

**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 on Pharmaceutical Manufacturers
and Distributors in Haryana and Delhi-NCR**

The Income Tax Department carried out search and seizure operations on 29.06.2022 on a group engaged in the business of manufacturing and distribution of Pharmaceutical medicines and Real Estate Development. The search action covered 25 premises in Delhi-NCR and Haryana.

A large number of incriminating documents in the form of loose sheets and digital data have been found and seized. These documents reveal that the group was involved in huge unaccounted sales of pharmaceutical medicines in cash. Large amount of purchases, payments of wages and other expenses were also found to have been made in cash.

This modus-operandi of unaccounted cash sales of pharmaceutical medicines, including cash receipts through hawala for sale of medicines to Afghanistan, has been admitted by a key person involved in such transactions. The preliminary analysis of the seized data indicates that such hawala cash receipts amount to Rs. 25 crore approximately. In the case of one pharmaceutical concern dealing in Active Pharmaceutical Ingredients (API), surplus stock valued at Rs. 94 crore has been found.

It is also found that the cash generated through unaccounted cash sales has been invested in purchase of immovable properties, and in expansion of manufacturing facilities of Pharmaceutical medicines. The real estate entities of the group are found to be engaged in out-of-books sale and purchase of properties in cash. The group has also been booking bogus Long Term/ Short Term Capital Losses in the securities market to offset the capital gains earned on such property transactions. The amount of such bogus losses is estimated to be around Rs. 20 crore. The search action has revealed that the group has also floated benami entities to purchase immovable properties in the State of Himachal Pradesh.

So far, unaccounted cash of Rs. 4.2 crore and jewellery/bullion worth Rs. 4 crore have been seized.

Further investigations are in progress.

(Rakesh Gupta)
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(Media & Technical Policy)
Official Spokesperson, CBDT