

Jammu and Kashmir Bank Limited

Corporate Headquarters
M A Road, Srinagar 190001
Kashmir, India
CIN: L65110JK1938SGC000048

T +91 (0)194 248 3775 W www.jkbank.com
F +91 (0)194 248 1928 E board.sectt@jkmail.com



Board Secretariat

Ref:-JKB/BS/F3652/2025/308
Date: 05th February, 2025

National Stock Exchange of India Limited
Exchange Plaza 5th Floor
Plot No. C/1 G-Block
Bandra Kurla Complex
Bandra (E) Mumbai - 400 051
Symbol: J&KBANK

The BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400 001
Scrip Code: 532209

SUB:- DISCLOSURE UNDER REGULATION 30 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

Dear Sir's,

This is to inform that the Bank has received a demand dated February 04, 2025 from Joint Commissioner, Central GST Commissionerate, Jammu for GST liability of Rs. 81,30,66,42,768/- (Rupees Eight Thousand One Hundred Thirty Crores Sixty Six Lacs Forty Two Thousand Seven Hundred and Sixty Eight Only) with interest as applicable and penalty of Rs. 81,30,66,42,768/- (Rupees Eight Thousand One Hundred Thirty Crores Sixty Six Lacs Forty Two Thousand Seven Hundred and Sixty Eight Only).

The details as required under Point 20 Para A Part A of Schedule III to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are enclosed herewith as Annexure - I. This disclosure is being made pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Thanking you

Yours faithfully

For Jammu and Kashmir Bank Limited

(Mohammad Shafi Mir)
Company Secretary



Details of order as required under Point 20 Para A Part A of Schedule III to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Particulars	Details
I. Name of the Authority	Joint Commissioner, Central GST Commissionerate, Jammu
II. Nature and details of the action(s) taken or order(s) passed	Demand dated 04-02-2025 received on 04-02-2025. GST: 81,30,66,42,768/- Penalty: 81,30,66,42,768/-
III. Date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority	February 04, 2025 at 11:49 AM
IV. Details of the violation(s)/contravention(s) committed or alleged to be committed	Interest Receivable under Transfer Pricing Mechanism (TPM) between Corporate Headquarters and Branches from common pool of funds, has been treated as financial services and GST levied thereon.
V. Impact on financial, operation or other activities of the listed entity, quantifiable in monetary terms to the extent possible	<p>Demand notice pertains to the period 08.07.2017 to 31.03.2020 for transfers under the Banks Transfer Price Mechanism (TPM). In a bank, the common resource - funds or liquidity is shared by all the business units. Therefore the most important function of TPM is to provide a basis for the exchange of funds between different business units of a bank. TPM is an internal allocation and measurement mechanism for determining the pricing of incremental loans/investments/deposits and for determining the profit contribution of various lending and borrowing units of a bank. It is critical component of the profitability measurement process, as it allocates the major component of profitability in a bank, Net Interest Margin (NIM). It's a management decision tool and is useful means to identify the areas of strength and weaknesses within the bank.</p> <p>Since the Bank is, in law a single legal entity constituting of its Corporate Headquarter as also all the branches, it is legally obliged to reflect its financial statements prepared under the provisions of regulatory laws applicable to it for its whole entity. All the TPM entries are purely notional in nature and when entity level financial statements are prepared, the expenditures and incomes accruing from within the Bank on account of TPM interest distribution are nullified.</p> <p>The said mechanism has been adopted by all Banks in India pursuant to Reserve Bank of India ("RBI") guidelines dated 07.10.1999, with the subject "Risk Management Systems in Banks" wherein the RBI provided for evolution of Fund Transfer Mechanism to supplement the Assets Liability Management in Banks.</p> <p>The J&K Bank like other Banks have evolved the TPM and do not treat transaction recorded under such mechanism as financial service which may attract provisions of GST law.</p> <p>The Bank has strong case on merits and has reasonable belief on the basis of expert opinion on subject that the demand is without legal justification and will be set aside by Court of appropriate jurisdiction.</p> <p>The Bank has taken appropriate legal recourse in the matter and based on our assessment and legal course adopted by the Bank and expert opinion, we believe that the demand order shall have no material impact on the financials, operations or other activities of the Bank.</p>