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***Adani***

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## **( Hindenburg Research Adani Report PDF )**

A prominent US investment research firm has accused conglomerate AdaniGroup of pulling the “largest con” in corporate history by committing a “brazen stock manipulation and accounting fraud scheme”.

In a lengthy report, the New York-based Hindenburg Research also alleged the group, headed by the world’s third-richest person Gautam Adani, was involved in an improper use of offshore tax havens.

“Key listed Adani companies have also taken on substantial debt, including pledging shares of their inflated stock for loans, putting the entire group on precarious financial footing,” the firm said.

The report, which the research company said was published after a 2-year investigation, said five of seven key listed companies of Adani Group have reported ‘current ratios’ below 1, indicating near-term liquidity pressure.

Shares of Adani Group companies – currently valued at ₹17.8 trillion – spiked an average of 819 per cent in the last three years, it said, adding that the group founder and chairman Gautam Adani amassed USD100 billion of USD120 billion of his net worth in that period.

“Our research involved speaking with dozens of individuals, including former senior executives of the Adani Group, reviewing thousands of documents, and conducting diligence site visits in almost half a dozen countries,” the research firm said.

The Hindenburg Research report further claimed that key listed companies of the Adani Group have taken on “substantial debt, including pledging shares of their inflated stock for loans, putting the entire group on precarious financial footing”.

Adani Group’s very top ranks and 8 of 22 key leaders are Adani family members, a dynamic that places control of the group’s financials and key decisions in the hands of a few, it said that a former group executive dubbed the conglomerate as “a family business.”

The Adani Group has previously been the focus of 4 major government fraud investigations which have alleged money laundering, theft of taxpayer funds and corruption, totalling an estimated USD17 billion, it added.

Adani family members allegedly cooperated to create offshore shell entities in tax-haven countries like Mauritius, the UAE, and Caribbean Islands, generating forged import/export documentation in an apparent effort to generate fake or illegitimate turnover and to siphon money from the listed companies, the report claimed.

A “vast labyrinth of offshore shell entities” managed by Gautam Adani’s elder brother Vinod and his close associates has been used for stock manipulation and money laundering, it said.

Raising 88 questions about the functioning of the group, the report said, “We believe the Adani Group has been able to operate a large, flagrant fraud in broad daylight in large part because investors, journalists, citizens and even politicians have been afraid to speak out for fear of reprisal.”

In its disclosure, the US firm said that it had taken a short position in Adani Group through its US-traded bonds and Indian-listed derivatives, indicating that it expects a correction in Adani stocks.

“Even if you ignore the findings of our investigation and take the financials of Adani Group at face value, its seven key listed companies have 85 per cent downside purely on a fundamental basis owing to sky-high valuations,” the report said.

According to media reports, Adani Group shares lost around ₹86,000 crores in value amid a sell-off triggered by the Hindenberg Research report.

In response, Adani Group has vowed to sue the investment research firm.

“We are evaluating the relevant provisions under US and Indian laws for remedial and punitive action against Hindenburg Research,” the group said on Thursday (January 26, 2023).

Meanwhile, Adani Enterprises Ltd’s ₹20,000-crore follow-on public offer (FPO) will open for subscription on Friday (January 27, 2023).

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