

Flagging funding issues, Moody's and Fitch take negative rating action on Adani entities

Our Bureau
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Global rating agencies Moody's and Fitch have taken negative rating action on several Adani entities, flagging concerns over the Group's financial flexibility, funding access, capital spending plans and potential operational disruptions.

While both the rating agencies, after S&P last week, have affirmed the current ratings, they have revised the rating outlook to negative from stable, placing them also on rating watch.

The actions follow the indictment of certain board members of Adani Green Energy by the US SEC and the Department of Justice for bribing officials in India to win solar contracts.

Fitch Ratings has placed on negative ratings watch Adani Ports and Special Economic Zone's long-term foreign-currency IDR of 'BBB-' and the 'BBB-' rating on its

US dollar senior unsecured bonds, along with the 'BB+' rating on North Queensland Export Terminal Pty's Australian dollar senior secured bonds and the 'BB+' rating on Mumbai International Airport's US dollar senior secured bonds."

It has affirmed the 'BBB-' rating on Adani International Container Terminal's US dollar senior secured bonds but revised the outlook to negative from stable, as also the 'BBB-' rating on Adani Green Energy's Restricted Group 1's US dollar senior secured bonds, the 'BBB-' rating on Adani Green Energy Restricted Group 2's US dollar senior secured bonds, and the 'BBB-' rating on Adani Energy Solutions Restricted Group's US dollar senior secured bonds.

Moody's said it has reaffirmed the ratings of seven Adani group companies but has changed the outlook on all seven issuers to negative from stable. The affected firms are Adani Green En-



ergy Restricted Group 1 and 2, Adani Transmission Step One, Adani Transmission Restricted Group 1, Adani Electricity Mumbai, Adani Ports and SEZ and Adani International Container Terminal.

The special purpose vehicles that have been affected by the negative ratings actions are Adani Green Energy (UP), Parampujya Solar Energy, Prayatna Developers, Wardha Solar (Maharashtra), Kodangal Solar Parks, Adani Renewable Energy (Rj), Barmer Power Transmission Service Limited, Raipur-Rajnandgaon-Warora Transmission, Sipat Transmission, Thar Power Transmission Service, Hadoti Power, and Trans-

mission Service, and Chhattisgarh-WR Transmission.

THE CONCERNS

Moody's said the change in the outlook on the seven Adani entities to negative considers the indictment of Gautam Adani and other senior executives on bribery and other charges, which will likely weaken Adani Group's access to funding and increase its capital costs.

Fitch said the negative rating watch reflected increased corporate governance risk and contagion risk that could affect the funding access and liquidity of the Fitch-rated corporate entities related to the Adani Group, following the US indictment.

Both the rating agencies expressed the possibility of the proceedings in the US courts and the outcome significantly weakening the corporate governance practices of the Group that could lead to further negative rating action, including a possible downgrade.