



CLIMATE ENERGY FINANCE

31 August 2023

## **BOMBHELL NEW STOCK MARKET FRAUD ALLEGATIONS LEVELLED AGAINST ADANI CONGLOMERATE**

Today, new [Financial Times](#) and [The Guardian](#) reporting reveals the brilliant work of the [Organized Crime and Corruption Reporting Project \(OCCRP\)](#), a network of bold investigative [journalists](#). These reports detail a multitude of new allegations and report hard evidence that a web of now named associates of the Adani Group have engaged in deliberate stock price manipulation and thin capitalisation, building upon the inflated coal and equipment [invoicing](#) and insider trading allegations, with an internal document trail detailing extensive use of tax havens instructed by associates of Gautam Adani's elder brother, Vinod Adani, who owns or is associated with multiple offshore companies at the centre of some of Adani Group's most high-profile deals.

There had been previous speculation on the key [role of Vinod Adani](#) in the January 2023 allegations by Hindenburg Research that the Group engaged in the "largest con in corporate history". In March 2023, The Adani Group has adjusted their position to recognise Vinod Adani is clearly part of the [promoter group](#), which Hindenberg Research disclosed is far bigger and much more networked across greater Asia than we previously understood, and they note many have been involved in previous alleged stock market manipulations dating back decades.

The newly released findings centre on the activities of the Global Opportunities Fund in Bermuda and Emerging India Focus Fund in Mauritius run by alleged associates of Vinod Adani. **Where the Indian regulator Securities and Exchange Board (SEBI) has 'hit a wall' of access to tax havens, intrepid reporters have succeeded:** tracing the flow of allegedly illegally siphoned money through Adani's opaque "labyrinth of shell companies" in Mauritius and uncovering evidence suggesting illegal insider trading and stock manipulation.

In Australia, Adani, rebranded as Bravus when its social licence was removed by a decade-long grassroots campaign exposing the company's record, operates the Carmichael thermal coal mine in central Queensland, downsized from an approved 60 million tonnes per annum (mtpa) to currently less than 10 mtpa, and commissioned almost a decade behind schedule.

**Long-term Adani watcher, Tim Buckley, an expert energy finance analyst and director of independent public interest think tank [Climate Energy Finance](#), said:**

"The Hindenburg Report suggested Vinod Adani is the behind-the-scenes puppet master of a much wider promoter group acting in concert in deliberate perpetration of a multi-decade financial fraud against investors and the people of India, suckering the likes of Total Energies of France in the process.

“In apparent support of the Hindenburg allegations, this new information suggests the associates of the Adani Group, instructed by Vinod Adani have engaged in a pattern of ‘round robinning’ of money using a vast labyrinth of offshore tax haven based shell entities for many years to mask insider trading, limited free-floats (National Stock Exchange of India rules require >25% free float beyond the promoter group holdings) and stock ramping. **These allegations suggest the behaviour is not attributable to one bad apple but is systemic, with the conglomerate’s leadership working in concert.**

“**In light of today’s new disclosures of stock manipulation, global investors must act** to belatedly enforce their mandates and ensure they are not supporting these widely reported and allegedly illegal activities of a globally significant scale. This should include immediate new debt denial and divestment of the Adani Group’s multitude of listed subsidiaries. There is one Adani conglomerate, and all the listed subsidiaries are controlled entities, majority owned by the wider promoter group with a multitude of related party transactions.

“US investors have already taken a financial hit as part of the near US\$100bn collective wealth destruction evident so far in 2023 from Adani’s alleged deception. It would not be surprising if investors explored a potential class action, including against the financial intermediaries that failed basic ESG due diligence and reported as being involved in the 2015 fraud by the now-bankrupt German company Wirecard.

“**The US DOJ and SEC must now conduct a full investigation into the new allegations and information,** including an evaluation of the facilitation roles played by the likes of JPMorgan Chase & Co., Citigroup Inc. and Bank of America Corp. In Europe, major lenders include UBS Group, Deutsche Bank and Barclays Plc.

“There should also be an immediate resumption of the independent committee of the Indian Supreme Court, and SEBI should as a matter of urgency resolve the allegations of [rule violations](#) in terms of thin capitalisation and promoter group disclosures, and SEBI’s self-proclaimed “journey without a destination,” i.e. an inability to-date to access financial records of offshore investors in tax havens. We would recommend the use of the full weight of the Indian Government to compel the Adani Group and enable global financial institutions to comply with their requests, this time.

“Prime Minister Narendra Modi must ensure SEBI and the [Directorate of Revenue Intelligence](#) have complete independence, authority and full access and compel international entities to provide critical information and resolve the multitude of issues. Allegations of [Indian Government authorities acting in concert with the Adani Group](#), business intimidation and [crony capitalism](#) need to be fully and independently investigated to restore investor confidence in the free and fair operation of markets in India.

“The recently disclosed [resignation of lead auditors](#) Deloitte is yet another obvious red flag to investors.

“To date asset manager GQG Partners, which is reported to have [earlier invested and now exceeded US\\$3.5bn](#) in various Adani entities, appears to have failed basic fiduciary duty tests by ignoring and dismissing the Hindenburg allegations and backing the Adani family’s assertions without explaining how they nullified the allegations. GQG Partners, its clients and investors look ludicrous in light of this new information. Investors should now hold this asset manager to account.

In addition, it is important that clarity is provided to the US SEC as to if there are any related party transactions Adani has with GQG Partners in light of this alleged multi-decade long global fraud.

**“We would go further. GQG Partners’ Australian superannuation clients appear to have abrogated their obligations to do due diligence around Adani.** The question arises as to why major super funds, reportedly including the Australian Super, Rest, and CBus have allowed [GQG Partners to just this month double down their investments](#) in the Adani Group again.

“For their parts, the Australian Government’s [Future Fund and Australian Retirement Trust](#) should immediately divest any remaining holdings from the various listed subsidiaries of the Adani Group”.

Adani Enterprise shares are down 35% year-to-date 2023, against the 7% rise in the Indian market overall. Adani Ports is flat, Adani Total Gas is down 82%, Adani Transmission is down 67%, Adani Power is up 10%, and Adani Green down 50%, suggesting financial markets are continuing to give significant credence to the risks of this group in light of the January 2023 [Hindenburg allegations](#). The near US\$100bn of collective shareholder wealth destruction even before today’s new disclosures warrants full and independent regulatory reviews.

---

***Tim’s previous commentary on the January 2023 allegations by Hindenburg Research is [here](#).***

**Media:**

*Tim Buckley (based in Sydney/AEST) is available for interview via Annemarie on +61 428 278 880 or [annemarie@climateenergyfinance.org](mailto:annemarie@climateenergyfinance.org) or direct on +61 408 102 127.*