SECURITIES AND EXCHANGE BOARD OF INDIA

INTERIM EX PARTE ORDER

Under Sections 11(1), 11(4) and 11B (1) of the Securities and Exchange Board of India Act, 1992

In respect of:

Sr. no.	Name of the Noticee(s)	PAN
1.	**Eros International Media Ltd.**	**AAACR2148H**
2.	**Eros Worldwide FZ LLC**	**AABCE8755A**
3.	**Eros Digital Private Ltd.**	**AAACE6627Q**
4.	**Sunil Arjan Lulla**	**AAAPL4639E**
5.	**Pradeep Kumar Dwivedi**	**AAFPD6402N**

(The aforesaid entities are hereinafter individually referred to by their respective names/Noticee no. and collectively as "Noticees" unless the context specifies otherwise).

In the matter of Eros International Media Ltd.

Background:

1. In the financial results disclosed by **Eros International Media Ltd. ("Eros/EIML/the Company**") for FY 2019-20, impairment provided by the Company on "*Content Advances*" and "Film Rights"[1], which along with impairment provided for other advances and goodwill, amounted to Rs.1553.52 Cr. In the same year, Eros also wrote off trade receivables[2] amounting to Rs.519.98 Cr. Pursuant to said disclosure, National Stock Exchange of India Ltd. ("**NSE**") examined the financial statements of the Company and forwarded a preliminary examination report ("**PER**") to SEBI. It was noted in the PER that revenue from operations, trade receivables and

[1] "Content Advances" and "Film Rights" are Intangible Non-Current Assets
[2] Trade receivables are Current Assets

loans given by Eros mainly comprised of related party transactions, and the same had increased substantially in FY 2019-20. The PER observed that *prima-facie* these transactions indicated that the Company was engaging in financial mis-reporting/siphoning/diversion of funds.

2. Pursuant to receiving the PER, the Securities and Exchange Board of India (**"SEBI"**) initiated a detailed investigation into the affairs of the Company. The investigation broadly focused on identifying potential mis-statements in the books of accounts of the Company, diversion of funds and significant related party transactions, so as to ascertain if any provision of Securities and Exchange Board of India Act, 1992 ("**SEBI Act, 1992"**), Securities Contracts (Regulation) Act, 1956 ("**SCRA**"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**LODR Regulations**"), SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 ("**SEBI** (**PFUTP) Regulations**") etc., were violated by Eros. The investigation is currently in progress and a forensic auditor has also been appointed to conduct an examination into the books of accounts of the Company.

General Information about the Company:

3. Eros was incorporated on August 19, 1994, with an object to carry on the business of exhibiting, distributing and otherwise exploiting cinematograph and television films and motion pictures of all kinds, including commercial advertisement films. Eros came out with an initial public offering in 2010, where it raised close to Rs. 350 Cr, and was listed on BSE Ltd. ("**BSE**") and NSE. The Company has produced/co-produced blockbuster movies such as *Bajrangi Bhaijaan, Bajirao Mastani* and *Tanu weds Manu*.

4. As per the Annual Report for FY2019-20, the group structure of the Company was as follows:

Table 1			
S. No.	**Name of Entity**	**Relationship with Eros**	**% of shareholding (in Eros/of Eros)**
1	Eros Media World PLC, British Virgin Islands	Ultimate Holding Company	100%
2	Eros Worldwide FZ LLC, Dubai	Holding Company	39.61%
3	Eros International Films Private Ltd., India	Subsidiary	100.00%
4	Copsale Ltd. (Isle of Man), British Virgin Islands	Subsidiary	100.00%
5	Big Screen Entertainment Private Ltd., India	Subsidiary	64.00%
6	EyeQube Studios Private Ltd., India	Subsidiary	100.00%
7	EM Publishing Private Ltd., India	Subsidiary	100.00%
8	Eros Animation Private Ltd., India	Subsidiary	100.00%
9	Digicine PTE Ltd., Singapore	Subsidiary	100.00%
10	Colour Yellow Productions Private Ltd., India	Subsidiary	50.00%
11	ErosNow Private Ltd., India	Subsidiary	100.00%
12	Eros International Distribution LLP, India*	Subsidiary	99.80%
13	Reliance Eros Productions LLP, India**	Subsidiary	50.00%
* No operations since incorporation ** Struck off			

5. The shareholding pattern of Eros for FY2017-18 to FY2020-21, as noted from the website of BSE, is as follows:

Table no. 2						
Sl. No.	**Name of the Promoter & Promoter Group**	**As on March 31, 2019**	**As on March 31, 2020**	**As on March 31, 2021**	**As on March 31, 2022**	**As on March 31, 2023**
1	Eros Worldwide FZ LLC	39.66%	39.61%	39.51%	25.43%	6.81%
2	Eros Digital Private Ltd.	22.72%	22.69%	22.64%	22.63%	9.44%
3	Meena Lulla	0.01%	0.01%	0.01%	0.01%	0.01%
4	Arjan Lulla					
5	Krishika Sunil Lulla					
6	Sunil Lulla					
Total		**62.39%**	**62.31%**	**62.15%**	**48.07%**	**16.25%**

6. Eros Worldwide FZ LLC ("**EWW/*Noticee 2*"**) and Eros Digital Private Ltd. ("**EDPL/*Noticee 3*"**) are the major promoters of Eros during the relevant period, collectively holding 62.39% of its shares as on March 31, 2019, which reduced to 16.25% as on March 31, 2023. Noticee 4 (Sunil Arjan Lulla) is the

Executive Vice Chairman & Managing Director of the Company, and Noticee 5 (Pradeep Dwivedi) is the Chief Executive Officer ("**CEO**") of Eros.

7. The total assets of the Company on a consolidated basis was Rs. 4205.72 Crore in FY 2018-19, which fell sharply to Rs. 2496.67 Crore in FY 2019-20. For the same period, the Company, which had reported a consolidated profit of Rs. 266. 48 Cr in FY-19, reported a loss of Rs. 1401.21 Cr in FY-20. The key financials of Eros, on a consolidated and standalone basis, from FY-17 to FY-21 are provided in Table 3 and 4 below:

Table no. 3	(INR in Crore)				
Particulars (Annual Consolidated)	**Mar-17**	**Mar-18**	**Mar-19**	**Mar-20**	**Mar-21**
Total Revenue	1445.28	1010.01	1139.69	933.86	388.73
Profit before Tax	322.23	287.35	317.63	(1615.46)	(173.01)
Net Profit/(Loss)	243.29	231.22	266.48	(1401.21)	(180.86)
Total Assets/Liabilities	3675.82	3786.84	4205.72	2496.67	2413.90
Cash Flow From Operations	235.15	235.27	401.97	50.83	291.68

(Source: Annual Reports of Eros)

Table no. 4	**(INR in Crore)**				
Particulars (Annual Standalone)	**Mar-17**	**Mar-18**	**Mar-19**	**Mar-20**	**Mar-21**
Total Revenue	1164.66	728.57	869.80	724.47	312.64
Profit before Tax	211.00	140.43	136.77	(1377.84)	(158.47)
Net Profit/(Loss)	130.39	77.01	87.36	(1160.73)	(169.83)
Total Assets/Liabilities	2604.63	2833.81	3056.36	1534.30	1335.71
Cash Flow From Operations	230.67	258.80	428.04	126.73	209.46

(Source: Annual Reports of Eros)

Preliminary examination of the financial statements of the Company:

8. The annual report of Eros for FY 2019-20 disclosed the following in respect of "content advances" and "trade receivables":

> *"Company enters into agreements with production houses to develop future film content. Advances are given as per terms of agreements. Such content advances are monitored by the management of the Company for recoverability and appropriate write-offs are taken when film production does not seem viable and refund of advance is not probable basis management evaluation".*

"The Group had entered into an agreement with some of the customers which entitled them to exploit the film rights for the period as specified therein. The amount receivable from such customers under the said agreement has been past due over a prolonged period. Due to disruption in the film business caused by the outbreak of COVID-19, the management does not have any reasonable expectation of recovering the amount due and therefore has terminated the agreement with such customers. Consequently, the receivables of Rs. 51,998 lakhs have been written-off by the management and has disclosed the same under the exceptional item."

9. In FY 2019-20, the following impairment/provision for impairment and write-off was made by Eros in its books of accounts:-

Table no. 5		
S. No.	**Particulars**	**Amount (In Cr.)**
1	Impairment of content advance provision	1290.15
2	Impairment of film rights	208.15
3	Impairment of other advances	7.62
4	Impairment of content advance write off	30.25
5	Impairment of Goodwill	17.35
6	Write off of Trade Receivables	519.98

10. To understand the nature of the transactions that were impaired/written-off, SEBI examined the books of accounts of the Company. It was noted that the impairment of content advance amounting to Rs. 1320.40 Cr (Sl. No. 1 + 4 in Table No. 5) related to 87 entities. Entity-wise details were examined, and it was noted that Rs. 1172.41 Cr representing 88.8% of the total impairment related to 18 entities ("***Content Advances* Entities/CAE**"). Similarly, details of Trade Receivables were examined. It was noted that the write-offs pertained to another 17 entities ("**Trade receivable Entities/TRE**"). The details of impairment/write-offs in respect of the CAEs and TREs are given in the Tables below:

Table no. 6 (*Content Advances* Entities)				
S. No.	**Name of entity**	**Balance as on March 31, 2020 (Before Impairment)**	**Amount Impaired (In Cr.)**	**Closing balance as on March 31, 2020 (After Impairment)**
Impairment Provision of *Content Advances* (In Cr.)				
1	Next Gen Films Pvt Ltd	300.03	251.70	48.33
2	Globus Ent FZE	197.98	197.98	0.00

Table no. 6 (*Content Advances* Entities)				
S. No.	**Name of entity**	**Balance as on March 31, 2020 (Before Impairment)**	**Amount Impaired (In Cr.)**	**Closing balance as on March 31, 2020 (After Impairment)**
3	RV Films	241.73	163.47	78.26
4	Spicy Entertainment and Media Ltd*	108.54	92.20	16.34
5	Virgo Entertainment Pvt Ltd	205.40	88.23	117.17
6	Mediaone Global Entertainment Ltd*	63.61	63.61	0.00
7	Metronet Multimedia Pvt Ltd	58.59	58.59	0.00
8	Express Image Pvt Ltd	52.00	52.00	0.00
9	Upkar Dealtrade Pvt Ltd	36.50	33.79	2.71
10	Base Industries Group	29.63	29.63	0.00
11	Dil Multimedia Pvt Ltd	27.51	27.51	0.00
12	M M Moviez	20.30	20.30	0.00
13	Adarsh Telemedia Pvt Ltd	52.85	17.04	35.81
14	Colour yellow productions Pvt Ltd	47.82	15.42	32.40
15	Siddharth Anand Productions	14.71	14.71	0.00
16	Red Eye Kraft Pvt Ltd	8.95	8.95	0.00
17	Encash Entertainment Ltd*	21.80	7.03	14.77
Total of 17 entities		**1487.95**	**1142.16**	**345.79**
Interest on various production Accounts		101.11	80.30	20.81
Other 69 entities		109.13	52.28	56.85
Total		**1698.19**	**1274.74**	**423.45**
Adjustments by the company for consolidated Financial Statements**		-	15.41	-
Total Impairment by Eros			**1290.15**	
Impairment Write off of *Content Advances* (In Cr.)				
18	Ritestone Solutions Pvt Ltd (item 4 of Table 5)	30.25	30.25	0.00
Grand Total		**1728.44**	**1320.40**	**423.45**
**** BSE Listed Company*** ***** No break-up/details provided by the Company***				

Table no. 7 (Trade Receivable Entities) (Rs. in Crore)		
SN	**Name of Entity**	**Bad Debts Written Off (In FY 2019-20)**
1	Supernova Advertising Ltd*	45.47
2	Jiwanjyoti Sales Pvt Ltd	45.15
3	Sri Karani Exports Pvt Ltd	44.52
4	Jagnamo Multiservices Pvt Ltd	37.08
5	Adhiraj Distributors Ltd*	36.21
6	Wabash Vintrade Pvt Ltd	34.72
7	Shree Shyam Motion Pictures Pvt Ltd	33.89
8	Vibhakar Trading Pvt Ltd	30.86
9	Springboard Media Ventures Pvt Ltd	29.28
10	BCPL International Ltd#	28.67
11	Think Ink Studio Ltd@	28.21
	Oyeee Media Ltd@	3.60
12	Gora Enterprises Pvt Ltd	28.00
13	Shyen Trading LLP	28.00
14	Nysa Sales Pvt Ltd	27.86
15	BB Commercial Ltd#	19.10
16	Adarsh Global Trade & Services Pvt Ltd	15.08
17	View Finder Publicity Pvt Ltd	4.28
Total		**519.98**

**BSE SME ITP listed entity.*
#Calcutta Stock Exchange Listed entity.
@ Think Ink Studio Ltd was earlier known as Oyeee Media Ltd. The name was subsequently changed to Thinkink Picturez Ltd. It is a BSE Listed Company.

11. Subsequently, SEBI, vide letter dated February 11, 2022, advised Eros to provide *inter-alia* copies of agreements entered with aforesaid "*Content Advances* entities" and "Trade receivable entities", details of efforts made by Eros to recover the due amount from defaulting entities and details of legal action taken against aforesaid entities for recovering the money due to the Company. Eros, vide e–mail dated February 18, 2022, sought an extension of time, sighting limited availability of resources due to the Covid-19 pandemic, attrition of employees and voluminous data sought by SEBI. Acceding to the request, SEBI, vide e–mail dated February 21, 2022, advised Eros to provide the information by February 28, 2022. Subsequently, vide three e–mails dated February 24, 2022, February 25, 2022, and February 28, 2022, Eros provided

certain agreements and minutes of audit committee meetings. As the information provided by Eros was incomplete, SEBI vide e–mail dated March 02, 2022, granted Eros time till March 09, 2022, to provide the complete information sought.

12. Pursuant to the same, vide three separate e–mails, dated March 07, 2022 (two e–mails) and March 11, 2022, Eros provided certain additional information, which again was found to be incomplete. As the Company had not submitted the complete information sought by SEBI even after additional time was provided, a meeting was held with the Compliance Officer of Eros on May 09, 2022. The Compliance Officer of Eros, during the course of the said meeting, stated that there was a delay in providing the information as *he "…was not keeping well and there was no employee at senior level in finance team. [He] will provide remaining data on or before May 19, 2022"*. Subsequently, vide letter dated May 19, 2022, Eros provided certain additional information. It was, however, again noted that the information provided by Eros was incomplete as the Company only provided sample agreements covering approximately 50% of the written-off amount.

13. On examination of agreements and other information provided by the Company, it was identified that agreements with the TREs were entered in FY2016-17 and FY2017-18 and provided a period of three years for making the payments. The Company, it was however noted, had written off the entire outstanding amount in FY2019-20 itself, i.e. before the expiry of three years and also without taking any remedial measures for recovery. Further, in response to SEBI's query regarding legal action taken by the Company to recover the advances, Eros provided copies of demand letters dated August 10, 2021, sent to 10 TREs. On examining the same, it was identified that the demand letters were sent almost one year after the write-off of the trade receivables (Rs.519.98 Cr.). No other legal action was taken by the Company against these entities. In respect of the agreements entered with the CAE, it was noted the agreements related to the production of titled/untitled feature films by the CAE, which were to be financed by Eros. It was, however, noted that even though substantial amounts of money had been transferred to the CAEs by Eros, as per the terms of the respective agreements, most of the movies had not yet been made/released.

14. Given the delay in providing complete information by the Company and *prima-facie* suspicion of misutilisation, SEBI proceeded to call for the information directly from the "Trade receivable" and "Content advance entities".

