment or has compounded with creditors, details thereof.	
36	If found to be of unsound mind and stands so declared by a competent Court, details thereof.	
37	(a) If convicted by a Criminal Court of an offence which involves moral turpitude or otherwise, details thereof.	
	(b) If convicted by any Court of law, details thereof?	
38	If holding any office of profit under any	

	nationalised bank or State Bank of India, except for holding the post of a whole-time director, details thereof.	
39	If as an individual or any of the entities at (21) to (26) above have been subject to any investigation/vigilance/ matters of enquiry from any of the previous employers or government departments or agency, details thereof.	
40	If found guilty of violation of rules/ regulations/ legislative requirements by customs/ excise/ income tax/ foreign exchange/ other revenue authorities, details thereof.	
41	If reprimanded, censured, restricted, suspended, barred, enjoined, or otherwise sanctioned by any regulator such as SEBI, IRDAI, PFRDA etc., professional organisation, government agency, or court because of professional conduct or activities, details thereof. ***(****Though it shall not be necessary for a candidate to mention in the column about orders and findings which have been later on reversed/ set aside in toto, it would be necessary to make a mention of the same, in case the reversal/ setting aside is on technical reasons like limitation or lack of jurisdiction, and not on merit. If the order is temporarily stayed and the appellate/ court proceedings are pending, the same also should be mentioned****)***.	
V. General Information		
	If a professional like Chartered Accountant, Advocate etc. and presently undertaking/ undertaken any professional work in any bank, provide details thereof including the name of the bank and period of association with the bank.	
	If a sitting MP/MLA/MLC or holding political position in Municipal Corporation or Municipality or other local bodies, provide details thereof.	
VI. In the interest of disclosure and transparency, should there be **any other information relevant for assessing 'fit and proper', provide details thereof.**		

Undertaking

I confirm that the above information is to the best of my knowledge and belief, true and complete. I undertake to keep the bank fully informed, as soon as possible, of all events which take place after my appointment which are relevant to the information provided above. I also undertake to execute a 'Deed of Covenant' as required to be executed with the bank.

(DIN:)

Place:
Date:

1. <u>substantial interest</u>" (i) in relation to a company, means the holding of a beneficial interest by an individual or his spouse or minor child, whether singly or taken together, in the shares thereof, the amount paid up on which exceeds five lakhs of rupees or ten percent of the paid-up capital of the company, whichever is less; (ii) in relation to a firm, means the beneficial interest held therein by an individual or his spouse or minor child, whether singly or taken together, which represents more than ten per cent of the total capital subscribed by all the partners of the said firm

Annexure 3

DEED OF COVENANTS

THIS DEED OF COVENANTS is made this _____day of _______, _______ between the **JAMMU AND KASHMIR BANK LTD**. having its registered office at **CORPORATE HEADQUARTERS,** M.A. ROAD, SRINAGAR 190001 (hereinafter called the '**Bank**") of the one part and _______________ S/o:_______________R/o__________________________:(hereinafter called the Director") of the other part.

WHEREAS

A. The director has been appointed as a director on the Board of Directors of the Bank (hereinafter called "the Board") and is required as a term of his/her appointment to enter into a Deed of Covenants with the Bank.

B. As per the extant guidelines issued by the Reserve Bank of India (RBI), the directors of the banks are now required to execute the said deed of covenants every year as on 31st March. Pursuant to the aforesaid RBI guidelines, the Director has agreed to sign the deed of covenants which has been approved by the Board, pursuant to his said terms of appointment.

NOW IT IS HEREBY AGREED AND THIS DEED OF COVENANTS WITNESSETH AS FOLLOWS:

1. The director acknowledges that his/her appointment as director on the Board of the Bank is subject to applicable laws and regulations including the Memorandum and Articles of Association of the Bank and the provisions of this Deed of Covenants.

2. The director covenants with the Bank that:

(i) The director shall disclose to the Board the nature of his/her interest, direct or indirect, if he/she has any interest in or is concerned with a contract or arrangement or any proposed contract or arrangement entered into or to be entered into between the Bank and any other person, immediately upon becoming aware of the same or at meeting of the Board at which the question of entering into such contract or arrangement is taken into consideration or if the director was not at the date of that meeting concerned or interested in such proposed contract or arrangement, then at the first meeting of the Board held after he / she becomes so concerned or interested and in case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the director becomes concerned or interested in the contract or arrangement.

(ii) The director shall disclose by general notice to the Board his/her other directorships, his/her memberships of bodies corporate, his/her interest in other entities and his/her interest as a partner or proprietor of firms and shall keep the Board apprised of all changes therein.

(iii) The director shall provide to the Bank a list of his/her relatives as defined in the Companies Act, 2013 and to the extent the director is aware directorships and interests of such relatives in other bodies corporate, firms and other entities.

