

Credit update – Adani group entities

February 02, 2023

Updates

On January 24, 2023, Hindenburg Research, a US based research firm released a report levying various allegations on Adani group encompassing multiple litigations, related party transactions, shareholding ownership by few overseas investors in non-promoter group entities etc amidst other series of questions raised against the group. In its response to stock exchanges, Adani group has strongly refuted these allegations.

CARE Ratings observed that this event triggered a sharp downward spiral to the combined market capitalisation of the listed companies of Adani group. The follow-on public offer (FPO) of Rs.20,000 crore floated by Adani Enterprises Ltd though fully subscribed was subsequently withdrawn following persistent fall in stock price on February 1, 2023. It is pertinent to note that CARE Ratings in its assessment had not factored in this equity infusion. CARE Ratings notes substantial capex being undertaken by Adani group, especially in diverse areas exposes Adani group to inherent project execution risk. Nevertheless, the company management has conveyed their flexibility to moderate the pace of undertaking capex, given substantial portion of such capex is discretionary in nature. Going forward, significant increase in the external debt/PBILD due to large debt funded capex shall be critical rating monitorable for Adani group of companies rated by CARE Ratings.

While diminishing market capitalisation constricts their financial flexibility, CARE Ratings understands that quantum of pledge of promoter shareholding in all listed entities have also steadily reduced since March 2020. Moreover, as articulated by the senior management of Adani group, there are no adverse debt covenants linked to share price movements in any of the companies of Adani group.

CARE Ratings also takes cognizance of the high cash flow visibility in its operational infrastructure assets due to strong counterparties, assured regulatory revenue, dominant market position in the ports sector and favourable demand prospects of City Gas Distribution business. Further, as confirmed by Adani groups' senior management, against the group debt maturities of Rs.14,000 crore during FY23-FY24, the combined liquidity at the group level stood at ~ Rs.26,000 crore as on December 31, 2022. While the management maintains it does not foresee any challenges in continued association of its strategic partners in various business initiatives of Adani group; CARE Ratings will continue to closely observe how the events unfold in the near to medium term and the impact thereof on the business and financial performance of the underlying entities.

CARE Ratings shall continue to monitor impact on the fund-raising capabilities as well as leverage, government or regulatory action, progress on under implementation capex and debt covenants of Adani group in light of the aforesaid developments.

Please refer to the following links for the previous detailed rationale that captures key rating drivers and rating sensitivities of following companies.

List of entities of Adani group rated by CARE Ratings

Sr. No.	Entity name	Link to press release
1	Adani Enterprises Limited	Click here
2	Adani Power Limited	Click here
3	Adani Green Energy Limited	Click here
4	Adani Wilmar Limited	Click here
5	Adani Power Maharashtra Limited	Click here
6	Adani Agri Fresh Limited	Click here
7	Adani Agri Logistics Limited	Click here
8	Adani Power Rajasthan Limited	Click here
9	Adani Renewable Energy Devco Private Limited	Click here
10	Aravali Transmission Service Company Limited	Click here

Sr. No.	Entity name	Link to press release
11	Azhiyur Vengalam Road Private Limited	Click here
12	Badakumari Karki Road Private Limited	Click here
13	Bhagalpur Waste Water Limited	Click here
14	Dinkar Technologies Private Limited	Click here
15	Essel Bagalkot Solar Energy Private Limited	Click here
16	Essel Gulbarga Solar Power Private Limited	Click here
17	Essel Urja Private Limited	Click here
18	Fatehgarh Bhadla Transmission Limited	Click here
19	KN Bijapura Solar Energy Private Limited	Click here
20	KN Indi Vijayapura Solar Energy Private Limited	Click here
21	KN Muddebihal Solar Energy Private Limited	Click here
22	KN Sindagi Solar Energy Private Limited	Click here
23	Kodad Khammam Road Private Limited	Click here
24	Kurmitar Iron Ore Mining Private Limited	Click here
25	Maharashtra Border Checkpost Network Limited	Click here
26	Mancherial Repallewada Road Private Limited	Click here
27	Mumbai International Airport Limited	Click here
28	Obra-C Badaun Transmission Limited	Click here
29	Parsa Kente Collieries Limited	Click here
30	PN Clean Energy Limited	Click here
31	PN Renewable Energy Limited	Click here
32	Prayagraj Water Private Limited	Click here
33	SB Energy Four Private Limited	Click here
34	Surajkiran Renewable Resources Private Limited	Click here
35	Surajkiran Solar Technologies Private Limited	Click here
36	Suryapet Khammam Road Private Limited	Click here
37	TN Urja Private Limited	Click here
38	Udupi Power Corporation Limited	Click here

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