

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
(ADJUDICATION ORDER NO: Order/KS/VC/2019-20/6434-6435)

UNDER SECTION 15-I OF 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:

- 1. 25FPS Media Private Limited**
(PAN: AAACZ2076J)
- 2. Zee Media Corporation Limited**
(PAN: AAACZ1213B)

In the matter of:

Zee Media Corporation Limited

FACTS OF THE CASE

1. Securities and Exchange Board of India (hereinafter referred to as '**SEBI**') , vide letters dated April 16 & 22 and May 03, 2019, received a reference from Zee Media Corporation Ltd. (hereinafter referred to as '**ZMCL**'/'**Noticee 2**'/'**Company**'), wherein ZMCL informed SEBI regarding non-compliance of SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as '**PIT Regulations**') by 25FPS Media Private Limited (hereinafter referred to as '**25FPS**'/'**Noticee 1**') during the period April 08 to April 23, 2019.

2. In view of the said letters, SEBI conducted examination in the scrip of ZMCL from April 8, 2019 to April 26, 2019 (hereinafter referred to as '**Examination Period**') to ascertain whether there was any disclosure violation of PIT Regulations and SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as '**SAST Regulations**') by 25FPS and/or ZMCL. During the examination, it was observed by SEBI that IFCI Ltd. (**pledgee**) had invoked pledge in respect of 1,07,15,825 equity shares of the company pledged by 25FPS (pledger).
3. It was observed during examination that Noticee 1 and Noticee 2 (hereinafter collectively referred to as '**Noticees**') have allegedly failed to make the necessary disclosures on time, which were required to be made by them under the relevant provisions of PIT Regulations. Further, it was alleged that Noticee 1, by making delayed disclosure regarding certain transactions, had also violated the relevant provisions of SAST Regulations. In view of the above, adjudication proceedings were initiated against the Noticees under the provisions of section 15A(b) of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as '**SEBI Act**').

APPOINTMENT OF ADJUDICATING OFFICER

4. The undersigned was appointed as the Adjudicating Officer, vide Order dated November 25, 2019 under Section 19 read with Section 15-I(1) of the SEBI Act read with Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as '**Adjudication Rules**') to inquire into and

adjudge under the provisions of section 15A(b) of the SEBI Act, the alleged failure on the part of the Noticees to comply with the relevant provisions of law.

SHOW CAUSE NOTICE, REPLY AND PERSONAL HEARING:

5. A Show Cause Notice ref. SEBI/EAD-8/KS/VC/32227/2019 dated December 04, 2019 (hereinafter referred to as '**SCN**') was issued to the Noticees under the provisions of Rule 4(1) of the Adjudication Rules, to show cause as to why an inquiry should not be held against them and why penalty, if any, should not be imposed on them under the provisions of section 15A(b) of the SEBI Act for alleged violation of the relevant provisions of law.
6. The details in respect of alleged violation by the Noticees are as given below:
 - a. *ZMCL, vide letters dated April 16 & 22 and May 03, 2019, informed SEBI regarding non-compliance of PIT Regulations by 25FPS during the period April 08 to April 23, 2019.*
 - b. *In view of the said letters, SEBI conducted examination in the scrip of ZMCL from April 8, 2019 to April 26, 2019 (hereinafter referred to as 'Examination Period') to ascertain whether there was any disclosure violation of PIT Regulations and SAST Regulations, 2011 by 25FPS and ZMCL. During the examination, it was observed by SEBI that IFCI Ltd (pledgee) had invoked pledge in respect of 1,07,15,825 equity shares of the company pledged by 25FPS (pledger).*
 - c. *In this regard, it is observed from the details of trades of 25FPS that the following trades had taken place from the account of 25FPS during the Examination Period:*

Table 1: Details of transactions of 25FPS

Sr. No	Transaction Date	Nature of Transaction	No. of Shares	Rate (Rs)	Value (Rs)
1	April 08, 2019	Invocation of Pledge	25,61,128	16.40	4,20,02,499.00
2.	April 09, 2019	Invocation of Pledge	38,95,732	15.00	5,84,35,980.00
3.	April 10, 2019	invocation of Pledge	16,70,319	15.00	2,50,54,785.00
4.	April 11, 2019	Invocation of Pledge	10,41,752	15.00	1,56,26,280.00
5.	April 12, 2019	Invocation of Pledge	3,23,715	15.00	48,55,725.00
6.	April 15, 2019	Invocation of Pledge	2,36,173	14.95	35,30,786.00
7.	April 16, 2019	Invocation of Pledge	56,745	14.95	8,48,338.00
8.	April 22, 2019	Invocation of Pledge	8,05,861	13.95	1,12,41,761.00
9.	April 23, 2019	Invocation of Pledge	1,24,400	15.05	18,72,220.00
Total			1,07,15,825		16,34,68,374

- d. *In this regard, it is observed that 25FPS, by way of Email dated September 18, 2019 has confirmed the abovementioned transactions.*
- e. *As per the provisions of Regulation 7(2)(a) of PIT Regulations, promoter of a listed company is required to disclose to the company, the number of securities acquired or disposed of within two trading days of such transaction if the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of ten lakh rupees or such other value as may be specified by the Company.*
- f. *In this regard, from the table above, it is observed that the disclosure requirement on 25FPS under Regulation 7(2)(a) of PIT Regulations for the first transaction on April 08, 2019 was triggered on April 08, 2019 and the same was required to be submitted by April 10, 2019. Similarly, all the remaining transactions (except the one on April 16, 2019 for Rs 848,338 mentioned at S. No. 7 in the table) were required to be disclosed within 2*

trading days of each of the transactions as each of them were in excess of Rs 10 lakh. However, it is observed that 25FPS disclosed the entire aforementioned transactions to ZMCL vide letter dated June 07, 2019 (Annexure 5). Therefore, it is alleged that 25FPS had made the following delay in making disclosure under Regulation 7(2)(a) of PIT Regulations:

Table 2: Delay in disclosure under Regulation 7(2)(a) of PIT Regulations

Sr. No	Transaction Date	Value (Rs)	Last date to make disclosure under Reg 7(2)(a)	Date of making disclosure by 25FPS	No. of days delay by 25FPS
1	April 08, 2019	42,002,499.00	April 10, 2019	June 07, 2019	58
2.	April 09, 2019	58,435,980.00	April 11, 2019	June 07, 2019	57
3.	April 10, 2019	25,054,785.00	April 12, 2019	June 07, 2019	56
4.	April 11, 2019	15,626,280.00	April 15, 2019	June 07, 2019	53
5.	April 12, 2019	4,855,725.00	April 16, 2019	June 07, 2019	52
6.	April 15, 2019	3,530,786.00	April 18, 2019	June 07, 2019	50
7.	April 16, 2019	848,338.00	NA*	NA	NA
8.	April 22, 2019	11,241,761.00	April 24, 2019	June 07, 2019	44
9.	April 23, 2019	1,872,220.00	April 25, 2019	June 07, 2019	43

* Disclosure requirement did not trigger as the value of transaction does not exceed Rs 10 lakh (see explanation to Regulation 7(2) of PIT Regulations)

In light of the above Table, it is alleged that 25FPS has violated the provision of Regulation 7(2)(a) of PIT Regulations on 8 different occasions.

