QJA/SS/IVD-2/ID11/31835/2025-26

SECURITIES AND EXCHANGE BOARD OF INDIA

ORDER

Under Sections 11(1), 11(4), 11B (1) and 11B (2) read with Section 15G of the Securities and Exchange Board of India Act, 1992.

In respect of:

Noticee No.	Name	PAN
1	Pranav Vinod Adani	ABEPA1014B
2	Kunal Dhanpalbhai Shah	AFBPS1794P
3	Nrupal Dhanpalbhai Shah	AKQPS8446L

The abovementioned persons are hereinafter individually referred to by their respective names or Noticee number and collectively as "the Noticees")

Order in the matter of alleged insider trading in the scrip of Adani Green Energy Limited by Pranav Adani and Others

Background:

1. Adani Green Energy Limited (AGEL) is a company having its shares listed on Bombay Stock Exchange Limited ("BSE") and National Stock Exchange Limited ("NSE") with effect from June 18, 2018. Noticee No. 1 is a Director in various Adani Group companies such as Adani Enterprises Limited, Adani Wilmar Limited, Adani Total Gas Limited etc., and also looks into brand custodian and reputation management of the Adani Group. Noticee No. 2 is married to cousin of Noticee No. 1 and Noticee No. 3 is married to the sister of Noticee No. 1. Noticees No. 2 and 3 are brothers.

2. On May 19, 2021 at 08:20:21 hours, AGEL announced on BSE and NSE, regarding share purchase agreements (SPA) entered into by it with Softbank Group Capital Limited (SBGCL) and Bharti Global Limited (BGL) to purchase their respective stakes in SB Energy Holdings Limited (SB Energy). Post this announcement, on May 19, 2021, the price of scrip of the Company moved from close price of ₹1198.75 (on May 18, 2021) to a close price of ₹1243.65 (increase of 3.75%).

3. SEBI noted that the total portfolio of SB Energy at that time was 5GW out of which 1.7 GW was operational. AGEL had an operational capacity of 3.7 GW and total capacity of 14.8 GW. Therefore, the said acquisition led to an increase of AGEL operational capacity by 46% and overall capacity by 33%. This led to belief of Securities and Exchange Board of India (SEBI) that the above announcement might be price sensitive.

Investigation

4. SEBI undertook an investigation relating to trading in the scrip of AGEL for the period January 28, 2021 to August 20, 2021 (Investigation Period/ IP) and appointed an Investigating Officer (IA) on April 20, 2023.

5. Based on an Investigation Report dated November 10, 2023 (IR) a *prima facie* opinion was formed that the Noticees have possibly violated the provisions of SEBI Act and Regulations made thereunder and thus, SEBI initiated proceedings against-

   (a) Noticee No. 1 under the provisions of Section 11(1), 11(4) read with 11B (1) and under Section 11B (2) read with Section 15G of the SEBI Act; and

   (b) Noticees No. 2 and 3 for directions including disgorgement of the unlawful profits under Section 11(1), 11(4) read with Section 11B (1) and also penalty under Section 11B (2) read with Section 15G of the SEBI Act.

Show Cause Notice:

6. A common show cause notice (SCN) dated November 10, 2023 was issued upon the Noticees alleging that Noticee No. 1 had violated the provisions of Section 12A(e) of the SEBI Act read with Regulation 3(1) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (PIT Regulations) whereas Noticees No. 2 and 3 violated Section 12A(d) and (e) of the SEBI Act read with Regulation 4(1) of PIT Regulations.

Snapshot of basis of allegations: -

7. The basis of above allegations in the SCN dated November 10, 2023 are that: -

a. From November 17, 2020 till January 04, 2021, AGEL was carrying out internal analysis of the portfolio of SB Energy. However, while the said evaluation was being carried out, an entity namely Canada Pension Plan Investment Board (CPPIB) entered into an arrangement with the sellers (SBGCL and BGL), to acquire their portfolio in SB Energy. Hence, AGEL stopped evaluating and pursuing the option of acquisition of SB energy Portfolio at that point of time.

b. Around the last week of April, 2021, AGEL received information over calls from BGL that on account of certain compliance pre-conditions of CPPIB, the sellers may consider cancelling the arrangement they had with CPPIB and thus, discussions can be initiated again by AGEL.

c. Telephonic discussions were held and emails were exchanged during April 29, 2021 till May 05, 2021 among employees/ officials of AGEL to discuss the acquisition and transfer of portfolio of SB Energy.

d. On May 07, 2021, BGL shared the offer terms of CPPIB with AGEL. In turn, on same day, AGEL made an initial offer to BGL and SBGCL. Telephonic discussions were held on May 10, 2021, where it was decided to seek more detailed information/ documents from SB Energy for the purpose of due diligence.

e. Between May 12, 2021 and May 14, 2021, emails were sent to SB Energy seeking further details, legal counsels were engaged and Non-Disclosure Agreement (NDA) & Letter of Intent (LoI) were exchanged.

f. On May 17, 2021, an email was sent from the Company Secretary to the Board of Directors forwarding agenda and presentation for the meeting. The proposal was presented to the Board and the same was approved.

g. The signed SPA was exchanged on May 19, 2021 at around 01.08 hours and the information was disseminated to the stock exchanges in morning around 08:20:29 hours on the same day.

h. *The information pertaining to the acquisition of SB Energy by AGEL* ***by executing a SPA with SBGCL and BGL was allegedly an Unpublished Price Sensitive Information (UPSI)*** *in terms of Regulation 2(1)(n)(iv) of the PIT Regulations.*

i. *The UPSI came into existence on April 29, 2021 and was made public on May 19, 2021 at 08:20:29 hours, the period commencing from April 29, 2021 to May 19, 2021 (08:20:28 hours) was the UPSI period.*

j. Noticee No. 1 in his statement before the IA stated that he became aware of the UPSI around May 16, 2021. However, subsequently vide an email dated July 31, 2023 he had submitted that he became aware of the said information 2-3 days prior to May 16, 2021 as the matter of acquisition was discussed by the Managing Director of AGEL with him.

k. From an email dated May 16, 2021 at 13:46 hours it was noted that the said acquisition was in final stages as on May 16, 2021. The email was issued to certain officials of AGEL with copy to Noticee No. 1 having the subject of the said email "*SB Energy – Adani Green Acquisition*",

l. Noticee No.1 was a connected person as well as by virtue of having possession of/access to the alleged UPSI, was an insider of the Company, in terms of Regulation 2(1)(g) of PIT Regulations.

m. Noticee No. 3 in his deposition on oath stated during the investigation that he had authorised Noticee No. 2 to trade on his behalf and Noticee No. 2 used to take decisions for him for making investments in Indian stock markets.

n. Noticee No. 2 was in frequent communication with Noticee No. 1 as follows:

Table 1 - Call details between Noticee No. 2 and Insiders

Name	**Name**	**Call date**	**Call time**	**Duration (seconds/mins)**
Noticee No. 2	Noticee No. 1	03/12/2020	09:44:35	3 mins
Noticee No. 2	Noticee No. 1	24/01/2021	15:08:26	3 mins
Noticee No. 2	Noticee No. 1	31/01/2021	10:30:12	2 mins
Noticee No. 2	Noticee No. 1	31/01/2021	10:50:10	1 mins
Noticee No. 2	Noticee No. 1	14/03/2021	23:49:56	4 mins
Noticee No. 2	Noticee No. 1	02/04/2021	11:32:46	270 seconds

Name	Name	Call date	Call time	Duration (seconds/mins)
Noticee No. 2	Noticee No. 1	02/04/2021	13:58:04	212 seconds
Noticee No. 2	Noticee No. 1	02/04/2021	14:02:54	21 seconds
Noticee No. 2	Noticee No. 1	02/04/2021	20:50:51	318 seconds
Noticee No. 2	Noticee No. 1	02/04/2021	21:05:11	104 seconds
Noticee No. 2	Noticee No. 1	02/04/2021	11:42:17	51 seconds
Noticee No. 2	Noticee No. 1	16/05/2021	19:51:48	132 seconds
Noticee No. 2	Noticee No. 1	22/05/2021	22:21:21	145 seconds
Noticee No. 2	Noticee No. 1	30/05/2021	10:46:39	1250 seconds
Noticee No. 2	Noticee No. 1	09/08/2021	10:22:36	81 seconds
Noticee No. 2	Noticee No. 1	11/11/2021	13:25:56	56 seconds
Noticee No. 2	Noticee No. 1	28/11/2021	10:47:41	1119 seconds

o. Noticee No. 2 claimed that he made the investment decisions based on a newspaper reporting, however, it was noticed that prior to his investment in the scrip of AGEL, Noticee No. 2 had phone call with Noticee No. 1 as follows:

Table 2 : Call details between Noticee No. 2 and Noticee No. 1 on May 16, 2021

CDR Phone No	Counterparty Phone No	Call Date	Call Time	Type of Call	Duration (seconds)
982515xxxx	982530xxxx	16.05.21	19:51:48	CALL-OUT	132

p. By virtue of the personal relation and telephonic interaction of Noticee No. 2 with Noticee No.1, it has been alleged that Noticee No. 2 is a '*connected person'* in terms of Regulation 2 (1) (d) (i) of PIT Regulations and an *'insider'* in terms of Regulation 2 (1) (g) (i) of the PIT Regulations.

q. Wife of Noticee No. 3 is the sister of Noticee No. 1. As per the statement of both Noticee Nos. 2 and 3, Noticee No. 2 took the decision for placing orders in the account of Noticee No. 3. Furthermore, few of the KYCs of both Noticee No. 2 and Noticee No. 3 have common mobile number which belongs to Noticee No. 2 and also have a common email id.

r. The trading pattern of Noticees No. 2 and 3 in AGEL was as follows:

Table 3: Trading pattern of Noticees No. 2 and 3 in AGEL

Entity	Exchange	Date	Buy Quantity	Buy Value	Sell Quantity	Sell Value (In INR)
Pre- UPSI Period (60 trading days)						
Noticee no.2	NSE	19.03.21	0	0	1000	1,098,375.05
Noticee no.3	NSE	19.03.21	0	0	1000	1,097,435.80
Sub-Total			**0**	**0**	**2000**	**2,195,810.85**
		UPSI Period (13 trading days)				
Noticee no.2	NSE	17.05.21	50,000	57,122,500.00	0	0
Noticee no.3	NSE	17.05.21	30,037	34,315,770.65	0	0
Noticee no.3	BSE	18.05.21	20000	2,39,00,000.00	0	0
Sub-total			**100,037**	**11,53,38,270.65**	**0**	**0**
		Post -UPSI Period (65 trading days)				
Noticee no.2	NSE	03.06.21	0	0	50,000	64,397,734.15
Noticee no.2	NSE	16.08.21	60,000	55,346,528.00	0	0
Noticee no.3	NSE	03.06.21	0	0	50,037	64,437,434.95
Noticee no.3	NSE	16.08.21	60,000	55,306,243.60	0	0
Sub- Total			**120,000**	**110,652,771.6**	**100,037**	**128,835,169.1**

s. The trading pattern of Noticees No. 2 and 3 in scrips other than AGEL was as follows:

Table 4: Trades Noticees No. 2 and 3 in other scrips

Scrip	Buy Quantity	Buy Value	Sell Quantity	Sell Value
NSE				
Pre- UPSI Period (60 trading days)				

Scrip	Buy Quantity	Buy Value	Sell Quantity	Sell Value
Various	5542774	55,23,88,889.6	4776328	79,06,12,563.3
UPSI Period (13 trading days)				
Various	339266	9,11,73,712.2	1387390	13,92,30,382.1
Post -UPSI Period (65 trading days)				
Various	1737054	25,16,65,110.3	399464	26,90,89,969.9
BSE				
Pre- UPSI Period				
Various	235101	1,44,72,274.5	4000	36,12,000
UPSI Period				
Various	0	0	0	0
Post -UPSI Period				
Various	271941	2,53,83,549.4	20555	40,80,319.5

t. The aforementioned trading details of the Noticees No. 2 and 3 indicate significant interest of trading in the scrip of AGEL as compared to other scrips during the relevant period.

u. Based on the all the above, the SCN alleges that:

i. Noticee No. 1 has communicated the UPSI pertaining to the SB Energy acquisition to Noticee No. 2 and, thus, violated Section 12 A (e) of SEBI Act, 1992 read with Regulation 3 (1) of the PIT Regulations.

ii. Noticee No. 2 and Noticee No. 3 are '*connected persons'* in terms of Regulation 2 (1) (d) (i) and insiders in terms of Regulation 2 (1) (g) (i) of the PIT Regulations.

iii. Noticee No. 2 and Noticee No. 3, being *insiders*, have traded in the scrip of AGEL while in possession of/having access to the UPSI from the Noticee No. 1 and have acted in violation of Section 12 A (d) and 12A (e) of SEBI Act, 1992 read with Regulation 4 (1) of PIT Regulations.

iv. By indulging in insider trading, Noticee No. 2 made unlawful gain of ₹50,92,500 on notional basis and Noticee No. 3 made unlawful gain of ₹40,45,268.45 on notional basis.

