WTM/ASB/CFID/CFID_4/28846/2023-24

SECURITIES AND EXCHANGE BOARD OF INDIA

INTERIM ORDER

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

In respect of:

SL. No.	NOTICEE(S)	PAN
1	Brightcom Group Ltd.	AAACL5827B
2	M. Suresh Kumar Reddy	AOOPM8696J
3	Narayan Raju	BHCPS1066C
4	Sarita Commosales LLP	ACPFS8147K
5	Kalpana Commosales LLP	AAOFK4643H
6	Sahitay Commosales LLP	ACPFS8674P
7	Shalini Sales LLP	ACQFS7055M
8	Aradhana Commosales LLP	ABAFA4710C
9	Palace Heights Avenues LLP	AAYFP6825C
10	Kishan Prakash	EHPPK4211P
11	Ishan Prakash	AFCPI7012P
12	P Bhuvaneswari	CGSPP5043C
13	Hansraj Commosales LLP	AAJFH1152J
14	MLS Sudheer	BGTPS2091F
15	Subrato Saha	AFOPS1470F
16	Manju Shivkrishna Damani	AABPD2302H
17	Varun Shivkrishna Damani	AABPD2303G
18	Prerna Varun Damani	BVCPD5290F
19	Pooja Rajendra Prasad Poddar	AELPP6414L
20	Rajendra Prasad Poddar	AFGPP6361J
21	Sushila Devi Poddar	AFUPP5188B

SL. No.	NOTICEE(S)	PAN
22	Ankit Kumar Alya	AKNPA3149D
23	Sanjib Hirendra Chakraborty	AHPPC8755N
24	Shivkrishna Harakchand Damani	AABPD2300F
25	Shankar Sharma	AMGPS6103C

(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 Brightcom Group Limited

Background:

1. SEBI received complaints dated October 06, 2022 and May 12, 2023 in respect of the preferential allotments made by Brightcom Group Limited (hereinafter referred to as "**BGL**" or "**Brightcom**" or "**the Company**") in the Financial Years (FY) 2019-20 and 2020-21, alleging *inter alia* that BGL had raised money through preferential issue of shares to entities that were directly or indirectly connected to it and that the money raised in the preferential issues was given as loans and advances to its subsidiaries. It was further alleged that proper disclosures were not made in the Annual Report of the Company in respect of utilization of the proceeds of the preferential issues.

2. SEBI decided to conduct a detailed investigation in the matter. The preliminary findings of the investigation *prima-facie* indicated irregularities in the preferential allotments by BGL which included circulation of funds to create false impression of receipt of warrant / share application money, partial return of warrant / share application money, allotment of warrants / shares without receipt or partial receipt of warrant / share application money, diversion of proceeds of preferential allotments of warrants / shares, submission of false/ fabricated documents (bank accounts statements) to SEBI, etc. These actions of BGL resulted in significant misstatements / misrepresentations in the financial statements of the Company and its subsidiaries. The preliminary findings of the investigation are detailed below:

Preferential Issues by BGL:

3. It was observed that during FY 2020-21 & 2021-22, BGL had issued warrants / share on preferential basis on four occasions and raised Rs. 867.78 Crore from a total of 82 allottees. A summary of the four preferential issues is given below:

Table 1

Sl. No.	No. of Allottees	No. of Equity Shares	Allotment price (Rs.) [FV Rs. 2/-]	Amount Received (Rs. Crores)	Allotment dates	Remarks
1	3	3,14,00,000	10	31.40	27/05/2020	Issue of equity shares
2	50	32,56,55,000	7.70	250.75	01/07/2021 to 12/08/2021	Conversion of warrants into equity shares
3	28	14,00,50,000	37.77	528.97	23/01/2022 to 25/01/2022	Issue of equity shares
4	1	1,50,00,000	37.77	56.66	09/03/2022	Conversion of warrants into equity shares
Total	**82**	**51,21,05,000**		**867.78**		

4. It was observed that during the first preferential issue, the Company allotted 3,14,00,000 equity shares to three non-promoter entities at Rs.10 per share on May 27, 2020, which were subsequently listed on the exchanges on July 24, 2020.

5. During the second preferential issue, the Company allotted warrants to 50 entities, who were required to pay 25% of the issue price at the time of issuance of warrants and 75% at the time of conversion. Such Warrants were to be converted to equity within 18 months by the warrant holders. These warrant holders subsequently converted 32,56,55,000 warrants into equity shares, which were listed on BSE Limited (**BSE**) and National Stock Exchange of India Limited (**NSE**). Their details of the allotments are as under:

Table 2

Sl. No.	Date of allotment	No. of Allottees	Price per share	No. of Equity Shares issued/Warrants converted	Amount Received (Rs.)	Effective date of Listing
1	July 1, 2021	20	7.7	3,42,00,000	26,33,40,000	August 11, 2021
2	July 23, 2021	16	7.7	5,89,30,000	45,37,61,000	August 23, 2021
3	July 28, 2021	8	7.7	14,55,00,000	1,12,03,50,000	August 25, 2021
4	July 30, 2021	5	7.7	8,32,00,000	64,06,40,000	August 26, 2021
5	August 12, 2021	1	7.7	38,25,000	2,94,52,500	August 26, 2021
Total		**50**		**32,56,55,000**	**2,50,75,43,500**	

6. During the third preferential issue, the Company, during the period January 23-25, 2022, allotted 14,00,50,000 equity shares to 28 non-promoters at Rs.37.77 per share, which were subsequently listed on the exchanges on April 01, 2022.

7. In the fourth and last preferential issue, 1,50,00,000 warrants were allotted to Mr. Shankar Sharma at Rs.37.77 per warrant, which were converted into equity shares on March 09, 2022 and listed on the Exchanges on April 19, 2022.

Non-receipt of warrant / share application money by the Company

8. During the investigation, SEBI delved into the receipt of warrant / share application money from some of the preferential allottees. It was observed that in respect of 22 allottees who were allotted 25,76,50,000 equity shares for Rs.245.24 Crore, the Company had received only Rs.52.51 Crore and the remaining amount of Rs.192.73 Crore was either not received by the Company or was routed back to the said allottees through multiple layering of transactions involving subsidiaries and conduits. A summary of the said shortfall, entity-wise, is provided below:

Table 3

S. No.	Date of Allotment	PAN	Name of Allottee	No. of Shares allotted (FV 2)	Allotment Price (Rs.)	Total Amount (Rs. in Crores)	Amount actually received by the BGL (Rs. in Crores)	Shortfall (Rs. in Crores)
1	July 30, 2021	ABAFA4710C	Aradhana Commosales LLP	5,00,00,000	7.70	38.50	2.41	36.09
2	July 28, 2021	ACPFS8147K	Sarita Commosales LLP	5,00,00,000	7.70	38.50	0.03	38.47
3	July 28, 2021	AAOFK4643H	Kalpana Commosales LLP	2,50,00,000	7.70	19.25	0.00	19.25
4	July 28, 2021	ACQFS7055M	Shalini Sales LLP	2,00,00,000	7.70	15.40	-	15.40
5	July 30, 2021	AFOPS1470F	Subrato Saha	2,20,00,000	7.70	16.94	2.90	14.04
6	July 23, 2021	AAYFP6825C	Palace Heights Avenues LLP	45,00,000	7.70	3.47	-	3.47
7	July 28, 2021	ACPFS8674P	Sahitay Commosales LLP	2,50,00,000	7.70	19.25	-	19.25
8	July 28, 2021	AAJFH1152J	Hansraj Commosales LLP	2,40,00,000	7.70	18.48	5.25	13.23

Table 3

S. No.	Date of Allotment	PAN	Name of Allottee	No. of Shares allotted (FV 2)	Allotment Price (Rs.)	Total Amount (Rs. in Crores)	Amount actually received by the BGL (Rs. in Crores)	Shortfall (Rs. in Crores)
9	July 1, 2021	CGSPP5043C	P Bhuvaneswari	4,50,000	7.70	0.35	-0.15	0.50
10	July 23, 2021	BGTPS2091F	MLS Sudheer	6,00,000	7.70	0.46	-	0.46
11	May 27, 2020	EHPPK4211P	Kishan Prakash	48,00,000	10.00	4.80	0.48	4.32
12	May 27, 2020	AFCPI17012P	Ishan Pakash	28,00,000	10.00	2.80	1.11	1.69
13	July 1, 2021	AABPD2302H	Manju Shivkrishna Damani	10,00,000	7.70	0.77	-	0.77
14	July 1, 2021	AABPD2303G	Varun Shivkrishna Damani	10,00,000	7.70	0.77	0.50	0.27
15	July 1, 2021	BVCPD5290F	Prerna Varun Damani	10,00,000	7.70	0.77	-	0.77
16	July 1, 2021	AELPP6414L	Pooja Rajendra Prasad Poddar	10,00,000	7.70	0.77	-	0.77
17	July 1, 2021	AFGPP6361J	Rajendra Prasad Poddar	10,00,000	7.70	0.77	-	0.77
18	July 1, 2021	AFUPP5188B	Sushila Devi Poddar	10,00,000	7.70	0.77	-	0.77
19	July 1, 2021	AKNPA3149D	Ankit Kumar Alya	40,00,000	7.70	3.08	-	3.08
20	July 1, 2021	AHPPC8755N	Sanjib Hirendra Chakraborty	25,00,000	7.70	1.93	-	1.93
21	July 1, 2021	AABPD2300F	Shivkrishna Harakchand Damani	10,00,000	7.70	0.77	-	0.77
22	Mar 09, 2022	AMGPS6103C	Shankar Sharma	1,50,00,000	37.77	56.66	39.98	16.67
			Total	**25,76,50,000**		**245.24**	**52.51**	**192.73**

Fictitious receipts from 4 allottees subsequently classified as promoter entities:

9. It was found that out of the abovementioned 22 allottees, who were non-promoter entities, four allottees were subsequently categorized as promoter entities. The Company, in an announcement dated April 05, 2022 to the stock exchanges, stated that Mr. M. Suresh Kumar Reddy, Promoter and Chairman & Managing Director of BGL, was inducted as a partner in four LLPs on March 31, 2022 and consequently those four LLPs were re-classified as Promoter & Promoter Group entities effective from March 31, 2022. It was noted that all

four LLPs (viz. Aradhana Commosales LLP, Sarita Commosales LLP, Kalpana Commosales LLP and Shalini Sales LLP) were preferential allottees of BGL, which are appearing at serial nos. 1 to 4 in the Table under previous paragraph.

10. It was observed that the abovementioned four LLPs were allotted 14.50 Crore shares (approximately 30% of the total shares allotted on preferential basis during FY 2020-21 & 2021-22) for a total consideration of Rs.111.65 Crore. However, it was *prima facie* observed that only Rs.1.41 Crore was actually received from these 4 LLPs, out of the abovementioned agreed consideration.

11. The Company was asked to provide the details of receipt of consideration money for the preferential allotment of warrants / shares from the said four LLPs. The company in its reply dated December 19, 2022 provided the details of receipt of share application money and submitted its bank statements as documentary evidence.

12. SEBI independently sought Company's bank account statements for the same bank accounts from the concerned banks. On comparison of the bank account statements received from the Company with those received directly from the banks, it was observed that the credit entries appearing in the bank account statements submitted by the company, which were purported to be the receipts of share application money from the said 4 LLPs, did not appear in the bank account statements obtained directly from the banks. The said mis-matches are detailed below:

(i) Aradhana Commosales LLP (Aradhana):

13. It was observed that Aradhana was allotted 5,00,00,000 warrants (subsequently converted into shares), each having face value of Rs.2, on July 30, 2021 at the rate of Rs.7.70 each, for a total consideration of Rs.38.50 Crore. As per the bank statements submitted by the Company, it had received Rs.38.50 Crore from Aradhana between 03.04.2021 to 12.07.2021. However, the bank account statements obtained directly from the banks did not reflect the said transactions. The details are as under:

Table 4

Date	Bank account No. (Company)	Bank name	Amount as per statement submitted by the company (Rs.)	Amount as per the statement directly obtained from bank
03-04-2021	22522412345678	DCB Bank	1,00,00,000	No such transaction
05-04-2021	22522412345678	DCB Bank	8,62,50,000	No such transaction
21-05-2021	22522412345678	DCB Bank	10,00,00,000	No such transaction
06-07-2021	22522412345678	DCB Bank	9,00,00,000	No such transaction
12-07-2021	16050200002993	Federal Bank	9,87,50,000	No such transaction
Total			**38,50,00,000**	

14. Further, the bank account statements obtained directly from the banks showed that the Company had received Rs.2.41 Crore only from Aradhana's ICICI Bank Account into its DCB Bank Account during the abovementioned period, details of which are as under:

Table 5

Allottee Name	Date of credit in the bank of the company	Bank Name and A/c No. of BGL	Bank and A/c. No. of Allottee	Amount (Rs.)
Aradhana Commos ales LLP	06-04-2021	DCB BANK 22522412345678	ICICI Bank Ltd 641505000604	79,00,000
	07-04-2021			75,00,000
	08-04-2021			87,00,000
Total receipt by BGL				2,41,00,000

15. The bank statements obtained directly from the banks showed that apart from the abovementioned receipt of Rs.2.41 Crore from Aradhana, the Company did not receive any other payment from Aradhana towards the allotment of 5 Crore shares of BGL. It is, therefore, clear that the Company did not receive the remaining amount of Rs.36.09 Crore (i.e. Rs.38.50 Crore – Rs.2.41 Crore) from Aradhana.

16. It was further observed that Mr. M. Suresh Kumar Reddy, had transferred Rs.76 Lakh to the ICICI Bank Account of Aradhana on March 31, 2022 from his Axis Bank Account No. 914010002169010. This payment was claimed to have been made towards becoming partner in Aradhana.

(ii) Sarita Commosales LLP (Sarita)

17. It was observed that Sarita was allotted 5,00,00,000 Warrants (subsequently converted into shares), each having face value of Rs.2, on July 28, 2021 at the rate of Rs.7.70 each, for a total consideration of Rs.38.50 Crore. As per the bank statements submitted by the Company, it had received Rs.38.50 Crores from Sarita. However, the bank account statements directly obtained from the banks did not reflect the said transactions. The details are as under:

Table 6

Date	Bank account No.	Bank name	Amount as per statement submitted by the company (Rs.)	Amount as per the statement directly obtained from bank
16-07-2021	16050200002993	Federal Bank	10,00,00,000	No such transaction
27-07-2021	16050200002993	Federal Bank	10,00,50,000	No such transaction
05-04-2021	22522412345678	DCB Bank	9,62,50,000	No such transaction
02-06-2021	22522412345678	DCB Bank	8,87,00,000	No such transaction
Total			38,50,00,000	

18. Further, the bank account statements obtained directly from the banks showed that the Company had received Rs.4.10 Crore from Sarita, details of which are as under:

Table 7

Allottee Name	**Date of credit in the bank of the company**	**Bank Name and A/c No. of BGL**	**Bank and A/c. No. of Allottee**	**Amount (Rs.)**
Sarita Commosales LLP	09-04-2021	DCB BANK 22522412345678	Catholic Syrian Bank 033104307892195001	80,00,000
	09-04-2021			80,00,000
	12-04-2021			70,00,000
	12-04-2021			90,00,000
	12-04-2021			90,00,000
Total receipt by BGL				**4,10,00,000**

19. Sarita paid Rs.4.10 Crore only to BGL, as against the required payment of Rs.38.50 Crore. On the other hand, SEBI's investigation has *prima facie* revealed that Sarita received a total of Rs.4.07 Crore from BGL, which reached Sarita through circuitous transactions involving BGL's subsidiaries, viz. LIL Projects Pvt. Ltd. and Yreach Media Pvt. Ltd., and other conduit

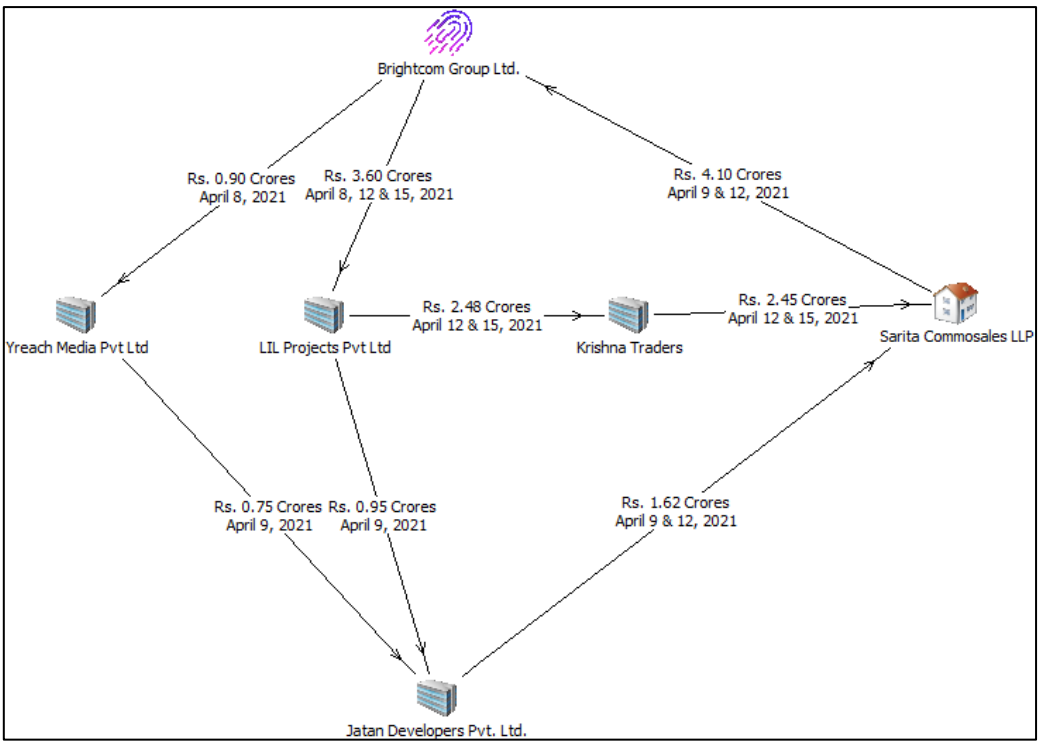
entities, viz. Krishna Traders, Jatan Developers etc. The table below details the aforementioned circuitous fund transactions.

Table 8

Date	From entity	From bank/ Bank account No	To entity	To bank/ Bank account No	Amount
08-Apr-21	Brightcom Group Ltd.	DCB/22522 412345678	Yreach Media Pvt Ltd	ICICI/007605003641	90,00,000
08-Apr-21	Brightcom Group Ltd.	DCB/22522 412345678	LIL Projects Pvt Ltd	ICICI/007605004446	95,25,000
12-Apr-21	Brightcom Group Ltd.	DCB/22522 412345678	LIL Projects Pvt Ltd	ICICI/007605004446	87,00,000
12-Apr-21	Brightcom Group Ltd.	DCB/22522 412345678	LIL Projects Pvt Ltd	ICICI/007605004446	70,00,000
15-Apr-21	Brightcom Group Ltd.	DCB/22522 412345678	LIL Projects Pvt Ltd	ICICI/007605004446	10,00,000
15-Apr-21	Brightcom Group Ltd.	DCB/22522 412345678	LIL Projects Pvt Ltd	ICICI/007605004446	98,00,000
Total	**BGL to Subsidiaries**				**4,50,25,000**
09-Apr-21	Yreach Media Pvt Ltd	ICICI/0076 05003641	Jatan Developers Pvt. Ltd.	CSB/0331-04261538-195001	15,00,000
09-Apr-21	Yreach Media Pvt Ltd	ICICI/0076 05003641	Jatan Developers Pvt. Ltd.	CSB/0331-04261538-195001	20,00,000
09-Apr-21	Yreach Media Pvt Ltd	ICICI/0076 05003641	Jatan Developers Pvt. Ltd.	CSB/0331-04261538-195001	20,00,000
09-Apr-21	Yreach Media Pvt Ltd	ICICI/0076 05003641	Jatan Developers Pvt. Ltd.	CSB/0331-04261538-195001	20,00,000
09-Apr-21	LIL Projects Pvt Ltd	ICICI/0076 05004446	Jatan Developers Pvt. Ltd.	CSB/0331-04261538-195001	95,00,000
12-Apr-21	LIL Projects Pvt Ltd	ICICI/0076 05004446	Krishna Traders	CSB/0331-04266068-195001	70,00,000
12-Apr-21	LIL Projects Pvt Ltd	ICICI/0076 05004446	Krishna Traders	CSB/0331-04266068-195001	70,00,000
15-Apr-21	LIL Projects Pvt Ltd	ICICI/0076 05004446	Krishna Traders	CSB/0331-04266068-195001	10,00,000
15-Apr-21	LIL Projects Pvt Ltd	ICICI/0076 05004446	Krishna Traders	CSB/0331-04266068-195001	98,00,000
Total	**Subsidiaries to Conduit entities**				**4,18,00,000**
09-Apr-21	Jatan Developers Pvt Ltd.	CSB/0331-04261538-195001	Sarita Commosales LLP	CSB/0331-04307892-195001	1,60,00,000
12-Apr-21	Jatan Developers Pvt Ltd.	CSB/0331-04261538-195001	Sarita Commosales LLP	CSB/0331-04307892-195001	2,00,000

Date	From entity	From bank/ Bank account No	To entity	To bank/ Bank account No	Amount
12-Apr-21	Krishna Traders	CSB/0331-04266068-195001	Sarita Commosales LLP	CSB/0331-04307892-195001	70,00,000
12-Apr-21	Krishna Traders	CSB/0331-04266068-195001	Sarita Commosales LLP	CSB/0331-04307892-195001	70,00,000
15-Apr-21	Krishna Traders	CSB/0331-04266068-195001	Sarita Commosales LLP	CSB/0331-04307892-195001	1,05,00,000
Total	**Conduit entities to Allottee**				**4,07,00,000**
09-Apr-21	SARITA COMMOSALES LLP	CSB/0331-04307892-195001	Brightcom Group Ltd.	DCB/22522412345678	80,00,000
09-Apr-21	SARITA COMMOSALES LLP	CSB/0331-04307892-195001	Brightcom Group Ltd.	DCB/22522412345678	80,00,000
12-Apr-21	SARITA COMMOSALES LLP	CSB/0331-04307892-195001	Brightcom Group Ltd.	DCB/22522412345678	70,00,000
12-Apr-21	SARITA COMMOSALES LLP	CSB/0331-04307892-195001	Brightcom Group Ltd.	DCB/22522412345678	90,00,000
12-Apr-21	SARITA COMMOSALES LLP	CSB/0331-04307892-195001	Brightcom Group Ltd.	DCB/22522412345678	90,00,000
Total	**Allottee to BGL**				**4,10,00,000**

20. The diagrammatic representation of the table above, is shown below.



21. From the above observations, it is clear that there was no real receipt of share application money by BGL from Sarita for the shares allotted in the preferential issue. In fact, Sarita paid only Rs.3 lakh on net basis (Rs.4.10 Crore-Rs.4.07 Crore) from BGL, and received shares without actually paying the reminder of the consideration.