- g. It is further observed from Table 1 that, cumulatively, a total of 1,07,15,825 shares of ZMCL were invoked by IFCI Ltd. Therefore, the shareholding of 25FPS in ZMCL reduced from 29.92% to 27.65% of the total share capital of ZMCL; resulting in a reduction of shareholding by 2.28% (1,07,15,825 shares out of the total paid up share capital of 47,07,89,505 of ZMCL).
- h. In this regard, it is observed that Regulation 29(2) read with 29(3) of SAST Regulations, 2011 requires any person, together with persons acting in concert, holding 5% or more of the share or voting rights in a target company,

to disclose, any change in its shareholding that exceeds 2% of total shareholding in the Company from the last disclosure made, to the Stock Exchanges where the shares of the target company are listed and to the Company within 2 working days.

- i. In this regard, it is observed that disclosure requirements under Regulation 29(2) of SAST Regulations, 2011 was triggered when 3,23,715 shares of ZMCL were sold on April 12, 2019 . It is further observed that a total of 94,92,646 shares of ZMCL, pledged by 25FPS were invoked by IFCI in a series of transactions from April 08, 2019 to April 12, 2019, thereby, the total number of shares invoked by IFCI exceeding 2% of paid up share capital of ZMCL. However, it is observed that 25FPS had intimated BSE & NSE and ZMCL belatedly vide letter dated June 07, 2019 (Annexure 5), thereby resulting in a delay of 52 days. Therefore, it is alleged that 25FPS, by making a delayed disclosure of 52 days, has violated the provisions of Regulation 29(2) read with 29(3) of SAST Regulations, 2011.*
- j. It is further observed that, as per Regulation 31 (2) read with Regulation 31 (3) of SAST Regulations, 2011, a promoter is required to disclose details of invocation of pledge within 7 working days of such invocation to the stock exchanges and to the Company. In this regard, it is observed that 25FPS, vide letter dated June 07, 2019, belatedly informed BSE & NSE and ZMCL about such invocation of pledge during April 08, 2019 to April 23, 2019. Therefore, it is alleged that 25FPS had made delayed disclosure under*

Regulation 31(2) read with 31(3) of SAST Regulations, 2011 as per the details provided below:

Table 3: Delay in disclosure under Regulation 31(2) read with Regulation 31(3) of SAST Regulations, 2011

Sr. No	Transaction Date	Value (Rs)	Last date to make disclosure under Regulation 31(2)	Date of making disclosure by 25FPS	No. of days delay by 25FPS
1	April 08, 2019	42,002,499.00	April 18, 2019	June 07, 2019	50
2.	April 09, 2019	58,435,980.00	April 22, 2019	June 07, 2019	46
3.	April 10, 2019	25,054,785.00	April 23, 2019	June 07, 2019	45
4.	April 11, 2019	15,626,280.00	April 24, 2019	June 07, 2019	44
5.	April 12, 2019	4,855,725.00	April 25, 2019	June 07, 2019	43
6	April 15, 2019	3,530,786.00	April 26, 2019	June 07, 2019	42
7	April 16,2019	848,338.00	April 30, 2019	June 07, 2019	38
8.	April 22, 2019	11,241,761.00	May 03,2019	June 07, 2019	35
9.	April 23, 2019	1,872,220.00	May 06, 2019	June 07, 2019	32

In light of the above Table, it is alleged that 25FPS has violated the provision of Regulation 31(2) read with 31(3) of SAST Regulations, 2011 on 9 different occasions.

- k. It is further observed that, as per Regulation 7(2)(b) of PIT Regulations, a company is required to file the disclosure within two trading days from becoming aware of information for which a disclosure is required to be filed under Regulation 7(2)(a) of PIT Regulations.*
- l. In this regard, it is observed from the letter dated July 15, 2019 of ZMCL to SEBI that ZMCL became aware of "Number of shares" debited from the beneficiary Account of 25FPS i.e. the dates when the company received its weekly monitoring report. Therefore, in light of this, it is observed that ZMCL was aware of the transactions on the dates when the company received its monitoring reports viz. April 15, April 22 and April 30, 2019. At the same*

time, it is observed that ZMCL had informed BSE and NSE regarding the said transactions of 25FPS only on June 10, 2019. In view of this, it is alleged that ZMCL made the following delay in making disclosures under Regulation 7(2)(b) of PIT Regulations:

Table 4: Delay in disclosure under Regulation 7(2)(b) of PIT Regulations

Sr. No	Transaction Date	Value (Rs)	Date on which company became aware of the transactions	Last date to make disclosure under Reg 7(2)(b)	Date of making disclosure by ZMCL	No. of days delay by ZMCL
1	April 08, 2019	42,002,499.00	April 15, 2019	April 18, 2019	June 10, 2019	53
2.	April 09, 2019	58,435,980.00	April 15, 2019	April 18, 2019	June 10, 2019	53
3.	April 10, 2019	25,054,785.00	April 15, 2019 ⁱ	April 18, 2019	June 10, 2019	53
4.	April 11, 2019	15,626,280.00	April 15, 2019	April 18, 2019	June 10, 2019	53
5.	April 12, 2019	4,855,725.00	April 15, 2019	April 18, 2019	June 10, 2019	53
6.	April 15, 2019	3,530,786.00	April 22, 2019	April 24, 2019	June 10, 2019	47
7.	April 16, 2019	848,338.00	NA*	NA	NA	NA
8.	April 22, 2019	11,241,761.00	April 30, 2019	May 03, 2019	June 10, 2019	38
9.	April 23, 2019	1,872,220.00	April 30, 2019	May 03, 2019	June 10, 2019	38

* Disclosure requirement did not trigger as the value of transaction does not exceed Rs 10 lakh

m. In light of the above Table, it is alleged that ZMCL has violated the provision of Regulation 7(2)(b) of PIT Regulations on 8 different occasions.

