

LOK SABHA
UNSTARRED QUESTION NO. 1889

TO BE ANSWERED ON MONDAY, MARCH 13, 2023/ PHALGUNA 22, 1944 (SAKA)

Investigation into Adani Group of Companies

1889. SHRI MANISH TEWARI:

Will the Minister of FINANCE

- (a) whether the Adani group is under investigation for violating SEBI Regulations;
- b) if so, the details thereof and if not, the reasons therefor;
- (c) whether the SEBI has stated in an affidavit before the Supreme Court that it will conduct a detailed examination as per existing regulatory frameworks into the Adani group and if so, the details thereof;
- (d) the details of the agenda of the aforesaid investigation and the proposed timeline of its completion;
- (e) the scope/remit of the Committee to investigate the Adani Group as suggested by the Government to the Supreme Court and the reasons for giving such suggestions/names in a sealed cover;
- (f) whether the Supreme Court has rejected the submissions made in sealed cover and if so, the details thereof and the reasons therefor; and
- (g) the status of the investigations undertaken by SEBI and DRI into the Adani group as per the answer to Lok Sabha Parliamentary Question dated 19.07.2021 given by the Government?

ANSWER
MINISTER OF STATE FOR FINANCE
(SHRI PANKAJ CHAUDHARY)

(a)&(b): The Securities and Exchange Board of India (SEBI), as the statutory regulator of securities markets, is mandated to put in place regulatory frameworks for effecting stable operations and development of the securities markets including protection of investors. As per its mandate, it conducts investigations into any alleged violations of its Regulations by any market entity. It is, accordingly, undertaking investigation into the market allegations against the Adani Group of companies.

(c) & (d): SEBI, in a note submitted to Hon'ble Supreme Court in compliance with its order dated February 10, 2023 in Writ Petition Civil No. 162 of 2023, has apprised the Court that it is already enquiring into the allegations made in the Hindenburg report as well as the market activity immediately preceding and post the publication of the report, to identify violations of SEBI Regulations including but not limited to SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, SEBI (Prohibition of Insider Trading) Regulations, 2015, SEBI (Foreign Portfolio Investors) Regulations, 2019, Offshore Derivative Instruments (ODI) norms, short selling norms, if any.

(e): In response to the Hon'ble Supreme Court dated February 10, 2023, the Government of India submitted its suggestions on the remit of the Committee proposed to be constituted by the Hon'ble Court. The suggested terms of reference were shared with the petitioners on the directions of the Court and included the following:

- i. To ascertain and submit a report regarding the truthfulness or otherwise of the allegations made against Adani group of companies in the Hindenburg Report;
- ii. To ascertain and submit a report regarding Hindenburg's admitted claim of taking a "short position in Adani group Companies through US traded bonds and non-Indian traded derivatives instruments" prior to the publication of its subject report with all underlying transactions undertaken/ made either by Hindenburg itself, its associated companies/ concerns and/ or connected entities/ individuals, whether within or outside India in violation of any regulatory/ penal/ preventive or other statutory provisions.
- iii. To ascertain and submit a report regarding the details of all undisclosed "short position" and/ or other transactions, source of funds and profits made by short sellers in India or abroad prior to and/ or in near proximity of the Hindenburg Report.
- iv. Suggest measures to strengthen investor awareness including at the point of trade.
- v. Suggest measures to strengthen statutory and/ or regulatory framework for further and better protection of investors.

(f): The Hon'ble Supreme Court, vide its order dated 2nd March 2023, has constituted an Expert Committee for the assessment of the extant regulatory framework and for making recommendations to strengthen it.

(g): In its Order dated 02.03.2023, Hon'ble Supreme Court has directed SEBI to conclude the ongoing investigations within two months.

Investigations pertaining to imports of Power Generation, Power Transmission and Infrastructure (Port & SEZ) Equipment by Adani Group companies have been concluded by DRI and report has been submitted before the relevant judicial authorities. As regards case pertaining to imports of Indonesian coal by Adani Group of Companies, investigations by DRI have not reached finality as information sought from exporting countries through execution of Letters Rogatory (LRs) is under litigation.