Trade Receivable Entities

15. As noted earlier, the Company had entered into contracts/agreements with 17 Trade Receivable Entities. These agreements pertained to the exploitation of "theatrical rights" and "Satellite/Video on Demand Rights". Depending on the rights assigned, these agreements could be classified as "distribution agreements" and "license agreements". The rights assigned to "Distributor" and "Licensee" were defined under the respective agreements as follows:

- "Distributor" was provided three years' theatrical rights in all formats, including Digital Theatrical rights as per the provisions of the Copyright Act, 1957 in Hindi and in particular regional language, on an outright basis. Also, as per the agreements, these entities were licensed to re-release already released movies in regional language after dubbing the said films and getting censorship certificates from the "Central Board of Film Certification" ("CBFC") under the Cinematograph Act, 1952, in the licensed territory defined in each agreement.
- "Licensee" was provided five years' "satellite rights" and "Video on Demand Rights" for the Territory of India and Video Parlour Rights of the said films dubbed in regional language for the licensed territory defined in the agreement.

16. Summons dated July 19, 2022, was issued to the 17 TREs and their Directors, at the address available in MCA records, to examine whether these entities commercially exploited the rights acquired from Eros under these agreements. The following information was sought from the aforesaid entities;

- Details of districts and Talukas in which movies were released, along with the list of theatres,
- Date/s of such release along with details of net monthly collection (along with copies of bank statements clearly highlighting receipt of payment),
- Details of marketing, advertising, publicity and creative expenditure incurred for the release of movies, along with documentary evidence,

- Copies of agreement/s entered with theatre owners and booking platforms like BookMyShow, Paytm etc., for the release of movies,
- Reason for non-payment of outstanding dues to Eros which lead to termination of agreement/s by Eros, including copies of all the correspondences with Eros w.r.t. non-payment of outstanding dues.

17. Summons issued to 10 TREs returned undelivered with remarks such as "no such addressee" or "no such consignee". Further, even the TREs and the Directors to whom Summons were delivered either failed to reply to SEBI's summons or responded seeking an extension of time and did not furnish the information sought by SEBI.

18. Subsequently, as many of the Summons issued to the addresses available on the MCA Database were not delivered, reminder Summons/letters/e–mails were sent to the TREs and their present Directors on alternate addresses and e–mail ids taken from the KYC database of SEBI. Pursuant to the same, SEBI started receiving replies from some of the Directors and TREs. However, even in this instance, it was noted that the entities only provided basic information such as GST returns, income tax returns, invoices etc. ("**Basic Information**") and failed to furnish any material which would indicate that the entities had taken steps to commercially exploit the rights obtained from Eros. The details of the Summons issued and the summary of responses are detailed in the Table below:

Table 8					
Sr. No.	**Name of Entity**	**Date of Summons/Reminders**	**Delivery Status**	**Provided complete Information**	**Summary of Response**
1	Supernova Advertising Ltd.	i) July 19, 2022, ii)July 22, 2022, iii)September 06, 2022 & iv)December 22, 2022	Undelivered to Company, Delivered to only a few Directors	No	Basic information submitted
2	Jiwanjyoti Sales Pvt Ltd.	i) July 19, 2022 & ii)December 23, 2022	Undelivered to Company, Delivered to Directors	No	Basic information submitted
3	Sri Karani Exports Pvt Ltd.	i) July 19, 2022, ii)December 06, 2022 & iii)December 23, 2022	Undelivered to Company, Delivered to only a few Directors	No	Basic information submitted
4	Jagnamo Multiservices Pvt Ltd.	i) July 19, 2022, ii)December 06, 2022 & iii)December 28, 2022	Delivered to Company, Undelivered to Directors	No	Basic information submitted

Table 8					
Sr. No.	**Name of Entity**	**Date of Summons/Reminders**	**Delivery Status**	**Provided complete Information**	**Summary of Response**
5	Adhiraj Distributors Ltd.	i) July 19, 2022, & ii)December 05, 2022	Undelivered to Company, Delivered to only one Director	No	Basic information submitted
6	Wabash Vintrade Pvt Ltd.	i) July 19, 2022, & ii)December 27, 2022	Undelivered	No	No reply received
7	Shree Shyam Motion Pictures Pvt Ltd.	i) July 19, 2022, & ii)August 03, 2022	Delivered to Company, Delivered to Directors	No	Only partial Basic Information submitted
8	Vibhakar Trading Pvt Ltd.	i) July 19, 2022, ii)December 06, 2022	Delivered to Company, Delivered to Directors	No	Basic information submitted
9	Springboard Media Ventures Pvt Ltd.	i) July 19, 2022, ii)December 06, 2022	Delivered to Company, Delivered to only one Director	No	Basic information submitted
10	BCPL International Ltd.	i) July 19, 2022, ii)September 07, 2022 & iii)December 27, 2022	Undelivered to Company, Delivered to only a few Directors	No	Basic information submitted
11	Thinkink Picturez Ltd.	i) July 19, 2022, ii)August 03, 2022 & iii)December 14, 2022	Delivered to Company, Delivered to Directors	No	Basic information submitted
12	Gora Enterprises Pvt Ltd.	i) July 19, 2022, ii)December 06, 2022 & iii)December 27, 2022	Undelivered to Company, Delivered to only a few Directors	No	No reply received
13	Shyen Trading LLP	i) July 19, 2022, ii)December 12, 2022 & iii)December 14, 2022	Undelivered to Company, Delivered to only a few Directors	No	No reply received
14	Nysa Sales Pvt Ltd.	i) July 19, 2022, & ii)December 05, 2022	Undelivered to Company, Delivered to only a few Directors	No	No reply received
15	B B Commercial Ltd.	i) July 19, 2022, ii)August 03, 2022 & iii)December 06, 2022	Undelivered to Company, Delivered to only a few Directors	No	Basic information submitted
16	Adarsh Global Trades and Services Pvt Ltd.	i) July 19, 2022 & ii)December 23, 2022	Delivered to Company, Undelivered to Directors	No	Submitted a copy of Panchanama issued by DGGI[3], wherein it was stated that documents of the company were seized by GST for investigation.

[3] Directorate General of GST Intelligence

Table 8					
Sr. No.	**Name of Entity**	**Date of Summons/Reminders**	**Delivery Status**	**Provided complete Information**	**Summary of Response**
17	View Finder Publicity Pvt Ltd.	i) July 19, 2022 & ii)December 06, 2022	Delivered to Company, Delivered to Directors	No	Only partial Basic Information submitted

19. It can be noted from the above Table that out of the 17 TAEs, only 13 responded to Summons issued by SEBI. Further, even the 13 entities which responded only provided basic information and did not provide any information/documents which could substantiate that they had taken steps to exploit the commercial rights acquired from Eros.

20. Three individuals, who were Directors of these entities, appeared before SEBI on receipt of the Summons and also made e–mail submissions. The relevant portion of submissions made by these Directors are reproduced below:

I. Uplaksh S Adlakha, Director, Supernova Advertising Ltd.:

a. He was introduced to Supernova by Mr. Nitin Boricha

b. He was made the Director of the firm in early 2021 assuming that Mr. Nitin Boricha and Mr. Dipan J Patel, hold the same positions in the firm as well. He must have signed on 100 - 150 documents till date in regard to the appointment of the Director position and bank accounts integration in complete trust.

c. He has no relation with the transactions that took place in the firm with other companies such as Eros.

d. The transactions took place without his knowledge and the firm was absolutely not under his control since he was made a dummy Director.

e. He has not received any kind of remuneration from the firm till date.

II. Mr. Yogendra Garje, Director, Supernova Advertising Ltd., Springboard Media Ventures Pvt. Ltd. and Jeewan Commodities Pvt. Ltd. in his statement made submissions similar to those made by Mr. Uplaksh S. Adlakha.

III. Bhushan V. Sakpal, Director, Sri Karani Exports Private Ltd.

a. He was fraudulently and wrongfully appointed as Director

b. He does not possess any documents which are associated with the Company

c. *He is a victim of fraud and he has filed a police complaint against Mr. Dharmraj Kanojia and Mr. Bhanu Kumar Goyal, who obtained his self-attested PAN Card and Aadhar Card by promising to help him find a good job.*

21. The submissions of these three Directors indicated that they were dummy Directors and that the companies were being controlled by others (this included Mr. Nitin Boricha Kishore, whose connection with Eros is discussed in detail in subsequent paragraphs of this order).

22. It was noted during the investigation that the agreements entered by the TREs with Eros granted them the rights to re-release movies in multiple regional languages. Each movie that was released in India (even if it was re-released after dubbing) compulsorily needed to obtain a certificate from the Censor Board. It was, therefore, noted that after dubbing in regional languages, 160 movies would have required 977 separate approvals as one movie would be dubbed in multiple regional languages. However, on examination of the CBFC website, it was noted that Censor Board certification was not obtained for re-releasing any of these movies. Further, no information was furnished by any of the entities or their Directors which would indicate that the movies were actually released. This casted doubts on whether the entities had actually commercially exploited the rights obtained from Eros.

23. Considering the statements made by the Directors of the TREs, the absence of data to indicate that the TREs had taken steps to re-release the movies, coupled with the fact that many TREs were not traceable/not responding to the Summons issued by SEBI, raised questions regarding the business operations of the TREs and called into question the revenue recognized in the books of Eros on the basis of agreements entered with these entities.

24. It *prima facie* appeared that most of the TREs were paper companies with no business operations. Given the same, the financial statements filed by these companies with MCA were examined. It was noted from the financial statements that the TREs had reported significant revenues only in the financial years they had business transactions with Eros. Further, some of these entities had not filed financial statements for the last 6-7 years, and certain others had filed statements showing Nil revenue since incorporation.

The details of revenue of these entities in the period prior to/post business with Eros are given in the Table below:

Table no. 9 (Rs. in Crore)				
S N	**Name of Entity**	**Revenue prior to transactions with Eros**	**Revenue during business with Eros**	**Revenue post transactions with Eros**
1	Supernova Advertising Ltd.	Rs.34.21 (in nine years, i.e. FY2007-08 to FY 2015-16)	Rs.219.64 (In four years, i.e. FY 2016-17 to FY 2019-20)	No Financials Filed for FY 2020-21 & 2021-22
2	Jiwanjyoti Sales Pvt Ltd.	Rs.2.05 (in eight years, i.e. FY2008-09 to FY 2015-16)	Rs.99.92 (In four years, i.e. FY 2016-17 to FY 2019-20)	Nil for FY 2020-21; Rs.5.76 for FY 2021-22
3	Sri Karani Exports Pvt Ltd.	Rs.9.99 (in 14 years i.e. FY2004-05 to FY 2017-18)	Rs.52.77 (In two years i.e. FY 2018-19 & FY 2019-20)	Rs.7.89 for FY 2020-21; Nil for FY 2021-22
4	Jagnamo Multiservices Pvt Ltd.	Rs.0.01 (in five years i.e. FY2011-12 to FY 2015-16)	Rs.38.15 (In four years i.e. FY 2016-17 to FY 2019-20)	Rs.26.46 for FY 2020-21; Nil for FY 2021-22
5	Adhiraj Distributors Ltd.	Rs.18.00 (in eight years i.e. FY2010-11 to FY 2017-18)	Rs.6.00 (In two years i.e. FY 2018-19 & FY 2019-20)	Rs.2.55 for FY 2020-21; Rs.1.02 for FY 2021-22
6	Wabash Vintrade Pvt Ltd.	Nil for FY 2014-15, FY 2015-16 and FY 2016-17. Financials Not Filed for FY 2017-18	Financials Not Filed for FY 2018-19	No Financials Filed for FY 2019-20, 2020-21 & 2021-22
7	Shree Shyam Motion Pictures Pvt Ltd.	Rs.4.58 (in 11 years i.e. FY2007-08 to FY 2017-18)	Rs.11.00 (In FY 2018-19)	Nil for FY 2019-20, 2020-21 & 2021-22
8	Vibhakar Trading Pvt Ltd.	Rs.7.75 (in eight years i.e. FY2010-11 to FY 2017-18)	Rs.34.31 (In two years i.e. FY 2018-19 & FY 2019-20)	Rs.0.26 for FY 2020-21; Rs.0.18 for FY 2021-22
9	Springboard Media Ventures Pvt Ltd.	Rs.0.05 (in seven years i.e. FY2011-12 to FY 2017-18)	Rs.39.03 (In two years i.e. FY 2018-19 & FY 2019-20)	Rs.13.60 for FY 2020-21; Rs.17.34 for FY 2021-22
10	BCPL International Ltd.	Rs.94.72 (in four years i.e. FY2014-15 to FY 2017-18)	Rs.9.40 (In two years i.e. FY 2018-19 & FY 2019-20)	No Financials Filed for FY 2020-21 & 2021-22
11	Thinkink Picturez Ltd.	Rs.0.91 (in five years i.e. FY2010-11 to FY 2014-15)	Rs.171.34 (In five years i.e. FY 2015-16 to FY 2019-20)	Rs.1.60 for FY 2020-21; Rs.9.36 for FY 2021-22
12	Gora Enterprises Pvt Ltd.	FY 2015-16 – Rs.0.00008 No financials filed after FY 2015-16	No financials filed post-FY 2015-16	No financials filed post-FY 2015-16; Struck off

Table no. 9 (Rs. in Crore)				
S N	**Name of Entity**	**Revenue prior to transactions with Eros**	**Revenue during business with Eros**	**Revenue post transactions with Eros**
13	Shyen Trading LLP	NIL revenue since incorporation	NIL revenue since incorporation	NIL revenue since incorporation
14	Nysa Sales Pvt Ltd.	No financials have been filed since incorporation	No financials have been filed since incorporation	No financials have been filed since incorporation
15	B B Commercial Ltd.	Rs.0.01 (in two years i.e. FY2014-15 to FY 2015-16)	Rs.57.61 (in four years i.e. FY2016-17 to FY 2019-20)	Rs.10.69 for FY 2020-21
16	Adarsh Global Trades and Services Pvt Ltd.	No financials Filed post-FY 2016-17	No financials Filed post-FY 2016-17	No financials Filed post-FY 2016-17
17	View Finder Publicity Pvt Ltd.	Rs.87.04 (in 12 years i.e. FY2005-06 to FY 2016-17)	Rs.135.63 (in three years i.e. FY2017-18, 2018-19 & FY 2019-20)	Rs.21.24 for FY 2020-21; Rs.12.26 for FY 2021-22

25. Further, on examination of the Goods and Services Tax ("**GST**") registration certificate of these entities, it was observed that the nature of business as per GST records is significantly different from the "*Object Clause*" in the Memorandum of Association ("**MoA**") filed by these entities with MCA. Further, the nature of the business of many of these entities as per the GST data was not related to the media/entertainment industry. It was also noted that the GST License of certain TREs was cancelled by the GST department retrospectively from the date of registration. The GST registration of one TRE (Jiwanjyoti Sales Pvt. Ltd) was cancelled as the registration was obtained by means of fraud and willful misstatements of facts and submitting false and fabricated documents. The current status of the GST Registrations of the TREs is given in the Table below:

Table no. 10					
S. No.	**Name of Entity**	**Date of Incorporation**	**Nature of Business as per MOA**	**Nature of Business as per GST**	**Current Status of business**
1	Supernova Advertising Ltd.	11.04.2008	Publicity, company advertising etc.	IT infrastructure and network management services, advertising agency, promotion or marketing of brand of goods or services or events service, broadcasting service, works contract service	GST License cancelled by GST department from the date of registration i.e. 01.07.2017