7. I note that Noticee 1, vide its Email dated December 19, 2019, requested for extension of time to furnish its reply. Accordingly, vide letter dated December 20, 2019, Noticee 1 was provided with a final opportunity to submit its reply on or before January 03, 2020. Noticee 1, vide its letter dated January 03, 2020 submitted its reply to the SCN wherein Noticee 1, *inter-alia*, made the following submissions:

a. The Company forms part of the Promoter Group which owns shareholding in Zee Media Corporation Ltd. (ZMCL), a listed company of the media group.

The Promoter Group, through other companies, own stake in other listed

entities such as Zee Entertainment Enterprises Ltd. (ZEEL), Siti Networks Ltd.

- b. The Company has been holding shares in ZMCL since year 2011 and has created encumbrances on its shareholding in ZMCL at various points in time in favor of the Lenders, the disclosures of which have been filed as per applicable SEBI Regulations. Such pledge was created by the Company as a security mix along with other listed shares (viz. ZEEL, Dish TV, Siti Networks etc.) in favor of various Lenders.*
- c. Post IL&FS debacle, there had been liquidity stress in financial markets and benchmark indexes had corrected by more than 13% in a span of 1.5 months in October 2018. There were unusual trading patterns in stock prices of ZEEL, Dish TV which were reported to SEBI on October 25, 2018, December 19, 2018 and January 17, 2019. We crave leave to refer and rely upon the complaints made to SEBI. It was stated that there existed negative forces which were hammering the stock prices of listed entities (which form part of security mix of Lenders to whom ZMCL shares were pledged) for their own vested interests. This created panic among the Lenders and led to financial stress at the Promoter Group. As a result of poor sentiments, the rollovers of existing facilities and/or fresh sanction of facilities also could not take place.*
- d. The financial stress at the Promoter Group further worsened in January 2019, when Lenders took extreme action (for the first time since promoters have created pledge) of selling shares in the open markets. They took such*

extreme steps in wake of extensive repeated media coverage by one of the media news channel about a malicious and false news relating to the ZEEL and the Promoter Group. However, the Promoter Group categorically clarified to stock exchanges on January 25, 2019 and also on January 27, 2019 that news items alleging involvement of Group entities in some alleged investigation were being circulated only with malicious intent. We crave leave to refer and rely upon the media reports and clarification made by the Promoter Group.

- e. Since the portfolio of Promoter Group with various Lenders had weakened due to trigger of events of defaults (as a result of sale of shares in open markets), the Lenders initiated invocation and sale of ZMCL shares as well in the open markets.*
- f. In order to dissuade Lenders from selling shares, the Promoter Group informed the Lenders that it will facilitate sale of ZEEL shares such that the dues of Lenders could be repaid. The Promoter Group took the onus of finding the financial investors for the Lenders such that panic selling could be avoided and dues of the Lenders could be comfortably repaid. The Promoter Group did perform extensive search for the Investors through various road shows and investor meets and facilitated multiple due diligences in the process between January 2019 to July 2019. As a result, on July 31, 2019, the Promoter Group announced sale of 8.7% stake in ZEEL which was ultimately facilitated and consummated on 10th September*

2019. The Lenders sold the pledged ZEEL shares and the proceeds of such sale were entirely paid to such Lenders through said stake sale.

- g. Thereafter, in November 2019, The Promoter Group facilitated another round of stake sale in ZEEL as a result of which 9.08% shares in ZEEL was hived off. Through both abovementioned tranches of stake sale, the Promoter Group facilitated to repay ~Rs. 5970 Crores in aggregate to various Lenders.
- h. Due to abovementioned financial difficulty at the Promoter Group, the share price of ZMCL also fell from Rs.29.75/- on September 3, 2018 to Rs. 18.5/- on April 1, 2019. The sale by the Lenders at different point in time (including sale between April 8, 2019 to April 23, 2019) was one of the major reasons for decline in share prices of ZMCL. Post-sale by IFCI Ltd., the share price of ZMCL fell from Rs. 17.90 on April 5, 2019 to Rs. 13.95 on April 22, 2019.
- i. As mentioned above, the Promoter Group for the first time faced such an unprecedented fall in share prices and consequences of sale by Lenders. While the entire bandwidth of the Promoter Group was occupied towards carrying out the stake sale in ZEEL so that majority of the debt could be repaid, there were a few Lenders which were carrying out sale in various other listed shares including ZMCL almost on daily basis. Due to very limited bandwidth and heavy pressures from Lenders, the Promoter Group could not comply with disclosure norms under the extant SEBI compliances as per the PIT and SAST Regulations in a timely manner.

- j. *However, the Company believes that such inadvertent delays in making the disclosures did not lead to any loss to the esteemed investors in ZMCL. The Company made its best efforts to comply with norms on consolidated basis so as to minimize the panic which could be suffered by the investors at large. We further submit that no complaint has been filed by any shareholders of ZMCL alleging any misconduct on the part of the Company due to such delayed disclosures.*
- k. *The Company made all necessary disclosures under Regulation 7(2)(a) of PIT Regulations and Regulation 29(2) & Regulation 31(2) of SAST Regulations on 7th June, 2019 once IFCI Ltd. put on hold the sale of ZMCL shares.*
- l. *We would like to submit that Company has always acted in the interests of the investors at large and therefore, made necessary disclosure well before the end of quarter i.e. 30th June 2019.*
- m. *In view of the above, the Company hereby submits the following facts for your kind consideration:*
- *During April 08, 2019 to April 23, 2019, the shares of ZMCL were not sold by the Company. The said shares were sold by the Lender i.e. IFCI Ltd. to satisfy the promoter obligations from the sale proceeds. The creation of pledge on such shares was duly disclosed with the Stock Exchanges.*
 - *The Company did not have any intent to violate the extant PIT and SAST Regulations. As a matter of fact, once the sale by the Lender*

stopped and the Company gathered necessary information required for filing disclosure, the Company made relevant disclosures with Stock Exchanges on 7th June 2019. The Company is confident of the fact that delay in filing such disclosure did not result in any loss to the Investors. The loss which Investors suffered were only due to the selling pressures in the ZMCL from Lenders including IFCI Ltd.