22. It was further observed that Mr. M. Suresh Kumar Reddy had transferred Rs.1.15 Crore to Sarita on March 29 & 31, 2022 from his Axis Bank Account No. 914010002169010, which was purportedly done towards becoming partner in Sarita.

(iii) Kalpana Commosales LLP (Kalpana)

23. It was observed that Kalpana was allotted 2,50,00,000 Warrants, each having face value of Rs.2, at the rate of Rs.7.70 each, for a total consideration of Rs.19.25 Crore, which were subsequently converted into shares on July 28, 2021. The Company claimed that it had received the total consideration of Rs.19.25 Crore. In this regard, the Company submitted bank statements showing two credit transactions purported to be the receipts of Rs.8.81 Crore from Kalpana in two bank accounts. However, the bank account statements directly obtained from the banks did not reflect the said transactions. The details are as under:

Table 9

Date	Bank account No.	Bank name	Amount as per statement submitted by the Company (Rs.)	Amount as per the statement directly obtained from bank
06-04-2021	22522412345678	DCB bank	4,81,25,000	No such transaction
15-07-2021	50200058179886	HDFC Bank	4,00,00,000	No such transaction

24. Further, the bank account statements obtained directly from the banks showed that the Company had received Rs.4.8125 Crore from Kalpana on April 08, 2021. It was thus observed that as against receipt of Rs.19.25 Crore to be paid by Kalpana for the shares allotted in the preferential issue, BGL received Rs.4.8125 Crore only, leaving a shortfall of Rs.14.44 Crore. Further, as per preliminary findings of investigation, similar to the case of Sarita, out of Rs.4.8125 Crore paid by Kalpana, Rs.4.81 Crore had originated from BGL itself, which reached Kalpana through circuitous transactions involving BGL's

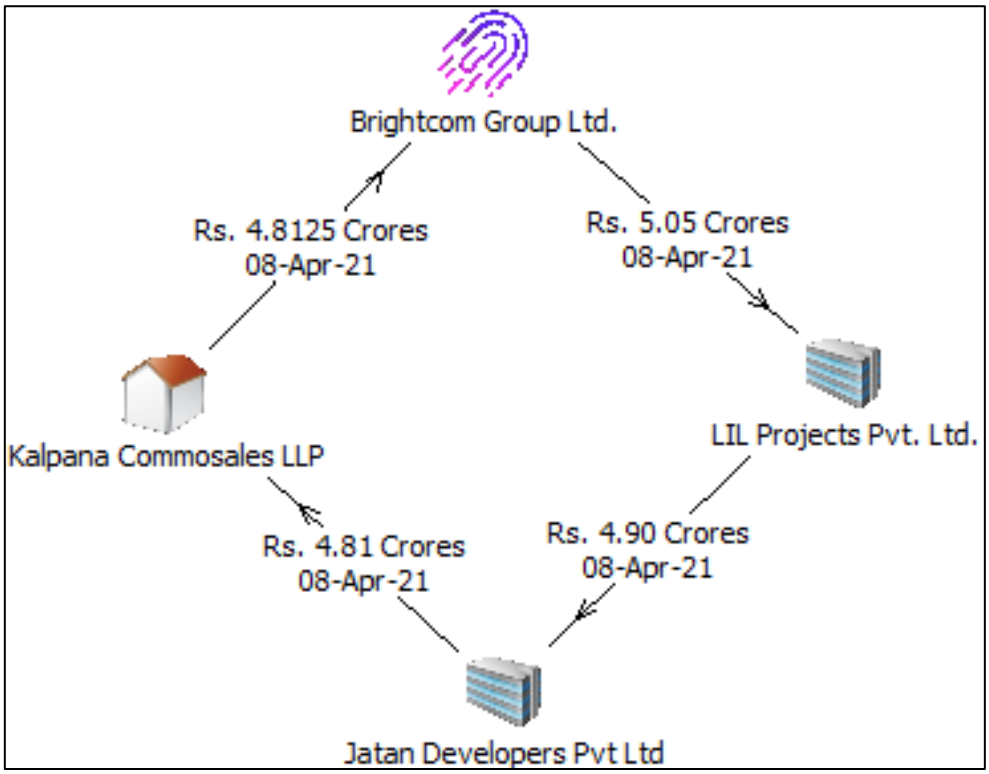
subsidiary, viz. LIL Projects Pvt. Ltd. and another conduit entity, viz. Jatan Developers. Interestingly, all these transactions happened on the same date, i.e. April 08, 2021. The table below details the aforementioned circuitous fund transactions.

Table 10

Date	From Entity	From bank/ Bank account No	To entity	To bank/ Bank account No	Amount
08-Apr-21	Brightcom Group Ltd.	DCB/22522412345678	LIL Projects Pvt. Ltd.	ICICI/7605004446	50,00,000
08-Apr-21	Brightcom Group Ltd.	DCB/22522412345678	LIL Projects Pvt. Ltd.	ICICI/7605004446	1,08,25,000
08-Apr-21	Brightcom Group Ltd.	DCB/22522412345678	LIL Projects Pvt. Ltd.	ICICI/7605004446	3,46,75,000
Total	**BGL to Subsidiaries**				**5,05,00,000**
08-Apr-21	LIL Projects Pvt. Ltd.	ICICI/7605004446	Jatan Developers Pvt Ltd	CSB/0331-04261538-195001	50,00,000
08-Apr-21	LIL Projects Pvt. Ltd.	ICICI/7605004446	Jatan Developers Pvt Ltd	CSB/0331-04261538-195001	60,00,000
08-Apr-21	LIL Projects Pvt. Ltd.	ICICI/7605004446	Jatan Developers Pvt Ltd	CSB/0331-04261538-195001	40,00,000
08-Apr-21	LIL Projects Pvt. Ltd.	ICICI/7605004446	Jatan Developers Pvt Ltd	CSB/0331-04261538-195001	10,00,000
08-Apr-21	LIL Projects Pvt. Ltd.	ICICI/7605004446	Jatan Developers Pvt Ltd	CSB/0331-04261538-195001	90,00,000
08-Apr-21	LIL Projects Pvt. Ltd.	ICICI/7605004446	Jatan Developers Pvt Ltd	CSB/0331-04261538-195001	95,00,000
08-Apr-21	LIL Projects Pvt. Ltd.	ICICI/7605004446	Jatan Developers Pvt Ltd	CSB/0331-04261538-195001	90,00,000
08-Apr-21	LIL Projects Pvt. Ltd.	ICICI/7605004446	Jatan Developers Pvt Ltd	CSB/0331-04261538-195001	55,00,000
Total	**Subsidiaries to Conduit entities**				**4,90,00,000**
08-Apr-21	Jatan Developers Pvt Ltd	CSB/0331-04261538-195001	Kalpana Commosales LLP	CSB/3310430704819500 1	1,51,00,000
08-Apr-21	Jatan Developers Pvt Ltd	CSB/0331-04261538-195001	Kalpana Commosales LLP	CSB/3310430704819500 1	3,30,00,000
Total	**Conduit entities to Allottee**				**4,81,00,000**
08-Apr-21	Kalpana Commosales LLP	CSB/33104307048195001	Brightcom Group Ltd.	DCB/22522412345678	61,25,000
08-Apr-21	Kalpana Commosales LLP	CSB/33104307048195001	Brightcom Group Ltd.	DCB/22522412345678	90,00,000
08-Apr-21	Kalpana Commosales LLP	CSB/33104307048195001	Brightcom Group Ltd.	DCB/22522412345678	95,00,000

Date	From Entity	From bank/ Bank account No	To entity	To bank/ Bank account No	Amount
08-Apr-21	Kalpana Commosales LLP	CSB/3310430704 8195001	Brightcom Group Ltd.	DCB/225224 12345678	65,00,000
08-Apr-21	Kalpana Commosales LLP	CSB/3310430704 8195001	Brightcom Group Ltd.	DCB/225224 12345678	90,00,000
08-Apr-21	Kalpana Commosales LLP	CSB/3310430704 8195001	Brightcom Group Ltd.	DCB/225224 12345678	80,00,000
Total	**Allottees to BGL**				**4,81,25,000**

25. The abovementioned circuitous funds movement is diagrammatically shown below.



26. From the above observations, it is apparent that Kalpana was allotted shares worth Rs.19.25 Crores (at the issue price) against an actual receipt of merely Rs.25000 by BGL.

27. It was further observed that Mr. M. Suresh Kumar Reddy, had transferred Rs.57 Lakh to Kalpana on March 31, 2022 from his Axis Bank Account No. 914010002169010, which was purportedly done towards becoming partner in Kalpana.

(iv) Shalini Sales LLP (Shalini)

28. It was observed that Shalini was allotted 2,00,00,000 Warrants, each having face value of Rs.2, at the rate of Rs.7.70 each, for a total consideration of Rs.15.40 Crore, which were subsequently converted into shares on July 28, 2021. The Company claimed that it had received the total consideration of Rs.15.40 Crore. In this regard, the Company submitted bank statements showing three credit transactions purported to be the receipts of Rs.11.85 Crore from Shalini. However, the bank account statements directly obtained from the banks did not reflect the said transactions. The details are as under:

Table 11

Date	Bank account No.	Bank name	Amount as per statement submitted by the company (Rs.)	Amount as per the statement directly obtained from bank
03-04-2021	22522412345678	DCB Bank	3,85,00,000	No such transaction
12-07-2021	22522412345678	DCB Bank	4,00,00,000	No such transaction
19-07-2021	22522412345678	DCB Bank	4,00,00,000	No such transaction

29. Further, the bank statements obtained directly from the bank did not reflect any other payment from Shalini to BGL. It was therefore, observed that Shalini was allotted shares in preferential allotment without any actual consideration.

30. It was further observed that Mr. M. Suresh Kumar Reddy, had transferred Rs.95 Lakh to Shalini on March 31, 2022 from his Axis Bank Account No. 914010002169010, which was purportedly made towards becoming partner in Shalini.

Summary of observations in respect of allotment to 4 LLPs

31. The observations in the preceding paragraphs show that BGL, in reality, received only partial or no consideration from the abovementioned four allottes, who were subsequently categorized as promoter entities, pursuant to Mr. M. Suresh Kumar Reddy becoming a partner in the said four allottee LLPs. The round tripping of funds by BGL through its subsidiaries and conduit entities, which was done to falsely portray the receipt of warrant / share application money from the allottees of the preferential issues, as detailed above, *prima facie* indicates diversion of Company's assets for the benefit of

allottees, in which Mr. Suresh Kumar Reddy, the promoter cum CMD of BGL, became a partner in the very next financial year.

32. Further, the mis-match in the credit entries reflected in the bank account statements submitted by the Company and those obtained directly from the banks indicate that the Company has submitted forged and fabricated bank account statements to SEBI with a deliberate intent of misleading the investigation.

Violation of lock-in norms

33. As per Regulation 167 of (SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (**ICDR Regulations, 2018**), the shares allotted on preferential basis to the promoters or promoter group entities are subject to lock-in for a period of three years and shares allotted to persons other than the promoters and promoter group entities are subject to lock-in for a period of one year from the date of allotment.

34. Since the abovementioned four LLP allottees, who were allotted shares in August 2021 as non-promoter allottees, were subsequently categorized as promoter entities in March 2022, the shares allotted to them were required to be under lock-in for 3 years. However, it was observed that the lock-in on the shares held by the said 4 LLPs was vacated on September 30, 2022, i.e. before the expiry of three years.

35. It thus *prima facie* appeared that Mr. M Suresh Kumar Reddy devised a scheme to bypass the three-year lock-in prescribed under the ICDR Regulations, 2018 by first allotting shares of BGL to the abovementioned four LLPs identified as non-promoters and then subsequently reclassifying them as promoters by becoming partners in those LLPs. Through the above method, the shareholding of the promoter group increased from 4.12% as of December 31, 2021 to 18.47% as of March 31, 2022.

36. It was also noted that Mr. Subrato Saha, a Director of BGL between August 24, 2015 to October 25, 2017, was one of the designated partners of 3 LLPs, viz. Kalpana, Sarita and Shalini, at the time of preferential allotment. He continues to be so in Sarita and Kalpana as on date. The same also shows the close connection between the four LLPs and BGL.

Prima facie findings with respect to receipt of warrant / share application money from other allottees:

37. As already mentioned above, the preferential allotment of warrants / shares by BGL was done to 82 entities, out of which the analysis of receipts from four allottees, which became promoter entities after induction of Mr. M. Suresh Kumar Reddy as partner, has already been discussed above. Out of the remaining 78 entities, details of receipts from another 17 allottes have been examined and *prima facie* findings are as under:

(i) Subrato Saha:

38. As stated earlier, Subrato Saha was earlier a director in BGL and he was also a partner in 3 LLPs that later became promoter entities. He had also directly subscribed in the preferential issue and was allotted 2,20,00,000 Warrants (subsequently converted into shares on July 30, 2021), each having face value of Rs.2, for a total consideration of Rs.16.94 Crore.

39. The Company had claimed to have received the entire amount of Rs.16.94 Crore from Mr. Subrato Saha in its bank account with DCB Bank and had submitted copies of bank account statements as documentary evidence. However, when this bank account statement was compared with the bank account statement directly obtained from DCB Bank, it was observed that credit entries shown in the bank account statement submitted by BGL either did not exist or there was a mis-match in the amount. The details are as under:

Table 12

Date	Bank account No. (Company)	Bank name	Amount as per bank statement submitted by the company (Rs.)	Amount as per the statement directly obtained from bank (Rs.)
13-04-2021	22522412345678	DCB Bank	4,23,50,000	No such Transactions
17-06-2021	22522412345678	DCB Bank	6,00,00,000	No such Transactions
29-07-2021	22522412345678	DCB Bank	6,70,50,000	83,70,000
Total			**16,94,00,000**	**83,70,000**

40. From the above, it is apparent that BGL had received only Rs.83.70 Lakh from Mr. Subrato Saha, as against Rs.16.94 Crore. Investigation had *prima facie* revealed that even the said amount of Rs.83.70 Lakh had come from

BGL itself. Further, the following transactions were observed in the bank account of Mr. Subrato Saha:

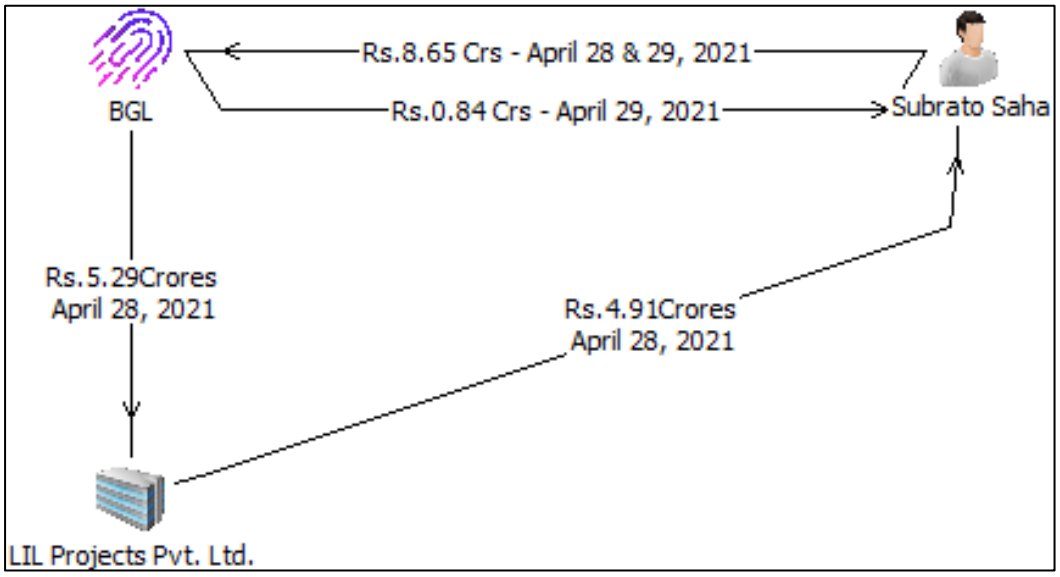
Table 13

Date	From Entity	From bank/ Bank account No	To entity	To bank/ Bank account No	Amount
28-Jul-21	Brightcom Group Ltd	Equitas/209885713229	LIL Projects Pvt. Ltd.	ICICI/7605004446	5,00,00,000
28-Jul-21	Brightcom Group Ltd	Equitas/209885713229	LIL Projects Pvt. Ltd.	ICICI/7605004446	28,50,000
Total	**BGL to Subsidiaries**				**5,28,50,000**
28-Jul-21	LIL Projects Pvt. Ltd.	ICICI/7605004446	Subrato Saha	ICICI/037101075820	91,13,000
28-Jul-21	LIL Projects Pvt. Ltd.	ICICI/7605004446	Subrato Saha	ICICI/037101075820	90,00,000
28-Jul-21	LIL Projects Pvt. Ltd.	ICICI/7605004446	Subrato Saha	ICICI/037101075820	1,00,00,000
28-Jul-21	LIL Projects Pvt. Ltd.	ICICI/7605004446	Subrato Saha	ICICI/037101075820	80,00,000
28-Jul-21	LIL Projects Pvt. Ltd.	ICICI/7605004446	Subrato Saha	ICICI/037101075820	70,00,000
28-Jul-21	LIL Projects Pvt. Ltd.	ICICI/7605004446	Subrato Saha	ICICI/037101075820	60,00,000
29-Jul-21	Brightcom Group Ltd	DCB/22522412345678	Subrato Saha	ICICI/401890645	83,70,000
Total	**BGL/Subsidiaries to allotee**				**5,74,83,000**
28-Jul-21	Subrato Saha	ICICI/037101075820	Brightcom Group Ltd	Equitas/209885713229	4,05,00,000
29-Jul-21	Subrato Saha	ICICI/037101075820	Brightcom Group Ltd	Equitas/209885713229	4,60,00,000
Total	**Allottee to BGL**				**8,65,00,000**

41. From the abovementioned transactions, it was observed that while Mr. Subrato Saha had paid a total sum of Rs.8.65 Crore to BGL, he had received a total of Rs.5.7483 Crore from BGL and LIL Projects Pvt. Ltd, which was a subsidiary of BGL. It was thus found that Mr. Subrato Saha had actually paid only Rs. 2.9017 Crore (i.e. Rs.8.65 Crore – Rs.5.7483 Crore) to BGL, as

against Rs.16.94 Crore required to be paid as warrant / share application money.

42. The abovementioned transactions are diagrammatically shown below.



43. It was further observed that Mr. Subrato Saha had received a total sum of Rs.8.57 Crore from the bank account (No. 914010002169010, Axis Bank) of Mr. M Suresh Kumar Reddy, the MD of BGL, during FY 2021-22. The related entries appearing in the bank account statement of Mr. M Suresh Kumar are as under:

Table 14

Amounts credited into the Axis Bank Account of Subrato Saha.			Probable source of funds (as per analysis of bank account statements)		
TRAN_DATE	**CHQ NO**	**Amount (Rs.)**	**Money received from**	**Date of receipt**	**Amount (RS.)**
19/04/2021	-	10,00,000	LIL	19/4/21	9,00,000
22/04/2021	-	11,00,000	LIL	22/4/21	9,00,000
12/05/2021	-	9,00,000	LIL	04/5/21	22,90,000
19/05/2021	-	12,00,000	LIL	19/5/21	15,00,000
27/05/2021	-	20,00,000	LIL	27/5/21	20,20,000
25/06/2021	-	20,00,000	BGL	25/6/21	50,00,000
28/07/2021	-	20,00,000	BGL	27/7/21	1,25,00,000
29/07/2021	513886	2,80,00,000	BGL	29/7/21	2,80.00,000
30/07/2021	513889	3,15,67,000	BGL	29/7/21	3,10,00,000
			BGL	30/7/21	23,10,000
			BGL	30/7/21	22,50,000
25/08/2021	-	20,00,000	LIL	20/8/21	75,00,000
27/09/2021	-	20,00,000			

Amounts credited into the Axis Bank Account of Subrato Saha.			Probable source of funds (as per analysis of bank account statements)		
TRAN_DATE	**CHQ NO**	**Amount (Rs.)**	**Money received from**	**Date of receipt**	**Amount (RS.)**
28/10/2021	-	20,00,000	Y Reach	28/10/21	20,00,000
29/11/2021	-	20,00,000	Y Reach	29/11/21	50,00,000
26/12/2021	-	20,00,000	Y Reach	24/12/21	30,00,000
27/01/2022	-	20,00,000			
25/02/2022	-	25,00,000			
28/03/2022	-	15,00,000			
		8,57,67,000			

44. As the source of funds for majority of the abovementioned transfers appeared to be either BGL or its subsidiaries, LIL Projects Pvt. Ltd. (LIL) and Yreach Media (Yreach), as seen from the above table, it is likely that even the abovementioned amount of Rs.2.9017 Crore, paid by Mr.Subrata Saha to BGL, belonged to/originated from BGL or its subsidiaries.