Table no. 10					
S. No.	**Name of Entity**	**Date of Incorporation**	**Nature of Business as per MOA**	**Nature of Business as per GST**	**Current Status of business**
2	Jiwanjyoti Sales Pvt Ltd.	28.01.2009	Wholesale and trader of homecare products and consumer goods	General construction services, site formation and clearance services, excavating and earthmoving services etc.	GST License cancelled by GST department from the date of registration i.e. 04.12.2017
3	Sri Karani Exports Pvt Ltd.	04.07.1994	Wholesale and trader of homecare products and consumer goods	Goods transport service, packaging services of goods, maintenance and repair services of goods etc.	GST License cancelled by the GST department from the date of registration i.e. 14.05.2018
4	Jagnamo Multiservices Pvt Ltd.	05.05.2011	language translation and interpretation, maintenance services, bureau services etc.	Sponsorship service, broadcasting service, business auxiliary services, promotion or marketing of goods or services etc.	GST License cancelled by GST department from the date of registration i.e. 07.01.2018
5	Adhiraj Distributors Ltd.	01.02.2011	Wholesale and trader of homecare products and consumer goods	Coal, ferrous products, iron and steel, ferrous products, iron and steel, woven fabrics, textile fabrics etc.	Active
6	Wabash Vintrade Pvt Ltd.	07.03.2012	Wholesale and trader of homecare products and consumer goods	Services provided for a fee/commission or contract basis on wholesale trade	GST License cancelled by GST department from the date of registration i.e. 10.05.2018
7	Shree Shyam Motion Pictures Pvt Ltd.	06.03.2008	Buy, sell, import, export, deal in cinematographic films, television films, video films etc.	Copyright service transfer temporarily or permit use or enjoyment	Active
8	Vibhakar Trading Pvt Ltd.	28.01.2011	Wholesale and trader of homecare products and consumer goods	Woven fabric, coal, coke, ferrous products	GST License cancelled on the application of a taxpayer from 06.04.2023
9	Springboard Media Ventures Pvt Ltd.	26.09.2011	Advertising, publicity and propaganda agents to promote the sale of any products and service through various media such as cinema, hoardings etc.	Performing art events promotion and production, broadcasting services, other support services, sponsorship services & brand promotion services, etc.	Active

Table no. 10					
S. No.	**Name of Entity**	**Date of Incorporation**	**Nature of Business as per MOA**	**Nature of Business as per GST**	**Current Status of business**
10	BCPL International Ltd.	26.08.1985	Wholesale and trader of homecare products and consumer goods	Wholesale and trader of homecare products and consumer goods	Active
11	Thinkink Picturez Ltd.	16.04.2008		Business Auxiliary Services, Promotion or marketing of Brand of Goods or Services or events service, Event Management Services, Works Contract Services, Broadcasting Service	Active
12	Gora Enterprises Pvt Ltd.	27.01.2016	Building completion, construction, repairs etc.	Food preparations, hair products, telephone sets, tobacco etc.	GST License cancelled by GST department from 01.08.2019
13	Shyen Trading LLP	26.07.2015	Production, distribution & marketing of films, serials, Ad films, documentaries, music videos, music cassettes and other works in audio and/or video format, multimedia services, information/content providers in the media industry and other related activities.	Broadcasting services, Performing arts event promotion and organization services, Sponsorship Services & Brand Promotion Services, Motion picture, videotape, television and radio program production services	Active
14	Nysa Sales Pvt Ltd.	04.01.2018	Manufacture all kinds of furniture made from wood, brass, steel, fiberglass, plastics or any other alloys and handicrafts	Bitumen and asphalt, articles of cement, bar and rods of iron etc.	GST License cancelled by GST department from 12.06.2020
15	B B Commercial Ltd.	17.11.1980	Trading, importing and exporting of all items of industrial, domestic and agricultural use and also other goods connected therewith	Sponsorship service, broadcasting services, business auxiliary services, promotion or marketing of brand of goods or services or events services etc.	GST License suspended w.e.f. 04.05.2021
16	Adarsh Global Trades and Services Pvt Ltd.	06.07.2012	Act as brokers, agents, stockiest, distributors, suppliers, commission agents of all kinds of metals and metal products of any description	Steel related products, woven fabric, insulated cables, wires etc.	GST License cancelled on the application of a taxpayer w.e.f. 05.01.2022

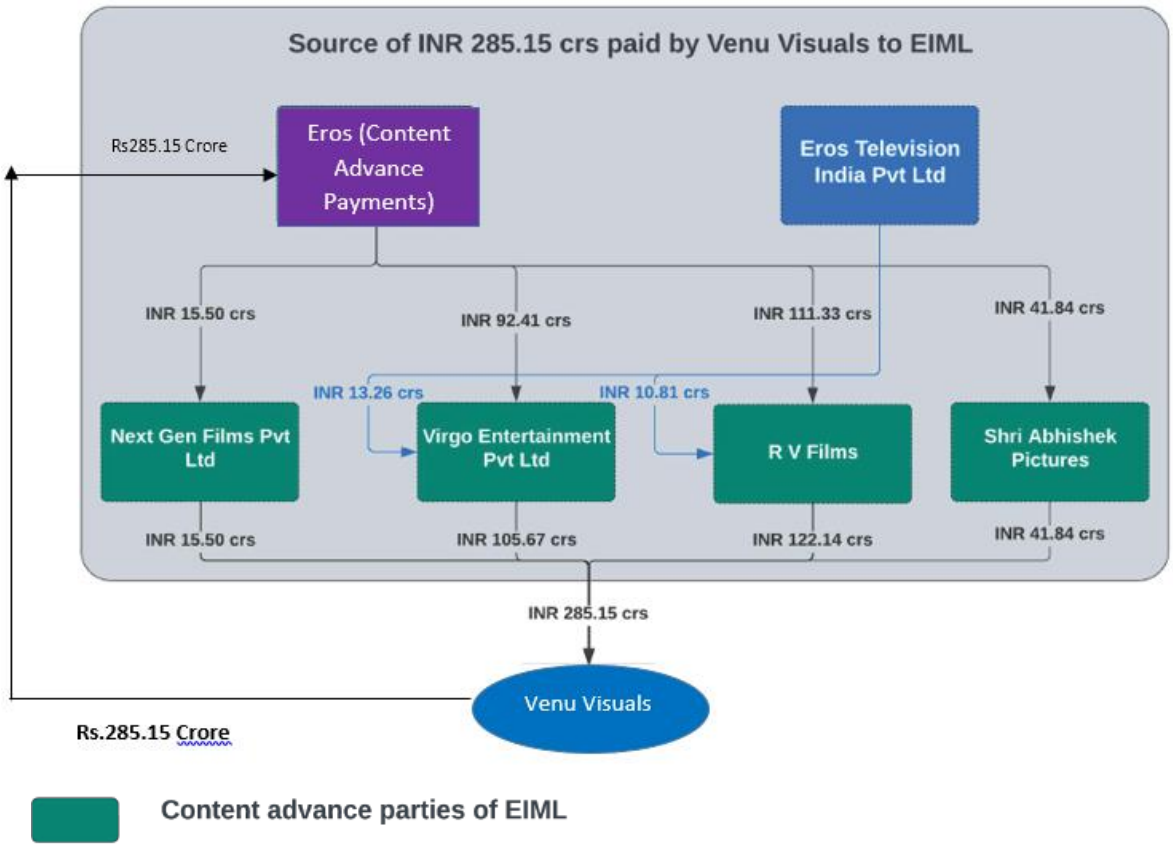
Table no. 10					
S. No.	**Name of Entity**	**Date of Incorporation**	**Nature of Business as per MOA**	**Nature of Business as per GST**	**Current Status of business**
17	View Finder Publicity Pvt Ltd.	08.02.2006	Act as advertising, publicity, marketing and propaganda agents through media such as newspapers, journals, cinemas etc.	Advertising services, sponsorship services & brand promotion services	GST (Maharashtra) License cancelled by GST department from 16.08.2022

26. It was observed during the investigation that apart from the aforesaid 17 TREs, the Company had also entered into similar seemingly fictitious agreements with two other entities - Silver Frame Movies and Venu Visuals. Investigation revealed that the Company had been entering into such agreements with these two companies even prior to FY 2012-13. Silver Frame Movies and Venu Visuals are sole proprietorships of Mr. Tharemana Krishnamurthy and Mr. Nagarajan, respectively. As per the GST registration details, both these entities are involved in the "*Business of making/developing cinematographic films, etc.*". It was noted that the GST Registration of Silver Frame was cancelled w.e.f. January 2022.

27. Examination of the ledgers of the TREs, Silver Frame Movies and Venu Visuals, maintained in the books of Eros, revealed that Eros had recognised revenue of Rs.1623.81 Cr, during the period FY 2012 -13 to FY 2018-19 from these 19 entities, out of which Rs. 1099.59 Cr was shown as received in the books of the Company. As most of these entities appeared to be paper entities, SEBI analyzed their bank statements to determine the source of funds used for making the payment to Eros. From fund flow analysis, it was *prima facie* noted that almost 60% of the funds transferred by these entities to Eros were directly/indirectly funded by Eros itself (The investigation is still ongoing and at this stage 60% of the funds could be traced back to Eros). It was also noted that in some instances, the amounts were paid back by these entities to Eros on the very day the funds were transferred by Eros to their accounts. In other instances, it was transferred back after a gap of a few weeks/months. The details of such transfers are given in the Table below:

Table 11						
S. No.	**Name of Entity**	**Financial year when revenue was first booked**	**Financial year when revenue was last booked**	**Total revenue booked**	**Total Collection**	**Collection Funded by Eros**
(A)	**(B)**	**(C)**	**(D)**	**(E)**	**(F)**	**(G)**
1	Silver Frame Movies	2012-13	2019-20	387.61	388.47	293.83
2	Venu Visuals	2014-15	2019-20	338.96	338.21	285.15
3	Supernova Advertising Ltd	2016-17	2018-19	122.76	75.04	27.36
4	Jiwanjyoti Sales Pvt Ltd	2016-17	2018-19	98.32	53.17	16.45
5	Sri Karani Exports Pvt Ltd	2018-19	2018-19	45.36	0.84	0.20
6	Jagnamo Multiservices Pvt Ltd	2016-17	2018-19	75.02	37.94	1.69
7	Adhiraj Distributors Ltd	2018-19	2018-19	36.96	0.75	0.75
8	Wabash Vintrade Pvt Ltd	2018-19	2018-19	34.72	Nil	NA
9	Shree Shyam Motion Pictures Pvt Ltd	2018-19	2018-19	35.84	1.95	1.95
10	Vibhakar Trading Pvt Ltd	2018-19	2018-19	31.36	0.50	0.50
11	Springboard Media Ventures Pvt Ltd	2018-19	2018-19	30.24	0.96	0.96
12	BCPL International Ltd	2018-19	2018-19	29.12	0.45	-
13	Thinkink Picturez Ltd	2015-16	2018-19	132.56	98.65	17.46
14	Gora Enterprises Pvt Ltd	2018-19	2018-19	28.00	Nil	NA
15	Shyen Trading LLP	2018-19	2018-19	28.00	Nil	NA
16	Nysa Sales Pvt Ltd	2018-19	2018-19	28.00	0.14	-
17	B B Commercial Ltd	2017-18	2018-19	80.50	61.40	17.75
18	Adarsh Global Trades and Services Pvt Ltd	2017-18	2017-18	43.68	28.60	-
19	View Finder Publicity Pvt Ltd	2017-18	2017-18	16.80	12.52	-
Total				**1623.81**	**1099.59**	**664.05**

28. A pictorial representation of one such instance of fund flow from Venu Visuals to Eros is depicted as under:



29. It can be noted from the transactions depicted above that the funds that were transferred by Venu Visuals to Eros can be traced back to the books of Eros. A significant portion of these funds, it can be noted, were initially transferred by Eros to CAEs, ostensibly for producing movies, and CAEs transferred the money to Venu Visuals, which in turn transferred the money back to the accounts of Eros. In view of the aforesaid, it prima facie appears that Company overstated its books of accounts by recording revenue receivable from potentially bogus entities and subsequently round tripping its own funds to these entities to enable them to make payments against the revenue that has already been recognized. It was also noted, that over the years, the revenue from these 19 entities came to represent a significant portion of the total earnings of Eros.

30. As an illustration, in FY-19, more than 65% of the total revenue of Eros came from these 19 entities, the details of which are given in the Table below:

Table 12							
Particulars	**FY 2012-13 to FY 2014-15**	**FY 2015-16**	**FY 2016-17**	**FY 2017-18**	**FY 2018-19**	**FY 2019-20**	**Total**
Revenue accounted by EIML [A]	2854.13	1,178.68	1,146.18	707.66	835.64	669.00	7391.29

Revenue earned from 19 customers of EIML (as per the ledgers in the books of accounts of EIML) (B)	200.66	183.63	219.5	399.82	557.76	62.44	1623.81
% of Revenue earned from 19 customers of EIML (B/A*100)	7.03%	15.58%	19.15%	56.50%	66.75%	9.33%	21.97%

31. These figures call into question the integrity of the financial statements of the company and give an indication that Eros was using the cover of these entities to inflate its financial statements. Subsequently, in FY 2019-20, it appears that the Company, under the guise of Covid-19, attempted to clean up its balance sheet by writing-off the outstanding balance shown as receivable from these 19 entities in its books.

Content Advance Entities

32. It was noted that as on March 31, 2020, out of total "*Content Advances*" (Intangible Assets) of Rs.1650.33 Crore (before impairment provision) reflected in the books of Eros, Rs.1518.20 Crore (Rs.1487.95 Crore + Rs.30.25 Crore) representing 92% of the content advances was made to 18 entities. Out of the Rs.1518.20 Crore, Eros impaired/wrote-off Rs.1172.41 Crore or 77.22% of total outstanding content advances made to these 18 entities. This further represented 88.8% of the total content impairment/write-off made by Eros.

33. As the amount of impairment was significant, SEBI issued Summons dated July 22, 2022, seeking information pertaining to the utilisation of funds received from Eros to 12 CAE and its Directors (which together accounted for Rs. 850.76 Cr of the amount impaired), namely Viyanaa Media Works Private Ltd. (Formerly known as Nextgen Films Pvt Ltd.) **("Nextgen"),** RV Films **("RV")**, Spicy Entertainment and Media Ltd. **("Spicy"),** Virgo Entertainment Pvt Ltd **("Virgo")**, Mediaone Global Entertainment Ltd **("Mediaone")**, Metronet Multimedia Pvt Ltd **("Metronet")** Upkar Dealtrade Private Ltd. **("Upkar"),** Dil Multimedia Pvt Ltd **("Dil Multimedia"),** Adarsh Telemedia Pvt Ltd **("Adarsh"),** Colour Yellow Productions Pvt Ltd **("Colour Yellow"),** Red Eye Kraft Pvt. Ltd. **("RedEye")** and Ritestone Solutions Pvt Ltd **("Ritestone"),** at the address available as per the MCA website.

34. Summons issued to five CAEs (Nextgen, RV, Spicy, Upkar and RedEye) returned undelivered with remarks "*door locked*" or "*no such consignee*". These 5 CAEs accounted for 42% (Rs.550.11 Cr) of the content advance

impaired/written off by Eros. Further, even the remaining seven companies and the Directors to whom Summons were delivered either failed to reply to SEBI's summons or responded without providing any information and only sought an extension of time.

