

**Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes**

New Delhi, 17th November, 2021

PRESS RELEASE

Income Tax Department conducts searches in Delhi and Haryana

The Income Tax Department carried out search and seizure operation on 09.11.2021 in the case of a Fintech company providing instant short term personal loan through Mobile App. The searches were conducted on the business and residential premises in Delhi and Gurugram.

During the search, it was revealed that the company has been allegedly charging very high processing fee at the time of disbursement of loans. This results into effective higher burden of compensation on the borrowers. The said company is held by a group based in Cayman Island, ultimately controlled by an individual of a neighboring country. The company has brought in India nominal initial capital by way of Foreign Direct Investment (FDI) but took substantial working capital loans from Indian banks. The business model of the company results in high rotation of capital which is evidenced by turnover of Rs. 10,000 crore in its first year of operation.

It is seen that repatriation of about Rs. 500 crore has been made by it to its overseas group companies under the pretext of buying of services in two years. However, evidence gathered during the search has revealed that such remittances made to the group companies are either highly inflated or non-genuine. Evidences found also indicate that internal web-based application for lending business was controlled from outside India. During the search proceedings, statements of key persons including foreign nationals have been recorded.

Further investigations are in progress.

(Surabhi Ahluwalia)
Commissioner of Income Tax
(Media & Technical Policy)
Official Spokesperson, CBDT