(iv) The director shall in carrying on his/her duties as director of the Bank:

  (i) use such degree of skill as may be reasonable to expect from a person with his/her knowledge or experience;

  (ii) in the performance of his/her duties take such care as he/she might be reasonably expected to take on his/her own behalf and exercise any power vested in him/her in good faith and in the interests of the Bank;

  (iii) shall keep himself/herself informed about the business, activities and financial status of the Bank to the extent disclosed to him/her;

  (iv) attend meetings of the Board and Committees thereof (collectively for the sake of brevity hereinafter referred to as " Board ") with fair regularity and conscientiously fulfil his/her obligations as director of the Bank;

  (v) shall not seek to influence any decision of the Board for any consideration other than in the interests of the Bank;

(vi) shall bring independent judgment to bear on all matters affecting the Bank brought before the Board including but not limited to statutory compliances, performance reviews, compliances with internal control systems and procedures, key executive appointments and standards of conduct;
(vii) shall in exercise of his/her judgment in matters brought before the Board or entrusted to him/her by the Board be free from any business or other relationship which could materially interfere with the exercise of his/her independent judgment; and
(viii) shall express his/her views and opinions at Board meetings without any fear or favour and without any influence on exercise of his/her independent judgement;

(v) The director shall have:
(a) fiduciary duty to act in good faith and in the interests of the Bank and not for any collateral purpose;
(b) duty to act only within the powers as laid down by the Bank's Memorandum and Articles of Association and by applicable laws and regulations; and
(c) duty to acquire proper understanding of the business of the Bank.

(vi) The director shall:
(a) not evade responsibility in regard to matters entrusted to him/her by the Board;
(b) not interfere in the performance of their duties by the whole-time directors and other officers of the Bank and wherever the director has reasons to believe otherwise, he/she shall forthwith disclose his/her concerns to the Board; and
(c) not make improper use of information disclosed to him/her as a member of the Board for his/her or someone else's advantage or benefit and shall use the information disclosed to him/her by the Bank in his/her capacity as director of the Bank only for the purposes of performance of his/her duties as a director and not for any other purpose.

3. The Bank covenants with the director that:

(i) the Bank shall apprise the director about:
(a) Board procedures including identification of legal and other duties of Director and required compliances with statutory obligations;
(b) control systems and procedures;
(c) voting rights at Board meetings including matters in which Director should not participate because of his/her interest, direct or indirect therein;
(d) qualification requirements and provide copies of Memorandum and Articles of Association;
(e) corporate policies and procedures;
(f) insider dealing restrictions;
(g) constitution of, delegation of authority to and terms of reference of various committees constituted by the Board;
(h) appointments of Senior Executives and their authority;
(i) remuneration policy,
(j) deliberations of committees of the Board, and
(k) communicate any changes in policies, procedures, control systems, applicable regulations including Memorandum and Articles of Association of the Bank, delegation of authority, Senior Executives, etc. and appoint the compliance officer who shall be responsible for all statutory and legal compliance.
(ii) the Bank shall disclose and provide to the Board including the director all information which is reasonably required for them to carry out their functions and duties as a directors of the Bank and to take informed decisions in respect of matters brought before the Board for its consideration or entrusted to the director by the Board or any committee thereof;
(iii) the disclosures to be made by the Bank to the directors shall include but not limited to the following:
a) all relevant information for taking informed decisions in respect of matters brought before the Board;
b) Bank's strategic and business plans and forecasts;
c) organisational structure of the Bank and delegation of authority,

d) corporate and management controls and systems including procedures;
e) economic features and marketing environment,
f) information and updates as appropriate on Bank's products
g) information and updates on major expenditure;
h) periodic reviews of performance of the Bank; and
i) report periodically about implementation of strategic initiatives and plans;

(iv) the Bank shall communicate outcome of Board deliberations to directors and concerned personnel and prepare and circulate minutes of the meeting of Board to directors in a timely manner and to the extent possible within two business days of the date of conclusion of the Board meeting; and

(v) advise the director about the levels of authority delegated in matters placed before the Board.

4. The Bank shall provide to the director periodic reports on the functioning of internal control system including effectiveness thereof.
5. The Bank shall appoint a compliance officer who shall be a senior executive reporting to the Board and be responsible for setting forth policies and procedures and shall monitor adherence to the applicable laws and regulations and policies and procedures including but not limited to directions of Reserve Bank of India and other concerned statutory and governmental authorities.
6. The director shall not assign, transfer, sublet or encumber his/her office and his/her rights and obligations as director of the Bank to any third party provided that nothing herein contained shall be construed to prohibit delegation of any authority, power, function or delegation by the Board or any committee thereof subject to applicable laws and regulations including Memorandum and Articles of Association of the Bank.
7. The failure on the part of either party hereto to perform, discharge, observe or comply with any obligation or duty shall not be deemed to be a waiver thereof nor shall it operate as a bar to the performance, observance, discharge or compliance thereof at any time or times thereafter.
8. Any and all amendments and/or supplements and/or alterations to this Deed of Covenants shall be valid and effectual only if in writing and signed by the director and the duly authorised representative of the Bank.
9. This Deed of Covenants has been executed in duplicate and both the copies shall be deemed to be originals.

IN WITNESS WHEREOF THE PARTIES HAVE DULY EXECUTED THIS AGREEMENT ON THE DAY, MONTH AND YEAR FIRST ABOVE WRITTEN.

For the Bank	Director
… … … … … … … ..	… … … … … … … .
Name:	Name:
Title:	Director
In the presence of:	
1……………………………	2………………………….