

November 26, 2024

Adani Total Gas Limited (erstwhile Adani Gas Limited) – Update on material event

Summary of rating(s) outstanding

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Long term - Fund-based limits – Term loans	1,391.00	1,391.00	[ICRA]AA (Stable); outstanding
Long term - Fund-based limits – Cash credit	30.00	30.00	[ICRA]AA (Stable); outstanding
Short term - Fund-based limits– BD/Short-term loan	50.00	50.00	[ICRA]A1+; outstanding
Short term - Non-fund based limits – LC/BG	3,650.00	3,650.00	[ICRA]A1+; outstanding
Long term/Short term - Unallocated Limits	379.00	379.00	[ICRA]AA (Stable)/ [ICRA]A1+; outstanding
Total	5,500.00	5,500.00	

*Instrument details are provided in Annexure-1

Description of material event

The United States Department of Justice (DoJ) and the United States Securities and Exchange Commission (US SEC) issued a criminal indictment and filed a civil complaint, respectively, on November 20, 2024 (the event), against Mr. Gautam S. Adani (Founder & Chairman of Adani Group), Mr. Sagar R. Adani {Executive Director, Adani Green Energy Limited (AGEL)} and Mr. Vneet S. Jaain {Managing Director of Adani Green Energy Limited, CEO of Adani New Energy Limited (ANIL)}. The indictment and the civil complaint were filed in the United States District Court for the Eastern District of New York, USA. The criminal indictment alleges that the accused formulated a scheme to bribe certain Indian officials for inducing their respective state distribution companies to enter into power purchase agreements (PPAs) with Solar Energy Corporation of India Limited (SECI, rated [ICRA]AAA(Stable)/[ICRA]A1+) for some of the solar capacities being setup by AGEL. The bribe amount has been indicated at close to \$265 million. In its civil complaint the US SEC has alleged false/misleading statements pertaining to the company's anti-corruption/anti-bribery efforts of the company in some of the materials for the bond offerings in September 2021. In its formal response, the Adani Group has denied the allegations and any wrongdoings.

Impact of the Material Event

As a result of the events, the Group witnessed a surge in the bond yields and a decline in the market cap of the listed entities. The Group also withdrew a \$600 million bond offering of AGEL after the event. ICRA derives comfort from the low level of pledged promoter holdings and the stabilisation of the market capitalization of various Adani Group entities, which aids the financial flexibility of the promoters. Additionally, according to the management, since the indictment has been served on the individuals, the same is not expected to materially impact the corporate entities of the Group. The management has also clarified that there are no event of defaults/acceleration covenants in any of the capital market instruments which can be triggered by the indictment. Additionally, as stated by the management, the indictment is only an accusation and start of a formal investigation. Thus, the investors cannot file a class action lawsuit until the charges are proven in a court of law.

While the Group's financial flexibility may get impacted in the near term as the financial institutions evaluate the impact of the event on the credit profile, the strong Group level liquidity of ~Rs. 53,000 crore as of September 2024 and the strong cash generation from existing operations will enable the Group to meet its near term debt servicing requirements comfortably. As disclosed by the Group nearly 70% of the EBITDA generation is contracted and thus has low downside risk. As per the Group, the total debt (excluding lease liabilities and inter-corporate deposits but including Holdco debt for Adani Cement Limited) on the books of the Adani Group was ~Rs. 2.6 lakh crores as on September 30, 2024, and the current Group level liquidity provides cover of ~20% of the debt on the books of the Group. ICRA also notes that the Group has largely completed its immediate

refinancing requirements and thus ICRA does not foresee any major risk on this front. ICRA notes that the average maturity of the debt for the Group from the foreign banks and foreign capital markets is 4.4 years and 8.5 years respectively with a share of 27% and 23% respectively in the overall borrowings.

In a scenario of prolonged impact of the ongoing event and any adverse regulatory and judicial actions, the financial flexibility of the Group may be impacted. ICRA will continue to monitor especially the financial flexibility of the Group with key monitorables being access to international and domestic capital markets and banking channels, pricing of debt, tightening of debt covenants, any recall or acceleration of debt facilities, Group leverage levels, refinancing needs and progress on ongoing capex. ICRA will continue to monitor these and will appropriately factor in these developments in its credit view of the rated entities going forward.

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 financials indicators: [Click here](#).

