



Secretarial Audit Policy

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1. INTRODUCTION:

- 1.1 Governments, financial institutions, banks, and companies all have realized that the corporate compliant regime lies not in the adequacy of legislations but in its implementation and compliance. Enactment of various laws is not enough, and the desired results cannot be achieved unless their implementation is geared up. Realising the need to ensure compliance of laws in letter and spirit on continuous basis by an independent professional, the Companies Act, 2013 mandated the carrying out of secretarial audit for bigger companies. The multiplicity of laws, rules, regulations, etc. has necessitated introduction of a secretarial audit to ensure compliances of laws applicable to a company. Secretarial Audit is a mechanism which gives necessary comfort to the management, regulators, and the stakeholders, as to the compliance by the company of applicable laws and the existence of proper and adequate systems and processes.
- 1.2 Secretarial Audit is the audit of non-financial aspects of a company. Secretarial Audit covers non-financial aspects of the business impact on the performance of the company and verifies compliances of applicable laws, regulations, and guidelines.
- 1.3 Basically, Secretarial Audit is an independent verification of the records, books, papers, and documents by a Company Secretary in practice to check the compliance status of the company and to ensure the compliance of legal and procedural requirements and processes are followed by the company.
- 1.4 The Board of Directors in its meeting held on June 04, 2021 vide B.R No. 10 have desired that as a measure to institutionalise the Bank's secretarial audit as one of the tools for strengthening corporate governance and compliance in the Bank, and in keeping with the Bank's practice of having audit policies in several other functional areas, the Bank should formulate a well-structured policy for conduct of secretarial audit in the Bank (including the process of appointing the secretarial auditor and the related aspects) with particular focus on laying down the detailed scope of the audit, in full alignment with the applicable statutory/regulatory requirements. In line with the directions of the Board, this policy document has been formulated.

2. OBJECTIVES:

- To verify & report on compliances of applicable laws and Secretarial Standards.
- To point out non-compliances and inadequate compliances.
- To protect the interest of various stakeholders i.e. customers, investors, promoters, employees, society, etc.
- To avoid any unwarranted legal actions/penalties by regulators, law enforcing agencies and others.

3. DEFINITIONS OF THE TERMS USED

“ACB” means Audit Committee of the Board.

“AGM” means Annual General Meeting.

“Company” or “Bank” means Jammu and Kashmir Bank Limited

“CVC” means Central Vigilance Commission.

“EOI” means Expression of Interest.

“ICSI” means the Institute of Company Secretaries of India

“SA” means Secretarial Auditor. “Secretarial Auditor” means a Company Secretary in Practice or a firm of Company Secretary(ies) in practice appointed to conduct the Secretarial Audit.

“Peer Reviewed Company Secretary” means a Company Secretary in practice, who is either practicing individually or as a sole proprietor or as a partner of a Peer Reviewed Practice Unit, holding a valid certificate of peer review issued by the Institute of Company Secretaries of India

“SEBI” means Securities and Exchange Board of India.

“SEBI (LODR) Regulations” means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 issued by Securities and Exchange Board of India (SEBI), as amended from time to time.

4. APPLICABILITY:

- 4.1 As per Section 204 (1) of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Secretarial Audit is, inter alia, applicable to every listed company. The Secretarial Audit Report shall only be prepared by a Practising Company Secretary appointed for this purpose and possessing such other qualifications as may be prescribed by the Institute of Company Secretaries of India from time to time.
- 4.2 Secretarial Audit Report is required to be provided in the format prescribed in Form MR-3 (enclosed as **Appendix A**) {Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014} and shall be annexed to the Board’s Report of the Company forming part of the Annual report being circulated to the Members of the Company.
- 4.3 Regulations 24A SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 provides that every listed entity and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit by the secretarial Auditor who shall be Peer Reviewed Company Secretary and shall annex with its annual report, a Secretarial Audit Report, given by a Company Secretary in Practice, in such form as may be prescribed with effect from the year ended March 31, 2019. Every listed entity shall submit a secretarial compliance report in such form as specified, to stock exchanges, within sixty

days from end of each financial year (enclosed as **Appendix B**) provided by Secretarial Auditor of the Company.

4.4 The policy will be applicable w.e.f April 1, 2022, for appointment of Secretarial Auditors for the financial year 2022-23 and onwards.

