

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

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PRESS RELEASE

Income Tax Department conducts searches in Gujarat

The Income Tax Department carried out search and seizure operations on 22.09.2021 on premises of a leading Diamond manufacturer and exporter from Gujarat, based on intelligence input about tax evasion. Apart from the diamond business, the group was also in the business of manufacturing of tiles. The operation covered 23 premises located in Surat, Navsari, Morbi, Wankaner in Gujarat & Mumbai in Maharashtra.

The highlight of the search includes seizure of large volume of unaccounted data seized in paper as well as digital form, which was kept at secret locations under the custody of its trusted employees at Surat, Navasari, Mumbai. The data includes proof of unaccounted purchases, unaccounted sales, taking accommodation entries for purchases against which cash is received, the movement of such cash and stock through angadia firms, keeping the unaccounted cash with angadias, investment of such unaccounted income for purchase of property and stock, etc for the last five years.

The primary analysis of data reveals that the assessee has made unaccounted purchase and sale of small polished diamonds of about Rs. 518 crore over the period. Further, the data reveals that the assessee has sold more than Rs. 95 crore of diamond scrap in cash generated from its manufacturing activities, which remains unaccounted for and represents its income. The assessee, over these years, has accounted for sale of about Rs. 2,742 crore of small diamonds in its books, against which, substantial part of purchases were made in cash, but the purchase bills were taken from accommodation entry providers.

Furthermore, the assessee was also making its major purchases of rough diamonds through imports and making export sales of finished bigger diamonds through its company registered in Hongkong, which is effectively controlled and managed from India only. The data reveals that the assessee has made purchases of Rs. 189 crore and sale of Rs. 1040 crore in the last two years through this entity.

During the search, the complete financial transactions of real estate deals were found which led to the detection of unaccounted income of Rs. 80 crore. Further, the sale transactions of shares pertaining to the business of tiles were examined, which led to the detection of Rs. 81 crore of unaccounted income.

During the search operation, unaccounted cash and jewellery of Rs. 1.95 crore has been seized, and unaccounted diamond stock of 8900 carat worth Rs. 10.98 crore has been detected so far. A large number of lockers belonging to the group have been identified, which have been placed under restraint and will be operated in due course.

The search operation is still continuing and further investigations are in progress.

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Official Spokesperson, CBDT