(ii) Palace Heights Avenues LLP (PHAL)

45. PHAL was one of the allottees which was allotted 45,00,000 shares at Rs.7.70 per share during the financial year 2021-22. The total consideration payable by PHAL was Rs.3,46,50,000. An analysis of PHAL's bank account statements showed that it had made payments to BGL during the period July 16 to 22, 2021 from its Bank account no. 3332000100060801 held with Karnataka Bank Limited. The details are as under:

Table 15

Date	From Entity	From Bank/ Account No.	To Entity	To Bank	To Account No.	Amount (Rs.)
16/07/2021	PHAL	Karnataka Bank/3332000 100060801	BGL	Equitas Bank	209885713229	50,00,000
17/07/2021				Equitas Bank	209885713229	50,00,000
19/07/2021				HDFC Bank	50200058179886	46,50,000
20/07/2021				DCB Bank	22522412345678	37,00,000
20/07/2021				HDFC Bank	50200058179886	40,00,000
20/07/2021				Federal Bank	16050200002993	43,00,000
22/07/2021				Equitas Bank	209885713229	35,00,000
22/07/2021				Equitas Bank	209885713229	43,00,000
22/07/2021				Equitas Bank	209885713229	2,00,000
Total						**3,46,50,000**

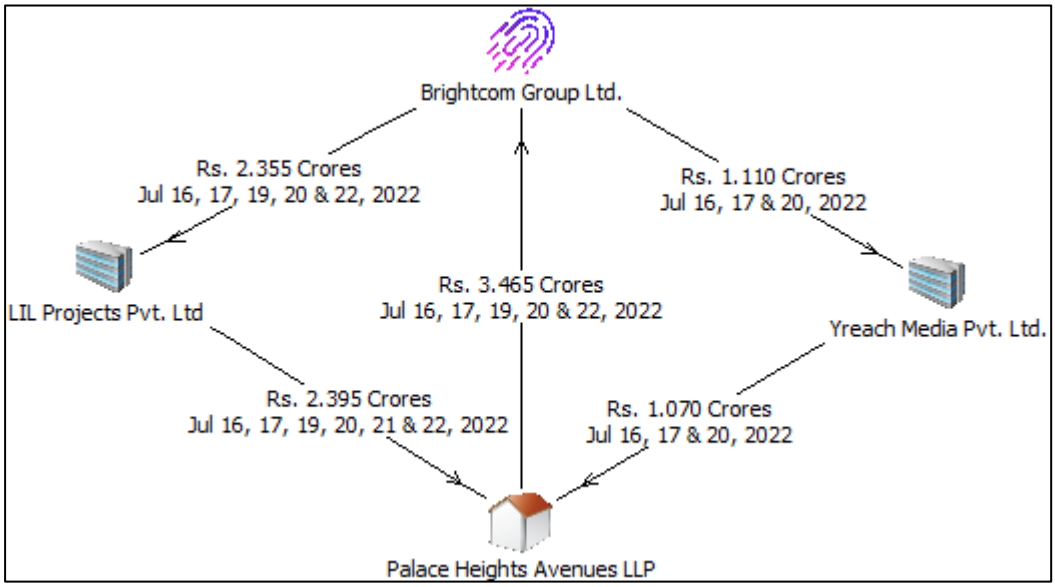
46. However, PHAL's bank account statements showed that it did not have sufficient funds in its bank account for the abovementioned transfers to BGL and that it had received funds from two subsidiaries of BGL *viz.,* LIL Projects Pvt. Ltd (LIL) and Yreach Media Pvt. Ltd., prior to fund transfers to BGL. The bank account statements of LIL and Yreach revealed that these entities had received the said funds from BGL. It was thus observed that BGL did not receive any consideration against shares allotted to PHAL and the funds received from PHAL actually belonged to BGL itself, which were routed to PHAL through circular transactions, as may be seen from the transactions summarized in the table below.

Table 16

Date	From Entity	From bank/ Bank account No	To entity	To bank/ Bank account No	Amount
16-Jul-21	Brightcom Group Ltd.	DCB/2252241234 5678	LIL Projects Pvt. Ltd	ICICI/007605004 446	19,00,000
17-Jul-21	Brightcom Group Ltd.	DCB/2252241234 5678	LIL Projects Pvt. Ltd	ICICI/007605004 446	19,00,000
19-Jul-21	Brightcom Group Ltd.	DCB/2252241234 5678	LIL Projects Pvt. Ltd	ICICI/007605004 446	10,00,000
19-Jul-21	Brightcom Group Ltd.	HDFC/502000581 79886	LIL Projects Pvt. Ltd	ICICI/007605004 446	37,00,000
20-Jul-21	Brightcom Group Ltd.	HDFC/502000581 79886	LIL Projects Pvt. Ltd	ICICI/007605004 446	34,50,000
20-Jul-21	Brightcom Group Ltd.	DCB/2252241234 5678	LIL Projects Pvt. Ltd	ICICI/007605004 446	19,00,000
20-Jul-21	Brightcom Group Ltd.	DCB/2252241234 5678	LIL Projects Pvt. Ltd	ICICI/007605004 446	19,00,000
20-Jul-21	Brightcom Group Ltd.	Federal/16050200 002993	LIL Projects Pvt. Ltd	ICICI/007605004 446	33,00,000
22-Jul-21	Brightcom Group Ltd.	Equitas/20988571 3229	LIL Projects Pvt. Ltd	ICICI/007605004 446	43,00,000
22-Jul-21	Brightcom Group Ltd.	Equitas/20988571 3229	LIL Projects Pvt. Ltd	ICICI/007605004 446	2,00,000
16-Jul-21	Brightcom Group Ltd.	DCB/2252241234 5678	Yreach Media Pvt. Ltd.	ICICI/007605003 641	19,00,000
16-Jul-21	Brightcom Group Ltd.	DCB/2252241234 5678	Yreach Media Pvt. Ltd.	ICICI/007605003 641	12,00,000
17-Jul-21	Brightcom Group Ltd.	DCB/2252241234 5678	Yreach Media Pvt. Ltd.	ICICI/007605003 641	12,00,000
17-Jul-21	Brightcom Group Ltd.	DCB/2252241234 5678	Yreach Media Pvt. Ltd.	ICICI/007605003 641	19,00,000
20-Jul-21	Brightcom Group Ltd.	DCB/2252241234 5678	Yreach Media Pvt. Ltd.	ICICI/007605003 641	19,00,000
20-Jul-21	Brightcom Group Ltd.	DCB/2252241234 5678	Yreach Media Pvt. Ltd.	ICICI/007605003 641	12,00,000
20-Jul-21	Brightcom Group Ltd.	DCB/2252241234 5678	Yreach Media Pvt. Ltd.	ICICI/007605003 641	18,00,000
Total	**BGL to Subsidiaries**				**3,46,50,000**
16-Jul-21	Yreach Media Pvt. Ltd.	ICICI/0076050036 41	Palace Heights Avenues LLP	Karnataka/3332 000100060801	20,00,000

Date	From Entity	From bank/ Bank account No	To entity	To bank/ Bank account No	Amount
16-Jul-21	Yreach Media Pvt. Ltd.	ICICI/007605003641	Palace Heights Avenues LLP	Karnataka/3332000100060801	11,00,000
16-Jul-21	LIL Projects Pvt. Ltd	ICICI/007605004446	Palace Heights Avenues LLP	Karnataka/3332000100060801	19,00,000
17-Jul-21	Yreach Media Pvt. Ltd.	ICICI/007605003641	Palace Heights Avenues LLP	Karnataka/3332000100060801	12,00,000
17-Jul-21	Yreach Media Pvt. Ltd.	ICICI/007605003641	Palace Heights Avenues LLP	Karnataka/3332000100060801	19,00,000
17-Jul-21	LIL Projects Pvt. Ltd	ICICI/007605004446	Palace Heights Avenues LLP	Karnataka/3332000100060801	19,00,000
19-Jul-21	LIL Projects Pvt. Ltd	ICICI/007605004446	Palace Heights Avenues LLP	Karnataka/3332000100060801	46,50,000
20-Jul-21	LIL Projects Pvt. Ltd	ICICI/007605004446	Palace Heights Avenues LLP	Karnataka/3332000100060801	37,00,000
20-Jul-21	LIL Projects Pvt. Ltd	ICICI/007605004446	Palace Heights Avenues LLP	Karnataka/3332000100060801	38,00,000
20-Jul-21	Yreach Media Pvt. Ltd.	ICICI/007605003641	Palace Heights Avenues LLP	Karnataka/3332000100060801	20,00,000
20-Jul-21	Yreach Media Pvt. Ltd.	ICICI/007605003641	Palace Heights Avenues LLP	Karnataka/3332000100060801	20,00,000
20-Jul-21	Yreach Media Pvt. Ltd.	ICICI/007605003641	Palace Heights Avenues LLP	Karnataka/3332000100060801	5,00,000
21-Jul-21	LIL Projects Pvt. Ltd	ICICI/007605004446	Palace Heights Avenues LLP	Karnataka/3332000100060801	35,00,000
22-Jul-21	LIL Projects Pvt. Ltd	ICICI/007605004446	Palace Heights Avenues LLP	Karnataka/3332000100060801	43,00,000
22-Jul-21	LIL Projects Pvt. Ltd	ICICI/007605004446	Palace Heights Avenues LLP	Karnataka/3332000100060801	2,00,000
Total	**Subsidiaries to Allotee**				**3,46,50,000**
16-Jul-21	Palace Heights Avenues LLP	Karnataka/3332000100060801	Brightcom Group Ltd.	Equitas/209885713229	50,00,000
17-Jul-21	Palace Heights Avenues LLP	Karnataka/3332000100060801	Brightcom Group Ltd.	Equitas/209885713229	50,00,000
19-Jul-21	Palace Heights Avenues LLP	Karnataka/3332000100060801	Brightcom Group Ltd.	HDFC Bank/50200058179886	46,50,000
20-Jul-21	Palace Heights Avenues LLP	Karnataka/3332000100060801	Brightcom Group Ltd.	DCB Bank/22522412345678	37,00,000
20-Jul-21	Palace Heights Avenues LLP	Karnataka/3332000100060801	Brightcom Group Ltd.	HDFC Bank/50200058179886	40,00,000
20-Jul-21	Palace Heights Avenues LLP	Karnataka/3332000100060801	Brightcom Group Ltd.	Federal Bank/16050200002993	43,00,000
22-Jul-21	Palace Heights Avenues LLP	Karnataka/3332000100060801	Brightcom Group Ltd.	Equitas/209885713229	35,00,000
22-Jul-21	Palace Heights Avenues LLP	Karnataka/3332000100060801	Brightcom Group Ltd.	Equitas/209885713229	43,00,000
22-Jul-21	Palace Heights Avenues LLP	Karnataka/3332000100060801	Brightcom Group Ltd.	Equitas/209885713229	2,00,000
Total	**Allottee to BGL**				**3,46,50,000**

47. A diagrammatic representation of the transactions is provided below:



48. From the above, it was observed that money was circulated in small amounts, on various dates, to fictitiously create an impression of payment of share application money by PHAL to BGL.

49. Apart from the above, it was further observed that hat PHAL was owned and controlled by P. MuraliMohana Rao, a partner of M/s. P. Murali & Co, the Statutory Auditor of BGL. Specific findings in this regard are mentioned later in this Order while discussing the role of auditor.

(iii) Sahitay Commosales LLP (Sahitay)

50. Sahitay was allotted 2,50,00,000 warrants (subsequently converted into shares on July 28, 2021), with a face value of Rs.2 each, at Rs.7.70 per share during the financial year 2021-22, for a total consideration of Rs.19.25 Crore. The Company claimed that it had received the total consideration of Rs.19.25 Crore. In this regard, the Company submitted bank account statements showing four credit transactions purported to be the receipts of Rs.19.25 Crore from Sahitay. As in other cases, the bank account statements obtained directly from the banks did not show the said transactions. The details are as under:

Table 17

Total Amount INR Crores	Date of credit of receipt in the bank of the company	Company Bank Account Number	Bank name of the company	As per Bank accounts submitted by the company	As per Bank accounts directly obtained from banks
19.25 crores	12-04-2021	22522412345678	DCB Bank	4,81,25,000	No such transaction
	26-05-2021	22522412345678	DCB Bank	1,43,75,000	No such transaction
	15-06-2021	50200058179886	HDFC Bank	8,00,00,000	No such transaction
	27-07-2021	50200058179886	HDFC Bank	5,00,00,000	No such transaction
Total				**19,25,00,000**	**NIL**

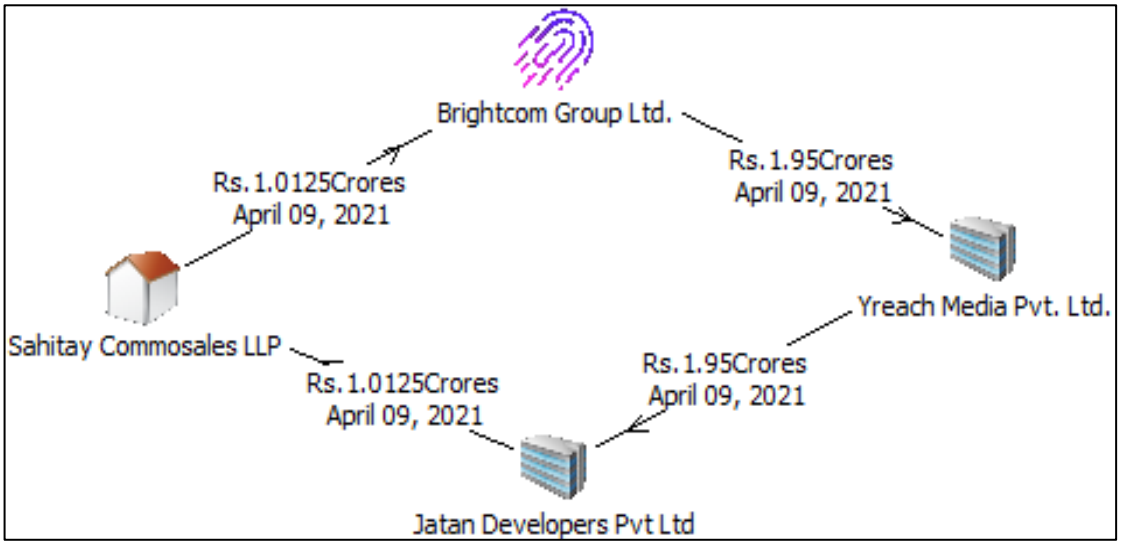
51. It was observed from Sahitay's bank account statements directly obtained from the banks that Sahitay had transferred Rs. 1.0125 Crores to BGL on April 09, 2021. No other payment from Sahitay to BGL was observed. An examination of the bank account statements revealed that the abovementioned amount of Rs. 1.0125 Crore paid by Sahitay to BGL had originated from BGL itself, which was rotated in a circular fashion through conduit entities where each leg of the transaction was completed on the same day, i.e. April 09, 2021. The details of the circular transactions are as under:

Table 18

Date	From Entity	From bank/ Bank account No	To entity	To bank/ Bank account No	Amount
09-Apr-21	Brightcom Group Ltd.	DCB/7605003641	Yreach Media Pvt. Ltd.	ICICI/7605003641	1,00,00,000
09-Apr-21	Brightcom Group Ltd.	DCB/7605003641	Yreach Media Pvt. Ltd.	ICICI/7605003641	95,00,000
Total	**BGL to Subsidiaries**				**1,95,00,000**
09-Apr-21	Yreach Media Pvt. Ltd.	ICICI/33104261538195001	Jatan Developers Pvt Ltd	CSB/33104261538195001	20,00,000
09-Apr-21	Yreach Media Pvt. Ltd.	ICICI/33104261538195001	Jatan Developers Pvt Ltd	CSB/33104261538195001	20,00,000
09-Apr-21	Yreach Media Pvt. Ltd.	ICICI/33104261538195001	Jatan Developers Pvt Ltd	CSB/33104261538195001	20,00,000
09-Apr-21	Yreach Media Pvt. Ltd.	ICICI/33104261538195001	Jatan Developers Pvt Ltd	CSB/33104261538195001	20,00,000
09-Apr-21	Yreach Media Pvt. Ltd.	ICICI/33104261538195001	Jatan Developers Pvt Ltd	CSB/33104261538195001	20,00,000
09-Apr-21	Yreach Media Pvt. Ltd.	ICICI/33104261538195001	Jatan Developers Pvt Ltd	CSB/33104261538195001	20,00,000
09-Apr-21	Yreach Media Pvt. Ltd.	ICICI/33104261538195001	Jatan Developers Pvt Ltd	CSB/33104261538195001	20,00,000

Date	From Entity	From bank/ Bank account No	To entity	To bank/ Bank account No	Amount
09-Apr-21	Yreach Media Pvt. Ltd.	ICICI/3310426153 8195001	Jatan Developers Pvt Ltd	CSB/33104261 538195001	15,00,000
09-Apr-21	Yreach Media Pvt. Ltd.	ICICI/3310426153 8195001	Jatan Developers Pvt Ltd	CSB/33104261 538195001	20,00,000
09-Apr-21	Yreach Media Pvt. Ltd.	ICICI/3310426153 8195001	Jatan Developers Pvt Ltd	CSB/33104261 538195001	20,00,000
Total	**Subsidiaries to Conduit entities**				**1,95,00,000**
09-Apr-21	Jatan Developers Pvt Ltd	CSB/3310430787 6195001	Sahitay Commosales LLP	CSB/33104307 876195001	1,01,25,000
Total	**Conduit entities to Allottee**				**1,01,25,000**
09-Apr-21	Sahitay Commosales LLP	CSB/2252241234 5678	Brightcom Group Ltd.	DCB/22522412 345678	51,25,000
09-Apr-21	Sahitay Commosales LLP	CSB/2252241234 5678	Brightcom Group Ltd.	DCB/22522412 345678	50,00,000
Total	**Allottee to BGL**				**1,01,25,000**

52. A graphic representation of the abovementioned transactions is provided below:



(iv) Hansraj Commosales LLP (Hansraj)

53. Hansraj was allotted 2,40,00,000 warrant (subsequently converted into shares on July 28, 2021), with a face value of Rs.2 each, at Rs.7.70 per share during the financial year 2021-22, for a total consideration of Rs.18.48 Crore. The Company claimed that it had received the total consideration of Rs.18.48 Crore. In this regard, the Company submitted bank account statements

showing four credit transactions purported to be the receipts of Rs.18.48 Crore from Hansraj. However, the bank account statements directly, obtained from the banks, did not show the said transactions. The details are as under:

Table 19

Date	Bank account No. (Company)	Bank name	Amount as per statement submitted by the company (Rs.)	Amount as per the statement directly obtained from bank
09-04-2021	22522412345678	DCB Bank	4,62,00,000	No such transaction
05-05-2021	22522412345678	DCB Bank	86,00,000	No such transaction
22-07-2021	16050200002993	Federal Bank	3,00,00,000	No such transaction
26-07-2021	16050200002993	Federal Bank	10,00,00,000	No such transaction
Total			**18,48,00,000**	

54. Further, examination of Hansaj's bank account statements with Catholic Syrian Bank showed the following transactions:

Table 20

Date	From entity	From bank/ Bank account No	To entity	To bank/ Bank account No	Amount
20-07-2021	Hansraj Commosales L	CSB/331043128 65195000	Brightcom Group Ltd.	DCB/225224 12345678	1,00,00,000
22-07-2021	Hansraj Commosales L	CSB/331043128 65195000	Brightcom Group Ltd.	Equitas/2098 85713229	50,00,000
22-07-2021	Hansraj Commosales L	CSB/331043128 65195000	Brightcom Group Ltd.	Equitas/2098 85713229	25,00,000
22-07-2021	Hansraj Commosales L	CSB/331043128 65195000	Brightcom Group Ltd.	Equitas/2098 85713229	50,00,000
23-07-2021	Hansraj Commosales L	CSB/331043128 65195000	Brightcom Group Ltd.	Equitas/2098 85713229	50,00,000
23-07-2021	Hansraj Commosales L	CSB/331043128 65195000	Brightcom Group Ltd.	Equitas/2098 85713229	25,00,000
26-07-2021	Hansraj Commosales L	CSB/331043128 65195000	Brightcom Group Ltd.	Equitas/2098 85713229	25,00,000
26-07-2021	Hansraj Commosales L	CSB/331043128 65195000	Brightcom Group Ltd.	Equitas/2098 85713229	75,00,000
27-07-2021	Hansraj Commosales L	CSB/331043128 65195000	Brightcom Group Ltd.	Equitas/2098 85713229	50,00,000
27-07-2021	Hansraj Commosales L	CSB/331043128 65195000	Brightcom Group Ltd.	Equitas/2098 85713229	50,00,000
27-07-2021	Hansraj Commosales L	CSB/331043128 65195000	Brightcom Group Ltd.	Equitas/2098 85713229	25,00,000
					5,25,00,000

55. No other instance of payment by Hansraj to BGL was observed. From the above, it was observed that Hansraj paid Rs.5.25 Crore only as share

application money for the shares allotted, as against the total consideration of Rs.18.48 Crore, leaving a shortfall of Rs.13.23 Crore.

(v) Ponna Bhuvaneswari (Bhuvaneswari)

56. It was observed that Bhuvaneswari was allotted 4,50,000 warrant (subsequently converted into shares on July 01, 2021), with a face value of Rs.2 each, at Rs.7.70 per share during the financial year 2021-22, for a total consideration of Rs.34.65 Lakh. The Company claimed that it had received the full consideration of Rs.34.65 Lakh. In this regard, the Company submitted bank account statements showing four credit transactions purported to be the receipts of Rs.34.65 Lakh from Bhuvaneswari. However, the bank account statement of BGL, directly obtained from DCB Bank, did not show the said transactions. The details are as under:

Table 21

Date	Bank account No. (Company)	Bank name	Amount as per bank statement submitted by the company (Rs.)	Amount as per the statement directly obtained from bank
05-04-2021	22522412345678	DCB Bank	3,66,250	No Such Transaction
06-04-2021	22522412345678	DCB Bank	5,00,000	No Such Transaction
22-06-2021	22522412345678	DCB Bank	12,00,000	No Such Transaction
29-06-2021	22522412345678	DCB Bank	13,98,750	No Such Transaction
			34,65,000	**NIL**

57. Further, examination of Bhuvaneswari's bank account statement with ICICI Bank showed payments amounting to Rs.23,66,250 from Bhuvaneswari to BGL between 04/04/2021 to 22/06/2021. It was further observed that Ajay Babu Ponna (husband of Bhuvaneswari), who was an employee of BGL, received Rs.39,00,000 during the aforementioned period from LIL and Yreach, the subsidiaries of BGL. The details of transactions are placed below.