5. SCOPE OF SECRETARIAL AUDIT:

5.1 In terms of Form MR-3, the Secretarial Auditor needs to examine and report the compliance of the following five specific laws:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder.
- (ii) Banking Regulation Act, 1949, Master Circulars, Notifications and Guidelines issued by the RBI from time to time
- (iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder.
- (iv) The Depositories Act, 1996 and the Regulations and Byelaws framed thereunder.
- (v) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- (vi) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992/ SEBI (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999/ SEBI (Share Based Employee Benefits & Sweat Equity) Regulations, 2021.
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
- (vii) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.
 - (a) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.
 - (b) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
 - (c) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

5.2 In addition to above, the Secretarial Auditor needs to examine and report the compliance of the following specifically applicable to the Bank:

- a) The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002
- b) Recovery of Debts Due to Banks and Financial Institutions Act, 1993
- c) The Shops and Establishments Act, 1953
- d) Reserve Bank of India Act, 1934
- e) Prevention of Money Laundering Act, 2002
- f) SEBI (Bankers to an Issue) Regulations, 1994
- g) The Insolvency and Bankruptcy Code, 2016
- h) The Deposit Insurance and Credit Guarantee Corporation Act, 1961

5.3 'Other areas' which need to be checked - Secretarial Auditor shall examine and report on the compliance with the applicable clauses of the following:

- (a) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (b) The Listing Agreements entered into by the Company with The BSE Limited and National Stock Exchange of India Limited read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

5.4 Secretarial Auditor shall also report whether:

- a) The Board of Directors of the Bank is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors, and Women Director.
- b) The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Companies Act, 2013.
- c) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Further, in case of shorter notices whether at least one Independent Director has attended the meeting.
- d) Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
- e) There are adequate systems and processes in the Bank commensurate with the size and operations of the Bank to monitor and ensure compliance with all applicable laws including general rules like labour laws, competition law, environmental laws, regulations, and guidelines.
- f) Specify qualifications with regard to the compliance of the applicable laws and also specify the fines, penalties levied by the regulators.

5.5 In case of financial laws like tax laws and Customs Act etc., Secretarial Auditor may rely on the Reports given by Statutory Auditors or other designated professionals.

5.6 Secretarial Auditor is required to report and provide details of specific events and actions that occurred during the reporting period having major bearing on the affairs of the company in pursuance of above referred laws/ rules & regulations.

6. BENEFITS OF SECRETARIAL AUDIT

6.1 Secretarial Audit facilitates monitoring compliances with the requirements of law through a formal compliance management programme which can produce positive results to the stakeholders of a company:

6.1.1 Promoters

Secretarial Audit assures the promoters of a company that those in-charge of its management are conducting its affairs in accordance with the requirements of laws and the owners' stake is not being exposed to unintended risk.

6.1.2 Non-executive/Independent directors

Secretarial Audit provides comfort to the Non-executive/Independent Directors that appropriate mechanisms and processes are in place to ensure compliance with laws applicable to the company, thus mitigating any risk from a regulatory or governance perspective.

6.1.3 Government authorities/regulators

It also facilitates reducing the burden of the regulators in ensuring compliances and they can take timely actions against the offenders.

6.1.4 Investors

Secretarial Audit helps the investors in taking informed investment decision, as it evaluates the company in terms of compliance and governance norms being followed by the company.

6.1.5 Other Stakeholders

It is an effective due diligence exercise for the prospective investors or joint venture partners. Further, Financial Institutions, Banks, Creditors and Consumers can measure the law-abiding nature of company management.

6.1.6 Benefits to the company itself

- Companies that go the extra mile with their compliance programs lay the foundation for good governance.
- Companies with an effective compliance management programme have lesser chance of receiving penalties, both monetary and by way of imprisonment.
- Companies that imbibe business and personal ethics and an effective compliance management programme within their work culture often

enjoy employee and customer loyalty and public respect for their brand, which can translate into better market capitalization and shareholder returns.

- Recognition for the company as a good corporate citizen.

6.2 The Secretarial Audit provides an in-built mechanism for enhancing corporate compliance generally and help restore the confidence of investors in the capital market through greater transparency in corporate functioning.

7. INDEPENDENCE OF AUDITORS

7.1 The Board of the Bank shall monitor and assess the independence of the secretarial auditor and conflict of interest position in terms of relevant regulatory provisions, standards, and best practices.

7.2 In case of any concern with the Management of the Bank such as non-availability of information/non-cooperation by the Management, which may hamper the audit process, the Secretarial Auditor shall approach the Board of Directors of the Bank.

7.3 The time gap between any non-audit works, internal assignments, special assignments, etc. by the Secretarial Auditor for the Bank or any audit/non-audit works for group entities should be at least one year, before or after its appointment as SA. However, during the tenure as Secretarial Auditor, an audit firm may provide such services to the Bank which may not normally result in a conflict of interest. Such activities may include but not limited to certificates required to be issued by the secretarial auditor in compliance with statutory or regulatory requirements. The Bank shall take appropriate decision in this regard in consultation with the Board of the Bank.

7.4 However, if a Secretarial Auditor is involved in any non-audit work with the Bank and completes or relinquishes the said assignment prior to the date of appointment as SA of the Bank for a particular financial year, the said firm would be eligible for appointment as SA of the Bank for the said financial year.

