BEFORE THE ADJUDICATING OFFICER

SECURITIES AND EXCHANGE BOARD OF INDIA

[ADJUDICATION ORDER NO.: Order/AK/GN/2025-26/32075]

UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992 READ WITH RULE 5 OF SEBI (PROCEDURE FOR HOLDING INQUIRY AND IMPOSING PENALTIES) RULES, 1995, IN RESPECT OF;

Cyquator Media Services Private Limited

PAN: AAECP0069P

Background

1. Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") conducted an examination and, *prima facie*, found violation of provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as "**Takeover Regulations**") by Cyquator Media Services Private Limited (hereinafter referred to as "**Cyquator/ Noticee**"), a promoter of Zee Entertainment Enterprises Limited (hereinafter referred to as "**ZEEL**").

Appointment of Adjudicating Officer

2. SEBI, vide communique dated December 27, 2024, appointed the undersigned as the Adjudicating Officer u/s 15-I of SEBI Act, 1992 (hereinafter referred to as 'SEBI Act') and Rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as 'Adjudication Rules') r/w Section 19 of the SEBI Act to inquire into and adjudge u/s 15A(b) of SEBI Act, the alleged violations by the Noticee.

SHOW CAUSE NOTICE, REPLY AND HEARING

3. Show Cause Notice (hereinafter being referred to as the "SCN") dated January 06, 2025 was issued to Noticee in terms Rule 4(1) of Adjudication Rules to show cause

as to why an inquiry should not be initiated against it and why penalty, if any, should not be imposed upon it u/s 15A(b) of SEBI Act for the alleged violations.

4. The allegations made against the Noticee in the SCN were that the Noticee did not disclose/ incorrectly disclosed the following;

   4.1. pledge of shares by the promoters on December 14, 2016, thereby allegedly violated Regulation 31(1) r/w 31(3) of the Takeover Regulations.

   4.2. invocation of pledge on such shares on January 28, 2019, thereby allegedly violated Regulation 31(2) r/w 31(3) of the Takeover Regulations.

   4.3. transfer of shares on February 02, 2019, thereby allegedly violated Regulation 29(2) of the Takeover Regulations.

5. The SCN was sent to Noticee through Speed Post AD. On non-receipt of any response, in the interest of natural justice, an opportunity of hearing was provided to Noticee on February 18, 2025, vide hearing notice dated January 27, 2025. Vide letter dated January 28, 2025 Noticee sought inspection of documents. In view of the same, vide email dated January 31, 2025, opportunity of inspection was granted to Noticee on February 12, 2025 and the same was completed on the scheduled day. Vide email dated February 19, 2025, Noticee sought additional documents, vide email dated February 24, 2025 all the relevant documents were provided to the Noticee.

6. Vide letter dated March 07, 2025 Noticee informed that it has filed settlement application. In view of the same, the matter was kept in abeyance till the disposal of the settlement application. Vide letter dated October 14, 2025, settlement application of Noticee was rejected.

7. In the interest of natural justice, an opportunity of hearing was provided to Noticee on December 03, 2025, vide Hearing Notice dated November 25, 2025 sent via SPAD and email dated November 25, 2025. Vide email dated December 01, 2025 Noticee sought adjournment of hearing, in view of the same, another opportunity of

hearing was provided to Noticee on December 08, 2025. Vide email dated December 06, 2025, Noticee submitted its reply. The same is summarized below-

7.1. *The Noticee is a promoter of Zee Entertainment Enterprises Ltd.* ***(ZEEL").*** *The Noticee entered into a Pledge Agreement with Indiabulls Housing Finance Limited dated December 14, 2016 and only agreed to pledge 60,50,000 shares of ZEEL* ***("Pledge Agreement").*** *Since, the regulatory procedure to create a pledge having not been followed and in the absence of the Pledge Master Report being generated, the pledge was not created as it was agreed in the Pledge Agreement.*

7.2. *The SCN alleges that a pledge came into existence vide said Pledge Agreement and thereafter the said pledge came to be invoked vide notice dated November 14, 2018 issued by Indiabulls Housing Finance Limited. However, the factual position is that the said notice dated November 14, 2018 was not addressed to the Noticee and it did not mention anything about pledge of shares or ZEEL shares. There is no mention of invocation of shares in the demat statement and thus, there could not be any possibility of invocation of the pledged shares as pledge did not exist at first place. Thus, no disclosures were warranted.*

