

## **SEBI bans 7 entities in tax evasion case**

Confirming its interim order, markets regulator SEBI has said ban will continue on seven entities in a case related to tax evasion and money laundering through misuse of stock exchange mechanism.

The seven entities — East India Securities, Value & Worth, Shree Sudharshan Castings, Madsan Agencies, Motorex Finance, Midnight Agencies and Santosh Kumar Shah — were allegedly buying shares of First Financial Services from the market at the same time when the preferential allottees were selling their shares using the stock exchange mechanism.

These entities form part of First Financial Group and had acted in concert, indulging in fraudulent trading that provided exit to the preferential allottees, creating artificial volumes in the scrip of First Financial Services.

SEBI, through an interim order on December 19, 2014 had restrained 151 entities, including these seven, from accessing the securities market till the further directions given in the matter of First Financial Services.

First Financial, its promoters and directors in nexus with the preferential allottees created a facade of preferential allotment ostensibly to raise money and thereafter the preferential allottees with the aid of the entities of the First Financial Group misused the stock exchange mechanism to exit at a high price in order to generate fictitious LTCG (Long term capital gains) benefits, the regulator said.

“I find that at this stage the noticees have failed to give any plausible reasoning/explanation for their acts and omissions as described in the interim order and have not been able to make out a prima facie case for revocation of the interim order,” SEBI Whole Time Member Rajeev Kumar Agarwal said in an interim order dated June 14.

Accordingly, SEBI has confirmed the directions issued vide ad-interim ex-parte order dated December 19, 2014 against the noticees subject to interim reliefs already granted to them.

It further said detailed investigation in the matter is still in progress.

*(The Hindu)*