

**SECURITIES AND EXCHANGE BOARD OF INDIA
ORDER**

UNDER 11(1), 11(4), 11(4A), 11B(1) and 11B(2) THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995

In respect of:

Noticee no.	Name of the Noticee	PAN
1	M/s. Mediaone Global Entertainment Ltd.	AAACR0405M
2	Mr. Suryaraj Kumar	AAFPK9296D
3	Mr. J Murali Manohar	ATTPM0621R
4	Mr. K Sai Prasad	AAJPS6517M
5	Mr. M Srinivas Kumar	AAIPK6962H
6	Mr. Timothy Alfred Joseph Moses	AAXPM5649J
7	Ms. Saraswathy Gopalan	APVPS1354P

(Hereinafter collectively referred to as '**Noticees**')

In the matter of Mediaone Global Entertainment Ltd.

Background:

- Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") had undertaken an investigation into the affairs of Eros International Media Limited (hereinafter referred to as "**EIML/Eros**"), a listed entity, wherein serious irregularities relating to diversion of funds, manipulation of books of accounts and falsification of financial statements were detected. During the course of the said investigation, it was noticed that EIML had written off an amount of ₹63.61 crore during FY 2019–20 towards advances given to Mediaone Global Entertainment Limited (hereinafter referred as "**Noticee No.1/the Company/MGEL**"), purportedly in relation to film co-production arrangements.
- The said write-off was significant, particularly in light of the fact that:

- 2.1. the amount written off exceeded the total asset base of MGEL for the relevant period; and
 - 2.2. MGEL had reported negligible revenues for several preceding financial years.
3. This became the basis to conduct a detailed examination of the financial dealings between MGEL and EIML, including fund flows, accounting treatment, disclosures made to stock exchanges and representations made to investors.

About the Company:

4. The Company is a media and entertainment company situated in Chennai. The registered office address of the Company is Flat No. 32, Old No. 1/38, Mataji Complex, 1st Lane, Wallers Road Chennai – 600 002. The Company was incorporated on October 29, 2002 and is engaged in providing production support services to media and entertainment companies which include providing comprehensive turnkey assistance to film, web series and TV serial producers. The trading in the shares of MGEL was suspended by BSE during the period June 27, 2016 to May 03, 2022 for non-compliance of various listing regulations. The trading in the scrip was resumed w.e.f. May 04, 2022. Further, the Company was under liquidation pursuant to directions of Hon'ble Madras High Court dated September 09, 2015 and December 22, 2016 wherein official liquidator was appointed and MCA took possession of all the movable and immovable assets and books of accounts of the Company. Later, the liquidation proceedings were lifted pursuant to Hon'ble Madras High Court order dated January 25, 2023. Presently, the status of the Company is "Active".
5. As per MCA website, BSE website and Annual reports of the Company for FY 2013-14 to 2023-24, the term of the directors of the Company involved in the matter is as under:

Table-1

S N	Name of the Director	Designation	DIN (PAN)	From	To
1	Suryaraj Kumar\$	Managing Director	00714694 (AAFPK9296D)	24.01.2006	Continuing**
2	Sai Prasad Kuragayala #	Whole Time Director	06987754 (AAJPS6517M)	19.06.2020*	Continuing**
3	Timothy Alfred Joseph Moses	Independent Director	01921176 (AAXPM5649J)	12.09.2014	Continuing**
4	Saraswathy Gopalan	Independent Director	08372677 (APVPS1354P)	25.02.2019	Continuing**

S N	Name of the Director	Designation	DIN (PAN)	From	To
5	M Srinivas Kumar	CFO	AAIPK6962H	12.07.2021	22.07.2024
6	Jayabalan Muralimanohar	Non-Executive Director	02209089 (ATTPM0621R)	01.02.2011	30.05.2015

* Sai Prasad Kuragayala was Independent director during the period June 19, 2020 to July 22, 2024.

** Continuing - These directors were still continuing as directors as on August 12, 2025.

Being termed as K Sai Prasad in this report.

6. The shareholding pattern of the Company during the FY2012-13 to FY2023-24 i.e. Pre-Investigation Period (FY2012-13), Investigation Period (FY2013-14 to FY2021-22 and Post-Investigation Period (FY2022-23 and FY2023-24) was as below:

Table-4

Category	No. of shares	%						
	March 31, 2013		March 31, 2014		March 31, 2015		March 31, 2016	
Promoter & Group	81,28,594	55.22	81,23,594	55.19	79,62,783	54.09	79,62,783	54.09
Public	65,91,406	44.78	65,96,406	44.81	67,57,217	45.91	67,57,217	45.91
Total	1,47,20,000	100.00	1,47,20,000	100.00	1,47,20,000	100.00	1,47,20,000	100.00

Table-5

Category	No. of shares	%						
	March 31, 2017		March 31, 2018		March 31, 2019		March 31, 2020	
Promoter & Group	79,62,783	54.09	79,62,783	54.09	79,62,783	54.09	79,62,783	54.09
Public	67,57,217	45.91	67,57,217	45.91	67,57,217	45.91	67,57,217	45.91
Total	1,47,20,000	100.00	1,47,20,000	100.00	1,47,20,000	100.00	1,47,20,000	100.00

Table-6

Category	No. of shares	%						
	March 31, 2021		March 31, 2022		March 31, 2023		March 31, 2024	
Promoter & Group	79,62,783	54.09	79,62,783	54.09	79,55,083	54.05	79,55,096	54.05
Public	67,57,217	45.91	67,57,217	45.91	67,64,917	45.96	67,64,904	45.96
Total	1,47,20,000	100.00	1,47,20,000	100.00	1,47,20,000	100.00	1,47,20,000	100.00

7. Further, the financial position of the company during the Investigation Period (FY2013-14 to FY2021-22) and post investigation period i.e. FY2022-23 and 2023-24 is as below:

Table-7

Balance Sheet (Figures in Rs. Crores)						
Year Ending	As on June 30, 2014 (FY2013-14)	As on March 31, 2015 (FY2014-15)	As on March 31, 2016 (FY2015-16)	As on March 31, 2017 (FY2016-17)	As on March 31, 2018 (FY2017-18)	As on March 31, 2019 (FY2018-19)
Equities & Liabilities						
Share Capital	14.72	14.72	14.72	14.72	14.72	14.72
Reserves	41.90	10.29	3.37	-2.74	-10.55	-17.91
Total Equities (A)	56.62	25.01	18.09	11.98	4.17	-3.19
Non-Current Liabilities*	101.22	84.83	63.82	63.86	64.84	65.06
Current Liabilities**	58.34	40.85	26.27	25.81	26.57	25.60
Total Liabilities (B)	159.55	125.68	90.10	89.65	91.41	90.66
Total Equities & Liabilities (A+B)	216.18	150.69	108.19	101.65	95.58	87.47
Assets						
Non-current assets***	128.83	87.87	64.04	59.14	52.62	46.22
Current Assets****	87.35	62.82	44.15	42.51	42.96	41.25
Total Assets	216.18	150.69	108.19	101.65	95.58	87.47

*Non-Current Liabilities include long term borrowings, deferred tax liabilities, long term provisions, other long term liabilities etc.

**Current Liabilities include short term borrowings, trade payables, short term provisions, other current liabilities etc.

***Non-current assets include Fixed assets, Non-current investments, long term loans and advances etc.

****Current Assets include inventories, trade receivables, cash and cash equivalents, short term advances and loans etc.

Table-8

Balance Sheet (Figures in Rs. Crores)					
Year Ending	As on March 31, 2020 (FY2019-20)	As on March 31, 2021 (FY2020-21)	As on March 31, 2022 (FY2021-22)	As on March 31, 2023 (FY2022-23)	As on March 31, 2024 (FY2023-24)
Equities & Liabilities					
Share Capital	14.72	14.72	14.72	14.72	14.72
Reserves	-45.65	-52.62	-57.07	-53.28	-49.53
Total Equities (A)	-30.93	-37.90	-42.35	-38.56	-34.81
Non-Current Liabilities*	78.47	82.39	74.18	73.67	75.51
Current Liabilities**	13.88	13.58	3.22	3.85	10.48

Balance Sheet (Figures in Rs. Crores)					
Year Ending	As on March 31, 2020 (FY2019-20)	As on March 31, 2021 (FY2020-21)	As on March 31, 2022 (FY2021-22)	As on March 31, 2023 (FY2022-23)	As on March 31, 2024 (FY2023-24)
Total Liabilities (B)	92.35	95.97	77.40	77.52	85.99
Total Equities & Liabilities (A+B)	61.42	58.07	35.05	38.96	51.18
Assets					
Non-current assets***	39.81	33.46	27.08	31.87	30.54
Current Assets****	21.61	24.61	7.97	7.09	20.64
Total Assets	61.42	58.07	35.05	38.96	51.18

*Non-Current Liabilities include long term borrowings, deferred tax liabilities, long term provisions, other long term liabilities etc.

**Current Liabilities include short term borrowings, trade payables, short term provisions, other current liabilities etc.

***Non-current assets include Fixed assets, Non-current investments, long term loans and advances etc.

****Current Assets include inventories, trade receivables, cash and cash equivalents, short term advances and loans etc.

8. From the above two tables, it was observed that the share capital of the company remained same during the investigation period and post investigation period. However, the reserves of the Company reduced significantly during the said period i.e. from Rs.41.90 Crore in FY2013-14 to Rs.(-)49.53 Crore in FY2023-24. In view of the negative reserves, the shareholder's funds of the Company reduced significantly and became negative. The negative reserves of the Company were primarily because there were no business operations in the Company during the FY2016-17 to FY2021-22 and liquidation proceedings were initiated against the Company.
9. Further, during the FY2013-14 to FY2023-24 the balance sheet size of the Company also reduced significantly i.e. from Rs.216.18 Cr. in FY2013-14 to Rs.51.18 Cr. in FY2023-24. The snapshot of profit and loss account of the Company during the Investigation Period (FY2013-14 to FY2021-22) and post investigation period i.e. FY2022-23 and 2023-24 is as follows:

Table-9

Profit & Loss Account (Figures in Rs. Crores)						
Financial Year	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Revenue from Operations	178.50	78.92	39.02	1.78	0.40	0.24
Other Income	0.19	0.00	0.01	0.00	0.00	0.00
Total Income	178.69	78.92	39.03	1.78	0.40	0.24
Profit (Loss) Before Tax	12.23	-45.89	-9.28	-8.85	-7.81	-7.36

Table-10

Profit & Loss Account (Figures in Rs. Crores)					
Financial Year	2019-20	2020-21	2021-22	2022-23	2023-24
Revenue from Operations	0.12	0.65	0.17	21.35	19.82
Other Income	0.00	0.00	2.73	0.00	0.00
Total Income	0.12	0.65	2.90	21.35	19.82
Profit (Loss) Before Tax	-27.55	-6.98	-4.45	3.80	3.74

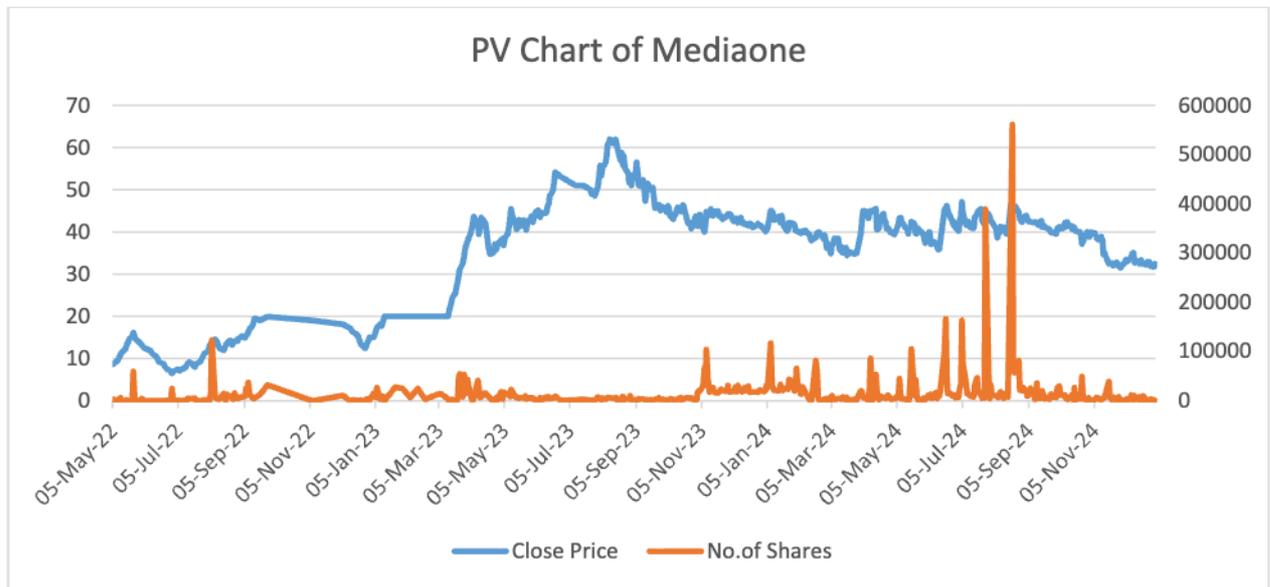
10. From the above tables, it was observed that revenue of the Company was Rs.178.50 Crore in FY2013-14, which fell to Rs.78.92 Crore in FY2014-15 and further fell to Rs.39.02 Crore in FY2015-16. However, thereafter liquidation proceedings initiated against the Company in FY2016-17 and revenue fell to Rs.1.78 crore in that year. During the period of liquidation i.e. in FY2017-18, 2018-19, 2019-20, 2020-21 and 2021-22, the Company continued to report revenue below Rs.1 Crore as there was only rental income during those years and the Company did not carry out any business operations.
11. It was noted that the Company reported net losses in eight consecutive years i.e. from FY2014-15 to FY2021-22. However, in FY2022-23 and 2023-24, the revenue of the Company suddenly increased multifold and loss making company became profitable, as the Company reported profit of Rs.3.80 Crore and Rs.3.74 Crore in FY2022-23 and FY2023-24 respectively.
12. The price movement of the shares of Mediaone during the Investigation Period i.e. during the year 2013 to 2022 and post investigation period i.e. during the year 2023 and 2024 was as follows:

Table-11

Year	Open	High	Low	Close	No. of Shares	No. of Trades
2013	46.25	51.00	18.10	38.00	35,11,169	18,128
2014	39.75	51.70	18.25	19.50	68,02,636	38,111
2015	18.55	21.40	6.04	7.22	9,87,758	4,728
2016	7.50	8.60	5.46	5.46	29,811	26
2022	8.19	19.95	6.14	15.05	6,03,190	1,114
2023	15.80	65.13	15.00	41.62	21,48,114	7,253
2024	41.50	54.25	29.99	32.50	53,42,642	25,529
2025	32.90	37.90	27.05	31.60	63,418	547

13. As mentioned above, the trading in the shares of MGEL was suspended by BSE during the period June 27, 2016 to May 03, 2022 and was revoked w.e.f. May 04, 2022 and the trading in the scrip resumed w.e.f. May 05, 2022. In view of same, there was no trading in the scrip during the period of suspension. Before suspension of trading, share price of the Company touched a high of Rs.51.70 in the year 2014 and touched a low of Rs.5.46 in 2016. Further, post revocation of suspension of trading, share price was opened at Rs.8.19 in the year 2022 and touched a high of only Rs.19.95. However, post that, in the year 2023, it touched a high of Rs.65.13.

The price movement of the shares of MGIL post revocation i.e. since May 05, 2022 to December 31, 2024 is as under:



14. It was noted that share price of the Company rose almost 7 times within a short span of 15 months i.e. from Rs.8.19 on May 05, 2022 (date of revocation of suspension of trading) to Rs.65.13 on August 14, 2023. The PV data analysis of the Scrip since the date of revocation i.e. May 05, 2022 till December 31, 2024 is as follows:

Table-12

Particulars	Price (In Rs.)	Date	Volume (No. of shares)	Date
Open	Rs.8.19	05.05.2022	3579	05.05.2022
High	Rs.65.13	14.08.2023	5,61,194	20.08.2024
Low	Rs.6.14	30.06.2022	1	09.06.2022
Close	Rs.32.50	31.12.2024	761	31.12.2024

From the above, it was observed that the share price of the Company which was Rs.8.19 on May 05, 2022, first fell to Rs.6.14 on June 30, 2022 and then rose to Rs.65.13 on August 14, 2023 and later on decreased to Rs.32.50 on December 31, 2024.

15. As mentioned in above paragraphs, post revocation of suspension of trading of the Company's shares, the Company was alleged to manipulate its books of accounts by overstating revenue in FY2022-23, 2023-24 and QE June 2024 and September 2024. As investors were not aware of such manipulation, the same was not factored in by the investors while trading in the shares of the Company. Due to same, the public shareholders which were 1041 as on June 30, 2022 increased by more than double to 2278 as on December 31, 2024.
16. Further, post revocation of suspension of trading, Shri Pathee Investments Pvt. Ltd. ("Promoter") transferred its entire shareholding of 51.32% to PPG International Ltd, UK. However, post change of promoter, MD of the Company remained same. It was also noted that PPG International Ltd is same company with whom the Company recorded fictitious revenue in FY2022-23 and 2023-24. Further, it was also noted that PPG International Ltd was owned and controlled by Mr. J Murali Manohar and till June 01, 2022 he was also "person with significant control" by virtue of holding more than 75% shareholding in company.
17. In order to ascertain the veracity of the transactions reflected in the books of MGEL, SEBI appointed M/s SKVM & Co., Chartered Accountants (hereinafter referred to as "**SKVM/forensic auditors**"), to conduct a forensic audit covering multiple financial years. The scope of the forensic audit *inter alia* included examination of bank statements and fund flows, verification of film rights ownership and exploitation, reconciliation of ledger balances with counterparties, scrutiny of journal entries passed without underlying transactions and assessment of compliance with applicable accounting standards.
18. The forensic auditor submitted its report, which brought out serious discrepancies including round-tripping of funds, recording of fictitious revenues and purchases,

artificial clearing of long-outstanding balances through journal entries, and misrepresentation of financial position over several years.

Findings of the examination:

19. Based on the forensic audit report, SEBI conducted an independent investigation, including analysis of bank account statements of MGEL and related entities; examination of financial statements filed with stock exchanges; recording of statements of directors, key managerial personnel and other connected persons; and scrutiny of agreements, invoices and purported film-related documents.

20. The investigation revealed prima facie evidence of:
 - 20.1. Diversion and round-tripping of funds amounting to ₹99.48 crore;
 - 20.2. Systematic falsification of books of accounts;
 - 20.3. Creation of sham transactions to adjust fictitious balances;
 - 20.4. Non-payment of declared dividend; and
 - 20.5. Dissemination of misleading information to investors.

21. Accordingly, a Show Cause Notice (SCN) dated September 10, 2025 was issued to the Noticees, alleging violations of various provisions and calling upon them to explain as to why appropriate directions should not be issued against them under Sections 11B of the SEBI Act. The said SCN was served to the Noticees by SPAD and email except Noticee No.4, to whom the SCN was served only on email.

22. As no reply was received from any of the Noticees, in compliance of principle of natural justice, an opportunity of hearing was provided to the Noticee No. 1, 2, 3, 5, 6 and 7 on November 28, 2025, vide hearing notice dated November 11, 2025. Thereafter, Noticee No.1 submitted its reply vide letter dated November 27, 2025. Authorised Representative (AR) of Noticee No.1 appeared in the hearing on behalf of Noticee No.1. Subsequently, Noticee No.1 submitted additional reply vide letter dated December 29, 2025.

As Noticee No.2, 3, 5, 6 and 7 did not appear for the hearing, one more opportunity of hearing was provided to them on January 16, 2026, vide hearing notice dated January

08, 2026. Further, hearing opportunity was provided to Noticee No.4 also on January 16, 2026, vide hearing notice dated January 12, 2026.

Noticee No.2 to 7 submitted individual replies, vide email dated January 07, 2026 and Noticee No.1 submitted further reply, vide email dated January 08, 2026. Common AR appeared in the said hearing on behalf of Noticee No.2 to 7 on January 16, 2026.

23. Crux of replies of the Noticees are as below:

Noticee No.1 (M/s. Mediaone Global Entertainment Ltd.)

23.1. The issues raised in the SCN pertain essentially to accounting treatment and commercial business decisions relating to film rights transactions. According to the Company, such matters fall within the domain of statutory auditors and other regulatory authorities concerned with accounting standards, and do not constitute securities market violations. It is contended that SEBI has exceeded its jurisdiction by treating accounting entries as fraudulent conduct without establishing any securities market impact.

23.2. SEBI cannot re-characterized a settled arbitral dispute as 'diversion'.

23.3. There has been a substantial change in management since the period under investigation. The transactions in question relate to FY2013-14 to FY2015-16 and are more than a decade old. Due to the passage of time, resignation of key personnel, and liquidation proceedings, retrieval of records has allegedly been difficult.

23.4. Mediaone and Eros had running account. In some cases, the loss adjustments as per informal understanding, were common without any legal agreements. This was regular film trade practice.

23.5. The payments were directly made by Eros to the financiers and service providers of Mediaone.

23.6. All transactions referred to in the notice were genuine commercial transactions.

23.7. *Kochadaiiyaan* was a major project undertaken by it and that substantial funds received were utilised towards production, post-production activities, repayment of project financiers, and print and publicity expenses. The film suffered commercial losses, which led to financial stress for the Company.

- 23.8. UK contracts were not for UK filming, but for overseas right exploitation and production service in India.
- 23.9. Forensic Auditor has not examined performance obligation, transfer of control, or contractual terms and therefore lacks competence to allege overstatement. Forensic audit was beyond terms of reference.
- 23.10. The Terms of Reference (ToR) restricted the forensic audit to (a) examination of transactions with Eros, and (b) identification of misrepresentation or diversion.
- 23.11. The major allegations are premised upon so-called “mismatches” between MGEL’s books and aggregated figures appearing in the financial statements of third parties filed with the Ministry of Corporate Affairs (MCA), and that such reliance is improper. It has no control over the manner in which its counterparties present or file their financial statements before statutory authorities, and therefore any mismatch between MGEL’s books and the financial statements of such entities cannot be attributed to MGEL.
- 23.12. Industry practice permits classification of film rights intended for immediate exploitation as direct expenses, while long term rights are capitalized and amortised.
- 23.13. Mistake at the time of declaration of dividend is a technical mistake done by earlier management, without any intention of manipulation.
- 23.14. There was no wrongful gain, promotor enrichment or investor loss.

24. Additionally other Noticees have made following submissions:

Noticee No.2 (Mr. Suryaraj Kumar)

- 24.1. He was holding miniscule percentage of shares of MGEL to the extent of only around 1.17% throughout the IP.
- 24.2. During the investigation, I divested only 5,100 shares i.e. 0.02% of shares.
- 24.3. Apart from this, he has not sold, pledged or otherwise dealt in the shares of the company during the relevant period.
- 24.4. No benefit, direct or indirect has accrued to him from the transactions referred to in the SCN
- 24.5. Company’s securities were largely illiquid / under suspension and therefore no question of market impact or investor inducement.

Noticee No.3 (Mr. J Murali Manohar)

24.6. He was holding miniscule percentage of shares of MGEL to the extent of only around 0.04% throughout the IP.

24.7. He was Non-Executive Director only for the period February 01, 2011 to May 30, 2015.

24.8. Not sold, pledged or otherwise dealt in the shares of the company during the relevant period.

24.9. No benefit, direct or indirect has accrued to him from the transactions referred to in the SCN

24.10. Company's securities were largely illiquid / under suspension and therefore no question of market impact or investor inducement.

Noticee No.4 (Mr. K Sai Prasad)

24.11. He being a person not having technical knowledge about preparation & presentation of Financial Statements, relied completely on the advice given by the professionals.

24.12. He was not holding any shares in Mediaone throughout the IP.

24.13. He was only, an Ex-Non-Executive Independent Director of Mediaone for the period, from 19th January 2020 to 21st July 2024 and an Ex-Executive Director from 22nd July 2025 to 13th October 2025.

24.14. He has not sold, pledged or otherwise dealt in the shares of the company during the relevant period.

24.15. No benefit, direct or indirect has accrued to him from the transactions referred to in the SCN

24.16. Company's securities were largely illiquid / under suspension and therefore no question of market impact or investor inducement.

Noticee No.5 (Mr. M Srinivas Kumar)

24.17. Not hold any shares in Mediaone throughout the IP.

24.18. Not sold, pledged or otherwise dealt in the shares of the company during the relevant period.

24.19. No benefit, direct or indirect has accrued to me from the transactions referred to in the SCN

24.20. Company's securities were largely illiquid / under suspension and therefore no question of market impact or investor inducement.

24.21. He was the CFO of Mediaone from July 12, 2021 to July 22, 2024.

Noticee No.6 (Mr. Timothy Alfred Joseph Moses)

24.22. He was not holding any shares in Mediaone throughout the IP

24.23. He has been only, a Non-Executive Independent Director of Mediaone from September 12, 2014.

24.24. He has not sold, pledged or otherwise dealt in the shares of the company during the relevant period.

24.25. No benefit, direct or indirect has accrued to him from the transactions referred to in the SCN

24.26. Company's securities were largely illiquid / under suspension and therefore no question of market impact or investor inducement.

Noticee No.7 (Ms. Saraswathy Gopalan)

24.27. She was holding miniscule percentage of shares in Mediaone to the extent of only around 0.02% to 0.04% throughout the IP.

24.28. She has been only a Non-Executive Independent Director of Mediaone from 25th February 2019.

24.29. During the entire period of investigation, she has divested only 3,000 Shares.

24.30. Apart from this she has not , pledged or otherwise dealt in the shares of the company during the relevant period.

24.31. No benefit, direct or indirect has accrued to her from the transactions referred to in the SCN

24.32. Company's securities were largely illiquid / under suspension and therefore no question of market impact or investor inducement.

25. Accordingly, having complied with the principles of natural justice, and after examining all material available on record, including the replies/submissions of the Noticees and the findings of the investigation, I proceed to examine the matter, the issues involved

in the SCN dated September 10, 2025 in exercise of the powers conferred upon me under Sections 11(1),11(4) and11B(1) and 11B(2) of the SEBI Act, 1992 read with Rule 4 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 (“SEBI Adjudication Rules”).

Issues for consideration:

26. In light of the above facts, allegations and the material placed on record, I note that the following issues arise for consideration in the present proceedings:

Issue A: Whether MGEL diverted company’s fund?

Issue B: Whether MGEL manipulated financial statements of the company during FY2013-14, 2014-15 and 2015-16 and during FY2022-23, 2023-24 and quarters ending June 2024 and September 2024?

Issue C: Whether MGEL did not pay the declared dividend?

Issue D: Whether there was Delayed / Non-Submission of Information, Non-Cooperation during Investigation, Submission of False Information and Non-Compliance with SEBI’s Summons by company and/or its directors/ CFO?

Issue E: If the answer to any or all of the above issues are in affirmative, what was the role of Noticee No.2 to 7?

27. Before proceeding further, it is relevant to refer important provisions of law alleged in the SCN which are reproduced hereunder: -

SEBI Act, 1992

Sec 11C(2):

Without prejudice to the provisions of sections 235 to 241 of the Companies Act, 1956 (1 of 1956), it shall be the duty of every manager, managing director, officer and other employee of the company and every intermediary referred to in section

12 or every person associated with the securities market to preserve and to produce to the Investigating Authority or any person authorized by it in this behalf, all the books, registers, other documents and record of, or relating to, the company or, as the case may be, of or relating to, the intermediary or such person, which are in their custody or power.

Sec 11C(3):

The Investigating Authority may require any intermediary or any person associated with securities market in any manner to furnish such information to, or produce such books, or registers, or other documents, or record before him or any person authorised by it in this behalf as it may consider necessary if the furnishing of such information or the production of such books, or registers, or other documents, or record is relevant or necessary for the purposes of its investigation.

Sec 11C (5)

Any person, directed to make an investigation under sub-section (1), may examine on oath, any manager, managing director, officer and other employee of any intermediary or any person associated with securities market in any manner, in relation to the affairs of his business and may administer an oath accordingly and for that purpose may require any of those persons to appear before it personally.

Sec 12A. No person shall directly or indirectly—

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

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

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

Contravention by companies:

Sec 27(1): Where a contravention of any of the provisions of this Act or any rule, regulation, direction or order made thereunder has been committed by a company, every person who at the time the contravention was committed was in charge of, and was responsible to, the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the contravention and shall be liable to be proceeded against and punished accordingly:

Sec 27(2): Notwithstanding anything contained in sub-section (1), where an contravention under this Act has been committed by a company and it is proved that the contravention has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of the contravention and shall be liable to be proceeded against and punished accordingly.

SEBI (PFUTP) Regulations, 2003

3. Prohibition of certain dealings in securities:

No person shall directly or indirectly –

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

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

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

4. Prohibition of manipulative, fraudulent and unfair trade practices:

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

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

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

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

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

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

SEBI (LODR) Regulations, 2015

Principles governing disclosures and obligations

4. (1) *The listed entity which has listed securities shall make disclosures and abide by its obligations under these regulations, in accordance with the following principles:*

(a) Information shall be prepared and disclosed in accordance with applicable standards of accounting and financial disclosure.

(b) The listed entity shall implement the prescribed accounting standards in letter and spirit in the preparation of financial statements taking into consideration the interest of all stakeholders and shall also ensure that the annual audit is conducted by an independent, competent and qualified auditor.