Settlement Applications.

8. As per record, post issuance of the SCN all the Noticees filed applications in the month of January, 2024 in terms of the SEBI (Settlement Proceedings) Regulations, 2018 ('Settlement Regulations') for the settlement of the present proceedings without admitting or denying the violations alleged against them. Noticees have filed written submission subsequent to their replies as discussed in later part of this order.

Inspection of documents and reply to the SCN.

9. The Noticee No.1 inspected the records/ documents (which are relevant and relied upon by SEBI while issuing the SCN) on January 18, 2024 and Noticees No. 2 and 3 inspected such documents on January 11, 2024. While Noticees No. 2 and 3 filed their common reply on January 29, 2024, Noticee No. 1 filed his reply to the SCN on February 17, 2024.

Inquiry and hearing.

10. The matter was assigned to Quasi-Judicial Authorities in SEBI on October 06, 2023, October 18, 2023 and then on September 26, 2024. Regulation 8(1) of the Settlement Regulations, 2018 provides that: - '*The filing of an application for settlement of any specified proceedings shall not affect the continuance of the proceedings save that the passing of the final order shall be kept in abeyance till the application is disposed of.*' The erstwhile Quasi-Judicial Authority, therefore, had proceeded with the matter by conducting hearing for Noticees No. 2 and 3 on November 19, 2024, and provided an opportunity of personal hearing to Noticee No. 1 on December 06, 2024. However, the opportunity of personal hearing *qua* Noticee No. 1 was adjourned.

11. The matter was assigned to me pursuant to an administrative transfer of the erstwhile Quasi-Judicial Authority on December 02, 2024. The matter was accordingly, continued from the hearing stage as already decided by the Authority in seat and opportunities of hearing were granted to the Noticees on February 11, 2025 when Mr. Vikram S Nankani, Senior Advocate, Mr. L. Viswanathan, Mr. Indranil Deshmukh, Ms. Aditi Thakur and Mr.

Jatiakumar R Jalundhwala, Authorised Representatives appeared for hearing and made submissions on behalf of Noticee No.1 and Mr. Sumit Agrawal, Mr. Kavish Garach, Mr. Abhijeet Parge and Ms. Mahima Jayan, Advocates appeared for hearing and made submissions on behalf of Noticees No. 2 and 3.

12. Noticees No. 2 and 3 filed their common written submissions on December 02, 2024 and March 10, 2025, whereas Noticee No. 1 made written submissions on March 11, 2025.

13. In terms of Regulation 8(1) of the Settlement Regulations, the passing of the final order was kept in abeyance during pendency of the settlement applications with SEBI. The settlement applications of Noticees No. 2 and 3 was disposed of as withdrawn on May 10, 2024 and that of Noticee No. 1 was disposed of as withdrawn on July 02, 2025. However, no final order was passed due to pending settlement application in a case arising out of same investigation, same matters in issue qua other entities for which Order is passed today separately.

14. The Noticees have filed detailed reply including written submissions and have placed reliance on various judicial pronouncements. For the sake of brevity, I deem it appropriate to consider each and every relevant submissions as against allegations while dealing the matter as a whole.

Consideration of the issues and findings

A. On technical objections and findings

15. Capturing briefly the factual matrix as per the SCN as above, I deem it appropriate to first deal with the technical objections raised by the Noticees, issue –wise, before dwelling into the merits of the case.

Irregular and Shoddy investigation

16. Relying upon replies filed by Noticee No. 1, Mr. Vikram S Nankani, Senior Advocate and relying on the replies of Noticees No. 2 and 3 Mr. Sumit Agrawal, Advocate pithily yet vociferously contended that the investigation in the matter is shoddy and lacks desired standards of SEBI itself in many regards. According to them, the authority approving the IR and initiation of action has not applied independent mind to approve issuance of SCN. The approval has been granted without recording any reason despite the IR, the copy of

which has been provided to the Noticees is contradictory and not worthy of evidence. This IR contains various flaws, beginning with its preparation and approval as following: -

a. The investigation appears to have been done in a hasty manner without adhering to the SEBI Act and SEBI (Delegation of Statutory and Financial Powers) Order, 2019 (DOP).

b. The of IR provided to the Noticees bears the date *'10.1. 2023'*. Thus, it contradicts its own references to submissions made in July 2023 and August 2023 as well as the appointment of IA on April 20, 2023.

c. As per Clause 23 of the DOP of SEBI, antecedent to issuing a SCN, requisite approval for the commencement of proceedings under Sections 11(4A) and 11B (2) is mandatory. In the present matter, such approval has not been proffered and it is implausible for such approval to have been granted on the same day. The essential process of independently forming an individual opinion, subsequent to a thorough examination of the materials on record is absent. Both IR and SCN being the same day underscores a mechanistic and mindless approach by SEBI

d. The proposed directions in Para 30 of the SCN refers Noticee No. 1 as "*them*", while referring to Noticees No. 2 and 3 as "*him"* evidencing the casual approach of SEBI. This is not a typographical error but deliberate since it has approval of higher authorities as per DoP of SEBI.

e. Investigation Report in its para 7.6, while presenting a table and analysis of price-volume data, states: "*It is pertinent to note that despite such news of AGEL acquiring SB Energy in newspapers, no rise in volume was observed in the market"* failing to account that on May 17, 2021 the price of AGEL shares hit the upper circuit limit of 5%, the very day of the alleged trade by Noticee No. 2. Trading was restricted which impacted the trading volume. By ignoring this, IR misrepresents the correlation between news reports and trading activity, leading to an inaccurate and misleading conclusion.

17. Noticee No. 1 has also raised the issue of there being multiple Investigation Reports in the matter as during the hearing an Investigation Report dated August 08, 2023 was on

the case file in addition to the IR dated November 10, 2023 and has demanded inspection of all Investigation Reports in the matter.

18. During hearing in the matter, it was verified from record that the IR relied upon in this matter is dated 10.11.2023. However, in the photocopy of the said IR provided to the Noticees, the date is obliterated by seal affixed on it so as to give impression that it could be dated 10.01.2023. Then Learned advocate further contended that if the IR is dated November 10, 2023, it highlights a complete lack of application of mind as the SCN was issued on the very same date. According to him, it is inconceivable that an entire IR which ought to have been reviewed and approved by multiple higher authorities was finalized on the same date. If action could not be initiated based on Investigation Report dated August 08, 2023 till November 10, 2023, approval on an IR dated November 10, 2023 with an independent application of mind and, thereafter, drafting a SCN and immediately issuing it on the same day is completely inconceivable. It is for this reason; that the inspection of file noting was asked for but was denied by SEBI.

19. I note that it is matter of record that it is the IR dated November 10, 2023 that is being relied upon and there is no Investigation Report dated January 10, 2023 in this matter as sought to be contended by the Noticees. On perusal of records, I note that initially an Investigation Report dated August 08, 2023 was submitted in this matter. However, during preparation of the SCN based on this Investigation Report, certain deficiency was noticed by the competent authority which led to its substitution by the present IR on November 10, 2023. Thus, the present IR was approved after due application of mind by the competent authority and the SCN was issued on the same day. Since the Investigation Report dated August 08, 2023 is not relied upon, disallowing inspection of the same and non-furnishing of the copy thereof does not prejudice Noticee No.1. I, therefore, reject the contention in this regard.

20. As regards, the proposed directions in para 30 of the SCN that refers Noticee No. 1 as "*them*", while referring to Noticees No. 2 and 3 as "*him"*, I am of the view that it is a typo and the charge has to be seen in the context of allegations against each of the Noticees and cannot be rejected on such technical grounds alone.

Redacted copy of Investigation Report given during Inspection of documents.

21. Inspection of all relevant and relied upon documents was availed by Noticee No. 1 on January 18, 2024 and by Noticees No. 2 and 3 on January 11, 2024. Noticees have

contended that the inspection provided was not proper and in gross violation of the principles of natural justice as they were not provided the complete and non-redacted copy of the IR. It is noted that this redaction has been done in order to prevent the Noticees from receiving sensitive information regarding third parties, their conduct, transactions and the observations and allegations which are not relevant to them at all. It is a settled law that the Noticees are not entitled to third party information that does not concern them. Hon'ble SC in ***Takano v. SEBI***[1] has also affirmed this principle in its para 52 that: *"52. The Board shall be duty-bound to provide copies of such parts of the report which concern the specific allegations which have been levelled against the appellant in the notice to show cause. However, this does not entitle the appellant to receive sensitive information regarding third parties and unrelated transactions that may form part of the investigation report."*.

Limited documents given in inspection

22. Noticees No. 2 and 3 have further stated that they have been granted limited inspection of documents and the majority of the documents requested during the inspection conducted on January 11, 2024, have not been provided and SEBI has cited various reasons as indicated in the minutes of the inspection that '*In respect of letter dated 08/01/2024, SEBI will respond in due course'* but no response has been received by these Noticees from SEBI. It is a settled position that in Quasi-Judicial and Civil Proceedings all preliminary issues can be decided at the time of passing of final Order.

23. The Noticees have contended non-receipt of documents such as internal file noting, copies of SEBI internal policies, copy of opinion formed before the initiation of inquiry etc. as hampering the defence of the Noticees, however, have not demonstrated the specific prejudice caused by such non-receipt of documents. Considering, all the aforesaid, I find that all the documents which are relied upon and/or relevant for the Noticees to prepare their defence to the allegations and observations in the SCN has been furnished upon them and no prejudice has been caused to the Noticees.

The SCN does not mention the measures to be adopted against the Noticee

24. Noticee No. 1 has contended that the SCN is deficient as it does not mention the specific direction or measure proposed to be adopted against the said Noticee. Due to omission of

[1] Civil Appeal Nos. 487-488 of 2022 dated February 18, 2022

the specific direction or measure proposed to be adopted, the order passed would be a nullity and violative of the principles of natural justice. The Noticee has placed reliance on the following observations of Hon'ble SC in ***Gorkha Security Services v. Government of NCT of Delhi & Ors.***[2]**:**

"21. The central issue, however, pertains to the requirement of stating the action which is proposed to be taken. The fundamental purpose behind the serving of show-cause notice is to make the noticee understand the precise case set up against him which he has to meet. This would require the statement of imputations detailing out the alleged breaches and defaults he has committed, so that he gets an opportunity to rebut the same. Another requirement, according to us, is the nature of action which is proposed to be taken for such a breach. That should also be stated so that the notice is able to point out that proposed action is not warranted in the given case, even if the defaults/ breached complained of are not satisfactorily explained. When it comes to blacklisting, this requirement becomes all the more imperative, having regard to the fact that it is harshest possible action.

