

वस्तु एवं सेवा कर
आसूचना महानिदेशालय,
गाजियाबाद क्षेत्रीय इकाई
चतुर्थ एवं पंचम तल, एयू कॉर्पोरेट टॉवर,
प्लॉट नं०-६, सेक्टर-१४, कौशाम्बी,
गाजियाबाद-२०१०१२
दूरभाष: ०१२०-२७७७८६०, २७७७८६१,
२७७७८६२



**DIRECTORATE GENERAL OF
GOODS AND SERVICES TAX
INTELLIGENCE,
GHAZIABAD REGIONAL UNIT**
4th & 5th Floor, Arrow Corporate
Tower, Plot No. 6, Sector-14,
Kausambi, Ghaziabad-201012
Telephone: 0120-2777860
2777861, 2777862



FORM GST DRC - 01

[See rule 142(1)]

Reference No. DGGI/INV/GST/2805/2021/GRU/ 9074(5/L) Date: 14.09.2023

CBIC DIN-202308DNN4000000AA3A

SCN No. 14/2023-24

Tax Period	Act/Rules	Section/Sub-section under which SCN is being issued
April 2018 to November 2021	CGST Act, 2017, SGST Act, 2017, IGST Act, 2017, & GST (Compensation to State) Act, 2017, and the rules made there under.	Section 74 (1) of CGST Act, 2017, Section 74 (1) of SGST Act, 2017, Section 20 of IGST Act, 2017 & Section 11 of the GST (Compensation to State) Act, 2017 and Corresponding Sections of State GST Act, 2017

Demand Cum Show Cause Notice

To,

Sl. No.	Name, GSTIN & Address of the Noticee	Sl. No.	Name, GSTIN & Address of the Noticee
1.	M/s Kay Pan Fragrance Pvt. Ltd. (09AAECK8045Q1ZS) B-11, Bulandshahar Road Industrial Area, Ghaziabad, 201009	2.	M/s K. Y. Tobacco Works Pvt. Ltd. (09AAGCK6608M1Z1) C-94/1, Bulandshahar Road Industrial Area, Ghaziabad, 201009
3.	M/s Kay Pee Khaini Pvt. Ltd., (09AADCK2955L1Z4) C-117, Hall No.- 1, Unit- 1, Bulandshahar Road Industrial Area, Ghaziabad, 201009	4.	Shri Dinesh Kumar Teotia, Director of M/s Kay Pan Fragrance Pvt. Ltd., H-1, 1001, B-Tower, 10th Floor, Classic Residency, Raj Nagar Extension, Ghaziabad
5.	Shri Devesh Kumar, Director of M/s Kay Pan Fragrance Pvt. Ltd., H. No. 149, Abdulla Ganj, Budaun, U.P.	6.	Shri Vikas Jain, Director of M/s KY Tobacco Works Pvt. Ltd., H. No 1/4307-A, Ambedkar Gate Wali Gali, Ram Nagar Extension, Delhi-110091
7.	Shri Sunil Kumar, Director of M/s KY Tobacco Works Pvt. Ltd., 148, Barai Garh, Kanpur Nagar, Kanpur	8.	Shri Gaurav Kumar Agnihotri, Director of M/s Kay Pee Khaini Pvt. Ltd., H. No. 555, Vivekanand Nagar, Ghaziabad, UP



	Najafgarh Road Industrial Area, Opp. Kirti Nagar Metro Station, Delhi through its Proprietor		19/1 & 20/1, Sector, 35, Begumpur Khatola, Gurugram, Haryana through its Proprietor
33.	M/s Swastik Enterprises, Khasra No. 52/10, 53/6, Village Alipur, Delhi, 36 through its Proprietor	34.	M/s Montage Sales Pvt. Ltd., Plot No. B-26, B-Block, Jhilmil Industrial Area, Delhi, 95
35.	Shri Harvinder Singh Matharu, Director of M/s MSPL, Plot No. B-26, B-Block, Jhilmil Industrial Area, Delhi, 110095	36.	Shri Jasmeet Singh, Director of M/s MSPL, Plot No. B-26, B-Block, Jhilmil Industrial Area, Delhi, 95
37.	Shri Bharat Transport Company Pvt. Ltd., B-134, Sector, 69, Noida, U.P.	38.	Shri Sujit Kumar Singh, owner of M/s BTCPL, Flat No. 102, Tower-Marvella, Mahagun Moderne, Sector, 78, Noida

Various Abbreviations used in the Notice are tabulated hereunder:

Sl. No.	Abbreviations	Full Form
1.	M/s KPFPL, Ghaziabad	M/s Kay Pan Fragrance Pvt. Ltd. (09AAECK8045Q1ZS), B-11, Bulandshahar Road Industrial Area, Ghaziabad, 201009
2.	M/s KYTWPL, Ghaziabad	M/s K. Y. Tobacco Works Pvt. Ltd. (09AAGCK6608M1Z1), C-94/1, Bulandshahar Road Industrial Area, Ghaziabad, 201009
3.	M/s KPKPL, Ghaziabad	M/s Kay Pee Khaini Pvt. Ltd. (09AADCK2955L1Z4), C-117, Hall No.- 1, Unit- 1, Bulandshahar Road Industrial Area, Ghaziabad, 201009
4.	M/s SAAK, Ghaziabad	M/s SAAK Enterprises (09AAKPG1179L1ZC), C-158, BSR Industrial Area, Ghaziabad, 201009
5.	M/s BTCPL, Noida	M/s Bharat Transport Company Pvt. Ltd., Noida
6.	M/s MEPL	M/s Montage Enterprises Pvt. Ltd., (01AACCM8173H1ZM, 05AACCM8173H1ZE, 09AACCM8173H1Z6, & 23AACCM8173H1ZG)
7.	M/s MSPL, Delhi	M/s Montage Sales Pvt. Ltd., Delhi (07AAMCM9016D1ZG)
8.	DGGI	Directorate General of GST Intelligence, Meerut Zonal Unit/ Ghaziabad Regional Unit

BRIEF FACT OF THE CASE:

M/s Kay Pan Fragrance Pvt. Ltd. (09AAECK8045Q1ZS) having manufacturing unit at B-11, Bulandshahar Road Industrial Area, Ghaziabad, 201009 is engaged in manufacturing and supply of goods falling under **HSN 2106** (Pan Masala) under the brand Name "**Kamla Pasand**", "**Rajshree**" and "**Rajshree Gold**". M/s K. Y. Tobacco Works Pvt. Ltd. (09AAGCK6608M1Z1) having manufacturing unit at C-94/1, Bulandshahar Road Industrial Area, Ghaziabad, 201009 is engaged in manufacturing and supply of goods falling under **HSN 2403** (Chewing Tobacco) under the brand Name "**Green Label**", "**Black Label**", "**Double Black**", "**Silver Class**", etc. M/s Kay Pee Khaini Pvt. Ltd. (09AADCK2955L1Z4), C-117, Hall No.- 1, Unit- 1, Bulandshahar Road



Chewing Tobacco were engaged in clandestine production and clearances of the same without payment of GST & other taxes. Intelligence also indicated that besides clearing their finished goods clandestinely both the firms were also procuring raw materials and packing materials clandestinely, which were being used for production and clandestine supply of Pan Masala and Chewing Tobacco. Further, it was also gathered that M/s KPKPL, Ghaziabad, the manufacturers of Safal brand Khaini was also engaged in clandestine production and clearances of the same without payment of GST & other taxes. Further, based on the above intel, searches were conducted on 4.10.2021 and on subsequent dates at the various premises connected with M/s KPFPL, Ghaziabad, M/s KYTWPL, Ghaziabad and M/s KPKPL, Ghaziabad, their raw material suppliers, C&F Agents and dealers by the officers of DGGI. The premises covered during the searches are as under:

- i. Factory premises of M/s Kay Pan Fragrance Pvt. Ltd., B-11, Bulandshahar Road Industrial Area, Ghaziabad, 201009;
- ii. Factory premises of M/s K. Y. Tobacco Works Pvt. Ltd., C-94/1, Bulandshahar Road Industrial Area, Ghaziabad, 201009;
- iii. Factory premises of M/s Kay Pee Khaini Pvt. Ltd., C-117, Bulandshahar Road Industrial Area, Ghaziabad, 201009;
- iv. H-1, 1001, B-Tower, 10th Floor, Classic Residency, Raj Nagar Extension, Ghaziabad being residential premise of Shri Dinesh Kumar Teotia, Director of M/s KPFPL, Ghaziabad;
- v. H.No. 149, Abdulla Ganj, Budaun, U.P.-243639 being residential premise of Shri Devesh Kumar, Director of M/s KPFPL, Ghaziabad;
- vi. H.No. 1/4307-A, Ambedkar Gate Wali Gali, Ram Nagar Extension, Delhi-110091 being residential premise of Shri Vikas Jain, Director of M/s KYTWPL, Ghaziabad;
- vii. 148, Barai Garh, Kanpur Nagar, Kanpur being residential premise of Shri Sunil Kumar, Director of M/s KYTWPL, Ghaziabad;
- viii. H.No. 555, Vivekanand Nagar, Ghaziabad, UP-201001 being residential premise of Shri Sunil Kumar Agnihotri, Director of M/s KPKPL, Ghaziabad;
- ix. 451, Rampura, Sambhal Bahjoi, Sambhal-202410 being residential premise of Shri Brijesh Kumar, Director of M/s KPKPL, Ghaziabad;
- x. Business Premises M/s SAAK Enterprises, C-158, BSR Industrial Area, Ghaziabad, 201009;
- xi. Residential premises of Shri Ajit Kumar Gupta, H-252, Ashok Vihar, Phase-I, Delhi;



premise comprised of 2 blocks, 1st block consisted of 4 floors from Ground Floor to Third Floor and the 2nd Block consisted of Basement, Ground and First Floor. Shri Pawan Kumar Jain, also informed that on the ground floor of 1st Block 06 FFS Rotary Pouch Packing Machines were installed (5 were made of Jawla Advanced Technology LLP and 1 of Uflex Limited) and on the ground floor of 2nd Block 09 FFS Rotary Pouch Packing Machines were installed (3 were made of Jawla Advanced Technology LLP and 6 of Uflex Limited). Further, one single track pouch packing machine, 2 lines for secondary packing for shrink of 5 packets together and packing them into corrugated box were also kept on ground floor.

4.1 And whereas, on being asked about the production of Kamla Pasand, Rajshree and Rajshree Gold Pan Masala pouches out of one kg of packaging material i.e., Paper Laminate, Shri Pawan Kumar Jain informed as under:

Pan Masala Brands

i.	Kamla Pasand	MRP ₹4/-	1060 Pouches /Kg of laminate
ii.	Kamla Pasand	MRP ₹8/-	800 Pouches /Kg of laminate
iii.	Rajshree	MRP ₹4/-	1060 Pouches /Kg of laminate
iv.	Rajshree	MRP ₹8/-	743 Pouches /Kg of laminate
v.	Rajshree	MRP ₹18/-	510 Pouches /Kg of laminate
vi.	Rajshree Gold	MRP ₹4/-	1015 Pouches /Kg of laminate

And whereas, during the search one machine was operated and production capacity as stated by Shri Pawan Jain was verified.

4.2 And whereas, the verification of physical stock of finished goods and raw-materials lying in the premises of M/s KPFPL, Ghaziabad was conducted in presence of Shri Pawan Kumar Jain, Account Manager of M/s KPFPL, Ghaziabad. **On physical stock verification with the recorded stock balance, shortage/Excess in finished goods and Raw Material were found, details of the same is hereinunder:**

A. Finished Goods

Sl. No.	Particulars	Closing Balance as per Stock Register (as on 05.10.2021)	Stock as per Physical Stock Verification on 05.10.2021	Difference
(1)	(2)	(3)	(4)	(5)=(4)-(3)
1.	Kamla Pasand MRP ₹4/- 39 Pcs/Pkt	11,67,385 Pkt	11,62,400 Pkt	-4,985 Pkt
2.	Kamla Pasand MRP ₹4/- 32 Pcs/Pkt	26,340 Pkt	25,600 Pkt	-740 Pkt



equivalent penalty of ₹36,56,712/- against the finished goods/raw materials found short on the date of search i.e., 04/05.10.2021 at the registered premise of M/s KPFPL, Ghaziabad.

SEARCH CONDUCTED AT THE PREMISE OF M/s K.Y. TOBACCO WORKS PVT. LTD., C-94/1, BULANDSHAHAR ROAD INDUSTRIAL AREA, GHAZIABAD, 201009:

5. Whereas, the premise was searched on 04.10.2021 in presence of Shri Pramod Kumar Singh, Plant Supervisor. Shri Pramod Kumar Singh, Plant Supervisor informed that M/s K.Y. Tobacco Works Pvt. Ltd., is a franchise of M/s Kamla Kant and Company LLP and manufactures Chewing Tobacco under the franchise agreement and most of the finished goods are supplied to M/s SAAK Enterprises (09AAKPG1179L1ZC). Shri Pramod Kumar Singh submitted the copy of Brand License Agreement and rent agreement of the said premises. Shri Pramod Kumar Singh, Plant Supervisor informed that in production area at ground floor 11 pouch packaging machines with packing capacity of 800-900 Zarda pouches per minutes were installed.

5.1 And whereas, seven brands of Chewing Tobacco (Zarda) were being manufactured in M/s K.Y. Tobacco Works Pvt. Ltd., which are as under:

- i. Green Label MRP ₹1/- per Pouch
- ii. Black Label MRP ₹1/- per Pouch
- iii. Black Label-2 MRP ₹1.5/- per Pouch
- iv. Double Black MRP ₹1/- per Pouch
- v. Silver Class MRP ₹1/- per Pouch
- vi. Silver Class-2 MRP ₹1.5/- per Pouch
- vii. Black Label-18 MRP ₹2/- per Pouch

5.2 And whereas, the Search proceedings were recorded under Panchnama dated 04.10.2021 and some records and electronic devices were resumed under INS-02 of the Panchnama dated 04.10.2021 (RUD-4).

5.3 And whereas, the premise of M/s KYTWPL, Ghaziabad was again visited on 23.05.2023 under Authorization for Inspection. The proceedings were conducted in the presence of Shri Praveen Kumar, Accountant of M/s KYTWPL, Ghaziabad. Thereafter, in the presence of Shri Praveen Kumar and Shri Shamsher Kumar, Machine Operator the officers verified the machines installed in the factory and also their production capacity. Total 11 large Rotatory Machines were installed and out of which 07 were working and rest 04 were in packed condition due to less demand. In the presence of visiting officers Shri Shamsher Kumar, Machine Operator, operated the packaging machines to verify the production of pouches out of 1 kg paper laminate, the details of the same are as under. The Inspection proceeding was recorded under Visit Report dated 23.05.2023 (RUD-5),

Chewing Tobacco



6.3 And whereas, M/s KPKPL, Ghaziabad vide aforementioned DRC-03s also deposited the GST amounting to ₹24,346/- along with interest of ₹1,533/- and equivalent penalty of ₹24,346/- against the raw materials found short on the date of search i.e., 29.10.2021 at the registered premise of M/s KPKPL, Ghaziabad.

SEARCH CONDUCTED AT THE PREMISE OF M/s SAAK ENTERPRISES, C-158, BSR INDUSTRIAL AREA, GHAZIABAD:

7. Whereas, on receipt of information from the DGGI, Guwahati Zonal Unit, a visit was made at the premise of M/s SAAK Enterprises, Ghaziabad on 04.09.2021. During the search Shri Rakesh Nagar, Supervisor of M/s SAAK Enterprises was available at the premise. Shri Rakesh Nagar informed the officers that M/s SAAK Enterprises was a proprietorship firm of Shri Sandeep Gupta and it works as a mediator between Pan Masala/Chewing Tobacco manufacturing units and dealers. Shri Rakesh Nagar, Supervisor of M/s SAAK Enterprises informed that stocks lying in the premise consisted of Pan Masala, Chewing Tobacco and Elaichi of Kamla Pasand and Rajshree brand.

7.1 And whereas, the verification of physical stock of Pan Masala/Chewing Tobacco lying in the premises of M/s SAAK Enterprises was conducted in presence of Shri Rakesh Nagar, Supervisor of M/s SAAK Enterprises, Ghaziabad. **On physical verification of stock as per stock register, excess in the following goods were found and the same were seized under INS-02 of the Panchnama dated 04.09.2021 (RUD-9). The details of the goods seized is hereunder:**

Sl. No.	Description of Goods	Quantity/ Units	Rate per Packet	Taxable Value
(1)	(2)	(3)	(4)	(5)
1.	Kamla Pasand Brand Pan Masala	26,598 Pkt	₹65/-	₹17,28,870/-
2.	Kamla Pasand Brand Black Label (Tobacco)	68,568 Pkt	₹9.2/-	₹6,30,825/-
3.	Rajshree Brand Pan Masala	8,976 Pkt	₹77.50/-	₹6,95,640/-
4.	Rajshree Brand Gold Pan Masala	200 Pkt	₹54/-	₹10,800/-

7.2 And whereas, the premise of M/s SAAK Enterprises, Ghaziabad was again searched by the officials of DGGI on 04.10.2021. The search was conducted in presence of Shri Rakesh Nagar, Supervisor and Shri Tarun Kumar Sharma, Accountant of M/s SAAK Enterprises. The officers thoroughly searched the entire premises owned by M/s SAAK Enterprises and certain incriminating documents which were relevant for further investigation were resumed and details of resumed documents is mentioned in Annexure-A to the panchnama dated 04.10.2021 (RUD-10).

7.3 And whereas, M/s SAAK Enterprises, Ghaziabad vide letter dated 11.02.2022



(50)

From the desk of

NOV-09

DEC-09

Jano

DATE

18/12/2010

$$(241) R_u - \text{₹} 2375 + \text{₹} 2559 + \text{₹} 2350 = 7284 = 177730$$

$$(337) R_u - \text{₹} 1528 + \text{₹} 1580 + \text{₹} 1498 = 4606 = 154301$$

$$(342) R_u - \text{₹} 1835 + \text{₹} 2080 + \text{₹} 2115 = 6030 = 218286$$

$$(324) G_u - \text{₹} 18947 + \text{₹} 20211 + \text{₹} 16587 = 55745 = 180613$$

$$(261) G_u - \text{₹} 1745 + \text{₹} 1655 + \text{₹} 1390 = 4790 = 126935$$

$$(265) G_u - - + \text{₹} 170 + \text{₹} 165 = 335 = 8876$$

$$(221) T - - + \text{₹} 450 + \text{₹} 150 = 600 = 1320$$

$$(116.25) K_u - \text{₹} 1010 + \text{₹} 780 + \text{₹} 120 = 1910 = 22201$$

(14m)

$$\text{₹} 600 = 600 = 8370$$

Net
200000

2524162

O.B - 170857

2695010

2662070

net total (32946)

712

net total (33234)

net total (32269)

Hologram

(48)

From the desk of

June-10 July-10

DATE 17/8/10

$$(244) R_4 - 1596 + 1532 = 3128 = 76323$$

$$(335) R_8 - 828 + 325 = 1153 = 38625$$

$$(362) R_{16} - 1558 + 1216 = 2774 = 100419$$

$$(324) G_{11} - 7962\frac{1}{2} + \frac{13939}{(price) 720} = 22621\frac{1}{2} = 732937$$

$$(265) G_{12} - - + 5 = 5 = 132$$

$$(265) G_8 - 79 + 15 = 94 = 2491$$

$$(221) T - 360 + 300 = 660 = 1452$$

$$(230) Kh_5 - 320 + - = 320 = 7360$$

$$(1281) Kh_{11} - 360 + 1380 = 1740 = 22272$$

2000000

G. 201

10/11/2021

Scan

10/11/2021

982011

O.B. 225049

1207060

1166110

Net total (40950)

+ 1387

Net total (42337)

Handwritten



(46)

From the desk of Nov-10 Dec-10DATE 22/1/11

$$(244) R_1 - 3038 + 2803 = 5841 = 142520$$

$$(335) R_2 - 1224 + 1082 = 2306 = 77251$$

$$(342) R_{10} - 2666 + 2394 = 5060 = 183172$$

$$(324) G_1 - 24735 + \frac{18358}{5220} = 48313 = 1565341$$

$$(215) G_{12} - 350 + 370 = 720 = 19080$$

$$(265) G_2 - 5 + 7 = 12 = 318$$

$$(221) T - - + 360 = 360 = 792$$

$$(136) Kh - 1080 + 960 = 2040 = 27744$$

2016218

O.B. - 131344

2147562

2049674

97888

(111488)

Net Cost

Scan
10/1/2011

Nagpur



(44)

From the desk of

Mar-11

AR-11

Total

DATE

18/4/2011

$$(244) R_1 - 3721 + 2670 = 6391 = 155940$$

$$(335) R_2 - 1457 + 815 = 2272 = 76112$$

$$(362) R_3 - 3332 + 2203 = 5535 = 200367$$

$$(324) G_1 - \frac{11676}{16980} + \frac{10370}{15050} = 54076 = 1752062$$

$$(265) G_2 - 535 + 500 = 1035 = 27428$$

$$(265) G_3 - 45 + 3 = 48 = 1273$$

$$(265) KPS - 1 + - = 1 = 26$$

$$(22) T - 300 + - = 300 = 660$$

$$(136) KH - 1320 + 1210 = 2530 = 34408$$

[Signature]
09/11/2021

[Signature]
4/10/21

[Signature]
10/11/2021

Net 4011
Ad softonic
Net 4011

2248276

0.8 = 190184

2438460

2331059

(107401)

15

(107401)

Nalagunda



8.2 Whereas, enquiry was made from Shri Ajit Kumar Gupta during the course of his statement dated 04.10.2021 (RUD-15) wherein he inter-alia stated that:

- ✓ In three firms namely M/s Ram Parshad Pohkar Mal (Partnership firm), M/s Orpas International (Proprietorship firm) and M/s Balaji Enterprises (Proprietorship firm), he is either proprietor or partner;
- ✓ His partnership firm M/s Ram Parshad Pohkar Mal (Partnership firm) was engaged in trading of various items like Pan Masala, Mukhwas, & Kirana items. Further, two of his proprietorship firms namely M/s Orpas International and M/s Balaji Enterprises were engaged in trading of products manufactured by M/s Kay Pan Fragrance Pvt. Ltd. (Pan Masala) and M/s K Y Tobacco Works Pvt. Ltd. (Tobacco);
- ✓ On being shown the hand written loose papers sl.no. 1 to 100, resumed under Panchnama dated 04.10.2021 drawn at his residential premise, he confirmed that the loose papers sl.no. 1 to 100 were recovered from his residence. He further stated that all those loose sheets have been written by him mostly with pencil, further said loose sheets pertain to sale & purchase of Pan Masala & Tobacco of Rajshree & Kamla Pasand brand in cash;
- ✓ He further stated that the A/c of goods maintained in the loose papers pertain to purchase of Pan Masala & Tobacco cleared from the factory of Kay Pan Fragrance & K Y Tobacco Works without payment of GST & other Government Taxes. The period covered in the loose sheets is of the year 2020 & 2021 and he has deliberately mentioned the year 2010 and 2011, in fact wherever the year was mentioned as 2010, that actually means 2020 and wherever it was mentioned as 2011 or 11 it actually was 2021;
- ✓ He further stated that the Pan Masala & Tobacco supplied by Kay Pan Fragrance & K Y Tobacco Works Pvt. Ltd. were without payment of GST & other government dues and was sold in cash by him and the payment of the same to Kay Pan Fragrance & K Y Tobacco Works Pvt. Ltd., were also made in cash;
- ✓ He further stated that sometime cash was physically handed over to the person of these companies but many time he made cash payment to the raw material supplier of Kay Pan Fragrance & K.Y. Tobacco Works Pvt. Ltd., such cash payment are mentioned in the loose sheets in a coded manner. For example, in month of August 2021 (Page No. 83 to 89) at page No.87, details of payment made to the raw material supplier/direct to M/s Kay Pan Fragrance/K.Y. Tobacco Works Pvt. Ltd., Ghaziabad was mentioned;
- ✓ On being shown the hand written loose papers sl.no. 43 to 50, resumed under Panchnama dated 04.10.2021, Shri Ajit Kumar Gupta stated that he has seen the same and put his dated signature in token of having seen the same. Further, he explained the entries mentioned in Page at sl.no. 50. The details mentioned in this



made by him in cash to various suppliers/person on behalf of manufacturer of KP & Rajshree Pan Masala. The payment has been made out of sale proceeds of unaccounted Pan Masala and Chewing Tobacco sold by him pertaining to Rajshree & Kamla Pasand brand. He further stated that these payments have been made on the direction of Shri Sandeep Gupta, Proprietor of M/s SAAK Enterprises. Amounts mentioned in these sheets are in thousands in page 54, total payment made by him during August 2021 is ₹109,83,75,000/-. Similarly details of other pages can be decoded or comprehended;

- ✓ On being asked he stated that he used to place verbal order telephonically to Shri Sandeep Gupta on his mobile. Shri Sandeep Gupta used to arrange delivery of Pan Masala/ Tobacco through specified transport vehicles. He further stated that all the Pan Masala/Tobacco as detailed in the said loose papers was received without invoices and e-way bills and after delivery, the payment was made in cash on alternative days. For making payment, Sandeep Gupta informed the name of the person coming to his office for collecting payment and after making adjustment in respect of payment made to suppliers of raw material on behalf of them, he made the remaining payment to the said person in cash;
- ✓ He further stated that the supplies made by his firms was also without any invoice or e-way bill, the payment in respect of supplies is mostly made by customers by visiting his office or sometime he sends person to collect payment. All payment was received in cash.

8.3 And whereas, on the basis of the statement dated 04.10.2021 of Shri Ajit Kumar Gupta, prevalent market practice and brand-wise MRP-wise packing details as received from M/s KPFPL, Ghaziabad, M/s KYTWPL, Ghaziabad and M/s KPKPL, Ghaziabad, the code written in the loose sheets Sl. No. 43 to 50 have been de-coded for the period November 2019 to July 2021 as under:

Particulars of goods mentioned in the Loose Sheets	Actual Description (Name of the Pan Masala/Tobacco, MRPs & Packing configuration)
R4 (in Bag)	It means 200 packets of Rajshree Pan Masala MRP ₹4/- (Packing 30 Pouch/Package) and 200 packets of Black Label Chewing Tobacco MRP ₹1/- (Packing 30 Pouch/Package).
Rs (in Bags)	It means 200 packets of Rajshree Pan Masala MRP ₹8/- (Packing 21 Pouch/Package) and 200 packets of Black Label-2 Chewing Tobacco MRP ₹1.5/- (Packing 21 Pouch/Package).
R18 (in Bags)	It means 200 packets of Rajshree Pan Masala MRP ₹18/- (Packing 11 Pouch/Package) and 200 packets of Black Label-18 Chewing Tobacco MRP ₹2/- (Packing 11 Pouch/Package).
G4	It means 200 packets of Kamla Pasand Pan Masala MRP ₹4/- (Packing 39 Pouch/Package) and 200 packets of Double Black Chewing Tobacco MRP ₹1/- (Packing 39 Pouch/Package).



IGST @28% = ₹23,68,37,500 * 28% = ₹6,63,14,500

Cess @60% = ₹23,68,37,500 * 60% = ₹14,21,02,500

2. The Duty Quantification w.r.t. Chewing Tobacco

No. of Bags supplied in November 2019 as per Annexure A – 18,947

As per information provided by M/s KYTWPL, Ghaziabad each bag contains 200 packets of Chewing Tobacco (39 Pouch/Packet) and rate of one packet is ₹7.30.

Hence, Transaction Value is arrived as

$$= 18,947 * 200 * ₹7.30 = ₹2,76,62,620$$

Further, the abated value for calculation of Basic Excise Duty & NCCD is arrived as

$$= 18,947 * 200 * 39 * ₹1 * 45\% = ₹6,65,03,970$$

Where,

18,947 is Number of Bags supplied in November 2019 as per Annexure A

200 Number of packets/bag

39 is Number of Pouch/Packet

₹1 MRP of one Pouch of Double Black Chewing Tobacco

45% is abatement provided as per law

Accordingly, BED & NCCD is calculated on abated value as under,

$$\text{BED @0.5\%} = ₹6,65,03,970 * 0.5\% = ₹3,32,520$$

$$* \text{NCCD @10\%} = ₹6,65,03,970 * 10\% = ₹66,50,397$$

** Vide D.O. F.No. 334/2/2020-TRU dated 01.02.2020, the rate of NCCD was changed from @10% to @25% w.e.f. 01.02.2020, and before that the rate of NCCD was @10%. Hence, the NCCD for the month of November 2019, December 2019 & January 2020 is calculated @10% and for the remaining months calculated @ 25%.*

And whereas, the goods supplied from M/s KYTWPL, Ghaziabad to the premise of Shri Ajit Kumar Gupta, located in Delhi, hence the said supply is inter-state supply. IGST & Cesses are charged on the transaction value + Central Excise duty + NCCD and the rate of applicable GST & Cesses is taken as per Notification No. 01/2017-IT (Rate) dated 28.06.2017 (as amended) and Notification No. 01/2017-Compensation Cess (Rate) dated 28.06.2017,

$$= ₹2,76,62,620 + ₹3,32,520 + ₹66,50,397 = ₹3,46,45,537$$

Hence,



- **Annexure A5** is for Product Code R8. **R8** Means Rajshree Pan Masala MRP ₹8/- & Black Label-2 Chewing Tobacco MRP ₹1.5/- and packing of 21 pouch/packet (1bag contains 200 packets of both Rajshree Pan Masala MRP ₹8/- & Black Label-2 Chewing Tobacco MRP ₹1.5/-);
- **Annexure A6** is for Product Code R18. **R18** Means Rajshree Pan Masala MRP ₹18/- & Black Label-18 Chewing Tobacco MRP ₹2/- and packing of 11 pouch/packet (1bag contains 200 packets of both Rajshree Pan Masala MRP ₹18/- & Black Label-18 Chewing Tobacco MRP ₹2/-);
- **Annexure A7** is for Product Code T. **T** Means Kamla Pasand Pan Masala Tin MRP ₹270/- and packing of 1 bag is having 30 box and 1 box is having 5 Tin;

Annexure A8 is for Product Code Kh/Kh5/Kh10. **Kh** means Safal Khaini of MRP ₹5/- & ₹10/- and packing of 11 pouch/packet.

8.7 Whereas, on the basis of tax quantification arrived at as per **Annexure-A, A1 to A7** pertaining to M/s KPFPL, Ghaziabad, it has been found that during the period November 2019 to July 2021, M/s KPFPL, Ghaziabad had clandestinely supplied Kamla Pasand and Rajshree brands Pan Masala valued at ₹684,77,76,150/- involving GST & Cess amounting to ₹602,60,43,012/- (IGST ₹191,73,77,322/- & CESS ₹410,86,65,690/-) through Shri Ajit Kumar Gupta. The moth-wise details of the same are hereunder:

Month	Transaction Value (in ₹)	IGST (in ₹)	Cess (in ₹)
Nov-19	32,93,67,000	9,22,22,760	19,76,20,200
Dec-19	35,93,09,900	10,06,06,772	21,55,85,940
Jan-20	30,44,74,000	8,52,52,720	18,26,84,400
Feb-20	33,27,58,600	9,31,72,408	19,96,55,160
Mar-20	27,16,75,500	7,60,69,140	16,30,05,300
Apr-20	86,14,000	24,11,920	51,68,400
May-20	19,97,12,700	5,59,19,556	11,98,27,620
Jun-20	15,14,87,700	4,24,16,556	9,08,92,620
Jul-20	21,58,18,900	6,04,29,292	12,94,91,340
Aug-20	37,16,20,900	10,40,53,852	22,29,72,540
Sep-20	33,76,02,300	9,45,28,644	20,25,61,380
Oct-20	40,81,32,400	11,42,77,072	24,48,79,440
Nov-20	41,44,42,400	11,60,43,872	24,86,65,440
Dec-20	39,65,68,400	11,10,39,152	23,79,41,040
Jan-21	43,20,26,900	12,09,67,532	25,92,16,140
Feb-21	45,44,78,700	12,72,54,036	27,26,87,220
Mar-21	48,61,71,700	13,61,28,076	29,17,03,020
Apr-21	40,47,25,100	11,33,23,028	24,28,35,060
May-21	15,99,19,000	4,47,77,320	9,59,51,400
Jun-21	33,82,29,600	9,47,04,288	20,29,37,760
Jul-21	47,06,40,450	13,17,79,326	28,23,84,270



Dec-19	23,85,825	26,325	5,26,500	6,68,031	38,17,320
Jan-20	22,02,300	24,300	4,86,000	6,16,644	35,23,680
Feb-20	29,74,189	22,376	11,18,813	8,32,773	47,58,702
Mar-20	17,48,486	12,049	6,02,438	4,89,576	27,97,578
Apr-20	21,23,162	14,631	7,31,531	5,94,485	33,97,059
May-20	17,06,856	11,762	5,88,094	4,77,920	27,30,969
Jun-20	25,81,099	17,786	8,89,313	7,22,708	41,29,758
Jul-20	92,78,237	62,597	31,29,840	25,97,906	1,48,45,179
Aug-20	43,70,184	29,484	14,74,200	12,23,652	69,92,294
Sep-20	53,78,688	36,288	18,14,400	15,06,033	86,05,901
Oct-20	80,74,755	54,477	27,23,868	22,60,932	1,29,19,609
Nov-20	72,61,229	48,989	24,49,440	20,33,144	1,16,17,966
Dec-20	64,54,426	43,546	21,77,280	18,07,239	1,03,27,081
Jan-21	88,74,835	59,875	29,93,760	24,84,954	1,41,99,736
Feb-21	56,47,622	38,102	19,05,120	15,81,334	90,36,196
Mar-21	88,74,835	59,875	29,93,760	24,84,954	1,41,99,736
Apr-21	80,70,700	54,450	27,22,500	22,59,796	1,29,13,120
May-21	64,43,220	43,470	21,73,500	18,04,102	1,03,09,152
Jun-21	40,88,710	27,585	13,79,250	11,44,839	65,41,936
Jul-21	64,36,550	43,425	21,71,250	18,02,234	1,02,98,480
Total	10,80,65,245	7,65,480	3,57,32,606	3,02,58,269	17,29,04,392

8.10 And whereas, Shri Ajit Kumar Gupta vide letter dated 06.10.2021 retracted his statement dated 04.10.2021 as he alleged that the same was recorded under pressure. Accordingly, summons dated 05.11.2021, 08.11.2021, 10.12.2021 and 03.01.2022 (**Collectviley RUD-16**) were issued to Shri Ajit Kumar Gupta, but despite having the knowledge that enquiry is pending against them and his presence is necessary and relevant for the enquiry being conducted he intentionally didn't join the proceedings and absconded. Accordingly, a complaint under section 172, 174, 175, of IPC for non-appearance and non-compliance of summons issued under section 70 of the Central Goods and Services Tax Act, 2017, was filed on 30.06.2023 in the competent court.

SEARCHES AT THE REGISTERED PREMISE OF M/s SHRI GHATA MEHNDIPUR BALAJI BETEL NUT LLP, 19/1 & 20/1, SECTOR-35, BEGUMPUR KHATOLA, GURUGRAM, HARYANA:

9. Whereas, during the search at the registered office of M/s Shri Ghata Mehndipur Balaji Betel Nut LLP located at 19/1 & 20/1, Sector-35, Begumpur Khatola, Gurugram, Haryana, it was noticed that the registered premise was one office room. The search proceeding was conducted in presence of Shri Pradeep Dugar, Accountant cum Supervisor M/s Shri Ghata Mehndipur Balaji Betel Nut LLP. On being asked Shri Pradeep Dugar, informed that M/s Shri Ghata Mehndipur Balaji Betel Nut LLP is a partnership firm and Shri Jai Prakash Sharma and Shri Kamal Aggarwal both were not available at that time. During the search the officers segregated certain documents/records which



13.1 And whereas, during the said investigation a search was conducted at the residential premises of Shri Sujeet Kumar Singh, owner of M/s Bharat Transport Company Pvt. Ltd. (BTCPL), situated at Flat No. 102, Tower Marvella, Mahagun Moderne, Sector-78, Noida and the details of the search are as per Panchnama dated 25.06.2021 (RUD-21). Further, a file containing the details of printed laminate transported by M/s BTCPL on the vehicles owned by it were resumed (@ serial number 17 of INS-02) under the Panchnama dated 25.06.2021. The details of transportation contained in file @ serial number 17 were maintained date-wise for the period December, 2020 to June, 2021 (upto 8th June).

13.2 And whereas, an image of page no. 231 contained in file @ serial number 17 resumed under the Panchnama dated 25.06.2021 drawn at the residential premise of Shri Sujeet Kumar Singh, owner of M/s BTCPL is depicted hereinunder:

9-May	2994	RANJEET	KP	496	21643.15	LKN	TIWARI
9-May	5236	HENSINGH	TS	300	8956.55	MANESHAH	MAHALAXMI
9-May	5809	AMARPAL	KP	700	9209.83	G2B	BSA
9-May	2663	GOPAL	KP	150	6858.84	G2B	BSA
9-May	6028		SNK,SHIKHAR	823	27050.91	KNP	ST
9-May	2667	VIRESH	KUBER	124	4006.38	SONIPAT	BLUE STAR
10-May	2568	GOPAL	TS	200	5624.59	PATPARGANI	TIWARI
10-May	6300	LALARAM	TS	100	2809.21	PATPARGANI	BSA
10-May	2671	AMARPAL	TS	200	5581.55	PATPARGANI	BSA
10-May	2669	SANJAY	VIMAL	100	4937.4	SONIPAT	CONVERSATION
10-May	2667	VIRESH	VIMAL	110	5431.14	SONIPAT	CONVERSATION
10-May	9520	ANIL		30	453.11	OLD DELHI	KHALID
10-May	6029		S.PLUS	551	26638.57	GKP	HK
10-May	2991		S.PLUS	483	17511.19	GKP	JYOTI
10-May	6033		SNK	881	27702.75	KNP	-
10-May	2668	GOPAL	KP	149	6774.45	LAHORO GATE	KHALID
10-May	499		KP KISHOR	561	13148.5	LKN	TIWARI
10-May	2997	AHITAB	KP	531	22601.84	LKN	ST
10-May	2671	AMARPAL	RAJSHRI	203	9834.34	G2B	BSA
10-May	5236	HENSINGH	TS	300	9557.97	MANESHAH	MAHALAXMI
10-May	6300	LALARAM	TS	100	2807.79	PATPARGANI	BSA
10-May	2670	AMARPAL	TS	200	5688.34	PATPARGANI	BSA
10-May	2668	GOPAL	TS	200	5670.84	PATPARGANI	TIWARI
12-May	6300	LALARAM	KUBER	95	3067.18	SONIPAT	BLUE STAR
12-May	267	ANIL		60	1665.98		TIWARI
12-May	2670	SANJAY	M4,MUSAFIR	154	6865.8	NARELA	BLUE STAR
12-May	2667	VIRESH	NEVLA	66	2060.94	SONIPAT	BLUE STAR
12-May	6300	LALARAM	SUDARSAN	71	2599.67	MURTHAL	TIWARI
12-May	2568	GOPAL	COOL LIP	194	6646.9	NATHUPURA	TIWARI
12-May	6038	NEMKARAN	KP,BANARASHI	788	25783.73	LKN	GUKAY
12-May	2998	SHALANDRA	SNK	538	19782.58	KNP	SWASTIK
12-May	2671	AMARPAL	TS	200	6401.37	MANESHAH	MAHALAXMI
12-May	267	ANIL		29	878.26		BLUE STAR
13-May	2663	VIRESH	SITAR	173	4370.23	ALIPUR	TIWARI
13-May	2669	SONU	TS	235	6659.38	PATPARGANI	SHRI MAHAVEER
13-May	2667	VIRESH	VIMAL	125	6196.64	SONIPAT	BLUE STAR
13-May	2670	SANJAY	VIMAL	63	3110.56	SONIPAT	BLUE STAR
13-May	2668	GOPAL	M4,MUSAFIR	104	4455.89	NARELA	TIWARI

13.3 And whereas, on perusal of page no. 231 shown above reveals that it contains details of laminates of various brands of Pan Masala & Tobacco transported by M/s BTCPL during 9th May 2021 to 13th May 2021. Further, it is observed that on 9th May 2021 consignments of KP brand printed laminate were transported to Ghaziabad. On



MONTAGE SALES PRIVATE LIMITED							
Works : B-26, B Block, Jaland Industrial Area East Delhi-110095 PAN : AAMCH9114D GSTIN : 07AACH9114D1Z0 CEN : 061907052019PT0184244 Email : montageprivate@gmail.com							
Tax Invoice							
Invoice No. : D002322/1066 Invoice Date : 09/05/2021 Reverse Charge : No State : DT - Delhi	Transportation Mode : By Road Vehicle Number : UP1607-5889 Date of Supply : 08/05/2021 Place of Supply : DT - Delhi	ORIGINAL FOR RECEIPT ACK No. : 17310086723164 ACK DT. : 9/10/2021 1:22:00AM					
Details of Receiver / Billed to:		Details of Consignee / Shipped to:					
Name : BSA INDUSTRIES Address : GF CITY PAPER FIE, 188, INDUSTRIAL AREA PATPAR GANJ, NEAR SHOWROOM HONDA, EAST DELHI DELHI - 110092 GSTIN : 07AACH9114D1Z0 State : Delhi PAN : AAMCH9114D State Code : 07		Name : BSA INDUSTRIES Address : GF CITY PAPER FIE, 188, INDUSTRIAL AREA PATPAR GANJ, NEAR SHOWROOM HONDA, EAST DELHI DELHI - 110092 GSTIN : 07AACH9114D1Z0 State : Delhi State Code : 07					
Purchase Order : N/A Insurance : N/A Commodity : PTDUN 473 ALUMINIUM FOL LAMINATED WITH PAPER		Transporter : RAJNA KRISHNA FREIGHT CARRIER GR No. & Date : 515 08/05/2021					
S.NO.	NAME OF PRODUCT / SERVICE	HSN / SAC	UOM	QUANTITY	BOXES	RATE	AMOUNT (Rs.)
1	PRINTED PAPER AL FOL LAMINATE	76072090	KGS	2291.480	50	362.000	830115.20
2	PRINTED PAPER AL FOL LAMINATE	76072090	KGS	1350.000	50	362.000	488700.00
3	PRINTED PAPER AL FOL LAMINATE	76072090	KGS	1254.830	50	362.000	454248.26
4	PRINTED PAPER AL FOL LAMINATE	76072090	KGS	2333.340	50	362.000	844666.28
Total				5185.650	200		333959.54
Approximate (Estimated) AMT : ₹ GST Amt. Payable (Words) : Rs. Six Lakh One Hundred Thirteen Only. Invoice Amt. (Words) : Rs. Thirty Nine Lakh Thirty Eight Thousand Six Only. Delivery Terms: Ex Works, to Party, Gross Wt. 5185.65 Kgs. EWS No : 79188951077 BC, 08/05/2021 01:32 Valid Till : 11/05/2021 23:59 EIRN : c1b3a28255a2362140a317a736a5a0121107d3c21291e08d946c4ae				Total Taxable Value : 333959.54 I.C.S.T. : 0.00 C.G.S.T. @ 9.00% : 30056.36 S.G.S.T. @ 9.00% : 30056.36 Tax Amount : GST : 60112.72 Round Off : -0.50 TDS @ 0.100 % : 333.96 Total Amount after Tax : 393958.38			
Declaration :- Certified that the particulars given above are true & correct and the amount indicated represents the price actually charged and that there is no flow of additional consideration directly/ indirectly from the buyer. N 1. Any dispute is subject to Delhi Jurisdiction only. O 2. This material is covered under above mentioned Insurance Policy Number taken from N/A. T 3. In case of any Loss/Damage occur in any transit, please intimate nearest office of the Insurance Company and Copy to us immediately. In case of delay loss shall be borne by the party. E				For MONTAGE SALES PRIVATE LIMITED Authorized Signatory			
Payment Mode :- PLEASE MAKE PAYMENT BY A/C PAYEE CHQ/DRAWING DRAFT/NEFT TRANSFER IN FAVOUR OF MONTAGE SALES PRIVATE LIMITED PLEASE MAKE THE PAYMENT BY A/C PAYEE CHQ/DRAWING DRAFT/NEFT/RTGS IN FAVOUR OF MONTAGE SALES PRIVATE LTD. WORKS : (B) B-26, B Block, Jaland Industrial Area East Delhi-110095							
REGD. OFFICE : Plot No. B-26, Village Gurgaon, Delhi - 110096							

13.4 And whereas, the details like date of invoice, weight/quantity, No. of boxes and vehicle no. contained in page no. 231 of file @ serial number 17 relating to KP brand matches with the above invoice except destination. The premises of M/s BSA Industries, GF City Paper FIE, 188, Industrial Area Patpar Ganj, Near Showroom Honda, Delhi,



Page No. 1 to 5	These pages contain the details of transportation between 1 st December, 2020 to 19 th December, 2020. The details reflect the date of transportation, truck No., brand of laminate/goods, No. of Boxes, weight, destination, expenses, etc.
Page No. 6 to 12	These pages contain date-wise expenses incurred by the staff of M/s BTCPL.
Page No. 13 to 19	These pages also contain the date-wise details of laminates transported to various Pan Masala manufacturers during the month of December, 2020 from M/s MSPL, Delhi. The details reflect the brand of Pan Masala, weight of laminate and destination where laminates were transported.
Page No. 20 to 21	These pages reflect the date-wise receipt of cash from M/s MSPL, Delhi on account of transportation of laminates to Pan Masala Units.
Page No. 22 to 24	These pages contain the date-wise expenses incurred on the vehicles in the month of December, 2020.
Page No. 25 to 26	These pages contain the date-wise details of laminates transported to Pan Masala units located in Kanpur.
Page No. 27 to 40	These pages relate to transportation in respect of M/s Bharat Agro.
Page No. 41 to 46	These pages contain the details of salary of staff and other expenses.

