

# Adani Group: IG to HY risks?

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Since our [update](#) on Adani Group, following Hindenburg Research's critical report on the Indian conglomerate, its bonds have fallen further in cash price terms. Its equities have to some degree caught up, with substantial falls on 27 Jan. Adani bonds are now pricing at levels associated with single-B credits or even lower (Figure 1).

Given their ratings and large size (Figure 2), many investors will have benchmark exposures to various issuers in the Group. We expect rating agencies are looking at the case, which could be significant as the main debt stock in USD sits on BBB- level; a one-notch downgrade would move the names from investment grade to high-yield, with index flow implications.

We note that MSCI is [soliciting](#) for feedback on index inclusion/exclusion of Adani companies on the equity side; index changes had substantial [effects](#) on pricing in June last year. The credit rating could also affect bank line costs and relationships (see Figure 3 on the next page).

Figure 1. Adani Group bonds and rating-based corporate bond yield curves (BBB- and B+/B/B-). Source: AFII, Bloomberg.

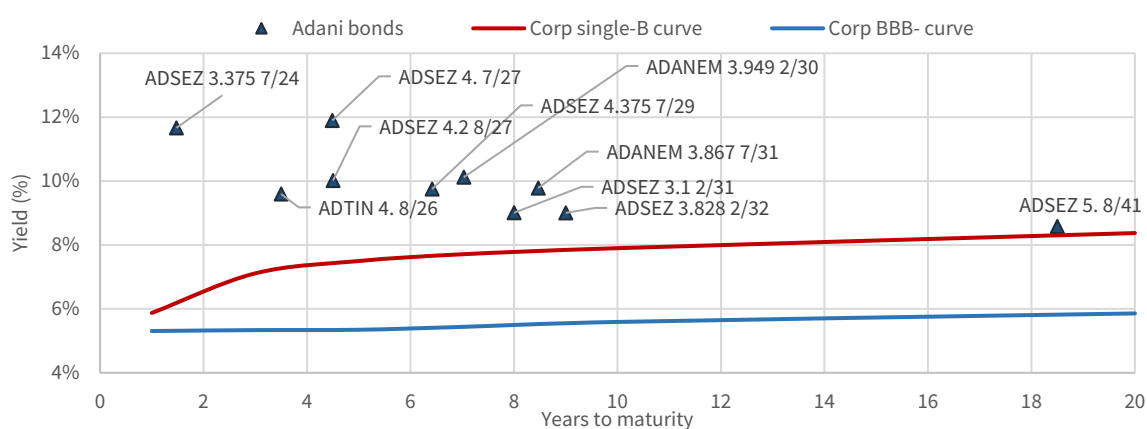


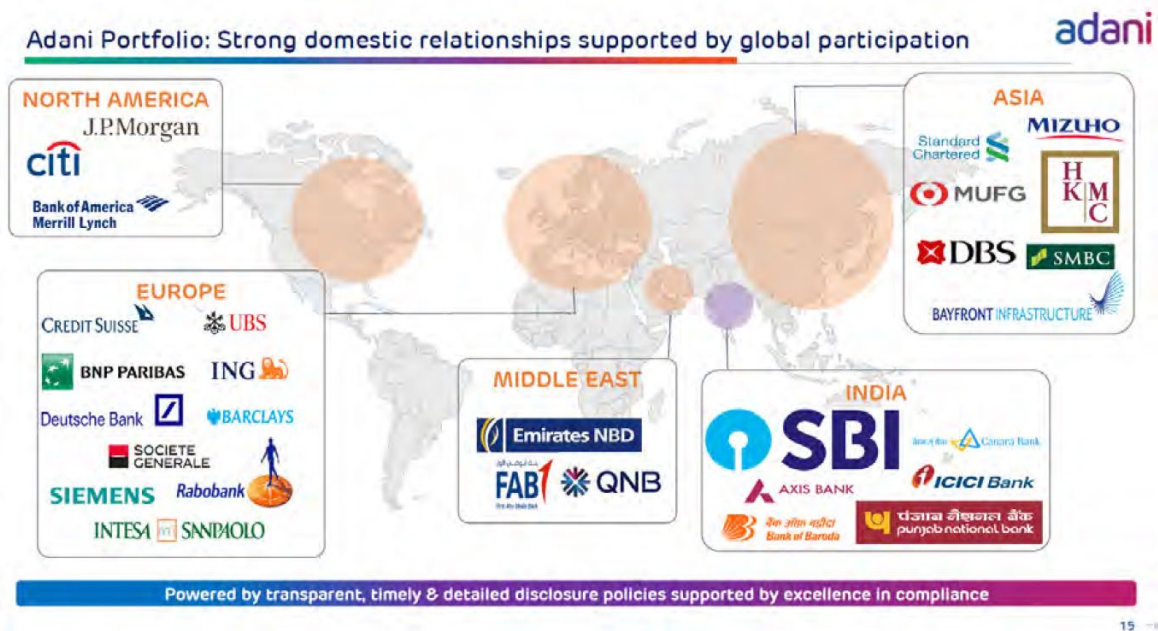
Figure 2. Adani Group bonds in USD with more than USD100mn outstanding. Light grey indicates bonds where not enough reliable price data has been found. Source: AFII, Bloomberg. Data as per 09:00 GMT 30 Jan 2023.

