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Adani crashes and burns, accused of ‘biggest con in corporate history’

Is the meteoric decimation of the fossil fuel titan a gift to our environment, or does it unwind Adani's much-needed climate action?

EMMA ELSWORTHY FEB 06, 2023

<https://www.crikey.com.au/2023/02/06/adani-hindenburg-report-stock-sharemarket/>



GAUTAM ADANI (IMAGE: AAP/ADANI ENTERPRISES LTD)

The now-former fourth richest man in the world has been accused of the “largest con in corporate history” by a US activist investor as his net worth plummets by more than \$60 billion. But whether climate warriors should cheer or take a pause is a little more complicated.

Gautam Adani's seven listed businesses — which include several committed to neutralising the group's carbon emissions — [plunged as much as 25% in value](#) last week as the Indian tycoon's calls for calm were drowned out amid a sharemarket meltdown.

Shares of Adani Enterprises, Adani's flagship firm, have plummeted almost 55%, while India's stock exchanges halted trading on five of the firms as shares crashed to the daily limits. It's an unravelling many might have doubted possible for Adani, and it all began when a US investment research firm, Hindenburg Research, released [a damning report](#) that accused the conglomerate of fraud, manipulating stock markets, and offshore tax havens.



The firm — which has bets against Adani's companies — drew a big question mark over the “sky-high valuations”. It also said the “substantial debt” saddling the multinational meant its powerful facade hid little more than a financial house of cards.

Adani's denial was swift and outright, saying it was considering legal action over the “maliciously mischievous, unresearched” report. But it wasn't enough to stem the tide of a stock market bloodbath. The group's value halved — amounting to \$100 billion dollars — in the aftermath. Adani, aged 60, himself broke his silence late last week after he caused shockwaves by suddenly abandoning a hefty \$2.5 billion deal, just 24 hours after it was sealed, to sell new shares in Adani Enterprises.

“For me, the interest of my investors is paramount and everything is secondary,” Adani said. “Once the market stabilises, we will review our capital market strategy.”

These events could upend more than just the multinational, which many thought was too big to fail. The tailspin has prompted India's version of the Reserve Bank to ask lenders how exposed their debts are to the meteoric fall of the Adani Group, according to anonymous sources who spoke to [Bloomberg](#).

Among the transactions were several related to Adani-owned Australian company Bravus, involving \$147 million from the privately owned Carmichael Rail to buy assets from Adani

Mining, a \$100 million line of credit from Adani Global to Carmichael Rail to pay its debts, and a \$100 million security deposit from an Adani private family trust in the Caribbean to use its North Queensland Export Terminal.

In a statement, Bravus said all were above board and dismissed the Hindenburg report as presenting “transactions related to Adani’s Australian businesses in a misleading way to purposefully undermine the reputation of the Adani Group, in order to pursue their own profit by short-selling shares in Adani Group companies”.

But the Australian Securities & Investments Commission (ASIC) confirmed it “will review the allegations against Adani and determine whether further inquiries are warranted”, a spokesperson for the regulator told [Reuters](#).

The Hindenburg report also alleged Adani’s brother-in-law, Samir Vora, was the ringleader in a diamond trading scam before he was appointed the executive director of Bravus. Bravus responded to the allegations by [noting that Hindenburg omitted](#) the fact Vora was cleared of allegations by Indian courts.



A win for the climate?

At first glance, it seems like good news — or at least a form of deeply satisfying karmic retribution — for a name that has come to epitomise the worst of the worst among climate activists, First Nations peoples, and many more when it comes to fossil fuel abuses in Australia. On the global stage, however, Adani has been working hard to scrub itself of the stench of a vast fortune built by mining, shipping and burning coal, pledging tens of billions of dollars to develop renewable energy.

The multinational has vowed to invest a total of US\$70 billion by 2030 across its green energy value chain, which — if it makes good on its promise — would make Adani the world’s largest renewable energy producer.

Indeed some speculate Adani's personal relationship with India's Prime Minister Narendra Modi was a driving force behind the country's unlikely pledge at COP26 to work towards net-zero carbon emissions by 2070.

The Adani Group is making its own cells for solar panels and has outlined plans to manufacture the rest of the parts in the coming years. Its foray into wind energy via its enormous transmission lines has been bolstered by Adani's own turbines, and its plans to construct two battery factories also form a picture of a self-conscious company.

But it's little more than smoke and mirrors, Climate Energy Finance director Tim Buckley tells *Crikey*, compared to the egregious and irreversible damage Adani has wreaked on the earth, while Gautam Adani himself is busy "leveraging crony capitalism for everything he can milk from it".

"Adani is the largest private developer of new coal mines in the world, building new coal-fired power plants, LNG import terminals, methane gas reticulation systems, coal trading, and even US\$10 billion coal-to-plastic projects in Gujarat. How is that in any way aligned to the climate science?" Buckley asked.

"India would be a lot more effective in delivering on decarbonisation of its economy and powering its future with more sustainable energy forms if it wasn't for the pervasive corrupting influence of coal permeating through all government decisions there, like it is here in Australia." Let Adani's downfall be a warning to Australian companies greenwashing their climate transgressions behind clever accounting magic, Buckley adds — you're next.

"The SEC and ASIC are putting in place clear financial rules about the threat of greenwash as a clear form of investor deception and fraud," he said.