

Kovilpatti Lakshmi Roller Flour Mills Limited

Regd.Office & Flour Mill
75/8, Benares Cape Road
Gangaikondan – 627352
Tirunelveli District
Tamil Nadu
CIN : L15314TN1961PLC004674

Phone: +91 462 248 6532
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E-Mail : ho@klrf.in
Web : www.klrf.in
GSTN : 33AAACK6029N1ZF

REF/BSE/2024-25

20th February 2025

BSE Limited
BSE's Corporate Relationship Department
First Floor, New Trading Ring
Rotunda Building, P. J. Towers
Dalal Street
Mumbai – 400001.

Dear Sir,

Scrip Code: 507598

Sub: Intimation pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments thereto ('Listing Regulations')

Ref: Our Intimation dated 16-11-2024 to Exchange about Show cause Notice received on 25-11-2024

Drop order dated 19-02-2025 received against the Show Cause Notice Form GST DRC-01 for the financial year 2020-21 dated 25-11-2024 via online issued by the Assistant Commissioner, Commercial Department, Tirunelveli Junction Circle, Tamil Nadu-627002 (GST Department).

With reference to the captioned subject, we would like to inform you that the Company has received the **Drop Order** against Show Cause Notice (Form GST DRC-01) for the Financial Year 2020-21 dated on 25.11.2024 via online issued by the Assistant Commissioner, Commercial Taxes Department, Tirunelveli Junction Circle – Tamil Nadu 627002 (GST Department).

The requisite information of the Drop Order against Show Cause Notice, as required under Regulation 30 read with Clause 20 of Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("Listing Regulations") and the SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 9 2015 read with SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13 2023, is annexed.

Kindly take the above information on record.

Thanking you,
For Kovilpatti Lakshmi Roller Flour Mills Limited

SANKARACURTALAM
PIRAMUTHU

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SANKARACURTALAM PIRAMUTHU
Date: 2025.02.20 17:28:51 +05'30'

S. Piramuthu
Company Secretary and Compliance Officer
Membership No: FCS 9142
Encl: as above

ANNEXURE

DISCLOSURE REQUIRED UNDER REGULATION 30 READ WITH SCHEDULE III OF THE LISTING REGULATIONS AND THE SEBI CIRCULAR NO.CIR/CFD/CMD/4/2015 DATED SEPTEMBER 9, 2015, READ WITH SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 DATED JULY 13, 2023

S. No	Details of events that need to be provided	Information of such events
1	Name of the authority	Assistant Commissioner, Commercial Taxes Department, Tirunelveli Junction Circle, Tamil Nadu – 627002 (GST Department)
2	Nature and details of the action(s) taken, initiated or order(s) passed	Drop Order issued against Show Cause notice (GST DRC-01) under Section 73 of GST Act, 2017 in relation to FY 2020-2021
3	Date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority	Online copy received on 19 th February 2025
4	Details of the violation(s)/contravention(s) committed or alleged to be committed	The Company has received Drop Order against Show Cause Notice under section 73 of the GST Act, 2017 issued by the Assistant Commissioner, Commercial Taxes Department, Tirunelveli Junction, Government of Tamil Nadu for an amount of Rs. 53,69,509.00 (which includes Tax, Interest and Penalty) in matter of excess claim of Input Tax Credit (ITC) for the Financial Year 2020-21.
5	Impact on financial, operation or other activities of the listed entity, quantifiable in monetary terms to the extent possible	Drop Order online received on 19-02-2025 against the Show Cause Notice demand for Rs.53,69,509/-. Details are as follows; Tax amount: Rs.29,00,874 Interest: Rs.21,68,741 Penalty: Rs.2,99,894
6	Reason for delay in disclosure	No delay

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TAMILNADU COMMERCIAL TAXES DEPARTMENT
Office of the Assistant Commissioner(ST),
Tirunelveli Junction Assessment Circle
Commercial Taxes Building, Reserve Line Road,
Palayamkottai, Tirunelveli - 627002
Email ID: ac.tvljunction@ctd.tn.gov.in

Drop order
(Form GST DRC 05)
[See rule 142]