And whereas, Shri Sujeet Kumar Singh stated that similarly the details contained in pages no 47 to 251 pertain to the transportation of printed laminates during the period January, 2021 to June, 2021. Thus, Shri Sujeet Kumar in his statement dated 25.06.2021 admitted that he had transported printed laminates sold by M/s MSPL, Delhi to various Pan Masala/ Tobacco manufacturers; that the recovered sheets/pages contained in file @ serial number 17 were maintained date-wise, vehicle wise, brand-wise and destination wise; that the details also reflected quantity of laminates transported and which on verification with the invoices issued by M/s MSPL, Delhi can be found tallying except that the consignee shown were fake/non-existent firms.

15. And whereas, as discussed in para 14 above, that during the search of residential premises of Shri Sujeet Kumar Singh, owner of M/s BTCPL, who was engaged in transportation of printed laminates sold by M/s MSPL, Delhi, some crucial evidences regarding clandestine purchase of laminates by various Pan Masala/Tobacco manufacturer were also unearthed. Shri Sujeet Kumar in his statement dated 25.06.2021 admitted that he was transporting printed laminates sold by M/s MSPL, Delhi to various Pan Masala/ Tobacco manufacturers; that the resumed records of transportation were



Proprietor's Name, & Residential Address	Ajay Kumar Sandhibigrah, 13-B, S.F.S Flat, Pocket A, Mayur Vihar, East Delhi-110096
Principal Place of Business	Plot 17/42 & 17/43, Ground Floor, Blk-D, J J Colony, Shahabad Dairy Near Roop Krishna, Delhi-110042
Bank Account & IFSC	No Record available
Mobile Number	9792515213
E-mail Id	ajaytradingcodelhi@gmail.com
Registration Status	Date of Registration 01.01.2020 Cancelled on application (w.e.f. 20.01.2020)

- The registered principal place of business of M/s Ajay Trading Company was visited on 15.06.2021 and during the visit the officers contacted Shri Murari Lal Owner of Plot 17/42 & 17/43, Blk-D, J J Colony, Shahabad Dairy and on being enquired about M/s Ajay Trading Company, he had made a written submission wherein, he informed that, the firm M/s Ajay Trading Company, had taken the shop on rent, and one person came in the office after every 8-10 days for some time, and he had never seen movement of any goods from the said shop. The person kept two plastic chairs and one table in the office and same was with him because they had not paid the rent amounting to Rupees Ten thousand. Further, he stated that no business activity was ever noticed from the said premise. The visit proceeding was recorded under Visit Note dated 15.06.2021 (**RUD-23**). No additional place of business was added in GST registration.
- Based on the above findings, it appears that the M/s Ajay Trading Company have taken GST registration on the basis of forged documents and the said firm is a non-existent firm. Thus, it is incomprehensible how M/s MSPL, Delhi could have done business transactions with a firm that has taken GST registration fraudulently and existed only on papers. The only explanation is that M/s MSPL, Delhi knowingly & intentionally issued invoices to the bogus firms to falsify its financial records by showing fictitious transactions with the bogus firm and thereby passing off irregular ITC and in camouflage of those invoices clandestinely diverted the printed laminate/ packaging material to the manufacturer of Pan Masala/Tobacco.

ii. **M/s ARRANGER TRADELINKS (INDIA) PVT. LTD.:** The KYC details of M/s Arranger Tradelinks (India) Pvt. Ltd., as per the GST registration are as under:

Trade Name & GSTIN	Arranger Tradelinks (India) Pvt. Ltd. (07AAMCA0840R1Z9)
Director's Name & Residential Address	Vivek Bhatt, G1 Plot No 213, Gyan Khand-I, Indirapuram, Shipra Sun City, Ghaziabad-201014
Principal Place of Business	404, 4 th Floor, Madhuban Building,



Principal Place of Business	F-24, Vardhman Select Mall, Block-I, Narela Industrial Area, New Delhi, 110040
Bank Account & IFSC	No Record available
Mobile Number	9718222287
E-mail Id	sumitbulestar@gmail.com
Registration Status	Date of Registration 27.10.2020 Cancelled <i>suo-moto</i> (w.e.f.28.10.2020)

- The registered principal place of business of M/s Blue Star was visited on 27.06.2022 and during the visit the officers contacted Shri Javinder Singh owner of F-24. On being asked he informed that he owned F-24, F-25, F26 & F-27 and he never let out any of his property to M/s Blue Star or its Proprietor Shri Sumit Jain. The visit proceeding was recorded under Visit Note dated 27.06.2022 (**RUD-25**). No additional place of business was added in GST registration.
- Based on the above findings, it appears that the M/s Blue Star have taken GST registration on the basis on forged documents and the said firm is a non-existent firm. Thus, it is incomprehensible how M/s MSPL, Delhi could have done business transactions with a firm that has taken GST registration fraudulently and existed only on papers. The only explanation is that M/s MSPL, Delhi knowingly & intentionally issued invoices to the bogus firms to falsify its financial records by showing fictitious transactions with the bogus firm and thereby passing off irregular ITC and in camouflage of those invoices clandestinely diverted the printed laminate/ packaging material to the manufacturer of Pan Masala/Tobacco.

iv. **M/s BSA INDUSTRIES.:** The KYC details of M/s BSA Industries as per the GST registration are as under:

Trade Name & GSTIN	BSA Industries (07EKFPS8144Q1Z7)
Proprietor's Name & Residential Address	Harpreet Singh, 666, D6, Jheel Khurenja, Krishna Nagar, East Delhi, 110051
Principal Place of Business	188, GF City Paper FIE, Industrial Area PatparparGanj, Near Showroom Honda, Delhi, 11009
Bank Account & IFSC	No Record available
Mobile Number	7840021501
E-mail Id	bsababu2020@gmail.com
Registration Status	Date of Registration 22.01.2021 Cancelled <i>suo-moto</i> (w.e.f. 01.03.2021)

- The registered principal place of business of M/s BSA Industries, was visited on 21.06.2022 and during the visit the officers noticed that the premises was having



recorded under Panchnama dated 15.06.2021 (**RUD-27**). No additional place of business was added in GST registration.

- Based on the above findings, it appears that the M/s H K Enterprises have taken GST registration based on forged documents and the said firm is a non-existent firm. Thus, it is incomprehensible how M/s MSPL, Delhi could have done business transactions with a firm that has taken GST registration fraudulently and existed only on papers. The only explanation is that M/s MSPL, Delhi knowingly & intentionally issued invoices to the bogus firms to falsify its financial records by showing fictitious transactions with the bogus firm and thereby passing off irregular ITC and in camouflage of those invoices clandestinely diverted the printed laminate/ packaging material to the manufacturer of Pan Masala/Tobacco.

vi. **M/s J.K. TRADING CO.:** The KYC details of M/s J.K. Trading Co. as per the GST registration are as under:

Trade Name & GSTIN	J.K. Trading Co. (07EUXPK1745P1ZM)
Proprietor's Name & Residential Address	Jitendra Kumar,
Principal Place of Business	P-14, GF, Vijay Vihar, Uttam Nagar, Delhi, 110059
Bank Account & IFSC	No Record available
Mobile Number	9511110158
E-mail Id	jktradingcode@gmail.com
Registration Status	Date of Registration 13.02.2021 Cancelled suo-moto (w.e.f. 23.02.2021)

- A team of officials of DGGI, GRU under Authorization for Search issued under Section 67(2) of the CGST Act, 2017 visited the registered principal place of business of M/s J.K. Trading Co., P-14, Ground Floor, Vijay Vihar, Uttam Nagar, Delhi, 110059 on 30.06.2021. On visit, the officer noticed that there were 4 adjacent houses having same number i.e., P-14, Vijay Vihar, Uttam Nagar. The officer contacted each house and asked about M/s J.K. Trading Co. and its Proprietor Shri Jitendra Kumar, they all responded that they never rented out their premises to M/s J.K. Trading Co. or Shri Jitendra Kumar and informed that their premises have never been used by any person to run his company. The visit proceeding was recorded under Panchnama dated 30.06.2021 (**RUD-28**). No additional place of business was added in GST registration.
- Based on the above findings, it appears that the M/s J.K. Trading Co. has taken GST registration based on forged documents and the said firm is a non-existent firm. Thus, it is incomprehensible how M/s MSPL, Delhi could have done business transactions with a firm that has taken GST registration fraudulently and existed only on papers. The only explanation is that M/s MSPL, Delhi



Trade Name & GSTIN	KC Laminates (07FIFPK1036L1Z7)
Proprietor's Name & Residential Address	Bishal Kumar, E-1/407, Shivram Park, Nangloi, Delhi, 110041
Principal Place of Business	E-1/407, Shivram Park, Nangloi, Delhi, 110041
Bank Account & IFSC	No Record available
Mobile Number	9511110447
E-mail Id	kclaminatesdel@gmail.com
Registration Status	Date of Registration 08.02.2021 Cancelled suo-moto (w.e.f.31.07.2021)

- The registered address of M/s KC Laminates was visited under Authorization for Search on 15.06.2021. During the visit, it was noticed that the premises was locked. The visiting officer met Shri Kuldeep Sharma nephew of the owner of shopping complex who informed the visiting officer that the said premises was given on rent nearly 6 months ago, but he has never seen any business activity being carried out at the said address. The visit proceeding was recorded under Panchnama dated 15.06.2021 (**RUD-30**). No additional place of business was added in GST registration.
- Based on the above findings, it appears that the M/s KC Laminates have taken GST registration based on forged documents and the said firm is a non-existent firm. Thus, it is incomprehensible how M/s MSPL, Delhi could have done business transactions with a firm that has taken GST registration fraudulently and existed only on papers. The only explanation is that M/s MSPL, Delhi knowingly & intentionally issued invoices to the bogus firms to falsify its financial records by showing fictitious transactions with the bogus firm and thereby passing off irregular ITC and in camouflage of those invoices clandestinely diverted the printed laminate/ packaging material to the manufacturer of Pan Masala/Tobacco.

ix. **M/s KUMAR ENTERPRISES:** The KYC details of M/s Kumar Enterprises as per the GST registration are as under:

Trade Name & GSTIN	Kumar Enterprises (07DRBPK8521B2Z3)
Proprietor's Name & Residential Address	Narendra Kumar, House No. 4, Floor-3 rd , Community Centre, Naraina Industrial Area, Delhi
Principal Place of Business	House No. 4, Floor-3 rd , Phase-I, Community Centre, Naraina Industrial Area, Delhi
Bank Account & IFSC	No Record available
Mobile Number	9773591382
E-mail Id	gauravrajan490@gmail.com
Registration Status	Date of registration 09.03.2021 Cancelled on application (w.e.f. 15.07.2021)



to a person whose number is 8429549993. The officers called on the said number which was picked by a person who refused disclose his name and informed that he was an employee of some 'Kumar Sir'. He provided the mobile number '8260284063' of Kumar Sir, and on contacting the said number the same was found switched off. The officers also enquired from Shri Jai Kishan Saini and his neighbors about any movement of goods or commercial activity noticed in the shop, they informed that they have not seen any such activity. The proceeding was recorded in the Panchnama dated 16.06.2021 (**RUD-32**). No additional place of business was added in GST registration.

- Based on the above findings, it appears that the M/s Kumar Trading Company have taken GST registration based on forged documents and the said firm is a non-existent firm. Thus, it is incomprehensible how M/s MSPL, Delhi could have done business transactions with a firm that has taken GST registration fraudulently and existed only on papers. The only explanation is that M/s MSPL, Delhi knowingly & intentionally issued invoices to the bogus firms to falsify its financial records by showing fictitious transactions with the bogus firm and thereby passing off irregular ITC and in camouflage of those invoices clandestinely diverted the printed laminate/ packaging material to the manufacturer of Pan Masala/Tobacco.

xi. M/s NIRAJ ENTERPRISES: The KYC details of M/s Niraj Enterprises as per the GST registration are as under:

Trade Name & GSTIN	Niraj Enterprises (07CGLPN7896N3Z4)
Proprietor's Name & Residential Address	Niraj, ZC/281, Near MCD Office, Naraina, Delhi, 110028
Principal Place of Business	ZC/281, Near MCD Office, Naraina, Delhi, 110028
Bank Account & IFSC	No Record available
Mobile Number	9773591382
E-mail Id	khanhaseen1175@gmail.com
Registration Status	Date of Registration 09.03.2021 Cancelled on application (w.e.f. 15.07.2021)

- A team of officials of DGGI, GRU under Authorization for Search issued under Section 67(2) of the CGST Act, 2017 visited the registered principal place of business of M/s Niraj Enterprises, ZC/281, Near MCD Office, Naraina, Delhi, 110028 on 16.06.2021. On visit, the visiting officers tried hard to locate the address of the firm but locals informed that the address was not correct. The proceeding was recorded under Panchnama dated 16.06.2021 (**RUD-33**). No additional place of business was added in GST registration.



- xiii. M/s PRASAD ENTERPRISES:** The KYC details of M/s Prasad Enterprises as per the GST registration are as under:

Trade Name & GSTIN	Prasad Enterprises (07HJJPS0550Q1ZG)
Proprietor's Name & Residential Address	Sitanshu Prasad Senapati, H.No. 8-A, Chanchal Park, Gurdayal Vihar, Nangloi, Delhi, 110041
Principal Place of Business	H.No. 8-A, Chanchal Park, Gurdayal Vihar, Nangloi, Delhi, 110041
Bank Account & IFSC	No Record available
Mobile Number	8953192254
E-mail Id	prasadenterprises254@gmail.com
Registration Status	Date of Registration 27.12.2019 Cancelled suo-moto (w.e.f. 30.06.2021)

- A team of officials of DGGI, GRU under Authorization for Search issued under Section 67(2) of the CGST Act, 2017 visited the registered principal place of business of M/s Prasad Enterprises, H.No. 8-A, Chanchal Park, Gurdayal Vihar, Nangloi, Delhi, 110041 on 15.06.2021. On visit, the visiting officers tried hard to locate the address of the firm, but locals shop keepers & residents informed that the address was not correct and no such firm exist in the nearby location. The proceeding was recorded under Panchnama dated 15.06.2021 (**RUD-35**). No additional place of business was added in GST registration.
- Based on the above findings, it appears that the M/s Prasad Enterprises have taken GST registration based on forged documents and the said firm is a non-existent firm. Thus, it is incomprehensible how M/s MSPL, Delhi could have done business transactions with a firm that has taken GST registration fraudulently and existed only on papers. The only explanation is that M/s MSPL, Delhi knowingly & intentionally issued invoices to the bogus firms to falsify its financial records by showing fictitious transactions with the bogus firms and thereby passing off irregular ITC and in camouflage of those invoices clandestinely diverted the laminate/packaging material to manufacturer of Pan Masala/Tobacco.

- xiv. M/s RADICAL CORPORATION:** The KYC details of M/s Radical Corporation as per the GST registration are as under:

Trade Name & GSTIN	Radical Corporation (07ABAFR7758R1Z9)
Proprietor's Name & Residential Address	Anand Kumar, H.No. 102, Nandpura Kalyan Pur, Meerut, 250502
Principal Place of Business	Office No. 403, 4 th Floor, Metro Complex, Building No. 4/5, Veer Saverkar Market, Nirman Vihar, Delhi, 110092



- A team of officials of DGGI, GRU under Authorization for Search issued under Section 67(2) of the CGST Act, 2017 visited the registered principal place of business of M/s Ravi Kumar Laminates, Kh-398, Ground Floor, Shahbad, Daulatpur, Delhi, 110042 on 15.06.2021. On visit, the visiting officers tried hard to locate the address of the firm but locals informed that the address was not correct, and no such firm ever exist in the said locality. The proceeding was recorded under Panchnama dated 15.06.2021 (**RUD-37**). No additional place of business was added in GST registration.
- Based on the above findings, it appears that the M/s Ravi Kumar Laminates have taken GST registration based on forged documents and the said firm is a non-existent firm. Thus, it is incomprehensible how M/s MSPL, Delhi could have done business transactions with a firm that has taken GST registration fraudulently and existed only on papers. The only explanation is that M/s MSPL, Delhi knowingly & intentionally issued invoices to the bogus firms to falsify its financial records by showing fictitious transactions with the bogus firms and thereby passing off irregular ITC and in camouflage of those invoices clandestinely diverted the laminate/packaging material to manufacturer of Pan Masala/Tobacco.

xvi. M/s SAMEER TRADING COMPANY: The KYC details of M/s Sameer Trading Company as per the GST registration are as under:

Trade Name & GSTIN	Sameer Trading Company (07CBHPR7202R1Zo)
Proprietor's Name & Residential Address	Sameer Raj, Jagarnatha, Bairiya, Dhodhan, Bairya Dhorhan, Gopalganj, Bihar, 841438
Principal Place of Business	House No. B-278-A, Ground Floor Shop, Tigri Extension, New Delhi, 110019
Bank Account & IFSC	No Record available
Mobile Number	9006486136
E-mail Id	tradingsameer7@gmail.com
Registration Status	Date of Registration 08.12.2020 Cancelled suo-moto (w.e.f.04.04.2022)

- A team of officials of DGGI, GRU under Authorization for Search issued under Section 67(2) of the CGST Act, 2017 visited the registered principal place of business of M/s Sameer Trading Company, House No. B-278-A, Ground Floor Shop, Tigri Extension, New Delhi, 110019 on 16.06.2021. On visit, the visiting officers tried hard to locate the address of the firm but locals informed that the address was not correct, and no such firm ever exist in the said locality. The proceeding was recorded under Panchnama dated 16.06.2021 (**RUD-38**). No additional place of business was added in GST registration.



clandestinely diverted the laminate/packaging material to manufacturer of Pan Masala/Tobacco.

- xviii. M/s SITAKANT TRADING CO.:** The KYC details of M/s Sitakant Trading Co.as per the GST registration are as under:

Trade Name & GSTIN	Sitakant Trading Co. (07DIOPP3069P1ZA)
Proprietor's Name & Residential Address	Sitakant Pradhan, H.No. 16, Sector-37, Ambedkar Vihar, Gautam Buddha Nagar, 201301
Principal Place of Business	A-61, Jain Park, Gali No. 5, Uttam Nagar, Delhi, 110059
Bank Account & IFSC	No record available
Mobile Number	7840049719
E-mail Id	sitakanttradingco@gmail.com
Registration Status	Date of Registration 03.12.2020 Cancelled suo-moto (w.e.f.03.12.2020)

- A team of officials of DGGI, GRU under Authorization for Search issued under Section 67(2) of the CGST Act, 2017 visited the registered principal place of business of M/s Sitakant Trading Co., H.No. A-61, Jain Park, Gali No. 5, Uttam Nagar, Delhi, 110059 on 15.06.2021. On visit, the visiting officers were informed by the Shri Prem Pratap, caretaker of the property that the ground floor of the said premises was given to Sitakant Trading Co., but they left the premises, and he has not seen any business activity at the said address. The proceeding was recorded in the Panchnama dated 15.06.2021 (**RUD-40**). No additional place of business was added in GST registration.
- Based on the above findings, it appears that the M/s Sitakant Trading Co., have taken GST registration based on forged documents and the said firm is a non-existent firm. Thus, it is incomprehensible how M/s MSPL, Delhi could have done business transactions with a firm that has taken GST registration fraudulently and existed only on papers. The only explanation is that M/s MSPL, Delhi knowingly & intentionally issued invoices to the bogus firms to falsify its financial records by showing fictitious transactions with the bogus firms and thereby passing off irregular ITC and in camouflage of those invoices clandestinely diverted the laminate/packaging material to manufacturer of Pan Masala/Tobacco.

- xix. M/s SUBHAM WRAPERS:** The KYC details of M/s Subham Wrappers as per the GST registration are as under:

Trade Name & GSTIN	Subham Wrappers (07DOPPR4508E1ZO)
--------------------	--------------------------------------



- A team of officials of DGGI, GRU under Authorization for Search issued under Section 67(2) of the CGST Act, 2017 visited the registered principal place of business of M/s Subrat Trading Company, Plot No. 489, Ground Floor, Shahbad, Daulatpur, Delhi, 110042 on 15.06.2021. On visit at the address, it was gathered that three different firms namely, 1-CRD Plaster and Works (P) Ltd. (Trader of POP), 2-Balaji Traders (FMCG) & 3-Associated Refractory and Minerals (Refractory Bricks) were working from the given address, but no firm in the name of M/s Subrat Trading Co. was found in existence. On being enquired, it was informed by Shri D.P. Pathak Supervisor of M/s Associated Refractory and Minerals, that their firm is working since last 10 years on rent and as per his knowledge M/s Subrat Trading Co. never existed at the given address. The proceeding was recorded under Panchnama dated 16.06.2021 (RUD-42). No additional place of business was added in GST registration.
- Based on the above findings, it appears that the M/s Subrat Trading Co. have taken GST registration on the basis of forged documents and the said firm is a non-existent firm. Thus, it is incomprehensible how M/s MSPL, Delhi could have done business transactions with a firm that has taken GST registration fraudulently and existed only on papers. The only explanation is that M/s MSPL, Delhi knowingly & intentionally issued invoices to the bogus firms to falsify its financial records by showing fictitious transactions with the bogus firms and thereby passing off irregular ITC and in camouflage of those invoices clandestinely diverted the laminate/packaging material to manufacturer of Pan Masala/Tobacco.

xxi. M/s TIWARI TRADING COMPANY: The KYC details of M/s Tiwari Trading Company as per the GST registration are as under:

Trade Name & GSTIN	Tiwari Trading Company (07BLZPT9351G1Z5)
Proprietor's Name & Residential Address	Rakesh Tiwari, 4537, Dai Wara, Roshanpura Nai Sarak, Delhi, 110006
Principal Place of Business	Out of Kh. No.-12/26, Village-Budhpur, Bijapur, Delhi, 110036
Bank Account & IFSC	No record available
Mobile Number	7701953757
E-mail Id	vishesatul@gmail.com
Registration Status	Date of Registration 01.04.2021 Cancelled on application (w.e.f. 01.12.2022)

- A team of officials of DGGI, GRU under Authorization for Search issued under Section 67(2) of the CGST Act, 2017 visited the registered principal place of business of M/s Tiwari Trading Company, Out of Kh. No.-12/26, Village-



firm. Thus, it is incomprehensible how M/s MSPL, Delhi could have done business transactions with a firm that has taken GST registration fraudulently and existed only on papers. The only explanation is that M/s MSPL, Delhi knowingly & intentionally issued invoices to the bogus firms to falsify its financial records by showing fictitious transactions with the bogus firms and thereby passing off irregular ITC and in camouflage of those invoices clandestinely diverted the laminate/packaging material to manufacturer of Pan Masala/Tobacco.

16. Whereas, statement of Shri Harvinder Singh Matharu, Director of M/s MSPL, Delhi was recorded under Section 70 of the CGST Act, 2017 on 15.11.2021 (RUD-45), wherein he *inter alia*, deposed that,

- in the year 2001, he joined M/s Montage Enterprises Pvt. Ltd. (MEPL), as Marketing Executive and was gradually promoted as Chief Marketing Officer. He resigned from M/s MEPL in the year 2019. Further, he stated that since he had a long association with the owners of M/s MEPL, in October 2019 he was made director of M/s Montage Sales Pvt. Ltd., Delhi. M/s Montage Sales Pvt. Ltd., Delhi had entered into the agreement with M/s MEPL according to which M/s Montage Sales Pvt. Ltd., Delhi was to sell goods manufactured by M/s MEPL only;
- on being asked, he stated that M/s MEPL is engaged in manufacturing and supply of packaging materials i.e., Paper laminates/ Plastic laminates/ Aluminium Coated laminates. Most of the packaging material i.e., laminates were sold to Pan Masala/ Tobacco manufacturing units;
- on being asked, he stated that most of the buyers mainly place purchase order telephonically/ verbally and in some of the cases the purchase order in writing is placed by the buyer firms/company. As per the order design and specification the company manufactures the goods and deliver to the said firms/company;
- on being asked, he stated that M/s Montage Sales Pvt. Ltd., B-26, Jhilmil Industrial Area, Delhi was established to look after the sale of packaging materials manufactured by M/s Montage Enterprises Pvt. Ltd., within the region of Delhi & UP;
- On being shown the Panchnamas drawn at the principal place of business of 66 firms to whom M/s MSPL, Delhi, had shown supply during the period 05.10.2019 to 14.06.2021, he in his agreement had put his dated signature on some of the panchnamas. Further, he stated that from the wording of the panchnama it appears that those firms were found non-existent/non-operational at the registered principal place of business but he stated that he could not say anything in respect of supply made by M/s MSPL, Delhi to those firms;



1709	27.12.2020	TS-2	5460.66	1999008
1710	27.12.2020	TS-2	4507.85	1587202
1711	27.12.2020	Swagat Tobacco	1600	675466
1712	27.12.2020	Kuber Tobacco	2680.90	971983

Further, on being asked that, on verification of the said invoices, it is seen invoices pertaining to goods/laminate of various Pan Masala/ Tobacco are being issued to bogus (non-existent/non-operational) firms, he stated that these details are already contained in file @ sl. no. 17 resumed under panchnama dated 25.06.2021 drawn at the residential premise of Shri Sujeet Kumar Singh, owner of M/s BTCPL, Noida and he had nothing to add.

17. And whereas, statement of Shri Jasmeet Singh, Director of M/s MSPL, Delhi was recorded under Section 70 of the CGST Act, 2017 on 26.04.2022 (RUD-46), wherein he *inter alia*, deposed that,

- in the year 2003, he joined M/s Montage Enterprises Pvt. Ltd., as Manager (Sales & Marketing) and was gradually promoted to General Manager (Sales & Marketing).
- In mid-2019, M/s Montage Enterprises Pvt. Ltd., was planning a new business model for the distribution of packaging materials, so he was approached by his senior colleague Shri Harvinder Singh Matharu for starting a company where he can develop our packaging market business and hence, they formed a company namely M/s Montage Sales Pvt. Ltd., Delhi and he and Shri Harvinder Singh Matharu became directors in that company;
- on being asked, he stated that M/s Montage Enterprises Pvt. Ltd., Noida has proposed to distribute the packaging materials through trading firms/ distribution firms so that the customer service could be improved and business can grow. So, they started a company namely M/s Montage Sales Pvt. Ltd., Delhi;
- on being asked, he stated that M/s MSPL, Delhi is engaged in the trading of printed/unprinted plastic/paper laminates since October 2019. M/s MSPL, Delhi purchased all goods from the factories of M/s Montage Enterprises Pvt. Ltd., located at Noida, Malanpur, Jammu & Haridwar. Before that M/s MSPL placed an order to M/s Montage Enterprises Pvt. Ltd., Noida and the decision to produce goods at which factory of M/s Montage Enterprises Pvt. Ltd., is taken at Noida only and once the goods are manufactured the same is delivered to M/s MSPL, Delhi. He further stated that, being director of M/s MSPL, he was looking after the new product business development of the company and Shri Harvinder Singh Matharu as the second director was looking after all the day-to-day business operations of the company. He further stated that Shri Harvinder Singh



number of pouches manufactured out of 1 kg of printed laminate and transaction value of Pan Masala/Chewing Tobacco of different MRPs are required to be ascertained.

20.1 And whereas, the month wise quantity of unaccounted printed laminates procured from M/s MSPL, Delhi by M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad as per file @ serial number 17 is as under:

Month	No. of Boxes	Quantity (in Kgs)
December, 2020	6,983	2,81,353.19
January, 2021	5,812	2,66,205.55
February, 2021	4,662	2,12,456.95
March, 2021	5,331	2,38,587.43
April, 2021	3,143	1,40,986.65
May, 2021	1,097	45,048.58
June, 2021	588	26,257.40
Total	27,616	12,10,895.75

20.2 And whereas, during the search of the factory premises of M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad, an exercise was conducted to ascertain the number of pouches of Pan Masala & Chewing Tobacco of various MRPs manufactured out of 1 Kg of printed laminate. Accordingly, the pouch packing machine was operated and printed laminates of various MRPs were loaded in the machine and the number of pouches manufactured out of 1 Kg printed laminate was calculated. The process carried out for ascertaining number of pouches manufactured out of 1 Kg printed laminate is detailed in the panchnamas dated 04/05.10.2021 drawn at M/s KPFPL, Ghaziabad and visit report dated 23.05.2023 drawn at M/s KYTWPL, Ghaziabad. During machine operation it was seen that out of 1 Kg of printed Laminate, 1060 pouches of Kamla Pasand Pan Masala/Rajshree Pan Masala & Rajshree Gold Pan Masala of MRP ₹4/- are manufactured and highest production is of Kamla Pasand Pan Masala of MRP ₹4/. Similarly, out of 1 Kg of printed Laminate, 2538 pouches of Double Black Chewing Tobacco of MRP ₹1/-, 2580 pouches of Black Label Chewing Tobacco of MRP ₹1/-, & 2402 pouches of Silver Class Chewing Tobacco of MRP ₹1/- are manufactured. The said details are tabulated as under:

Description	MRP	No. of Pouches manufactured out of 1 Kg. Printed Laminate
Kamla Pasand Pan Masala	₹4/- per Pouch	1060 Pouches /Kg of laminate
Kamla Pasand Pan Masala	₹8/- per Pouch	800 Pouches /Kg of laminate
Rajshree Pan Masala	₹4/- per Pouch	1060 Pouches /Kg of laminate
Rajshree Pan Masala	₹8/- per Pouch	743 Pouches /Kg of laminate
Rajshree Pan Masala	₹18/- per Pouch	510 Pouches /Kg of laminate
Rajshree Gold Pan Masala	₹4/- per Pouch	1060 Pouches /Kg of laminate
Double Black Label Chewing Tobacco	₹1/- per Pouch	2538 Pouches /Kg of laminate
Green Label Chewing Tobacco	₹1/- per Pouch	1962 Pouches /Kg of laminate



6	Rajshree Gold Pan Masala	₹4/-	1,77,804	1,81,100	1,07,75,450
February 2021					
Sl. No.	Brand Name	MRP	Production Qty In Pkt	Sale Qty In Pkt	Sale Taxable Value
1	Kamla Pasand Pan Masala	₹4/-	20,86,600	18,03,330	10,87,82,258
2	Kamla Pasand Pan Masala	₹8/-	0	280	14,020
3	Rajshree Pan Masala	₹4/-	8,72,775	9,54,650	5,02,66,230
4	Rajshree Pan Masala	₹8/-	2,35,125	3,22,610	2,23,14,350
5	Rajshree Pan Masala	₹18/-	2,14,700	2,55,680	1,99,38,480
6	Rajshree Gold Pan Masala	₹4/-	3,55,608	3,55,125	1,93,48,938
March 2021					
Sl. No.	Brand Name	MRP	Production Qty In Pkt	Sale Qty In Pkt	Sale Taxable Value
1	Kamla Pasand Pan Masala	₹4/-	30,53,150	33,19,730	19,04,15,280
2	Kamla Pasand Pan Masala	₹8/-	54,780	74,630	33,29,030
3	Rajshree Pan Masala	₹4/-	10,73,190	9,63,090	4,71,91,410
4	Rajshree Pan Masala	₹8/-	5,87,125	6,05,570	4,05,73,190
5	Rajshree Pan Masala	₹18/-	2,64,420	2,09,960	1,57,47,000
6	Rajshree Gold Pan Masala	₹4/-	5,45,984	5,28,910	2,80,32,230
April 2021					
Sl. No.	Brand Name	MRP	Production Qty In Pkt	Sale Qty In Pkt	Sale Taxable Value
1	Kamla Pasand Pan Masala	₹4/-	16,33,785	16,12,790	9,65,47,680
2	Kamla Pasand Pan Masala	₹8/-	38,976	34,018	15,88,661
3	Rajshree Pan Masala	₹4/-	8,25,759	8,97,235	4,49,91,805
4	Rajshree Pan Masala	₹8/-	2,45,250	2,26,030	1,61,00,830
5	Rajshree Pan Masala	₹18/-	1,83,654	2,36,786	1,79,41,059
6	Rajshree Gold Pan Masala	₹4/-	4,58,316	4,55,617	2,41,47,701
May 2021					
Sl. No.	Brand Name	MRP	Production Qty In Pkt	Sale Qty In Pkt	Sale Taxable Value
1	Kamla Pasand Pan Masala	₹4/-	17,24,760	10,23,060	6,50,99,840
2	Kamla Pasand Pan Masala	₹8/-	12,180	9,810	4,35,610
3	Rajshree Pan Masala	₹4/-	5,66,181	5,80,340	2,95,97,340
4	Rajshree Pan Masala	₹8/-	1,77,670	1,16,480	85,03,040
5	Rajshree Pan Masala	₹18/-	2,02,122	1,79,520	1,37,33,280
6	Rajshree Gold Pan Masala	₹4/-	7,16,448	7,56,000	4,00,68,000

M/s K.Y. Tobacco Works Pvt. Ltd.					
December 2020					
Sl. No.	Brand Name	MRP	Production Qty In Pkt	Sale Qty In Pkt	Sale Taxable Value
1	Double Black	₹1/-	15,21,080	20,26,700	1,59,14,100
2	Green Label	₹1/-	0	0	0
3	Black Label	₹1/-	7,80,565	8,46,440	54,17,216
4	Black Label-2	₹1.5/-	4,17,000	2,87,480	19,83,612
5	Black Label-18	₹2/-	3,82,320	2,06,800	9,71,960
6	Silver Class	₹1/-	1,09,425	1,16,000	7,30,800
January 2021					
Sl. No.	Brand Name	MRP	Production Qty In Pkt	Sale Qty In Pkt	Sale Taxable Value
1	Double Black	₹1/-	22,37,260	20,88,690	1,64,41,523



Total Pouches of Kamla Pasand Pan Masala of MRP ₹4/- manufactured during December 2020 to May 2021, as per details proved by M/s KPFPL, Ghaziabad	48,32,12,120
Weight of printed laminate contained in 1 Pouch (1060 Pouch/Kg)	0.9434 gm
Total weight of printed laminate used in the production	4,55,860 Kg
Calculation of printed laminate consumed in the production of pouches of Double Black Chewing Tobacco of MRP ₹1/-	
Total Pouches of Double Black Chewing Tobacco of MRP ₹1/- manufactured during December 2020 to May 2021, as per details proved by M/s KYTWPL, Ghaziabad	41,03,23,915
Weight of printed laminate contained in 1 Pouch (2580 Pouch/Kg)	0.3940 gm
Total weight of printed laminate used in production	1,61,672 Kg

20.5 And whereas, a chart (**Annexure-'C'**) has been prepared showing calculation of quantity of printed laminate used in the accounted production of Pan Masala & Chewing Tobacco of various MRPs manufactured by M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad during December 2020 to May 2021 and the same has been annexed to this SCN. Thus, as per **Annexure-'C'** it is observed that the total accounted printed laminates used in the production of Pan Masala & Chewing Tobacco is as under:

Pan Masala manufactured by M/s KPFPL, Ghaziabad	:	7,55,417 Kg
Chewing Tobacco manufactured by M/s KYTWPL, Ghaziabad:		2,76,379 Kg
Total	:	10,31,796 Kg

20.6 And whereas, the percentage of accounted laminate used for production of Pan Masala and Chewing Tobacco by M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad out of 10,31,796 Kg of accounted printed laminates was also calculated and the same is reflected in Annexure 'C'. Thus, it revealed that the percentage of printed laminates used by M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad comes out to be 73.21% and 26.79%. Accordingly, applying best judgment assessment the quantity of 12,10,895.75 Kg of unaccounted printed laminates has been distributed in the percentage of 73.21% and 26.79% between M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad assuming that in the same percentage as that of accounted production the unaccounted production using unaccounted printed laminates has taken place. Thus, it is seen that out of 12,10,895.75 Kg of printed laminates, a quantity of 8,86,496.82 Kg was supplied to M/s KPFPL, Ghaziabad for unaccounted production of Pan Masala and a quantity of 3,24,398.93 Kg was supplied to M/s KYTWPL, Ghaziabad for unaccounted production of Chewing Tobacco. Accordingly, the number of pouches of different Pan Masala & Chewing Tobacco manufactured by M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad was



Duty Quantification in respect of M/s KPFPL, Ghaziabad:

Description	Kamla Pasand	Kamla Pasand	Rajshree	Rajshree	Rajshree	Rajshree Gold
MRP	₹4/-	₹8/-	₹4/-	₹8/-	₹18/-	₹4/-
Total No. of unaccounted Pan Masala Pouches as per Annexure-E	56,70,58,667	23,63,110	18,45,80,185	4,50,87,126	1,74,66,208	8,42,90,875
Transaction Value/Pouch (₹)	1.641	3.5	1.7	3.476	6.955	1.767
Total Transaction Value (₹)	93,05,43,273	82,70,885	31,37,86,315	15,67,22,850	12,14,77,477	14,89,41,976
CGST @14% (₹)	13,02,76,058	11,57,924	4,39,30,084	2,19,41,199	1,70,06,847	2,08,51,877
SGST @14% (₹)	13,02,76,058	11,57,924	4,39,30,084	2,19,41,199	1,70,06,847	2,08,51,877
CESS @60% (₹)	55,83,25,964	49,62,531	18,82,71,789	9,40,33,710	7,28,86,486	8,93,65,186
Total Tax (₹)	81,88,78,080	72,78,379	27,61,31,957	13,79,16,108	10,69,00,179	13,10,68,939
Grand Total	₹147,81,73,672/- {CGST ₹23,51,63,988/-; SGST ₹23,51,63,988/-; Cess ₹100,78,45,665/-}					

20.8 And whereas, GST & Cesses have been charged on the transaction value and the rate of GST & Cesses is taken as per Notification No. 01/2017-CT (Rate) dated 28.06.2017 (as amended) and Notification No. 01/2017-Compensation Cess (Rate) dated 28.06.2017. In the instant case matter and as per the existing law for the period under consideration, applicable tax rates on the branded Pan Masala are (i) CGST @14%; (ii) SGST @14% & (iii) Compensation Cess @60%.

Duty Quantification in respect of M/s KYTWPL, Ghaziabad:

Description	Double Black	Green Label	Black Label	Black Label-2	Black Label-18	Silver Class
MRP	₹1/-	₹1/-	₹1/-	₹1.5/-	₹2/-	₹1/-
Total No. of unaccounted Chewing Tobacco Pouches as per Annexure-E1	48,16,17,071	14,97,609	17,37,26,101	3,92,77,239	1,71,65,226	8,38,48,952
Assessable Value/ Pouch (₹)	0.167	0.306	0.183	0.262	0.382	0.182
Value for Excise duty & NCCD (₹)	21,67,27,682	6,73,924	7,81,76,745	2,65,12,136	1,54,48,703	3,77,32,028
Excise Duty @ 0.5% (₹)	10,83,638	3,370	3,90,884	1,32,561	77,244	1,88,660
NCCD @ 25% (₹)	5,41,81,920	1,68,481	1,95,44,186	66,28,034	38,62,176	94,33,007



₹18,76,357/-, NCCD of ₹9,38,17,804/-, GST of ₹6,73,35,134/- and Cess of ₹38,47,72,192/-.

INVESTIGATION CONDUCTED FROM VARIOUS PERSONS ASSOCIATED WITH M/S KAY PAN FRAGRANCE PVT. LTD., M/S K. Y. TOBACCO WORKS PVT. LTD., AND M/S KAY PEE KHAINI PVT. LTD.:

21. Whereas, statement of Shri Pawan Kumar Jain, Account Manager of M/s KPFPL, Ghaziabad, was recorded under Section 70 of the CGST Act, 2017 on 05.10.2021 (RUD-47), wherein he inter-alia deposed that;

- ✓ M/s Kay Pan Fragrance Pvt. Ltd., B-15, BSR Industrial Area, Ghaziabad is engaged in the manufacturing and supply of Pan Masala under the brand names 'Rajshree' and 'Kamla Pasand';
- ✓ On being asked he stated that Shri Dinesh Kumar Teotia and Shri Devesh Kumar, are the directors of the company and they look after day-to-day activities of the company;
- ✓ On being asked he stated that he is associated with M/s KPFPL since last eight years and is looking after financial matters pertaining to M/s KPFPL and he reports to the directors of the company;
- ✓ On being asked he stated that M/s KPFPL is engaged in manufacturing and supply of Pan Masala of 'Rajshree' brand of MRP ₹4/-, ₹8/- & ₹18/- and Pan Masala of 'Kamla Pasand' brand of MRP ₹4/-, & ₹8/-;
- ✓ On being asked he stated that he is not aware of the installed production capacity of the plant of M/s KPFPL. However, he stated that the plant runs in two shifts of ten (10) hours each and if the demand is less, they manage production through single shift. Further, he stated that there are 150 to 160 workers engaged in a day i.e., in two shifts;
- ✓ On being asked he stated that the labourer are hired on contract basis from M/s Sai Associates, Ghaziabad;
- ✓ On being asked he stated that M/s KPFPL is having brand License Agreement entered with M/s Kamla Kant and Company LLP. Further, he stated that they have separate production floors for the 'Rajshree' and 'Kamla Pasand' Pan Masala;
- ✓ On being asked about the shortage/excess in the physical stock of finished products lying at the factory premises of M/s KPFPL, he stated that due to huge inventory of finished goods lying in the factory premises, there are chances of some differences in stock and he is not able to explain the same at that time;
- ✓ On being asked about the shortage in the raw material lying at the factory premises of M/s KPFPL, he stated that due to huge inventory of raw materials and packaging materials lying in the factory premises, there are chances of some differences in stock and he is not able to explain the same at that time;



- ✓ On being asked he stated that the directors regularly come to factory premise, however, in absence of the directors all the works is looked after by him only. Further, he stated that Shri Dinesh Tewatia had come to office almost 7-8 days ago and Shri Devesh Mishra had come to office almost 20-25 days ago;
- ✓ On being asked about Shri Niraj Jain and how he is related with M/s KPFPL, Ghaziabad he stated that he has old relation with Shri Niraj Jain, but can't comment on relation of Shri Neeraj Jain with M/s KPFPL, Ghaziabad;
- ✓ On being shown file @ sl. No. 17 resumed under Panchnama dated 25.06.2021 drawn at the residential premise of Shri Sujeet Kumar Singh, owner of M/s BTCPL and statement dated 25.06.2021 of Shri Sujeet Kumar Singh, he stated that he has seen the same and in token of having seen put his dated signature. Shri Pawan Jain showed his ignorance about the entries of transportation of laminate by M/s BTCPL from M/s MSPL, Delhi.