22. The High Court has simply stated that the purpose of show-cause notice is primarily to enable the notice to meet the grounds on which the action is proposed against him. No doubt, the High Court is justified to this extent. However, it is equally important to mention as to what would be the consequence if the notice does not satisfactorily meet the grounds on which an action is proposed. To put it otherwise, we are of the opinion that in order to fulfil the requirements of principles of natural justice, a show-cause notice should meet the following two requirements viz:

(i) The material/ grounds to be stated which according to the department necessitates an action:

(ii) Particular penalty/ action which is proposed to be taken. It is this second requirement which the High Court has failed to omit.

We may hasten to add that even if it is not specifically mentioned in the show-cause notice but it can clearly and safely be discerned from the reading thereof, that would be sufficient to meet this requirement."

[2] (*2014) 9 SCC 105) para 21 – 22*

25. The SCN calls upon Noticee No. 1 to "*show cause as to why suitable direction(s) under section 11(1), 11(4) read with section 11B(1) should not be issued*". These provisions read as follows:

*"**Section 11: Functions of Board.***

(1) Subject to the provisions of this Act, it shall be the duty of the Board to protect the interests of investors in securities and to promote the development of, and to regulate the securities market, by such measures as it thinks fit.

(4) Without prejudice to the provisions contained in sub-sections (1), (2), (2A) and (3) and section 11B, the Board may, by an order, for reasons to be recorded in writing, in the interests of investors or securities market, take any of the following measures, either pending investigation or inquiry or on completion of such investigation or inquiry, namely:—

(a) suspend the trading of any security in a recognised stock exchange;

(b) restrain persons from accessing the securities market and prohibit any person associated with securities market to buy, sell or deal in securities;

(c) suspend any office-bearer of any stock exchange or self-regulatory organisation from holding such position;

(d) impound and retain the proceeds or securities in respect of any transaction which is under investigation;

(e) attach, for a period not exceeding ninety days, bank accounts or other property of any intermediary or any person associated with the securities market in any manner involved in violation of any of the provisions of this Act, or the rules or the regulations made thereunder:

Provided that the Board shall, within ninety days of the said attachment, obtain confirmation of the said attachment from the Special Court, established under section 26A, having jurisdiction and on such confirmation, such attachment shall continue during the pendency of the aforesaid proceedings and on conclusion of the said proceedings, the provisions of section 28A shall apply:

Provided further that only property, bank account or accounts or any transaction entered therein, so far as it relates to the proceeds actually involved in violation of any of the

provisions of this Act, or the rules or the regulations made thereunder shall be allowed to be attached;

(f) direct any intermediary or any person associated with the securities market in any manner not to dispose of or alienate an asset forming part of any transaction which is under investigation:

Provided that the Board may, without prejudice to the provisions contained in sub-section (2) or sub-section (2A), take any of the measures specified in clause (d) or clause (e) or clause (f), in respect of any listed public company or a public company (not being intermediaries referred to in section 12) which intends to get its securities listed on any recognised stock exchange where the Board has reasonable grounds to believe that such company has been indulging in insider trading or fraudulent and unfair trade practices relating to securities market :

Provided further that the Board shall, either before or after passing such orders, give an opportunity of hearing to such intermediaries or persons concerned.

Section 11B: Power to issue directions and levy penalty.

(1) Save as otherwise provided in section 11, if after making or causing to be made an enquiry, the Board is satisfied that it is necessary, —

(i) in the interest of investors, or orderly development of securities market; or

(ii) to prevent the affairs of any intermediary or other persons referred to in section 12 being conducted in a manner detrimental to the interest of investors or securities market; or

(iii) to secure the proper management of any such intermediary or person, it may issue such directions, —

(a) to any person or class of persons referred to in section 12, or associated with the securities market; or

(b) to any company in respect of matters specified in section 11A, as may be appropriate in the interests of investors in securities and the securities market.

Explanation.—For the removal of doubts, it is hereby declared that the power to issue directions under this section shall include and always be deemed to have been included the power to direct any person, who made profit or averted loss by indulging in any transaction or activity in contravention of the provisions of this Act or regulations made

thereunder, to disgorge an amount equivalent to the wrongful gain made or loss averted by such contravention."

26. From above provisions it is easily discernible as to what possible directions could be issued to Noticee No. 1 if the charge against him is proved. This has also been recognised by Hon'ble Supreme Court in ***Gorkha Security Services*** *(supra)* that "*even if it is not specifically mentioned in the show-cause notice but it can clearly and safely be discerned from the reading thereof, that would be sufficient to meet this requirement.*". I accordingly find there to be no infirmity in the SCN.

B. On merits

27. Having dealt with the technical objections raised by the Noticees, I now proceed to deal with the merits of the case. In context of anti-fraud all-encompassing law relating to prohibition of insider trading it must be kept in mind the settled position that such charges, though civil in nature in the proceedings like the present one, for standard of proof, they are treated a quasi- criminal and demand high degree of evidence to support the allegations. Hon'ble SAT in its order dated November 19, 2009, in the matter of ***Dilip S. Pendse v. SEBI***[3] has held as follows:

"*13. The charge of insider trading is one of the most serious charges in relation to the securities market and having regard to the gravity of this wrong doing, higher must be the preponderance of probabilities in establishing the same. In Mousam Singha Roy v. State of West Bengal (2003) 12 SCC 377, the learned judges of the Supreme Court in the context of the administration of criminal justice observed that, "It is also a settled principle of criminal jurisprudence that the more serious the offence, the stricter the degree of proof, since a higher degree of assurance is required to convict the accused." This principle applies to civil cases as well where the charge is to be established not beyond reasonable doubt but on the preponderance of probabilities."*

28. I note that the SCN alleges that Noticee No. 1 violated Section 12A(e) of SEBI Act read with Regulation 3 (1) of the PIT Regulations and Noticees No. 2 and 3 violated Section 12A(d) and (e) of SEBI Act read with Regulation 4(1) of PIT Regulations. These Sections/ Regulations provide as follows:

[3] Appeal No. 80 of 2009 before Hon'ble SAT

SEBI Act

*"**Section 12A: Prohibition of manipulative and deceptive devices, insider trading and substantial acquisition of securities or control.***

No person shall directly or indirectly—

.....

(d) engage in insider trading;

(e) deal in securities while in possession of material or non-public information or communicate such material or non-public information to any other person, in a manner which is in contravention of the provisions of this Act or the rules or the regulations made thereunder;

PIT Regulations

Regulation 3: Communication or procurement of unpublished price sensitive information.

(1) No insider shall communicate, provide, or allow access to any unpublished price sensitive information, relating to a company or securities listed or proposed to be listed, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations.

NOTE: *This provision is intended to cast an obligation on all insiders who are essentially persons in possession of unpublished price sensitive information to handle such information with care and to deal with the information with them when transacting their business strictly on a need-to-know basis. It is also intended to lead to organisations developing practices based on need-to-know principles for treatment of information in their possession.*

Regulation 4: Trading when in possession of unpublished price sensitive information.

(1) No insider shall trade in securities that are listed or proposed to be listed on a stock exchange when in possession of unpublished price sensitive information:

Explanation – When a person who has traded in securities has been in possession of unpublished price sensitive information, his trades would be presumed to have been motivated by the knowledge and awareness of such information in his possession.

……..

NOTE: When a person who has traded in securities has been in possession of unpublished price sensitive information, his trades would be presumed to have been motivated by the knowledge and awareness of such information in his possession. The reasons for which he trades or the purposes to which he applies the proceeds of the transactions are not intended to be relevant for determining whether a person has violated the regulation. He traded when in possession of unpublished price sensitive information is what would need to be demonstrated at the outset to bring a charge. Once this is established, it would be open to the insider to prove his innocence by demonstrating the circumstances mentioned in the proviso, failing which he would have violated the prohibition."

29. Regulations 3 of the PIT Regulations, prohibits an "*insider*" from communicating, providing, or allowing access to any *unpublished price sensitive information*, relating to a company or securities to any person. Regulations 4 prohibits an "*insider*" from trading in securities when in possession of *unpublished price sensitive information.* The Explanation appended to Regulation 4(1) shifts the burden of proving innocence on the insider who trades in securities when in possession of *unpublished price sensitive information.*

30. In order to examine the charge, it becomes important to refer to definitions of the expressions '*insider', 'connected persons'* and '*unpublished price sensitive information'* under the PIT Regulations. Regulation 2(1)(g) provides for definition of the term '*insider'* as following: -

"(g) "insider" means any person who is:

1. *a connected person; or*
2. *in possession of or having access to unpublished price sensitive information;*

NOTE: *Since "generally available information" is defined, it is intended that anyone in possession of or having access to unpublished price sensitive information should be considered an "insider" regardless of how one came in possession of or had access to such information. Various circumstances are provided for such a person to demonstrate that he has not indulged in insider trading. Therefore, this definition is intended to bring within its reach any person who is in receipt of or has access to unpublished price sensitive information. The onus of showing that a certain person was in possession of or had access to unpublished price sensitive information at the time of trading would, therefore, be on the person leveling the charge after which the person who has traded when in possession of or having access to unpublished price sensitive information may demonstrate that he was not in such possession or that he has not traded or or he could not access or that his trading when in possession of such information was squarely covered by the exonerating circumstances."*

31. The above definition shows that any person, (i) who is connected person; or (ii) who is in possession of or having access to UPSI, is an insider. The onus of showing that a person was in possession of or had access to UPSI at the time of communicating or trading would, be on SEBI. Once this onus is discharged, the said person can show otherwise as described in the above Note to Regulation 3(1). As regards meaning and scope of the expressions *connected person*, *insider*, *UPSI* and *generally available*, I have given my analysis in Order No QJA/SS/IVD-2/ID11/31834/2025-26 dated December 12, 2025 borne out of same investigation. I deem it to refer to the same for the purpose of analysis in this order also and don't think it necessary to repeat the same for the sake of brevity.

32. Noticees No. 2 and 3 have denied and strongly contested that they were not '*connected persons'* and, thus, not '*insider*' as alleged due to the following:

    a. Noticee No. 2 has vehemently denied the allegations of being connected to AGEL or Noticee No. 1, stating that he is not a '*connected person'* as he is not his immediate relative under Regulation 2(1)(f) of the PIT Regulations and in his statement has denied any relation with Noticee No. 1 other than being his cousin brother-in-law and also denied having any conversation regarding shares or investment. Without providing any evidence contrary to his statement, SEBI has alleged him to be a *connected person* to Noticee No. 1.

b. As per Noticee No. 3, he has been alleged to be a *connected person* only on the basis of his relation with Noticee No. 1 since there is no evidence of communication between Noticee No. 3 and Noticee No. 1. Noticee has also placed reliance on the observations of Hon'ble SC in ***Balram Garg v. SEBI***[4] that '*merely because a person was related to the connected person cannot by itself be a foundational fact to draw an inference'*.

c. They have also contended absence of evidence to show communication or possession of UPSI to them from Noticee No. 1.