8. PROFESSIONAL STANDARDS REQUIRED OF SECRETARIAL AUDITOR

8.1 The SA shall be strictly guided by the relevant professional standards in discharge of its/their audit responsibilities with highest diligence. The SA should adhere to generally accepted principle relating to the secretarial practices to be followed while conducting secretarial audit, Guidance note on Secretarial Audit issued by ICSI and auditing standards laid down by the ICSI.

8.2 The Board shall review the performance of SAs on an annual basis. Any serious lapses / negligence in audit responsibilities or conduct issues on part of the SAs or any other matter considered as relevant shall be reported to ICSI within two months from completion of the annual audit. Such reports shall be sent with the approval / recommendation of the Board, with the full details of the audit firm.

8.3 In the event of lapses in carrying out audit assignments resulting in misstatement, and any violations/lapses vis-à-vis the regulatory guidelines regarding the role and responsibilities of the SAs in relation to the Bank, the SAs would be liable to be dealt with suitably under the relevant statutory/regulatory framework.

9. APPOINTMENT / ELIGIBILITY REQUIREMENTS OF SECRETARIAL AUDITOR

9.1 In compliance to the Section 204(1) of the Companies Act, 2013, only a member of the Institute of Company Secretaries of India holding certificate of practice (company secretary in practice) can conduct Secretarial Audit and furnish the Secretarial Audit Report to the Bank. Further in compliance the provisions of Rule 8 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, on the basis of recommendations of the Board of Directors of the Bank, a listed entity shall appoint or re-appoint an individual as Secretarial Auditor for not more than one term of five consecutive years or Secretarial Audit firm as Secretarial Auditor for not more than two terms of five consecutive years with the approval of its shareholders in its Annual General Meeting. The Copy of the resolution will be filed with the Ministry of Corporate Affairs within 30 days or within such additional time as may be prescribed from the date of appointment.

9.2 Besides, the above requirements, the secretarial auditor should also fulfil the following requirements to be eligible to be appointed as secretarial auditor:

- a) The Practicing Company Secretary (PCS) / Firm of Company Secretaries (Proprietorship /Partnership/Limited Liability Partnership) should have minimum 05 years of practicing experience as Practicing Company Secretary.
- b) The Head office/ Branch office of the Practicing Company Secretary (PCS) / Firm of Company Secretaries should be preferably located in Jammu & Kashmir.
- c) PCS and/or Firm/LLP should have infrastructure to carry out secretarial audit.
- d) The Audit firm/PCS must not subcontract the work.
- e) The Audit Firm/PCS shall certify that neither the firm nor any of its partners have any interest in the business of the Bank. The Audit Firm/PCS shall comply with the prohibitions contained in the applicable laws regarding dealings with the Bank.
- f) The appointee Firm/PCS before appointment shall certify that if appointed as Secretarial Auditor, it will not exceed the limits specified under the companies Act, 2013, if any.
- g) PCS/Firm/LLP must have experience of completion of Secretarial Audit of any Listed Bank of at least one year.

h) The Practicing Company Secretary (PCS) / Firm of Company Secretaries must have previous experience in dealing with company Secretarial work including MCA filing works of any of the Listed Company for last 5 years.

i) A person shall be eligible for appointment as a Secretarial Auditor of the listed entity only if such person is a Peer Reviewed Company Secretary and has not incurred any of the disqualifications as specified by the SEBI:

Provided that a firm whereof majority of partners practising in India are qualified for appointment as aforesaid may be appointed by its firm name to be Secretarial Auditor of the listed entity.

Where a firm including a limited liability, partnership is appointed as Secretarial Auditor of the listed entity, only the partners who are Peer Reviewed Company Secretaries shall be authorised to act and sign on behalf of the firm

Where a person appointed as Secretarial Auditor of the listed entity incurs any of the disqualifications as specified by the Board, after appointment, such person shall vacate the office as Secretarial Auditor and such vacation shall be deemed to be a casual vacancy in the office of the Secretarial Auditor.

9.3 Secretarial Auditor not to render certain services

A Secretarial Auditor appointed shall provide to the listed entity only such other services as are approved by the board of directors, but which shall not include any services as specified by the Board in this behalf.

The detailed list of services that can/ cannot be rendered by a Secretarial Auditor to the listed entity or its holding entity or subsidiary entity shall be specified by ICSI. Further, the list of services that are prohibited as given in Annexure 3 to the SEBI Circular SEBI/HO/CFD/CFD-PoD-2/CIR/P/2024/185 dated December 31, 2024 and cannot be rendered are as under:

i) Internal Audit

ii) Design and implementation of any compliance management system, information system, policy framework, systems or processes for compliance;

iii) Investment advisory services

iv) Investment banking services

v) Rendering of outsourced compliance management, record keeping & maintenance services

vi) Management Services*

vii) Any other kind of services as may be specified from time to time

***Management Services** has to be taken as services (performed by the secretarial auditor) for the management, either (a) in the form of doing actions/functions that would otherwise have to be done/undertaken by the management; or (b) providing any kind of support (inclusive of analysis, research, advice etc.) that is required by management for the performance of those actions/functions.