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology City Gas Distribution
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of ATGL

About the company

Adani Total Gas Limited, incorporated in 2005, is in the CGD business, which involves the marketing and distribution of natural gas (piped and compressed). At present, ATGL is one of the largest CGD players in India with presence in 33 GAs, including the 14 GAs won under the eleventh-round bid. ATGL has also entered into a 50:50 JV with Indian Oil Corporation Limited, with the joint venture, IOAGPL, engaged in the implementation of the CGD network in several other GAs across India. IOAGPL is present in 19 GAs across the country.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2025)					Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs Crore)	Nov 26, 2024	FY2025		FY2024		FY2023		FY2022	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loans	Long-Term	1,391.00	[ICRA]AA (Stable)	May 28, 2024	[ICRA]AA (Stable)	Feb 12, 2024	[ICRA]AA- (Stable)	Aug 05, 2022	[ICRA]AA- (Stable)	Nov 30, 2021	[ICRA]AA- (Stable)
								Feb 01, 2023	[ICRA]AA- (Stable)	Dec 31, 2021	[ICRA]AA- (Stable)
								Mar 03, 2023	[ICRA]AA- (Negative)		
Proposed Term Loan	Long-Term	-	-	May 28, 2024	-	Feb 12, 2024	-	Mar 03, 2023	[ICRA]AA- (Negative)	-	-
Cash credit	Long-Term	30.00	[ICRA]AA (Stable)	May 28, 2024	[ICRA]AA (Stable)	Feb 12, 2024	[ICRA]AA- (Stable)	Aug 05, 2022	[ICRA]AA- (Stable)	Nov 30, 2021	[ICRA]AA- (Stable)
								Feb 01, 2023	[ICRA]AA- (Stable)	Dec 31, 2021	[ICRA]AA- (Stable)
								Mar 03, 2023	[ICRA]AA- (Negative)		
Fund-based limits-BD/Short-term loan	Short-Term	50.00	[ICRA]A1+	May 28, 2024	[ICRA]A1+	Feb 12, 2024	[ICRA]A1+	Aug 05, 2022	[ICRA]A1+	Nov 30, 2021	[ICRA]A1+
								Feb 01, 2023	[ICRA]A1+	Dec 31, 2021	[ICRA]A1+
								Mar 03, 2023	[ICRA]A1+		
Non-fund based limits – LC/BG	Short-Term	3,650.00	[ICRA]A1+	May 28, 2024	[ICRA]A1+	Feb 12, 2024	[ICRA]A1+	Aug 05, 2022	[ICRA]A1+	Nov 30, 2021	[ICRA]A1+
								Feb 01, 2023	[ICRA]A1+	Dec 31, 2021	[ICRA]A1+
								Mar 03, 2023	[ICRA]A1+		
Unallocated Limits	Long-Term/Short-Term	379.00	[ICRA]AA (Stable)/ [ICRA]A1+	May 28, 2024	[ICRA]AA (Stable)/ [ICRA]A1+	Feb 12, 2024	[ICRA]AA- (Stable)/ [ICRA]A1+	Aug 05, 2022	[ICRA]AA- (Stable)/ [ICRA]A1+	Nov 30, 2021	[ICRA]AA- (Stable)/ [ICRA]A1+
								Feb 01, 2023	[ICRA]AA- (Stable)/ [ICRA]A1+	Dec 31, 2021	[ICRA]AA- (Stable)/ [ICRA]A1+

Instrument	Current (FY2025)					Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs Crore)	Nov 26, 2024	FY2025		FY2024		FY2023		FY2022	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
								Mar 03, 2023	[ICRA]AA-(Negative)/[ICRA]A1+		

Complexity level of the rated instrument

Instrument	Complexity Indicator
Long term - Fund-based limits – Term loans	Simple
Long term - Fund-based limits – Cash credit	Simple
Short term - Fund-based limits – BD/Short-term loan	Simple
Short term - Non-fund based limits – LC/BG	Very Simple
Long term/Short term - Unallocated Limits	Not Applicable

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 analyzing 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, is 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
NA	Term loan	FY2017	NA	FY2026	21.3	[ICRA]AA (Stable)
NA	Term loan	FY2020	NA	FY2029	169.7	[ICRA]AA (Stable)
NA	Term loan	FY2024	NA	FY2027	500.0	[ICRA]AA (Stable)
NA	Term loan	FY2024	NA	FY2029	400.0	[ICRA]AA (Stable)
NA	Term loan (Proposed)	NA	NA	NA	300.0	[ICRA]AA (Stable)
NA	Fund-based limits – Cash credit	NA	NA	NA	30.00	[ICRA]AA (Stable)
NA	Fund-based limits–BD/Short term loan	NA	NA	NA	50.00	[ICRA]A1+
NA	Non-fund based limits – LC/BG	NA	NA	NA	3650.00	[ICRA]A1+
NA	Unallocated limits	NA	NA	NA	379.00	[ICRA]AA (Stable)/ [ICRA]A1+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure-II: List of entities considered for consolidated analysis – Not Applicable

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About ICRA Limited:

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Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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