35. As the 12 CAEs mentioned above failed to provide any information regarding the utilization of the funds provided by Eros, SEBI proceeded to issue Summons to the Directors of three of the Content Advance Entities (Nextgen Films Pvt. Ltd., Spicy Entertainment & Media Ltd. and Upkar Dealtrade Pvt. Ltd) during the period when money was advanced by Eros, at the alternate addresses obtained from the KYC database of SEBI. Details of the Summons issued are given in the Table below:

Table 13			
Name of Content Advance Entity	**No. of Directors Summons issued to**	**Compliance with Summons for production of documents**	**Compliance with Summons for personal appearance**
Next Gen Films Private Ltd. (Now known as Viyanaa Media Works Pvt Ltd)	4	All 4 have submitted response	All 4 Directors failed to appear before SEBI
Spicy Entertainment & Media Ltd. (Listed – BSE SME)	Executive Directors – 3 Independent Directors – 7 Total - 10	8 Directors to whom Summons delivered submitted replies. 3 – Executive Directors 5 Independent Directors	All 8 Directors to whom Summons delivered failed to appear before SEBI
Upkar Dealtrade Private Ltd.	11	Summons delivered to only 6 Directors. All 6 Directors submitted reply	Only one Director out of the 6 who had received the Summons appeared before SEBI.

36. On examination of documents/information submitted by these entities, it was noted that none of the entities have provided information relating to the utilization of funds received from Eros for the production of movies by these entities. SEBI, therefore, provided additional opportunities to these Directors to appear before SEBI and record their statements. Despite granting additional opportunities, most of the Directors who had been summoned, citing reasons such as "*suffering from health issues and have been advised to avoid travelling*", "*working in Kolkata, can't travel to Mumbai*", etc., expressed their inability to appear before SEBI. Subsequently, SEBI provided an opportunity to these Directors to record their

statements in their respective cities. Here again they failed to present themselves before SEBI.

37. It can therefore be noted that out of the 25 present and past Directors of CAEs summoned by SEBI, only 1 Director (Mr. Debrup Dutta, Director of Upkar Dealtrade Pvt. Ltd.) appeared before SEBI. Mr. Datta, in his statement, submitted that he was not aware of the fact that he was appointed as Director of a company. He further stated that due to his poor financial condition, he gave his KYC documents (PAN, Aadhar and Photo) to a person for which he has paid a sum of Rs. 500 per month.

38. SEBI, with the assistance of the local police, also attempted to hand deliver the Summons to Mr. Nitin Boricha Kishore at his address in "*Mumbai*". When the SEBI team arrived at his residence, he was not present. On contacting him over the phone, he assured the SEBI team that he would return home in the next 15-20 minutes. He, however, failed to appear and based on subsequent discussions with him over the phone, the Summons was delivered to his mother. He communicated that he would be visiting SEBI Office to record his statement. However, despite hand delivering the summons and the assurance given by him, he subsequently failed to appear before SEBI. It may be recalled that Mr. Kishore was named by Mr. Uplaksh S Adlakha and Mr. Yogendra Garje, Directors of Supernova Advertising Ltd., a TRE, in their statements before SEBI, as being in *"control"* of the said entity.

39. The submission of Mr. Debrup Dutta and the failure of CAEs and their Directors to appear before SEBI raises serious questions on the business activities of the content advance entities. Further, as all the Directors, other than Mr. Datta, to whom Summons was issued, failed to appear and considering that many of them had cited similar reasons for their non-appearance, *prima facie*, it appears that there is a concerted effort on the part of the CAEs and its Directors to stall the investigations initiated by SEBI.

40. As no information was received from these entities, SEBI proceeded to examine the ledgers of *content advances entities* in the books of Eros. It was noted that there were payments made to these entities as far back as FY2012-13. The ledger analysis of *Content Advances* Entities revealed the following:

Table No. 14							(Rs. in Crore)
S. No.	**Name of Content Advance Entity**	**Payment made since**	**Payment made as per ledger (till FY2019-20)**	**Assets recorded (till FY2019-20)#**	**Amount received back (till FY2019-20)**	**Untraceable amount**	**Provision for impairment/ write off**
(A)	**(B)**	**(C)**	**(D)**	**(E)**	**(F)**	**(G) (D-E-F)**	**(H)**
1	Next Gen Films Pvt Ltd	Before FY2012-13*	1107.28	440.63	341.51	325.14	251.70
2	Globus Ent FZE	Before FY2015-16**	The ledger provided by the Company is not complete. As entity is foreign entity, no bank statements are available				197.98
3	RV Films	FY2013-14	559.26	231.07	87.39	240.80	163.47
4	Spicy Entertainment and Media Ltd*	FY2016-17	114.04	0.00	5.50	108.54	92.20
5	Virgo Entertainment Pvt Ltd	Before FY2012-13*	580.20	386.55	88.39	105.26	88.23
6	Mediaone Global Entertainment Ltd*	Before FY2012-13*	236.06	136.00	33.50	66.56	63.61
7	Metronet Multimedia Pvt Ltd	Before FY2012-13*	131.04	68.03	23.17	39.84	58.59
8	Express Image Pvt Ltd	FY2016-17	52.00	0.00	0.00	52.00	52.00
9	Upkar Dealtrade Pvt Ltd	FY2016-17	36.50	0.00	0.00	36.50	33.79
10	Base Industries Group	FY2015-16	101.63	67.00	5.00	29.63	29.63
11	Dil Multimedia Pvt Ltd	FY2015-16	28.50	0.00	0.99	27.51	27.51
12	M M Moviez	Before FY2012-13*	33.34	11.32	4.65	17.37	20.30
13	Adarsh Telemedia Pvt Ltd	FY 2017-18	52.85	0.00	0.00	52.85	17.04
14	Colour yellow productions Pvt Ltd	FY 2013-14	268.82	173.88	27.81	67.13	15.42
15	Siddharth Anand Productions	FY 2015-16	17.36	0.00	0.00	17.36	14.71
16	Red Eye Kraft Pvt Ltd	FY 2016-17	8.95	0.00	0.00	8.95	8.95

Table No. 14							(Rs. in Crore)
S. No.	**Name of Content Advance Entity**	**Payment made since**	**Payment made as per ledger (till FY2019-20)**	**Assets recorded (till FY2019-20)#**	**Amount received back (till FY2019-20)**	**Untraceable amount**	**Provision for impairment/ write off**
(A)	**(B)**	**(C)**	**(D)**	**(E)**	**(F)**	**(G) (D-E-F)**	**(H)**
17	Encash Entertainment Ltd	FY 2017-18	21.80	0.00	0.00	21.80	7.03
18	Ritestone Solutions Pvt Ltd	FY 2014-15	55.25	25.00	0.00	30.25	30.25
	Total		**3404.88**	**1539.48**	**617.91**	**1247.49**	**1172.41**

* Ledgers were made available by the Company for FY2012-13 onwards.
* There were transactions with these entities before FY2012-13, however opening balances are not verified as ledgers are made available only from FY2012-13.
** Ledger was made available by the Company from FY2015-16 onwards.
# Under investigation as instances of overstated asset booking were identified.

41. It can be noted from the Table that for 8 of these entities (viz. Spicy, Express, Upkar, Dil, Adarsh, Siddharth Anand, Red Eye Kraft, Encash), to which Eros had cumulatively advanced Rs.332.00 Crore, no film rights were recorded in the balance sheet of Eros. Further, in the subsequent financial years (FY2020-21 and FY2021-22), a substantial portion of the advances made to these 8 entities were impaired.

42. In the case of four of the said 8 entities, 100% of content advances were written off by EROS in subsequent years, the details of which are as follows:

Table 15				
S.N.	**Name of Content Advance Entity**	**Untraceable amount**	**Write off**	**Financial year of write-off**
1	Adarsh Telemedia Pvt Ltd	52.85	52.85	FY2020-21
2	Dil Multimedia Pvt Ltd	27.51	27.51	FY2021-22
3	Encash Entertainment Ltd	21.80	21.80	FY2020-21
4	Upkar Dealtrade Pvt Ltd	36.50	36.50	FY2020-21
Total		**138.66**	**138.66**	

43. This further raised doubts about the genuineness of the amounts paid by Eros to *Content Advances Entities*. Further, as already mentioned, the entities Encash and Upkar are not in the media/entertainment business.

44. SEBI Investigation also revealed that 11 out of the 18 CAEs are prima facie directly/indirectly connected to Eros through common Directors. These 11 entities accounted for almost 65% (i.e. Rs. 868.23 Cr out of the total impairment of Rs. 1320.40 Cr) of total impairment provision/write-offs. Further, these 11 connected entities include 4 entities to whom the aforesaid SEBI Summons were returned "Undelivered". The details of the connection are explained as under:

Table 16			
S. No.	**Entity name and relationship**	**Details of connection with Eros/its promoters**	**Amount Impaired (in Cr.)**
1	Next Gen Films Pvt Ltd	Next Gen Films Pvt Ltd (Now known as Viyanaa Media Works Pvt Ltd) is connected to Eros International Media Ltd. through Sunil Lulla. NextGen is owned by Vikram V Rajani, who is the brother-in-law of Sunil Lulla. Vikram V Rajani was a Director in this company from November 28, 2008, to September 19, 2019, and Drishti V Rajani (Vikram V Rajani's daughter) was the Director from February 11, 2016, to September 19, 2019. Nextgen was incorporated on September 02, 2008, and Sunil Lulla and his other company Eros Pictures Pvt Ltd (now known as Eros International Films Pvt Ltd), were subscribers to MoA.	251.70
2	Globus Ent FZE	Globus Ent FZE is UAE based entity and was incorporated by Ashok Tarachand Grover in the year 2007. Virgo Entertainment Pvt Ltd is a Mumbai-based entity which was incorporated in 2011 and is owned and controlled by Ashok Tarachand Grover. Dilip Chudasama was a Director of Eros International Ltd., UK (which is a fellow subsidiary of EWW) from June 18, 2015, to April 29, 2022. As per submission of the Company, he is an employee of Eros International Ltd., UK, for the last 23 years and Director of multiple group companies/erstwhile subsidiaries of Eros viz. Ayngaran International (UK) Ltd., Eros Music Publishing Ltd., UK, Eros Network Ltd., UK etc. Ashok Tarachand Grover and Dilip Chudasama share common Directorship in UK-based companies, namely Kumbhayana Productions Ltd, UK, Future Film Production Ltd., UK, and Velocity Films Ltd., UK. The correspondence address of Ashok Tarachand Grover, as per filings of Velocity Films Ltd. (from Jan2020), is Unit 23, Sovereign Park, Coronation Road, London, England,	197.98
3	Virgo Entertainment Pvt Ltd		88.23

Table 16			
S. No.	**Entity name and relationship**	**Details of connection with Eros/its promoters**	**Amount Impaired (in Cr.)**
		NW10 7QP, which is also the correspondence address of Eros Network Ltd. (till May 2022) and Eros Music Publishing Ltd. (September 2019). Velocity Films Ltd., UK (previously known as Silverscreen Films Ltd., UK) is the entity to whom the Company's funds were diverted through Virgo Entertainment Pvt. Ltd. Virgo Entertainment Pvt Ltd and Globus Ent FZE are connected to Eros International Media Ltd. through Ashok Tarachand Grover.	
4	Spicy Entertainment & Media Ltd.	Spicy Entertainment & Media Ltd. is a connected entity of another trade receivable entity, namely Thinkink Picturez Ltd. These two entities are interconnected through one individual, namely Vimal Lahoti. Investigations have so far revealed that the funds diverted from Eros are also through/to some companies owned and controlled by Mr. Vimal Lahoti/ his family members. Further, Investigation has also revealed that Spicy Entertainment & Media Ltd. has diverted Rs. 12.70 Cr. to Nextgen (a connected entity of Eros). In another transaction, Spicy received Rs.10 lacs from Eros on May 22, 2020, for one "Untitled film Directed by Srijit Mukherji". Immediately on the day of receipt of funds from Eros, Spicy diverted Rs.10 Lacs to the personal account of the Director of Nextgen, Mr. Nitin Boricha Kishore.	92.20
5	Mediaone Global Entertainment Ltd	Dil Multimedia Pvt Ltd, Mediaone Global Entertainment Ltd, Metronet Multimedia Pvt Ltd and Ritestone Solutions Pvt. Ltd. are connected to Eros through common Directors. The details of which are as follows: • Dil Multimedia Pvt Ltd, Mediaone Global Entertainment Ltd and Metronet Multimedia Pvt Ltd have a common Director Jayabalan Muralimanohar. • Ritestone Solutions Private Ltd., Mediaone Global Entertainment Ltd. & Metronet Multimedia Private Ltd. have a common Director Timothy Alfred Joseph Moses • Metronet Multimedia Private Ltd. & Sree Balaji Hi-Tec Promoter Private Ltd. have a common Director - Jayabalan Jayakumar • Sree Balaji Hi-Tec Promoter Private Ltd. & Ayngaran International Media Private Ltd. have a common Director - Srinivasan Venkatesh • Ayngaran International Media Private Ltd. was a subsidiary of Eros and was promoted by Mr. Sunil Arjan Lulla.	63.61
6	Metronet Multimedia Pvt Ltd		58.59
7	Ritestone Solutions Pvt Ltd		30.25
8	Dil Multimedia Pvt Ltd		27.51
9	Upkar Dealtrade Pvt Ltd	Investigation has revealed that of the total funds of Rs. 36.50 Crores paid by Eros to Upkar as content advance, Upkar has diverted 10.99 Cr. to Nextgen (a connected entity of Eros) and round tripped Rs. 5 Crores to Eros.	33.79

Table 16			
S. No.	**Entity name and relationship**	**Details of connection with Eros/its promoters**	**Amount Impaired (in Cr.)**
		Further, Upkar is connected to other trade receivable entities - Sri Karani Exports Pvt. Ltd, Supernova Advertising Ltd. and content advance entity, i.e. Nextgen, through common Directors. The details of the connection are as under: • Suresh Kumar Pareek & Sutapa Mukherjee are common Directors in Upkar Dealtrade Pvt Ltd & Sri Karani Exports Pvt. Ltd. • Further, Sri Karani Exports Pvt. Ltd is connected to Supernova Advertising Ltd. through common Director - Bhanukumar Arvind Goyal. • Supernova Advertising Ltd. & Nextgen are connected through common Director - Sunita Patel Kamlesh.	
10	Colour Yellow Productions Pvt Ltd	Subsidiary company of Eros	15.42
11	Red Eye Kraft Pvt Ltd	RedEye is connected to Eros through Nextgen. These two entities have common Director, Mr. Nitin Boricha Kishore.	8.95
Total			**868.23**

45. On examination of MCA records/GST details, it was noted that some of the *content advances entities* were never in the business of movie/content making. Details of which are as under:

Table 17			
Sr. No.	**Name of Content Advance Entity**	**Date of Incorporation**	**Nature of Business**
1	Express Image Pvt Ltd	09/09/2009	Trading, distribution of all types of fabrics, iron steel, etc.
2	Upkar Dealtrade Pvt Ltd	27/03/2012	Trader – Industrial goods, homecare products, etc.
3	Encash Entertainment Ltd	28/03/2008	Film Production Distribution And Exhibition
4	Ritestone Solutions Pvt Ltd	09/11/2001 (Struck off on 23/04/2016)	Business consulting and development of software and Information Technology Solutions

(Source: MCA Records/GST Records)

46. On analysing the ledgers provided by Eros, it was noted that a substantial amount - Rs.1247.49 Crore - was identified as untraceable (neither any film rights were created nor the funds returned to Eros) and 94% of this amount (Rs.1172.41 Cr) was subsequently written off by Eros. Therefore, to understand the actual utilization of the funds provided by Eros, the bank statements of the aforesaid entities for the period 2012-13 to 2019-20 were examined. The analysis revealed that, prima facie, Eros appeared to have siphoned off/diverted funds using these CAEs since FY2012-13. SEBI Investigation, which is ongoing, has at this stage identified that potentially Rs. 687. 37 Cr out of Rs.1247.49 Cr,

which was untraceable, was siphoned off/diverted by Eros. The details of the same are given in the table below and explained in subsequent paragraphs:

