

## The Adani Group is the largest private developer of coal in the world

Tim Buckley, Director, [Climate Energy Finance](#), 14 February 2023

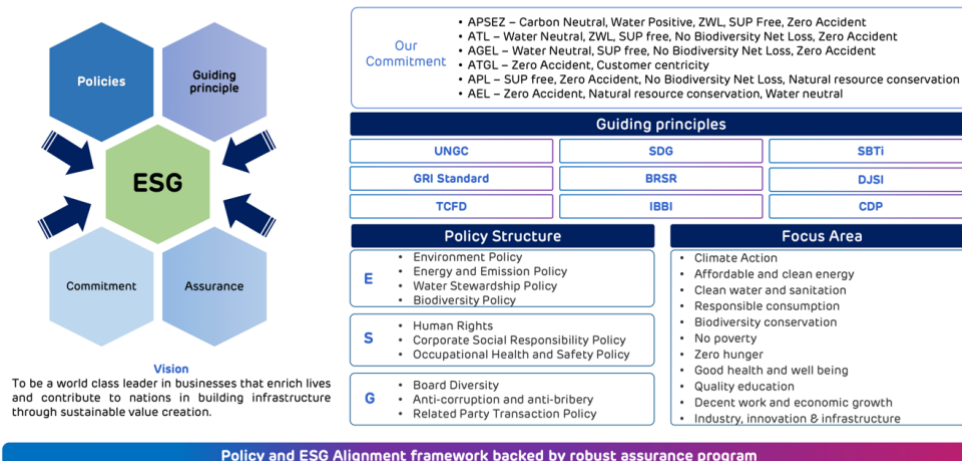
The Adani family conglomerate proudly professes its exceptionally high environmental, social and governance (ESG) ratings by a multitude of financial service providers. Its slogan says it all: “Growth with Goodness”. But while Adani group is one of the largest investors in green energy, it is also the largest private developer of new coal mines and coal-fired power plants in the world, and has won Government of India (GoI) support to expand its fossil fuel related exposures with new coal-to-plastics plants, LNG import terminals, oil bunkers and gas reticulation systems throughout India.

The Adani Group’s [investor presentations](#) are backed up by an alphabet soup of ESG-related acronyms: UNGC, GRI Standard, TCFD, IBBI, BRSR, SDG, SBTi, DJSI and CDP. Despite a decade working in green finance, even I can’t name all these initiatives. But as an ex-fund manager, I have seen firsthand that most of these organisations have little if anything in the way of external verification mechanisms. They are so keen to sign up new members that it is all left up to the signatories’ own self-assessment.

A bit like Adani, one on the world’s largest and most complex conglomerates, hiring [23 year old auditors](#). And not dissimilar to the [Glasgow Finance Alliance for Net Zero \(GFANZ\)](#), a brilliant initiative which may just have [asked Vanguard, one of the top three investment funds in the world, to leave](#) for failure to do anything to actually align with the initiative, a point made clear by [GLS Bank](#) this month as it resigned as a founding member.

And while the [UK Financial Conduct Authority](#) and [US SEC](#) have both said greenwash is a form of investor fraud, they haven’t actually done anything about it, yet.

### Adani Portfolio: ESG backed by assurance



Source: Adani [Investor presentation](#), January 2023

Adani Group's bona fides have come under scrutiny as a result of explosive allegations of fraud in a [recent report](#) by short selling research firm Hindenburg.

We note that the Group's deep and expanding interests in fossil fuels are coupled with a concerning record of treatment of farmers forcibly displaced by developments and adverse environmental impacts. Here, we outline the scale and depth of these interests, which throw into question the Group's purported ESG credentials.

Since entering the mining business in 2015, the Group has become the largest private operator and developer of new coal mines in India, second only to the Government of India (GoI) controlled Coal India Ltd, the largest coal mining firm in the world by far.

The Group claims a 50% market share in coal trading in India (66Mtpa), and has more than nine Mine Developer & Operator (MDO) coal developments across India currently operating at an annualised [27Mtpa in 1HFY2023](#), but targeting >100Mtpa mining output.

November 2020 saw the [Adani group placed highest in the GoI coal deposit awards](#). In July 2021, Adani Enterprises [won from the GoI another four 'coal blocks'](#) at Khargaon and Jhigador in Chhattisgarh, Dhirauli in Andhra Pradesh, and Gondkhairi in Maharashtra.

These deposits lie beneath land currently owned upon by traditional farmers, and protected forests and wildlife reserves. A multitude of [reports](#) highlight the community opposition to developing these assets, all of which is swept under the carpet.

Overseas, Adani Enterprises owns the 60Mtpa, 90-year mine life Carmichael Coal project in the Galilee Basin, Queensland, Australia, operating at 6Mtpa annualised rate in 1HFY2023, plus a 50Mtpa coal export port at Abbot Point (owned by the private family, and banks) adjacent to the Great Barrier Reef, as well as the Bunyu Coal Mine in Indonesia (acquired in 2008).

In June 2021 it was [reported](#) that Adani Enterprises was planning a US\$4bn imported coal-to-PVC plastics plant in its Special Economic Zone (SEZ) in Mundra, Gujarat. In November 2022 Gautam Adani was [reported](#) to have expanded this coal-to-plastics proposal as part of his grand plan to shift into petrochemicals in competition with his chief billionaire rival, Mukesh Ambani, the promoter behind India's giant Reliance Industries Ltd, and richest man in Asia.