(c) The listed entity shall refrain from misrepresentation and ensure that the information provided to recognized stock exchange(s) and investors is not misleading.

(e) The listed entity shall ensure that disseminations made under provisions of these regulations and circulars made thereunder, are adequate, accurate, explicit, timely and presented in a simple language.

(g) The listed entity shall abide by all the provisions of the applicable laws including the securities laws and also such other guidelines as may be issued from time to time by the Board and the recognised stock exchange(s) in this regard and as may be applicable.

(h) The listed entity shall make the specified disclosures and follow its obligations in letter and spirit taking into consideration the interest of all stakeholders.

(j) Periodic filings, reports, statements, documents and information reports shall contain information that shall enable investors to track the performance of a listed entity over regular intervals of time and shall provide sufficient information to enable investors to assess the current status of a listed entity.

4. (2) (f) Responsibilities of the Board of Directors:

(i) Disclosure of information:

(2) The board of directors and senior management shall conduct themselves so as to meet the expectations of operational transparency to stakeholders while at

the same time maintaining confidentiality of information in order to foster a culture of good decision-making.

(ii) Key functions of the Board of Directors –

(2) Monitoring the effectiveness of the listed entity's governance practices and making changes as needed.

(6) Monitoring and managing potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions.

(7) Ensuring the integrity of the listed entity's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.

(iii) Other responsibilities:

(1) The board of directors shall provide strategic guidance to the listed entity, ensure effective monitoring of the management and shall be accountable to the listed entity and the shareholders.

(3) Members of the board of directors shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the listed entity and the shareholders.

(6) The board of directors shall maintain high ethical standards and shall take into account the interests of stakeholders

(12) Members of the board of directors shall be able to commit themselves effectively to their responsibilities

Board of Directors

17 (8) The chief executive officer and the chief financial officer shall provide the compliance certificate to the board of directors as specified in Part B of Schedule II.

Audit Committee:

18(3): *The role of the audit committee and the information to be reviewed by the audit committee shall be as specified in Part C of Schedule II.*

Financial Results – Regulation 33(1):

(1) While preparing financial results, the listed entity shall comply with the following:

(a) The financial results shall be prepared on the basis of accrual accounting policy and shall be in accordance with uniform accounting practices adopted for all the periods.

(c) The standalone financial results and consolidated financial results shall be prepared as per Generally Accepted Accounting Principles in India.

Accounting Standards.

48. The listed entity shall comply with all the applicable and notified Accounting Standards from time to time.

28. Before proceeding to deal with the aforesaid issues, I find it appropriate to deal with the preliminary objections / issues raised by the Noticee.

Re-characterization of arbitration:

29. The Company has contended that certain transactions arose in the context of commercial disputes that were subject to arbitration and that SEBI cannot re-characterize such settled arbitral matters as diversion or siphoning of funds.

30. In this regard, I note that arbitration proceedings determine inter se contractual rights and liabilities between parties. An arbitral award adjudicates civil disputes relating to breach, payment obligations, or contractual adjustments. However, arbitration does not and cannot adjudicate upon violations of securities laws or determine whether conduct constitutes fraud under the SEBI Act.

31. SEBI's proceedings are regulatory and public law in character. The issue before SEBI is not whether one party breached a contract or whether dues were payable; the issue is whether the financial statements of a listed company were manipulated, whether funds were circularly routed to create artificial revenue, and whether the conduct amounts to fraud or misrepresentation affecting investors and the securities market.
32. Even assuming that certain monetary claims were subject to arbitration or settlement, such settlement does not *ipso facto* legitimize the accounting treatment adopted by the Company, nor does it preclude SEBI from independently examining whether the entries reflected genuine transactions or were passed to artificially inflate financials.
33. The regulatory determination of "diversion" is not dependent on contractual characterisation between private parties. Diversion or round-tripping, in the context of securities law, is assessed on the basis of fund flow analysis, commercial substance, and whether transactions lacked economic rationale. An arbitral settlement does not retrospectively validate entries that were otherwise fictitious or unsupported by underlying commercial substance.
34. Further, the arbitral award was in 2024. However, the allegation in the SCN is that of round tripping and diversion, i.e. transfer of funds by MGEL to Eros, which took place in 2013-14 and 14-15. Further, it was also alleged that the company continued to obfuscate these fund transfer by creating fake journal entries in their ledger.
35. It is also pertinent that fraud, as defined under the PFUTP Regulations, includes any act or omission intended to deceive investors. The existence of arbitration proceedings between counterparties cannot operate as a bar against SEBI's statutory duty to examine whether the conduct of a listed entity resulted in dissemination of misleading financial information to the market.

36. Therefore, the contention that SEBI cannot examine the substance of transactions merely because disputes were referred to or settled in arbitration is devoid of merit. SEBI's regulatory jurisdiction operates independently of private dispute resolution mechanisms.

Passage of time, resignation of personnel or liquidation

37. The Noticees have contended that the transactions under examination pertain to financial years 2013-14 to 2015-16 and that, owing to the passage of time, resignation of key personnel and subsequent liquidation proceedings, they have faced practical difficulties in retrieving records and furnishing detailed explanations. It is implied that such circumstances mitigate or explain the inability to provide documentary substantiation.

38. I note that a listed company is statutorily obligated to maintain proper books of account and preserve financial records. Financial statements, ledgers, bank statements, agreements and supporting documentation are not transient records but they are mandatory corporate records required to be maintained for prescribed periods. The inability to produce such records does not dilute the legal obligation to have maintained them in the first place.

39. Further, the alleged transactions under scrutiny involve amounts running into several crores of rupees and were recorded in audited financial statements that were disseminated to the stock exchange and investors. When a listed entity records revenue and purchases of such magnitude, it is expected that agreements, invoices, title documents, correspondence, and payment confirmations would exist as a matter of ordinary commercial practice. The absence of such documentation, or the failure to produce it, raises serious concerns regarding the authenticity of the transactions.

40. The contention of passage of time is also not persuasive. The financial statements for the relevant years continued to remain part of the public record and formed the basis of investor reliance. If the Company seeks to defend the genuineness of the entries recorded therein, the lapse of time does not convert unsupported entries into legitimate transactions.

41. The resignation of key personnel likewise does not absolve the Company or its directors of responsibility. A company acts through its Board and Key Managerial Personnel. Directors and Managing Directors who were in office during the relevant period were responsible for the preparation and approval of financial statements. Liability under attaches to the conduct at the time it occurred. Subsequent resignation does not extinguish accountability for acts committed during tenure.
42. As regards liquidation proceedings, the Company cannot rely on a liquidation process to justify absence of records that were required to be properly maintained in the ordinary course of business. Liquidation process does not extinguish or suspend the statutory obligation to preserve corporate records. Under the Companies Act, 2013, books of account and relevant papers are required to be preserved for prescribed periods. Even during liquidation, records remain in custody of the liquidator, company officers, or other authorised persons. Liquidation process does not imply destruction or disappearance of books of account. If the Company was under liquidation from 2016 to 2023, the records should have been available with the liquidator
43. Further, the Company is presently not under liquidation. Therefore, if the proceedings were concluded in 2023, there has been sufficient opportunity thereafter to coordinate with the liquidator banks, counterparties or statutory authorities to retrieve copies of agreements, bank statements, invoices or title documents. The Noticees have not demonstrated that any concrete steps were taken to obtain such records or that such efforts were frustrated despite due diligence.
44. It is also relevant that the Noticees have not demonstrated that the records never existed or were irretrievably destroyed due to circumstances beyond control. A general assertion of difficulty in retrieval, without evidence of efforts undertaken to reconstruct or obtain copies from banks, counterparties, auditors or statutory repositories, cannot be treated as a valid defence.
45. Accordingly, the contention that difficulties arising from passage of time, resignation of personnel or liquidation justify non-production of supporting records is rejected.

Audit travelled beyond the Terms of Reference

46. The Company contends that the Terms of Reference (ToR) restricted the forensic audit to (a) examination of transactions with Eros, and (b) identification of misrepresentation or diversion, if any. It is alleged that the auditor exceeded this mandate by examining transactions with third parties and conducting comparative analysis of their financial statements.
47. I note that the para 1.2 of the SKVM Report contains following terms of reference, among others:
- 47.1. Wrongful diversion / siphoning of company funds
 - 47.2. The Genuineness of business operations
 - 47.3. Manipulation of Books of Accounts
48. It is understood that diversion of funds cannot be determined or verified without examining the utilisation or end use of the funds. In this particular case MGEL had transferred funds to the third parties. Therefore, to verify the use of the funds it was imperative to examine the transactions with the third parties.
49. Further, an examination of transactions with Eros, particularly where diversion or misrepresentation is alleged, necessarily entails tracing the end-use of funds and identifying intermediate entities through whom funds may have been routed. If funds originating from Eros are alleged to have been diverted through connected or third-party entities, examination of such entities becomes intrinsic to the mandate and not extraneous to it.
50. A forensic audit, by its very nature, is investigative and tracing-oriented. It cannot be artificially compartmentalized where the alleged diversion mechanism itself involves layered transactions. Restricting examination only to direct entries with Eros, while ignoring corresponding mirror entries in connected entities, would defeat the very object of the exercise.
51. In the present matter, the audit findings demonstrate patterns of round-tripping, journal adjustments, and circular fund movement involving entities such as Metronet, Ritestone

and others. The examination of these entities was undertaken to determine whether funds received from Eros were utilized for the stated purpose or were merely rotated to inflate revenues or extinguish liabilities.

52. Therefore, I find that the auditor's examination of connected and intermediary entities was incidental and necessary to discharge the mandate of identifying diversion or misrepresentation. The allegation that the audit acted ultra vires the Terms of Reference is not substantiated.

Issue A: Whether MGEL diverted company's fund?

Allegation

53. It was alleged that Mediaone Global Entertainment Limited (MGEL), pursuant to agreements dated January 27, 2012; August 9, 2013; May 21, 2014; and June 10, 2014, received an aggregate amount of ₹236.06 crore from Eros International Media Limited (EIML) during the period FY 2012–13 to FY 2017–18 towards co-production and acquisition of film content.

54. It was alleged that out of the said ₹236.06 crore, only ₹136.58 crore was actually utilised for the production and release of the film "Kochadaiyaan", which was released on May 23, 2014, and that the remaining ₹99.48 crore, which was received ostensibly for production of three untitled Tamil films under the agreement dated June 10, 2014, was not utilised for any legitimate business activity of MGEL.

55. It was further alleged that the said ₹99.48 crore was diverted and round-tripped back to EIML, either directly or through intermediary entity, Metronet Multimedia Private Limited, and that such diversion was evidenced through specific same-day circular fund movements.

56. It was alleged that despite such return/diversion of funds, MGEL continued to reflect an outstanding balance of approximately ₹59.96 crore as payable to EIML in its books from FY 2013–14 onwards for several consecutive years, under the head "non-current liabilities".

57. It was further alleged that MGEL passed artificial journal entries and book adjustments, including recording of sale transactions without underlying commercial substance and subsequent revenue recognition in later years, in order to manage and neutralise ledger balances.
58. On the basis of the above, it was alleged that MGEL diverted ₹99.48 crore by routing funds back to EIML, and manipulated its books of account by reflecting an incorrect outstanding liability for several financial years.

Contention

59. In response to the summons dated January 23, 2024 and January 31, 2024, and subsequently to the summons dated June 03, 2024, June 12, 2024 and July 05, 2024, MGEL set out its case denying diversion of funds and disputing the interpretation placed by SEBI on the transactions.
60. It was stated by the Company that though an aggregate amount of ₹236 crore was recorded in the books as received from EROS, only ₹116.64 crore was actually credited into the bank accounts of Mediaone Global Entertainment Limited. The Company submitted that the balance amounts were directly paid by EROS to financiers and to Metronet Multimedia Pvt. Ltd. on behalf of MGEL towards production and post-production expenses of "Kochadaiyaan".
61. The Company further submitted that out of the total receipts, approximately ₹132 crore was received from EROS towards production, promotion and sale of rights of "Kochadaiyaan", and that EROS directly paid approximately ₹61 crore to financiers prior to the release of the film on May 23, 2014. It was also stated that approximately ₹43 crore was paid directly by EROS to Metronet Multimedia Pvt. Ltd. for post-production and visual effects work relating to the film.
62. With respect to the outstanding balance reflected in its books, the Company provided a reconciliation statement. As per the Company, total payments made to EROS aggregating to approximately ₹340.76 crore (including bank transfers and journal

entries such as rights sold); and total payments received from EROS aggregating to approximately ₹400.72 crore (including bank receipts and payments made by EROS on behalf of MGEL).

63. On the basis of this reconciliation, the Company maintained that a net outstanding balance of approximately ₹59.96 crore was payable to EROS and that such balance was correctly reflected in its books.

64. The Company further contended that after the production of “Kochadaiyaan”, both MGEL and EROS faced financial difficulties and were unable to proceed with production of the three films contemplated under the agreement dated June 10, 2014. It was submitted that due to the financial crisis and losses incurred, the projects were not initiated and the funds initially allocated for those films were returned.

65. The Company also addressed the issue of Metronet, stating that Metronet Multimedia Pvt. Ltd. was a genuine service provider coordinating visual effects between Chennai and China, and that payments made to Metronet were towards visual effects work. It was submitted that where timelines were not met, funds were called back by EROS.

66. Further, in response to the allegation that EROS had written off ₹63.61 crore in FY 2019–20, the Company submitted that EROS had initiated legal proceedings to recover the said amount and that MGEL was actively engaged in addressing the matter through legal channels.

67. Thus, the Company’s case, as set out in its replies and statements, is that:

There was no diversion of funds. Payments reflected in the books represent genuine commercial transactions and adjustments. Direct payments by EROS to financiers and vendors were made on behalf of MGEL. The outstanding balance of ₹59.96 crore is the result of accounting reconciliation and commercial transactions and Non-production of the subsequent films was due to financial constraints, not due to any intent to divert funds.

68. With regards to the above issue, company further made the following submissions during the current proceedings:

- 68.1. All transactions referred to in the notice were genuine commercial transactions.
- 68.2. Mediaone and Eros had running account. In some cases, the loss adjustments were as per informal understanding and were common without any legal agreements. This was regular film trade practice.
- 68.3. The payments were directly made by Eros to the financiers and service providers of Mediaone.
- 68.4. Kochadaiyaan was a major project undertaken by it and that substantial funds received were utilised towards production, post-production activities, repayment of project financiers, and print and publicity expenses. The film suffered commercial losses, which led to financial stress for the Company.

Consideration:

69. With regard to the allegations, the limited question for consideration is whether the amount of ₹99.48 crore, out of the total ₹236.06 crore received from EIML, was genuinely received and retained for the stated purpose of film production, or whether MGEL was involved in diversion and round-tripping of funds.
70. It is noted that MGEL and EIML entered into agreements between 2012 and 2014 to co-produce four Tamil films, including “Kochadaiyaan” (which was actually produced and released) and three other untitled films (two with lead actor Sivakartikeyan at a combined budget of ₹30 crore, and one directed by Gautham Menon with ₹55 crore budget), for which no evidence of production exists. As per agreements dated January 27, 2012, August 9, 2013, May 21, 2014, and June 10, 2014, Eros was to fund the entire production cost in tranches.
71. Bank statements showed that in FY2012-13, 2013-14, 2014-15 and 2017-18, Eros transferred a total of ₹236.06 crore to MGEL. While ₹136.58 crore was used for production and release of “Kochadaiyaan”, the remaining ₹99.48 crore was never used for production of any films. The remaining ₹99.48 crore was neither utilised for production of any film nor shown to have been deployed for any legitimate business purpose.

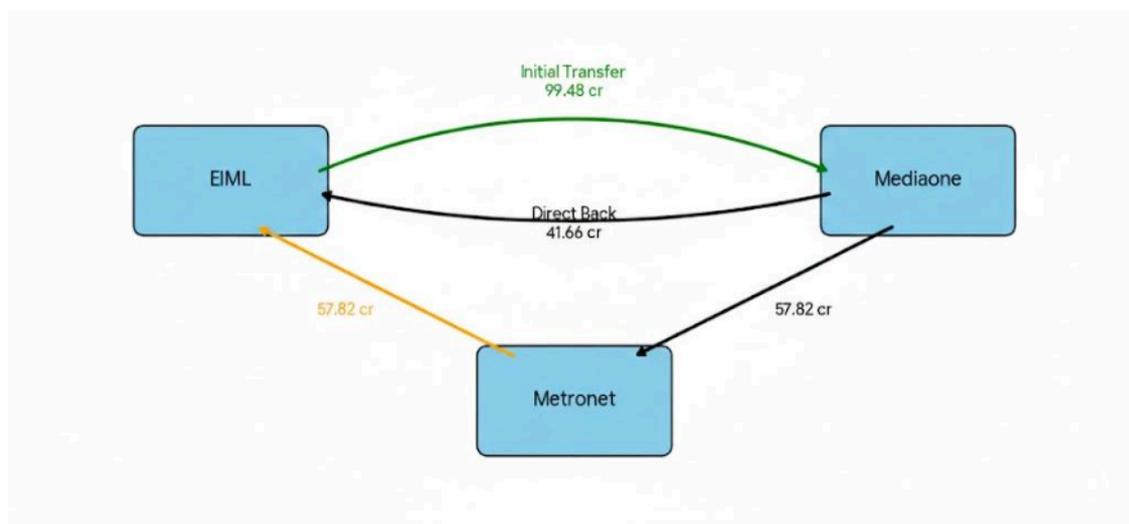
72. Instead, the bank trail establishes that all of the ₹99.48 crore were transferred back to EIML either directly or through intermediary entities such as Metronet, on the very same day or within an extremely short span of time. The instances demonstrate the following pattern:

72.1. Funds were first transferred from EIML to MGEL;

72.2. On the same day, the entire or substantial portion of such funds were routed back to EIML, either directly or through Metronet;

72.3. The corresponding receipt/refund was not recorded as such in EIML's books.

73. The same is detailed as below:



74. The detailed date wise fund flow with bank transactions was part of Annexure to the SCN.

75. Few of such instances are explained as below:

For example, EIML paid Rs.36.00 Crores to Mediaone in three separate transactions on July 05, 2013 and July 06, 2013. This amount was paid by EIML from its IOB Account Number 019902000001872 to Mediaone's IOB Account number 009102000006166. Subsequently, on same day, the entire amount of Rs.36 Crore was transferred back by Mediaone to EIML's Yes Bank (Account No. 000189900000963), from where the same amount returned to original account of EIML i.e. IOB Account Number 019902000001872. However, EIML did not record that transaction as receipt/refund in its books of accounts. Relevant snapshots are attached as under:

MGEL (IOB Account No. 00910200006166)

DATE	CHQ NO	NARRATION	COD	DEBIT	CREDIT	BALANCE
05/07/2013	174208	TFR		70,00,000.00		74,82,492.00Cr
05/07/2013	CD1872(169)EROS	TFR		20,00,00,000.00		20,74,82,492.00Cr
05/07/2013	174260	TO RTGS-Avg YES BANK LIMITED	TFR	20,00,00,000.00		74,82,492.00Cr
05/07/2013		By Cash ganesan - 1710-Tindivanam	CSH	960.00		74,83,382.00Cr

Name : MEDIAONE GLOBAL ENTERTAINMENT LIMITED
 Address : NO 56 VIJAYARAGHVA ROAD T NAGAR CHENNAI 600017 CHENNAI - CHENNAI TAMIL NADU 600017
 CD-PUB STATEMENT : FROM 01/04/2012 TO 01/04/2014 A/c No : 00910200006166

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

Dt	Chq No	Narration	Cod	Debit	Credit	Balance
05/07/2013		By Cash balji - 1318-KANCHEEPURAM-ENNAIKARA ST	CSH		1,670.00	32,70,819.00Cr
05/07/2013		CBS	TFR	56.00		32,70,763.00Cr
05/07/2013		CUSTOMER A/C NOT FOUND	TFR		8,00,000.00	40,70,763.00Cr
05/07/2013	179301	TO RTGS-Avg KAWRAT ASSOCIATES	TFR	8,00,000.00		32,70,700.00Cr
05/07/2013		EROS INTL MEDIA LTD	TFR		15,00,00,000.00	15,32,70,700.00Cr
06/07/2013		EROS INTL MEDIA LTD	TFR		1,00,00,000.00	16,32,70,700.00Cr
06/07/2013	174261	TO RTGS-Avg YES BANK LTD	TFR	15,00,00,000.00		1,32,70,640.00Cr
06/07/2013	174262	TO RTGS-Avg YES BANK LTD	TFR	1,00,00,000.00		32,70,640.00Cr

76. Similarly, ₹6.60 crore transferred on May 07, 2013 was substantially returned on the same day. EIML paid Rs.6.60 Crores to Mediaone in two separate transactions on May 07, 2013 in its HDFC Account (Account no. 01362560003203). Subsequently, Rs.6.56 Crores was transferred back by Mediaone to EIML on the same day i.e., May 07, 2013. However, EIML did not record that transaction as receipt/refund in its books of accounts. Relevant snapshots are attached as under:

MGEL (HDFC Account No.: 01362560003203)

07/01/13	FT - DR - 01362560004008 - METRONET MULTIMEDI	0000000000255259	07/01/13	210000	0	19450
07/05/13	FT-00600370000562-EROS INTERNATIONAL M	000000000005877	07/05/13	0	3000000	30019450
07/05/13	FT-00600370000562-EROS INTERNATIONAL M	000000000005878	07/05/13	0	3600000	66019450
07/05/13	FT-00600370000562-EROS INTERNATIONAL M	000000000000051	07/05/13	1500000	0	51019450
07/05/13	FT-00600370000562-EROS INTERNATIONAL M	000000000000052	07/05/13	1500000	0	36019450
07/05/13	FT-00600370000562-EROS INTERNATIONAL M	000000000000053	07/05/13	1500000	0	21019450
07/05/13	FT-00600370000562-EROS INTERNATIONAL M	000000000000054	07/05/13	1500000	0	6019450
07/05/13	FT-00600370000562-EROS INTERNATIONAL M	000000000000055	07/05/13	560000	0	419450

77. In another instance, ₹15 crore paid on August 01, 2014 was routed via Metronet and credited back to EIML on the same day. EIML paid Rs.15 Crores to Mediaone in six

separate transactions on August 01, 2014 in its Indian Overseas Bank Account No. 009102000006166. Subsequently, Mediaone paid Rs.15 Crores to Metronet Multimedia Private Limited on August 01, 2014 itself. On the same day, Metronet Multimedia Private Limited transferred Rs.15 Crores back to EIML in its HDFC Account no. 00600370000562.

78. The submissions regarding Metronet being a service provider coordinating visual effects also fail to withstand scrutiny. Here funds moved from EIML to MGEL, then from MGEL to Metronet, and from Metronet back to EIML on the same day. Genuine vendor payments do not revert to the original funder within hours unless the transaction lacks substance.

79. However, EIML did not record that transaction as receipt/refund in its books of accounts. Relevant snapshots are attached as under:

MGEL (IOB Account No. 009102000006166)

Name : MEDIAONE GLOBAL ENTERTAINMENT LIMITED
 Address : NO 59 VILAYARAGAVHA ROAD T NAGAR CHENNAI 600017 CHENNAI , CHENNAI TAMIL NADU 600017
 CD-PUB STATEMENT : FROM 01/04/2014 TO 31/03/2015 A/c No : 009102000006166

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

Dt	Chq No	Narration	Cod	Debit	Credit	Balance
31/07/2014	587725	TO RTGS-Vg METRONET MULTIMEDIA PVT LTD	TFR	4,00,00,063.00		2,08,682.00Cr
01/08/2014	587742	self	CDH	10,000.00		1,98,682.00Cr
01/08/2014		JHU/1872-EROS	TFR		2,86,00,000.00	2,87,98,682.00Cr
01/08/2014		JHU/1872-EROS	TFR		2,75,00,000.00	5,62,98,682.00Cr
01/08/2014		By Cash PERUMAL - 1705-THIRUBHUVANAI	CDH		2,988.00	5,63,01,670.00Cr
01/08/2014	587727	TO RTGS-Vg METRONET MULTIMEDIA PVT LTD	TFR	2,86,00,063.00		2,77,01,607.00Cr
01/08/2014	587729	TO RTGS-Vg METRONET MULTIMEDIA PVT LTD	TFR	2,64,00,063.00		13,01,544.00Cr
01/08/2014		JHU/1872-EROS	TFR		2,89,00,000.00	3,02,01,544.00Cr
01/08/2014		JHU/1872-EROS	TFR		3,00,00,000.00	6,02,01,544.00Cr
01/08/2014	587736	TO RTGS-Vg METRONET MULTIMEDIA PVT LTD	TFR	3,00,00,063.00		3,02,01,481.00Cr
01/08/2014	587737	TO RTGS-Vg METRONET MULTIMEDIA PVT LTD	TFR	3,00,00,063.00		2,01,418.00Cr
01/08/2014		JHU/1872-EROS	TFR		1,50,00,000.00	1,62,01,418.00Cr
01/08/2014		JHU/1872-EROS	TFR		2,00,00,000.00	3,62,01,418.00Cr
01/08/2014	587733	TO RTGS-Vg METRONET MULTIMEDIA PVT LTD	TFR	1,00,00,061.00		2,02,01,357.00Cr
01/08/2014	587736	TO RTGS-Vg METRONET MULTIMEDIA PVT LTD	TFR	2,00,00,063.00		2,01,294.00Cr

Metronet (HDFC Account no. 01362560003515)

01/08/14	CASH DEP ASHOK NAGAR-	0000000000000000	01/08/14	0	800000	4487147.36
01/08/14	RTGS CR-IOBA0000091-MEDIAONE GLOBAL ENTEF IOBAR520140801000	01/08/14	0	28600000	33087147.36	
01/08/14	RTGS CR-IOBA0000091-MEDIAONE GLOBAL ENTEF IOBAR520140801000	01/08/14	0	26400000	59487147.36	
01/08/14	00600370000562:FT -ASHOK NAGAR-	0000000000001313	01/08/14	28600000	0	30887147.36
01/08/14	00600370000562:FT -ASHOK NAGAR-	0000000000001314	01/08/14	26400000	0	4487147.36
01/08/14	RTGS CR-IOBA0000091-MEDIAONE GLOBAL ENTEF IOBAR520140801000	01/08/14	0	30000000	34487147.36	
01/08/14	RTGS CR-IOBA0000091-MEDIAONE GLOBAL ENTEF IOBAR520140801000	01/08/14	0	30000000	64487147.36	
01/08/14	00600370000562:FT -ASHOK NAGAR-	0000000000001316	01/08/14	30000000	0	34487147.36
01/08/14	00600370000562:FT -ASHOK NAGAR-	0000000000001315	01/08/14	30000000	0	4487147.36
01/08/14	RTGS CR-IOBA0000091-MEDIAONE GLOBAL ENTEF IOBAR520140801000	01/08/14	0	15000000	19487147.36	
01/08/14	RTGS CR-IOBA0000091-MEDIAONE GLOBAL ENTEF IOBAR520140801000	01/08/14	0	20000000	39487147.36	
01/08/14	00600370000562:FT -ASHOK NAGAR-	0000000000001317	01/08/14	20000000	0	19487147.36
01/08/14	00600370000562:FT -ASHOK NAGAR-	0000000000001320	01/08/14	15000000	0	4487147.36
02/08/14	CHQ PAID-MICR CTS-CH-GLOBE DETECTIVE AGE	0000000000001245	02/08/14	27528	0	4459619.36

80. I note that the above alleged round tripping/diversion was also identified by the forensic auditors (SKVM) in their FAR.