7.3. *On January 28, 2019, as per the Transaction Statements shared by SEBI, 52,94,000 shares of ZEEL were transferred to Indiabulls Ventures Limited (which is a separate legal entity from Indiabulls Housing Finance Limited) and therefore the Noticee made correct disclosures as per Regulation 29(2) of SAST Regulations.*

Allegations: creation and invocation of pledge (Regulation 31(1) and Regulation31 (2) of SAST Regulations):

7.4. *Noticee submitted that no pledge was created on 60,50,000 shares of ZEEL in favour of Indiabulls Housing Finance Limited as the pledge could not have been created on mere signing of the Agreement. No pledge was marked as per the Depositories Act, 1996 (Depositories Act") and SEBI (Depositories and Participants) Regulations, 2018 ("Depositories Regulations") in the demat account of the Noticee which was maintained with Indiabulls Ventures Limited (Indiabulls Ventures"). Noticee referred to the relevant provisions of the Depositories Act and the Depositories Regulations.*

7.5. *Noticee submitted that SEBI, in a letter dated August 17, 2010 (MRD/DoP/MAS-OW/1623/2010) addressed to the depositories, has expressly stated that the procedure for creating a pledge prescribed under the Depositories Act and Depositories Regulations must be strictly adhered to ("SEBI Letter"). It opined that any transaction contrary to the prescribed process would not be treated as a pledge and directed the depositories to issue a suitable communique to beneficial owners, following which NSDL issued a circular dated September 6, 2010 (NSDL Circular") enclosing the SEBI Letter.*

7.6. *This has been reiterated in the NSDL Circular SEBI issued a Master Circular dated December 15, 2016 (Ref.SEBI/HO/MRD/DP/) **(Master Circular")** (incidentally just a day after the Pledge Agreement), incorporating the requirements in the SEBI Letter.*

7.7. *In light of the above, to create a pledge, the above procedure must have been necessarily followed. In fact, Regulation 79(3) specifically provides that within 15 days of receipt of the application, the depository shall after concurrence of the pledgee through its participant, "**create and record the pledge**" and then send an intimation of the same to the participants of the pledger and the pledgee. In the absence of that said procedure having been followed and in the absence of the Pledge Master Report being generated, it cannot be said that a pledge had been said to be created. Thus, no disclosure was warranted for creation of pledge.*

7.8. *The SCN's reliance on a clause in the Pledge Agreement, where the Noticee has "agreed to create a first-ranking and exclusive pledge/charge", does not result in creation of a pledge. It is well settled that a mere agreement that a charge will be created, without following the mandatory requirements in law for that purpose, cannot result in a pledge/charge being created over the property.*

7.9. *Noticee submitted that the SCN has overlooked the clear position in law emanating from the Depositories Act and the Depositories Regulations as interpreted by the SEBI Master Circular, which is a direction issued by SEBI under Sections 11 and 11B of the SEBI Act and is binding on market participants. The Noticee should not be penalised for not disclosing a transaction as a pledge when SEBI itself has clarified that a valid* *pledge can only be created by following the prescribed procedure. Since no pledge was created, the question of disclosing such a transaction as an encumbrance does not arise.*

7.10. *Moreover, a Learned Adjudicating Officer of SEBI in the matter of Perfect Octave Media Projects Limited vide order dated March 27, 2024, citing these very circulars, rejected the submission of a noticee that a pledge created, without following the procedure specified in the Depositories Regulations, should be recognized as a pledge.*

Allegation: Regulation 31(2) of SAST Regulations

7.11. *Noticee submitted that the notice dated November 14, 2018 vide which the pledge was allegedly invoked, was not addressed to the Noticee. This fact is accepted by the **Show Cause Notice at Paragraph 8(b)** where it states, "**i)** The **submission of** Cyquator that the Notice dated November 18, 2018 was not addressed to it was **found to be accurate ...**". Furthermore, it is settled law that Section 176 of the Indian Contract Act, 1872 mandates issuance of a reasonable notice before sale of pledged goods. Thus, in light of this acceptance by the Show Cause Notice at Paragraph 8(b) that the notice was not addressed to the Noticee, this allegation must necessarily be withdrawn. Further, said notice dated November 14, 2018 did not mention anything about pledge of shares or ZEEL shares. There is no mention of invocation of shares in the demat statement. There was, therefore, no invocation of the pledged shares and thus reliance on Notice dated November 14, 2018 as pledge invocation notice is nothing but mere conjecture. Thus, no disclosure was warranted.*

