

SECURITIES AND EXCHANGE BOARD OF INDIA

INTERIM ORDER

Under Sections 11(1), 11(4) and 11B(1) of the Securities and Exchange Board of India Act, 1992

In respect of:

SR. NO.	NOTICEE(S)	PAN
1.	Subhash Chandra	AACPC4004A
2.	Punit Goenka	AAEPG2529E

In the matter of Zee Entertainment Enterprises Ltd.

Background:

1. In the wake of the resignation of two independent directors (viz. Mr. Sunil Kumar and Ms. Neharika Vohra) of Zee Entertainment Enterprises Ltd. ("**ZEEL**" / "**the Company**") in November 2019 after raising concerns over several issues, including appropriation of certain Fixed Deposit ("**FD**") of ZEEL by Yes Bank Ltd. ("**Yes Bank**") for squaring off loans of related entities of Essel Group, SEBI conducted an examination in the matter. Ms. Niharika Vohra in her resignation letter dated November 22, 2019 had *inter alia* alleged - "*At the October 17, 2019 meeting it was brought to light via a letter received by the board from the concerned bank that guarantees have been given to a subsidiary without approval from the board. The operating team treated the issue very casually.*"
2. The abovementioned examination by SEBI revealed that Mr. Subhash Chandra, the then Chairman of ZEEL/ Essel Group, had provided a 'Letter of Comfort' ("**LoC**") dated September 04, 2018 towards credit facilities availed by certain group companies from Yes Bank, wherein it was stated that "*This is with regards to the Rs 200 Crore loan outstanding in Essel Green Mobility Ltd from Yes Bank Ltd. We will ensure that a fixed deposit of at least Rs. 200 Crore is available with Yes Bank Ltd, from any one of Essel Group of companies (including Zee Entertainment Enterprises Ltd), at all times whilst the said facility remains due*

and outstanding and that in the event of default under the said facility, you may appropriate the fixed deposit towards repayment of the said Facility.”

3. From the resignation letter dated November 22, 2019, submitted by Ms. Neharika Vohra to Chairman of Board of Directors of ZEEL, it was observed that the abovementioned LoC was known only to a few persons in management and even the Board of ZEEL was not aware of the same.
4. It was observed that on the strength of the said LoC, Yes Bank had adjusted Fixed Deposit of Rs. 200 Crore of ZEEL for meeting the obligations of the following seven entities (“**Associate Entities**”) towards Yes Bank.

Sl. No.	Name of the Associate Entities
1.	Pan India Infraprojects Pvt Ltd
2.	Essel Green Mobility Ltd
3.	Essel Corporate Resources Pvt Ltd
4.	Essel Utilities Distribution Company Ltd
5.	Essel Business Excellence Services Pvt Ltd
6.	Pan India Network Infravest Ltd
7.	Living Entertainment Enterprises Pvt Ltd

5. In this regard, it was observed that the abovementioned Associate Entities are owned/controlled by family members of Mr. Subhash Chandra & Mr. Punit Goenka (“**Promoter Family**”). The Promoter Family is also the beneficial owner of promoters of ZEEL.
6. It was observed that in the Annual Report of ZEEL for the Financial Year 2019-20, the above seven entities were described as companies controlled by key management personnel (“**KMPs**”) and its relatives. The KMPs included Mr. Subhash Chandra and Mr. Punit Goenka.
7. When probed by SEBI with regard to the above, ZEEL submitted to SEBI that Rs.200 Crore, equivalent to the value of FD which was encashed by Yes Bank for the dues from Associate Entities owned by Promoter Family, had subsequently been received back from those Associate Entities in September/October 2019.
8. Though ZEEL had confirmed the receipt of Rs.200 Crore from the Associate Entities, SEBI found *inter alia* that Mr. Subhash Chandra and Mr. Punit Goenka, by signing comfort letters on behalf of ZEEL without informing, consulting, and/or approval of ZEEL or its board, had violated Regulation 4(2)(f)(i)(1)&(2),

4(2)(f)(ii)(6) and 4(2)(f)(iii)(3)&(6) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**LODR Regulations, 2015**). Further, since it was found *inter alia* that Letters of Comfort were issued by Mr. Subhash Chandra and Mr. Punit Goenka to Yes Bank and RBL Bank without informing the Board of ZEEL, SEBI also issued Advisory Letter dated June 17, 2021 to the Company.

