

Adani Group: Growth with Goodness Coal

Why investors should be wary of the Adani Group's greenwash

Summary

As Adani Enterprises prepares for its annual shareholder meeting on July 26 investors can expect to see plenty of statements about the company's bold ambitions for a cleaner, greener future.

Indeed last year in a [keynote speech to the India Global Forum](#), CEO Gautam Adani said that he plans to turn his business carbon negative by carefully balancing their "energy migration from carbon positive to carbon neutral, and further on to carbon negative."

But the company's actions reveal another story:

- Since 2020 Adani has purchased eight new coal blocks in India bringing its total to 17. Our analysis based just on the company's present mine production capacity would see **Adani Group's mining operations account for at least 2.95% of global CO2 emissions from coal**. With the company's significant coal expansion plans only set to increase its climate culpability
- Far from slowing down, Adani's coal expansion plans continue at full throttle with the company **increasing mining production by a whopping 58%** from 2021 to 2022.
- **Adani's coal expansion is being increasingly funded by global bond investors**, with Adani now the largest Indian issuer of foreign denominated bonds including more than \$8bn USD/EUR bonds presently outstanding, according to analysis from the Toxic Bonds initiative.

A flurry of greenwash

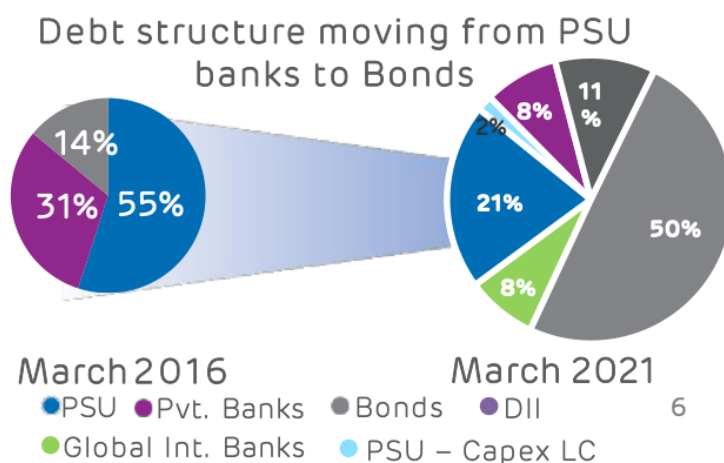
- Adani Group CFO Robbie Singh said in an August 2020 investor call that "Coal-related and mining-related businesses are becoming an increasingly insignificant part of the group's portfolio" and that [Adani is not interested in taking part in India's new coal block auctions](#)."
- Adani Enterprises [Annual Report](#) includes a target of 'carbon neutrality' by 2024-25 and states "the Company is committed to address the global environmental issues such as climate change and global warming".
- In the 2020-21 [Adani Enterprises Sustainability Report](#), the company states that "We aim to build a robust company prepared for future opportunities while adhering to the traverse trajectory of decarbonization, carbon neutrality, and net-zero commitments".
- In July of 2021: Adani launched a greenwashing campaign and website called [iCan](#) encouraging 'individual responsibility' to save the planet, and asking school children to come up with ideas to solve the climate crisis.
- In May 2021, [Gautam Adani](#) said, "We cannot change the past. But we can change the future. Clean, green, affordable energy is what our world, our nation and our next generation need. We will accelerate investment in Renewable & Sustainable Energy and will create thousands of Indian jobs."

Adani's coal ramp up

- Since 2020, Adani Enterprises has purchased the rights to own or operate at least 8 new coal blocks across India with combined reserves of 2.49 billion tonnes of coal.

