

## Credit update-Adani Enterprises Limited

August 13, 2024

### Updates

On August 1, 2024, Adani Enterprises Limited (AEL rated CARE A+; Positive / CARE A1+) announced scheme of demerger between AEL and Adani Wilmar Ltd (AWL; rated CARE AA-; Stable/ CARE A1+). Post receipt of requisite approvals, AEL shall demerge its Food and FMCG business held under Adani Commodities LLP from AEL to AWL on a going concern basis. Adani Commodities LLP is a wholly owned subsidiary of AEL, and it holds 43.97% stake in AWL. Shareholders of AEL shall get shares of AWL as per the prescribed formula given in the scheme. Promoter stake stood at 87.88% in AWL as on June 30, 2024, with equal share representation from AEL and Wilmar International Ltd. Subsequent to demerger, promoters of AEL shall be the second largest shareholders in AWL after Wilmar International Ltd (WIL). CARE Ratings had earlier observed that mandatory dilution of AEL's equity stake in AWL is likely to impart financial flexibility to the company. Yet with AEL management indicating various fund raising plans to meet its capex requirements, the said scheme of arrangement is less likely to impact its financial flexibility in the near to medium term.

AEL has also announced composite scheme of arrangement amongst Adani Green Technology Limited (AGTL), Adani Emerging Business Private Limited (AEBL) with AEL and Adani Tradecom Limited (ATL) with Adani New Industries Limited (ANIL). The aforesaid scheme is to integrate end to end green hydrogen production value chain under ANIL. CARE Ratings has adopted 'consolidated' approach for credit rating of AEL owing to the significant degree of operational, financial and managerial linkages between AEL and its subsidiaries. AGTL, ATL and ANIL being 100% subsidiary/step-step subsidiary of AEL, simultaneous amalgamation of AGTL into AEL and ATL into ANIL is thus viewed as a credit neutral event.

AEBL is a promoter driven company and upon completion of amalgamation of AEBL into AEL, the promoters share holding shall increase from 74.72% to 74.91% upon implementation of the scheme.

On August 10, 2024, Hindenburg Research has released a report with allegations on several matters including ongoing regulatory investigations on Adani Group. CARE Ratings continues to monitor and evaluate the developments on this front.

Please refer to the following link for the previous detailed rationale that captures key rating drivers and rating sensitivities [Click here](#)

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