9. Accordingly, SEBI initiated adjudication proceedings against ZEEL, Mr. Subhash Chandra and Mr. Punit Goenka for the aforesaid violations. Thereafter, ZEEL and Mr. Punit Goenka had filed a settlement application under the provisions of the SEBI (Settlement Proceedings) Regulations, 2018 in respect of the aforesaid proceedings. The said application was rejected by SEBI. Further, SEBI decided to examine the matter further, with regard to ZEEL's claim of receipt of funds from Associate Entities.
10. Subsequently, SEBI sought the details of payments received by ZEEL from the Associate Entities whose obligations to Yes Bank were met by appropriation of ZEEL's FD of Rs. 200 Crore by Yes Bank. In response, ZEEL vide letter dated May 08, 2023 provided the following details of the said credits from the Associate Entities; in effect confirming that funds of ZEEL had been returned by Associate Entities, in full, between September 26, 2019 and October 10, 2019 and that there was no loss to the Company:

(Amount Rs. In Crore)

Name of the Related Party	Amount repaid	Date of repayment
Pan India Infraprojects Pvt Ltd	14.80	26-Sep-19
Essel Green Mobility Ltd	17.10	27-Sep-19
Essel Corporate Resources Pvt Ltd	22.30	30-Sep-19
Essel Utilities Distribution Company Ltd	19.20	30-Sep-19
Pan India Infraprojects Pvt Ltd	36.90	30-Sep-19
Essel Business Excellence Services Pvt Ltd	23	10-Oct-19
Pan India Network Infravest Ltd	49.30	01-Oct-19
Living Entertainment Enterprises Pvt Ltd	17.4	01-Oct-19
Total	200	

Analysis of payments made by the promoter entities to ZEEL:

11. In order to examine the claim of ZEEL regarding receipt of funds, SEBI sought for the bank statements of ZEEL and other entities from various banks. Analysis of the said bank statements showed that although ZEEL had claimed to have

received Rs.200 Crore from the abovementioned seven Associate Entities of the promoters, major portion of the said funds had originated from either ZEEL itself or listed companies of the Essel Group, which after passing through several layers, reached the accounts of the Associate Entities from where it ultimately landed in ZEEL's account. The funds had followed a circuitous route where funds originated from ZEEL/listed companies of Essel Group, passed through various entities owned or controlled by Promoter Family and ultimately ended up with ZEEL.

12. The details of the layered/circuitous transactions pertaining to the purported receipt of funds by ZEEL from the associated entities are as under:

Money originating from ZEEL or its subsidiaries:

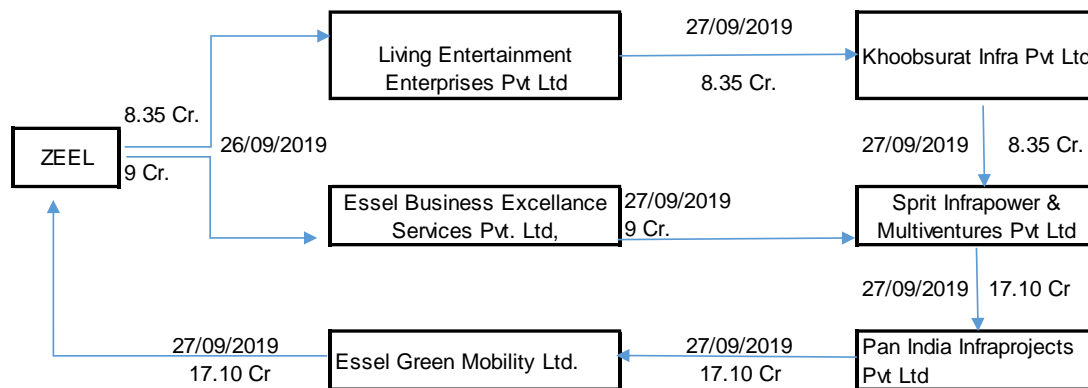
Essel Green Mobility Ltd. ("EGML"):

13. ZEEL claimed to have received Rs.17.10 Crore from EGML on September 27, 2019. However, an examination of the fund trail showed the following:

(Amount: Rs. in Crore)

Value Date	Amount	Paid by	Received by
26.09.19	8.35	Zee Entertainment Enterprises Ltd.	Living Entertainment Enterprises Pvt Ltd
26.09.19	9.00	Zee Entertainment Enterprises Ltd	Essel Business Excellence Services Pvt Ltd
27.09.19	8.35	Living Entertainment Enterprises Pvt Ltd	Khoobsurat Infra Private Ltd
27.09.19	9.00	Essel Business Excellence Services Pvt Ltd	Sprit Infrapower & Multiventures Pvt Ltd
27.09.19	8.35	Khoobsurat Infra Private Ltd	Sprit Infrapower & Multiventures Pvt Ltd.
27.09.19	17.10	Sprit Infrapower & Multiventures Pvt. Ltd.	Pan India Infraprojects Pvt Ltd
27.09.19	17.10	Pan India Infraprojects Pvt Ltd	Essel Green Mobility Ltd.
27.09.19	17.10	Essel Green Mobility Ltd.	Zee Entertainment Enterprises Ltd.