7.12. *Furthermore, the Chapter "Bailments of Pledges" in the Indian Contract Act, 1872 **("Contract Act")** sets out Section 176 which mandates issuance of a reasonable notice before sale of pledged goods. This line of interpretation has been well settled in several judgments of the Hon'ble Supreme Court including in PTC India Financial Services Ltd. v. Venkateswarlu Kari and Anr., (2022) 9 SCC 704.*

7.13. *In light of this acceptance by the Show Cause Notice at Paragraph 8(b) that the notice was not addressed to the Noticee and the statutory mandate of issuance of such a notice* *is only if pledge existed, this allegation must necessarily be withdrawn. Further, said notice dated November 14, 2018 did not mention anything about pledge of shares or ZEEL shares. There is no mention of invocation of shares in the demat statement and thus, there could not be possibility of invocation of the pledged shares as pledge did not exist in the first place. Thus, no disclosure was warranted.*

Allegation: incorrect disclosure under Regulation 29 of SAST Regulations:

7.14. *Noticee submitted that this allegation relies upon the other two allegations of existence and invocation of pledge. However, in the absence of regulatory procedure having been followed and in the absence of the Pledge Master Report being generated, it cannot be said that a pledge had been said to be created read with acceptance by the SCN at Paragraph 8(b) that the notice was not addressed to the Noticee and issuance of a notice being a statutory mandate for invocation when a pledge exists, this allegation of incorrect disclosure under Regulation 29 of SAST Regulations is unsustainable and must necessarily be withdrawn.*

7.15. *In addition, an over-arching error in the Show Cause Notice is that it has confused two separate entities, i.e. to Indiabulls Ventures Limited and Indiabulls Housing Finance Limited, and have reference has been made to 'Indiabulls'. On perusal of the contents of Show Cause Notice, it is clear that there was an Agreement executed between and Indiabulls Housing Finance Limited and the Noticee, however, as per the Transaction Statements shared by SEBI, shares were transferred to Indiabulls Ventures Limited (which is a separate legal entity from Indiabulls Housing Finance Limited) on January 28, 2019 and therefore the Noticee made correct disclosures as per Regulation 29(2) of SAST Regulations.*

7.16. *Noticee submitted that the SCN has incorrectly quoted Section 15A(b) of the SEBI Act as amended by the Finance Act, 2018, which came into effect on March 8, 2019. It is undisputed that the purported incorrect disclosure occurred on January 28, 2019. At the time, Section 15A(b) of the SEBI Act, did not penalize the submission of "false, incorrect, or incomplete information". Such acts became punishable only after the amendment that came into force on March 8, 2019.*

Any further disclosure will tantamount to misrepresentation

7.17. *The Noticee has always endeavoured to provide correct disclosures. For reasons stated above, the Noticee duly made disclosure pursuant to Regulation 29(2) of SAST Regulations and no other disclosures were warranted. Any other disclosure would have amounted to misrepresentation on part of the Noticee and would have been against the interest of the investors and violative of regulatory parameters in light of the facts of the case.*

7.18. *The Noticee has, inter alia, acted with diligence and taken all the steps it possibly can in the facts of this case, i.e.:*

7.18.1. Where no pledge was was marked in the demat account of the Noticee which was maintained with Indiabulls Ventures Limited thus, Regulation 31(1) of SAST Regulations not triggered; and

7.18.2. Notice dated November 14, 2018 was not addressed to the Noticee and said notice neither mentioned anything about pledge of shares or ZEEL shares nor invocation of shares in the demat statement thus, Regulation 31 (2) of SAST Regulations not triggered,

7.19. *Thus, the Noticee duly made disclosure as per Regulation 29(2) of SAST Regulations. Noticee submitted that it has discharged its duties and obligations expected under the legislative scheme of the SAST Regulations and beyond. Any further expectation from the Noticee is wholly untenable, arbitrary and impossible.*