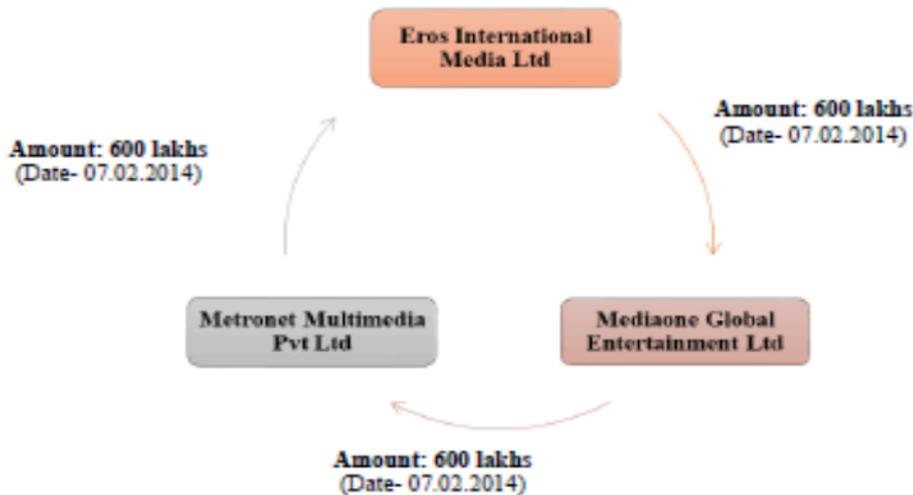
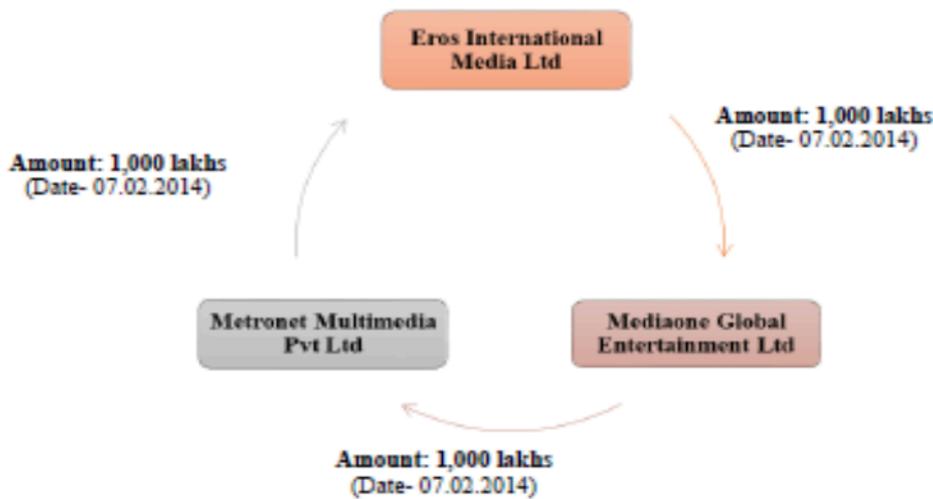
Layer-wise summary of funds paid to Eros, which has been originated from Eros, through various parties amounting to 1,600 lakhs: (Amt. in Lakhs)

On analysis of the books of Mediaone, it is observed that the amount received from Eros has been utilized for making payments to various parties. On analysis of the bank statements of such parties provided to us, it is observed that the amount received from Eros amounting to Rs. 1,600.00 lakhs had been paid to Eros via various parties. i.e., funds paid to Eros has been originated from Eros itself. Details of such payments tabulated below.

Funds Paid by	Layer - I				Layer - II				Layer - III		
	Date	Account No	Name of Party	Amt.	Date	Account No	Name of Party	Amt.	Date	Name of Party	Amt.
Eros	07.02.2014	IOB-6166	Mediaone	400.00	07.02.2014	HDFC-3515	Metronet Multimedia Pvt Ltd	400.00	07.02.2014	Eros	200.00
									07.02.2014	Eros	200.00
	07.02.2014	IOB-6166	Mediaone	400.00	07.02.2014	HDFC-3515	Metronet Multimedia Pvt Ltd	600.00	07.02.2014	Eros	200.00
	07.02.2014	IOB-6166	Mediaone	200.00					07.02.2014	Eros	200.00
									07.02.2014	Eros	200.00
Total				1,000.00	Total			1,000.00	Total		1,000.00
Eros	08.02.2014	IOB-6166	Mediaone	600.00	08.02.2014	HDFC-3515	Metronet Multimedia Pvt Ltd	600.00	08.02.2014	Eros	200.00
									08.02.2014	Eros	200.00
									08.02.2014	Eros	200.00
Total				600.00	Total			600.00	Total		600.00

(On the basis of available information, the purpose of payment made by Metronet Multimedia to Eros is not known)

Diagrammatic presentation of the fund flow movement of Rs.1,600.00 Lakhs between Mediaone & Eros:



81. There is no material to show that the amounts constituting ₹99.48 crore were deployed towards any such activity in respect of the untitled films. On the contrary, MGEL itself admitted in its reply dated August 09, 2022 that no steps were initiated to produce the films contemplated under the agreement dated June 10, 2014.

82. The Company has also submitted that after the release of "Kochadaiyaan" on May 23, 2014, both parties faced financial stress, and consequently, the films contemplated

under the agreement dated June 10, 2014 were not produced. It is contended that the funds allocated for such films were returned.

83. If financial stress was the reason for abandoning projects, the logical commercial course would have been not to disburse the funds in the first place itself. However, what is seen in the present case is fundamentally different. Funds were transferred to MGEL and then returned on the very same day. Financial stress does not logically explain why the money would be disbursed at all if the intention was not to retain or utilise it.
84. The stand taken by the company do not satisfactorily address this aspect. The repeated emphasis in the replies on the production of "Kochadaiyaan" is misplaced. The diversion identified by the investigation pertains to funds received over and above those utilised for "Kochadaiyaan", and relates specifically to amounts ostensibly received for untitled films that were never produced. By focusing on the completed film and reiterating production details thereof, the Noticees have avoided responding to the specific instances of same-day fund reversal demonstrated through bank statements.
85. Further, the contention that only ₹116 crore was received in MGEL's bank accounts and the balance was paid directly by EIML to financiers or Metronet does not explain the circular movement evidenced in the identified transactions. Even assuming direct payments were made by EIML on behalf of MGEL, that fact would not justify the same-day return of funds by Metronet to EIML. The explanation that other payments were made "on behalf of MGEL" does not reconcile with immediate return of funds already credited. Further, the bank statements available on record and also provided with the SCN shows the receipt of total such funds in the accounts of MGEL from EIML, out of which ₹99.48 was transferred back to EIML directly or through Metronet.
86. The absence of any documentary evidence showing utilisation of ₹99.48 crore for production or pre-production activities of the untitled films, coupled with the immediate re-transfer of funds and the company's own admission that no steps were taken to

produce such films, leads to the conclusion that the said amount was not intended for genuine business use.

87. Thus, on the basis of the agreements, bank statement analysis, instances of same-day reversals, the ledger extract and the company's own admissions, I find that MGEL diverted ₹99.48 to EIML through structured circular transactions.

88. I further note that, despite the funds having been diverted to EIML, MGEL continued to reflect an outstanding balance of ₹59.96 crore as payable to EIML under the head "non-current liabilities" for multiple financial years. As per the ledger extract reproduced in Table-13, the closing balance of EIML in the books of MGEL stood at ₹5,996.44 lakhs (₹59.96 crore), which continued from FY 2013-14 onwards and remained unchanged for several subsequent years. The said table is below:

Table-13
Extracts of ledger of Eros in the books of MGEL (As per data provided to SKVM)

Year*	Opening Balance	Purchase of Rights	Sales of Rights	Payment	Receipt	Journal Entry	Closing Balance
2013-14	(4,419.00)	4,460.00	11,000.00	8,839.19	10,219.00	6,404.34#	(5,663.15)
2014-15	(5,663.15)	1,000.00	2,600.00	-	851.77	948.94#	(5,863.86)
2015-16	(5,863.86)	3,000.00	-	3,000.00	-	40.00	(5,903.86)
2017-18	(5,903.86)	-	-	-	20.00	72.58	(5,996.44)
2018-19	(5,996.44)	-	-	-	-	-	(5,996.44)
2019-20	(5,996.44)	-	-	-	-	-	(5,996.44)
2020-21	(5,996.44)	-	-	-	-	-	(5,996.44)
2021-22	(5,996.44)	-	-	-	-	-	(5,996.44)
Total	(4,419.00)	8,460.00	13,600.00	11,839.19	11,090.77	7,465.86	(5,996.44)

(Rs. In Lacs)

* As per the data provided by the Company.

Amount paid by Eros to Metronet on behalf of Mediaone & Payments made by Eros to parties on behalf of Mediaone.

89. The Noticees have provided the summaries of "payments made" and "payments received" through bank and journal entries. According to the company, total payments made to EROS aggregating approximately ₹340.76 crore (including bank transfers of about ₹202.21 crore and journal entries such as rights sold amounting to ₹136 crore) and total payments received from EROS aggregating approximately ₹400.72 crore, including bank receipts of ₹116.64 crore and journal entries representing payments

made by EROS on behalf of MGEL. On this basis, the Company contends that the net balance of approximately ₹59.96 crore payable to EROS is correctly reflected in its books. It is relevant to note here, the Company's case is that funds were returned due to financial crisis, then the accounting entries ought to reflect clear refund transactions reducing the liability in the year of return. Instead, as per the ledger extract (Table-13), a closing balance of approximately ₹59.96 crore continued to be reflected from FY 2013–14 onwards up to FY 2023–24 under “non-current liabilities”.

90. Further, the reconciliation furnished by the Company relies substantially on journal entries rather than bank-backed settlements. However, journal entries, in the absence of corresponding commercial documentation and fund movement, cannot by themselves establish the entries.
91. Therefore, the contention that the balance was genuine and arose from legitimate commercial adjustments cannot be accepted. The accounting entries lack commercial rationale, contradict the bank trail, and are unsupported by concurrent documentation.
92. For instance, in FY 2013-14, journal entries of ₹64.04 crore materially altered the closing balance, followed by journal entries of ₹9.48 crore in FY 2014-15 contributing to the increase in the outstanding balance. Thereafter, in FY 2015-16 and FY 2017-18, smaller journal entries further adjusted the liability. This resulted in the balance stabilising at approximately ₹59.96 crore and remained carried forward. Thus, the cumulative impact of journal entries across the years contributed significantly to the eventual closing payable of ₹59.96 crore.
93. While journal entries are recognised accounting tools, they do not by themselves establish the commercial substance of the underlying transaction. In the absence of supporting agreements, invoices, third-party confirmations, board approvals, and traceable fund flow, journal entries merely alter book balances and cannot independently validate the genuineness of the underlying economic activity.

94. On examination of accounting data provided by the Company, it was noted that to clear the outstanding balances, later-on the Company passed following accounting entries:
- 94.1. The movie namely "Telling lies" was shown as sold for Rs.26 Crore to EIML by MGEL on December 04, 2014: I note that the same was just a book entry to reduce the credit balance of EIML as the narration from books of accounts made it clear that the said amount was not received by MGEL but was received by some "Indra Films". Further, the analysis of accounting data also revealed that the same movie was recorded by the Company as purchase from "Metro Films" on December 31, 2014. Therefore, on December 04, 2014 the Company was not the owner of "Telling lies" as it purportedly purchased the same on December 31, 2014. In view of same, I note that the sale transaction to EIML was merely a book entry to reduce the credit balance of EIML in its books.
- 94.2. Journal Entry of Rs.10 Crore with Metronet: The Company also passed Journal entry of Rs.10.00 Crore with Metronet. However, the reason of said entry was not provided by the Company. In view of the same, I note that the said entry was just to clear outstanding balance of EIML in the books of MGEL.
- 94.3. Recording of Revenue for Rs.22 Crore in FY2024-25: It was observed that the Company did not make accounting entries of Rs.3.65 Crore made by Eros to MGEL. In view of same, Eros's outstanding balance in the books of MGEL was shown as Rs.59.96 Crore and MGEL's balance in the books of Eros was shown as Rs.63.61 Crore. As mentioned above, the said outstanding balance was fictitious as the amount was already diverted by the Company to Eros and there was no amount payable by MGEL to Eros. However, in FY2024-25, to clear the fictitious outstanding balance of Eros in its books, I note that the Company again recorded revenue of Rs.22 Crore from Eros for the same film "Kochadaiyaan" which was already sold by MGEL to EIML in 2013-14 and revenue of Rs.110 Crore was also recorded.
95. These entries are not in the nature of regular accounting adjustments. They lack commercial substance. The "Telling Lies" entry, in particular, demonstrates that book entries were passed without underlying transaction or transfer of rights.

96. Further, the company has contended that Mediaone and Eros maintained a running account and that certain loss adjustments were effected pursuant to informal understandings without formal written agreements, which, according to them, is a regular practice in the film trade.
97. In this regard, I note that while parties engaged in continuous commercial dealings may maintain a running account, such an arrangement does not exempt a listed company from maintaining proper documentation, particularly where transactions run into several crores of rupees. A running account is merely a mode of accounting and it does not dilute statutory obligations relating to transparency, record-keeping and verifiability of transactions.
98. Secondly, the plea that loss adjustments were made pursuant to “informal understandings” cannot be accepted in the context of a listed entity governed by the provisions of the Companies Act, 2013 and the SEBI Act. Where material financial adjustments affect revenue recognition, asset valuation, or liabilities reflected in the financial statements, such adjustments must be supported by enforceable agreements, board approvals, and documentation. An informal or unwritten understanding cannot substitute for documentary evidence, particularly when such adjustments materially impact the financial statements disseminated to investors.
99. Further, even assuming that informal adjustments are prevalent in certain segments of the film trade, industry practice cannot override statutory and regulatory mandates. The disclosure and accounting framework applicable to listed companies is not subject to modification based on sectoral custom. Commercial convenience cannot legitimise an absence of documentation where the consequence is distortion or opacity in financial reporting.
100. It is pertinent to know that, the adjustments in question here have a direct bearing on the outstanding balance of approximately ₹59.96 crore reflected as payable. Where substantial liabilities are adjusted or retained based on informal understandings, the burden lies squarely on the Company to demonstrate the commercial rationale and

basis of computation of losses. In the absence of such evidence, reliance on “trade practice” is insufficient.

101. Accordingly, the contention that loss adjustments were made under informal understandings in accordance with film trade practice is rejected.
102. MD, Mr. Suryaraj Kumar, initially disclaimed knowledge of movie-related transactions and attributed responsibility to Mr. J Murali Manohar. However, even in the joint statement dated August 01, 2024, neither officer provided documentary substantiation for the circular transactions. A managing director cannot disclaim awareness of transactions of such magnitude, especially where the ledger reflects ₹59.96 crore as outstanding for over a decade.
103. Post statement recording, Mr. J Murali Manohar stated vide email dated August 19, 2024 that additional payments were received and refunded, and some amount was utilised for repayment of Yes Bank loan. This explanation is contradicted by the bank analysis, which shows immediate diversion back to EIML and absence of ledger recognition. If the amount had indeed been refunded, there would be corresponding accounting entries extinguishing the liability. Instead, the liability persisted. The explanation therefore appears to be an afterthought.
104. Accordingly, I find that MGEL not only diverted ₹99.48 crore but also manipulated its books of accounts by reflecting a fictitious non-current liability for eleven consecutive years and passing artificial journal entries to adjust balances;
105. Therefore, I find that by diverting the Company’s funds and manipulating books of accounts, the Company has violated the following provisions:
 - 105.1. Section 12A(a), (b) & (c) of the SEBI Act, 1992 (for FY2013-14 to 2023-24);
and
 - 105.2. Regulations 3(b), (c) & (d) & Regulation 4(1), 4(2) (f), (k) and (r) of SEBI (PFUTP) Regulations, 2003 (for FY2013-14 to 2023-24); and
 - 105.3. Clause 41(l)(a) of the erstwhile Listing Agreement r/w Section 21 of SCRA 1956 (for FY2013-14 and 2014-15); and

105.4. Regulations 4(1)(a), (b), (c), (e) (g), (h), (j), Regulation 33 (1) (a), (c) and Regulation 48 of SEBI LODR Regulations, 2015 r/w erstwhile Accounting Standard - 1 and Ind-AS1(for FY2015-16 to 2023-24).

106. Further, I find that the directors of the Company, Mr. Suryaraj Kumar, being MD of the Company since 2006 and Mr. J Murali Manohar, ex director of the Company (was director of the company from 01.02.2011 to 30.05.2015), were fully aware/involved in the alleged diversion of the Company's funds. They were also responsible for preparation and presentation of aforesaid financial statements. Thus, by diverting the Company's funds in FY 2013-14 and 2014-15 and manipulating books of accounts of the Company for FY2013-14 to FY2023-24, Suryaraj Kumar (MD) and J Murali Manohar (Ex Director) have violated the following:

Suryaraj Kumar (MD):

106.1. Section 12A(a), (b) & (c) of the SEBI Act, 1992 and Regulations 3(b), (c) & (d) & Regulation 4(1), 4(2) (f), (k) and (r) of SEBI (PFUTP) Regulations, 2003 r/w Section 27 of SEBI Act, 1992 (For FY2013-14 to FY2023-24);

106.2. Clause 41(l)(a) of the erstwhile Listing Agreement and Clause 49(l)(D)(2)(f) & (g) and 49(l)(D)(3) (a), (c), (f) of the Listing Agreement (post amendment dated April 17, 2014) of erstwhile listing agreement r/w Section 21 & 24 of SCRA 1956 (for FY 2013-14 and FY 2014-15);

106.3. Regulations 4(1)(a), (b), (c), (e) (g), (h), (j), 4(2)(f)(i)(2), 4(2)(f)(ii)(2), (6), (7), 4(2)(f)(iii) (1), (3), (6), (12), Regulation 33 (1) (a), (c) and Regulation 48 of SEBI LODR Regulations, 2015 r/w erstwhile Accounting Standard - 1 and Ind-AS1 r/w Section 27 of SEBI Act, 1992 (for FY2015-16 to FY2023-24);

J Murali Manohar (Ex Director):

106.4. Section 12A(a), (b) & (c) of the SEBI Act, 1992 and Regulations 3(b), (c) & (d) & Regulation 4(1), 4(2) (f), (k) and (r) of SEBI (PFUTP) Regulations, 2003 r/w Section 27 of SEBI Act, 1992 (For FY2013-14 and FY2014-15);

106.5. Clause 41(l)(a) of the erstwhile Listing Agreement and Clause 49(l)(D)(2)(f) & (g) and 49(l)(D)(3) (a), (c), (f) of the Listing Agreement (post amendment dated

April 17, 2014) of erstwhile listing agreement r/w Section 21 & 24 of SCRA 1956 (for FY 2013-14 and FY 2014-15).

Issue B: Whether MGEL manipulated financial statements of the company during FY2013-14, 2014-15 and 2015-16 and during FY2022-23, 2023-24 and quarters ending June 2024 and September 2024?

B.1. Manipulation of financial statements of the company during FY2013-14, 2014-15 and 2015-16

Allegation

107. It was alleged that during FY 2013–14, FY 2014–15 and FY 2015–16, MGEL recorded substantial revenue and purchases primarily through sale and acquisition of film rights, and that a significant portion of such revenue and purchases were fictitious entries lacking commercial substance.
108. It was alleged that out of total revenue of ₹296.44 crore recorded in the aforesaid three financial years, revenue of ₹143.05 crore was fictitious, and out of total purchases of ₹198.85 crore, purchases of ₹173.54 crore were fictitious. It was further alleged that these entries were routed through a limited set of entities, namely Eros International Media Limited (“EIML”), Ritestone Solutions Pvt. Ltd., Metronet Multimedia Pvt. Ltd., Metro Films Pvt. Ltd., and Shan Global Manufacturing & Trading Pvt. Ltd., which were related parties or entities under common control.
109. It was further alleged that the Company manipulated its books by recording revenue without receipt of funds, recording purchases without acquisition of inventory, passing journal entries without commercial backing, and engaging in circular fund movements to create artificial turnover.

Contention

110. The Company denied the allegations and broadly submitted that all transactions were genuine commercial transactions undertaken in the ordinary course of film business.

111. It has further contended that revenue was recorded pursuant to sale of film rights and purchases represented legitimate acquisition of film libraries and catalogue rights.
112. It has also submitted that certain adjustments were made through running accounts and that film trade practice permits informal commercial adjustments.
113. It is also contended that some transactions were old and records are difficult to retrieve and also financial stress and liquidation proceedings affected record maintenance.
114. The Company has further contended that SEBI has misconstrued accounting entries and re-characterised legitimate business transactions as fictitious without establishing market impact.
115. It is also contended that the major allegations are premised upon so-called “mismatches” between MGEL’s books and aggregated figures appearing in the financial statements of third parties filed with the Ministry of Corporate Affairs (MCA), and that such reliance is improper. The Company has also contended that it has no control over the manner in which its counterparties present or file their financial statements before statutory authorities, and therefore any mismatch between MGEL’s books and the financial statements of such entities cannot be attributed to MGEL.

Consideration:

Genuine Commercial transactions:

116. The Company has broadly contended that all transactions were genuine commercial transactions undertaken in the ordinary course of film trade and that SEBI has misconstrued normal trade practices as manipulation. It is further submitted that revenue was recorded as per commercial arrangements and that accounting adjustments were made through running accounts.

117. In this regard, I note that the genuineness of a commercial transaction is not established merely because it is recorded in the books of account. Where investigation reveals absence of fund flow, absence of inventory movement, absence of agreements, contradictory narrations, or circular routing of funds, the entry loses evidentiary value.
118. Secondly, in the case of a listed entity, the financial statements are not private internal documents but public disclosures relied upon by investors. The defence of “ordinary trade practice” cannot override statutory disclosure obligations.
119. Further, the Company has not produced contemporaneous agreements, invoices, title transfer documents, board approvals, or asset recognition workings for several high-value transactions. In transactions running into tens of crores, absence of such documentation is not a minor procedural lapse but strikes at the root of commercial substance.

Jurisdiction:

120. The Company has contended that the allegations in the SCN fall within the domain of statutory auditors and other regulatory authorities concerned with accounting standards, and do not constitute securities market violations that SEBI has exceeded its jurisdiction by characterising accounting entries as fraudulent conduct without demonstrating impact on the securities market.
121. At the outset, I note that it is well settled that SEBI’s jurisdiction under Section 11, 11(4), 11B and 12A of the SEBI Act, 1992 extends to protecting the integrity of the securities market and safeguarding investor interests. The statutory scheme does not confine SEBI’s powers only to cases involving price manipulation in the secondary market. Misstatements in financial statements of a listed company, if fraudulent or misleading, directly affect investor decision-making and therefore fall squarely within SEBI’s regulatory domain.
122. Further, Section 12A(a), (b) and (c) of the SEBI Act prohibits use of any manipulative or deceptive device, employment of any device, scheme or artifice to defraud, and

engaging in any act, practice or course of business which operates as fraud or deceit in connection with securities. Financial statements of a listed company are foundational disclosures on the basis of which investors evaluate financial health, profitability, asset base and risk profile. If such financial statements are manipulated through fictitious revenue or fictitious purchases, the deception is inherently connected with securities.

123. Similarly, Regulation 3 and Regulation 4 of the SEBI (PFUTP) Regulations, 2003 prohibit fraudulent and unfair trade practices in connection with the securities market. Fraud under the PFUTP Regulations is defined expansively to include misrepresentation and concealment of material facts. Artificial inflation of revenue and suppression or misstatement of financial position constitutes material misrepresentation irrespective of whether immediate price movement is demonstrated as such price impact is not a *sina qua* non for the prevented conduct of fraud.
124. Further, Clause 41 of the erstwhile Listing Agreement and Regulation 33 of the SEBI (LODR) Regulations mandate that financial results shall be prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25 or Indian Accounting Standard 31 and present a true and fair view. These obligations arise from the securities law framework and are not merely matters of private accounting standards. Misreporting under these provisions is not a mere accounting irregularity; it is a securities law violation.
125. Further, the argument that SEBI must establish actual price impact or investor loss before invoking jurisdiction is misplaced. The statutory mandate of SEBI is preventive and remedial in nature. The objective is to preserve market integrity, not merely to punish completed market manipulation. Where a listed entity publishes financial statements that are materially misstated, the very act of dissemination into the market constitutes potential deception. Market impact is inherent in such misstatements and need not be separately quantified in terms of price fluctuation.
In *N.Narayanan Vs SEBI* [2013] 11 SCR 616, the Hon'ble SC has held as follows:

“38.The Companies Act casts an obligation on the company registered under the Companies Act to keep the Books of accounts to achieve transparency. Previously, it was thought that the production of the annual accounts and its preparation is that of the Accounting Professional engaged by the company where two groups who were vitally interested were the shareholders and the creditors. But the scenario has drastically changed, especially with regard to the company whose securities are traded in public market. Disclosure of information about the company is, therefore, crucial for the accurate pricing of the company’s securities and for market integrity. Records maintained by the company should show and explain the company’s transactions, it should disclose with reasonable accuracy the financial position, at any time, and to enable the Directors to ensure that the balance-sheet and profit and loss accounts will comply with the statutory expectations that accounts give a true and fair view. Companies (Amendment) Act, 2000 has added clause (a)(iii) under which SEBI has also been given the power of inspection of listed companies or companies intending to get listed through such officers, as may be authorized by it.”

126. Therefore, where entries in the financial statements are alleged to be fictitious, unsupported by underlying transactions, or passed solely to inflate revenue and purchases, SEBI is fully empowered to examine such conduct under the SEBI Act and the PFUTP Regulations. The jurisdictional objection is accordingly rejected.

127. In view of the above, I proceed to examine set of transactions entity-wise.

A. Transactions with EIML

128. The Company recorded revenue of ₹136 crore and purchases of ₹84.60 crore with EIML during the relevant period. The details is as below:

Table-14
Revenue Recorded in the books of MGEL

Financial Year	Date of Revenue Recording	Amount (In Rs.)	Narration as per books of accounts
2013-14	February 07, 2014	5,50,00,000	Sale of Kochadaiyaan Audio rights

2013-14	May 23, 2014	33,00,00,000	Sale of Kochadaiyaan Satelight rights
2013-14	May 23, 2014	71,50,00,000	Sale of Kochadaiyaan Film rights
2014-15	December 04, 2014	26,00,00,000	Being amount paid to Indra Films by Eros on behalf of Mediaone
Total Revenue		136,00,00,000	

Table-15
Purchase Recorded in the books of MGEL

Financial Year	Date of Revenue Recording	Amount (In Rs.)	Narration as per books of accounts
2013-14	December 30, 2013	12,00,00,000	Purchase of film rights Veeram (Tamil)
2013-14	February 06, 2014	7,50,00,000	Purchase of film rights Nibe Huli (Kannada)
2013-14	March 07, 2014	13,55,00,000	26 Catalogue Films Purchased
2013-14	March 11, 2014	11,55,00,000	25 Catalogue Films Purchased
2014-15	September 12, 2014	10,00,00,000	10 Catalogue Films Purchased
2015-16	December 02, 2015	15,00,00,000	7 Catalogue Films Purchased
2015-16	December 08, 2015	15,00,00,000	8 Catalogue Films Purchased
Total Purchases		84,60,00,000	

129. From above, it was observed that revenue of ₹26 crore recorded in FY 2014–15 was merely a book entry. The Company did not receive funds in order to classify this as revenue. The narration in its own books indicates that the amount was paid to “Indra Films” by Eros on behalf of MGEL. I note that no documentary evidence of transfer of film rights has been produced. Further, the Company has failed to produce any details related to the specifics of this transfer- purpose of the transfer, whether there was any agreement forming the basis of such a direct transfer from Eros to Indra Films, etc.

130. I note that revenue recognition under Accounting Standard–9 requires transfer of significant risks and rewards and reasonable certainty of consideration. Where no consideration is received and no enforceable right is demonstrated, revenue cannot be said to have accrued.

131. The Company's defence that this was part of running account settlement is untenable. A running account may adjust receivables and payables, but it cannot create revenue in absence of a sale.
132. Further, I note that purchases of ₹84.60 crore were recorded as direct expenses rather than as inventory or intangible assets.
133. The Company has sought to justify the accounting treatment adopted in respect of the impugned transactions relating to film rights by placing reliance upon general accounting propositions applicable to the film industry. It has been contended that where film rights are acquired for long-term exploitation, they may be recognised as an asset, whereas in cases of immediate exploitation, the same may be treated as direct expense. It has further been submitted that the accounting treatment in the books of the buyer and the seller may legitimately differ, and therefore, any mismatch between revenue recognition on one side and expense recognition on the other does not, by itself, establish that the underlying transaction is fictitious.
134. At a conceptual level, the above propositions cannot be faulted. Accounting standards do recognise that treatment depends upon the nature of the rights, the period of expected economic benefit, and the pattern of exploitation. It is also correct that revenue recognition in the books of the seller is governed by transfer of control or risks and rewards, whereas the buyer's accounting depends upon whether the acquisition gives rise to a capitalisable asset or an expense representing immediate consumption. Therefore, as a matter of principle, divergence in accounting entries between two counterparties is not, in isolation, determinative of non-genuineness. Though, if not explained, it is one of the materials for determination.
135. However, the matter before me does not turn on abstract accounting theory. The issue is whether, in the specific instances of purchase and sale of film rights undertaken by the Company, the accounting treatment adopted was supported by underlying documentation and demonstrable economic substance.

136. In this regard, I note that the reliance placed by the Company is in the nature of a general statement as to what accounting standards permit in varying factual circumstances. What is required, however, is not a theoretical exposition of permissible treatments, but a transaction-wise substantiation that the treatment adopted in each instance was justified. If film rights were expensed on the ground of immediate exploitation, the Company was required to demonstrate, with relevant supporting records, that the rights were indeed limited in duration, fully exploited within the relevant accounting period, and incapable of generating future economic benefit. If revenue was recognised, it was incumbent upon the Company to show transfer of enforceable rights, absence of significant uncertainty, and actual or demonstrable exploitation consistent with such recognition.
137. Despite several opportunities granted during the course of proceedings, the Company has not produced documentary material to substantiate, in relation to each impugned transaction, the nature of the rights acquired or transferred, the tenure thereof, the basis for concluding that the benefit was immediately consumed, or the revenue pattern that would justify full expensing without capitalisation. No detailed agreements, exploitation reports, amortisation workings, or other supporting documents have been placed on record to demonstrate that the accounting entries reflect the true economic substance of the transactions.
138. It is one thing to state that accounting standards permit different treatments depending upon the factual matrix. It is an entirely different matter to establish, with evidence, that the factual matrix in the present case satisfied the conditions for such treatment. The former is a general proposition; the latter is making a specific case transaction wise and provide supporting materials
139. However, the Company has confined itself to the former and has failed to discharge the latter.
140. Accordingly, while the theoretical distinction between long-term and immediate exploitation is acknowledged, the absence of transaction-specific substantiation renders the defence incomplete and not acceptable.