- The Promoter Group (also including the representatives of Company) were tied up with pressures of extreme liquidity issues, security enforcement actions i.e. sale of shares by Lenders almost on daily basis and pressure from Lenders for conducting ZEE Stake Sale in time bound manner. Due to very limited bandwidth and availability of staff, there occurred delay in collating the information and thereby filing the relevant disclosures. The Company made its best efforts to file the relevant disclosures well before the end of quarter ending on June 30, 2019.*
- The Company and the Promoter has maintained an immaculate track record of filing of necessary information with the Stock Exchanges within stipulated time lines as per SEBI regulations for more than a decade. Such delays were the first instance during the pressure times (as mentioned above) without any intent of causing loss to the investors at large.*
- There is no disproportionate gain or unfair advantage made as a result of the alleged delayed disclosure to the company.*

- *We submit that some vested entities had spread false rumours in the market which led to the fall in the prices of security mix along with ZMCL which in turn led to invocation of pledge by lenders. We reiterate that the complaints were filed with SEBI at the relevant time stating the relevant facts. We submit that the company is a victim of the artifice/plan by some entities with vested interest.*
- n. Therefore, we most respectfully request the SEBI to kindly take a lenient view in the matter and condone the delay in filing disclosures by the Company. The Promoter Group is already facing financial difficulties and any adverse action from SEBI will cause severe damage to the Company and the Promoter Group.*
8. In the interest of natural justice, an opportunity of hearing was provided to Noticee 1 on January 09, 2020 vide letter dated December 20, 2019. Mr. Shubham Shree and Mr. Dhaval Ashar appeared as the Authorised Representatives (**ARs**) on behalf of Noticee 1 on January 09, 2020 and reiterated the submissions made by Noticee 1 vide its letter dated January 03, 2020.
9. Similarly, Noticee 2, vide its letter dated December 17, 2019 submitted its reply to the SCN wherein Noticee 2 contended that:
- a. Regulation 7(2) (b) of SEBI PIT Regulations mandates every Listed entity to notify to Stock Exchanges the particulars of trading in its Equity Shares by every Promoter, member of Promoter Group, Designated Person and Director, within 2 trading days of receipt of disclosure or from becoming*

aware of information relating to the trading, where aggregate traded value exceeds Rs. 10 Lakhs in a calendar quarter.

b. The above disclosure is required to be submitted to the Stock Exchanges through its Online platform, in FORM C the format prescribed by SEBI which inter alia requires inclusion of following details:

- Name, PAN, CIN/DIN & Address with Contact nos.*
- Category of Persons*
- Securities held prior to acquisition / Disposal - Type of Security, Number &*
- % of Shareholding*
- Securities acquired / disposed - Type of Security, Number, Value & Transaction type*
- Securities held post acquisition / disposal - Type of Security, Number & % of Shareholding*
- Date of acquisition / sale - From - To*
- Date of Intimation to Company*
- Mode of acquisition / disposal*
- Details of trading in Derivatives*
- Exchange on which the trade was executed*

c. The information available in the Deviation Report on Monitoring of Insider Trading obtained by the Company on weekly basis from its Registrar & Share Transfer Agent (generated through a software), based on Weekly

BENPOS as at close of every Friday made available by Depositories includes following details:

- *BENPOS Start Date & End Date*
- *Name & DP ID/CL ID of Designated Person*
- *Category of Designated Person*
- *Number of Shares bought / sold along with Rule violated*

d. Based on such deviation reports issued by the R&T Agent and upon receipt of clarification from the Promoter (transacting party), the Company had immediately reported the details of violation to SEBI as per Clause 13 of Schedule B of SEBI PIT Regulations.

e. The deviation reports mentioned above along with the clarification(s) provided by the Promoter would clearly show that all information, as detailed herein, required to be included in the Disclosure in Form C were not be available with the Company:

- *Name, PAN, CIN/DIN & Address with Contact nos.–Available*
- *Category of Persons – Available*
- *Securities held prior to acquisition / Disposal-Type of Security, Number & % of Shareholding – Available*
- *Securities acquired/disposed-Type of Security, Number, Value & Transaction type - Value & Transaction type not available*
- *Securities held post acquisition/disposal - Type of Security, Number & % of Shareholding-Available*

- *Date of acquisition / sale - From - To - Date of transaction not available through the details of week during which transaction done is available*
 - *Date of Intimation to Company - Not applicable, as no disclosure received*
 - *Mode of acquisition / disposal - Details of debit only available and such debit could either be due to sale or invocation of Fledge*
 - *Details of trading in Derivatives - Not Applicable*
 - *Exchange on which the trade was executed - Not Available*
 - *Submission of disclosures by the Company, on the online platform of Stock Exchanges, based on the limited information available was not possible as the filing in this regard showed error(s). Further providing incorrect/incomplete information without appropriate back-up would have invited penal actions by SEBI under Section 15A of SEBI Act.*
 - *This difficulty faced in filing disclosures, in line with intent of SEBI PIT Regulations, was discussed with and intimated to SEBI Officials during personal discussions and also vide email dated July 22, 2019 (to Ms. Deepti) and July 25, 2019 (to Mr. Sunil Kumar) by Mr. M Lakshminarayanan (a group representative). This was also informed by the Company to SEBI vide letter dated July 15, 2019.*
- f. *In view of the above, though the Company was aware of the debit to (and consequent movement out of) the demat account of the Promoter, it was not possible for the Company to file correct and complete disclosure of trading by the Promoter during the period from April 8 to April 23, 2019 (based on*

deviation report & clarification) in the prescribed Form C on the online platform of Stock Exchanges. Therefore, the Company had in line with the intent of regulatory requirements disclosed available details of such trade with SEBI. Hence, we wish to submit that there was no violation by the Company of Regulation 7(2)(b) of SEBI PIT Regulations.

10. Thereafter, in the interest of natural justice, an opportunity of hearing was provided to Noticee 2 on December 27, 2019 vide letter dated December 20, 2019. Mr. Pushpal Sanghavi, Company Secretary appeared as the Authorised Representative (**AR**) on behalf of Noticee 2 on December 27, 2019 and reiterated the submissions made by Noticee 2 vide its letter dated December 17, 2019.

CONSIDERATION OF ISSUES AND FINDINGS:

11. I have taken into consideration the facts and circumstances of the case and the material available on record. I note that the allegation levelled against the Noticees are for the violation of the below mentioned provisions of law:
- a. Regulation 7(2)(a) of PIT Regulations and Regulation 29(2) read with Regulation 29(3) & Regulation 31(2) read with Regulation 31(3) of SAST Regulations by Noticee 1
 - b. Regulation 7(2)(b) of PIT Regulations by Noticee 2
12. In view of the above, the issues for consideration before me are:-
- a. Whether Noticee 1 has violated the provisions of Regulation 7(2)(a) of PIT Regulations?

