

**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 Kanpur

The Income Tax Department carried out a search action on 29.07.2021 on a large group based in Kanpur and Delhi. The group is in the business of manufacturing Pan Masala and in real estate. A total of 31 premises were searched spread across Kanpur, Noida, Ghaziabad, Delhi and Kolkata.

The group has been earning huge amounts through unaccounted sale of Pan Masala and through unaccounted real estate business. This unaccounted income was laundered back into the concerns through a vast link of shell companies. Digital and paper evidence found during search revealed a nation-wide network of such paper companies created by the group. The Directors of these companies are persons of no financial means. While some of these persons are not even filing income tax returns, some others who file returns do so of extremely meagre amounts. Field investigations further revealed that these paper companies did not exist at the addresses mentioned and never conducted any business.

However, surprisingly these companies advanced so called loans and advances to the real estate group amounting to Rs 226 crore in just three years. A network of 115 such shell companies has been found. Forensic analysis of the digital data is in progress. The main 'directors' also admitted that they were only 'dummy directors' and signed on the dotted lines as and when required in return for commission for their 'services'.

During the search, the income tax teams also discovered secret hideouts where troves of documents containing details of unaccounted money and their process of laundering have been unearthed. Analysis of such documents and evidence is also underway. The complete modus operandi has been uncovered by the team including the role of 'cash handlers' and their details.

The modus-operandi is similar with respect to the business of Pan Masala. They too have laundered back their unaccounted income through an extensive network of such shell companies. Unaccounted loans and premium received from such paper companies exceeding Rs. 110 crore in three years, have been detected. The group ploughed back their unaccounted money through such shell companies by showing bogus advances against property sale, bogus loans and share premia.

Forensic analysis of evidence is in progress. So far 34 bogus bank accounts of shell companies have been found. Deductions claimed under Income-tax Act, 1961 with respect to treatment of biodegradable waste are under detailed scrutiny. It has also been discovered that through some of these paper companies based in Kolkata, bogus sale and purchase of manure has been shown, amounting to Rs. 80 crore so that cash can be deposited into bank accounts.

During the search, cash of more than Rs. 52 lakh was found along with more than 7 kg gold. Preliminary figures indicate unaccounted transactions exceeding Rs. 400 crore.

Further investigations are in progress.

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