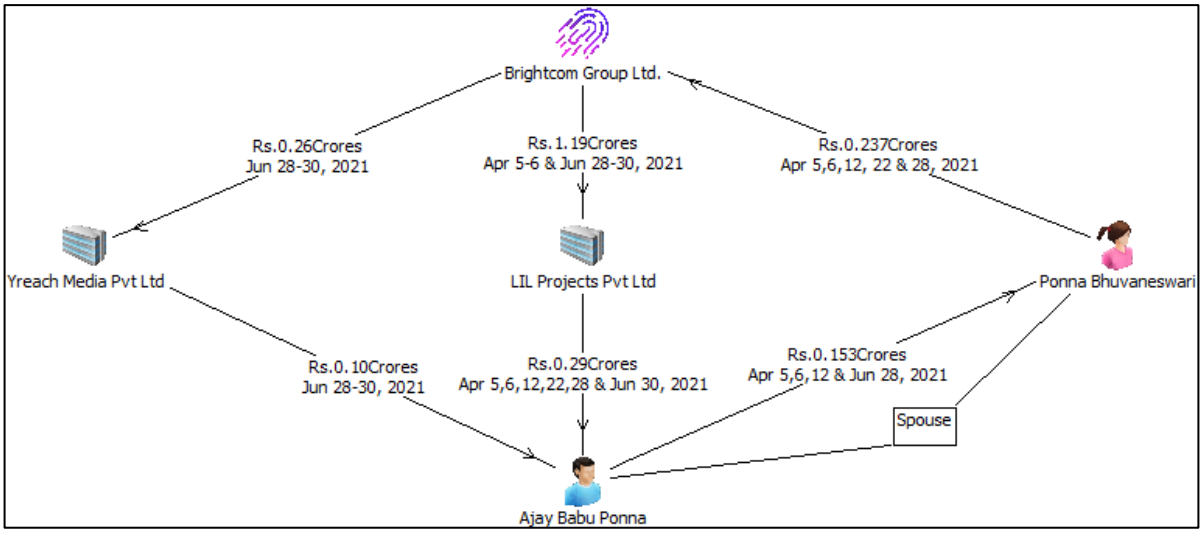
Table 22

Date	Transferor	From bank/ Bank account No	To entity	To bank/ Bank account No	Amount
05-Apr-21	Brightcom Group Ltd.	DCB/2252241234 5678	LIL Projects Pvt Ltd	ICICI/7605004446	5,00,000
06-Apr-21	Brightcom Group Ltd.	DCB/2252241234 5678	LIL Projects Pvt Ltd	ICICI/7605004446	1,00,000
06-Apr-21	Brightcom Group Ltd.	DCB/2252241234 5678	LIL Projects Pvt Ltd	ICICI/7605004446	9,00,000
09-Apr-21	Brightcom Group Ltd.	DCB/2252241234 5678	LIL Projects Pvt Ltd	ICICI/7605004446	95,00,000

Date	Transferor	From bank/ Bank account No	To entity	To bank/ Bank account No	Amount
28-Jun-21	Brightcom Group Ltd.	DCB/22522412345678	LIL Projects Pvt Ltd	ICICI/7605004446	9,00,000
28-Jun-21	Brightcom Group Ltd.	DCB/22522412345678	Yreach Media Pvt Ltd	ICICI/7605003641	5,00,000
29-Jun-21	Brightcom Group Ltd.	DCB/22522412345678	Yreach Media Pvt Ltd	ICICI/7605003641	10,00,000
30-Jun-21	Brightcom Group Ltd.	DCB/22522412345678	Yreach Media Pvt Ltd	ICICI/7605003641	11,00,000
Total	**BGL to Subsidiaries**				**1,45,00,000**
05-Apr-21	LIL Projects Pvt Ltd	ICICI/7605004446	Ajay Babu Ponna	ICICI/7601544693	4,00,000
06-Apr-21	LIL Projects Pvt Ltd	ICICI/7605004446	Ajay Babu Ponna	ICICI/7601544693	2,00,000
06-Apr-21	LIL Projects Pvt Ltd	ICICI/7605004446	Ajay Babu Ponna	ICICI/7601544693	2,00,000
09-Apr-21	LIL Projects Pvt Ltd	ICICI/7605004446	Ajay Babu Ponna	ICICI/7601544693	4,00,000
12-Apr-21	LIL Projects Pvt Ltd	ICICI/7605004446	Ajay Babu Ponna	ICICI/7601544693	4,00,000
22-Jun-21	LIL Projects Pvt Ltd	ICICI/7605004446	Ajay Babu Ponna	ICICI/7601544693	8,00,000
28-Jun-21	LIL Projects Pvt Ltd	ICICI/7605004446	Ajay Babu Ponna	SBI/20149762777	2,00,000
28-Jun-21	LIL Projects Pvt Ltd	ICICI/7605004446	Ajay Babu Ponna	SBI/20149762777	2,00,000
30-Jun-21	LIL Projects Pvt Ltd	ICICI/7605004446	Ajay Babu Ponna	ICICI/7601544693	1,00,000
28-Jun-21	Yreach Media Pvt Ltd	ICICI/7605003641	Ajay Babu Ponna	SBI/20149762777	3,00,000
29-Jun-21	Yreach Media Pvt Ltd	ICICI/7605003641	Ajay Babu Ponna	UBI/135610100024405	5,00,000
30-Jun-21	Yreach Media Pvt Ltd	ICICI/7605003641	Ajay Babu Ponna	UBI/135610100024405	2,00,000
Total	**Subsidiaries to Conduit entities**				**39,00,000**
05-04-2021	Ajay Babu Ponna	ICICI/007601544693	Ponna Bhuvaneswari	ICICI/727001500210	5,000
05-04-2021	Ajay Babu Ponna	ICICI/007601544693	Ponna Bhuvaneswari	ICICI/727001500210	45,000
05-04-2021	Ajay Babu Ponna	ICICI/007601544693	Ponna Bhuvaneswari	ICICI/727001500210	3,80,000
06-04-2021	Ajay Babu Ponna	ICICI/007601544693	Ponna Bhuvaneswari	ICICI/727001500210	2,00,000
06-04-2021	Ajay Babu Ponna	ICICI/007601544693	Ponna Bhuvaneswari	ICICI/727001500210	2,00,000
12-04-2021	Ajay Babu Ponna	ICICI/007601544693	Ponna Bhuvaneswari	ICICI/727001500210	4,00,000

Date	Transferor	From bank/ Bank account No	To entity	To bank/ Bank account No	Amount
28-06-2021	Ajay Babu Ponna	SBI/Not Available	Ponna Bhuvaneswari	ICICI/727001500210	3,00,000
Total	**Conduit entities to Allottee**				**15,30,000**
04-Apr-21	Ponna Bhuvaneswari	ICICI/727001500210	Brightcom Group Ltd.	DCB/22522412345678	66,250
04-Apr-21	Ponna Bhuvaneswari	ICICI/727001500210	Brightcom Group Ltd.	DCB/22522412345678	2,00,000
04-Apr-21	Ponna Bhuvaneswari	ICICI/727001500210	Brightcom Group Ltd.	DCB/22522412345678	1,00,000
05-Apr-21	Ponna Bhuvaneswari	ICICI/727001500210	Brightcom Group Ltd.	DCB/22522412345678	1,00,000
06-Apr-21	Ponna Bhuvaneswari	ICICI/727001500210	Brightcom Group Ltd.	DCB/22522412345678	2,00,000
06-Apr-21	Ponna Bhuvaneswari	ICICI/727001500210	Brightcom Group Ltd.	DCB/22522412345678	2,00,000
12-Apr-21	Ponna Bhuvaneswari	ICICI/727001500210	Brightcom Group Ltd.	DCB/22522412345678	4,00,000
22-Jun-21	Ponna Bhuvaneswari	ICICI/727001500210	Brightcom Group Ltd.	DCB/22522412345678	8,00,000
28-Jun-21	Ponna Bhuvaneswari	ICICI/727001500210	Brightcom Group Ltd.	Federal/16050200002993	3,00,000
Total	**Allottee to BGL**				**23,66,250**

58. A diagrammatic representation of the above transactions is placed below.



59. As Bhuvaneswari Ponna, along with Ajay Babu Ponna, received Rs.39 Lakh from BGL through LIL and Yreach, while she paid only Rs.23.66 Lakh to BGL against allotment of shares, it appears that Bhuvaneswari, through her husband, had actually received an amount of Rs.15.33 Lakh from BGL, apart from getting shares for free.

(vi) MLS Sudheer (Sudheer)

60. MLS Sudheer was allotted 6,00,000 warrants, (subsequently converted into shares on July 23, 2021), with a face value of Rs.2 each, at Rs.7.70 per share during the financial year 2021-22, for a total consideration of Rs.46.20 Lakh. The Company claimed that it had received full consideration of Rs.46.20 Lakh. In this regard, the Company submitted bank account statements showing two credit transactions (one each in Equitas bank and DCB Bank) purported to be the receipts of Rs.46.20 Lakh from Sudheer. However, the bank account statement of BGL, directly obtained from Equitas Bank did not show the credit transaction of Rs.34.65 Lakh. The details are as under:

Table 23

Date	Bank account No. (Company)	Bank name	Amount as per bank statement submitted by the company (Rs.)	Amount as per the statement directly obtained from bank
15-04-2021	22522412345678	DCB Bank	11,55,000	11,55,000
21-07-2021	209885713229	Equitas	34,65,000	No Such Transaction
Total			**46,20,000**	**11,55,000**

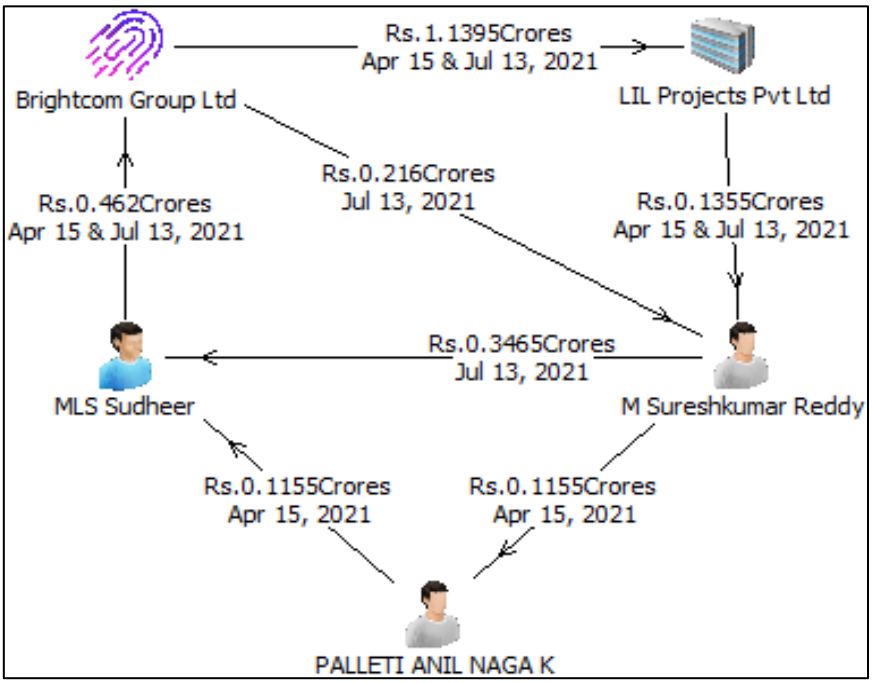
61. It was further observed that on July 13, 2021, Sudheer had paid Rs.46.20 Lakh to BGL's bank account with Equitas Small Finance Bank. However, the trail of bank transactions indicated that the said amount of Rs.46.20 Lakh as including the amount of Rs.11.55 Lakh received on April 15, 2021 (total amount of Rs.46.20 Lakh) belonged to / originated from BGL itself, which routed the funds to Sudheer through LIL (subsidiary of BGL), M Suresh Kumar Reddy (MD of BGL) and Palletti Anil Naga. The details are as under:

Table 24

Date	From entity	From Bank /Account	To entity	To Bank/ Account No.	Amount (Rs.)
15-Apr-21	Brightcom Group Ltd	DCB/22522412345678	LIL Projects Pvt Ltd	ICICI/7605004446	11,55,000
13-Jul-21	Brightcom Group Ltd	Equitas/209885713229	LIL Projects Pvt Ltd	ICICI/7605004446	1,02,40,000
Total	**BGL to Subsidiaries**				**1,13,95,000**
13-Jul-21	Brightcom Group Ltd	Equitas/209885713229	M Sureshkumar Reddy	Axis/914010002169010	9,60,000
13-Jul-21	Brightcom Group Ltd	Equitas/209885713229	M Sureshkumar Reddy	Axis/914010002169010	12,00,000
15-Apr-21	LIL Projects Pvt Ltd	ICICI/7605004446	M Sureshkumar Reddy	Axis/914010002169010	11,55,000
13-Jul-21	LIL Projects Pvt Ltd	ICICI/7605004446	M Sureshkumar Reddy	Axis/914010002169010	2,00,000
Total	**BGL & Subsidiaries to Suresh Kumar Reddy**				**35,15,000**

Date	From entity	From Bank /Account	To entity	To Bank/ Account No.	Amount (Rs.)
15-Apr-21	M Sureshkumar Reddy	Axis/914010 002169010	PALLETIANILNA GAK	Axis/NotAvail able	11,55,000
Total	**Suresh Kumar Reddy to Conduit**				11,55,000
15-Apr-21	PALLETI ANIL NAGA K	Axis/NotAvail able	MLSSudheer	KKBK/64201 0022319	11,55,000
13-Jul-21	M Sureshkumar Reddy	Axis/914010 002169010	MLSSudheer	KKBK/64201 0022319	10,65,000
13-Jul-21	M Sureshkumar Reddy	Axis/914010 002169010	MLS Sudheer	KKBK/64201 0022319	12,00,000
13-Jul-21	M Sureshkumar Reddy	Axis/914010 002169010	MLS Sudheer	KKBK/64201 0022319	12,00,000
Total	**Suresh Kumar Reddy & Conduits to Allottee**				**46,20,000**
15-Apr-21	MLS Sudheer	KKBK/64201 0022319	Brightcom Group Ltd.	DCB/225224 12345678	11,55,000
13-Jul-21	MLS Sudheer	KKBK/64201 0022319	Brightcom Group Ltd.	Equitas/2098 85713229	5,00,000
13-Jul-21	MLS Sudheer	KKBK/64201 0022319	Brightcom Group Ltd.	Equitas/2098 85713229	5,00,000
13-Jul-21	MLS Sudheer	KKBK/64201 0022319	Brightcom Group Ltd.	Equitas/2098 85713229	2,00,000
13-Jul-21	MLS Sudheer	KKBK/64201 0022319	Brightcom Group Ltd.	Equitas/2098 85713229	12,00,000
13-Jul-21	MLS Sudheer	KKBK/64201 0022319	Brightcom Group Ltd.	Equitas/2098 85713229	10,65,000
Total	**Allottee to BGL**				**46,20,000**

62. The fund flow is depicted in the following diagram.



63. As there was clear round-tripping of funds that originated from BGL and related entities, it emerged that as in the previous cases, shares were allotted without actually receiving the declared consideration .

(vii) Kishan Prakash (Kishan) and Ishan Prakash (Ishan)

64. Kishan and Ishan were allotted 48,00,000 and 28,00,000 warrants / shares respectively, on May 27, 2020. Their names are appearing at sl. nos. 11 and 12 in the list of allottees mentioned in Table 3 above. BGL was to receive Rs.4.80 Crore and Rs.2.80 Crore as warrant / share application money from Kishan and Ishan respectively.

65. It was observed that Kishan paid Rs.1.115 Crore and Ishan paid Rs. 2.2955 Crore to BGL. However, it was observed that part of the share application money received by BGL was returned to Kishan (Rs. 0.6301 Crore in his Bank Account No. 100064276550 with Indusind Bank Ltd.) and Ishan (Rs.1.1901 Crore in his Bank Account No 100074680035 with Indusind Bank Ltd.) through LIL, a subsidiary of BGL. The details are as under:

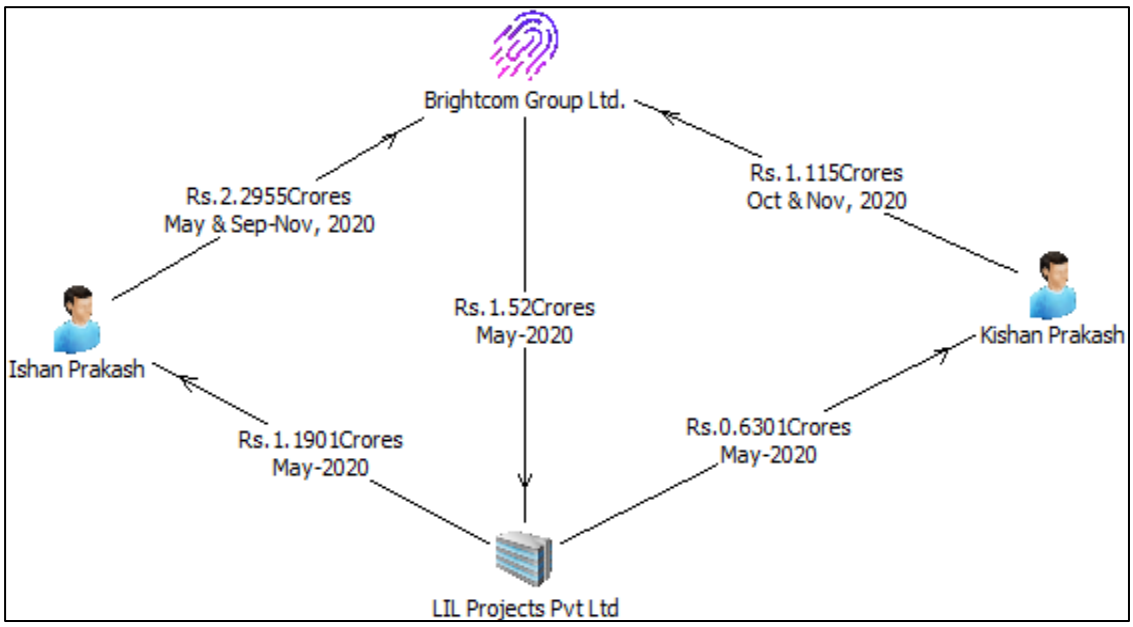
Table 25

Date	From entity	From Bank /Account	To entity	To Bank/ Account No.	Amount (Rs.)
22-May-20	Brightcom Group Ltd	DCB/22522412 345678	LIL Projects Pvt Ltd	ICICI/007605 004446	22,00,000
22-May-20	Brightcom Group Ltd	DCB/22522412 345678	LIL Projects Pvt Ltd	ICICI/007605 004446	20,00,000
22-May-20	Brightcom Group Ltd	DCB/22522412 345678	LIL Projects Pvt Ltd	ICICI/007605 004446	20,00,000
22-May-20	Brightcom Group Ltd	DCB/22522412 345678	LIL Projects Pvt Ltd	ICICI/007605 004446	10,00,000
26-May-20	Brightcom Group Ltd	DCB/22522412 345678	LIL Projects Pvt Ltd	ICICI/007605 004446	20,00,000
26-May-20	Brightcom Group Ltd	DCB/22522412 345678	LIL Projects Pvt Ltd	ICICI/007605 004446	20,00,000
26-May-20	Brightcom Group Ltd	DCB/22522412 345678	LIL Projects Pvt Ltd	ICICI/007605 004446	40,00,000
Total	**BGL to Subsidiaries**				**1,52,00,000**
20-May-20	LIL Projects Pvt Ltd	ICICI/00760500 4446	Ishan Prakash	IndusInd/100 074680035	42,00,000
22-May-20	LIL Projects Pvt Ltd	ICICI/00760500 4446	Ishan Prakash	IndusInd/100 074680035	10,00,000
22-May-20	LIL Projects Pvt Ltd	ICICI/00760500 4446	Kishan Prakash	IndusInd/100 064276550	10,00,000
22-May-20	LIL Projects Pvt Ltd	ICICI/00760500 4446	Kishan Prakash	IndusInd/100 064276550	11,00,000
22-May-20	LIL Projects Pvt Ltd	ICICI/00760500 4446	Ishan Prakash	IndusInd/100 074680035	11,00,000