33. It is noted that in the SCN, all Noticees have been treated as *'connected person'*. While Noticees No. 2 and 3 are alleged to be *'connected person'* under Regulation 2(1)(d)(i), The provision of regulation under which Noticee No. 1 is a *'connected person'* has not been mentioned. Further, Noticee No. 1 is alleged to be an '*insider*' under Regulation 2(1)(g) and Noticees No. 2 and 3 are alleged as '*insider'* under Regulation 2(1)(g)(i) of the PIT Regulations. However, as per the IR, Noticee No. 1 has been treated as *'insider'* under Regulation 2(1)(g)(ii) and has not stated to be a '*connected person*'.

34. It is undisputed that Noticee No.1 was the head of corporate brand custodian team and also the head of media communication for 'Adani Group' wherein AGEL is also a constituent. Such an association with AGEL was expected to put him in possession of the UPSI regarding AGEL which could bring him in the category of *"connected person"* under Regulation 2(1)(d)(i). Admittedly, Noticee No. 1 became aware of the proposed acquisition of SB Energy by AGEL during a media strategy meeting on May 13/14, 2021. He was also in receipt of the email dated May 16, 2021 at 13:46 hours with subject "*SB Energy – Adani Green Acquisition"* which reads as follows:

"……..Reference the captioned transaction, if we get any queries / questions from reporters / media – we are not to offer any response / engage, until we make our formal announcement and thereafter we will have a full script ready.

……..We are preparing the draft of PR and will advise once have run it through the chain."

35. From above, I find that Noticee No. 1 was having information with respect to the proposed acquisition of SB Energy by AGEL on May 13/14, 2021. Hence, I find that Noticee No. 1 falls in category of '*connected person*' under Regulation 2(1)(d)(i) and would be an

[4] *Civil Appeal No. 7054 of 2021*

'*insider*' within the scope of Regulation 2(1)(g)(i) and Regulation 2(1)(g)(ii) both as alleged in the SCN if the existence of alleged UPSI and its possession / access with Noticee No. 1 is proved as alleged.

36. When a person can be called as '*insider'* and whether has traded when in possession of UPSI is essentially a question of fact to be determined in the facts and circumstances of each case by applying the standard of preponderance of probability *albeit* in higher scales. In order to test the status as alleged it is necessary to fulfil the necessary ingredients of Regulation 2(1)(d)(i) of the PIT Regulations, it needs to be established whether Noticees No. 2 and 3 have or had association with *'a company'* during the six months prior to the concerned act, directly or indirectly, in *any capacity*, based on inclusive factors under said Regulation, that allowed them, directly or indirectly, access to UPSI or is reasonably expected to allow such access to them. In the present case, there exist frequent calls between Noticee No. 2 and Noticee No. 1 as given in table 1 above.

37. The existence of these calls have not been disputed and both have admitted being in communication with each other for personal matters. Apart from the aforesaid, investigation has also revealed the following facts:

    a. Noticee No. 2 claimed in his statement that he could have spoken to Noticee No. 1 regarding gas pipeline connection for one of his father's friend namely Prakash Thakkar. However, no calls were found to be exchanged by Noticee No. 2 with Prakash Thakkar during May 2021.

    b. Noticee No. 2 also stated that he did not speak to wife of Noticee No. 1 during May 2021. However, there are several calls exchanged by Noticee No. 2 with wife of Noticee No. 1 during May 2021.

38. These facts have not been denied by Noticee No. 2, who has instead contended that SEBI ought to have queried Prakash Thakkar and recorded his statement. Be that as it may, by way of frequent communication of Noticee No. 2 with Noticee No. 1, I find that as the Noticee No. 1 is found to be an '*insider*' within the scope of Regulation 2(1)(g) it can be expected that Noticee No. 2 had access to the alleged UPSI being in constant and frequent communication with Noticee No.1 during the IP. This position allowed him, directly or indirectly, access or reasonably allowed access to alleged UPSI. It is for the Noticee to

establish otherwise based on preponderance of probability. Thus, Noticee No. 2 falls under the category of '*connected person*' under Regulation 2(1)(d)(i) of the PIT Regulations.

39. As per the SCN, Noticee No. 3 is a *connected person* under Regulation 2(1)(d)(i) of the PIT Regulations:

    a. Noticee No. 3 is brother in law of Noticee No. 1 and brother of Noticee No. 3.

    b. The admission of Noticees No. 2 and 3 that all trading decisions on behalf of Noticee No. 3 have been made by Noticee No. 2.

    c. Noticee No. 3's statement that he meets Noticee No. 1 over tea or coffee and to have casual calls not related to work.

40. I note that both Noticees No. 2 and 3, have admitted that Noticee No. 2 placed the impugned trading orders on behalf of Noticee No. 3 and also few of the KYCs of both Noticee No. 2 and Noticee No. 3 have common mobile number which belongs to Noticee No. 2 and also have a common email id. Noticee No. 2 is a *connected person* under Regulation 2(1)(d)(i), if Noticee No. 2 had access to the alleged UPSI from Noticee No. 1, it can reasonably be expected that on the basis of said admission that Noticee No. 3 also had indirect access to the UPSI. In view of aforesaid, Noticee No. 3 also falls under the category of '*connected person*' under Regulation 2(1)(d)(i) of the PIT Regulations.

41. The factors under Regulation 2(1)(d)(i) are inclusive and if the position of the person is proved to be so, it would follow that the position allowed aces to UPSI. A reasonable expectation to be in the know of things can only be based on reasonable inferences drawn from foundational facts. Standard of onus to show connection is not to prove the case beyond reasonable doubt. In this case, as per factors brought out in the SCN, Noticees No. 2 and 3 being connected to Noticee no.1 were indirectly connected with AGEL with regard to access of information. This position allowed them access to alleged UPSI. Thus, they were *'connected persons'* and '*insiders'* under Regulation 2(1)(d)(i) read with Regulation 2(1)(g)(i).

Unpublished price sensitive information/ UPSI Period.

42. For enforcement of PIT Regulations, the expression *'unpublished price sensitive information'* is very significant and cornerstone for crucial purposes such as determining

the persons who are to be treated as *'connected person'* or a person being in possession of or having access to *unpublished price sensitive information* or communication and trading etc. under Regulation 3 and 4. The expression *'unpublished price sensitive information'* has been defined in Regulation 2(1) (n) in following terms: -

> *"(n) "unpublished price sensitive information" means any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following: –*
>
> *(i) financial results;*
> *(ii) dividends;*
> *(iii) change in capital structure;*
> *(iv) mergers, de-mergers, acquisitions, delistings, disposals and expansion of business and such other transactions;*
> *(v) changes in key managerial personnel.*
>
> *NOTE: It is intended that information relating to a company or securities, that is not generally available would be unpublished price sensitive information if it is likely to materially affect the price upon coming into the public domain. The types of matters that would ordinarily give rise to unpublished price sensitive information have been listed above to give illustrative guidance of unpublished price sensitive information."*

43. In terms of the Regulation 2(1)(n)(iv), the information relating to acquisition transaction is UPSI, if it has following ingredients:

    a. It relates to the Company or its securities, directly or indirectly;
    b. Is not generally available;
    c. On being generally available it is likely to materially affect the price of the securities.

44. The '*UPSI period'* though not used and defined in PIT Regulations is also very pertinent to determines so as to establish the contravention under Regulation 3 and 4. The said period is commonly understood as the period from the date of birth of UPSI till it ceases to be so on its publication as above. Thus, date of coming into existence of the UPSI is also relevant so as to deal with allegations and defences.

45. In this instant case, information pertaining to the acquisition of SB Energy by AGEL is treated as UPSI in terms of Regulation 2(1)(n)(iv) of the PIT Regulations. The Noticees have vehemently denied that the UPSI period existed from April 29, 2021 to May 19, 2021 (till 08:20:28 hours) for the following reasons:

a. There is ambiguity in the SCN as to what is the period of UPSI is:

i. The SCN in para 8 alleges *"information pertaining to the acquisition of SB Energy by AGEL by executing a Share Purchase Agreement with SBGCL and BGL to be Unpublished Price Sensitive Information in terms of the Regulation 2(1)(n)(iv) of the PIT Regulations"*. As per this statement the UPSI period is from May 19, 2021 at 01:08 hrs (the date and time of execution of the SPA) to May 19, 2021 at 08:20:29 hrs (the date and time of disclosure before Stock Exchanges).

ii. Whereas in para 9, on the basis of sequence of events received from AGEL and also from other documentary evidences, it states that since the process to give a formal shape to the proposed acquisition was initiated on April 29, 2021 and was finally disclosed to the public on May 19, 2021 at 08:20:29 hours, the UPSI period was from April 29, 2021 to May 19, 2021 (till 08:20:28 hours).

b. SEBI has also not examined the accuracy of the announcement by AGEL on May 18, 2021, that there was no event/ information that required disclosure when clarification was sought from AGEL into the aforesaid news reports by stock exchanges. The IR itself accepts that '*when the exchange had sought clarification from AGEL with respect to recent news item captioned Adani Green in talks to acquire SB Energy*', AGEL vide a letter dated May 18, 2021, categorically denied that there was any event/ information that required any disclosure. The relevant text of the said announcement dated May 18, 2021 from the AGEL is as follows:

> *"This is in response to your email dated May 18, 2021 in relation to the news item which appeared in the website www.ecomnomictimes.indiatimes.com regarding "Adani Green in talks to acquire SB Energy".*
>
> *In response to your queries mentioned in your email/ letter, we request you to note the following:*

At this point in time, there is no event/ information that requires any disclosure neither there is any definitive agreement signed by the Company which requires any disclosure. However, the Company shall make appropriate public disclosures in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws as and when there is a disclosable event"

c. The SCN/IR are completely silent about any adverse observations with regard to above disclosures by the AGEL. Thus, SEBI has accepted this fact in the SCN when, in para 8, it concludes that *"information pertaining to the acquisition of SB Energy by AGEL by executing a Share Purchase Agreement with SBGCL and BGL to be Unpublished Price Sensitive Information in terms of the Regulation 2(1)(n)(iv) of the PIT Regulations"*. As per this statement in SCN, the UPSI period is from May 19, 2021 at 01:08 hrs (the date and time of execution of the SPA) to May 19, 2021 at 08:20:29 hrs (the date and time of disclosure before Stock Exchanges). Whereas in para 9, on the basis of sequence of events received from AGEL and also from other documentary evidences, it states that since the process to give a formal shape to the proposed acquisition was initiated on April 29, 2021 and was finally disclosed to the public on May 19, 2021 at 08:20:29 hours, the UPSI period was from April 29, 2021 to May 19, 2021 (till 08:20:28 hours).

d. On May 16, 2021, various news articles appeared regarding the acquisition of SB Energy by AGEL which is also recognised in the IR. These articles mentioned specific details like (i) SB Energy had approached Adani Group with a proposal to buy them out, (ii) that the talks had intensified over the past fortnight (iii) AGEL had begun due diligence of SB Energy and (iv) the operation capacity of both AGEL and SB Energy and were published in newspapers of repute and widespread circulation and were available to the public on a non-discriminatory basis. the SCN glosses over the issue of news articles without showing how despite publication in news the information did not become generally available. Further, SEBI has not done an analysis of what information was unavailable in media articles or generally available sources, prior to public announcement, but was uniquely disclosed in the public announcement dated May 19, 2021.

e. The IR erroneously observes the news articles to be speculative, as there is no requirement for confirmation of an information by the Company for it to become

generally available. Even if the same is taken to be true, the Noticees No. 2 and 3 traded on the basis of news reports and much before the announcement/ clarification by AGEL on May 18, 2021.

f. The investigation is flawed as it misrepresents the correlation between news reports and trading activity, leading to an inaccurate and misleading conclusion. The IR in para 7.6 observes that "*It is pertinent to note that despite such news of AGEL acquiring SB Energy in newspapers, no rise in volume was observed in the market*" failing to account that on May 17, 2021, the price of AGEL shares hit the upper circuit limit and consequently trading in the scrip was halted. The Noticees have also stated that the scrip of AGEL was showing an upward trend from May 14, 2021 to May 24, 2021, and the spike was the highest on May 17, 2021, the day after the publication of the newspaper articles instead of on May 19, 2021, i.e. the day when disclosure was made regarding the acquisition of SB Energy by AGEL by executing a SPA. The Noticees have placed reliance on following Orders of Hon'ble SAT and SEBI in support of their submissions that the information became generally available on May 16, 2021, after the publication of news articles:

- Gopal Vittal, Bharti Telecom Ltd., Rohit Krishan Puri and Sunil Bharti Mittal in the matter of Trading by certain entities in the scrip of Bharti Airtel Limited[5]
- In the matter of Insider Trading in the scrip of 63 Moons Technologies Limited[6]
- In the matter of insider trading in the scrip of Multi Commodity Exchange of India Limited[7]
- Hindustan Lever Limited v. SEBI[8]
- Future Corporate Resources Pvt. Ltd. and Ors. v. SEBI[9]

g. The trades of Noticees No. 2 and 3 on May 17, 2021, are outside the UPSI period in either case, as:

i. If para 8 of SCN is taken to be UPSI period, the UPSI itself came into existence on May 19, 2021 on the execution of SPA.