14. The diagrammatic representation of the abovementioned fund movement is as follows:



15. In the above instance, it can be seen that ZEEL received the money from EGML on September 27, 2019 which had originated from the bank account of ZEEL itself on September 26, 2019.

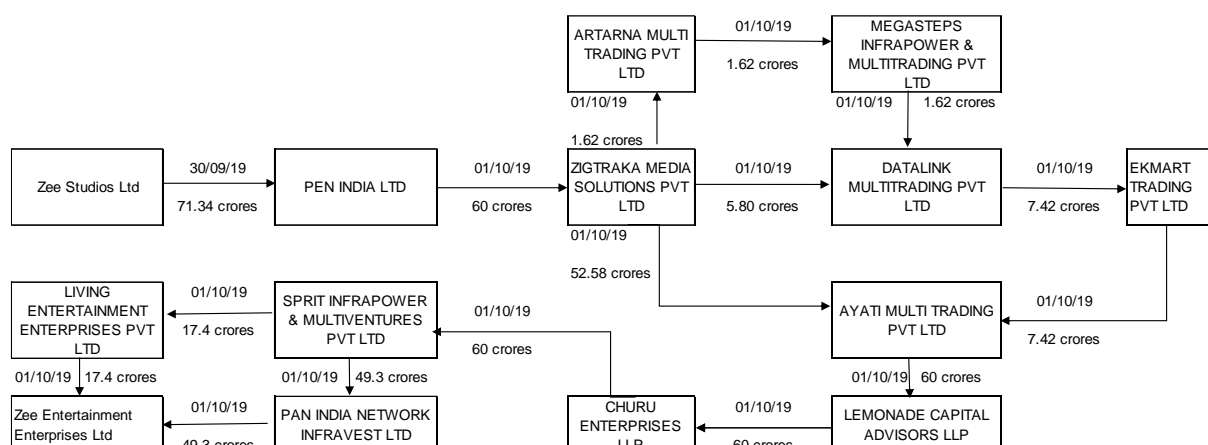
Living Entertainment Enterprises Pvt Ltd. (LEEPL) and Pan India Network Infravest Ltd (PINIL)

16. ZEEL claimed to have received Rs.17.40 Crore from LEEPL and Rs.49.30 Crore from PINIL on October 01, 2019. However, an examination of the fund trail showed the following:

Amount: In Rs. Crore

Value Date	Amount	Debtor Name	Creditor Name
30/09/2019	71.34	Zee Studios Ltd (wholly owned subsidiary of ZEEL)	Pen India Ltd
01/10/2019	60	Pen India Ltd	Zigtraka Media Solutions Pvt Ltd
01/10/2019	1.62	Zigtraka Media Solutions Pvt Ltd	Artarna Multi Trading Pvt Ltd
01/10/2019	1.62	Artarna Multi Trading Pvt Ltd	Megasteps Infrapower & Multitrading Pvt Ltd
01/10/2019	1.62	Megasteps Infrapower & Multitrading Pvt Ltd	Datalink Multitrading Pvt Ltd
01/10/2019	5.80	Zigtraka Media Solutions Pvt Ltd	Datalink Multitrading Pvt Ltd
01/10/2019	7.42	Datalink Multitrading Pvt Ltd	Ekmart Trading Pvt Ltd
01/10/2019	52.5825	Zigtraka Media Solutions Pvt Ltd	Ayati Multi Trading Pvt Ltd
01/10/2019	7.42	Ekmart Trading Pvt Ltd	Ayati Multi Trading Pvt Ltd
01/10/2019	60	Ayati Multi Trading Pvt Ltd	Lemonade Capital Advisors LLP
01/10/2019	60	Lemonade Capital Advisors LLP	Churu Enterprises LLP
01/10/2019	60	Churu Enterprises LLP	Spit Infrapower & Multiventures Pvt Ltd
01/10/2019	17.40	Spit Infrapower & Multiventures Pvt Ltd	Living Entertainment Enterprises Pvt Ltd
01/10/2019	49.30	Spit Infrapower & Multiventures Pvt Ltd	Pan India Network Infravest Ltd
01/10/2019	17.40	Living Entertainment Enterprises Pvt Ltd	Zee Entertainment Enterprises Ltd
01/10/2019	49.30	Pan India Network Infravest Ltd	Zee Entertainment Enterprises Ltd