Date	From entity	From Bank /Account	To entity	To Bank/ Account No.	Amount (Rs.)
22-May-20	LIL Projects Pvt Ltd	ICICI/007605004446	Ishan Prakash	IndusInd/100074680035	4,00,000
22-May-20	LIL Projects Pvt Ltd	ICICI/007605004446	Kishan Prakash	IndusInd/100064276550	4,00,000
22-May-20	LIL Projects Pvt Ltd	ICICI/007605004446	Ishan Prakash	IndusInd/100074680035	10,00,000
22-May-20	LIL Projects Pvt Ltd	ICICI/007605004446	Kishan Prakash	IndusInd/100064276550	10,00,000
26-May-20	LIL Projects Pvt Ltd	ICICI/007605004446	Ishan Prakash	IndusInd/100074680035	20,01,000
26-May-20	LIL Projects Pvt Ltd	ICICI/007605004446	Kishan Prakash	IndusInd/100064276550	20,01,000
26-May-20	LIL Projects Pvt Ltd	ICICI/007605004446	Ishan Prakash	IndusInd/100074680035	22,00,000
26-May-20	LIL Projects Pvt Ltd	ICICI/007605004446	Kishan Prakash	IndusInd/100064276550	8,00,000
Total	**Subsidiaries to Allottees**				**1,82,02,000**
21-May-20	Ishan Prakash	IndusInd/100074680035	Brightcom Group Ltd.	DCB/22522412345678	41,00,000
22-May-20	Ishan Prakash	IndusInd/100074680035	Brightcom Group Ltd.	DCB/22522412345678	10,00,000
22-May-20	Ishan Prakash	IndusInd/100074680035	Brightcom Group Ltd.	DCB/22522412345678	10,00,000
22-May-20	Ishan Prakash	IndusInd/100074680035	Brightcom Group Ltd.	DCB/22522412345678	5,00,000
22-May-20	Ishan Prakash	IndusInd/100074680035	Brightcom Group Ltd.	DCB/22522412345678	10,00,000
26-May-20	Ishan Prakash	IndusInd/100074680035	Brightcom Group Ltd.	DCB/22522412345678	20,00,000
26-May-20	Ishan Prakash	IndusInd/100074680035	Brightcom Group Ltd.	DCB/22522412345678	22,00,000
29-Sep-20	Ishan Prakash	IndusInd/100074680035	Brightcom Group Ltd.	DCB/22522412345678	3,00,000
30-Sep-20	Ishan Prakash	IndusInd/100074680035	Brightcom Group Ltd.	DCB/22522412345678	7,70,000
17-Oct-20	Ishan Prakash	IndusInd/100074680035	Brightcom Group Ltd.	DCB/22522412345678	10,00,000
20-Oct-20	Ishan Prakash	IndusInd/100074680035	Brightcom Group Ltd.	DCB/22522412345678	5,50,000
21-Oct-20	Ishan Prakash	IndusInd/100074680035	Brightcom Group Ltd.	DCB/22522412345678	4,00,000
22-Oct-20	Ishan Prakash	IndusInd/100074680035	Brightcom Group Ltd.	DCB/22522412345678	5,00,000
23-Oct-20	Ishan Prakash	IndusInd/100074680035	Brightcom Group Ltd.	DCB/22522412345678	5,00,000
02-Nov-20	Ishan Prakash	IndusInd/100074680035	Brightcom Group Ltd.	DCB/22522412345678	10,00,000
05-Nov-20	Ishan Prakash	IndusInd/100074680035	Brightcom Group Ltd.	DCB/22522412345678	10,00,000
06-Nov-20	Ishan Prakash	IndusInd/100074680035	Brightcom Group Ltd.	DCB/22522412345678	10,00,000
07-Nov-20	Ishan Prakash	IndusInd/100074680035	Brightcom Group Ltd.	DCB/22522412345678	1,35,000
10-Nov-20	Ishan Prakash	IndusInd/100074680035	Brightcom Group Ltd.	DCB/22522412345678	10,00,000

Date	From entity	From Bank /Account	To entity	To Bank/ Account No.	Amount (Rs.)
11-Nov-20	Ishan Prakash	IndusInd/10007 4680035	Brightcom Group Ltd.	DCB/225224 12345678	10,00,000
13-Nov-20	Ishan Prakash	IndusInd/10007 4680035	Brightcom Group Ltd.	DCB/225224 12345678	10,00,000
17-Nov-20	Ishan Prakash	IndusInd/10007 4680035	Brightcom Group Ltd.	DCB/225224 12345678	10,00,000
22-May-20	Kishan Prakash	IndusInd/10006 4276550	Brightcom Group Ltd.	DCB/225224 12345678	10,00,000
22-May-20	Kishan Prakash	IndusInd/10006 4276550	Brightcom Group Ltd.	DCB/225224 12345678	9,00,000
22-May-20	Kishan Prakash	IndusInd/10006 4276550	Brightcom Group Ltd.	DCB/225224 12345678	5,00,000
22-May-20	Kishan Prakash	IndusInd/10006 4276550	Brightcom Group Ltd.	DCB/225224 12345678	10,00,000
26-May-20	Kishan Prakash	IndusInd/10006 4276550	Brightcom Group Ltd.	DCB/225224 12345678	20,00,000
26-May-20	Kishan Prakash	IndusInd/10006 4276550	Brightcom Group Ltd.	DCB/225224 12345678	8,00,000
16-Oct-20	Kishan Prakash	IndusInd/10006 4276550	Brightcom Group Ltd.	DCB/225224 12345678	5,00,000
19-Oct-20	Kishan Prakash	IndusInd/10006 4276550	Brightcom Group Ltd.	DCB/225224 12345678	10,00,000
22-Oct-20	Kishan Prakash	IndusInd/10006 4276550	Brightcom Group Ltd.	DCB/225224 12345678	5,00,000
12-Nov-20	Kishan Prakash	IndusInd/10006 4276550	Brightcom Group Ltd.	DCB/225224 12345678	10,00,000
14-Nov-20	Kishan Prakash	IndusInd/10006 4276550	Brightcom Group Ltd.	DCB/225224 12345678	9,50,000
18-Nov-20	Kishan Prakash	IndusInd/10006 4276550	Brightcom Group Ltd.	DCB/225224 12345678	10,00,000
Total	**Allottees to BGL**				**3,41,05,000**

66. A pictorial representation of the above transactions is as under:



67. From the above, it was observed that Kishan and Ishan paid Rs.1.59 Crore only as share application money for the shares allotted, as against the total consideration of Rs.7.60 Crore, leaving a shortfall of Rs.6 Crores.

(viii) Allotment to 9 other allottees:

68. BGL had made allotment to nine other allottees, viz. Manju Shivkrishna Damani, Varun Shiv Krishna Damani, Prerna Varun Damani, Pooja Rajendra Prasad Poddar, Rajendra Prasad Poddar, Sushila Devi Poddar, Ankit Kumar Alya, Sanjib Hirendra Chakraborty and Shivkrishna Harakchand Damani. Who are appearing at sl. nos. 13 to 21 in Table 3 provided above. BGL was to receive a total consideration of Rs.10,39,50,000 as warrant / share application money from the said nine allottees.

69. It was observed that BGL had claimed to have received the total consideration money of Rs.10,39,50,000 from the abovementioned allottees. However, preliminary findings of investigation revealed that BGL itself had funded these allottees through its subsidiaries (LIL and Yreach) and another conduit entity, viz. Sonal Styles Pvt. Ltd. (Sonal). It was found that LIL and Yreach had first made payments to Sonal, which then transferred funds to four allottes, viz. Ankit Kumar Alya, Sanjib Hirendra Chakraborty, Pooj Rajendra Prasad Poddar and Varun Shivkrishna Damani. Subseuently, Varun Shivkrishna Damani transferred part of the received funds to remaining five allottes, viz. Manju Shivkrishna Damani, Prerna Varun Damani, Rajendra Prasad Poddar, Sushila Devi Poddar, and Shivkrishna Harakchand Damani. Later, all nine allottees transferred funds to BGL as subscription money for the warrants / shares allotted. Thus, the money was rotated in a circular fashion to falsely portray that subscription money had been received by BGL from the abovementioned nine allottees. The details of the transactions are provided below:

Table 26

Date of transaction	From Entity	From Bank/Account	To entity	To Bank / Account	Amount (Rs.)
24-Jun-21	Brightcom Group Ltd.	DCB Bank /22522412345678	Yreach Media Pvt. Ltd.	ICICI Bank/7605003641	40,00,000
24-Jun-21	Brightcom Group Ltd.	DCB Bank /22522412345678	Yreach Media Pvt. Ltd.	ICICI Bank/7605003641	14,75,000
25-Jun-21	Brightcom Group Ltd.	DCB Bank /22522412345678	Yreach Media Pvt. Ltd.	ICICI Bank/7605003641	93,70,000
22-Jun-21	Brightcom Group Ltd.	Equitas/209885713229	LIL Projects Pvt. Ltd.	ICICI Bank/7605004446	99,00,000
22-Jun-21	Brightcom Group Ltd.	Equitas/209885713229	LIL Projects Pvt. Ltd.	ICICI Bank/7605004446	44,50,000
22-Jun-21	Brightcom Group Ltd.	Equitas/209885713229	LIL Projects Pvt. Ltd.	ICICI Bank/7605004446	1,000
22-Jun-21	Brightcom Group Ltd.	Equitas/209885713229	LIL Projects Pvt. Ltd.	ICICI Bank/7605004446	18,74,000
22-Jun-21	Brightcom Group Ltd.	Equitas/209885713229	LIL Projects Pvt. Ltd.	ICICI Bank/7605004446	50,00,000
22-Jun-21	Brightcom Group Ltd.	Equitas/209885713229	LIL Projects Pvt. Ltd.	ICICI Bank/7605004446	1,00,00,000
22-Jun-21	Brightcom Group Ltd.	Equitas/209885713229	LIL Projects Pvt. Ltd.	ICICI Bank/7605004446	12,25,000
23-Jun-21	Brightcom Group Ltd.	Equitas/209885713229	LIL Projects Pvt. Ltd.	ICICI Bank/7605004446	1,15,00,000
23-Jun-21	Brightcom Group Ltd.	Equitas/209885713229	LIL Projects Pvt. Ltd.	ICICI Bank/7605004446	3,75,000
23-Jun-21	Brightcom Group Ltd.	Equitas/209885713229	LIL Projects Pvt. Ltd.	ICICI Bank/7605004446	1,35,00,000
23-Jun-21	Brightcom Group Ltd.	Equitas/209885713229	LIL Projects Pvt. Ltd.	ICICI Bank/7605004446	53,75,000
23-Jun-21	Brightcom Group Ltd.	Equitas/209885713229	LIL Projects Pvt. Ltd.	ICICI Bank/7605004446	1,68,50,000
24-Jun-21	Brightcom Group Ltd.	Equitas/209885713229	LIL Projects Pvt. Ltd.	ICICI Bank/7605004446	1,72,50,000
24-Jun-21	Brightcom Group Ltd.	Equitas/209885713229	LIL Projects Pvt. Ltd.	ICICI Bank/7605004446	30,00,000
25-Jun-21	Brightcom Group Ltd.	Equitas/209885713229	LIL Projects Pvt. Ltd.	ICICI Bank/7605004446	1,43,75,000

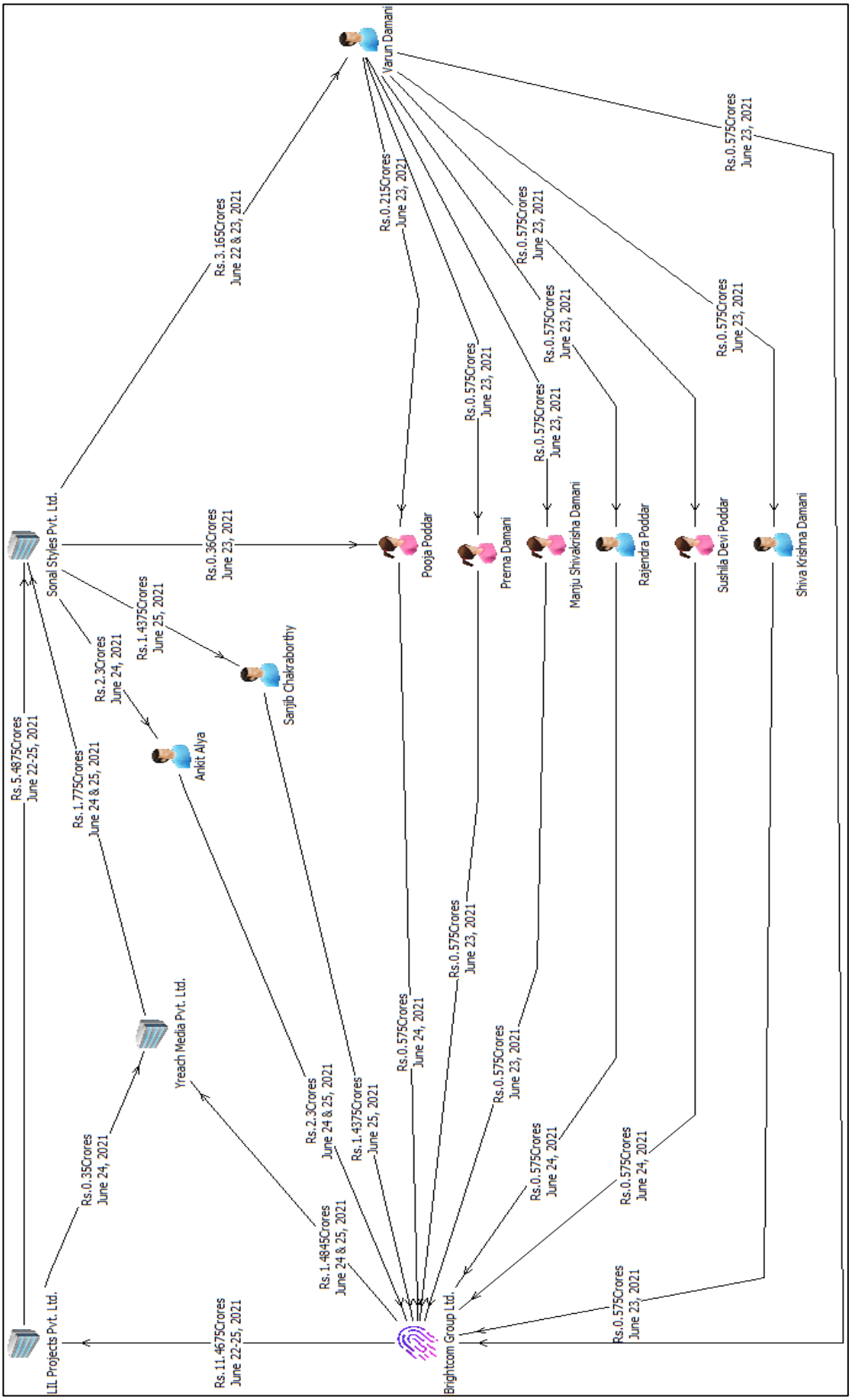
Date of transaction	From Entity	From Bank/Account	To entity	To Bank / Account	Amount (Rs.)
Total	**BGL to Subsidiaries**				**12,95,20,000**
22-Jun-21	LIL Projects Pvt. Ltd.	ICICI Bank/7605004446	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	99,00,000
22-Jun-21	LIL Projects Pvt. Ltd.	ICICI Bank/7605004446	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	7,50,000
23-Jun-21	LIL Projects Pvt. Ltd.	From narration/From narration	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	12,25,000
23-Jun-21	LIL Projects Pvt. Ltd.	ICICI Bank/7605004446	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	62,75,000
23-Jun-21	LIL Projects Pvt. Ltd.	ICICI Bank/7605004446	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	90,00,000
23-Jun-21	LIL Projects Pvt. Ltd.	ICICI Bank/7605004446	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	45,00,000
23-Jun-21	LIL Projects Pvt. Ltd.	ICICI Bank/7605004446	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	36,00,000
24-Jun-21	LIL Projects Pvt. Ltd.	ICICI Bank/7605004446	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	22,50,000
24-Jun-21	LIL Projects Pvt. Ltd.	ICICI Bank/7605004446	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	62,50,000
24-Jun-21	LIL Projects Pvt. Ltd.	ICICI Bank/7605004446	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	43,75,000
24-Jun-21	LIL Projects Pvt. Ltd.	ICICI Bank/7605004446	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	30,00,000
25-Jun-21	LIL Projects Pvt. Ltd.	ICICI Bank/7605004446	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	37,50,000
24-Jun-21	LIL Projects Pvt. Ltd.	ICICI Bank/7605004446	Yreach Media Pvt. Ltd.	ICICI Bank/7605003641	35,00,000
24-Jun-21	Yreach Media Pvt. Ltd.	ICICI Bank/7605003641	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	20,00,000
24-Jun-21	Yreach Media Pvt. Ltd.	ICICI Bank/7605003641	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	20,00,000
24-Jun-21	Yreach Media Pvt. Ltd.	ICICI Bank/7605003641	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	20,00,000
24-Jun-21	Yreach Media Pvt. Ltd.	ICICI Bank/7605003641	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	20,00,000
24-Jun-21	Yreach Media Pvt. Ltd.	ICICI Bank/7605003641	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	3,75,000

Date of transaction	From Entity	From Bank/Account	To entity	To Bank / Account	Amount (Rs.)
25-Jun-21	Yreach Media Pvt. Ltd.	ICICI Bank/7605003641	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	20,00,000
25-Jun-21	Yreach Media Pvt. Ltd.	ICICI Bank/7605003641	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	20,00,000
25-Jun-21	Yreach Media Pvt. Ltd.	ICICI Bank/7605003641	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	20,00,000
25-Jun-21	Yreach Media Pvt. Ltd.	ICICI Bank/7605003641	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	18,75,000
25-Jun-21	Yreach Media Pvt. Ltd.	ICICI Bank/7605003641	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	15,00,000
Total	**Subsidiaries to Conduits**				**7,61,25,000**
22-Jun-21	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	Varun Damani	Axis Bank/918010073818468	50,00,000
22-Jun-21	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	Varun Damani	Axis Bank/918010073818468	56,50,000
23-Jun-21	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	Varun Damani	Axis Bank/918010073818468	12,25,000
23-Jun-21	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	Varun Damani	Axis Bank/918010073818468	62,75,000
23-Jun-21	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	Varun Damani	Axis Bank/918010073818468	75,00,000
23-Jun-21	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	Varun Damani	Axis Bank/918010073818468	60,00,000
23-Jun-21	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	Pooja Poddar	From Narration	36,00,000
24-Jun-21	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	Ankit Alya	Axis Bank/915010030714706	15,00,000
24-Jun-21	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	Ankit Alya	Axis Bank/915010030714706	7,50,000
24-Jun-21	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	Ankit Alya	Axis Bank/915010030714706	30,00,000
24-Jun-21	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	Ankit Alya	Axis Bank/915010030714706	10,00,000
24-Jun-21	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	Ankit Alya	Axis Bank/915010030714706	27,00,000
24-Jun-21	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	Ankit Alya	Axis Bank/915010030714706	13,00,000

Date of transaction	From Entity	From Bank/Account	To entity	To Bank / Account	Amount (Rs.)
24-Jun-21	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	Ankit Alya	Axis Bank/915010030714706	3,75,000
24-Jun-21	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	Ankit Alya	Axis Bank/915010030714706	50,00,000
24-Jun-21	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	Ankit Alya	Axis Bank/915010030714706	12,50,000
24-Jun-21	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	Ankit Alya	Axis Bank/915010030714706	61,25,000
25-Jun-21	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	Sanjib Chakraborthy	SBI/From narration	12,50,000
25-Jun-21	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	Sanjib Chakraborthy	SBI/From narration	50,00,000
25-Jun-21	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	Sanjib Chakraborthy	SBI/From narration	43,75,000
25-Jun-21	Sonal Styles Pvt. Ltd.	ICICI Bank/34805005917	Sanjib Chakraborthy	SBI/From narration	37,50,000
Total	**Between Conduits and allottees/conduits**				**7,26,25,000**
23-Jun-21	Varun Damani	Axis Bank/918010073818468	Prerna Damani	Axis/918010074578705	57,50,000
23-Jun-21	Varun Damani	Axis Bank/918010073818468	Manju Shivakrisha Damani	Axis/918010074174581	57,50,000
23-Jun-21	Varun Damani	Axis Bank/918010073818468	Rajendra Poddar	From narration/From narration	57,50,000
23-Jun-21	Varun Damani	Axis Bank/918010073818468	Sushila Devi Poddar	From narration/From narration	57,50,000
23-Jun-21	Varun Damani	Axis Bank/918010073818468	Pooja Poddar	From narration/From narration	21,50,000
23-Jun-21	Varun Damani	Axis Bank/918010073818468	Shiva Krishna Damani	Axis/918010074044668	57,50,000
Total	**Between conduit and allottees**				**3,09,00,000**
23-Jun-21	Shiva Krishna Damani	/From narration	Brightcom Group Ltd.	Equitas/209885713229	57,50,000
23-Jun-21	Prerna Damani	Axis/918010074578705	Brightcom Group Ltd.	Equitas/209885713229	57,50,000
23-Jun-21	Manju Shivakrisha Damani	Axis/918010074174581	Brightcom Group Ltd.	Equitas/209885713229	57,50,000
24-Jun-21	Rajendra Poddar	From narration/From narration	Brightcom Group Ltd.	Equitas/209885713229	57,50,000
24-Jun-21	Sushila Devi Poddar	From narration/From narration	Brightcom Group Ltd.	Equitas/209885713229	57,50,000
24-Jun-21	Pooja Poddar	From narration/From narration	Brightcom Group Ltd.	Equitas/209885713229	57,50,000
25-Jun-21	Sanjib Chakraborthy	SBI/30005356914	Brightcom Group Ltd.	Equitas/209885713229	1,43,75,000

Date of transaction	From Entity	From Bank/Account	To entity	To Bank / Account	Amount (Rs.)
24-Jun-21	Ankit Alya	Axis Bank/915010030714706	Brightcom Group Ltd.	Federal/	62,50,000
24-Jun-21	Ankit Alya	Axis Bank/915010030714706	Brightcom Group Ltd.	Federal/16050200002993	43,75,000
24-Jun-21	Ankit Alya	Axis Bank/915010030714706	Brightcom Group Ltd.	Equitas/209885713229	30,00,000
25-Jun-21	Ankit Alya	Axis Bank/915010030714706	Brightcom Group Ltd.	DCB/22522412345678	93,75,000
23-Jun-21	Varun Damani	Axis Bank/918010073818468	Brightcom Group Ltd.	Equitas/209885713229	57,50,000
Total	**Allottees to BGL**				**7,76,25,000**

70. A diagrammatic representation of the transaction is shown below.


Varun Damani
Rs.3.165Crores
June 22 & 23, 2021
Rs.0.215Crores
June 23, 2021
Rs.0.575Crores
June 23, 2021
Rs.0.575Crores
June 23, 2021
Rs.0.575Crores
June 23, 2021
Rs.0.575Crores
June 23, 2021
Rs.0.575Crores
June 23, 2021
Rs.0.575Crores
June 23, 2021
Sonal Styles Pvt. Ltd.
Rs.0.36Crores
June 23, 2021
Pooja Poddar
Prerna Damani
Manju Shivakrisha Damani
Rajendra Poddar
Sushila Devi Poddar
Shiva Krishna Damani
Rs.1.4375Crores
June 25, 2021
Rs.2.3Crores
June 24, 2021
Sanjib Chakraborthy
Ankit Alya
Rs.5.4875Crores
June 22-25, 2021
Rs.1.775Crores
June 24 & 25, 2021
Yreach Media Pvt. Ltd.
Rs.0.575Crores
June 24, 2021
Rs.0.575Crores
June 23, 2021
Rs.0.575Crores
June 23, 2021
Rs.2.3Crores
June 24 & 25, 2021
Rs.1.4375Crores
June 25, 2021
Rs.0.35Crores
June 24, 2021
Rs.0.575Crores
June 24, 2021
Rs.0.575Crores
June 24, 2021
Rs.1.4845Crores
June 24 & 25, 2021
Rs.0.575Crores
June 23, 2021
LIL Projects Pvt. Ltd.
Rs.11.4675Crores
June 22-25, 2021
Brightcom Group Ltd.