ISIN	Ticker	Coupon and maturity	Cash price 24-Jan	Cash price 30-Jan	Chg in cash	Yield (%)	% price change	z-spread 24-Jan	z-spread 30-Jan	Change z-spread	Size (USDmn)	Est. rating	Green bond	SLB
US00654GAA13	ADANEM	3.949 2/30	82.1	69.5	-12.6	10.1%	-15.3%	402	679	277	1 000	BBB-		Y
US00654GAB95	ADANEM	3.867 7/31	78.9	66.5	-12.4	9.8%	-15.8%	405	649	243	300	BBB-		
US00653XAA54	ADANIG	4.375 9/24	95.6	77.7	-17.9	21.5%	-18.7%	283	1 705	1422	750	n.a.	Y	
US00654AAA43	ADGREG	6.25 12/24	99.1	90.7	-8.4	12.0%		248	763	515	500	BB	Y	
US00654CAA09	ARENRJ	4.625 10/39	80.9	73.5	-7.4	8.6%		465	621	156	328	BB+	Y	
US00652MAG78	ADSEZ	4.2 8/27	90.4	79.3	-11.1	10.0%	-12.3%	327	650	323	750	BBB-		
US00652MAE21	ADSEZ	4.375 7/29	87.6	74.8	-12.8	9.8%	-14.7%	352	639	287	750	BBB-		
US00652MAF95	ADSEZ	3.375 7/24	96.4	89.0	-7.4	11.7%		136	709	573	650	BBB-		
US00652MAH51	ADSEZ	3.1 2/31	77.1	66.8	-10.3	9.0%	-13.4%	367	572	204	500	BBB-		
US00652MAD48	ADSEZ	4.7/27	89.6	73.1	-16.5	11.9%	-18.5%	327	838	511	500	BBB-		
US00652MAJ18	ADSEZ	5.8/41	76.2	67.1	-9.1	8.6%	-12.0%	421	531	111	450	BBB-		
US00652MAK80	ADSEZ	3.828 2/32	79.9	68.5	-11.4	9.0%	-14.3%	368	572	204	300	BBB-		
US00654UAA07	ADINCO	3.2/31	82.8	77.9	-4.9	8.3%		n.a.	605	n.a.	281	BBB-		
US00652XAA63	ADTIN	4.8/26	91.1	83.7	-7.5	9.6%	-8.2%	326	591	264	500	BBB-		
US00652XAB47	ADTIN	4.25 5/36	82.2	77.8	-4.4	8.2%		n.a.	627	n.a.	423	BBB-		

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Figure 3. From Adani Group response to the Hindenburg report: “deep domestic and international bank relationships” across the group. Source: “[Adani Response](#)”, Adani Group webpage, accessed 30 Jan 2023.



Select earlier AFII work on Adani Group:

- “[Adani Group: Bonds underperforming equities after report](#)”, AFII, 25 Jan 2023.
- “[‘Passive’ money and new thermal coal mine builds](#)”, AFII, 29 July 2021.
- “[EQT and Adani Enterprises: Some ESG questions](#)”, AFII, 24 Feb 2022.
- “[Coal, coup, CDP and Credit: Adani Ports update](#)”, AFII, 9 Feb 2021.
- “[Global investors and the Carmichael mega-mine](#)”, AFII, 1 Sep 2020.
- “[Abbott Point bonds go 10/90: Coal refi bellwether?](#)”, AFII, 17 Feb 2022.
- “[Banks hit by ‘fraud’ complaint to SEC over Adani SLB coal links](#)”, GlobalCapital, 21 Oct 2021.

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