21.2 And whereas, another statement of Shri Pawan Kumar Jain, Account Manager of M/s KPFPL, Ghaziabad was recorded under Section 70 of the CGST Act, 2017 on 10.11.2021 (**RUD-49**), wherein he *inter-alia* deposed that;

- ✓ On being asked he stated that Shri Surender Singh Bora maintains records of sale/purchase invoices, e-way bills, production, raw material and Shri Surender Singh Bora reports to him;
- ✓ On being asked he stated that in the absence of the directors all the day-to-day work is looked after by him and other staff. Further, he stated that after the search conducted by DGGI, Shri Devesh Mishra and Shri Dinesh Tewatia came to office only once, however, prior to that they came to factory 3-4 days in a week;
- ✓ On being asked to contact the directors from his mobile and request them to assist in the ongoing investigation, Shri Pawan Jain stated that he had contacted Shri Dinesh Tewatia on his mobile number 7838627726, but the same was not reachable and mobile of Shri Devesh Mishra (8595380500) was switched off;
- ✓ On being asked he stated that purchase order for buying raw material was placed by account section on the direction of directors and no order were prepared in relation to finished goods;
- ✓ On being asked he stated that the no record was maintained at the factory gate for receipt of raw material; invoices were sent to the account section after receipt of raw material and the same was entered in account books. Similarly, the finished goods were loaded in the trucks and the details were shared with account section after loading for preparation of invoice and e-way bills;
- ✓ On being asked he stated that all the raw materials were supplied by the suppliers on FOR basis. Further, he stated that the company has agreement with M/s Shyam Transport Company for transportation of finished goods. Shri Dubey ji is owner of M/s Shyam Transport Company;



- ✓ On being asked he stated that he was working as accountant of M/s SAAK Enterprises, Ghaziabad since last 1.5 year;
- ✓ On being asked he stated that M/s SAAK Enterprises is a proprietorship firm and Shri Sandeep Gupta is the proprietor. The firm was started in October 2019, since then the firm is engaged in trading of Pan Masala/Tobacco manufactured by M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad. He further stated that all the goods manufactured by M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad were sold to M/s SAAK Enterprises and on their direction further sold to C&F agents of these companies namely Shri Ajit Kumar Gupta and Shri Mukesh Kapoor;
- ✓ On being asked he stated that being accountant his role and responsibility is to make entry of inward invoices in the system and as per the order sheet provided by Shri Deepak Jha he arranged vehicles, generated invoices against outward supply of the goods. He further stated that Shri Deepak Jha received the order sheet from the factories and as per the said sheets goods were delivered;
- ✓ On being asked he stated that with the inward supply of goods and invoices & e-waybills he never received any transportation documents. He further stated his work was only receipt of invoices and issuance of invoice and he never checked the quantity of inward or outward goods;
- ✓ On being asked he stated that most of the goods were supplied to M/s Orpas International and M/s Balaji Enterprise, both owned by Shri Ajit Kumar Gupta and M/s Apparent Marketing Pvt. Ltd., and M/s K M Foods Infrastructure Pvt Ltd., both owned by Shri Mukesh Kapoor;
- ✓ On being asked he stated that M/s SAAK Enterprises is Shri Sandeep Gupta's proprietorship concern and the same was made by the owner of M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad. The goods manufactured by M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad were supplied through M/s SAAK Enterprises to the C&F agents of M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad.
- ✓ On being further asked about the supply of unaccounted goods, he stated that Shri Sandeep Gupta, Shri Rakesh Nagar, Shri Pawan Jain and Shri Neeraj Jain could inform about the same.

23. Whereas, statement of Shri Rakesh Singh, Supervisor of M/s SAAK Enterprises, Ghaziabad, was recorded under Section 70 of the CGST Act, 2017 on 09.11.2021 (**RUD-51**), wherein he *inter-alia* deposed that;

- ✓ On being asked he stated that he was working as supervisor of M/s SAAK Enterprises, Ghaziabad;
- ✓ On being asked he stated that M/s SAAK Enterprises is a proprietorship firm and Shri Sandeep Gupta is the proprietor. The firm was started in October 2019, since



24. Whereas, statement of Shri Neeraj Jain S/o Shri Harinder Kumar Jain R/o I-112, 1st Floor, Phase-1, Ashok Vihar, New Delhi-52, was recorded under Section 70 of the CGST Act, 2017 on 10.11.2021 (RUD-52), wherein he inter-alia deposed that,

- ✓ On being asked he stated that he was not aware about the directors of M/s KPFPL, Ghaziabad;
- ✓ On being asked he stated that Shri Pawan Jain is working as Manager in M/s KPFPL, Ghaziabad;
- ✓ On being asked he stated that he is not employee of M/s KPFPL, Ghaziabad, but he supervises the units of Kamla Pasand and Rajshree situated at Ghaziabad;
- ✓ On being asked he stated that all the brands i.e., Kamla Pasand, Rajshree, Rajshree Gold, Black Label, Double Black, etc. are registered brand of M/s Kamlakant and Co. LLP and Shri Kamla Kant Chaurasia and Shri Shri Kamal Kishore Chaurasia are the partners of M/s Kamlakant and Co. LLP;
- ✓ Further Shri Neeraj Jain was shown Panchnama dated 25.06.2021 drawn at the residential premises of Shri Sujeet Kumar Singh, file @sl. no. 17 resumed under Panchnama dated 25.06.2021 and statement dated 25.06.2021 of Shri Sujeet Kumar Singh. Further it was informed that Shri Sujeet Kumar Singh in his statement dated 25.06.2021 had admitted that he had transported unaccounted printed laminate to various pan masala/ Tobacco units supplied by M/s MSPL, Delhi on the strength of invoices issued to fake/non-existent firms. Shri Neeraj Jain in his agreement signed the statement of Shri Sujeet Kumar Singh, Panchnama dated 25.06.2021 and on the pages of file @sl.no.17, which reflected entries relating to Kamla Pasand & Rajshree brand manufactured at Ghaziabad;
- ✓ Further on being shown the chart prepared on the basis of the details available in file @sl.no.17, relating to Kamla Pasand & Rajshree brand. He signed the same in his agreement. He stated that they had received unaccounted printed laminate of Kamla Pasand and Rajshree Brand of MRP ₹4/- from M/s MSPL, Delhi;
- ✓ Further Shri Neeraj Jain was also shown Panchnama dated 04.10.2021 drawn at the residential premises of Shri Ajit Kumar Gupta, record @sl. no. 3 resumed under Panchnama dated 04.10.2021 and statement dated 04.10.2021 of Shri Ajit Kumar Gupta. Further he was informed that Shri Ajit Kumar Gupta in his statement dated 04.10.2021 had admitted that the said record @sl. no. 3 was having details of unaccounted sale/purchase of Rajshree and Kamla Pasand Pan Masala/Tobacco manufactured by factories situated at Ghaziabad for the period November 2019 to July 2021. That the payments of the same has been made to Shri Sandeep Gupta in cash or to the raw material supplier of KP & Rajshree. Further, on the basis of the same, a duty qualification chart was prepared and was shown to Shri Neeraj Jain for comments. Shri Neeraj Jain in his statement dated 10.11.2021 agreed with the content of Panchnama dated 04.10.2021 and also agreed with the statement dated



- ✓ On being asked he stated that M/s SAAK Enterprises have around 65-70 buyers in total. As far as he remembers major buyers of M/s SAAK Enterprises are as under,
 - Apparent Marketing Pvt. Ltd., Ghaziabad
 - K M Foods Infrastructure Pvt. Ltd., Ghaziabad
 - Dev & Company, Kanpur
 - Balaji Enterprises, Ghaziabad
 - Orpas International, Delhi
 - JR Agencies, Moradabad
 - Shri Krishna Agency, Assam
 - Madhav Trader, Agra
 - Akash Bedi Store, Chandigarh
 - M N Gupta Agency, Dehradun
 - Maa Bhagwati Traders, Bhopal

He further stated that, he does not remember the names of the person from buyer's firm who contacted for placing order for purchasing Pan Masala and Tobacco from M/s SAAK Enterprises, though he remembers that Shri Mukesh Kapoor placed order for Apparent Marketing Pvt. Ltd. and M/s K M Foods Infrastructure Pvt. Ltd., and Shri Ajit Kumar Gupta placed order for Balaji Enterprises and Orpas International;

- ✓ On being asked he stated that he himself arranged vehicle for transportation against all the outward supply of goods from M/s SAAK Enterprises. Further, he stated that M/s SAAK Enterprises has made all its outward supply through one transporter namely M/s Shyam Transport Company and Shri Shiv Kumar Dubey is proprietor of M/s Shyam Transport Company;
- ✓ On being asked he stated that Shri Ajit Kumar Gupta and Shri Mukesh Kapoor are main C&F agents of Rajshree and Kamla Pasand Pan Masala and Tobacco being manufactured by M/s KPFPL, Ghaziabad & M/s KYTWPL, Ghaziabad. Most of outward supply from M/s SAAK Enterprises are affected through Shri Ajit Kumar Gupta and Shri Mukesh Kapoor;
- ✓ Further, Shri Sandeep Gupta was shown Panchnama drawn at the premise of M/s SAAK Enterprises and was asked to offer comments. He stated that he has seen the said Panchnama and in token of having seen the same he put his dated signature. He admitted that a substantial quantity of finished goods was not entered in the stock register as it was to supply the same clandestinely i.e., without payment of duty on the direction Shri Pawan Kumar who looks after the clandestine affairs of M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghazibad. However, the same was not removed. He further stated that the same is the modus operandi adopted by the factories of Rajshree & Kamla Pasand at Ghaziabad;



Rajshree Pan Masala on the direction of Shri Sandeep Gupta, proprietor of M/s Saak Enterprises to their suppliers. That the payments made in cash to various suppliers of M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad are mentioned at page number 54, 58, 61, 65, 79, 87, & 94; that the amount shown against the suppliers is in thousands and that an amount of Rs. 3 Crore was paid to Shri Ved Goyal against the supplies made by him. Shri Ved Prakash Goyal after seeing the page no. 54 and going through the statement of Shri Ajit Kumar Gupta denied having received any amount in cash.

INVESTIGATION CONDUCTED BY THE DGGI, AHMEDABAD ZONAL UNIT, AHMEDABAD AND EVIDENCES SHARED WITH THIS OFFICE VIDE LETTER F.NO. DGGI/AZU/GR.E/12(4)399/21-22/4848 DATED 25.08.2022 (RUD-55).

27. The DGGI, Ahmedabad Zonal Unit, Ahmedabad vide their letter informed that on specific intelligence regarding evasion of GST, an investigation against the suppliers of raw materials used for manufacturing of "Kamla Pasand" & "Rajshree" brand Pan Masala/tobacco and their dealers was initiated by their office. The details of the searches conducted and statements recorded by their office is hereunder.

Investigation conducted against M/s GBN International, 151, 1st Floor, Gali Abdul Hakim, Tilak Bazar, Delhi – 110006 (Raw Material Supplier of Kamla Pasand and Rajshree Pan Masala/Tobacco):

28. The premise was searched on 11/12.11.2021 in presence of Shri Anupam Pandey, Manager and Authorized Signatory of M/s GBN International. Shri Anupam Pandey informed the officer that M/s GBN International is having two additional places of business at 19/118, GF, Sarai Rohilla, Delhi and H.No. 19, Near Joshi Farm, Village-Nangli Poona, New Delhi. The officer scrutinized the documents/records lying in the premise and resumed some of the records under INS-02 of the Panchnama dated 11/12.11.2021 on the reasonable belief that the same is required for ongoing investigation.

28.1 Further, during the search shortage of 2220.55 Kg of Fragrance Compound 'AA' and shortage of 2043 Kg of Fragrance Compound 'B' was recorded. However, M/s GBN International had made payment of GST on the same.

28.2 Statement of Shri Anupam Pandey S/o Shri Harish Chandra Pandey, Authorized Signatory of M/s GBN International, 151, 1st Floor, Gali Abdul Hakim, Tilak Bazar, Delhi-110006, was recorded under Section 70 of the CGST Act, 2017 on 12.11.2021, 02.12.2021 and 20.12.2021, wherein he *inter-alia* deposed that:

- ✓ On being asked he stated that he supervises day-to-day activity of M/s GBN International such as Sales/Purchase, Accounting, Office maintenance etc., and works on the directions of Shri Yash Dubey, Partner of M/s GBN International;



Ltd., Ghaziabad, M/s K Y Tobacco Works Pvt. Ltd., Sambhalpur, Bhopal and M/s KP Sugandh Limited, Bilaspur etc.;

- ✓ On being asked he stated that the main transporters for Outward supply are M/s Krishna Freight Carriers, M/s Love Carriers, M/s Shree Nagarji Goods Carrier. He further stated that for outward supply, they are making E-invoices since January-2021 and prepare E-way Bills also. For outward supply they provide transportation. Further, on being asked, he stated that first they receive the goods and store the goods and further, they sell the goods to their suppliers. They are not engaged in Bill to Ship to practice. Further, regarding transportation of inward supply, it is discretion of input supplier to choose their own transporters;
- ✓ On being asked he stated that M/s GBN International do not have any transport vehicles;
- ✓ Mostly, for inward supply, the payment to transporter is made by inward suppliers. Further, regarding outward supply, the payment to transporter is made by M/s. GBN Internationals;
- ✓ On being asked he stated that Perfumery Compounds are used in Food industry, Tobacco Industry or any industry which deals with fragrance. Sometimes, use of each perfumery compound is very private and business secrets also;
- ✓ On being asked he stated that M/s GBN Internationals is engaged in only trading of perfumery compounds. As per demands of buyers, they order the perfumery compounds to their sellers and subsequently, based on orders they sell it to their buyers. Further, M/s GBN Internationals does not have any mechanism to differentiate two perfumery compounds;
- ✓ on being asked he stated that he agree that there was shortage of goods as recorded in the panchnama dated 11/12.11.2021 and he further stated that although he was not in position to explain the reasons for shortage but he stated that these goods were not removed by them to anyone. He further stated that they have taken the ITC in respect of said goods and regarding the corresponding goods, he need time to examine the issue. He further stated that he admitted the GST liability in respect of the said goods found short and they shall pay the entire Government dues in this regard within 1-2 days;
- ✓ On being asked he stated that they have paid GST of ₹4,91,968/- (CGST ₹2,45,984/- and SGST ₹2,45,984/-), vide DRC-03 dated 13.11.2021 and GST ₹25,092/- (CGST ₹12,546/- and SGST ₹12,546/-) vide DRC-03 dated 25.11.2021 also paid the penalty of ₹77,562/- (i.e., 15% of GST of ₹4,91,968/- and ₹25,092/-), vide DRC-03 dated 02.12.2021 in respect of goods found short in their premises.

28.3 Further, statement of Shri Yash Dubey S/o Late Tej Bahadur Dubey, Partner of M/s GBN International, 151, 1st Floor, Gali Abdul Hakim, Tilak Bazar, Delhi-110006, was



- ✓ On being asked he stated that generally, he does the field work for requirement of the customers and if the requirement is towards Pan Masala or Agarbatti, he talks to Shri Rajiv Chaurasia and if the requirement is towards fine fragrances such as deo etc., he talks to Shri Ashish Dubey or Shri Nishith Dubey. Based on his feedback, they prepare perfumery compounds and give it to him. Out of experience, he certifies the product and give it to the customer for their confirmation. Once the customer is satisfied, initially they place verbal order and thereafter, they provide Purchase Order to the supplier directly i.e., M/s Sudama Fragrances or M/s Dubey Perfumers. My role is then limited to co-ordination between the supplier and the customer. He further stated that Shri Anupam Pandey, Manager of his firm, talk to Shri Dinesh Goel of M/s Sudama Fragrances regarding requirement of perfumery compound. Once the order is ready, Shri Dinesh Goel inform Shri Anupam Pandey and the goods are door delivered to their two godowns;
- ✓ on being asked he stated that they have not entered into any agreement with M/s Sudama Fragrances or M/s Dubey Perfumers. He further stated that they have neither made any agreement with the suppliers nor with the customers;
- ✓ on being asked he stated that Shri Anupam Pandey, along with 6 other office staff members, manages the godowns. Shri Sudhanshu Mishra is the main person who assist Shri Anupam Pandey. Shri Anupam Pandey and Shri Sudhanshu Mishra makes necessary entry in Tally. All entries are made in Tally only and no excel sheet or entries in registers are made;
- ✓ On being asked he stated that M/s KP group is our major customer in relation to Pan Masala. There are around 9 locations of M/s KP group where they dispatch the perfumery compound developed by M/s Sudama Fragrance. In this case, outward transportation is arranged by M/s Shree Nagarji Goods Carrier and they pay the freight charges to M/s Shree Nagarji Goods Carrier;
- ✓ On being asked he stated that M/s Shree Nagarji Goods Carrier caters only to Ghaziabad locations of M/s KP group. So, whenever Shri Anupam Pandey receives message from M/s KP group regarding delivery at Ghaziabad locations, he informs Shri Amit Mishra of M/s Shree Nagarji Goods Carrier who arranges vehicles for transportation of perfumery compounds. They prepare documents such as E-Invoice and E-Way Bill from the premises of M/s GBN International to M/s KP group, Ghaziabad and also pay the freight charges for transportation of goods from M/s GBN International to Ghaziabad locations of M/s KP group by cheque only. He further stated that the goods are transported from their premise to the Ghaziabad premise of M/s KP group and he was not aware whether the goods, once dispatched from their premise, is stored at the godown of M/s Shree Nagarji Goods Carrier;



- ✓ On being shown the Panchnama dated 10.11.2021 drawn at the premises of M/s Parfessence LLP situated at 70.A-22, 1st and 2nd Floor, Rama Road Industrial Area, Delhi – 110015 he stated that he has seen the same and in token of having seen the same and in his agreement with the facts mentioned in the said Panchnama, he put his dated signature on the said Panchnama;
- ✓ On being shown the seizure memo INS-02 drawn under Panchnama dated 01.11.2021 drawn at the premises of M/s Thakur Traders, Ground Floor, 71/6, K, Rama Road, Near Haldiram, Zakhira, Delhi, he stated that he has seen the same and stated that the goods seized belongs to his firm i.e. M/s GBN International and the said seized goods were meant for Ghaziabad units of M/s KP group;
- ✓ On being shown the statement of Shri Kuldeep Kumar dated 02.11.2021 recorded by the officers of DGGI, AZU under Section 70 of CGST Act, 2017 and in token of having seen the same, he put his dated signature on the same and stated that he agreed with the facts given in the answers stated by Shri Kuldeep Kumar;
- ✓ On being shown the statement of Shri Dinesh Goyal, Authorised Signatory of M/s Sudama Fragrance dated 13.01.2022 & 14.01.2022 recorded by the officers of DGGI, AZU under Section 70 of CGST Act, 2017 and in token of having seen the same, he put his dated signature on the same and stated that he agreed with the answers stated by Shri Dinesh Goyal at Question No.21 of statement dated 13.01.2022 and answers to Question No.6, 7, 8 and 10 of statement dated 14.01.2022;
- ✓ On being shown the statement of Shri Ashok Bhatia, Partner of Shri Shrinathji Goods Carrier dated 24.01.2022 & 25.01.2022 recorded by the officers of DGGI, AZU under Section 70 of CGST Act, 2017 and in token of having seen the same, he put his dated signature on the same and stated that he agreed with the facts given in the answers stated by Shri Ashok Bhatia.

28.4 Further, another statement of Shri Yash Dubey S/o Late Tej Bahadur Dubey, Partner of M/s GBN International, was recorded under Section 70 of the CGST Act, 2017 on 29.01.2022, wherein he inter-alia deposed that:

- ✓ On being shown his statement dated 28.01.2022 he signed the same in token of its correctness and acceptance of facts mentioned therein. He further stated that with respect to Answer No.30, he stated that except in respect of goods mentioned at Sr. No.1, 2 & 4 of the INS-02 of Panchnama dated 01.11.2021, all other goods belong to M/s GBN International. With respect to Answer No.33, wherein he disagree with the statement of Shri Ashok Bhatia of M/s Shree Nagarji Goods Carrier in as much as the goods bearing brand "SK" and "Suraj" were not supplied by M/s GBN International and he further stated that Shri Anupam Pandey from thier firm used to remain in contact with Shri Amit Mishra of M/s Shree Nagarji Goods Carrier and they always used to send their goods along with Invoice and Part-A of E-Way



- ✓ On being asked he stated that M/s GBN International does not have the exact idea of the costing of the perfumery products used. M/s Sudama Fragrances, Haridwar gives the sample to M/s KP group and once they approve it, M/s GBN International places the order to M/s Sudama Fragrances, Haridwar;
- ✓ On being asked he stated that as told earlier, they are in this trade since last five decades and they know M/s KP group since last three decades and he is providing feedback to M/s KP Group and hence, M/s GBN International take a small margin and this is win-win situation for both the sides;
- ✓ On being asked he stated that Chaurasia family is the owner of M/s Sudama Fragrances, Haridwar and M/s KP group is controlled by Chaurasia family.

28.5 Further, another statement of Shri Yash Dubey S/o Late Tej Bahadur Dubey, Partner of M/s GBN International, was recorded under Section 70 of the CGST Act, 2017 on 28.02.2022, wherein he inter-alia deposed that:

- ✓ On being shown his statements dated 28.01.2022 & 29.01.2022 recorded under section 70 of CGST Act, 2017 and in token of having seen the same and in his agreement, he put his dated signature on the same;
- ✓ On being asked he stated that he confirmed that the perfumery compounds developed by M/s Sudama Fragrance which are sold by their firm to M/s K P Group are transported through M/s Shri Nagarji Goods Carrier. He further stated that M/s ShriNagarji Goods Carrier has transported such perfumery compounds sold by them only to Ghaziabad units of M/s K P Group namely M/s Kay Pan Fragrances Pvt. Ltd., (GSTIN 09AAACK8045Q12S) & M/s K.Y. Tobacco works Pvt Ltd. (GSTIN 09AAGCK6608M1Z1);
- ✓ On being asked he stated that the goods procured by M/s GBN International were transported from M/s Sudama Fragrance through M/s New India Transways (07ANBPD6583D1Z8);
- ✓ On being asked he stated that the freight in-respect of inward transportation of goods from M/s Sudama Fragrances to M/s GBN International is paid by his firm;
- ✓ On being asked he stated that the goods supplied by M/s Sudama Fragrance and transported by M/s New India Transways were delivered at their godown/business premises situated at Plot No.18/B & 19/B, Khasra No.30/23, Nangli Pooria Extension, Delhi-110036;
- ✓ On being asked he stated that the work related to transportation was being looked after by Shri Anupam Pandey, Manager of their firm. To the best of his knowledge as per the understanding with the transporter namely Shri Nagarji Goods Carriers, the transporter used to load the goods from their godown and the same was transported to the units of M/s KP Group situated at Ghaziabad;
- ✓ On being asked he stated that the details of procurements of goods supplied by M/s Sudama Fragrance is maintained by Shri Anupam Pandey;



30.2 Further, statement of Shri Govind Dixit S/o Late Radhey Shyam Dixit, owner of M/s Dixit Trader, Opp. Govind Ram Bhagat Ram Pure Ghee, Chunawala Danda, Hathras was recorded under Section 70 of the CGST Act, 2017 on 01.11.2021, wherein he *inter-alia* deposed that,

- ✓ On being asked he stated that M/s Dixit Traders, is a wholesaler/trader of Rajshree Pan Masala, Safal Tobacco etc. and the goods lying in his business premises was procured without covering tax invoices and intended to supply to their customers without tax invoices;
- ✓ On being shown the panchnama and INS-02 dated 01.11.2021 drawn at the business premise of M/s Dixit Traders, he stated that he has seen the same and put his dated signature on the same. Further, he stated that Shri Sanjay Agarwal is tobacco supplier of M/s KPFPL, Ghaziabad and the finished goods viz. tobacco products from M/s KM Food Infrastructure Pvt. Ltd., are received without tax invoices and in such cases Mr. Amit of M/s KM Food Infrastructure Pvt. Ltd., informs him telephonically to pay cash pertaining to purchases of tobacco products. He further stated that "Kg" mentioned in the chat indicates figures/amount in "Lakhs". He further stated that as per the directions of Shri Amit of M/s KM Food Infrastructure Pvt. Ltd., and as conveyed in the chat by Shri Sanjay Agarwal, he had made payment of ₹20 Lakh and ₹29 Lakh to Shri Sanjay Agarwal.

Investigation conducted against M/s Rambabu Jain Deepak Jain, Bans Mandi, Main Ganj, Etah, U.P. (Dealer of Pan Masala/Tobacco):

31. The premise of M/s Rambabu Jain Deepak Jain, Bans Mandi, Main Ganj, Etah, was searched on 01.11.2021 in presence of Shri Pradeep Jain and Shri Pradeep Jain informed that the said premise belonged to his younger brother Shri Deepak Jain. Further, Shri Pradeep Jain informed that he is looking after the day-to-day business affairs of M/s Rambabu Jain Deepak Jain. The officer scrutinized the documents/records lying in the premise and resumed some of the records under INS-02 of the Panchnama dated 01.11.2021 on the reasonable belief that the same is required for ongoing investigation. **On physical stock verification stock of Rajshree and Kamla Pasand Pan Masala/Chewing Tobacco were found but at the time of search proceeding no stock register/invoice was available with Shri Pradeep Jain, hence, the goods lying at the godown were detained under GST INS-03.**

31.1 Further, M/s Rambabu Jain Deepak Jain, Etah deposited ₹67,478/- being market price of such goods or the amount of tax, interest and penalty that is or may become payable on seized goods. Accordingly, the seized goods were released vide GST INS-05 issued under DIN No. 202201DWW3000050975B dated 06.01.2022.



- ✓ On being asked he stated that the name of his transport company is M/s Shrinathji Goods Carrier. His transport firm is working since 2019 and the same is a partnership firm;
- ✓ On being asked he stated that there are total 38 trucks owned by him, 6 trucks are owned by his wife and 16 trucks are owned by his son Shri Ayush Bhatia;
- ✓ On being asked he stated that the warehouse/godown of M/s Shrinathji Goods Carrier is situated at M/s Thakur Traders, GF, 71/6, Rama Road, near Halidram, Jakhira, Delhi;
- ✓ On being asked he stated that M/s Shri Nagarji Goods Carrier started working since 2021 and Shri Naresh Kumar Bhatia is the Proprietor. However, he stated that all the day-to-day affairs of the transport company are looked after by him because he is actual owner and pay Rs. 10,000/- to Shri Naresh Kumar Bhatia;
- ✓ On being asked he stated that major customer of M/s Shrinathji Goods Carrier and M/s Shri Nagarji Goods Carrier are M/s GBN International, M/s Sakha Enterprises, M/s Mehandipur Balaji Traders LLP, M/s Ghatamehandipur Balaji Beetel Nut LLP, M/s Parfessence LLP, M/s Kay Pee Khaini Pvt. Ltd., M/s Kay Pan Fragrance Pvt. Ltd., and M/s K Y Tobacco Works Pvt. Ltd.;
- ✓ On being asked he stated that employee of M/s Shrinathji Goods Carrier are Shri Amit Mishra, Shri Lav Thakur, Shri Bhanu Sharma and Shri Kuldeep Kumar and all these employees are also working for his other company namely M/s Shri Nagarji Goods Carrier.
- ✓ On being asked he stated that Shri Amit Mishra is looking after inward and outward supply of goods, Shri Lav Thakur is looking after transportation, Shri Bhanu Sharma is godown in-charge and Shri Kuldeep Kumar is looking after godown and labourer.
- ✓ On being shown the panchnama dated 01/02.11.2021, drawn at the business premise of M/s Thakur Traders, GF, 71/6, Rama Road, near Halidram, Jakhira, Delhi and in token of having seen the same and in his agreement, he put his dated signature on the same. Further, he stated that the premise was taken on rent in the name of Shri Naresh Kumar Bhatia and from the said premise M/s Shri Nagarji Goods Carrier was operating, but the said premise was not registered in the GST;
- ✓ On being shown the Part (A) of INS-02 of panchnama dated 01/02.11.2021, drawn at the business premise of M/s Thakur Traders, he stated that the goods shown at sl.no. 4 is in powder form and all other are in liquid state and all these goods belonged to M/s GBN International;
- ✓ On being shown the Part (B) of INS-02 of panchnama dated 01/02.11.2021, drawn at the business premise of M/s Thakur Traders, he stated that the records at sl.no. A-1 & A-2 is having details of inward supply and outward supply of different goods



cheque, while the freight of the goods supplied without tax invoice was paid in cash;

- ✓ On being shown he stated that M/s G.B.N. International, M/s Sakha Enterprise, M/s Mahendipur Balaji Traders LLP, M/s Ghatamhendipur Balaji Beetlenut L.L.P., M/s Performance Sense L.L.P., are suppliers of M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad and he is not in contact with any of them. He further stated that he received instructions from Shri Pawan Jain and Shri Gaurav of M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad regarding the goods coming to their godown from different suppliers and how much quantity to be supplied to their factories. He also stated that all the goods that used to come from all these suppliers at their Rama Road, Zakhira warehouse used to come without any documents such as e-way bill, lorry receipt etc.;
- ✓ On being asked he stated that the registers seized from their warehouse described in serial numbers A-1 and A-2 of INS-02 dated 02.11.2021 contain all the entries at the name of "Perfumes", "R-29", "R-4", "R-Blue", "o", "ooo", "Super (SK)", "Suraj". These all are various types of perfumery compound supplied by M/s GBN International to M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad.

32.2 Further, the SCN for confiscation of goods seized at the premise M/s Thakur Traders (M/s Shri Nagarji Goods Carrier) under INS-02 of the Panchnama dated 02.11.2021 was issued by the office of the DGGI, Ahmedabad Zonal Unit.

INVESTIGATION CONDUCTED AT THE END OF DEALERS OF KAMLA PASAND & RAJSHREE PAN MASALA & CHEWING TOBACCO WHOSE NAMES WERE REFLECTING IN THE LOOSE SHEETS RESUMED FROM THE RESIDENTIAL PREMISE OF SHRI AJIT KUMAR GUPTA.

33. Whereas, enquiry was made from the dealers of Kamla Pasand & Rajshree Pan Masala & Chewing Tobacco whose names were reflecting in the loose sheets resumed @ sl.no. 4 under INS-02 of the panchnama drawn on 04.10.2021 at the residential premises of Shri Ajit Kumar Gupta, Proprietor of M/s Orpas International.

33.1 The dealers whose statements were recorded are detailed hereunder,

- o Shri Rajesh Kumar Chaurasia S/o Late Rama Shankar Prasad Chaurasia Proprietor of M/s Premium Suppliers, Oswal Complex, MG Road, Guwahati, Kamrup Metropolitan, Assam - 781001 and Partner of M/s Shree Krishna Agencies and Authorized Signatory of M/s Maa Enterprises (RUD-56);
- o Shri Brijesh Kumar Chaurasia S/o Late Rama Shankar Prasad Chaurasia Proprietor of M/s Maa Kamakhya Agencies, Shop No. 1, 4th Floor, Crescent Court, Jhankar More, Siliguri, Darjiling, West Bengal-734004 (RUD-57);



33.3 And whereas, all the aforesaid dealers during the course of their statements were shown the statement dated 04.10.2021 of Shri Ajit Kumar Gupta and loose sheets resumed under panchnama dated 04.10.2021 drawn at the residential premises of Shri Ajit Kumar Gupta, Proprietor of M/s Orpas International. They all stated that the name of their firms is written in loose sheets resumed under panchnama dated 04.10.2021 drawn at the residential premises of Shri Ajit Kumar Gupta, Proprietor of M/s Orpas International since they are purchasing Rajshree & Kamla Pasand Pan Masala & Chewing Tobacco through Shri Ajit Gupta. They all put his dated signature on the statement dated 04.10.2021 of Shri Ajit Kumar Gupta & on pages of loose sheets relating to their firms in their agreement.

ENQUIRY FROM OTHER RAW MATERIAL SUPPLIER OF TOBACCO, KATHA & BETEL NUT

34. Whereas, as discussed in para 4 and 6 above, during search operations conducted in the factory premises of M/s KPFPL, Ghaziabad and M/s KPKPL, Ghaziabad substantial shortage/excess as compared to recorded balances in respect of raw material/packing material/finished goods were detected. Further, the loose sheets resumed under panchnama dated 04.10.2021, drawn at the residential premise of Shri Ajit Kumar Gupta also contains details of raw material suppliers to whom payment was made by Shri Ajit Kumar Gupta on behalf of M/s KPFPL, Ghaziabad and M/s KPKPL, Ghaziabad.

34.1 And whereas, one supplier namely M/s Swastik Enterprises supplying accounted jute bags to M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad, could be identified from the names of supplier mentioned in the paper maintained by Shri Ajit Kumar Gupta. The proprietor of M/s Swastik Enterprises was Shri Ved Goyal and said name was mentioned in one of the sheets maintained by Shri Ajit Kumar Gupta. Thus, on the basis of information available in the loose sheets and GSTR-2As of M/s KPFPL, Ghaziabad and M/s KPKPL, Ghaziabad, the name of Shri Ved Prakash Goyal is identified because he is engaged in supply of bag/cartons to KP Group and at page no. 54 of the loose sheets resumed under Panchnama dated 04.10.2021 drawn at the residential premises of Shri Ajit Kumar Gupta, it has been written by Shri Ajit Kumar Gupta that an amount of Rs. 3 Crore was paid to Shri VED GOEL against the supplies made by him. However, Shri Ved Prakash Goyal after seeing the page no. 54 and going through the statement of Shri Ajit Kumar Gupta denied having received any amount in cash. Shri Ved Goyal during the entire enquiry and investigation had remained non-cooperative initially by not joining investigation in response to the summons issued on 01.06.2022 & 28.12.2022 (**collectively RUD-68**) and later on by giving evasive replies and feigning ignorance regarding the facts on record.

34.2 And whereas, during the search at the premise of M/s Thakur Traders, 71/6 K, Rama Road, Near Haldiram, Zakhira, Delhi, pertaining to transporter M/s Shri Nagarji



on 29.10.2021 under Authorization for Search. During the search, it has been gathered that the factory premise is taken by M/s Kay Pee Khiani Pvt. Ltd., Ghaziabad on sub-letting basis from M/s Shubham Machines Pvt. Ltd., for a period of 05 years w.e.f. 01.03.2021. Further, it has been noticed that total 04 packaging machines were installed in the factory premise and all were in working condition and on operation of one machine it has been noticed that from 1 kg of laminate total 510 pouches of Safal brand Khaini of MRP ₹10/- could be manufactured.

35.2 And whereas, summons dated 29.12.2021, 11.01.2022 and 09.05.2023 (**collectively RUD-69**) were issued to Shri Dinesh Kumar Tewatia and summons dated 29.12.2021, 11.01.2022 and 08.05.2023 (**collectively RUD-70**) were issued to Shri Devesh Kumar, both Directors of M/s KPFPL, Ghaziabad, but despite having the knowledge that enquiry is pending against them and their presence are necessary and relevant for the enquiry being conducted they intentionally didn't join the proceedings. Accordingly, a complaint under section 172, 174, 175, of IPC for non-appearance on summons issued under section 70 of the Central Goods and Services Tax Act, 2017, was filed against both on 30.06.2023.

35.3 And whereas, summons dated 27.12.2021, 12.01.2022 and 25.05.2023 (**collectively RUD-71**) were issued to Shri Sunil Kumar Agnihotri and summons dated 27.12.2021, 12.01.2022 and 26.05.2023 (**collectively RUD-72**) were issued to Shri Vikas Jain, both Directors of M/s KYTWPL, Ghaziabad, but despite having the knowledge that enquiry is pending against them and their presence are necessary and relevant for the enquiry being conducted they intentionally didn't join the proceedings. Accordingly, a complaint under section 172, 174, 175, of IPC for non-appearance on summons issued under section 70 of the Central Goods and Services Tax Act, 2017, was filed against both on 30.06.2023.

35.4 And whereas, summons dated 30.05.2023, 12.06.2023 and 20.06.2023 (**collectively RUD-73**) were issued to Shri Brijesh Kumar and summons dated 30.05.2023, 12.06.2023 and 20.06.2023 (**collectively RUD-74**) were issued to Shri Guarav Kumar Agnihotri, both Directors of M/s KPKPL, Ghaziabad, but despite having the knowledge that enquiry is pending against them and their presence is necessary and relevant for the enquiry being conducted they intentionally didn't join the proceedings. Accordingly, a complaint under section 172, 174, 175, of IPC for non-appearance on summons issued under section 70 of the Central Goods and Services Tax Act, 2017, was filed against both on 07.07.2023.

CAPACITY OF PRODUCTION

36. Whereas, during search operations conducted on 04/05.10.2021 at the premise of M/s KPFPL, Ghaziabad, 15 FFS Rotary pouch packing machines were found installed and



February, 2021	12,33,09,715	
March, 2021	18,10,18,845	
April, 2021	10,84,45,830	
May, 2021	11,10,15,662	

M/s KYTWPL, Ghaziabad		
Month	Total No. of Pouches manufactured	Average Pouches manufactured per month
December, 2020	9,73,63,340	11,31,88,958
January, 2021	12,23,00,470	
February, 2021	12,01,10,230	
March, 2021	11,83,35,660	
April, 2021	11,71,90,595	
May, 2021	10,38,33,450	

36.4 And whereas, it appears that the average accounted monthly production of Pan Masala manufactured by M/s KPFPL, Ghaziabad, comes to 12,79,40,845 pouches. However, as discussed in para 36.1 the production capacity of Pan Masala was 26,20,80,000 pouches. Thus, comparing production capacity as above vis a vis production as shown in records by M/s KPFPL, Ghaziabad, it is observed that they had the capacity to produce approx. 2 times more than what has been shown in their records.

36.5 And whereas, it appears that the average accounted monthly production of Chewing Tobacco manufactured by M/s KYTWPL, Ghaziabad comes to 11,31,88,958 pouches. However, as discussed in para 36.2 the production capacity of Chewing Tobacco was 23,06,30,400 pouches. Thus, comparing production capacity as above vis a vis production as shown in records by M/s KYTWPL, Ghaziabad, it is observed that they had the capacity to produce approx. 2 times more than what has been shown in their records.

INVESTIGATION CARRIED OUT W.R.T. TRANSPORTATION:

37. Whereas, Shri Pawan Kumar Jain, Account Manager of M/s KPFPL and Shri Sandeep Gupta, Proprietor of M/s SAAK Enterprises in their statements dated 10.11.2021 and 25.11.2021 respectively tendered that they made all their outward supplies through only one Transporter i.e., M/s Shyam Transport Company and Shri Shiv Kumar Dubey is the Partner of M/s Shyam Transport Company. Accordingly, to recover the incriminating records the registered Principal Place of Business of M/s Shyam Transport Company i.e., 48, Chara Mandi, Jakhira, New Delhi-110015 was searched on 20.12.2021 and some documents along with one CPU were resumed under Panchnama dated 20.12.2021 (RUD-75).

37.1 And whereas, summons dated 02.05.2023 and 22.05.2023 (**collectively RUD-76**) were issued to Shri Shiv Kumar Dubey, Partner of M/s Shyam Transport Company, Delhi, despite having the knowledge that enquiry is pending against him and his presence is necessary and relevant for the enquiry being conducted he intentionally didn't join the



authorised to be the proper officers for the purposes of this Act, subject to such conditions as the Government shall, on the recommendations of the Council, by notification, specify.

(2) Subject to the conditions specified in the notification issued under sub-section (1),

(a) where any proper officer issues an order under this Act, he shall also issue an order under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act, as authorised by the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act, as the case may be, under intimation to the jurisdictional officer of State tax or Union territory tax;

(b) where a proper officer under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act has initiated any proceedings on a subject matter, no proceedings shall be initiated by the proper officer under this Act on the same subject matter.

(3) Any proceedings for rectification, appeal and revision, wherever applicable, of any order passed by an officer appointed under this Act shall not lie before an officer appointed under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act.

C. Section 7 – Scope of supply –

(1) For the purposes of this Act, the expression "supply" includes –

(a) all forms of supply of goods or services or both such as sale, transfer, barter, exchange, licence, rental, lease or disposal made or agreed to be made for a consideration by a person in the course or furtherance of business;

(aa) the activities or transactions, by a person, other than an individual, to its members or constituents or vice-versa, for cash, deferred payment or other valuable consideration.

Explanation – For the purposes of this clause, it is hereby clarified that, notwithstanding anything contained in any other law for the time being in force or any judgment, decree or order of any Court, tribunal or authority, the person and its members or constituents shall be deemed to be two separate persons and the supply of activities or transactions inter se shall be deemed to take place from one such person to another;

(b) import of services for a consideration whether or not in the course or furtherance of business; and

(c) the activities specified in Schedule I, made or agreed to be made without a consideration;



Explanation 1 – For the purposes of clauses (a) and (b), “supply” shall be deemed to have been made to the extent it is covered by the invoice or, as the case may be, the payment.

Explanation 2 – For the purposes of clause (b), “the date on which the supplier receives the payment” shall be the date on which the payment is entered in his books of account or the date on which the payment is credited to his bank account, whichever is earlier.

F. Section 15 – Value of Taxable Supply –

(1) The value of a supply of goods or services or both shall be the transaction value, which is the price actually paid or payable for the said supply of goods or services or both where the supplier and the recipient of the supply are not related and the price is the sole consideration for the supply.

(2) The value of supply shall include –

- (a) any taxes, duties, cesses, fees and charges levied under any law for the time being in force other than this Act, the State Goods and Services Tax Act, the Union Territory Goods and Services Tax Act and the Goods and Services Tax (Compensation to States) Act, if charged separately by the supplier;*
- (b) any amount that the supplier is liable to pay in relation to such supply but which has been incurred by the recipient of the supply and not included in the price actually paid or payable for the goods or services or both;*
- (c) incidental expenses, including commission and packing, charged by the supplier to the recipient of a supply and any amount charged for anything done by the supplier in respect of the supply of goods or services or both at the time of, or before delivery of goods or supply of services;*
- (d) interest or late fee or penalty for delayed payment of any consideration for any supply; and*
- (e) subsidies directly linked to the price excluding subsidies provided by the Central Government and State Governments.*

Explanation – For the purposes of this sub-section, the amount of subsidy shall be included in the value of supply of the supplier who receives the subsidy.

(3) & (4)

G. Section 31 – Tax invoice –

(1) A registered person supplying taxable goods shall, before or at the time of, –

- (a) removal of goods for supply to the recipient, where the supply involves movement of goods; or*
- (b) delivery of goods or making available thereof to the recipient, in any other case,*



(1) Every registered person, other than an Input Service Distributor, a non-resident taxable person and a person paying tax under the provisions of section 10 or section 51 or section 52, shall furnish, electronically, in such form and manner as may be prescribed, the details of outward supplies of goods or services or both effected during a tax period on or before the tenth day of the month succeeding the said tax period and such details shall be communicated to the recipient of the said supplies within such time and in such manner as may be prescribed:

Provided that the registered person shall not be allowed to furnish the details of outward supplies during the period from the eleventh day to the fifteenth day of the month succeeding the tax period:

Provided further that the Commissioner may, for reasons to be recorded in writing, by notification, extend the time limit for furnishing such details for such class of taxable persons as may be specified therein:

Provided also that any extension of time limit notified by the Commissioner of State tax or Commissioner of Union territory tax shall be deemed to be notified by the Commissioner.

J. Section 39 – Furnishing of returns –

(1) Every registered person, other than an Input Service Distributor or a non-resident taxable person or a person paying tax under the provisions of section 10 or section 51 or section 52 shall, for every calendar month or part thereof, furnish, a return, electronically, of inward and outward supplies of goods or services or both, input tax credit availed, tax payable, tax paid and such other particulars, in such form and manner, and within such time, as may be prescribed:

Provided that the Government may, on the recommendations of the Council, notify certain class of registered persons who shall furnish a return for every quarter or part thereof, subject to such conditions and restrictions as may be specified therein.