(ix) Shankar Sharma

71. Mr. Shankar Sharma was allotted 1,50,00,000 warrants (subsequently converted into shares on March 09, 2022), with a face value of Rs.2 each, at Rs.37.70 per share during the financial year 2021-22, for a total consideration of Rs.56.65 Crore. The Company claimed that it had received the total consideration of Rs.56.65 Crore, as per the following details:

Table 27

Date of Allotment	No. of Shares allotted	Allotment Price	Total Amount (INR)	Cheque No.	Bank name	Cheque Date	Cheque Amount (INR)
09.03.2022	15,000,000	37.77	56,65,50,000	000013	Abu Dhabi Commercial Bank	29/10/2021	75,396,500
				000014		18/11/2021	66,481,050
				000015		7/03/2022	325,857,752
				000016		9/03/2022	98,819,838
							56,65,55,140

72. However, even after repeated reminders, BGL failed to provide documentary evidence of receipts of warrant / share application money from Mr. Shankar Sharma in its bank accounts.

73. On examination of BGL's bank accounts where the proceeds of preferential issue were collected, it was observed that following payments were made by Mr. Shankar Sharma from his bank account with IndusInd Bank to the BGL's accounts with Equitas Finance Bank Ltd. and HDFC Bank Ltd.:

Table 28

From ACCOUNT NO.	From ACCOUNT NAME	TRAN DATE	AMOUNT (Rs.)	To Bank Account name	To Bank Account No.	To Bank Name
200999971002	SHANKARS SHARMA	11-Jul-22	2,00,00,000	Brightcom Group Limited	209885713229	Equitas Finance Bank Ltd
200999971002	SHANKARS SHARMA	22-Jul-22	95,78,656	Brightcom Group Limited	209885713229	Equitas Finance Bank Ltd
200999971002	SHANKARS SHARMA	25-Jul-22	95,70,256	Brightcom Group Limited	209885713229	Equitas Finance Bank Ltd
200999971002	SHANKARS SHARMA	26-Jul-22	79,70,945	Brightcom Group Limited	209885713229	Equitas Finance Bank Ltd
200999971002	SHANKARS SHARMA	01-Aug-22	47,57,533	Brightcom Group Limited	209885713229	Equitas Finance Bank Ltd
200999971002	SHANKARS SHARMA	09-Sep-22	95,52,489	Brightcom Group Limited	209885713229	Equitas Finance Bank Ltd
200999971002	SHANKARS SHARMA	12-Sep-22	15,57,467	Brightcom Group Limited	209885713229	Equitas Finance Bank Ltd

From ACCOUNT NO.	From ACCOUNT NAME	TRAN DATE	AMOUNT (Rs.)	To Bank Account name	To Bank Account No.	To Bank Name
200999971002	SHANKAR S SHARMA	22-Sep-22	3,19,17,346	Brightcom Group Limited	209885713229	Equitas Finance Bank Ltd
200999971002	SHANKAR S SHARMA	04-Oct-22	4,00,00,000	Brightcom Group Limited	209885713229	Equitas Finance Bank Ltd
200999971002	SHANKAR S SHARMA	06-Oct-22	2,00,00,000	Brightcom Group Limited	209885713229	Equitas Finance Bank Ltd
200999971002	SHANKAR S SHARMA	10-Oct-22	1,90,00,000	Brightcom Group Limited	209885713229	Equitas Finance Bank Ltd
200999971002	SHANKAR S SHARMA	18-Nov-22	2,80,00,000	Brightcom Group Limited	209885713229	Equitas Finance Bank Ltd
200999971002	SHANKAR S SHARMA	22-Nov-22	3,14,00,000	Brightcom Group Limited	209885713229	Equitas Finance Bank Ltd
200999971002	SHANKAR S SHARMA	28-Nov-22	2,46,31,200	Brightcom Group Limited	50200058179886	HDFC Bank Ltd
Total			**25,79,35,892**			

74. From the above, it was observed that BGL had received Rs.25.7936 Crore from Mr. Shankar Sharma. Subsequently, Mr. Shankar Sharma vide emails dated July 25 & 26, 2023 informed SEBI that he paid Rs.14.19 Crore towards warrant application money to BGL's HDFC Bank Account. In this regard, he submitted copy of his bank account statement. However, in the said statements, all the particulars of the transaction, except the amount, were concealed by redaction. Due to the same, the above payment could not be verified and the same is still under examination. Therefore, it appears that BGL has only received Rs.39.98 Crore (including Rs.14.19 Crore which could not be verified) as against total consideration due of Rs.56.6555 Crores and has not received the entire share application money from Mr. Shankar Sharma and that BGL's claims in this regard are false.

75. Further, while BGL claimed that total consideration of Rs.56.6555 Crore had been received from Mr. Shankar Sharma between 29/10/2021 to 09/03/2022, BGL's bank statements showed that Rs.25.7936 Crore was transferred by Mr. Shankar Sharma to BGL between 11/07/2022 to 28/11/2022.

76. SEBI has also repeatedly tried to obtain information and supporting documents from Mr. Shankar Sharma regarding payments made by him to BGL in respect of the warrants / shares allotted. However, Mr. Shankar Sharma is yet to provide complete information and documents to SEBI. The

details of communication with Mr. Shankar Sharma are provided in the Table below:

Table 29

Sl. No.	Date of Communication	Mode / type	Content of communication	Reply received
1	10/07/2023	Email	Seeking information with respect to the preferential allotment and payments made to BGL	Replied vide email dated 11/07/2023 that he needs 10-12 working days to extract the information and reply.
2	12/07/2023	Summons	Summons For Personal Appearance Before the Investigating Authority, under Section 11C(3) and (5) of the SEBI Act, 1992.	Replied vide email dated 14/07/2023 that he is not able to open the attachment.
3	14/07/2023	Email	Summons dated 12/07/2023 forwarded again	Replied vide email dated 17/07/2023 seeking 3-4 working days to reply.
4	17/07/2023	Email	IA's reply stating that sufficient time to reply had already been provided. IA once again asked the entity to submit information without further delay.	Not responded
5	25/07/2023	Email	Reminder email to earlier summons and emails	replied giving details of partial payment (25%) without supporting documents (Bank statements)
6	26/07/2023	Email	Reminder email to earlier summons and emails	Replied giving details of partial payment (25%) without supporting documents (Bank statements)
7	26/07/2023	Email	2nd Reminder email on 26/07/2023 to submit bank statement and other details	Replied vide email dated 26/07/2023 provided bank account statements in respect of the above partial statement. However, redacted and darkened the other information including bank account details.
8	27/07/2023	Email	Seeking bank account details and details of remaining payments	Not responded
9	03/08/2023	Summons	Summons For Personal Apperance Before the Investigating Authority [Under Section 11C(3) and (5) of the SEBI Act, 1992]	Not responded
10	09/08/2023	Email	Seeking bank account details and details of remaining payments	Replied vide email dated 15/08/2023 seeking 3-4 working days to reply. However, no further reply has been received till date.

77. From the above, it is clear that ample opportunities have been given to Mr. Shankar Sharma to provide the correct position of payments made to BGL. However, he has failed to provide the same. Interestingly, one of the reasons for non-submission of payment details, cited by Mr.Shankar Sharma in his email dated August 15, 2023 is that the *"We have been constrained by the delay on part of the company to reconcile all the remittances."*

Remaining allottees under examination:

78. Apart from the abovementioned 22 allottees, the payments for the preferential allotments by remaining 60 allottees is still under examination. The details of the said allottees are as under:

Table 30

Sl. No.	Date of Allotment	PAN	Name of Allottee	No. of Shares allotted	Allotment Price (In Rs.)	Total Amount (Rs. in Crores)
1	May 27, 2020	AANCM4288N	Muskaan Limited	2,38,00,000	10	23.8
2	Jul 1, 2021	AAQFP2110C	Pankti Commosales LLP	1,00,00,000	7.70	7.70
3	Jul 1, 2021	AACPM4482C	Gautam Gopikishan Makharia	25,00,000	7.7	1.93
4	Jul 1, 2021	AACPM4481B	Puneet Gopikishan Makharia	25,00,000	7.7	1.93
5	Jul 1, 2021	APNPM0869D	Rushida Rahul Mehta	15,00,000	7.7	1.16
6	Jul 1, 2021	ALEPA3113D	Asif Ismail Athaniya	10,00,000	7.7	0.77
7	Jul 1, 2021	CIDPD4334D	Siddharth Dubey	7,50,000	7.7	0.58
8	Jul 1, 2021	BVEPS5192R	Mohamed Majid M Siddiqui	5,00,000	7.7	0.39
9	Jul 1, 2021	AILPL0734H	Loriya Mohsin Rafik	5,00,000	7.7	0.39
10	Jul 1, 2021	CHJPK9280L	Meghna Kaustubh Kulkarni	5,00,000	7.7	0.39
11	Jul 1, 2021	AIYPK6816G	Kaustubh Balchandra Kulkarni	5,00,000	7.7	0.39
12	Jul 23, 2021	AAGCP5321E	Mangal Compusolution Pvt Ltd	4,00,00,000	7.7	30.8
13	Jul 23, 2021	AABCT2710M	Talisman Securities Pvt Ltd	50,00,000	7.7	3.85
14	Jul 23, 2021	AAQPY3388P	Y Suryanarayana Raju	35,00,000	7.7	2.7
15	Jul 23, 2021	AILPR0693P	Cherukuru Srinivasa Rao	15,00,000	7.7	1.16
16	Jul 23, 2021	AAAPH8507R	Ayaz Amir Manjee	10,00,000	7.7	0.77
17	Jul 23, 2021	ALBPP9265A	Patlolla Prashanth Reddy	5,00,000	7.7	0.39
18	Jul 23, 2021	AASPZ0870D	Kaneez Zainab	5,00,000	7.7	0.39
19	Jul 23, 2021	AAAPH8504N	Zainab Hajeebhai Manjee	5,00,000	7.7	0.39
20	Jul 23, 2021	AAGPM3434N	Shabana Ayaz Manjee	5,00,000	7.7	0.39

Sl. No.	Date of Allotment	PAN	Name of Allottee	No. of Shares allotted	Allotment Price (In Rs.)	Total Amount (Rs. in Crores)
21	Jul 23, 2021	ABUPH3172K	Ashish Chhotubhai Hamid	5,00,000	7.7	0.39
22	Jul 23, 2021	CICPP5887L	P Soumya	1,40,000	7.7	0.11
23	Jul 23, 2021	AGMPA7950M	Adapa Srinivas	1,00,000	7.7	0.08
24	Jul 23, 2021	BBVPK8905R	Himakumar Kondiparthi	40,000	7.7	0.03
25	Jul 23, 2021	AIWPR5262K	P Siva Rama Raju	50,000	7.7	0.04
26	Jul 28, 2021	AAAPH8506Q	Hanif Amir Manjee	5,00,000	7.7	0.39
27	Jul 28, 2021	AAHPM4562E	Saira Hanif Manjee	5,00,000	7.7	0.39
28	Jul 28, 2021	AROPM8312Q	Zeeshan Hanif Manjee	5,00,000	7.7	0.39
29	Jul 30, 2021	AAGPM6484L	Parul Parimal Mehta	1,00,00,000	7.7	7.7
30	Jul 30, 2021	AMDPK8715F	Raghunath Naidu Kodidini	8,00,000	7.7	0.62
31	Jul 30, 2021	AAKPY0010A	Sayeeda Yaseen	4,00,000	7.7	0.31
32	Aug 12, 2021	AJDPJ0615L	Vinita Jain	38,25,000	7.7	2.95
33	Jan 23, 2022	AGEPV2789D	Vaishnava Priya Veeramisti	5,00,000	37.77	1.89
34	Jan 23, 2022	AACCA7157R	Aashika Global Finance Pvt Ltd	2,00,000	37.77	0.76
35	Jan 23, 2022	AUXPD8039M	Goonjan Dhar	1,00,000	37.77	0.38
36	Jan 23, 2022	AFFPB9520E	Shikha Samit Bhartia	20,00,000	37.77	7.55
37	Jan 23, 2022	AKCPD4503F	Shilpi Dixit	10,00,000	37.77	3.78
38	Jan 23, 2022	AKCPD5514G	Vikas Dixit	10,00,000	37.77	3.78
39	Jan 23, 2022	AFNPT0866R	Nikhil Tyagi	4,50,000	37.77	1.7
40	Jan 23, 2022	AAWPG3950D	Arunangshu Ghosh	4,00,000	37.77	1.51
41	Jan 23, 2022	AOOPB1017N	Dipankar Bonnerjee	4,00,000	37.77	1.51
42	Jan 23, 2022	AGKPA2421P	Parul Moondhra	3,00,000	37.77	1.13
43	Jan 23, 2022	ADWPS6091G	Maninder Singh Sahni	3,00,000	37.77	1.13
44	Jan 23, 2022	AHJPA2889B	Sumita Acharya	2,50,000	37.77	0.94
45	Jan 23, 2022	ABJPC6626L	Parul Sunil Chawda	1,60,000	37.77	0.6
46	Jan 23, 2022	AHTPC8742K	Manoj Sunil Chawda	1,60,000	37.77	0.6
47	Jan 23, 2022	ANBPR4557R	Aakanksha M Chawda	1,60,000	37.77	0.6
48	Jan 23, 2022	CCSPC9669R	Hardik Sunil Chawda	1,60,000	37.77	0.6
49	Jan 23, 2022	AAIPR7932G	Ritika Ranjan	1,50,000	37.77	0.57
50	Jan 23, 2022	AQXPS6227Q	Sona Kumar Sampat	1,00,000	37.77	0.38
51	Jan 23, 2022	AAFPM1742A	Raghav Mallik	1,00,000	37.77	0.38
52	Jan 23, 2022	BKCPK5919D	Rajeev Kumar	1,00,000	37.77	0.38
53	Jan 23, 2022	AIXPB9876G	Tarun Bhandari	60,000	37.77	0.23
54	Jan 25, 2022	AAICC0411E	Citrus Global Arbitrage Fund	2,00,00,000	37.77	75.54
55	Jan 25, 2022	AAICC2725P	Calypso Global Investment Fund	2,70,00,000	37.77	101.98
56	Jan 25, 2022	AAGCN5591G	Navigator Emerging Market Fund	3,00,00,000	37.77	113.31
57	Jan 25, 2022	AAHCC4401B	Connecor Investment Enterprises Ltd	1,00,00,000	37.77	37.77

Sl. No.	Date of Allotment	PAN	Name of Allottee	No. of Shares allotted	Allotment Price (In Rs.)	Total Amount (Rs. in Crores)
58	Jan 25, 2022	AACCL7654E	Lgof Global Opportunities Ltd	3,00,00,000	37.77	113.31
59	Jan 25, 2022	ABYPB7421K	Kamala Bai	1,00,00,000	37.77	37.77
60	Jan 25, 2022	AAACL4665R	Tirumala Stock Broking Pvt. Ltd.	50,00,000	37.77	18.89
			Total	**25,44,55,000**		**622.64**

Utilization of proceeds of Preferential Issues:

79. BGL was asked to furnish the statement of utilization / application of funds raised through preferential issues, reviewed by its Audit Committee, as specified in Schedule II, Part C read with Regulation 18(3) of LODR Regulations, 2015. However, BGL responded by merely stating that its Audit Committee had approved the release of funds, as and when required, to both LIL and YReach. Further, BGL did not furnish copies of the Audit Committee approvals/resolutions. Instead, BGL furnished a copy of the resolution passed at the meeting of the Board of Directors of BGL on June 28, 2021.

> ***"RESOLVED THAT*** *consent of the Board of Directors be and hereby accorded to pay advances as and when required to the Wholly Owned Subsidiaries M/s. LIL Projects Private Limited and M/s. YReach Media Private Limited for extending support in product development initiatives of Brightcom Group Limited.*
>
> *RESOLVED FURTHER THAT M/s. LIL Projects Private Limited and M/s. YReach Media Private Limited are authorized to outsource some part of product development activities to eligible contractors capable of executing the projects and make payments to such parties on behalf of Brightcom Group Limited."*

80. In response to SEBI's query as to why BGL's annual report for FY 2021-22 did not disclose the utilization of funds raised through preferential allotment, as required under Regulation 32(7A) of LODR Regulations, 2015, BGL merely stated that the funds received in the preferential allotment were fully utilized in that year and hence the same was not disclosed. However, as

elaborated in above paragraphs, part of payments for share allotments was received by BGL in FY 2022-23 and not entirely in FY 2021-22

Loans given by BGL to its subsidiaries:

81. As per information provided by BGL to SEBI, out of the preferential issue proceeds of Rs.867.78 Crores, an amount of Rs.824 Crores was given as loans to two of its wholly owned subsidiaries, as mentioned below:

Table 31

Particulars	**Amount (Rs. Crores)**
LIL Projects Private Ltd.	506
YReach Media Private Ltd.	318
Total	**824**

82. BGL had informed SEBI that payments were made to LIL in its ICICI Bank Account No. 007605004446 and to Yreach in its ICICI Bank Account No. 007605003641. From the examination of LIL's bank account statements for FY 2021-22, provided by LIL, it was noted that LIL received about Rs.200 Crores directly from BGL and Rs.57 Crore from Yreach. Even if the payment from Yreach to LIL is considered as payment from BGL, the total amount received by LIL from BGL comes to Rs.257 Crores only, as against BGL's claim of grant of loan of Rs.506 Crore to LIL.

83. Similarly, from the examination of Yreach's bank account statements for FY 2021-22, provided by Yreach, it was observed that Yreach had received Rs.150.75 Crore from BGL. Out of the said amount, Rs. 57 Crore was transferred to LIL, as pointed out above. Taking into account the same, the actual amount ultimately received by Yreach from BGL came to Rs.93.75 Crore only, as against BGL's claim of grant of loans of Rs.318 Crore to Yreach.

84. It was thus found that LIL and Yreach had together received only Rs.350.75 Crore from BGL as loans, out of the proceeds of the preferential issues, as against BGL's claim of loans of Rs.824 Crore. Since BGL had recorded in its books of accounts, grant of loans of Rs.506 crores and Rs. 318 Crore to LIL and Yreach respectively, the books of BGL and its subsidiaries, viz. LIL and Yreach, appeared to be overstated.

BGL's claims regarding utilization of loans by subsidiaries

85. BGL submitted the details of utilization of the abovementioned loans by its subsidiaries, LIL and Yreach. However, examination of the bank account statements of LIL and Yreach (as provided by BGL) vis-à-vis BGL's claims of utilization of loans by subsidiaries revealed the following:

Table 32

Amount in s. Crores

	As per reply submitted by BGL			As per Bank statements			
Name Of The Entity	**Yreach**	**LIL**	**Total**	**Yreach**	**LIL**	**Total**	**Shortfall (Excess If Positive)**
Ajanta Enterprises	6.21	-	6.21	0.15	0.2	0.35	-5.86
Blosoom Marketing Consultants P	12.55	-	12.55	8.99	4	12.99	0.44
Concept creations	11.67	-	11.67		0.15	0.15	-11.52
Dhristi Enterprises	8.65	-	8.65	1.5425	4.02	5.5625	-3.0875
GAK Exchange India Services Pvt. Ltd.	13.55	61.67	75.22	29.43	20.02	49.45	-25.77
Kamfost	10.7	-	10.7	0.2		0.2	-10.5
Keyton Enterprises	12	-	12			0	-12
Kreeva Enterprises	11.5	-	11.5	4	2	6	-5.5
NJ Enterprises	8.89	-	8.89	0.75	2.68	3.43	-5.46
Omega Solutions	6.13	-	6.13	0.45		0.45	-5.68
Orbit Metalics	5.6	-	5.6	0.27		0.27	-5.33
Oval Enterprise Pvt. Ltd.	3.97	-	3.97	3.25	2	5.25	1.28
Royal Impex	3.17	-	3.17	1.5	3	4.5	1.33
Shailendra Corporation	4.33	19.63	23.96	3.5	2	5.5	-18.46
Sonal Styles Pvt Ltd	1.74	-	1.74	1.775	5.4875	7.2625	5.5225
Shakti Enterprise	-	31.1	31.1	1	1.03	2.03	-29.07
Aerona Overseas	-	18.05	18.05	9	7	16	-2.05
Daman Infrastructure Pvt Ltd	-	67.46	67.46		0.94	0.94	-66.52
Pahal Enterprises	-	63.64	63.64	0.3125	1.3	1.6125	-62.0275
Starex International Inc	-	58.28	58.28	5.419	5.25	10.669	-47.611
Grant View Properties Pvt Ltd	-	23.68	23.68	0.0075	5.7625	5.77	-17.91
VC Metals Private Ltd	-	15.05	15.05	3.38	4.12	7.5	-7.55
Dishu Corporation	-	36.05	36.05		1	1	-35.05
Total	**120.65**	**394.6**	**515.26**	**74.9265**	**71.96**	**146.8865**	**-368.3835**

86. From the above, it was *prima facie* observed that BGL's claims were false and that funds had been diverted from BGL and its subsidiaries.