Alleged breach could possibly be mere technical and unintentional, penalty may not be levied

7.20. *Noticee relied upon the following judgements passed by Hon'ble Courts/ Hon'ble SAT/ Ld. WTM / Ld. Adjudicating Officers of SEBI which conclude that if the breach is merely technical and unintentional, penalty may not be levied-*

7.20.1. Jagdish Kumar Arora vs. SEBI (Appeal No. 78 of 2020) decided on August 06, 2021 by the Hon'ble SAT

7.20.2. Piramal Entreprises Ltd. vs SEBI (Appeal No. 467 of 2016) by the Hon'ble SAT

7.20.3. *Refec Industries Limited (formerly known as Refex Refrigerants Limited) by the Ld. WTM vide order dated February 02, 2017*

7.20.4. *Adjudication Order dated May 11, 2017 passed by Ld. Adjudicatig officer in the case of Jindal Cotex Limited*

7.20.5. *Reliance Industries Ltd. v SEBI (SAT Appeal No. 39/2002):*

7.20.6. *Akbar Badrudin Badrudin Jiwani V. Collector of Customs, Bombay (AIR 1990 SC 1579)*

7.20.7. *Hindustan Steel Ltd. v State of Orissa, (1970) 1 SCR 753; (AIR 1970 SC 253)*

Inordinate delay and laches in initiating proceedings against the Noticee has vitiated the entire proceedings

7.21. *Noticee submitted that the SCN has been issued with inordinate delay i.e. belatedly, after a period of 9 years since Pledge Agreement dated December 14, 2016, 8 years since alleged invocation of pledge in 2018 and 7 years after alleged incorrect disclosure in 2019. Said inordinate and unexplained delay causes prejudice to the Noticee in the said proceedings and thus said proceedings are vitiated by delay.*

7.22. *Noticee referred to the following orders for delay-*

7.22.1. *State of Punjab v. Chaman Lal, (1995) 2 SCC 570*

7.22.2. *State of A.P. v. N. Radhakishan, (1998) 4 SCC 154*

7.22.3. *P.V. Mahadevan v. MD, TN Housing Road, (2005) 6 SCC 636, the Hon'ble Supreme Court*

7.22.4. *Mahendra Lal Das v. State of Bihar and Ors., (2002) 1 SCC 149*

7.22.5. *Subhkam Securities Private Ltd. v. SEBI, in Appeal No. 73 of 2012*

7.22.6. *Shirish Harshvadan Shah v. Deputy Director, E.D., Mumbai, (2010) 254 ELT 259*

7.22.7. *HB Stockholdings Ltd. v. SEBI, [2013] SAT 44: 2013 SCC OnLine SAT 56*

7.22.8. ***Subhkam Securities Private Limited v. SEBI***

7.22.9. *Rakesh Kathotia and Ors. v. SEBI, Order dated May 27, 2019*

7.22.10. *Adjudicating Officer, SEBI vs. Bhavesh Pabari (2019) SCC Online SC 294*

7.22.11. *Alps Motor Finance Ltd. v. SEBI, Order dated July 20, 2023*

7.22.12. Ashlesh Gunvantbhai Shah vs. SEBI Appeal No. 169 of 2019)

7.22.13. Ashok Shivlal Rupani & Ors. vs. SEBI (Appeal No. 417 of 2018

7.22.14. ***Sanjay Jethalal Soni and Ors. vs. SEBI Appeal No.102 of 2019***

7.23. *Noticee submitted that the SCN neither quantifies nor alleges any loss to any investor whatsoever.*

8. Noticee attended the hearing on the scheduled day and reiterated the submissions already made, vide reply dated December 06, 2025. Noticee sought time till December 11, 2025 for making additional submissions. Vide email dated December 11, 2025, Noticee submitted the copy of the Adjudicating Order passed in the matter of Perfect Media Octave Projects Limited.

CONSIDERATION FOR ISSUES, EVIDENCE AND FINDINGS

9. I have taken into consideration the facts and circumstances of the case and the material available on record. The issues that arise for consideration in the present case are:

ISSUE I: Whether Noticee has violated the provisions as alleged in the SCN?

