

E:KRBL/BIBHU/STK_EX_1819/58
February 8, 2019



<p>✓</p> <p>The General Manager Department of Corporate Services BSE Limited Floor 25, Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400 001</p> <p>Scrip Code: 530813</p>	<p>National Stock Exchange of India Limited “Exchange Plaza”, C-1, Block-G Bandra-Kurla Complex Bandra (E) Mumbai-400051</p> <p>Symbol: KRBL Series: Eq.</p>
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Dear Sir/Madam,

Subject: Intimation about Income tax Demand Notice

Pursuant to the provisions of Regulation 30(1)/(4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), please find enclosed herewith the disclosure note pertaining to the Income tax Demand Notice received with respect to Assessments for the period covered under search from AY 2010-11 to AY 2016-17.

This disclosure note has been approved by the Board of Directors of the Company at its meeting held on February 08, 2019.

We wish to inform you that the Board of Directors of the Company in its meeting held on February 08, 2019 reviewed the demand raised by the Income Tax Department for the assessment years AY 2010-11 to AY 2016-17, and approved to challenge the demand through the appellate process enunciated in the Income Tax Act, 1961 on the grounds of it being erroneous in facts and in law. Since the subject matter falls under the category of litigation/disputes, the Board of Directors of the Company after detailed discussions and deliberations, advised for disclosing the subject matter to the Stock Exchanges pursuant to the provisions of Regulation 30 (1)/(4) of Listing Regulations.

This is for your kind information and records.

Thanking you,

Yours faithfully,
For KRBL Limited


Raman Sapra
Company Secretary



Encl.: As Above.

KRBL Limited

SUB: DISCLOSURE NOTE PERTAINING TO THE INTIMATION ABOUT INCOME TAX DEMAND NOTICE

The Company has received an income tax assessment order pertaining to Assessment years 2010-11 to 2016-17 after taking into account the replies submitted by the Company during the course of Income Tax Assessment proceedings for the above mentioned period.

Background

A search and seizure operation u/s 132 of the Income-tax Act, 1961, was conducted by the Income Tax Department ("Department") from March 30, 2016 to April 1, 2016, on the Company. Subsequently, the Department conducted survey u/s 133A of the Income-tax Act 1961, on May 25, 2017, which was concluded on May 28, 2017. The Intimation pertaining to the search and survey conducted by the Income Tax Department in 2016 and 2017, were communicated to the Stock Exchanges vide intimation dated April 04, 2016 and May 29, 2017, respectively.

The assessment proceedings u/s 153A of the Income-tax Act 1961 have been completed and the Department made additions of Rs. 2,220.79 crores to total income of Company, out of which Rs.1,995.54 crores is on account of disallowance u/s 40A(3) of the Income-tax Act 1961, for paddy purchases from farmers. The above paddy purchase has been duly disclosed in the books of accounts of the respective years and had also been accepted in the assessment proceedings for the respective years. The Department has made total income tax demand of Rs. 757.44 crores and interest (Rs. 511.76 crores) thereon for the above mentioned seven assessment years.

The Board of Directors, in its meeting held on February 08, 2019, examined the abovementioned demand and based on a considered legal assessment, is of the view that the addition was made ignoring the provisions of the Income-tax Act, 1961, since the purchase of paddy, an agriculture commodity, was made by the Company from the farmers in the Mandi Samiti campuses only in accordance with the terms of the provisions and practices of U.P. Krishi Utpadan Mandi Samiti Adhinyam, 1964 and rules framed under U.P. Krishi Utpadan Mandi Niyamavali, 1965. Therefore, the demand made u/s 153A, majorly on account of disallowance of paddy purchase, is inordinate, erroneous and impugned.

Being aggrieved by orders, the Company has preferred appeals before the CIT(A), New Delhi and also requested to grant a stay on the abovementioned demand.

The Company astounded with this inordinate demand had also filed Writ Petitions before the Hon'ble High Court at New Delhi seeking its intervention and the Hon'ble High Court has ordered that no coercive action shall be taken against the Company to enable legal remedies in accordance with the applicable law.

The Company, based upon legal assessment, is of the view that the demand shall stand deleted at appellate levels, being inordinate, erroneous and impugned.

The Company has been paying all taxes promptly and is taking all the necessary legal steps to defend the case. The management, based on legal assessment, is confident that it has a strong case in its favour.