17. A diagrammatic representation of the abovementioned fund movement is shown below:



18. From the above, it can be seen that ZEEL received the money from Living Entertainment Enterprises Pvt Ltd and Pan India Network Infravest Ltd. on 01.10.2019 which was originated from bank account of an entity namely Zee Studios Ltd., which is a wholly owned subsidiary of ZEEL.

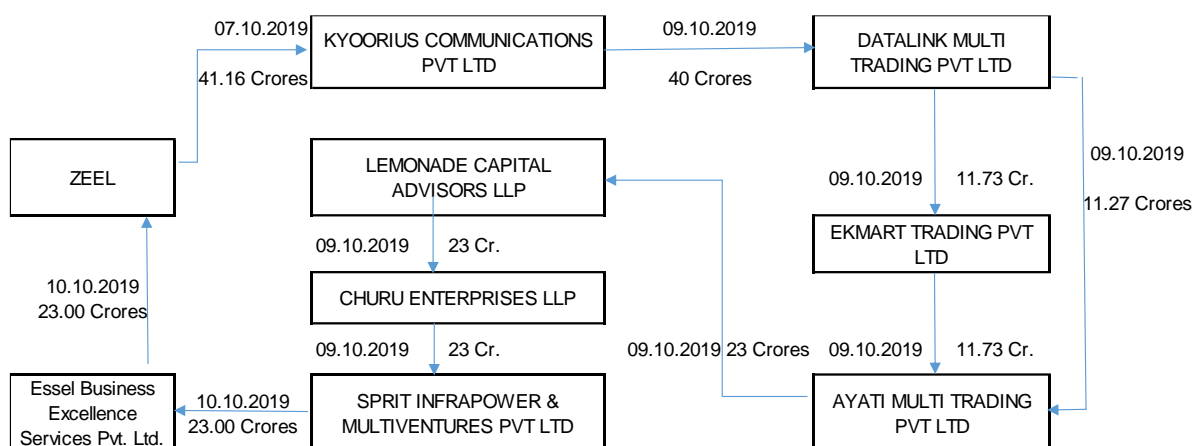
Essel Business Excellence Services Pvt. Ltd. (EBESPL)

19. ZEEL claimed to have received Rs.23.00 Crore from EBESPL on October 10, 2019. However, examination of the fund trail showed the following:

Amount: in Rs. Crore

Value Date	Amount	Debtor Name	Creditor Name
07/10/2019	41.16	Zee Entertainment Enterprises Ltd	Kyoorius Communications Pvt Ltd
09/10/2019	40	Kyoorius Communications Pvt Ltd	Datalink Multi Trading Pvt Ltd
09/10/2019	11.73	Datalink Multi Trading Pvt Ltd	Ekmart Trading Pvt Ltd
09/10/2019	11.73	Ekmart Trading Pvt Ltd	Ayati Multi Trading Pvt Ltd
09/10/2019	11.27	Datalink Multi Trading Pvt Ltd	Ayati Multi Trading Pvt Ltd
09/10/2019	23	Ayati Multi Trading Pvt Ltd	Lemonade Capital Advisors LLP
09/10/2019	23	Lemonade Capital Advisors LLP	Churu Enterprises LLP
09/10/2019	23	Churu Enterprises LLP	Sprit Infrapower & Multiventures Pvt Ltd
09/10/2019	23	Sprit Infrapower & Multiventures Pvt Ltd	Essel Business Excellence Services Pvt Ltd
10/10/2019	23	Essel Business Excellence Services Pvt Ltd	Zee Entertainment Enterprises Ltd

20. A diagrammatic representation of the abovementioned fund movement is shown below:



21. From the above, it can be seen that ZEEL received the money from Essel Business Excellence Services Pvt. Ltd. on October 10, 2019 which had originated from bank account of ZEEL itself on October 07, 2019.

