

**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 in Chandigarh

The Income Tax Department carried out search and seizure operations on 13.12.2020 in the case of a Chandigarh based listed pharmaceutical company and its associated concerns. A total of 11 premises were covered spanning Chandigarh, Delhi and Mumbai.

The primary allegation against the group was that the assessee company had purchased 117 acres of Benami land in Indore, in the name of a conduit company. During the search, ample evidence has been found and seized which clearly establishes that the Benami company is a conduit of the pharmaceutical company with no real business activity. All the dummy directors and shareholders of the Benami company have also admitted in their respective statements that the company was a shell company with no real business activity and the land in Indore had been bought from the funds of the listed company for the benefit of the Managing Director.

The company was in the process of selling off this Benami land. Hot pursuit enquiries were conducted and an "agreement to sell" of the Benami land containing cash receipt of Rs. 6 crore was also found from the possession of the prospective buyers. The buyers have admitted in their statements that the deal was negotiated by the Managing Director and the agreement for the sale of the Benami land was signed in the office of the Managing Director. The buyers have also admitted that they had given unaccounted cash amounting to Rs. 6 crore on various dates through one hawala operator. The hawala operator in his statement, has also given a detailed modus operandi of cash transfer along with the exact dates and amounts of handing over of the cash by him in the office of the listed company.

Investigations have also proved that the Managing Director has claimed wrongful interest expense of Rs. 2.33 crore under Section 23 of the Income-tax Act, 1961 by showing his self-occupied property as a rented property to his sons.

Cash amounting to Rs. 4.29 crore and jewellery amounting to Rs. 2.21 crore have been seized so far. 3 lockers have been put under restraint.

Further investigations regarding the holding of Benami shares worth Rs. 140 crore by the HUF of the Managing Director and bogus purchases of substantial amounts are in progress.

(Surabhi Ahluwalia)
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Official Spokesperson, CBDT