141. Further, even if certain entities in the film trade follow informal practices, a listed entity accessing public capital markets is held to a higher standard of transparency and accountability. Market participants rely on published financial statements. Therefore, deviation from prescribed standards on the ground of trade practice amounts to misstatement where such deviation materially impacts disclosures.
142. Therefore, from the above discussion, I find that that revenue of ₹26 crore recorded in FY 2014–15 by the Company was merely a book entry and fictitious in nature and also purchases of ₹84.60 from Eros was fictitious in nature.

B. Transactions with Metro Films

143. It was alleged that MGEL recorded fictitious transactions with Metro Films Private Limited (“Metro Films”/“MFPL”) during FY 2014–15, whereby it recorded a sale of film/media rights of ₹25 crore to Metro Films and, on the same date, recorded a corresponding purchase of film rights from Metro Films of an identical amount.
144. I note that these two entries were passed concurrently and were of identical value. There is no material on record to demonstrate any actual transfer of rights, delivery of content, valuation basis, negotiation correspondence, or execution of enforceable agreements supporting these transactions.
145. As per its audited accounts of FY 2014–15, Metro Films reflected total purchases of only ₹45,000 for the entire financial year and total sales of ₹5.87 lakh. These figures are irreconcilable with MGEL’s claim that it entered into transactions aggregating ₹25 crore with Metro Films in the same period. If Metro Films had genuinely purchased rights worth ₹25 crore or sold rights of similar magnitude, such transactions would necessarily have been reflected in its audited financial statements. The absence of any such reflection in Metro Films’ books substantially undermines the claim of genuineness.
146. Further, I note that record shows no actual flow of funds between MGEL and Metro Films in respect of the alleged sale and purchase. MGEL neither received any

payment against the purported sale of rights nor made any payment for the alleged acquisition. The absence of bank-backed settlement, in transactions of such magnitude, is inconsistent with ordinary commercial conduct. Genuine transactions involving valuable film rights ordinarily entail consideration supported by identifiable fund movement. The complete absence of monetary exchange strongly indicates that the entries were merely book adjustments.

147. I also note that the purported purchase from Metro Films was recorded as a direct expense. In this regard, I note that there was no movement of funds whatsoever, the Company neither received any payment towards sale of rights nor made any payment towards purchase of rights. In the absence of any consideration flowing between the parties, the alleged transactions lack commercial substance. Accounting standards do not permit recognition of revenue or expenses in vacuum, without an underlying real transaction supported by consideration. Where there is no fund flow and no real transfer supported by consideration, recognition of revenue and corresponding expense is unsustainable, irrespective of the accounting head under which it is sought to be classified.
148. An additional factor of significance is that both MGEL and Metro Films were under the common control of Dr. J. Murali Manohar during the relevant period. Transactions between entities under common control demand heightened scrutiny, particularly where substantial sums are involved and no independent documentation exists. In such circumstances, the burden lies heavily on the Company to demonstrate that the transactions were genuine, at arm's length, and supported by proper documentation. No such evidence has been produced.
149. When called upon to substantiate these transactions, MGEL, its Managing Director, Chief Financial Officer, and Dr. J. Murali Manohar failed to produce any documentary evidence such as agreements, invoices, board approvals, valuation reports, assignment deeds, or payment confirmations. Instead, they offered a general explanation that MGEL had sold Kannada film rights to Metro Films for ₹25 crore and had purchased the movie "Telling Lies" from Metro Films for the same amount. These explanations remained unsupported by contemporaneous documentary proof.

150. The explanation regarding the film “Telling Lies” internally contradictory when tested against MGEL’s own accounting records. The records indicate that the film “Telling Lies” was shown as sold by MGEL to Eros International Media Limited on December 04, 2014. However, the claimed purchase of the same film from Metro Films was recorded on December 31, 2014. This chronology makes it factually untenable for MGEL to have sold rights in a film on December 04, 2014 when, as per its own books, it acquired those rights only on December 31, 2014. A company cannot transfer ownership of an asset it does not possess at the time of transfer.
151. Further, if the film had genuinely been sold to Eros on December 04, 2014, then from that date onward Eros would have been the lawful owner of the rights. In that scenario, Metro Films would have had no authority to sell the same film rights to MGEL on December 31, 2014. The sequence of entries therefore demonstrates that both the purported sale to Eros and the purchase from Metro Films lack underlying commercial substance and appear to have been created to adjust ledger balances.
152. The cumulative circumstances viz. identical same-date entries, absence of fund flow, contradiction with Metro Films’ audited financials, improper accounting classification, common control, lack of documentation, and logical impossibility in chronology, lead to only one reasonable inference i.e. the transactions recorded between MGEL and Metro Films in FY 2014–15 were not genuine commercial transactions but were artificial book entries.
153. Accordingly, I find that MGEL recorded fictitious transactions of ₹25 crore each towards sale and purchase of film/media rights with Metro Films during FY 2014–15, without underlying transfer of rights or consideration, and that such entries were passed to manipulate its financial statements.

C. Transactions with Ritestone Solutions Private Limited (RSPL)

154. I have carefully examined the allegations concerning transactions recorded between Mediaone Global Entertainment Limited (“MGEL”/“the Company”) and Ritestone Solutions Private Limited (“Ritestone”/“RSPL”) during FY2013–14 to FY2015–16. The

principal question that arises for determination is whether the revenue aggregating to ₹72.05 crore recorded by MGEL in the name of Ritestone represents genuine commercial transactions involving transfer of film rights, or whether such entries were fictitious and engineered through circular fund routing and unsupported journal adjustments for the purpose of inflating revenue and manipulating financial statements.

155. The material on record shows that Ritestone had not filed its financial statements or annual returns with the Ministry of Corporate Affairs after FY2009–10 and was eventually struck off from the register of companies with effect from April 23, 2016. The Memorandum of Association of Ritestone indicates that it was incorporated primarily for consulting and technology-related activities and not for film production, acquisition, or distribution. This factual position assumes significance when examined in the context of the substantial film rights transactions allegedly undertaken between MGEL and Ritestone.
156. It is further observed that Ritestone and MGEL shared a common director, Mr. Timothy Alfred Joseph Moses, who has been the Chairman of MGEL's Audit Committee since FY2013–14 and was also a director of Ritestone since its incorporation in 2001. The registered office address of Ritestone corresponds with the residential address of the said individual. The existence of common directorship and shared address establishes proximity of control.
157. The ledger extract of Ritestone in the books of MGEL, shows as below:

Table-16
Extracts of ledger of Ritestone in the books of MGEL

Year	Opening Balance	Sales of Rights / Income from Distribution	Payments	Receipts	Journal Entry & Expenses	Closing Balance
2013-14	(27.84)	2,590.09	68.53	2,624.53	(63.39)	69.64
2014-15	69.64	1,680.00	11.99	1.50	-	1,760.13
2015-16	1,760.13	3,000.00	13.20	3,032.45	921.93	818.95
2015-16	818.95	-	3.00	6.25	(20.95)	836.65
2017-18	836.65	-	-	-	-	836.65
2018-19	836.65	-	-	-	2.25	834.40

2019-20	834.40	-	-	-	3.42	830.98
2020-21	830.98	-	0.50	-	-	831.48
2021-22	831.48	-	27.25	-	858.73	-
Total	7,270.09	124.47	5,664.73	1,701.99		

(Amount Rs. In Lac)

158. From the above table, I note that during FY2013–14 to FY2015–16, substantial amounts were recorded under “Sales of Rights / Income from Distribution”, along with corresponding receipts and journal entries. The total income recorded from Ritestone during the relevant period forms part of the aggregate ₹72.05 crore alleged to be fictitious revenue. The ledger pattern indicates frequent adjustments through journal entries and fluctuating balances.

159. It is observed from bank statement analysis that MGEL recorded receipt of approximately ₹56.93 crore from Ritestone during FY2013–14 to FY2015–16. However, examination of the corresponding bank accounts of Ritestone reveals that funds credited to MGEL were themselves funded by Eros International Media Ltd. (“Eros”). It is observed that Eros transferred approximately ₹55.25 crore to Ritestone, and the same amounts were subsequently routed through Ritestone to MGEL and thereafter transferred back to Eros, forming a circular chain of transactions. Such fund movement, lacking independent commercial substratum, is indicative of round-tripping rather than genuine sale consideration. The same is demonstrated below.

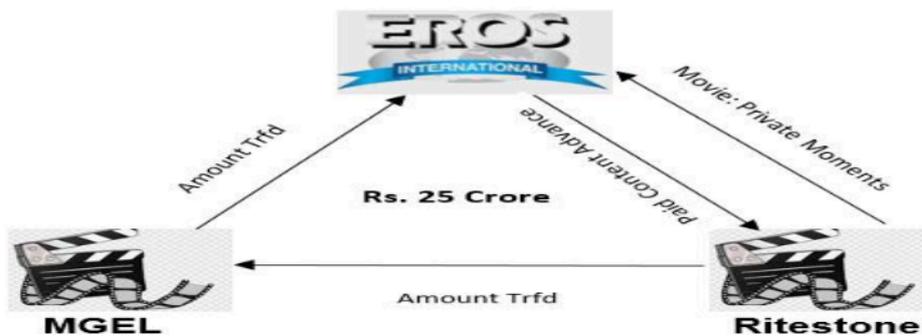
C.1 Revenue of ₹25 Crore – April 2014 Transaction

160. The evidence on record shows that in April 2014, Eros transferred ₹25 crore to Ritestone purportedly towards purchase of Hindi and Tamil untitled film rights. On the very same day of receipt, Ritestone transferred the entire ₹25 crore to MGEL. Immediately upon receipt, MGEL transferred the entire ₹25 crore back to Eros. The timing and identity of amounts demonstrate a closed-loop transaction devoid of economic substance.

161. The ledger of Ritestone in the books of Eros shows that the ₹25 crore payment was recorded as purchase of movie rights for a film titled “Private Moments.” However,

verification from CBFC website indicates no such film registered in the relevant period under Ritestone’s ownership. This inconsistency leads to disbelieve the authenticity of the underlying transaction.

162. MGEL recorded this ₹25 crore as “direct income” through a journal entry dated March 31, 2014, with narration stating “Catalogue films purchased from Eros.” This narration contradicts the assertion that revenue was earned from Ritestone. If the amount pertained to purchase of catalogue films from Eros, it could not simultaneously represent revenue from Ritestone. The internal inconsistency of accounting narration establishes that the entry was passed merely to adjust balances and inflate revenue.



163. Further, no inventory movement corresponding to this alleged sale was recorded. Revenue recognition without reduction in inventory or evidence of transfer of rights is inconsistent with established accounting principles. Accordingly, I find that the ₹25 crore recorded in April 2014 was not supported by any genuine sale of rights and was a circular accommodation entry.

C.2 Revenue of ₹30.25 Crore – January 2016 Transactions

164. The investigation further reveals that between January 2 and January 18, 2016, Eros transferred ₹30.25 crore to Ritestone in multiple tranches with narrations such as “Paid towards 2 Untitled Films.” On the same dates, Ritestone transferred ₹30.16 crore to MGEL. The tabulated details reproduced below demonstrate near-identical amounts and same-day diversions.

Table-17

Company	Date of Payment	Account no. of Eros	Amount paid (Rs. in Crore)	End party	Date of Diversion	Account no. of Mediaone	Amount diverted (Rs. in Crore)
Eros	02/01/2016	IOB - 0199/ 72	2.50	Mediaone	02/01/2016	PNB - 0091/6 6	2.50
	05/01/2016		2.50		05/01/2016		2.50
	06/01/2016		5.10		06/01/2016		5.05
	11/01/2016		5.10		11/01/2016		5.10
	13/01/2016		5.05		13/01/2016		5.01
	14/01/2016		5.50		14/01/2016		5.00
	18/01/2016		5.00		18/01/2016		5.00
					30.25		

165. MGEL recorded these receipts as “sale of rights” under the head “direct income” with narration stating that the amount was accounted as receivable towards sale of rights for Hindi movies. However, no agreements, title documents, or film identification details were furnished to establish existence of such films or transfer of rights.
166. It is pertinent to note that the amounts were recorded as “direct income” and not linked to corresponding inventory depletion. Revenue recognition presupposes transfer of risks and rewards in respect of identified film rights. In absence of identifiable assets, contractual documentation, or third-party confirmation, the accounting treatment indicates mere offsetting of balances.
167. The said routing of funds from Eros to Ritestone and onward to MGEL, followed by diversion patterns similar to earlier transactions, establishes that MGEL acted merely as an intermediary conduit in circulation of funds belonging to Eros. The transaction lacks commercial rationale and exhibits characteristics of round-tripping designed to inflate revenue figures.

C.3 Revenue of ₹16.80 Crore – Pure Journal Entries

168. It is further observed that MGEL recorded ₹16.80 crore as revenue from Ritestone during FY2014–15 entirely through internal journal entries without any receipt of funds. These entries were passed on September 30, 2014. No bank credits corresponding to these entries were identified.

169. Subsequently, the Company adjusted balances through further journal entries in later financial years. In FY2015–16, amounts aggregating to ₹9.22 crore were adjusted against other parties. In FY2019–20, ₹5.22 crore was adjusted through transfer between Metro Films and Ritestone ledgers. Very importantly, Ritestone had already been struck off in FY2016–17, yet ledger adjustments continued thereafter. Further, in FY2021–22, the remaining receivable balance was transferred to the head “Debtor – Others.”
170. These post facto adjustments, particularly after Ritestone ceased to exist as a legal entity, demonstrate that the original entries lacked underlying commercial substance. The shifting of balances across ledgers without actual settlement reinforces the conclusion that the revenue was artificially generated to inflate financial statements.
171. In view of the above examination, I find that the three components of revenue recorded by MGEL in the name of Ritestone, namely ₹25 crore (April 2014), ₹30.25 crore (January 2016), and ₹16.80 crore (journal entries), aggregating to ₹72.05 crore, were not supported by genuine sale transactions or transfer of film rights. The evidence establishes that these entries were effected either through circular routing of funds originating from Eros or through mere book adjustments without consideration.
172. The accounting treatment adopted by MGEL, the absence of supporting documentation, the existence of common directorship, the round-tripping of funds, and the subsequent ledger manipulations collectively demonstrate deliberate inflation of revenue during FY2013–14 to FY2015–16.
173. I therefore hold that the revenue of ₹72.05 crore recorded in the name of Ritestone during the said financial years was fictitious and formed part of the larger scheme of manipulation of books of accounts by MGEL.

D. Shan Global Manufacturing and Trading Private Limited

174. I have examined the allegation concerning the transaction recorded by Mediaone Global Entertainment Limited (“MGEL”/“the Company”) with Shan Global Manufacturing and Trading Private Limited (“Shan Global”) during FY2015–16, whereby MGEL recorded a purchase of film/media rights amounting to ₹18.31 crore.
175. The material on record shows that MGEL debited ₹18.31 crore in FY2015–16 under the head “direct expenses,” purportedly towards purchase of film rights from Shan Global. As already been observed earlier in this Order that, in principle, purchase of rights may be recorded as a direct expense where such rights are exploited in the short term and the accounting treatment is supported by the factual matrix and documentation. However, such permissibility is conditional upon the existence of a genuine underlying transaction and adequate documentary evidence demonstrating short-term exploitation.
176. However, here also Company has failed to produce any documentary evidence to demonstrate actual exploitation of the rights in the short term, neither has it substantiated the commercial rationale for such treatment.
177. In absence of inventory recognition and corresponding depletion through sale or exploitation, the treatment adopted is inconsistent with Accounting Standard–9 (Revenue Recognition) and the fundamental principles of accrual.
178. Further, examination of Shan Global’s financial statements for FY2015–16 reveals that the total sales reported by Shan Global for the entire year amounted to only ₹25.78 lakh. This figure is wholly inconsistent with MGEL’s assertion that it purchased film rights worth ₹18.31 crore from Shan Global in the same financial year. The magnitude of disparity between Shan Global’s reported turnover and the alleged transaction value is one of the evidence on the existence of a genuine commercial transaction.
179. The narration in MGEL’s books refers vaguely to purchase of “300 Kannada films.” However, no agreements, assignment deeds, title transfer documents, censor

certificates, or inventory schedules were furnished to substantiate the alleged acquisition. In transactions involving film libraries, documentation relating to ownership, territorial rights, duration, and mode of exploitation constitutes primary evidence. The absence of such documentation, despite repeated opportunities, undermines the credibility of the transaction.

180. During investigation, the Company, its Managing Director, CFO, and former director Dr. J. Murali Manohar were called upon to furnish supporting material. In his statement and email dated August 19, 2024, Dr. Murali Manohar claimed that MGEL had purchased a “Kannada Film Library” comprising approximately 600 films for ₹18.32 crore, of which ₹12 crore was allegedly paid through banking channels. However, no agreement or delivery documentation was produced to corroborate this assertion.
181. Significantly, the payment details cited by Dr. Murali Manohar pertain to the year 2012, whereas the impugned purchase entry was recorded in FY2015–16. The mismatch between the alleged payment and the accounting recognition further weakens the defence. If consideration had indeed been paid in 2012, the asset should have been recognized at that time, and the accounting records for intervening years ought to reflect its existence and amortization. No such evidence has been produced.
182. The Excel sheet listing approximately 300 Kannada movie titles submitted by Dr. Murali Manohar cannot substitute for documentary proof of ownership. A mere list of titles does not establish that Shan Global possessed legal rights in those films or that such rights were validly assigned to MGEL. There is no evidence of due diligence conducted by MGEL to verify the chain of title, nor any valuation basis to justify the consideration of ₹18.31 crore.
183. The absence of asset recognition in MGEL’s books, contradiction with Shan Global’s financial statements, lack of agreements, mismatch in payment timeline, and failure to establish ownership of film rights cumulatively demonstrate that the entry lacked commercial substance. The transaction does not satisfy basic tests of genuineness,

namely existence of identifiable asset, lawful ownership of transferor, valid transfer documentation, corresponding payment trail, and consistent accounting treatment.

184. I note that, manipulation of financial statements is not confined to fictitious revenue entries but also to fictitious expense entries also distort true and fair view by artificially inflating or suppressing profits. Recording a non-existent purchase as an expense indicates diversion and distorts financial position, thereby misleading investors regarding operational performance and asset base.
185. In the present case, I find that MGEL failed to substantiate the record of transfer of ₹18.31 crore to Shan Global. The accounting entry was unsupported by documentary evidence, contradicted by the counterparty's financial disclosures, and inconsistent with standard accounting treatment for film libraries.
186. Accordingly, I hold that the amount of ₹18.31 crore recorded as purchase from Shan Global during FY2015–16 was not a genuine commercial transaction but was an artificial book entry passed to manipulate the financial statements of MGEL.

E. Metronet Multimedia Private Limited (Metronet)

187. I have carefully examined the allegation relating to transactions recorded by the Company with Metronet during FY2013–14 and FY2014–15. The Company recorded revenue of ₹20 crore and purchases of ₹45.63 crore from Metronet during the said period.
188. From the bank statement analysis and ledger scrutiny, it is observed that Metronet acted as an intermediary in routing funds received by MGEL. The material on record demonstrates that immediately upon receipt of funds from Eros, MGEL transferred substantial amounts to Metronet, which in turn transferred identical or substantially similar amounts back to Eros. Such circular movement of funds, particularly on the same date and for identical amounts, indicates round-tripping rather than genuine business expenditure.

189. For instance, on May 7, 2013, Eros remitted ₹6.60 crore to MGEL. On the same day, MGEL transferred ₹6.56 crore back to Eros. Similarly, on August 1, 2014, Eros remitted ₹11.50 crore to MGEL, on that very day, MGEL transferred ₹11.50 crore to Metronet, and Metronet in turn transferred ₹11.50 crore back to Eros. These back-to-back transactions, without any demonstrated underlying commercial activity, are characteristic of fund rotation intended to create artificial layers of transactions.
190. Further, during the investigation period, MGEL passed journal entries in its books reflecting payments of ₹84.79 crore and receipts of ₹83.53 crore allegedly made/received by Metronet on behalf of MGEL. However, neither the Company nor its directors furnished any documentary evidence to substantiate the nature, purpose, or contractual basis of such entries. No agreements, invoices, delivery notes, or proof of film rights transfer were produced.
191. It is also observed that MGEL and Metronet were connected entities. They shared common directors, namely Mr. J. Murali Manohar and Mr. Timothy Alfred Joseph Moses, and had the same registered office address at Flat No. 32, Mathaji Complex, No. 1, Wallers Lane, Mount Road, Chennai. The existence of common control and shared address strengthens the inference that the transactions were not arm's length dealings but internal fund movements within a connected structure.
192. I note that the pattern of accounting entries further reveals that the sale and purchase transactions were recorded in such a manner as to reduce the outstanding balance of Metronet in MGEL's books, without any evidence of actual movement of film inventory. There is no material demonstrating transfer of specific film titles, assignment of rights, territorial exploitation, or amortization schedules corresponding to the alleged purchase of ₹45.63 crore.
193. During the course of investigation, both Mr. Suryaraj Kumar and Dr. J. Murali Manohar were examined. In response to specific queries regarding diversion of ₹99.48 crore and alleged conduit transactions, Mr. Suryaraj Kumar stated that he handled only the television division and that movie-related business was handled by

Dr. J. Murali Manohar. Dr. Murali Manohar, in turn, stated that he was unable to recollect the transactions due to passage of time and undertook to verify the records.

194. However, even in subsequent written responses dated August 19, 2024, no documentary evidence was furnished to substantiate the genuineness of the sale and purchase transactions with Metronet. The explanation centered around production of the movie "Kochadaiyaan," which was not the subject matter of the specific queries raised regarding journal entries and fund routing. Notably, no clarification was provided regarding the circular transfers or the journal entries reflecting ₹84.79 crore in payments and ₹83.53 crore in receipts.
195. The defence that records were difficult to retrieve due to resignation of staff, liquidation proceedings, or passage of time cannot absolve the Company of its statutory obligation to maintain proper books of account and to provide evidence in support of material financial transactions.
196. The cumulative factors i.e. (i) identical and same-day fund transfers between Eros, MGEL and Metronet, (ii) absence of documentary evidence of film rights transfer, (iii) journal entries without supporting contracts, (iv) connected entity relationship and common address, and (v) failure to provide cogent explanation despite opportunity, establish that the transactions lacked economic substance.
197. Artificial inflation of revenue (₹20 crore) and corresponding purchases (₹45.63 crore), without actual movement of inventory or genuine transfer of rights, results in distortion of financial statements. Such conduct misrepresents the true financial position and operational performance of the Company and is prejudicial to investors and the integrity of the securities market.
198. In view of the foregoing analysis, I find that MGEL recorded fictitious sale of ₹20 crore and fictitious purchase of ₹45.63 crore with Metronet during FY2013–14 and FY2014–15. The transactions were accommodation entries lacking commercial substance and were used as a mechanism for routing and round-tripping funds.

199. I note that with regards to above allegation, the Company has contended that the major allegations are premised upon so-called “mismatches” between MGEL’s books and aggregated figures appearing in the financial statements of third parties filed with the Ministry of Corporate Affairs (MCA), and that such reliance is improper.
200. When a company records substantial revenue or purchase transactions with a counterparty, but the counterparty’s audited financial statements do not reflect corresponding transactions of comparable magnitude, such discrepancy constitutes one of the relevant pieces of evidence. Such comparison is not determinative by itself but forms one of multiple analytical indicators.
201. In the present case, the findings are not based solely on “mismatch” analysis. The conclusions are supported by bank statement analysis demonstrating identical same-day transfers, circular routing of funds back to Eros, journal entries passed without supporting agreements, absence of inventory movement despite substantial purchase/sale entries and failure of directors to produce documentation despite opportunity.
202. The Company has also contended that the forensic audit was based on incomplete information and that conclusions are subjective.
203. In this regard, I note that multiple opportunities were granted to MGEL and its key managerial personnel to produce agreements, invoices, film rights documentation, chain-of-title records, delivery confirmations, and supporting bank explanations. Despite such opportunities, documentary substantiation has not been provided in respect of the impugned transactions.
204. A party cannot withhold primary documents and thereafter contend that conclusions drawn on the basis of available material are incomplete. The doctrine of adverse inference squarely applies in circumstances where relevant documents are within the exclusive possession of the Noticee and are not produced.
205. In fact, the explanations furnished by the directors in their statements were either evasive (plea of lack of recollection) or unrelated to the specific queries raised.

Subsequent written replies similarly failed to address the core issue of circular fund movement and unsupported journal entries.

206. Accordingly, the objections raised by MGEL challenging the evidentiary value and legality of the forensic audit report are rejected.
207. The Company has further contended that it has no control over the manner in which its counterparties present or file their financial statements before statutory authorities, and therefore any mismatch between MGEL's books and the financial statements of such entities cannot be attributed to MGEL. It has further submitted that MGEL cannot be blamed for alleged manipulation merely because third-party financial disclosures do not mirror MGEL's accounting entries.
208. I note that it is correct that a company does not exercise control over the statutory filings of independent third parties. However, the issue in the present proceedings is not one of controlling third-party financial reporting, but of establishing the genuineness and commercial substance of transactions recorded by MGEL in its own books of account. For that the counterparty financials are considered as one piece of materials but they are not the only piece of materials.
209. Such financial statements are examined as corroborative evidence to assess whether the transactions claimed by MGEL had commercial reality. If a counterparty's audited financial statements reflect negligible turnover, absence of corresponding purchases or sales, or no reflection of high-value transactions claimed by MGEL, such discrepancy constitutes a relevant indicator for arriving at determination coupled with other materials on record.
210. Importantly, the findings in this matter are not premised solely upon mismatch in financial statements. They are supported by analysis of bank statements showing same-day transfers and circular routing of funds, journal entries passed without underlying fund flow, recording of revenue as "direct income" without corresponding reduction in inventory, admissions and evasive replies by key managerial personnel.

211. Even assuming that a counterparty incorrectly prepared its financial statements, MGEL was required to produce independent documentary proof of its transactions. The Company has failed to produce any credible records substantiating transfer of rights, valuation basis, or commercial negotiations underlying the impugned transactions. Further, it is noted that such mismatch has not occurred with one counter party but several counter parties leading to an adverse inference.
212. Further, in several instances noted earlier in this order, the entities in question shared common directors, common addresses, or were otherwise connected to MGEL. In such circumstances, the plea that MGEL had no visibility or knowledge of how such entities recorded substantial transactions cannot advance their case.
213. The contention, therefore, attempts to shift the focus from the absence of primary evidence supporting MGEL's own accounting entries to alleged deficiencies in third-party reporting. The instant inquiry, however, concerns whether MGEL's financial statements presented a true and fair view and whether revenue and purchases were recorded with genuine commercial substance.
214. In the absence of documentary substantiation and in light of corroborative bank trail evidence demonstrating circular movement of funds, the plea that MGEL cannot be blamed for mismatches in third-party financials is rejected.
215. Upon examination of the material on record, including ledger extracts, bank statement analysis, journal entries, and the explanations furnished by the Company, I note that Mediaone Global Entertainment Ltd. ("MGEL") recorded substantial revenue and purchase transactions during FY2013–14, FY2014–15 and FY2015–16 which lacked commercial substance and were unsupported by genuine transfer of film rights or corresponding movement of inventory.
216. During the aforesaid three financial years, MGEL recorded total revenue of ₹296.44 crore. Out of this, revenue aggregating to ₹143.05 crore is found to be fictitious in nature, having been recorded through circular routing of funds originating from Eros International Media Ltd., same-day transfers through intermediary entities such as Ritestone and Metronet, journal entries without underlying fund flow or documentary

support, recording of revenue as “direct income” without corresponding reduction in inventory or proof of sale of rights.

217. Year-wise, the extent of fictitious revenue is as below:

Table-18

Fictitious Revenue							
Financial Year	EIML	Ritestone	Metronet	Metro Films	Total Fictitious Revenue (A)	Total Revenue (B)	% of Fictitious Revenue (A/B*100)
FY2013-14	0.00	25.25	20.00	0.00	45.25	178.50	25.35%
FY2014-15	26.00	16.80	0.00	25.00	67.80	78.92	85.91%
FY2015-16	0.00	30.00	0.00	0.00	30.00	39.02	76.88%
Total Fictitious Revenue	26.00	72.05	20.00	25.00	143.05	296.44	48.26%

218. It is important to note that the overwhelming majority of the Company’s reported revenue was fictitious in FY2014–15 and FY2015–16, thereby rendering the financial statements materially misleading.

219. Similarly, MGEL recorded total purchases of ₹198.85 crore during the same period, out of which ₹173.54 crore is found to be fictitious. These entries were characterized by absence of inventory recognition despite purported acquisition of film rights, direct booking under “expenses” instead of asset capitalization, journal adjustments to clear balances without underlying commercial documentation, transactions with connected entities lacking genuine consideration.