Money *prima facie* diverted from other listed companies controlled by Essel Group:

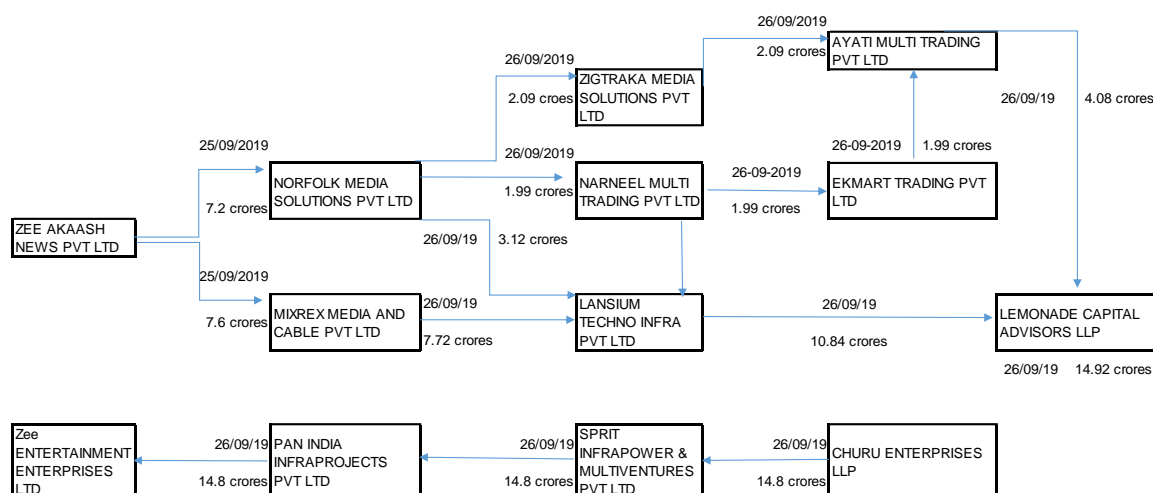
Pan India Infraprojects Pvt. Ltd. (PIIPL)

22. ZEEL claimed to have received Rs.14.80 Crore from PIIPL on September 26, 2019. However, examination of the fund trail showed the following:

(Amount: Rs. in Crore)

Value Date	Amount	Debtor Name	Creditor Name
25/09/2019	7.20	Zee Akaash News Pvt Ltd	Norfolk Media Solutions Pvt Ltd
26/09/2019	1.99	Norfolk Media Solutions Pvt Ltd	Narneel Multi Trading Pvt Ltd
26/09/2019	1.99	Narneel Multi Trading Pvt Ltd	Ekmart Trading Pvt Ltd
26/09/2019	2.09	Norfolk Media Solutions Pvt Ltd	Zigtraka Media Solutions Pvt Ltd
26/09/2019	1.99	Ekmart Trading Pvt Ltd	Ayati Multi Trading Pvt Ltd
26/09/2019	2.09	Zigtraka Media Solutions Pvt Ltd	Ayati Multi Trading Pvt Ltd
26/09/2019	3.12	Norfolk Media Solutions Pvt Ltd	Lansium Techno Infra Pvt Ltd
25/09/2019	7.60	Zee Akaash News Pvt Ltd	Mixrex Media And Cable Pvt Ltd
26/09/2019	7.72	Mixrex Media And Cable Pvt Ltd	Lansium Techno Infra Pvt Ltd
26/09/2019	4.08	Ayati Multi Trading Pvt Ltd	Lemonade Capital Advisors LLP
26/09/2019	10.84	Lansium Techno Infra Pvt Ltd	Lemonade Capital Advisors LLP
26/09/2019	14.92	Lemonade Capital Advisors LLP	Churu Enterprises LLP
26/09/2019	14.80	Churu Enterprises LLP	Sprit Infrapower & Multiventures Pvt Ltd
26/09/2019	14.80	Sprit Infrapower & Multiventures Pvt Ltd	Pan India Infraprojects Pvt Ltd
26/09/2019	14.80	Pan India Infraprojects Pvt Ltd	Zee Entertainment Enterprises Ltd

23. A diagrammatic representation of the abovementioned fund movement is shown below:



24. From the above, it can be seen that ZEEL received the money from PIIP on 26.09.2019 which had originated from bank account of an entity namely Zee Akaash News Pvt Ltd., which is a wholly owned subsidiary of Zee Media Corporation Ltd., a listed company and part of Essel group.