Table 18			
Funds diverted/siphoned off to/by	**Name of Content Advance entity who siphoned/diverted funds**	**Amount identified (Rs.in Crore)**	**Total Amount (Rs.in Crore)**
Through multiple layers to connected/unconnected entities by not producing any movie	Spicy	114.04	332.00
	Express	52.00	
	Upkar	36.50	
	Dil Multimedia	28.50	
	Adarsh	52.85	
	Siddharth Anand	17.36	
	Red Eye Kraft	8.95	
	Encash	21.80	
Overseas promoter of Eros, i.e. EWW	Nextgen	36.44	66.11
	Virgo	29.67	
Overseas connected entities of Eros	Nextgen & Virgo	14.23	14.23
Relatives of Promoters and Lulla Family, i.e. Rajani Family	Nextgen	56.73	56.73
Loan Repayments	Nextgen	73.26	111.09
	Virgo	37.83	
Other Group companies of Eros viz. Eros Television India Private Ltd., Eros International Films Pvt. Ltd.	Nextgen	39.31	46.71
	Virgo	6.90	
	M M Movies	0.50	
Potentially connected parties of Eros	Virgo	3.55	59.50
	Nextgen	4.00	
	M M Movies	21.70	
	Ritestone	30.25	
Total		**686.37**	**686.37**

Siphoning-off of funds to Overseas promoter of Eros, i.e. EWW:

47. The investigation so far has revealed that Eros has transferred Rs.66.11 Crore to its overseas promoter EWW, Dubai. The details of which are as follows:

Table 19							
Payment made by Eros					Utilization by Entity		
Date of payment by Eros	**Entity to whom amount was paid (Bank name and account number)**	**Amount (Rs.)**	**Bank and account number from which amount was paid**	**Payment for production of movie**	**Date of utilization**	**Name of entity to whom amount was paid**	**Amount (Rs.)**
26.12.2016	Nextgen (IOB – 01990/21)	3,25,00,000	IDBI (00041/36)	Next Gen-Sanjay Puran	26.12.2016	EWW	27,12,80,000
		25,00,000		7 Kadam			
		5,00,00,000		Rahul Dholakia Untitled			
		4,00,00,000		Next Gen-Vikram Jeet Singh			
		5,00,00,000		Chanda Mama Door Ke			
		5,00,00,000	IOB (01990/72)	Desi Boyz 2			
		5,00,00,000		Desi Boyz 2			
Total		**27,50,00,000**			**Total**		**27,12,80,000**
30.08.2016	Nextgen (IOB – 01990/21)	1,25,00,000	IOB (01990/72)	Munna Michael	30.08.2016	EWW	3,20,82,219
		2,00,00,000		Munna Michael			
Total		**3,25,00,000**			**Total**		**3,20,82,219**
11.08.2016	Nextgen (IOB – 01990/21	5,00,00,000	IOB (29980/72)	Munna Michael	11.08.2016	EWW	6,10,99,601
		2,50,00,000		7 Kadam			
Total		**7,50,00,000**			**Total**		**6,10,99,601**
28.07.2016	Virgo (IOB – 01990/58	5,60,00,000	IOB (01990/72)	Virgo-Ranbir, Sonakshi	28.07.2016	EWW	5,53,98,750
Total		**5,60,00,000**			**Total**		**5,53,98,750**
05.08.2016	Virgo (IOB – 01990/58	3,45,00,000	IOB (01990/72)	Virgo-Ranbir, Sonakshi	05.08.2016	EWW	3,34,50,000
Total		**3,45,00,000**			**Total**		**3,34,50,000**

Table 19							
Payment made by Eros					Utilization by Entity		
Date of payment by Eros	**Entity to whom amount was paid (Bank name and account number)**	**Amount (Rs.)**	**Bank and account number from which amount was paid**	**Payment for production of movie**	**Date of utilization**	**Name of entity to whom amount was paid**	**Amount (Rs.)**
05.08.2016	Virgo (IOB – 01990/58)	4,50,00,000	IOB (01990/72)	Virgo-Ranbir, Sonakshi	05.08.2016	EWW	4,48,06,975
Total		**4,50,00,000**			**Total**		**4,48,06,975**
09.08.2016	Virgo (IOB – 01990/58	1,00,00,000	IOB (01990/72)	The Real Heroes	09.08.2016	EWW	3,34,80,000
09.08.2016		1,00,00,000		Virgo-Ranbir, Sonakshi			
09.08.2016		1,50,00,000		Aankhein 2			
Total		**3,50,00,000**			**Total**		**3,34,80,000**
09.08.2016	Virgo (IOB – 01990/58	3,25,00,000	IOB (01990/72)	Aankhein 2	11.08.2016	EWW	7,36,23,000
11.08.2016		4,85,00,000		Aankhein 2			
Total		**8,10,00,000**			**Total**		**7,36,23,000**
18.08.2016	Virgo (IOB – 01990/58	20,00,000	IOB (01990/72)	Virgo-Ranbir, Sonakshi	19.08.2016	EWW	3,35,50,000
18.08.2016		3,25,00,000		Aankhein 2			
Total		**3,45,00,000**			**Total**		**3,35,50,000**
23.08.2016	Virgo (IOB – 01990/58	2,25,00,000	IOB (01990/72)	Aankhein 2	23.08.2016	EWW	2,23,67,691
Total		**2,25,00,000**			**Total**		**2,23,67,691**
Grand Total		**69,10,00,000**			**Grand Total**		**66,11,38,236**

48. It can be noted from the Table above that Eros had transferred Rs.69.10 Crore to certain CAEs for the production of various movies. However, neither the Company nor the CAEs nor any of its present Directors could produce any material before SEBI to show the utilization of the funds transferred by Eros. The past Directors of Nextgen (Vikram V Rajani & Drishti V Rajani), in their reply dated March 31, 2023, provided a list of movies which were not produced. The list *inter-alia* included movies such as Desi Boyz 2, Untitled - Sanjay Puran Singh, Untitled – Rahul Dholakia etc. They stated that movies were not produced due to factors such as the non-availability of star cast, change in priority of Director-producer etc. However, as mentioned in the table above, the bank statement analysis revealed that the amount given by Eros to Nextgen for the production of

these movies was never utilized for any production-related activities, rather on the very same day of receipt, it was transferred to EWW, the promoter of Eros. One such instance of transfer of funds to EWW is detailed below:

49. On December 26, 2016, Eros made a payment of Rs.27.50 Crore to Nextgen for making certain movies. However, on the very same day, out of Rs.27.50 Crore, Nextgen transferred Rs.27.13 Crore to EWW. The relevant extract of the bank statement of Nextgen (IOB- 01990XXXXXXXX21) and SWIFT message is as follows:

INDIAN OVERSEAS BANK
JUHU-MUMBAI

TYPE: GOLD
A/C NO: 019902000002021 INR
M/S. VIYANAA MEDIA WORKS PRIVATE LIMITED
ROYAL SANDS BLDG, B WING, 4TH FLOOR,
403, SHAHSTRI NAGAR, OFF NEW LINK ROAD,
ANDHERI WEST,
MUMBAI,MAHARASHTRA-400053

DATE:15-02-2023
PAGE:1

STATEMENT OF ACCOUNT FOR THE PERIOD OF 01-04-2016 to 31-03-2021

DATE	PARTICULARS	CHQ.NO.	WITHDRAWALS	DEPOSITS	BALANCE
26-12-2016	CDCC 1872			500,00,000.00	9,51,10,021.36Cr
26-12-2016	CDCC 1872			500,00,000.00	14,51,10,021.36Cr
26-12-2016	Cr. For RTGS IBKLH16361504521 EROS INTERNATIONAL M			500,00,000.00	19,51,10,021.36Cr
26-12-2016	Cr. For RTGS IBKLH16361504525 EROS INTERNATIONAL M			25,00,000.00	19,76,10,021.36Cr
26-12-2016	Cr. For RTGS IBKLH16361504522 EROS INTERNATIONAL M			500,00,000.00	24,76,10,021.36Cr
26-12-2016	Cr. For RTGS IBKLH16361504524 EROS INTERNATIONAL M			325,00,000.00	28,01,10,021.36Cr
26-12-2016	Cr. For RTGS IBKLH16361504523 EROS INTERNATIONAL M			400,00,000.00	32,01,10,021.36Cr
26-12-2016	Remittance ID : [019910216000226] : LODGE AND REAL		271280,000.00		4,88,30,021.36Cr

Authorization - Out Going Message details

Transaction No	1186009	Message Type	103

Message Priority: Normal Delivery Monitoring: -

Sender	Receiver
IOBAINBBCFC INDIAN OVERSEAS BANK CFEPC, CHENNAI INDIAN OVERSEAS BANK, CENTRAL OFFICE ANNEX BUILDING FLOOR 4, 763 ANNA SALAI, CHENNAI 600002, INDIA.	PNBPUS3NNYC WELLS FARGO BANK NA FORMERLY KNOWN AS WACHOVIA BANK, NA (NEW YORK INTERNATIONAL BRANCH) 375 PARK AVENUE, NY 4080, NEW YORK,NY 10152, UNITED STATES.

FINCOPY Message No PDE Trailer No

Field Description	Sub Field Description	Sub Field Value
20-- Sender's Reference	Sender's Reference	019910216000226
23B- Bank Operation Code	Bank Operation Code or Identification Of the Option	CRED
32A- Value Date/Currency/Interbank Settled Amount	Date(YYMMDD)	161226
	Currency	USD
	Amount	4,000,000
33B- Currency/Instructed Amount	Currency	USD
	Amount	4,000,000
50K- Ordering Customer	Account	01990. 21
	Name & Address	NEXTGEN FILMS PVT LTD 6-A/10 JUHU SANGEETA APARTMENT OPP SDNT COLLEGE SANTA CRUZ MUMBAI INDIA
52A- Ordering Institution	Party Identifier	IOBAINBB199
57A- Account With Institution	A/c No with Intermediary Institution	BKIDGB2LXXX
59-- Beneficiary Customer	Account	GB33BKID60039040004053
	Name and Address	EROS WORLDWIDE FZ LLC 529 BUILDING NO 8 DUBAI MEDIA CITY P.O. BOX NO 502121 DUBAI U.A.E.
70-- Remittance Information	Remittance Information	PART PAYMENT TOWARDS PURCHASE OF OVERSEAS THEATRICAL RIGHTS AS PER AGREEMENT DATED 23-NOV-2016
71A- Details of Charges	Details of Charges	SHA

50. The fact that the amount paid was never utilized for the intended purpose of production of movies is further corroborated by the remarks mentioned in the aforesaid SWIFT message, wherein it is mentioned that the remittance is part payment towards purchase of theatrical rights.

51. During the investigation, news reports dated December 22, 2022, with the title *"Remake of Omkara, Desi Boyz sequel in the works. Upset fans ask 'why?",* was noted. The articles stated that the movie would be jointly produced by Eros, Anand Pandit and Parag Sanghvi. However, it was noted that an agreement dated April 11, 2014, was already signed between Eros, NextGen and EWW to produce Desi Boyz 2 and in FY 2016-17 Eros had made a payment of Rs. 21.75 Crores to NextGen towards this end. Therefore, vide Summons dated April 21, 2023, Eros was *inter-alia* advised to provide clarification for payments of Rs.21.75 Cr. to NextGen for Desi Boys 2.

52. In its reply dated April 28, 2023, Eros provided copies of two agreements: one dated April 11, 2014 and the other December 12, 2022. These agreements were entered by Eros for production of Desi Boyz 2 and certain other movies. The first agreement dated April 11, 2014 was entered between Eros, NextGen and EWW, wherein Eros and NextGen were co-producers and EWW was the "Confirming Party" without any role in production of the movie. The second agreement dated December 12, 2022, was entered by Eros with Anand Pandit Motion Pictures LLP and Parag Sanghavi, wherein all the three parties are co-producers. It was, therefore, noted that Eros has entered into two agreements for same movie.

53. Eros, further, submitted that the aforesaid payment of Rs.21.75 Cr. was made towards pre-production activities i.e. payment to male lead cast, pre-production activities like development of concept, development of script, screenplay, etc. The Company, however, failed to submit any documentary evidence to support this claim. It was also submitted that the production of Desi Boyz 2 with Nextgen had stalled due to the failure of the management of Nextgen and the director to complete the concept development, failure to finalize the screenplay of the film due to certain difference in opinion, change in management of Nextgen and due to Covid. However, as mentioned above, the entire amount paid by Eros was diverted to the overseas promoter of Eros (EWW), overseas connected entity of Eros (Velocity Films Ltd, UK) and utilized for servicing a loan taken by NextGen. It was also noted that change in management of NextGen took place only in September 2019, which was almost five years after entering into the initial agreement, and Covid related restrictions were imposed only in March 2020.

54. Eros also submitted a copy of an arbitration notice dated January 09, 2023, which was sent by Eros to recover monies from NextGen, However, certain inconsistencies were noticed in the aforesaid arbitration notice which is detailed below;

- There was no mention regarding payment of Rs.21.75 Cr. in the arbitration notice. The notice demanded a payment of Rs.12.00 Cr. from NextGen, which was a payment made by Eros for Cocktail-2, which was never produced by Eros;
- The said notice was sent six years from the date of initial payment and after the initiation of the investigation by SEBI;
- The arbitration notice also mentions that the first legal notice for recovery from NextGen by Eros was sent only on September 19, 2022, which was two years after providing for provision for impairment of content advance given to NextGen.

55. Given the above, it appears that the arbitration notice and the legal notice sent by Eros to NextGen were a mere formality and the company appears to not have taken any effective steps for recovering the amounts transferred to NextGen.

