

The Loot of Public Investment by Adani Group with the Full Support of Modi's BJP Government!

The world has witnessed the Asian financial crises of the late 1990s and the global financial crises of 2007-2008 and the people of the entire world have experienced the dire consequences of those financial crises affecting their lives adversely in many aspects and that these financial crises are the consequences of adaptation and implementation of neo-liberal capitalist economic policies and particularly of the manipulations and machinations of giant-transnational corporations in the area of their business dealings in stocks accounts and payment of taxes payable by them cannot be disputed.

Despite these bitter experiences, various scams have been surfacing throughout the world, caused by stock manipulations and questionable accounting practices of the so-called reputed corporates and conglomerates. Crony capitalism that has been immensely gained momentum from the inception of the implementation of neo-liberal economic policies is one of the main reasons for the rise of rogue corporations and their policies of manipulative corporate practices causing instability in financial sector.

It is apparent as to how Gautam Adani who was once an employee in a small plastic factory of his brother, today could become one of the wealthiest persons of the top ten of the Forbes list of the wealthiest persons in the world. It is with the support of the present Prime Minister and his official encouragement; from the time of Modi becoming the Chief Minister, Adani could establish Adani group in to a leading infrastructure and commodities intensive conglomerate is not a secret. We have seen how while the entire world is reeling due to Covid-19 effect, causing economic distress, instability in the financial sector, surprisingly Adani group could amass wealth and super profits from its business practices.

Now only, the causes for such an abnormal 'success' are being revealed. While 'crony capitalism' – the patronage of PM Modi – happens to be the cause that facilitated Adani group to be established and continue its business with impunity without any governmental regulation, control or supervision on its business activities, stock market manipulations and accounting fraud scheme practiced by the Adani group over the course of decades is exposed to be the other cause.

Hindenburg research, a short seller company based in America, has exposed the stock market manipulation and accounting scheme being practiced by Adani group, warning about its systems of corporate and market malfeasance. After a two year investigation, presenting evidence that the... Adani group has engaged in a brazen stock

manipulation and accounting fraud schemes over the course of decades, Hindenburg Research published its report on its website on 24th Jan 2023. It raised concerns about the conglomerates 'substantial debt' that had put the entire financial footing.

The short sellers which have been giving such warning systems have the reputation as early warning systems of corporate and market malfeasance. It was the short sellers that had predicted the fall of once powerful energy provider Enron Corporation and accurately fore-seen the financial melt-down to 2007.

Hindenburg Research, which has its focus on forensic financial research, has its reputation of publishing articles on a bitcoin minor and biotech firm that resulted in charges being filed by the US Securities and Exchange Commission against key officials of these firms. It published its report on the Chinese logistics provider Yangtze River Port & Logistics Ltd. which capitalized them (in 2018) \$ billion market revealing that the company's key asset didn't appear to exist. Consequently the company was delisted from the Nasdaq-listed-companies.

Hindenburg in September-2020, reported that the electric vehicle Nikola Corp. parlayed "An ocean of lies" in to partnership with the largest Auto OEM in America, establishing that NIKOLA had reported to several falsifications including a promotional video for its Nikola on semi (truck trailer). This report led to the resignation of Nikola's founder and executive chairman, Trevor Milton and later in last October he was convicted on the charges of having defrauded. Now it presently revealed about Adani group in its report accusing it of improper use of offshore tax havens and flagging concerns about its high debt.

But Adani group with a brave pretention dismissed the report as malicious and baseless, with an intention to undermine its reputation with the principle objective of damaging its upcoming, FPO, without responding to the pointed questions raised in the short-sellers report.

Adani group boldly advertised in news papers (previously as SAHAR has done), claiming that it has the guiding principle of 'growth and goodness' and that it 'continues its focus on nation building and is aligned with India's ambitions of going from Atmanirbhar Bharat to Bharat Par Nirbhar World.

Adani group by obtaining help and support from some Indian conglomerates made the FPO issues to be subscribed, fully though the stocks of the group's flagship firm Adani Enterprises dropped by 28%, after the revelations of Hindenburg. Thus it wanted to impress that the confidence on the Adani group has not decreased.

It made the brokerage houses CLSA and Jefferies and some private equity research reports to down play concerns about the Banking sectors over all exposure to Adani group. But these very groups estimated that Indian banks have exposure up to 40% of the total debt of the five Adani firms which is estimated to be at Rs. 2.1 trillion (2.1 lakhs of crore of rupees).

Between Jan 24 & 27 i.e. within 3 days SBI & LIC have lost market cap of Rs. 78,118 crores in value of their shares alone. The loan exposure of SBI & invest value decline of LIC in Adani group is in addition to it. Loan exposure of SBI and other Banks to Adani group is Rs. 81,200 crores. But LIC chairman claims that its exposure is a meager 1% of its assets without clearly defining the amount involved in the exposure.

But the exposure amount from LIC & SBI and other Banks is the saver's deposits and the tax payer resources that have been capitalized to Adani groups; which are under risk.

Surprisingly both SBI & LIC despite the revelations about rogue practices of stock manipulations etc, have without any compunction brazenly chosen to invest in the FPO's public offering of Adani groups on 27th January providing their support to the accused Adani group by giving credibility to it. LIC further invested about Rs. 300 crore in buying 9,15,748 more shares as an anchor investor i.e. 5% in the share sale.

On the other hand Adani group dubbed the revelations of Hindenburg as "attack on India and its independent institutions" in a bid to raise national sentiment and national chauvinism among the people to cover up its nefarious manipulations and divert public attention.

Now an effort is being made to insinuate the BBC for its documentary series, "India – The Modi Question" and Hindenburg's report as a conspiracy to defame Modi, his government and its policies by vested 'foreign interests' – another ploy to divert public attention.

The 'Swadeshi Jagran Manch' an affiliate of RSS and Hindutva forces that have been directing and supporting the Modi's BJP government has vowed to support and stand by Adani group and its interest – clearly indicating and confirming that Adanis' are their own and their interests are their own and attempting to make an impression that Adani's interests are Nation's interests!

However the global brokerage firm credit Suisse has now assigned a zero lending value for bonds sold by three firms of the Adani group – Adani Ports & SEZ, Adani Green Energy and Adani Electricity, Mumbai. After the publication of Hindenburg's investigation report the Adani group's 10 listed firms have seen massive losses; eroding the market value of the group shares more than 35%, wiping at around 7.4 lakhs of crores of rupees, from the combined market capitalization of the group. Ultimately it is the bank depositors and subscribers to LIC and small investors that have to bear the brunt of the financial fraud and manipulation played by Adani group.

Despite all this devastation of financial sector, neither the PM Modi nor any representative of BJP government nor the SEBI made any official statement in this regard, specifically regarding the corporate governance issues and about their strict regulation and punishing the culprits if found on an honest investigation.

This exposes the play of crony capitalism and the strong bond of BJP and its leadership with Adanis and their firm resolve to protect Adanis even at the cost of the interests of the people and the country despite the large claims that the world is looking towards India for leadership and zero tolerance towards corruption.

Whatever may be the nationalistic pretensions of PM Modi and BJP, this episode of Adani group clearly proves that PM and his government and the ruling-classes that are supporting him are tied to the interests of the big-capital and particularly to the houses of big-capital that are under their patronage!

Such is the state of affairs in our country that have nothing to do with governance of people and the aspirations of the people at large!

One shall not be deceived to the nationalistic claims or the attractive high sounding slogans of PM Modi, BJP government and its cohorts who are proving to be anti-people and are acting against the national interests! Their hypocrisy has to be exposed at every instance to inculcate awareness among the people!