Fund transfers to Shri M Suresh Kumar Reddy:

87. It was observed that funds amounting to Rs.25.12 Crore were transferred by BGL and its subsidiaries, LIL and Yreach, in FY 2021-22 to Mr. M Suresh Kumar Reddy (CMD and Promoter of BGL), out of the proceeds of preferential issues, though such payments to the promoter were never the objective of the said preferential issues. The details of the said transactions are as under:

Table 33

Company Name	Bank	ACCT_NO	Counter party Name	Bank	Account No.	Debit	Ccredit	Net Debit
Brightcom Group Ltd	Equitas	2098857132 29	SURESHKUMAR M REDDY			15,61,89,001	85,00,000	14,76,89,001
BRIGHTCOM GROUP LIMITED	DCB BANK	22522 41234 5678	Suresh Kumar MUTHUKURU REDDY	AXIS BANK LTD	914010002169010	31,00,087	-	31,00,087
BRIGHTCOM GROUP LIMITED	DCB BANK	22522 41234 5678	Suresh Kumar MUTHUKURU REDDY	UTIB	914010002169010	1,90,00,000	-	1,90,00,000
BRIGHTCOM GROUP LIMITED	HDFC Bank	50200 05817 9886	Suresh Kumar MUTHUKURU REDDY			60,00,000		60,00,000
YREACH MEDIA PRIVATE LIMITED	ICICI Bank	00760 50036 41	SURESH KUMAR MUTHUKURU REDDY	AXIS BANK	914010002169010	6,43,00,000		6,43,00,000
LIL PROJECTS PVT LTD	ICICI Bank	00760 50044 46	SURESH KUMAR MUTHUKURU REDDY	AXIS BANK	914010002169010	18,60,42,000	17,47,47,544	1,12,94,456
LIL PROJECTS PVT LTD	ICICI Bank	00760 50044 46	SURESH KUMAR MUTHUKURU REDDY	ICICI BANK	112001001542		1,00,000	-1,00,000
Net Transfer to Shi Suresh Kumar Reddy from Proceeds of the preferential issue								**25,12,83,544**

88. The abovementioned transactions indicate that Rs.25.12 Crore was siphoned-off from the proceeds of preferential issues. Further, instances of Mr. M Suresh Kumar Reddy having used his account for ploughing back the share application money to some of the allottees of preferential allotments have already been brought out earlier in this Order.

Fund transfers to Shri Manohar Mollamma, Company Secretary

89. It was observed that funds collected on account of proceeds of preferential issues was also transferred to Shri Manohar Mollama, who was the company secretary and compliance officer of the Company during the period of preferential issues of BGL. The funds were first transferred from LIL's account to the bank account (with SBI) of Ms. Bindusree Mollama, wife of Shri Manohar Mollama. The Details of such transfers are provided below:

Table 34

Bank_Name	Customer_Name	Account_Number	IFSC_Code	Date_of_transaction	Debit_amount	Sender/Receiver Name	Receiver Bank Account Number	Receiver Bank Name
ICICI Bank	LIL PROJECTS PVT LTD	007605004446	ICIC000076	07-04-2021	5,00,000	BINDU SREE MOLLAMA	20260547977	SBI
ICICI Bank	LIL PROJECTS PVT LTD	007605004446	ICIC000076	09-04-2021	8,00,000	BINDU SREE MOLLAMA	20260547977	SBI
ICICI Bank	LIL PROJECTS PVT LTD	007605004446	ICIC000076	12-04-2021	2,00,000	BINDU SREE MOLLAMA	20260547977	SBI
ICICI Bank	LIL PROJECTS PVT LTD	007605004446	ICIC000076	30-06-2021	8,50,000	BINDU SREE MOLLAMA	20260547977	SBI
ICICI Bank	LIL PROJECTS PVT LTD	007605004446	ICIC000076	30-06-2021	50,000	BINDU SREE MOLLAMA	20260547977	SBI
ICICI Bank	LIL PROJECTS PVT LTD	007605004446	ICIC000076	01-07-2021	8,50,000	BINDU SREE MOLLAMA	20260547977	SBI
ICICI Bank	LIL PROJECTS PVT LTD	007605004446	ICIC000076	01-07-2021	4,00,000	BINDU SREE MOLLAMA	20260547977	SBI
ICICI Bank	LIL PROJECTS PVT LTD	007605004446	ICIC000076	02-07-2021	5,00,000	BINDU SREE MOLLAMA	20260547977	SBI
ICICI Bank	LIL PROJECTS PVT LTD	007605004446	ICIC000076	03-07-2021	4,25,000	BINDU SREE MOLLAMA	20260547977	SBI
ICICI Bank	LIL PROJECTS PVT LTD	007605004446	ICIC000076	05-07-2021	4,75,000	BINDU SREE MOLLAMA	20260547977	SBI

Bank_Name	Customer_Name	Account_Number	IFSC_Code	Date_of_transaction	Debit_amount	Sender/Receiver Name	Receiver Bank Account Number	Receiver Bank Name
ICICI Bank	LIL PROJECTS PVT LTD	007605004446	ICIC0000076	05-07-2021	7,25,000	BINDU SREE MOLLAMA	20260547977	SBI
					57,75,000			

90. After funds were transferred to Ms. Bindusree Mollama by LIL, part of said funds were immediately transferred to bank account of Shri Manohar Mollama. The details are under:

Table 35

Date	Particulars	Transaction details	Amount transferred	Balance after transaction
07-Apr-21	TO TRANSFER-INB Personal--	IT00ERJKA4 TRANSFER TO 20067733667	5,00,000	41,060
09-Apr-21	TO TRANSFER-INB Personal--	IT00ESQKP0 TRANSFER TO 20067733667	8,00,000	63,478
12-Apr-21	TO TRANSFER-INB Personal--	IT00EUKDC7 TRANSFER TO 20067733667	2,00,000	60,795
30-Jun-21	TO TRANSFER-INB personal--	IT00GAZBB1 TRANSFER TO 20067733667	8,50,000	5,134
01-Jul-21	TO TRANSFER-INB RTGS UTR NO: SBINR12021070130973971--M Manohar	RTGS INB: IRQ4918911 / M Manohar	9,00,000	3,801
02-Jul-21	TO TRANSFER-INB RTGS UTR NO: SBINR12021070231131976--M Manohar	RTGS INB: IRQ5081860 / M Manohar	9,30,000	41,171
05-Jul-21	TO TRANSFER-INB RTGS UTR NO: SBINR12021070531355162--M Manohar	RTGS INB: IRQ5386829 / M Manohar	8,95,400	34,416
06-Jul-21	TO TRANSFER-INB RTGS UTR NO: SBINR12021070631532450--M Manohar	RTGS INB: IRQ5507428 / M Manohar	7,25,000	41,837
			58,00,400	

91. From the above, it was found that a total of Rs.57.75 Lakh was received in the bank account of Ms. Bindusree Mollama and immediately thereafter, about Rs.58 Lakh was transferred to Shri Manohar Mollama.

92. Mr. Manohar Mollama was summoned to appear before the Investigating Authority (IA) of SEBI, to explain the aforementioned transactions, but he failed to do so. It thus appeared that funds transferred to Shri Manohar Mollama were siphoned off from the proceeds of preferential issues.

Fund transfers to M Shreedhar Reddy

93. As per BGL's email dated June 30, 2023, Shri M Shreedhar Reddy was a key person of BGL and was responsible for the preferential issues. It was observed that many fund transfers were made from the subsidiaries of BGL to Shri M Shreedhar Reddy, which appeared suspicious. Some of the identifies transactions are reproduced below.

Table 36

Bank_Name	Customer_Name	Account_Number	IFSC_Code	Date_of_transaction	Narration	Debit_amount	Receiver Name
ICICI Bank	LIL PROJECTS PVT LTD	007605004446	ICIC0000076	07-04-2021	INF/INFT/023949995741/ShreedharM	73,300	ShreedhAR REDDY Malyala
ICICI Bank	LIL PROJECTS PVT LTD	007605004446	ICIC0000076	07-04-2021	INF/INFT/023950820211/ShreedharM	80,000	ShreedhAR REDDY Malyala
ICICI Bank	LIL PROJECTS PVT LTD	007605004446	ICIC0000076	08-04-2021	INF/INFT/023954577551/ShreedharM	2,00,000	ShreedhAR REDDY Malyala
ICICI Bank	LIL PROJECTS PVT LTD	007605004446	ICIC0000076	09-04-2021	INF/INFT/023969364581/ShreedharM	2,00,000	ShreedhAR REDDY Malyala
ICICI Bank	LIL PROJECTS PVT LTD	007605004446	ICIC0000076	01-07-2021	INF/INFT/024452789101/ShreedharM	50,000	ShreedhAR REDDY Malyala
ICICI Bank	LIL PROJECTS PVT LTD	007605004446	ICIC0000076	09-07-2021	INF/INFT/024506956731/ShreedharM	3,50,000	ShreedhAR REDDY Malyala
ICICI Bank	LIL PROJECTS PVT LTD	007605004446	ICIC0000076	12-07-2021	INF/INFT/024515159341/ShreedharM	5,00,000	ShreedhAR REDDY Malyala

ICICI Bank	LIL PROJECTS PVT LTD	007605004446	ICIC0000076	12-07-2021	INF/INFT/024516375231/ShreedharM	4,00,000	ShreedhAR REDDY Malyala
ICICI Bank	LIL PROJECTS PVT LTD	007605004446	ICIC0000076	12-07-2021	INF/INFT/024520280691/ShreedharM	1,62,500	ShreedhAR REDDY Malyala
ICICI Bank	LIL PROJECTS PVT LTD	007605004446	ICIC0000076	13-07-2021	INF/INFT/024532882181/ShreedharM	50,000	ShreedhAR REDDY Malyala
ICICI Bank	LIL PROJECTS PVT LTD	007605004446	ICIC0000076	28-01-2022	INF/INFT/026150266831//MalyalaShreedhA/	19,290	ShreedhAR REDDY Malyala
ICICI Bank	LIL PROJECTS PVT LTD	007605004446	ICIC0000076	10-03-2022	INF/INFT/026673710581//MalyalaShreedhA/	1,15,907	ShreedhAR REDDY Malyala
						22,00,997	

94. Further, Shri M Shreedhar Reddy was also found to have received funds from YReach Media Pvt. Limited, the details of which are as under:

Table 37

Bank_Name	Customer_Name	Account_Number	IFSC_Code	Date_of_transaction	Transaction_type	Narration	Debit_amount (Rs.)
ICICI Bank	YREACH MEDIA PRIVATE LIMITED	00760500 3641	ICIC000007 6	01-07-2021	T	INF/INFT/02445365847 1/Sreed	4,00,000

95. It thus appeared that funds transferred to Shri M Shreedhar Reddy were siphoned off from the proceeds of the preferential issues.

Summary of findings pertaining to preferential allotments:

96. From the observations and findings mentioned in the above paragraphs, it *prima facie* emerges that:

(a) BGL itself had financed its abovementioned preferential issues by round-tripping / circuitous movement of funds to certain allottees through its subsidiaries, promoter cum CMD and other conduit entities.

(b) BGL allotted warrants / shares to certain allottees against partial receipts or no receipt of warrant / share application money, even though it claimed to have received the full amount from the allottees. In case of

certain allottees, BGL had refunded to the allottees the share application money received from them.

(c) BGL had submitted forged and fabricated bank account statements as documentary evidence in order to falsely portray that the receipt of warrant / share application money from the allottees.

(d) Section 67 of the Companies Act, 2013 imposes certain restrictions on the purchase of its own shares by the company or giving of loans by it for the purchase of its shares. As per Clause 2 of the said Section, *no public company shall give, whether directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of, or in connection with, a purchase or subscription made or to be made, by any person of or for any shares in the company or in its holding company*. The abovementioned funding by BGL to the allottees of the preferential issues was in violation of Section 67(2) of the Companies Act, 2013.

(e) Since the receipt of the warrant / share application money from allottees was accounted in a fictitious manner, and the Company's standalone and consolidated books reflected such fictitious receipts, the books of accounts of the Company were, *prima facie*, inflated.

(f) In case of 4 allottees, which were later categorized as promoter entities, the lock-in on shares was vacated before the expiry of the prescribed lock-in period applicable to promoter entities.

(g) The proceeds of preferential issues were not utilized as per the declared objects of the preferential issues. BGL claimed to have advanced loans to the tune of Rs.824 Crore to its subsidiaries, LIL and Yreach. However, as per preliminary findings, BGL had transferred only Rs.350.75 Crore to LIL and Yreach. The remaining amount appeared to have been siphoned off from the Company / is unaccounted for.

(h) Further, as BGL had recorded in its books of accounts, grant of loans of Rs.506 crores and Rs. 318 Crore to LIL and Yreach respectively, which were found to be false, the books of BGL and its subsidiaries, viz. LIL and Yreach, appeared to be overstated.

(i) As regards the utilization of loan amounts provided by BGL to LIL and Yreach, BGL's claims in this regard were found to be false and misleading and it appeared that money had been siphoned off.

(j) Further, BGL had also transferred funds to Mr. M Suresh Kumar Reddy (promoter-cum-CMD of BGL), Mr. Manohar Mollama (then Company Secretary) and Mr. M Shreedhar Reddy (key employee), out of the proceeds of the preferential issues, which appeared to be an act of siphoning off of funds of the Company. Further, instances of Mr. M Suresh Kumar Reddy having used his account for ploughing back the share application money to some of the allottees of preferential allotments were also found.

Statutory Auditors, PCN & Associates and P. Murali & Co.

97. BGL had made preferential issues in the FYs 2020-21 & 2021-22. As observed earlier, BGL had transferred the preferential allotment proceeds to its two unlisted Indian Subsidiaries viz., LIL & Yreach. The details of the Statutory Auditors of BGL, LIL & Yreach for the FYs 2020-21 & 2021-22 are:

Table 38

Details of Statutory Auditor				
Financial Year	**2020-21**		**2021-22**	
Company Name	**Audit Firm**	**Signing Partner**	**Audit Firm**	**Signing Partner**
	Firm Registration No.	**ICAI Membership No.**	**Firm Registration No.**	**ICAI Membership No.**
Brightcom Group Limited	P C N & Associates	Gopala Krishna Kandula	P C N & Associates	Gopala Krishna Kandula
	016016S	203605	016016S	203605
YReach Media Pvt.Ltd.	P C N & Associates	Gopala Krishna Kandula	P C N & Associates	Gopala Krishna Kandula
	016016S	203605	016016S	203605
LIL Projects Pvt. Ltd.	P C N & Associates	Gopala Krishna Kandula	P C N & Associates	Gopala Krishna Kandula
	016016S	203605	016016S	203605

98. As per requirements prescribed by the exchanges, a listed company that issued shares on preferential allotments has to submit a Certificate from its Statutory Auditors in the prescribed format *inter-alia* stating that they have verified the relevant records and documents of the company with respect to

the preferential allotment and certify that the company has realized the Application/Allotment Money from the allottee(s) against the allotment of equity shares and there is no circulation of funds or mere passing of book entries while making the allotment. The certificate also has to state that consideration paid in cash, has been received from the respective allottees' bank account and the relevant documents thereof are maintained by the company.

99. It was observed that BGL had submitted such certificates, issued by its statutory auditors, to BSE and NSE as part of its application for the listing of equity shares issued pursuant to preferential allotments.

100. As per Section 143(1)(b) & (f) of the Companies Act, 2013, the Statutory Auditor of a company is *inter-alia* required to inquire into the following matters:

- whether transactions of the company which are represented merely by book entries are prejudicial to the interests of the company [143(1)(b)];
- where it is stated in the books and documents of the company that any shares have been allotted for cash, whether cash has actually been received in respect of such allotment, and if no cash has actually been so received, whether the position as stated in the account books and the balance sheet is correct, regular and not misleading[143(1)(f)].

101. Section 143(12) of the Companies Act 2013 read with Rule 13 of the Companies (Audit and Auditors) Rules, 2014 specifies that if an auditor of a company in the course of the performance of his duties as auditor, has reason to believe that an offence of fraud involving an amount or rupees one crore and above, is being or has been committed in the company by its officers or employees, the auditor shall report the matter to the Central Government. However, in case of a fraud involving lesser amount, the auditor shall report the matter to the audit committee.

102. Further, the Companies (Auditor's Report) Order, 2016 ("CARO 2016") (applicable up to FY 2020-21) issued by the Central Government under Section 143(11) required that the auditor's report shall also include a statement on certain matters. Paragraphs 3(x) and 3(xiv) of the said Order provided for the following:

- Paragraph 3(x) - Whether any fraud by the company or any fraud on the company by its officers or employees has been noticed or reported during the year; If yes, the nature and the amount involved is to be indicated;
- Paragraph 3(xiv) - Whether the company has made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and if so, as to whether the requirement of Section 42 of the Companies Act, 2013 have been complied with and the amount raised have been used for the purposes for which the funds were raised. If not, provide the details in respect of the amount involved and nature of non-compliance;

103. Further, the Companies (Auditor's Report) Order, 2020 ("CARO 2020") (applicable w.e.f. FY 2021-22) issued by the Central Government under Section 143(11) requires that the auditor's report shall also include a statement on certain matters. Paragraph 3(x)(b) of the said Order provides for the following:

- Paragraph 3(x)(b) - Whether the company has made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and if so, whether the requirements of section 42 and section 62 of the Companies Act, 2013 have been complied with and the funds raised have been used for the purposes for which the funds were raised, if not, provide details in respect of amount involved and nature of non-compliance;
- Paragraph 3(x)(b) - whether any fraud by the company or any fraud on the company has been noticed or reported during the year, if yes, the nature and the amount involved is to be indicated;

104. Section 143(3)(j) of the Companies Act 2013 read with Rule 11(e) of Companies (Audit and Auditors) Rules, 2014 (Applicable w.e.f FY 2021-22) provides for reporting by auditors on lending or receiving funds through pass-through entities marked for the ultimate beneficiary. The text of this rule is reproduced below:

(i) Whether the management has represented that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign

entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(ii) Whether the management has represented, that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(iii) Based on such audit procedures that the auditor has considered reasonable and appropriate in the circumstances, nothing has come to their notice that has caused them to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement.

105. As explained above, the investigation revealed that BGL resorted to the structured circulation of funds where the preferential allotment proceeds were transferred to its subsidiaries, which in turn were transferred back to preferential allottees. Thus, such transactions were merely book entries as they did not result in net cash flow. In view of the same, the following lapses were found against PCN & Associates, the Statutory Auditor of the Company, which was also the auditor of two of its subsidiaries, viz. LIL and Yreach:

(a) The Statutory Auditor, in its certificates on the basis of which the shares allotted pursuant to the preferential issue were listed on stock exchanges, had misrepresented that the Company had realized the Application/Allotment Money from the allottee(s) against the allotment of equity shares and there was no circulation of funds or mere passing of book entries in this regard.

(b) The Statutory Auditor failed to report that the entries w.r.t receipt of preferential allotment proceeds were merely book entries, as they did not result in net cash flow.

(c) The Statutory Auditor also failed to report that cash was not received against the allotment of shares and therefore the position of Equity

Share Capital and the securities premium represented in the Balance Sheet of BGL for the financial years 2020-21 & 2021-22 was incorrect, irregular and misleading.

(d) The Statutory Auditor also failed to report the fraud involving the structured circulation of funds where the preferential allotment proceeds were transferred to the Company's subsidiaries, which in turn were transferred back to preferential allottees, which did not result in cash flow to BGL.

(e) The Statutory Auditor in its CARO reporting for the FYs 2020-21 & 2021-22 misrepresented that the BGL had complied with provisions of the Companies Act, 2013 w.r.t preferential issues and also misrepresented that funds raised therefrom were used for the purposes for which the same were raised and also failed to provide the details with respect to the amount involved and nature of non-compliance.

(f) The Statutory Auditor in its report for the FY 2021-22 of BGL had also failed to report that the funds were advanced or loaned by BGL to its two subsidiaries viz., LIL & Yreach with the intention to directly or indirectly fund the preferential allottees.

(g) Further, the Statutory Auditor in its report for the FY 2021-22 of LIL & Yreach failed to report that the funds were received by LIL and Yreach from their holding company, BGL, with the intention to directly or indirectly fund the preferential allottees.

106. As per the provisions related to the rotation of statutory auditors under Rule 6(3) of the Companies (Audit and Auditors) Rules, 2014 read with Section 139 of Companies Act, 2013, the incoming auditor or audit firm shall not be eligible if such auditor or audit firm is associated with the outgoing auditor or audit firm under the same network of audit firms.

107. It was observed that immediately prior to the appointment of PCN & Associates as the Statutory Auditor of BGL in FY 2017-18, P. Murali & Co. was the Statutory Auditor of BGL since FY 1999-2000 to 2015-16. It was

however found that PCN & Associates was associated with P Murali & Co in the following manner:

(a) As per the statement of Chandra Babu M, Partner of PCN & Associates recorded before IA, he was associated with P Murali & Co as consultant between 2011-2015.

(b) As per the website of PCN and Associates https://pcnassociates.com/resource/Partners.aspx, the following partners of PCN & Associates were associated with P. Murali & Co:

a. CA Naveen Madivada, Partner, PCN and Associates did his CA articleship with M/s. P. Murali & Co.
b. CA Lakshmi Prasanthi S, Partner, PCN and Associates did her CA articleship in M/s. P.Murali & Co.

108. It was observed that after the introduction of provisions for mandatory rotation of auditors in the Companies Act 2013, PCN & Associates, which had close association with P. Murali & Co., was appointed as Statutory Auditor of BGL for FYs 2017-18 to 2021-22 and subsequently P. Murali & Co., was again appointed as the Auditor of BGL for a term of five consecutive years commencing from the conclusion of the 23rd Annual General Meeting i.e. of FY 2021-22 held on September 30, 2022 up to the conclusion of the 28th Annual General Meeting.

109. It was also observed that after the introduction of provisions for mandatory rotation of auditors in the Companies Act 2013, PCN & Associates, which had close association with P. Murali & Co., was also appointed as Statutory Auditor of at least 18 companies during the FYs 2017-18 to FY 2021-22. Interestingly in 12 out of these 18 listed companies, P. Murali & Co., was appointed as Statutory Auditors in the FY 2022-23.

110. Further, As per Section 141(3)(e) of the Companies Act, 2013 dealing with the eligibility, qualifications and disqualifications of auditors, *a person or a firm who, whether directly or indirectly, has business relationship (any transaction entered into for a commercial purpose) with the company, or its*

subsidiary, or its holding or associate company or subsidiary of such holding company or associate company shall not be eligible for appointment as an auditor of a company.

111. It was observed from the annual reports of the Company that M/s. Aarthi Consultants Private Limited was the registrar and share transfer agent (RTA) of BGL (i.e. there was business relationship), at least since 2000-2001. P Murali Mohana Rao, the partner of P Murali & Co., was found to be associated with M/s. Aarthi Consultants Private Limited in the following manner:

(a) P Naga Nandini, wife of P Murali Mohana Rao, was one of the subscribers to memorandum & promoter of M/s. Aarthi Consultants Private Limited.