ISSUE II- Does the violation, if any, attract monetary penalty u/s 15A(b) of the SEBI Act, 1992?

ISSUE III- If so, how much penalty should be imposed taking into consideration the factors mentioned in Section 15J of the SEBI Act?

10. Before proceeding further, it will be appropriate to refer the provisions alleged to be violated by the Noticee-

Relevant provisions of SAST Regulations:

Regulation 29(2) of SAST Regulations

29. Disclosure of acquisition and disposal

(2) Any person 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.

Provided that in case of listed entity which has listed its specified securities on Innovators Growth Platform, any reference to "five per cent" shall be read as "ten per cent" and any reference to "two percent" shall be read as "five per cent".

Regulation 31(1), 31(2) and 31(3) of SAST Regulations

31. Disclosure of encumbered shares

(1) The promoter of every target company shall disclose details of shares in such target company encumbered by him or by persons acting in concert with him in such form as may be specified:

Provided that the aforesaid disclosure requirement shall not be applicable where such encumbrance is undertaken in a depository.

(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:

Provided that the aforesaid disclosure requirement shall not be applicable where such encumbrance is undertaken in a depository.

(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.

FINDINGS

11. Before I proceed to deal with the matter on merits, I would like to address the issue of delay raised by the Noticee. In this regard, it is pertinent to refer to the judgment of Hon'ble Supreme Court in the case of Adjudicating Officer, SEBI vs. Bhavesh Pabari(2019) SCC Online SC 294; wherein it was held that:

"There are judgments which hold that when the period of limitation is not prescribed, such power must be exercised within a reasonable time. What would be reasonable time will depend upon the facts and circumstances of the case, nature of the default/statute, prejudice caused, whether the third party rights had been created etc."

12. Further, Noticee has not submitted as to how the so called delay has caused any prejudice to it. However, it is required to examine whether there was any delay in the matter which might have caused any prejudice. In this regard, I note that in the instant case, SEBI came across a news report dated February 28, 2024 in the matter of ZEEL. An examination was conducted by SEBI. Subsequently, upon completion of examination in October 2024, Mr. Amar Navlani was appointed as an Adjudicating Officer in the matter vide communique dated October 25, 2024. On transfer of matter, the undersigned was appointed as an Adjudicating Officer in the matter vide communique dated December 27, 2024. I note that SCN in the matter was issued on January 06, 2025.

13. Further, I note that since all relevant and relied upon documents were provided to the Noticee, including the action matrix, inspection report, and annexures to the inspection report, in my view the Noticee had sufficient material to defend its case. In fact, it was able to put forth its defense in detail, as is apparent from its replies and submissions. In this regard, I note that the Hon'ble SAT in the matter of ***Pooja Vinay Jain Vs. SEBI*** (SAT Appeal No. 152 of 2019, decided on March 17, 2020) held as follows:

    "13. In the present case, the appellant neither put a plea of prejudice before the AO nor before us. It was simply stated that since the proceedings were launched by respondent SEBI after a period seven years, the same should be quashed on the ground of delay. The record would show that all the documents concerning the defense of the appellant were filed by her before the AO. Therefore, for want of any prejudice the proceedings cannot be quashed simply on the ground of delay in launching the same. Further, as explained by the

learned counsel for the respondent as recorded in paragraph No. 6.4 above, large numbers of entities and transactions were analysed by SEBI which took some time."

14. Further, as SEBI Act, 1992 and the regulations framed thereunder have got a larger public purpose in the form of investor protection and the regulation and development of the securities market, the purposes would be defeated if the SCN is quashed against the Noticee just because of delay in initiating action.

15. In view of the above facts, I find that no prejudice has been caused upon the Noticee nor has it been able to make out a case of prejudice due to the alleged delay in initiation of proceedings. In view of this, it cannot be said that there is an inordinate delay in the issuance of SCN and hence the said contention of the Noticee cannot be accepted.

16. Having dealt with the preliminary contentions, I shall now proceed to address the key issues that arise for consideration, in light of the facts of the case and the submissions made by the Noticee.

ISSUE I: Whether Noticee has violated the provisions as mentioned in SCN?

17. **Allegation 1 – Alleged Violation of Regulation 31(1) r/w 31(3) of the Takeover Regulations**

17.1. During examination it was observed that Noticee did not disclose pledge of shares by the promoters on December 14, 2016 and thereby allegedly violated Regulation 31(1) r/w 31(3) of the Takeover Regulations.

