

February 01, 2023

Adani Transmission Limited: Update on Material Event

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Commercial paper (CP)	1,000.00	1,000.00	[ICRA]A1+; Outstanding
Total	1,000.00	1,000.00	

*Instrument details are provided in Annexure-I

Rationale

On January 24, 2023, Hindenburg Research, a USA based research firm published a report, which had several adverse observations regarding accounting practices, related-party transactions, concentrated shares ownership by few overseas investments firms and share price movement of Adani group of companies including Adani Transmission Limited (ATL). Subsequent to the release of this report, the share prices of all the listed Adani group companies including ATL have witnessed a steep decline. On January 29, 2023, Adani group released their detailed response to the observations made by Hindenburg, refuted the allegations and stating that most of the observations relate to matters that have been duly disclosed by the Adani portfolio companies in the past.

ICRA is monitoring the impact of these developments on its rated portfolio in Adani group, especially the financial flexibility of the group with key monitorables being access to domestic and international capital markets and banking channels, pricing of debt, tightening of debt covenants, recall or acceleration of debt facilities and refinancing. While the ICRA-rated Adani group entities do not have any immediate refinancing requirement, it is expected for some of the entities from FY2025 onwards. However, comfort is drawn from the high visibility on cashflows for these entities supported by the long tenure of the off-take contracts in case of ATL, favorable demand prospects, dominant market position and long-term customer contracts for Adani Ports and Special Economic Zone Limited (APSEZL) and favourable economics of conversion in the CGD sector for Adani Total Gas Limited (ATGL) and the strong liquidity position maintained by the group. While the large debt funded capex programme of the group remains a key challenge, ICRA notes that some of the planned capex is discretionary in nature and can be deferred depending on the liquidity position. ICRA also notes that the planned follow-on public offer (FPO) of Adani Enterprises Limited has been fully subscribed as per the disclosure on January 31, 2023. ICRA would continue to monitor and review the ratings based on the movement in credit metrics of the rated entities and impact of the latest events on their financial flexibility.

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, the liquidity position, rating sensitivities and key financial indicators: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology for Power Transmission Companies Rating Methodology for Power Distribution Utilities
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of ATL. The entities considered for consolidation are enlisted in Annexure-2.

About the company

ATL is the holding company for the transmission & distribution business of the Adani Group and it owns 100% stake in various operational companies, viz. ATIL, MEGPTCL, among others. As on November 30, 2022, ATL had a portfolio of 31 transmission projects (including seven lines under construction), Adani Electricity Mumbai Limited's (AEML) generation, transmission & distribution (GTD) business in Mumbai and the transmission & distribution (TD) business in Mundra SEZ with presence in 13 states. Its network includes transmission lines with a total length of 18,795 ckm, making it the largest privately operating transmission line company in India. ATL's transmission assets are primarily spread across the western, northern and central parts of the country. Additionally, ATL also has a power distribution licence for the Mumbai region with access to the integrated distribution network catering to over 3 million households housed under AEML.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

SN	Instrument	Current rating (FY2023)						Chronology of rating history for the past 3 years		
		Type	Amount rated (Rs. crore)	Amount outstanding as on Dec 31, 2022 (Rs. crore)	Date & rating on			Date & rating in FY2022	Date & rating in FY2021	Date & rating in FY2020
					Feb 01, 2023	Jan 19, 2023	Sep 21, 2022			
1	Commercial paper	Short-term	1000	0.00	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity Indicator
Commercial Paper	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
Yet to be placed	Commercial Paper*	-	-	-	1000.00	[ICRA]A1+

Source: Company; *Unplaced CP

Annexure II: List of entities considered for consolidated analysis

Company Name	ATL Ownership	Consolidation Approach
Adani Transmission Limited	100.0% (rated entity)	Full Consolidation
Adani Transmission (India) Ltd	100.0%	Full Consolidation
Maharashtra Eastern Grid Power Transmission Company Ltd	100.0% (step-down subsidiary)	Full Consolidation
Sipat Transmission Ltd	100.0%	Full Consolidation
Raipur-Rajnandgaon-Warora Transmission Ltd	100.0%	Full Consolidation
Chhattisgarh-WR Transmission Ltd	100.0%	Full Consolidation
Adani Transmission (Rajasthan) Ltd	100.0%	Full Consolidation
North Karanpura Transco Ltd	100.0%	Full Consolidation
Maru Transmission Service Company Ltd	100.0%	Full Consolidation
Aravali Transmission Service Company Ltd	100.0%	Full Consolidation
Hadoti Power Transmission Service Ltd	100.0%	Full Consolidation
Barmer Power Transmission Service Ltd	100.0%	Full Consolidation
Thar Power Transmission Service Ltd	100.0%	Full Consolidation
Western Transco Power Ltd	100.0%	Full Consolidation
Western Transmission (Gujarat) Ltd	100.0%	Full Consolidation
Fatehgarh-Bhadla Transmission Ltd	100.0%	Full Consolidation
Ghatampur Transmission Limited	100.0%	Full Consolidation
Adani Electricity Mumbai Limited	74.9%	Full Consolidation
AEML Infrastructure Limited	100.0%	Full Consolidation
OBRA-C Badaun Transmission Limited	100.0%	Full Consolidation
Adani Transmission Bikaner Sikar Private Limited	100.0%	Full Consolidation
Bikaner Khetri Transmission Limited	100.0%	Full Consolidation
WRSS XXI (A) Transco Limited	100.0%	Full Consolidation
Arasan Infra Private Limited	100.0%	Full Consolidation
Sunrays Infra Space Private Limited	100.0%	Full Consolidation
Lakadia Banaskantha Transco Limited	100.0%	Full Consolidation
Jam Khambaliya Transco Limited	100.0%	Full Consolidation
Power Distribution Services Limited	74.9%	Full Consolidation
Adani Electricity Mumbai Infra Limited	74.9% (step-down subsidiary)	Full Consolidation
Kharghar Vikhroli Transmission Private Limited	100.0%	Full Consolidation
Alipurdar Transmission Limited	100.0%	Full Consolidation
Warora Kurnool Transmission Limited	100.0%	Full Consolidation
ATL HVDC Limited	100.0%	Full Consolidation
AEML Seepz Limited	74.9% (step-down subsidiary)	Full Consolidation
Adani Transmission Step-One Limited	100.0%	Full Consolidation
MP Power Transmission Package II Limited	100.0%	Full Consolidation
MPSEZ Utilities Limited	100.0%	Full Consolidation
Karur Transmission Limited	100.0%	Full Consolidation
Khavda-Bhuj Transmission Limited	100.0%	Full Consolidation
Adani Transmission Step- Limited	100.0%	Full Consolidation

Company Name	ATL Ownership	Consolidation Approach
Adani Transmission Mahan Limited	100.0% (step-down subsidiary)	Full Consolidation
Adani Electricity Jewar Limited	100.0%	Full Consolidation

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About ICRA Limited:

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Branches



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