Proc No. Scrutiny/33AAACK6029N1ZF/2020-21

Dated: 19.02.2025

To

Tvl. KOVILPATTI LAKSHMI ROLLER FLOUR MILLS LIMITED,
No. 75/8, BENARES CAPE ROAD, GANGAIKONDAN, Tirunelveli - 627352

Sub:	TNGST Act, 2017 – Tvl. KOVILPATTI LAKSHMI ROLLER FLOUR MILLS LIMITED - Assessment year 2020-21 - Discrepancies Noticed – Show Cause Notice issued – Reply filed – final order passed – reg
Ref:	1. Returns filed by the Taxpayer for the year 2020-21 2. Show Cause Notice issued in Form GST DRC 01, Ref No: ZD3311242132418, dated: 25.11.2024 3. Reply filed in Form GST DRC 06, dated: 23.12.2024 AND 22.01.2025 4. Voluntary payment made in Form GST DRC 03, ARN: AD3312240495837, AD3312240496934 and AD331224049759U, dated: 21.12.2024

ORDER:

You, Tvl. KOVILPATTI LAKSHMI ROLLER FLOUR MILLS LIMITED are the registered taxpayer of Tirunelveli Junction Assessment Circle (GSTIN: 33AVZPJ1495N1ZP) under Tamilnadu Goods and Service Tax Act, 2017 ('TNGST Act, 2017') and Central Goods and Service Tax Act, 2017 ('CGST Act, 2017'), doing business at No. 75/8, BENARES CAPE ROAD, GANGAIKONDAN, Tirunelveli - 62735 (Principal Place of Business).

Your returns and statements filed during the year 2020-21 were verified and the following discrepancy was noticed. As per section 73 of Tamilnadu Goods and Service Tax Act, 2017 ('TNGST Act, 2017') and Central Goods and Service Tax Act, 2017 ('CGST Act, 2017') (TNGST Act, 2017 and CGST Act, 2017 - jointly called as 'the act') a show cause notice was issued to you vide reference 2nd cited and you have filed your reply and made payment vide reference 3rd and 4th cited as follows:

Defects:**1.Reconciliation of GSTR-01 with GSTR-09:**

The outward supplies turnover declared in GSTR-01 is greater than net outward supplies information furnished in GSTR-09 and arrived at box (5N + (10-11) of previous years GSTR09) above. This amount is therefore proposed to be taxed as under declared outward supplies as follows:

S.No	Description	SGST	CGST	IGST	CESS	Total
1	2	3	4	5	6	7
1	Tax on Outward supplies declared in GSTR-01 for the FY (Excluding reverse charge)	3711061	3711061	2000706	464	9423292
2	Less tax on Outward supplies arrived in GSTR-09 (5N+previous year of(10-11))	3710599	3710599	2000239	0	9421437
3	Difference (1-2)	462	462	467	464	1855

2.Reconciliation of E-way bill turnover with GSTR-09:

It is further seen that the E-way bill turnover of outward supplies is still greater than the GSTR-09 turnover examined above.

The difference of this turnover is proposed to be taxed as undeclared outward supplies as follows:

S.No	Description	SGST	CGST	IGST	CESS	Total
1	2	3	4	5	6	7
1	Outward supplies declared in E-way bill	3411640	3411640	1973551	1477	8798308
2	Less Outward supplies declared in 5N+(10-11) of previous year of GSTR-09	3710599	3710599	2000239	0	9421437
3	Difference (1-2)	0	0	0	1477	1477

3.Excess claim of ITC

The excess input tax credit (ITC) claimed on account of non-reconciliation of information.

Under Sec 16(2)(c) every registered person shall be entitled to take credit of ITC on supply of goods or services to him subject to the condition that the tax charged in respect of such supply has been actually paid to the Government either in cash or through utilization of ITC admissible in respect of such supply.

It is observed that the taxpayer has not correctly availed input tax on his inward supplies on reconciliation of turnovers in GSTR-09.

Scrutiny of ITC availed on Reverse Charge:

S.No	Description	SGST	CGST	IGST	CESS	Total
1	2	3	4	5	6	7
1	ITC availed in table 4A(2) and 4(A) (3) of GSTR -3B	226020	226020	0	0	452040
2	Tax Declared in Table 3.1(d) of GSTR-3B	225157	225157	3271	0	453585
3	Excess ITC Claimed on reverse charge (S.NO 1-2)	863	863	0	0	1726

4.ITC to be reversed on non-business transactions & exempt supplies:

Under Sec 17(1) & (2) where the goods or services or both are used by the registered person partly for the purpose of business, partly for other purposes or partly used for effecting exempt supply and partly for taxable supply then the amount of credit shall be restricted to so much of the input tax as is attributable to the taxable supplies in the course of business. Therefore the taxable person needs to make an apportionment of available input tax credit under Rule 42 & 43 to arrive at the eligible ITC.