K. Section 44 – Annual Return –

(1) Every registered person, other than an Input Service Distributor, a person paying tax under section 51 or section 52, a casual taxable person, and a non-resident taxable person, shall furnish an annual return for every financial year electronically in such form and manner as may be prescribed on or before the thirty-first day of December following the end of such financial year.

(2) Every registered person who is required to get his accounts audited in accordance with the provisions of sub-section (5) of section 35 shall furnish, electronically, the annual return under sub-section (1) along with a copy of the audited annual accounts and a reconciliation statement, reconciling the value of supplies declared in the return furnished for



(e) the central tax shall not be utilised towards payment of State tax or Union territory tax; and

(f) the State tax or Union territory tax shall not be utilised towards payment of central tax.

(6) The balance in the electronic cash ledger or electronic credit ledger after payment of tax, interest, penalty, fee or any other amount payable under this Act or the rules made thereunder may be refunded in accordance with the provisions of section 54.

(7) All liabilities of a taxable person under this Act shall be recorded and maintained in an electronic liability register in such manner as may be prescribed.

(8) Every taxable person shall discharge his tax and other dues under this Act or the rules made thereunder in the following order, namely: –

(a) self-assessed tax, and other dues related to returns of previous tax periods;

(b) self-assessed tax, and other dues related to the return of the current tax period;

(c) any other amount payable under this Act or the rules made thereunder including the demand determined under section 73 or section 74.

(9) Every person who has paid the tax on goods or services or both under this Act shall, unless the contrary is proved by him, be deemed to have passed on the full incidence of such tax to the recipient of such goods or services or both.

Explanation – For the purposes of this section, –

(a) the date of credit to the account of the Government in the authorised bank shall be deemed to be the date of deposit in the electronic cash ledger;

(b) the expression, –

(i) "tax dues" means the tax payable under this Act and does not include interest, fee and penalty; and

(ii) "other dues" means interest, penalty, fee or any other amount payable under this Act or the rules made thereunder.

(10) A registered person may, on the common portal, transfer any amount of tax, interest, penalty, fee or any other amount available in the electronic cash ledger under this Act, to the electronic cash ledger for integrated tax, central tax, State tax, Union territory tax or cess, in such form and manner and subject to such conditions and restrictions as may be prescribed and such transfer shall be deemed to be a refund from the electronic cash ledger under this Act.

(11) Where any amount has been transferred to the electronic cash ledger under this Act, the same shall be deemed to be deposited in the said ledger as provided in subsection (1).

M. Section 50 – Interest on delayed Payment of Tax –



(5) The person chargeable with tax may, before service of notice under sub-section (1), pay the amount of tax along with interest payable under section 50 and a penalty equivalent to fifteen per cent. of such tax on the basis of his own ascertainment of such tax or the tax as ascertained by the proper officer and inform the proper officer in writing of such payment.

(6) The proper officer, on receipt of such information, shall not serve any notice under sub-section (1), in respect of the tax so paid or any penalty payable under the provisions of this Act or the rules made thereunder.

(7) Where the proper officer is of the opinion that the amount paid under sub-section (5) falls short of the amount actually payable, he shall proceed to issue the notice as provided for in sub-section (1) in respect of such amount which falls short of the amount actually payable.

(8) Where any person chargeable with tax under sub-section (1) pays the said tax along with interest payable under section 50 and a penalty equivalent to twenty-five per cent. of such tax within thirty days of issue of the notice, all proceedings in respect of the said notice shall be deemed to be concluded.

(9) The proper officer shall, after considering the representation, if any, made by the person chargeable with tax, determine the amount of tax, interest and penalty due from such person and issue an order.

(10) The proper officer shall issue the order under sub-section (9) within a period of five years from the due date for furnishing of annual return for the financial year to which the tax not paid or short paid or input tax credit wrongly availed or utilised relates to or within five years from the date of erroneous refund.

(11) Where any person served with an order issued under sub-section (9) pays the tax along with interest payable thereon under section 50 and a penalty equivalent to fifty per cent. of such tax within thirty days of communication of the order, all proceedings in respect of the said notice shall be deemed to be concluded.

Explanation 1. – For the purposes of section 73 and this section, –

- (i) the expression – all proceedings in respect of the said notice shall not include proceedings under section 132;
- (ii) where the notice under the same proceedings is issued to the main person liable to pay tax and some other persons, and such proceedings against the main person have been concluded under section 73 or section 74, the proceedings against all the persons liable to pay penalty under sections 122, 125, 129 and 130 are deemed to be concluded.

Explanation 2. – For the purposes of this Act, the expression “suppression” shall mean non-declaration of facts or information which a taxable person is required to declare in the return, statement, report or any other document furnished under this Act or the rules made thereunder, or failure to furnish any information on being asked for, in writing, by the proper officer.



extent of the liability discharged or to the extent of the liability of the person in default for tax, interest and penalty, whichever is less;

(vii) where a person on whom a notice is served under sub-clause (i) proves to the satisfaction of the officer issuing the notice that the money demanded or any part thereof was not due to the person in default or that he did not hold any money for or on account of the person in default, at the time the notice was served on him, nor is the money demanded or any part thereof, likely to become due to the said person or be held for or on account of such person, nothing contained in this section shall be deemed to require the person on whom the notice has been served to pay to the Government any such money or part thereof;

- (d) the proper officer may, in accordance with the rules to be made in this behalf, distrain any movable or immovable property belonging to or under the control of such person, and detain the same until the amount payable is paid; and in case, any part of the said amount payable or of the cost of the distress or keeping of the property, remains unpaid for a period of thirty days next after any such distress, may cause the said property to be sold and with the proceeds of such sale, may satisfy the amount payable and the costs including cost of sale remaining unpaid and shall render the surplus amount, if any, to such person;
- (e) the proper officer may prepare a certificate signed by him specifying the amount due from such person and send it to the Collector of the district in which such person owns any property or resides or carries on his business or to any officer authorised by the Government and the said Collector or the said officer, on receipt of such certificate, shall proceed to recover from such person the amount specified thereunder as if it were an arrear of land revenue;
- (f) Notwithstanding anything contained in the Code of Criminal Procedure, 1973, the proper officer may file an application to the appropriate Magistrate and such Magistrate shall proceed to recover from such person the amount specified thereunder as if it were a fine imposed by him.

(2) Where the terms of any bond or other instrument executed under this Act or any rules or regulations made thereunder provide that any amount due under such instrument may be recovered in the manner laid down in sub-section (1), the amount may, without prejudice to any other mode of recovery, be recovered in accordance with the provisions of that sub-section.

(3) Where any amount of tax, interest or penalty is payable by a person to the Government under any of the provisions of this Act or the rules made thereunder and which remains unpaid, the proper officer of State tax or Union territory tax, during the course of recovery of said tax arrears, may recover the amount from the said person as if it were an



xvi. fails to keep, maintain or retain books of account and other documents in accordance with the provisions of this Act or the rules made thereunder;

xvii.

he shall be liable to pay a penalty of ten thousand rupees or an amount equivalent to the tax evaded or the tax not deducted under section 51 or short deducted or deducted but not paid to the Government or tax not collected under section 52 or short collected or collected but not paid to the Government or input tax credit availed of or passed on or distributed irregularly, or the refund claimed fraudulently, whichever is higher.

(1A) Any person who retains the benefit of a transaction covered under clauses (i), (ii), (vii) or clause (ix) of sub-section (1) and at whose instance such transaction is conducted, shall be liable to a penalty of an amount equivalent to the tax evaded or input tax credit availed of or passed on.

(2) Any registered person who supplies any goods or services or both on which any tax has not been paid or short-paid or erroneously refunded, or where the input tax credit has been wrongly availed or utilised, –

(a) for any reason, other than the reason of fraud or any wilful misstatement or suppression of facts to evade tax, shall be liable to a penalty of ten thousand rupees or ten per cent. of the tax due from such person, whichever is higher;

(b) for reason of fraud or any wilful misstatement or suppression of facts to evade tax, shall be liable to a penalty equal to ten thousand rupees or the tax due from such person, whichever is higher.

(3) Any person who–

(a) aids or abets any of the offences specified in clauses (i) to (xxi) of sub-section (1);

(b) acquires possession of, or in any way concerns himself in transporting, removing, depositing, keeping, concealing, supplying, or purchasing or in any other manner deals with any goods which he knows or has reasons to believe are liable to confiscation under this Act or the rules made thereunder;

(c) receives or is in any way concerned with the supply of, or in any other manner deals with any supply of services which he knows or has reasons to believe are in contravention of any provisions of this Act or the rules made thereunder;

(d) fails to appear before the officer of central tax, when issued with a summon for appearance to give evidence or produce a document in an inquiry;

(e) fails to issue invoice in accordance with the provisions of this Act or the rules made thereunder or fails to account for an invoice in his books of account,

shall be liable to a penalty which may extend to twenty-five thousand rupees.



(2) The integrated tax on the supply of petroleum crude, high-speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel shall be levied with effect from such date as may be notified by the Government on the recommendations of the Council.

(3) The Government may, on the recommendations of the Council, by notification, specify categories of supply of goods or services or both, the tax on which shall be paid on reverse charge basis by the recipient of such goods or services or both and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.

(4) The Government may, on the recommendations of the Council, by notification, specify a class of registered persons who shall, in respect of supply of specified categories of goods or services or both received from an unregistered supplier, pay the tax on reverse charge basis as the recipient of such supply of goods or services or both, and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to such supply of goods or services or both.

(5) The Government may, on the recommendations of the Council, by notification, specify categories of services, the tax on inter-State supplies of which shall be paid by the electronic commerce operator if such services are supplied through it, and all the provisions of this Act shall apply to such electronic commerce operator as if he is the supplier liable for paying the tax in relation to the supply of such services,

Provided that where an electronic commerce operator does not have a physical presence in the taxable territory, any person representing such electronic commerce operator for any purpose in the taxable territory shall be liable to pay tax,

Provided further that where an electronic commerce operator does not have a physical presence in the taxable territory and also does not have a representative in the said territory, such electronic commerce operator shall appoint a person in the taxable territory for the purpose of paying tax and such person shall be liable to pay tax.

B. Section 20 – Applicability of provisions of Central Goods and Services Tax Act—Subject to the provisions of this Act and the rules made thereunder, the provisions of Central Goods and Services Tax Act relating to, –

- (i) scope of supply;
- (ii) composite supply and mixed supply;
- (iii) time and value of supply;
- (iv) input tax credit;
- (v) registration;
- (vi) tax invoice, credit and debit notes;
- (vii) accounts and records;
- (viii) returns, other than late fee;



exceeding the rate set forth in the corresponding entry in column (4) of the Schedule, as the Central Government may, on the recommendations of the Council, by notification in the Official Gazette, specify,

Provided that where the cess is chargeable on any supply of goods or services or both with reference to their value, for each such supply the value shall be determined under section 15 of the Central Goods and Services Tax Act for all intra-State and inter-State supplies of goods or services or both,

Provided further that the cess on goods imported into India shall be levied and collected in accordance with the provisions of section 3 of the Customs Tariff Act, 1975, at the point when duties of customs are levied on the said goods under section 12 of the Customs Act, 1962, on a value determined under the Customs Tariff Act, 1975.

B. Section 9 – Returns, payments and refunds –

(1) Every taxable person, making a taxable supply of goods or services or both, shall –

3.3 pay the amount of cess as payable under this Act in such manner;

3.4 furnish such returns in such forms, along with the returns to be filed under the Central Goods and Services Tax Act; and

3.5 apply for refunds of such cess paid in such form,

as may be prescribed.

(2) For all purposes of furnishing of returns and claiming refunds, except for the form to be filed, the provisions of the Central Goods and Services Tax Act and the rules made thereunder, shall, as far as may be, apply in relation to the levy and collection of the cess leviable under section 8 on all taxable supplies of goods or services or both, as they apply in relation to the levy and collection of central tax on such supplies under the said Act or the rules made thereunder.

C. Section 11 – Other provisions relating to cess –

(1) The provisions of the Central Goods and Services Tax Act, and the rules made thereunder, including those relating to assessment, input tax credit, non-levy, short-levy, interest, appeals, offences and penalties, shall, as far as may be, *mutatis mutandis*, apply, in relation to the levy and collection of the cess leviable under section 8 on the intra-State supply of goods and services, as they apply in relation to the levy and collection of central tax on such intra-State supplies under the said Act or the rules made thereunder.

(2) The provisions of the Integrated Goods and Services Tax Act, and the rules made thereunder, including those relating to assessment, input tax credit, non-levy, short-levy, interest, appeals, offences and penalties, shall, *mutatis mutandis*, apply in relation to the levy and collection of the cess leviable under section 8 on the inter-State supply of goods and services,



empowered with All India jurisdiction vide Notification No. 02/2022-Central Tax dated 11.03.2022 will be the adjudicating Authority in the present case.

GROUND/CONTRAVENTION

39. Under the self-assessment procedure prescribed under the Act, it was the responsibility of M/s KPFPL, Ghaziabad, M/s KYTWPL, Ghaziabad and M/s KPKPL, Ghaziabad to self-assessed and discharge their tax liability correctly and properly. From the discussion in the foregoing paras, it appears that M/s KPFPL, Ghaziabad, M/s KYTWPL, Ghaziabad and M/s KPKPL, Ghaziabad has contravened the following provisions of the CGST Act, 2017 and the Rules made thereunder, and the provisions of the GST (Compensation to States) Act, 2017 and the Rules made thereunder,

- i.** Section 7 and Section 9 of the CGST Act, 2017, in as much as they supplied Pan Masala, Chewing Tobacco and Khaini clandestinely i.e., without discharging GST leviable on the supply of the said goods, the goods that covered under the scope of supply and as per Notification No. 01/2017-CT (Rate) dated 28.06.2017 (as amended) issued under Section 9(1) of the CGST Act, 2017, levy of Central Tax @ 14% has been prescribed on all the above goods (Sl.No. 10. Pan Masala HSN 21069020, and Sl.No. 15. Other manufactured tobacco HSN 2403). Similar Notification has also been issued under SGST Act, 2017.

Further, the levy of Goods and Services Tax Compensation Cess on Pan Masala HSN 21069020, Chewing Tobacco HSN 24039930 and Khaini HSN 24039910 @ 60%, @ 160% and 160% respectively has been notified vide Notification No. 01/2017-Compensation Cess (Rate) dated 28.06.2017 (as amended).

- ii.** Section 12, and Section 15 of the CGST Act, 2017, in as much as, they failed to issue tax invoices for the supplies made by them and failed to compute the correct value of Pan Masala, Chewing Tobacco and Khaini supplied during the period under investigation, and hence, failed to discharge the due GST on the actual value of goods supplied and also in time;
- iii.** Section 31 of the CGST Act, 2017, in as much as they failed to issue tax invoices in respect of goods supplied clandestinely;
- iv.** Section 35 of the CGST Act, 2017, in as much as they failed to maintain a true and correct account of – (a) production or manufacture of goods; (b) inward and outward supply of goods; (c) stock of goods;
- v.** Section 37, Section 39 and Section 49 of the CGST Act, 2017, in as much as they failed to declare a true and correct value of outward supply made by them in the monthly GSTR-1, and also failed to discharge correct GST liability in monthly GSTR-3B returns utilizing eligible Input Tax Credit or through cash ledger;



40.2 And whereas, the evidences of clandestine procurement of printed laminates were recovered from the residential premise of Shri Sujeet Kumar Singh, Owner of M/s BTCPL, Noida which revealed that both M/s KPFPL, Ghaziabad & M/s KYTWPL, Ghaziabad have clandestinely procured 12,10,895.75 Kgs of printed laminates from M/s MSPL, Delhi during the months of December 2020, January 2021, February 2021, March 2021, April 2021, May 2021 and June 2021. The investigations have also brought out that out of 12,10,895.75 Kg of printed laminates, a quantity of 8,86,496.82 Kg was procured by M/s KPFPL, Ghaziabad to clandestinely manufacture & supply 90,08,46,172 pouches of Pan Masala of various brands as detailed below:

Particulars	Paper Laminate used (in Kgs) by M/s KPFPL, Ghaziabad	Total No. of Pouches manufactured
Kamla Pasand MRP ₹4/-	5,34,961.01	56,70,58,667
Kamla Pasand MRP ₹8/-	2,953.89	23,63,111
Rajshree MRP ₹4/-	1,74,132.25	18,45,80,184
Rajshree MRP ₹8/-	60,682.54	4,50,87,127
Rajshree MRP ₹18/-	34,247.47	1,74,66,208
Rajshree Gold MRP ₹4/-	79,519.69	8,42,90,875
Total	8,86,496.82	90,08,46,172

Similarly, out of 12,10,895.75 Kg of printed laminates, a quantity of 3,24,398.93 Kg was procured by M/s KYTWPL, Ghaziabad to clandestinely manufacture & supply 79,71,32,198 pouches of Chewing Tobacco of various brands as detailed below:

Particulars	Paper Laminate used (in Kgs) by M/s KYTWPL, Ghaziabad	Total No. of Pouches manufactured
Double Black MRP ₹1/-	1,89,762.44	48,16,17,070
Green Label MRP ₹1/-	763.31	14,97,609
Black Label MRP ₹1/-	67,335.70	17,37,26,101
Black Label-2 MRP ₹1.5/-	19,638.62	3,92,77,239
Black Label-18 MRP ₹2/-	11,961.83	1,71,65,226
Silver Class MRP ₹1/-	34,937.06	8,38,48,953
Total	3,24,398.93	79,71,32,198

40.3 And whereas, on compilation of data of purchase of Pan Masala and Chewing Tobacco as per loose sheets maintained by Shri Ajit Kumar Gupta, C & F Agent and as detailed in Annexure- A, A1 to A7, it is found that during the period December, 2020 to July, 2021, the following number of pouches of Pan Masala & Chewing Tobacco were supplied clandestinely by M/s KPFPL, Ghaziabad & M/s KYTWPL, Ghaziabad through Shri Ajit Kumar Gupta.

Particulars	Total No. of Pouches supplied by M/s KPFPL, Ghaziabad during the period December, 2020 to July, 2021
KamlaPasand MRP ₹4/-	146,63,12,800



during Dec-20 to July-21 through Ajit Gupta						
Net pouches on which duty is required to be demanded	-89,92,54,133	21,00,710	4,68,50,184	1,16,13,127	-3,11,37,292	8,42,90,875
Transaction Value/Pouch (₹)	1.641	3.563	1.867	3.476	6.955	1.767
Total Transaction Value (₹)	NIL	74,84,830	8,74,69,294	4,03,67,229	NIL	14,89,41,976
CGST @14% (₹)	NIL	10,47,876	1,22,45,701	56,51,412	NIL	2,08,51,877
SGST @14% (₹)	NIL	10,47,876	1,22,45,701	56,51,412	NIL	2,08,51,877
CESS @60% (₹)	NIL	44,90,898	5,24,81,576	2,42,20,338	NIL	8,93,65,186
Total Tax (₹)	NIL	65,86,650	7,69,72,978	3,55,23,162	NIL	13,10,68,939

Description	Double Black	Green Label	Black Label	Black Label-2	Black Label-18	Silver Class
MRP	₹1/-	₹1/-	₹1/-	₹1.5/-	₹2/-	₹1/-
Total No. of unaccounted Chewing Tobacco Pouches as per Annexure 'E1'	48,16,17,071	14,97,609	17,37,26,101	3,92,77,240	1,71,65,226	8,38,48,953
Less pouches cleared clandestinely during Dec-20 to July-21 through Ajit Gupta	1,46,63,12,800	2,62,400	13,77,30,000	3,34,74,000	4,86,03,500	NIL
Net pouches on which duty is required to be demanded	-98,46,95,729	12,35,209	3,59,96,101	58,03,240	-3,14,38,274	8,38,48,953
Assessable Value/ Pouch (₹)	0.167	0.306	0.183	0.262	0.382	0.182
Value for Excise duty & NCCD (₹)	NIL	5,55,844	1,61,98,245	39,17,187	NIL	3,77,32,029
Excise Duty @ 0.5% (₹)	NIL	2,779	80,991	19,586	NIL	1,88,660
NCCD @ 25% (₹)	NIL	1,38,961	40,49,561	9,79,297	NIL	94,33,007



	CESS (₹)	186,59,31,170
	Total	262,01,02,808
M/s KPKPL, Ghaziabad		
Quantification on the basis of Loose Sheets as quantified in Annexure-A8(Period November 2019 to July 2021)	Excise (₹)	7,65,480
	NCCD (₹)	3,57,32,606
	IGST (₹)	3,02,58,269
	CESS (₹)	17,29,04,392
	Total	23,96,60,746

40.7 And whereas, during the investigation, M/s KPFPL, Ghaziabad voluntarily deposited GST & other taxes amounting to Rs. 30,00,00,000/-vide the following DRC-03s:

Date of DRC	ARN No.	CGST (in ₹)	SGST (in ₹)
10.11.2021	AD091121002743L	5,00,00,000	5,00,00,000
15.11.2021	AD091121004681L	5,00,00,000	5,00,00,000
05.01.2022	AD0901220038693	5,00,00,000	5,00,00,000
TOTAL		15,00,00,000	15,00,00,000

40.8 Further, it is pertinent to mention here that Show Cause Notice for demand of Central Excise Duty & NCCD will be issued to M/s KYTWPL, Ghaziabad and M/s KPKPL, Ghaziabad separately.

SUPPRESSION OF FACTS, WILLFUL MIS-STATEMENT OF FACT BY M/s KPFPL, GHAZIABAD, M/s KYTWPL, GHAZIABAD, M/s KPKPL, GHAZIABAD AND OTHERS:

41. Whereas, M/s KPFPL, Ghaziabad, M/s KYTWPL, Ghaziabad and M/s KPKPL, Ghaziabad were duly registered with the department prior to the date of initiation of investigation and was fully aware of the provisions of the GST Act, 2017 and rules made thereunder. In the era of self-assessment, it has been deemed that M/s KPFPL, Ghaziabad, M/s KYTWPL, Ghaziabad and M/s KPKPL, Ghaziabad correctly assessed and paid their GST liability either through cash or through admissible ITC via GSTR-3B returns. As discussed in the foregoing paras that M/s KPFPL, Ghaziabad, M/s KYTWPL, Ghaziabad and M/s KPKPL, Ghaziabad was indulged in clandestine supply of Pan Masala, Chewing Tobacco & Khaini. Further, in the chain of their alleged clandestine supply at no level GST was discharged. Further, as discussed in foregoing paras that the unaccounted stock of Pan Masala/Chewing Tobacco/Khaini were seized at the various places concerned with M/s KPFPL, Ghaziabad, M/s KYTWPL, Ghaziabad and M/s KPKPL, Ghaziabad.

41.1 And whereas, it appears that M/s KPFPL, Ghaziabad, M/s KYTWPL, Ghaziabad and M/s KPKPL, Ghaziabad did not maintain a true and correct account of – (a) production or manufacture of goods; (b) inward and outward supply of goods; (c) stock of goods and in a planned & meticulous way executed clandestine supply of finished goods.



Accordingly, a complaint under section 172, 174, 175, of IPC for non-appearance on summons issued under section 70 of the Central Goods and Services Tax Act, 2017, was filed against both the directors of M/s KPFPL, Ghaziabad on 30.06.2023

41.5 Whereas, Shri Vikas Jain and Shri Sunil Kumar, being director of M/s KY Tobacco Works Pvt. Ltd., held responsible for day-to-day business affairs of the company including taxation matters and responsible for the conduct of the business of the company. Further, from the statement of the raw material suppliers, dealers, employee of M/s KYTWPL, Ghaziabad and employees of M/s SAAK Enterprises, it appears that both the directors are fully aware about the clandestine supply of Chewing Tobacco. They in connivance with the raw material suppliers and various dealers, manufactures the Chewing Tobacco and clandestinely supplies the said finished goods. They were thus instrumental in clandestine supply of Chewing Tobacco in contravention of the provisions of CGST Act, 2017 and was involved in falsifying financial records with the intention to evade payment of GST & Cesses. Despite being fully aware of the law, they were instrumental in suppressing the facts from the Central Excise & GST department by non-declaring the true & correct value of supply made & payment of GST & Cesses by M/s KYTWPL, Ghaziabad in their statutory returns. It was only after an investigation was initiated against M/s KYTWPL, Ghaziabad by the DGGI, Meerut Zonal Unit the fact about the clandestine supply of Chewing Tobacco and falsification of financial records came to the department's notice. Thus, Shri Vikas Jain and Shri Sunil Kumar, Directors of M/s KYTWPL, Ghaziabad appears to have a vital role in the clandestine supply of Chewing Tobacco and was knowingly concerned with such contravention and is therefore liable for penalty under Section 122(3) and 122(1A) of the CGST Act, 2017.

And whereas, despite having the knowledge that enquiry is pending against them and their presence are necessary and relevant for the enquiry being conducted they intentionally didn't join the proceedings on being summoned multiple times. Accordingly, a complaint under section 172, 174, 175, of IPC for non-appearance on summons issued under section 70 of the Central Goods and Services Tax Act, 2017, was filed against both the directors of M/s KYTWPL, Ghaziabad on 30.06.2023.

41.6 Whereas, Shri Gaurav Kumar Agnihotri and Shri Brijesh Kumar, being director of M/s Kay Pee Khaini Pvt. Ltd., held responsible for day-to-day business affairs of the company including taxation matters and responsible for the conduct of the business of the company. Further, from the statement of Shri Ajit Kumar Gupta, it appears that both the directors are fully aware about the clandestine supply of Khaini. They in connivance with the raw material suppliers and various dealers, manufactures the Khaini and clandestinely supplies the said finished goods. They were thus instrumental in clandestine supply of Khaini in contravention of the provisions of CGST Act, 2017 and were involved in falsifying financial records with the intention to evade payment of GST & Cesses.



41.8 Whereas, Shri Sandeep Gupta, being proprietor of M/s SAAK Enterprises, held responsible for day-to-day business affairs of the firm including taxation matters and responsible for the conduct of the business of the firm. Further, Shri Tarun Kumar, Accountant and Shri Rakesh Singh, Supervisor of M/s SAAK Enterprises in their respective statement admitted that Shri Sandeep Gupta is fully aware about the clandestine supply of Pan Masala/Tobacco. Further, on being shown the record @sl. no. 3 resumed under Panchnama dated 04.10.2021 drawn at the residential premises of Shri Ajit Kumar Gupta and statement dated 04.10.2021 of Shri Ajit Kumar Gupta, Shri Sandeep Gupta admitted that accounted and unaccounted Pan Masala/Tobacco is routed through his firm to the C&F agents of M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad. They were thus instrumental in clandestine supply of Pan Masala/Tobacco being manufactured by M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad in contravention of the provisions of CGST Act, 2017 and were involved in falsifying financial records with the intention to evade payment of GST & Cesses. Despite being fully aware of the law, they were instrumental in suppressing the facts from the Central Excise & GST department by non-declaring the true & correct value of supply made & payment of GST & Cesses by M/s SAAK Enterprises, Ghaziabad in their statutory returns. It was only after an investigation was initiated against KP Group by the DGGI, Meerut Zonal Unit the fact about the clandestine supply of Pan Masala/Tobacco by M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad through M/s SAAK Enterprises, Ghaziabad came to the department's notice. Thus, Shri Sandeep Gupta, Proprietor of M/s SAAK Enterprises, Ghaziabad appears to have a vital role in the clandestine supply of Pan Masala/Tobacco being manufactured by M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad and was knowingly concerned with such contravention. Hence, M/s SAAK Enterprises made themselves liable for penalty in terms of the provisions of Section 122(1)(i) of the CGST Act, 2017. Further, M/s SAAK Enterprises through its Proprietor Shri Sandeep Gupta have made themselves liable for penalty in terms of the provisions of Section 122(3) and 122(1A) of the CGST Act, 2017.

41.9 Whereas, Shri Ajit Kumar Gupta, C & F agent at Delhi of M/s KPFPL, Ghaziabad, M/s KYTWPL, Ghaziabad and M/s KPKPL, Ghaziabad, in his statements, as discussed in the foregoing paras, has deposed that he was C & F agent of Kamla Pasand and Rajshree brand Pan Masala & Chewing Tobacco and he had full knowledge of the clandestine supply of Pan Masala/Tobacco. He in connivance with the M/s KPFPL, Ghaziabad, M/s KYTWPL, Ghaziabad and M/s KPKPL, Ghaziabad clandestinely received the Pan Masala/Chewing Tobacco/Khaini and supplied the said finished goods to the various dealers. He was thus instrumental in clandestine supply of Pan Masala/Chewing Tobacco/Khaini in contravention of the provisions of CGST Act, 2017 and was involved in falsifying financial records with the intention to evade payment of tax under the CGST Act, 2017. It was only after an investigation was initiated against KP Group, Ghaziabad,



- xii. M/s Bhikshu Enterprises, Plot No. 31/32, GF, Gali No. 1, Subhash Nagar Road, Subhash Nagar, Limbayat, Surat – 394210;
- xiii. M/s Niranjana Prasad, Shivbari Road, Tinsukia, Assam-786125 and its Proprietor Shri Niranjana Prasad;
- xiv. M/s Vaibhav Zarda Store, 11, Jila Parishad Bazar, Gopal Ganj, Bihar, 841428 and its proprietor Shri Vishwakarma Prasad;
- xv. M/s Dixit Agencies, Burewali Gali, Ahead of Ghantaghar, Halwai Khana, Hathras, U.P. and its Proprietor.

41.11 Whereas, in view of the discussion made in para 13 to 17, it appears that M/s Montage Sales Pvt. Ltd., Delhi, has made themselves liable for penalty in terms of the provisions of Section 122(1)(i) of the CGST Act, 2017.

And whereas, it also appears that Shri Harvinder Singh Matharu and Shri Jasmeet Singh, both directors of M/s MSPL, Delhi have made themselves liable for penalty in terms of the provisions of Section 122(3) and 122(1A) of the CGST Act, 2017. And whereas, Shri Sujit Kumar Singh, owner of M/s Bharat Transport Company Pvt. Ltd., Noida have also made himself liable for penalty in terms of the provisions of Section 122(3) and 122(1A) of the CGST Act, 2017.

41.12 Whereas, in view of the discussion made in foregoing paras, the raw material suppliers of M/s KPFPL, Ghaziabad, M/s KYTWPL, Ghaziabad and M/s KPKPL, Ghaziabad i.e., M/s GBN International, M/s Shri Ghata Mehndipur Balaji Betel Nut LLP, M/s Mehndipur Balaji Traders LLP and M/s Swastik Enterprises, by aiding/abetting the offence committed by M/s KPFPL, Ghaziabad, M/s KYTWPL, Ghaziabad and M/s KPKPL, Ghaziabad have also made themselves liable for penalty in terms of the provisions of Section 122(1)(i) of the CGST Act, 2017. Further, it also appears that all the above firms/companies through their partners/proprietors have made themselves liable for penalty in terms of the provisions of Section 122(3) and 122(1A) of the CGST Act, 2017.

42. Whereas, during the investigation Shri Pawan Kumar Jain, Account Manager of M/s KPFPL, Ghaziabad was arrested on 10.11.2021 under section 69 of the Central Goods and Services Tax Act, 2017 and rules made thereunder for violation of Section 132(1)(a) read with Section 132(5) of the CGST Act, 2017 and rules made thereunder for his role in the evasion of GST and other taxes. Further, Shri Sandeep Gupta, Proprietor of M/s SAAK Enterprises was also arrested on 25.11.2021 under section 69 of the Central Goods and Services Tax Act, 2017 and rules made thereunder for violation of Section 132(1)(a) read with Section 132(5) of the CGST Act, 2017 and rules made thereunder for his role in the evasion of GST and other taxes.

43. Now, therefore M/s Kay Pan Fragrance Pvt. Ltd. (09AAECK8045Q1ZS), B-11, Bulandshahar Road Industrial Area, Ghaziabad, 201009, are hereby required to show



nine only), SGST amounting to **₹54,09,469/-** (Rupees Fifty-four Lakh Nine Thousand Four Hundred and Sixty-nine only) and Cess amounting to **₹186,59,31,170/-** (Rupees One Hundred Eighty-six Crore Fifty-nine Lakh Thirty-one Thousand One Hundred and Seventy only) should not be demanded and recovered from them under Section 74(1) of the CGST Act, 2017, read with the SGST Act, 2017, and/or under Section 20 of the IGST Act, 2017 and under Section 11 of the GST (Compensation to States) Act, 2017;

- ii. Interest under Section 50 of the CGST Act, 2017 read with the SGST Act, 2017, should not be demanded and recovered from them on the amount demanded at Sl.No. i;
- iii. Penalty in terms of Section 74(1) of the CGST Act, 2017, read with the SGST Act, 2017, and/or under Section 20 of the IGST Act, 2017 and under Section 11 of the GST (Compensation to States) Act, 2017, should not be imposed upon them on the amount demanded at Sl.No. i;
- iv. Penalty in terms of Section 122(1)(x), (xiv), (xv), (xvi) of the CGST Act, 2017, read with the SGST Act, 2017, and/or under Section 20 of the IGST Act, 2017 and under Section 11 of the GST (Compensation to States) Act, 2017, should not imposed upon them on the amount demanded at Sl.No. i.

43.2 Now, therefore M/s Kay Pee Khaini Pvt. Ltd. (09AADCK2955L1Z4), C-117, Hall No.- 1, Unit- 1, Bulandshahar Road Industrial Area, Ghaziabad, 201009, are hereby required to show cause to the Additional/Joint Commissioner, Central GST Commissionerate, Office of the Commissioner, 7-A Ashok Marg, Block E, Hazratganj, Lucknow, Uttar Pradesh-226001 as to why:

- i. The IGST amounting to **₹3,02,58,269/-** (Rupees Three Crore Two Lakh Fifty-eight Thousand Two Hundred and Sixty-nine only) and Cess amounting to **₹17,29,04,392/-** (Rupees Seventeen Crore Twenty-nine Lakh Four Thousand Three Hundred and Ninety-two only) should not be demanded and recovered from them under Section 74(1) of the CGST Act, 2017, read with the SGST Act, 2017, and/or under Section 20 of the IGST Act, 2017 and under Section 11 of the GST (Compensation to States) Act, 2017;
- ii. Interest under Section 50 of the CGST Act, 2017 read with the SGST Act, 2017, should not be demanded and recovered from them on the amount demanded at Sl.No. i;
- iii. Penalty in terms of Section 74(1) of the CGST Act, 2017, read with the SGST Act, 2017, and/or under Section 20 of the IGST Act, 2017 and under Section 11 of the GST (Compensation to States) Act, 2017, should not be imposed upon them on the amount demanded at Sl.No. i;



under Section 11 of the GST (Compensation to States) Act, 2017.

43.7 M/s Rambabu Jain Deepak Jain, Bans Mandi, Main Ganj, Etah, U.P. through its Proprietor Shri Deepak Jain; M/s Maa Kamakhya Agencies, Shop No. 1, 4th Floor, Crescent Court, Jhankar More, Siliguri, Darjiling, West Bengal-734004 through its Proprietor Shri Brijesh Kumar Chaurasia; M/s Surya Vinayak Marketing, 51A, 1st Floor, 167, Netaji Subhash Road, Kolkata - 700007 through its Proprietor Shri Anil Pandey; M/s Salasar Enterprises, 206, Shanti Complex, Baraji ki Gali, Gangori, Bazar, Jaipur, 302002 through its Proprietor Shri Deepak Bothra; M/s Shivam Trading Company, Hanumesh Complex, Shop No. 3, 1st Floor, Gundopant Street, Bangalore-560002 through its Proprietor Shri Vijay Kumar Mohanani; M/s Harsh Zarda Bhandar, Jawharlal Road, Kalyani Chowk, Pan Mandi, Muzaffarpur, Bihar-842001 through its Proprietor Shri Arjun Sah; M/s Ashoka Store, Cole Road, Dibrugarh, Assam-786001 through its Proprietor Shri Raju Prasad Gupta; M/s Dixit Traders, Opp. Govind Ram Bhagat Ram Pure Ghee, Chunawala Danda, Hathras through its Proprietor Shri Govind Dixit; M/s Premium Suppliers, Oswal Complex, MG Road, Guwahati, Kamrup Metropolitan, Assam - 781001 through its Proprietor Shri Rajesh Kumar Chaurasia; M/s Shree Kisna Enterprises, MS Road, Fancy Bazar, Guwahati, Kamrup Metropolitan, Assam - 781001 through its Proprietor Shri Mukesh Chaurasia; M/s Sai Baba Sales, Shop No. 22, Ashthlaxmi Complex, Idgah Road, Dariyapur, Ahmedabad, 380016 through its Proprietor; M/s Bhikshu Enterprises, Plot No. 31/32, GF, Gali No. 1, Subhash Nagar Road, Subhash Nagar, Limbayat, Surat-394210 through its Proprietor Shri Praveen Kumar Balu Lal Shah; M/s Niranjana Prasad, Shivbari Road, Tinsukia, Assam-786125 through its Proprietor Shri Niranjana Prasad; M/s Vaibhav Zarda Store, 11, Jila Parishad Bazar, Gopal Ganj, Bihar, 841428 through its proprietor Shri Vishwakarma Prasad; M/s Dixit Agencies, Burewali Gali, Ahead of Ghantaghar, Halwai Khana, Hathras, U.P. through its Proprietor, are hereby required to show cause within 30 days of receipt of this notice to the Additional/Joint Commissioner, Central GST Commissionerate, Office of the Commissioner, 7-A Ashok Marg, Block E, Hazratganj, Lucknow, Uttar Pradesh-226001, as to why penalty should not be imposed upon them under Section 122(1)(i), Section 122(1A) and Section 122(3)(a)(b)(d)(e) of the CGST Act, 2017, read with the SGST Act, 2017, and/or under Section 20 of the IGST Act, 2017 and under Section 11 of the GST (Compensation to States) Act, 2017.

43.8 M/s Montage Sales Pvt. Ltd., Plot No. B-26, B-Block, Jhilmil Industrial Area, Delhi, 110095 is hereby required to show cause within 30 days of receipt of this notice to the Additional/Joint Commissioner, Central GST Commissionerate, Office of the Commissioner, 7-A Ashok Marg, Block E, Hazratganj, Lucknow, Uttar Pradesh, 226001, as to why penalty should not be imposed on them under Section 122(1)(i) of the CGST Act, 2017 read with the SGST Act, 2017, and/or under Section 20 of the IGST Act, 2017, against the laminate clandestinely diverted to M/s KPFPL, Ghaziabad, and M/s



44. The Noticees and Co-Noticees are further required to produce all the evidence(s) upon which they intend to rely in support of their defence at the time of showing cause. They are further required to mention in their reply whether they wish to be heard in person before the case is adjudicated. If no cause is shown within 30 days of receipt of this notice or if they do not appear before the adjudicating authority when the case is posted for hearing, the same will be decided based on the evidence available on record.

45. M/s KPFPL, Ghaziabad, M/s KYTWPL, Ghaziabad, and M/s KPKPL, Ghaziabad are also informed that if the amount of tax demanded in the show cause notice is paid along with applicable interest and penalty, as prescribed under Section 74(8) of the CGST Act, 2017 read with the SGST Act, 2017, and or under Section 20 of the IGST Act, 2017, within 30 (thirty) days from the issue of this show cause notice, all proceedings in respect of the said notice shall be deemed to be concluded.

46. This notice is being issued based on records/information available without any prejudice to any other action that is being taken or may be taken against M/s KPFPL, Ghaziabad, M/s KYTWPL, Ghaziabad, M/s KPKPL, Ghaziabad and co-noticees under the provisions of the CGST Act 2017, the SGST Act 2017, and/or the IGST Act, 2017 and the rules made thereunder, or any other law for the time being in force in India.

47. The department reserves the right for amendment, modification, addition/supplementation, and deletion to this Show Cause Notice at a subsequent date if need arises.

48. Reliance for the issue of the notice is based on the documents listed in the table below (**enclosed as RUD - 1 to 76**), and **Annexure - 'A', 'B', 'C', 'D' & 'E'**. The RUDs are enclosed in soft copy with this SCN. Further, hard copy of RUDs, if required can also be obtained within 30 days from the receipt of this notice from the office of the issuer.



Minu Shukla Pathak
Additional Director

Copy Forwarded To:

1. The Additional/Joint Commissioner, Central GST Commissionerate, Office of the Commissioner, 7-A Ashok Marg, Block E, Hazratganj, Lucknow, Uttar Pradesh, 226001 along with all RUDs, with the request to forward a copy of the Adjudication Order.