[5] *Adjudication Order No. Order/PM/VC/2020-21/9416-9419 dated October 22, 2020*
[6] *WTM Order dated January 31, 2018 bearing reference no. WTM/MPB/EFD/129/2018*
[7] *WTM Order dated January 05, 2018 bearing reference no. WTM/MPB/EFD/116/2018*
[8] *[1998] 18 SCL 311 [AA}*
[9] *SAT Order dated December 20, 2023 in Appeal No. 81 of 2021*

ii. If para 9 of SCN is taken to be the UPSI period, it ceased to exist as UPSI, on the publication of news reports on May 16, 2021.

h. In this respect Noticees have also contended that SEBI in its investigation is stating the information to be speculative and UPSI at the same time on the basis of its applicability to the case. Noticees have placed reliance on the judgement of Hon'ble Supreme Court in ***Champaben Govindbhai*** *(supra)* to state that in case of two possible interpretations, the view favouring the Noticees should be adopted.

Consideration and findings.

46. In terms of the Regulation 2(1)(n)(iv), the information relating to acquisition transaction is UPSI, if it has following ingredients:

a. It relates to the Company or its securities, directly or indirectly;
b. Is not generally available;
c. On being generally available it is likely to materially affect the price of the securities.

47. The first ingredient is that the information relates, directly or indirectly, to company or its securities, is a question of fact and is admitted one in this case. The second ingredient of information not being generally available is a mixed question of fact and law, as a factual verification of the availability of information must be done considering the definition of *"generally available information"* as given under the PIT Regulations. The third ingredient of the information likely to affect the price of the securities, is a question of fact.

48. I have considered the above contentions of the Noticees carefully in light of past precedents in the matters of alleged UPSI in the context of mergers/ acquisitions as in this case. It is pertinent to mention that in the context of free market regime, information dissemination is lifeblood of securities market and timely information dissemination and its protection from misuse are very important for protecting market integrity. It is profoundly challenging task for Regulator considering its other duty to balance between timely disclosures and possible misinformation. The dynamics of economic activity is also a relevant factor enforcing the disclosures. In the context of mergers/acquisition/ strategic alliances, etc. UPSI's relevance is paramount to protect it from unequal dissemination and insider abuse and also to protect it from possible misuse on account of premature exposure.

49. It is noted that Hon'ble SAT in ***Rakesh Agarwal***[10] decided that materiality of information is mandatory to treat it as an UPSI under Regulation 2(1)(k) of the 1992 PIT Regulations and also that the UPSI in the context of merger/acquisition does not come into existence on the date of start of negotiations but it comes into existence only after *crystallization of the decision of the merger/ takeover*. Hon'ble SAT had made following observation in that case: -

> *"But negotiations are negotiations. Negotiations may sometimes fail. It may sometimes fructify. Till the negotiations are concluded, and a decision is taken, it is not possible to conclude the ultimate result of the negotiations. But sometimes half way through a shrewd negotiator would be in a position to see what would be the outcome of the negotiation. ABS's negotiations/discussions with the overseas parties is in no way different."*

50. In that case, the information pertaining to Bayer's acquisition of a 51% stake in ABS Industries was alleged to be UPSI. Pursuant to a secrecy agreement signed in July 1995 discussions ensued. Such discussions were of a tentative and exploratory nature, lacking the requisite actionable specifics to be deemed UPSI. These early negotiations, characterized by their fluidity and uncertainty, did not meet the stringent criteria of specificity and *materiality*. Hon'ble SAT also observed that to be price sensitive the information should be of such quality that it is likely to "*materially*" affect the price of securities of the company in the market, that this requirement is inherent in the concept of price sensitivity.

51. However, for determining the coming into existence of UPSI which is a question of fact, subsequently, there was paradigm shift in cases involving mergers/acquisitions. For example; in the case of ***Kemefs Specialities Pvt. Ltd***.[11], in January 2005 Pricewaterhouse Coopers facilitated an introduction between Helios and Matheson and the vMoksha group, initiating negotiations for the acquisition of three vMoksha entities. These talks crystallized into a Term Sheet on April 8, 2005, delineating the modalities of the deal, including the fixed consideration and additional value to promoters. The definitive Share Purchase Agreement was signed on May 11, 2005. Hon'ble SAT found that the information regarding these high-stakes negotiations was unequivocally price sensitive, given its

[10] *Order dated November 3, 2003.*

[11] *Appeal No. 54 of 2011 Date of Decision: 21.07.2011*

potential to significantly impact Helios and Matheson's stock price upon public disclosure and concluded that the UPSI came into existence by January 2005. SEBI has also taken similar stand, based on materiality test, that UPSI came into existence when confidential negotiations about acquisition commenced (***Emami Limited***[12]) or when initial directives in a strategic meeting for the takeover was received (***United Spirits Limited***[13]***)*** although formal agreements were signed later.

52. However, in the matter of ***Biocon Limited***[14], negotiations in respect of the collaboration between *Biocon* and *Sandoz* was under progress since October 7, 2016. However, on December 4, 2017, critical points in collaboration had been pending which were discussed through subsequent meetings of senior management in Bangalore and Dubai and finally resolved on January 16, 2018. Hence, the SCN had alleged that the negotiation of critical pending points in the collaboration on December 4, 2017 was the last leg of the negotiations for the agreement which led to the announcement of collaboration with Sandoz on January 18, 2018. Thus, the SCN had alleged that the UPSI period is from December 4, 2017 to January 18, 2018. However, speaking through its Ex -Whole Time Member (WTM) Ms. Madhabi Puri Buch (who later became Chairperson of SEBI), SEBI pronounced the legal position in this regard as under: -

> *"There is no denying that the collaboration between Biocon and Sandoz was not finalised prior to January 18, 2018 and as on December 7, 2017 key points were still pending. However, it may be noted that there exists a distinction between the timelines when the parties to a transaction have opened discussions, UPSI period and the final signing. During the former, the parties are still exploring the possibilities of a potential transaction between them. Thus, the discussions are exploratory in nature and the information generated at this stage is imprecise in nature, without a reasonable probability of the transaction going through and without any specific details. Juxtapose this with the UPSI period. Discussions during UPSI period starts with high degree of crystallisation and proceeds towards a greater degree of crystallisation with a reasonable probability of the transaction going through. This is done in a structured way by resolving issues. In other words, during the UPSI period, with each passing day, the outcome of the transaction moves towards higher and higher degree of concreteness, as the discussions are centered around resolution of specific issues. <u>It is noted that it cannot be said with 100% certainty what will be the outcome / information before the public announcement is actually made as there is still room for the parties to the transaction to change / modify their decision till the time the decision has been publicly announced.</u>*

[12] *ADJUDICATION ORDER NO.EAD/BJD/VS/21-27/201 dated May 18,2018*
[13] *WTM/AN/IVD/ID7/28946/2023-24 dated August 25,2023*
[14] *WTM/MB/IVD/ID3/12407/2021-22 dated June 30, 2021*

The certainty of information can only be measured in terms of probability/degree of crystallisation and concreteness."

"..The wheels for the process of finalisation were set in motion by entering into a phase of final discussion on December 20, 2017, after almost 14 months of ongoing discussion since October 7, 2016. It is at this point that a reasonably high degree of concreteness/crystallisation / probability of transaction going through happened.29. With respect to the email dated December 29, 2017 between the companies referred to by the Noticee, it is observed that reference to the stalemate in negotiations, in the aforesaid email was with respect to "termination clause". The said termination clause referred to the events / breaches which in future may end the collaboration and the discussion had to center around simplification of termination clause and reflection of the same in legal language. The same reflects that the negotiations between the parties has already passed through a high degree of concreteness or crystallization and was moving towards a finality. Credence to this is lent by the fact that prior to December 29, 2017, a draft of press release and question and answers were exchanged between the respective PR teams of the companies on December 20, 2017."

It is further observed that with respect to UPSI period, it should be kept in mind the requirement of UPSI period does not mitigate against the idea of a possibility of failure of the deal. To elaborate on it further, if the UPSI period has to begin only when the deal or the transaction in question will 100% go through and there is no room for failure, then the only period which can be defined as UPSI period would be between the signing of the contract / agreement and the press release. This will make the concept of "UPSI period" infructuous and will lead to mischief as multitude of steps are involved before a deal or a transaction can be consummated. The initial steps of any transaction / deal, as discussed in preceding paragraphs, are explorative and uncertain in nature and only when it can be reasonably inferred that the probability of transaction of going through is high, then only the UPSI period can begin. The individuals who are part of the deal / transaction team, during the UPSI period will know with a higher degree of certainty, the probable outcome of the deal / transaction and being in possession of the said information they may trade. Therefore, if the UPSI period will begin when there is no room for the deal / transaction to fail, then the situation as mentioned above would not be covered as insider trading, even though it leads to information asymmetry."

53. In the above ***Biocon* case,** SEBI did not treat emergence of UPSI on negotiations in respect of the collaboration between *Biocon* and *Sandoz* since October 7, 2017. SEBI alleged in SCN later date i.e. December 4, 2017 as date of emergence of UPSI. Holding as above, Learned Ex Whole Time Member, SEBI held that probability of the transaction to go through was high from December 20, 2017 onwards and the information relating to the collaboration between Biocon and Sandoz was published when the public announcement

was made to the Exchanges by Biocon, on January 18, 2018, post market hours and held that the period of UPSI was from December 20, 2017 to January 18, 2018.

54. In this case also, I note from records that on April 29, 2021 some internal discussions had taken place in the AGEL to discuss portfolio and structure note. Vide emails dated April 30, 2021 material, 'M&A Update', 'Note on APTCL' and 'brief update note' regarding impugned acquisition of SB Energy for M&A meeting to be held in AGEL were circulated to many employees of the company. Apparently, the information on records as available for April 29, 2021 is vague and does not suggest definitive negotiations within seller and buyer. On May 07, 2021, AGEL made an '***initial offer***' to BGL and SBGCL. The UPSI was not crystalised even on this date as further negotiations had to take place. Alleged UPSI did not exist even on May 10, 2021, where it was decided to seek more detailed information/ documents from SB Energy for the purpose of due diligence. It was only during May 12, 2021 and May 14, 2021 that the negotiations between the parties had passed through a high degree of concreteness or crystallization.

