

US bribery charges against Adani put India Inc's reputation on trial

Allegations cast doubt on nation's pitch as a safer and less corrupt place to do business than China

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Battling to win back credibility with investors after a damaging short seller attack last year, India's powerful Adani Group repeatedly flew business partners and journalists to its showpiece "green" project: a vast solar and wind farm in Khavda in the north-western state of Gujarat.

Now Adani's renewable power business is itself at the heart of even more perilous allegations levelled against one of India's biggest conglomerates, a sprawling industrial powerhouse whose rise has shadowed the political ascent of Prime Minister Narendra Modi for two and a half decades.

US criminal and civil charges accusing the group's founder, Gautam Adani, of involvement in a \$265m bribery scheme have startled Indian businesspeople and given potent ammunition to Modi's parliamentary opponents.

For international investors, they raise new questions about the probity and integrity of Indian regulators and business leaders, while casting doubts on the nation's preferred narrative of an ascending economy that offers a safe alternative to a corrupt and capricious China.

The charges from the Department of Justice and the Securities and Exchange Commission could also complicate New Delhi's ties with Washington, which are already clouded by claims Indian officials were involved in attempts to kill Sikh separatists in the US and Canada.

Since short seller Hindenburg Research last year accused the Adani Group of engaging in "brazen stock manipulation and accounting fraud", Modi's opponents have criticised the prime minister for what are widely seen as his close ties with billionaires including Adani.

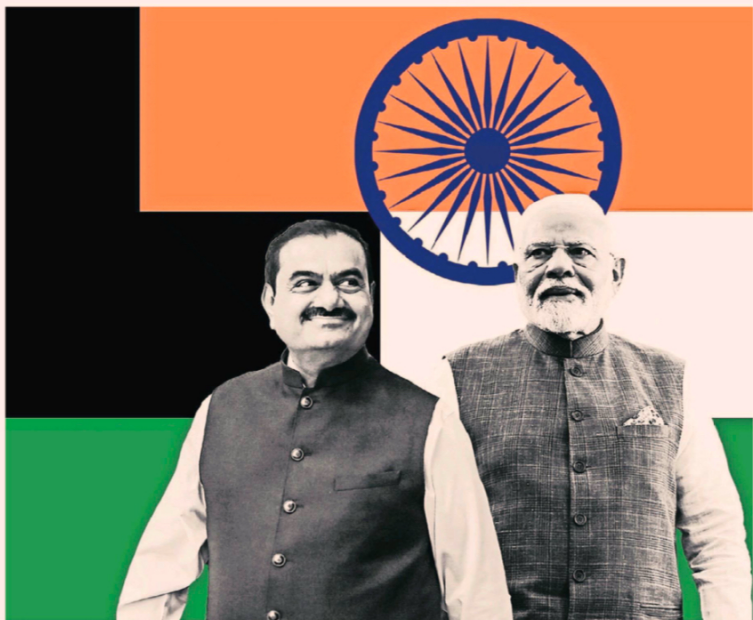
On Thursday, many called on Indian authorities to follow the example of the US agencies and prosecute.

"It's now pretty clear and established in America that Mr Adani has broken both American law and Indian law," opposition leader Rahul Gandhi told a press conference in New Delhi. "He has been indicted in the US and I'm wondering why Mr Adani is still running around a free man in this country," said Gandhi, sitting in front of a large image of Adani and Modi sharing a laugh.

A possible extradition request, legal appeals and long-running court proceedings could add an unpredictable twist to a fast-expanding but complex US-Indian diplomatic, military and trading relationship ahead of the inauguration of a new administration led by Donald Trump. An extradition treaty between India and the US has been in force since 1999, but has only occasionally been used.

"There is an arrest warrant that has been issued in the US," said Praveen Chakravarty, an official with Gandhi's Indian National Congress party. "How is that going to proceed? Adani calls for extradition, is Modi going to protect him [Adani], and on what grounds?"

Gandhi and other opposition politicians pointed in particular at one section of the US criminal indictment. It alleges that in March, Gautam Adani told his nephew, Sagar Adani, executive director of the Adani Green renewables business, had "made or caused" a



Intertwined: the group founded by Gautam Adani, left, has risen alongside the political fortunes of Prime Minister Narendra Modi

PHOTO: GETTY IMAGES

personnel to falsely tell banks and India's two stock exchanges that it had not received notice from the US justice department of a investigation.

Chakravarty described the US allegation of misleading investors as a "serious offence" that would require action by the Securities and Exchange Board of India, the stock market regulator.

Sebi has previously investigated the allegations made by Hindenburg and reports in the Financial Times and elsewhere alleging Adani manipulated its own shares, but has not taken any action against the group. In July, Sebi said Hindenburg had "deliberately sensationalised and distorted certain facts". "This is only the tip of the iceberg," said Mahua Moitra, another opposition MP who has been scathingly critical of Adani in parliament.

"Let's wait for this fraud and grand larceny to unravel."

India's government spokesman and Sebi did not respond to requests for comment. The Adani Group has described the US charges as "baseless" and said "all possible legal recourse will be sought".

The charges against Adani come at a time when India's reliability as a like-minded business and diplomatic partner for western democracies was already being questioned.

Canada's Prime Minister Justin Tru-

deau has said there are "credible allegations" of Indian involvement in the killing of Sikh separatist Hardeep Singh Nijjar in Vancouver last year. The US last month charged an Indian "senior field officer" with directing a foiled plot to murder a Sikh activist in New York.

While India expelled Canada's diplomats and responded belligerently to Ottawa's claims of extrajudicial killing, it has been more circumspect with the US, whose officials have demanded accountability from their Indian counterparts.

"Thus far, the United States and India have successfully compartmentalised the fallout from charges linked to India's 'murder-for-hire' scheme, but the charges against several high-ranking Adani executives will create a new source of tension," said Milan Vaishnav, director of the South Asia Program at the Carnegie Endowment for International Peace.

"Given that the charges are being brought in the middle of a presidential transition, I suspect there are already back-channel conversations taking place to implore the incoming Trump administration to drop the DoJ and SEC cases," Vaishnav said.

Some Indian businesspeople speculated that fallout from the charges in India would be limited, with Modi's government likely to seek to shield a

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friendly business group pursuing projects central to the prime minister's infrastructure drive from prosecution both in India and the US.

One chief executive, who asked not to be identified, suggested it would be unfair to judge all corporate India by a single case.

"My instinct is that it hasn't hurt brand India or the credibility of the regulator or the ethos that you can build businesses in India that stand up and thrive and survive," the CEO said.

In a post on social media site X last week, Adani congratulated Trump on his election and said his group was committed to investing \$10bn in US energy and infrastructure projects and was "aiming to create" 15,000 jobs. The post was illustrated with an AI-generated panorama showing the US and Indian flags waving over a city with a port, railway and elevated highways.

If US-India relations "can survive a murder-for-hire allegation against New Delhi, then they can certainly survive this new revelation," said Michael Kugelman, director at the South Asia Institute of The Wilson Center, a US think-tank. "President-elect Trump may see Adani as an ally; a fellow businessman who has praised Trump, is close to Modi, and promises to invest in the US and create jobs."

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