

BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA

[SETTLEMENT ORDER Ref No.: Order/AP/AS/2020-21/10872]

UNDER SECTION 15-I OF SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992.

In respect of:

Network 18 Media and Investments Ltd.,
PAN: AABCS2472G,
503, 504 & 507, 5th Floor,
Mercantile House,
15, Katurba Gandhi Marg,
New Delhi – 110001.

1. Network 18 Media and Investments Ltd. (hereinafter referred as “NW18” or “the Company”) is a company having its securities listed on the Bombay Stock Exchange Limited (“BSE”) and National Stock Exchange Limited (“NSE”). Securities and Exchange Board of India (“SEBI”) received a complaint dated March 12, 2017 against the Company, wherein it was alleged that the Company has failed to disclose Independent Media Trust (IMT) as a ‘promoter’ in its Draft Letter of Offer (“DLO”) dated March 01, 2012 and its Letter of Offer (“LoO”) dated August 31, 2012.
2. SEBI observed that the Company made a right issue in year 2012, wherein DLO was dated March 01, 2012 and LoO was dated August 31, 2012. The promoter of the Company namely, Mr. Raghav Bahl disclosed that the Company had entered into an arrangement with IMT, a trust set up for the benefit of Reliance Industries Limited, to secure funding required for this purpose.
3. In another matter of the Company pertaining to same entities on separate allegations, Hon’ble Securities Appellate Tribunal (“SAT”) vide its order dated April 13, 2016 directed SEBI to reinvestigate whether IMT, in the guise of executing Zero Coupon Optionally and Fully Convertible Debentures (“ZOCD”) agreement dated February 27, 2012 had indirectly acquired joint control over the Company without following the procedures prescribed under SEBI (Substantial Acquisitions of Shares and Takeovers) Regulations, 2011 (hereinafter referred to as ‘SAST Regulations’).
4. Accordingly, SEBI investigated the said matter and observed as follows: -
 - a. ZOCD agreement was entered into by IMT to provide funds to the holdings companies of NW18 to enable them to subscribe to the right issue of NW18 and its subsidiary TV18.

- b. As on the date of execution of ZOCD, IMT had only one trustee *viz.* Nilrab Media Private Limited (NMPL) which is jointly owned by the promoters of NW18 *viz.* Mr. Raghav Bahl and Ms. Ritu Kapur. Accordingly, IMT was ultimately under the control of Mr. Raghav Bahl, thus, under the control of NW18.
5. In view of aforesaid investigation observations, SEBI *inter alia* observed that - IMT had indirectly acquired joint control over NW18 not by way of said ZOCD Agreement, but even before that by way of Single Unit Agreement ('SUA') dated November 23, 2011, whereby IMT along with the holding companies of NW18 and the promoters of NW18 had agreed to act as 'Single Unit' in managing the matters of NW18 and acquired the right to appoint the majority of the board of directors of NW18.
6. In view of above, it is observed that IMT and the promoter entities of the Company entered into the SUA with the common objective of owning and controlling at least 51% equity share capital of the Company by agreeing to act as a single unit in managing the matters of the Company and jointly having the right to appoint majority of the Board of Directors of the Company. Therefore, IMT qualified to be a Person Acting in Concert (PAC) with the promoter entities of the Company in terms of Regulation 2(1)(q)(1) of the SAST Regulations pursuant to entering into said SUA. Further, as DCPL, the trustee of IMT, was wholly owned by Mr. Raghav Bahl and his wife Ms. Ritu Kapur, who were the promoters of the Company, IMT qualified to be included in the promoter group of the Company as per ICDR Regulations. Thus, the aforesaid information i.e. IMT being a part of the promoter group, was required to be disclosed, under the promoter category by the Company in its DLO and LoO.
7. As, the Company had not disclosed IMT as part of promoter group of the Company in its DLO dated March 01, 2012 and LoO dated August 31, 2012, it is alleged that the Company has violated the provisions of Regulation 57(1) of the ICDR Regulations and Clauses 5(VI)(C)(4),(5) and (6) of Part E of Schedule VIII read with Regulation 57(2)(b) of the ICDR Regulations.
8. Accordingly, in terms of Rule 4(1) of the Adjudication Rules read with section 15I of the SEBI Act, the notice to show cause no. EAD-2/AP/AKS/OW/2870/2020 dated January 22, 2020 (hereinafter referred as 'SCN') was issued to the Noticee, calling upon it to show cause as to why an inquiry should not be held against it in terms of Rule 4 of the Adjudication Rules and penalty be not imposed under Section 15HB of the SEBI Act for the aforesaid alleged violations of the ICDR Regulations.
9. Vide letter dated February 19, 2020, the legal representative *viz.* AZB & Partners on behalf of the Noticee requested for 2 weeks' time from the date of letter to submit reply to the SCN. Thereafter, several extensions on ground of pandemic situation were sought by the Noticee. However, no reply to the SCN was received from the Noticee. Accordingly, in the interest of natural justice, an opportunity of personal

