One of the world’s richest men loses ground after £39bn stock market slump

Shares in listed companies controlled by one of the world’s richest men have lost $48bn (£39bn) in market value over three days following a report by a short seller that claimed he was behind the “largest con in corporate history”.

Shares of Gautam Adani’s flagship Adani Enterprises sank by 20% on Friday alone in the wake of Wednesday’s report by New York-based Hindenburg Research that questioned his group’s business practices and debt levels.

Wider stock market sentiment in India has also plunged in the wake of the study, with banks that have exposure to Adani firms coming under particular pressure.

The sector held 40% of the $24.5bn of Adani Group debt in the financial year to March 2022.

In addition to the report’s concerns related to debt, flags were also raised about alleged improper use of entities set up in
offshore tax havens, stock market manipulation and accounting fraud.

The group has denied the accusations and said it is considering the prospect of legal action on the grounds that the report is baseless.

The Reuters news agency said that India’s capital markets regulator was studying the Hindenburg report and could use it to aid its own ongoing investigation into offshore fund holdings of Adani Group.

Mr Adani’s other listed entities have suffered big reductions to their market value – in line with Adani Enterprises.

They include Adani Transmission, Adani Total Gas, Adani Green Energy and Adani Ports.

The stock market plunge has also seen Mr Adani’s position tumble from third in the world’s richest league.

With an estimated net worth of $97.6bn (£79bn) he is now the world’s seventh richest man, according to Forbes.

Saurabh Jain, assistant vice-president of research at SMC Global Securities, said of the market mayhem in India: “The sell-off is seriously extreme … it has clearly dented the overall investor sentiment.”

The Nifty Bank index was 3% off on Friday.