Jagat Singh (Adj)

70. Summons dated 29.12.2021, 11.01.2022 and 08.05.2023 issued to Shri Devesh Kumar, Directors of M/s KPFPL, Ghaziabad.
71. Summonses dated 27.12.2021, 12.01.2022 and 25.05.2023 issued to Shri Sunil Kumar Agnihotri, Directors of M/s KYTWPL, Ghaziabad.
72. Summons dated 27.12.2021, 12.01.2022 and 26.05.2023 issued to Shri Vikas Jain, Directors of M/s KYTWPL, Ghaziabad.
73. Summons dated 30.05.2023, 12.06.2023 and 20.06.2023 issued to Shri Brijesh Kumar, Directors of M/s KPKPL, Ghaziabad.
74. Summons dated 30.05.2023, 12.06.2023 and 20.06.2023 issued to Shri Guarav Kumar Agnihotri, Directors of M/s KPKPL, Ghaziabad.
75. Panchnama dated 20.12.2021 drawn at the business premises of M/s Shyam Transport Company, 48, Chara Mandi, Jakhira, New Delhi-110015.
76. Summons dated 30.05.2023, 12.06.2023 and 20.06.2023 issued to Shri Guarav Kumar Agnihotri, Directors of M/s KPKPL, Ghaziabad



33. Panchnama/Visit Note dated 16.06.2021 drawn at the business premises of M/s Niraj Enterprises, ZC/281, Near MCD Office, Naraina, Delhi, 110028.
34. Panchnama/Visit Note dated 16.06.2021 drawn at the business premises of M/s Pitambar Packaging, Shop in Plot No.13/3, GF, Back Side, Kapashera, Delhi, 110037.
35. Panchnama/Visit Note dated 15.06.2021 drawn at the business premises of M/s Prasad Enterprises, H.No. 8-A, Chanchal Park, Gurdial Vihar, Nangloi, Delhi, 110041.
36. Panchnama/Visit Note dated 25.06.2021 drawn at the business premises of M/s Radical Corporation, Office No. 403, 4th Floor, Metro Complex, Building No. 4/5, Veer Saverkar Market, Nirman Vihar, Delhi, 110092.
37. Panchnama/Visit Note dated 15.06.2021 drawn at the business premises of M/s Ravi Kumar Laminates, Kh-398, Ground Floor, Shahbad, Daulatpur, Delhi, 110042.
38. Panchnama/Visit Note dated 16.06.2021 drawn at the business premises of M/s Sameer Trading Company, House No. B-278-A, Ground Floor Shop, Tigri Extension, New Delhi, 110019.
39. Panchnama/Visit Note dated 16.06.2021 drawn at the business premises of M/s Shri Mahaveer Ji Sales Corporation, Khasra No-12/26, Village-Budhpur Bijapur, Delhi-110082.
40. Panchnama/Visit Note dated 15.06.2021 drawn at the business premises of M/s Sitakant Trading Co., H.No. A-61, Jain Park, Gali No. 5, Uttam Nagar, Delhi, 110059.
41. Panchnama/Visit Note dated 15.06.2021 drawn at the business premises of M/s Subham Wrappers, Plot No. 92, Front Side, 1st Floor, Shamshan Ghat Road, Bijwasan, Delhi-110061.
42. Panchnama/Visit Note dated 16.06.2021 drawn at the business premises of M/s Subrat Trading Company, Plot No. 489, Ground Floor, Shahbad, Daulatpur, Delhi, 110042.
43. Panchnama/Visit Note dated 03.07.2021 drawn at the business premises of M/s Tiwari Trading Company, Out of Kh. No.-12/26, Village-Budhpur, Bijapur, Delhi, 110036.
44. Panchnama/Visit Note dated 16.06.2021 drawn at the business premises of M/s Winjet Industries, H.No. 96, Ground Floor, Gali No. 05, Block-E-5 Near Metro Shastri Nagar, Delhi, 110052.
45. Statement dated 15.11.2021 of Shri Harvinder Singh Matharu, Director of M/s Montage Sales Private Limited, Delhi.
46. Statement dated 26.04.2022 of Shri Jasmeet Singh, Director of M/s Montage Sales Private Limited, Delhi.
47. Statement dated 05.10.2021 of Shri Pawan Kumar Jain, Account Manager of M/s Kay Pan Fragrance Pvt. Ltd., Ghaziabad.
48. Statement dated 09.11.2021 of Shri Pawan Kumar Jain, Account Manager of M/s Kay Pan Fragrance Pvt. Ltd., Ghaziabad.
49. Statement dated 10.11.2021 of Shri Pawan Kumar Jain, Account Manager of M/s Kay Pan Fragrance Pvt. Ltd., Ghaziabad.
50. Statement dated 09.11.2021 of Shri Tarun Kumar Sharma, Accountant of M/s SAAK Enterprises, Ghaziabad.



for September 2021 and October 2021 and the same is entered by Shri Amit Mishra, his employee;

- ✓ On being asked he stated that the white powder is precipitated silica and in inward supply vehicle number was mentioned because the same was done through his vehicles but in outward supply vehicle number was not mentioned because the same was transported by the customers through the vehicles organized by him;
- ✓ On being shown and asked he stated that there are entries of different types of goods such as "R-29", "000", "Perfume", "RS-Kattha", "KP-Kattha", "Chatni", "CS-Drum" etc. are available in the A-1/A-2 register. He further stated that "R-29", "000", & "Perfume", are the perfumery compound supplied by M/s GBN International; "RS-Kattha", & "KP-Kattha" are supplied by M/s Mehandipur Balaji Traders LLP for Rajshee and Kamla Pasand and "Chatni", & "CS-Drum" is supplied to Tobacco & Pan Masala unit of KP Group located at Ghaziabad;
- ✓ On being shown he stated that the items detailed above mainly come from M/s GBN International, Delhi, without valid documents and further supplied to M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad without any valid documents. He further stated that they did not have any documents for these goods because they did not transport them. Because these goods were used to come from M/s GBN International, Delhi, he can say that all the said goods were meant to be supplied to M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad;
- ✓ Further, he stated that he would like to reiterate that the goods seized in INS-02 are mainly came from M/s GBN International and did not have any papers. He further stated that M/s G.B.N. International, M/s Sakha Enterprise, M/s Mahendipur Balaji Traders LLP, M/s Ghatamhendipur Balaji Beetlenut L.L.P., M/s Performance Sense L.L.P., are suppliers of M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad;
- ✓ On being asked he stated that the information about the goods that came from M/s GBN International were received from Mr. Pawan Jain (Mobile Number: 7827737137) and Mr. Gaurav (Mobile Number: 7217707273);
- ✓ On being asked he stated that they did not maintain a computerized account of the inward and outward supplies of M/s GBN International and others in their warehouse. They only recorded the details of inward and outward supply of goods in the register date-wise, which his employee Mr. Amit Mishra used to do, including the number of goods written in drums/barrels (25 kg) and by which truck the goods used to be transported;
- ✓ On being asked he stated that Shri Pawan Jain and Shri Gaurav used to pay the freight of goods supplied to M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad. The freight of goods for which the tax invoices were issued was paid through



31.2 Further, statement of Shri Deepak Jain S/o Shri Rambabu Jain, Proprietor of M/s Rambabu Jain Deepak Jain, Bans Mandi, Main Ganj, Etah, U.P., was recorded under Section 70 of the CGST Act, 2017 on 16.11.2021, wherein he *inter-alia* deposed that,

- ✓ On being shown the panchnama, INS-02 and INS-03 dated 01/02.11.2021 drawn at the business premise of M/s Rambabu Jain Deepak Jain, Etah, U.P., and in token of having seen the same and in his agreement he put his dated signature on the same; on being asked he stated that he is engaged in retail/wholesale trading of goods and for the retail trading he procures some goods from M/s SAAK Enterprises without tax invoices and sell the same without tax invoice and that is the reason for difference in the stock. However, he has deposited the due tax, interest and penalty on the goods found short and excess;
- ✓ On being asked he stated that the goods procured without bills were transported by M/s SAAK Enterprises to his firms godown;
- ✓ On being asked to offer comments on the amount ₹13.50 Lakh seized under Panchnama dated 01/02.11.2021 drawn at their premise, he stated that the said amount is sale proceed of clandestine supply and he has no objection to deposit the same in Government treasury.

Investigation conducted against M/s Thakur Traders, GF, 71/6, Rama Road, near Halidram, Jakhira, Delhi (being premise used by the transporter Shri Nagarji Goods Carrier as Godwon):

32. The premise was searched on 02.11.2021 in presence of Shri Kuldeep Kumar, Caretaker/labour contractor of the said godown. Shri Kuldeep Kumar informed that he and three labours reside in the godown and works on the direction of Shri Lav Thakur and Shri Amit Mishra, both of these persons work in the said premise and looks after documentation work as per the direction of Shri Ashok Bhatia, owner of the business carried from the said premise. On enquiry with Shri Sunil Kumar Sangwan, owner of the said premises, he informed that he had rented out the said premise to Shri Naresh Kumar Bhatia, Proprietor of Shri Nagarji Goods Carrier. The officer scrutinized the documents/records lying in the premise and resumed some of the records under INS-02 of the Panchnama dated 02.11.2021 on the reasonable belief that the same is required for ongoing investigation. **On physical verification of stock various raw material used by Pan Masala/Tobacco manufacturer were found stored there without any valid documents. The goods so found were seized under INS-02 of the Panchnama dated 02.11.2021.**

32.1 Further, statements of Shri Ashok Kumar Bhatia, owner of M/s Shri Nagarji Goods Carrier, was recorded under Section 70 of the CGST Act, 2017 on 24.01.2022& 25.01.2022, wherein he *inter-alia* deposed that,



- ✓ On being asked he stated that the details of outward supply of goods procured from M/s Sudama Fragrance for supply to M/s K P Groups, Ghaziabad unit was maintained by Shri Anupam Pandey;
- ✓ On being asked he confirmed that his firm M/s GBN International is the sole buyer of the goods manufacture by M/s Sudama Fragrance.

Investigation conducted against M/s Dixit Agencies, Burewali Gali, Ahead of Ghantaghar, HalwaiKhana, Hathras, U.P. (Dealer of Pan Masala/Tobacco):

29. The premise of M/s Dixit Agencies, Burewali Gali, Ahead of Ghantaghar, Halwai Khana, Hathras, was searched on 01.11.2021 in the presence of Shri Shyam Murari Dixit, Proprietor of M/s Dixit Agencies, Hathras. The premise of M/s Dixit Agencies is residential cum commercial space. The officer scrutinized the documents/records lying in the premise and resumed some of the records under INS-02 of the Panchnama dated 01.11.2021 on the reasonable belief that the same is required for ongoing investigation. **On physical stock verification with stock as per stock register, excess in the finished goods i.e., Safal Tobacco, Black Label-18 Chewing Tobacco and Kamla Pasand Pan Masala were found. The goods found in excess were seized under INS-02 of the Panchnama dated 01.11.2021.**

29.1 Further, M/s Dixit Agencies, Hathras deposited ₹6,71,116/- being market price of such goods or the amount of tax, interest and penalty that is or may become payable on seized goods. Accordingly, the seized goods were released vide GST INS-05 issued under DIN No. 202201DWW30000999A72 dated 05.01.2022.

Investigation conducted against M/s Dixit Traders, Opp. Govind Ram Bhagat Ram Pure Ghee, Chunawala Danda, Hathras, U.P. (Dealer of Pan Masala/Tobacco):

30. The premise of M/s Dixit Traders, Opp. Govind Ram Bhagat Ram Pure Ghee, Chunawala Danda, Hathras, was searched on 01.11.2021 in presence of Shri Govind Dixit, Proprietor of M/s Dixit Traders, Hathras. The officer scrutinized the documents/records lying in the premise and resumed some of the records under INS-02 of the Panchnama dated 01.11.2021 on the reasonable belief that the same is required for ongoing investigation. **On physical stock verification with stock as per stock register, excess/shortage in the finished goods were found. The goods found in excess were seized under INS-02 of the Panchnama dated 01.11.2021.**

30.1 Further, M/s Dixit Traders, Hathras deposited ₹11,57,980/- being market price of such goods or the amount of tax, interest and penalty that is or may become payable on seized goods. Accordingly, the seized goods were released vide GST INS-05 issued under DIN No. 202112DWW3000000BBAA dated 08.12.2021.



- Bill either by hand delivery/WhatsApp or through e-mail. Shri Amit Mishra used to fill Part-B of E-Way Bill and prepare L/R and send the same to Ghaziabad units of M/s KP group directly;
- ✓ On being confronted he agreed that shortage of 2220.55 Kg of Fragrance Compound 'AA' and shortage of 2043 Kg of Fragrance Compound 'B' was recorded as per Panchnama dated 12.11.2021 drawn at the premises of M/s GBN International and they have made payment of GST on the same;
 - ✓ On being again shown the Panchnama dated 02.11.2021 he agreed that the perfumery compound marked as 'R-29' and '000' which were seized since they were found without any supporting documents were supplied by their firm M/s GBN International;
 - ✓ On being confronted with the stock of perfumery compounds supplied by him that were found at Zakhira godown without any valid document, he admitted that by mistake they had not prepared documents for 6000 Kg. of perfumery compound found at the premises of M/s Thakur Traders at Ground Floor, 71/6, K, Rama Road, Near Haldiram, Zakhira. Further, he agreed with the fact that Shri Anupam Pandey was aware that perfumery compounds supplied from M/s GBN International to Ghaziabad locations of M/s KP groups were stored at the godown of M/s Thakur Traders at Ground Floor, 71/6, K, Rama Road, Near Haldiram, Zakhira;
 - ✓ On being asked he stated that M/s Dubey Perfumers, Hyderabad is in the business of perfumery products whose two partners are his elder brother i.e., Shri Nisheet Dubey and Shri Ashish Dubey. They are suppliers of M/s GBN International;
 - ✓ On being asked he stated that they order Fragrance Compound 'AA', Fragrance Compound 'B', Fragrance Compound '2700', Fragrance Compound '3150', Fragrance Compound 'RG', Fragrance Compound 'RGN', Fragrance Compound 'M' and Compound 'FAC' from M/s Sudama Fragrances;
 - ✓ On being asked he stated that M/s Sudama Fragrances, Haridwar gives sample to M/s GBN International and M/s GBN International forward the samples to M/s KP group and value are decided by M/s GBN International, M/s Sudama Fragrances, Haridwar and M/s KP group;
 - ✓ On being asked he stated that in the perfumery business, whosoever blends the compound, only knows the ingredients and that is the principal in perfumery business and M/s GBN International cannot know what ingredients are there in the compound. He further stated that the manufacturer has to be briefed regarding which application has to be used. For example, Pan Masala, Tobacco, Incense (Agarbatti), Soap etc. According to that, the manufacturer prepares sample and forward the same to the buyer;



- ✓ On being asked he stated that the codes on finished product is decided by him. Coding is done to ensure trade secret. In relation to M/s Sudama Fragrances, he uses Compound AA – Code 'R729' & Compound B – Code '000' for M/s KP group whereas he uses code 'R-2700' for M/s Global specialties, Bangalore and code 'R-3150' for M/s Imperial Fragrances, Kolkata. There are many more coding structures depending upon customer requirement. However, these are the main codes that he uses;
- ✓ On being asked he stated that the products supplied to M/s KP group, M/s Global specialties and M/s Imperial Fragrances are totally different and they cannot be used by one another as these are specialized products which cannot be sold to any other customer. There is no written agreement but it is business ethics;
- ✓ On being asked he stated that the main ingredients of the fragrance compound being sold to M/s KP group are PEA (Phenylethyl Alcohol) PEME, (Phenylethyl Methyl Ether) Gerinole, Citronellol, Citronyl Acetate, Geranyl Acetate, Vanillin, Phenylethyl Acetate, Sandal Mysore Core, Baccodanil, Polysantol etc.;
- ✓ On being asked he stated that the products which are being procured from M/s Sudama Fragrances are proprietary items being used as well as decided by M/s KP group and thus, specific knowledge of the fragrances as well as the compounds is in the knowledge of Shri Rajeev Chaurasia only;
- ✓ On being asked he stated that Shri Dinesh Tevatia, Manager, M/s Kay Pan Fragrances Pvt. Ltd., Ghaziabad used to inform Shri Anupam Pandey regarding dispatching of goods to M/s Shree Nagarji Goods Carrier;
- ✓ On being asked he stated that he do not know Shri Ashok Bhatiya and Shri Amit Mishra of M/s Shree Nagarji Goods Carrier and never met them. However, Shri Anupam Pandey knows Shri Ashok Bhatiya and Shri Amit Mishra of M/s Shree Nagarji Goods Carrier;
- ✓ On being asked he stated that E-Invoices and E-Way Bills were prepared in respect of perfumery compounds sent by M/s Sudama Fragrances and the same were either mailed or dispatched to M/s Shree Nagarji Goods Carrier. These E-Invoices and E-Way Bills were also mailed to M/s Kay Pan Fragrances Pvt. Ltd., Ghaziabad. and hard copy of the documents were also sent through courier to M/s Kay Pan Fragrances Pvt. Ltd., Ghaziabad. Shri Amit Mishra (Mobile No.8750862479) of M/s Shree Nagarji Goods Carrier used to arrange transportation. They used to make payment of transportation through cheque. M/s Shree Nagarji Goods Carrier used to prepare L/R and send the same to M/s Kay Pan Fragrances Pvt. Ltd., Ghaziabad, a copy of which was also provided to them;



recorded under Section 70 of the CGST Act, 2017 on 28.01.2022, wherein he inter-alia deposed that:

- ✓ On being asked he stated that he is looking after the business as a partner in following firms,
 - M/s GBN International
 - M/s Parfessence LLP
 - M/s C&B Aromas LLP
 - M/s Indica Nutraceuticals LLP
 - M/s DP Products
 - M/s TBD Properties LLP (Tej Bahadur Properties)
 - M/s Baxar Properties LLP
- ✓ On being asked he stated that M/s GBN International is a partnership firm engaged in the business of Trading of perfumery compound, which is his family business and it came into existence around 23 to 24 years ago. Further, he stated that Shri Anupam Pandey and Shri Sudhanshu are the persons who look after all the work at two godowns. Shri Manoj Sharma works as a part time accountant;
- ✓ On being asked he stated that being partner of M/s GBN International, he is looking after all the work relating to purchase, sales, financial & technical matters of the business;
- ✓ On being asked he stated that majority of their trading is in perfumery compounds. However, they also trade in essential oils such as Cypriol, Valarian, Benzoin, Kapoor Kachari, Rose oil, Kevda Oil;
- ✓ On being asked he stated that M/s Sudama Fragrances, Haridwar, M/s Dubey Perfumers, Hyderabad, M/s Laxmi Essential Oil, Kanpur are the major suppliers of perfumery products and major buyers are M/s KP group, M/s Global Specialties and M/s Imperial Fragrances;
- ✓ On being asked he stated that in case of M/s Sudama Fragrances, he knows Shri Anand Chaurasia, Shri Navneet Chaurasia and Rajiv Chaurasia as they are in the same type of business since very long time. In M/s Dubey Perfumers, his elder brothers Shri Ashish Dubey and Shri Nisheeth Dubey are the partners and in M/s Laxmi Essential Oil, Mr. Lohit Shukla, is a distant relative;
- ✓ On being asked he stated that during the year 2020-21, the purchase volume was around ₹110 crores out of which 80% i.e., around ₹88 Crore was with M/s Sudama Fragrances, 15% i.e. around Rs.16 crores with M/s Dubey Perfumers and rest 5% i.e. ₹6 crores is with the other suppliers.
- ✓ On being asked he stated that apart from principal place of business in Tilak Bazar, Delhi, they have two godowns, one at 19/118, Ground Floor, Sari Rohilla, Delhi – 110035 and the other at House No.19, Near Joshi Farm, Village Nangli Poona, New Delhi – 110036.



- ✓ On being asked he stated that M/s GBN International is a partnership firm and there are two partners of M/s GBN International namely Shri Yash Dubey and Shri Tanvangi Dubey W/o Shri Yash Dubey. Active partner of M/s GBN International is Shri Yash Dubey;
- ✓ On being asked he stated that the firm is engaged in trading of Perfumery/Fragrance compounds/products generally used in food grade products, agarbattis, Pan Masala/Tobacco products etc.;
- ✓ On being asked he stated that as the firm is approx. 21 years old, so he unable to recall about the funding of working capital of M/s GBN International;
- ✓ On being asked he stated that as per his knowledge, Perfumery Compound & Perfumery Compound, both are similar types of goods, many users prefer to use the term as Perfumery Compound others users use the term as Fragrance Compound. Actual difference may be known with the contents of the goods. Compound term is used for mixtures of two or more than two items of perfume / fragrance / flavor / aromatic chemical;
- ✓ On being asked he stated that M/s GBN International does not trade in any type of raw materials. M/s GBN International only trade in finished goods. The firm purchase and sell the goods as it is without making any change;
- ✓ On being asked he stated that as far as he is concerned, the description given on the packages of the purchased goods is same. There is brief description like 'Fr. A' is Mentioned on Fragrance Compound _AA and 'Fr. B' on Fragrance Compound _B. These items are filled in Cans/drums and traded in wrapped in jute gunny bags same as purchased;
- ✓ On being shown he put his signatures on these pictures and it appears that there is brief description like 'Fr. A' is mentioned on Fragrance Compound _AA and 'Fr. B' on Fragrance Compound _B. These items are filled in Cans / drums of 25 Kg each and traded in wrapped in jute gunny bags. Further, during the panchnama proceedings, it was observed that on the packages of Fragrance Compound _AA/ Fr. A, R-29 is also mentioned and on the packages of Fragrance Compound-B / Fr. B, 'ooo' is also mentioned. On being asked, he agreed with this fact and stated that they don't have any concern why it is mentioned. He has no knowledge about this and stated that they sell these products as it as was purchased. They mention the same description on their sell invoices as they receive on their purchase invoice. He further stated that his owner Shri Yash Dubey was also not having any concern with this extra mentioning;
- ✓ On being asked he states that their major buyers are M/s RK Products, M/s Bilverk, M/s Global Specialties and M/s Shree Balaji Grah Udyog, M/s K Flavors Pvt. Ltd., Lucknow, M/s Kay Pan Products Pvt. Ltd., M/s. K Y Tobacco Works Pvt.



- ✓ Further, Shri Sandeep Gupta was shown statement dated 09.11.2021 of Shri Rakesh Singh, Supervisor and Shri Tarun Kumar Sharma, Accountant of M/s SAAK Enterprises and was asked to offer comments. He stated that he has seen and in token of having seen the same and in his agreement put his dated signature at the last page of both the statements;
- ✓ Further Shri Sandeep Gupta was also shown Panchnama dated 04.10.2021 drawn at the residential premises of Shri Ajit Kumar Gupta, record @sl. no. 3 resumed under Panchnama dated 04.10.2021 and statement dated 04.10.2021 of Shri Ajit Kumar Gupta. Further it was informed that Shri Ajit Kumar Gupta in his statement dated 04.10.2021 had admitted that the said record @sl. no. 3 was having details of unaccounted sale/purchase of Rajshree and Kamla Pasand Pan Masala/Tobacco manufactured by factories situated at Ghaziabad for the period November 2019 to July 2021 without payment of taxes and the payment of which was made to Shri Sandeep Gupta in cash or the raw material supplier of KP & Rajshree. He stated that he has seen the panchnama, & statement dated 04.10.2021 and in token of having seen and in his agreement put his dated signature;
- ✓ Further Shri Sandeep Gupta was also shown statement dated 10.11.2021 of Shri Neeraj Jain, along with the chart showing duty quantification of goods cleared clandestinely by M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad through his firm M/s SAAK Enterprises and was asked to offer comment. He stated that he seen the same and in token of having seen and in his agreement put his dated signature on the said statement and on the quantification chart.

26. Whereas, statement of Shri Ved Prakash Goyal S/o Shri Ghanshyam Das Goyal, Proprietor of M/s Swastik Enterprises, Khasra No. 52/10, 53/6, Near Hanuman Mandir, Alipur, Delhi-110036, was recorded under Section 70 of the CGST Act, 2017 on 29.05.2023 (**RUD-54**), wherein he inter-alia deposed that,

- ✓ On being asked he stated that in year 2000, he started a firm called M/s Swastik Enterprises, Delhi for the manufacture of PP bags and jute bags and migrated to GST in 2017. Further he stated that at present his firm is engaged in manufacturing of PP bags, jute bags and corrugated boxes and being proprietor of the firm, he personally looks after sale-purchase, marketing and logistics related work of the firm;
- ✓ Further Shri Ved Prakash Goyal during the course of his statement, was confronted with the page no. 54 resumed under Panchnama dated 04.10.2021 drawn at the residential premises of Shri Ajit Kumar Gupta. Page no. 54 reflected the name of Shri VED GOEL along with other names and reflected a figure of 30000 in front of his name. Shri Ved Prakash Goyal was also shown statement dated 04.10.2021 of Shri Ajit Kumar Gupta, wherein he had stated among other things that he made payments in cash on behalf of the manufacturers of KP and



04.10.2021 of Shri Ajit Kumar Gupta. Further, he signed the quantification chart in his agreement;

- ✓ Further, Shri Neeraj Jain was shown statement dated 09.11.2021 of Shri Rakesh Singh, Supervisor and Shri Tarun Kumar Sharma, Accountant of M/s SAAK Enterprises and was asked to offer comments. Shri Neeraj Jain agreed with both the statements and also signed the same in his agreement.

25. Whereas, statement of Shri Sandeep Gupta, Proprietor of M/s SAAK Enterprises, Ghaziabad, was recorded under Section 70 of the CGST Act, 2017 on 25.11.2021 (RUD-53), wherein he inter-alia deposed that;

- ✓ On being asked he stated that he was director in M/s Vir Electricals Pvt. Ltd., Baddi, H.P., which was engaged into manufacturing of wire & cable and due to loss it was auctioned by bank against loan taken in year 2016. Since 2016 to 2019 he was not doing anything;
- ✓ On being asked he stated that he started his firm M/s SAAK Enterprises, in the month of September 2019 to do trading of Kamla Pasand & Rajshree Pan Masala/Chewing Tobacco. He further stated that he started M/s SAAK Enterprises on the advice of Shri Pawan Jain/Pawan Kumar, factory in-charge of M/s KPFPL, Ghaziabad;
- ✓ On being asked he stated that M/s SAAK Enterprises does the trading of Pan Masala and Tobacco and he looked after all the day-to-day affairs of M/s SAAK Enterprises, including taking orders, dispatch, transportation etc. Further, he stated that Shri Rakesh Nagar & Shri Omveer are the supervisor of M/s SAAK Enterprises and Shri Tarun Kumar & Shri Amit Tyagi, looks after account relating work and they all works on his directions;
- ✓ On being asked he stated that from the beginning M/s SAAK Enterprises is engaged in trading of Kamla Pasand Pan Masala & Tobacco and purchases the said goods from M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad. M/s SAAK Enterprises purchased all brands of Pan Masala i.e., Kamla Pasand, Rajshree and Rajshree Gold from M/s KPFPL, Ghaziabad and all brands of Chewing Tobacco i.e., Black Label, Black Label-2, Black Label-18, Double Black, Green Label, Silver Class from M/s KYTWPL, Ghaziabad;
- ✓ On being asked he stated that they have neither executed any agreement between M/s SAAK Enterprises and M/s KPFPL, Ghaziabad, or M/s KYTWPL, Ghaziabad nor deposited any security money toward purchase of Pan Masala/Chewing Tobacco;
- ✓ On being asked he stated that to place purchase order to M/s KPFPL, Ghaziabad and to M/s KYTWPL, Ghaziabad he contacts Shri Pawan Kumar on landline numbers and they supplied the goods through vehicle arranged by them;



than the firm is engaged in trading of Pan Masala/Tobacco manufactured by M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad. He further stated that all the goods manufactured by M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad were sold to M/s SAAK Enterprises and on their direction further sold to C&F agents of these companies namely Shri Ajit Kumar Gupta and Shri Mukesh Kapoor;

- ✓ On being asked he stated that being supervisor his role was loading and unloading of goods and to look after the labourers;
- ✓ Further, Shri Rakesh Singh, Supervisor of M/s SAAK Enterprises was shown Panchnama dated 04.09.2021 drawn at the premise of M/s SAAK Enterprises and was asked to offer his comments. He stated that he has seen the Panchnama dated 04.09.2021 and in token of having seen the same he put his dated signature. He admitted that the goods seized under INS-02 of the Panchnama dated 04.09.2021 were received without invoices from M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad;
- ✓ Further, Shri Rakesh Singh, Supervisor of M/s SAAK Enterprises was also shown Statement dated 09.11.2021 of Shri Tarun Kumar Sharma, Accountant and was asked to offer comments. He stated that he has seen the Statement dated 09.11.2021 and in token of having seen the same he put his dated signature. He admitted that the goods received without invoices from M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad, were supplied to C&F agents of M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad on the direction Shri Pawan Kumar Jain and Shri Neeraj Jain because they were looking after all the work of factories situated at Ghaziabad;
- ✓ Further Shri Rakesh Singh, Supervisor of M/s SAAK Enterprises was also shown Panchnama dated 04.10.2021 drawn at the residential premises of Shri Ajit Kumar Gupta, record @sl. no. 3 resumed under Panchnama dated 04.10.2021 and statement dated 04.10.2021 of Shri Ajit Kumar Gupta. Further it was informed that Shri Ajit Kumar Gupta in his statement dated 04.10.2021 had admitted that the said record @sl. no. 3 was having details of unaccounted sale/purchase of Rajshree and Kamla Pasand Pan Masala/Chewing Tobacco manufactured by factories situated at Ghaziabad for the period November 2019 to July 2021 without payment of taxes and the payment of which was made to Shri Sandeep Gupta in cash or to the raw material suppliers of KP & Rajshree. Further, based on the same a duty qualification chart was prepared and also shown to him. He stated that he has seen the said chart, panchnama, & statement dated 04.10.2021 of Shri Ajit Kumar Gupta and in token of having seen and in his agreement put his dated signature on the same.



- ✓ Further Shri Pawan Kumar Jain was also shown Panchnama dated 25.06.2021 drawn at the residential premises of Shri Sujeet Kumar Singh, owner of M/s BTCPL, Noida, file @sl. no. 17 resumed under Panchnama dated 25.06.2021 and statement dated 25.06.2021 of Shri Sujeet Kumar Singh. Further, a chart was prepared on the basis of the invoices issued to fake firms and actual goods supplied to factory of Kamla Pasand and Rajshree by M/s MSPL, Delhi through M/s BTCPL, Noida. Shri Pawan Jain stated that he has seen the said chart and in token of having seen the same he put his dated signature and further stated that he has no knowledge about the same;
- ✓ Further Shri Pawan Kumar Jain was also shown Panchnama dated 04.10.2021 drawn at the residential premises of Shri Ajit Kumar Gupta, record @sl. no. 3 resumed under Panchnama dated 04.10.2021 and statement dated 04.10.2021 of Shri Ajit Kumar Gupta. Further it was informed that Shri Ajit Kumar Gupta in his statement dated 04.10.2021 had admitted that the said record @sl. no. 3 was having details of unaccounted sale/purchase of Rajshree and Kamla Pasand Pan Masala/Tobacco manufactured by factories situated at Ghaziabad for the period November 2019 to July 2021 without payment of taxes and the payment of which was made to Shri Sandeep Gupta in cash or to the raw material supplier of KP & Rajshree. Further, on the basis of the same a duty qualification chart was prepared and shown to him and was asked to offer his comments. He stated that he has seen the said chart, panchnama, & statement dated 04.10.2021 and in token of having seen the same he put his dated signature. He further stated that he has no knowledge about the same;
- ✓ Further, Shri Pawan Kumar Jain was also shown statement dated 09.11.2021 of Shri Tarun Kumar Sharma, Accountant of M/s SAAK Enterprises and was asked to offer comments; he stated that he has seen the statement dated 09.11.2021 and in token of having seen the same he put his dated signature. Shri Pawan Jain stated that he neither knows Shri Tarun Sharma nor have ever met him and he does not agree with the statement of Shri Tarun Kumar Sharma;
- ✓ Further, Shri Pawan Kumar Jain was also shown statement dated 09.11.2021 of Shri Rakesh Singh, Supervisor of M/s SAAK Enterprises and was asked to offer comments. He stated that he has seen the statement dated 09.11.2021 and in token of having seen the same he put his dated signature. He further stated that he neither knows Shri Rakesh Singh nor have ever met him and he does not agree with the statement of Shri Rakesh Singh.

22. Whereas, statement of Shri Tarun Kumar Sharma, Accountant of M/s SAAK Enterprises, Ghaziabad, was recorded under Section 70 of the CGST Act, 2017 on 09.11.2021 (**RUD-50**), wherein he *inter-alia* deposed that;



- ✓ On being asked that how many pouches of Pan Masala of 'Rajshree' and 'Kamla Pasand' brand of various MRPs could be manufactured from 1 Kg of packaging material i.e., Printed Laminate, he stated that, approximately 1060 Pouches of Kamla Pasand Pan Masala of MRP ₹4/-, 800 Pouches of Kamla Pasand Pan Masala of MRP ₹8/-, 1060 Pouches of Rajshree Pan Masala of MRP ₹4/-, 743 Pouches of Rajshree Pan Masala of MRP ₹8/-, 510 Pouches of Rajshree Pan Masala of MRP ₹18/- and 1015 Pouches of Rajshree Gold Pan Masala of MRP ₹4/-, could be manufactured out of 1 Kg of printed laminates.

21.1 And whereas, another statement of Shri Pawan Kumar Jain, Account Manager of M/s KPFPL, Ghaziabad, was recorded under Section 70 of the CGST Act, 2017 on 09.11.2021 (**RUD-48**), wherein he inter-alia deposed that;

- ✓ On being asked he stated that he is looking after Account department and also deals with all the legal and statutory compliance of Income Tax, Sale Tax, Excise etc., like balance Sheet, GST returns, Audit etc.;
- ✓ On being asked he stated that approximately 16 Rotary Pouch Packing Machines (FFS) are installed in the factory of M/s KPFPL, Ghaziabad and as per demand same are used for manufacturing of Kamla Pasand & Rajshree brand Pan Masala;
- ✓ On being asked he stated that Shri Gyanendra is looking after the production since last 3-4 years;
- ✓ On being asked he stated that total 18 persons (approx.) are engaged in account section, maintenance, housekeeping and field, which are on the role of the company. The security work is done by M/s J.S. Securities. The loading and unloading work is also carried by contract labourer;
- ✓ On being asked he stated that there is no relation between M/s Kay Pan Fragrance Pvt. Ltd., and M/s K Y Tobacco Pvt. Ltd. Further, he stated that as per his information M/s K Y Tobacco Pvt. Ltd., is having franchise of M/s Kamla Kant and Company LLP for manufacturing Tobacco Products under brand name Green Label, Black Label, Black Label 2, Double Black, etc.;
- ✓ On being asked he stated that M/s SAAK Enterprises, C-158, BSR Industrial Area, Ghaziabad is distributor of M/s KPFPL, Ghaziabad and most of the finished goods are sold to M/s SAAK Enterprises;
- ✓ On being asked he stated that as per his information M/s SAAK Enterprises, Ghaziabad is also distributor of M/s K Y Tobacco Pvt. Ltd.;
- ✓ On being asked he stated that M/s KPFPL, Ghaziabad does not have any agreement with M/s SAAK Enterprises, Ghaziabad. Further, he stated that Shri Sandeep Gupta, Proprietor of M/s SAAK Enterprises was known to Shri Dinesh Tewatia, Director of M/s KPFPL, Ghaziabad that's why the distributorship was given to M/s SAAK Enterprises;



Total Transaction Value (₹)	13,56,95,610	6,30,119	5,17,26,946	1,70,51,232	1,04,96,536	2,48,82,176
CGST @14% (₹)	1,89,97,385	88,217	72,41,773	23,87,172	14,69,515	34,83,505
SGST @14% (₹)	1,89,97,385	88,217	72,41,773	23,87,172	14,69,515	34,83,505
CESS @160% (₹)	21,71,12,976	10,08,191	8,27,63,114	2,72,81,971	1,67,94,458	3,98,11,482
Total GST + Cess (₹)	25,51,07,746	11,84,624	9,72,46,659	3,20,56,315	1,97,33,488	4,67,78,491
Total Tax {Excise duty + NCCD + GST + Cess} (₹)	31,03,73,305	13,56,475	11,71,81,729	3,88,16,910	2,36,72,908	5,64,00,158
Grand Total	₹54,78,01,487/- {Excise Duty ₹18,76,357/-; NCCD ₹9,38,17,804/-; CGST ₹3,36,67,567/-; SGST ₹3,36,67,567/-; Cess ₹38,47,72,192/-}					

And whereas, Central Excise duty and NCCD on branded Tobacco are being charged based on the of value arrived at in terms of Section 4A of the Central Excise Act, 1944 read with Notification No. 49/2008-CE(NT) dated 01.03.2008 (as amended from time to time), Notification No. 3/2019-CE dated 06.07.2019, Section 38B of Central Excise Act, 1944, Fourth Schedule to Central Excise Act, 1944 and Seventh Schedule to Finance Act, 2001. Further, GST & Cesses are charged on the transaction value + Central Excise duty + NCCD and the rate of applicable GST & Cesses is taken as per Notification No. 01/2017-CT (Rate) dated 28.06.2017 (as amended) and Notification No. 01/2017-Compensation Cess (Rate) dated 28.06.2017. In the instant case matter and as per the prevailing law for the period under consideration, applicable tax rates on the branded Scented Jarda Tobacco are (i) Central Excise Duty @ 0.5 %; (ii) NCCD @25%; (iii) CGST @14%, (iv) SGST @14% & (v) Compensation Cess @160%.

20.9 Whereas, the duty quantification charts in **Annexure-‘E’ & ‘E1’** pertaining to M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad respectively were prepared on the basis of **Annexure-‘B’** reflecting the unaccounted pouches of Pan Masala and Chewing Tobacco manufactured out of 12,10,895.75 Kgs of Printed Laminate and supplied clandestinely.

20.10 And whereas, it appears that M/s KPFPL, Ghaziabad had clandestinely manufactured and supplied **90,08,46,172 pouches** of Pan Masala of different brands & MRPs as detailed in **Annexure – ‘D’ to ‘D6’** out of clandestinely procured printed laminates from M/s MSPL, Delhi. The said unaccounted supply involved **GST amounting to ₹47,03,27,977/- and CESS amounting to ₹100,78,45,665/-**. Similarly, M/s KYTWPL, Ghaziabad had clandestinely manufactured and supplied **79,71,32,199 pouches** of Chewing Tobacco of different brands & MRPs as detailed in **Annexure – ‘D’ to ‘D6’** out of clandestinely procured printed laminates from M/s MSPL, Delhi. The said unaccounted supply involved **Excise Duty amounting to**



also calculated in the same ratio as that of accounted production, the details of which are also reflected in **Annexure-'C'**. The number of pouches of Pan Masala & Chewing Tobacco manufactured out of unaccounted printed laminate as per **Annexure-'D'** are also depicted hereunder:

Particulars	Paper Laminate used out of 12,10,895.75Kg procured clandestinely from M/s MSPL, Delhi (Kg)	Wt. in gm per Pouch	Total No. of Pouches manufactured out of 12,10,895.75Kg procured clandestinely from M/s MSPL, Delhi
Kamla Pasand MRP ₹4/-	5,34,961.01	0.9434	56,70,58,667
Kamla Pasand MRP ₹8/-	2,953.89	1.2500	23,63,111
Rajshree MRP ₹4/-	1,74,132.25	0.9434	18,45,80,184
Rajshree MRP ₹8/-	60,682.54	1.3459	4,50,87,127
Rajshree MRP ₹18/-	34,247.47	1.9608	1,74,66,208
Rajshree Gold MRP ₹4/-	79,519.69	0.9434	8,42,90,875
Total	8,86,496.82		90,08,46,172
Double Black MRP ₹1/-	1,89,762.44	0.3940	48,16,17,070
Green Label MRP ₹1/-	763.31	0.5097	14,97,609
Black Label MRP ₹1/-	67,335.70	0.3876	17,37,26,101
Black Label-2 MRP ₹1.5/-	19,638.62	0.500	3,92,77,239
Black Label-18 MRP ₹2/-	11,961.83	0.6969	1,71,65,226
Silver Class MRP ₹1/-	34,937.06	0.4167	8,38,48,953
Total	3,24,398.93		79,71,32,198
Grand Total	12,10,895.75		

20.7 And whereas, on perusal of production details of M/s KPFPL, Ghaziabad for the month of December, 2020, January, 2021, February, 2021, March, 2021, April, 2021 & May, 2021, it is seen that Kamla Pasand Pan Masala of MRP ₹4/- & ₹8/-, Rajshree Pan Masala of MRP ₹4/-, ₹8/- & ₹18/- and Rajshree Gold Pan Masala of MRP ₹4/- were being manufactured. Further, during the same period Double Black Chewing Tobacco of MRP ₹1/-, Green Label Chewing Tobacco of MRP ₹1/-, Black Label Chewing Tobacco of MRP ₹1/-, Black Label-2 Chewing Tobacco of MRP ₹1.5/-, Black Label-18 Chewing Tobacco of MRP ₹2/- and Silver Class Chewing Tobacco of MRP ₹1/- were being manufactured by M/s KYTWPL, Ghaziabad. Further, during the course of investigation sample copies of invoices and an excel sheet having month-wise transaction value of Kamla Pasand/ Rajshree Pan Masala and different brand of Chewing Tobacco of different MRPs were submitted by M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad and the same was used to arrive at the transaction value of each pouch of Pan Masala/Chewing Tobacco of different MRPs. Thus, out of the unaccounted printed laminate i.e., 8,86,496.82 Kg procured by M/s KPFPL, Ghaziabad and 3,24,398.93 Kg procured by M/s KYTWPL, Ghaziabad, the number of pouches of Pan Masala/Chewing Tobacco of various brands & MRPs as detailed above, the duty has been quantified the details of which are as under:



2	Green Label	₹1/-	0	100	330
3	Black Label	₹1/-	7,44,090	10,25,890	65,65,696
4	Black Label-2	₹1.5/-	1,37,610	2,58,870	17,86,203
5	Black Label-18	₹2/-	2,76,120	2,64,650	12,43,855
6	Silver Class	₹1/-	2,77,210	1,92,600	12,13,380
February 2021					
Sl. No.	Brand Name	MRP	Production Qty In Pkt	Sale Qty In Pkt	Sale Taxable Value
1	Double Black	₹1/-	21,90,090	15,96,250	1,24,27,600
2	Green Label	₹1/-	0	0	0
3	Black Label	₹1/-	7,44,090	7,17,300	45,90,720
4	Black Label-2	₹1.5/-	2,96,070	2,09,020	14,42,238
5	Black Label-18	₹2/-	1,85,850	1,99,920	9,39,624
6	Silver Class	₹1/-	2,04,260	2,29,000	14,42,700
March 2021					
Sl. No.	Brand Name	MRP	Production Qty In Pkt	Sale Qty In Pkt	Sale Taxable Value
1	Double Black	₹1/-	18,62,380	16,70,000	1,09,68,300
2	Green Label	₹1/-	55,790	63,052	1,45,272
3	Black Label	₹1/-	7,14,910	8,47,760	48,44,254
4	Black Label-2	₹1.5/-	2,91,900	2,03,840	12,79,616
5	Black Label-18	₹2/-	1,59,300	2,31,200	9,19,700
6	Silver Class	₹1/-	6,71,140	5,63,300	30,57,790
April 2021					
Sl. No.	Brand Name	MRP	Production Qty In Pkt	Sale Qty In Pkt	Sale Taxable Value
1	Double Black	₹1/-	15,59,950	19,28,715	1,21,71,684
2	Green Label	₹1/-	23,955	39,458	1,12,395
3	Black Label	₹1/-	14,11,800	10,17,275	55,71,482
4	Black Label-2	₹1.5/-	0	2,01,760	11,46,288
5	Black Label-18	₹2/-	3,25,890	2,51,487	9,88,415
6	Silver Class	₹1/-	3,65,750	4,51,960	24,17,138
May 2021					
Sl. No.	Brand Name	MRP	Production Qty In Pkt	Sale Qty In Pkt	Sale Taxable Value
1	Double Black	₹1/-	14,32,775	8,74,180	56,45,090
2	Green Label	₹1/-	15,970	10,000	37,000
3	Black Label	₹1/-	5,38,200	5,81,680	31,99,240
4	Black Label-2	₹1.5/-	4,38,375	2,33,820	12,86,010
5	Black Label-18	₹2/-	0	2,04,300	8,58,060
6	Silver Class	₹1/-	7,53,445	8,16,000	44,47,200

20.4 And whereas, on the basis of production figures provided by M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad, the total quantity of printed laminates used in the manufacture of accounted Pan Masala and Chewing Tobacco manufactured by M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad was arrived at. For illustration calculation in respect of Kamla Pasand Pan Masala of MRP ₹4/- and Double Black Chewing Tobacco of MRP ₹1/- is shown hereunder:

Calculation of printed laminate consumed in the production of pouches of Kamla Pasand Pan Masala of MRP ₹4/-



Black Label Chewing Tobacco	₹1/- per Pouch	2580 Pouches /Kg of laminate
Black Label-2 Chewing Tobacco	₹1.5/- per Pouch	2000 Pouches /Kg of laminate
Black Label-18 Chewing Tobacco	₹2/- per Pouch	1435 Pouches /Kg of laminate
Silver Class Chewing Tobacco	₹1/- per Pouch	2402 Pouches /Kg of laminate

20.3 And whereas, summonses dated 29.12.2021, 11.01.2022 and 09.05.2023 were issued to Shri Dinesh Kumar Tewatia and summonses dated 29.12.2021, 11.01.2022 and 08.05.2023 were issued to Shri Devesh Kumar, both Directors of M/s KPFPL, Ghaziabad, but despite having the knowledge that enquiry is pending against them, they intentionally didn't join the proceedings. Similarly, summonses dated 27.12.2021, 12.01.2022 and 25.05.2023 were issued to Shri Sunil Kumar Agnihotri and summonses dated 27.12.2021, 12.01.2022 and 26.05.2023 were issued to Shri Vikas Jain, both Directors of M/s KYTWPL, Ghaziabad, but despite having the knowledge that enquiry is pending against them, they intentionally didn't join the proceedings, which shows that they have no regard for the law. Further, during the investigation, no document/record was unearthed based on which the unaccounted printed laminate of Kamla Pasand & Rajshree brand Pan Masala/Chewing Tobacco procured from M/s MSPL, Delhi could be distributed between M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad. Hence, total accounted production of Pan Masala and Chewing Tobacco pouches during the month of December 2020, January 2021, February 2021, March 2021, April 2021 & May 2021 by M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad, respectively is taken into consideration on the reasonable belief that the same ratio was also maintained for unaccounted production too using unaccounted printed laminates. Further, M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad, submitted the details of accounted production of Rajshree and Kamla Pasand Pan Masala and Chewing Tobacco pouches of different MRPs manufactured during the month of December 2020, January 2021, February 2021, March 2021, April 2021 & May 2021. The same is reproduced hereunder:

M/s Kay Pan Fragrance Pvt. Ltd.,					
December 2020					
Sl.No	Brand Name	MRP	Production Qty In Pkt	Sale Qty In Pkt	Sale Taxable Value
1	Kamla Pasand Pan Masala	₹4/-	20,89,960	21,22,849	13,39,77,572
2	Kamla Pasand Pan Masala	₹8/-	12,450	600	29,950
3	Rajshree Pan Masala	₹4/-	10,43,020	9,60,760	5,36,19,660
4	Rajshree Pan Masala	₹8/-	2,43,375	2,76,475	2,07,35,625
5	Rajshree Pan Masala	₹18/-	1,85,320	2,46,076	2,06,70,384
6	Rajshree Gold Pan Masala	₹4/-	1,40,088	1,14,000	67,83,000
January 2021					
Sl. No.	Brand Name	MRP	Production Qty In Pkt	Sale Qty In Pkt	Sale Taxable Value
1	Kamla Pasand Pan Masala	₹4/-	20,75,590	21,72,650	13,74,48,910
2	Kamla Pasand Pan Masala	₹8/-	7,470	50	2,550
3	Rajshree Pan Masala	₹4/-	8,62,000	8,83,665	4,94,85,240
4	Rajshree Pan Masala	₹8/-	3,41,000	2,58,665	1,93,99,875
5	Rajshree Pan Masala	₹18/-	3,02,840	2,45,938	2,06,58,792



Matharu takes all the key decisions for the development of the overall business of the company;

- *On being shown the panchamas dated 15.06.2021 drawn at the premises of M/s Montage Sales Pvt. Ltd., B-26, Jhilmil Industrial Area, Delhi-95; statement dated 15.06.2021 & 24.09.2021 of Shri Sushil Kumar Dwivedi dispatch officer of M/s MSPL, Delhi; statement dated 15.06.2021 & 24.09.2021 of Shri Punit Kumar Mishra accountant of M/s MSPL, Delhi and statement dated 15.11.2021 of Shri Harvinder Singh Matharu, director of M/s MSPL, Delhi, he stated that he had seen all the above Panchnama/Statements and put his dated signature in token of having seen the same and stated that he is in full agreement with the facts and figures of the above Panchnama/ Statements.*

18. And whereas, based on the discussion made in foregoing paras, it appears that M/s MSPL, Delhi supplied laminate/packaging materials to both M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad under the camouflage of the invoices issued to various bogus (non-existent/non-operational) firms/companies and the said laminate/packaging materials were used by both M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad for clandestine production and supply of Pan Masala and Chewing Tobacco. Further, it is pertinent to mention that a separate investigation is being done against companies of the Montage group and against all the bogus (non-existent/non-operational) firms/companies to whom supply was shown by the companies of the Montage group. Hence, a separate Show Cause Notice will be issued to companies of Montage group and all bogus (non-existent/non-operational) firms/companies.