(b) Ram Lakshmi Potukuchi and Vasantha Petasubba were the directors of M/s. Aarthi Consultants Private Limited from 27/03/1992 and 01/09/2018 respectively. Their email IDs registered with MCA are pmurali.cs@gmail.com which is same as email ID of Pluto Mines And Minerals LLP where P Murali Mohana Rao is a designated partner.

(c) The registered address of M/s. Aarthi Consultants Private Limited is 1-2-285, Domalguda Hyderabad – 500 029 which is same as address of Pluto Mines And Minerals LLP, Palace Heights Avenues LLLP, A M N Hotels LLP where P Murali Mohana Rao is a designated partner.

(d) Vasantha Petasubba was one of the Directors of P Murali Consultants Private Limited which is a consultancy firm in which P Murali Mohana Rao is also a director.

(e) The shareholders of M/s. Aarthi Consultants Private Limited were found to be related to P Murali Mohana Rao.

112. Interestingly, in 16 out of 18 listed companies in which PCN & Associates was appointed as statutory auditors replacing P. Murali & Co., the RTA is Aarthi Consultants Limited. The pattern of appointment of auditors and RTA, observed in 18 listed companies, since 2013-14 is given below:

Table 39

SN	Company	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22	FY 22-23	RTA
1	Company 1	P Murali & Co				PCN & Associates					P Murali & Co	Aarthi
2	Company 2	P Murali & Co				PCN & Associates					P Murali & Co	Aarthi
3	Company 3	P Murali & Co				PCN & Associates					P Murali & Co	Aarthi
4	Company 4	P Murali & Co				PCN & Associates					P Murali & Co	Aarthi
5	Company 5	P Murali & Co				PCN & Associates					P Murali & Co	Aarthi
6	Company 6	P Murali & Co				PCN & Associates					P Murali & Co	Aarthi
7	Company 7	P Murali & Co				PCN & Associates					P Murali & Co	Aarthi
8	Company 8	P Murali & Co				PCN & Associates					P Murali & Co	Others
9	Company 9	P Murali & Co				PCN & Associates					P Murali & Co	Aarthi
10	Company 10	P Murali & Co				PCN & Associates					P Murali & Co	Aarthi
11	Company 11	P Murali & Co				PCN & Associates					P Murali & Co	Aarthi
12	Company 12	Not Listed		P Murali & Co		PCN & Associates					P Murali & Co	Aarthi
13	Company 13	P Murali & Co				PCN & Associates						Aarthi
14	Company 14	P Murali & Co				PCN & Associates						Aarthi
15	Company 15	Others	P Murali & Co						PCN & Associates			Aarthi
16	Company 16	P Murali & Co							PCN & Associates			Others
17	Company 17	P Murali & Co								PCN & Associates		Aarthi
18	Company 18	P Murali & Co				PCN & Associates				Other		Aarthi

113. It was thus observed that the appointment of PCN & Associates in FY 2017-18 and the subsequent appointment of P. Murali & Co., was aimed at defeating the provisions mandating the rotation of the statutory auditors, as laid down in the Companies Act, 2013.

114. It was also observed that PCN & Associates and P. Murali & Co. had followed a similar modus operandi of appointment and reappointment by taking turns, in a number of listed companies, in order to circumvent the provisions of mandatory rotation of auditors in the Companies Act 2013.

115. Apart from the above, it was also observed that a payment of Rs.31.28 Lakh and Rs.58.71 Lakh was made by LIL to P Murali & Co. and Aarthi Consultants Pvt. Ltd. respectively. The details are as under:

Table 40:

Transferred by	Dates	Bank Name	Transferred to	Bank Name/Acc. No.	Amount
LIL Projects Pvt Ltd	07-07-2021	ICICI/007605 004446	Aarthi Consultants Pvt. Ltd.	Indian Overseas Bank/043202 000002843	3,00,000
	20-09-2021			Karnataka Bank Ltd/ 33320001000 58701	2,00,000
	09-12-2021				8,00,000
	28-01-2022				3,00,000
	02-02-2022				8,100
	09-03-2022				8,06,738
	22-07-2022				10,00,000

Transferred by	Dates	Bank Name	Transferred to	Bank Name/Acc. No.	Amount
	16-08-2022				24,300
	08-09-2022				4,00,000
	10-10-2022				24,300
	20-10-2022				8,100
	10-01-2023				20,00,000
LIL Projects Pvt Ltd	02-07-2021	ICICI/007605 004446	P Murali And Co	Bank Of Baroda/3217 0200000357	10,00,000
	09-11-2021				5,40,000
	04-01-2022				5,40,000
	30-03-2022				2,16,000
	06-08-2022				4,00,000

116. As per Section 141(3)(d) of the Companies Act, 2013 dealing with the eligibility, qualifications and disqualifications of auditors, a person who, or his relative or partner is holding any security of the company shall not be eligible for appointment as an auditor of a company. However, a relative of an auditor may hold securities in the company of face value not exceeding Rs. One Lakh.

117. It was observed that BGL had allotted 45,00,000 shares of face value Rs. 2 each at Rs.7.7 per share (including premium of Rs.5.7 per share) in preferential issue to M/s. Palace Heights Avenues LLP on July 23, 2021, for a total consideration of Rs. 3.465 Crore. As observed in earlier paras, the payment of the application money by Palace Heights Avenues LLP was fictitious, as the funds were merely rotated in a circuitous manner, resulting in allotment of shares without any actual payment to BGL.

118. From the Limited Liability Partnership Agreement Dated June 2020 it was seen that 10% and 90% of the Capital (i.e. total 100%) of Palace Heights Avenues LLP was contributed by P Murali Mohana Rao and his wife P Naganandini respectively. It was observed that the shareholders' approval for the preferential allotment in which PHAL was the allottee was obtained in the AGM of BGL held on December 28, 2020. The explanatory statement to the notice of said AGM included the identity of the natural persons who were the ultimate beneficial owners of the shares proposed to be allotted and/or who ultimately controlled the proposed allottees, as required under Regulation 163 of ICDR Regulations, 2018.

However, in respect of PHAL, contrary to its LLP agreement, one Mr.B.Ravi Kumar was shown as the beneficial owner.

119. In view of the business relationship between Aarthi Consultants Limited and BGL (as BGL's RTA) and P. Murali's shareholding in M/s. Palace Heights Avenues LLP, P Murali & Co *prima facie* appeared to be ineligible to be appointed as Statutory Auditors of BGL. However, M/s.P Murali & Co, who were the statutory auditors of BGL till FY2016-17, were re-appointed as the Statutory Auditors of the Company for a term of five consecutive years commencing from the conclusion of the 23rd Annual General Meeting held on September 30, 2022 up to the conclusion of the 28th Annual General Meeting.

120. Regulation 36(5) of LODR Regulations, 2015 provides that:

> *The notice being sent to shareholders for an annual general meeting, where the statutory auditor(s) is/are proposed to be appointed/re-appointed shall include the following disclosures as a part of the explanatory statement to the notice:*
>
> *(a) Proposed fees payable to the statutory auditor(s) along with terms of appointment and in case of a new auditor, any material change in the fee payable to such auditor from that paid to the outgoing auditor along with the rationale for such change.*
>
> *(b) Basis of recommendation for appointment including the details in relation to and credentials of the statutory auditor(s) proposed to be appointed.*

121. As per the above regulation, BGL was required to disclose the proposed audit fee payable to the statutory auditor, basis of recommendations and credentials. BGL has neither disclosed the remuneration proposed to be paid to M/s. P. Murali & Co., Chartered Accountants, nor the credentials. Accordingly, BGL is non-compliant w.r.t. above stated Regulation.

122. The abovementioned observations lead to the inference that the Statutory Auditor failed to perform its duties and colluded with the management/promoters of the Company.

123. It is further concluded that PCN & Associates, which was the statutory auditor of BGL at the relevant time, gave false certificate that it had verified the relevant records and documents of the Company with respect to the preferential allotment

and falsely certified that the Company had realized the Application/Allotment Money from the allottee(s) against the allotment of equity shares and there was no circulation of funds or mere passing of book entries in this regard. The certificate also falsely stated that the consideration paid in cash, was received from the respective allottees' bank account and the relevant documents thereof were maintained by the Company.

124. Considering the above observations, it was evident that PCN & Associates was aiding and abetting BGL in covering up the act of share allotment by BGL without any actual receipt of share application money. Further, it was also evident that M/s. P Murali & Co, which became the statutory auditor of BGL after replacing PCN & Associates and has informed BGL about its resignation vide letter dated August 03, 2023, was also involved in facilitating the fraud and manipulation by BGL. One of the reasons cited by the statutory auditor while resigning was *"Our decision has been prompted by the ongoing SEBI inquiries and other regulatory matters that have come to our attention.*"

Role of Noticees:

Shri M Suresh Kumar Reddy, Promoter and CMD

125. As Shri M Suresh Kumar was the CMD of the Company and various documents filed with the exchanges in relation to the preferential issues were under his signature, it is evident that he played a key role in the issuance of securities without adequate consideration in a fraudulent manner. Further, it was also *prima facie* found that Shri M Suresh Kumar Reddy was a direct beneficiary of the allotments without adequate consideration, since he was a partner in 4 LLP allottees which received 18% shares in the preferential allotments without any consideration. Further, he also received funds of the proceeds of the preferential issues. He also played an active role in the fraud by using his own accounts and other conduit entities to funnel back the share application money to the allottees, as already discussed above. Further, as CMD of the Company, Shri M Sureh Kumar Reddy was also responsible for non-submission / partial submission of information and documents and submission of forged and fabricated bank account statements to SEBI.

126. Further, as the financial statements of BGL appear to have mis-statements and mis-representations, Shri M Suresh Kumar, as CMD was also responsible for the same, since he was responsible for ensuring that the books of accounts and financial statements are true and fair.

Shri Narayana Raju, CMA, Chief Financial Officer (CFO)

127. SEBI vide letter dated December 27, 2022 had *inter alia* sought the Bank Account Statements of BGL, LIL Projects Private Limited and Yreach Media Private Limited. In response, Shri Narayana Raju, the CFO, vide email dated January 04, 2023 forwarded letter dated January 03, 2023, signed by him, enclosing therewith the bank account statements, as Annexure E & C to the said letter. The following details of Bank Accounts were submitted along with the letter:

Table 41

Name of the Account holder	Bank name	Bank Account No.
Brightcom Group Limited	DCB Bank	22522412345678
	Equitas Small Finance Bank	209885713229
	Federal Bank	16050200002993
	HDFC Bank	50200058179886
LIL Projects Pvt Ltd	ICICI Bank	007605004446
YReach Media Private Limited	ICICI Bank	007605003641

128. As already stated above, on comparing the bank account statements submitted by BGL with those directly obtained from respective banks, it was observed that the transactions appearing in the bank statements submitted by BGL were either missing or were not matching with the transactions appearing in the statements submitted by the respective banks.

129. The bank account statements of the abovementioned six accounts submitted by BGL were forwarded to respective banks to confirm their authenticity. The following were the responses received from the banks:

a. Equitas Small Finance Bank vide email dated April 01, 2023 informed that the **bank statement was fabricated.**

b. Federal Bank Vide email dated April 01, 2023 confirmed that the **bank statements submitted by the Company was fabricated and manipulated.**

c. HDFC Bank vide email dated July 05, 2023 informed that the **Bank Statement of BGL was manipulated.**

130. The submission of the abovementioned forged Bank statements appeared to be an attempt to cover up the fact that the Company did not collect adequate consideration while making the preferential allotments as well as to camouflage the round-tripping of funds to the allottees through subsidiaries and conduit entities and the diversion of Company's funds to Shri M Suresh Kumar Reddy and others.

131. Further, as the books of accounts of BGL appear to have mis-statements and mis-representations, Shri Narayana Raju, as CFO and Compliance Office was also responsible for the same, since he was responsible for ensuring that the books of accounts and financial statements are true and fair.

Role of noticees 4 to 25

132. As already discussed above, Noticees 4 to 25 appeared to have received shares in preferential allotment without making any or partial payments as application money.

Provisions of Laws *prima facie* violated:

133. Based on the abovementioned *prima facie* observations and findings, it is alleged that BGL, Mr. M. Suresh Kumar Reddy (BGL's promoter-cum CMD), Mr. Narayan Raju (CFO), were involved in round-tripping of BGL's own funds in a circular fashion to falsely portray receipt of consideration from allottees of preferential allotments and siphoning off of proceeds of preferential allotments, as already detailed above. Further, BGL, Mr. M. Suresh Kumar Reddy and Mr. Narayan Raju were responsible for submission of forged and fabricated bank account statements to SEBI with an intent to mislead the investigation and cover-up the irregularities. In view of the above, the Noticees are alleged to have violated the provision of Section 12A(a), (b) and (c) of the SEBI Act, 1992 and Regulations 3(a), (b), (c) (d), 4(1), 4(2)(c) & (f) of the PFUTP Regulations, 2003.

134. BGL, by financing its own preferential allotment by channeling its own funds to the allottees through layers of conduit entities including two of its wholly owned subsidiaries, is alleged to have violated Section 67 read with Section 24 of the Companies Act, 2013. Further, by failing to ensure that all equity shares allotted by way of preferential issues were fully paid up at the time of allotment, BGR has allegedly violated Regulation 160 of the ICDR Regulations, 2018.

135. Additionally, Mr. M Suresh Kumar Reddy, by circumventing the lock-in norms applicable to four LLP allottees subsequent to their categorization as promoter entities, is alleged to have violated Regulation 167 of ICDR Regulations, 2018.

136. Further, Noticee nos. 4 to 25, by participating in the allotment of shares without payment of adequate consideration, have benefitted themselves in a fraudulent manner, thereby violating the provisions of Section 12A(a), (b) and (c) of the SEBI Act, 1992 and Regulations 3(a), (b), (c) (d) and 4(1) of the PFUTP Regulations, 2003

Details of correspondence made by SEBI seeking information and documents

137. SEBI sent multiple letters / emails to Noticees 1 to 3 seeking information and documents in connection with the abovementioned preferential allotments. However, the said Noticees have failed to provide the required information and documents or have provided incomplete information. The details of the correspondence with them are as under:

Table 42

Sr.No	Date	Mode	Addressee	Subject	Delivered	Remarks
1	02/12/2022	Letter	BGL	Information in connection with Preferential Allotments made during the financial Year 2021-22	Yes	Submitted partial and incomplete information in general and specially of the funds raised and their utilisation and documentary evidence. Did not submit Bank account statement of subsidiary, LIL and Yreach. Utilisation of loans given to above subsidiaries and their financial statements.
2	27/12/2022	Letter	BGL	Information in connection with Preferential Allotments made during the	Yes	Submitted partial and incomplete information in general and specially of the funds raised and their utilisation and documentary evidence. Submitted bank

Sr.No	Date	Mode	Addressee	Subject	Delivered	Remarks
				financial Year 2021-22		account statements which was found to be forged.
3	27/04/2023	Summons	BGL	Summons For Production of Documents the Investigation authority under Section 11(2) and 11C(2)(3) of the SEBI Act, 1992.	Yes	Did not provide any information. Submitted that one of the key person involved during the IPO has been admitted into hospital and therefore cannot provide the information.
4	08/05/2023	Letter	BGL	Extension of timeline for production of documents before the investigating authority	Yes	Extension granted
5	08/06/2023	Email	Mr. M Suresh Kumar Reedy	Seeking holding details of LLP	Yes	Extension granted
6	14/06/2023	Email	Mr. M Suresh Kumar Reedy	Seeking holding details of LLP	Yes	Replied
7	27/06/2023	Summons	Mr. M Suresh Kumar Reedy	Summons For Production of Documents the Investigation authority [Under Section 11(2) and 11C(3) and (5) of the SEBI Act, 1992]	Yes	Did not reply
8	24/06/2023	Email	Mr. M Suresh Kumar Reedy	Email sent to CMD & CFO advising to appear before IA on June 27, 2023 and to submit information and documents pending submission in response to earlier communications	Yes	Did not provide any information. Submitted that one of the key person involved during the IPO has been admitted into hospital and therefore cannot provide the information.
9	24/06/2023	Email	BGL	Email sent to CMD & Compliance Officer advising to appear before IA on June 27, 2023 and to submit information and documents pending	Yes	CMD did not appear and Compliance officer Replied stating that he cannot travel due to his preoccupation with office works in the new company which he recently joined.

Sr.No	Date	Mode	Addressee	Subject	Delivered	Remarks
				submission in response to earlier communications		
10	30/06/2023	Summons	BGL	Summons For Production of Documents the Investigation authority, under Section 11(2) and 11C(2), (3) of the SEBI Act, 1992.	Yes	Replied stating that he cannot travel because of ill health of his relatives

Need for interim order:

138. The *prima facie* observations and findings, as discussed in above paragraphs, clearly show the manipulations carried out by BGL and other Noticees, in respect of BGL's preferential allotments, which *inter alia* involve fictitious receipts of share application money from allottees and siphoning of funds from BGL. However, BGL has brazenly attempted to cover-up its misdeeds by submitting forged and fabricated bank statements to SEBI. The blatant acts of the Company and other Noticees raise serious concerns about the affairs of the Company and also raise doubts as to whether the financial statements prepared by the Company and various disclosures made on Stock Exchange platform or in Annual Reports in the past are correct or not.

139. It is pertinent to mention that recently, an investigation by SEBI has found *inter alia* several instances of accounting irregularities and mis-statements in the financial statements of the Company. As per the findings of investigation, BGL attempted to camouflage accounting entries in excess of Rs.1280 Crore during FYs 2018-19 and 2019-20 to give a distorted picture of the Company's financial position. SEBI has already issued an Interim Order-cum-Show Cause Notice dated April 13, 2023 to BGL and other persons, including Mr. M. Suresh Kumar Reddy, who is a Noticee in this Order also.

140. Considering the new findings as brought out in this Order, it is imperative that the matter is probed thoroughly. Though the investigation has been able to examine receipts of consideration from only 22 allottees out of 82 allottees, there is a real possibility that the remaining allottees may have received shares in the preferential allotment against payment of no or partial consideration in a similar

manner as the abovementioned 22 allottees. While a detailed investigation is going on in this matter to unravel the extent of fraud committed, the Company and its KMPs during the relevant time have not co-operated in the investigation. While the Investigating Authority had issued summonses to the Company and its directors for personal appearance and submission of information / documents, they have failed to appear before the Investigating Authority or submit information / documents on one pretext or the other. Moreover, the Company and its CMD have resorted to submission of forged and fabricated bank account statements to mislead SEBI.

141. The fabricated bank account statements have been submitted as late as June 2023 and the Noticees 2 and 3 responsible for doing the same continue to be in charge of the Company even today. Thus, there is a real apprehension that the Noticees 2 and 3, if allowed to continue to be at the helm of affairs, may make every effort to derail SEBI's investigation to unravel the truth in this matter by further forging and fabricating records and misleading SEBI.

142. Further, while payments by 60 allottees to BGL are still under examination, there is a *prima facie* case that Noticees 4 to 25 were allotted shares against partial or no consideration in the abovementioned preferential allotments. There is a real possibility that once this Interim Order is issued, Noticees 4 to 25 may sell the shares allotted to them and make an exit. Thus, they need to be restrained from doing so. In case of remaining 60 allottees, suitable action would follow after the examination in respect of them is completed.

143. In view of the above observations and considering the gravity of the *prima facie* findings, I am of the opinion that urgent intervention by SEBI, by way of issuance of interim directions, is warranted in this matter to safeguard the interests of investors and uphold the integrity of the financial system. Accordingly, I deem it to be a fit case to issue appropriate directions, pending a detailed investigation.

144. SEBI in the past has issued supplementary SCNs after the issue of an earlier Interim Order or SCN. It is perhaps for the first time that SEBI is resorting to issuing a second Interim Order for the same entity. This has been done with much thought and deliberation, considering the scale and gravity of manipulation. The modus operandi adopted suggested a pattern that was repeated multiple times

in the preferential allotment. Further, while the auditors are *prima facie* found to be involved in the irregularities committed by BGL, action, as deemed fit, in respect of them would follow after conclusion of detailed investigation.

Directions:

145. Keeping in view the *prima facie* observations and findings recorded in the preceding paragraphs and in order to protect the integrity of the securities market, I, in exercise of the powers conferred upon me under Sections 11(1), 11(4) and 11B(1) read with Section 19 of the SEBI Act, 1992 hereby issue the following interim directions, which shall be in force until further orders: -

a) Noticees 2 and 3 shall cease to hold the position of a director or a Key Managerial Personnel in any listed company or its subsidiaries until further orders.

b) Noticee 1, i.e. BGL, shall place this Order before its Board of Directors, within 7 days from the date of receipt of the Order.

c) Noticee 2, i.e. Mr. M. Suresh Kumar Reddy, is hereby restrained from buying, selling or dealing in securities, either directly or indirectly, in any manner whatsoever until further orders. If the Noticee has any open position in any exchange traded derivative contracts, as on the date of the order, he 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 Noticee is 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) Noticees 3 to 25 are hereby prohibited from disposing off shares of BGL held by them, directly or indirectly, in any manner whatsoever, until further order.

e) Noticee 1, i.e. BGL, is hereby directed to ensure that M/s. P. Murali & Co. and M/s. PCN & Associates, including their past and present partners, are not engaged with BGL or its subsidiaries in any capacity or manner whatsoever, until further order.

f) The preferential allottees, mentioned in Table No. 30 under para 78 above, are hereby directed to co-operate in the ongoing investigation by SEBI with respect of the preferential allotments.

146. The foregoing *prima facie* observations and findings contained in this Order are made on the basis of material available on record. The 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.

147. This Order shall take effect immediately and shall remain in force until further orders.

148. A copy of this Order shall be served upon the Noticees, Stock Exchanges, Registrar and Transfer Agents and Depositories for necessary action and compliance with the above directions. A copy of this Order shall also be served on the entities mentioned in Table No. 30 under para 78 above.

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

PLACE: MUMBAI **WHOLE TIME MEMBER**

SECURITIES AND EXCHANGE BOARD OF INDIA