



January 11, 2019

To  
The Manager  
The Department of Corporate Services  
BSE Limited  
Floor 25, P. J. Towers,  
Dalal Street, Mumbai – 400 001

To  
The Manager  
The Listing Department  
National Stock Exchange of India Limited  
Exchange Plaza, Bandra Kurla Complex,  
Bandra (East), Mumbai – 400 051

**Scrip Code: 539450**

**Scrip Symbol: SHK**

Dear Sir/ Madam,

**Sub: Disclosure pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform that Keva Fragrances Pvt. Ltd. ("new KFG") - a wholly owned subsidiary of the Company has received an assessment order under Section 143(3) of the Income Tax Act, 1961 for the Assessment Year 2016-17 with a demand of Rs. 137.95 crores including interest. This includes Rs. 116 crores on account of Section 56(2)(viib) of the Income Tax Act as detailed below. The remaining amount has no impact on business results as reported.

In accordance with the scheme of amalgamation of Keva Fragrances Private Limited ("old KFG") with K V Arochem Pvt. Ltd. ("KVA") as sanctioned by the Hon'ble High Court of Bombay on September 22, 2016, the business, assets, liabilities and reserves of KFG were transferred at fair values to and vested in KVA with effect from May 1, 2015 i.e. the Appointed Date. The difference between the consideration and the amount of share capital of the acquired entity was transferred to Goodwill. The name of KVA stood changed to 'Keva Fragrances Private Limited' ("new KFG") with effect from December 14, 2016.

The aforesaid amount has been demanded by the tax department by applying Section 56(2)(viib). It has been held in one of the judicial decisions that Section 56(2)(viib) is applicable only when unaccounted money was involved in issue of shares. The shares issued by new KFG were towards transfer of business upon merger and hence, 56(2)(viib) is inapplicable.

The Company has been advised that the Assessing officer has erroneously interpreted the provisions of law and has applied the tax provisions which are not applicable to the facts of our case.

Accordingly, we have been advised that the said order is not tenable under law and there is reasonable certainty of the order being quashed by appellate authorities. New KFG has filed an appeal contesting the assessment made by the Assessing Officer and has also filed for stay of demand.

The said disclosure was approved by the Board at its meeting held on January 10, 2019. We request you to kindly take the same on record.

Thanking you,

Yours faithfully,

For S H Kelkar and Company Limited

  
Deepti Chandratre  
Company Secretary & Compliance Officer



S H Kelkar And Company Limited

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