- b. Whether Noticee 1 has violated the provisions of Regulation 29(2) read with 29(3) of SAST Regulations?
 - c. Whether Noticee 1 has violated the provisions of Regulation 31(2) read with 31(3) of SAST Regulations?
 - d. Whether Noticee 2 has violated the provisions of Regulation 7(2)(b) of PIT Regulations?
 - e. If yes, whether the Noticee is liable for penalty?
 - f. What should be the quantum of penalty that should be imposed on the Noticee?
13. Before moving forward, the relevant extracts of the provision of the PIT Regulations and SAST Regulations, allegedly violated by the Noticees, are mentioned as under-

PIT Regulations, 2015

7(2) Continual Disclosures.

- (a) Every promoter, employee and director of every company shall disclose to the company the number of such securities acquired or disposed of within two trading days of such transaction if the value of the securities traded, whether in one transaction or a series of transactions over any calendar quarter, aggregates to a traded value in excess of ten lakh rupees or such other value as may be specified;*
- (b) Every company shall notify the particulars of such trading to the stock exchange on which the securities are listed within two trading days of receipt of the disclosure or from becoming aware of such information.*

Explanation. — It is clarified for the avoidance of doubts that the disclosure of the incremental transactions after any disclosure under this sub-regulation, shall be made when the transactions effected after the

prior disclosure cross the threshold specified in clause (a) of sub-regulation (2).

SAST Regulations, 2011

Disclosure of acquisition and disposal.

29(2) *Any person, who together with persons acting in concert with him, holds shares or voting rights entitling them to five per cent or more of the shares or voting rights in a target company, shall disclose the number of shares or voting rights held and change in shareholding or voting rights, even if such change results in shareholding falling below five per cent, if there has been change in such holdings from the last disclosure made under sub-regulation (1) or under this sub-regulation; and such change exceeds two per cent of total shareholding or voting rights in the target company, in such form as may be specified.*

(3) *The disclosures required under sub-regulation (1) and sub-regulation (2) shall be made within two working days of the receipt of intimation of allotment of shares, or the acquisition or the disposal of shares or voting rights in the target company to,—*

(a) every stock exchange where the shares of the target company are listed; and

(b) the target company at its registered office.

Disclosure of encumbered shares.

31(2) *The promoter of every target company shall disclose details of any invocation of such encumbrance or release of such encumbrance of shares in such form as may be specified.*

(3) *The disclosures required under sub-regulation (1) and sub-regulation (2) shall be made within seven working days from the creation or invocation or release of encumbrance, as the case may be to,—*

(a) every stock exchange where the shares of the target company are listed; and

(b) the target company at its registered office.

a. Whether Noticee 1 has violated the provisions of Regulation 7(2)(a) of PIT Regulations?

14. In terms of the provisions of Regulation 7(2)(a) of PIT Regulations, any person, who is a promoter, employee or director of a Company, is required to disclose any change in his shareholding in the company from last disclosure if the change in his shareholding has triggered the parameters prescribed therein.
15. From the material/facts on record, I observe that Noticee 1 was one of the promoters of the Company during the examination period. It is further observed that shareholding of Noticee 1 in ZMCL was continuously decreasing by virtue of invocation of pledge by IFCI Ltd. during the examination period, details of which are mentioned as under:-

Table 1- Transactions of Noticee 1 in shares of ZMCL

Sr. No	Transaction Date	Nature of Transaction	No. of Shares	Rate (Rs)	Value (Rs)
1	April 08, 2019	Invocation of Pledge	25,61,128	16.40	4,20,02,499.00
2.	April 09, 2019	Invocation of Pledge	38,95,732	15.00	5,84,35,980.00
3.	April 10, 2019	invocation of Pledge	16,70,319	15.00	2,50,54,785.00
4.	April 11, 2019	Invocation of Pledge	10,41,752	15.00	1,56,26,280.00
5.	April 12, 2019	Invocation of Pledge	3,23,715	15.00	48,55,725.00
6.	April 15, 2019	Invocation of Pledge	2,36,173	14.95	35,30,786.00
7.	April 16, 2019	Invocation of Pledge	56,745	14.95	8,48,338.00
8.	April 22, 2019	Invocation of Pledge	8,05,861	13.95	1,12,41,761.00
9.	April 23, 2019	Invocation of Pledge	1,24,400	15.05	18,72,220.00
Total			1,07,15,825		16,34,68,374

16. From the above Table, it is clear that shareholding of Noticee 1 in ZMCL was continuously getting decreased due to invocation of pledge by IFCL Ltd. on 9 different dates during the examination period. Out of these, there were 8 instances wherein the shareholding of Noticee 1 had reduced by a traded value of more than Rs. 10 lakh in a calendar quarter. Therefore, in terms of the disclosure requirements mandated under Regulation 7(2)(a) read with Regulation 7(2)(b) of PIT Regulations, Noticee 1 was required to disclose details of such change in its shareholding, which had resulted in transactions having traded value of more than Rs. 10 Lakh, to the Company and to Bombay Stock Exchange (**BSE**) & National Stock Exchange (**NSE**) both, within 2 trading days of such transactions.
17. Further, the transaction mentioned at S. No. 7 in table 1 was of transaction value less than Rs. 10 lakh, so no separate disclosure obligation was triggered on April 16, 2019. However, the details of this transaction were required to be included in the disclosure for transaction mentioned at S. No. 8 as the combined transaction value of Sl. Nos 7 and 8 crossed the threshold limit of Rs. 10 Lakh calling for a disclosure under Regulation 7(2)(a) of PIT Regulations. Therefore, I am of the view that Noticee 1 was required to make disclosures on 8 different occasions during the Examination Period under Regulation 7(2)(a) of PIT Regulations.
18. However, I note from the material available on record as well as from submission dated January 03, 2020 of Noticee 1 that it made the relevant disclosures regarding the transactions mentioned at Table 1 above, on June 07,

2019. Therefore, Noticee 1 has admitted that it had made delayed disclosures regarding transactions mentioned in Table 1. Therefore, I note that Noticee 1 has made belated disclosure under Regulation 7(2)(a) of PIT Regulations as detailed below:

