



March 27, 2017

BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai 400 001

National Stock Exchange of India Limited  
Exchange Plaza  
Plot No C/1, G Block  
Bandra-Kurla Complex  
Bandra (East)  
Mumbai 400 051  
Trading Symbol: "RELIANCE EQ"

Scrip Code: 500325

Dear Sirs,

**Sub: Update on Media Release**

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We enclose herewith update on our Media Release dated March 24, 2017, issued by the Company titled, "**RIL TO APPEAL SEBI ORDER**".

Kindly take the same on record.

Thanking you,

Yours faithfully,  
For Reliance Industries Limited

  
Sandeep Deshmukh  
Vice President  
Corporate Secretarial



Encl.: As above

Copy to:

The Luxembourg Stock Exchange	Singapore	Stock	Taipei Stock Exchange
Societe de la Bourse de	Exchange		15F, No.100,
Luxembourg	2 Shenton Way, #19-00		Sec.2, Roosevelt Road,
35A boulevard Joseph II	SGX Centre 1,		Taipei, Taiwan, 10084.
B P 165, L-2011 Luxembourg	Singapore 068804		

**Update on the Order of Securities and Exchange Board of India dated March 24, 2017**

- 1) The SEBI's Order relates to trades in the shares of Reliance Petroleum Limited ('RPL') undertaken by RIL in November 2007.
- 2) In March 2007, RIL decided to divest about 5% of its holding (22.5 crore shares) in its then listed subsidiary, RPL as one of the means to raise finance for its then on-going projects.
- 3) The divestment was carried out in November 2007 due to the fact that analysts' reports in September / October 2007 stated that RPL shares were overvalued and the price run up was much higher than the benchmark Stock Exchange indices.
- 4) As any prudent investor would do, RIL hedged its proposed sale of RPL shares in the cash segment by taking positions in the futures segment in the Stock Exchanges. This was done keeping in view the best interest of the Company and its shareholders.
- 5) SEBI investigated these trades on the basis of complaints by vested interests and issued a Show Cause Notice in April 2009 alleging violation of SEBI (Prevention of Fraudulent and Unfair Trade Practices Relating to Securities Market), Regulations 2003 and certain SEBI and Stock Exchange circulars. A corrigendum was issued in October 2009, adding insider trading charges. The Company submitted detailed replies to these Show Cause Notices.
- 6) For reasons which are untenable, SEBI ordered re-investigation and issued a second Show Cause Notice in December 2010 in supersession of the earlier notices which is the one on which this Order has been passed by SEBI. This Show Cause Notice dropped the insider trading charges.
- 7) In the meanwhile, the Company had to approach appellate forums to obtain records and documents relevant to the case from SEBI.
- 8) The legal and factual position in the matter are:-
  - (a) The trades in the futures segment had underlying exposure with an identified as well as existing risk and hence were bona fide and genuine hedges.
  - (b) There is no market manipulation by the Company on account of the trades both in futures and cash segments.



- (c) There are no profits or losses in a hedging transaction, leave alone undue profits.
- (d) Open positions in excess of limits prescribed in circulars is neither fraudulent nor manipulative as per the bye-laws and regulations of Stock Exchange and also as per Securities Contracts (Regulation) Act. These allegations cannot attract the consequences sought for in the Show Cause Notice.
- (e) Selling at marginally below the last traded price in a genuine delivery transaction in the cash segment is not a fraudulent and manipulative trade practice.
- 9) SEBI has not appreciated these contentions in its Order. We are legally advised that SEBI's conclusions are based on surmises, conjectures and hindsight view of the transactions and on untenable reasoning.
- 10) RIL has not indulged in any market manipulation or fraudulent and unfair trade practice in the trades in both futures and cash segments. The trades by the Company has not caused any prejudice to any market participant.
- 11) The Company reiterates that an appeal will be preferred against the Order in Securities Appellate Tribunal.
- 12) On the basis of legal advice, the Company is confident that its position will be upheld by the appellate forums.