hearing was granted to the Noticee on August 10, 2020 and it was allowed to file the reply to the SCN, two days prior to the date of scheduled hearing in the matter.

10. Vide letter dated July 31, 2020, the Noticee submitted that, it had proceeded and filed the Settlement Application bearing under SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred as 'Settlement Regulations'). Accordingly, a confirmation was sought from Settlement Division with respect to the Noticee's aforesaid submission. Vide e-mail dated August 03, 2020 the Settlement Division confirmed the receipt of Settlement Application from the Noticee.
11. After attending meeting with the Internal Committee of SEBI on September 25, 2020, in terms of the Settlement Regulations, the Noticees vide letter dated October 05, 2020, proposed the revised settlement terms. The High Powered Advisory Committee ('HPAC') in its meeting held on December 30, 2020, considered the settlement terms proposed and recommended the case for settlement upon payment of ₹1,55,87,500/- (Rupees One Crore Fifty-Five Lakh Eighty-Seven Thousand and Five Hundred only) towards settlement charges.
12. The Panel of Whole Time Members of SEBI approved the said recommendation of the HPAC on January 11, 2021. Thereafter, the demand notice was issued to the Noticee on January 22, 2021, however, the Noticee informed that same was not received by him. Accordingly, the demand notice was re-issued to the Noticee on March 04, 2021 and vide email dated March 09, 2021, the Noticee confirmed the payment of ₹1,55,87,500/- (Rupees One Crore Fifty-Five Lakh Eighty-Seven Thousand and Five Hundred only) towards the settlement charges. The concerned department of SEBI vide email dated March 10, 2021 has confirmed the receiving of the penalty amount.
13. Therefore, in view of the acceptance of the settlement terms and receipt of penalty amount as above by SEBI, the instant adjudication proceedings initiated against the Noticee vide SCN dated January 22, 2020 are disposed of in terms of section 15JB of the SEBI Act, 1992 read with regulation 23(1) of the Settlement Regulations on the basis of the settlement terms.
14. This order shall come into force with immediate effect. Further, in terms of regulation 28 of the Settlement Regulations, this order is without prejudice to the right of SEBI to take any enforcement action including restoring or initiating the proceedings in respect to which this settlement order is passed, if:
 - a) The Noticee fails to comply with the settlement order or at any time after the settlement order is passed,

- b) The Noticee has not made full and true disclosure or has violated the undertakings or waivers, settlement order shall stand revoked and withdrawn and the Board shall restore or initiate the proceedings, with respect to which the settlement order was passed.
15. In terms of regulation 25 of the Settlement Regulations, a copy of this order is sent for service to the Noticee and the order is also published on the website of SEBI.

Date: March 15, 2021

Place: Mumbai

Amit Pradhan

Adjudicating Officer