220. The proportion of fictitious purchases was exceedingly high, as shown below:

Table-19

Fictitious Purchase							
Financial Year	EIML	Shan Global	Metronet	Metro Films	Total Fictitious Purchase (A)	Total Purchase (B)	% of Fictitious Revenue (A/B*100)
FY2013-14	44.60	0.00	37.43	0.00	82.03	98.13	83.59%
FY2014-15	10.00	0.00	8.20	25.00	43.20	47.00	91.91%
FY2015-16	30.00	18.31	0.00	0.00	48.31	53.72	89.93%
Total Fictitious Purchase	84.60	18.31	45.63	25.00	173.54	198.85	87.27%

221. Cumulatively, nearly 48.26% of total revenue and 87.27% of total purchases recorded during the three financial years were fictitious.
222. Therefore, I find that the financial statements for the said years therefore did not present a true and fair view of the affairs of the Company. The inflation of revenue and purchases materially distorted the Company's financial performance and misled investors and the securities market. Accordingly, this establishes that MGEL engaged in systematic financial misstatement and fraudulent accounting practices during FY2013–14 to FY2015–16, materially affecting the integrity of its disclosed financial results and the interests of investors.
223. In view of the above findings, I hold the Company has violated the following provisions:
- 223.1. Section 12A(a), (b) & (c) of the SEBI Act, 1992 (for FY2013-14, 2014-15 and 2015-16);
 - 223.2. Regulations 3(b), (c) & (d) & Regulation 4(1), 4(2) (f), (k) and (r) of SEBI (PFUTP) Regulations, 2003 (for FY2013-14, 2014-15 and 2015-16);
 - 223.3. Clause 41(l)(a) of the erstwhile Listing Agreement r/w Section 21 of SCRA 1956 for manipulation of financials in FY2013-14 and 2014-15; and
 - 223.4. Regulations 4(1)(a), (b), (c), (e) (g), (h), (j), Regulation 33 (1) (a), (c) and Regulation 48 of SEBI LODR Regulations, 2015 r/w erstwhile Accounting Standard – 1 and 9 for manipulation of financials in FY2015-16.
224. Further, I hold that directors of the Company, Mr. Suryaraj Kumar, being MD of the Company since 2006 and Mr. J Murali Manohar, ex director of the Company, were fully aware/involved in preparation and presentation of aforesaid financial statements. Thus, by manipulating books of accounts of the Company for FY2013-14, 2014-15 and 2015-16, Suryaraj Kumar (MD) and J Murali Manohar (Ex Director) have violated the following provisions:

Suryaraj Kumar (MD):

- 224.1. Section 12A(a), (b) & (c) of the SEBI Act, 1992 and Regulations 3(b), (c) & (d) & Regulation 4(1), 4(2) (f), (k) and (r) of SEBI (PFUTP) Regulations, 2003 r/w Section 27 of SEBI Act, 1992 (For FY2013-14, 2014-15 and 2015-16); and
- 224.2. Clause 41(l)(a) of the erstwhile Listing Agreement and Clause 49(l)(D)(2)(f) & (g) and 49(l)(D)(3) (a), (c), (f) of the Listing Agreement (post amendment dated April 17, 2014) of erstwhile listing agreement r/w Section 21 & 24 of SCRA 1956 (for FY 2013-14 and FY 2014-15); and
- 224.3. Regulations 4(1)(a), (b), (c), (e) (g), (h), (j), 4(2)(f)(i)(2), 4(2)(f)(ii)(2), (6), (7), 4(2)(f)(iii) (1), (3), (6), (12), Regulation 33 (1) (a), (c) and Regulation 48 of SEBI LODR Regulations, 2015 r/w erstwhile Accounting Standard – 1 and 9 and r/w Section 27 of SEBI Act, 1992 (for FY2015-16);

J Murali Manohar (Ex Director):

- 224.4. Section 12A(a), (b) & (c) of the SEBI Act, 1992 and Regulations 3(b), (c) & (d) & Regulation 4(1), 4(2) (f), (k) and (r) of SEBI (PFUTP) Regulations, 2003 r/w Section 27 of SEBI Act, 1992 (For FY2013-14 and FY2014-15);
- 224.5. Clause 41(l)(a) of the erstwhile Listing Agreement and Clause 49(l)(D)(2)(f) & (g) and 49(l)(D)(3) (a), (c), (f) of the Listing Agreement (post amendment dated April 17, 2014) of erstwhile listing agreement r/w Section 21 & 24 of SCRA 1956 (for FY 2013-14 and FY 2014-15).

B.2. Manipulation of financial statements of the company during FY2022-23, 2023-24 and quarters ending June 2024 and September 2024

Allegation

225. It was observed that immediately upon revocation of trading suspension and conclusion of liquidation proceedings, Mediaone Global Entertainment Ltd. (“MGEL” / “the Company”) reported an abrupt and disproportionate increase in revenue and profitability.

226. It was further observed that revenue increased from ₹17 lakh in FY2021–22 to ₹21.35 crore in FY2022–23 (125 times increase), and ₹19.82 crore in FY2023–24 (116 times increase), loss of ₹4.45 crore in FY2021–22 turned into profits of ₹3.80 crore in FY2022–23 and ₹3.74 crore in FY2023–24.
227. It was alleged that out of total revenue of ₹65.29 crore recorded during FY2022–23, FY2023–24 and Q.E. June/September 2024, revenue aggregating to ₹47.67 crore (73.01%) was fictitious and manipulated.
228. The said alleged manipulation included that revenue from UK-based entities during FY2022–23 and FY2023–24 allegedly recorded without rendering production/pre-production services and revenue of ₹22 crore in Q.E. June 2024 recorded towards “sale of film rights” to Eros, was allegedly without underlying transfer of rights or GST compliance.

Contention

229. Company has contended that it entered into agreements with UK-based producers for providing production and pre-production support services and that revenue was recorded based on agreements and services rendered.
230. Company has further contended that the ₹22 crore entry in June 2024 was recorded pursuant to an arbitration award dated May 27, 2024.
231. Company also contended that the sudden increase in revenue was attributable to revival of business post liquidation and renewed production activities.
232. Vide additional submission dated February 07, 2026, company denied the allegation that Dr. J. Murali Manohar controlled the UK-based entities and facilitated fictitious revenue recording. It is contended that:
- 232.1. Dr. J. Murali Manohar is neither a director nor shareholder of certain entities such as BMMFI Limited, Roll Mar Limited and General Ventures Limited, and therefore the allegation regarding indirect ownership is incorrect;

232.2. Dr. Murali Manohar and his wife have independently produced films in the UK since 2002 for various British and Hollywood companies;

232.3. In recent years, these UK entities engaged MGEL merely as a service provider to carry out certain work in India, including hiring cast and crew and arranging travel;

232.4. All transactions are supported by contracts, remittances from abroad and payments made to Indian suppliers; and

232.5. The allegation that the agreements were non-genuine and intended to record fictitious revenue is incorrect and unsupported by evidence.

233. Company has also made following contentions w.r.t. dealing with UK entities:

233.1. SEBI has proceeded on an erroneous assumption that “no UK shoot” necessarily implies “no UK services.”

233.2. The contracts in question were not for UK filming activities but primarily related to (i) overseas rights exploitation and (ii) production services rendered in India with international collaboration.

233.3. The forensic report itself acknowledges the existence of agreements, bank channels, and counterparties.

233.4. For an agreement to be termed “non-genuine,” SEBI must establish either forged execution, non-existent counterparties, or circular movement of funds devoid of commercial substance.

233.5. The existence of counterparties has not been disputed, payments were routed through normal banking channels, and agreements were duly executed.

Consideration

234. It is observed that immediately after revocation of trading suspension and exit from liquidation, the financial position of the Company showed an extraordinary and abrupt turnaround. The revenue of the Company, which stood at a mere ₹17 lakh in FY2021–22, increased to ₹21.35 crore in FY2022–23 and further stood at ₹19.82 crore in FY2023–24. Similarly, the Company, which had reported a loss of ₹4.45 crore in FY2021–22, suddenly reported profits of ₹3.80 crore in FY2022–23 and ₹3.74 crore in FY2023–24. For the quarters ended June 2024 and September 2024, the Company

reported revenue of ₹22 crore and ₹2.10 crore respectively along with profits of ₹3.77 crore and ₹0.45 crore.

235. It is relevant to note here that there was exponential increase in revenue and profitability, immediately upon revival of trading.

1.1.1. The details of revenue and expenses booked by the Company for FY2022-23, 2023-24 and quarters ending June 2024 and September 2024 were observed as below:

Mediaone Global Entertainment Limited				
Sales FY 2022-23				
S.No	Party Name	Project	Description	Amt
1	Planet Marathi Limited	Crypto Aajji	Towards Production Coordination Work for India	1,74,71,852
2	PPG International Limited	Kathal Konchum Thookala	Towards Production Coordination Work for India	5,12,26,610
3	PPG International Limited	Sila Nodigalil	Towards Service Rendered in India for production	2,00,00,000
4	AA Media Corporation	Adhrishta Saali	Towards Production Coordination Work for India	90,00,000
5	High IQ Entertainment	The United kacche Wala	Towards Production services	8,97,06,010
6	High IQ Entertainment	Rainbow	Towards Production services	1,12,59,606
7	High IQ Entertainment	Bhangra	Towards Production services	1,00,000
8	Movie Train Motion Pictures Pvt Ltd	800 Project	Towards Shooting coordination	50,00,000
9	Dream Warriors	Theare Rent	Acharapakkam & Kanchipuram rent	9,60,000
10	Distribution - Tamilnadu area	Veera Simha Reddy	Veera Simha Reddy distribution Share	26,12,835
11	Distribution - Tamilnadu area	Walter Veeraiya	Walter veeraiya distribution Share	35,66,875
12	Baba Media Corporation	Harvest	Towards Production Coordination Work for India	26,07,020
Total Sales for FY 2022-23				21,35,10,808

Mediaone Global Entertainment Limited				
Sales FY 2023-24				
S.No	Party Name	Project	Description	Amt
1	AA Media Corporation	Adhrishta Saali	Indian Crew Shooting Batta Expenses	11,14,46,988.00
2	Cupid Films Limited	Kathal Konchum Thookala	Towards Service Rendered in India for production	1,60,00,000.00
3	Esquire Productions	Sila Nodigalil	Towards Service Rendered in India for production	85,00,000.00
4	Supreme Motion picture Pvt Ltd	The Boyz 4	Towards Production services	87,00,000.00
5	Nitin vaidya production LLP	Musafira	Towards Production services	2,25,25,000.00
6	Star Makers Entertainment	Brar	Towards Production services	2,04,91,526.00
7	Saregama india Ltd	Kathal Konchum Thookala	Towards film audio rights	38,00,000.00
8	Saregama india Ltd	Sila Nodigalil	Towards film audio rights	8,00,000.00
9	Ayngaran International Media Ltd	Sila Nodigalil	towards Theatrical and Media electronic rights	20,00,000.00
10	Divi Tv private Limited	Sila Nodigalil	towards Theatrical and Media electronic rights	30,00,000.00
11	Dream Warriors	Theare Rent	Acharapakkam & Kanchipuram rent	9,60,000.00
Total Sales for FY 2023-24				19,82,23,514.00

Further, it was observed that the Company recorded revenue of Rs.24.12 Crore in QE June 2024 and September 2024 out of which Rs.22 was recorded as sale of film rights of "Kochadaiyaan" to Eros.

FY2022-23 and 2023-24

236. During the course of investigation, the Managing Director, Mr. Suryaraj Kumar, was specifically asked to explain the sudden spike in revenue and to provide details of major customers and vendors for FY2022-23 and FY2023-24. I note that he failed to provide any satisfactory explanation. He stated that he did not remember the names of customers and vendors and that his accountant handled such matters. Even in his post-statement submissions dated June 28, 2024, he merely provided a party-wise and project-wise breakup without explaining the commercial substance or

basis of the alleged transactions. The inability of the Managing Director of a listed company to explain a 125-fold increase in revenue or identify major counterparties raises serious concerns regarding the genuineness of the transactions recorded in the books.

237. The Company claimed that such revenue arose from agreements entered with certain UK-based entities for providing production and pre-production support services in connection with various movies. The details of the same are as below:

Table-20

Name of Entity with whom agreement was entered and date of Agreement	Name of Movie	Budget of Movie as per Agreement	Star Cast/Director of Movie	Terms and Conditions of agreement for which revenue was recorded by the Company
AA Media Corporation Ltd, UK – March 01, 2023	Athirsta Saali	15 Crore	Madhavan; Madona Sebastian; and Jawahar Mithran	As per the agreement, the film shooting would take place in UK and Mediaone will provide all production related services such as coordinate the preproduction and production
Baba Media Corporation Ltd, UK – April 15, 2022	Harvest	40 Lacs	Richard, Madona Sabestian, Ravi and Kannan	
PPG International Ltd, UK/ Cupid Films Ltd, UK – May 11, 2022	Kadhal Konjum Thookala	9 Crore	Kalidas Jayaram, Amala Paul, Dusara Vijayan, and Balaji Mohan	
Esquare Productions LLP, UK – October 28, 2022	Sila Nodigalil	3 Crore	Richard, Yashika Anand, Punnagai Poo Geetha and Vinay Bharatwaj	
Star Makers Entertainment/Brar Entertainment Ltd, UK – May 18, 2023	Brar	6 Crore	Kartar Cheema, Gurpreet Kaur, Hardeep Grewal Preety Panesar and Manav Shah	
Planet Marathi Ltd, UK - April 18, 2022	Crypto Aajji	50 Lacs	Aniket Vishwasrao, Suhasini Subash Jos, Manasi Tamuvuda and Suman Sahu	

238. However, upon examination of the agreements and related documents, it is noted that none of these agreements were signed by any Director or authorized employee of the Company. Instead, they were signed by Mr. Jayabalan Jayakumar, who neither held any position in the Company nor had any documented authority to execute agreements on its behalf. He is the brother of Mr. J. Murali Manohar, an ex-director of the Company. No Board resolution or authorization empowering him to bind the Company has been produced.
239. Further, despite the agreements stipulating that MGEL would provide production and pre-production coordination and support, no documentary evidence has been furnished to demonstrate that such services were actually rendered. All shooting permissions and regulatory approvals were obtained by the respective UK-based production houses. The documents placed on record indicate that the production activities were undertaken directly by those entities. The Company failed to produce any material such as deployment records, coordination correspondence, production expense details, or operational documents to substantiate its alleged role.
240. The core obligation under the agreements was that MGEL would coordinate and provide production and pre-production support services. However, the documentary record contradicts this claim, as shown below:

Athirsta Saali – AA Media Corporation Ltd, UK

240.1. The documents placed on record show that the shooting permissions and related regulatory approvals in the UK were obtained directly by AA Media Corporation Ltd and/or individuals associated with that entity, including Dr. J. Murali Manohar and Ashwani Chopra. The permission letters and correspondence do not mention MGEL as the applicant, coordinator or executing entity. If MGEL had actually rendered production support services, it would reasonably have appeared as the applicant, coordinator, or authorized representative in such permissions. The absence of MGEL's name in official approvals clearly undermines its claim of having rendered production support services. Evidences such as agreements, application of film and invoices, showing no mention of MGEL are as below:

Evidence:1

Fwd: Application to film or hold an event in Westminster - F41547
Vijay Gulwani
From:
vijaygulwani7@gmail.com
To:
Bindni Karia,
Constantin Damaschin,
Cyrus Patel,
Dr.J.Murali Manohar,
Rose Adams
and 3 more...
Thu, 14 Dec 2023 at 17:08
Hi Rosa,

Below is the email to make payment for permit to film in Westminster on the 25th. Kindly clear.
Subject: RE: Application to film or hold an event in Westminster - F41547

Evidence:2

LOCATION AGREEMENT

OWNER	HTA Design LLP
COMPANY	AA MEDIA CORPORATION LIMITED
AGENT	AA MEDIA CORPORATION LIMITED
PROPERTY	75 Wallis Road, London E9 5LN

Evidence:3



AMAZING SPACE - LOCATION HIRE AGREEMENT - 'JOB NO. 3250 -
VERSION 01'
CEME, Marsh Way, Rainham, Essex, East London, RM13 8EU - 28/11/2023

FILM LOCATION HIRE AGREEMENT

THIS AGREEMENT is dated the 28th day of November 2023, Version 01

BETWEEN

1. PARTIES

- 1.1 'CEME' (CEME, Marsh Way, Rainham, Essex, East London, RM13 8EU) ("Owner"); and
- 1.2 'AA Media Corporation Limited' (registered in England and Wales under Co no. 14453880 whose registered office is AA Media Corporation Limited, 3rd Floor, 69 Wigmore Street, London, Westminster, W1U 1PZ) ("Licensee")

NOW IT IS HEREBY AGREED as follows:

Evidence:4

Locationnowuk Limited,
23A Kew Garden Road,
Clarendon Gardens
TW9 3HD

INVOICE

121123

Bill To:
AA Media Corporation Limited,
3rd Floor,
69 Wigmore Street,
London
W1U 1PZ

Date: Dec 13, 2023
Payment Terms: due
Due Date: Dec 13, 2023
Balance Due: £11,016.87

Kadhaj Konjum Thookala – PPG International Ltd / Cupid Films Ltd, UK

240.2. The location permissions and regulatory approvals were obtained by PPG International Ltd / Cupid Films Ltd directly. The supporting documents demonstrate that these entities independently handled the production formalities. MGEL's role is not reflected in any of the regulatory documents. This is inconsistent with the contractual stipulation that MGEL would coordinate production. Evidences such as agreement, application of film, showing no mention of MGEL are as below:

Evidence:1



Location Agreement

A conditional permit between:

FilmFixer Ltd ("*Representative*"), on behalf of, and as the duly authorised and empowered representative of, the owners of the location(s) ("*Owner*") ,as detailed in the 'Legal Entities' identified in this Agreement.

And:

Cupid Films Ltd - 69 Wigmore Street, London, W1U 1PZ
Ashwani Chopra - 07798911543

Please reply to: Ryan Coburn
Direct Line: 01628 796551
Email: filmunit@rbwm.gov.uk

Evidence:2

Royal Borough of
Windsor & Maidenhead
Film Unit

www.rbwm.gov.uk



FAO Ashwani Chopra
Cupid Films Ltd
69 Wigmore Street
London
W1U

Sila Nodigalii – Esquare Productions LLP / Esquire Productions Ltd, UK

240.3. The approvals were obtained by the UK-based production entity itself. Additionally, inconsistencies in the name of the entity (Esquare vs. Esquire) appear across documents, further eroding the credibility of the genuineness and consistency of the documentation relied upon. MGEL has not demonstrated any operational involvement in the production process. Evidences such as agreements and invoices, showing no mention of MGEL are as below:

Evidence:1



VAT INVOICE

Invoice Date: 1st December 2022
 Invoice No: 13307
 Contract Job No: 10716
 Company Name: Esquire Productions Ltd
 Address: 69 Wigmore Street, London, W1U 1PZ
 Film Name: Sila Nodigalil
 Contact: Ashwani Chopra
 Telephone: 07798 911543
 FOR HIRE OF: LON1775
 On: Buckle Factory, Unit 7 Gourley Place, Haringey, London, N15 5NF
 Contracted Hours: Saturday 3rd December 2022
 09:00 – 21:00

Evidence:2

LOCATION AGREEMENT - Deal Terms

A. Company	Esquire Productions Ltd, 63 Wigmore Street, London W1Y 1PZ ("Company" which expression shall be deemed to include the Company's successors in title, licensees and assigns)
B. Location Owner	(Owner ⁿ) Ian Twinley, Termill Ltd, Hatfield Place, The Street, Hatfield Peverel, CM3 2E
C. Location	Hatfield Place Venue, The Street, Hatfield Peverel, CM3 2E

Crypto Aajji – Planet Marathi Ltd, UK

240.4. Even where shooting allegedly took place in India, permissions were taken by Planet Marathi Ltd and not by MGEL. No evidence of MGEL acting as coordinator or service provider has been produced. Evidences such as application of film and invoices, showing no mention of MGEL are as below:

Evidence:1



69 Wigmore Street
 London
 W1U 1PZ

06 October 2021

INVOICE

Our Risk Reference: CH8717A20AAA/0174
 INSURED: Planet Marathi Ltd
 TYPE: Film Production Insurance
 INSURER: Markel International Insurance Company Limited
 PERIOD: 10 November 2021 to 09 December 2021
 Both Days Inclusive Local Standard Time

Evidence:2

DEPARTMENT FOR DIGITAL, CULTURE, MEDIA AND SPORT

Interim Certificate of a British Film



Name of Applicant PLANET MARATHI LIMITED
Company Registration No 13375250
Address 69 Wigmore Street
London
England
W1U 1PZ

Films Act 1985

The Secretary of State, in accordance with section 6 and Schedule 1 to the Films Act 1985, is satisfied that the requirements are met for interim certification of the undermentioned film as a British film and certifies the film accordingly. The Secretary of State is satisfied that the film, if completed in accordance with the proposals set out in the application, will be a British film in that it will pass the cultural test as set out below.

Film title: CRYPTO AAJJJ
Film Reference: 2021-69524
Cultural test: Standard

241. In all these instances, the material on record shows that UK production houses functioned independently. No documentary evidence such as emails coordinating logistics, vendor appointments, crew hiring, location management, budgeting, or expense coordination has been furnished by MGEL. The absence of operational records of coordination is inconsistent with the claim of providing substantive production services.

242. I further note that in certain instances, the Company failed even to produce complete agreements or payment proofs. In other instances, the agreements relied upon were not executed by authorized signatories of the Company. The artist agreements do not establish any substantive role of MGEL in on-boarding or managing the artists.

These are illustrated as below:

242.1. **Movie named Athirsta Saali**: No role was played by MGEL w.r.t. on boarding of Mr. R Madhavan, Lead Actor for Athirsta Saali. The agreement entered by Mr. R Madhavan with AA Media Corporation Ltd, UK shows that Mr. R Madhavan did not sign any agreement with MGEL. He entered into agreement with AA Media Corporation Ltd, UK. MGEL failed to provide any documentary evidence to support efforts/steps taken by MGEL/its directors/ employees to on-board Mr. R Madhavan for the aforesaid movie.

Copies of Agreements signed by MGEL and Madona Sebastian, Lead Actress and Director of Athirsta Saali, and Jawahar Ali, shows that they were neither

signed by any of the directors of the Company nor any of the employees of the Company. The said agreements were signed by Mr. Jayabalan Jayakumar, who is brother of Mr. J Murali Manohar and who does not hold any position in the Company.

242.2. **Movies named “Kadhal Konjum Thookala” and “Sila Nodigalil”**: Copies of Agreements signed by MGEL with Kalidas Jayaram, Amala Paul, Dusara Vijayan and Balaji Mohan as well as with Richard, Yashika Anand and Vinay Bharatwaj shows that they were neither signed by any of the directors of the Company nor any of the employees of the Company. It was noted that the said agreements were signed by Mr. Jayabalan Jayakumar, the brother of Mr. J Murali Manohar and who does not hold any position in the Company.

As per the agreement dated October 28, 2022, provided by the Company, artists in the movie were “Richard, Yashika Anand and Punnagai Poo Geetha” and director was “Vinay Bharatwaj”. The Company failed to provide any agreement or correspondence with Punnagai Poo Geetha. MGEL failed to provide any documentary evidence to support the efforts/steps taken by MGEL/its directors/ employees to on-board Punnagai Poo Geetha for the aforesaid movie.

243. Further, the Company provided some payment proof which were claimed to be made by it to some Indian Artist with respect to movies namely Athirsta Saali, Kadhal Konjum Thookala and Sila Nodigalil. The examination of these payment proofs provided by MGEL shows that the same were not reconciling with the amount and payment terms mentioned in respective artist agreement. A comparison of the contractual terms with the payment proof provided by the company reveals material discrepancies both in respect of the total remuneration agreed to be paid and the schedule of payments contemplated under the agreements.

244. In several instances, the aggregate amount purportedly paid to the concerned artist does not correspond with the consideration recorded in the underlying agreement. Further, the timing of such payments are also not in conformity with the milestone-based or stage-wise payment schedule agreed between the parties. By way of

illustration, in the case of the film Athirsta Saali, the total amount shown as having been paid to the director differs from the remuneration stipulated in the agreement, and the payments were not effected in accordance with the contractual instalment structure. In view of the material discrepancies, it is difficult to accept that these payments are in fact related to the agreements in question.

245. It was further observed that for overseas artist like Madhavan and Punnagai Poo Geetha, no payment proofs were provided by the Company.
246. Further, from the details of the agreements entered into by the Company with the aforesaid UK-based entities, it is observed that the revenue recorded by the Company for providing “production support services” constitutes a substantial portion of the total stated budget of the respective films. For instance, in the case of Kadhal Konjum Thookala, the total budget as per the agreement was ₹9 crore, and the Company recorded revenue of ₹6.72 crore which is a significant fraction of the entire project cost merely for coordination and production-related services. Similarly, for Sila Nodigalil, with a budget of ₹3 crore, the amounts recognized as revenue by the Company formed a disproportionately large component of the overall film budget amounting to ₹2.85 crore. Even in comparatively smaller projects such as Harvest (₹40 lakh), the amount recognized as revenue was ₹26 lakh. Further for Crypto Aajji with an entire budget of ₹50 lakh, the revenue booked by the Company was much higher than the entire budget which was ₹1.75 lakh.
247. In this regard, I note that in normal commercial practice, production support or coordination services would constitute only a limited segment of the total film budget, which ordinarily includes artistes’ remuneration, direction, technical crew, post-production, marketing, equipment, and other substantial costs. The fact that the Company’s recorded revenue represents a substantial percentage of the total declared budget, coupled with the absence of supporting evidence demonstrating actual services rendered, renders the transactions commercially implausible and strengthens the finding that the revenues so recognized were not genuine.
248. I further note that the aforesaid UK producers namely AA Media Corporation Ltd, UK, Planet Marathi Ltd, UK, PPG International Ltd, UK/Cupid Films Ltd, UK, Baba Media

Corporation Ltd, UK, Esquare Productions LLP, UK and Brar Entertainment Ltd., who actually produced aforesaid six movies are owned and controlled by ex-director of Mediaone, namely Mr. J Murali Manohar. As per the government filings of these companies, accessed from www.gov.uk, Mr. J Murali Manohar was director and owner of all these companies and was “person with significant control” in FY2022-23 and 2023-24. Further, the address of these entities is also noted to be same in various documents such as registered office address, address as per agreement entered with MGEL and address appearing on various shooting approvals. The details of which are as follows:

Table-21

Name of Movie against which revenue was recorded	Name of Entity with whom agreement entered	Registered Office Address as per Incorporation Documents	Address as per Agreement Documents provided by MGEL	Address appearing on various shooting approvals
Athirista Saali	AA Media Corporation Ltd, UK	7 St John's Road, Harrow, Middlesex, England, HA1 2EY	69, Wigmore Street, Third Floor, London, England	69, Wigmore Street, Third Floor, London, England
Kadhal Konjum Thookala	Cupid Films Ltd, UK	Penthouse 14 Bickenhall Mansion, Bickenhall Street, London, United Kingdom, W1U 6BR	69, Wigmore Street, Third Floor, London, England	69, Wigmore Street, Third Floor, London, England
	PPG International Ltd, UK	69, Wigmore Street, Third Floor, London, England	69, Wigmore Street, Third Floor, London, England	69, Wigmore Street, Third Floor, London, England
Sila Nodigalil	Esquire Productions Ltd, UK#	Penthouse 14 Bickenhall Mansion, Bickenhall Street, London, United Kingdom, W1U 6BR	69, Wigmore Street, Third Floor, London, England	69, Wigmore Street, Third Floor, London, England
Harvest	Baba Media Corporation Ltd, UK	69, Wigmore Street, Third Floor, London, England	69, Wigmore Street, Third Floor, London, England	69, Wigmore Street, Third Floor, London, England
Crypto Aajji	Planet Marathi Ltd, UK	69, Wigmore Street, Third Floor, London, England	69, Wigmore Street, Third Floor, London, England	69, Wigmore Street, Third Floor, London, England
Brar	Star Makers Entertainment	No such entity found on public domain search		
	Brar Entertainment Ltd, UK	7 St John's Road, Harrow, Middlesex, England, HA1 2EY	69, Wigmore Street, Third Floor, London, England	69, Wigmore Street, Third Floor, London, England

In the agreements provided by MGEL, name was appearing as “Esquare Productions LLP, UK”, whereas in various approval documents provided by MGEL name was appearing as “Esquire Productions Ltd, UK”.

249. From the above, it can be observed that during FY2022-23 and 2023-24, these companies were operating from same address and were owned and controlled by Mr. J Murali Manohar, who is ex-director of MGEL. Mr. Jayabalan Jayakumar, who is brother of Mr. J Murali Manohar, signed all agreements on behalf of MGEL with aforesaid UK entities and he was neither director nor employee in MGEL.
250. From the above observations, it is noted that the UK-based counterparties with whom the Company claimed to have entered into agreements were owned and controlled by Mr. J. Murali Manohar, an ex-director of MGEL, and were operating from common addresses. The agreements were signed on behalf of MGEL by his brother, who had no official position in the Company. This establishes a close nexus between the Company and the alleged counterparties and it further indicates that the transactions recorded in the books were structured between related and controlled entities.
251. In view of the observations, I find that the Company entered into sham and non-genuine agreements with entities owned and controlled by its former director, without rendering any actual production or pre-production support services thereunder, and recognized revenue in its books of account pursuant to such arrangements with the intent and effect of artificially inflating its financial statements.
252. The Company, in its additional submission dated February 07, 2026, has denied the allegation that Dr. J. Murali Manohar controlled the UK-based entities and facilitated fictitious revenue recording. It has contended that:
- 252.1. Dr. J. Murali Manohar is neither a director nor shareholder of certain entities such as BMMFI Limited, Roll Mar Limited and General Ventures Limited, and therefore the allegation regarding indirect ownership is incorrect;
- 252.2. Dr. Murali Manohar and his wife have independently produced films in the UK since 2002 for various British and Hollywood companies;
- 252.3. In recent years, these UK entities engaged MGEL merely as a service provider to carry out certain work in India, including hiring cast and crew and arranging travel;
- 252.4. All transactions are supported by contracts, remittances from abroad and payments made to Indian suppliers; and

252.5. The allegation that the agreements were non-genuine and intended to record fictitious revenue is incorrect and unsupported by evidence.