Table 2: Delay in disclosure under Regulation 7(2)(a) of PIT Regulations

Sr. No	Transaction Date	Value (Rs)	Last date to make disclosure under Reg 7(2)(a)	Date of making disclosure by 25FPS	No. of days delay by 25FPS
1	April 08, 2019	42,002,499.00	April 10, 2019	June 07, 2019	58
2.	April 09, 2019	58,435,980.00	April 11, 2019	June 07, 2019	57
3.	April 10, 2019	25,054,785.00	April 12, 2019	June 07, 2019	56
4.	April 11, 2019	15,626,280.00	April 15, 2019	June 07, 2019	53
5.	April 12, 2019	4,855,725.00	April 16, 2019	June 07, 2019	52
6.	April 15, 2019	3,530,786.00	April 18, 2019	June 07, 2019	50
7.	April 16, 2019	848,338.00	NA*	NA	NA
8.	April 22, 2019	11,241,761.00	April 24, 2019	June 07, 2019	44
9.	April 23, 2019	1,872,220.00	April 25, 2019	June 07, 2019	43

* Disclosure requirement did not trigger as the value of transaction does not exceed Rs 10 lakh (see explanation to Regulation 7(2) of PIT Regulations)

19. I also note that Noticee 1, in its reply dated January 03, 2020, has submitted the background of the events including the abovementioned invocation of pledge. The issue under consideration is not as to why the pledge was invoked. Hence, I am of the view that the same cannot be a reason for non-compliance. Noticee 1 has also submitted that the creation of pledge was duly disclosed by it to the stock exchanges. However, the same is also not an allegation in the present matter and the same cannot absolve it from the current disclosure obligation.
20. In view of the above, I hold that the Noticee 1 has failed to comply with the disclosure requirements of Regulation 7(2)(a) read with Regulation 7(2)(b) of the PIT Regulations.

b. Whether Noticee 1 has violated the provisions of Regulation 29(2) read with Regulation 29(3) of SAST Regulations?

21. In terms of the provisions of Regulation 29(2) read with Regulation 29(3) of SAST Regulations, any person, who together with persons acting in concert with him, holds shares or voting rights entitling them to five per cent or more of the shares or voting rights in a target company, is required to disclose the number of shares or voting rights held and change in shareholding or voting rights, if there has been change in such holdings which exceeds two per cent of total shareholding or voting rights from the last disclosure made. Further, such disclosure is required to be made to the company as well as to the stock exchanges, where the company is listed, within 2 working days of intimation of such acquisition or disposal.
22. In this regard, I note from the shareholding pattern of ZMCL for the quarter ended March 2019 that Noticee 1 was holding 14,08,83,553 shares of ZMCL which amounts to 29.92% of total shareholding of Noticee 1. Thereafter, the shares of ZMCL were disposed off from the account of Noticee 1 by way of invocation of pledge by pledgee, IFCI Ltd. during April 08, 2019 to April 23, 2019. During the said period, a total of 1,07,15,825 shares of ZMCL were disposed off from the account of Noticee 1 which amounts to 2.276% of total shareholding of the Company. Therefore, the total number of shares invoked by IFCI Ltd. exceeded 2% of paid up shares capital of ZMCL which requires Noticee 1 to make disclosure under Regulation 29(2) read with Regulation 29(3) of SAST Regulations.

23. I note that the threshold of 2% of total shareholding of the Company was breached on April 12, 2019 when 3,23,715 shares of ZMCL were disposed of from the account of Noticee 1 by way of invocation of pledge. Therefore, Noticee 1 was required to make disclosure to both the stock exchanges viz. BSE & NSE as well as to ZMCL within two working days i.e. on or before April 16, 2019. It is observed that Noticee 1 had made disclosure under Regulation 29(2) read with Regulation 29(3) of SAST Regulations only on June 07, 2019 thereby making disclosure after a delay of 52 days.

24. Further, Noticee 1, in its reply dated January 03, 2020, has admitted that it had made delayed disclosures in respect of its obligation under Regulation 29(2) read with Regulation 29(3) of SAST Regulations. Therefore, I hold that Noticee 1 has violated the provisions of Regulation 29(2) read with Regulation 29(3) of SAST Regulations.

c. Whether Noticee 1 has violated the provisions of Regulation 31(2) read with 31(3) of SAST Regulations?

25. As per Regulation 31(2) read with Regulation 31(3) of SAST Regulations, a promoter is required to disclose details of invocation of pledge within seven working days of such invocation to the stock exchange(s), where the company is listed, as well as to the company.

26. In this regard, I note the details of such invocation of pledge of the shares of ZMCL from the account of Noticee 1 by IFCL Ltd. that resulted in delayed disclosure are as below:

Table 3: Delay in disclosure under Regulation 31(2) read with Regulation 31(3) of SAST Regulations

Sr. No	Transaction Date	No. of Shares	Value (Rs) (as provided by Noticee 1)	Last date to make disclosure under Regulation 31(2)	Date of making disclosure by 25FPS	No. of days delay by 25FPS
1	April 08, 2019	25,61,128	42,002,499.00	April 18, 2019	June 07, 2019	50
2.	April 09, 2019	38,95,732	58,435,980.00	April 22, 2019	June 07, 2019	46
3.	April 10, 2019	16,70,319	25,054,785.00	April 23, 2019	June 07, 2019	45
4.	April 11, 2019	10,41,752	15,626,280.00	April 24, 2019	June 07, 2019	44
5.	April 12, 2019	3,23,715	4,855,725.00	April 25, 2019	June 07, 2019	43
6	April 15, 2019	2,36,173	3,530,786.00	April 26, 2019	June 07, 2019	42
7	April 16,2019	56,745	848,338.00	April 30, 2019	June 07, 2019	38
8.	April 22, 2019	8,05,861	11,241,761.00	May 03,2019	June 07, 2019	35
9.	April 23, 2019	1,24,400	1,872,220.00	May 06, 2019	June 07, 2019	32

27. However, I note from the submissions of Noticee 1 as well as from material available on record that Noticee 1 had admittedly made disclosures regarding the transactions mentioned at Table 3 above only on June 07, 2019 i.e., after a delay ranging between 32 and 50 days. Therefore, I hold that Noticee 1, by making delayed disclosures, has admittedly repeatedly violated the provisions of Regulation 31(2) read with Regulation 31(3) of SAST Regulations on 9 different occasions.

d. Whether Noticee 2 has violated the provisions of Regulation 7(2)(b) of PIT Regulations?