All activities carried out by a company are pursuant to actions / functions of the management of that company. As a result of the above definition, advising the

management on any activity of a company would get classified as management services to that company.

The Secretarial Auditor is allowed to render all other non-prohibited services that is permissible to be rendered with the approval of Board of Directors of a listed entity.

10. TENURE AND ROTATION

On the basis of recommendation of board of directors, a listed entity shall appoint or re-appoint:

- (i) an individual as Secretarial Auditor for not more than one term of five consecutive years; or
- (ii) a Secretarial Audit firm as Secretarial Auditor for not more than two terms of five consecutive years with the approval of its shareholders in its Annual General Meeting

Provided that-

(i) an individual Secretarial Auditor who has completed his or her term under sub-clause (i) of this clause shall not be eligible for re-appointment as Secretarial Auditor in the same entity for five years from the completion of his or her term;

ii) a Secretarial Audit firm which has completed its term under sub-clause (ii) of this clause, shall not be eligible for re-appointment as Secretarial Auditor in the same entity for five years from the completion of such term:

Provided further that as on the date of appointment no Secretarial Audit firm having a common partner or partners to the other Secretarial Audit firm, whose tenure has expired in the listed entity immediately preceding the financial year, shall be appointed as Secretarial Auditor of the same listed entity for a period of five years:

Provided further that, nothing contained in these regulations shall prejudice the right of the entity to remove Secretarial Auditor with the approval of its shareholders in its Annual General Meeting or the right of the Secretarial Auditor to resign from such office of the listed entity.

11. AUDIT FEES AND EXPENSES

11.1 The audit fees for Secretarial Audit shall be decided in terms of the relevant statutory/regulatory provisions by the Board of Directors of the Bank.

11.2 The audit fees shall be reasonable and commensurate with the scope and coverage of audit, size of Bank, complexity of transactions, level of computerization, identified risks in reporting, etc.

12. PROCEDURE FOR APPOINTMENT OF SECRETARIAL AUDITOR

12.1 The Secretarial Auditor will be appointed at beginning of the financial year as secretarial audit entails checking of compliances on a continuous basis. As a good practice, the Secretarial Auditor should submit a report to the Board at

the end of each quarter as to the compliances of the Bank. While appointing the Secretarial Auditor, the Bank should follow due process of engagement/empanelment through EOI / RFP / RFQ as applicable in line with CVC guidelines. The Board of the Bank shall approve the appointment and remuneration of the auditor.

- 12.2 The Bank shall invite applications/ expression of interest (EOI) from eligible Audit firms including the Bank's past Secretarial Auditors, other firms having associations with the Bank for conducting the audit. Firms with headquarters/branches in J&K fulfilling the eligibility criteria shall be given preference for appointment of Secretarial Auditor. Expression of interest/applications received will be considered if they are found to be meeting the eligibility conditions.
- 12.3 Interests/Applications received will be evaluated, in line with CVC guidelines. Based on the evaluation results, the Bank will shortlist a firm for conducting of Secretarial Audit.
- 12.4 Thereafter, the Bank will approach the audit firms, and obtain their irrevocable consent in writing. If the approached audit firm does not give consent, the Bank will approach the next audit firm in order of evaluation for obtaining consent.
- 12.5 The Bank shall obtain the certificate(s), alongwith relevant information as per **Appendix C**, from the audit firm(s) proposed to be appointed / reappointed as SAs, to the effect that the audit firm(s) complies with all the eligibility norms prescribed by Regulatory Authorities for the purpose. Such certificate should be signed by the proprietor / main partner of the audit firm proposed for appointment / reappointment as SA of the Bank, under the seal of the said audit firm.
- 12.6 The shortlisted name/s will be presented to the Board. The Board may at its discretion require such other information as it may deem proper and they will recommend the appointment of Secretarial Auditor to Shareholders of the Bank. Thereafter, the shareholders shall appoint the Secretarial Auditor in the ensuing Annual General Meeting of the Bank.
- 12.7 Thereafter, letter of appointment will be issued to the selected auditor and the Bank shall submit the resolution passed by the shareholders with the Registrar of Companies/ Ministry of Corporate Affairs in the prescribed format within 30 days as prescribed by the Companies Act, 2013 read with the relevant rules.

