

As investigation has revealed, Smt Nira Radia into PR, liaisoning and other similar activities through various companies in which she herself and her family members/friends are Directors/ director promoters. As mentioned earlier, there were various circumstances of serious nature culminating into a full-fledged investigation conducted by the Investigation Wing of the Income Tax Department. The investigation began with the taping of telephone conversations undertaken by Ms. Nira Radia in the capacity of director of various companies floated by her and her family members and various individuals or companies. The issue came to limelight when some of these taped conversations came into public domain when they were published in a magazine having public circulation. This created hue and cry and various other effects, in the form of PIL resulting into Hon'ble Supreme Court supervising the investigation itself with the direction that the information available in the taped conversations should not be parted with. With this background, the case became more sensitive and simultaneously, the RoC, New Delhi also took up Inspection of companies promoted by Smt Nira Radia and her family members. The RoC, New Delhi has already submitted its inspection report recommending investigation on various issues.

As mentioned earlier, investigation of this case faced two unique challenges. One, the directions of the Hon'ble Supreme Court to keep the information available in the tapes as confidential as possible, non-cooperation of Ms Nira Radia on account of her illness. These two challenges have limited the core investigation which was to be done by SFIO and therefore, limited issues could be investigated and the recommendations of the SFIO are limited to those issues in the forthcoming paragraphs.



## 1. NewX Deal and Role of Ms. Nira Radia

**Role of Reliance group along with International Players: In this transaction shares of INX News Pvt. Ltd. had been sold to Indi Media Company Pvt. Ltd.**

As mentioned in the report, there were various circumstances of serious nature culminating into a full-fledged investigation conducted by the Investigation Wing of the Income Tax Department. The DDIT (Inv), Unit III(3), New Delhi, after going through Ms Nira Radia transcripts, in his report had stated that certain payments were made to M/s. Neucom Consulting P Ltd by RIL. In his statement dated 7.8.2012 recorded by the Investigation wing of Mumbai, Shri K R Raja (who was in regular conversation with Ms Radia relating to M/s. Neucom) on being asked about the advancement of funds to the extent of Rs.2.5 cr, had stated that the purpose of the payment to M/s. Neucom Consulting P Ltd was for setting up the company M/s. Neucom and the funds advanced were to be adjusted against the subsequent billing for the services rendered under the Agreement entered into by RIL. Mr K R Raja has further submitted that, as per the Agreement the main role of M/s. Neucom Consulting P Ltd was to provide services to the Reliance group, relating to maintaining public relations, media relations, **media monitoring and strategic planning** etc. as defined in the Schedule I to the Agreement dated 01.09.2008. As per the Agreement, a refundable non-interest bearing security deposit of Rs. 5 crore was paid by RIL on 6.9.2008 through its account No. 00010110000295 held with HDFC Bank Ltd. Mr K R Raja had also admitted that he was involved in the investment made in INX Media Pvt Ltd along with other investors, namely, New Silk Route and Tamesak Singapore. Further elaborating his submissions, he went on record to say that since INX Media Pvt Ltd. (a company discussed in detail in the subsequent paras in this report) was not performing well, all the investors were worried and decided to sell off INX News to Mr Vinay Chhajlani. He also confirmed that he was involved in the sale of NewsX channel. Subsequent to recording of his statement, he had also submitted Annexures A to E. Specific to mention is Annexure E in which the fund trail was defined by Mr Raja.

The submissions made by Shri K R Raja before the Income Tax Authorities, when analysed vis-à-vis the Transcript dated 29.5.2009 of Ms. Nira Radia, as released by "Outlook" available in public domain, revealed a connection between Ms Nira Radia and NewsX channel, especially when the transcript (dated 29.05.2009) is post dated to the sale of NewsX Channel (which took place on 07.01.2009) to M/s. Indi Media Company P Ltd. The specific excerpts of the Transcript are as under:

**Jehangir Pocha:** Hi. Listen, we have a big problem here.



**Nira Radia:** What?

**JP:** Our salaries are due but money has not come in yet.

**NR:** Salaries are...when are they due?

**JP:** Due on first, na?

**NR:** *Haan...toh aa jayega first ko.*

**JP:** First is Monday.

**NR:** *Haan, toh tumhe Monday release karna hai na, payments ko? I don't know how much Rajeev has asked. Maine budget to bhej diya.*

**JP:** Listen to me, na. Today is Friday. Even if it comes (on Monday) we have to **issue our own money and cheques.**

The above conversation between Mr Jehangir Pocha (*portrayed as one of the promoters of M/s. Indi Media Company P Ltd, along with Mr Vinay Chhajlani and owner of NewsX Channel as the subsequent paras in this report will reveal*) makes it amply clear that Mr Pocha is not even confident of their Salaries. If he has to seek assurance of Ms Nira Radia even for their salaries, it only reflects a relationship between NewsX Channel and Nira Radia. The transcript of the conversation held between Mr Pocha and Ms Nira Radia, further reveals that Mr. Pocha took care of the happenings as per the directions of Ms Nira Radia. Mr. Pocha did whatever Ms Nira Radia asked him to do.

Further, in the Transcript dated 16.06.2009, Ms. Radia also instructs one Mr. Yatish (Yateesh Wahaal, Associate Director of Vaishnavi Group) to arrange for a meeting to find funds to pay the NewsX creditors, with Mr. Pocha in the background telling him about crucial issues involved in the meeting.

**Nira Radia:** Yatish, Do one thing. Speak to Chander first. **Monday morning we have a conference call with Hari (Hari Bhakti) and Raja (K R Raja) to freeze on that budget.** I spoke to them yesterday. **Salaries for NewsX have to be released** without budget being approved.

**Yateesh:** Hmmm.



Nira: We need to freeze on all these. I also indicated to him that we need to have a conference call on Monday itself.

Yateesh: Okay.

Nira: Yesterday the vendors turned up with the police. There was a lot of drama at the NewsX office.

Yateesh: Okay.

Nira: Basically what you have to do is to send a mail to all that we are going to have a conference call. **We are waiting for Hari to confirm at 9 when Raja will be free to discuss the budget for NewsX.** And tell us what time is convenient to them in the afternoon. Also we would like to have list of creditors to be cleared. **We** cannot have people turning at the office along with cops.

Yateesh: Okay.

Nira: There are one-time items which we talked about. What are the one-time items that we might discuss? Most critically is also to discuss clearing all the past creditors. What is the timeline? How they want to play with?

Yateesh: Hmmmm.

Nira: That has to be separated from the operational budget that would be discussed on Monday. The one-time item that needs discussion on Monday clearing of previous creditors **before we took over the company.**

Jehangir Pocha of NewsX seated next to Niira is in the background briefs her on key issues.

Nira: Guys from Wide Angle have been hired to look into the transition from high definition to standard definition and rightsizing of the operations. What are other issues?

Yateesh: Okay.

NR: His (Rahul Kulsreshta of Wide Angle Films) job will involve three things: Transition from HD to SD, planning and reviewing and rightsizing of the operations



in terms of technology and people and work-floor and planning... these are things... will brief us.

**Rs 5 lakh is the fee for one-time and not monthly. It's a one-time fee. We will do it in two weeks.**

Yatish: Okay.

In the above transcript dated 16.06.2009, Ms. Nira Radia

- used words like 'WE',
- discussed about transferring Creditors of INX Media Pvt Ltd and making payments to them.

Further to the above, Ms Nira Radia in her statement given before Income Tax authorities had admitted that Shri K R Raja, Senior employee of RIL was authorized by M/s. New Silk Route to co-ordinate on their behalf and to explore an exit route for them from M/s. INX Media Pvt Ltd. as the company was not doing well and was having outstanding creditors for an exposure of Rs 90 crs., as also, that RIL was Ms. Nira Radia's client. From the evidence gathered by the Investigation Wing, it is evident that Ms. Nira Radia of M/s. Neucom Consulting Pvt Ltd was in serious conversation with Mr Raja not only on account of incorporation of **M/s. Neucom Consulting Pvt Ltd, which was funded by RIL** but was also instrumental in the sale of NewsX channel. It is in this context that in order to trace the role played by Ms. Nira Radia, the Sale of NewsX channel has been investigated in detail and explained in the subsequent paras of this report.

Based on the above information in the public domain and the information received from the Investigation Wing of Income Tax, Mumbai, a letter dated 05.04.2013 was sent to the ADIT (Inv) Unit IV(1), Mumbai requesting inspection of the documents/evidence collected during their investigation. During inspection of the documents, Agreement dated 01.09.2008 signed by M/s. Neucom Consulting Pvt Ltd with RIL was identified and extracts taken. Analysis of the Agreement dated 01.09.2008 revealed that M/s. Neucom Consulting Pvt Ltd., a group company of Ms. Nira Radia, had signed an Agreement with the M/s. RIL on 01.09.2008. The Service Agreement is for the RIL (the Client) and its group (Client group). In the Agreement M/s. Neucom Consulting P Ltd has been defined as the 'Consultant' and M/s. RIL and its Client group as the "Clients". It is through the agency of this Agreement that Ms Nira Radia was consulting on the sale of NewsX Channel.

**Entities involved in the sale of NewsX Channel**



In order to understand the deal of NewsX English Television channel, it is important to first identify the entities which played their role in the deal. These entities were:

1. Promoter group companies of Reliance
2. Reliance Industries Limited
3. Hitech Dealers Pvt Ltd.
4. Xanti Commercials Pvt. Ltd.
5. Saraswati Media P Ltd (now known as IM Media Pvt Ltd)
6. 9X Media P Ltd (now known as INX Media Pvt Ltd.)
7. Ganga Recruitment Services Pvt Ltd (earlier known as INX Recruitment Services P Ltd.
8. Aarthik Commercial Pvt Ltd. (earlier known as Reliance Communication Punjab P Ltd)
9. Suvi Info Management Pvt Ltd.
10. Indi Media Company Pvt Ltd
11. New Silk Route, PE Mauritius-LLC
12. Indrani Mukherjee and Peter Mukherjee
13. Nai Duniya News & Network Pvt Ltd.

The frontline entities which took part in the deal of NewsX channel were INX News Pvt Ltd., INX Media Pvt Ltd, IM Media Pvt Ltd and M/s. Indi Media Company Pvt Ltd. Behind the corporate veil of the said entities lay the web of transactions and corporate entities which actively played role in the sale of the NewsX Channel. Before we move on to the second rung companies it is important to understand the role of the frontline companies.

#### **INX News Pvt Ltd.**

INX News Pvt Ltd was incorporated in India on 22.12.2006. The company is in the business of producing and broadcasting news channels through the television media. The company had launched its NewsX channel on March 27, 2008. NewsX was established as a premier world class English News Television Channel. It was India's first High Definition Television Vision (HDTV) ready channel in its genre. FY 2008-09 was the first full year of commercial operation of the NewsX Channel. During the year, the Company had earned advertisement revenue of Rs.458.17 lacs.

*[source: Directors' Report of INX News Pvt Ltd. dated 30.09.09 for the year ending 31.03.2009]*

INX News Pvt Ltd had Authorised Capital of Rs. 7,50,00,000, divided into 75,00,000 shares of Rs. 10/- each, as on 31.03.2008. Vide the extra ordinary general meeting held on



24.07.2008, the Authorised Capital was increased to Rs 12,50,00,000 divided into 1,25,00,000 shares of Rs. 10/- each.

The position of paid up capital from 01.04.2005 to 31.03.2008 was as under:-

Sr. No.	Name of the Shareholder	As on 31.03.2006	As on 31.03.2007	As on 31.03.2008
1	Indrani Mukherjee (Wife of Mr. Peter Mukherjee)	9,700	3,1,000	6,10,000
2	Vir Singhvi	300	3,00,000	NIL
3	IM Media Pvt Ltd.		9,43,479	39,31,250
4	INX Media Pvt Ltd		2,96,795	17,71,250
5	INX News Employee Trust		NIL	NIL
	Total	10,000	18,50,274	63,12,500

As on 07.01.2009, the date of sale of NewsX Channel, the shareholding turned as under:-

1. Indrani Mukherjee	610000
2. IM Media Pvt Ltd.	6290000
3. INX Media Pvt Ltd.	2600000
4. INX News Employees Trust	500000

As on 31.03.2008, M/s. IM Media P Ltd was the largest shareholder of INX News Pvt Ltd. During the FY 2008-09, change in Management of the Company was effected by sale of controlling stakes by the then promoters to M/s. Indi Media Company Pvt Ltd, a company stated to be owned and controlled by **Shri Vinay Chhajlani**, an experienced entrepreneur in media segment and **Shri Jehangir S Pocha** (who was in conversation with Ms Nira Radia in one of the transcripts detailed in the earlier part of this report and was reminding her about pending Salaries), a renowned journalist and former Editor of 'Business World'. It can be seen that the controlling stakes were in the hands of IM Media Pvt Ltd. and INX Media Pvt Ltd. before 07.01.2009.

On 07.01.2009, the shareholding of Smt Indrani Mukherjee, IM Media Pvt Ltd and INX Media Pvt Ltd. was sold/ transferred to M/s. Indi Media Company Pvt Ltd., and the position of the shareholders of M/s. INX News Pvt Ltd, as on 07.01.2009 onwards, was as under:-

1. Indi Media Company Pvt Ltd	9200000
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2. INX News Employees Trust 800000

By the above purchase of equity of M/s. INX News Pvt Ltd., the company, M/s. Indi Media Company Pvt Ltd. became the largest shareholder having controlling stakes in M/s. INX News Pvt Ltd. and also converting it into almost 100% direct subsidiary, and thus, M/s. Indi Media Company Pvt Ltd. became the holding company of M/s. INX News Pvt Ltd.

**M/s. INX Media Pvt. Ltd (now known as 9X Media Pvt Ltd)**

M/s. INX Media Pvt. Ltd was promoted by Shri Peter Mukherjee and his wife Indrani Mukherjee in the year 2007-08. The company was engaged in the broadcasting of entertainment channel under the brand 9X and music channel under the Brand 9XM. Around 50 per cent stake in the company, as on 31.03.2009, was owned by consortium PE players, led by New Silk Route PE Mauritius-LLC (*it is on behalf of these consortium PE players that Mr Raja was coordinating sale of NewsX channel*).

The details of shareholding pattern of M/s. INX Media Pvt. Ltd., as on 31.03.2009, is as under:

1. Kotak Mahindra Capital Pvt Ltd.	1,28,400
2. Saraswati Media Pvt Ltd. (earlier known as IM Media Pvt Ltd)	2,50,00,001
3. Indrani Incon Pvt Ltd	9,99,998
4. 9X Media Employee Trust (earlier known as INX Media Employee Trust)	5,00,001
5. New Silk Route-PE Mauritius-LLC	20,00,000
6. Kotak Mahindra Trusteeship Services A/c India Growth Fund	2,50,001
7. Indrani Peter Mukherjee (IPM) Incon Pvt Ltd.	10,00,000
8. Dunearn Investments (Mauritius) Pte Ltd.	19,89,999
9. New Vermon Pvt Equity Ltd.	<u>6,31,600</u>
	10,00,00,000

Thus, from the above it can be seen that the shareholders at Sr. 2 and 4 were also the shareholders in INX News Pvt. Ltd. till 07.01.2009, the shareholder at Sr. 2 being the largest shareholder of INX News Pvt. Ltd. **This reveals the intricate cross holding where each shareholder had a vested interest in the financial transactions of the other entity.**

**IM Media Pvt Ltd. (now known as Saraswati Media Pvt Ltd)**





IM Media Pvt Ltd was incorporated on 15.02.2007. The shareholding pattern of the company is as under:-

**Constitution of board**  
Indrani Mukherjee  
Pratim (Peter) Mukherjee  
  
Gautam Chadha

**Shareholding pattern**  
1 share- Indrani Mukherjee  
49999 shares through Ganga Executive Search  
Private Limited

The shareholding of Ganga Executive Search Pvt. Ltd. (formerly INX Executive Search Pvt Ltd.) is as under:

**Constitution of board**  
Indrani Mukherjee  
Pratim Mukherjee  
Pratik Basu

**Shareholding pattern**  
99% Mrs. Indrani Mukherjee

The above shareholding pattern makes it clear that all the entities namely, INX New Pvt Ltd, IM Media Pvt Ltd, INX Media Pvt Ltd were all interconnected and were having interest in the sale of NewsX Channel.

Shri Peter Mukherjee and Indrani Mukherjee continue to be shareholders of M/s. INX Media Pvt Ltd, but the management is largely handled by Pradeep Guha, one of the Directors and shareholder and a former CEO of the Zee group, on behalf of the PE investors. The company is now called 9X Media Pvt Ltd. At present, it operates three channels — a Hindi music channel 9XM, Punjabi music channel 9X Tashan and 9X Jhakaas, a Marathi music channel. The 9X Hindi, 9X Punjabi (Tashan) and 9X Marathi (Jhakaas) were sold to Zee Televisions, managed by Mr Pradeep Guha, CEO of Zee group, who later went on to join IMN News, but it never took place. Subsequently, in July, 2012, Information TV Private Limited (India News) acquired NewsX in all out buy deal.

#### **Indi Media Company Pvt Ltd.**

The company M/s. Indi Media Company Pvt Ltd. incorporated on 21.11.2008 was co-founded by Shri Vinay Chhajlani, promoter & CEO of the Madhya Pradesh-based Hindi daily Nai Dunia run by M/s. Nai Duniya News & Network Pvt. Ltd & founder of Web Dunia.com P Ltd and Shri Jahangir Pocha, the editor of 'Business world' who had resigned at the magazine to join the new venture. On 07.01.2009 M/s. Indi Media Company Pvt Ltd purchased 9200000 shares of M/s. INX News Pvt Ltd at the rate of Rs. 10/- per share from



M/s. INX Media Pvt Ltd and IM Media Pvt Ltd and thus, became the holding company of INX News Pvt Ltd.

M/s Naidunia Media Limited is a subsidiary of M/s. Suvi Info Management Pvt Ltd. and is engaged in publishing of "Nai Duniya" newspaper in Madhya Pradesh and Chhatisgarh. It is important to mention here that Nai Duniya was portrayed as promoted by Mr Vinay Chhajlani who was in turn was funded by Aarthik Commercials Pvt Ltd, a RIL company. This is explained in detail in the subsequent paras in this report. In April, 2012, M/s. Suvi Info Management Pvt Ltd. was acquired by M/s. Jagran Prakashan Limited.

#### Sale of equity of INX News Pvt Ltd.

With the above background, the details of the sale transactions of equity of INX New Pvt Ltd., are tabulated as under:

**Table 1.**

**Shares of INX New Pvt Ltd held by IM Media Pvt Ltd. sold on 07.01.2009 (total holding 62.90%)**

No of Shares	Date of Sale	Cost per share (in Rs.)	Sale Amount (in Rs.)	Date of Purchase	Cost per share (in Rs.)	Purchase Amount (in Rs.)	Net Difference
943479	07.01.2009	10	9434790	15.03.2007	208.23	196470000	(-)187035210
2987771	07.01.2009	10	29877710	22.01.2008	208.23	622173433	(-)592295723
786250	07.01.2009	10	7862500	13.08.2008	208.24	163728700	(-)155866200
1572500	07.01.2009	10	15725000	07.01.2009	208.24	327457400	(-)311732400
			62900000			1309829533	(-)1246929533

As can be seen from the above Table No. 1, the shares of INX News Pvt Ltd which were purchased by M/s IM Media Pvt Ltd in, around and between March, 2007 to January 2009 at a price range of Rs. 208.23 and 208.24 per share, were sold at a price of Rs. 10 per share. It is important to highlight here that the cost of purchase of shares between March, 2007 and January 2009 differs only by a decimal, that is, Rs.01 only. However, when the shares were sold in Jan 2009 the share price for sale, was taken at Rs.10 per share. Interestingly the deal which took place on 7.1.2009, the shares were purchased at Rs 208.24



and on the very same day the shares were sold at Rs. 10 per share. There is no reason to show a sudden decline in the share price by a difference of Rs 198.24 only for the purposes of sale while maintaining the purchase price constant, especially when it is a Pvt Ltd company and not listed on exchanges to have commanded price fluctuations on account of market forces. Even in case of listed companies any change in price of share for more than 20% raises a red flag inviting intervention of SEBI.

This deal caused wrongful loss of Rs. **124,69,29,533/-** to INX Media Pvt. Ltd. Subsequent to this transaction of sale, the name of M/s. IM Media Pvt Ltd was changed to M/s. Saraswati Media Pvt Ltd. It is important to mention here that IM Media Pvt Ltd at the time of sale of NewsX channel was the largest shareholder of M/s. INX Media Pvt Ltd., thus, making it into its subsidiary.

Similar is the case of other shareholder INX Media Pvt Ltd. which held equity of 26% in INX News Pvt Ltd. The details of shares sold to Indi Media Pvt Ltd. is as under:

**Table 2**

**Shares of INX New Pvt Ltd held by INX Media Pvt Ltd. sold on 07.01.2009 (total holding 26%)**

No of Shares	Date of Sale	Cost per share (in Rs.)	Sale Amount (in Rs.)	Date of Purchase	Cost per share (in Rs.)	Purchase Amount (in Rs.)	Net Difference
296795	07.01.2009	10	2967950	15.03.2007	101.07	30000000	(-)27032500
424698	07.01.2009	10	4246980	19.12.2007	101.07	42930000	(-)38683020
1049759	07.01.2009	10	10497590	20.02.2008	208.24	218601398	(-)2081038028
276250	07.01.2009	10	2762500	13.08.2008	208.24	57526300	(-)54763800
552500	07.01.2009	10	5525000	07.01.2009	208.24	115052600	(-)109527600
			<b>26000000</b>			<b>464110298</b>	<b>(-)438110298</b>

Again, it can be seen that the shares were purchased more or less on the same dates, with difference of few days, as was the case in IM Media Pvt Ltd. Here again, the shares were sold on the same appointed date, 07.01.09 at the cost of Rs.10 per share. **The interesting point to note from the above two tables is that, that on 15.3.2007, the shares of INX News Pvt Ltd purchased by IM Media Pvt Ltd were valued at Rs. 208.23 and on the very same date the purchase price of shares of INX News Pvt Ltd by INX Media pvt Ltd**



was at 100.07, a reduction by straight 50%. Thus, it is clear that the valuation of shares was meant to merely accommodate entries. This resulted in causing wrongful loss to the extent of Rs 438110298 to INX Media Pvt Ltd.

#### ANALYSIS OF THE EVIDENCE

By virtue of the above deals, M/s. Indi Media Company Pvt Ltd. acquired 92% shareholding in INX News Pvt. Ltd. and made it into its almost wholly owned subsidiary. This transaction made M/s. Indi Media Company Pvt Ltd. the holding company of M/s. INX News Pvt Ltd. Further investigation has revealed that M/s. Indi Media Company Pvt Ltd. is a subsidiary of M/s. Suvi Info Management Pvt Ltd. which was founded by Shri Vinay Chhajlani in 1988. This makes M/s. INX News Pvt Ltd, an indirect subsidiary of M/s. Suvi Info Management Pvt Ltd.

During the course of investigation carried out by the Income Tax Department in the case of Ms. Nira Radia and her transcripts detailing conversions held by her with one of her clients, M/s. Reliance Industries Ltd. through Mr. K R Raja, Senior Vice President of M/s. RIL. Statement of Shri K R Raja was recorded on 07.08.2012. In submissions made before Income Tax Authorities, during the course of recording of his statement, Shri K R Raja had submitted that the two companies, namely, INX Media Pvt. Ltd. and IM Media Pvt. Ltd., which were the majority shareholders in M/s. INX News Pvt. Ltd. to the extent of 26.00% and 62.90% respectively, till 07.0.2009, are the companies funded by the Private Companies of Reliance group. It was also submitted that M/s. Suvi Info Management Pvt Ltd. was funded by M/s. Aarthik Commercial Pvt. Ltd., a company owned by RIL, by way of issue of Zero Coupon Convertible loan totaling to Rs.242 Cr. It was further stated by Shri K R Raja, Senior Vice President of Reliance Industries Ltd that since M/s. INX Media Pvt Ltd. was not performing well and all the investors including New Silk Route, a Private Equity Fund, wanted to exit, NewsX Channel was disposed of after the consent of all investors to M/s. Indi Media Company Pvt Ltd. a company portrayed as owned by Shri Vinay Chhajlani owner of Nai Duniya News & Network Pvt Ltd. who was known to our group (Mr. Mukesh Ambani). In the context it is to mention that NSR-PE Mauritius-LLC (New Silk Route) is a limited company established under the laws of Mauritius and is based in USA. It was stated by K R Raja in his statement dated 07.08.2012, that he was in constant touch with Mr Darius Pandole based in India and the Office address of New Silk Route in India is shown at 205, **Corjay House, Shivsagar Estate, Dr Annie Besant Road, Worli, Mumbai.**



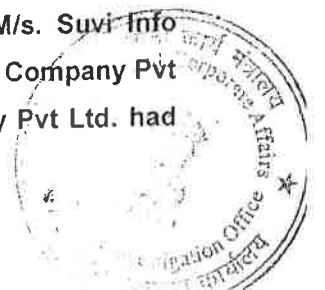
**MONEY TRAIL OF THE INVESTMENT MADE BY INX MEDIA PVT LTD AND IM MEDIA PVT LTD IN THE EQUITY OF INX NEWS PVT LTD.**

As admitted by Shri K R Raja, Senior Vice President in RIL, before the Income Tax Authorities that as per the Agreement dated 01.09.2008 signed between M/s. Neucom Consulting Pvt Ltd and RIL, the main role of M/s. Neucom was to provide services to the Reliance group, relating to maintaining public relations, media relations, media monitoring and strategic planning etc. And for this arrangement a refundable non interest bearing security deposit of Rs. 5 crore was paid by RIL on 6.9.2008 through its account No. 00010110000295 held with HDFC Bank Ltd. And further admission that the Companies, namely, M/s. INX Media Pvt Ltd and IM Media Pvt Ltd were funded by the companies of Reliance and also, that M/s. Indi Media Company Pvt Ltd, a subsidiary of M/s. Suvi Info Management Pvt Ltd was also funded by a company of RIL,

As stated earlier in this report, to collate evidence, an inspection of the documents of Investigation Wing, Mumbai in relation to the matter was requested vide SFIO letter dated 05.04.2013 and was accordingly granted. Extracts of the relevant documents were taken. On perusal of the documents, it was felt discerning to summon Shri K R Raja to adduce further evidence on the issue. A summons dated 05.04.2013 was issued to Shri K R Raja who appeared before SFIO on 08.04.2013 and requested for two days time to submit details on deal of NewsX Channel. Shri K R Raja appeared again before SFIO on 11.04.2013 and submitted documents as under vide his letter dated 11.04.2013:

1. Information about 9X Media Pvt Ltd (earlier known as INX Media Pvt Ltd)
2. Information about INX News Pvt Ltd.
3. Information about Naidunia Media Pvt Ltd
4. Information about Ushodaya Entertainment Pvt Ltd (Eanadu)
5. Information about Neucom Consulting Pvt Ltd.

Statement of Shri K R Raja was recorded on 11.04.2013 wherein he admitted having materialized the NewsX deal, the financial planning of the investment made by the Promoter group companies of Reliance in the equity of M/s. INX News P Ltd through companies of Ms. Indrani and Mr. Peter Mukherjee. To mention, the equity of M/s. INX New Pvt Ltd was purchased at a premium of Rs. 208 per share of face value Rs.10/- each. He further admitted having carried out the financial planning of the investment of RIL, through M/s. Aarthik Commercials Pvt Ltd, in turn through M/s. Suvi Info Management Pvt Ltd which in turn, using its subsidiary, M/s. Indi Media Company Pvt Ltd. As per the details in Table 1 & 2 above, M/s. Indi Media Company Pvt Ltd. had



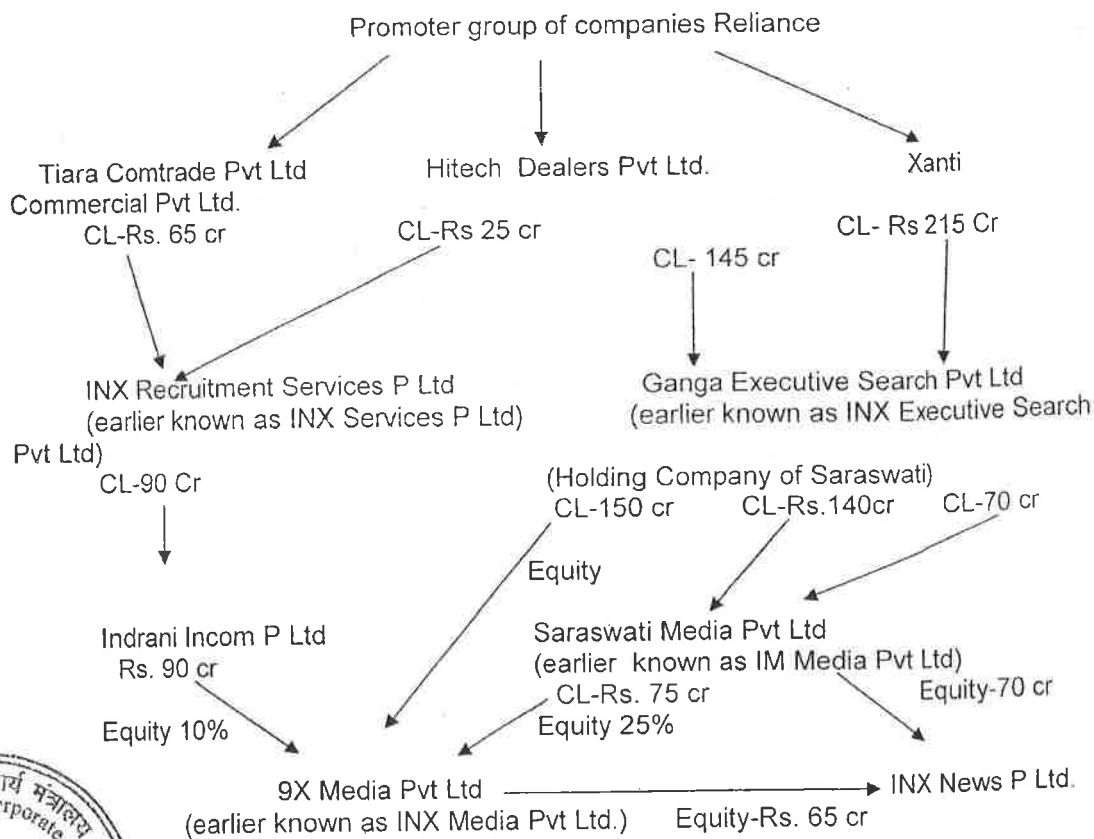
purchased the equity of M/s. INX News Pvt Ltd from M/s. INX Media Pvt Ltd and IM Media Pvt Ltd at par, Rs.10/- per share.

In his statement dated 11.04.2013 Shri K R Raja has also admitted that in carrying out his duties relating to corporate finance of RIL, legal vetting of agreements, negotiations for Joint Ventures, Accounts and Finance of Promoter companies of RIL; he was taking instructions and reporting to Mr Manoj Modi, Consultant to Mr Mukesh Ambani. He also identified Mr L V Merchant, controller of Accounts of RIL, from whom he used to receive instructions.

The documents submitted by Shri K R Raja in response to SFIO summons dated 05.04.2013 have been analyzed and the findings are as under:

A. The pictorial depiction of the fund movement to acquire the shares of INX Media Pvt Ltd. (now known as 9X Media Pvt Ltd) is as under:-

Abbreviation-Convertible Loan (CL)(Gross amounts advanced)



**The second and third rung companies which played role in money movement**

**Xanti Commercial P Ltd.**

Incorporated on 09.11.2000

Add: 84A, Mittal Court, 8<sup>th</sup> Floor, 224, Nariman Point, Mumbai-24.

Shareholders

Ambit Comtrade P Ltd (same add of Xanti)

Avanti Merchandise P LTd (same add of Xanti)

Jade Merchandise P Ltd

Tiara Comtrade P Ltd.....all holding 1700 shares

Keirestu Commercials P Ltd

Viddheswar Leasing & Investment P Ltd.....both holding 1600 shares

**M/s. Tiara Comtrade P Ltd.**

Incorporated on 03.08.2000

Regd Add: 84A, Mittal Court, 8<sup>th</sup> Floor, 224, Nariman Point, Mumbai-21

Shareholders

Ambit Comtrade P Ltd

Avanti Merchandise P LTd

Jade Merchandise P Ltd

Keirestu Commercials P Ltd.....all holding 1700 shares of Rs 10/-each

Xanti Commercial P Ltd

Viddheswar Leasing & Investment P Ltd.....both holding 1600 shares of Rs 10/-each

From the above it can be seen that both the companies Xanti and Tiara are functioning from same address and have common shareholders reflecting cross holdings.

In the Current Account No. 50001010012369 of M/s. Tiara Comtrade Pvt Ltd held with Syndicate Bank, Mumbai, the period from 01.08.2007 to 04.08.2008, during which money has moved from M/s. Tiara to M/s INX Services P Ltd, it is noticed that the monies have been issued to M/s. INX Services under the negative balance. On the same day funds have been received from M/s. Reliance Gas, Ornate Traders Pvt Ltd, Reliance Explorations, Reliance Extrusions, to make the balance positive immediately. Thus, it can be seen that M/s Tiara in its account never had the kind of funds which it advanced to M/s. INX Services P Ltd. The funds were in fact given by the Promoter group of companies of Reliance.

The details in respect of M/s. Hitech Dealers Pvt Ltd and Xanti Commercials P Ltd have not been submitted by Shri K R Raja and a remark has been posted in the submissions that the details are under compilation. On 11.04.2013, the statement of Shri K R Raja had to be discontinued as per his request as he had to leave the town to attend to an emergency at his native place. He requested for time till 17.04.2013. However, Shri K R Raja failed to appear on 17.04.2013. Letter dated 18.04.2013 was sent to Shri K R Raja calling for the incomplete details, however, till the writing of this report no response has been received from him.

Further investigation in case of Promoter group of companies, namely, Reliance Gas Transportation Infrastructure Ltd (RGITL) revealed that it was incorporated on March 19,



2003 as a subsidiary of Reliance Industries for transportation of gas extracted from RIL's gas fields in KG Basin. On August 18, 2004, RGTIL while it was still a 100 % subsidiary of RIL was granted approval by the petroleum ministry to transport 80 million units of gas per day from Kakinada to Bharuch, passing through four states - AP, Karanataka, Maharashtra and Gujarat.

On April 21, 2005, RIL chairman Shri Mukesh Ambani quietly without any disclosure stripped RGTIL from RIL and converted it into his personal property at a meagre price of just Rs 5 lakhs. Through a maze of private companies owned by Shri Mukesh Ambani namely Lordwest Invest & Trading, Shangrila Invest & Trading, Proline Invest, Jigna Fiscal, Vayudoot Invest & Trading, Yashasvi Holding and Anumati Mercantile, he now controlled 100 per cent of what was till then a 100 % subsidiary of RIL. It was a classic manoeuvre.

All the above companies have Reliance employees as directors. Their registered office addresses are also the same as the other companies (promoters and persons acting in concert of RIL). The registered office address of these individuals are 84A Mittal Court, 505 Dalamal House, 147 Atlanta; all known Reliance Group offices in Mumbai's Nariman Point area.

Thus, it can be seen that the funds which appear to be coming from RGTIL are in fact, the monies of Mr Mukhesh Ambani it being his personal property w e f 2005. The funds in the accounts of M/s. Tiara have been received between August, 2007 to August, 2008, when RGTIL was under the control of Mr Mukesh Ambani.

**Saraswati Media P Ltd. (earlier known as IM Media P Ltd)**

Incorporated on 15.02.2007

Add: Block 16, Unit 15B, Phoenix Mills Compound, Senapati Bapat Road, Lower Parel, Mumbai-13.

Shareholders

Ganga Executive Search P Ltd... 49,999 shares

Indrani Mukherjee .....1 share

**Ganga Executive Search P Ltd (earlier known as INX Executive Search P Ltd)**

Incorporated on 20.02.2007

Add: Block 16, Unit 15B, Phoenix Mills Compound, Senapati Bapat Road, Lower Parel, Mumbai-13.

Shareholders

Indrani Mukherjee.....89,999 shares

Manjula Rao .....1 share





**INX Recruitment Services P Ltd (earlier known as INX Services Pvt Ltd)**

Incorporated on 29.01.2007

Add: Block 16, Unit 15B, Phoenix Mills Compound, Senapati Bapat Road, Lower Parel,  
Mumbai-13.

Shareholders

Indrani Mukherjee.....89,500 shares of Rs.10/- each

Manjula Rao.....500 shares of Rs. 10/- each

In the above three companies the address for correspondence is same and all the three companies have common directors once again reflecting cross holding.

In the Current Account No. 06382010000225 of M/s. INX Services Pvt Ltd held with Kotak Mahindra Bank, Mumbai, the period from 01.01.2006 to 24.01.2009, it is seen that the funds were advanced to M/s Indrani Incon Pvt Ltd. these monies have been received in the account by way of high value cheque deposits.

As per the first Board meeting of M/s. INX Services Pvt Ltd. held on 21.02.2007, the company resolved to

1. Enter into a loan agreement with Hitech Dealers P Ltd for acceptance of interest free convertible loan up to Rs. 25,00,00,000/-. **It was specifically stated that the loan amount was to be advanced as loan to M/s. Indrani Incon Pvt Ltd for its investment in the shares of INX Media Pvt Ltd.**
2. Enter into a loan agreement with M/s Tiara Comtrade Pvt Ltd for acceptance of interest free convertible loan up to Rs. 65,00,00,000/-. **It was specifically stated that the loan amount was to be advanced as loan to M/s. Indrani Incon Pvt Ltd for its investment in the shares of INX Media Pvt Ltd.**
3. Enter into a loan agreement with Indrani Incon P Ltd for acceptance of interest free convertible loan up to Rs. 25,00,00,000/-. It was specifically stated that the loan amount was to be utilized for its investment in the shares of INX Media Pvt Ltd.

All the above investments and loan agreements were signed by Smt. Indrani Mukherjee, the Chairperson of M/s. INX Media Pvt Ltd. (at sr 1 & 2) and by Shri Pratik Basu, Authorised Signatory in case at sr 3 above.

**Thus, it can be seen that the funds received from M/s. Hitech and M/s. Tiara were advanced with a specific motive of investment in M/s. INX Media Pvt Ltd. and to ensure this another agreement between M/s. Indrani Incon P Ltd and M/s. INX Services P Ltd was signed so that the funds amounting to Rs.90 cr., were used for investment in the equity of INX Media Pvt Ltd and nothing else.**

It can be seen from the above that INX Services Pvt Ltd was  
Incorporated on .....29.01.2007

Fourth Board Meeting held on .....21.02.2007  
(earlier meeting held on 07.02.2007)

**Money received by way of cheque deposit.....6.06.2008.**  
**Money transferred to Indrani Incon P ltd .....6.06.2008.**



**M/s. Indrani Incon Pvt Ltd (earlier known as M/s. Indrani Mukherjee News P Ltd)**

Incorporated on 15.02.2007

Add: Block 16, Unit 15B, Phoenix Mills Compound, Senapati Bapat Road, Lower Parel, Mumbai-13.

Shareholders

INX Recruitment Services P Ltd (earlier known as INX Services Pvt Ltd) .....49,000 shares

Indrani Mukherjee.....1 share.

Bank Account

In the current account no. 06382010000288 of M/s. Indrani Incon Pvt Ltd. held with Kotak Mahindra Bank, Mumbai, for the period from 01.01.2006 to 31.03.2009, it is seen that funds were received from M/s. INX Services Pvt Ltd on 05.03.2007, 23.08.2007 and 03.11.2007 funds were transferred to INX Media Pvt Ltd. for purchase of its shares.

As per the first Board meeting of Indrani Incon Pvt Ltd. held on 21.02.2007, the company resolved to

1. Enter into a loan agreement with INX Services P Ltd for acceptance of interest free convertible loan up to Rs. 90,00,00,000/-. It was specifically stated that the loan amount was to be utilized for investment in the shares of INX Media Pvt Ltd.

Thus, it can be seen that the funds received from M/s. Hitech and M/s. Tiara through INX Services were advanced with a specific motive of investment in M/s. INX Media Pvt Ltd.

It is very important to mention here that Indrani Incon Pvt Ltd.

Incorporated on .....15.02.2007

First Board Meeting held on ...21.02.2007

Resolved to invest loan of Rs.90 cr in the equity of INX Media Pvt Ltd.

First money trench received by Indrani Incon Pvt Ltd from INX Services P Ltd on .....03.03.2007.

Thus, it evidenced form the above that Indrani Incon Pvt Ltd was incorporated only for facilitating in purchasing equity of M/s. INX Media Pvt Ltd on behalf of Promoter group of companies of Reliance.

**INX Recruitment Search P Ltd (earlier known as INX Search P Ltd)**

Incorporated on 29.01.2007

Add: Block 16, Unit 15B, Phoenix Mills Compound, Senapati Bapat Road, Lower Parel, Mumbai-13.

Shareholders

Indrani Mukherjee.....89,500 shares

Manjula Rao.....500 shares

Bank Account

In its Current Account No. 06382010000262 of INX Recruitment Search Pvt Ltd., held with Kotak Mahindra Bank, Mumbai, for the period 01.01.2006 to 31.03.2007, the funds have started pouring in from 27.02.2007. The funds have been either received by RTGS transfer or by high value cheque deposits, the cheque amounts sometimes touching Rs. 25 cr. The



funds so received have been either on the same day or immediately, have been transferred to M/s. IM Media Pvt Ltd.

**As per the first Board meeting of INX Executive Search P Ltd. held on 21.02.2007, the company resolved to**

1. Enter into a loan agreement with Hitech Dealers P Ltd for acceptance of interest free convertible loan up to Rs. 145,00,00,000/-. It was specifically stated that the loan amount was to be advanced to IM Media Pvt Ltd for utilizing Rs. 75 cr for investment in the shares of INX Media Pvt Ltd. and the balance Rs. 70 cr for investment in the shares of INX News Pvt Ltd.
2. Enter into a loan agreement with Xanti Commercials P Ltd for acceptance of interest free convertible loan up to Rs. 215,00,00,000/-. It was specifically stated that the loan amount was to be advanced to IM Media Pvt Ltd for utilizing Rs. 150 cr for investment in the shares of INX Media Pvt Ltd. and the balance Rs. 65 cr for investment in the shares of INX News Pvt Ltd.
3. Enter into a loan agreement with IM Media P Ltd for acceptance of interest free convertible loan up to Rs. 360,00,00,000/- received from INX Recruitment Services P Ltd. It was specifically stated that the loan amount was to be utilized by IM Media Pvt Ltd for investment in the shares of INX Media Pvt Ltd. and INX News Pvt Ltd.

All the above investments and loan agreements were signed by Smt. Indrani Mukherjee, the Chairperson of M/s. INX Executive Search Pvt Ltd. (at sr 1 & 2) and by Shri Pratik Basu, Authorised Signatory in case at sr 3 above.

Thus, it can be seen that the funds received from M/s. Hitech and M/s. Xanti through M/s. INX Recruitment Services Pvt Ltd were advanced with a specific motive of investment in M/s. INX Media Pvt Ltd. and M/s. INX New P Ltd.

It is very important to mention here that INX Executive Search Pvt Ltd. was Incorporated on .....20.02.2007

First Board Meeting held on ...21.02.2007

On the very first day of commencing its business it resolved to invest loan of Rs. 360 cr, as per the premeditated plan.

First money trench is received by INX Executive Search Pvt Ltd by way of RTGS on 27.02.2007, in its bank account.

Thus, it can be derived that INX Executive Search Pvt Ltd was incorporated only for facilitating purchasing equity of INX Media Pvt Ltd and INX News Pvt Ltd, on behalf of Promoter group of companies of Reliance.

#### **IM Media Pvt Ltd**

**As per the first Board meeting of IM Media Pvt Ltd. held on 21.02.2007, the company resolved to**

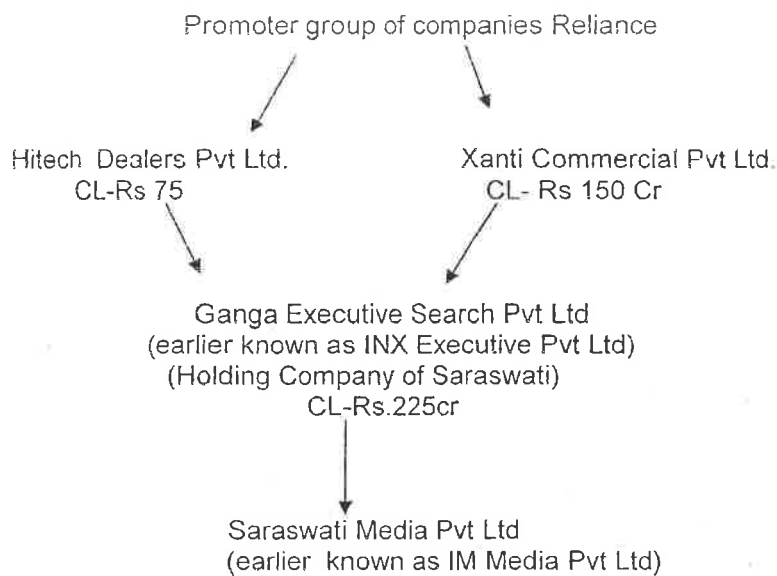
1. Invest in the equity of INX Media Pvt Ltd. to subscribed to 810864 shares of Rs 10 each amounting to Rs.81,08,640/- EXACTLY THE SAME AMOUNT RECEIVED FROM Promotor group of companies of Reliance.



2. Invest in the equity of INX News Pvt Ltd. to subscribed to 6290000 shares of Rs.10/- each amounting to Rs.6,29,00,000/-
  3. Enter into a loan agreement with INX Executive Search P Ltd for acceptance of interest free convertible loan up to Rs. 360,00,00,000/-. It was specifically stated that the loan amount was to be utilized by the company for investment in shares of INX Media Pvt Ltd.
- All the above investment and loan agreements were signed by Smt. Indrani Mukherjee, the Chairperson of M/s. IM Media Pvt Ltd.

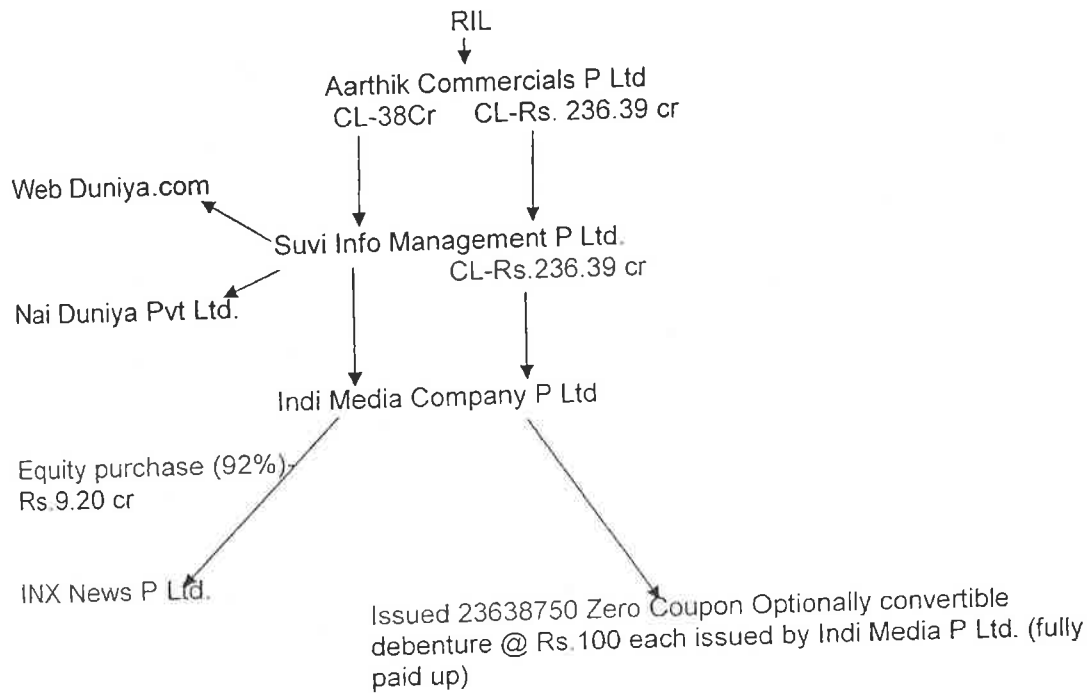
A. The pictorial depiction of the fund movement to acquire the shares of IM Media Pvt Ltd.(now known as Saraswati Media Pvt Ltd) is as under:-

Abbreviation-Convertible Loan (CL)



On 07.01.2009, the shares of M/s. INX New P Ltd held by M/s. INX Media P Ltd and M/s. IM Media P Ltd were sold to M/s. Indi Media P Ltd. at Rs. 10/- share (Refer Table 1 & 2) incurring huge losses. Here again the funds deployed by M/s. Indi Media P Ltd, for purchase of 9200000 shares at Rs. 10/-, amounting to Rs. 9,20,00,000/-, were received from M/s. Suvi Info Management (Indore) P Ltd. which in turn received the money from M/s. Aarthik Commercials P Ltd.. To reiterate here, M/s. Aarthik Commercials P Ltd. is a company of RIL. The pictorial depiction of the money trail is as under:-





M/s. Aarthik Commercials P Ltd had not only funded M/s. Indi Media Company P Ltd, but also Naidunia Media Pvt Ltd. and Web duniya.com promoted by Mr Vinay Chajjani. This funding to M/s. Naidunia Media P Ltd was also made through M/s. Suvi Info Management P Ltd by advancing funds to the account of M/s. Suvi. It is important to mention that the latest circular of SEBI makes the ownership interest of Mr. Mukesh Ambani clear, by naming Aarthik Commercial as an associate entity of Mr. Mukesh Ambani managed Reliance Industries in the insider trading charges against it, by rejecting the consent petitions of more than 149 companies belonging to RIL group.

**M/s. Aarthik Commercials P Ltd. (earlier known as Reliance Communication Punjab P Ltd)**

Incorporated on 16.04.2001  
 Add: Fortune 2000, C-3, G-Block, Bandra Kurla Complex, Bandra (E), Mumbai-51.  
 Ambit Comtrade P Ltd  
 Avanti Merchandise P LTD

**Suvi Info Management P Ltd.**

Incorporated on 27.01.2006

Shareholders:

Vinay Chhajlani ..... 5000 shares each till 31.03.2011.  
 Sunita Chhajlani.....  
 Sanjay Gupta jointly with M/s Jagran Prakashan Ltd..... 20009940 shares from  
 01.04.2011 onwards.  
 Sameer Gupta jointly with M/s. Jagran Prakashan Ltd.



Shailesh Gupta jointly with M/s. Jagran Prakashan Ltd.  
Bharat Gupta jointly with M/s. Jagran Prakashan Ltd.  
Amit Jaiswal jointly with M/s. Jagran Prakashan Ltd.  
K K Awasthi jointly with M/s. Jagran Prakashan Ltd.....all owning 10  
shares each.

**The incorporation details of the company which were involved in purchase of NewsX Channel.**

**Indi Media Company P Ltd.**

Incorporated on 21.11.2008

Add: Block 12, Raghuvanshi Estate, Raghuvanshi Mills, Senapati Bapat Road, Lower Parel, Mumbai-13.

Office shown at Flat No.9, 1<sup>st</sup> Floor, Sushila Sadan, opp Shopper's Stop, Linking Road, Bandra (W), Mumbai.

Vinay Chhajlani.....9900 shares

Rajiv Singhi .....100 shares.

Funds received on 07.01.2009 Rs.9.25 cr from Suvi Info Management (Indore) P Ltd.

Analysis of Current A/c No. 00362320007979 of M/s. Suvi Info Management Pvt Ltd held with HDFC Bank, Mumbai reveals that the account was opened on 02.02.2006 and on 13.02.2006; it received Rs. 14.60 cr from Reliance EC, Reliance Corporation and M/s. Aarthik Commercials P Ltd. Soon after receipt of the funds, the monies had been transferred either to FD account in the name of M/s. Suvi Info Management P Ltd or to Account No. 0362320008054 of Naidunia Media P Ltd, till 11.09.2008. By 19.09.2008, the funds received from the Reliance group companies started diverting in the names of Naidunia Media P Ltd, Print Pack P Ltd, Webdunia Com India P Ltd, Indi Media P Ltd. On 07.01.2009, funds totally to Rs. 9.20 cr were received by M/s. Suvi Info Management Pvt Ltd from M/s. Reliance Corporation and the same day the funds were diverted to M/s. Indi Media Company P Ltd. These funds of Rs. 9.20 crores were utilized by M/s. Indi Media Company P Ltd to acquire shares of M/s. INX News P Ltd which ran NewsX Channel. From 11.02.2006 till 31.03.2011, M/s. Suvi received funds from Reliance group companies, aggregating to Rs. 452.14 cr. These funds were utilized to acquire equity of Naidunia Media P Ltd, Print Pack P Ltd, Indi Media Company P Ltd and Web Dunia.com P Ltd, thus, making them subsidiaries of M/s. Suvi Info Management P Ltd.

On 07.01.2009, the equity of M/s. INX News P Ltd acquired by M/s. INX Media P Ltd and M/s. IM Media P Ltd out of the funds advanced by Promoter group companies of Reliance, was sold to M/s. Indi Media Company P Ltd. Analysis of the documents submitted by Shri K R Raja reveals that here again, M/s. Indi Media Company P Ltd did not have funds of its own to make investment of Rs. 9.20 crores in the equity of INX News P Ltd. It had received funds from its holding company M/s. Suvi Info Management P Ltd. which in turn, had received funds from M/s. Aarthik Commercials P Ltd. (earlier known as Reliance Communication Punjab P Ltd), which is a company of RIL.

**Thus, from the above evidence emerging, it can be seen that the entities which made investment in the equity of M/s. INX News P Ltd (which owned NewsX channel), under the disguise of the companies –INX Media Pvt Ltd and IM Media Pvt Ltd and the entities which funded M/s. Indi Media Company Pvt Ltd, a subsidiary of M/s. Suvi Info Management P Ltd, to which the very same equity was sold thereafter at a great loss;**



were one and the same group –Reliance. As has been detailed above that in its Account No.00362320007979 M/s. Suvi Info Management Pvt Ltd. the company was receiving funds from M/s. Aarthik Commercial Pvt Ltd and Promoter group companies of Reliance right from the time February, 2006 even before the equity of M/s. INX News Pvt Ltd was purchased by M/s. INX Media Pvt. Ltd. and IM Media Pvt. Ltd. This money was then transferred to FD accounts in the name of M/s. Suvi Info Management Pvt Ltd. The money was regularly transferred to M/s. Nai Duniya Pvt Ltd and Webduniya.com till the opportune time of sale of NewsX arrived. On 07.01.2009, the money for making purchase of NewsX was provided to M/s. Indi Media Company Pvt Ltd. Thus, it can be seen from the evidence which has emerged that the promoter group of companies had dishonest intention right from 2006 when M/s. Suvi Info Management Pvt Ltd was being regularly funded only to be utilized subsequently to fund newly incorporated M/s. Indi Media Company Pvt Ltd. (Incorporated in Nov, 2008) to make purchase of equity of INX News Pvt Ltd. The equity which was purchased at a premium price of Rs.208 (appx.) per share by M/s. INX Media Pvt Ltd and IM Media Pvt Ltd was sold at a throw away price of Rs.10/- per share causing wrongful loss to the companies M/s. INX Media Pvt Ltd and IM Media Pvt Ltd and wrongful gain to M/s. Indi Media Company Pvt Ltd. The plan was premeditated way back in 2006 as the purchaser and seller companies were controlled by one group-Reliance.

In his statement dated 11.04.2013, Shri K R Raja has admitted that the corporate funding for the M/s. INX News Pvt Ltd was made by the Promoter group companies of Reliance and he along with Mr. LV Merchant had devised the entire funding plan. He also admitted that the investment made by M/s. Indi Media Company Pvt Ltd was funded by RIL through the corporate routes of M/s. Aarthik Commercials Pvt Ltd and M/s. Suvi Info Management Pvt Ltd. He elaborated that right from the very beginning of the investment, he was aware of the plan and was doing his assigned duties as per the instructions of Mr L V Merchant, controller of Accounts of RIL and Mr Manoj Modi, Consultant to Mr Mukesh Ambani.

Thus, it can be seen that Promoter group companies of Reliance had premeditated the scheme of investment in the equity of M/s. INX Media Pvt Ltd and M/s. IM Media P Ltd, and the investment of the two companies in M/s. INX News P Ltd way back in the year 2007. In order to conceal their surreptitious plans defined by Shri Raja as 'commercial confidentiality', and to accomplish the plan, M/s. INX Executive Search Pvt Ltd (now known as Ganga Executive Search P Ltd), M/s IM Media P Ltd (now known as Saraswati Media P Ltd), M/s. INX Media P Ltd (now known as 9X Media P Ltd), M/s. INX Recruitment Services P Ltd (now known as INX Services P Ltd), M/s. Indrani Mukherjee News P Ltd (now known as Indrani Incon P Ltd. were incorporated. As has been seen from the evidences emerged above, all these entities were merely on paper so much so that,

1. Their addresses were common.
2. They were incorporated around the same contemporaneous period, around the time when the funds emanating from Promoter group companies of Reliance were to be received.
3. As soon as the funds were received, the monies were either on the same day or immediately transferred to the predestined entities.



4. To ensure this, resolutions were passed specifying the use and utilization of the funds received from promoter group companies in form of convertible loans.
5. The funding was disguised as convertible loans.

The trail of money shows that huge funds were advanced to layers of companies in the form of convertible loans, however, with specific directions identifying the destination of the monies advanced. It is important here to explain the meaning and the concept of convertible loans:

A convertible loan is a loan and it involves repayment of the borrowed money with interest. Typically, the conversion feature gives the lender an option to convert all or a portion of the outstanding principal of the loan into **some form of an equity position in the borrower's company**. In its most basic form, the lender has reserved the right to exchange his or her creditor position with the company to become an owner in the company. The borrower is willing to provide the lender that option in exchange for securing more favorable terms on the loan. For example, the borrower could ask for any combination of concessions, such as: no closing costs on the deal, no prepayment penalties, a lower interest rate and/or "payment vacations" within the term of the loan. (These are often requested for strategic times when the company anticipates significant fluctuations in cash flow.)

**Thus, it is explicitly clear that convertible loan, if stays unpaid, can be swapped with the equity of the borrower's company. Here as is detailed, the equity which was purchased was not of the borrower's company but of distant entities, namely, M/s. INX Media P Ltd and M/s. IM Media P Ltd. These two companies were utilized to invest in M/s. INX News P Ltd. Thus, it can be seen that the veil of corporate entities was used to make surreptitious investments in the guise of convertible loans.**

The investigation carried out by the Income Tax Department and the subsequent Assessment Order for AY 2009-10, has also proved beyond doubt that the sale of NewsX Channel to M/s. Indi Media Company Pvt Ltd. by way of subscription of equity (92%) of M/s. INX News Pvt Ltd was a SHAM transaction. The evidences brought out during assessment proceedings leave no scope of doubt that the entire exercise of sale of NewsX channel to Indi Media Pvt Ltd. and sale of equity of INX News Pvt Ltd was a pre-meditated plan organized by RIL group by way of funding through its front companies, employing the mastered act of using web of transactions. Shri K R Raja in his statement had stated that since INX Media Pvt Ltd. was not performing well and all the investors including New Silk Route wanted an exit.

On 9 September, 2010, M/s. INX Media Pvt Ltd was demerged with Zee Entertainment, a listed company and all the shareholders of M/s. INX Media Pvt Ltd, including M/s. IM Media





Pvt Ltd and M/s. Indrani Incon Pvt Ltd. were allotted equity shares of Zee Entertainment. Further in June, 2011, equity shares of INX Media Pvt Ltd held by M/s. IM Media Pvt Ltd and Indrani Incon were sold to 9X Media Employee Trust and equity shares of Zee Entertainment held by M/s. IM Media Pvt Ltd and M/s. Indrani Incon were sold to M/s. INX Media Pvt Ltd. Here again Net loss of Rs 215 crores and Rs. 86.22 crores was booked by M/s. IM Media Pvt Ltd and M/s. Indrani Incon Pvt Ltd. Thus, it can be seen that the strategy employed by the Companies, namely, M/s. INX Media Pvt Ltd and M/s. IM Media Pvt Ltd., both the companies funded by RIL, is to enter into sham share transactions and book losses.

Thus, as the evidence unfolds, the promoter group companies of Reliance advanced funds in the guise of convertible loans only to acquire the equity in M/s. INX Media P Ltd and M/s. IM Media P Ltd. The two companies in turn acquired the equity of M/s. INX News P Ltd., which was operating the NewsX Channel. Hence, at one hand the Promoter group companies of Reliance advanced funds to acquire equity of M/s. INX News P Ltd at a premium and on the other hand, one of the RIL company, namely, Aarthik Commercials P Ltd advanced funds to M/s. Indi Media Co P Ltd, through M/s. Suvi Info Management P Ltd. to acquire the same equity from M/s. INX Media P Ltd and M/s. IM Media P Ltd at Rs.10/- share, at par, causing wrongful loss of Rs.168.50 cr to the companies, namely, M/s. INX Media P Ltd and M/s. IM Media P Ltd and an equivalent wrongful gain to M/s.Indi Media P Ltd. Thus, it can be seen that the buyer and seller were one and the same group, that is, Reliance. The maze of companies and web of fund movement was created only to hide the identity of the group and to induce losses in the hands of M/s. INX Media P Ltd and M/s. IM Media P Ltd and gains at the hands of M/s. Indi Media Pvt Ltd. as per the premeditated plan. It is in this context the Agreement dated 01.09.2008 signed between M/s. Neucom Cosulting P Ltd and RIL and role played by Ms Nira Radia is brought as evidence again.

The relevant clauses are reproduced as under:

Clause 2 Term

- 2.1 The Agreement shall be effective from on and from 16 August, 2008 and shall continue to be in full force and effect for a period of five years thereon unless terminated earlier in accordance with the provisions of this Agreement.

Clause 4 Obligations of Consultant



4.6 Consultant shall perform the Services from its office locations across the country including from its offices at Delhi, Mumbai, Bangalore, Hyderabad, Chennai, Kolkata, Ahmedabad, Lucknow, Bhuwaneshwar, as may be.....parties.

**Clause 6 Budgeting**

6.1 Client (RIL as per the Agreement) shall pay Consultant (M/s. Neucom as per the Agreement) the expenses actually incurred by Consultant for provision of Services, in accordance with the budget approved by the Client, unless otherwise expressly authorized by Client in writing.

**Clause 7 Consideration and Security Deposit**

7.1 In consideration for performance of Services under this Agreement, Client shall pay Consultant the fee detailed below on a monthly basis (Consultant Fee)

(i) The costs actually incurred by Consultant for performance of Services in accordance with the approved budget and

(ii) a fixed fee of an amount of Rs.1 cr on a monthly basis.

7.5 Consultant acknowledges that Client has furnished to Consultant an amount of Rs. 5 cr as refundable non-interest bearing Security Deposit. Consultant shall refund the Security Deposit to Client, without any deduction or set off on any account whatsoever, within twenty four hours of expiry or earlier termination of this Agreement.

**Clause 17 Notice**

17.1 All notices, requests.....to be given by either party to the other pursuant to this Agreement .....at the following address:

**Client (RIL)**

**Maker Chambers IV, 3<sup>rd</sup> Floor, 222, Nariman Point, Mumbai-21.**

**Attention: Mr K R Raja**

**Consultant (M/s. Neucom)**

**8<sup>th</sup> Floor, B Wing, Mittal Towers, Nariman Point, Mumbai-21**

**Attention: Mr Manoj Warriar, (Director of M/s. Neucom and confidant of Ms Nira Radia and also signatory to the Agreement under consideration)**



The most important clauses of the Agreement dated 01.09.2008 are Clause No.1 and 3, recast as under:

**Clause 1 Definitions**

In this Agreement, unless that context or meaning otherwise requires, the following words and expressions shall have the following meanings:

.....

.....

'Client' shall mean Reliance Industries Limited

'Client' Group means Client, Client's Affiliates, associate companies, promoter companies and affiliates of promoter companies.

**Clause 3 Appointment**

3.1 Subject to the terms and conditions set out in this Agreement, Client hereby engages Consultant and Consultant hereby accepts its engagement, as a consultant to provide services ..... to all members of the Client Group during the term of this Agreement.....Schedule I.

The mere perusal of the Clauses 1 and 3 display that the Agreement dated 01.09.2008 was created to take care of the entire conglomerate of Reliance. However, to hide the nefarious plans as regards the fund movement, which is explained in detail in the earlier part of the report, the Agreement dated 01.09.2008 was amended and a new Agreement dated 20.09.2008 was signed. In the amended Agreement dated 20.09.2008, the meaning/definition of Client Group was camouflaged as under:

"Client Group" means Client, and all the manufacturing locations of Client.

In the above, no specifics were given either about the manufacturing entities or about their locations. The remaining clause of the Agreement dated 01.09.2008, remained unchanged.

The purpose of this strategic amendment was to hide the identity and cause intentional wrongful loss to M/s. INX Media Pvt Ltd and IM Media Pvt Ltd. Ms. Neera Radia was hired, through incorporation of M/s. Neucom Consulting P Ltd, to take care of the entire Reliance Conglomerate. No wonder then, that in the transcript cited in earlier part of this report, in which she was in conversation with Mr Jehangir Pocha,



she was assuring of Salaries to be paid to the employees of NewsX. The transcript also discusses about settlement to the creditors of M/s. INX Media Pvt Ltd (now known as 9X Media Pvt Ltd.). Ms. Neera Radia was in fact speaking on behalf of RIL. Thus, for all practical purposes, M/s. Neucom Consulting Pvt Ltd. was a company run by RIL. Even the address for notice of M/s. Neucom is at Mittal Towers, Nariman Point, Mumbai, a known RIL establishment. Although, Ms. Neera Radia, a woman of formidable networking and PR skills, was portrayed as the promoter of the company and as a consultant, but in fact, she was the mediator between the journalists and RIL and was only facilitating the deals. And for this PR work she was being paid a hefty sum of Rs. 1 cr per month.

Due to paucity of time the further utilization of Rs. 1cr per month received by Ms Neera Radia could not be carried out. However, information in the public domain reveals that the funds received from RIL as professional fee were transferred to bank accounts in the names of Mr Manoj Warriar, (Director in Neucom Consulting P Ltd and signatory to the Agreement; and other Companies purportedly promoted by Ms Neera Radia) and one Shri Korby Furtado. From the accounts of these two individuals, payments were made to journalists to write positive stories about RIL, which have been portrayed as media image building. Basically, the money funded was nothing but bribes to the journalists.

Thus, it can be seen as per the terms of the Agreement and as admitted by Shri K R Raja, the day to day office running expenses, overheads of all the offices of M/s. Neucom, employee Salaries, travel expenses were all reimbursed to M/s. Neucom by RIL. Mr Raja further elaborated that all the expenses which form part of Profit & Loss account of a business were all reimbursed to M/s. Neucom by RIL. Thus, Rs.1 cr per month was the net receipt of M/s. Neucom. The admissions made by Mr Raja have been analyzed with the Financial Accounts of M/s. Neucom Consulting Pvt Ltd. vis-à-vis the extract of ledger of M/s. Neucom in the books of RIL, Receipts of Rs.1 cr/month. It is seen that the company in its accounts, has claimed expenses in the P/L account against the income received by way of consultancy provided to the clients-here RIL, when all the expenses were reimbursed and borne by RIL on monthly basis. M/s. Neucom claimed expenses which it was not entitled to claim as per the terms of the Agreement dated 01.09.2009. Even the net profit of Rs.1 cr per month aggregating to Rs.12cr for the entire FY, over and above the monthly reimbursable expenses, has not been reflected in the accounts. In a short period spanning from August, 2008 to December 2010, M/s. Neucom has been paid Rs. 60 cr by RIL. Thus, the accounts of M/s. Neucom were not reflecting the correct picture of business affairs for which the directors of the company are chargeable u/s 628 of the Companies Act, which is separately recommended in this report.



Going back to the issue of sale of NewsX channel, from the evidence emerging, the group which was behind causing wrongful loss to the companies, namely, M/s. INX Media Pvt Ltd and IM Media Pvt Ltd and an equivalent wrongful gain to M/s. Indi Media Company Pvt Ltd, is Reliance group. The head of the group Mr Mukesh Ambani from whom the directions were dissipated to Mr Manoj Modi, Consultant to Mr Mukesh Ambani and the job accomplished by Shri K R Raja, Senior Vice President RIL and Shri L V Merchant, Controller of Accounts RIL, are all liable to be prosecuted under Section 415 r w s 418 of IPC for causing wrongful loss of Rs. 43,81,10,298/- to M/s. INX Media Pvt Ltd and of Rs.124,69,29,533/- to M/s. IM Media Pvt Ltd and an equivalent wrongful gain of Rs. 168,50,39,831/- to M/s. Indi Media Company Pvt Ltd. with a dishonest intention to cheat. All the individuals named herein dishonestly induced M/s. INX Media Pvt Ltd and M/s. IM Media Pvt Ltd to part with the equity of M/s. INX News Pvt Ltd, and to sell it to M/s. Indi Media Company Pvt Ltd at a loss. Based on the above evidence, there is a case of cheating M/s. INX Media Pvt Ltd and M/s. IM Media Pvt Ltd appearing against all the individuals named herein, attracting the provisions of sections 415 r w s 418 r w s 420 of the Indian Penal Code. Sections 415, 418 and 420 reads as below:-

#### **Section 415 : Cheating**

Whoever, by deceiving any person, fraudulently or dishonestly induces the person so deceived to deliver any property to any person, or to consent that any person shall retain any property, or intentionally induces the person so deceived to do or omit to do anything which he would not do or omit if he were not so deceived, and which act or omission causes or is likely to cause damage or harm to that person in body, mind, reputation or property, is said to "cheat".

**Explanation -A dishonest concealment of facts is a deception within the meaning of this section.**

#### **Section 418 Cheating with knowledge that wrongful loss may ensue to person whose interest offender is bound to protect**

Whoever cheats with the knowledge that he is likely thereby to cause wrongful loss to a person whose interest in the transaction to which the cheating relates, he was bound either by law, or by legal contract, to protect, shall be punished with imprisonment of either description for a term which may extend to three years, or with fine, or with both.

#### **Section 420 :(Cheating and Dishonestly Inducing Delivery of Property)**

Whoever cheats and thereby dishonestly induces the person deceived to deliver any property to any person, or to make, alter or destroy the whole or any part of a valuable



security, or anything which is signed or sealed, and which is capable of being converted into a valuable security, shall be punished with imprisonment of either description for a term which may extend to seven years, and shall also be liable to fine for fraudulent deeds and dispositions of property.

Further,

1. Smt Indrani Mukherjee, Shri Pratik Basu signatory to the loan agreements of M/s. Indrani Incon Pvt Ltd, M/s. Ganga Executive Search Pvt Ltd. and M/s. INX Recruitment Services Pvt Ltd., vide which the loan amounts received from the Promoter group companies of Reliance were transferred to M/s. INX Media Pvt Ltd and M/s. IM Media Pvt Ltd to make investment in the equity of M/s. INX News Pvt Ltd. at a premium Rs.208/- per share for shares of par value Rs.10/-

2. All the directors of M/s. INX Media Pvt Ltd and M/s. IM Media Pvt Ltd. during the period from 01.03.2007 to 07.01.2009,

3. All the directors of M/s. Indi Media Pvt Ltd. during the period 01.01.2009 to 31.01.2009,

4. All the directors of M/s. Neucom Consulting P Ltd including Mr Manoj Warrior, signatory to the Agreement dated 01.09.2008 and amended Agreement Dated 20.09.2008 signed between the company and RIL, during the period 01.09.2008 to 31.01.2009 and

5. Smt Neera Radia, Consuting RIL,

6. Mr Vinay Chhajlani and Mr. Jehangir Pocha, promoters of M/s. Indi Media Pvt Ltd. and of M/s. Suvi Info Management Pvt Ltd.

are liable to be prosecuted under Section 120B of IPC. All these individuals conspired in the game plan of causing wrongful loss of Rs. 43.81 cr to M/s. INX Media Pvt Ltd and of Rs. 124.69 cr to M/s. IM Media Pvt Ltd and an equivalent wrongful gain of Rs. 168.50 cr to M/s. Indi Media Company Pvt Ltd and in accomplishing the dishonest intention of cheating the companies M/s. INX Media Pvt Ltd and IM Media Pvt Ltd by making them deliver the equity in the hands of M/s. Indi Media Company Pvt Ltd at a great loss. The Directors of M/s. INX Media Pvt Ltd. and IM Media Pvt Ltd passed resolutions to route the money received from the Promoter group of companies of Reliance for making investment in the equity of M/s. INX News Pvt Ltd. and played conduits to the entire premeditated plan. Similarly, the directors of M/s. Indi Media Pvt Ltd. also passed resolutions to purchase equity of M/s. INX News Pvt Ltd. from M/s. INX Media Pvt Ltd. and IM Media Pvt Ltd. knowing that they were



accomplishing the plans of the Reliance group and this act was going to cause wrongful gain to M/s. Indi Media Company Pvt Ltd to which it was not entitled. The promoters of M/s. Indi Media Company Pvt Ltd. Mr Vinay Chhajlani who was known to Reliance group, as admitted by Shri K R Raja in his statement, also conspired with the Reliance group to accomplish their premeditated plans and allowed M/s. Suvi Info Management Pvt Ltd to be used as a vehicle to route the money from M/s. Aarthik Commercials Pvt Ltd to M/s. Indi Media Pvt Ltd. Mr Jehangir Pocha of M/s. Indi Media Pvt Ltd. played at the hands of Ms. Nira Radia and participated in the entire process of causing wrongful loss to M/s. INX Media Pvt Ltd. and IM Media Pvt Ltd. Ms. Nira Radia acting as a PR agent of RIL group, facilitated movement of funds through the corporate vehicle M/s. Neucom Consulting Pvt Ltd. She knew from the very beginning that M/s. Neucom did not have any resources of its own and all the fund support right from the incorporation of M/s. Neucom, its day to day office running expenses, salaries, travel expenses, etc., monthly lump sum payments, were all taken care by RIL. She knew that for all practical purposes M/s. Neucom was a company controlled by RIL. As per the Agreement dated 01.09.2008, even the address of M/s. Neucom for service of notices was given at Mittal Towers, which houses many shell companies of RIL. Mr. Manoj Warrior, Director of M/s. Neucom and who was signatory to the Agreement dated 01.09.2008 and was the contact person for all the matters related to the Agreement, also participated in the conspiracy. M/s. Neucom which had its Registered Address at the residential address of Mr Manoj Warrior at the time of its incorporation (13.07.2008) changed its Registered Address to Mittal Towers, Nariman Point, Mumbai w e f 15.09.2008, soon after signing of the Agreement dated 01.09.2008. After exposure of the Ms. Nira Radia tapes/ transcripts when the scam of NewsX channel sale came to limelight, the Registered Address of M/s. Neucom is shifted back to the residential address of Mr. Manoj Warrior w e f 01.12.2012. The other directors of M/s. Neucom Consulting Pvt Ltd., namely, Smt Nimisha Manoj Warrior (wife of Manoj Warrior), Smt Karuna Menon (sister of Ms Nira Radia) and Mr Vishal Bhusan Mehta who were on the Board of M/s. Neucom when the Agreement dated 01.09.2008 was signed by M/s. Neucom with RIL to do liaison work for RIL, are also liable to be prosecuted under Section 120B for participating in the conspiracy. All these individuals who actively participated in the dishonest intentions of the Reliance group are therefore, liable to be prosecuted under Section 418 r w s 420 r w s 120B of the IPC. The provisions of Sec 120B IPC read as under:

**Section 120B:(Punishment of Criminal Conspiracy)**

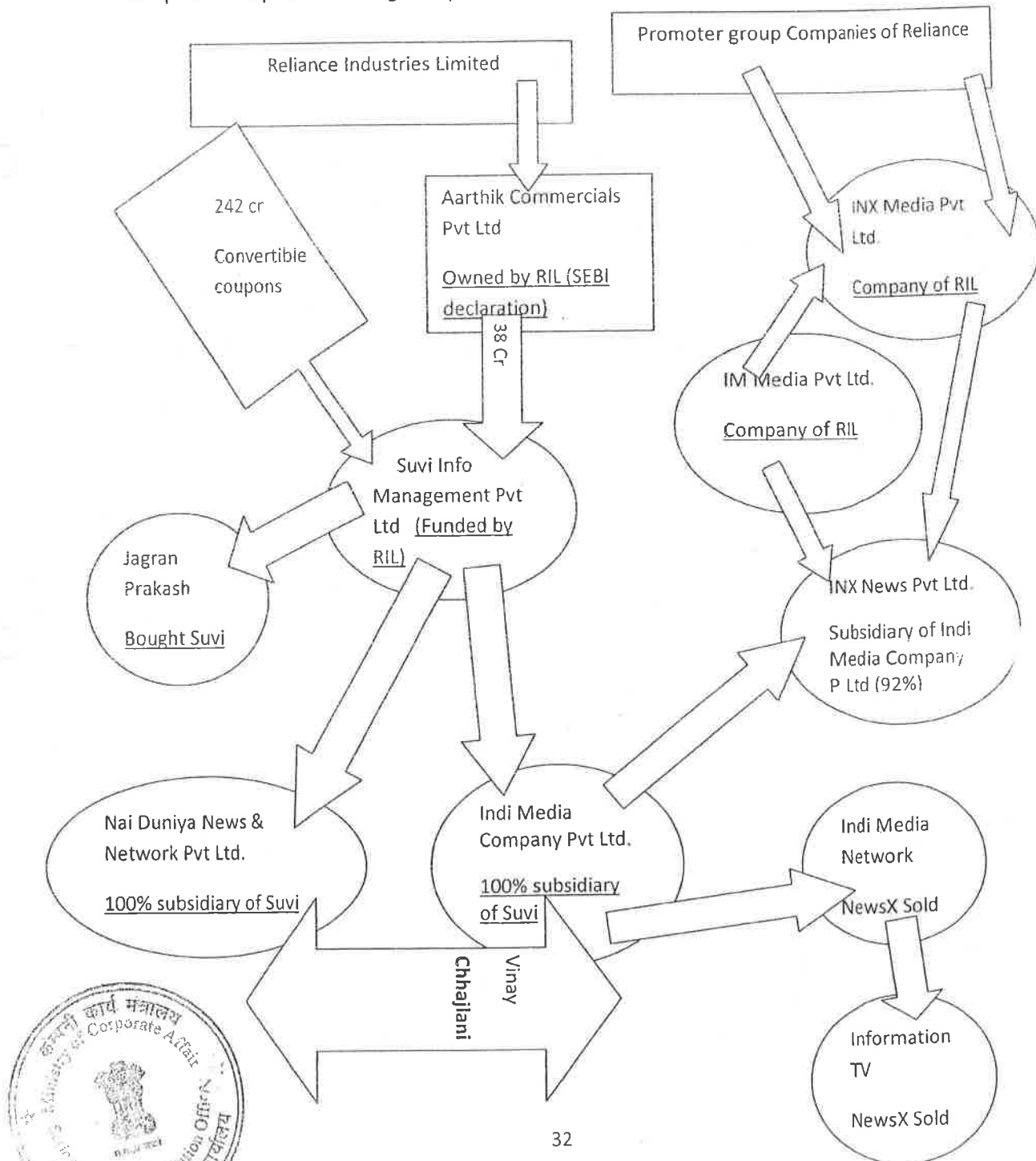
(1)Whoever is a party to a criminal conspiracy to commit an offence punishable with death [imprisonment for life] or rigorous imprisonment for a term of two years or upwards shall,



where no express provision is made in this Code for the punishment of such a conspiracy, be punished in the same abetted such offence.

(2)Whoever is a party to a criminal conspiracy other than a criminal conspiracy to commit an offence punishable as aforesaid shall be punished with imprisonment of either description for a term not exceeding six months, or with fine or with both.

The pictorial depiction of the game plan





### Further Recommendations.

1. The question which is thrown open for further investigation is the interest of Reliance in New Silk Route. From the NewsX deal it can be seen that the NewsX Channel was in fact, a hindrance in allowing controlling shareholding to New Silk Route in the equity of M/s. INX Media P Ltd, which in turn held 29% equity of INX News P Ltd, which ran NewsX Channel. M/s. INX Media Pvt Ltd was then a subsidiary of M/s. IM Media Pvt Ltd which in turn held 62.9% equity of M/s. INX News Pvt Ltd. Since the limitations of FDI did not allow higher investment (more than 48%) in media associated with News, the entire exercise of Sale of NewsX channel was undertaken to dissociate News Channel (NewsX) from M/s. INX Media Pvt Ltd. After sale of equity of M/s. INX News P Ltd to M/s. Indi Media P Ltd, M/s. INX Media Pvt Ltd was controlling only the entertainment channels, namely, 9X, 9XM at el. In the entertainment media 100% FDI is allowed. Therefore, by organizing sale of NewsX channel to M/s. Indi Media Company Pvt Ltd (funded by Reliance group), the channel was held under its (RIL) control, as is already established by way of equity holding and the transcripts of Nira Radia; and simultaneously, New Silk Route was allowed a marching entry having controlling stakes in M/s. INX Media P Ltd. A look at the shareholding of M/s. INX Media Pvt Ltd (now known as 9X Media Pvt Ltd) after 31.03.2009, tells the true story which Shri Raja tried to conceal. The shareholding as on date is under:

Sr No.	Name of the shareholder	No of equity shares held	Nominal value
1	9X Media Employee Trust	50,00,000	5,00,00,000
2	Kotak Mahindra Capital Company Ltd	128400	1284000
3	Kotak Mahindra Trusteeship Services Ltd A/c India Growth Fund	250001	2500010
4	NSR-PE MAURITIUS-LLC	3,08,00,000	308000000
5	Mr Pradeep Guha	26,21,599	2,62,15,990
	Total	3,88,00,000	38,80,00,000

From the above it can be seen that, post 'NewsX Channel sale' the majority stakes (79.38%) in M/s. INX Media Pvt Ltd are in the hands of NSR-PE, contrary to what Shri K R Raja tried to portray. Thus, the sale of NewsX channel was not organized to allow exit to NSR and the other promoters. The real reason was to introduce NSR as the controlling stake holder in M/s. INX Media Pvt. Ltd. And this was not possible as long as NewsX Channel (news channel) was in the control of INX Media Pvt. Ltd. (it being the holding company M/s. INX



News Pvt. Ltd. which ran NewsX channel) as the Foreign Direct Investment (FDI) in news services was restricted to 48%. In order to allow controlling stakes to NSR in INX Media Pvt Ltd., it was utmost important to turn it into wholly entertainment channel. This could be achieved only after dissociating NewsX channel from INX Media Pvt Ltd and to accomplish the sale of NewsX channel, another company named M/s. Indi Media Pvt Ltd. was incorporated (27.11.2008) just a month ago from the date of sale of NewsX channel on 07.01.2009. Thereafter, the shareholding of M/s. INX Media Pvt Ltd held in M/s. INX News Pvt Ltd, was sold/transferred in the hands of M/s. Indi Media Company Pvt Ltd. on 07.01.2009. As can be seen from the above table, NSR holds majority states and Mr Peter Mukherjee and Ms. Indrani Mukherjee are in control of the Management. From June, 2011 onwards New Silk Route is in control of M/s. INX Media Pvt Ltd. Mr Pradeep Guha, Ex CEO of Zee Entertainment is now controlling the management of M/s. INX Media Pvt Ltd.

Thus, as was portrayed by Mr K R Raja and Ms Nira Radia during their submissions before the Income Tax Authorities that sale of NewsX was arranged to allow exit route to NSR-PE as M/s. INX Media Pvt Ltd was not doing well and the PE investors wanted to exit, is not the fact. The shareholding pattern of M/s. INX Media Pvt Ltd. after 31.03.2009 reveals a contrary fact, disclosing that the sale of NewsX was in fact, arranged and organized to allow controlling stakes to NSR-PE. As per the submissions (Annexures A to E) of Mr. Raja made before I T Authorities subsequent to recording of his statement, M/s. INX Media Pvt Ltd is now controlled by NSR-PE.

In order to find out the interest of Reliance Group in New Silk Route-PE, a thorough investigation is recommended in the case of INX Media Pvt Ltd. and New Silk Route-PE. New Silk Route was initially named Taj Capital. Its founding team included, among others, Raj Rajaratnam, former managing partner of the Galleon Group and Rajat Gupta, former managing partner at McKinsey & Company. Mr Gupta and Rajaratnam, at various points, been target of or found guilty in U.S. criminal or civil law enforcement investigations.

2. Investigation of NewsX sale has revealed that the funds had been moved from M/s. Reliance Gas, Ornate Traders Pvt Ltd, Reliance Explorations, Reliance Extrusions utilizing maze of private companies to make investment in M/s. INX News Pvt Ltd. Further investigation in these entities has revealed that Reliance Gas Transportation Infrastructure Ltd (RGTIL) was incorporated on March 19, 2003, as a subsidiary of Reliance Industries for transportation of gas extracted from RIL's gas fields in KG Basin. On August 18, 2004, RGTIL while it was still a 100 % subsidiary of RIL was granted approval by the petroleum



ministry to transport 80 million units of gas per day from Kakinada to Bharuch, passing through four states - AP, Karanataka, Maharashtra and Gujarat.

On April 21, 2005 RIL chairman Mukesh Ambani quietly without any disclosure stripped RGTIL from RIL and converted it into his personal property at a meagre price of just Rs 5 lakhs. Through a maze of private companies owned by Shri Mukesh Ambani namely Lordwest Invest & Trading, Shangrila Invest & Trading, Proline Invest, Jigna Fiscal, Vayudoot Invest & Trading, Yashasvi Holding and Anumati Mercantile, he now controlled 100 per cent of what was till then a 100 % subsidiary of RIL. It was a classic manoeuvre.

All the above companies have Reliance employees as directors. Their registered office addresses are also the same as the other companies (promoters and persons acting in concert of RIL). The registered office address of these individuals are 84A Mittal Court, 505 Dalamal House, 147 Atlanta; all known Reliance Group offices in Mumbai's Nariman Point area. . Investigation is therefore, strongly recommended in case of the Promoter group of companies of Reliance which had advanced huge funds to its front companies for making investments in INX News Pvt Ltd., to find out the source of huge funds which were advanced to the conduit companies.