Sec 2(47) of GST Act, 2017 exempt supply means supply of any goods or services or both which attracts nil rate of tax or which may be wholly exempt from tax under section 11, or under section 6 of the Integrated Goods and Services Tax Act, and includes non-taxable supply;

Sec 2(78) of GST Act, 2017 non-taxable supply means a supply of goods or services or both which is not leviable to tax under this Act or under the Integrated Goods and Services Tax Act;

However as seen from the GSTR-09 return filed it is evident that you have not made such apportionment resulting in excess claim of ITC than you are eligible. The details of the working are as under:

S.No	Description	Table no. in GSTR-09	Value of outward	SGST	CGST	IGST	CESS	Total
1	2	3	4	5	6	7	8	9
1	Total supplies	5N+10-11	1597691328	-	-	-	-	-
2	Exempt supplies	5C + 5D + 5E+ 5F	1399534707	-	-	-	-	-
3	Proportion of common ITC which has to be reversed to the extent of exempt supply (2/1 above) “(Maximum value is ‘1)’”		0.875973	-	-	-	-	-
4	Common input tax credit	TABLE 4A OF GSTR-3B	-	5863338	5863338	3187283	0	14913959

5	ITC to be reversed {S. No.4 (x) [S.No.2 /S.No. 1]}			5136126	5136126	2791974	0	13064226
6	ITC reversed	TABLE 4B(1) OF GSTR-3B		3898424	3898424	2371562	0	10168410
7	Difference/Excess ITC claimed (S.No.5-S.No.6)			1237702	1237702	420412	0	2895816

Therefore the excess ITC claimed is proposed to be recovered.

Summary :

The total tax payable on account of these deficiencies after giving credit to the payments made in cash and ITC adjusted is arrived as follows:

S.No	Description	SGST	CGST	IGST	CESS	Total
1	2	3	4	5	6	7
1	Total tax due in (Under declaration of output tax) + (Excess claim of ITC) above	1239027	1239027	420879	1941	2900874
2	Interest	926317	926317	314656	1451	2168741
3	Penalty on amount in S.No.1	123903	123903	42088	10000	299894
4	Late fee	0	0	0	0	0
5	Total (1+2+3+4)	2289247	2289247	777623	13392	5369509

(The detailed workings of the above in tabular form are attached as Annexure-B)

Therefore, it is proposed to assess the registered tax payer for the net tax payable indicated above under Section 73 of the SGST/CGST Act. The registered tax payer may therefore pay the tax along with interest at a rate of 18% of the tax due computed from 1st October 2020 and the applicable penalty at the rate of 10% of the tax due in DRC-03. However, If the registered tax payer is not agreeing with the proposals in this notice they may file their objections in DRC06 within (30) days from the date of receipt of this notice. The objections already filed and taxes paid will be considered before passing the final assessment orders.

You are also afforded an opportunity of personal hearing before the undersigned on the date, time and venue specified in DRC-01, failing which appropriate further action shall be pursued on merits of available records and in accordance with TNGST Act, 2017.

Reply filed by the taxpayer:

Issue 1: Alleged under declaration of output tax in GSTR-09 Return in comparison with GSTR-01 during the impugned period:

The Noticee submits that the difference highlighted by the Department in the impugned SCN is completely incorrect. However, in order to buy peace with the Department, the Noticee is discharging the GST liability along with interest vide

DRC-03 bearing reference No.AD3312240495837 dated 21-12-2024.. Copy of the DRC-03 is enclosed as Annexure-6.

Further, the Noticee is not liable to pay penalty in terms of Section 73(8) of the CGST Act, 2017 as the Noticee has discharged the GST liability along with interest within 30 days of the receipt of the SCN. Thus, the demand proposed under Issue-1 is liable to be dropped.

Issue 2: Alleged under declaration of turnover reported in GSTR-9 in comparison with the E-way bill turnover during the impugned period:

The Noticee submits that the Department in the impugned SCN has alleged that the Noticee has short paid Cess on comparison of details of tax paid reported in GST returns and details of tax reported in E-way bills.

In this regard, the Noticee submits that the none of the products supplied by the Noticee are covered by the Compensation Cess Rate Notification. Therefore, the Noticee is not able to understand as to how the demand of Cess has been put forth against the Noticee's outward supplies.

Thus, the Noticee submits that the demand of Cess has been incorrectly put forth by the Department. Accordingly, the Noticee submits that the demand proposed is liable to be dropped.