Adani Ports & SEZ Ltd is also the [largest import port operator for coal](#), deriving ~30% of total volumes from coal, and another ~5% from LNG imports, although it is increasingly hard to find this cargo exposure detailed in the annual report or investor presentations.

Adani Ports in FY2023 has also become one of India's largest oil tank storage players in partnership with the GoI's Indian Oil Corporation Ltd, albeit not without some controversy re [failure to get permits](#).

Beyond this, Adani Power Ltd is also one of the largest private developers and acquirers of new coal-fired power plants in the world, second only to the GoI controlled NTPC Ltd in India, and behind the state-owned enterprises (SOE) in China. Only SOE can still raise public subsidised capital to fund new coal power plant developments, with most global export credit agencies and public financial institutions introducing [coal exclusion policies](#), building on the massive momentum by private financial institutions since 2018 to decarbonise, and culminating in [China President Xi Jinping's no new coal abroad](#) pledge of September 2021.

Adani Power in FY2022 acquired the [1.2GW coal power plant of Essar Power M.P. Ltd](#), and in January 2023 was in the process of acquiring the [1.2GW DB Power coal power plant](#), adding to its purchase of the [1.37GW coal plant of GMR Chhattisgarh Energy Ltd](#) in FY2020, as well as the [600MW Korba West Power coal plant](#) in FY2015 (with FY2016 plans to add [1.6GW additional capacity](#)) and [1.3GW Udupi coal power plant](#) in FY2016 (with FY2018 [plans to add another 1.6GW](#)).

Adani Power is also in the process of commissioning its [1.6GW Godda imported coal power plant](#), subject to issues over the claimed lack of fairness of its power purchase agreement. It is well on track to [double to 24GW of coal power plants](#) across India, although that target seems to have also slipped from its latest investor briefings. Many of the proposed projects have been [heavily disputed](#) for long periods of time, particularly by the [dispossessed farmers](#) and communities.

The Hindenburg report has now put planned [concurrent rapid expansions](#) on all fronts on a go-slow. Prior to this, Adani was proposing to [enter the power sector in Israel](#) via a plan to bid for a gas-based power project there, building on its July 2022 purchase of a concession for a new port proposal at Haifa.

The 37.4% owned associate Adani Total Gas Ltd has expanded from the original six City Gas distribution geographic areas in 2015 to 38 in 2021. Adani won 25 new geographic areas in 2018 and 2019 in the ninth round bidding by the Gol, and then won another 14 geographic areas in 2022 from the Gol to now reach 52 geographic areas, making it the [largest city gas distribution player in India](#) covering 35 million households. A remarkable achievement, but certainly suggesting a dose of crony capitalism played a key role.

Largely underwritten by Gol power purchase agreements, Adani Green is one of the largest developers of solar projects in India. However, the Adani family conglomerate is investing far more in new fossil fuel projects than in zero emissions alternatives, undermining its ESG claims to be the green energy champion of India as it walks both sides of the street.

The table below details our estimate of the Adani family gross value of listed shares in India, before deducting some ~US\$6bn of margin loans, or adding in any alleged offshore shareholdings. Overnight saw the family gross wealth down another 5% to just US\$65bn.

A silver lining of Hindenburg's report accusing Adani of the "largest con in world history" is that India may see the folly of pursuing an expensive imported fossil fuel expansion plan that increases India's energy security risks. We would suggest India would be far better off doubling or trebling its domestic sourcing of zero emissions, deflationary, cheap renewable energy infrastructure, leveraging the enormous interest from global investment capital like [Ontario Teachers](#), [Sembcorp](#), [Blackrock](#) and [KKR](#). The investment, environmental and trade benefits of such a strategy would better serve India's, and the world's, interests as the globe rapidly, and necessarily, decarbonises.

**Note: See Tim Buckley's previous reflections on the Hindenburg Adani allegations [here](#).**

**Adani Family Exposures to Listed Indian Subsidiaries / Associates**

	Rs 23/1/2023	Adani Share M fpo 31/3/2022 *	Adani Share %	Rs Now	Adani Stake RsBn 23/1/2023	Adani Stake RsBn Now	Decline
Adani Enterprises	3,435	721	65.5%	1,718	2,476	1,238	-50.0%
Adani Green	1,932	1,215	77.7%	688	2,347	836	-64.4%
Adani Transmission	2,784	824	73.9%	1,127	2,294	929	-59.5%
Adani Total Gas	3,901	411	36.9%	1,192	1,604	490	-69.4%
Adani Ports	769	1,384	65.5%	553	1,065	766	-28.1%
Adani Power	273	2,892	75.0%	156	789	451	-42.9%
Adani Wilmar	517	571	44.0%	414	295	237	-19.9%
Ambuja Cements	501	1,254	63.2%	342	628	429	-31.7%
ACC Limited	2,323	12	6.6%	1,823	29	23	-21.5%
Total Family Stake RsBn					11,526	5,397	
USD to Rs					82.6	82.6	
Total Family Stake US\$Bn					140	65	-53.2%

Source: Company Accounts, Yahoo Finance, CEF estimates

Note: Promoter shareholdings are as reported at 31 March 2022, \* except for Ambuja and ACC, acquired in Sept'2022