- The CO2 emissions rising from [Adani's 17 coal blocks](#) (8 new ones and the 9 others already in operation) is approximately 451.6712 MTPA. With global coal emissions in 2021 standing at an all-time high of 15.3 billion tonnes globally, Adani (with only its current level of capacity) would already amount to nearly 3% (2.95%) of global CO2 emissions from coal.
- With a total mining portfolio of 190+ MMT (of which ≈92% is from coal mining), Adani's mining production in just 2021 to 2022 has gone up by a whopping [58%](#). Adani attributed a [15%](#) increase in revenue just from new mines coming online.
- Looking beyond mining to thermal coal power plants, Adani's current production (capacity) is 12,390 MW, through its six fully operational coal power plants. Now they are **doubling that number** and adding 6 more coal power plants with an operational capacity of nearly the same amount (11,880 MW) - leading to a total of [24,270 MW](#)
- Adani also plans to increase production from its highly controversial Carmichael mine to 30 million tonnes per annum in the next 2-3 years, along with the production capacity of several other coal blocks in India.
- In spite of nearly a decade of protests which have deterred any private financier of the Carmichael coal mine, this year Adani shipped the first coal cargo from the project. Carmichael, the biggest coal mine in Australian history, faces [widespread opposition](#) from the Australian public and resistance from Wangan and Jagalingou Traditional Owners, who have never consented to Adani's mine on their ancestral lands,
- Domestically also Adani has been facing protests due to its mining without people's consent. At least two mines operated by Adani – the new Gondalpur block, Jharkhand and the massive PEKB coal mine in the Hasdeo forests – have seen fierce protests by Indigenous Adivasi communities who do not want their land stolen and their lives and livelihoods destroyed.
- Only in the first half of this year (January to June 2022), Adani Enterprises bagged multiple contracts for [coal import](#).
- Recently Adani has been in the news, both internationally and domestically, with stories of [corruption in Sri Lanka](#), human rights abuses in [India](#), zero respect for indigenous communities in Australia, heavy debt burdens for the common people in [Bangladesh](#) and [gross environmental mismanagement](#) across.

Adani's coal appetite fed by the bond market



Source: Adani Listed Portfolio, Listed Compendium, FY22

- Gautam Adani's group has become [the biggest issuer of offshore bonds](#) from India with multiple group companies issuing bonds in the past five years to raise more than

\$9 billion from foreign investors.

- The [Toxic Bonds Initiative](#) has shown that Adani Group companies have more than \$8.2bn USD/Euro denominated bonds presently outstanding
- Some of Adani's biggest bondholders are Blackrock, Allianz, TIAA, Metlife, Fidelity and Vanguard.
 - In October 2021, [BlackRock said](#) "(BlackRock) remains concerned regarding the environmental and social risks associated with the Carmichael Mine project, Adani Enterprises' increasing coal exposures and the company's overall potential impact on key stakeholders.",
 - In 2022, [Vanguard's 2021 Investment and Stewardship report](#) includes a case study on its engagement with the Adani Group, which says, "Company leaders outlined how its strategy, investments, and business portfolio were being transitioned from fossil fuel assets to alternative energy sources... They also said they expected to reduce the company's exposure to thermal coal."
 - In 2022, PIMCO [banned future investment in Adani Ports and Special Economic Zone \(Adani Ports\)](#) due to the company's role in the controversial Adani Carmichael coal project in Australia.
- Many of the world's top investment banks are involved in underwriting the bonds of Adani including Barclays, BofA, Standard Chartered, JPMorgan, MUFG and Citi.
 - These banks have also arranged numerous [bond issues for Adani Ports](#), the company which set up the coal haulage service for the Carmichael mine, and is the operator and part-owner of the [North Queensland Export Terminal \(NQXT\)](#), the port via which Carmichael coal will be exported. This is despite five of these banks having made commitments not to fund the Carmichael project.
- In 2021, Adani Energy Mumbai Ltd issued a Sustainability Linked Bond, which was the subject of a [fraud complaint by failing to disclose information about Adani's coal investments to investors](#). The second party opinion for the bond was modified following the bond's pricing.
 - The Joint Lead Managers (JLM) to the transaction were Axis Bank, Barclays, Citigroup, DBS Bank, Deutsche Bank, Emirates NBD Capital, JP Morgan, Mizuho Securities, MUFG, and Standard Chartered Bank. MUFG acted as the sole advisor, many of which have publicly distanced themselves from funding the Carmichael mine.
- The interconnected nature of the Adani Group is [very well documented](#), and it is clear that if any financial institution supports any arm of Adani, they are by extension supporting Adani's mining businesses.

References and Notes:

1. The CO2 calculations can be seen here: https://docs.google.com/spreadsheets/d/1NAIWwUzPULGS8IL2iESm9a_vHxBtSXLp4lomlkv3GJI/edit#gid=614026374 (Do note, Indian coal is classified by grades and its mostly of bituminous/ sub-bituminous rank. On average, Indian coal has a gross calorific value (GCV) of about 4500 Kcal/kg, and so calculation is approximate as the average type of coal in India has been taken as bituminous)
2. [Statement](#) by MR. Vinay Prakas, Director, Adani Enterprises Limited
3. Adani Enterprises [Investor Presentation 2022](#)
4. To see the biggest bondholders and issuers compiled from various sources, please see here: <https://docs.google.com/spreadsheets/d/1eny9Rww-93QXuvKo778RbK7FQMhyUMeWYTR7hsz7Ww/edit#gid=1746762460>