Siphoning-off of funds to Overseas connected entities of Eros

56. Investigation has at this stage identified that out of the funds transferred by Eros to CAEs, Rs.14.23 Crore was transferred by these entities to overseas connected entities of Eros, namely. Velocity Films Ltd., UK (Previously known as Silverscreen Films Ltd, UK) and Globus Ent FZE, UAE. The details of their connection with Eros have already been explained in the earlier part of this Order. The details of funds transferred to these entities are given in the Table below:

Table No. 20							
Payment made by Eros					Utilization by Entity		
Date of payment by Eros	**Entity to whom amount was paid (Bank name and account number)**	**Amount (Rs.)**	**Bank and account number from which amount was paid**	**Payment for production of movie**	**Date of utilization**	**Name of entity to whom amount was paid**	**Amount (Rs.)**
20.02.2017	Nextgen (IOB – 01990/21)	1,75,00,000	IOB (01990/72)	Desi Boyz 2	21.02.2017	Velocity Films Ltd, UK (Through Virgo)	4,38,79,500
		50,00,000		Untitled – Nikita Pai			
		1,00,00,000		Chanda Mama Door ke			
	Virgo (IOB – 01990/58	50,00,000	IOB (01990/72)	Aankhein – 2			
		75,00,000		Kick - 2			
Total		**4,50,00,000**			**Total**		**4,38,79,500**
29.04.2016	Virgo (IOB – 01990/58)	75,00,000	IOB (01990/72)	The Real Heroes	29.04.2016	Velocity Films Ltd, UK	66,48,000
Total		**75,00,000**			**Total**		**66,48,000**
22.12.2016	Virgo (IOB – 01990/58	1,25,00,000	IDBI (00041/36)	The Real Heroes	23.12.2016	Velocity Films Ltd, UK	1,04,65,000
Total		**1,25,00,000**			**Total**		**1,04,65,000**
28.12.2016	Virgo (IOB – 01990/58	2,50,00,000	IDBI (00041/36)	The Real Heroes	29.12.2016	Velocity Films Ltd, UK	7,31,93,750
		3,00,00,000		Untitled			
		2,00,00,000		Untitled			
Total		**7,50,00,000**			**Total**		**7,31,93,750**
29.03.2017	Virgo (IOB – 01990/58	85,00,000	IOB (01990/72)	Cobra	30.03.2017	Velocity Films Ltd, UK	80,97,000
Total		**85,00,000**			**Total**		**80,97,000**
Grand Total		**14,85,00,000**			**Grand Total**		**14,22,83,250**

57. Even in this instance, it was noted that neither the CAEs nor their past/present Directors could provide any information regarding the utilization of funds received from Eros. Further, the bank statement analysis revealed that a sum of Rs. 14.23 Cr was transferred to overseas connected entities of Eros. One such instance of transfer of funds is detailed below:

On February 20, 2017, Eros made a payment of Rs.3.25 Crore to Nextgen and Rs.1.25 Crore to Virgo for the stated purpose of producing certain movies. It is, however, noted from the bank statements that on the very same day, Nextgen

transferred the entire amount received from Eros (Rs.3.25 Cr) to Virgo. Therefore, by the end of the day, Virgo's account is holding Rs. 4.5 Cr, which has effectively originated from the accounts of Eros, and on the very next day Virgo transfers Rs.4.39 Crore to its connected entity Velocity Films Ltd., UK. The relevant extract of bank statements of Nextgen (IOB- 01990XXXXXXXX21), Virgo (IOB- 01990XXXXXXXX58) and SWIFT message is as follows:

Nextgen (IOB- 01990XXXXXXXX21)

INDIAN OVERSEAS BANK
JUHU-MUMBAI

TYPE: GOLD
A/C NO: 0199[redacted]21 INR
M/S. VIYANAA MEDIA WORKS PRIVATE LIMITED
ROYAL SANDS BLDG, B WING, 4TH FLOOR,
403, SHAHSTRI NAGAR, OFF NEW LINK ROAD,
ANDHERI WEST,
MUMBAI,MAHARASHTRA-400053

DATE:01-03-2023
PAGE:32

STATEMENT OF ACCOUNT FOR THE PERIOD OF 27-12-2015 to 31-03-2021

DATE	PARTICULARS	CHQ.NO.	WITHDRAWALS	DEPOSITS	BALANCE
16-02-2017	CDCC 3838	641127	50,00,000.00		6,05,672.79Cr
17-02-2017	SALDANHA ESTATE CONSULTAN	641122	14,963.00		5,90,709.79Cr
17-02-2017	IEPC	641106	288.00		5,90,421.79Cr
18-02-2017	JUHU SANGEETA APTS CH	641109	1,805.00		5,88,616.79Cr
18-02-2017	JUHU SANGEETA APTS CH	641111	1,268.00		5,87,348.79Cr
18-02-2017	JUHU SANGEETA APTS CH	641110	1,805.00		5,85,543.79Cr
18-02-2017	JUHU SANGEETA APTS CH	641108	1,805.00		5,83,738.79Cr
20-02-2017	KHODIAR FIRE SAFETY EQUI	641120	6,305.37		5,77,433.42Cr
20-02-2017	M S K C JAIN KALA	641126	1,89,000.00		3,88,433.42Cr
20-02-2017	CC 1872			175,00,000.00	1,78,88,433.42Cr
20-02-2017	CC 1872			100,00,000.00	2,78,88,433.42Cr
20-02-2017	CC 1872			50,00,000.00	3,28,88,433.42Cr
20-02-2017	CDCC3658	641131	100,00,000.00		2,28,88,433.42Cr
20-02-2017	CD3658	641132	100,00,000.00		1,28,88,433.42Cr
20-02-2017	CD3658	641133	125,00,000.00		3,88,433.42Cr

Virgo (IOB- 01990XXXXXXXX58)

INDIAN OVERSEAS BANK
JUHU-MUMBAI

TYPE: GOLD
A/C NO: 0199[redacted]58 INR
M/S. VIRGO ENTERTAINMENT PVT LTD
305-306 SHEFFIELD TOWER LOKHANDWALA COMPLEX A
NDHERI WEST MUMBAI
MUMBAI,MAHARASHTRA-400053

DATE: 25-02-2023
PAGE: 14

STATEMENT OF ACCOUNT FOR THE PERIOD OF 27-12-2015 to 31-03-2021

DATE	PARTICULARS	CHQ.NO.	WITHDRAWALS	DEPOSITS	BALANCE
02-02-2017	MTNL	604362	1,024.00		10,61,933.43Cr
07-02-2017	Charges for POR		30.26		10,61,903.17Cr
07-02-2017	RTGS PMT IOBAM1	604368	4,89,221.00		5,72,682.17Cr
08-02-2017	SHIVANG ASHOK G	604369	1,50,000.00		4,22,682.17Cr
10-02-2017	SELF	604371	75,000.00		3,47,682.17Cr
20-02-2017	SELF	604370	4,600.00		3,43,082.17Cr
20-02-2017	SELF	604372	26,000.00		3,17,082.17Cr
20-02-2017	CD 1872			50,00,000.00	53,17,082.17Cr
20-02-2017	CD 1872			75,00,000.00 1	1,28,17,082.17Cr
20-02-2017	CD2021			100,00,000.00 2	2,28,17,082.17Cr
20-02-2017	CD2021			100,00,000.00 3	3,28,17,082.17Cr
20-02-2017	CD2021			125,00,000.00 4	4,53,17,082.17Cr
21-02-2017	REMITTANCE ID :		438,79,500.00		14,37,582.17Cr
21-02-2017	Remittance ID:[		2,500.00		14,35,082.17Cr
21-02-2017	Remittance ID:[		500.00		14,34,582.17Cr
21-02-2017	Remittance ID:[		6,773.13		14,27,809.04Cr
21-02-2017	Remittance ID:[		241.90		14,27,567.14Cr
21-02-2017	Remittance ID:[		241.90		14,27,325.24Cr
21-02-2017	Remittance ID :		450.00		14,26,875.24Cr

SWIFT Message

Authorization - Out Going Message details

Transaction No	1206725	Message Type	103

Message Priority: Normal Delivery Monitoring: -

Sender	Receiver
IOBAINBBCFC INDIAN OVERSEAS BANK CFEPC, CHENNAI INDIAN OVERSEAS BANK, CENTRAL OFFICE ANNEX BUILDING FLOOR 4, 763 ANNA SALAI, CHENNAI 600002, INDIA.	SCBLGB2L STANDARD CHARTERED BANK (ALL U.K. OFFICES) 1 ALDERMANBURY SQUARE, LONDON EC2V 7SB, UNITED KINGDOM.

FINCOPY Message No PDE Trailer No

Field Description	Sub Field Description	Sub Field Value
20-- Sender's Reference	Sender's Reference	019910217000024
23B- Bank Operation Code	Bank Operation Code or Identification Of the Option	CRED
32A- Value Date/Currency/Interbank Settled Amount	Date(YYMMDD)	170221
	Currency	GBP
	Amount	525,000
33B- Currency/Instructed Amount	Currency	GBP
	Amount	525,000
50K- Ordering Customer	Account	019902000003658
	Name & Address	VIRGO ENTERTAINMENT PVT LTD, B-401, CRYSTAL PLAZA, OPP.INFINITY MALL, ANDHERI WEST, MUMBAI 400053,INDIA
52A- Ordering Institution	Party Identifier	IOBAINBB199
57A- Account With Institution	A/c No with Intermediary Institution	COUTGB22XXX
59-- Beneficiary Customer	Account	GB65COUT18000201209809
	Name and Address	VELOCITY FILMS LTD SUITE 303, PRINCE HOUSE, 50/60, EAST CASTLE STREET, LONDON WIW8EA
70-- Remittance Information	Remittance Information	ADVANCE PAYMENT PRODUCTION EXPENSES FILM COBRA
71A- Details of Charges	Details of Charges	SHA

58. The fact that the amount paid was never utilized for the intended purpose of production of movies, namely Desi Boyz 2, Untitled – Nikita Pai, Chanda Mama Door ke, Aankhein – 2, Kick - 2, is further corroborated by remarks mentioned in aforesaid SWIFT message, wherein it is mentioned that the remittance is an advance payment towards the production of a movie titled Cobra.

Diversion of funds to Relatives of Promoters of Eros, i.e. Vikram V Rajani:

59. Investigation so far has revealed that at least Rs.56.73 Crore out of the funds transferred by Eros was ultimately transferred by the CAEs to a relative of the Promoters of Eros i.e. Mr. Vikram V. Rajani (he is brother in law of MD and vice chairman of Eros, Sunil Arjan Lulla). The details of his connection with Eros have already been explained in the earlier part of this Order. To understand the reason for these payments to Vikram V. Rajani, Summons dated March 08, 2023, March 23, 2023, and March 31, 2023, were issued to present and past Directors of Nextgen, including Vikram V. Rajani for personal appearance. However, he failed to appear before SEBI despite being granted multiple opportunities. Further, Vikram V Rajani, vide letter dated March 31, 2023, responded to SEBI's Summons without providing any reason for his failure to comply with the Summons issued by SEBI. Vide this letter, he *inter allia* provided a list of movies which were not produced by Nextgen

60. On examination of the ledger of Nextgen in the books of Eros and bank statements of Nextgen, it was noted that in FY2014-15, 2015-16, 2016-17, 2017-18 and 2018-19, Eros had funded Nextgen for production of certain movies which *inter-alia* included Phobia 2, Untitled – Sanjay Puran and some other untitled movies. On further analysis of the bank statements of Nextgen, it was noted that instead of utilizing the funds for the intended purpose of production of movies, Nextgen diverted some of the funds to bank account its Director – Vikram V Rajani. The said amount was diverted in 85 transactions on 68 different dates. The details of the diversion of funds to Vikram V Rajani are as follows:

Table No. 21		
FY	**Amount diverted to Vikram Rajani (Rs.)**	**No. of Transactions**
2014-15	34,31,41,060	13
2015-16	1,05,42,950	12
2016-17	2,41,56,500	17
2017-18	16,95,92,000	25
2018-19	1,98,42,000	18
Total	**56,72,74,510**	**85**

The instances of two such transactions are detailed as follows:

<u>Instance -1:</u> On January 10, 2018, Eros paid Rs. 5.25 Crore to Nextgen for three movies, namely Untitled – Sanjay Puran Singh, Untitled – starring Tiger Shroff and HIT. However, on the very same day, i.e. January 10, 2018, Nextgen transferred the entire amount of Rs.5.25 Crore to Mr. Vikram V. Rajani's personal bank account (HDFC bank account). The relevant extract of bank statements of Nextgen (IOB- 01990XXXXXXXX38) is as follows:

01-03-2023 18:50:19 INDIAN OVERSEAS BANK, JUHU-MUMBAI Page 6
REP27

NEXT GEN FILMS PVT.LTD A/C PRODUCTION NO-7REGISTER

Report for the Period :02-07-2016TO31-03-2021

Date	Tran Id	Ref Num	Particulars	Debit Amt.	Credit Amt.	Balance Amt.	Contra Date
			Brought Forward :	70,13,40,018.22	82,17,95,433.00	12,04,55,414.78CR	
04-01-2018	S17227110	0000932658	Charges for PORD Customer	70.80		12,04,55,343.98CR	
04-01-2018	S17227110	0000932658	RTGS-HDFC-IOBAM1800466102	10,00,000.00		11,94,55,343.98CR	
05-01-2018	S19533035	0000934702	Charges for PORD Customer	29.50		11,94,55,314.48CR	
05-01-2018	S19533035	0000934702	NEFT-HDFC-IOBAN1800554902	3,00,00,000.00		8,94,55,314.48CR	
05-01-2018	S19540508	0000934676	Charges for PORD Customer	29.50		8,94,55,284.98CR	
05-01-2018	S19540508	0000934676	NEFT-HDFC-IOBAN1800555007	3,00,00,000.00		5,94,55,284.98CR	
09-01-2018	S25809964	0000941371	Charges for PORD Customer	67.26		5,94,55,217.72CR	
09-01-2018	S25809964	0000941371	RTGS-HDFC-IOBAM1800953019	5,90,00,000.00		4,55,217.72CR	
10-01-2018	IB514273		CDCC-1872/2998		1,25,00,000.00	1,29,55,217.72CR	
10-01-2018	IB515710		CDCC-1872/2998		2,00,00,000.00	3,29,55,217.72CR	
10-01-2018	IB517602		CDCC-1872/2998		2,00,00,000.00	5,29,55,217.72CR	
10-01-2018	S27741375	0000943910	Charges for PORD Customer	29.50		5,29,55,188.22CR	
10-01-2018	S27741375	0000943910	NEFT-HDFC-IOBAN1801054152	5,25,00,000.00		4,55,188.22CR	

<u>Instance -2: On January 05, 2018, Eros paid Rs. 6.5 Crore to Nextgen for production of</u> movie "Phobia 2". However, within four days, i.e. on January 09, 2018, Nextgen transferred Rs.6.10 Crore to Mr. Vikram V. Rajani's personal bank account (HDFC bank account). The relevant extract of bank statements of Nextgen (Yes Bank- 00108XXXXXXXX40) is as follows:

Txn Date	Value Date	Description	Txn Literal	Cheque No	Ref_txn_no	Ref_user_no	Dr/Cr	Orig. Br	Amount	Running Balance
05/01/2018 13:52	05/01/2018 00:00	RTGS Cr-UBIN0549584-EROS INTERNATIONAL MEDIA LIMITED-NEXT GEN FILMS PVT LTD-	IPM		3.28222E+24	IR52018010500554672	C	3	18969105	19785227.49
05/01/2018 13:53	05/01/2018 00:00	RTGS Cr-UBIN0549584-EROS INTERNATIONAL MEDIA LIMITED-NEXT GEN FILMS PVT LTD-	IPM		3.28222E+24	IR52018010500553725	C	3	18969105	38754332.49
05/01/2018 15:37	05/01/2018 00:00	RTGS Cr-UBIN0549584-EROS INTERNATIONAL MEDIA LIMITED-NEXT GEN FILMS PVT LTD-	IPM		3.28222E+24	IR52018010500572415	C	3	23718762	62473094.49
06/01/2018 07:30	06/01/2018 00:00	TATA TELESERVICE LTD	CHQ	112461	STBATCH00023568915		D	4	295	62472799.49
06/01/2018 07:30	06/01/2018 00:00	VODAFONE INDIA LIMITED	CHQ	112462	STBATCH00023568916		D	4	1003	62471796.49
06/01/2018 07:30	06/01/2018 00:00	SURESHCHNDRA M	CHQ	112433	STBATCH00023568917		D	4	2002	62469794.49
06/01/2018 07:30	06/01/2018 00:00	PRABHAKAR SURESHCHANDRA M	CHQ	112452	STBATCH00023568918		D	4	18000	62451794.49
08/01/2018 09:35	08/01/2018 00:00	MEENA LULLA	CHQ	112464	STBATCH00023643659		D	4	55800	62395994.49
08/01/2018 09:35	08/01/2018 00:00	SUNIL A LULLAKRISHIKA SU	CHQ	112465	STBATCH00023643658		D	4	21600	62374394.49
09/01/2018 15:03	09/01/2018 00:00	RTGS Dr-HDFC0000060-VIKRAM RAJANI-ANDHERI(W)-YESBR52018010954112360	OPI	12608	2.35102E+24	IR52018010954112360	D	10	61000000	1374394.49

61. The examination of publicly available information revealed that the movies, namely Phobia 2, Untitled – Sanjay Puran Singh, Untitled – starring Tiger Shroff etc., were never produced. This fact was also confirmed by Mr. Vikram V Rajani in his letter dated March 31, 2023, wherein he provided a list of movies which were not produced by Nextgen. Further, the ledger analysis revealed that Nextgen has not refunded or returned this amount to Eros.

