

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

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PRESS RELEASE

Income Tax Department conducts searches at various locations in Uttar Pradesh

The Income Tax Department started a search and survey action on 18/11/2020 in the case of a leading cattle feed producer in Northern India. The search and survey actions are being carried out at 16 locations in Kanpur, Gorakhpur, Noida, Delhi and Ludhiana.

The main allegations against the group are that it has taken accommodation entries of more than Rs.100 crore in the form of non-genuine unsecured loans from certain Delhi-based shell companies; unusually high sundry creditors; suppression of net profit; and also that a related group chit fund company had received unsecured loans of several crore from unknown sources.

During the course of search action, it has been established that the shell companies from which loans had been taken exist only on paper and have no real business and creditworthiness. Directors of these shell companies are dummy, non-filers and individuals of no means. One of the Directors of these companies has been found to be a taxi driver, having 11 bank accounts, showing huge routing of funds. Therefore, it has been established that the accommodation entries of more than Rs.121 crore in the form of unsecured loans from these shell companies are bogus and actually represent the unaccounted income of the group.

It has been further gathered during the search that one of these shell companies is a chit subscriber in the group's chit fund concern, which is a violation of the provisions of the Chit Funds Act, 1982.

Search has revealed huge unaccounted investment in the construction of the residences of the main persons of the group. The same is under verification and will be referred for valuation.

Till now gold and diamond jewellery to the tune of Rs. 52 lakh has been seized. The sources of acquisition of the remaining jewellery are being verified. The source of total cash found amounting to Rs. 1.30 crore is being further verified. A total of 7 lockers have been found, which are yet to be operated.

Further investigations are going on.

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Official Spokesperson, CBDT