17.2. I note that in reply to the SCN, Noticee submitted that since, the regulatory procedure to create a pledge having not been followed and in the absence of the Pledge Master Report being generated, the pledge was not created as it was agreed in the Pledge Agreement.

17.3. I note that as per Regulation 31(1) r/w 31(3) of the Takeover Regulations the promoter of every target company shall disclose details of shares in such target company encumbered by him or by persons acting in concert with him in such form as may be specified and such disclosure shall be made within seven working days from the creation or invocation or release of encumbrance.

17.4. I note that during examination, it was observed that Noticee, a promoter of ZEEL, had *inter alia* pledged 60,50,000 shares of ZEEL in favour of Indiabulls Housing Finance Limited (hereinafter referred to as "**Indiabulls**"), vide Pledge Agreement dated December 14, 2016.

17.5. I note that in reply to the SCN, Noticee submitted that since the regulatory procedure to create a pledge having not been followed and in the absence of the Pledge Master Report being generated, the pledge was not created as it was agreed in the Pledge Agreement.

17.6. In this regard, I note that as per agreement dated December 14, 2016 Noticee being the legal and beneficial owners of the Pledged/ Charged Shares had agreed to create a first-ranking and exclusive pledge/ charge on the Pledged/ Charged shares in favour of the Indiabulls to secure the underlying loans. Therefore, I observe that although the Noticee did not followed the regulatory procedure prescribed, however the Noticee created encumbrance on 60,50,000 shares of ZEEL and Noticee being the promoter of ZEEL, the details of such encumbrances created and the details of invocation of such encumbrances are required u/r 31(1) and 31(3) of the Takeover Regulations within 7 working days from the creation/ invocation/ release of such encumbrance, however, Noticee failed to disclose the creation of the aforementioned encumberance.

17.7. In view of the above, it is established that the Noticee, by failing to disclose the creation of the encumbrance vide Pledge Agreement dated December 14, 2016, violated regulation 31(1) r/w 31(3) of the Takeover Regulations.

18. **Allegation 2 – Alleged violation of Regulation 31(2)** r/w **31(3) of the Takeover Regulations**

18.1. I note that during examination it was observed that Noticee did not disclose invocation of pledge on such shares on January 28, 2019, and thereby allegedly violated Regulation 31(2) r/w 31(3) of the takeover regulation.

18.2. I note that in reply to the SCN, Noticee submitted that the Notice dated November 14, 2018 was not addressed to it. Further, such notice did not mention anything about pledge of shares or ZEEL shares. There is no mention of invocation of shares in the demat statements. Therefore, there was no invocation of any pledged shares.

18.3. I note that as per regulation 31(2) r/w 31(3) of the takeover regulations the promoter of every target company shall disclose details of invocation of such encumbrance or release of such encumbrance of shares in such form as may be specified and such disclosure shall be made within seven working days from the creation or invocation or release of encumbrance.

18.4. I note that during examination Indiabulls, vide email dated March 12, 2024 submitted that it had served a notice dated November 14, 2018 to the borrowers of the underlying loans pursuant to which the aforesaid pledge was invoked and 52,94,000 out of the 60,50,000 equity shares of ZEEL pledged by Cyquator were disposed. Indiabulls also provided, vide email dated August 21, 2024, demat statements of Cyquator evidencing the transfer of the pledged shares from Cyquator to itself on January 28, 2019. It further submitted that the transferred shares were thereafter liquidated in the market and a consideration of Rs. 1,83,14,92,288/- in respect of the liquidation was received by Indiabulls on January 30, 2019. A bank statement indicating the receipt of the said consideration was also provided by Indiabulls.

18.5. I note that Noticee in reply to the SCN, submitted that the Notice dated November 14, 2018 was not addressed to it. Further, such notice did not mention anything about pledge of shares or ZEEL shares. There is no mention of invocation of shares in the demat statements.

18.6. In this regard, I note that Notice dated November 14, 2018 was not addressed to the Noticee, however, Clause 6.1.1 of the Pledge Agreement authorised Indiabulls, in the event of a default on any of the underlying loans, to *inter alia* sell, transfer, and/or dispose of all or any of the 60,50,000 shares of ZEEL pledged by Noticee without further authority and/ or notice/ intimation to Noticee.