19. And whereas, on scrutiny of Annexure - 'B', it appears that M/s MSPL, Delhi, knowingly supplied **12,10,895.75 kg** of printed laminates to M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad valued at **₹50,75,91,258/- (inclusive of GST ₹7,74,29,109/-)** with issuance of an incorrect/false invoice (issued invoices to bogus firms, while the underlying goods were supplied to manufacturer of Pan Masala/Tobacco).

TAX QUANTIFICATION ON THE BASIS OF UNACCOUNTED PRINTED LAMINATES

20. Whereas, from the foregoing discussion, it appears that both M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad clandestinely manufactured & supplied Rajshree & Kamla Pasand brand Pan Masala & Chewing Tobacco. The packaging material used for the packing of the Pan Masala & Chewing Tobacco was clandestinely procured from M/s MSPL, Delhi and the same was transported by M/s BTCPL, Noida. Further, the evidence regarding unaccounted procurement of printed laminates was for a limited period only. However, to quantify the tax liability based on clandestinely procured printed laminates as per file @ serial number 17, the total quantity of printed laminate clandestinely procured by M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad,



- On being shown the panchnamas dated 15.06.2021 drawn at the premises of M/s Montage Sales Pvt. Ltd., B-26, Jhilmil Industrial Area, Delhi-95; statement dated 15.06.2021 & 24.09.2021 of Shri Sushil Kumar Dwivedi dispatch officer of M/s MSPL, Delhi; statement dated 15.06.2021 of Shri Punit Kumar Mishra accountant of M/s MSPL, Delhi and statement dated 05.07.2021 of Shri Vinay Rewari, Proprietor of M/s Katyani Enterprises, 1/10511, Mohan Park, Subhash Park, Shahdara, Delhi, he stated that he had seen all the above Panchnama/Statements and put his dated signature in token of having seen the same and stated that he is in full agreement with the facts and figures of the above Panchnama/ Statements;
- on being shown file @ sl. no. 17 resumed under Panchnama dated 25.06.2021 drawn at the residential premises of Shri Sujeet Kumar Singh, owner of M/s Bharat Transport Company P Ltd and the statement dated 25.06.2021 of Shri Sujeet Kumar Singh, wherein Shri Sujeet Kumar Singh had admitted transporting packaging material of different Pan Masala manufacturers supplied by M/s MSPL, Delhi in the name of bogus (non-existent/non-operational) firms. The file @ sl. no. 17 contained the details of printed laminats transported by M/s BTCPL on the vehicles owned by it. The date-wise details of transportation matched the details of vehicle on the invoices issued to bogus (non-existent/non-operational) firms by M/s MSPL, Delhi. He stated that he had seen file @ sl. no. 17 and statement of Shri Sujeet Kumar Singh and have signed the last page of the statement and first and last page of the file in his agreement;
- on being further shown page number 234 of file @ sl. no. 17 resumed under Panchnama dated 25.06.2021 which reflected details of goods sold in May 2021 and invoice nos. 865 & 866 dated 02.05.2021 he stated that from the said details it appears that the invoices pertaining to goods/laminate of various Pan Masala/ Tobacco were being issued to bogus (non-existent/non-operational) firms and that he agreed that invoices in said cases have been issued to different firms and goods were supplied to the actual manufacturer;
- on being shown sheet number 29 resumed from his residential premises vide Panchnama dated 15.11.2021 which reflected details of goods sold on 27.12.2020. The sheet reflected details of goods sold vide following invoices.

Invoice No.	Date	Item Name	Qty. (kg)	Total Value
1704	27.12.2020	H/R Moong dal	7983.46	2045778
1705	27.12.2020	TS-6	5694.44	2040332
1706	27.12.2020	Padamshree P/m	951.10	322342
1707	27.12.2020	Kamla Pasand	8284.05	3541269
1708	27.12.2020	Real Tone Henna Lemon Herbal	2276.83	591508



Budhpur, Bijapur, Delhi, 110036 on 03.07.2021. On visit, the visiting officers were informed by the locals that Khasra no. in Budhpur, Bijapur is not in sequence, therefore, it was not possible to locate the above-said firm/premises/address without proper address. The proceeding was recorded in the Panchnama dated 03.07.2021 (RUD-43). No additional place of business was added in GST registration.

- Based on the above findings, it appears that M/s Tiwari Trading Company have taken GST registration based on forged documents and the said firm is a non-existent firm. Thus, it is incomprehensible how M/s MSPL, Delhi could have done business transactions with a firm that has taken GST registration fraudulently and existed only on papers. The only explanation is that M/s MSPL, Delhi knowingly & intentionally issued invoices to the bogus firms to falsify its financial records by showing fictitious transactions with the bogus firms and thereby passing off irregular ITC and in camouflage of those invoices clandestinely diverted the laminate/packaging material to manufacturer of Pan Masala/Tobacco.

xxii. M/s WINJET INDUSTRIES: The KYC details of M/s Winjet Industries as per the GST registration are as under:

Trade Name & GSTIN	Winjet Industries (07BJVPK8809G1ZL)
Proprietor's Name & Residential Address	Vinod Kumar, H.No. C-105, PS Kotwali, New Panchvati Colony, Ghaziabad, U.P., 201009
Principal Place of Business	H.No. 96, Ground Floor, Gali No. 05, Block-E-5 Near Metro Shastri Nagar, Delhi, 110052
Bank Account & IFSC	777501700050570 UBIN0575879
Mobile Number	9540360033
E-mail Id	winjetindus@gmail.com
Registration Status	Date of Registration 20.12.2018 Cancelled suo-moto (w.e.f. 20.12.2018)

- The registered address of M/s Winjet Industries, was visited on 30.06.2021. During the visit, it was informed by the local residents that there is no E-5 block in Shastri Nagar. The visiting officer made rigorous efforts to find the whereabouts of M/s Winjet Industries and its proprietor Shri Vinod Kumar but no information has been gathered because the address mentioned in GST registration was wrong. The proceeding was recorded in the Panchnama dated 30.06.2021 (RUD-44). No additional place of business was added in GST registration.
- Based on the above finding, it appears that the M/s Winjet Industries have taken GST registration based on forged documents and the said firm is a non-existent



Proprietor's Name & Residential Address	Subham Rout, Sector-49, Barola, Noida, 201301
Principal Place of Business	Plot No. 92, Front Side, 1 st Floor, Shamshan Ghat Road, Bijwasan, Delhi, 110061
Bank Account & IFSC	No record available
Mobile Number	9792515213
E-mail Id	subhamwarpers@gmail.com
Registration Status	Date of Registration 07.01.2020 Cancelled suo-moto (w.e.f. 07.01.2020)

- A team of officials of DGGI, GRU under Authorization for Search issued under Section 67(2) of the CGST Act, 2017 visited the registered principal place of business of M/s Subham Wrappers, Plot No. 92, Front Side, 1st Floor, Shamshan Ghat Road, Bijwasan, Delhi-110061 on 15.06.2021. On visit, the visiting officers were informed by the locals that without landmark/premises it is impossible to locate such an address, further they also informed no such firm is ever heard by them. The proceeding was recorded under Panchnama dated 15.06.2021 (**RUD-41**). No additional place of business was added in GST registration.
- Based on the above findings, it appears that the M/s Subham Wrappers have taken GST registration based on forged documents and the said firm is a non-existent firm. Thus, it is incomprehensible how M/s MSPL, Delhi could have done business transactions with a firm that has taken GST registration fraudulently and existed only on papers. The only explanation is that M/s MSPL, Delhi knowingly & intentionally issued invoices to the bogus firms to falsify its financial records by showing fictitious transactions with the bogus firms and thereby passing off irregular ITC and in camouflage of those invoices clandestinely diverted the laminate/packaging material to manufacturer of Pan Masala/Tobacco.

xx. M/s SUBRAT TRADING COMPANY: The KYC details of M/s Subrat Trading Company as per the GST registration,

Trade Name & GSTIN	Subrat Trading Company (07BLVPP6162R1ZV)
Proprietor's Name & Residential Address	Subrat Kumar Pradhan, Village-Kulalanjuda, Post-Chakara Gogua, Babara, Kendrapara, Odisha-754245
Principal Place of Business	Plot No. 489, Ground Floor, Shahbad, Daulatpur, Delhi, 110042
Bank Account & IFSC	No record available
Mobile Number	8260284063
E-mail Id	subratradingco@gmail.com
Registration Status	Date of Registration 29.01.2020 Cancelled suo-moto (w.e.f. 30.01.2020)



- Based on the above findings, it appears that the M/s Sameer Trading Company have taken GST registration based on forged documents and the said firm is a non-existent firm. Thus, it is incomprehensible how M/s MSPL, Delhi could have done business transactions with a firm that has taken GST registration fraudulently and existed only on papers. The only explanation is that M/s MSPL, Delhi knowingly & intentionally issued invoices to the bogus firms to falsify its financial records by showing fictitious transactions with the bogus firms and thereby passing off irregular ITC and in camouflage of those invoices clandestinely diverted the laminate/packaging material to manufacturer of Pan Masala/Tobacco.

xvii. M/s SHRI MAHAVEER JI SALES CORPORATION: The KYC details of M/s Shri Mahaveer Ji Sales Corporation per the GST registration are as under:

Trade Name & GSTIN	Shri Mahaveer Ji Sales Corporation (07AAEPK3770F2ZT)
Proprietor's Name & Residential Address	Sunit Kumar Kothari, A-51, 4 th Floor, Gujranwala Town, Part-1, Delhi, 110009
Principal Place of Business	Khasra No-12/26, Village-Budhpur Bijapur, Delhi-110082
Bank Account & IFSC	No record available
Mobile Number	9718836823
E-mail Id	rg583109@gmail.com
Registration Status	Date of Registration 31.10.2018 Cancelled suo-moto(w.e.f. 31.10.2018)

- A team of officials of DGGI, GRU under Authorization for Search issued under Section 67(2) of the CGST Act, 2017 visited the registered principal place of business of M/s Shri Mahaveer Ji Sales Corporation, Khasra No-12/26, Village-Budhpur Bijapur, Delhi-110082 on 16.06.2021. On visit, it was gathered that the Pincode of Budhpur Bijapur, Delhi is 110036 instead 110082 as mentioned in GST registration. The visiting officers were informed by the locals that no such firm ever exist in the nearby locality. The proceeding was recorded under Panchnama dated 16.06.2021 (**RUD-39**). No additional place of business was added in GST registration.
- Based on the above discussion, it appears that the M/s Shri Mahaveer Ji Sales Corporation have taken GST registration based on forged documents and the said firm is a non-existent firm. Thus, it is incomprehensible how M/s MSPL, Delhi could have done business transactions with a firm that has taken GST registration fraudulently and existed only on papers. The only explanation is that M/s MSPL, Delhi knowingly & intentionally issued invoices to the bogus firms to falsify its financial records by showing fictitious transactions with the bogus firms and thereby passing off irregular ITC and in camouflage of those invoices



Bank Account & IFSC	10059321046 IDFB0020101
Mobile Number	9718556339
E-mail Id	kumaranand161670@gmail.com radicalcorporation2020@gmail.com
Registration Status	Date of Registration 09.02.2020 Cancelled on application (w.e.f. 01.09.2021)

- A team of officials of DGGI, GRU under Authorization for Search issued under Section 67(2) of the CGST Act, 2017 visited the registered principal place of business of M/s Radical Corporation, Office No. 403, 4th Floor, Metro Complex, Building No. 4/5, Veer Saverkar Market, Nirman Vihar, Delhi, 110092 on 25.06.2021. On visit, the visiting officers tried hard to locate the address of the firm, but locals shop keepers informed that the address was not correct and no such firm exist in the nearby location. The proceeding was recorded under Panchnama dated 25.06.2021 (**RUD-36**). No additional place of business was added in GST registration.
- Based on the above findings, it appears that the M/s Radical Corporation have taken GST registration based on forged documents and the said firm is a non-existent firm. Thus, it is incomprehensible how M/s MSPL, Delhi could have done business transactions with a firm that has taken GST registration fraudulently and existed only on papers. The only explanation is that M/s MSPL, Delhi knowingly & intentionally issued invoices to the bogus firms to falsify its financial records by showing fictitious transactions with the bogus firms and thereby passing off irregular ITC and in camouflage of those invoices clandestinely diverted the laminate/packaging material to manufacturer of Pan Masala/Tobacco.

xv. **M/s RAVI KUMAR LAMINATES:** The KYC details of M/s Ravi Kumar Laminates as per the GST registration are as under:

Trade Name & GSTIN	Ravi Kumar Laminates (07IVWPK9323M1ZH)
Proprietor's Name & Residential Address	Ravi Kumar, D-251, Shahbad Dairy, Sahibabad Daulatpur, Delhi, 110042
Principal Place of Business	KH-398, Ground Floor, Shahbad, Daulatpur, Delhi, 110042
Bank Account & IFSC	No Record available
Mobile Number	8260284612
E-mail Id	ravikumarlaminates@gmail.com
Registration Status	Date of Registration 28.01.2020 Cancelled <i>suo-moto</i> (w.e.f. 28.01.2020)



- Based on the above discussion, it appears that the M/s Niraj Enterprises have taken GST registration based on forged documents and the said firm is a non-existent firm. Thus, it is incomprehensible how M/s MSPL, Delhi could have done business transactions with a firm that has taken GST registration fraudulently and existed only on papers. The only explanation is that M/s MSPL, Delhi knowingly & intentionally issued invoices to the bogus firms to falsify its financial records by showing fictitious transactions with the bogus firm and thereby passing off irregular ITC and in camouflage of those invoices clandestinely diverted the printed laminate/ packaging material to the manufacturer of Pan Masala/Tobacco.

xii. M/s PITAMBAR PACKAGING: The KYC details of M/s Pitambar Packaging as per the GST registration are as under:

Trade Name & GSTIN	Pitambar Packaging (07BXQPN0974E1Z5)
Proprietor's Name & Residential Address	Pitambar Nayak, Purushottampur Anchuli, Ganjam, 761018
Principal Place of Business	Shop In Plot No.13/3, GF, Back Side, Kapashera, Delhi, 110037
Bank Account & IFSC	No Record available
Mobile Number	8542000551
E-mail Id	pitambartrading@gmail.com
Registration Status	Date of Registration 07.03.2020 Cancelled suo-moto (w.e.f. 07.03.2020)

- A team of officials of DGGI, GRU under Authorization for Search issued under Section 67(2) of the CGST Act, 2017 visited the registered principal place of business of M/s Pitambar Packaging, Shop in Plot No.13/3, GF, Back Side, Kapashera, Delhi, 110037 on 16.06.2021. On visit, the visiting officers tried hard to locate the address of the firm, but locals informed that the address was not correct. The proceeding was recorded under Panchnama dated 16.06.2021 (RUD-34). No additional place of business was added in GST registration.
- Based on the above findings, it appears that the M/s Pitambar Packaging have taken GST registration based on forged documents and the said firm is a non-existent firm. Thus, it is incomprehensible how M/s MSPL, Delhi could have done business transactions with a firm that has taken GST registration fraudulently and existed only on papers. The only explanation is that M/s MSPL, Delhi knowingly & intentionally issued invoices to the bogus firms to falsify its financial records by showing fictitious transactions with the bogus firms and thereby passing off irregular ITC and in camouflage of those invoices clandestinely diverted the laminate/packaging material to manufacturer of Pan Masala/Tobacco.



- The registered address of M/s Kumar Enterprises was visited under Authorization for Search on 15.06.2021. During the visit, even after rigorous efforts the officers could not locate the address Floor -3rd, house No. 4, Ph.-I, Community Centre, Naraina Industrial Area, Delhi. Thereafter officers contacted the President of Naraina Community Centre welfare Association (Regd.) who vide letter dated 15.06.2021 informed that there was no such address in Naraina Industrial Area and also informed that no any firm in the name of M/s Kumar Enterprises ever exist as per the records of the association. The visit proceeding was recorded under Panchnama dated 15.06.2021 (**RUD-31**). No additional place of business was added in GST registration.
- Based on the above findings, it appears that the M/s Kumar Traders have taken GST registration on the basis of forged documents and the said firm is a non-existent firm. Thus, it is incomprehensible how M/s MSPL, Delhi could have done business transactions with a firm that has taken GST registration fraudulently and existed only on papers. The only explanation is that M/s MSPL, Delhi knowingly & intentionally issued invoices to the bogus firms to falsify its financial records by showing fictitious transactions with the bogus firm and thereby passing off irregular ITC and in camouflage of those invoices clandestinely diverted the printed laminate/ packaging material to the manufacturer of Pan Masala/Tobacco.

x. **M/s KUMAR TRADING COMPANY:** The KYC details of M/s Kumar Trading Company as per the GST registration are as under:

Trade Name & GSTIN	Kumar Trading Company (07LLYPS5428N1ZO)
Proprietor's Name & Residential Address	Atul Kumar Singh, H.No. A-37, Shiv Bucks Park, Nagloi, Delhi, 110041
Principal Place of Business	H.No. A-37, Shiv Bucks Park, Nagloi, Delhi, 110041
Bank Account & IFSC	No Record available
Mobile Number	9511110157
E-mail Id	krtradingcodethi@gmail.com
Registration Status	Date of Registration 14.01.2021 Cancelled suo-moto (w.e.f. 27.01.2021)

- A team of officials of DGGI, GRU under Authorization for Search issued under Section 67(2) of the CGST Act, 2017 visited the registered principal place of business of M/s Kumar Trading Company, H.No. A-37, Shiv Bucks Park, Nagloi, Delhi, 110041 on 16.06.2021. On visit, Shri Jai Kishan Saini, owner of the premises informed the visiting officers that he is running a business of tent house from the said premises and has rented out a shop of size approximately 8*11 feet



knowingly & intentionally issued invoices to the bogus firms to falsify its financial records by showing fictitious transactions with the bogus firm and thereby passing off irregular ITC and in camouflage of those invoices clandestinely diverted the printed laminate/ packaging material to the manufacturer of Pan Masala/Tobacco.

- vii. **M/s JYOTI TRADERS:** The KYC details of M/s Jyoti Traders as per the GST registration are as under:

Trade Name & GSTIN	Jyoti Traders (07EWAPS6954P1ZK)
Proprietor's Name & Residential Address	Rajesh Kumar Singh, Village-Mohan Badhiyam, Anchal Thana- Pandaal, Sakuri, Madhubani, Bihar, 847239
Principal Place of Business	A-175, Naraina Industrial Area, Phase-1, Naraina, Delhi, 110028
Bank Account & IFSC	No Record available
Mobile Number	9773591382
E-mail Id	yadavkumarbijay520@gmail.com
Registration Status	Date of Registration 08.03.2021 Cancelled on application (w.e.f. 14.07.2021)

- The registered principal place of business of M/s Jyoti Traders, was visited on 21.06.2022 and during the visit the officers made rigorous effort to locate the said address but to no avail. Further, on enquiry with the locals it was found that the said address did not exist in A-Block of Naraina Industrial Area, Phase-I, Delhi. Further, Shri Rajesh Kumar Singh, Proprietor of M/s Jyoti Traders was tried to be contacted on his registered mobile number (9772591382) but the same was found temporarily out of service. The visit proceeding was recorded under Visit Note dated 21.06.2022 (**RUD-29**). No additional place of business was added in GST registration.
- Based on the above findings, it appears that the M/s Jyoti Traders has taken GST registration based on forged documents and the said firm is a non-existent firm. Thus, it is incomprehensible how M/s MSPL, Delhi could have done business transactions with a firm that has taken GST registration fraudulently and existed only on papers. The only explanation is that M/s MSPL, Delhi knowingly & intentionally issued invoices to the bogus firms to falsify its financial records by showing fictitious transactions with the bogus firm and thereby passing off irregular ITC and in camouflage of those invoices clandestinely diverted the printed laminate/ packaging material to the manufacturer of Pan Masala/Tobacco.

- viii. **M/s KC LAMINATES:** The KYC details of M/s KC Laminates as per the GST registration are as under:



ground and First floor, and from the said premises two firms namely M/s Vinpak Projects & Marketing Pvt. Ltd., and M/s Surge Systems India Pvt. Ltd., were working. On being enquired, it was gathered that Smt. Manju Mittal was the owner of the premises. Further, on being contacted Smt. Manju Mittal informed that the above said firms were working at the said premises since July 2017. She further, informed that they never rented out the said premise to M/s BSA Industries. The visit proceeding was recorded under Visit Note dated 21.06.2022 (RUD-26). No additional place of business was added in GST registration.

- Based on the above findings, it appears that the M/s BSA Industries, have taken GST registration on the basis on forged documents and the said firm is a non-existent firm. Thus, it is incomprehensible how M/s MSPL, Delhi could have done business transactions with a firm that has taken GST registration fraudulently and existed only on papers. The only explanation is that M/s MSPL, Delhi knowingly & intentionally issued invoices to the bogus firms to falsify its financial records by showing fictitious transactions with the bogus firm and thereby passing off irregular ITC and in camouflage of those invoices clandestinely diverted the printed laminate/ packaging material to the manufacturer of Pan Masala/Tobacco.

- v. **M/s H K ENTERPRISES:** The KYC details of M/s H K Enterprises as per the GST registration are as under:

Trade Name & GSTIN	H K Enterprises (07CDCPK2241L2ZM)
Proprietor's Name & Residential Address	Haseen Khan, A-188, Naraina Industrial Area, Phase-I, Delhi, 110028
Principal Place of Business	A-188, Naraina Industrial Area, Phase-I, Delhi, 110028
Bank Account & IFSC	Not available
Mobile Number	9773591382
E-mail Id	khanhaseen1175@gmail.com
Registration Status	Date of Registration 09.03.2021 Cancelled on application (w.e.f. 15.07.2021)

- A team of officials of DGGI, GRU under Authorization for Search issued under Section 67(2) of the CGST Act, 2017 visited the registered principal place of business of M/s H.K. Enterprises on 15.06.2021. On visit, after rigorous effort the address could not be located. Thereafter, the visiting officer contacted the Naraina Industrial Association Phase-I & II, President Shri Rakesh Sachdeva, and on being asked he informed that there is no such address in Naraina Industrial Association Phase-I and also confirmed that no unit in the name of M/s H.K. Enterprises is existing as per the record. The visit proceeding was



	Nehru Place, Delhi, 110019
Bank Account & IFSC	03550101000001243 JAKAoSEXTEN
Mobile Number	8527155746
E-mail Id	gstreturns17@gmail.com
Registration Status	Date of Registration 01.07.2017 Suspended (w.e.f. 05.11.2022)

- The registered principal place of business of M/s Arranger Tradelinks (India) Pvt. Ltd., was visited on 25.06.2021 and during the visit the officers noticed that the premise was locked, and on being contacted Shri Ajay Verma, Consultant of the firm (9958216699) informed that they have vacated the said premise one week ago and shifted to another premise located at 402, 4th Floor, Madhuban Building, Nehru Place, Delhi, 110019, which was also found locked/closed. He also informed that all the details/documents were available with their CA due to shifting. Shri Vivek Bhatt, Director of the company was also requested to appear but he informed that he was suffering from the fever and did not present himself. The visit proceeding was recorded under Visit Note dated 25.06.2021 (**RUD-24**). No additional place of business was added in GST registration
- Summons were issued to M/s Arranger Tradelinks (India) Pvt. Ltd., addressed at the registered principal place of business and to Shri Vivek Bhatt, Director of M/s Arranger Tradelinks (India) Pvt. Ltd., at their residential address through speed post and also forwarded on the registered email id, however no one turned up in compliance to the summons.
- Based on the above findings, it appears that the M/s Arranger Tradelinks (India) Pvt. Ltd., have taken GST registration on the basis on forged documents and the said firm is a non-operational firm. Thus, it is incomprehensible how M/s MSPL, Delhi could have done business transactions with a firm that has taken GST registration fraudulently and existed only on papers. The only explanation is that M/s MSPL, Delhi knowingly & intentionally issued invoices to the bogus firms to falsify its financial records by showing fictitious transactions with the bogus firm and thereby passing off irregular ITC and in camouflage of those invoices clandestinely diverted the printed laminate/packaging material to the manufacturer of Pan Masala/ Tobacco.

iii. **M/S BLUE STAR:** The KYC details of M/s Blue Star, as per the GST registration are as under:

Trade Name & GSTIN	Blue Star (07AKLPJ5035D1ZD)
Proprietor's Name & Residential Address	Sumit Jain, L-99, G/F, Block-L, Mohan Garden, UttamNagar, Delhi, 110059



date-wise, vehicle wise, brand wise and destination wise; that the details also reflected quantity of laminates transported and which on verification with the invoices issued by M/s MSPL, Delhi were found to be tallying except that the consignee shown were fake/non-existent firms.

15.1 And whereas, on the basis of entries relating to "Kamla Pasand", "Rajshree" and "Rajshree Gold" brands and destination Ghaziabad contained in file @ serial number 17 resumed from the residence of Shri Sujeet Kumar Singh, owner of M/s BTCPL, a date wise chart has been prepared which shows the quantity of printed laminate purchased clandestinely by both M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad. Further the invoices issued by M/s MSPL, Delhi and details of consignments pertaining to "Kamla Pasand", "Rajshree" and "Rajshree Gold" brands mentioned in file @ serial number 17 were matched and the same were found to be tallying except consignee. The chart prepared in respect of supply of printed laminates made to M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad is annexed to this SCN as **Annexure-'B' (Details of Printed Laminates pertaining to KP & Rajshree Pan Masala/Tobacco supplied by M/s Montage Sales Pvt. Ltd., Delhi on the vehicles owned by M/s Bharat Transport Company Pvt. Ltd., Noida as detailed in file @ Sl.no. 17 resumed under Panchnama dated 25.06.2021 drawn at the residential premise of Shri Sujeet Kumar Singh, owner of M/s BTCPL, Noida and its comparison with the invoices issued by M/s Montage Sales Pvt. Ltd., Delhi.)**.

15.2 And whereas, it revealed that both M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad had procured a quantity of **12,10,895.75** Kgs of Printed Laminates from M/s MSPL, Delhi during the months of December, 2020, January 2021, February 2021, March, 2021, April, 2021 and May, 2021. Further, all the said consignments were transported on the trucks owned by M/s BTCPL and the invoices pertaining to said goods were issued to bogus (non-existent/non-operational) firms by M/s MSPL, Delhi. Moreover, no accounted purchases were made by both M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad during these months from M/s MSPL, Delhi.

15.3 Whereas, enquiry was also made in respect of bogus (non-existent/non-operational) firms/companies to whom invoices were issued by M/s MSPL, Delhi and in the camouflage of those invoices the goods were transported to both M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad. The outcome of the verification is briefly discussed in the succeeding paras.

- i. M/s AJAY TRADING COMPANY:** The KYC details of M/s Ajay Trading Company, as per the GST registration are as under:

Trade Name & GSTIN	Ajay Trading Company (07BDNPS7160Q1ZJ)
--------------------	---



members were directors in various companies which were engaged in different businesses. Regarding M/s BTCPL he stated that he and his brother Shri Abhijeet Singh were directors till 2018 but presently Shri Keshav Chandra Patra and Shri Madan Mohan Jena are the directors. Shri Sujeet Kumar Singh further stated that M/s BTCPL is in the business of goods transportation which owns around 125 trucks; that M/s BTCPL runs under his supervision and all the business decisions are taken by him. Further during the course of his statement dated 25.06.2021 he submitted a list of vehicles/trucks owned by M/s BTCPL and also a list of companies in which he and his brother were directors.

14.1 And whereas, Shri Sujeet Kumar Singh informed that he started M/s Bharat Transport Company as his Proprietorship concern in the year 2011 for transportation of goods; that in the year 2017, M/s BTCPL was formed and business of proprietorship concern was taken over by the said company; that during the year 2018, M/s BTCPL was taken over by Shri Keshav Chandra Patra and Shri Madan Mohan Jena for Rs. 6.5 crore on the condition that responsibility of loan repayment of trucks/vehicles will be theirs; that M/s BTCPL was sold to Shri Keshav Chandra Patra and Shri Madan Mohan Jena since they were known to him and accordingly no written agreement was signed between them; that Shri Keshav Chandra Patra and Shri Madan Mohan Jena failed to pay the agreed amount to him and also failed to make timely repayments of the bank loans; that since he and his brother were guarantors of bank loans, he took back the control of M/s BTCPL within six months and that though Shri Keshav Chandra Patra and Shri Madan Mohan Jena are the directors but the company is run and managed by him with full control.

14.2 And whereas, on being enquired about his dealings with M/s MSPL, Shri Sujeet Kumar Singh stated that he transports the goods i.e., printed laminates pertaining to M/s MEPL, Noida and M/s MSPL, Delhi; that printed laminates are used for packaging of Pan Masala, Tobacco, food items, Noodles, Namkeens, Gifts etc.; that he has been transporting printed laminates for M/s MEPL, Noida since 2012 and for M/s MSPL, Delhi since October, 2019; that he do not have any written agreement with both the said companies for transportation; that he receives freight charges from M/s MEPL, Noida through cheques whereas in respect of M/s MSPL, Delhi he collects the same from consignee/customers.

14.3 And whereas, during the course of his statement dated 25.06.2021, Shri Sujeet Kumar Singh was confronted with file @ serial number 17 which was recovered from his residence during the search on 25.06.2021. Shri Sujeet Kumar Singh stated that file @ serial number 17 contained the details of transportation made by him through his vehicles during the period December, 2020 to June, 2021. He further explained the details mentioned in various pages as under:



110092, was also visited and the same was found to be non-existent. The details of proceeding are as per panchnama dated 21.06.2022 drawn on the spot.

13.5 Similarly, for illustration one more entry of KP brand at page no. 231 is being shown which confirms diversion of laminates to Pan Masala & Tobacco manufacturing units by M/s MSPL, Delhi whereas invoices were being issued to non-existent firms. It is seen that on 9th May, 6858.84 Kgs of KP brand laminate in 150 boxes was transported to Ghaziabad on vehicle no. 2663 on the invoice issued in the name of non-existent firm namely M/s BSA Industries. Further on scrutiny of invoices of M/s MSPL, Delhi it is seen that on 9th May, invoice bearing nos. D5D2122/1065 was issued showing sale of 6858.840 Kgs (150 boxes) to M/s BSA Industries, GF City Paper FIE, 188, Industrial Area Patpar Ganj, Near Showroom Honda, Delhi, a non-existent firm. Further, the vehicle mentioned in the invoice no. D5D2122/1066 is shown as UP16 BT 2663 (Eicher), owned by M/s BTCPL. For illustration, the invoice no. D5D2122/1065 dated 09th May 2021 is shown below:



verification it was also found that invoices in respect of the said goods had been issued by M/s MSPL, Delhi but the consignees shown in the invoices were not actual. For example, for consignment dated 9th May (9209.83 Kgs in 200 boxes and vehicle no. 5869) it is seen that M/s MSPL, Delhi had issued invoice bearing no. D5D2122/1066 dated 9th May 2021 showing sale of 9209.830 Kgs (200 boxes) to M/s BSA Industries, GF City Paper FIE, 188, Industrial Area Patpar Ganj, Near Showroom Honda, Delhi, 110092, a non-existent firm. Further, the vehicle mentioned in the invoice no. D5D2122/1066 is shown as UP16 BT5869 (Eicher), owned by M/s BTCPL. For illustration, the invoice no. D5D2122/1066 dated 09th May 2021 is shown below:



were relevant to the ongoing investigation and were resumed, the detail of which are mentioned in INS-02 to the panchnama dated 04.10.2021 (RUD-17).

SEARCHES AT THE REGISTERED PREMISE OF M/S SHRI MEHANDIPUR BALAJI TRADERS LLP, 63/12B, GROUND FLOOR, NAJAFGARH ROAD INDUSTRIAL AREA, OPP. KIRTI NAGAR METRO STATION, DELHI:

10. Whereas, during the search on 04.10.2021 the premise was found closed and no one came to open hence, the said premise was sealed under Panchnama dated 04.10.2021. The premise was de-sealed under Panchnama dated 13.10.2021. The proceeding was conducted in presence of Shri Ritesh Kumar Srivastava, Partner, Shri Saurabh Gupta, Accountant and Shri Amit Awasthi, Advocate of M/S Shri Mehandipur Balaji Traders LLP. During the search the officers resumed some documents/records which were relevant to the ongoing investigation as mentioned in INS-02 to the panchnama dated 13.10.2021 (RUD-18).

SEARCHES AT THE REGISTERED PREMISE OF M/S SWASTIK ENTERPRISES, KHASRA NO. 52/10, 53/6, VILLAGE ALIPUR, DELHI-110036:

11. Whereas, during the search at the registered office of M/s Swastik Enterprises, it was noticed that the registered premise is a factory premise and having a portion as account office. The search proceeding was conducted in presence of Shri Sanjay Kumar, Sewing Machine Operator and Shri Om Prakash, Part time Accountant of M/s Swastik Enterprises. The proceeding of the Search was recorded under Panchnama dated 24.05.2022 and some of the documents enlisted in INS-02 to the Panchnama dated 24.05.2022 (RUD-19) were resumed.

SEARCHES AT THE RESIDENTIAL PREMISE OF BRAND OWNER, SHRI KAMLA KANT CHAURASIYA, A-41, VASANT MARG, VASANT VIHAR, NEW DELHI:

12. Whereas, the search at the residential premise of Brand Owner, Shri Kamla Kant Chaurasiya, A-41, Vasant Marg, Vasant Vihar, New Delhi, was conducted in presence of Shri Navneet Chaurasiya S/o Shri Kamla Kant Chaurasiya. The proceeding of the Search was recorded under Panchnama dated 04.10.2021 (RUD-20) and no document/record was resumed.

INVESTIGATION CONDUCTED IN RESPECT OF UNACCOUNTED PROCUREMENT OF PACKAGING MATERIAL/PRINTED LAMINATE

13. Whereas, an investigation was being conducted by the DGGI against manufacturing units of M/s Montage Enterprises Pvt. Ltd., located at Noida, Haridwar, Jammu & Malanpur and its depots located at Delhi, Lucknow, Gwalior, Jaipur and Silvasa regarding issuance of GST invoices to bogus (non-existent/non-operational) firms and divergence of goods mentioned in those invoices to various Pan-Masala/Tobacco manufacturers.



Total	6,84,77,76,150	1,91,73,77,322	4,10,86,65,690
--------------	-----------------------	-----------------------	-----------------------

8.8 And whereas, on the basis of tax quantification arrived at as per **Annexure-A, A1 to A6** pertaining to M/s KYTWPL, Ghaziabad, it has been found that during the period November 2019 to July 2021, M/s KYTWPL, Ghaziabad had clandestinely supplied Chewing Tobacco of Double Black, Black Label and Green Label brands valued at ₹112,75,67,919/-involving GST, Cess& other taxes amounting to ₹253,25,68,527/- (Excise Duty ₹88,21,978/-; NCCD ₹40,39,18,862/-; IGST ₹31,57,19,017/-& CESS ₹1,80,41,08,671/-) through Shri Ajit Kumar Gupta. The month-wise details of the same are hereunder:

Month	Transaction Value (in ₹)	BED (in ₹)	NCCD (in ₹)	IGST (in ₹)	Cess (in ₹)
Nov-19	4,54,83,816	4,29,536	91,35,720	1,27,35,469	7,27,74,106
Dec-19	4,85,15,855	4,57,294	97,63,641	1,35,84,439	7,76,25,368
Jan-20	4,13,73,289	3,86,204	83,52,225	1,15,84,521	6,61,97,262
Feb-20	5,31,85,692	4,43,507	2,21,75,325	1,48,91,994	8,50,97,106
Mar-20	3,88,33,860	3,63,740	1,76,77,620	1,08,73,481	6,21,34,175
Apr-20	13,54,187	12,812	6,40,575	3,79,172	21,66,698
May-20	2,94,77,150	2,76,356	1,35,47,234	82,53,602	4,71,63,440
Jun-20	2,07,16,947	1,89,018	94,50,889	58,00,745	3,31,47,114
Jul-20	3,16,44,009	2,94,773	1,47,38,636	88,60,323	5,06,30,414
Aug-20	7,17,22,319	5,02,250	2,51,12,509	2,00,82,249	11,47,55,710
Sep-20	6,37,49,714	4,45,417	2,22,70,838	1,78,49,920	10,19,99,543
Oct-20	7,94,35,961	5,55,764	2,77,88,198	2,22,42,069	12,70,97,538
Nov-20	7,48,52,324	5,23,932	2,61,96,593	2,09,58,651	11,97,63,719
Dec-20	7,08,54,748	4,96,051	2,48,02,538	1,98,39,330	11,33,67,597
Jan-21	7,71,32,058	5,39,757	2,69,87,861	2,15,96,976	12,34,11,294
Feb-21	8,09,70,822	5,66,759	2,83,37,963	2,26,71,830	12,95,53,315
Mar-21	8,02,71,638	6,14,814	3,07,40,704	2,24,76,059	12,84,34,621
Apr-21	6,59,62,486	5,22,750	2,61,37,496	1,84,69,496	10,55,39,978
May-21	2,48,86,695	1,96,176	98,08,819	69,68,275	3,98,18,712
Jun-21	5,35,07,053	4,22,883	2,11,44,150	1,49,81,975	8,56,11,285
Jul-21	7,36,37,297	5,82,187	2,91,09,330	2,06,18,443	11,78,19,675
Total	1,12,75,67,919	88,21,978	40,39,18,862	31,57,19,017	1,80,41,08,671

8.9 And whereas, on the basis of tax quantification arrived at as per **Annexure-A, & A8** pertaining to M/s KPKPL, Ghaziabad, it has been found that during the period November 2019 to July 2021, M/s KPKPL, Ghaziabad had clandestinely supplied Safal Khaini valued at ₹10,80,65,245/- involving GST, Cess & other taxes amounting to ₹23,96,60,746/- (Excise Duty ₹7,65,480/-; NCCD ₹3,57,32,606/-; IGST ₹3,02,58,269/- & CESS ₹17,29,04,392/-) through Shri Ajit Kumar Gupta. The moth-wise details of the same are hereunder:

Month	Transaction Value (in ₹)	BED (in ₹)	NCCD (in ₹)	IGST (in ₹)	Cess (in ₹)
Nov-19	30,89,338	34,088	6,81,750	8,65,015	49,42,940



$$\text{IGST @28\%} = ₹3,46,45,537 * 28\% = ₹97,00,750$$

$$\text{Cess @160\%} = ₹3,46,45,537 * 160\% = ₹5,54,32,859$$

Further, GST & Cesses are being charged on the assessable value and the rate of GST & Cesses is taken as per Notification No. 01/2017-IT (Rate) dated 28.06.2017 (as amended), Notification No. 01/2017-CT (Rate) dated 28.06.2017 and Notification No. 01/2017-Compensation Cess (Rate) dated 28.06.2017. In the instant case matter and as per the existing law for the period under consideration, applicable tax rates on the branded Pan Masala are (i) IGST @28%; or (ii) CGST @14%, & SGST @14%, and (iii) Compensation Cess @60%.

The Central Excise duty and NCCD on branded Tobacco are being charged based on the of value arrived at in terms of Section 4A of Central Excise Act, 1944 read with Notification No. 49/2008-CE(NT) dated 01.03.2008 (as amended from time to time), Notification No. 3/2019-CE dated 06.07.2019, Section 38B of Central Excise Act, 1944, Fourth Schedule to Central Excise Act, 1944 and Seventh Schedule to Finance Act, 2001. Further, GST & Cesses are charged on the transaction value + Central Excise duty + NCCD and the rate of applicable GST & Cesses is taken as per Notification No. 01/2017-IT (Rate) dated 28.06.2017 (as amended), Notification No. 01/2017-CT (Rate) dated 28.06.2017 and Notification No. 01/2017-Compensation Cess (Rate) dated 28.06.2017. In the instant case matter and as per the existing law for the period under consideration, applicable tax rates on the Chewing Tobacco are (i) IGST @28%; or (ii) CGST @14%, & SGST @14%, and (iii) Compensation Cess @160%.

8.6 Similarly, calculation *w.r.t.* other month of G4 Product code has been made and same is detailed in **Annexure-A1**. Further, in the similar manner duty quantification of other product codes has also been done and separate annexures for each code has been prepared. The details of Annexures are discussed hereunder:

- **Annexure A2** is for Product Code G32. **G32** Means Kamla Pasand Pan Masala MRP ₹4/- & Double Black Chewing Tobacco MRP ₹1/- and packing of 32 pouch/packet (1bag contains 200 packets of both Kamla Pasand Pan Masala MRP ₹4/- & Double Black Chewing Tobacco MRP ₹1/-);
- **Annexure A3** is for Product code G8. **G8** Means Kamla Pasand Pan Masala MRP ₹8/- & Green Label Chewing Tobacco MRP ₹1/- and packing of 16 pouch/packet (1bag contains 200 packets of both Kamla Pasand Pan Masala MRP ₹8/- & Green Label Chewing Tobacco MRP ₹1/-);
- **Annexure A4** is for Product Code R4. **R4** Means Rajshree Pan Masala MRP ₹4/- & Black Label Chewing Tobacco MRP ₹1/- and packing of 30 pouch/packet (1bag contains 200 packets of both Rajshree Pan Masala MRP ₹4/- & Black Label Chewing Tobacco MRP ₹1/-);



G32	It means 200 packets of Kamla Pasand Pan Masala MRP ₹4/- (Packing 32 Pouch/Package) and 200 packets of Double Black Chewing Tobacco MRP ₹1/- (Packing 32 Pouch/Package).
G8	It means 200 packets of Kamla Pasand Pan Masala MRP ₹8/- (Packing 16 Pouch/Package) and 200 packets of Green Label Chewing Tobacco MRP ₹1/- (Packing 16 Pouch/Package).
T	It means Kamla Pasand Pan Masala Tin MRP ₹270/- (Packing 5 Tin per Box and 30 Box Per Bag).
Kh, Kh5 & Kh10	It means Safal Khaini of Tobacco MRP ₹4.25/-, 5/-, & 10/- (Packing 11 Pouch/Package).

