



PRESS RELEASE

26.08.2023

Directorate of Enforcement (ED) conducted searches under the provisions of Foreign Exchange Management Act (FEMA), 1999 at 5 locations in Hyderabad on 23.08.2023 including office of M/s Brightcom Group Ltd., residences of company's CEO M Suresh Reddy and CFO SLN Raju, the residence and office of company's auditor P. Murali Mohana Rao.

ED initiated FEMA investigation on the basis of investigation being conducted by the Securities and Exchange Board of India (SEBI) regarding impairment of assets worth Rs. 868.30 Crore by Brightcom Group through its subsidiaries abroad.

ED enquiry revealed several violations of the provisions of FEMA, 1999 by Brightcom Group Limited. It was revealed that Brightcom itself financed the preferential issues by round-tripping funds through subsidiaries and conduit entities; that Brightcom falsely claimed to have received full payment for preferential shares/warrants by providing 'forged and fabricated bank statements' to SEBI. It was further revealed that more than three hundred crore rupees advanced as loans to subsidiaries were partly siphoned off or remained unaccounted. The statutory auditors, M/s P Murali & Co. and M/s PCN & Associates (related entity of P Murali & Co.), apart from failing to report outright fraud, colluded with the management/promoters of the company.

During search operations of ED, various incriminating documents and digital devices were recovered and seized including unaccounted cash of Rs. 3.30 Crore and gold jewellery & bullion worth Rs. 9.30 Crore from the residence of auditor, P. Murali Mohana Rao (M/s P. Murali & Co.). The residential premises of M Suresh Reddy were sealed.

Further investigation is under progress.