28. In terms of the provisions of Regulation 7(2)(b) of PIT Regulations, every listed company is required to notify the particulars of trading, for which a disclosure is required under Regulation 7(2)(a) of PIT Regulations, to the stock exchanges on which the securities are listed within two trading days of receipt of the disclosure or from becoming aware of such information.

29. In this regard, it is observed that shares of ZMCL were “disposed of” from the account of Noticee 1 by way of invocation of pledge by IFCI Ltd. The said disposal had taken place on 9 different days as mentioned in Table 1 above. Further, it is observed from letter dated July 15, 2019 of ZMCL to SEBI that ZMCL became aware of ‘Number of shares’ debited from the beneficiary account of Noticee 1 when it received its weekly monitoring report from its Registrar and Share Transfer Agent (**RTA**). Further, from its reply dated December 17, 2019, I note that ZMCL received such weekly monitoring reports on April 15, 22 and 30, 2019 whereby it became aware of number of shares disposed of from the account of Noticee 1 during the previous week collectively. Thus, ZMCL was aware of number of shares disposed of from the account of Noticee 1 during the said week when it received the weekly monitoring report from its RTA. Therefore, ZMCL was required to notify the exchanges viz. NSE & BSE regarding the particulars of trades within two trading days of it “becoming aware of the same”.
30. However, it is observed from the material available on record that ZMCL made such disclosure only on June 10, 2019 after receiving corresponding disclosures under Regulation 7(2)(a) of PIT Regulations from Noticee 1. Therefore, ZMCL has allegedly delayed in making such disclosures as detailed below:

Table 4: Delay in disclosure under Regulation 7(2)(b) of PIT Regulations

Sr. No	Transaction Date	Value (Rs)	Date on which company became aware of the transactions	Last date to make disclosure under Reg 7(2)(b)	Date of making disclosure by ZMCL	No. of days delay by ZMCL
1	April 08, 2019	42,002,499.00	April 15, 2019	April 18, 2019	June 10, 2019	53
2.	April 09, 2019	58,435,980.00	April 15, 2019	April 18, 2019	June 10, 2019	53
3.	April 10,2019	25,054,785.00	April 15, 2019 ⁱ	April 18, 2019	June 10, 2019	53

4.	April 11, 2019	15,626,280.00	April 15, 2019	April 18, 2019	June 10, 2019	53
5.	April 12, 2019	4,855,725.00	April 15, 2019	April 18, 2019	June 10, 2019	53
6.	April 15, 2019	3,530,786.00	April 22, 2019	April 24, 2019	June 10, 2019	47
7.	April 16, 2019	848,338.00	NA*	NA	NA	NA
8.	April 22, 2019	11,241,761.00	April 30, 2019	May 03, 2019	June 10, 2019	38
9.	April 23, 2019	1,872,220.00	April 30, 2019	May 03, 2019	June 10, 2019	38

** Disclosure requirement did not trigger as the value of transaction does not exceed Rs 10 lakh*

31. In this regard, I note that ZMCL, in its reply dated December 17, 2019, has contended that the weekly monitoring report does not provide all the details and there were certain unavailable details required for filing such as value of transaction, transaction type, date of transaction, mode of disposal, exchange where the transaction(s) took place etc. due to which it could not file disclosures in Form C under Regulation 7(2)(b) of PIT Regulations.

32. I am not inclined to accept the argument of ZMCL that it was not in possession of certain details for filling and filing Form C as per law. I note that ZMCL was in possession of "Deviation Report on Monitoring of Insider Trading" as obtained from the Registrar on a weekly basis. The report carries certain information about the transactions including the number of shares involved. Once the number of shares involved is known, one should be able to decipher *per se* the rough value of the shares involved based on the market price during the week to examine if the said transactions were crossing the threshold given under Regulation 7(2)(a) of PIT Regulations. In any case, in order to obtain accurate additional information for the purpose of filing, it is necessary for any entity to ascertain the details of the transactions that have been reported in such weekly reports by taking up the same with the concerned shareholder. In this case,

ZMCL, ought to have taken up the matter with Noticee 1 to gather the needed information. From available records and the submissions of ZMCL, I note that ZMCL had indeed sought certain clarification from Noticee 1 vide letters dated April 15, 22 and May 02, 2019 regarding such transactions, a copy of which is submitted by ZMCL vide its Email dated January 15, 2020. From the said letters, I note that ZMCL did not seek any information/details regarding such transactions enabling it to gather information necessary to disclose under Regulation 7(2)(b) of PIT Regulations. On the other hand ZMCL had only enquired about the possible violation of Model Code of Conduct and did not elicit any information needed facilitating compliance with Regulation 7(2)(b) of PIT Regulations. Thus, I note that ZMCL though had taken up the matter with Noticee 1; however had ignored seeking information necessary to comply with Regulation 7 (2) (b) of PIT Regulations.

33. Further, ZMCL has mentioned that it had informed SEBI regarding the said transactions along with the explanations provided by Noticee 1 vide its letters dated April 16, 2019, April 22, 2019 and May 03, 2019. However, I note that the said information was forwarded to SEBI under Clause 13 of Model Code of Conduct, as specified under Schedule B of PIT Regulations. On the other hand, the purpose behind disclosure under Regulation 7(2)(b) is to disseminate the information in public domain so that the investors may be informed enabling them to take an informed investment decision (emphasis supplied). Therefore, I note that the information provided to SEBI by ZMCL vide its letters dated April 16, 2019, April 22, 2019 and May 03, 2019 cannot be treated as a justifiable

reason for the delay in disclosure under Regulation 7(2)(b) of PIT Regulations and the same cannot obliterate the disclosure obligations.

34. In this context, I observe that Hon'ble SAT has consistently held that the obligation to make disclosure within the stipulated time is a mandatory obligation and penalty is imposed for non-compliance with the mandatory obligation. The Hon'ble SAT in its Order dated September 30, 2014, in the matter of *Akriti Global Traders Ltd. Vs SEBI* observed that-

“Obligation to make disclosures under the provisions contained in SAST Regulations, 2011 as also under PIT Regulations, 1992 would arise as soon as there is acquisition of shares by a person in excess of the limits prescribed under the respective regulations and it is immaterial as to how the shares are acquired. Therefore, irrespective of the fact as to whether the shares were purchased from open market or shares were received on account of amalgamation or by way of bonus shares, if, as a result of such acquisition/ receipt, percentage of shares held by that person exceeds the limits prescribed under the respective regulations, then, it is mandatory to make disclosures under those regulations.”