253. I note that the contention that Dr. Murali Manohar is not a director or shareholder of certain specifically named entities does not materially address the core allegation. The findings recorded in the investigation are based on the ownership and control of the UK production entities with whom MGEL entered into agreements during FY2022–23 and FY2023–24. The issue is not limited to whether he held directorship in one or two entities, but whether the counterparties to the agreements were under his ownership or significant control during the relevant period. In this regard, I note that the documentary evidence obtained from UK corporate filings indicates that he was a “person with significant control” in multiple UK entities that entered into agreements with MGEL. Therefore, a selective denial regarding a few entities does not rebut the broader finding of common control.
254. Further, the submission that Dr. Murali Manohar has been producing films in the UK since 2002 is not determinative of the present issue. The investigation does not dispute that films may have been produced in the UK. The allegation is that MGEL recorded revenue for providing production/pre-production support services which, based on documentary examination, and were not actually rendered. Even assuming that films were genuinely produced by the UK entities, that fact alone does not establish that MGEL provided the contractual services for which revenue was booked in its financial statements.
255. The Company has also contended that MGEL was engaged as a service provider to carry out certain work in India, including hiring cast and crew and arranging travel. However, no operational evidence has been furnished to substantiate the rendering of such services. The regulatory permissions for shooting were obtained directly by the UK entities. Agreements with key artists were either entered directly by the UK producers or were signed on behalf of MGEL by a person who was neither director nor employee of the Company. There is no documentary trail such as correspondence, invoices, work reports, coordination emails, vendor contracts or internal approvals evidencing execution of production support activities by MGEL.

256. Further, the reliance on remittances from abroad and payments to Indian suppliers does not, by itself, establish genuineness of revenue of Mediaone. Even if it's assumed that payments were made, in several instances, the payment proofs provided by the company, either did not reconcile with the terms of the agreements or were incomplete, as already demonstrated above. For certain movies, no payment proofs were furnished at all, despite revenue being recorded.
257. The Company's assertion without corroborative primary documentation demonstrating performance of contractual obligations, has not established that revenue was recognized in accordance with the relevant accounting standards. Revenue recognition requires demonstrable performance of contractual obligations. The material on record does not substantiate such performance.
258. Further, the defence also does not adequately address the structural concerns identified in the investigation, namely common control and overlapping addresses of UK entities, execution of agreements on behalf of MGEL by an unauthorized individual, absence of MGEL's name in regulatory permissions, inconsistencies and gaps in payment documentation and disproportionate increase in revenue immediately after revival of trading and exit from liquidation.
259. In view of the above, the submissions made by the Company do not satisfactorily rebut the findings that the agreements lacked commercial substance and that the revenue recorded by MGEL during FY2022–23 and FY2023–24 was not supported by evidence of actual rendering of production/pre-production support services and therefore, the defence raised in the additional submission dated February 07, 2026, is not found to be tenable in light of the documentary record and surrounding facts and circumstances.
260. I further note that the Company has contended that SEBI has proceeded on an erroneous assumption that "no UK shoot" necessarily implies "no UK services." According to the Company, the contracts in question were not for UK filming activities but primarily related to (i) overseas rights exploitation and (ii) production services rendered in India with international collaboration. The company has also submitted that the forensic report itself acknowledges the existence of agreements, bank

channels, and counterparties. The Company argues that for an agreement to be termed “non-genuine,” SEBI must establish either forged execution, non-existent counterparties, or circular movement of funds devoid of commercial substance. According to the Company, none of these elements have been conclusively demonstrated. The Company has also contended that the existence of counterparties has not been disputed, payments were routed through normal banking channels, and agreements were duly executed.

261. At the outset, the Company’s argument that absence of a UK shoot does not automatically negate the existence of UK-related services is, in principle, correct. International film transactions may involve assignment of overseas rights, co-production arrangements, distribution tie-ups, post-production services, or facilitation roles without physical shooting in that jurisdiction. Therefore, the mere absence of on-ground filming in the UK cannot, by itself, render an agreement non-genuine.
262. However, the issue for determination is not confined to whether a UK shoot occurred. The relevant inquiry is whether the agreements had real commercial substance, whether services were actually rendered in terms of contractual obligations, and whether the payments corresponded to identifiable deliverables.
263. While the Company emphasizes the existence of executed agreements and banking transactions, it is well settled that routing of funds through banking channels does not, by itself, establish genuineness. A transaction may formally pass through recognized channels and yet lack commercial substance. The true test lies in the economic reality of the arrangement.
264. In the present case, the following aspects assume significance:
- 264.1. The Company has not produced adequate documentation evidencing actual performance of services commensurate with the scale of payments made.
- 264.2. There is insufficient material demonstrating tangible deliverables, rights exploitation outcomes, revenue linkage, or measurable commercial benefit flowing from the UK entities.

264.3. The structure and timing of payments, when read in conjunction with other financial irregularities noted in the proceedings, raise reasonable doubt regarding the bona fide nature of the transactions, if any.

265. It is relevant to note that genuineness cannot be established merely by producing executed agreements alone. Where scrutiny reveals the absence of verifiable output, lack of independent third-party corroboration, or mismatch between contractual claims and economic outcomes, Noticee needs to bring in other materials that the agreement was acted upon and there is a commercial substance in order to establish his case with cogent evidence. It is also important to note that the said agreements were signed on behalf of MGEL by an unauthorized individual not even employee of the company.

266. The Company's contention that SEBI must prove forged execution or non-existent counterparties is misplaced. Non-genuineness is not confined to cases of forged signatures or fictitious entities. An agreement may be legally executed and counterparties may exist, yet the transaction may still be sham if it lacks commercial purpose, is structured to divert funds, or is intended to inflate expenditure.

267. Further, the securities market operates on the premise that financial statements reflect true and fair transactions. If expenditure is booked on the basis of agreements that do not correspond to real economic activity, it distorts profitability, asset valuation and cash flow representation. Such distortion directly affects investor decision-making, particularly in sectors like film production where project-based revenue and cost disclosures materially influence valuation.

268. Investors rely on the authenticity of production costs, overseas rights arrangements and associated financial disclosures. If cross-border transactions are used as vehicles for artificial cost inflation or fund diversion, it undermines transparency and erodes market confidence.

269. Therefore, while the Company is correct that absence of UK filming alone is not determinative, the cumulative deficiencies in demonstrating commercial substance, coupled with inconsistencies identified during investigation, are relevant here. The

defence premised solely on existence of agreements and banking channels is insufficient to rebut the allegations where economic substance remains unproven.

270. Accordingly, the contentions raised by the Company with respect to the UK entities do not satisfactorily explain the discrepancies and fail to dispel the concerns regarding the genuineness and commercial substance of the impugned transactions.
271. Accordingly, on analysis of the books of accounts and supporting documents, I find that out of total recorded revenue of ₹65.29 crore for FY2022–23, FY2023–24 and FY2024–25 (QE June and September 2024), revenue amounting to ₹25.67 crore is not supported by genuine business activity. The percentage of manipulated revenue works out to 46.98% for FY2022–23, 78.91% for FY2023–24. Thus, a substantial portion of the reported revenue lacks commercial substance.
272. In view of the above and considering the totality of facts and circumstances, I find that the Company entered into non-genuine agreements with entities controlled by its ex-director, without rendering any actual production or pre-production support services, and recorded revenue in its books with the sole purpose of artificially inflating its financial statements. The recorded revenue for FY2022–23 and FY2023–24, to the extent identified above, is therefore fictitious and manipulated.

Quarters ending June 2024 and September 2024

273. At the outset, it is noted that the Company recorded a revenue entry of ₹25.96 crore (inclusive of IGST), recognizing ₹22 crore as sale consideration and ₹3.96 crore as IGST liability. Following accounting entry was passed on June 17, 2024:

<i>Eros International Media Ltd</i>	<i>Dr.</i>	<i>22,00,00,000</i>
<i>IGST @18%</i>	<i>Dr.</i>	<i>3,96,00,000</i>
<i>To Sale of Film Rights</i>		<i>25,96,00,000</i>

Narration: Towards sale of rights to Eros International Based upon the Arbitration dated May 27, 2024. Movie Rights namely Kochadaiyaan, Dhaam Dhoom, Modhi Vilaydu, Chikku Bukku and Mirattal.

274. It is observed that there was no genuine outstanding receivable from Eros as on the relevant date. The amounts received earlier had already been dealt with in prior financial years. Therefore, the entry debiting Eros and crediting sale of film rights appears to have been passed without an underlying enforceable claim or actual inflow of consideration.
275. I note that the Company has contended that the entry of ₹22 crore passed in June 2024 was not fictitious but was recorded pursuant to an arbitration award dated May 27, 2024.
276. From the available material, I note that the disputes arising from the commercial failure of *Kochadaiyaan* between the Company and Eros International Media Ltd culminated in an arbitral award in 2024, pursuant to which a settlement agreement dated April 8, 2024 was executed outlining the respective obligations of the parties.
277. I have already held in Issue No. 1 above that an amount of ₹99.48 crore received by the Company from Eros in relation to *Kochadaiyaan* was immediately diverted by the Company upon receipt and not reflected in its books of account. Therefore there remained no legitimate amount payable by Mediaone to Eros, as reflected in the books. In such circumstances, at the time of the alleged arbitral award in May 2024, there was, in substance, no genuine outstanding liability due to Eros. Therefore, the recital in the arbitral arrangement that “₹22 crore claimed to be due by Eros from Mediaone is adjusted towards the consideration payable by Eros” lacks factual foundation. The material on record indicates that the reference to ₹22 crore was not premised on any real subsisting obligation but was a device to regularize or extinguish fictitious dues standing in the books under the guise of compliance with an arbitration award. Accordingly, the accounting entry passed pursuant thereto cannot be regarded as arising from a bona fide commercial settlement.
278. Alternatively, merely referring to an arbitration award does not automatically justify revenue recognition in the books of account. For revenue to be recognized under applicable accounting standards, including Ind-AS 115, there must be (i) an enforceable right to consideration, (ii) transfer of control of goods or services, and (iii) reasonable certainty of realization. The Company has not demonstrated how the

alleged arbitration award resulted in a fresh transfer of rights or crystallization of revenue during FY2024–25.

279. I further note that the material on record shows that the rights of the film “Kochadaiyaan” had already been sold in FY2013–14 and revenue of ₹110 crore had been recognized in that year. The Company has not established that the arbitration award resulted in reacquisition and subsequent re-transfer of rights, or it has not demonstrated how the arbitration award has resulted in fresh recognition of revenue for *Kochadaiyaan* movie which was already sold to Eros. In the absence of such evidence, recognition of ₹22 crore as sale of film rights in June 2024 appears inconsistent with the earlier accounting treatment.
280. Further, if the arbitration award had indeed resulted in a genuine taxable supply, the Company was statutorily required to disclose the same in its GST returns and discharge applicable IGST liability. However, despite recording IGST of ₹3.96 crore in its books, the Company neither reported the outward supply in GSTR-1 nor paid tax in GSTR-3B for June 2024. No evidence to disprove this material was submitted by the Noticee. This conduct is inconsistent with the claim of a genuine transaction pursuant to an arbitration award.
281. Further, it is also observed that despite recognizing IGST in its books, the Company did not report the corresponding outward taxable supply in its GSTR-1 or GSTR-3B for June 2024, nor did it discharge any tax liability.
282. In this regard, I note that if the transaction were genuine, the Company would have been under a statutory obligation to report the same in its GST returns and pay applicable tax. The failure to disclose such a substantial outward supply, while simultaneously recognizing it in the books for financial reporting purposes, is one of the several materials, that the entry lacked commercial substance and was not intended to represent an actual taxable supply.
283. Therefore, I note that the mere existence of an arbitration award dated May 27, 2024 does not, by itself, justify recognition of ₹22 crore as revenue.

284. Accordingly, the Company's contention in this regard is not tenable.
285. The cumulative effect of these facts demonstrates that the entry of ₹22 crore was not supported by commercial reality and was recorded to inflate the revenue and profitability of the Company for Q.E. June 2024.
286. In view of the foregoing analysis and the material available on record, I find that during Quarters ending June 2024 and September 2024, the Company continued the same pattern of conduct by recognizing revenue on the basis of non-genuine arrangements, without demonstrable rendering of corresponding services and without credible supporting documentation, thereby resulting in misstatement of its financial position and misleading disclosure to investors.
287. In view of all the above findings, I note that the Company manipulated its books of accounts in FY2022-23, 2023-24 and 2024-25 and recorded following fictitious revenue:

Table-22

Particulars	2022-23	2023-24	2024-25 (QE June and September 2024)	Total
Manipulated Revenue	10.03	15.64	22.00	47.67
Total Revenue	21.35	19.82	24.12	65.29
% of revenue manipulated by the Company	46.98%	78.91%	91.21%	73.01%

(Rs. In Crore)

288. Further, in FY2022-23, 2023-24 and 2024-25, out of total recorded revenue, 46.98%, 78.91% and 91.21% of revenue was manipulated. Further, out of total recorded revenue of 65.29 Crore, revenue of Rs.47.67 Crore was manipulated.
289. I note that by doing so, the Company made misleading disclosures to investors and the stock exchange, and thereby manipulated the books of accounts and has violated the following provisions:
- 289.1. Section 12A(a), (b) & (c) of the SEBI Act, 1992 (for FY2022-23, 2023-24 and 2024-25);
- 289.2. Regulations 3(b), (c) & (d) & Regulation 4(1), 4(2) (f), (k) and (r) of SEBI (PFUTP) Regulations, 2003 (for FY2022-23, 2023-24 and 2024-25); and

289.3. Regulations 4(1)(a), (b), (c), (e) (g), (h), (j), Regulation 33 (1) (a), (c) and Regulation 48 of SEBI LODR Regulations, 2015 r/w Ind-AS 115 (for FY2022-23, 2023-24 and 2024-25).

290. I also note that the directors of the Company, Mr. Suryaraj Kumar being MD; Mr. K Sai Prasad being Whole Time Director and Mr. M Srinivas Kumar, CFO, were fully aware/involved in aforesaid manipulation of financial statements of the Company during FY2022-23 and 2023-24. Also, Mr. Suryaraj Kumar being MD and Mr. K Sai Prasad being Whole Time Director were fully aware/involved in aforesaid manipulation of financial statements of the Company during FY2024-25. They were also responsible for preparation and presentation of aforesaid financial statements. Thus, I note that by manipulating books of accounts of the Company, Suryaraj Kumar (MD) and K Sai Prasad (Whole Time Director) (For FY2022-23, 2023-24 and 2024-25), and Mr. M Srinivas Kumar (CFO) (for FY2022-23 and 2023-24), have violated the following provisions:

290.1. Section 12A(a), (b) & (c) of the SEBI Act, 1992 and Regulations 3(b), (c) & (d) & Regulation 4(1), 4(2) (f), (k) and (r) of SEBI (PFUTP) Regulations, 2003 r/w Section 27 of SEBI Act, 1992;

290.2. Regulations 4(1)(a), (b), (c), (e) (g), (h), (j), 4(2)(f)(i)(2), 4(2)(f)(ii)(2), (6), (7), 4(2)(f)(iii) (1), (3), (6), (12), Regulation 33 (1) (a), (c) and Regulation 48 of SEBI LODR Regulations, 2015 r/w Ind-AS 115 and r/w Section 27 of SEBI Act, 1992;

Issue C: Whether MGEL did not pay the declared dividend?

Allegation

291. It was alleged that the Company failed to pay the declared dividends within the statutory period of 30 days from the date of declaration. It was further alleged that it failed to transfer the unpaid dividend amount to a separate "Unpaid Dividend Account" within 7 days of expiry of the said 30-day period, as mandated under Section 205A(1) of the Companies Act, 1956, read with Section 124 of the Companies Act, 2013.

292. Further, it was alleged that even after the lapse of seven years from the date of declaration, the Company failed to transfer the unpaid dividend to the Investor Education and Protection Fund (IEPF), as required under Section 125 of the Companies Act, 2013.
293. Thereafter, by reclassifying the unpaid dividend as “unclaimed dividend” and extinguishing the liability by crediting the amount to “Other Income,” it was alleged that the company reversed a statutory liability and inflated its reported income and accordingly violated the provision of PFUTP Regulations.
294. It was also alleged that the Company failed to pay statutory interest at 12% per annum under Section 207 of the Companies Act, 1956 for failure to transfer the unpaid dividend to the designated account.

Contention

295. The Company has submitted that the non-payment of dividend declared for FY2010–11 was on account of a genuine mistake.
296. It has been contended that the then CFO had booked certain revenue on an accrual basis, which was subsequently cancelled by a client at the last moment. According to the Company, this resulted in overstatement of available profits and cash flows at the time of declaration of dividend.
297. It is further submitted that payment of dividend would have amounted to distribution out of capital, which is impermissible in law.
298. The Company submitted that though dividends were declared for FY2010–11 and FY2011–12, it was unable to pay the same due to financial difficulties arising from the underperformance of the film “Kochadaiyaan,” which allegedly resulted in severe cash flow constraints and eventual liquidation.
299. The Company has contended that the losses suffered in subsequent years impaired its ability to meet dividend obligations.

Consideration

300. I note that it is an undisputed fact that dividends of ₹1,18,07,280 and ₹1,17,76,000 were declared for FY2010–11 and FY2011–12 respectively and the obligation to pay dividend arises immediately upon declaration by the shareholders. Once declared, dividend becomes a debt owed by the Company to its shareholders.
301. The statutory framework under Sections 205A and 207 of the Companies Act, 1956 (and subsequently Sections 124 and 125 of the Companies Act, 2013) mandates strict timelines for payment and transfer of unpaid amounts to a separate Unpaid Dividend Account and thereafter to the Investor Education and Protection Fund (IEPF). However, the Company's financial disclosures from FY2012-13 to FY2020-21, continue to show the unpaid dividends amounting to ₹2,31,46,149/- under "Other Current Liabilities" without ever being transferred to the mandated Unpaid Dividend Account, in violation of Section 125 of the Companies Act, 2013
302. The Company's contention that profits were erroneously estimated at the time of declaration cannot absolve it of statutory compliance. If there was indeed an overstatement of profits due to accrual booking of revenue, it was incumbent upon the management and the Board to exercise due diligence before recommending and approving dividend. Corporate governance demands that dividend declarations be based on verified financials.
303. Even assuming, that the initial non-payment arose on account of an inadvertent mistake, the conduct of the Company thereafter clearly shows that it neither took corrective steps to rectify the alleged error nor made any bona fide effort to discharge the admitted liability towards shareholders. The unpaid dividend continued to be reflected as an outstanding liability in the financial statements for several years without any meaningful action for payment or transfer to a separate unpaid dividend account. Instead of curing the alleged mistake, the Company ultimately reversed the outstanding dividend liability and treated the same as income in its books, thereby extinguishing a shareholder entitlement.
304. Further, the contention that payment would have amounted to distribution out of capital is untenable in the present context. If dividend was wrongly declared, the

appropriate course of action would have been to take corrective steps in accordance with law at that stage. Instead, it continued to reflect the unpaid dividend as a liability for nearly a decade and ultimately reversed it as “other income” in FY2021–22.

305. Further, the reversal of unpaid dividend liability as income is particularly serious. A liability owed to shareholders cannot be unilaterally extinguished and recognized as income merely because of passage of time or financial stress. Such accounting treatment directly inflates profitability and misrepresents the true financial position of the Company. This act results in distortion of financial statements placed before investors and the market.
306. I further note that the explanation attributing non-payment to the underperformance of the film ‘Kochadaiyaan’ is also unconvincing. The dividend was declared for FY2010–11 and FY2011–12, whereas the film in question was released in May 2014.
307. I note a clear contradiction in the explanation offered. On one hand, the Company attributes the non-payment of dividend to the alleged underperformance of the film Kochadaiyaan released in 2014, while on the other hand, the dividend in question had been declared for FY2010–11 and FY2011–12 and the statutory timelines for payment had already lapsed much prior to the film’s release in May 2014. An event occurring after the expiry of the statutory payment period cannot logically explain or justify an earlier failure. The explanation, therefore, is inconsistent on the face of the record and appears to be an afterthought rather than a genuine cause for the default.
308. The Company has also argued that no loss was caused to shareholders. In this regard, I note that non-payment of declared dividend for over a decade deprives shareholders of their lawful entitlement and of the time value of money. Moreover, failure to transfer the amount to the Unpaid Dividend Account and thereafter to the IEPF defeats the statutory investor protection mechanism envisaged under company law. The IEPF framework ensures that unclaimed dividends are safeguarded and remain recoverable by rightful claimants. By not complying with these provisions, the Company undermined investor confidence and statutory safeguards embedded in the securities ecosystem.

309. In the securities market, dividend declaration is a material event. Investors rely on such declarations as indicators of profitability, cash flow strength, and corporate governance standards. Failure to honour declared dividends, followed by unilateral reversal of liability as income, strikes at the core of market integrity. It signals weak governance controls and creates misleading financial disclosures, thereby affecting investor decision-making.
310. Accordingly, the submissions made by the Company do not satisfactorily explain or justify the non-payment of declared dividend, the failure to transfer unpaid amounts to the Unpaid Dividend Account and IEPF, or the subsequent reversal of liability as income.
311. I note that the said conduct of failure to transfer unpaid dividends to a dedicated “Unpaid Dividend Account” within 7 days of expiry of 30 days from declaration is in violation of Section 205A(1) of the Companies Act, 1956 read with Section 124 of the Companies Act, 2013. Further non-transfer of such amount to the Investor Education and Protection Fund (IEPF) is in violation of Section 125 of the Companies Act, 2013.
312. I further find that the act of reversing the outstanding dividend liability pertaining to FY2010–11 and FY2011–12 and recognising the same as revenue during FY2021–22 amounts to recording fictitious income in the books of account. A declared dividend cannot be written back as income. I find that by treating such unpaid dividend liability as revenue, the Company artificially inflated its financial results and presented a misleading picture of profitability to investors and the securities market. Such conduct squarely falls within the ambit of employing a deceptive device and making misleading representations in connection with dealings in securities, thereby violating Section 12A(a), (b) and (c) of the SEBI Act, 1992 and Regulations 3(b), (c) and (d) and Regulation 4(1) and 4(2)(f), (k) and (r) of the SEBI (PFUTP) Regulations, 2003.
313. I also note that Company has not paid the statutory interest at 12% p.a. under Section 207 of the Companies Act, 1956, for failure to transfer the unpaid dividend to the designated account. The cumulative interest liability for this period alone is at

₹3,33,30,456/-, calculated on the base dividend amount of ₹2,31,46,149/- for 12 financial years.

314. In view of aforesaid, I note that the liability of the Company towards shareholders of the Company for dividend declared by it for FY2010-11 and 2011-12 till March 31, 2024 is as below:

Table-23

FY	Dividend Payable	Interest Payable
2010-11		
2011-12		-
2012-13 to 2023- 24	2,31,46,149	3,33,30,455*
Amount	2,31,46,149	3,33,30,455

* Calculated @12% simple rate of interest for 12 financial years i.e. FY2012-13 to 2023-24.

Further, till February 27, 2026 (date of this order), the additional interest payable is ₹52,96,564/-.

315. Accordingly, the total amount required to be transferred to Investor Education and Protection Fund (IEPF) as on date of this order is ₹6,17,73,168/- (Dividend of ₹2,31,46,149 + Interest of ₹3,86,27,019).

316. In view of the above, I find that the Company have violated the following provisions:

316.1. Sections 205 and 207 of the Companies Act, 1956 r/w Section 124 and Section 465 of the Companies Act, 2013 (for FY2012-13 to FY2023-24) for not paying declared dividend and interest thereon to shareholders of the Company, and Sections 205A(1) of the Companies Act, 1956 for not transferring unpaid dividend to separate "Unpaid Dividend Account" and Sections 125 of the Companies Act, 1956 for thereafter not transferring the Unpaid Dividend and interest accrued on same to IEPF -; and

316.2. Section 12A(a), (b) & (c) of the SEBI Act, 1992 and Regulations 3(b), (c) & (d) & Regulation 4(1), 4(2) (f), (k) and (r) of SEBI (PFUTP) Regulations, 2003 (for FY2021-22) for recording fictitious revenue and reducing outstanding liability.

317. As regards responsibility of Directors/KMPs, I note that Mr. Suraya Kumar has been the Managing Director since 2006 under Section 2(54) of the Companies Act, 2013 as one entrusted with substantial powers of management. He continued through the entire period from the declaration of dividend in FY2010–11 and FY2011–12, to its reclassification as “other income” in FY2021–22. As the MD, he is also categorized as a Key Managerial Personnel (KMP) under Section 2(51). Further, he has attended all 24 audit committee meetings held between FY2019–20 and FY2023–24. Accordingly, I hold him liable for the aforesaid violations.
318. Further, Mr. J Murali Manohar, a long-time director, and Mr. K Sai Prasad, the Whole Time Director, acted as directors during the relevant financial years. I note that their silence, continued participation in board and audit matters, and failure to act in compliance with Sections 205A and 124 of the Companies Act constitute their involvement and the liability arises by virtue of involvement and their consent, wilful neglect, and connivance, and therefore they are liable under Section 27(2) of the SEBI Act, 1992.
319. Also, Mr. M Srinivas Kumar, CFO from 12.07.2021 to 22.07.2024, responsible for preparation and certification of the Company’s financial statements, oversaw the reporting in FY2021–22 where unpaid dividend was treated as income. He also signed the CFO certificate in the Annual Reports of company for FY 2020-21, 2021-22, 2022-23 and FY 2023-24 *inter-alia* stating that “*these statements together present a true & fair view of the Company’s affairs and are in compliance with existing accounting standards, applicable laws and regulations*”, which were grossly misleading. Accordingly, I note that he failed to raise any professional objection to this blatant misstatement, thereby becoming complicit in the misrepresentation.
320. Therefore, I find that the following directors/CFO have violated the below provisions:
320.1. Sections 205(1A), 205A(1) and 207 of the Companies Act, 1956 r/w Section 124 and Section 465 of the Companies Act, 2013 (for FY2012-13 to FY2023-24) by , Mr. Suryaraj Kumar (MD), Mr. J Murali Manohar (ex-director) and Mr. K Sai Prasad (Whole Time Director) for not paying declared dividend and

interest thereon to shareholders of the Company, for not transferring unpaid dividend to separate "Unpaid Dividend Account" and thereafter for not transferring the Unpaid Dividend and interest accrued on same to IEPF;

320.2. Section 12A(a), (b) & (c) of the SEBI Act, 1992 and Regulations 3(b), (c) & (d) & Regulation 4(1), 4(2) (f), (k) and (r) of SEBI (PFUTP) Regulations, 2003 (for FY2021-22) by Mr. Suryaraj Kumar (MD), Mr. K Sai Prasad (Whole Time Director) and Mr. M Srinivas Kumar (CFO) for recording fictitious revenue and reducing outstanding liability.

Issue D: Whether there was Delayed / Non-Submission of Information, Non-Cooperation during Investigation, Submission of False Information and Non-Compliance with SEBI's Summons by company and/or its directors/ CFO?

321. It was alleged that the Company and certain of its directors and key managerial personnel failed to cooperate during examination conducted by BSE, forensic audit conducted by the auditor appointed by BSE, and investigation conducted by SEBI under the SEBI Act, 1992.

322. The examination report of BSE records that most of the information sought from the Company was not furnished and that repeated extensions were sought. Due to such non-cooperation, BSE submitted an inconclusive report. Consequently, SEBI directed BSE to appoint a forensic auditor. The forensic audit report records that the Company did not provide critical and imperative information necessary to conclude the forensic assignment. Between July 18, 2023 and December 05, 2023, the forensic auditor sought information on 25 occasions; however, the Company either did not furnish the data or furnished incomplete information.

323. Thereafter, SEBI issued summons dated June 03, 2024, June 12, 2024 and July 05, 2024 to the Company, its Managing Director (Mr. Suryaraj Kumar) and its CFO (Mr. M. Srinivas Kumar), directing them to produce accounting data including Tally records, workings relating to capitalization of intangible assets, and explanations regarding purchase, sale and journal entries recorded during FY2013-14 to FY2021-22.

