

# Inside The Offshore Empire Helmed By Gautam Adani's Older Brother

John Hyatt Forbes 18 Feb 2023



**Vinod Adani, the longtime Indian expat, is at the heart of a global web of offshore companies with ties to the Adani Group. Just don't call him a related party.**

Gautam Adani, the 60-year-old Indian billionaire and chairman of the Adani Group conglomerate, appears 54 times in the lengthy [report](#) published in late January by U.S. short seller Hindenburg Research, accusing the Adani Group of accounting fraud and stock manipulation. (The company said the accusations are “unsubstantiated.”)

Vinod Adani, the chairman's lesser known older brother, is mentioned 151 times—more than anyone else. That's because Vinod Adani appears to be at the center of the scandal that has enveloped his brother, the Adani family empire, and Indian business and political life.

According to the Hindenburg report, Vinod “manages a vast labyrinth of offshore shell entities” that have “collectively moved billions of dollars into Indian Adani publicly listed and private entities, often without required disclosure of the related party nature of the deals.” That, in turn, has helped the Adani Group evade Indian laws that require at least 25% of a company's publicly traded stock to be owned by non-insiders.

The Adani Group denies improper ties to its chairman's brother. “Vinod Adani does not hold any managerial position in any Adani listed entities or their subsidiaries and has no role in their day to day affairs,” the company wrote in its 413-page [retort](#) to Hindenburg, issued Jan. 29, 2023. The Adani Group has “duly identified and disclosed” all transactions involving related parties, the Adani Group added.

However, [Forbes](#) has identified previously unreported transactions involving offshore funds with ties to Vinod Adani that appear designed to benefit the Adani Group. The deals also lend further credence to Hindenburg's allegations of hidden leverage and accounting irregularities within the Adani Group.

“I’ve always thought it was a partnership,” says Tim Buckley, director at Australia-based analysis firm Climate Energy Finance, who has studied the Adani Group and its plans to develop a coal mine in Australia. “Gautam was the warm, cuddly, friendly public face of the pair, and Vinod the mastermind in the private tax haven, the real puppet master.”

The Adani Group and Vinod Adani did not respond to *Forbes*’ requests for comment. (Vinod’s email address, tied to several properties in Dubai registered in his name, has an Adani Global domain.)

Some of Vinod’s dealings with the Adani Group are in plain sight. Last summer, one of Vinod’s companies, **Endeavour Trade and Investment Ltd.**, served as the Adani Group’s acquisition vehicle for its [\\$10.5 billion takeover](#) of Swiss firm Holcim’s stakes in Indian cement companies **Ambuja Cements Limited** and **ACC Limited**, according to Ambuja’s [public filing](#). The deal made the Adani Group India’s second largest cement company.

Others are more obscure. Take, for example, **Pinnacle Trade and Investment Pte. Lte.**, a Singapore company indirectly controlled by Vinod. In 2020, Pinnacle entered into a loan agreement with Russia’s state-owned **VTB Bank** (which the U.S. [sanctioned](#) last year). By April 2021, Pinnacle had borrowed \$263m and lent out \$258m to an unnamed related party. Later that year, Pinnacle offered two investment funds—**Afro Asia Trade and Investments Limited** and **Worldwide Emerging Market Holding Limited**—as guarantors for the loan, according to Singapore filings. Vinod appears to own the latter fund: He is the ultimate beneficial owner of Mauritius-based **Acropolis Trade and Investments Limited**, which in turn owns 100% of **Worldwide Emerging Market Holding Limited**, according to Indian stock exchange filings [in June 2020](#) and [August 2022](#).

Both Afro Asia Trade and Worldwide are large Adani Group shareholders. Together, the two funds hold \$4 billion (as of Feb. 16 close-of-market prices) of stock in Adani Enterprises, Adani Transmission, Adani Ports, and Adani Power, all of which acknowledge the funds as “promoter” entities.

Afro Asia Trade and Worldwide do not hold any other securities, [according to](#) investment tracking website Trendlyne. That means Pinnacle’s loan is secured, effectively, by the value of the funds’ Adani company shares. **Neither fund has disclosed share pledges in Indian financial filings for the four Adani companies they’re invested in.**

“You’re essentially borrowing money on the back of funds that are invested in Adani to lend to maybe another Adani entity,” said one Indian securities expert who reviewed *Forbes*’ findings and asked to remain anonymous, due to the reported ongoing [investigation](#) of the Adani Group by India’s **Securities and Exchange Board (SEBI)**. In a [SEBI filing with the Indian Supreme Court](#) reported by *Reuters*, the regulator stated it was “enquiring into both the allegations made in the Hindenburg report as well as the market activity immediately preceding and post the publication of the report.”

***These two offshore entities, one owned by Vinod, were pledged by Vinod’s company Pinnacle for a loan from Russia’s VTB Bank.***

The fact that Pinnacle pledged the investment funds, rather than their Adani company shares, may exempt the funds from the obligation of having to disclose pledged shares, added the Indian securities expert.

While Gautam Adani is the public face of the Adani empire, Vinod keeps a low profile. One of the few public photos of Vinod shows him [bearing a plaque, addressed to himself, displaying an Indian flag](#). A Cypriot passport holder and permanent resident of Singapore, Vinod goes by several names, including Vinod Shantilal Shah. His birthdate remains a mystery.