<u>Diversion of funds to connected entities for making Loan Repayments:</u>

62. It is noted that as per the terms of the agreements entered by Eros with the CAEs, for the co-production of various movies, entire production-related expenses was to be met by Eros. The relevant extract of one of such agreements dated April 11, 2014, entered between Eros, NextGen and EWW is extracted below:

<u>Memorandum of Agreement</u>

This Memorandum of Agreement made and entered into at Mumbai this 11th day of April, 2014, between:

a) **Next Gen Films Private Limited**, having office at 6-A/10, Juhu Sangeeta Apartment, Opp. SNDT College, Santacruz (W), Mumbai – 400 049 hereinafter referred to as "The Party of the First Part"

b) **Eros International Media Limited,** having its office at 901/902 Supreme Chambers, Off. Veera Desai Road, Andheri (W), Mumbai 400 053 hereinafter referred to as "The Party of the Second Part". AND

c) **Eros Worldwide FZ LLC**, having its office at 529, Building No. 8, Dubai Media City, P.O. Box 502121, Dubai hereinafter referred to as "Confirming Party"

8. Payment: Parties agree that Party of the Second Part shall fund the entire budget to party of the First part from

a) its own internal sources; and/or

b) By arranging itself or through its Group Companies, Standby Letters of Credit to fund the Budget of the film, which shall be retired on or before release of the film; and/or

c) By issuing guarantees to any lender who may be willing to lend directly to the Party of the First Part for the said films only by way of specific film/project finance; and/or

d) If production is set in the UK or any country that offers film tax credit and the said films qualify for such tax credit, then by facilitating the discounting of such successful application and providing the funds for the production.

Party of the First Part agrees and confirms that any amount paid directly by the Party of Second part to various parties in respect of the said 4 films from time to time, shall be appropriated towards the Budget of the respective films and it shall be valid discharge of payment by Party of Second Part to party of first part against the film budget.

63. However, on analysis of the bank statements of Nextgen and Virgo, it was noted that instead of utilizing the amount for the intended purpose of producing movies, Nextgen/Virgo utilised the funds for servicing loans which had already been availed by them. It was noted that, by following this modus operandi, *prima-facie* Nextgen/Virgo diverted Rs.111.09 Crore out of the funds transferred by Eros. Two such instances are described below:

Instance-1: On January 09, 2017, Eros made a payment of Rs.26 Crore to Nextgen as part-payment for production of four movies (Desi Boyz 2, Untitled Aditya Dutt, Untitled Sanjay Puran Singh and Chanda Mama Door Ke). However, instead of utilizing the said amount towards the production of movies, on the same day, NextGen made payments to its other account maintained with HDFC Bank - account number 054XXXXXXXXX02. On analysis of the said HDFC Bank account statement, it was noted that the said amount was paid by NextGen towards repayment of its loan/OD Limit. The relevant extract of HDFC Bank account of Nextgen is as follows:

```
                                                    TO BE DISPATCHED TO BRANCH: WORLI - SANDOZ HOUSE
                                                              Address        : SANDOZ HOUSE, DR. A.B.ROAD
                                                                               WORLI
M/S.  NEXT GEN FILMS PRIVATE LIMITED                                           .
6A/10, JUHU SANGEETA                                          City           : MUMBAI 400 018
OPP SNDT COLLEGE                                              State          : MAHARASHTRA
SANTACRUZ - WEST                                              Phone No.      : 18002026161
MUMBAI 400049                                                 RTGS/NEFT IFSC : HDFC0000543 MICR: 400240182
MAHARASHTRA INDIA                                             Email          :
JOINT HOLDERS :                                               OD Limit       :                0.00 Currency : INR
                                                              Cust Id        : 10442212   Pr. Code : 33    Br. Code : 543
Nomination     : Not Registered                               Account No.    : 05          32
Statement From: 01/04/16          To: 31/03/21                A/C open date  : 20/01/2009
                                                              Account Status : NO DEBIT DORMANT

09/01/17   RTGS CR-IOBA0000199-NEXT GEN FILMS PVT L   IOBAR52017010900  09/01/17                    65,000,000.00 -1,399,383,592.40
09/01/17   RTGS CR-IOBA0000199-NEXT GEN FILMS PVT L   IOBAR52017010900  09/01/17                   195,000,000.00 -1,204,383,592.40
```

Instance-2: On January 11, 2017, Rs. 13 Crores were paid by EIML in the "Indian Overseas Bank Account no. 0199XXXXXXX58" of Virgo, and as per the narration of accounting entries, Rs. 10 Crores was towards an "Untitled Movie" and Rs. 3 Crores was towards a movie named "The Real Heros". However, on

the same day, Virgo instead of using it for production expenses, used the amount for servicing its HDFC, FCNR (B) Loan Account. Further, from the loan sanction letter, it was observed that the said loan was sanctioned to Virgo against the guarantee of EIML. The relevant extract of HDFC bank account of Virgo is as follows:

INDIAN OVERSEAS BANK
JUHU-MUMBAI

TYPE: GOLD
A/C NO: 0199[redacted]58 INR
M/S. VIRGO ENTERTAINMENT PVT LTD
305-306 SHEFFIELD TOWER LOKHANDWALA COMPLEX A
NDHERI WEST MUMBAI
MUMBAI,MAHARASHTRA-400053

DATE:28-02-2023
PAGE:13

STATEMENT OF ACCOUNT FOR THE PERIOD OF 27-12-2015 to 31-03-2021

DATE	PARTICULARS	CHQ.NO.	WITHDRAWALS	DEPOSITS	BALANCE
11-01-2017	EROS INT MEDIA LTD CA1872			100,00,000.00	1,53,53,138.45Cr
11-01-2017	EROS INT MEDIA LTD CA1872			400,00,000.00	5,53,53,138.45Cr
11-01-2017	EROS INT MEDIA LTD CA1872			200,00,000.00	7,53,53,138.45Cr
11-01-2017	EROS INT MEDIA LTD CA1872			200,00,000.00	9,53,53,138.45Cr
11-01-2017	EROS INT MEDIA LTD CA1872			400,00,000.00	13,53,53,138.45Cr
11-01-2017	Charges for PORD Customer Payment :000041998479		58.52		13,53,53,079.93Cr
11-01-2017	RTGS PMT IOBAM17011615138 240 VIRGO ENTERTAINMENT	604353	130000,000.00		53,53,079.93Cr

Diversion of funds to Other Group companies of Eros:

64. Investigation so far has revealed that Eros has siphoned Rs.46.71 Crore to group companies of Eros, namely Eros Television India Private Ltd. and Eros International Films Pvt. Ltd using *prima-facie* three Content Advance entities as conduit viz. Nextgen, MM and Virgo. One such instance is presented as under: On December 22, 2014, Eros made a payment of Rs. 25.25 Crore to Nextgen (IOB – 0199XXXXXXXXX21) towards payment for the co-production of "Untitled Movie". However, on the same day, Nextgen diverted Rs. 25 Crore to Eros Television India Private Ltd.. The relevant extract of the Nextgen (IOB – 0199XXXXXXXXX21) is as under:

Juhu-Mumbai. 199
CDCC Statement

Name : NEXT GEN FILMS PVT LTD
Address : 6-A/10 JUHU SANGEETA APARTMENT OPP SNDT COLLEGE SANTACRUZ-WEST MUMBAI MUMBAI MUMBAI MAHARASHTRA 400049
CD-PUB STATEMENT : FROM 01/04/2014 TO 26/12/2015 A/c No : 019902000002021

Unless the constituent notifies the bank immediately of any discrepancy found by him in his statement of account, it will be taken that he has found the account correct

Dt	Chq No	Narration	Cod	Debit	Credit	Balance
23/12/2014		CD1872	TFR		5,00,00,000.00	5,42,49,315.34Cr
23/12/2014		CD1872	TFR		5,00,00,000.00	10,42,49,315.34Cr
23/12/2014		CD1872	TFR		5,00,00,000.00	15,42,49,315.34Cr
23/12/2014		CD1872	TFR		5,00,00,000.00	20,42,49,315.34Cr
23/12/2014		CD1872	TFR		5,25,00,000.00	25,67,49,315.34Cr
23/12/2014	437329	CD3637	TFR	25,00,00,000.00		67,49,315.34Cr

Note: CD3637 account belongs to "Eros Television India Private Ltd. (Formerly known as Eros Green Energy Private Ltd.)

Diversion of funds to potentially connected parties of Eros:

65. During the course of the investigation, certain entities were identified to be connected with Eros. The details of funds diverted to the potentially connected entities to Eros and details of their relationship with Eros are as follows:

Table No. 22			
Name of Entity	**Details of relationship with Eros**	**Content Advance entity through whom amount diverted**	**Amount Diverted (Rs. in Crore)**
Lahoti Holdings Ltd	Lahoti Holdings Ltd is a company owned and controlled by the family of Vimal Lahoti, who is connected with Eros, Spicy and Thinkink Picturez Ltd.	Nextgen	4.00
Moonshine Movies Pvt Ltd	Zoeb Springwala, Director of Moonshine, was also a Director in Velocity Films Ltd., UK, from March 01, 2013 to January 30, 2020 i.e. the connected entity of Eros.	Virgo	0.48
Zoeb Springwala		Virgo	0.57
Xfinite Technologies Pvt Ltd	Anand Shankar Kamtam, the finance controller of Eros, is the Director of this company	Virgo	2.50
Jeewan Commodities Pvt Ltd	Connected to trade receivable entity and one of the entities which were used for diversion of funds	MM Moviez	21.70
Mediaone	Content advance entity	Ritestone	30.25
	TOTAL		**59.50**

66. One such instance is presented as under:

In January 2016, Eros again made a payment of Rs. 30.25 Crores to Ritestone, which as per the narration in the ledger is "*Paid towards 2 Untitled Films*". However, on the very same day of receipt of the amount from Eros, a sum of Rs. 30.16 Crores was transferred by Ritestone to "Mediaone Global Entertainment Ltd" (PNB – 1384XXXXXXXXX20). Further, as per the MCA records, Ritestone has been struck off w.e.f. April 23, 2016. The details of payment by Eros to Ritestone and Ritestone to Mediaone are as under:

Table 23							
Company	**Date of Payment**	**Account no. of Eros**	**Amount paid (Rs. in Crore)**	**End party**	**Date of Diversion**	**Account no. of Mediaone**	**Amount diverted (Rs. in Crore)**
Eros	02/01/2016	IOB - 0199/ 72	2.50	Mediaone	02/01/2016	PNB - 1384/20	2.50
	05/01/2016		2.50		05/01/2016		2.50
	06/01/2016		5.10		06/01/2016		5.05
	11/01/2016		5.10		11/01/2016		5.10
	13/01/2016		5.05		13/01/2016		5.01
	14/01/2016		5.50		14/01/2016		5.00

	18/01/2016		5.00		18/01/2016		5.00
			30.25				**30.16**

Diversion of funds through multiple layers to connected/unconnected entities by not producing any movie:

67. As mentioned in the above paragraphs, Eros made a payment of Rs.332.00 Crore to 8 entities for the production of movies. However, the ledger analysis of these entities indicated that the Company had not recorded any assets from these entities.

68. The bank statement analysis so far has been carried out for 6 of these entities. The same has indicated that these entities had never utilized the funds for the intended purpose of production of movies, but rather diverted the received funds to some other entities on the very same day of receipt or after a gap of few days. The details of which are as follows:

Table 24				
Sl. No.	**Entity Name**	**Purpose**	**Amount diverted for each purpose (Rs. in Crore)**	**Total diversion amount identified so far (Rs. in Crore)**
1	Spicy	Payment to Nextgen	0.80	101.23
		Trade Receivable entities	15.87	
		Other Entities not in Media/ Entertainment business (Jeewan Commodities Private Ltd., Rainbow Finance India Ltd., GSR Tradefin Pvt. Ltd. K. R. Overseas Pvt. Ltd., etc.)	84.56	
2.	Express	Payment to Nextgen	4.38	36.68
		Trade Receivable entities	0.25	
		Payment to promoter of Eros i.e. EWW	3.90	
		Other Entities not in Media/ Entertainment business (K. R. Overseas Pvt. Ltd., Lahoti Holdings Pvt. Ltd., Linkpoint Advisory Private Ltd., Juhi Comotrade Ltd., etc.)	28.15	
3	Upkar	Payment to Nextgen	10.99	29.68
		Trade Receivable entities	2.53	
		Other Entities not in Media/ Entertainment business (Ganguly Home Search Pvt Ltd, Affinity Securities Pvt Ltd, etc.)	16.17	
4	Dil Multimedia	Content Advance entities – Metronet Multimedia Private Ltd. and Mediaone Global Entertainment Ltd.	27.05	27.19
		Individuals potentially connected to Eros group (J Murli Manohar and Timothy Moses)	0.14	
5	Adarsh	Other Entities not in Media/ Entertainment business (Radha Swami Infracon & Engineers Ltd., Welltech Infrabuilders Private Ltd., Ultimate Infrabuild Private Ltd., Uno Infratech Private Ltd., etc.)	52.44	52.44

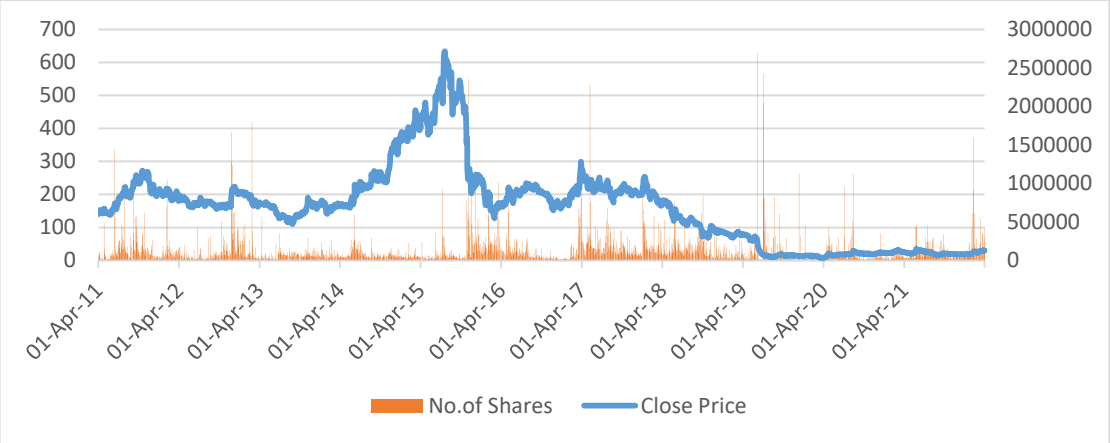
Table 24				
Sl. No.	Entity Name	Purpose	Amount diverted for each purpose (Rs. in Crore)	Total diversion amount identified so far (Rs. in Crore)
6	Encash	Other Entities not in Media/ Entertainment business (Radhaswami Infra Con And Engineers Ltd., Innovative Commercial Private Ltd.)	19.22	19.22
	TOTAL			266.44

69. It can be noted from the table that around Rs. 23 Cr, which was transferred to CAE, was in turn transferred by them to TREs, which, as stated in the earlier part of this Order, were prima facie observed to be mostly paper entities having no real business operations. This raises the possibility that funds which were transferred by the TRE to Eros actually originated from Eros and were round tripped through CAE to TREs and back to the books of Eros, raising serious questions about the integrity of the financial statements of Eros. It was also noted that significant sums were also transferred to entities connected to the prompters of Eros and to entities that were not engaged in activities related to the entertainment industry, raising further questions about the purpose of these transactions.

70. Given the above, it appears that Eros entered into potentially fictitious agreements with "*content advances entities*" and a significant portion of the money transferred as content advances was siphoned off/diverted to entities connected to the promoters of the company.