324. It was alleged that the Company sought repeated extensions without reasonable cause, furnished incomplete information, delayed production of accounting records and made false submissions that the current auditors were recently appointed, whereas they had been auditing the Company since September 30, 2016.
325. It was further alleged that during statement recorded on June 25, 2024, the Managing Director stated that he did not remember the top five vendors and customers for FY2022-23 and FY2023-24 and that the accountant handled such matters. He also stated that transactions with Eros were handled by ex-director Mr. J. Murali Manohar and that he was not in a position to reply to related questions.
326. Similarly, during statement recorded on December 16, 2024, the Whole Time Director (Mr. K. Sai Prasad) stated that he did not remember the top five vendors, did not know who dealt with customers and vendors, and undertook to furnish documents demonstrating production support services for certain films. Despite subsequent emails and opportunities, such crucial documents were not furnished.
327. Further, summons dated November 11, 2024, December 17, 2024 and December 24, 2024 were issued to Ms. Saraswathy Gopalan, Director and member of the Audit Committee, requiring her personal appearance before the Investigating Authority. Though summons were served through email, she failed to appear on December 17, 2024, December 24, 2024 and December 31, 2024.
328. Accordingly, violations of Sections 11(2), 11C(2), 11C(3) and 11C(5) of the SEBI Act, 1992 were alleged against respective Noticees.
329. The Company had contended that there was no deliberate non-cooperation and that the information sought was old and required time to retrieve. It was submitted that the Company was under liquidation and financial stress, which caused delay.
330. Further, the Managing Director submitted that operational aspects and vendor dealings were handled by the accounts team and that he was primarily overseeing

other divisions and the Whole Time Director submitted that he assists the accounts team and does not directly interact with vendors or customers.

331. Ms. Saraswathy Gopalan cited personal family circumstances for her inability to attend on the first scheduled date.

Consideration

332. I note that Sections 11 and 11C of the SEBI Act empower SEBI to conduct investigations and examination and require production of documents, information and personal appearance.

333. The securities market operates on transparency, timely disclosure and accountability. When a listed company's financial statements are under examination for possible manipulation, the regulator must be able to obtain complete accounting data, supporting documents and truthful explanations. Any delay, obstruction or false submission directly undermines investor confidence and impairs market integrity.

334. Investors rely on audited financial statements to make investment decisions. If investigation into manipulation of financial statements is obstructed, the harm is not limited to procedural delay; it affects price discovery, informed decision-making and protection of minority shareholders. Non-cooperation in such matters strikes at the heart of investor protection.

335. It is in this context that compliance with summons and requisitions assumes critical importance.

A. Non-cooperation and delayed submission by Company, Mr. Suryaraj Kumar, MD and Mr. M Srinivas Kumar, CFO

336. I note from the record that the forensic auditor sought data on 25 occasions. Three separate summons were issued by SEBI. However, I note that accounting data, including Tally records and workings relating to capitalization and journal entries,

were not furnished promptly. Extensions were sought repeatedly and submission was made that auditors were recently appointed, whereas records show that auditors had been appointed in 2016.

337. Further, the explanation that records were old or difficult to retrieve is not convincing. A listed company is required to maintain proper books of account and to produce them when required by a statutory authority. Liquidation or financial stress does not absolve statutory compliance obligations.
338. I note that the data sought was central to allegations of fictitious revenue, capitalization and accounting manipulation and delay in furnishing such data materially impeded investigation. Further, in the securities market, obstruction of investigation into accounting manipulation has systemic implications. It delays corrective regulatory action, prolongs misinformation in the market and exposes investors to continuing risk.
339. Accordingly, I find that the Company failed to comply with request for information and summons without reasonable cause. Being persons in charge of and responsible for conduct of business, Mr. Suryaraj Kumar, MD and Mr. M Srinivas Kumar, CFO were under statutory duty to ensure compliance. Therefore, I find that MGEL, Mr. Suryaraj Kumar and Mr. M. Srinivas Kumar have violated Sections 11(2), 11C(2) and 11C(3) of the SEBI Act.

B. False and misleading statements by Mr. Suryaraj Kumar, MD

340. I note that Mr. Suryaraj Kumar has been in office since 2006 and is signatory to financial statements for the relevant period. The Company's recorded revenue during relevant years was concentrated in a limited number of transactions and counterparties.
341. In such circumstances, stating that he does not remember the top five vendors or customers, and that he cannot answer questions relating to major transactions with

Eros, is not credible. Delegation of operational work does not dilute ultimate responsibility of a Managing Director.

342. I further note that providing vague, evasive or misleading responses during statement recording hampers investigation. Such conduct obstructs the regulator's ability to ascertain the truth and determine whether investors have been misled through financial statements. In matters involving potential manipulation of revenue, accuracy of statements given by top management is critical. Misleading responses compromise regulatory fact-finding and undermine investor protection.
343. Therefore, I find that Mr. Suryaraj Kumar made statements that were misleading in material particulars. Accordingly, I find that Mr. Suryaraj Kumar has violated Section 11C(5) of the SEBI Act.

C. False submissions and non-furnishing of crucial documents by Mr. K. Sai Prasad

344. I note that the Mr. K. Sai Prasad, Director undertook to provide documents demonstrating production support services that formed the basis of substantial revenue recognition. However, despite repeated opportunities, such documents were not furnished.
345. The alleged production support services were central to determining whether revenue was genuine or fictitious. Therefore, I note that non-furnishing of such documents obstructed the investigation.
346. When a Whole Time Director claims limited knowledge of vendors and customers in a company where recorded revenue has increased multifold in a short period, such assertion lacks credibility. Directors are collectively responsible for ensuring correctness of financial disclosures.

347. Accordingly, I find that Mr. K. Sai Prasad made misleading submissions and failed to furnish crucial information and accordingly, has violated Section 11C(5) of the SEBI Act.

D. Non-compliance of summons by Ms. Saraswathy Gopalan

348. I note that Ms. Saraswathy Gopalan has been Director of MGEL since 2019 and is a member of the Audit Committee. The Audit Committee is responsible for oversight of financial reporting and integrity of financial statements.

349. I further note that three separate summons were issued to her granting multiple opportunities to appear. However, while personal difficulty was cited initially, she neither appeared subsequently nor furnished any further justification.

350. In this regard, I note that personal appearance of an Audit Committee member was crucial in a case involving alleged manipulation of financial statements. Non-appearance despite lawful summons obstructed investigation into matters directly affecting investors.

351. It is important to note that compliance with summons is not optional. Failure to comply weakens regulatory enforcement and sends adverse signals regarding accountability of independent directors and audit committee members.

352. Accordingly, I find that Ms. Saraswathy Gopalan failed to comply with summons issued under Section 11C and therefore violated Section 11C(5) of EBI Act.

353. I note that the above conduct of the Company, Mr. Suryaraj Kumar, Mr. M Srinivas Kumar, Mr. K. Sai Prasad and Ms. Saraswathy Gopalan, viewed in the context of protection of investors and maintaining integrity of the securities market, is serious. Non-cooperation and misleading submissions during investigation into alleged financial manipulation directly undermine market transparency, delay regulatory intervention and expose investors to continuing harm.

354. In view of the above, I find that:

- 354.1. The Company, Mr. Suryaraj Kumar and Mr. M Srinivas Kumar have violated Sections 11(2), 11C(2) and 11C(3) of the SEBI Act, 1992 by failing to furnish complete information and by delaying compliance without reasonable cause.
- 354.2. Mr. Suryaraj Kumar and Mr. K. Sai Prasad have violated Section 11C(5) by making false or misleading statements and failing to furnish crucial documents.
- 354.3. Ms. Saraswathy Gopalan has violated Section 11C(5) by failing to comply with SEBI's summons.

Issue E: If the answer to all or any of the above issues are in affirmative, what was the role of Noticee No.2 to 7?

Allegation:-

355. It was alleged that the manipulation of financial statements, diversion of funds, non-payment of declared dividend, reversal of statutory liabilities as income, recording of fictitious revenue and non-cooperation during investigation were not failures attributable to the Board of Directors, Key Managerial Personnel (KMPs) and Audit Committee of the Company.
356. The Managing Director (Mr. Suryaraj Kumar), being in office since 2006 and member of the Audit Committee since February 25, 2019, was alleged to have been at the helm of affairs when fictitious purchases and sales were recorded during FY2013-14 to FY2015-16, funds were allegedly diverted in FY2013-14 and FY2014-15, declared dividends for FY2010-11 and FY2011-12 were not paid for more than a decade, dividend liability was reversed as income in FY2021-22, fictitious revenue was recorded during FY2021-22 to FY2024-25, and financial statements were certified and placed before shareholders.
357. Mr. J. Murali Manohar, though designated as Non-Executive Director during the relevant period (February 01, 2011 to May 30, 2015), was alleged to have acted in an executive capacity, signed key agreements including co-production agreements for "Kochadaiyaan", and played a central role in transactions with Eros and UK-based

entities. It was alleged that he was instrumental in devising the mechanism of diversion and manipulation.

358. Mr. K. Sai Prasad, designated as whole Time Director (June 2020 till now), was alleged to have functioned as executive/whole time director, actively representing the Company before BSE and SEBI, assisting in forensic audit matters, interacting with vendors and customers and participating in day-to-day operations. It was alleged that he approved financial statements containing reversal of dividend liability and recording of fictitious revenue.
359. Mr. M. Srinivas Kumar, CFO (July 12, 2021 to July 22, 2024), was alleged to have certified financial statements under Regulation 17(8) of SEBI (LODR) Regulations, 2015 despite manipulation of revenue and misstatement of liabilities.
360. The Audit Committee comprising Mr. Timothy Alfred Joseph Moses (Chairman), Mr. Suryaraj Kumar, Ms. Saraswathy Gopalan and Mr. K. Sai Prasad was alleged to have failed in its statutory duties under Regulation 18 and Schedule II of LODR by not questioning reversal of dividend liability as income, sudden surge in revenue from UK entities allegedly controlled by Mr. J. Murali Manohar, non-payment of dividend over prolonged period and material accounting entries impacting financial statements.

Submissions of Noticees

361. The Noticees have, inter alia, contended the following:
- 361.1. Their shareholding in the Company was minuscule (1.17%, 0.04%, 0.02%, or nil).
- 361.2. Mr. Suryaraj Kumar and Ms. Saraswathy Gopalan sold only minuscule amount of shares of the company and rest did not sell, pledge or trade in shares during the investigation period.
- 361.3. No direct or indirect monetary benefit accrued to them.
- 361.4. The Company's securities were largely illiquid or under suspension; therefore, there was no market impact or investor inducement.
- 361.5. Certain Noticees claim they were non-executive or independent directors only.

361.6. Mr. K. Sai Prasad submits that he lacked technical knowledge of accounting and relied entirely on professionals.

361.7. Mr. M. Srinivas Kumar submits he was CFO only from July 2021 to July 2024 and did not hold shares.

361.8. Mr. J. Murali Manohar submits he was Non-Executive Director only till May 30, 2015.

Consideration

362. I note that the securities market functions on the foundational principle of information symmetry. The integrity of price discovery and investor confidence depends upon the assumption that financial statements, quarterly disclosures, dividend declarations and certifications placed before the stock exchange reflect a true and fair view of the affairs of the company. Investors do not have access to internal accounting records. they rely entirely upon disclosures made by listed entities and the assurances embedded in board approvals and statutory certifications.
363. In the present case, the allegations pertain to recording of fictitious purchases and sales, diversion of funds, recognition of revenue without supporting evidence, prolonged non-payment of declared dividend, reversal of dividend liability as income, and approval of financial statements containing such entries. These go to the very core of financial reporting integrity.
364. Given the nature of these allegations, I note that the role of the Board of Directors, Key Managerial Personnel and the Audit Committee becomes central to the determination of liability. Directors are fiduciaries entrusted with safeguarding shareholder interest. They are under a statutory obligation to ensure that financial statements comply with applicable accounting standards, internal financial controls are robust and effective, material transactions are scrutinised, statutory liabilities are not misstated, and disclosures made to the market are accurate and complete.
365. I also note that the approval of financial statements by the Board and Audit Committee carries with it a representation to the securities market that reasonable inquiry and due diligence have been exercised. In the present matter, the financial statements

containing the alleged manipulations were placed before and approved by the Board and its Audit Committee. Dividend declarations were approved by the Board. Reversal of dividend liability as income was reflected in audited accounts approved by the directors. Revenue from UK-based entities was recognised and certified. Certifications under Regulation 17(8) of LODR were issued by the Managing Director and CFO.

366. Therefore, the contention by Mr. Suryaraj Kumar and K Sai Prasad that they were not involved in day-to-day operations, or that accounting matters were handled by the accounts team, cannot automatically absolve them. The regulatory framework does not permit directors to approve financial statements while simultaneously disclaiming responsibility for examining their correctness.

367. It is in this backdrop that the individual role of the Noticees are examined.

Role of Noticee No.2 – Mr. Suryaraj Kumar (Managing Director)

368. Mr. Suryaraj Kumar has been the Managing Director of the Company since 2006 and has also been a member of the Audit Committee during the relevant period and attended all the 24 audit committee meeting during the period. By virtue of his designation, he was entrusted with substantial powers of management and was at the helm of the affairs of the Company.

369. The hierarchy in a Corporate Structure is designed in such a way that adequate checks and balances are available to prevent misuse of company resources and a MD is a key person for such a hierarchy to work properly in the interest of the Company and its shareholders. His position places him full access to the key financial transactions alleged in the SCN and such transactions takes place with the approval, knowledge and involvement of the Managing Director, who heads the corporate hierarchy of MGEL. He did not explain why there was sudden increase in revenue, expenses, debtors of the Company in FY2022-23 and 2023-24. He had complete control of MGEL by virtue of his designation. Being MD, he abused his position by way of manipulating books of accounts and misrepresenting financial statements of

the Company, by diverting the Company's funds in connivance with Mr. J Murali Manohar and defrauded shareholders of the Company by not paying dividend for 12 consecutive financial years. He is responsible for creating a mechanism to manipulate books of accounts of the company by recording fictitious purchase and sale in FY2013-14, 2014-15 and 2015-16. He is also responsible the funds to Eros in FY2013-14 and 2014-15 but did not record the same in books of the Company, this resulted in manipulated financial of the Company from FY2013-14 to 2023-24. Later, in FY2021-22, 2022-23, 2023-24 and 2024-25, again he is responsible in recording fictitious revenue so that a better picture can be shown to investors.

370. Further, he was MD of the Company in FY2010-11 and 2011-12 when the Company declared dividend. Thereafter, he continued to be MD of the Company in all the financial years since then. However, till date he failed to pay declared dividend to shareholders of the Company and defrauded them.
371. Being MD and promoter of the Company since 2006, he managed affairs of the Company, attended various board meetings and signed various key documents such financial statements of the Company. However, in his statement, he tried to evade information from SEBI by giving false and misleading submissions that he didn't know who were the major customers and vendors of the Company for latest financial years.
372. On seeking information, he delayed in providing the information to SEBI and gave false submissions that auditors were appointed recently.
373. Therefore, I note that Mr. Suryaraj Kumar, by virtue of his involvement in the above mentioned manipulation, diversion and defrauding shareholders have failed in his duties as Managing Director of MGEL and his actions have been detrimental to the interest of many stakeholders including minority shareholders of MGEL. He indulged in a manipulative, fraudulent and unfair trade by manipulating books of accounts, misrepresenting financial statements of the Company, diverting the Company's funds at the cost of the interest of minority shareholders of MGEL and not paying dividend to shareholders of the Company.

374. Further, as a member of the Audit Committee, he was under an additional duty to scrutinise financial reporting processes and internal controls. Instead, the record indicates that financial statements containing material irregularities were approved without adequate inquiry.
375. Therefore, his role central to the alleged scheme of financial misrepresentation and governance failure.

Role of Noticee No.3 – Mr. J Murali Manohar (Ex-Director)

376. I note that Mr. J. Murali Manohar was the driving force of the Company and was running the affairs of the Company. He was indirectly holding 25% of the Company through BMFI Ltd., UK, Rollmar Ltd., UK and General Ventures Ltd., UK.
377. Though he designated himself as a non-executive director, he was in fact functioning as an executive director of the Company. In his statement also, he mentioned that he was working as an executive director of the Company. It is noted that he was taking all major decisions along with the Managing Director of the Company and was signing various key documents, including significant agreements. The same is evident from copies of agreements entered into by the Company for co-production of the film “Kochadaiyan” dated January 27, 2012, June 15, 2013 and May 21, 2014.
378. Further, in his statement and post-statement submissions, he failed to provide any supporting documents to substantiate that the revenue and purchases recorded by the Company during FY2013-14, 2014-15 and 2015-16 were genuine. He also failed to furnish any documentary evidence to establish that he was not involved in the diversion of funds to Eros.
379. I also note that he defrauded shareholders by not ensuring payment of the declared dividend which was declared in FY2010-11 and FY2011-12. Further, after diversion of the Company’s funds and when MGEL suffered losses, he officially resigned from the Company to avoid liability and potential proceedings. However, unofficially he continued to look after the affairs of the Company. In FY2022-23 and FY2023-24, he produced certain films in the UK. In order to facilitate MGEL to record fictitious

revenue, he arranged for execution of non-genuine agreements with MGEL without any actual production support being provided by MGEL.

380. I note that a director is expected to exercise due care and diligence to ensure that transactions are genuine and carried out in the best interests of the Company, including its minority shareholders. Thus, it is alleged that Mr. J. Murali Manohar, by virtue of his involvement in the aforesaid impugned transactions, namely manipulation of financial statements and diversion of funds, failed in his duties as a Director of the Company. His actions have been detrimental to the interests of the minority shareholders of the Company.

381. From the above, it is evident that Mr. J. Murali Manohar was involved in manipulation of the financial statements of the Company at the cost of other shareholders. He is also responsible for devising a scheme and operating in a manipulative, fraudulent and unfair manner by manipulating the books of accounts, misrepresenting financial statements and diverting the Company's funds, thereby acting to the detriment of minority shareholders of MGEL.

382. In view of the above observations, I find that in his capacity of Executive Director, he misused his position and misconducted affairs of the Company by devising a scheme of manipulation of books of accounts of the Company. He also devised a scheme, due to which the Company's funds were diverted and defrauded shareholders by not paying declared dividend to them.

Role of Noticee No.4 – Mr. K Sai Prasad (Whole Time Director)

383. I note that Mr. K. Sai Prasad gave false and misleading submissions on oath stating that he approached the Company in 2021 and joined the Company in 2023 as an Independent Director. However, the MCA records and the Annual Reports of the Company clearly indicate that he was appointed as an Independent Director in the year 2020 itself and was also inducted as a member of the Audit Committee in the same year. As a Director and member of the Audit Committee, he attended various Board meetings and approved the financial statements of the Company since FY2020-21. When confronted during his statement, he admitted that he had joined

the Company in 2020. In view of the same, it is clear that Mr. K. Sai Prasad deliberately attempted to mislead SEBI during the course of investigation.

384. Further, it is noted that although he was designated as an Independent Director and continued to hold such designation during the period June 19, 2020 to July 22, 2024, he was not functioning as an independent director in substance, as he was performing the role of an executive director of the Company. The same is evident from the following records:

384.1. He was communicating with BSE on various matters such as revival and relisting of the Company.

384.2. During the preliminary examination conducted by BSE, he responded to BSE on behalf of the Company and addressed queries raised by BSE.

384.3. Vide emails dated November 27, 2023 and November 29, 2023, he requested SEBI for a personal meeting to apprise the status of the forensic audit. At that time, he was designated as an Independent Director but was representing the Company in routine and statutory matters.

384.4. On December 11, 2023, he, along with his legal advisor Mr. J. Jayakumar (brother of Mr. J. Murali Manohar), visited SEBI and apprised SEBI officials regarding the status of the forensic audit. Thus, he represented the Company before SEBI, which is not a function ordinarily performed by an Independent Director.

384.5. In his statement dated December 16, 2024, he himself stated that during his tenure as Independent Director, he assisted the Company, the Managing Director and the accounts team in documentation, relisting efforts, coordination and submission of documents to SEBI. He further admitted that he made calls to customers and vendors for compliance matters such as GST filings and submission of invoices. These activities are of a day-to-day executive nature and are not functions of an Independent Director.

384.6. The CFO of the Company, in his statement, stated that Mr. K. Sai Prasad was handling SKVM in connection with the forensic audit being conducted by them.

384.7. The Managing Director, Mr. Suryaraj Kumar, in his statement dated June 25, 2024, stated that "all the employees are reporting to myself and K. Sai Prasad (Independent Director)".

385. In view of the above, it is evident that from the date of his joining, Mr. K. Sai Prasad was not functioning as an Independent Director in substance, as he was discharging the role of an executive/whole-time director. Section 149(8) read with Schedule IV of the Companies Act, 2013 provides that an Independent Director shall, inter alia, *“bring an independent judgment to bear on the Board’s deliberations, especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct”*; *“scrutinize the performance of management in meeting agreed goals and objectives and monitor the reporting of performance”*; and *“satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible.”*
386. However, in the present matter, instead of adhering to the code of professional conduct applicable to Independent Directors, Mr. K. Sai Prasad indulged in the manipulation of the books of accounts while functioning as an executive director of the Company. His independence stood impaired as he was effectively acting as a whole-time director, undertaking executive functions such as representing the Company interacting with customers, heading departments where employees reported to him, and managing day-to-day affairs of the Company.
387. I note that in FY2020-21, when he joined the Company, there was already an outstanding dividend liability which had remained unpaid since FY2010-11 and FY2011-12. This liability was reflected in the financial statements of each year from FY2012-13 to FY2019-20. In FY2020-21, he joined the Audit Committee and approved the financial statements wherein the said dividend liability continued to remain outstanding. Thereafter, instead of ensuring payment of the liability, in FY2021-22 he participated in reversing the outstanding dividend liability by recording fictitious revenue.
388. Subsequently, in FY2022-23, FY2023-24 and FY2024-25, he further participated in recording fictitious revenue by entering into non-genuine agreements with UK-based producers and recognizing revenue without providing any production support services in the UK. During this period, he was a member of the Audit Committee and,

as per his reply dated December 19, 2024, attended all 14 Audit Committee meetings conducted during FY2021-22 to FY2023-24.

389. I note that a Director is expected to exercise due care and diligence to ensure that transactions are genuine and are in the best interests of the Company, including its minority shareholders. Thus, I note that Mr. K. Sai Prasad, by virtue of his involvement in the aforesaid impugned transactions, namely manipulation of financial statements, failure to ensure payment of declared dividend, and subsequently covering up the same by reversing the liability and recording fictitious revenue, failed in his duties as a Director of the Company. His actions were detrimental to the interests of the minority shareholders of the Company.
390. Section 27(2) of the SEBI Act, 1992 stipulates that where an offence under the Act has been committed by a company and it is proved that the offence was committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such person shall also be deemed to be guilty of the offence and liable to be proceeded against accordingly.
391. From the above, I find that Mr. K. Sai Prasad was involved in the manipulation of the financial statements of the Company at the cost of other shareholders. He manipulated the books of accounts by recording fictitious revenue during FY2021-22, FY2022-23, FY2023-24 and FY2024-25. Further, in his capacity as Director, he misused his position and misconducted the affairs of the Company by manipulating the books of accounts for FY2021-22 to FY2024-25 and failed to ensure payment of dividend to the shareholders of the Company. The aforesaid acts, are attributable to his active involvement and neglect in discharge of his duties as Director, attracting the provisions of Section 27(2) of the SEBI Act, 1992, rendering him liable for the violations committed by the Company as well.

Role of Noticee No.5 - Mr. M. Srinivas Kumar (CFO):

392. I note that as per Section 2(51) of the Companies Act, 2013, the Chief Financial Officer falls within the definition of "Key Managerial Personnel". Therefore, Mr. M.

Srinivas Kumar was a Key Managerial Personnel of the Company by virtue of his designation as the CFO.

393. Further, a Chief Financial Officer heads and discharges the finance function of a listed entity and is expected to exercise his powers in a bona fide manner and in the interest of all stakeholders of the Company. Also, Section 27(2) of the SEBI Act, 1992 provides that where an offence under the Act has been committed by a company and it is proved that the offence was committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such person shall also be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly.
394. The relevant extracts of the SEBI (LODR) Regulations, 2015 are reproduced below. Regulation 17(8) provides that *“the Chief Executive Officer and the Chief Financial Officer shall provide the compliance certificate to the Board of Directors as specified in Part B of Schedule II”*. Part B of Schedule II further stipulates that *“the compliance certificate shall state, inter alia, that to the best of their knowledge and belief, no transactions entered into by the listed entity during the year are fraudulent, illegal or violative of the listed entity’s code of conduct.”*
395. It is further noted that the duty of the CFO of a listed entity is to certify that the financial results do not contain any false or misleading statement or figures and do not omit any material fact which may render the statements or figures misleading, while placing the financial results before the Board.
396. Therefore, the LODR Regulations mandate that while placing financial results before the Board, the CFO must certify that the financial statements do not contain any misleading statement, present a true and fair view of the Company’s affairs, and are in compliance with applicable accounting standards, laws and regulations. The CFO is also required to certify that no transactions of the listed entity during the relevant financial year are fraudulent in nature.

397. As established above, the Company indulged in manipulation of its books of accounts. In FY2021-22, the Company recorded fictitious revenue by reversing the outstanding dividend liability. In FY2022-23 and FY2023-24, the Company recorded fictitious revenue without providing any production support services in the UK. The Company first entered into non-genuine agreements with six UK-based producers and thereafter recognized revenue without rendering the corresponding services. Further, company first failed to pay the declared dividend and then failed to transfer the unpaid dividend to the "Unpaid Dividend Account" and subsequently to the unpaid amount to the Investor Education and Protection Fund (IEPF). Instead, the Company falsely reversed the unpaid dividend liability as income in FY2021-22, thereby misrepresenting financial statements.
398. Therefore, I note that Mr. M. Srinivas Kumar, by virtue of his role and involvement in the aforesaid manipulative practices, failed to discharge his duties as CFO of MGEL. His actions have been detrimental to the interests of various stakeholders, including the minority shareholders of Mediaone.
399. I further note that the CEO/CFO certificates signed by Mr. M. Srinivas Kumar in the Annual Reports of the Company for FY2020-21, FY2021-22, FY2022-23 and FY2023-24, wherein he inter alia certified that *"these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations,"* were grossly misleading in light of the findings recorded above.
400. Further, he did not cooperate during the investigation by not providing data to the auditor even after seeking data on 25 occasions, delayed submission of information without reasonable cause in reply to the summons, and made false submissions, including stating that the auditors were appointed recently, which was factually incorrect.

Role of the Audit Committee:

401. I note that as per the disclosures made in the Annual Reports for FY2021-22, FY2022-23 and FY2023-24 (i.e., the period post lifting of liquidation proceedings when the Company recommenced operations and began booking fictitious revenue), a total of 14 Audit Committee meetings were held during the said period.
402. The details of members of the Audit Committee during the relevant period are as follows:

Table-2

S. No.	Name of the Director	Designation	From FY*	To FY
1	Timothy Alfred Joseph Moses	Chairman of Audit Committee	2014-15	Continuing**
2	Suryaraj Kumar	Member of Audit Committee	2018-19#	Continuing**
3	Saraswathy Gopalan	Member of Audit Committee	2018-19#	Continuing**
4	K Sai Prasad	Member of Audit Committee	2020-21	Continuing**

** Continuing - These directors are still continuing as members of audit committee as on December 31, 2024.

403. The details of audit committee meetings which took place during FY2014-15 and from FY2016-17 to FY2023-24 and attendance of each of above member of audit committee are as follows:

Table-3

Name of AC Member	FY2014-15		FY2016-17		FY2017-18		FY2018-19		FY2019-20		FY2020-21		FY2021-22		FY2022-23		FY2023-24	
	No.	A	No.	A	No.	A	No.	A	No.	A	No.	A	No.	A	No.	A	No.	A
Timothy Alfred Joseph Moses	4	2	4	4	4	4	6	6	4	4	5	5	6	6	4	4	4	4
Suryaraj Kumar	Not Applicable						6	1	4	4	5	5	6	6	4	4	4	4
Saraswathy Gopalan	Not Applicable						6	1	4	4	5	5	6	6	4	4	4	4
Saiprasad Kuragayala	Not Applicable										5	4	6	6	4	4	4	4

No. – Number of Audit Committee Meetings held during the year.

A - Number of Audit Committee Meetings attended during the year.

404. It was noted that all members of the Audit Committee attended all the meetings held during FY2021-22, FY2022-23 and FY2023-24. Mr. Timothy Alfred Joseph Moses was the Chairman of the Audit Committee, and Mr. Suryaraj Kumar (Managing Director), Ms. Saraswathy Gopalan (Independent Director) and Mr. K. Sai Prasad

(Whole Time Director) were members of the Audit Committee during the relevant period.

405. As per the SEBI (LODR) Regulations, 2015, the role of the Audit Committee of a listed company includes oversight of the financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible. The Audit Committee is required to review major accounting entries involving estimates based on management's judgment. It is expected to function independently and exercise due diligence against any fraudulent or manipulative acts committed by the Company, and to raise concerns wherever necessary. Therefore, being members of the Audit Committee, the aforesaid entities were responsible for reviewing and recommending the financial statements before they were placed before the Board for approval.
406. As already established above, the Company recorded fictitious revenue in FY2021-22 by reversing outstanding dividend liability and recognizing it as income. Further, in FY2022-23 and FY2023-24, the Company recorded fictitious revenue by entering into non-genuine agreements with UK-based entities owned and controlled by Mr. J. Murali Manohar.
407. From the submissions made by the Audit Committee Members/Chairman, it was observed that the Audit Committee failed to independently evaluate the accuracy and genuineness of the financial statements. The Chairman of the Audit Committee, Mr. Timothy Alfred Joseph Moses, was not even aware of the date of his appointment as Chairman. He made vague submissions stating that he relied upon the work of the internal auditor before approving the financials of the Company. This indicates that the Audit Committee did not independently verify the financial statements presented before it and merely relied upon presentations made by management and auditors. Further, the Managing Director and Whole Time Director, who were themselves members of the Audit Committee, were directly involved in manipulation of the financial statements of the Company during FY2021-22, FY2022-23 and FY2023-24.