35. I further note that Noticee 1 has contended that it has not made any disproportionate gain; no loss was caused to the investors and there was no wrong intention behind such violations. In this regard, I would like to refer to the observations of Hon'ble SAT in the matter of *Virendrakumar Jayantilal Patel vs. SEBI* (Appeal No. 299 of 2014 vide order dated October 14, 2014), wherein it was held that - *“.. obligation to make disclosures within the stipulated time is a*

mandatory obligation and penalty is imposed for not complying with the mandatory obligation. Similarly argument that the failure to make disclosures within the stipulated time, was unintentional, technical or inadvertent and that no gain or unfair advantage has accrued to the appellant, is also without any merit, because, all these factors are mitigating factors and these factors do not obliterate the obligation to make disclosures.”

Further, Hon’ble SAT in its order dated August 04, 2015 in the matter Mr. Ankur Chaturvedi vs. SEBI made the following observations:

“Similarly fact that there is no investor losses on account of the violations committed by the appellant and that the violations are not repetitive in nature cannot be a ground to escape penalty imposable section 15A(b)/15HB of the SEBI Act.

12. As rightly pointed out by the adjudicating officer the entire securities market stands on disclosure based regime and accurate and timely disclosures are fundamental in maintaining the integrity of the securities market. Therefore omission on the part of the appellant in failing to make disclosures was detrimental to the interest of the investors in the securities market and hence no fault can be found with the decision of SEBI in imposing penalty of Rs. 5 lac and Rs. 2 lac under section 15A(b)/15HB of the SEBI Act for violating the provisions of PIT Regulations and Model Code of Conduct respectively.”

12. As rightly pointed out by the adjudicating officer the entire securities market stands on disclosure based regime and accurate and timely disclosures are fundamental in maintaining the integrity of the securities market. Therefore

36. I would also like to rely on observation of Hon'ble SAT in Premchand Shah and Others V. SEBI dated February 21, 2011, wherein it was held that "*.....When a law prescribes a manner in which a thing is to be done, it must be done only in that manner.....Non-disclosure of information in the prescribed manner deprived the investing public of the information which is required to be available with them when they take informed decision while making investments.....*"

e. If yes, whether the Noticees are liable for penalty?

37. As the violation of the aforementioned provisions of the PIT Regulations and SAST Regulations by the Noticees have been established, I am of the view that it is a fit case to impose monetary penalty on the Noticees in terms of Section 15A(b) of the SEBI Act, which reads as under:

Penalty for failure to furnish information, return, etc

15A. *If any person, who is required under this Act or any rules or regulations made there under-*

(b) To file any return or furnish any information, books or other documents within the time specified therefore in the regulations, fails to file return or furnish the same within the time specified therefore in the regulations, he shall be liable to a penalty which shall not be less than one lakh rupees but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees.

38. In this regard, the provisions of Section 15J of the SEBI Act and Rule 5 of the Adjudication Rules require that while adjudging the quantum of penalty, 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.

39. With regard to the above factors, it may be noted that the examination report has not quantified the profit/loss for the violations committed by the Noticees. I am of the view that, by not complying with the relevant provisions of PIT Regulations and SAST Regulations, the Noticees have failed to comply with the mandatory statutory obligation. I further note that the Noticees have repeatedly violated the provisions of law as mentioned below:

Table 5

Noticee	Provision of Law	No. of instances
Noticee 1	Regulation 7(2)(a) of PIT Regulations	8
	Regulation 29(2) of SAST Regulations	1
	Regulation 31(2) of SAST Regulations	9
Noticee 2	Regulation 7(2)(b) of PIT Regulations	3

40. Further, in the context of present proceedings, reliance is placed upon the order of The Hon'ble Supreme Court in the matter of *Chairman, SEBI Vs Shriram Mutual Fund* { [2006]5 SCC 361 } – wherein the Hon'ble Supreme Court of India held that *“In our considered opinion, penalty is attracted as soon as the contravention of the statutory obligation as contemplated by the Act and the Regulations is established and hence the intention of the parties committing such violation becomes wholly irrelevant.....”*

41. I am of the view that the details of the shareholding of the promoters, any change therein and the timely disclosures thereof, are of significant importance from the point of view of the investors, as such information received by them in a time bound manner would facilitate them in taking an informed investment decision. In the instant matter, the shares of ZMCL were regularly disposed of from the account of Noticee 1 due to invocation of pledge and the disclosure obligation arose as a result of these transactions. The timely disclosures of the same by the Noticees under the relevant provisions of PIT Regulations were of significant importance from the point of view of the investors. In the present matter, the fact that the pledged shares of Noticee 1 were regularly getting invoked due to the stressed financial condition of the promoter group of ZMCL, therefore, timely disclosure of change in shareholding of the promoters due to invocation of pledge assumes added importance to investors. However, by not making the relevant disclosures on time, both the Noticees have conveniently kept the general investors in dark regarding the change in the shareholding of one of the promoters.

ORDER

42. After taking into consideration the facts and circumstances of the case, material/facts on record and also the factors mentioned in the preceding paragraphs, I, in exercise of the powers conferred upon me under Section 15-I of the SEBI Act read with Rule 5 of the Adjudication Rules, hereby impose a penalty of Rs. 6,00,000/- (Rs. Six Lakh only) on Noticee 1 viz. 25FPS Media Private Limited and Rs. 3,00,000 (Rs. Three Lakh only) on Noticee 2 viz. Zee

Media Corporation Ltd. under Section 15A(b) of the SEBI Act for the failure on their part to comply with the relevant provisions of law. I am of the view that the said penalties are commensurate with the lapse/omission on the part of the Noticees.

43. The Noticees shall remit / pay the said amount of penalty within 45 days of receipt of this order through online payment facility available on the website of SEBI, i.e., www.sebi.gov.in on the following path, by clicking on the payment link: ENFORCEMENT -> Orders -> Orders of AO -> PAY NOW.
44. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, recovery proceedings may be initiated under Section 28A of the SEBI Act for realization of the said amount of penalty along with interest thereon, *inter alia*, by attachment and sale of movable and immovable properties.
45. In terms of the provisions of Rule 6 of the Adjudication Rules, a copy of this order is being sent to the Noticees viz. 25FPS Media Private Limited & Zee Media Corporation Ltd. and also to the Securities and Exchange Board of India.

Place: Mumbai

Date: January 16, 2020

**K SARAVANAN
CHIEF GENERAL MANAGER
AND ADJUDICATING OFFICER**