

Credit update-Adani Group

November 22, 2024

Updates

On November 20, 2024, The United States Department of Justice (DoJ) have issued an indictment charging Mr. Gautam S. Adani, Mr. Sagar R. Adani and Mr. Vneet S. Jaain, executives of Adani Green Energy Limited (AGEL) with conspiracies to commit securities and wire fraud and substantive securities fraud for their roles in a multi-billion-dollar scheme to obtain funds from U.S. investors and global financial institutions on the basis of false and misleading statements. The indictment alleges three executives mentioned above of paying more than USD 250 million in bribes to Indian Government officials to obtain lucrative solar energy supply contracts with the Indian government. In a parallel action, Securities & Exchange Commission (SEC) has also charged Mr. Gautam Adani, and Mr. Sagar Adani for conduct arising out of bribery scheme. In response, Adani group has strongly refuted these allegations through an official statement issued to the stock exchange on November 20, 2024 and has indicated to explore all suitable legal recourse.

CARE Ratings observed this event has triggered a downward spiral to the combined market capitalization of listed companies of Adani group apart from fall in foreign currency bonds prices. The proposed USD denominated bond offerings of AGEL were also withdrawn subsequent to this announcement.

While diminishing market capitalisation constricts the group's financial flexibility, CARE Ratings also notes that the quantum of promoter's pledge shareholding in all listed entities are significantly below 1% as on September 30, 2024 and that there is no outstanding debt backed by pledged of shares at promoter level. Moreover, as confirmed by the senior management of Adani group to CARE Ratings, there are no debt / bond covenants triggering payment acceleration on account of this adverse development for any of the Adani group companies. According to senior management of Adani group, bond investors can file class suite action only after any wrongdoing is established in the court of law, whereas presently it is an indictment. Nevertheless, CARE Ratings notes that Adani group has combined debt of around Rs.2.41 lakh crore as on March 31, 2024; of which 29% is global capital market issuances & 26% are from global banks and hence, any prolonged adverse impact on financial flexibility due to aforementioned indictment is a key rating sensitivity.

CARE Ratings continues to take cognizance of the high cash flow visibility in its operational infrastructure assets due to strong counterparties, assured regulatory revenue and dominant market position in the infrastructure sector. Further, as per group's presentation in June 2024, against the group debt maturities of Rs 36,000 crore during FY25 and FY26, the combined liquidity at the group level stood at ~ Rs 60,000 crore as on March 31, 2024 and there are no immediate refinancing risks in any of the Adani group companies. Additionally, management has maintained it does not foresee any challenges in routine operations of the group as well as in the recently announced acquisitions of the group. Nevertheless, moderation in financial flexibility of Adani group due to aforesaid indictment and its sustained impact on group's leverage shall be key rating monitorable.

CARE Ratings will continue to closely monitor the way the events unfold in the near term and assess the impact thereof, on the business and financial performance of the underlying entities. Additionally, impact on the fund-raising capabilities -both equity as well as debt; consequent leverage levels, government or regulatory action, progress on under implementation capex and debt covenants of Adani group borrowings pursuant to the aforesaid developments will also be closely monitored.

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

Sr. No.	Entity Name	Link to press release
1.	Adani Enterprises Limited	Click here
2.	Adani Ports and Special Economic Zones Limited	Click here
3.	Gopalpur Ports Limited	Click here

4.	Adani Wilmar Limited	Click here
5.	Adani New Industries Limited	Click here
6.	Mundra Solar Technologies Limited	Click here
7.	Adani Agri Fresh Limited	Click here
8.	Adani Agri Logistics Limited	Click here
9.	Parsa Kente Collieries Limited	Click here
10.	Kurmitar Iron Ore Mining Private Limited	Click here
11.	Bhagalpur Waste Water Limited	Click here
12.	Prayagraj Water Private Limited	Click here
13.	Mumbai International Airport Limited	Click here
14.	Maharashtra Border Check Post Network Limited	Click here
15.	Azhiyur Vengalam Road Private Limited	Click here
16.	Mancheria Repallewada Road Private Limited	Click here
17.	Suryapet Khammam Road Private Limited	Click here
18.	Kodad Khammam Road Private Limited	Click here
19.	Badakumari Karki Road Private Limited	Click here
20.	Kagal Satara Highways Private Limited	Click here
21.	Aravali Transmission Service Company Limited	Click here
22.	Fatehgarh Bhadla Transmission Limited	Click here
23.	Obra-C Badaun Transmission Limited	Click here
24.	Dinkar Technologies Private Limited	Click here
25.	Surajkiran Renewable Resources Private Limited	Click here
26.	Surajkiran Solar Technologies Private Limited	Click here
27.	Adani Solar Energy Jodhpur Two Limited	Click here
28.	Adani Green Energy Twenty-Four Limited	Click here
29.	Adani Renewable Energy Devco Private Limited	Click here
30.	Adani Solar Energy AP Six Private Limited	Click here
31.	Adani Solar Energy AP Seven Private Limited	Click here
32.	Adani Solar Energy Jodhpur Five Limited	Click here
33.	Adani Power Limited	Click here
34.	Vishakha Glass Private Limited	Click here
35.	Vishakha Metals Private Limited	Click here
36.	Vishakha Renewables Private Limited	Click here
37.	Vishakha Polyfab Private Limited	Click here

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