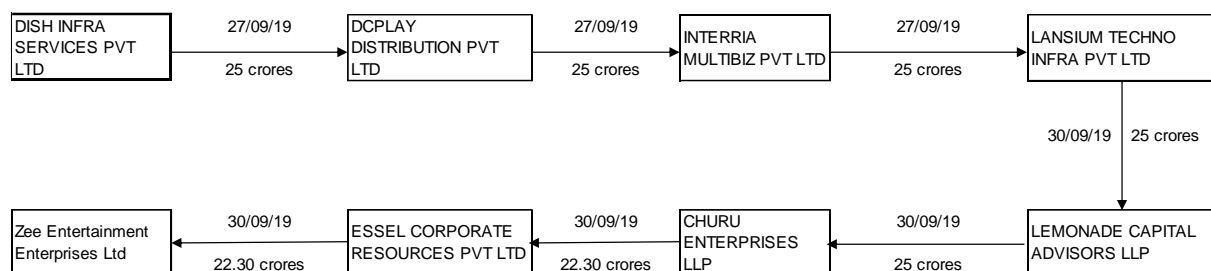
Essel Corporate Resources Pvt. Ltd. (ECRPL)

25. ZEEL claimed to have received Rs.22.30 Crore from ECRPL on September 30, 2019. However, examination of the fund trail showed the following:

Amount: In Rs. Crore

Value Date	Amount	Debtor Name	Creditor Name
27/09/2019	25	Dish Infra Services Pvt Ltd	Dcplay Distribution Pvt Ltd
27/09/2019	25	Dcplay Distribution Pvt Ltd	Interria Multibiz Pvt Ltd
27/09/2019	25	Interria Multibiz Pvt Ltd	Lansium Techno Infra Pvt Ltd
30/09/2019	25	Lansium Techno Infra Pvt Ltd	Lemonade Capital Advisors LLP
30/09/2019	25	Lemonade Capital Advisors LLP	Churu Enterprises LLP
30/09/2019	22.30	Churu Enterprises LLP	Essel Corporate Resources Pvt Ltd
30/09/2019	22.30	Essel Corporate Resources Pvt Ltd	Zee Entertainment Enterprises Ltd

26. A diagrammatic representation of the abovementioned fund movement is shown below:



27. From the above, it can be seen that ZEEL received the money from Essel Corporate Resources Pvt. Ltd. on 30.09.2019 which had originated from bank account of an entity namely Dish Infra Services Pvt. Ltd., which is a wholly owned subsidiary of Dish TV India Ltd., a listed company and part of Essel group.

28. A comprehensive chart showing the movement of funds in all the instances mentioned above is provided on the next page:

29. It is noted that in the instances mentioned above, the funds had originated from ZEEL/other listed companies of Essel Group, which moved through multiple layers of Promoter Family owned/controlled entities and was ultimately transferred to ZEEL, in order to show the fulfilment of payment obligations of the Associate Entities towards ZEEL. The above flow of funds clearly indicates that there was no actual net receipt of funds by ZEEL and these were merely book entries to show receipt of funds.
30. It thus appears that ZEEL's own funds/funds from other listed companies of Essel Group were used to give an impression that the Associate Entities had indeed returned the money they owed to ZEEL as a result of invocation of LoC given by Mr, Subhash Chandra against ZEEL's FD of Rs.200 Crore. It is noted that through the modus operandi adopted in the instances cited above, at least Rs.143.90 Crore had been transferred from ZEEL/other listed companies of Essel Group, to falsely portray repayment of due amounts to ZEEL from Associate Entities. Accordingly, it appears that funds had been siphoned off from ZEEL and other listed companies of Essel Group. The funds diverted from ZEEL/other listed companies had ultimately benefitted the Promoter Family, as the Associate Entities which were the beneficiaries of appropriation of ZEEL's FD of Rs.200 Crore by Yes Bank for settlement of their liabilities, are owned/controlled by the Promoter Family of ZEEL. As regards the balance amount (Rs.200 Crore – Rs.143.90 Crore), the fund trail in respect of the same is under examination and the possibility that the same has also been siphoned off from ZEEL/other listed companies of Essel Group cannot be ruled out.
31. Further, ZEEL has made a disclosure confirming the receipt of funds, along with interest, from the Associate Entities in its financials. The Company, at note 45 on page 228 of its Annual Report for FY 2019-20, has stated that *"The Company had a fixed deposit with a bank of ₹2,000 million. During the month of July 2019, the bank had prematurely and unilaterally adjusted the amount of the fixed deposit, which was maturing on 10 September 2019, against the dues of certain non-group related parties (promoter group entities). Subsequently, these related parties have paid the said amount to the Company along with the interest thereon amounting to ₹25 million. The Audit Committee had advised the management to*

investigate the matter fully and take appropriate action. The report of the findings was presented to the Audit Committee and taken on record that there were no exceptions.”