18.7. I further note that Noticee has, in its email dated September 5, 2024, confirmed that the demat accounts of Noticee holding the 60,50,000 shares of ZEEL were maintained with Indiabulls.

18.8. Upon perusal of the demat statements of the two demat accounts of Noticee (provided by Indiabulls and independently verified with data from the depositories) which held the 60,50,000 shares of ZEEL, I note that 52,94,000 shares of ZEEL were transferred to Indiabulls on January 28, 2019. Further, the details of the demat accounts from which the shares were transferred to Indiabulls match the description of the demat accounts holding 60,50,000 shares of ZEEL mentioned in Schedule II of the Pledge Agreement.

18.9. Indiabulls also confirmed, vide emails dated March 12, 2024 and August 21, 2024 that it had invoked the pledge and disposed of 52,94,000 of the 60,50,000 pledged shares of ZEEL on January 28, 2019.

18.10. Hence, there was an invocation of the pledge by Indiabulls, pursuant to which 52,94,000 shares of ZEEL were transferred from the demat accounts of Noticee to that of Indiabulls, and the contention of Noticee that it was not aware of it holds no ground.

18.11. In view of the above, it is established that Noticee, by failing to disclose the invocation of the pledge, violated Regulation 31(2) r/w 31(3) of the Takeover Regulations.

19. **Allegation 3 – Alleged violation of regulation 29(2) of the Takeover Regulations**

19.1. During examination it was observed that Noticee incorrectly disclosed transfer of shares on February 02, 2019 and thereby allegedly violated Regulation 29(2) of the Takeover Regulations.

19.2. I note that in reply to the SCN Noticee submitted that in the SCN has confused two separate entities, i.e. to Indiabulls Ventures Limited and Indiabulls Housing Finance Limited, and reference has been made to 'Indiabulls'. On perusal of the contents of Show Cause Notice, it is clear that there was an Agreement executed between and Indiabulls Housing Finance Limited and the Noticee, however, as per the Transaction Statements shared by SEBI, shares were transferred to Indiabulls Ventures Limited (which is a separate legal entity from Indiabulls Housing Finance Limited) on January 28, 2019 and therefore the Noticee made correct disclosures as per Regulation 29(2) of Takeover Regulations.

19.3. I note that as per regulation 29(2) of the takeover Regulations any person 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.

19.4. I note that during examination it was observed that Cyquator had made a disclosure of the aforesaid transaction pertaining to transfer of pledged shares to Indiabulls pursuant to regulation 29(2) of Takeover Regulations, vide disclosure dated February 2, 2019. During examination the disclosure was however found to be incorrect since the off-market transfer of 52,94,000 pledged shares to Indiabulls on January 28, 2019 pursuant to invocation of the pledge was incorrectly disclosed as an open market sale of 52,94,000 shares on January 28, 2019. There are no other transactions on January 28, 2019 appearing on the demat statement of Cyquator.

19.5. I note that in reply to the SCN, Noticee submitted that Agreement was executed between and Indiabulls Housing Finance Limited and the Noticee, however, as per the Transaction Statements shared by SEBI, shares were transferred to Indiabulls Ventures Limited (which is a separate legal entity from Indiabulls Housing Finance Limited) on January 28, 2019. In this regard, I note that Indiabulls Housing Finance Limited has also confirmed vide emails dated March 12, 2024 and August 21, 2024 that it had invoked the pledge and disposed of 52,94,000 of the 60,50,000 pledged shares of ZEEL on January 28, 2019. Further, there are no other transactions on January 28, 2019 appearing on the demat statement of the Noticee, therefore the contention of the Noticee that it made the correct disclosure as per Regulation 29(2) of the Takeover regulation is not tenable.

19.6. I note that in reply to the SCN, Noticee also submitted that incorrect disclosure occurred on January 28, 2019. At the time, Section 15A(b) of the SEBI Act, did not penalize the submission of "false, incorrect, or incomplete information". Such acts became punishable only after the amendment that came into force on March 8, 2019. In this regard, I note that although the violation occurred on February 02, 2019 i.e. when Noticee made the incorrect disclosure, however, the violation is continuing even till now as no documentary evidences are submitted by the Noticee that it has made the correct disclosure even after section 15A(b) of the SEBI Act was amended i.e. when it expressly penalized the submission of false, incorrect or incomplete information. Therefore, the aforesaid contention of Noticee is not tenable.