8.4 And whereas, based on the description mentioned in para 8.3 and month-wise transaction value for different product along with sample invoices as received from M/s KPFPL, Ghaziabad, M/s KYTWPL, Ghaziabad and M/s KPKPL, Ghaziabad, duty is quantified *w.r.t.* entries reflected in the loose sheet pages 43 to 50 resumed @ sl.no. 4 under INS-02 of the panchnama drawn on 04.10.2021 at the residential premises of Shri Ajit Kumar Gupta, Proprietor of M/s Orpas International.

8.5 And whereas, the month-wise number of Bags of (Pan Masala & Chewing Tobacco) supplied (Code-wise) during the period November 2019 to July 2021 as available in loose sheet resumed @ Sl.No. 4 of INS-02 (from Page No. 43-50) of the Panchnama dated 04.10.2021 drawn at the residential premise of Shri Ajit Kumar Gupta is detailed in **Annexure-A**. From Annexure-A, it appears that in November 2019, a total of 18,947 bags of G4 (code written in loose sheets) were supplied clandestinely to Shri Ajit Kumar Gupta by M/s KPFPL, Ghaziabad, M/s KYTWPL, Ghaziabad and duty quantification of the same is discussed hereunder,

G4 Means Kamla Pasand Pan Masala MRP ₹4/- & Double Black Chewing Tobacco MRP ₹1/- and packing of 39 pouch/package (1bag contains 200 packets of both Kamla Pasand Pan Masala MRP ₹4/- & Double Black Chewing Tobacco MRP ₹1/-),

1. The Duty Quantification *w.r.t.* Pan Masala

No. of Bags supplied in November 2019 as per Annexure A – 18,947

As per information provided by M/s KPFPL, Ghaziabad each bag contains 200 packets of Pan Masala (39 Pouch/Package) and rate of one packet is ₹62.50.

Hence, Assessable Value for quantification of Tax & Cesses is arrived as

$$= 18,947 * 200 * ₹62.50 = ₹23,68,37,500$$

Further, the goods were supplied from M/s KPFPL, Ghaziabad to the premise of Shri Ajit Kumar Gupta, located in Delhi, hence the said supply is inter-state supply. IGST & Cesses are charged as per Notification No. 01/2017-IT (Rate) dated 28.06.2017 (as amended) and Notification No. 01/2017-Compensation Cess (Rate) dated 28.06.2017,



page pertains to purchase of unaccounted Pan Masala & Chewing Tobacco from M/s Kay Pan Fragrances Pvt. Ltd., & M/s K Y Tobacco Works Pvt. Ltd., the period involved is November-2019, December-2019 and January-2020, which have deliberately been written as Nov-09, Dec-09 and Jan-10 to mislead the tax authorities. He further stated that,

- R4 means Rajshree Pan Masala of MRP ₹4/-,
- R8 means Rajshree Pan Masala of MRP ₹8/-,
- R18 means Rajshree Pan Masala of MRP ₹18/-,
- G4 means Kamla Pasand Pan Masala of MRP ₹4/-,
- G8 means Kamla Pasand Pan Masala of MRP ₹8/-,
- G32 means Kamla Pasand Pan Masala of MRP ₹4/-,
- T means Kamla Pasand Pan Masala Tin of MRP ₹220/-,

- ✓ He further stated that beside each description of Packing, Brand rate has been mentioned, which has been deliberately written in hundreds for example rate of ₹4/- pouch was written as 244 but it is actually ₹24,400/- per bag. Under each month the number of unaccounted bags purchased by him from the manufacturer of KP and Rajshree brand is written. Similarly, he stated that the details in other loose papers can be comprehended. Further, he stated that here bag means, equal number of Pan Masala & Chewing Tobacco Pouches, e.g., R4 means 6000 pouches of both Rajshree Pan Masala of MRP ₹4/- and Black Label Chewing Tobacco of MRP ₹1/-;
- ✓ Further, Shri Ajit Kumar Gupta explained that beside each description of Packing Brand rate has been mentioned, which has been deliberately written in hundreds for example rate of R4/- pouch was written as 244 but it was actually ₹24,400/- per bag. Further, he also explained that at last of each row the amount of transaction has been written, which was in thousand such as in the 1st row of loose sheets no. 50 it had been written as 177730 but actually it was ₹17,77,30,000/-, similarly other amounts can be decoded. He further stated that the supplies made by his firms is also without any invoice or e-way bill, the payment in respect of supply is mostly made by customers by visiting his office or sometime he sends person to collect payment. All payment was received in cash.;
- ✓ On being shown the chart prepared on the basis of details mentioned in pages at sl.no. 43 to 50, pertaining to the period November-2019 to July-2021, he stated that he has seen the said chart and have tallied the same with the loose sheets at sl.no. 43 to 50 and confirmed that during this period they have purchased 5,65,519 bags of Pan Masala & Chewing Tobacco from M/s Kay Pan Fragrance Pvt. Ltd., & K.Y. Tobacco Works Pvt. Ltd., without bills and without payment of duty and Cess;
- ✓ On being shown pages at sl.no. 54, 61, 58, 65, 79 & 87, he stated that he has seen the same and stated that the details mentioned in these sheets pertains to payment



(42)

From the desk of.

May-11 June-11 July-11 Total 16/8/01

$$(244) R_u - \sqrt{1360} + \sqrt{2455} + \sqrt{3100} = 6915 = 168726$$

$$(335) R_g - \sqrt{395} + \sqrt{660} + \sqrt{1070} = 2125 = 71187$$

$$(362) R_{18} - \sqrt{1695} + \sqrt{2820} + \sqrt{3863\frac{1}{2}} = 8378\frac{1}{2} = 303302$$

$$(324) G_u - \sqrt{\frac{3905}{4800}} + \sqrt{\frac{7204}{12480}} + \sqrt{\frac{11350}{15900}} = 55639 = 1802704$$

$$(265) G_{24} - \sqrt{185} + \sqrt{486} + \sqrt{606} = 1277 = 33810$$

$$(265) G_8 - \sqrt{-} + \sqrt{2} + \sqrt{6} = 8 = 212$$

$$(22) T - \sqrt{-} + \sqrt{120} + \sqrt{330} = 450 = 990$$

$$(136) kh - \sqrt{1966} + \sqrt{613} + \sqrt{965} = 2544 = 34598$$

[Signature]
4/10/21

[Signature]
09/11/2021

[Signature]
10/11/2021

Q.B.

241556

107416

252970

2416281

(106690)

27/11/2021 Billing Date

Net देना

A x 150 B

[Stamp]

106863

Net देना

Net देना

(107022)



(45)

From the desk of

Jan-11

Feb-11

Total

8/3/11

$$(244) R_u - 3405 + 3441 = 6846 = 167042$$

$$(335) R_g - 1261 + 1230 = 2491 = 83448$$

$$(364) R_p - 2863 + 2922 = 5785 = 209417$$

$$(324) G_u - 14005 + 12844 = 5189 = 1680830$$

$$(265) G_{22} - 405 + 351 = 757 = 20060$$

$$(265) G_g - 11 + 8 = 19 = 503$$

$$(224) - - 210 + 510 = 720 = 1584$$

$$(136) k_h - 1320 + 840 = 2160 = 29376$$

200000

27/11/2021

D.B.

219230

111488

2303799

2113615

(190184)

4/10/21

seen
9/11/2021

Nalagapan



(47)

From the desk of

Aug-10

Sep-10

Oct-10 DATE

22/11/10

(244) R_u - 2568 + 2996 + 3265(334) R_g - 1141 + 1516 + 1514(364) R_g - 2236 + 2704 + 2612(344) G_u - 24158 + 18985 + 25466(264) G_g - 355 + 1630 + 1210(265) G_g - 26 + 6 + 2

(224) T - 480 + 300 + 120

(1364) kh - 650 + 800 + 1201

013-42337 + 984538 + 891781 + 1098753 = 3017409

2975072

28866

200000

J. S. J. S.
09/11/2011

act 131344

Signature

J. S. J. S.
4/10/11J. S. J. S.
10/11/2011

(RUD-11) requested for release of goods seized under INS-02 of the panchnama dated 04.09.2021 in terms of Rule 141 of CGST Rules, 2017 being perishable in nature. Further, M/s SAAK Enterprises, Ghaziabad deposited GST amounting to ₹33,29,024/- alongwith interest of ₹3,19,590/- and equivalent penalty of ₹33,29,024/- involved on seized goods vide DRC-03 bearing ARNAD090222012311V dated 16.02.2022 and ARNAD090322010096J dated 08.03.2022. Accordingly, the seized goods were released vide GST INS-05 issued under C.No.5936 dated 09.03.2022 (RUD-12).

SEARCHES AT THE REGISTERED PREMISES OF M/S RAM PRASHAD POKHAR MAL, 193, NAYA BAANS, DELHI AND RESIDENTIAL PREMISES OF SHRI AJIT KUMAR GUPTA, H-252, ASHOK VIHAR, PHASE-1, DELHI.

8. Whereas, during the search at the office premise situated at 193, Naya Baans, Delhi, it was noticed that no sign board in name of any firm was placed before the said premise, however, on opening of the shop a GST registration certificate in the name of M/s Ram Prashad Pokhar Mal (07AAAFR4538C1ZI) was found affixed on the glass wall of the shop. The search proceeding was conducted in presence of Shri Mayank Gupta, brother-in-law of Shri Ajit Kumar Gupta. During the search, 4 cartons containing Kamla Pasand Brand Pan Masala was found there. On being asked about the stock report Shri Mayank Gupta, informed that Shri Ajit Kumar Gupta is the owner & operator of the said shop and he was engaged in some other official work and hence, could not attend the proceeding. The proceeding of the Search was recorded under Panchnama dated 04.10.2021 (RUD-13). No documents/goods were seized.

8.1 And whereas, during the search at the residential premises of Shri Ajit Kumar Gupta, some loose sheets having details of clandestine supply of Rajshree & Kamla Pasand Pan Masala & Chewing Tobacco were recovered. The said loose sheets were resumed @ sl.no. 4 under INS-02 of the panchnama drawn on 04.10.2021 (RUD-14). For illustration sample copies of page no. 43 to 50 are depicted below:



i. Double Black	MRP ₹1/-	2538 Pouches /Kg of laminate
ii. Green Label	MRP ₹1/-	1962 Pouches /Kg of laminate
iii. Black Label	MRP ₹1/-	2580 Pouches /Kg of laminate
iv. Black Label-2	MRP ₹1.5/-	2000 Pouches /Kg of laminate
v. Black Label-18	MRP ₹2/-	1435 Pouches /Kg of laminate
vi. Silver Class	MRP ₹1/-	2402 Pouches /Kg of laminate

SEARCH CONDUCTED AT THE PREMISE OF M/s KAY PEE KHAINI PVT. LTD., C-117, BULANDSHAHAR ROAD INDUSTRIAL AREA, GHAZIABAD, 201009:

6. Whereas, the premise was searched on 29.10.2021 in presence of Shri Manoj Sharma, Plant Supervisor. Shri Manoj Sharma, Plant Supervisor informed that the factory premise was taken by M/s Kay Pee Khiani Pvt. Ltd., Ghaziabad on sub-letting basis from M/s Shubham Machines Pvt. Ltd., for a period of 05 years *w.e.f.* 01.03.2021. The officer scrutinized the documents /records and resumed some of the records under INS-02 of the Panchnama dated 29.10.2021 on the reasonable belief that the same is required for ongoing investigation. Shri Saurabh Chauhan, Accountant provided the stock position of finished goods, raw material and packing material as on 29.10.2021 (RUD-6). **The physical stock verification of stock as per stock register revealed that raw material & packaging material were both in excess/ short to the recorded balances. The following goods found in excess were seized under INS-02 of the Panchnama dated 29.10.2021.**

Sl. No.	Description of Goods	Quantity in excess
1.	Printed Laminate	864.850 Kg
2.	Outer	494.040 Kg
3.	Plastic Bags	292.659 Kg
4.	Menthol	6.110 Kg
5.	Tobacco	22797.360 kg

6.1 And whereas, during the search Pouch Packing Machine was operated and it was found that out of 1 kg of laminate total 510 pouches of Safal brand Khaini of MRP ₹10/- could be manufactured. Further, Shri Manoj Sharma, informed that total 04 packaging machines were installed in the factory premise and all were in working condition.

6.2 And whereas, M/s KPKPL, Ghaziabad vide letter dated NIL received in the DGGI office on 21.02.2022 (RUD-7), requested for release of goods seized under INS-02 of the panchnama dated 29.10.2021 in terms of Rule 141 of CGST Rules, 2017 being perishable in nature. Further, M/s KPKPL, Ghaziabad deposited GST amounting to ₹3,15,134/- along with interest of ₹19,839/- and equivalent penalty of ₹3,15,134/- involved on seized goods vide DRC-03 bearing ARN AD0903220106959 dated 10.03.2022. Accordingly, the seized goods were released vide GST INS-05 issued under C.No.5938 dated 09.03.2022 (RUD-8).



3.	Kamla Pasand MRP ₹4/- 34 Pcs/Pkt	12,898 Pkt	19,600 Pkt	6,702 Pkt
4.	Kamla Pasand MRP ₹8/- 16 Pcs/Pkt	40,390 Pkt	11,600 Pkt	-28,790 Pkt
5.	Kamla Pasand MRP ₹8/- 24 Pcs/Pkt	14,956 Pkt	1,600 Pkt	-13,356 Pkt
6.	Rajshree MRP ₹4/- 30 Pcs/Pkt	3,01,866 Pkt	3,67,800 Pkt	65,934 Pkt
7.	Rajshree MRP ₹8/- 21 Pcs/Pkt	1,00,410 Pkt	99,200 Pkt	-1,210 Pkt
8.	Rajshree MRP ₹18/- 12 Pcs/Pkt	1,36,246 Pkt	1,19,400 Pkt	-16,846 Pkt
9.	Rajshree Gold MRP ₹4/- 30 Pcs/Pkt	41,995 Pkt	37,200 Pkt	-4,795 Pkt

B. Raw Materials

Sl. No.	Particulars	Closing Balance as per Stock Register (as on 05.10.2021)	Stock as per Physical Stock Verification on 05.10.2021	Difference
1.	Perfume	7,120 kg	6,540 kg	-580 kg
2.	Supari	3,61,290 kg	3,53,160 kg	-8,130 kg
3.	Lamination	1,01,485 kg	94,930 kg	-6,555 kg
4.	Mono Carton	50,941 kg	47,224 kg	-3,717 kg

4.3 And whereas, enquiry regarding the shortages/excess detected in the finished goods and reasons for shortage in raw material/packaging material found in the factory premises was made from Shri Pawan Kumar Jain, Accountant of M/s KPFPL, Ghaziabad on the spot, but no satisfactory response was given by him. Accordingly, the finished goods, as detailed above, found in excess to the recorded balances were seized vide INS-02 of Panchnama dated 04/05.10. 2021 (RUD-1) and handed over to Shri Pawan Kumar Jain, Account Manager of M/s KPFPL, Ghaziabad for safe custody.

4.4 And whereas, M/s KPFPL, Ghaziabad vide letter dated Nil received in this office on 18.02.2022 (RUD-2), requested for release of goods seized under INS-02 of the panchnama dated 05.10.2021 in terms of Rule 141 of CGST Rules, 2017 being perishable in nature. Further, M/s KPFPL, Ghaziabad deposited GST amounting to ₹33,01,188/- along with interest of ₹1,80,164/- and equivalent penalty of ₹33,01,188/- involved on seized goods vide DRC-03 bearing ARNAD090222009401P dated 11.02.2022 and ARN AD0903220106983 dated 09.03.2022. Accordingly, the seized goods were released vide GST INS-05 issued under C.No. 5937 dated 09.03.2022 (RUD-3).

4.5 And whereas, M/s KPFPL, Ghaziabad vide aforementioned DRC-03s also deposited the GST amounting to ₹36,56,712/- along with interest of ₹1,49,675/- and



- xii.** 193, Naya Bans, Delhi – 110006 being business premise of M/s Orpas International;
- xiii.** Residential premises of Shri Mukesh Kapoor, C-3, Court Lane, Civil Lines Delhi;
- xiv.** GF-360, Kirtan Wali Gali, Bajaria, Ghaziabad being registered office of M/s K M Foods Infrastructure Pvt. Ltd.;
- xv.** A-700, Shastri Nagar, Delhi-10052 being registered office of M/s Apparent Marketing Pvt. Ltd.;
- xvi.** 42, Rajendra Market, Near Tis Hajari, Delhi being office of M/s K M Foods Infrastructure Pvt. Ltd.;
- xvii.** M/s Madhav Traders, 16/5/7, Dareshi No.1, Near Jama Masjid, Agra;
- xviii.** B-568, Lajpat Nagar, Behind Roadways Workshop, Moradabad being business premise of M/s J.R. Agencies;
- xix.** M/s J.R. Agencies, Amroha Gate Chowraha, Moradabad;
- xx.** A-41, Vasant Marg, Vasant Vihar, New Delhi being residential premise of Chaurasiya, brand owner;
- xxi.** M/s Marvy Trading Co., FF-52, Amrit Plaza Complex, Surya Nagar, Ghaziabad;
- xxii.** M/s Dhanesh Kumar & Brothers, 169, Wrightganj, Ghantaghar, Ghaziabad;
- xxiii.** M/s M. N. Gupta Agencies, 4, Saraswati Soni Marg, Opp. Mata Mandir, Dehradun; H.No. 11, Mata Wala Bagh, Saraswati Rani Marg, Dehradun-248001;
- xxiv.** M/s Shri Ghata Mehndipur Balaji Betel Nut LLP, 19/1 & 20/1, Sector-35, Begumpur Khatola, Gurugram, Haryana;
- xxv.** M/s Mehandipur Balaji Traders LLP, 63/12B, Ground Floor, Najafgarh Road Industrial Area, Opp. Kirti Nagar Metro Station, Delhi;
- xxvi.** M/s Swastik Enterprises, Khasra No. 52/10, 53/6, Village Alipur, Delhi-110036.

3.1 And whereas, all the above premises were searched, but searches conducted at the business premises of M/s Kay Pan Fragrance Pvt. Ltd., M/s Kay Pee Khaini Pvt. Ltd., M/s SAAK Enterprises and residential premise of Shri Ajit Kumar Gupta, H-252, Ashok Vihar, Phase-I, Delhi only resulted in recovery of incriminating records/documents which led to establish the *mens rea* on the part of the manufacturers in huge evasion done by M/s KPFPL, Ghaziabad, M/s KYTWPL, Ghaziabad and M/s KPKPL, Ghaziabad. However, the details of searches from where incriminating records/documents were recovered are discussed in succeeding paras.

SEARCH CONDUCTED AT THE PREMISE OF M/s KAY PAN FRAGRANCE PVT. LTD., B-11, BULANDSHAHR ROAD INDUSTRIAL AREA, GHAZIABAD, 201009:

4. Whereas, the premise was searched on 04.10.2021 in the presence of Shri Pawan Kumar Jain, Account Manager. Shri Pawan Kumar Jain informed the officers that factory



Industrial Area, Ghaziabad, 201009 is engaged in manufacturing and supply of goods falling under **HSN 2403 (Khaini)** under the brand Name "**Safal**".

2. Whereas, the instant case against the aforesaid manufacturers of Rajshree & Kamla Pasand brand of Pan Masala & Chewing Tobacco located at Ghaziabad has emanated from the investigation being conducted by this office against M/s Montage Enterprises Private Limited having manufacturing unit at Noida, Haridwar, Malanpur and Jammu who were found indulged in diversion of packaging materials/ laminates to Pan Masala/Tobacco manufacturers through its associates/dealers and issuing invoices in the name of bogus/non-existent firms. Further various premises connected with M/s Montage Enterprises Private Limited were searched on 14/15.06.2021 and on subsequent dates.

2.1 And whereas, during the search of residential premise of Shri Sujeet Kumar Singh, owner of M/s Bharat Transport Company, who was engaged in transportation of printed laminates sold by M/s Montage Sales Pvt. Ltd., Delhi, an associate/ dealer of M/s MEPL, some crucial evidences regarding clandestine purchase of laminates by various Pan Masala/ Tobacco manufacturer were also unearthed. Shri Sujeet Kumar in his statement dated 25.06.2021 admitted that he was transporting printed laminates sold by M/s Montage Sales Pvt. Ltd., Delhi to various Pan Masala/ Tobacco manufacturers; that the resumed records of transportation were date wise, vehicle wise, brand wise and destination wise; that the details also reflected quantity of laminates transported and which on verification with the invoices issued by M/s Montage Sales Pvt. Ltd., Delhi were found to be tallying except that the consignee shown were fake/non-existent firms.

2.2 And whereas, the investigations conducted by this office indicated that the unaccounted laminates/ packaging material was received by different Pan Masala/ Tobacco manufacturing units from M/s Montage Sales Pvt. Ltd., Delhi during the period December, 2020 to 7th June, 2021 and that they were engaged in clandestine production and supply of Pan Masala/Tobacco. On the basis of records resumed from the transporter, manufacturers of Rajshree & Kamla Pasand brand of Pan Masala & Chewing Tobacco located at Ghaziabad were identified which had allegedly received unaccounted laminates.

2.3 And whereas, since the evidences of unaccounted laminates alone were not sufficient to establish the clandestine manufacture and clearance by these units, intelligence regarding unaccounted clearance of finished goods, main suppliers of unaccounted raw material i.e. Supari, Tobacco, Katha, Fragrances, etc., main dealers, C & F Agents and key persons managing clandestine affairs were independently gathered.

3. And whereas, an intelligence was received and further developed by the officers of DGGI, Ghaziabad Regional Unit that M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad, the manufacturers of Rajshree and Kamla Pasand brands of Pan Masala and



9.	Shri Brijesh Kumar, Director of M/s Kay Pee Khaini Pvt. Ltd., 451, Rampura, Sambhal Bahjoi, Sambhal, U.P.-202410	10.	Shri Pawan Kumar Jain, Account Manager of M/s Kay Pan Fragrance Pvt. Ltd., 1053, Ground Floor, Niti Khand-I, Indirapuram, Ghaziabad
11.	Shri Neeraj Jain, Key persons of the factories of KP Group Ghaziabad, I-112, 1 st Floor, Phase-I, Ashok Vihar, Delhi, 52	12.	M/s SAAK Enterprises, C-158, BSR Industrial Area, Ghaziabad, 201009
13.	Shri Sandeep Gupta, Proprietor of M/s SAAK Enterprises, A-26, Gulmohar Park, Delhi, 49	14.	Shri Ajit Kumar Gupta, Proprietor of M/s Orpas International, H-252, Ashok Vihar, Phase-I, Delhi
15.	M/s Premium Suppliers, Oswal Complex, MG Road, Guwahati, Kamrup Metropolitan, Assam - 781001 through its Proprietor Shri Rajesh Kumar Chaurasia	16.	M/s Maa Kamakhya Agencies, Shop No. 1, 4th Floor, Crescent Court, Jhankar More, Siliguri, Darjiling, West Bengal-734004 & its Proprietor Shri Brijesh Kumar Chaurasia
17.	M/s Shree Kisna Enterprises, MS Road, Fancy Bazar, Guwahati, Kamrup Metropolitan, Assam - 781001 through its Proprietor Shri Mukesh Chaurasia	18.	M/s Surya Vinayak Marketing, 51A, 1st Floor, 167, Netaji Subhash Road, Kolkata - 700007 through its Proprietor Shri Anil Pandey
19.	M/s Sai Baba Sales, Shop No. 22, Ashthlaxmi Complex, Idgah Road, Dariyapur, Ahmedabad, 380016 through its Proprietor	20.	M/s Salasar Enterprises, 206, Shanti Complex, Baraji ki Gali, Gangori, Bazar, Jaipur, 302002 through its Proprietor Shri Deepak Bothra
21.	M/s Bhikshu Enterprises, Plot No. 31/32, GF, Gali No. 1, Subhash Nagar Road, Subhash Nagar, Limbayat, Surat-394210 through its Proprietor Shri Praveen Kumar Balu Lal Shah	22.	M/s Shivam Trading Company, Hanumesh Complex, Shop No. 3, 1st Floor, Gundopant Street, Bangalore-560002 through its Proprietor Shri Vijay Kumar Mohanani
23.	M/s Niranjan Prasad, Shivbari Road, Tinsukia, Assam-786125 through its Proprietor Shri Niranjan Prasad	24.	M/s Harsh Zarda Bhandar, Jawharlal Road, Kalyani Chowk, Pan Mandi, Muzaffarpur, Bihar-842001 through its Proprietor Shri Arjun Sah
25.	M/s Vaibhav Zarda Store, 11, Jila Parishad Bazar, Gopal Ganj, Bihar, 841428 through its proprietor Shri Vishwakarma Prasad	26.	M/s Ashoka Store, Cole Road, Dibrugarh, Assam-786001 through its Proprietor Shri Raju Prasad Gupta
27.	M/s Dixit Agencies, Burewali Gali, Ahead of Ghantaghar, Halwai Khana, Hathras, U.P. through its Proprietor	28.	M/s Dixit Traders, Opp. Govind Ram Bhagat Ram Pure Ghee, Chunawala Danda, Hathras through its Proprietor Shri Govind Dixit
29.	M/s Rambabu Jain Deepak Jain, Bans Mandi, Main Ganj, Etah, U.P. through its Proprietor Shri Deepak Jain	30.	M/s GBN International, 151, 1st Floor, Gali Abdul Hakim, Tilak Bazar, Delhi, 06 through its Proprietor Shri Yash Dubey
31.	M/s Mehndipur Balaji Traders LLP, 63/12B, Ground Floor,	32.	M/s Shri Ghata Mehndipur Balaji Betel Nut LLP,



16. Letter dated 06.10.2021 of Shri Ajit Kumar Gupta and summons dated 05.11.2021, 08.11.2021, 10.12.2021 and 03.01.2022 issued to Shri Ajit Kumar Gupta.
17. Panchnama dated 04.10.2021 drawn at the registered premise of M/s Shri Ghata Mehndipur Balaji Betel Nut LLP, 19/1 & 20/1, Sector-35, Begumpur Khatola, Gurugram, Haryana.
18. Panchnama dated 04.10.2021 drawn at the registered premise of M/s Shri Mehandipur Balaji Traders LLP, 63/12B, G/F, Najafgarh Road Industrial Area, Opp. Kirti Nagar Metro Station, Delhi.
19. Panchnama dated 24.05.2022 drawn at the registered premise of M/s Swastik Enterprises, Khasra No. 52/10, 53/6, Village Alipur, Delhi-110036.
20. Panchnama dated 24.05.2022 drawn at the residential premise of brand owner, Shri Kamla Kant Chaurasiya, A-41, Vasant Marg, Vasant Vihar, New Delhi.
21. Panchnama dated 25.06.2021 drawn at the residential premises of Shri Sujeet Kumar Singh, owner of M/s Bharat Transport Company Private Limited, Noida, situated at Flat No. 102, Tower Marvella, Mahagun Moderne, Sector-78, Noida.
22. Statement dated 25.06.2021 of Shri Sujeet Kumar Singh, owner of M/s Bharat Transport Company Private Limited, Noida.
23. Panchnama/Visit Note dated 15.06.2021 drawn at the business premises of M/s Ajay Trading Company, Plot 17/42 & 17/43, Ground Floor, Blk-D, J J Colony, Shahabad Dairy Near Roop Krishna, Delhi-110042.
24. Panchnama/Visit Note dated 25.06.2021 drawn at the business premises of M/s Arranger Tradelinks (India) Pvt. Ltd., 404, 4th Floor, Madhuban Building, Nehru Place, Delhi, 110019.
25. Panchnama/Visit Note dated 27.06.2022 drawn at the business premises of M/s Blue Star, F-24, Vardhman Select Mall, Block-I, Narela Industrial Area, New Delhi, 110040.
26. Panchnama/Visit Note dated 21.06.2022 drawn at the business premises of M/s BSA Industries, 188, GF City Paper FIE, Industrial Area PatparparGanj, Near Showroom Honda, Delhi, 110009.
27. Panchnama/Visit Note dated 15.06.2021 drawn at the business premises of M/s H.K. Enterprises, A-188, Naraina Industrial Area, Phase-I, Delhi, 110028.
28. Panchnama/Visit Note dated 30.06.2021 drawn at the business premises of M/s J.K. Trading Co., P-14, GF, Vijay Vihar, Uttam Nagar, Delhi, 110059.
29. Panchnama/Visit Note dated 21.06.2022 drawn at the business premises of M/s Jyoti Traders, A-175, Naraina Industrial Area, Phase-1, Naraina, Delhi, 110028.
30. Panchnama/Visit Note dated 15.06.2021 drawn at the business premises of M/s KC Laminates, E-1/407, Shivram Park, Nangloi, Delhi, 110041.
31. Panchnama/Visit Note dated 15.06.2021 drawn at the business premises of M/s Kumar Enterprises, House No. 4, 3rd Floor, Phase-I, Community Centre, Naraina Industrial Area, Delhi.
32. Panchnama/Visit Note dated 16.06.2021 drawn at the business premises of M/s Kumar Trading Company, H.No. A-37, Shiv Bucks Park, Nagloi, Delhi, 110041.



51. Statement dated 09.11.2021 of Shri Rakesh Singh, Supervisor of M/s SAAK Enterprises, Ghaziabad.
52. Statement dated 10.11.2021 of Shri Neeraj Jain S/o Shri Harinder Kumar Jain R/o I-112, 1st Floor, Phase-1, Ashok Vihar, New Delhi-52.
53. Statement dated 25.11.2021 of Shri Sandeep Gupta, Proprietor of M/s SAAK Enterprises, Ghaziabad.
54. Statement dated 29.05.2023 of Shri Ved Prakash Goyal, Proprietor of M/s Swastik Enterprises, Delhi.
55. Letter along with enclosures issued vide F.No. DGGI/AZU/GR.E/12(4)399/21-22/4848 dated 25.08.2022, regarding investigation conducted by the DGGI, Ahmedabad Zonal Unit against the suppliers of raw materials used for manufacturing of "Kamla Pasand" & "Rajshree" brand Pan Masala/tobacco and their dealers.
56. Statement dated 21.06.2022 of Shri Rajesh Kumar Chaurasia Proprietor of M/s Premium Suppliers and Partner of M/s Shree Krishna Agencies and Authorized Signatory of M/s Maa Enterprises.
57. Statement dated 23.06.2022 of Shri Brijesh Kumar Chaurasia Proprietor of M/s Maa Kamakhya Agencies, West Bengal.
58. Statement dated 21.06.2022 of Shri Mukesh Chaurasia Proprietor of M/s Shree Kisna Enterprises, Assam.
59. Statement dated 04.07.2022 of Shri Anil Pandey Partner of M/s Surya Vinayak Marketing, Kolkata.
60. Statement dated 27.06.2022 of Shri Prakash Narayan Das Wadhyani, Authorized Signatory of M/s Sai Baba Sales, Ahmedabad.
61. Statement dated 29.06.2022 of Shri Deepak Bothra, Proprietor of M/s Salasar Enterprises, Jaipur.
62. Statement dated 27.06.2022 of Shri Praveen Kumar Balu Lal Shah, Authorized Signatory of M/s Bhikshu Enterprises, Surat.
63. Statement dated 28.06.2022 of Shri Arjun Sah, Proprietor of M/s Harsh Zarda Bhandar, Muzaffarpur.
64. Statement dated 24.06.2022 of Shri Niranjan Prasad, Proprietor of M/s Niranjan Prasad, Assam.
65. Statement dated 30.06.2022 of Shri Vijay Kumar Mohanani, Proprietor of M/s Shivam Trading Company, Bangalore.
66. Statement dated 28.06.2022 of Shri Vishwakarma Prasad, Proprietor of M/s Vaibhav Zarda Store, Bihar.
67. Statement dated 24.06.2022 of Shri Raju Prasad Gupta, Proprietor of M/s Ashoka Store, Assam.
68. Summons dated 01.06.2022 & 28.12.2022 issued to Shri Ved Prakash Goyal, Proprietor of M/s Swastik Enterprises.
69. Summons dated 29.12.2021, 11.01.2022 and 09.05.2023 issued to Shri Dinesh Kumar Tewatia, Directors of M/s KPFPL, Ghaziabad.



2. Guard File.



Rishikesh Singh
Deputy Director

RELIED UPON DOCUMENTS:

1. Panchnama dated 04/05.10.2021 drawn at the factory premises of M/s Kay Pan Fragrance Pvt. Ltd., B-11, Bulandshahar Road Industrial Area, Ghaziabad, 201009.
2. Letter dated Nil of M/s Kay Pan Fragrance Pvt. Ltd., B-11, Bulandshahar Road Industrial Area, Ghaziabad, 201009.
3. GST INS-05 issued to M/s Kay Pan Fragrance Pvt. Ltd., B-11, Bulandshahar Road Industrial Area, Ghaziabad, 201009 under C.No. 5937 dated 09.03.2022.
4. Panchnama dated 04.10.2021 drawn at the factory premises of M/s K. Y. Tobacco Works Pvt. Ltd., C-94/1, Bulandshahar Road Industrial Area, Ghaziabad, 201009.
5. Visit Note dated 23.05.2023 drawn at the factory premises of M/s K. Y. Tobacco Works Pvt. Ltd., C-94/1, Bulandshahar Road Industrial Area, Ghaziabad, 201009.
6. Panchnama dated 29.10.2021 drawn at the factory premises of M/s Kay Pee Khaini Pvt. Ltd., C-117, Bulandshahar Road Industrial Area, Ghaziabad, 201009.
7. Letter dated Nil of M/s Kay Pee Khaini Pvt. Ltd., C-117, Bulandshahar Road Industrial Area, Ghaziabad, 201009.
8. GST INS-05 issued to M/s Kay Pee Khaini Pvt. Ltd., C-117, Bulandshahar Road Industrial Area, Ghaziabad, 201009 under C.No. 5938 dated 09.03.2022.
9. Panchnama dated 04.09.2021 drawn at the business premises M/s SAAK Enterprises, C-158, BSR Industrial Area, Ghaziabad, 201009.
10. Panchnama dated 04.10.2021 drawn at the business premises M/s SAAK Enterprises, C-158, BSR Industrial Area, Ghaziabad, 201009.
11. Letter dated 11.02.2023 of M/s SAAK Enterprises, C-158, BSR Industrial Area, Ghaziabad, 201009.
12. GST INS-05 issued to M/s SAAK Enterprises, C-158, BSR Industrial Area, Ghaziabad, 201009 under C.No. 5936 dated 09.03.2022.
13. Panchnama dated 04.10.2021 drawn at the business premises of M/s Ram Prashad Pokhar Mal, 193, Naya Baans, Delhi.
14. Panchnama dated 04.10.2021 drawn at the residential premises of Shri Ajit Kumar Gupta, H-252, Ashok Vihar, Phase-1, Delhi along with loose sheets resumed @ sl.no. 4 under INS-02 of the panchnama drawn on 04.10.2021.
15. Statement dated 04.10.2021 of Shri Ajit Kumar Gupta S/o Late Om Prakash Gupta R/o H-252, Ashok Vihar, Phase-1, Delhi.



KYTWPL, Ghaziabad.

Further, Shri Harvinder Singh Matharu, and Shri Jasmeet Singh, Directors of M/s MSPL, Delhi, are hereby required to show cause within 30 days of receipt of this notice to the Additional/Joint Commissioner, Central GST Commissionerate, Office of the Commissioner, 7-A Ashok Marg, Block E, Hazratganj, Lucknow, Uttar Pradesh, 226001, as to why penalty should not be imposed upon them under Section 122(1A) and Section 122(3)(a)(b)(d)(e) of the CGST Act, 2017 read with the SGST Act, 2017, and/or under Section 20 of the IGST Act, 2017.

Further, Shri Sujit Kumar Singh, owner of M/s BTCPL, is hereby required to show cause within 30 days of receipt of this notice to the Additional/Joint Commissioner, Central GST Commissionerate, Office of the Commissioner, 7-A Ashok Marg, Block E, Hazratganj, Lucknow, Uttar Pradesh-226001, as to why penalty should not be imposed upon them under Section 122(1A) and Section 122(3)(a)(b)(d) of the CGST Act, 2017 read with the SGST Act, 2017, and/or under Section 20 of the IGST Act, 2017.

43.9 M/s GBN International, M/s Shri Ghata Mehndipur Balaji Betel Nut LLP, M/s Mehndipur Balaji Traders LLP and M/s Swastik Enterprises is hereby required to show cause within 30 days of receipt of this notice to the Additional/Joint Commissioner, Central GST Commissionerate, Office of the Commissioner, 7-A Ashok Marg, Block E, Hazratganj, Lucknow, Uttar Pradesh, 226001, as to why penalty should not be imposed on them under Section 122(1)(i) of the CGST Act, 2017 read with the SGST Act, 2017, and/or under Section 20 of the IGST Act, 2017, against the clandestinely supplied raw materials to M/s KPFP, Ghaziabad, and M/s KYTWPL, Ghaziabad.

Further, M/s GBN International, M/s Shri Ghata Mehndipur Balaji Betel Nut LLP, M/s Mehndipur Balaji Traders LLP and M/s Swastik Enterprises through their partners/proprietors, are hereby required to show cause within 30 days of receipt of this notice to the Additional/Joint Commissioner, Central GST Commissionerate, Office of the Commissioner, 7-A Ashok Marg, Block E, Hazratganj, Lucknow, Uttar Pradesh, 226001, as to why penalty should not be imposed upon them under Section 122(1A) and Section 122(3)(a)(b)(d)(e) of the CGST Act, 2017 read with the SGST Act, 2017, and/or under Section 20 of the IGST Act, 2017.

43.10 Further, Shri Ashok Kumar Bhatia, owner of M/s Shri Nagarji Goods Carrier, and Shri Shiv Kumar Dubey, active partner of M/s Shyam Transport Company are hereby required to show cause within 30 days of receipt of this notice to the Additional/Joint Commissioner, Central GST Commissionerate, Office of the Commissioner, 7-A Ashok Marg, Block E, Hazratganj, Lucknow, Uttar Pradesh-226001, as to why penalty should not be imposed upon them under Section 122(3)(a)(b)(d) of the CGST Act, 2017 read with the SGST Act, 2017, and/or under Section 20 of the IGST Act, 2017.



- iv. Penalty in terms of Section 122(1)(x), (xiv), (xv), (xvi) of the CGST Act, 2017, read with the SGST Act, 2017, and/or under Section 20 of the IGST Act, 2017 and under Section 11 of the GST (Compensation to States) Act, 2017, should not imposed upon them on the amount demanded at Sl.No. i.

43.3 Shri Dinesh Kumar Teotia and Shri Devesh Kumar, Directors of M/s Kay Pan Fragrance Pvt. Ltd., Ghaziabad; Shri Vikas Jain and Shri Sunil Kumar, Directors of M/s K Y Tobacco Works Pvt. Ltd., Ghaziabad; Shri Gaurav Kumar Agnihotri and Shri Brijesh Kumar, Directors of M/s Kay Pee Khaini Pvt. Ltd., Ghaziabad are hereby required to show cause within 30 days of receipt of this notice to the Additional/Joint Commissioner, Central GST Commissionerate, Office of the Commissioner, 7-A Ashok Marg, Block E, Hazratganj, Lucknow, Uttar Pradesh-226001, as to why penalty should not be imposed on them under Section 122(1A) and Section 122(3)(a)(b)(d)(e) of the CGST Act, 2017, read with the SGST Act, 2017, and/or under Section 20 of the IGST Act, 2017 and under Section 11 of the GST (Compensation to States) Act, 2017.

43.4 Shri Pawan Kumar Jain, Account Manager of M/s Kay Pan Fragrance Pvt. Ltd., Ghaziabad and Shri Neeraj Jain, Key persons of the factories of KP Group Ghaziabad, are hereby required to show cause within 30 days of receipt of this notice to the Additional/Joint Commissioner, Central GST Commissionerate, Office of the Commissioner, 7-A Ashok Marg, Block E, Hazratganj, Lucknow, Uttar Pradesh-226001, as to why penalty should not be imposed on them under Section 122(1A) and Section 122(3)(a)(b)(d)(e) of the CGST Act, 2017, read with the SGST Act, 2017, and/or under Section 20 of the IGST Act, 2017 and under Section 11 of the GST (Compensation to States) Act, 2017.

43.5 M/s SAAK Enterprises, Ghaziabad through it Proprietor Shri Sandeep Gupta, are hereby required to show cause within 30 days of receipt of this notice to the Additional/Joint Commissioner, Central GST Commissionerate, Office of the Commissioner, 7-A Ashok Marg, Block E, Hazratganj, Lucknow, Uttar Pradesh-226001, as to why penalty should not be imposed upon them under Section 122(1)(i), Section 122(1A) and Section 122(3)(a)(b)(d)(e) of the CGST Act, 2017, read with the SGST Act, 2017, and/or under Section 20 of the IGST Act, 2017 and under Section 11 of the GST (Compensation to States) Act, 2017.

43.6 Shri Ajit Kumar Gupta, C&F of M/s KPFPL, Ghaziabad, M/s KYTWPL, Ghaziabad, and M/s KPKPL, Ghaziabad at Delhi, are hereby required to show cause within 30 days of receipt of this notice to the Additional/Joint Commissioner, Central GST Commissionerate, Office of the Commissioner, 7-A Ashok Marg, Block E, Hazratganj, Lucknow, Uttar Pradesh-226001, as to why penalty should not be imposed upon them under Section 122(1)(i), Section 122(1A) and Section 122(3)(a)(b)(d)(e) of the CGST Act, 2017, read with the SGST Act, 2017, and/or under Section 20 of the IGST Act, 2017 and



cause to the Additional/Joint Commissioner, Central GST Commissionerate, Office of the Commissioner, 7-A Ashok Marg, Block E, Hazratganj, Lucknow, Uttar Pradesh-226001 as to why:

- i. The IGST amounting to ₹191,73,77,322/- (Rupees One Hundred Ninety-one Crore Seventy-three Lakh Seventy-seven Thousand Three Hundred and Twenty-two only), CGST amounting to ₹3,97,96,866/- (Rupees Three Crore Ninety-seven Lakh Ninety-six Thousand Eight Hundred and Sixty-six only), SGST amounting to ₹3,97,96,866/- (Rupees Three Crore Ninety-seven Lakh Ninety-six Thousand Eight Hundred and Sixty-six only) and Cess amounting to ₹427,92,23,687/- (Rupees Four Hundred Twenty-seven Crore Ninety-two Lakh Twenty-three Thousand Six Hundred and Eighty-seven only) should not be demanded and recovered from them under Section 74(1) of the CGST Act, 2017, read with the SGST Act, 2017, and/or under Section 20 of the IGST Act, 2017 and under Section 11 of the GST (Compensation to States) Act, 2017;
 - ii. The CGST amounting to ₹15,00,00,000/- (Rupees Fifteen Crore only) and SGST amounting to ₹15,00,00,000/- (Rupees Fifteen Crore only) deposited by M/s KPFPL, Ghaziabad during the investigation as detailed in para 40.7 should not be appropriated against the GST liability demanded at Sl.No. i;
 - iii. Interest under Section 50 of the CGST Act, 2017 read with the SGST Act, 2017, should not be demanded and recovered from them on the amount demanded at Sl.No. i;
 - iv. Penalty in terms of Section 74(1) of the CGST Act, 2017, read with the SGST Act, 2017, and/or under Section 20 of the IGST Act, 2017 and under Section 11 of the GST (Compensation to States) Act, 2017, should not be imposed upon them on the amount demanded at Sl.No. i;
 - v. Penalty in terms of Section 122(1)(x), (xiv), (xv), (xvi) of the CGST Act, 2017, read with the SGST Act, 2017, and/or under Section 20 of the IGST Act, 2017 and under Section 11 of the GST (Compensation to States) Act, 2017, should not imposed upon them on the amount demanded at Sl.No. i.
- 43.1 Now, therefore M/s K. Y. Tobacco Works Pvt. Ltd. (09AAGCK6608M1Z1), C-94/1, Bulandshahar Road Industrial Area, Ghaziabad, 201009, are hereby required to show cause to the Additional/Joint Commissioner, Central GST Commissionerate, Office of the Commissioner, 7-A Ashok Marg, Block E, Hazratganj, Lucknow, Uttar Pradesh-226001 as to why:

- i. The IGST amounting to ₹31,57,19,017/- (Rupees Thirty-one Crore Fifty-seven Lakh Nineteen Thousand and Seventeen only), CGST amounting to ₹54,09,469/- (Rupees Fifty-four Lakh Nine Thousand Four Hundred and Sixty-



by the DGGI, Meerut Zonal Unit that the fact about the clandestine supply of Pan Masala/Chewing Tobacco/Khaini being manufactured by M/s KPFPL, Ghaziabad, M/s KYTWPL, Ghaziabad and M/s KPKPL, Ghaziabad through Shri Ajit Kumar Gupta, C & F agent came to the department's notice. Thus, Shri Ajit Kumar Gupta, C & F Agent of M/s KPFPL, Ghaziabad, M/s KYTWPL, Ghaziabad and M/s KPKPL, Ghaziabad appears to have a vital role in the clandestine supply of Pan Masala/Chewing Tobacco/Khaini and was knowingly concerned with such contravention. Hence, Shri Ajit Kumar Gupta, C & F Agent made himself liable for penalty in terms of the provisions of Section 122(1)(i) of the CGST Act, 2017. Further, Shri Ajit Kumar Gupta also made themselves liable for penalty in terms of the provisions of Section 122(3) and 122(1A) of the CGST Act, 2017.