55. The facts of the case are closely similar to above mentioned ***Biocon*** Case. In this case also, going by the above stand of SEBI in ***Biocon*** case the certainty of transaction could be inferred from signing of NDA between the parties on May 13, 2021 when there was high degree of concreteness or crystallization and deal was moving towards a finality. It was the date when VDR for conducting the due-diligence regarding the transaction was opened. Thus, going by reasons held in ***Biocon*** case, the UPSI period in this case could be possibly from May13, 2021 to May 19, 2021. In Para 8, the SCN ostensibly agrees that information pertaining to the acquisition of SB Energy by AGEL *by executing a Share Purchase Agreement with SBGCL and BGL is UPSI* in this case.

56. In terms of Regulation 30(10) of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 (LODR Regulations) the listed entity is under obligation to provide specific and adequate reply to all queries raised by stock exchange with respect to any events or information and the stock exchange shall disseminate information and clarification as soon as reasonably practicable. Further in terms of Regulation 30 (11) of the LODR Regulations, the listed entity can confirm or deny any reported event or information to stock exchange. In this case, when BSE sought clarification from the AGEL, it informed BSE that at that point in time, there was no event/ information that required any disclosure neither there was any definitive agreement signed by the Company which

required any disclosure. BSE accepted this disclosure and disseminated to public on May 18, 2021. It is noted that IA has, in table 4 (page 6) of the IR considered this announcement to be a major corporate announcement recognising that the same led to a price increase of 9.08% in the scrip of AGEL compared to the previous day closing price. In view of these facts and circumstances it is a very obfuscated situation to hold that UPSI commencement on April 29, 2021. A conspicuous and tacit regulatory acquiescence has been given to accept that as on May 18, 2021 there was no UPSI.

57. It is relevant to mention that Hon'ble Supreme Court, in the matter of ***Chairman, State Bank of India v. MJ James***[15], held that acquiescence virtually destroys the right. Acquiescence can be either direct with full knowledge and express approbation, or indirect where a person having the right to set aside the action stands by and sees another dealing in a manner inconsistent with that right and in spite of the infringement takes no action mirroring acceptance.

58. In the facts and circumstances of this case, I am inclined to hold that there is tacit acceptance in the SCN that UPSI came into existence only on or after May 18, 2021. If not, then also it is established, in the facts and circumstances of this case, that the alleged UPSI certainly did not come into existence on April 29, 2021 as alleged. As per stand taken in ***Biocon*** Case, it came into existence on May 13, 2021.

Applying materiality test

59. However, I am also proceeding to examine the matter taking UPSI in terms of para 9 of the SCN. For any information to be classified as UPSI there should be a likelihood of the information *materially affecting* the price of the securities of the company. It is noted that *materiality* test as applicable under Regulation 2(k) of the PIT Regulations of 1992 in the ***Rakesh Agarwal*** **case**, is inherent in the definition of UPSI in Regulation 2(1)(n) of the PIT Regulations of 2015 also. Accordingly, the price sensitivity of an information has a direct correlation to the *materiality of the impact* that it can have on the price of the securities of the company[16]. The information should have the potential either to catapult the price of the securities of the company to a higher level or to make it plunge, being '*bullish'* or '*bearish'*. The materiality hinges not merely on the financial value or scale of operations of the

[15] *2021 SCC OnLine SC 106111*
[16] *SEBI v. Abhijit Rajan 2022 SCC OnLine SC 1241.*

company or the transactions involved but on the potential impact of the information on the market price of the securities of the company.

60. As per the SCN, post the announcement dated May 19, 2021, the price of scrip of AGEL moved from close price of ₹1198.75 (on May 18, 2021) to a close price of ₹1243.65 (increase of 3.75%). Noticees have contended that from April 29, 2021 to May 18, 2021, the price of the shares of AGEL was already showing an upward trend and there was already considerable interest in the scrip at the relevant time. Therefore, even if UPSI period is April 29, 2021 to May 18, 2021 assumed, then the information was not price sensitive to qualify as UPSI. I note (from BSE website) that the price movement in the scrip of AGEL during the alleged UPSI period was as given in the following table:

Table 6: Price movement in the scrip of AGEL on BSE

Date close	Closing Price	Price increase from previous close	Percentage of increase
28-04-2021	1054.35	0.10	0.009%
29-04-2021	1056.20	1.95	0.18%
30-04-2021	1019.00	-37.2	-3.5%
03-05-2021	1036.50	17.5	1.7%
04-05-2021	1046.45	9.95	0.96%
05-05-2021	1065.85	19.4	1.85%
06-05-2021	1099.00	33.15	3.11%
07-05-2021	1102.70	3.7	0.34%
10-05-2021	1102.95	0.25	0.02%-
11-05-2021	1077.65	-25.3	-2.29%
12-05-2021	1050.00	-27.65	-2.57%
14-05-2021	1088.15	38.15	3.63%
17-05-2021	1142.55	54.4	5.00%
18-05-2021	1198.95	56.4	4.94%
19-05-2021	1244.30	45.35	3.78%

61. From the above table, it is observed that the price of the scrip of AGEL was increasing prior to the announcement dated May 19, 2021 also. Thus, it is doubtful to hold that the said information remained UPSI so as to have likelihood of materially affecting the price of the scrip of AGEL upon becoming generally available on May 19, 2021 as alleged.

Whether information was Generally Available prior to May 19, 2021.

62. For any information to be classified as UPSI it should not be generally available. The expression *'generally available'* is very important in the context of the above definition of UPSI in Regulation 2(1) (e) to mean *an information that is accessible to the public on a*

non-discriminatory basis. While Note appended to Regulation 2(1)(n) suggests that information is UPSI until it is available in '*public domain'*. The Note appended to this Regulation states that information relating to a company or securities published on the website of a stock exchange, would '*ordinarily'* be considered '*generally available'*.

63. However, while enforcing this Regulations *vis- a vis* publication of price sensitive information, it has been consistent stand ever since 1992 PIT Regulations that the information which was published in press reports despite not published on stock exchange is generally available/ publicly known information. For example;

(a) In ***Hindustan Levers Limited (supra),*** the Hon'ble Appellate authority (as it was then the Ministry of Finance, Government of India) observed that '…..*for information to be generally known, it is not necessary that it be confirmed or authenticated by the company as otherwise, it would fall within the scope of 'published by the company'. We feel that the appellants' contention on this point is correct……"* and that any information which was published in press reports despite non -acknowledgement by the Company, was generally available/ known information if '*there are strong reasons to believe that the impending merger, though not formally acknowledged or published, was in one sense generally known and UTI's denial of knowledge cannot be implied to mean that market in general had no information in this regard.*"

(b) In the matter of **63 Moons Technologies Limited (supra)** speaking through its then Whole Time Member Ms. Madhabi Puri Buch, SEBI held that: -

"26. Having answered the first issue in the affirmative, the next issue for consideration is whether the "price sensitive information" was unpublished during the period of investigation. In this regard, it is noted that on October 3, 2012 an article appeared in the Economic Times, a widely distributed financial newspaper, which contained information relating to the issuance of SCN dated April 27, 2012 to NSEL, majority of the contents of the SCN, allegations against NSEL with regard to violation of conditions of DCA notification dated June 5, 2007 and the gist of NSEL's reply to the SCN. The article also covered the possible action that could be taken by DCA against NSEL i.e. withdrawal of exemption granted to NSEL vide the notification dated June 5, 2007.

28. In my view, a reader of the newspaper article dated October 3, 2012 (containing the information noted above) could have deduced the implications of the SCN dated

April 27, 2012 to a lesser or greater extent depending on his/her exposure to the subject matter covered in the newspaper article. In my view, the newspaper article was not speculative in nature as it published precise facts relating to the issuance of SCN and also brought out specific contents of the SCN summarizing the allegations levelled against NSEL and the possible consequences thereof. The article categorically mentioned that failure on part of NSEL to provide a satisfactory explanation to the allegations levelled in the SCN would result in withdrawal of exemption granted to NSEL vide notification dated June 5, 2007. The said withdrawal of exemption in turn would have had a cascading effect on the contracts being traded on NSEL, payment defaults in relation thereto and the eventual loss to the reputation of the promoters / management of NSEL. ***Considering the above, I find that the price sensitive information, relating to the implication of the SCN dated April 27, 2012 became public from the time when the article relating to the SCN dated April 27, 2012 appeared in Economic Times on October 3, 2012, and as such ceased to be UPSI from that date.*** *Accordingly, the period during which the UPSI existed was from the issuance of the SCN to its publication i.e. from April 27, 2012 to October 3, 2012."*

(….emphasis added)

(c) In the matter of **Multi Commodity Exchange of India Limited (supra)** speaking through its then Whole Time Member Ms. Madhabi Puri Buch, SEBI held that:

"27. In my view, a reader of the newspaper article dated October 3, 2012 (containing the information noted above) could have deduced the implications of the SCN dated April 27, 2012 to a lesser or greater extent depending on his/her exposure to the subject matter covered in the newspaper article. In my view, the newspaper article was not speculative in nature as it published precise facts relating to the issuance of SCN and also brought out specific contents of the SCN summarizing the allegations levelled against NSEL and the possible consequences thereof. The article categorically mentioned that failure on part of NSEL to provide a satisfactory explanation to the allegations levelled in the SCN would result in withdrawal of exemption granted to NSEL vide notification datedJune 5, 2007. The said withdrawal of exemption in turn would have had a cascading effect on the contracts being traded on NSEL, payment defaults in relation thereto and the eventual loss to the reputation of the promoters / management of NSEL. Considering the above, I find that the price sensitive information, relating to the implication of the SCN dated April 27, 2012 became public from the time when the article relating to the SCN dated April 27, 2012 appeared in Economic Times on October 3, 2012, and assuch ceased to be UPSI from that date.

Accordingly, the period during which the period the UPSI existed was from the issuance of the SCN to its publication i.e. from April 27, 2012 to October 3, 2012.

(d) In the matter of **Bharti Airtel Limited**[17]**,** the Adjudicating Officer of SEBI held the same view in following words:

"*32. It is noted that the Noticees have submitted number of news articles/items published in number of widely distributed news papers and broadcasted on widely watched business news channels…….*

33. It is noted that the Noticees have submitted number of news articles/items published in number of widely distributed news papers and broadcasted on widely watched business news channels…….

34. From the above, it is noted that information related to the announcement made by the Company on October 12, 2017 on the proposed acquisition of the Consumer Mobile Business of TTSL and TTML by the company, was already in public domain by way of publication of articles in Economic Times and Live Mint, two newspapers with fairly large subscription. Further, news regarding the said acquisition was also relayed on mainstream business news channels like Zee Business, ET Now and CNBC TV18, all of which have very wide viewership. This clearly make the information regarding acquisition of consumer telecom business of TTSL and TTML by BAL as generally available information in the public domain on a non-discriminatory basis. The above references to the newspaper articles and media reports on news channels establishes that the alleged UPSI was 'generally available information' and not an unpublished price sensitive information under the PIT Regulations."

64. The above view has been confirmed by Hon'ble Securities Appellate Tribunal (SAT) in the matter of ***Future Corporate Resources Pvt. Ltd. & Ors. v. SEBI***[18] wherein it has *inter alia,* observed that media reports which are available to public on non-discriminatory basis constitute *generally available information*. The observations of Hon'ble SAT are follows:

"20. We find that the WTM has failed to appreciate that the significance, dominance and outreach of the media in financial sector reporting impacts investor sentiment and

17 SEBI Adjudicating Officer Order dated October 22, 2020

18 Appeal No. 81 of 2022 decided on December 20, 2023

behaviour and impacts the securities market. We find that the publication of information regarding the transaction was also reported in multiple print and digital publications, including Economic Times, The Hindu Business Line, DNA India, Money Control, Live Mint, VCCircle, Inc, India retailing Bureau etc. and various research reports where the imminence and nature of the transaction were highlighted in depth have been entirely ignored by the WTM.