13. CAUSAL VACANCY OF SECRETARIAL AUDITOR

The casual vacancy arising out of resignation, death or disqualification of a Secretarial Auditor shall be filled by the board of directors of the listed entity within a period of three months and the secretarial auditor so appointed shall hold office till the conclusion of the next annual general meeting.

14. SECRETARIAL AUDITOR'S RIGHT TO RECEIVE NOTICE OF ANNUAL GENERAL MEETING

Para 1.2.1 of Secretarial Standard on General Meetings requires that the notice in writing of every Meeting shall be given to every Member of the company. Such Notice shall also be given to the Directors and Auditors of the company, to the Secretarial Auditor, to Debenture Trustees, if any, and, wherever applicable or so required, to other specified persons.

15. POWERS AND DUTIES OF SECRETARIAL AUDITOR UNDER THE COMPANIES ACT, 2013

Section 143 of the Companies Act, 2013 deals with powers and duties of Auditors. Sub section (14) of section 143 provides that the provisions of this section shall *mutatis mutandis* apply to the Company Secretary in Practice conducting Secretarial Audit under section 204.

16. PROFESSIONAL RESPONSIBILITY AND PENALTY FOR INCORRECT AUDIT REPORT

16.1 Section 448 of Companies Act, 2013 provides that if in any return, report, certificate, financial statement, prospectus, statement or other document required by, or for the purposes of any of the provisions of this Act or the rules made thereunder, any person makes a statement:

- (a) which is false in any material particulars, knowing it to be false; or
- (b) which omits any material fact, knowing it to be material, he shall be liable under section 447.

16.2 Section 447 deals with punishment for fraud which provides that any person who is found to be guilty of fraud, shall be punishable with imprisonment for a term which shall not be less than six months, but which may extend to ten years and shall also be liable to fine which shall not be less than the amount involved in the fraud, but which may extend to three times the amount involved in the fraud.

16.3 In case, the fraud in question involves public interest, the term of imprisonment shall not be less than three years. In terms of Section 448, a Company Secretary in Practice is liable to attract penal provision if, he makes statement in the Secretarial Audit Report which is false in any material particulars, knowing it to be false or omits any material fact knowing it to be material. Section 204(4) further provides that if Company Secretary in Practice contravenes the provisions of Section 204, he shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.

16.4 Besides, the Company Secretary in Practice shall be liable for professional or other misconduct mentioned in First or Second Schedule or in both the Schedules to the Company Secretaries Act, 1980

17. DUTY TO REPORT FRAUD

Section 143(12) read with the Companies (Audit and Auditors) Rules, 2014 provides that if an auditor of a company in the course of the performance of his duties as auditor, has reason to believe that an offence of fraud which involves or is expected to involve individually an amount of rupees one crore or above, is being or has been committed against the company by its officers or employee, the auditor shall report the matter to the Central Government.

18. PROCESS OF SECRETARIAL AUDIT

While conducting the Secretarial audit, the SA should as far as applicable adhere to the provisions of the Guidance note on Secretarial Audit issued by the Institute of Company Secretaries of India regarding process of secretarial audit.

19. DISCLOSURE OF THE POLICY

The policy document shall be for internal circulation and made available on the Bank's intranet and will not be placed on Bank's Website.

20. OWNERSHIP & REVIEW OF THE POLICY

The ownership of this policy shall be with Board Secretariat Department. The periodicity of review of policy shall be biennial review. 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

Annexure A - Format of Secretarial Audit Report (Form MR-3)

Annexure B - Secretarial Compliance Certificate

Annexure C - Certificates to be obtained from the Secretarial Auditor



J&K Bank
Serving To Empower

Jammu and Kashmir Bank Limited
Corporate Headquarters, M. A. Road,
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www.jkb.bank.in



Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule
No.9 of the Companies (Appointment and Remuneration Personnel)
Rules, 2014]*

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED

To,
The Members,
..... Limited

I/We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by..... (name of the company).(hereinafter called the company). Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my/our verification of the (name of the company's) books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I/We hereby report that in my/our opinion, the company has, during the audit period covering the financial year ended on

_____, _____ complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I/we have examined the books, papers, minute books, forms and returns filed and other records maintained by ("the Company") for the financial year ended on __, _____ according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an

Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

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

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) (Mention the other laws as may be applicable specifically to the company)

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with Stock Exchange(s), if applicable;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

Note: Please report specific non compliances / observations / audit qualification, reservation or adverse remarks in respect of the above para wise.

I/we further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I/we further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Note: Please report specific observations / qualification, reservation or adverse remarks in respect of the Board Structures/system and processes relating to the Audit period.

I/we further report that during the audit period the company has
(Give details of specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above).
For example:

- (i) Public/Right/Preferential issue of shares / debentures/sweat equity, etc.
- (ii) Redemption / buy-back of securities
- (iii) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013
- (iv) Merger / amalgamation / reconstruction, etc.
- (v) Foreign technical collaborations

Place :

Signature:

Date :

Name of Company Secretary in practice / Firm:

ACS/FCS No.