41.10 Whereas, the following dealers of M/s KPFPL, Ghaziabad, M/s KYTWPL, Ghaziabad and M/s KPKPL, Ghaziabad against whose investigation were carried out and found have a vital role in the clandestine supply of Pan Masala/Chewing Tobacco/Khaini and was knowingly concerned with such contravention and is therefore liable for penalty in terms of the provisions of Section 122(1)(i) of the CGST Act, 2017 and through their partners/proprietors have made themselves liable for penalty in terms of the provisions of Section 122(3) and 122(1A) of the CGST Act, 2017.

- i. M/s Rambabu Jain Deepak Jain, Bans Mandi, Main Ganj, Etah, U.P.;
- ii. M/s Maa Kamakhya Agencies, Shop No. 1, 4th Floor, Crescent Court, Jhankar More, Siliguri, Darjiling, West Bengal – 734004;
- iii. M/s Surya Vinayak Marketing, 51A, 1st Floor, 167, Netaji Subhash Road, Kolkata;
- iv. M/s Salasar Enterprises, 206, Shanti Complex, Baraji ki Gali, Gangori, Bazar, Jaipur – 302002;
- v. M/s Shivam Trading Company, Hanumesh Complex, Shop No. 3, 1st Floor, Gundopant Street, Bangalore – 560002;
- vi. M/s Harsh Zarda Bhandar, Jawharlal Road, Kalyani Chowk, Pan Mandi, Muzaffarpur, Bihar – 842001;
- vii. M/s Ashoka Store, Cole Road, Dibrugarh, Assam – 786001;
- viii. M/s Dixit Traders, Opp. Govind Ram Bhagat Ram Pure Ghee, Chunawala Danda, Hathras;
- ix. M/s Premium Suppliers, Oswal Complex, MG Road, Guwahati, Kamrup Metropolitan, Assam – 781001;
- x. M/s Shree Kisna Enterprises, MS Road, Fancy Bazar, Guwahati, Kamrup Metropolitan, Assam – 781001;
- xi. M/s Sai Baba Sales, Shop No. 22, Ashthlaxmi Complex, Idgah Road, Dariyapur, Ahmedabad – 380016;



Despite being fully aware of the law, they were instrumental in suppressing the facts from the Central Excise & GST department by non-declaring the true & correct value of supply made & payment of GST & Cesses by M/s KYTWPL, Ghaziabad in their statutory returns. It was only after an investigation was initiated against M/s KYTWPL, Ghaziabad by the DGGI, Meerut Zonal Unit the fact about the clandestine supply of Khaini and falsification of financial records came to the department's notice. Thus, Shri Vikas Jain and Shri Sunil Kumar, Directors of M/s KYTWPL, Ghaziabad appears to have a vital role in the clandestine supply of Khaini and was knowingly concerned with such contravention and is therefore liable for penalty under Section 122(3) and 122(1A) of the CGST Act, 2017.

And whereas, despite having the knowledge that enquiry is pending against them and their presence are necessary and relevant for the enquiry being conducted they intentionally didn't join the proceedings on being summoned multiple times. Accordingly, a complaint under section 172, 174, 175, of IPC for non-appearance on summons issued under section 70 of the Central Goods and Services Tax Act, 2017, was filed against both the directors of M/s KPKPL, Ghaziabad on 07.07.2023.

41.7 Whereas, Shri Pawan Kumar Jain, Account Manager of M/s KPFPL, Ghaziabad in his statement admitted that in absence of Shri Dinesh Kumar Teotia and Shri Devesh Kumar, directors of M/s KPFPL, Ghaziabad he is looking after day-to-day affairs of the company. Further, Shri Neeraj Jain, Key persons of the factories of KP Group Ghaziabad in his statement admitted that he supervises the units of Kamla Pasand and Rajshree situated at Ghaziabad. Further, Shri Tarun Kumar, Accountant and Shri Rakesh Singh, Supervisor of M/s SAAK Enterprises in their respective statement admitted that the goods received without invoices from M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad, were supplied to C&F agents of M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad on the direction Shri Pawan Kumar Jain and Shri Neeraj Jain because they were looking after all the work of factories situated at Ghaziabad. They were thus instrumental in clandestine supply of Pan Masala/Tobacco/Khaini being manufactured by M/s KPFPL, Ghaziabad, M/s KYTWPL, Ghaziabad and M/s KPKPL, Ghaziabad in contravention of the provisions of CGST Act, 2017. It was only after an investigation was initiated against the manufacturing units of KP Group, situated in Ghaziabad by the DGGI, Meerut Zonal Unit the fact about the clandestine supply of Pan Masala/Tobacco/Khaini by M/s KPFPL, Ghaziabad, M/s KYTWPL, Ghaziabad and M/s KPKPL, Ghaziabad came to the department's notice. Thus, Shri Pawan Kumar Jain and Shri Neeraj Jain both appears to have a vital role in the clandestine supply of Pan Masala/Tobacco/Khaini being manufactured by M/s KPFPL, Ghaziabad, M/s KYTWPL, Ghaziabad and KPKPL, Ghaziabad and was knowingly concerned with such contravention and is therefore liable for penalty under Section 122(3) and 122(1A) of the CGST Act, 2017.



41.2 Whereas, all the aforesaid facts came into the knowledge of the department only when the department initiated the investigation against M/s KPFPL, Ghaziabad, M/s KYTWPL, Ghaziabad and M/s KPKPL, Ghaziabad. Had, the department not initiated the investigation, M/s KPFPL, Ghaziabad, M/s KYTWPL, Ghaziabad and M/s KPKPL, Ghaziabad would have succeeded in evading the payment of GST by clandestinely supplying the finished goods i.e. Pan Masala & Tobacco and would have deprived the government of its legitimate revenue. All these activities on the part of M/s KPFPL, Ghaziabad, M/s KYTWPL, Ghaziabad and M/s KPKPL, Ghaziabad apparently indicate that they had suppressed the vital facts from the department, knowingly and willfully to evade the payment of GST. It appears that M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad had suppressed the material facts from the department by way of fraud, collusion and willful misstatement, therefore the clause of limitation for recovery of GST & Cess as quantified in para 40.6 for an extended period, as laid down under the proviso of Section 74(1) of the Act *ibid* is invokable in the matter and M/s KPFPL, Ghaziabad, M/s KYTWPL, Ghaziabad and M/s KPKPL, Ghaziabad are liable to pay GST & Cess along with interest as applicable under Section 50(1) and penalty.

41.4 Whereas, Shri Dinesh Kumar Teotia and Shri Devesh Kumar, being director of M/s Kay Pan Fragrance Pvt. Ltd., held responsible for day-to-day business affairs of the company including taxation matters and responsible for the conduct of the business of the company. Further, from the statement of the raw material suppliers, dealers, employee of M/s KPFPL, Ghaziabad and employees of M/s SAAK Enterprises, it appears that both the directors are fully aware about the clandestine supply of Pan Masala. They in connivance with the raw material suppliers and various dealers, manufactures the Pan Masala and clandestinely supplies the said finished goods. They were thus instrumental in clandestine supply of Pan Masala in contravention of the provisions of CGST Act, 2017 and were involved in falsifying financial records with the intention to evade payment of GST & Cesses. Despite being fully aware of the law, they were instrumental in suppressing the facts from the GST department by non-declaring the true & correct value of supply made & payment of GST by M/s KPFPL, Ghaziabad in their GSTR-1 returns & GSTR-3B returns. It was only after an investigation was initiated against M/s KPFPL, Ghaziabad by the DGGI, Meerut Zonal Unit the fact about the clandestine supply of Pan Masala and falsification of financial records came to the department's notice. Thus, Shri Dinesh Kumar Teotia and Shri Devesh Kumar, Directors of M/s KPFPL, Ghaziabad appears to have a vital role in the clandestine supply of Pan Masala and was knowingly concerned with such contravention and is therefore liable for penalty under Section 122(3) and 122(1A) of the CGST Act, 2017.

And whereas, despite having the knowledge that enquiry is pending against them and their presence are necessary and relevant for the enquiry being conducted they intentionally didn't join the proceedings on being summoned multiple times.



Total Transaction Value (₹)	NIL	5,19,714	1,07,17,839	25,19,332	NIL	2,48,82,177
CGST @14% (₹)	NIL	72,760	15,00,497	3,52,706	NIL	34,83,505
SGST @14% (₹)	NIL	72,760	15,00,497	3,52,706	NIL	34,83,505
CESS @160% (₹)	NIL	8,31,543	1,71,48,543	40,30,931	NIL	3,98,11,483
Total GST + Cess (₹)	NIL	9,77,063	2,01,49,537	47,36,343	NIL	4,67,78,492
Total Tax {Excise duty + NCCD + GST + Cess} (₹)	NIL	11,18,803	2,42,80,090	57,35,226	NIL	5,64,00,160

40.6 The total duties evaded by M/s KPFPL, Ghaziabad, M/s KYTWPL, Ghaziabad and M/s KPKPL, Ghaziabad on clandestine supply of Pan Masala, Chewing Tobacco and Khaini is summarized as under:

M/s KPFPL, Ghaziabad		
Quantification on the basis of Loose Sheets as quantified in Annexure-A1 to A7 (Period November 2019 to July 2021)	IGST (₹)	1,91,73,77,322
	CESS (₹)	4,10,86,65,690
	Total	602,60,43,012
Quantification on the basis of unaccounted printed laminates procured from M/s MSPL, Delhi (Period December-2020 to June-2021)	CGST (₹)	3,97,96,866
	SGST (₹)	3,97,96,866
	CESS (₹)	17,05,57,997
	Total	25,01,51,729
Grand Total	IGST (₹)	191,73,77,322
	CGST (₹)	3,97,96,866
	SGST (₹)	3,97,96,866
	CESS (₹)	427,92,23,687
	Total	627,61,94,741
M/s KYTWPL, Ghaziabad		
Quantification on the basis of Loose Sheets as quantified in Annexure-A1 to A6 (Period November 2019 to July 2021)	Excise (₹)	88,21,978
	NCCD (₹)	40,39,18,862
	IGST (₹)	31,57,19,017
	CESS (₹)	180,41,08,671
	Total	253,25,68,528
Quantification on the basis of unaccounted printed laminates procured from M/s MSPL, Delhi (Period December-2020 to June-2021)	Excise (₹)	2,92,017
	NCCD (₹)	1,46,00,826
	CGST (₹)	54,09,469
	SGST (₹)	54,09,469
	CESS (₹)	6,18,22,499
	Total	8,75,34,280
Grand Total	Excise (₹)	91,13,995
	NCCD (₹)	41,85,19,688
	IGST (₹)	31,57,19,017
	CGST (₹)	54,09,469
	SGST (₹)	54,09,469



Kamla Pasand MRP ₹8/-	2,62,400
Rajshree MRP ₹4/-	13,77,30,000
Rajshree MRP ₹8/-	3,34,74,000
Rajshree MRP ₹18/-	4,86,03,500
TOTAL	168,63,82,700

Particulars	Total No. of Pouches supplied by M/s KYTWPL, Ghaziabad during the period December, 2020 to July, 2021
Double Black MRP ₹1/-	146,63,12,800
Green Label MRP ₹1/-	2,62,400
Black Label MRP ₹1/-	13,77,30,000
Black Label-2 MRP ₹1.5/-	3,34,74,000
Black Label-18 MRP ₹2/-	4,86,03,500
Total	168,63,82,700

40.4 Thus, it is seen that out of 90,08,46,172 pouches of Pan Masala of different brand and MRPs supplied clandestinely by M/s KPFPL, Ghaziabad which were manufactured out of unaccounted printed laminate, 75,59,91,275 pouches were sold through Shri Ajit Kumar Gupta, C & F Agent during the period December 2020 to July 2021, the details of which are as per **Loose Sheets & Annexure-A, A1 to A7**. Similarly, out of 79,71,32,199 pouches of Chewing Tobacco of different brand and MRPs supplied clandestinely by M/s KYTWPL, Ghaziabad which were manufactured out of unaccounted printed laminate, 67,02,48,697 pouches were sold through sold through Shri Ajit Kumar Gupta, C & F Agent during the December 2020 to July 2021, the details of which are as per **Loose Sheets & Annexure-A, A1 to A6**.

40.5 Whereas, in view of the above findings, the duty quantification on the number of Pan Masala & Chewing Tobacco pouches of various brands cleared clandestinely during the period December, 2020 to July, 2021 as detailed in para 20 and manufactured out of unaccounted printed laminates. Further, the number of Pan Masala & Chewing Tobacco pouches cleared clandestinely during the period December, 2020 to July, 2021 through Shri Ajit Kumar Gupta have been adjusted and the duty on the basis of unaccounted printed laminates is quantified as under:

Description	Kamla Pasand ₹4/-	Kamla Pasand ₹8/-	Rajshree ₹4/-	Rajshree ₹8/-	Rajshree ₹18/-	Rajshree Gold ₹4/-
Total No. of unaccounted Pan Masala Pouches as per Annexure-'E'	56,70,58,667	23,63,110	18,45,80,184	4,50,87,127	1,74,66,208	8,42,90,875
Less pouches cleared clandestinely	1,46,63,12,800	2,62,400	13,77,30,000	3,34,74,000	4,86,03,500	NIL



- vi. Section 45 of the CGST Act, 2017, in as much as they failed to report the true and correct value of outward supply and paid tax in the annual return;
- vii. Section 59 of the CGST Act, 2017, in as much as they failed to self-assess the correct amount of taxes payable under this Act and furnish returns for each tax period as specified under Section 39 of CGST Act, 2017;
- viii. Section 8 of the Goods and Services Tax (Compensation to States) Act, 2017 read with Section 11 of the Goods and Services Tax (Compensation to States) Act, 2017, in as much as they failed to discharge Compensation Cess on Pan Masala/Tobacco correctly and properly on taxable goods supplied clandestinely;

QUANTIFICATION OF DUTY EVASION BY M/s KPFPL, GHAZIABAD, M/s KYTWPL, GHAZIABAD AND M/s KPKPL, GHAZIABAD:

40. Whereas, in view of the foregoing paras, it is seen that clinching evidences regarding the clandestine procurement of printed laminates and clandestine supply of Pan Masala, Chewing Tobacco and Safal Khaini were unearthed against M/s KPFPL, Ghaziabad, M/s KYTWPL, Ghaziabad and M/s KPKPL, Ghaziabad.

40.1 And whereas, the evidences of clandestine supply of Pan Masala, Chewing Tobacco & Safal Khaini were recovered from the residential premise of Shri Ajit Kumar Gupta C & F Agent of M/s KPFPL, Ghaziabad, Ghaziabad, M/s KYTWPL, Ghaziabad and M/s KPKPL, Ghaziabad in the form of loose sheets for the period November, 2019 to July 2021. The details of duty quantification on the basis of loose sheets recovered from the residential premise of Shri Ajit Kumar Gupta C & F Agent are as under:

M/s KPFPL, Ghaziabad		
Quantification on the basis of Loose Sheets as quantified in Annexure-A1 to A7 (Period November 2019 to July 2021)	IGST (₹)	191,73,77,322
	CESS (₹)	410,86,65,690
	Total	602,60,43,012
M/s KYTWPL, Ghaziabad		
Quantification on the basis of Loose Sheets as quantified in Annexure-A1 to A6 (Period November 2019 to July 2021)	Excise (₹)	88,21,978
	NCCD (₹)	40,39,18,862
	IGST (₹)	31,57,19,017
	CESS (₹)	180,41,08,671
	Total	253,25,68,527
M/s KPKPL, Ghaziabad		
Quantification on the basis of Loose Sheets as quantified in Annexure-A8 (Period November 2019 to July 2021)	Excise (₹)	7,65,480
	NCCD (₹)	3,57,32,606
	IGST (₹)	3,02,58,269
	CESS (₹)	17,29,04,392
	Total	23,96,60,746



as they apply in relation to the levy and collection of integrated tax on such inter-State supplies under the said Act or the rules made thereunder,

Provided that the input tax credit in respect of cess on supply of goods and services leviable under section 8, shall be utilised only towards payment of said cess on supply of goods and services leviable under the said section.

38.4 The Notification No. 02/2022-CT dated 11.03.2022, the Central Government, makes the following amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue) No. 02/2017-Central Tax, dated the 19.06.2017,

In the said notification, –

(i) after paragraph 3, the following paragraph shall be inserted, namely: -

“3A. Notwithstanding anything contained in paragraph 3, the Additional Commissioners or the Joint Commissioners of Central Tax, as the case may be, subordinate to the Principal Commissioners of Central Tax or the Commissioners of Central Tax, as specified in column (2) of Table V, are hereby vested with the powers as specified in the corresponding entry in Column (3) of the said Table.”;

(ii) after Table IV, the following Table shall be inserted, namely: -

“TABLE V

Powers of Additional Commissioner or Joint Commissioner of Central Tax for passing an order or decision in respect of notices issued by the officers of Directorate General of Goods and Services Tax Intelligence

Sl. No.	Principal Commissioner or Commissioner of Central Tax	Powers (Exercisable throughout the territory of India)
(1)	(2)	(3)
1.	Principal Commissioner Ahmedabad South	Passing an order or decision in respect of notices issued by the officers of Directorate General of Goods and Services Tax Intelligence under sections 67, 73, 74, 76, 122, 125, 127, 129 and 130 of Central Goods and Services Tax Act, 2017”.
2.	Principal Commissioner Bhopal	
3.	Principal Commissioner Chandigarh	
4.	Commissioner Chennai South	
5.	Principal Commissioner Delhi North	
6.	Principal Commissioner Guwahati	
7.	Commissioner Rangareddy	
8.	Principal Commissioner Kolkata North	
9.	Principal Commissioner Lucknow	
10.	Commissioner Thane	

Further, in terms of Circular No.169/01/2022-GST dated 12.03.2022, the Additional/Joint Commissioners of Central Tax Commissionerate Lucknow have been



- (ix) payment of tax;
- (x) tax deduction at source;
- (xi) collection of tax at source;
- (xii) assessment;
- (xiii) refunds;
- (xiv) audit;
- (xv) inspection, search, seizure and arrest;
- (xvi) demands and recovery;
- (xvii) liability to pay in certain cases;
- (xviii) advance ruling;
- (xix) appeals and revision;
- (xx) presumption as to documents;
- (xxi) offences and penalties;
- (xxii) job work;
- (xxiii) electronic commerce;
- (xxiv) transitional provisions; and
- (xxv) miscellaneous provisions including the provisions relating to the imposition of interest and penalty,

shall, *mutatis mutandis*, apply, so far as may be, in relation to integrated tax as they apply in relation to central tax as if they are enacted under this Act:

38.3 The following provision of the provision of the GST (Compensation to States) Act, 2017 and the rules made thereunder are relevant to the present investigation.

A. Section 8— Levy and Collection of cesses—

(1) There shall be levied a cess on such intra-State supplies of goods or services or both, as provided for in section 9 of the Central Goods and Services Tax Act, and such inter-State supplies of goods or services or both as provided for in section 5 of the Integrated Goods and Services Tax Act, and collected in such manner as may be prescribed, on the recommendations of the Council, for the purposes of providing compensation to the States for loss of revenue arising on account of implementation of the goods and services tax with effect from the date from which the provisions of the Central Goods and Services Tax Act is brought into force, for a period of five years or for such period as may be prescribed on the recommendations of the Council,

Provided that no such cess shall be leviable on supplies made by a taxable person who has decided to opt for composition levy under section 10 of the Central Goods and Services Tax Act.

(2) The cess shall be levied on such supplies of goods and services as are specified in column (2) of the Schedule, on the basis of value, quantity or on such basis at such rate not



S. Section 137 – Offences by companies –

(1) Where an offence committed by a person under this Act is a company, every person who, at the time the offence was committed was in charge of, and was responsible to, the company for the conduct of business of the company, as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly.

(2) Notwithstanding anything contained in sub-section (1), where an offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to any negligence on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

(3) Where an offence under this Act has been committed by a taxable person being a partnership firm or a Limited Liability Partnership or a Hindu Undivided Family or a trust, the partner or karta or managing trustee shall be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly and the provisions of sub-section (2) shall, mutatis mutandis, apply to such persons.

(4) Nothing contained in this section shall render any such person liable to any punishment provided in this Act, if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.

Explanation – For the purposes of this section, –

- i. "company" means a body corporate and includes a firm or other association of individuals; and
- ii. "director", in relation to a firm, means a partner in the firm.

38.2 The following provision of the IGST Act, 2017 and the rules made thereunder are relevant to the present investigation.

A. Section 5 – Levy and Collection –

(1) Subject to the provisions of sub-section (2), there shall be levied a tax called the integrated goods and services tax on all inter-State supplies of goods or services or both, except on the supply of alcoholic liquor for human consumption, on the value determined under section 15 of the Central Goods and Services Tax Act and at such rates, not exceeding forty per cent., as may be notified by the Government on the recommendations of the Council and collected in such manner as may be prescribed and shall be paid by the taxable person,

Provided that the integrated tax on goods imported into India shall be levied and collected in accordance with the provisions of section 3 of the Customs Tariff Act, 1975 on the value as determined under the said Act at the point when duties of customs are levied on the said goods under section 12 of the Customs Act, 1962.



arrear of State tax or Union territory tax and credit the amount so recovered to the account of the Government.

(4) Where the amount recovered under sub-section (3) is less than the amount due to the Central Government and State Government, the amount to be credited to the account of the respective Governments shall be in proportion to the amount due to each such Government.

Explanation—For the purposes of this section, the word person shall include “distinct persons” as referred to in sub-section (4) or, as the case may be, sub-section (5) of section 25.

Q. Section 89 – Liability of directors of private company—

(1) Notwithstanding anything contained in the Companies Act, 2013, where any tax, interest or penalty due from a private company in respect of any supply of goods or services or both for any period cannot be recovered, then, every person who was a director of the private company during such period shall, jointly and severally, be liable for the payment of such tax, interest or penalty unless he proves that the non-recovery cannot be attributed to any gross neglect, misfeasance or breach of duty on his part in relation to the affairs of the company.

(2) Where a private company is converted into a public company and the tax, interest or penalty in respect of any supply of goods or services or both for any period during which such company was a private company cannot be recovered before such conversion, then, nothing contained in sub-section (1) shall apply to any person who was a director of such private company in relation to any tax, interest or penalty in respect of such supply of goods or services or both of such private company.

Provided that nothing contained in this sub-section shall apply to any personal penalty imposed on such director.

R. Section 122 – Penalty for certain offences –

(1) Where a taxable person who –

- i. supplies any goods or services or both without issue of any invoice or issues an incorrect or false invoice with regard to any such supply;
- ii. to ix.
- x. falsifies or substitutes financial records or produces fake accounts or documents or furnishes any false information or return with an intention to evade payment of tax due under this Act;
- xi. to xiii.
- xiv. transports any taxable goods without the cover of documents as may be specified in this behalf;
- xv. suppresses his turnover leading to evasion of tax under this Act;



P. Section 79 – Recovery of Tax –

(1) Where any amount payable by a person to the Government under any of the provisions of this Act or the rules made thereunder is not paid, the proper officer shall proceed to recover the amount by one or more of the following modes, namely: –

- (a) the proper officer may deduct or may require any other specified officer to deduct the amount so payable from any money owing to such person which may be under the control of the proper officer or such other specified officer;*
- (b) the proper officer may recover or may require any other specified officer to recover the amount so payable by detaining and selling any goods belonging to such person which are under the control of the proper officer or such other specified officer;*
- (c) (i) the proper officer may, by a notice in writing, require any other person from whom money is due or may become due to such person or who holds or may subsequently hold money for or on account of such person, to pay to the Government either forthwith upon the money becoming due or being held, or within the time specified in the notice not being before the money becomes due or is held, so much of the money as is sufficient to pay the amount due from such person or the whole of the money when it is equal to or less than that amount;*
(ii) every person to whom the notice is issued under sub-clause (i) shall be bound to comply with such notice, and in particular, where any such notice is issued to a post office, banking company or an insurer, it shall not be necessary to produce any pass book, deposit receipt, policy or any other document for the purpose of any entry, endorsement or the like being made before payment is made, notwithstanding any rule, practice or requirement to the contrary;
(iii) in case the person to whom a notice under sub-clause (i) has been issued, fails to make the payment in pursuance thereof to the Government, he shall be deemed to be a defaulter in respect of the amount specified in the notice and all the consequences of this Act or the rules made thereunder shall follow;
(iv) the officer issuing a notice under sub-clause (i) may, at any time, amend or revoke such notice or extend the time for making any payment in pursuance of the notice;
(v) any person making any payment in compliance with a notice issued under sub-clause (i) shall be deemed to have made the payment under the authority of the person in default and such payment being credited to the Government shall be deemed to constitute a good and sufficient discharge of the liability of such person to the person in default to the extent of the amount specified in the receipt;
(vi) any person discharging any liability to the person in default after service on him of the notice issued under sub-clause (i) shall be personally liable to the Government to the



(1) Every person who is liable to pay tax in accordance with the provisions of this Act or the rules made thereunder, but fails to pay the tax or any part thereof to the Government within the period prescribed, shall for the period for which the tax or any part thereof remains unpaid, pay, on his own, interest at such rate, not exceeding eighteen per cent., as may be notified by the Government on the recommendations of the Council:

Provided that the interest on tax payable in respect of supplies made during a tax period and declared in the return for the said period furnished after the due date in accordance with the provisions of section 39, except where such return is furnished after commencement of any proceedings under section 73 or section 74 in respect of the said period, shall be payable on that portion of the tax which is paid by debiting the electronic cash ledger.

(2) & (3)

N. Section 59 – Self-assessment –

Every registered person shall self-assess the taxes payable under this Act and furnish a return for each tax period as specified under section 39.

O. Section 74 – Determination of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised by reason of fraud or any willful misstatement or suppression of facts –

(1) Where it appears to the proper officer that any tax has not been paid or short paid or erroneously refunded or where input tax credit has been wrongly availed or utilised by reason of fraud, or any wilful-misstatement or suppression of facts to evade tax, he shall serve notice on the person chargeable with tax which has not been so paid or which has been so short paid or to whom the refund has erroneously been made, or who has wrongly availed or utilised input tax credit, requiring him to show cause as to why he should not pay the amount specified in the notice along with interest payable thereon under section 50 and a penalty equivalent to the tax specified in the notice.

(2) The proper officer shall issue the notice under sub-section (1) at least six months prior to the time limit specified in sub-section (10) for issuance of order.

(3) Where a notice has been issued for any period under sub-section (1), the proper officer may serve a statement, containing the details of tax not paid or short paid or erroneously refunded or input tax credit wrongly availed or utilised for such periods other than those covered under sub-section (1), on the person chargeable with tax.

(4) The service of statement under sub-section (3) shall be deemed to be service of notice under sub-section (1) of section 73, subject to the condition that the grounds relied upon in the said statement, except the ground of fraud, or any wilful-misstatement or suppression of facts to evade tax, for periods other than those covered under sub-section (1) are the same as are mentioned in the earlier notice.



the financial year with the audited annual financial statement, and such other particulars as may be prescribed.

L. Section 49 – Payment of Tax, Interest, Penalty and other amounts –

(1) Every deposit made towards tax, interest, penalty, fee or any other amount by a person by internet banking or by using credit or debit cards or National Electronic Fund Transfer or Real Time Gross Settlement or by such other mode and subject to such conditions and restrictions as may be prescribed, shall be credited to the electronic cash ledger of such person to be maintained in such manner as may be prescribed.

(2) The input tax credit as self-assessed in the return of a registered person shall be credited to his electronic credit ledger, in accordance with section 41, to be maintained in such manner as may be prescribed.

(3) The amount available in the electronic cash ledger may be used for making any payment towards tax, interest, penalty, fees or any other amount payable under the provisions of this Act or the rules made thereunder in such manner and subject to such conditions and within such time as may be prescribed.

(4) The amount available in the electronic credit ledger may be used for making any payment towards output tax under this Act or under the Integrated Goods and Services Tax Act in such manner and subject to such conditions and within such time as may be prescribed.

(5) The amount of input tax credit available in the electronic credit ledger of the registered person on account of –

(a) integrated tax shall first be utilised towards payment of integrated tax and the amount remaining, if any, may be utilised towards the payment of central tax and State tax, or as the case may be, Union territory tax, in that order;

(b) the central tax shall first be utilised towards payment of central tax and the amount remaining, if any, may be utilised towards the payment of integrated tax;

(c) the State tax shall first be utilised towards payment of State tax and the amount remaining, if any, may be utilised towards payment of integrated tax;

[Provided that the input tax credit on account of State tax shall be utilised towards payment of integrated tax only where the balance of the input tax credit on account of central tax is not available for payment of integrated tax;]

(d) the Union territory tax shall first be utilised towards payment of Union territory tax and the amount remaining, if any, may be utilised towards payment of integrated tax;

[Provided that the input tax credit on account of Union territory tax shall be utilised towards payment of integrated tax only where the balance of the input tax credit on account of central tax is not available for payment of integrated tax;]



issue a tax invoice showing the description, quantity and value of goods, the tax charged thereon and such other particulars as may be prescribed,

Provided that the Government may, on the recommendations of the Council, by notification, specify the categories of goods or supplies in respect of which a tax invoice shall be issued, within such time and in such manner as may be prescribed.

(2) to (7)

H. Section 35 – Accounts and other records –

(1) Every registered person shall keep and maintain, at his principal place of business, as mentioned in the certificate of registration, a true and correct account of – (a) production or manufacture of goods; (b) inward and outward supply of goods or services or both; (c) stock of goods; (d) input tax credit availed; (e) output tax payable and paid; and (f) such other particulars as may be prescribed:

Provided that where more than one place of business is specified in the certificate of registration, the accounts relating to each place of business shall be kept at such places of business:

Provided further that the registered person may keep and maintain such accounts and other particulars in electronic form in such manner as may be prescribed.

(2) Every owner or operator of warehouse or godown or any other place used for storage of goods and every transporter, irrespective of whether he is a registered person or not, shall maintain records of the consigner, consignee and other relevant details of the goods in such manner as may be prescribed.

(3) The Commissioner may notify a class of taxable persons to maintain additional accounts or documents for such purpose as may be specified therein.

(4) Where the Commissioner considers that any class of taxable person is not in a position to keep and maintain accounts in accordance with the provisions of this section, he may, for reasons to be recorded in writing, permit such class of taxable persons to maintain accounts in such manner as may be prescribed.

(5) [*****].

(6) Subject to the provisions of clause (h) of sub-section (5) of section 17, where the registered person fails to account for the goods or services or both in accordance with the provisions of sub-section (1), the proper officer shall determine the amount of tax payable on the goods or services or both that are not accounted for, as if such goods or services or both had been supplied by such person and the provisions of section 73 or section 74, as the case may be, shall, mutatis mutandis, apply for determination of such tax.

I. Section 37 – Furnishing details of outward supplies –



(1A) where certain activities or transactions constitute a supply in accordance with the provisions of sub-section (1), they shall be treated either as supply of goods or supply of services as referred to in Schedule II.

(2) Notwithstanding anything contained in sub-section (1), –

(a) activities or transactions specified in Schedule III; or

(b) such activities or transactions undertaken by the Central Government, a State Government, or any local authority in which they are engaged as public authorities, as may be notified by the Government on the recommendations of the Council,

shall be treated neither as a supply of goods nor a supply of services.

(3) Subject to the provisions of sub-sections (1), (1A) and (2), the Government may, on the recommendations of the Council, specify, by notification, the transactions that are to be treated as –

(a) a supply of goods and not as a supply of services; or

(b) a supply of services and not as a supply of goods.

D. Section 9 – Levy and collection –

(1) Subject to the provisions of sub-section (2), there shall be levied a tax called the central goods and services tax on all intra-State supplies of goods or services or both, except on the supply of alcoholic liquor for human consumption, on the value determined under section 15 and at such rates, not exceeding twenty per cent., as may be notified by the Government on the recommendations of the Council and collected in such manner as may be prescribed and shall be paid by the taxable person.

(2) to (5)

E. Section 12 – Time of Supply of Goods –

(1) The liability to pay tax on goods shall arise at the time of supply, as determined in accordance with the provisions of this section.

(2) The time of supply of goods shall be the earlier of the following dates, namely –

(a) the date of issue of invoice by the supplier or the last date on which he is required, under section 31, to issue the invoice with respect to the supply; or

(b) the date on which the supplier receives the payment with respect to the supply:

Provided that where the supplier of taxable goods receives an amount up to one thousand rupees in excess of the amount indicated in the tax invoice, the time of supply to the extent of such excess amount shall, at the option of the said supplier, be the date of issue of invoice in respect of such excess amount.



proceedings. Accordingly, a complaint under section 172, 174, 175 of IPC for non-appearance of the summons issued under section 70 of the Central Goods and Services Tax Act, 2017 was filed against Shri Shiv Kumar Dubey, Partner of M/s Shyam Transport Company on 19.07.2023.

STATUTORY PROVISIONS RELEVANT TO THE PRESENT INVESTIGATION

38. Whereas, the provisions of the CGST Act, 2017 and the SGST Act, 2017 are the same except for certain specific provisions. Therefore, unless a mention is specifically made to any dissimilar provisions, a reference to the CGST Act, 2017 would also mean a reference to the same provision under the SGST Act, 2017. Moreover, Section 20 of the IGST Act, 2017 had made the provisions of the CGST Act, 2017 in relation to supply, registration, tax invoices, accounts, returns, demand & recovery etc. applicable to integrated tax as they apply in relation to Central Tax as if they are enacted under the IGST Act.

38.1 The following provisions of the CGST, Act 2017 and the rules made thereunder are relevant to the present investigation.

A. Section 2 of the Act *ibid*, defines 'assessment', 'input tax', 'input tax credit', 'inward supply', 'outward supply', and 'supplier' as under:

- Section 2 (11) defines "assessment" means determination of tax liability under this Act and includes self-assessment, re-assessment, provisional assessment, summary assessment and best judgment assessment;
but does not include the tax paid under the composition levy;
- Section 2(83) defines "outward supply" in relation to a taxable person, means supply of goods or services or both, whether by sale, transfer, barter, exchange, license, rental, lease or disposal or any other mode, made or agreed to be made by such person in course of furtherance of business;
- Section 2(105) defines "Supplier" in relation to any goods or services or both shall mean the persons supplying the said goods or services or both and shall include an agent acting as such on behalf of such supplier in relation to the goods or services or both supplied;
- Section 2(117) defines "valid return" means a return furnished under sub-section (1) of section 39 on which self-assessed tax has been paid in full.

B. Section 6 – Authorisation of officers of State tax or Union territory tax as proper officer in certain circumstances

(1) Without prejudice to the provisions of this Act, the officers appointed under the State Goods and Services Tax Act or the Union Territory Goods and Services Tax Act are



all were in working condition for manufacturing of Pan Masala of Kamla Pasand and Rajshree brands of various MRPs. Similarly, during inspection conducted on 23.05.2023 at the premise of M/s KYTWPL, Ghaziabad, 11 Horizontal Rotary pouch packing machines were found installed and all were in working condition for packaging of Chewing Tobacco of Black Label, Double Black, Green Label and Silver Class etc. brands of various MRPs.

36.1 And whereas, taking Kamla Pasand, Rajshree Pan Masala of MRP ₹4/- per pouch manufacturing capacity per machine per minute as 700 pouches, capacity of production by M/s KPFPL, Ghaziabad per month is worked out as under:

$$15 \times 700 \times 60 \times 16 \times 26 = 26,20,80,000 \text{ pouches of Pan Masala}$$

Where,

15 = Number of pouch packing machines in working condition.

700 = Number of pouches packed per minute per machine.

60 = Number of minutes in an hour.

16 = Two shift of 08 hours in a day.

26 = Number of days in a month.

36.2 Similarly, by taking Black Label, Double Black Chewing Tobacco of MRP ₹1/- per pouch manufacturing capacity per machine per minute as 840 pouches, capacity of production by M/s KYTWPL, Ghaziabad per month is worked out as under:

$$11 \times 840 \times 60 \times 16 \times 26 = 23,06,30,400 \text{ pouches of Chewing Tobacco}$$

Where,

11 = Number of pouch packing machines in working condition.

840 = Number of pouches packed per minute per machine.

60 = Number of minutes in an hour.

16 = Two shift of 08 hours in a day.

26 = Number of days in a month.

36.3 And whereas, the accounted production of M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad during December 2020, January 2021, February 2021, March 2021, April 2021 and May 2021 is as under:

M/s KPFPL, Ghaziabad		
Month	Total No. of Pouches manufactured	Average Pouches manufactured per month
December, 2020	12,28,11,875	12,79,40,845
January, 2021	12,10,43,140	



Goods Carrier, various goods such as fragrance supplied by M/s Sudama Fragrances, namely Compound AA – Code 'R729' & Compound B – Code '000' intended for supply to M/s KP group, Ghaziabad have been found lying without any valid documents and hence seized and SCN for confiscation of the said goods was also issued.

34.3 And whereas, during the search at the premises of transporter M/s Shri Nagarji Goods Carrier records at sl.no. A-1 and A-2 was resumed which on scrutiny revealed supply of various goods such as white powder, chuna, perfume compound, KP Kattha, RS Kattha, to M/s KP group, Ghaziabad.

34.4 And whereas, Shri Yash Dubey, partner of M/s GBN International admitted that the perfumery compound used in the production of Pan Masala/Chewing Tobacco by KP Group at Ghaziabad was supplied by M/s Sudama Fragrance through him and transporter engaged was M/s Shri Nagarji Goods Carrier. Further, it was also admitted that during the search substantial quantity of raw material seized at the godown of M/s Shri Nagarji Goods Carrier and found short at the premise of M/s GBN International, was intended for supply without any tax invoice i.e., clandestine supply to the factories of KP Group located at Ghaziabad.

34.5 And whereas, from the above discussion, it appears that factories of KP Group located at Ghaziabad clandestinely procured raw material from various suppliers and the same was used for clandestine production and clearances.

INVESTIGATION CONDUCTED AT THE END OF M/s KPFPL, GHAZIABAD, M/s KYTWPL, GHAZIABAD AND M/s KPKPL, GHAZIABAD

35. Whereas, the registered principal place of business of M/s KPFPL, Ghaziabad located at B-11, Bulandshahar Road Industrial Area, Ghaziabad, 201009 and M/s KYTWPL, Ghaziabad located at C-94/1, Bulandshahar Road Industrial Area, Ghaziabad, 201009 were searched on 04.10.2021 under Authorization for Search. During the search of the factory premises of M/s KPFPL, Ghaziabad 15 rotary pouch packing machines were found installed and all were in working condition. Further it was found that M/s KPFPL, Ghaziabad was manufacturing Kamla Pasand Pan Masala pouches of MRP ₹4/- & ₹8/-, Rajshree Pan Masala pouches of MRP ₹4/-, ₹8/- & ₹18/- and Rajshree Gold Pan Masala pouches of MRP ₹4/- During the visit dated 23.05.2023 at the premises of M/s KYTWPL, Ghaziabad, 11 rotary pouch packing machines were found installed and all were in working condition. Further it was found that M/s KYTWPL, Ghaziabad was manufacturing Black Label MRP ₹1/-, Black Label-2 MRP ₹1.5/-, Black Label-18 MRP ₹2/-, Double Black MRP ₹1/-, Green Label MRP ₹1/- and Silver Class MRP ₹1/- chewing tobacco pouches.

35.1 And whereas, the registered principal place of business of M/s KPKPL, Ghaziabad located at C-117, Bulandshahar Road Industrial Area, Ghaziabad, 201009 was searched



- Shri Mukesh Chaurasia S/o Late Rama Shankar Prasad Chaurasia Proprietor of M/s Shree Kisna Enterprises, MS Road, Fancy Bazar, Guwahati, Kamrup Metropolitan, Assam – 781001 **(RUD-58)**;
- Shri Anil Pandey S/o Late Ganga Dutt Pandey, Partner of M/s Surya Vinayak Marketing, 51A, 1st Floor, 167, Netaji Subhash Road, Kolkata – 700007 **(RUD-59)**;
- Shri Prakash Narayan Das Wadhyani S/o Shri Narayan Das Parasram Wadhyani, Authorized Signatory of M/s Sai Baba Sales, Shop No. 22, Ashthlaxmi Complex, Idgah Road, Dariyapur, Ahmedabad, 380016 **(RUD-60)**;
- Shri Deepak Bothra S/o Shri Trilok Chandra Bothra, Proprietor of M/s Salasar Enterprises, 206, Shanti Complex, Baraji ki Gali, Gangori, Bazar, Jaipur, 302002 **(RUD-61)**;
- Shri Praveen Kumar Balu Lal Shah S/o Shri Balu Lal Ganesh Lal Shah, Authorized Signatory of M/s Bhikshu Enterprises, Plot No. 31/32, GF, Gali No. 1, Subhash Nagar Road, Subhash Nagar, Limbayat, Surat-394210 **(RUD-62)**;
- Shri Arjun Sah S/o Late Mewa Lal Sah, Proprietor of M/s Harsh Zarda Bhandar, Jawharlal Road, Kalyani Chowk, Pan Mandi, Muzaffarpur, Bihar-842001 **(RUD-63)**;
- Shri Niranjan Prasad S/o Shri Sudarshan Prasad, Proprietor of M/s Niranjan Prasad, Shivbari Road, Tinsukia, Assam-786125 **(RUD-64)**;
- Shri Vijay Kumar Mohanani S/o Late Dayal Das, Proprietor of M/s Shivam Trading Company, Hanumesh Complex, Shop No. 3, 1st Floor, Gundopant Street, Bangalore-560002 **(RUD-65)**;
- Shri Vishwakarma Prasad S/o Late Surya Nath Prasad, Proprietor of M/s Vaibhav Zarda Store, 11, Jila Parishad Bazar, Gopal Ganj, Bihar, 841428 **(RUD-66)**;
- Shri Raju Prasad Gupta S/o Late Jagnaryan Gupta, Proprietor of M/s Ashoka Store, Cole Road, Dibrugarh, Assam-786001 **(RUD-67)**.

33.2 And whereas, all the aforesaid dealers in their respective statements stated that their firms were engaged in trading of Rajshree & Kamla Pasand Pan Masala & Chewing Tobacco manufactured by M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad respectively; that they telephonically gave orders to Shri Ajit Kumar Gupta, or Shri Sandeep Gupta, or Shri Dinesh Tewatia, or Shri Vikas Jain for purchasing of Rajshree & Kamla Pasand Pan Masala & Chewing Tobacco; in their respective statements they all admitted that they were purchasing unaccounted Pan Masala & Chewing Tobacco manufactured by M/s KPFPL, Ghaziabad and M/s KYTWPL, Ghaziabad through Shri Ajit Kumar Gupta or Shri Sandeep Gupta

