



Adani Group		
February 2023		
Contact	Senior Executive Leader	Executive Director
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Key Messages

- On 24 January 2023, Hindenburg Research released a report (**Report**) alleging that the India based Adani Group had, amongst other things, engaged in “a brazen stock manipulation and accounting fraud scheme over the course of decades”.
- Only a small part of the Report concerned allegations in relation to the Adani Group’s Australian operations (**Australian allegations**).
- On 29 January 2023, the Adani Group published an extensive response to the allegations raised in the Report (**Response**).
- The Report and Response were published amid a significant capital raise by Adani Enterprises Ltd (**Adani Enterprises**) which is listed on the National Stock Exchange of India.
- ASIC has not identified any harm to investors in Australia.
- The misconduct alleged to have occurred in Australia is aged, having occurred between 2013 – 2015.
- Given the age of the Australian allegations:
 - there are likely to be difficulties obtaining information/evidence supporting the correctness of the accounting treatment of the transactions from the auditors and/or companies; and
 - the only regulatory action available in relation to the alleged transactions would be criminal with the limitation period for civil penalty proceedings having expired.

Public ASIC comment to date

- ASIC has **not** made any public comment to date and declined to confirm on the record whether it was looking at the Report, but The Sydney Morning Herald reported that unidentified sources had informed it that ASIC was reviewing the Report.

Media mentions

- The publication of the Report has received global media coverage.
- A sample of local media reports are contained in Annexure 1 to this paper.
 - The Sydney Morning Herald – *Australia’s involvement in ‘the largest con in corporate history’*
 - Financial Review – *Adani Australia hits back at fraud claims*
 - The Sydney Morning Herald – *ASIC reviewing short-seller report on Adani*
 - Financial Review – *Local link to Adani short-selling row*
 - Financial Review – *Adani sells \$3.6b in shares despite fraud allegations*
 - The Courier Mail – *Adani says business as usual in Qld despite fraud allegations*

Background

- Hindenburg Research is a US-based short-seller.
- The Report that was published was sensationally titled ‘Adani Group: How The World’s 3rd Richest Man Is Pulling The Largest Con In Corporate History’.
- The Response issued to the allegations by the Adani Group was an extensive 413-page document.
- At the time the Report and Response were published, Adani Enterprises was undertaking a capital raising which secured \$3.6 billion from investors.
- Briefly, the Australian allegations concern:
 - Carmichael Rail and Port Singapore Holdings Pte Ltd (**Carmichael Rail**), a privately held Singaporean Adani entity, engaging in three AUD100 million+ transactions involving Australian



- proprietary limited entities in the Adani Group. It is alleged that those transactions may have resulted in Adani Enterprises Ltd (**Adani Enterprises**), the ultimate holding company of the entities involved in the transactions, avoiding recognition of large asset impairment charges (**Carmichael Rail allegations**); and
- Adani Enterprises being charged AUD138 million for port handling service fees by North Queensland Export Terminal Pty Ltd (**NQXT**), another Australian proprietary limited company in the Adani Group. Although the transaction was disclosed in Adani Enterprises' FY22 annual report, it is alleged the transaction was done to withdraw capital out of the public company and it is not clear whether the fees were in fact paid.
 - Gautam Adani and two other Adani family members are directors of Adani Enterprises.
 - Samir Vora is a director of each of the Australian entities involved in the transactions and he is the brother-in-law of Gautam Adani.
 - The Adani Group entities registered in Australia are proprietary limited and ultimately privately owned by Adani entities that are registered offshore.

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