21. The finding that the interviews and news reports does not amount to concrete information being disclosed on a non-discriminatory basis and, therefore cannot be accepted that the information about the transaction was available in the public domain as the said information was very fluid, nebulous and bereft of specific details cannot be accepted. A perusal of these news reports would indicate that the company was going ahead with the merger of its HomeTown business. Such information which was not generally available but was made available in the instant case and, therefore, in our opinion, the trades carried out were not on the basis of the UPSI as the information was generally available in the public domain.

22. Thus, the contention of the respondent that the term "generally available information" means only the information which has been disseminated on the platform of the stock exchange is taking a very narrow and restrictive view. Whereas information published on the stock exchange would constitute generally available information, it would also follow that any information accessible to the public on non-discriminatory basis would also be generally available information.

23. Thus, publication of information regarding the transaction which was reported in multiple prince and digital publication including Economic Times, The Hindu Business, Business Lines, The Money Control, etc. wherein the nature of transactions was highlighted in depth clearly leads to an irresistible conclusion that information of the transaction was generally available".

(….emphasis added)

65. Thus, if any information relating to a company or securities published on the website of a stock exchange or in media/ news reports on non- discriminatory basis are considered to be published in public domain and cease to be an UPSI on such publication. For the purposes of the instant case, the legal position settled in ***Future Corporate Resources Pvt. Ltd (supra),*** case holds good**.**

66. On perusal of the news reports mentioned in the IR and also certain additional news reports provided by the Noticees, I note that such news reports provide detailed information relating to the proposed acquisition of SB Energy by AGEL by executing a share purchase agreement. In the news reports disclosed in *public domain,* the material information about impugned acquisition was disclosed as follows:

Date and Time of publication	**Media platform**	**Title**	**Relevant contents**
May 16, 2021 at 03:25 PM	Mint	Adani arm eyes Softbank's majority stake in SB Energy	• AGEL is looking to buy Japan's SoftBank Group Corp.'s majority stake in solar power producer SB Energy. • It has begun due diligence of SB Energy. • Bank of America and Barclays were handling the sale process. • The diversified Adani Group has been on an acquisition spree to grow its green energy portfolio. • The stake sale efforts followed SB Energy dropping its plan in July 2020 to raise $600 million through a dollar bond.
May 16, 2021 at 04:17 PM	Bloomberg	Adani Green Said to be in Advanced Talks for SoftBank-Backed SB Energy	• AGEL is in advanced talks to acquire SB Energy Holdings Ltd. • A deal could value SB Energy, owned by SoftBank Group Corp. and Bharti Enterprises Ltd., at more than $650 million. • An announcement could come in coming weeks. • Shares in AGEL have risen more than 370% in the past year, giving

			the company a market value of about $23 billion.
May 16, 2021 at 05:23 PM	Economic Times	Adani Green circles around SB Energy for a buyout after CPPIB drops off	• Days after its deal with CPPIB collapsed, shareholders of SB Energy have approached Adani Group with a proposal to buy them out from their struggling renewable energy venture, said multiple people involved. Talks between both sides have intensified over the last fortnight. • The due diligence by AGEL, has begun though the final valuations have not been fixed yet. • It may seek to buy 100 per cent of the company, buying out both Softbank and Bharti. • But with negotiations dragging on for months, it pulled the plug last week and terminated the exercise. ET broke that story on last Thursday.
May 16, 2021	Private Equity Insights	SoftBank Sell its Stake in SB Energy After CPPIB's $525m Deal called off.	• AGEL is looking to buy Japan's SoftBank Group Corp.'s controlling stake in solar power producer SB Energy. • A due diligence process has been started by AGEL, with its personnel been given access to SB Energy' data room.
May 17, 2021 12:46 AM	Business Standard	Adani Green in advanced talks for	• AGEL is in advanced talks to acquire privately-held SB Energy Holdings Ltd.

		SoftBank-backed SB Energy: Report	• A deal could value SB Energy, owned by SoftBank Group Corp. and Bharti Enterprises Ltd., at more than $650 million. • Adani Green is exploring a buyout the renewable energy company through an all-stock deal. • Shares in AGEL have risen more than 370% in the past year, giving the company a market value of about $23 billion.
May 17, 2021 2:42 AM	Hindustan Times	Adani arm eyes SoftBank's SB Energy majority stake	• AGEL is looking to buy Japan's SoftBank Group Corp.'s majority stake in solar power producer SB Energy. • It has begun due diligence of SB Energy. • The valuation of SB Energy in the proposed deal with CPPIB was lower than the one expected by the renewable energy industry. SoftBank invested more than $800 million in the business in the past five years.
True Print Copy			
May 16, 2021	Business Standard	Adani Green in talks to acquire SB Energy	• AGEL is exploring a buyout of the renewable energy company through an all-stock deal, another person said. An announcement could come in coming weeks.
May 17, 2021	Hindustan Times	Adani arm eyes SoftBank's SB Energy	• AGEL is looking to buy Japan's SoftBank Group Corp.'s majority stake in solar power producer SB Energy, said two people aware of the matter.

		majority stake	• It has begun due diligence of SB Energy.
May 17, 2021	LiveMint	Adani arm eyes SoftBank's majority stake in SB Energy	• AGEL has begun due diligence of SB Energy.

67. The scan of these news reports as appearing in news media vividly disclose material information (which is the alleged UPSI in this case) as follows:

a. Mint article published on May 16, 2021 at 03:25 PM:

mint Premium | INDUSTRY

Adani arm eyes Softbank's majority stake in SB Energy

Utpal Bhaskar | 2 min read | 16 May 2021, 03:25 PM IST

Adani Group has been ramping up its green energy portfolio and has been on an acquisition spree. Photo: Bloomberg

SUMMARY

- *A due diligence process has been started by Adani Green Energy Ltd to acquire SoftBank Group's 80% stake in solar power producer SB Energy after its earlier proposed deal with Canada Pension Plan Investment Board (CPPIB) was called off*

NEW DELHI : Adani Green Energy Ltd (AGEL) is looking to buy Japan's SoftBank Group Corp.'s majority stake in solar power producer SB Energy, said two people aware of the development.

This follows the collapse of a plan to sell SoftBank's entire 80% stake in SB Energy to Canada Pension Plan Investment Board (CPPIB) for an estimated $525 million.

Adani Green has begun due diligence of SB Energy, the people cited above said, requesting anonymity. Mint broke the story online on Sunday.

SB Energy has a portfolio of 7.7 gigawatts (GW) in India. Bharti Enterprises Ltd owns the remaining 20% stake in the company. Bank of America and Barclays were handling

the sale process. France's Total has invested $2.5 billion for acquiring a 50% stake in 2.35GW operating solar assets of AGEL and a 20% stake in AGEL. With 3.47GW operational capacity and 15.24GW portfolio, the Adani-Total JV plans to commission 25GW by 2025.

Spokespeople for SoftBank Group, Bharti Enterprises, Bank of America and Barclays Bank India declined to comment about the fresh stake sale plans with Adani Green.

Queries emailed to spokespersons for Adani Group and Total; Raman Nanda, SB Energy's chief executive; and Rohit Modi, SB Energy's country head and president-India, on Saturday remained unanswered.

There has been sustained interest in India's green economy despite the turmoil caused by the pandemic.

India is running the world's largest clean energy programme to achieve 175GW of renewable capacity, including 100GW of solar power by 2022.

According to the Central Electricity Authority—India's apex power sector planning body—the country will require 280GW from solar projects by 2030 to meet its power requirement of 817GW by then.

The diversified Adani Group has been on an acquisition spree to grow its green energy portfolio. It recently bought Sterling and Wilson Pvt. Ltd's 75 megawatts (MW) operating solar projects and Toronto-based SkyPower Global's 50MW solar project in Telangana. Adani Enterprises Ltd has also partnered EdgeConneX to develop 1GW of data centre capacity over the next decade that will be powered by renewable energy. The valuation of SB Energy in the proposed deal with CPPIB was lower than the one expected by the renewable energy industry. SoftBank invested more than $800 million in the business in the past five years. The stake sale efforts followed SB Energy dropping its plan in July 2020 to raise $600 million through a dollar bond.

SoftBank's planned deal with CPPIB was in the works for around a year, with CPPIB placing several pre-conditions for SoftBank before finalizing the transaction. These included meeting certain project commissioning deadlines, securing new businesses, bond issuance as well as SoftBank bearing any future liquidated damages liability for acquiring the stake, as reported by Mint earlier.

In an emailed response, a CPPIB group spokesperson said, "We don't have a comment beyond our response provided on Thursday."

The same spokesperson for CPPIB said on Thursday it "continues to look for opportunities for new investments in India, including in the renewables sector, as part of our Sustainable Energy Group strategy." "CPP Investments is a major investor in India with Canadian $12 billion invested to date, and the country is core to our global, long-term investment strategy," the spokesperson said.

Mint reported on 6 July 2020 about SoftBank's plan to exit SB Energy in a shift from its earlier plan to find a significant minority investor, and its separate talks with CPPIB, Canada's Brookfield Asset Management Inc. and Abu Dhabi's sovereign wealth fund Mubadala Investment Co. for the sale.

b. Bloomberg article published on May 16, 2021 at 04:17 PM:

TECHNOLOGY (/TECHNOLOGY) |
Commodities (/commodities) |
News Wire (/bloomberg-news-wire) |
Company News (/company-news)

May 16, 2021

Adani Green Said in Advanced Talks for SoftBank-Backed SB Energy

Baiju Kalesh and Anto Antony, Bloomberg News

(Bloomberg) -- Adani Green Energy Ltd., majority-owned by Indian billionaire Gautam Adani, is in advanced talks to acquire privately-held SB Energy Holdings Ltd., according to people familiar with the matter.

A deal could value SB Energy, owned by SoftBank Group Corp. and Bharti Enterprises Ltd., at more than $650 million, said one of the people, who asked not to be identified as the information is private. Adani Green is exploring a buyout of the renewable energy company through an all-stock deal, another person said.

An announcement could come in coming weeks, the people said. Discussions could still be delayed or fall apart, they added. A representative for SoftBank declined to comment, while representatives for Adani Green and Bharti Enterprises didn't immediately respond to requests for comment.

A deal could help Adani Green to reach its planned generation capacity of 25 gigawatts by 2025. Shares in Adani Green have risen more than 370% in the past year, giving the company a market value of about $23 billion.

c. Economic Times article published on May 16, 2021 at 05:23 PM

THE ECONOMIC TIMES | Markets
English Edition ▾ | 22 July, 2023, 02:51 PM IST | Today's Paper

Adani Green circles around SB Energy for a buyout after CPPIB drops off

By Shashwat Mohanty & Arijit Barman, ET Bureau • Last Updated: May 16, 2021, 05:23 PM IST

Synopsis
The due diligence by Adani Geen Energy Ltd, (AGEL), has begun though the final valuations have not been fixed yet, sources said.

The current market capitalisation of Adani Green is Rs 1.71 lakh crore ($24 billion).

MUMBAI: Days after its deal with CPPIB collapsed, shareholders of SB Energy have approached Adani Group with a proposal to buy them out from their struggling renewable energy venture, said multiple people involved. Talks between both sides have intensified over the last fortnight, ever since it became evident that the Canadian Pension Plan Investment Board (CPPIB) would not back down or accept several of their terms that were increasingly getting difficult to meet.

