

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

New Delhi, 24th July, 2021

PRESS RELEASE

**Income Tax Department conducts searches PAN-India in a prominent group having diversified businesses**

Income Tax Department carried out a search operation under section 132 of the Income - tax Act, 1961 on 22.07.2021 on a prominent business group, which is involved in businesses in various sectors, including Media, Power, Textiles and Real Estate, with a group turnover of more than Rs. 6,000 crore per annum. 20 residential and 12 business premises spread over 9 cities including Mumbai, Delhi, Bhopal, Indore, Noida and Ahmedabad have been covered.

The group has more than 100 companies including the holding and subsidiary companies. During the search, it was found that they have been operating several companies in the names of their employees, which have been used for booking bogus expenses and routing of funds. During the search, several of the employees, whose names were used as shareholders and directors, have admitted that they were not aware of such companies and had given their Aadhaar card and digital signature to the employer in good faith. Some were found to be relatives, who had willingly and knowingly signed the papers but had no knowledge or control of the business activities of the companies, in which they were supposed to be directors and shareholders.

Such companies have been used for multiple purposes namely; booking bogus expenses and siphoning off the profits from listed companies, routing of funds so siphoned into their closely held companies to make investments, making of circular transactions etc. For example, the nature of such bogus expenditures booked, vary from supply of man power, transport, logistics and civil works and fictitious trade payables. The quantum of income escapement using this modus operandi, detected so far, amounts to Rs. 700 crore spread over a period of 6 years. However, the quantum may be more as the group has used multiple layers and investigations are being carried out to unravel the entire money trail. Furthermore, these involve violation of S.2(76)(vi) of Companies Act and Clause 49 of Listing Agreement prescribed by SEBI for listed companies. Application of Benami Transaction Prohibition Act will also be examined.

Cyclical trading and transfer of funds among group companies engaged in unrelated businesses to the tune of Rs. 2200 crore has been found. The enquiries have confirmed that these have been fictitious transactions without any actual movement or delivery of goods. The tax effect and violation of other laws is being examined.

The real estate entity of the group operating a Mall had been sanctioned a term loan of Rs. 597 crore from a nationalised Bank. Out of this, an amount of Rs. 408 crore has been diverted to a sister concern as loan at low interest rate of 1%. While the real estate company has been claiming expenses of interest from its taxable profit, it has been diverted for personal investments of the holding company.

The listed media company does barter deals for advertisement revenues, whereby immovable properties are received in lieu of actual payments. Evidences have been found indicating cash receipts in respect of subsequent sale of such properties. This is under further examination.

Evidences have been found which indicate receipt of on-money in cash, on sale of flats by the reality arm of the group. The same has been confirmed by 2 employees and 1 director of the company. The modus operandi as well as the corroborating documents have been found. The exact amount of out- of - books cash receipts are being quantified.

A total of 26 lockers have been found in the residential premises of the promoters and key employees of the group, which are being operated.

The voluminous material found during the search operations is being examined.

Searches are continuing and further investigations are in progress.

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