32. Since the payments from Associate Entities have been found to be bogus book entries, the said disclosure in the Annual Report appears to be a mis-statement/misrepresentation. Further, though the Audit Committee of ZEEL has recommended investigation in this matter, astonishingly, the investigation did not find any irregularities regarding the role of promoters, as evident from the above statement from the Annual Report. Instead, the Company claimed that *“The Group is of the knowledge that Dr. Subhash Chandra in his individual capacity has given Personal Letters of Comfort (LOC) to a Bank. Based on the legal opinion obtained, the Group is of the view that the aforesaid LOCs are given in his personal capacity and hence will have no financial implication for such LOCs on the Group.”*
33. In view of the above observations and findings, it is apparent that the issuance of LoC to Yes Bank by Mr. Subhash Chandra in support of Associate Entities, the default by Associate Entities leading to appropriation of ZEEL’s FD by Yes Bank, the circuitous transactions through connected entities to show receipt of funds by ZEEL from the Associate Entities, the subsequent disclosure by ZEEL in its Annual Report about receipt of funds and the false submissions made to SEBI were part of an elaborate scheme orchestrated by the Promoter Family of ZEEL to divert assets of ZEEL and other listed companies of Essel Group to the promoters.
34. It is also pertinent to note that a number of entities (viz. Churu Enterprises LLP, Lemonade Capital Advisors LLP, Ayati Multi Trading Pvt. Ltd., and Ekmart Trading Pvt. Ltd.) which acted as conduit entities in the aforesaid fund transfers by participating in the circuitous transactions were also directly/indirectly involved in fund diversion in the matter of Shirpur Gold Refinery Ltd., where an Interim Order cum SCN no. WTM/AB/CFID/CFID_4/25884/2023–24 dated April 25, 2023 has already been issued by SEBI. Further, it is also observed that one of the promoters of ZEEL (viz. Sprit Infrapower & Multiventures Pvt. Ltd.) also acted as a conduit entity and aided and abetted the siphoning of funds by the Promoter Family.

Role of the Noticees:

35. It is observed that Mr. Subhash Chandra was the Chairman of Essel Group, including ZEEL at the relevant time when the concerned LoC was issued by him to Yes Bank. Since he had issued the concerned LoC without the knowledge or approval of the Board of Directors of ZEEL, he had a direct role in the diversion of funds of ZEEL and other listed companies of Essel Group, as mentioned above. Mr. Punit Goenka was the MD and CEO of ZEEL at the time when the funds were moved out of ZEEL for being routed again to ZEEL through layered and circuitous transactions, for falsely portraying that ZEEL had received the dues from Associate Entities. Pushing these transactions would not have been possible without the active involvement of Mr. Subhash Chandra, as Chairman, and Mr. Punit Goenka, as MD and CEO of ZEEL.
36. Further, it is noted that Mr. Subhash Chandra and Mr. Punit Goenka (hereinafter together referred to as “**the Noticees**”) were the direct beneficiaries of the aforesaid fund diversion, since the Associate Entities which benefitted from liquidation of FD of ZEEL by Yes Bank were owned or controlled by the Promoter Family, which included Mr. Subhash Chandra and Mr. Punit Goenka.
37. The abovementioned diversion of funds from ZEEL and other listed companies and the misrepresentation in the Annual Report of ZEEL and false submission to SEBI that it had received the funds from Associate Entities *prima facie* amount to fraudulent and unfair trade practices. In view of the above, it is *prima facie* found that Mr. Subhash Chandra and Mr. Punit Goenka have violated the provisions of 4(1) and 4(2)(f) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003. Further, in view of the misrepresentation in Annual Report and false submissions to SEBI and also their failure to discharge their duties as directors of ZEEL for their personal benefit, Mr. Subhash Chandra and Mr. Punit Goenka have also *prima facie* violated provisions of Regulations 4(2)(f) of LODR Regulations, 2015.

Need for interim directions:

38. The facts and observations mentioned above show that the Noticees alienated the assets of ZEEL and other listed companies of Essel Group for the benefit of Associate Entities, which are owned and controlled by them. The siphoning of funds appears to be a well-planned scheme since, in some instances, the

layering of transactions involved using as many as 13 entities as pass through entities within a short period of two days only. The fact that some of the entities used in these layers are common to the ones used for fund diversion in Shirpur Gold Refinery Limited case only strengthens the *prima facie* finding in this case that funds have been diverted from ZEEL, which needs to be investigated thoroughly.

