

Corrupt and Fraudulent: Laying Bare the Adani Group

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There is nothing Gautam Adani will not do for money. In this sense, he is admirably dedicated to greed, so much so he has become its foremost caricature worthy of permanent enthronement. Mark this man's name in the scriptures of eternity.

For the unfamiliar reader, the \$218 billion Adani imperium, one specialising in transport, infrastructure, and mining, is vast, with far reaching feelers, prongs and tentacles that have made their mark in a number of countries. Along the way, Adani's companies have made quite a name for themselves. Employment laws have been breached and treated with disdain. Broader human rights abuses have featured. Governments and regulators have been lied to. No environment is ecologically safe from the company's activities, despite their assertions to the contrary.

The gallivanting, amoral CEO has also made quite a habit of cultivating politicians across the globe. These representatives, weaklings as they are, have shown themselves amenable to changing their minds in the face of Adani's overtures.

Despite all their efforts, GA and key members of the group, of which 8 hail from his family, have not been immune from criticism. A number of reports abound from non-government organisations and activists noting a most predatory record. But the evaluation from the short seller Hindenburg Research, [whose findings](#) were published last month, approached the conduct of the conglomerate Adani Group a bit differently.

The central claim of the US investment firm is that the group has "engaged in a brazen stock manipulation and accounting fraud scheme over the course of decades." Having spoken to dozens of individuals, including former senior executives, and conducting a review of thousands of documents and visiting a number of sites across a half-dozen countries, the picture that emerges is even uglier than first thought.

For one, the image of financial security and reliable solvency comes across as a fiction. In

addition to grossly inflated valuations, the Adani companies have taken on substantial debt. Shares of inflated stock have been pledged in order to secure loans.

A sense of the false accounting picture given by Adani's accounts can be gathered from the practices of Gautam Adani's younger brother, Rajesh, who was accused by the Directorate of Revenue Intelligence (DRI) for being a key figure in a diamond import/export trading scheme in 2004-2005. Rajesh had used a number of offshore shell companies to generate artificial turnover. Gautam's brother-in-law, Samir Vota, was also in on the scheme, making a number of false statements to the regulators.

The saga of corrupt behaviour continues through the activities of Vinod Adani, Gautam's older brother. This most shady of figures plays a key role in managing dozens of shell entities that serve the functions of stock manipulation and money laundering. The latter part is achieved through using money from Adani's private companies to bloat the balance sheets of the listed companies.

Adani's response to the claims, one running into 413 mostly irrelevant pages, was to accuse the US firm of being in "flagrant breach of applicable securities and foreign exchange laws", conduct becoming the "Madoffs of Manhattan". A nationalist narrative was also injected into the rebuttal: to attack the Adani Group was nothing less than attacking Indian success itself.

Hindenburg Research's [counter](#) to such bluster was chastening. India, "a vibrant democracy and an emerging superpower with an exciting future", was being "*held back* by the Adani Group, which has draped itself in the Indian flag while systematically looting the nation."

Since January 24, the date chosen by Hindenburg Research to release its findings, Gautam Adani's unnaturally inflated personal wealth has been pared back. From being the third richest man, he is now out of the top 20. Within days, the conglomerate's market value was wiped to the striking sum of \$113.6 billion. The company has promised to prepay loans with \$1.1 billion and call off its secondary share sale. The collateral used by the companies to secure funds has also suffered a fall in value.

Despite the rich number of allegations directed at Gautam, the family and his associates, another country and its government have fallen under the group's spell. On January 31, Israeli Prime Minister Benjamin Netanyahu and Adani [shook hands](#) to formally confirm the \$1.18 billion sale of the port of Haifa that had been agreed upon earlier in the month. The Indian billionaire was wistfully nostalgic on the occasion, noting that Indian troops had "led, in 1918, one of the greatest cavalry charges in military history" in Haifa.

Netanyahu hopes to leverage investments made in the Haifa project to create a trade route linking the Mediterranean and the Gulf, thereby bypassing the Suez Canal. In the [words](#) of the overly confident Israeli Prime Minister, Haifa would "become the entry point and exit point for a vast number of goods that will reach the Mediterranean and Europe directly, without having to go around the Arabian peninsula."

To do so, the Abraham Accords are being touted as the economic centrepiece, enabling rail links to be established in Saudi Arabia, through Jordan and ultimately to Haifa port itself. But Netanyahu, himself no creature to accusations of corruption, is facing a figure and business partner in freefall.

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