

**BEFORE THE SECURITIES AND EXCHANGE BOARD OF INDIA,  
MUMBAI**

**CONSENT ORDER**

**ON THE APPLICATION SUBMITTED BY**

1. M/S RELIANCE INFRASTRUCTURE LIMITED (PAN: AACCR7446Q),
2. SHRI ANIL D AMBANI (PAN: AADPA3703D),
3. SHRI SATISH SETH (PAN: AAEPS8573L),
4. SHRI S C GUPTA (PAN: ACCPG6620N),
5. SHRI LALIT JALAN (PAN: ACXPJ5133G),
6. SHRI J.P. CHALASANI. (PAN: ACVPC9985D)
7. RELIANCE NATURAL RESOURCES LIMITED (PAN: AABCR7656P) AND
8. SHRI ANIL D AMBANI (PAN: AADPA3703D).

**IN THE MATTER OF DEALING IN THE SHARES OF RELIANCE  
COMMUNICATIONS LIMITED**

**CONSENT APPLICATION NO. 2118/2010**

1. On receipt of information that the amounts raised towards External Commercial Borrowings (ECB)/Foreign Currency Convertible Bonds (FCCB) by the ADA Group Companies had been used by them to invest in the stock market and that investment vehicles abroad were used as a means for the same, SEBI had conducted investigations into the alleged affairs relating to the dealings, either directly or indirectly, in the shares of Reliance Communications Limited (RCL) by the ADA Group Companies. The investigations examined, in particular, whether the said group of entities had violated provisions of the SEBI Act, 1992, the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 (hereinafter referred to as 'SEBI (PFUTP) Regulations, 2003'), and the SEBI (Foreign Institutional Investors) Regulations, 1995.

2. The investigations revealed that M/s Reliance Infrastructure Limited (RIL) and M/s Reliance Natural Resources Limited (RNRL) (hereinafter collectively referred to as the 'Applicant Companies') were prima facie responsible for misrepresenting the nature of investments in "Yield Management Certificates/Deposits", and the profits & losses thereof,

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in their Annual Reports for the year ending March 2007, March 2008 and March 2009; and misusing the framework of the SEBI (Foreign Institutional Investors) Regulations, 1995.

3. Consequently Applicant Companies, Shri Anil D Aambani Chairman and Managing Director of RIL and Chairman of RNRL, Shri Satish Seth, Executive Vice Chairman of RIL, Shri S.C. Gupta, Director of RIL, Shri Lalit Jalan, Whole Time Director of RIL and Shri J.P. Chalasani, Director of RIL (all of them hereinafter collectively referred to as "Individual Applicants") were alleged to have violated Section 12 A(b) of the SEBI Act, 1992 read with Regulation 3(c) of the SEBI (PFUTP) Regulations, 2003, Section 12 A(c) of SEBI Act, 1992 read with Regulation 3(d) of SEBI (PFUTP) Regulations, 2003, Regulations 3(a) and 3 (b) of the SEBI (PFUTP) Regulations, 2003, Regulations 4(2)(f) of SEBI (PFUTP) Regulations, 2003, Regulation 4(2)(r) of SEBI (PFUTP) Regulations, 2003, clause 36(7) of Listing Agreement, Section 12 A(a) of SEBI Act, 1992 read with Regulation 3(b) of the SEBI (PFUTP) Regulations, 2003 and Regulation 4(2) of SEBI (PFUTP) Regulations, 2003.

4. Pursuant to the investigations, SEBI initiated proceedings under sections 11, 11(4) and 11B of SEBI Act, 1992, read with Regulations 11 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 against all the applicants. Separate Show Cause Notices were issued to the Applicant Companies as well as Individual Applicants vide Show Cause Notice bearing ref. no ED/KNV/7626, 7628, 7630-7635/ 2010 dated June 07, 2010 read with Corrigendum bearing no ED/KNV/ 18531, 18535-36, 18448, 18450, 18453, 18455 and 18457 dated September 02, 2010.