39. It is, thus, no surprise that during the period FY 2018-19 to FY 2022-23, the share price of ZEEL has come down from a high of close to Rs. 600/- per share to the current price of less than Rs.200/- per share. This erosion of wealth despite the Company being so profitable and generating profit after tax consistently would lead to a conclusion that all was not well with the Company. During this period, the promoter shareholding dropped from 41.62% to current level of 3.99%.
40. The Noticees created a façade through sham entries to misrepresent to the investors as well as the regulator that money had been returned by Associate Entities, whereas in reality, it was ZEEL's own funds which was rotated through multiple layers to finally end in ZEEL's account. The Noticees have attempted to ride piggyback on the success of ZEEL, the flagship company of Essel Group, to bankroll the Associate Entities, which are owned and controlled by them.
41. It is pertinent to note that Jayneer Infrapower and Multiventures Pvt. Ltd., which is the sole promoter of Shirpur Gold Refinery Ltd. and was the *prima facie* beneficiary of fund diversion in the matter of Shirpur Gold Refinery Ltd., is owned by Mr. Punit Goenka along with his brother Amit Goenka (both of them own 49.80% shares each in Jayneer Infrapower and Multiventures Pvt. Ltd.). The same further strengthens our finding that Noticees have followed a similar modus operandi of layered transactions through connected entities to siphon funds in this case as well. The use of the layers for routing transactions in both the cases (Shirpur Gold Refinery Ltd. and the instant case) cannot be dismissed as a mere coincidence or being serendipitous. The *prima facie* findings against the Noticees warrant a detailed investigation by SEBI to unravel the true and complete picture. Accordingly, SEBI has initiated a detailed investigation in the matter, which is currently in progress.
42. Finally, this is a case of poor corporate governance where the Promoters feigned ignorance as if nothing had happened. The intent behind the related party

transactions was clearly not in the best interest of ZEEL. What is also amply clear is that structures and processes were not in place in the Company that could control such irresponsible behaviour and hold to account such individuals. ZEEL is the flagship Company of the Essel Group. It appears as if it was used like a piggy bank by the Noticees.

43. The above facts make out a *prima facie* case of Mr. Subhash Chandra and Mr. Punit Goenka having abused their position as directors/KMPs of a listed company for siphoning off funds for their own benefit. Further, although the Promoter Family is only holding 3.99% shares in ZEEL, Mr. Subhash Chandra and Mr. Punit Goenka continue to be at the helm of affairs of ZEEL. Considering the above, I am of the opinion that, while the investigation is still underway, their continuation as a director/Key Managerial Personnel in any listed company or its subsidiaries is likely to be prejudicial to the interest of those companies, particularly its investors. Therefore, I am convinced that, pending completion of investigation by SEBI, interim directions need to be issued to safeguard the management such companies and protect their investors and other stakeholders.
44. This order needs to be read with the interim order dated April 25, 2023 passed in the matter of Shirpur Gold Refinery Ltd. As already mentioned some of the entities used in the said case and in the instant case are common. Moreover, the time period of the two cases is similar.

Directions:

45. Keeping in view the *prima facie* observations and findings recorded in the preceding paragraphs and in order to protect the integrity of the securities market, I, in exercise of the powers conferred upon me under Sections 11(1), 11(4) and 11B(1) read with Section 19 of the SEBI Act, 1992 hereby issue the following interim directions, which shall be in force until further orders: -
- a) The Noticees shall cease to hold the position of a director or a Key Managerial Personnel in any listed company or its subsidiaries until further orders.
 - b) ZEEL shall place this Order before its Board of Directors, within 7 days from the date of receipt of the Order.

46. The foregoing *prima facie* observations and findings contained in this Order, are made on the basis of material available on record. The Noticees may, within 21 days from the date of receipt of this Order, file their reply/objections, if any, to this Order and may also indicate whether they desire to avail an opportunity of personal hearing on a date and time to be fixed in that regard.
47. This Order shall take effect immediately and shall remain in force until further orders.
48. A copy of this order shall be served upon the Noticees, Stock Exchanges, Registrar and Transfer Agents and Depositories for necessary action and compliance with the above directions.

Place: Mumbai

Date: June 12, 2023

**ASHWANI BHATIA
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA**