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Adani Group

India's Gautam Adani: one of world's richest men becomes a short seller's target

Tycoon associated with prime minister heads a business empire that has surged in value



Gautam Adani has presented his life story as that of a self-made man © Siddharaj Solanki/FT

Benjamin Parkin and **John Reed** JANUARY 27 2023

With share-based wealth of \$118bn, India's Gautam Adani briefly overtook Jeff Bezos as the world's second-richest man last year — becoming the face of the fast-growing economy that will this year become the world's most populous country.

The industrialist who once described himself as an “introvert” has basked in his newfound prominence, hobnobbing with world leaders including French President Emmanuel Macron and then-British prime minister Boris Johnson.

But this week [Adani](#) and his sprawling eponymous business empire have been in an unwelcome and costly spotlight. Hindenburg Research, a US-based short seller known for targeting Twitter and electric vehicle start-up Nikola, said it had taken positions against listed Adani Group companies such as Adani Enterprises and Adani Green Energy. Hindenburg accused the group of “pulling the largest con in corporate history”.

The report has [wiped more than \\$40bn](#) off the combined \$200bn-plus market capitalisations of the founder and chair's seven listed companies.

[Hindenburg](#), which said it spent two years on its investigation, claimed that the Adani Group had “engaged in a brazen stock manipulation and accounting fraud scheme over the course of decades”. Among its allegations were that a relative of Adani used offshore entities to launder money into the group's listed companies, contributing to their “sky-high valuations” after a surge in stock prices over the past three years.

Hindenburg also questioned what it said were high amounts of leverage in the group's entities.

Jugeshinder Singh, the group's chief financial officer, rejected Hindenburg's claims as “a malicious combination of selective misinformation and stale, baseless and discredited allegations”. The Adani Group said it operated “in compliance with all laws” and said it was weighing “remedial and punitive action” against Hindenburg.

The group also questioned the timing of the report, just as Adani embarks on a [\\$2.5bn share offering](#) in India that is due to close next week.

With the Adani Group's interests spanning from heavy industry to media — and its position as a leading corporate employer and taxpayer — the challenge to the group's integrity is significant for [India](#) Inc and its financial markets, regulators and politicians. It comes as Adani has embarked on an ambitious international expansion, enlisting global partners and investors to back the group.

“Given the size and impact and scale of their investments, this is something that everyone will have their eye on now,” said Amit Tandon, managing director of Institutional Investor Advisory Services, a Mumbai-based proxy advisory firm.

The questions over Adani's personal integrity resonate all the more because of his longstanding association with Prime Minister Narendra Modi, who hails from the same state of Gujarat.

The tycoon's ties to Modi have been subject to fierce scrutiny from critics, who accuse the Adani Group of using its powerful position to secure sweetheart deals. In 2019, for example, the group bought all of a batch of six airports being privatised by the government, after rule changes allowed a company with no prior experience to swiftly become one of India's largest airport groups. One opposition leader called it an "act of brazen cronyism".

Adani, 60, acknowledges that aligning business interests to government policy has given him a "tailwind". But he denies impropriety. Asked in a television interview this month by India Today's Rajat Sharma about his rapport with Modi, he said that one "cannot take personal help from Modi ji", using an honorific for the prime minister. In response to a question about bids, he said that "not one business has been secured without bidding".

The billionaire has presented his life story as that of a self-made man, who made his first money under a government run by the opposition Congress party.

Adani was born in Ahmedabad in 1962 in a middle-class family, with a textile merchant father. He left school aged 16, dropping out without getting a degree to work in Mumbai.

He dabbled in the diamond trade, returning four years later to Gujarat to run his brother's plastics factory. He began borrowing based on one business to finance expansion into new ones. Adani developed a port and special economic zone in Mundra, Gujarat, that was to grow into one of India's largest and a hub of his business empire, with facilities including a coal-to-plastic factory and a copper smelter on site.

Adani has pushed heavily into renewable energy, aligning himself with the government's ambitious decarbonisation goals, while remaining one of India's biggest operators of coal-fired power plants. Last year he launched a successful hostile bid for leading broadcaster NDTV — a move that critics said was ominous for India's shrinking press freedoms — and then said he aimed to build a "global footprint" for it, giving India an outlet comparable to Al Jazeera.

Hindenburg's questions now bring more attention to the fundamentals of Adani's swath of businesses, including the source of the company valuations that have made him one of the world's richest men.

During the India Today interview Adani waved away talk of his soaring wealth — “I don’t chase numbers,” he said — and dismissed a question over what would happen if “the Adani bubble bursts”, saddling banks with unpaid debt.

“This balloon will keep flying as long as India is progressing,” he replied.

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