C P No.:

Note: Parawise details of the Audit finding, if necessary, may be placed as annexure to the report.

FORMAT OF ANNUAL SECRETARIAL COMPLIANCE REPORT

(On the letter head of the Practicing Company Secretary)

Secretarial Compliance Report of [] [Name of the listed entity] for the financial year ended

I/We___have examined:

- (a) all the documents and records made available to us and explanation provided by [] [Name of the listed entity] ("the listed entity"),
- (b) the filings/ submissions made by the listed entity to the Stock Exchanges,
- (c) website of the listed entity,
- (d) any other document/ filing, as may be relevant, which has been relied upon to make this Report.

for the financial year ended [] ("Review Period") in respect of compliance with the provisions of :

- (a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the regulations, circulars, guidelines issued thereunder; and
- (b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the regulations, circulars, guidelines issued thereunder by the SEBI;

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

- (a) Securities and Exchange Board of India (LODR) Regulations, 2015;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- (e) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- (f) Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021
- (g) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (h) other regulations as applicable.

and circulars/ guidelines issued thereunder;

(Note: The aforesaid list of Regulations is only illustrative. The list of such SEBI Regulations, as may be relevant and applicable to the listed entity for the review period, shall be added.)

FORMAT OF ANNUAL SECRETARIAL COMPLIANCE REPORT

and based on the above examination, I/We hereby report that, during the Review Period:

(a) (**) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:

Sr. No.	Compliance Requirement (Regulations / circulars/ guidelines including specific clause)	Regulation/ Circular No.	Devi- ations	Action Taken by	Type of Action	Detailsof Violation	Fine Amount	Observations /Remarks of the Practicing Company Secretary (PCS)	Manage -ment Response	Remarks
					Advisory/ Clarification/ Fine/ Show Cause Notice/ Warning etc.					

(b) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No.	Observations/ Remarks Of the Practicing Company Secretary in the previous reports) (PCS)	Observations made in the secretarial compliance report for the year ended (the years are to be mentioned)	Compliance Requirement (Regulations/ circulars/ guidelines including specific clause)	Details of violation / deviations and actions taken / penalty imposed, if any, on the listed entity	Remedial actions, if any, taken by the listed entity	Comments of the PCS on the actions taken by the listed entity

(Note:

1. Provide the list of all the observations in the report for the previous year along with the actions taken by the listed entity on those observations.

FORMAT OF ANNUAL SECRETARIAL COMPLIANCE REPORT

2. Add the list of all observations in the reports pertaining to the periods prior to the previous year in case the entity has not taken sufficient steps to address the concerns raised/ observations.

E.g. In the report for the year ended 31st Mar, 2023, the PCS shall provide a list of:

- all the observations in the report for the year ended 31st March, 2022 along with the actions.
- taken by the listed entity on those observations.
- the observations in the reports pertaining to the year ended 31st March, 2022 and earlier, in case the entity has not taken sufficient steps to address the concerns raised/ observations in those reports.)

I. I/we hereby report that, during the review period the compliance status of the listed entity with the following requirements:

Sr. No.	Particulars	Compliance Status (Yes/ No/NA)	Observation s/Remarks by PCS*
1.	Secretarial Standards: The compliances of the listed entity are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries of India (ICSI).		
2.	Adoption and timely updation of the Policies: • All applicable policies under SEBI Regulations are adopted with the approval of board of directors of the listed entities. • All the policies are in conformity with SEBI Regulations and have been reviewed & updated on time, as per the regulations/ circulars/guidelines issued by SEBI.		
3.	Maintenance and disclosures on Website: • The listed entity is maintaining a functional website. • Timely dissemination of the documents/ information under a separate section on the website. • Web-links provided in annual corporate governance reports under Regulation 27(2) are accurate and		

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Sr. No.	Particulars	Compliance Status (Yes/ No/NA)	Observation s/Remarks by PCS*
	specific which redirects to the relevant document(s)/section of the website.		
4.	Disqualification of Director(s): None of the director(s) of the listed entity is/ are disqualified under Section 164 of Companies Act, 2013 as confirmed by the listed entity		
5.	Details related to subsidiaries of listed entities have been examined w.r.t.: (a) Identification of material subsidiary companies. (b) Disclosure requirement of material as well as other subsidiaries.		
6.	Preservation of Documents: The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per policy of preservation of documents and archival policy prescribed under SEBI LODR Regulations, 2015.		
7.	Performance Evaluation: The listed entity has conducted performance evaluation of the board, independent directors and the committees at the start of every financial year/during the financial year as prescribed in SEBI Regulations.		
8.	Related Party Transactions: (a) The listed entity has obtained prior approval of audit committee for all related party transactions; (b) In case no prior approval obtained, the listed entity shall provide detailed reasons along with confirmation whether the transactions were subsequently approved/ratified/rejected by the audit committee.		