408. The Audit Committee of a listed company is duty-bound to periodically review internal financial controls, evaluate the performance of statutory and internal auditors, and discuss with internal auditors any significant findings. However, the Audit Committee of MGEL grossly failed to discharge its duties and did not meaningfully evaluate or question the internal financial controls of the Company.
409. The Chairman of the Audit Committee was not independent in substance, as he was simultaneously providing other legal services to the Company as a legal practitioner and had been appointed by Mr. J. Murali Manohar, who himself was involved in diversion of funds and manipulation of the financial statements of the Company.
410. Upon examination of the minutes of the Audit Committee meetings for FY2021-22, FY2022-23 and FY2023-24, Mr. Timothy Alfred Joseph Moses, I note that the Audit Committee failed to raise any queries regarding (i) the reversal of outstanding dividend liability and its recognition as revenue (other income) in FY2021-22, and (ii) the sudden recording of substantial revenue in FY2022-23 and FY2023-24 arising from agreements entered into with six UK-based producers owned and controlled by Mr. J. Murali Manohar. Therefore, the absence of any meaningful deliberation or scrutiny in this regard demonstrates a complete failure of oversight.
411. In view of the above, it is evident that the Audit Committee failed to discharge its statutory and fiduciary responsibilities. Instead of acting as an independent oversight mechanism to safeguard the integrity of the Company's financial reporting process, the Committee merely endorsed the financial statements without meaningful scrutiny, despite glaring irregularities such as reversal of long-outstanding dividend liability and sudden recognition of substantial revenue from non-genuine UK-based entities. Such failure strikes at the core of corporate governance standards mandated under the SEBI (LODR) Regulations, 2015 and undermines the reliability of disclosures made to the securities market. The integrity of financial statements forms the foundation of investor confidence, price discovery and informed decision-making in the capital market. By failing to question the company and directors, Audit Committee members facilitated dissemination of misleading financial information to shareholders and

prospective investors, thereby compromising market transparency and eroding investor protection.

412. In view of the above, I find that the audit committee of the Company (for FY2021-22, 2022-23 and 2023-24) comprising of Mr. Timothy Alfred Joseph Moses (Chairman), Mr. Suryaraj Kumar (Member), Ms. Saraswathy Gopalan (Member) and Mr. K Sai Prasad (Member) are alleged to have violated the provisions of SEBI (LODR) Regulations, 2015.
413. I note that the Noticees have contended that their shareholding in the Company was negligible or nil and that they did not sell, trade or pledge shares during the investigation period. It has been argued that no monetary benefit accrued to them.
414. In this regard, I note that the present proceedings concern manipulation of financial statements, violation of disclosure norms and failure of governance oversight. Fraud in securities law includes any act, omission or misrepresentation that operates as a deceit upon investors or affects market integrity. Directors and KMPs owe statutory duties to the market irrespective of whether they personally trade in shares. Further, their obligation flows from responsibility and mandate and not from the quantum of their shareholding.
415. Accordingly, minuscule shareholding or absence of trading does not have any bearing on the liability where financial statements are approved despite material misstatements.
416. I further note that certain directors have contended that they relied upon auditors and accounts personnel and lacked technical accounting expertise.
417. In this regard, it is noted that reliance on professionals does not absolve directors of responsibility. The regulatory framework envisages directors exercising independent judgment. Audit Committee members, in particular, are required to scrutinise significant accounting entries and management judgments.

418. Where red flags such as sudden surge in revenue from related entities, reversal of long-standing liabilities, large journal entries impacting profitability, are apparent, directors are expected to seek clarification and record informed deliberation. I note that failure to do also amounts to neglect within the meaning of Section 27 of the SEBI Act.

419. In view of the above finding, I find that Noticee No.2 to 7 have violated the following:

Noticee No.2

419.1. By diverting the Company's funds in FY2013-14 and 2014-15 and by manipulating the books of accounts of the Company for FY2013-14 to FY2024-25, he violated Section 12A(a), (b) & (c) of the SEBI Act, 1992 and Regulations 3(b), (c) & (d) & Regulation 4(1), 4(2) (f), (k) and (r) of SEBI (PFUTP) Regulations, 2003 r/w Section 27 of SEBI Act, 1992 (For FY2013-14 to FY2024-25) and Clause 41(l)(a) of the erstwhile Listing Agreement and Clause 49(l)(D)(2)(f) & (g) and 49(l)(D)(3) (a), (c), (f) of the Listing Agreement (post amendment dated April 17, 2014) of erstwhile listing agreement r/w Section 21 & 24 of SCRA 1956 (for FY 2013-14 and FY 2014-15) and Regulations 4(1)(a), (b), (c), (e) (g), (h), (j), 4(2)(f)(i)(2), 4(2)(f)(ii)(2), (6), (7), 4(2)(f)(iii) (1), (3), (6), (12), Regulation 33(1) (a), (c) and Regulation 48 of SEBI LODR Regulations, 2015 r/w erstwhile Accounting Standard – 1, 9, Ind-AS1 and 115 r/w Section 27 of SEBI Act, 1992 (for FY2015-16 to FY2024-25);

419.2. By defrauding shareholders by not paying declared dividend, he violated Sections 205(1A), 205A(1) and 207 of the Companies Act, 1956 r/w Section 124 and Section 465 of the Companies Act, 2013 (for FY2012-13 to FY2023-24);

419.3. Being audit committee member he did not discharge his duties independently and failed to perform various roles as required under Regulation 18(3) r/w Clause 1, 4, 5, 11, 12, 13 & 14 of Para A & Clause 1 of Para B of Part C of Schedule II of SEBI (LODR) Regulations, 2015.

419.4. By failing to comply the requirements of SEBI's Summons, he violated Section 11(2), Section 11C(2), Section 11C(3) and 11C(5) of SEBI Act, 1992.

Noticee No.3

- 419.5. By diverting the Company's funds in FY2013-14 and 2014-15 and by manipulating the books of accounts of the Company for FY2013-14 to FY2015-16, he violated Section 12A(a), (b) & (c) of the SEBI Act, 1992 and Regulations 3(b), (c) & (d) & Regulation 4(1), 4(2) (f), (k) and (r) of SEBI (PFUTP) Regulations, 2003 r/w Section 27 of SEBI Act, 1992 (For FY2013-14 to FY2015-16) and Clause 41(l)(a) of the erstwhile Listing Agreement and Clause 49(l)(D)(2)(f) & (g) and 49(l)(D)(3) (a), (c), (f) of the Listing Agreement (post amendment dated April 17, 2014) of erstwhile listing agreement r/w Section 21 & 24 of SCRA 1956 (for FY 2013-14 and FY 2014-15);
- 419.6. By defrauding shareholders by not paying declared dividend, he violated Sections 205(1A), 205A(1) and 207 of the Companies Act, 1956 r/w Section 124 and Section 465 of the Companies Act, 2013 (for FY2012-13 to FY2023-24);

Noticee No.4

- 419.7. By manipulating the books of accounts of the Company for FY2021-22 to FY2024-25, he violated Section 12A(a), (b) & (c) of the SEBI Act, 1992 and Regulations 3(b), (c) & (d) & Regulation 4(1), 4(2) (f), (k) and (r) of SEBI (PFUTP) Regulations, 2003 r/w Section 27 of SEBI Act, 1992 and Regulations 4(1)(a), (b), (c), (e) (g), (h), (j), 4(2)(f)(i)(2), 4(2)(f)(ii)(2), (6), (7), 4(2)(f)(iii) (1), (3), (6), (12), Regulation 33 (1) (a), (c) and Regulation 48 of SEBI LODR Regulations, 2015 r/w Ind-AS 115 r/w Section 27 of SEBI Act, 1992 (For FY2021-22 to FY2024-25);
- 419.8. By defrauding shareholders by not paying declared dividend, he violated Sections 205(1A), 205A(1) and 207 of the Companies Act, 1956 r/w Section 124 and Section 465 of the Companies Act, 2013 (for FY2020-21 to FY2023-24);
- 419.9. Being audit committee member he did not discharge his duties independently and failed to perform various roles as required under Regulation 18(3) r/w Clause 1, 4, 5, 11, 12, 13 & 14 of Para A & Clause 1 of Para B of Part C of Schedule II of SEBI (LODR) Regulations, 2015.

419.10. By giving false statement on oath and failing to provide crucial information, he violated Section 11C(5) of SEBI Act, 1992.

Noticee No.5

419.11. By Manipulating Books of accounts of the Company during FY2021-22, 2022-23 and 2023-24 and by recording fictitious revenue and reducing outstanding liability by reversing unpaid dividend as revenue, he violated Section 12A(a), (b) & (c) of the SEBI Act, 1992 and Regulations 3(b), (c) & (d) & Regulation 4(1), 4(2) (f), (k) and (r) of SEBI (PFUTP) Regulations, 2003 r/w Section 27 of SEBI Act, 1992 and Regulations 4(1)(a), (b), (c), (e) (g), (h), (j), 4(2)(f)(i)(2), 4(2)(f)(ii)(2), (6), (7), 4(2)(f)(iii) (1)(3), (6), (12), Regulation 33 (1) (a), (c) and Regulation 48 of SEBI LODR Regulations, 2015 r/w Ind-AS 115 and r/w Section 27 of SEBI Act, 1992.

419.12. By giving false CEO/CFO certification for FY2020-21, 2021-22, 2022-23 and FY 2023-24, he violated Regulation 17(8) r/w Part B of Schedule II of SEBI (LODR) Regulations, 2015.

419.13. By failing to comply the requirements of SEBI's Summons, he violated Section 11(2), 11C(2) and 11C(3) of SEBI Act, 1992.

Noticee No.6 and 7

419.14. Being audit committee member Noticee No.6 and 7 did not discharge their duties independently and failed to perform various roles as required under Regulation 18(3) r/w Clause 1, 4, 5, 11, 12, 13 & 14 of Para A & Clause 1 of Para B of Part C of Schedule II of SEBI (LODR) Regulations, 2015.

419.15. Further, by failing to comply with SEBI's Summons, Noticee No.7 violated Section 11C(5) of SEBI Act, 1992.

Conclusion:

420. In view of the detailed examination of the material on record, the forensic findings, the submissions of the Noticees and the analysis undertaken hereinabove, I find that the financial statements of the Company for multiple financial years did not present a true and fair view of its affairs. The record demonstrates a sustained pattern of diversion of funds, recording of fictitious revenue, reversal of outstanding dividend

liability by treating it as income, passing accounting entries without underlying movement of funds, and entering into agreements with related or connected entities without adequate substantiation of actual services rendered. The cumulative effect of these acts was the artificial inflation of revenue, suppression of liabilities and misrepresentation of the financial position of the Company.

421. I further find that the diversion of ₹99.48 crore in connection with the film Kochadaiyaan, the recording of revenue pursuant to non-genuine transactions and passing accounting entries without corresponding commercial substance, were not isolated events but formed part of a larger scheme to manipulate the books of account. The reversal of declared dividend liability and its treatment as income in FY2021-22 further evidences deliberate misstatement rather than a mere accounting error.
422. The conduct of the Managing Director, Ex-Director, Whole Time Director, CFO and members of the Audit Committee, as discussed above, shows either active involvement, consent, connivance or gross negligence in permitting the dissemination of misleading financial statements to shareholders and the securities market. The statutory duties cast upon directors, key managerial personnel and audit committee members under the SEBI Act, PFUTP Regulations and LODR Regulations are not ornamental but they are fundamental safeguards meant to ensure transparency, integrity and investor protection in the securities market. In the present case, these safeguards failed due to the acts and omissions of the Noticees.
423. Accordingly, I conclude that the Company and the respective Noticees have violated the relevant provisions of the SEBI Act, PFUTP Regulations, and the applicable provisions of the LODR Regulations and Companies Act, as detailed in the respective findings above. The violations are serious, repetitive in nature and have the potential to cause substantial prejudice to investors and the orderly functioning of the securities market.

424. The matter, therefore, warrants appropriate directions and consequential action under the applicable provisions of law. Further, for the reasons stated above, the Noticees are also liable for penalty as detailed below:

Noticee No.	Name	Violation	Provisions	Penal provision found to have been violated
1	M/s. Mediaone Global Entertainment Ltd.	Diversion of funds	Section 12A(a), (b) & (c) of the SEBI Act, 1992 r/w Regulations 3(b), (c) & (d) & Regulation 4(1), 4(2) (f), (k) and (r) of SEBI (PFUTP) Regulations, 2003.	15HA
			Clause 41(l)(a) of the erstwhile Listing Agreement r/w Section 21 of SCRA 1956	23H
			Regulations 4(1)(a), (b), (c), (e) (g), (h), (j), Regulation 33 (1) (a), (c) and Regulation 48 of SEBI LODR Regulations, 2015 r/w erstwhile Accounting Standard - 1 and Ind-AS1	15HB
		Manipulation of Financials (13-14, 14-15, 15-16)	Section 12A(a), (b) & (c) of the SEBI Act, 1992 r/w Regulations 3(b), (c) & (d) & Regulation 4(1), 4(2) (f), (k) and (r) of SEBI (PFUTP) Regulations, 2003.	15HA
			Clause 41(l)(a) of the erstwhile Listing Agreement r/w Section 21 of SCRA 1956	23H
			Regulations 4(1)(a), (b), (c), (e) (g), (h), (j), Regulation 33 (1) (a), (c) and Regulation 48 of SEBI LODR Regulations, 2015 r/w erstwhile Accounting Standard - 1 and Ind-AS1	15HB
		Manipulation of Financials (22-23, 23-24 and 24-25)	Section 12A(a), (b) & (c) of the SEBI Act, 1992 r/w Regulations 3(b), (c) & (d) & Regulation 4(1), 4(2) (f), (k) and (r) of SEBI (PFUTP) Regulations, 2003.	15HA
			Regulations 4(1)(a), (b), (c), (e) (g), (h), (j), Regulation 33 (1) (a), (c) and Regulation 48 of SEBI LODR Regulations, 2015 r/w Ind-AS 115	15HB

Noticee No.	Name	Violation	Provisions	Penal provision found to have been violated
		Non-Payment of dividend	Sections 205(1A), 205A(1) and 207 of the Companies Act, 1956 r/w Section 124 and Section 465 of the Companies Act, 2013	
			Section 12A(a), (b) & (c) of the SEBI Act, 1992 and Regulations 3(b), (c) & (d) & Regulation 4(1), 4(2) (f), (k) and (r) of SEBI (PFUTP) Regulations, 2003	15HA
		Delayed and Non-cooperation during investigation	Section 11(2), Section 11C(2) and Section 11C(3) of SEBI Act, 1992	15A(a)
2	Suryaraj Kumar	Diversion	Section 12A(a), (b) & (c) of the SEBI Act, 1992 and Regulations 3(b), (c) & (d) & Regulation 4(1), 4(2) (f), (k) and (r) of SEBI (PFUTP) Regulations, 2003 r/w Section 27 of SEBI Act, 1992	15HA
			Clause 41(I)(a) of the erstwhile Listing Agreement and Clause 49(I)(D)(2)(f) & (g) and 49(I)(D)(3) (a), (c), (f) of the Listing Agreement (post amendment dated April 17, 2014) of erstwhile listing agreement r/w Section 21 & 24 of SCRA 1956	23H
			Regulations 4(1)(a), (b), (c), (e) (g), (h), (j), 4(2)(f)(i)(2), 4(2)(f)(ii)(2), (6), (7), 4(2)(f)(iii) (1), (3), (6), (12), Regulation 33 (1) (a), (c) and Regulation 48 of SEBI LODR Regulations, 2015 r/w erstwhile Accounting Standard - 1 and Ind-AS1 r/w Section 27 of SEBI Act, 1992	15HB

Noticee No.	Name	Violation	Provisions	Penal provision found to have been violated
		Manipulation of Financials (13-14, 14-15, 15-16)	Section 12A(a), (b) & (c) of the SEBI Act, 1992 and Regulations 3(b), (c) & (d) & Regulation 4(1), 4(2) (f), (k) and (r) of SEBI (PFUTP) Regulations, 2003 r/w Section 27 of SEBI Act, 1992	15HA
	Clause 41(l)(a) of the erstwhile Listing Agreement and Clause 49(l)(D)(2)(f) & (g) and 49(l)(D)(3) (a), (c), (f) of the Listing Agreement (post amendment dated April 17, 2014) of erstwhile listing agreement r/w Section 21 & 24 of SCRA 1956		23H	
	Regulations 4(1)(a), (b), (c), (e) (g), (h), (j), 4(2)(f)(i)(2), 4(2)(f)(ii)(2), (6), (7), 4(2)(f)(iii) (1), (3), (6), (12), Regulation 33 (1) (a), (c) and Regulation 48 of SEBI LODR Regulations, 2015 r/w erstwhile Accounting Standard – 1 and 9 and r/w Section 27 of SEBI Act, 1992		15HB	
		Manipulation of Financials (22-23, 23-24 and 24-25)	Section 12A(a), (b) & (c) of the SEBI Act, 1992 and Regulations 3(b), (c) & (d) & Regulation 4(1), 4(2) (f), (k) and (r) of SEBI (PFUTP) Regulations, 2003 r/w Section 27 of SEBI Act, 1992	15HA
	Regulations 4(1)(a), (b), (c), (e) (g), (h), (j), 4(2)(f)(i)(2), 4(2)(f)(ii)(2), (6), (7), 4(2)(f)(iii) (1), (3), (6), (12), Regulation 33 (1) (a), (c) and Regulation 48 of SEBI LODR Regulations, 2015 r/w Ind-AS 115 and r/w Section 27 of SEBI Act, 1992		15HB	
		Non-Payment of dividend	Sections 205(1A), 205A(1) and 207 of the Companies Act, 1956 r/w Section 124 and Section 465 of the Companies Act, 2013	
			Section 12A(a), (b) & (c) of the SEBI Act, 1992 and Regulations	15HA

Noticee No.	Name	Violation	Provisions	Penal provision found to have been violated
			3(b), (c) & (d) & Regulation 4(1), 4(2) (f), (k) and (r) of SEBI (PFUTP) Regulations, 2003	
		Delayed and Non-cooperation during investigation	Section 11(2), Section 11C(2) and Section 11C(3) of SEBI Act, 1992	15A(a)
		Submission of false information	Section 11C(5) of SEBI Act, 1992	15HB
		Audit Committee	Regulation 18(3) r/w Clause 1, 4, 5, 11, 12, 13 & 14 of Para A & Clause 1 of Para B of Part C of Schedule II of SEBI (LODR) Regulations, 2015	15HB
3	J Murali Manohar	Diversion	Section 12A(a), (b) & (c) of the SEBI Act, 1992 and Regulations 3(b), (c) & (d) & Regulation 4(1), 4(2) (f), (k) and (r) of SEBI (PFUTP) Regulations, 2003 r/w Section 27 of SEBI Act, 1992	15HA
			Clause 41(l)(a) of the erstwhile Listing Agreement and Clause 49(l)(D)(2)(f) & (g) and 49(l)(D)(3) (a), (c), (f) of the Listing Agreement (post amendment dated April 17, 2014) of erstwhile listing agreement r/w Section 21 & 24 of SCRA 1956	23H
		Manipulation of Financials (13-14, 14-15, 15-16)	Section 12A(a), (b) & (c) of the SEBI Act, 1992 and Regulations 3(b), (c) & (d) & Regulation 4(1), 4(2) (f), (k) and (r) of SEBI (PFUTP) Regulations, 2003 r/w Section 27 of SEBI Act, 1992	15HA
			Clause 41(l)(a) of the erstwhile Listing Agreement and Clause 49(l)(D)(2)(f) & (g) and 49(l)(D)(3) (a), (c), (f) of the Listing Agreement (post amendment dated April 17, 2014) of erstwhile listing	23H

Noticee No.	Name	Violation	Provisions	Penal provision found to have been violated
			agreement r/w Section 21 & 24 of SCRA 1956	
		Non-Payment of dividend	Sections 205(1A), 205A(1) and 207 of the Companies Act, 1956 r/w Section 124 and Section 465 of the Companies Act, 2013	
4	K Sai Prasad	Manipulation of Financials (22-23, 23-24 and 24-25)	Section 12A(a), (b) & (c) of the SEBI Act, 1992 and Regulations 3(b), (c) & (d) & Regulation 4(1), 4(2) (f), (k) and (r) of SEBI (PFUTP) Regulations, 2003 r/w Section 27 of SEBI Act, 1992	15HA
			Regulations 4(1)(a), (b), (c), (e) (g), (h), (j), 4(2)(f)(i)(2), 4(2)(f)(ii)(2), (6), (7), 4(2)(f)(iii) (1), (3), (6), (12), Regulation 33 (1) (a), (c) and Regulation 48 of SEBI LODR Regulations, 2015 r/w Ind-AS 115 and r/w Section 27 of SEBI Act, 1992	15HB
		Non-Payment of dividend	Sections 205(1A), 205A(1) and 207 of the Companies Act, 1956 r/w Section 124 and Section 465 of the Companies Act, 2013	
			Section 12A(a), (b) & (c) of the SEBI Act, 1992 and Regulations 3(b), (c) & (d) & Regulation 4(1), 4(2) (f), (k) and (r) of SEBI (PFUTP) Regulations, 2003	15HA
		Non-Submission and Submission of false information	Section 11C(5) of SEBI Act, 1992	15HB
		Audit Committee	Regulation 18(3) r/w Clause 1, 4, 5, 11, 12, 13 & 14 of Para A & Clause 1 of Para B of Part C of Schedule II of SEBI (LODR) Regulations, 2015	15HB

Noticee No.	Name	Violation	Provisions	Penal provision found to have been violated
5	M Srinivas Kumar	Manipulation of Financials (22-23, 23-24 and 24-25)	Section 12A(a), (b) & (c) of the SEBI Act, 1992 and Regulations 3(b), (c) & (d) & Regulation 4(1), 4(2) (f), (k) and (r) of SEBI (PFUTP) Regulations, 2003 r/w Section 27 of SEBI Act, 1992	15HA
			Regulations 4(1)(a), (b), (c), (e) (g), (h), (j), 4(2)(f)(i)(2), 4(2)(f)(ii)(2), (6), (7), 4(2)(f)(iii) (1), (3), (6), (12), Regulation 33 (1) (a), (c) and Regulation 48 of SEBI LODR Regulations, 2015 r/w Ind-AS 115 and r/w Section 27 of SEBI Act, 1992	15HB
		Non-Payment of dividend	Section 12A(a), (b) & (c) of the SEBI Act, 1992 and Regulations 3(b), (c) & (d) & Regulation 4(1), 4(2) (f), (k) and (r) of SEBI (PFUTP) Regulations, 2003	15HA
		Delayed and Non-cooperation during investigation	Section 11(2), Section 11C(2) and Section 11C(3) of SEBI Act, 1992	15A(a)
6	Timothy Alfred Joseph Moses	Audit Committee	Regulation 18(3) r/w Clause 1, 4, 5, 11, 12, 13 & 14 of Para A & Clause 1 of Para B of Part C of Schedule II of SEBI (LODR) Regulations, 2015	15HB
7	Saraswathy Gopalan	Audit Committee	Regulation 18(3) r/w Clause 1, 4, 5, 11, 12, 13 & 14 of Para A & Clause 1 of Para B of Part C of Schedule II of SEBI (LODR) Regulations, 2015	15HB
		Non-compliance of summon	Section 11C(5) of SEBI Act, 1992	15HB

425. Having considered the above facts and circumstances, while adjudging the quantum of penalty under the aforesaid sections, I have also given due regard to the factors provided in section 15J of the SEBI Act which provides as follows:

Factors to be taken into account while adjudging quantum of penalty.

15J. While adjudging quantum of penalty under 15-I or section 11 or section 11B, the Board or the adjudicating officer shall have due regard to the following factors, namely: —

(a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

(b) the amount of loss caused to an investor or group of investors as a result of the default;

(c) the repetitive nature of the default.

Explanation. —For the removal of doubts, it is clarified that the power to adjudge the quantum of penalty under sections 15A to 15E, clauses (b) and (c) of section 15F, 15G, 15H and 15HA shall be and shall always be deemed to have been exercised under the provisions of this section.”

Directions:

426. In view of the aforesaid findings and having regard to the facts and circumstances of the case, I, in exercise of the powers conferred upon me under Sections 11(1), 11(4), 11(4A), 11B(1) and 11B(2) read with section 15A(a), 15HA and 15HB of the SEBI Act, section 19 and rule 5 of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 and section 23H of SCRA direct as under::

426.1. Noticee No.1 is hereby directed to take all necessary steps, including initiation of appropriate legal proceedings, to recover the amount of ₹99.48 crore diverted from the Company along with interest at the rate of 12% per annum from the date of diversion and to restore the same to the books of the Company within a period of three months of this order, and to place compliance before SEBI for the same.

426.2. Noticee No.1 is further directed to transfer ₹6,17,73,168/- (Dividend of ₹2,31,46,149 + Interest of ₹3,86,27,019 as on date of this order) to Investor Education and Protection Fund (IEPF) within a period of one month of this order.

426.3. Noticee No.1 to 5 are restrained from accessing the securities market and further prohibited from buying, selling or otherwise dealing in securities, directly or indirectly, or being associated with the securities market in any manner, whatsoever, for the periods listed below, from the date of coming into force of this Order:

Noticee No.	Noticee Name	PAN	Period of restraint
1	M/s. Mediaone Global Entertainment Ltd.	AAACR0405M	3 years
2	Mr. Suryaraj Kumar	AAFPK9296D	3 years
3	Mr. J Murali Manohar	ATTPM0621R	2 years
4	Mr. K Sai Prasad	AAJPS6517M	2 years
5	Mr. M Srinivas Kumar	AAIPK6962H	2 years

426.4. Noticee No.1 to 5 are restrained from being associated with the securities market, in any manner whatsoever, including as a director or Key Managerial Personnel in a listed company or an intermediary registered with SEBI or a public company which intends to raise money from public in the securities market, for the periods listed below, from the date of coming into force of this Order:

Noticee No.	Noticee Name	PAN	Period of restraint
1	M/s. Mediaone Global Entertainment Ltd.	AAACR0405M	3 years
2	Mr. Suryaraj Kumar	AAFPK9296D	3 years
3	Mr. J Murali Manohar	ATTPM0621R	2 years
4	Mr. K Sai Prasad	AAJPS6517M	2 years
5	Mr. M Srinivas Kumar	AAIPK6962H	2 years

426.5. It is hereby clarified that if Noticee No. 1 to 5 have any open position in any exchange traded derivative contracts, as on the date of the order, they can close out /square off such open positions within 3 months from the date of order or at the expiry of such contracts, whichever is earlier. These Noticees are permitted to settle the pay-in and pay-out obligations in respect of transactions, if any, which have taken place before the close of trading on the date of this order.

426.6. Noticee No.1 to 5 are prohibited from selling their assets, properties including mutual funds/shares/securities held by them in demat and physical form during the period of debarment except for the purpose of payment of penalty in terms of this order.

426.7. Noticee Nos. 1 to 7 are imposed with monetary penalties, based on the count of violations, as specified hereunder:

Noticee No.	Name	Provisions under which penalty imposed	Penalty (in Rs.)
1	M/s. Mediaone Global Entertainment Ltd. (PAN: AAACR0405M)	Section 15HA, 15A(a) and 15HB of SEBI Act and Section 23H of SCRA	26,00,000
2	Mr. Suryaraj Kumar (PAN: AAFPK9296D)	Section 15HA, 15A(a) and 15HB of SEBI Act and Section 23H of SCRA	28,00,000
3	Mr. J Murali Manohar (PAN: ATTPM0621R)	Section 15HA of SEBI Act and Section 23H of SCRA	12,00,000
4	Mr. K Sai Prasad (PAN: AAJPS6517M)	Section 15HA and 15HB of SEBI Act	13,00,000

Noticee No.	Name	Provisions under which penalty imposed	Penalty (in Rs.)
5	Mr. M Srinivas Kumar (PAN: AAIPK6962H)	Section 15HA, 15A(a) and 15HB of SEBI Act	12,00,000
6	Mr. Timothy Alfred Joseph Moses (PAN: AAXPM5649J)	Section 15HB of SEBI Act	3,00,000
7	Ms. Saraswathy Gopalan (PAN: APVPS1354P)	Section 15HB of SEBI Act	5,00,000

426.8. Noticees shall remit/ pay the amount of penalty mentioned above, within 45 days of receipt of this Order through online payment facility available on the website of SEBI i.e. SEBI i.e. www.sebi.gov.in on the following path, by clicking on the payment link www.sebi.gov.in/ENFORCEMENT -> Orders -> Orders of EDs/CGMs -> PAY NOW. In case of any difficulty in online payment of penalty, the Noticee(s) may contact the support of portalhelp@sebi.gov.in.

427. This Order shall come into force with immediate effect.

428. This order is signed with physical and digital signature.

429. A copy of this order shall be served on IEPF Authority for information and on all the Noticees, Recognized Stock Exchanges, Banks, Depositories and Registrar and Share Transfer Agents to ensure necessary compliance.

N. MURUGAN
Digitally signed by N.
MURUGAN
Date: 2026.02.27 21:32:51
+05'30'

DATE: February 27, 2026

PLACE: MUMBAI

N. MURUGAN
CHIEF GENERAL MANAGER
SECURITIES AND EXCHANGE BOARD OF INDIA