

Note on search conducted in NCR on a Group in the Power sector

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The Delhi Unit of the Directorate General of Income-tax(Investigation) initiated search and seizure action on a Group in NCR, Bhopal, Indore and Goa based upon credible information of large scale collection, possession and movement of unaccounted assets, a few weeks back.

The Central Board of Direct Taxes (CBDT) had earlier issued a Press Note pertaining to searches conducted in MP. As some new developments have taken place, this Press Release is being issued pertaining to search and seizure operation carried-out in NCR on 07th April, 2019 on a leading Solar Power Group connected in the matter.

Some of the significant transactions detected during the search operation are detailed here under:-

- **Accommodation entries of Rs 370 crore:** During the search, a maze of shell companies used as mere conduits for providing entries to the group have been detected. Accommodation entries in the garb of bogus unsecured loans/share application money to the tune of Rs. 370 crore have been found.
- **Bogus billing of Rs. 330 crore:** Evidence of inflation of expenses through bogus billing to the tune of around **Rs. 330 crore** has been detected in the case of a power plant of the said group. The money so siphoned off was collected in USD through hawala operators.
- **Unaccounted diary transactions of Rs. 240 crore:** A handwritten diary containing records of out of books cash receipts to the tune of around Rs.240 crore was seized from the office of the group. The entries therein have been admitted by the persons concerned.
- **Bogus loans of Rs. 30 crore in a group company:** Investigations reveal that a loan entry of Rs. 30 crore in one of the group companies was an accommodation entry arranged by an entry operator against equivalent cash.
- **Over-invoicing of imports and round tripping of Rs. 252 crore:** During the search, evidence was found indicating that the group grossly over-invoiced its imports from original manufacturers by re-invoicing it through a shell company of a person who is an accused in a major defence scam. The surplus so created was ploughed back in the books as FDI through another shell company of the same person.
- **Unaccounted foreign investments/expenses:** Enquiries reveal that the Group used the services of a Dubai based operator to park unaccounted foreign remittances in overseas jurisdictions. Out of such remittances, approximately **Rs. 27 crore** was paid towards credit card expenses and **Rs. 72 crore** for purchase of a property abroad.
- Apart from the above, unaccounted payment of **Rs. 9 crore** towards purchase of a property has also been detected.
- Seizure of unaccounted assets of **Rs. 3 crore** has been made during the search.

The search action was undertaken on the basis of credible information and has led to detection of large scale tax evasion of more than **Rs. 1350 crore**.

DSM/RM/PD

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