

## All these leads are being pursued and investigation is in progress

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Chennai and Bengaluru,

On 16.10.2019, the Income Tax Department conducted search action under the Income-tax Act, 1961 in the case of a conglomerate of trusts and companies that run year-round “wellness courses” and training programmes in philosophy, spirituality, etc at various sprawling residential campuses in Varadaiahpalem in Andhra Pradesh (AP), and also in Chennai and Bengaluru.

The group which was founded by a spiritual guru in the 1980s with “oneness” philosophy has also diversified into several sectors including real estate, construction, sports, etc in India and abroad. The group is presently managed and controlled by the spiritual leader who laid the foundation of the group, and his son. The courses attract residential customers from abroad and the group earns substantial receipts in foreign exchange. There was intelligence that the group has been suppressing its receipts which are ploughed into investment in huge tracts of landed property in AP and Tamil Nadu (TN) and also in investments abroad. The search action which is still in progress has covered about 40 premises located in Chennai, Hyderabad, Bengaluru and Varadaiahpalem.

During the search proceedings, evidence has been found that the group has been regularly suppressing its receipts at its various centres or ashrams. Evidence has been found with key employees who maintained record of cash collections that were kept outside the accounts for use in making investments elsewhere and also for paying for properties over and above documented values. It is learnt that the group also earned unaccounted income in receiving cash from property sales over and above documented values. A preliminary estimate of such unaccounted cash receipts is Rs 409 crore from FY 2014-15 onwards. Such unaccounted cash receipts are also evidenced by huge quantities of cash and other valuables found at the residences of the founder and his son, and at one of the campuses. A total sum of cash of Rs 43.9 crore has been found and seized by the Department at these premises.

Apart from the above, substantial sums of foreign currencies have also been found and seized. The total of such foreign exchange found at these premises is about \$2.5 million which amounts to approximately Rs 18 crore. Foreign exchange in other currencies has also been found and seized. Substantial quantities of

undisclosed gold in the form of jewellery, about 88 kg approximately valued at over Rs 26 crore, has also been found and seized. Undisclosed diamonds amounting to 1,271 carats valued approximately at about Rs 5 crore were also found and seized. Total value of seizure so far is approximately Rs 93 crore. The undisclosed income of the group detected so far is estimated at more than Rs 500 crore. The search proceedings are still in progress.

An important finding of the search is that the group has been investing in a number of companies in India and abroad, including in tax havens. Some of these companies based in China, USA, Singapore, UAE, etc are found to be receiving payments from foreign clients who attend the various residential "wellness" courses offered in India. The Department is investigating into diversion of income taxable in India to offshore entities by the group in this process. Further, it is found that one of the group trusts may be providing accommodation entries for other parties by receiving donations from them and then returning the money back under the garb of expenses and receiving a small percentage as fee. Instances have also been found where the group is not accounting for money received from foreign clients in cash in foreign currency and then exchanging the same in the grey market. All these leads are being pursued and investigation is in progress.

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