PRESS RELEASE

Income Tax Department conducts searches in Mumbai

The Income Tax Department carried out search and survey operations on a group based in Mumbai on 08.02.2021. This group is mainly engaged in the business of manufacturing of Gutkha, Pan masala and allied substances, besides having operations in hospitality sector. The searches were carried out across many locations in India and concluded on 13.02.2021.

The search and seizure action has led to detection of foreign assets lying with a company registered in tax-haven British Virgin Islands (BVI) with an office in Dubai and controlled and managed by the Chairman of the group. The net worth of the BVI company is Rs. 830 crore created by siphoning of funds from India. This fund has been round tripped to India in the form of share premium amounting to Rs. 638 crore in the flagship companies of the group. During the search action, various digital evidences and forensic analysis have yielded email communication, establishing control and management of the company with the promoter of the group searched. One of the employees, who was also a shareholder in the BVI company, was identified and cross examined with the promoter. It has been accepted by the parties involved that the employee was not aware about being a shareholder in the company and he had signed papers on the instruction of the main promoter.

Further, it has been found that the group has availed bogus deduction under section 80IC of the Income-tax Act, 1961 to an extent of Rs. 398 crore. The group set up 2 entities in Himachal Pradesh and the group was found to indulge in sham transactions in order to claim the aforesaid false deduction.

Apart from the above, unaccounted production of pan masala of an amount of Rs. 247 crore at 2 factory premises of the group has also been detected during the search.
It has also been seen that the assessee has falsely claimed deduction u/s 10AA of the Income-tax Act, 1961 of an amount of Rs. 63 crore in the Gandhi Dham unit.

During the search action, cash of Rs. 13 lakh has been seized and jewellery amounting to Rs. 7 crore was found and has been put under prohibitory orders. Prohibitory orders have also been placed on 16 lockers and in 11 premises. Thus, the search action has led to detection of unaccounted transactions of around Rs. 1500 crore, so far.

Further investigations are in progress.

(Surabhi Ahluwalia)
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Official Spokesperson, CBDT