FORMAT OF ANNUAL SECRETARIAL COMPLIANCE REPORT

Sr. No.	Particulars	Compliance Status (Yes/ No/NA)	Observations/ Remarks by PCS*
9.	Disclosure of events or information: The listed entity has provided all the required disclosure(s) under Regulation 30 along with Schedule III of SEBI LODR Regulations, 2015 within the time limits prescribed thereunder.		
10.	Prohibition of Insider Trading: The listed entity is in compliance with Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015.		
11.	Actions taken by SEBI or Stock Exchange(s), if any: No action(s) has been taken against the listed entity/ its promoters/ directors/ subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder (or) The actions taken against the listed entity/ its promoters/ directors/ subsidiaries either by SEBI or by Stock Exchanges are specified in the last column.		
12.	Resignation of statutory auditors from the listed entity or its material subsidiaries: In case of resignation of statutory auditor from the listed entity or any of its material subsidiaries during the financial year, the listed entity and / or its material subsidiary(ies) has / have complied with paragraph 6.1 and 6.2 of section V-D of chapter V of the Master Circular on compliance with the provisions of the LODR Regulations by listed entities.		

FORMAT OF ANNUAL SECRETARIAL COMPLIANCE REPORT

13.	Additional Non-compliances, if any: No additional non-compliances observed for any SEBI regulation/circular/guidance note etc. except as reported above.		
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Observations/Remarks by PCS are mandatory if the compliance status is provided as 'No' or 'NA'

Assumptions & limitation of scope and review:

1. Compliance of the applicable laws and ensuring the authenticity of documents and information furnished, are the responsibilities of the management of the listed entity.
2. Our responsibility is to report based upon our examination of relevant documents and information. This is neither an audit nor an expression of opinion.
3. We have not verified the correctness and appropriateness of financial records and books of account of the listed entity.
4. This report is solely for the intended purpose of compliance in terms of Regulation 24A (2) of the SEBI (LODR) Regulations, 2015 and is neither an assurance as to the future viability of the listed entity nor of the efficacy or effectiveness with which the management has conducted the affairs of the listed entity.

Place:

Signature:

Date:

Name of the PCS

ACS/ FCS No.:

CP No. :

UDIN :

PR No. ...

**Board Secretariat**

Ref:- _____

Dated: _____

M/s _____

Practicing Company Secretary

Appendix C

Reg: Appointment as Secretarial Auditor of the Bank

Dear Madam/Sir,

We are pleased to inform you that you have been appointed as Secretarial Auditor of the of the Bank for conducting audit of the Secretarial and other related records of the Bank for the Financial Year ended _____ at a total remuneration of Rs. _____.\

In this context please provide us the under mentioned certificates at the earliest:

1. Certificate of Declaration of Fidelity and Secrecy (Annexure A)
2. Declaration of indebtedness (Annexure B)
3. Consent letter/ letter of Acceptance (Annexure C)

We are enclosing herewith the following documents for your reference and necessary action:

1. List of Directors of our Bank as on date.
2. Terms and Conditions of your engagement as Secretarial Auditor.
3. Details of previous Secretarial Auditor.
4. Terms and Conditions for conducting Secretarial Audit and issuing Reports as required under the provisions of Section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (Annexure D).

Further, all the below mentioned documents, duly signed, should reach our office by or before _____ or may be submitted on our e-mail address (board.sectt@jkbmail.com). However, please ensure the compliance with all the requirements relating to signature prescribed in the relevant law or regulation, Standards on Auditing and relevant announcements/clarifications issued by SEBI, ICSI and other regulators on the matter including the requirement to mention UDIN.

- a. Profile of the Firm.
- b. Attested Xerox copy of Firm Registration No. / Constitution Certificate allotted by ICSI.
- c. Attested Xerox copy of Membership / COP issued by ICSI.
- d. Attested Xerox copy of Annual Income Tax Return of the Firm.
- e. Copy of authorization letter issued by the firm and attested photo-identification in favour of Partner(s) and Audit Assistant (s) deployed by the firm for carrying out the audit.
- f. Attested copies GSTN and PAN of the Firm.

Further, other documents (if required) shall be asked for separately.

You are requested to return the duplicate copy of this letter duly signed acknowledging your appointment as Secretarial Auditor of the Bank for the Financial Year _____.

You are also requested to send us your audit schedule to enable us to proceed further in the matter.

