

BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA

SETTLEMENT ORDER

IN SETTLEMENT APPLICATION NO. 7117 OF 2023

FILED BY PUNIT GOENKA [PAN: AAEPG2529E]

IN THE MATTER OF ZEE ENTERTAINMENT ENTERPRISES LIMITED

1. The Securities and Exchange Board of India (“**SEBI**”) passed an *ad Interim Ex Parte Order* dated August 12, 2021 (hereinafter referred to as “*Interim order*”) under Sections 11 (1), 11 (4), 11B (1) and 11D of the SEBI Act, 1992 (hereinafter referred to as “**SEBI Act**”) against 15 entities for *prima facie* violation of the provisions of the SEBI Act and SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter also referred to as “**SEBI (PIT) Regulations, 2015**”/ “**PIT Regulations, 2015**”) by carrying out insider trading activities in the scrip of Zee Entertainment Enterprises Ltd. (hereinafter referred to as “**ZEEL**” / “**Company**”). Confirmatory Orders were passed on September 27, 2021 and February 18, 2022 in the matter.
2. Subsequently, SEBI conducted an investigation to ascertain whether the act/s of those entities were in violation of the provisions of the SEBI Act and PIT Regulations, 2015 during the period from September 01, 2019 to December 31, 2020 (hereinafter referred to as “**investigation period**”).
3. During the course of investigation, it was found that certain information which was Unpublished Price Sensitive Information (UPSI) had not been considered as such by ZEEL.
4. Regulation 2(1)(n) of SEBI (PIT) Regulations, 2015, states as under:

“unpublished price sensitive information” means any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price

of the securities and shall, ordinarily including but not restricted to, information relating to the following: –

- i. financial results;*
- ii. dividends;*
- iii. change in capital structure;*
- iv. mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;*
- v. changes in key managerial personnel.”*

5. On September 01, 2020, ZEEL announced the launch of Cinema 2 Home Service, ZEEPLEX which is a pay per view service. It was a new content consumption medium for consumers and film distribution model. ZEEPLEX gave the consumers flexibility and convenience, to watch their favourite films in the comfort of their homes.
6. The investigation by SEBI concluded that the announcement of launch of ZEEPLEX amid Covid restrictions was a positive news about the company which was an ‘expansion of business’ and the information related to business expansion is covered under Regulation 2(1)(n)(iv) of the definition of UPSI under the PIT Regulations, 2015.
7. Regulation 9A of the PIT regulations, 2015 states as follows:

“9A(1) The Chief Executive Officer, Managing Director or such other analogous person of a listed company, intermediary or fiduciary shall put in place adequate and effective system of internal controls to ensure compliance with the requirements given in these regulations to prevent insider trading.

9A(2) The internal controls shall include the following:

- (a) all employees who have access to unpublished price sensitive information are identified as designated [person];*

(b) all the unpublished price sensitive information shall be identified and its confidentiality shall be maintained as per the requirements of these regulations;

(c) adequate restrictions shall be placed on communication or procurement of unpublished price sensitive information as required by these regulations;

(d) lists of all employees and other persons with whom unpublished price sensitive information is shared shall be maintained and confidentiality agreements shall be signed or notice shall be served to all such employees and persons;

(e) all other relevant requirements specified under these regulations shall be complied with;

(f) periodic process review to evaluate effectiveness of such internal controls.”

8. Punit Goenka (hereinafter referred to as “**Applicant**”) was the MD & CEO of ZEEL during the launch of ZEEPLEX and it was alleged that Applicant failed to put in place adequate internal controls within the company to identify UPSI and failed to identify the said information as UPSI. Hence, the Investigation Report concluded that Applicant violated provisions of Regulations 9A(1) and 9A(2) of PIT Regulations 2015.
9. Pursuant to the above investigation, a Show Cause Notice dated December 22, 2022 (hereinafter referred to as “**SCN**”) was issued to the Applicant calling upon it to show cause as to why suitable direction(s), under Section 11B(1) of SEBI Act, 1992 should not be issued against him for the alleged violation mentioned above.
10. Subsequent to the issuance and receipt of the SCN, the Applicant filed the Settlement Application bearing registration no. 7117/2023 which was received

on January 13, 2023. The said application was filed in terms of the SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as **“Settlement Regulations”**) wherein the Applicant proposed to SEBI to settle the instant proceedings, without admitting or denying the findings of fact and conclusions of law, through a settlement order.

11. Pursuant to the receipt of the Application, the authorised representatives of the Applicant had a meeting with the Internal Committee of SEBI on February 09, 2023. The Internal Committee deliberated on the aspect of the violation and suggested the terms of the settlement. Thereafter, the Applicant proposed revised settlement terms dated February 13, 2023, which was received by SEBI on February 20, 2023, to settle the pending proceedings initiated against him.
12. The application was placed before the High Powered Advisory Committee (hereinafter referred to as **“HPAC”**) in its meeting held on March 09, 2023, which considered the facts of the case and the revised settlement terms proposed by the Applicant and recommended the case for settlement upon payment of ₹50,70,000/- (Rupees Fifty Lakh Seventy Thousand only). The recommendation of the HPAC was accepted by Panel of Whole Time Members of SEBI on March 31, 2023 and the Notice of Demand was issued to the Applicant vide e-mail dated March 31, 2023. The Applicant, vide e-mail dated April 03, 2023, informed that the aforesaid settlement amount was remitted on April 03, 2023 and SEBI has confirmed the receipt of the same.
13. On the basis of the facts stated above, in exercise of the powers conferred under Section 15JB read with Section 19 of the SEBI Act and in terms of Regulations 23 read with Regulation 28 of the Settlement Regulations, it is hereby ordered that the instant proceedings initiated against the Applicant vide SCN dated December 22, 2022 are disposed of as per the following terms:
 - i. SEBI shall not initiate any other enforcement action against the Applicant for the said violation; and
 - ii. passing of this Order is without prejudice to the right of SEBI under Regulation 28 of the Settlement Regulations to initiate any enforcement action against the Applicant, if SEBI finds that:

- (a) any representation made by the Applicant in the present settlement proceedings is subsequently found to be untrue;
- (b) the Applicant has breached any of the clauses / conditions of undertakings / waivers filed during the present settlement proceedings; and
- (c) there was a discrepancy while arriving at the settlement terms.

14. This Settlement Order is passed on this 13th day of April 2023 and shall come into force with immediate effect.

15. In terms of Regulation 25 of the Settlement Regulations, a copy of this order shall be sent to the Applicant and shall also be published on the website of SEBI.

Sd./-

DATE: APRIL 13, 2023

ANANTH NARAYAN G.

PLACE: MUMBAI

WHOLE TIME MEMBER

SECURITIES AND EXCHANGE BOARD OF INDIA