

29 January 2023

Adani Group Hits Back with Detailed Responses to Hindenburg's Unsubstantiated Accusations

[Full Report](#)

EXTRACTS OF ADANI GROUP'S RESPONSE TO HINDENBURG

Our Response to the Allegations

None of the 88 questions is based on independent or journalistic fact-finding. Nonetheless, we have responded to all these questions, to the best of our ability.

- **Disclosed, discredited and disproven allegations:** Allegations 1-3, 27-31, 72-80 present no new findings. These are dredge-up allegations judicially disproven; disclosed by us to our investors and regulators.

Multiple false narratives created around certain diamond exports, whose matters were closed by the Appellate Tribunal (CESTAT) in our favour. This decision was further confirmed by the Supreme Court twice. It has been deliberately ignored and concealed in the Hindenburg report.

- **Baseless allegations around transactions which are compliant with law, fully disclosed and on proper commercial terms:** Allegations 9, 15, 19, 24, 25, 32, 33, 35, 40-51, 53-61, 81-83 are again a selective regurgitation of disclosures from the financial statements of Adani entities. These disclosures have already been approved by third parties qualified and competent to review them.
- **Misleading claims around offshore entities being allegedly "related parties" without regard for applicable law and standards:** Allegations 4, 36, 37, 38, and 39 refer to offshore entities. These are reckless statements without any understanding of Indian laws around related parties and related party transactions.
- **False suggestions based on malicious misrepresentation of the governance practices in Adani portfolio:** Allegations 34, 62-71 use selective information to make insinuations, when in fact, the Adani portfolio has instituted various corporate governance policies and committees like Corporate Responsibility Committee comprising independent directors who keep Board of Directors informed about the ESG performance of businesses.

- **Manipulated narrative around unrelated third-party entities:** Allegations 5-8, 10-14, 16-18, 20-23, 26 and 52 seek information on our public shareholders. Shares of listed companies on Indian stock exchanges are traded on a regular basis. The listed entity does not have control over who buys / sells / owns the publicly traded shares in the company.

Hindenburg has raised questions over offer for sale undertaken by Adani Green Energy Limited in 2019 while maliciously ignoring that the OFS procedure in India is a regulated process implemented through an automated order book matching process on the platform of the stock exchange.

- **Biased and unsubstantiated rhetoric:** Allegations 84-88 are biased statements in the garb of questions about our willingness to respond to criticism. We have the right to seek judicial remedy before Indian courts when such interests are threatened.

Portfolio Credit Highlights

Adani Portfolio companies have successfully executed an industry beating expansion plan over the past decade. The companies have consistently de-levered with portfolio net debt to EBITDA ratio coming down from 7.6x to 3.2x (Please see Chart A below), EBITDA has grown 22% CAGR in the last 9 years and debt has only grown by 11% CAGR during the same period.

Equity Injection in the Adani Portfolio

Adani Portfolio has raised USD 16 Bn equity under a systematic capital management plan for all the Portfolio companies over last 3 years as a combination of primary, secondary and committed equity from marquee investors like TotalEnergies, IHC, QIA, Warburg Pincus, etc.

Banking Relationships

The portfolio has developed deep bank relationships with institutions like JP Morgan, Bank of America Merrill Lynch, Citi, CreditSuisse, UBS, BNP Paribas, Deutsche Bank, Barclays, Standard Chartered, MUFG, DBS and Emirates NBD among others. This has strengthened access to diverse funding sources and structures. Successful syndication of the banking transactions has resulted in de-risking of the banks in volatile markets like Holcim's Indian cement business acquisition with international banks.

Accounting Process, Centralized ERP governance mechanism and Reporting system

Internal Financial control process and governance mechanism is facilitated and monitored by the group based on five key pillars:

- a. Centralized ERP Governance Mechanism and Reporting System
- b. Periodic internal and external reviews of various processes
- c. Issuing Corporate guidelines and ensuring their adherence
- d. Appointment of competent and reputed statutory auditors for all verticals
- e. Capacity building programs for facilitating the controls

The Group ensures highest standards of governance and reporting by all businesses across all verticals. Adani Business Excellence Team (ABEX) is a centralized team handling accounting and financial controls of all companies. These processes have received six sigma and ISO awards.

Robust mechanism for scrutiny and audit, many CFOs have donned new roles within Group

Adani Group companies have a very strong audit process to prevent any deviations from regulatory obligations and highest legal standards. The Audit Committee of each of the listed verticals comprises 100% Independent Directors. The Statutory Auditors are appointed to the Board of Directors on recommendation by the Audit Committee and are from global big 6 or are regional leaders.

Hindenburg has trivialised the change of CFOs. Many CFOs are still part of the organisation in other capacities. Some have left after retirement or to pursue their own entrepreneurial endeavours and continue to work in our association.

We reaffirm that Adani Group is in complete compliance with all applicable laws and regulations and continue to retain all our rights to pursue remedies to safeguard our stakeholders before all appropriate authorities. We reserve all our rights to respond further to any of the allegations or contents of the Hindenburg report or to supplement this statement.