Yours faithfully

Sd/-

(Company Secretary)

Board Secretariat



ANNEXURE —A
(on stamp paper of Rs. 100.00)

Declaration of Fidelity and Secrecy

I/We _____ do hereby declare that I/We will faithfully, truly and to the best of my / our skill and ability, execute and perform the duties required of us as secretarial auditors of Jammu & Kashmir Bank Ltd. and which properly relate to the office or position in the said Jammu & Kashmir Bank Ltd., held by us. I/We further declare that I/We will not communicate or allow to be communicated to any person not legally entitled thereto any information relating to the affairs of Jammu & Kashmir Bank Ltd. or to the affairs of any person having any dealing with Jammu & Kashmir Bank Ltd. nor will I/We allow any such person to inspect or have access to any books of documents belonging to and in the possession of the Bank and relating to the business of Jammu & Kashmir Bank Ltd. or to the business of any person having any dealing with Jammu & Kashmir Bank Ltd.

Secretarial Auditor
Signature with Stamp

Date:
Place:

Board Secretariat



ANNEXURE - B

DECLARATION OF INDEBTNESS

I _____ the proprietor/main partner of M/s _____ situated at (complete address) hereby declare that no credit facilities (including guaranteeing any facility availed of by third party) have been availed of by me/any of our partners/my/their relatives or by the firm/company in which I am/they are partners/directors, from Jammu and Kashmir Bank Ltd.

Signature of the proprietor/main partner

Seal of the proprietary concern/partnership firm

Note: The above declaration must be furnished on the letter head of the proprietary concern/audit firm.

Place:

Date:

Board Secretariat



Annexure-C

CONSENT LETTER/LETTER OF ACCEPTANCE

(To be drafted on the Firm's Letter Head)

Ref No _____

Dated _____

Company Secretary,
Jammu & Kashmir Bank Ltd.
Corporate Headquarters:
M. A Road Srinagar -190001 Kashmir.

Sub: - Letter of acceptance

Dear Sir,

With reference to your letter No. _____, Dated _____, wherein I / we have been engaged as Secretarial Auditor of Jammu and Kashmir Bank Ltd., I / we accept the offer of engagement as the Secretarial Auditor.

Enclosed please find herewith:

- a. Profile of the Firm
- b. Copy of Terms and conditions (duly Signed with Seal)
- c. Attested Xerox copy of Firm Registration No. / Constitution Certificate allotted by ICSI.
- d. Attested Xerox copy of Membership / COP issued by ICSI.
- e. Attested Xerox copy of Annual Income Tax Return of the Firm.
- f. Copy of authorization letter issued by the firm and attested photo-identification in favour of Partner(s) and Audit Assistant (s) deployed by the firm for carrying out the audit.
- g. Attested copies **GSTN and PAN** of the Firm.

Yours faithfully

Authorised Signatory
(Signature and Seal)

Board Secretariat



AFFIDAVIT

(To be executed on Non Judicial Stamp Paper of Rs. 100.00)

I/ we _____ on behalf of _____ ,
having been engaged as 'Secretarial Auditor' in the Jammu and Kashmir Bank Limited, do hereby
affirm, declare and sworn on oath as under:

- i. I / we consent that in case of any serious act/s of omission or commission (to be determined at the sole discretion of the Bank) is /are noticed in the working of my /our firm, the Bank shall be free to cancel the engagement of my /our firm and report it to SEBI, ICSI and other regulators.
- ii. I / we also consent that in case of any qualifications under statutory or other audit that was and not reported by me / our firm during the course of Secretarial Audit shall entail disqualification and cancelling of my / our firm's appointment as the Secretarial auditor of the Bank.

Deponent

Verification

Verified on this the ___ day of _____ at _____ that the averments made above are true and correct to the best of my knowledge and belief and nothing has been concealed or misrepresented.

Deponent

Board Secretariat



Annexure-D

Terms and Conditions for Conducting Secretarial Audit and issuing Report as required under the provisions of Section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. The scope of services would be as follows:
 - a. Conducting review of secretarial and other records of the Bank for the quarters ended _____.
 - b. Conducting the audit for the quarter and year ending _____ for the purpose of issuing Secretarial Audit Report as required under the provisions of Section 204 of the Companies Act, 2013.
 - c. Issuing of Report in Form MR - 3.
 - d. Conducting the audit in accordance with guidelines and abiding by the code of conduct as prescribed by the Institute of Company Secretaries of India in this regard.
 - e. Advising on shortcomings / lapses discovered during the course of Audit.
2. The assignment would start from the date of acceptance of the Terms and Conditions and on issuance of an appointment letter supported by a Resolution of the Board of Directors.
3. The assignment will conclude on submitting of final report to the Board of Directors.
4. Professional fee for the entire assignment would be Rs. _____ plus tax as applicable from time to time.
5. The above fee does not include travel, lodging expenses and other out of pocket expenses incurred while discharging the duties specified above by our team.