19.7. In view of the above, I observe that the disclosure u/r 29(2) of the Takeover Regulations mentioning the off-market transfer of 52,94,000 shares of ZEEL to

Indiabulls Housing Finance Limited on January 28, 2019 to be open market sale of 52,94,000 shares on January 28, 2019 is found to be false and incorrect.

19.8. In view of the above, it is established that Noticee by filing the incorrect disclosure, has violated Regulation 29(2) of the Takeover Regulations

ISSUE II: Does the violation, if any, on part of the Noticee attract penalty u/s 15 A(b) of SEBI Act?

20. It has been established above that Noticee has violated the following provisions-

- Regulation 31(1) r/w 31(3) of the Takeover Regulations
- Regulation 31(2) r/w 31(3) of the Takeover Regulations
- Regulation 29(2) of the Takeover Regulations

21. Thus, the undersigned is of the view that it is a fit case for imposition of penalty u/s 15A(b) of the SEBI Act, which reads as given below:

15A- Penalty for failure to furnish information, return, etc.

If any person, who is required under this Act or any rules or regulations made thereunder,—

(b) to file any return or furnish any information, books or other documents within the time specified therefor in the regulations, fails to file return or furnish the same within the time specified therefor in the regulations or who furnishes or files false, incorrect or incomplete information, return, report, books or other documents, 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.

ISSUE III: If so, how much penalty should be imposed on the Noticee taking into consideration the factors mentioned in Section 15J of the SEBI Act?

22. While determining the quantum of penalty u/s 15 A(b) of the SEBI Act, it is important to consider the factors stipulated in section 15J of SEBI Act, which reads as under:-

15J - Factors to be taken into account by the adjudicating officer

While adjudging quantum of penalty under section 15-I, 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."

23. In the present matter, I note that no quantifiable figures are available to assess the disproportionate gain or unfair advantage made as a result of the defaults by Noticee. Further, from the material available on record, it may not be possible to ascertain the exact monetary loss to the investors/ clients on account of default by the Noticee. Further, as per the available records, past action has been taken by SEBI against the Noticee. Noticee was under a statutory obligation to abide by the provisions of the SEBI Act, 1992, Rules and Regulations and Circulars/directions issued thereunder etc. which it failed to do. The very purpose of the said regulations is to deter wrong doing and promote ethical conduct in the securities market. Therefore, violations, as established above, by the Noticee deserves and attracts suitable penalty.

ORDER

24. Having considered the facts and circumstances of the case, the material available on record, the submissions made by the Noticee, the factors mentioned in Section 15J of the SEBI Act, and also taking into account judgment of the Hon'ble Supreme Court in *SEBI vs. Bhavesh Pabari (2019) 5 SCC 90* and in exercise of power conferred upon the undersigned u/s 15-I of the SEBI Act r/w rule 5 of the Adjudication Rules, 1995, the following penalty is imposed u/s 15A(b) of the SEBI Act on the Noticee:

Name of entity	Provisions of SEBI Act	Penalty
Cyquator Media Services Private Limited **PAN: AAECP0069P**	15A(b)	Rs. 4,00,000 (Rupees Four Lakhs Only)

I am of the view that the said penalty is commensurate with the violations by the Noticee.

25. The Noticee 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.

26. In case of any difficulties in payment of penalties, Noticee may contact the support at portalhelp@sebi.gov.in.

27. In the event of failure to pay the said amount of penalty within 45 days of the receipt of this Order, SEBI may initiate consequential actions including but not limited to recovery proceedings u/s 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.

28. In terms of the provisions of rule 6 of the Adjudication Rules, 1995, a copy of this order is being sent to the Noticee and also to SEBI.

AMIT KAPOOR Digitally signed by AMIT KAPOOR Date: 2026.02.10 15:12:54 +05'30'

PLACE: MUMBAI **AMIT KAPOOR**

DATE: February 10, 2026 **ADJUDICATING OFFICER**