Price volume analysis of Scrip:

71. The price movement of the shares of Eros from 01.04.2011 to 31.03.2022 is as under:



72. It was observed that the price of the share touched a high of Rs. 644.40 on July 20, 2015, and started falling thereafter. It continuously fell and touched a low of Rs. 7.17 on March 24, 2020. It currently trades at a price of Rs. 26.72 (June 21, 2023) per share with a market capitalization of Rs. 251.29 Cr.

73. On examination of promoter shareholding, it was noted that before the price fall, promoter shareholding was 74.41% as on March 31, 2015. Thereafter, it remained more or less in the same range and was 73.34% as on March 31, 2017. Thereafter, as on March 31, 2023, the promoter shareholding stood at 16.25%, i.e. reduction of 57.09% from March 31, 2017. On further examination, it is noted that this reduction is primarily because of the invocation of pledge and on-market sale by EWW.

Violation of SEBI Act and PFUTP Regulations:

74. Mr. Sunil Arjan Lulla, the executive Vice Chairman and Managing Director of Eros (Noticee 4), has been associated with the Company since its inception and Mr. Pradeep Dwivedi, Chief Executive Officer (Noticee 5), has been acting as the Group CEO since January 2020. It is therefore noted that Noticee 4 has been part of the management of the Company throughout the period when these alleged transgressions were observed, whereas Noticee 5 was acting as the CEO during the period when the impairment was recognized and substantial questionable related party transactions were observed. EWW (Noticee 2), is one of the promoters of Eros (Noticee 1), and EDPL (Noticee 3), which is controlled by EWW and Sunil Lulla, has been noted to be the potential beneficiaries of the funds diverted from the Company. In view of the same, Noticees 1 to 5 have *prima-facie* violated Section 12A(a), (b) and (c) of the SEBI Act, 1992 r/w Regulation 3(b), (c), (d), 4(1), 4(2) (f), (k), (r) of SEBI (PFUTP) Regulations, 2003.

SEBI Act, 1992:

Sec 12A. No person shall directly or indirectly—

(a) use or employ, in connection with the issue, purchase or sale of any securities listed or proposed to be listed on a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of this Act or the rules or the regulations made thereunder;

(b) employ any device, scheme or artifice to defraud in connection with issue or dealing in securities which are listed or proposed to be listed on a recognised stock

exchange; (c) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person, in connection with the issue, dealing in securities which are listed or proposed to be listed on a recognised stock exchange, in contravention of the provisions of this Act or the rules or the regulations made thereunder;

SEBI (PFUTP) Regulations, 2003

3. Prohibition of certain dealings in securities

No person shall directly or indirectly –

(b) use or employ, in connection with issue, purchase or sale of any security listed or proposed to be listed in a recognized stock exchange, any manipulative or deceptive device or contrivance in contravention of the provisions of the Act or the rules or the regulations made there under;

(c) employ any device, scheme or artifice to defraud in connection with dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange;

(d) engage in any act, practice, course of business which operates or would operate as fraud or deceit upon any person in connection with any dealing in or issue of securities which are listed or proposed to be listed on a recognized stock exchange in contravention of the provisions of the Act or the rules and the regulations made there under.

4. Prohibition of manipulative, fraudulent and unfair trade practices

(1) Without prejudice to the provisions of Regulation 3, no person shall indulge in a manipulative, fraudulent or an unfair trade practice in securities markets.

Explanation – For the removal of doubts, it is clarified that any act of diversion, misutilisation or siphoning off of assets or earnings of a company whose securities are listed or any concealment of such act or any device, scheme or artifice to manipulate the books of accounts or financial statement of such a company that would directly or indirectly manipulate the price of securities of that company shall be and shall always be deemed to have been considered as manipulative, fraudulent and an unfair trade practice in the securities market.

(2) Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include all or any of the following, namely: —

(f) publishing or causing to publish or reporting or causing to report by a person dealing in securities any information which is not true or which he does not believe to be true prior to or in the course of dealing in securities;

(k) disseminating information or advice through any media, whether physical or digital, which the disseminator knows to be false or misleading and which is designed or likely to influence the decision of investors dealing in securities

(r) knowingly planting false or misleading news which may induce sale or purchase of securities

Need for Interim Directions:

Payments to same content advance entities even after impairment of substantial amount:

75. It was noted during the SEBI investigation that even after the impairment of Rs.1290.15 Cr. of content advances in FY2019-20, Eros making content advances to CAEs even in FY 2020-21, 2021-22 and 2022-23. The details of which are as follows;

Table 26		
Name of Entity	**Amount impaired in FY 2019-20 (In Cr.)**	**Amount paid during FY 2020-21 to 2022-23 (In Cr.)**
Next Gen Films Pvt Ltd	251.70	40.03
Virgo Entertainment Pvt Ltd	88.23	7.96
Spicy Entertainment and Media Ltd	92.20	5.19
RV Films	163.47	1.82
Total	**595.60**	**55.00**

76. As brought out in the preceding part of this Order, out of the funds transferred by Eros to these entities, substantial amounts had been potentially diverted by these entities to related parties of the promoters of Eros and not utilized for the stated purpose for which these funds were transferred. It was also noted during the Investigation based on the analysis of the bank statements and GST registration data, that many of the TREs appeared to be bogus entities having no real business.

77. In view of the same, at the instance of SEBI, a BSE Team made a surprise site visit to the registered office of Spicy Entertainment & Media Limited (a BSE Listed company), situated at “Office No. 12, Block A-3, Cows Ghat Road, Ganges

Garden, Premises No. 106, Shibpur, HMC Ward No. 36, Howrah, West Bengal – 711 102" on April 25, 2023, and submitted a report to SEBI. It is noted from the report that "the registered office was permanently closed and no employee or any other person was there. As informed by local people, the Company's office remains closed all the time, and once in 2-3 months, it is opened for maintenance purposes." Along with site visit report, BSE also submitted a video taken at the time of the site visit. The same can be viewed from the following QR Code:

78. It is pertinent to note that soon after the BSE site visit, Spicy made a corporate announcement on May 09, 2023, stating that the registered office of the company has been shifted to "4th Floor, Room No. 421A, 18 Rabindra Sarani, Poddar Court, Kolkata, West Bengal – 700 001". A BSE team, subsequently, visited the new registered address of Spicy on May 24, 2023. However, again the premises were found to be closed. The video taken at the time of the site visit to the new office of Spicy can be viewed from the following QR Code:

79. It has already been noted in this Order that Eros had transferred Rs.114.04 Crore to Spicy, out of which Rs.92.20 Crore was written off, and no film/rights were recorded in the books of Eros out of Rs.114.04 Crore paid to them. The BSE site visit report and visuals further strengthens the suspicion that Spicy has no actual business operations and is merely a paper company.

80. Further, with respect to two of the other content advance entities viz. Nextgen and Virgo, it is noted that the GST Registration of these entities has been

cancelled by the GST department suo-moto. This raises serious doubts about the actual business operations of these entities. Even after the cancellation of GST certificates, the Company has made payments to these two entities. The details of same are as follows:

Table 27			
Sr. No.	**Content Advance Entity Name**	**GST Registration Details**	**Payment made by Eros post cancellation of GST Registration (Rs. In Crore)**
1	Next Gen Films Pvt. Ltd	GST Cancelled suo-moto by GST Department (Effective from 07/01/2020)	40.90
2	Virgo Entertainment Pvt. Ltd	GST Cancelled suo-moto by GST Department (Effective from 27/11/2019)	22.06
Total			**62.96**

81. It is also worth highlighting here that in the past, Eros has made payments amounting to Rs. 1107.28 and Rs. 580.20 Crore to Nextgen and Virgo, respectively and out of this, an amount of Rs.325.14 Crore and Rs. 105.26 Crore, respectively, has remained untraceable. Further, during the course of the investigation, multiple instances involving significant amounts have been identified wherein the funds paid by Eros to these entities were potentially diverted by these entities to the overseas promoter of Eros (EWW), an overseas connected entity of Eros, etc.

82. In light of the above, given the fact that Eros continues to transfer funds to these potentially bogus entities, the same raises concerns that the Company is still diverting resources to entities connected to its promoters to the detriment of the public shareholders.

Continuing misrepresentation of financial statements of the Company:

83. NSE, based on an alert generated at the exchange level, examined the books of accounts of Eros for the period FY 21 to FY 23, and submitted their second preliminary examination report in the matter to SEBI vide email dated February 16, 2023. The said report *inter-alia* pointed out the following:

    a) Qualified Audit Opinion for FY2021-22 - As per the Standalone Financial Statements, the Company has trade receivables of Rs.406.45 Crore from Eros Worldwide FZ LLC ("EWW"), Rs.86.52 Crore from Eros International Ltd. UK (a fellow subsidiary of EWW) and Rs.28.84 Crore from Eros

International USA Inc. (fellow subsidiary of EWW). Dues from EWW of Rs.325.77 Crore are overdue. As per the management, the net worth of these companies has been eroded, and these companies have incurred losses in the FY 2021-22. Further, EWW has made significant write down in the carrying amount of film content. Statutory Auditors of the Company for FY2021-22 qualified their audit report *inter-alia* stating that *"we are unable to obtain sufficient appropriate audit evidence to comment on the extent of the recoverability of the carrying value of the above receivables and the consequential effects on the loss for the year".*

b) More than 95% of Eros's revenue in FY 2019-20, 2020-21 and 2021-22 was from the aforesaid related parties.

c) In FY 2019-20, Eros recorded standalone revenue of Rs.669.00 Cr. and as on March 31, 2020, trade receivables were Rs.525.90 Cr. i.e. 78.61% of revenue. In the subsequent two financial years i.e. FY 2020-21 and FY 2021-22, the revenue of the Company decreased by more than 60%; however, trade receivables increased by more than twice and thrice, respectively. In FY 2020-21 and 2021-22, Eros recorded standalone revenue of Rs.244.50 Crore and Rs.218.68 Crore respectively, whereas trade receivables as on March 31, 2021, and March 31, 2022, were Rs.460.81 Crore and Rs.650.99 Crore respectively, the details of which are as follows:

Table No. 28	***(Rs. In Crore)***		
Particulars	**2019-20**	**2020-21**	**2021-22**
Revenue	669.00	244.50	218.68
Trade receivables	525.90	460.81	650.99
Trade receivables (% of revenue)	78.61	188.47	297.69
Trade receivables from related parties	490.12	416.64	605.95
Trade receivables from related parties (% of total trade receivables)	93.20	90.41	93.08

d) In the FY 2019-20, 2020-21 and 2021-22 majority of trade receivables i.e. more than 90%, were from related parties. Trade receivables from related parties majorly include dues from the promoter company of Eros, i.e. Eros Worldwide FZ LLC. The same stood at Rs.378.84 Crore, Rs.351.24 Crore and Rs.406.45 Crore as on March 31, 2020, March 31, 2021, and March 31, 2022, respectively.

e) The Company has mentioned that content advances were written off, amounting to Rs.55.96 Crore in FY2020-21. Provision for doubtful advances stood around Rs.38.07 Crore in FY2021-22.

84. Given the above, I observe that there is sufficient material on record to arrive at a *prima-facie* finding that the books of accounts of the Company have been overstated and do not present a true and fair picture of the financial health of the Company. The transactions between the "content advance entities" and the "trade receivable entities", raises the possibility that Eros was circulating funds whereby amounts transferred as content advances were subsequently recognized as revenue by routing it through trade receivables entities. The fidelity of the financial statements of the Company have been rendered a chimera by virtue of these transactions. This coupled with the fact the Company is still advancing funds to entities which have been potentially involved in siphoning off funds to entities related to the promoters, makes it imperative for SEBI as the market regulator to take action in the interest of the public shareholders of the Company. I also note that most of the TREs and CAEs and their directors failed to cooperate with the SEBI investigation. This recalcitrant and refractory action by entities suspected of siphoning off public funds needs to be dealt with firmly.

85. The potential transgressions, observed during the investigation, dates back to FY 2012. The Board of Directors and the Audit Committee should have been vigilant enough to sound the alarm when they saw flags so red they are downright crimson. The apparent failure of the Board of Directors and the Audit Committee can at best be termed callous and at its worst may indicate a complete abdication of responsibilities and granting a free run to the promoters. The investigation, I therefore note, should enquire into apparent failure of the Board and the Audit Committee to take steps to protect the interests of the shareholders.

86. In light of the foregoing, I am of the view that pending completion of the detailed investigation initiated by SEBI, there is a need to pass an ad-interim ex-parte order to protect the interests of public shareholders as well as the interest of the general investors and to prevent any further deterioration of funds/assets of Eros.

Order:

87. Keeping in view the foregoing, I, in exercise of the powers conferred upon me under Sections 11, 11(4) and 11B (1) read with Section 19 of the SEBI Act, 1992, hereby issue by way of this interim order the following directions, which shall be in force until further orders: -

a) *Noticee 4* is restrained from holding the position of a director or a Key Managerial Personnel in any listed company, including Eros, or its subsidiaries or any SEBI registered intermediary until further orders.

b) *Noticee 5* is restrained from holding the position of a director or a Key Managerial Personnel in any listed company other than Eros or any SEBI registered intermediary until further orders.

c) *Noticees 1* to *5* are restrained from buying, selling or dealing in securities, either directly or indirectly, in any manner whatsoever until further orders. If the said *Noticees* have any open position in any exchange-traded derivative contracts, as on the date of the order, they can close out /square off such open positions within 3 months from the date of order or at the expiry of such contracts, whichever is earlier. The said *Noticees* are permitted to settle the pay-in and pay-out obligations in respect of transactions, if any, which have taken place before the close of trading on the date of this order.

d) *Noticee 1* shall provide a detailed report to SEBI including details of end-to-end utilization of content advances paid by it to 18 "*content advances entities*" within 30 days from the date of passing of the order.

e) The Depositories are directed to ensure that till further directions, no credits or debits are made in the demat accounts of Noticees, held individually or jointly.

f) The Registrar and Transfer Agents are also directed to ensure that till further directions, the securities/mutual funds units held in the name of the Noticees, individually or jointly, are not transferred/redeemed.

g) BSE is directed to appoint a forensic auditor to examine the books of accounts of the three exclusively BSE listed companies, namely Thinkink Picturez Ltd., Mediaone Global Entertainment Ltd. and Spicy Entertainment and Media Ltd., who *prima facie* acted as conduits in the alleged

misrepresentation/diversion of funds by Eros. The forensic auditor/ audit firm so appointed shall verify, *inter alia*, the following –

i) Manipulation of Books of Accounts;

ii) Misrepresentation, including of financials and/or business operations;

iii) Wrongful diversion/siphoning of company funds;

iv) The genuineness of business operations of these companies;

v) Any other related matter.

h) The forensic auditor/ audit firm so appointed as per this Order shall submit a Report to BSE within three months from the date of this Order. BSE shall submit the forensic audit report (including all annexures) along with its recommendation within 15 days from the date of receipt of the forensic audit report.

88. The foregoing *prima facie* observations contained in this Order are made on the basis of the material available on record. The concerned *Noticees* may, within 21 days from the date of receipt of this Order, file their reply/objections, if any, to this Order and may also indicate whether they desire to avail an opportunity of personal hearing on a date and time to be fixed in that regard.

89. This Order is without prejudice to the right of SEBI to take any other action against the Noticees in accordance with law.

90. The above directions shall take effect immediately and shall be in force until further orders.

91. A copy of this order shall be served upon Entities, Stock Exchanges, Registrar and Transfer Agents and Depositories for necessary action and compliance with the above directions.

DATE: JUNE 22, 2023 **ASHWANI BHATIA**

PLACE: MUMBAI **WHOLE TIME MEMBER**

SECURITIES AND EXCHANGE BOARD OF INDIA