One thing that's clear about Vinod is, he's a billionaire. *Forbes* estimates he's worth at least \$1.3 billion based on his ownership of Worldwide Emerging Market Holding Limited and Endeavour Trade and Investment Limited, which own shares of Adani companies and cement producers Ambuja and ACC—minus the borrowings used to purchase the shares in Ambuja and ACC. (*Forbes* revised Gautam Adani's net worth down to \$52.2 billion after finding that several entities previously believed to be his actually belonged to Vinod.)

Still, it's difficult to untangle Vinod's personal fortune from Gautam's, and he could be worth a lot more. According to real estate data provided by the Washington, D.C.-based nonprofit Center for Advanced Defense Studies, Vinod also owns 10 properties in Dubai. Then there's his apartment in Singapore (registered to his name in Pinnacle's filings), worth an estimated \$4m. *Forbes* found that [Vinod owns or has been associated with at least 60 entities in offshore tax havens including the Bahamas, the British Virgin Islands, the Cayman Islands, Cyprus, Mauritius, Singapore and the United Arab Emirates](#).

Vinod has lived abroad for at least three decades. According to a [sponsored editorial](#) in India's *Economic Times*, he obtained a master's degree in engineering in the U.S. and then set up a textile business in Mumbai in 1976. In the 1980s, Vinod purchased a small plastics packaging factory for \$1,000, using his savings and a bank loan, and brought on his younger brother Gautam to help run it. "We started with virtually zero," Gautam told *Forbes* in 2009.

By 1989, Vinod had expanded his company to trade in commodities and he opened a new office in Singapore, later moving to the island state. In 1994 he moved to Dubai, where he began trading in sugar, oil and metals, with operations in Dubai, Singapore and Jakarta, Indonesia.

That was also when he started building an empire of offshore companies. According to the International Consortium of Investigative Journalists' [Panama Papers leak](#), Vinod established a company in the Bahamas in January 1994. Two months later, he also requested to change his name on the company's documents from Vinod Shantilal Adani to Vinod Shantilal Shah.

As Vinod was expanding into Dubai, Gautam was embarking on his own career, founding what would become the Adani Group in 1988 and taking it public in 1994. Over the years, Vinod has been deeply involved in his brother's businesses: [He held various executive positions in Adani Group companies until at least 2011, per the Hindenburg report. Vinod's 44-year-old son, Pranav, is still a MD at Adani Enterprises.](#)

In a 2014 scandal surrounding the Adani Group's alleged over-invoicing of power plant equipment to the tune of \$800m, Vinod was accused by India's Directorate of Revenue Intelligence of having worked with Adani Group employees to "execute the planned conspiracy of siphoning foreign exchange abroad." [That case, initially tossed out, has been appealed and is still pending before India's customs authorities;](#) the Adani Group has denied all wrongdoing.

"It is not at all uncommon in family business groups for there to be one more visible brother and one less visible brother," says Vikramaditya Khanna, a professor of law at the University

of Michigan and co-director of the Joint Centre for Global Corporate and Financial Law and Policy, a collaboration between Michigan Law and India's Jindal Global Law School. "Part of that is personality. Where does one feel comfortable operating and what are their relative skills? Some people like to be in sunshine, some people like to be in shade."

In another series of transactions dating back to 2012, a Cyprus company owned by Vinod Adani named **Vakoder Investments** received \$232m in loans from Vinod and an offshore firm in Dubai, according to corporate records in Cyprus. Vakoder then spent \$220m to purchase compulsorily convertible debentures—loan certificates that pay interest and convert to equity at a specific date—in Adani Estates and Adani Land Developers, two companies that are subsidiaries of another firm, **Adani Infrastructure and Developers**. Those debentures were later extended to 2024, meaning that Vinod likely still holds them today.

Until 2012, Adani Infrastructure and Developers was a subsidiary of publicly traded Adani Enterprises. But around the time of those transactions, in June 2012, Adani Enterprises apparently sold Adani Infrastructure and Developers, recording a gain of \$81.5m according to Adani Enterprises' 2013 annual report. Four years later, the company reappeared in Adani Enterprises' annual reports, this time as a "related enterprise."

"The fact that Adani Infrastructure and Developers reappeared on the balance sheets in the manner it did raises the question of whether this was a genuine sale," says Mark Humphrey-Jenner, an associate professor of finance at University of NSW Business School.

"Shareholders would rightly be concerned about whether the reported profits do indeed reflect genuine profits or whether they reflect window dressing."

Despite the reported 2012 sale, *Forbes* found that by 2017, the Adani family still controlled Adani Infrastructure and Developers through another company named Adani Properties, owned by three shareholders: the SB Adani Family Trust; Gautam's son, Karan Adani; and Adani Commodities LLP, a subsidiary of Adani Enterprises.

"It appears to benefit the company or benefit someone by potentially pushing up earnings and getting debt off the books," says Dan Taylor, a professor of accounting at the Wharton School. "And so then the question is, what was the legitimate business reason for the [transaction]?"

One more benign possible explanation for the transactions is family politics. "You may sometimes want to give one member of your family a particular branch of the company to run," according to Khanna, who says complex arrangements between different family members are common in Indian family businesses.

While Hindenburg alleges Vinod is a central player in a multibillion-dollar fraud, Vinod would undoubtedly take offense. As he—or one of his paid consultants—wrote in one of his sponsored editorials in 2016: "In times of lies and corruption, rare is the number of people who live by their words and choose integrity and loyalty over profit-earning and selfish needs. Vinod Shantilal Adani is one such man, rich in values that he has inherited from his family and practiced himself."

<https://www.forbes.com/sites/johnhyatt/2023/02/17/gautam-adanis-older-brother-emerges-as-family-empires-key-fixer/?sh=222c1110afe5>