The due diligence by Adani Geen Energy Ltd, (AGEL), has begun though the final valuations have not been fixed yet, sources mentioned above said.

Set up in 2015, SB Energy is an 80:20 alliance between Softbank Group and Bharti Enterprises that had a target of setting up 20 GW of clean energy projects with an investment of $20 billion over 10 years.

Unlike last time, it is believed Sunil Mittal, chairman Bharti Enterprises, is driving the negotiations currently with Gautam Adani, chairman of the eponymous energy to ports and coal trading group. The $550 million CPPIB offer, however, has already set a valuation benchmark for SB Energy, feel industry officials who also believe Adani may seek to buy 100 per cent of the company, buying out both Softbank and Bharti. It is still not clear if the deal will eventually see a share swap or a cash transaction.

The current market capitalisation of Adani Green is Rs 1.71 lakh crore ($24 billion).

Queries sent to Adani Group, Bharti and Softbank were not immediately available.

Earlier in 2019, Softbank founder Masayoshi Son had refused to fund the high profile venture, forcing a global sale process. But with negotiations dragging on for months, he pulled the plug last week and terminated the exercise surprising even his colleagues. ET broke that story on last Thursday.

Even with a depressed offer, Softbank decided to pursue with the "distress

sale" since it was not keen to fund the business any further.

SB Energy's 4,000 MW capacity, half of which is operational and another half in the pipeline, would help Adani Green to bulk up its portfolio. A further 3,700 MW worth of projects are under "active development", but construction hasn't started on these as of yet.

Adani Green Energy Limited (AGEL), which was hived off the parent group in 2015 and listed publicly on the National Stock Exchange (NSE) in 2018, has been looking at expanding its portfolio via brownfield acquisitions to reach the 25,000 MW capacity target by 2025.

In FY 21, the clean energy giant bought assets from distressed companies Essel Group and SP Group's Sterling and Wilson.

Adani Green has a total capacity of 15,240 MW worth of renewable energy projects across the country, out of which 3,470 MW is currently operational.

French energy giant Total has a 20% stake in Adani Green, which includes a 50% share of all of AGEL's solar assets.

Recently, AGEL in March raised $1.35 billion senior debt facility with participation from 12 international banks "to finance its under-construction renewable portfolio", one of the biggest financing deals in the renewables space in Asia.

As per Mercom Capital, Adani Green is the biggest renewable energy company in the world, based on asset capacity. It has projects in all major renewable energy states in India, including Rajasthan, Gujarat, Madhya Pradesh, Maharashtra, Tamil Nadu, and Andhra Pradesh.

AGEL has also won the biggest solar tender in the world for an 8,000 MW project, involving a total investment of about $6 billion. As part of the same bid, Adani will also manufacture 2,000 MW of solar cells and modules by 2022.

d. Private Equity Insights article dated May 16, 2021.

SoftBank Sell Its Stake in SB Energy After CPPIB's $525m Deal Called Off

May 16, 2021 | News | 0 comments

Gautam Adani-led Adani Green Energy Ltd (AGEL) is looking to buy Japan's SoftBank Group Corp.'s controlling stake in solar power producer SB Energy, after SoftBank's earlier proposed deal with Canada Pension Plan Investment Board (CPPIB) was called off, said two people aware of the development.

A due diligence process has been started by AGEL, with its personnel been given access to SB Energy' data room.

stake is held by Bharti Enterprises Ltd. Bank of America and Barclays were handling the sale process.

Spokespersons for SoftBank Group, Bharti Enterprises, Bank of America, and Barclays Bank India declined comment.

Queries emailed to an Adani Group spokesperson on Saturday evening remained unanswered till press time.

With businesses spanning across energy, ports, airports, logistics, mining, resources, gas, defence and aerospace, Adani Group has been ramping up its green energy portfolio and has been on an acquisition spree. It recently bought Sterling & Wilson Private Ltd's 75MW operating solar projects and Toronto-headquartered SkyPower Global's 50MW solar project in Telangana. Adani Enterprises Ltd has also partnered EdgeConneX to develop 1GW of data centre capacity over the next decade, which will be powered by renewable energy.

France's Total has invested $2.5 billion for acquiring a 50% stake in 2.35GW operating solar assets of AGEL and a 20% stake in AGEL. With 3.47GW operational capacity and 15.24GW portfolio, the Adani-Total JV plans to commission 25GW by 2025.

A CPPIB group spokesperson in an emailed response said, "We don't have comment beyond our response provided on Thursday."

Source: Mint

e. Business Standard article published on May 17, 2021 at 12:46 AM.

Business Standard

Adani Green in advanced talks for SoftBank-backed SB Energy: Report

A deal could value SB Energy, owned by SoftBank Group Corp. and Bharti Enterprises Ltd., at more than $650 million

Baiju Kalesh and Anto Antony | Bloomberg |

Adani Green Energy Ltd., majority-owned by Indian billionaire Gautam Adani, is in advanced talks to acquire privately-held SB Energy Holdings Ltd., according to people familiar with the matter.

A deal could value SB Energy, owned by SoftBank Group Corp. and Bharti Enterprises Ltd., at more than $650 million, said one of the people, who asked not to be identified as the information is private. Adani Green is exploring a buyout of the renewable energy company through an all-stock deal, another person said.

An announcement could come in coming weeks, the people said. Discussions could still be delayed or fall apart, they added. A representative for SoftBank declined to comment, while representatives for Adani Green and Bharti Enterprises didn't immediately respond to requests for comment.

A deal could help Adani Green to reach its planned generation capacity of 25 gigawatts by 2025. Shares in Adani Green have risen more than 370% in the past year, giving the company a market value of about $23 billion.

68. IR has treated these news reports as speculative since these news reports mention that no comments were offered by the entities involved in the deal and that AGEL on May 18, 2021clarified that there was no event that required disclosure. It is noted that the

information which has been treated as UPSI in this case was vividly stated in the above-mentioned news reports. The same information is alleged to be as UPSI and within the knowledge of Noticee No.1 and in possession of Noticee No.2 since he was in *touch* with Noticee No.1. This is the crux of the whole case. It cannot be the case that the information is UPSI but speculative at the same time. If this information is treated to have come into existence as UPSI on April 29,2021 as observed in the IR it cannot be speculative on May 16, 2021. Further, if it is treated as speculative as on May 16, 2021, it can come into existence only if it has crystallised by signing of SPA on May19, 2021 as alleged in the SCN. The case cannot proceed as expected in SCN based on such contradictory stands that UPSI came into existence on April 29, 2021 but its public dissemination in news report on May 16, 2021 is speculative merely because no one gave any comments to media and that AGEL informed on May 18, 2021 about non-availability of disclosable information. If this stand that the UPSI remained speculative and came into existence on May 19, 2021, is accepted the charges in SCN against Noticees do not sustain at all.

69. In my view, May 18, 2021 clarification by AGEL does not in any way deny the existence of particulars as mentioned in these news reports but has only stated there to be "*no event / information that requires disclosure neither there is any definitive agreement signed by the Company which requires any disclosure."* The facts in news reports are no different than what is treated as alleged UPSI in the IR and the SCN. Therefore, they remain verified by AGEL vide its letter dated May 18, 2021. As the IR accepts statement of AGEL then there is no reason to allege that UPSI came into existence on April 29, 2021as contended by the Noticees.

70. Going further, even if one were to still argue that the UPSI came into existence on April 29, 2021 only, then it was *generally available* and did not remain as UPSI on May 16,2021 when the first news report came in public domain. ***Report of the High Level Committee to Review the SEBI (Prohibition of Insider Trading) Regulations, 1992*** which drafted this Regulation said that: *"The term ―generally available information is defined to identify what is not UPSI and formulate a test based on whether the information in question is accessible to the public on a non-discriminatory basis."* The intent and stand of SEBI is also deduced from the Note appended to Regulation 2(1)(n) which defines UPSI and above decisions of SEBI and SAT when UPSI becomes *generally available*. The definition clearly intends that information that is not *generally available* would be UPSI if it is likely to

materially affect the price upon coming into the '*public domain'*. The Notes in PIT Regulations are unique as no legislation contain such Notes as part of it. Bills of Parliament and State Legislatures do contain Notes on clauses but such Notes do not form part of the final Act passed by the Parliament of India/ State Legislatures. Such approach was first and only time adopted by SEBI as forward looking approach in applying PIT Regulations considering its complexities and purposive enforcement. The Notes have been made part of the Regulations with a specific purpose as declared in the ***Report of the High Level Committee to Review the SEBI (Prohibition of Insider Trading) Regulations, 1992*** that:

> "*These notes are meant to be an integral and operative part of the regulations and are aimed at telling society what role the regulatory system expects the provision of the regulation to perform and help in their interpretation…..*
>
> *The Committee believes that in formulating regulatory policy, the authors of legislation should take courage not to stop short of articulating what the legislation was meant to achieve and intended to mean. ……*
>
> *Penal provisions should be precise and should not impose an unfair burden on Courts by expecting that ambiguities would be ironed out during legal proceedings…..*"

71. As further declared by the Committee the annotations are with a view to set out the legislative intent and scope of the provision and more importantly, the principles on which the regulation is based. The words '*public domain'* still exist in Note to Regulation 2(1)(n) which are binding as terms of Regulations and its scope is applicable and binding.

72. The information being available in public domain cannot lead to any prohibited communication of UPSI or trading when in possession of UPSI. I note that the impact of the above news reports on the price of scrip of the Company was much more than when formal disclosure was made by AGEL on May 19, 2021, as the scrip hit upper circuit (an increase of 5%) on May 17, 2021, and an increase of 4.84% on May 18, 2021 as compared to increase of 3.75% on May 19, 2021. Thus, the news reports had a material impact on the share price and trading activity into the scrip of AGEL.

73. Thus, in this case, the information about impugned acquisition came into existence on May 13, 2021 and ceased to be an UPSI on May 16, 2021 at 15;25 hrs as it was available on non- discriminatory basis and became generally available information after the publication of the news reports on May 16, 2021 (15:25 hrs.).

74. In the present case, communication of alleged UPSI has been inferred based a call on May 16, 2021 from Noticee No. 2 to Noticee No. 1. This call was initiated by Noticee No. 2 hence possibility of reason of the same as claimed cannot be ruled out. Be that as it may The said call was made at 19:51:48 on May 16, 2021 after the information about impugned acquisition of SB Energy came in public domain at 15:25 hrs. Thus, it can't be said that the Noticee No.1 communicated alleged UPSI to Noticee No. 2 by this call. It is admitted fact that impugned trades of Noticees No. 2 and 3 were done on May 17, 2021i.e. when the information has already become generally available. Considering the same, I find the call dated May 16, 2021 was not for communicating any UPSI by Noticee No.1 and trades of Noticees No. 2 and 3 were genuine and not influenced by any UPSI about the company or its securities.

75. In light of above, I find that the allegations against the Noticees cannot be sustained. Since, the trades of Noticees No. 2 and 3 are genuine, no directions as contemplated therein can be issued.

Disposal of SCN

76. In view of the above, the SCN dated November 10, 2023, in the present matter is disposed of without issuance of any direction, including with regard to disgorgement, or imposition of any monetary penalty.

77. This order shall come into force with immediate effect.

78. In terms of Rule 6 of Adjudication Rules, copies of this order are sent to all the Noticees and also to SEBI.

SANTOSHK UMAR SHUKLA
Digitally signed by SANTOSHKUMAR SHUKLA
Date: 2025.12.12 19:17:15 +05'30'

Date: December 12, 2025
Place: Mumbai

Santosh Shukla
Quasi-Judicial Authority
Securities and Exchange Board of India