

## COMPANIES &amp; MARKETS

## Industrials

# Adani defends 'robust' business empire

Group's losses hit \$100bn after short seller attack forces halt to share sale

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Indian billionaire Gautam Adani broke his silence and defended his industrial empire despite a cancelled \$2.4bn share sale in the wake of a short seller attack.

Losses for Adani Group stocks escalated to \$100bn yesterday after the conglomerate's leading company called off the equity issue, saying it would "not be morally correct" to proceed given the stock wipeout.

In a video address shortly before markets opened, Adani dismissed concerns about the group's finances and said the decision not to go ahead with the fund-

raising for Adani Enterprises would "not have any impact on our existing operations and future plans".

He said the sale had been halted to protect investors, who would otherwise have faced steep losses because of the plunge in the company's value.

"For me, the interest of my investors is paramount and everything [else] is secondary," Adani said. "Hence to insulate the investors from potential losses, we have withdrawn the [sale]."

The group's chair and founder said that the company's earnings and cash flows were "very strong" and that it had "an impeccable record of fulfilling our debt obligations".

"Our balance sheet is healthy and assets robust," Adani said. "Once the market stabilises, we will review our capital market strategy."

Adani Group stocks have now lost

more than Rs8.4tn (\$102bn) since short seller Hindenburg Research accused the conglomerate last week of using offshore entities in tax havens to inflate the share prices of its listed companies, allowing them to take on more debt and

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"putting the entire group on a precarious financial footing". Adani Group has denied the allegations.

Shares of all 10 listed companies controlled by the conglomerate fell in early trading in Mumbai yesterday, though some recovered later. Adani Enterprises dropped more than 18 per cent, while

both Adani Transmission and Adani Ports fell 10 per cent.

The decision on Wednesday to pull the share sale and refund investors came after shares in Adani Enterprises fell to Rs2,179.75, far below the deal's Rs3,112 floor price.

Several Indian opposition MPs yesterday demanded parliament allot time to debate Hindenburg's claims. Adani Group's investors include state-owned entities, the Life Insurance Corporation of India and the State Bank of India.

Adani made repeated efforts to reassure investors before the sale, releasing a 413-page response to the short seller's allegations. It also enlisted some of India's leading tycoons to help get the follow-on offering across the line.

Anchor investors including Abu Dhabi's International Holding Company and London-listed Jupiter Asset Man-

agement had already committed to buying 30 per cent of the offering before the public share sale began on Friday.

The sell-off has prompted some financial groups, including Citigroup's wealth unit, to stop accepting Adani securities as collateral for margin loans, according to one person with direct knowledge of the situation.

Adani Group also denied "market rumours" that shares in its cement-making outfits, Ambuja Cements and ACC, had been pledged as collateral as part of acquisition finance and that the group was under pressure to cover losses resulting from share price falls.

Group debt has also been hit, with a dollar bond from Adani Ports maturing in 2024 dropping 20 cents to just below \$0.70 on the dollar on Wednesday, while a bond maturing in 2024 from Adani Green Energy fell 10 cents to \$0.67.