5. While the above proceedings were in progress, applicants vide a combined letter dated September 09, 2010 proposed settlement of the aforementioned proceedings through a consent order in terms of SEBI circular No. EFD/ED/Cir-1/2007 dated April 20, 2007. The applicants vide letter dated December 03, 2010, proposed revised consent terms in the matter. The High Powered Advisory Committee (HPAC) constituted by SEBI, considered the facts and circumstance of the case, material brought before the committee, SEBI's regulatory remit in the matter, consent terms voluntarily proposed by the applicants and recommended the case for settlement as follows:

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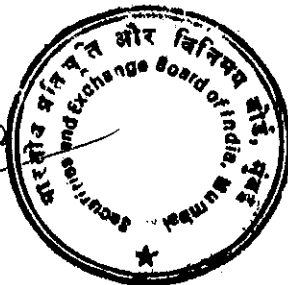
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- a. The Applicant Companies shall not make investments in listed securities in the secondary market (other than mutual fund) until December 2012; and the individual applicants shall not make investments in listed securities in the secondary market (other than mutual fund) until December 2011. The above shall not apply to primary issuances, buy-backs and open offers.
- b. The Applicant Companies shall implement a policy of rotation of the statutory auditors and therefore the statutory auditors as of March 2010 shall not be re-appointed for a period of three years commencing from 2010-2011.
- c. (i). Reliance Infrastructure Limited, i.e. Applicant no. 1 and its noticee directors i.e. Applicant Nos. 2 to 6, shall pay a settlement charge of ₹25,00,00,000/- ( Rupees Twenty Five Crores only) jointly and severally.
- (ii). Reliance Natural Resources Limited i.e. Applicant no. 7 and its noticee director i.e. Applicant no. 8, shall pay a settlement charge of ₹25,00,00,000/- ( Rupees Twenty Five Crores only) jointly and severally.
- (iii). The individual noticees i.e. Applicant No. 2 to 6 and 8, shall pay the above said settlement charges on behalf of all the applicants and the same shall not be borne by the Applicant Companies.
- d. The above consent terms shall remain applicable on surviving corporate entities should any of the corporate applicants undergo any change on account of merger, amalgamation or restructuring or any other similar corporate action.
6. SEBI accepted the said recommendations and communicated the same to the applicants vide letter dated January 04, 2011.
7. The applicants, M/s Reliance Infrastructure Limited, Shri Anil D Aambani, Shri Satish Seth, Shri S.C. Gupta, Shri Lalit Jalan and Shri J.P. Chalasani, without admitting or denying the charges, have remitted a sum of ₹25,00,00,000/- (Rupees Twenty Five Crores only) on behalf of the Applicant no 1 to 6 vide demand draft No.002455 dated January 10, 2011, drawn on ICICI Bank Ltd, payable at Mumbai and the applicants, M/s Reliance Natural Resources Limited and Shri Anil D Aambani, without admitting or denying the charges, have remitted a sum of ₹25,00,00,000/- (Rupees Twenty Five Crores only) on behalf of the

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Applicant no 7 and 8 vide demand draft No.002456 dated January 10, 2011, drawn on ICICI Bank Ltd, payable at Mumbai.

8. In view of the above, it is hereby ordered that this consent order disposes off the proceedings initiated under sections 11, 11(4) and 11B of SEBI Act, 1992, read with Regulations 11 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 vide show cause notice bearing ref. no ED/KNV/7626, 7628, 7630-7635/ 2010 dated June 07, 2010 read with Corrigendum bearing no ED/KNV/ 18531, 18535-36, 18448, 18450, 18453, 18455 and 18457 dated September 02, 2010.

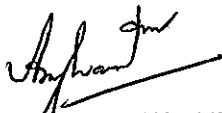
9. A copy of this order shall be sent to the Bombay Stock Exchange Limited, National Stock Exchange of India Limited, National Securities Depositories Limited and Central Depositories Services (India) Limited, for information and implementation.

10. This order is without prejudice to the right of SEBI to initiate enforcement actions, including reopening of the proceedings pending against the individual applicants and the applicant companies, if:

- a. any representation made by the applicants in this consent proceeding is subsequently discovered to be untrue; or
- b. the applicants breaches any of the consent terms or undertakings filed in this consent proceedings.

11. This consent order is passed on this 14<sup>th</sup> day of January 2011 and shall come into force with immediate effect.



  
**Dr. K. M. ABRAHAM**  
**WHOLE TIME MEMBER**

  
**PRASHANT SARAN**  
**WHOLE TIME MEMBER**