

The [Securities Appellate Tribunal](#) (SAT) has directed the [Securities and Exchange Board of India](#) (Sebi) to conduct a fresh probe into the acquisition of [Network18](#) Media & Investments by [Reliance Industries](#) Ltd (RIL) through its subsidiary [Independent Media Trust](#) (IMT).

In a 19-page order released on Friday, the tribunal pulled up [Sebi](#) for not following the instructions it gave on this in an order dated April 13, 2016.

The issue is whether [RIL](#) violated the listing norms while taking control of [Network18](#).

Petitioners have alleged that [RIL](#) took indirect control of [Network18](#) by subscribing to the so-called zero coupon, optionally and fully convertible debentures (ZOCDs), on February 27, 2012. It has been alleged that [RIL](#) delayed disclosing this to shareholders.

The tribunal took up the issue two years ago, when it passed an order asking [Sebi](#) to do a fresh probe.

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“While considering the approval given by [Sebi](#) to the open offer price of NW18 (Network18), it was noticed that the open offer price was based on the clauses contained in the ZOCD Agreement dated February 27, 2012. Accordingly, this tribunal perused the clauses contained in the ZOCD agreement and arrived at a prima facie conclusion that on execution of the ZOCD Agreement, control over NW18 indirectly stood divested in favour of IMT,” said Justice J P Devadhar in the order.

Accordingly, [SAT](#) asked Sebi to conduct a fresh probe and pass an order it. However, Sebi had rejected the plea of the petitioners on the grounds that the transaction did not contribute to a violation in the listing norms since the IMT was not a [material subsidiary](#) of RIL. Sebi did not pass an order in the matter but conveyed its decision to [SAT](#) through a signed affidavit.

“Sustaining such patently erroneous decision of Sebi would be detrimental to the interests of investors in the securities market and would encourage listed [companies](#) to acquire indirect control over other [companies](#) through a Trust or some other entity without making disclosures under Clause 36 of the Listing Agreement,” [SAT](#) noted.