

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

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PRESS RELEASE

Searches conducted by Income Tax Department largely in Uttar Pradesh and Maharashtra

The Income Tax Department carried out search and seizure operation on 31.12.2021 on two groups engaged in the business of perfume manufacturing and real estate. Over 40 premises in the states of Uttar Pradesh, Maharashtra, Delhi, Tamil Nadu and Gujarat have been covered during the search action.

In case of the first group primarily based in Mumbai & UP, the search action revealed that the group is involved in tax evasion by under-reporting sale of perfumes, stock manipulation, fudging books of account to shift profits from taxable unit to tax exempt unit, inflation of expenditure, etc. Evidences found in the sales office and main office have revealed that the group makes 35% to 40% of its retail sales in cash by 'kucha' bills and these cash receipts are not recorded in the regular books of account, running into crores of rupees. Evidences of booking purchases from bogus parties to the extent of about Rs. 5 crore have also been unearthed.

The analysis of incriminating evidence indicates that unaccounted income so generated is invested in various real estate projects in Mumbai, acquisition of properties both in India and The United Arab Emirates (UAE). It has also been detected that the group has evaded tax of Rs. 10 crore on conversion of the stock-in-trade to capital as corresponding income has not been declared. The group has also not declared income amounting to Rs. 45 crore on the benefits paid to retiring partners.

Evidences have also been found and seized substantiating that the promoters of the group have incorporated some offshore entities. However, such offshore entities have not been reported in their respective Income Tax Returns. The evidences recovered during the search reveal that the offshore entities are run and managed by the Indian promoters. Two of such offshore entities have also been found to own one villa each in the UAE.

It has also been unearthed that one of the offshore entities of the group from the UAE has purportedly introduced illicit share capital of over Rs. 16 crore in an Indian entity of the group, at exorbitant premium. This recipient group entity has also obtained further sum of Rs. 19 crore in the form of illicit share capital from certain Kolkata based shell entities. One of the shareholder directors of these shell entities admitted on oath that he was a dummy director and invested in share capital of the group company at the instance of the promoters of the group.

During the course of search action on another UP based group, incriminating evidences substantiating unrecorded cash transactions of about Rs. 10 crore have been found and seized. It is also gathered that the group is not maintaining any stock register for its inventory.

So far, unaccounted cash exceeding Rs. 9.40 crore and unexplained jewellery of more than Rs. 2 crore have been seized. Several bank lockers have been placed under restraint and are yet to be operated.

Further investigations are in progress.

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