India’s Adani Enterprises tanks after founder’s US charges

AFP- Shares in India’s Adani Enterprises slumped 10 percent at Thursday’s open after US prosecutors charged billionaire industrialist founder Gautam Adani with paying hundreds of millions of dollars in bribes and hiding the payments from investors.

The steep losses in the Adani group’s key firm was matched by heavy selling in its other key businesses, with Adani Power losing 11 percent and Adani Energy Solutions tanking 20 percent.

The close ally of Hindu nationalist Prime Minister Narendra Modi is alleged to have agreed to pay more than $250 million in bribes to Indian officials for lucrative solar energy supply contracts.

The deals were projected to generate more than $2 billion in profits after tax, over roughly 20 years.

None of the multiple defendants in the case, including Adani, are in custody.

There was no immediate response from the Adani Group.

With a business empire spanning coal, airports, cement and media, the Adani Group has been rocked in recent years by corporate fraud allegations and a stock crash.

Last year the conglomerate saw $150 billion wiped from its market value last year after a bombshell report by short-seller Hindenburg Research accused it of “brazen” corporate fraud.

Gautam Adani, the family-run conglomerate’s founder and one of the world’s wealthiest people, denied Hindenburg’s original allegations and called its report a “deliberate attempt” to damage its image for the benefit of short-sellers.

The 2023 Hindenburg Research claimed the conglomerate had engaged in a “brazen stock manipulation and accounting fraud scheme over the course of decades”.

Hindenburg said a pattern of “government leniency towards the group” stretching back decades had left investors, journalists, citizens and politicians unwilling to challenge its conduct “for fear of reprisal”.

Jairam Ramesh, of India’s key opposition Congress Party, said Thursday that the indictment “vindicates” their demand for a parliamentary inquiry into Adani.

Ramesh condemned what he called the “abject failure” of the Securities and Exchange Board of India (SEBI) to hold the Adani Group “to account for the source of its investments”.

Adani was born in Ahmedabad, Gujarat state, to a middle-class family but dropped out of school at 16 and moved to the financial capital Mumbai to find work in the city’s lucrative gem trade.

After a short stint in his brother’s plastics business, he launched the flagship family conglomerate that bears his name in 1988 by branching out into the export trade.

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