

Indian banks reviewing exposure to Adani Group

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REUTERS

Indian banks are reviewing their Adani exposure and whether they need to tighten due diligence, eight bankers said on Thursday, after the group's billionaire founder Gautam Adani was indicted by U.S. authorities over an alleged \$265 million bribery scheme.



Adani

Adani Group's listed stocks, which at one point saw as much as \$34 billion wiped off their market value, meanwhile recovered

ground as some partners and investors rallied behind it.

State Bank of India will not stop lending to ongoing Adani projects that are nearing completion, two sources told Reuters, but will exercise caution when disbursing loans to ensure all terms and conditions are being met.

Bank of India, Union Bank, ICICI Bank, Canara Bank, IDBI Bank and RBL Bank, which have relatively smaller exposures to the Adani Group, are undertaking similar exercises, sources said.

A regulatory source aware of the development said from a banking system perspective that no entity was over-exposed to the Adani group and there was no cause for concern.

Earlier on Thursday, Israel said it wants Adani Group to continue to invest there, adding that the U.S. allegations were not "problematic" from its perspective.

"We wish Adani and all Indian companies continue to invest in Israel," Israel's Ambassador to India Reuven Azar told Reuters in an interview.

The Adani Group holds a 70% stake in Haifa port in northern Israel and is involved in projects with Israeli firms.

Adani and seven others are accused by U.S. authorities of being part of a scheme to pay bribes to secure Indian power supply contracts. The Adani Group has denied the allegations.

The Indian ports-to-power conglomerate has also received public backing from Abu Dhabi's Interna-

tional Holding, which maintained its outlook on investments in the group.

"Our partnership with the Adani Group reflects our confidence in their contributions to the green energy and sustainability sectors," IHC said on Wednesday, adding that it "continues to evaluate relevant information and developments."

IHC, which is one of Adani's key foreign investors, boosted its stake in the group's Adani Enterprises flagship to more than 5% last year after selling down investments in Adani Green Energy and Adani Energy Solutions.

Shares in Adani Green, the company at the center of the bribery allegations, rose by 10% on Thursday, hitting the cap on gains in a single session for a second consecutive day, with Adani Energy also up the maximum 10%.

The total losses in the value of Adani Group's 10 listed companies have narrowed to \$14.5 billion from about \$34 billion, the low reached on Tuesday after the U.S. indictments.

Global investors say worries of a wider spillover from the Adani allegations will hurt sentiment in India, but not the long-term outlook, as they wager one of the world's best-performing markets will get back on track next year.

Investors expect a stronger spotlight on governance and disclosure, and perhaps some volatility, but say the affair has not challenged the reasons they are in India in the first place – for exposure to a growing economy and a huge consumer market.

Indian Prime Minister Narendra Modi's government has not commented on the allegations against the Adani Group and has blocked opposition party demands for a debate on them.

Both houses of India's parliament were suspended temporarily within minutes of opening on Thursday as opposition lawmakers disrupted proceedings for the third day over the issue.

Many opposition parties accuse Modi and his Bharatiya Janata Party of favoring Gautam Adani and blocking investigations against him, charges which both have denied.