

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:5183

ANSWERED ON:24.04.2015

BLACKLISTED COMPANIES

Anwar Shri Tariq

**Will the Minister of FINANCE be pleased to state:**

(a) whether Securities and Exchange Board of India (SEBI) has blacklisted companies/organisations for tax evasion/ black money; and

(b) if so, the details thereof and the action taken or being taken thereon by the Government in this regard?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANTSINHA)

(a) and (b): The Securities and Exchange Board of India (SEBI) has informed that they, while conducting preliminary inquiries, have prima-facie observed that entities/companies acting in concert with each other have misused the stock exchange system to generate fictitious Long Term Capital Gains Tax (LTCG) which is tax exempt. Prima-facie this has been done to evade tax on otherwise taxable income. The details of cases in which SEBI has carried out preliminary inquiries and has issued interim directions are as under:

Name of the case    Details of the matter

Moryo            SEBI passed an ad interim ex-parte order dated 4.12.2014 under Sections 19 read Industries with Section 11(1),11(4) and 11B of SEBI Act, 1992 against 91 entities including Limited. the company, its promoters,directors, preferential allottees and other entities restraining them, pending investigation, from buying, selling or dealing in the securities markets, either directly or indirectly, in any manner, till further directions.

First Financial    SEBI passed an ad interim ex-parte order dated 19.12.2014 under Sections 19 read with Services Section 11(1), 11(4) and 1 IB of SEBI Act, 1992 against 152 entities including the Limited. company,its promoters, directors, preferential allottees and other entities restraining them, pending investigation, from buying, selling or dealing in the securities markets,either directly or indirectly, in any manner, till further directions.

Radford Global Limited. SEBI passed an ad interim ex-parte order dated 19.12.2014 under Sections 19 read with Section 11(1), 11(4) and 1 I B of SEBI Act, 1992 against 108 entities including the company, its promoters, directors, preferential allottees and other entities restraining them, pending investigation, from buying, selling or dealing in the securities markets, either directly or indirectly, in any manner, till further directions.

Kamalakshi    SEBI passed an ad interim ex-parte order dated 20.2.2015 under Sections 19 read with Finance Section 11(1), 11(4) and 1 IB of SEBI Act, 1992 against 33 entities including the company, Corporation its promoters, directors, and other entities restraining them, pending investigation, from Limited. buying, selling or dealing in the securities markets, either directly or indirectly, in any manner, till further directions. Out of these 33 entities, 9 entities were debarred from buying, selling or dealing in the scrip of Kamalakshi Finance Corp Ltd, either directly or indirectly, in any manner, till further directions. Further, vide the same Order trading in the securities of the company was also suspended till further directions.

Mishka            SEBI passed an ad interim ex-parte order dated 17.04.2015 under Sections 19 read with Finance and Section 11(1), 11(4) and 11B of SEBI Act, 1992 against 129 entities including Trading the company, its promoters, directors, promoter related entities, preferential allottees and other entities restraining them, pending investigation, from buying, selling or dealing in the securities markets, either directly or indirectly, in any manner, till further directions. Further, vide the same Order trading in the securities of the company was also suspended till further directions.

With regard to the above companies, SEBI has also informed the concerned departments i.e. Enforcement Directorate, Financial Intelligence Unit & Income Tax Department for necessary action at their end.

SEBI has also advised the Stock Exchanges to keep constant and strict vigil on such companies which are involved in such misuse of the Stock Exchange mechanism for tax evasion and take immediate action. Accordingly, the Bombay Stock Exchange, vide notice dated 1.1.2015, has suspended the trading in 22 companies.