Issue 3: Alleged excess availment of ITC by the Noticee on inward supplies on reconciliation of turnover in GSTR-09:

The Noticee submits that the difference highlighted by the Department in the impugned SCN is completely incorrect. However, in order to buy peace with the Department, the Noticee is discharging the GST liability along with interest vide DRC-03 bearing reference No.AD3312240496934 dated 21-12-2024. Copy of the DRC-03 is enclosed as Annexure-7.

Further, the Noticee is not liable to pay penalty in terms of Section 73(8) of the CGST Act, 2017 as the Noticee has discharged the GST liability along with interest within 30 days of the receipt of the SCN. Thus, the demand proposed under Issue-1 is liable to be dropped.

Issue 4: Alleged non-reversal of ITC availed for non-business transactions and exempt supplies in accordance with Section 17(2) of the CGST/TNGST Act read with Rule 42 & 43 of the CGST Rules, 2017:

In this regard, the Noticee submits that it is pertinent to determine the appropriate value of the above turnovers and values for the accurate determination of common credit liable to be reversed under Rule 42 of the CGST Rules, 2017.

In the present case, the impugned SCN has alleged that the Noticee is liable to reverse credit to the tune of Rs. 28,95,818/-.

As already stated under 'previous proceedings', the same has already been disputed by the Department vide SCN No. ZD331023142048Y dated 25.10.2023 . the Noticee submitted detailed reply contesting the allegations in the said SCN vide Reply dated 11.01.2024 and also attended personal hearing for the said matter dated 18.03.2024.

In the said reply, the Noticee had already submitted their revised computation of common ITC liable to be reversed and had admitted liability to the tune of Rs. 5,91,040/- to be paid along with interest.

The Noticee had paid the liability to the tune of Rs. 8,02,941/- (admitted ITC liability along + interest) vide DRC-03 No. AD3305230325289 dated 17.05.2023 and intimated the same to the Department. Copy of the DRC-03 is enclosed as Annexure-8.

The rectified proportionate reversal as computed by the Noticee is tabulated below:

Particular	IGST (in Rs)	SGST (in Rs.)	CGST (in Rs.)	Total (in Rs.)	Remarks
Reversal to be made as per the above figures	9,92,297	26,93,406	26,93,406	63,79,109	The same has been derived based on the formula prescribed under Rule 42 of the CGST rules, 2017.
ITC in relation to exempted supplies	5,95,639	13,27,834	13,27,834	32,51,306	As per Section 17(2), the said credits are not eligible.
Total ITC to be reversed	24,51,147	41,54,152	42,54,152	1,07,59,450	Total credit reversal
Credit already reversed	23,71,562	38,98,424	38,98,424	1,01,68,410	Credit already reversed and not disputed in the impugned SCN
Difference	79,585	2,55,728	2,55,728	5,91,040	The said amount reversed vide DRC-03 No. AD3305230325289 dated 17.05.2023.

Therefore, the Noticee submits that the demand raised is liable to be dropped on the ground that the same has already been paid by the Noticee and the said payment is liable to be appropriated by the Department.

Findings of the Proper Officer:

Defect 1: Difference found between GSTR 1 and GSTR 9 with respect to outward supply:

The taxpayer has been accepted the defect and paid the difference of tax along with interest through Form GST DRC 03, dated: 21.12.2024. Hence the defect is hereby dropped.

Defect 2 – Reconciliation of EWB turnover with GSTR 9 return in respect of outward supply:

The taxpayer has been accepted the defect and paid the difference of tax along with interest through Form GST DRC 03, dated: 21.12.2024. Hence the defect is hereby dropped.

Defect 3 – Difference found in RCM claim:

The taxpayer has been accepted the defect and paid the difference of tax along with interest through Form GST DRC 03, dated: 21.12.2024. Hence the defect is hereby dropped.

Defect 4 - ITC to be reversed on non-business transactions & exempt supplies:

This defect is one of the defects raised by this department intelligence wing official vide SCN: ZD3310231420484, dated: 25.10.2023 and the taxpayer has also been filed his reply on 11.01.2024. In his reply, he stated that the common ITC was wrongly arrived in the notice and the correct common ITC was calculated as per rule 42 of TNGST & GSST Rules, 2017 and the proportionate common ITC was also reversed voluntarily with applicable interest vide Form GST DRC 03.

After receiving his reply, the adjudicating Authority has been passed drop order in Form GST DRC 05 vide Ref No: ZD330125034139R, dated: 06.01.2025. As the defect has already been settled down, this defect is hereby dropped.

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Date: 2025.02.19
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Signature of the proper officer
Designation: Assistant Commissioner(ST)