Bernstein says Adani overhang easing after US developments; execution strength remains intact

NEW DELHI, MAY 24: Brokerage firm Bernstein said concerns surrounding the Adani Group following the 2023 short-seller episode and subsequent US regulatory developments now appear largely behind the group, potentially paving the way for a revival in foreign funding and broader investor participation.

In a report covering four listed Adani companies – Adani Ports and Special Economic Zone, Adani Green Energy, Adani Power and Ambuja Cements – Bernstein said many global funds had stayed away from the group pending clarity on US-related developments, leaving several stocks under-owned despite strong operational execution.

The report said the settlement of the US SEC case and moves by US prosecutors to drop charges against the group had removed a major overhang on Adani stocks, many of which still trade below precrisis levels despite a sharp recovery from earlier declines.

"The group has gone through two big events in the last 4 years – the short seller event in January 2023 and US SEC-DoJ related developments starting November 2024. With the latest news from the US, both seem to be behind," it said.Latest News Updates

The group is highly debated – many funds stayed away till clarity on the US developments came, and most stocks are still underowned. "What was never debated though is their execution prowess (except in cement), and how important they are to build Infra in India."

The Adani Group had come under intense scrutiny in January 2023 after US-based short seller Hindenburg Research alleged stock manipulation, improper use of offshore tax havens and accounting irregularities across group companies.

While the ports-to-energy conglomerate repeatedly denied the allegations, calling them baseless and malicious, the report triggered a sharp selloff in Adani stocks, wiped out billions of dollars in market value and led to heightened concerns over leverage and corporate governance.

However, most Adani stocks subsequently recovered part of their losses as the group cut promoter share pledges, reduced debt concerns and restored investor confidence through continued operational growth. SEBI told the Supreme Court of India that it had completed most of its probes and found no evidence warranting cancellation of licenses or broader market intervention, while a limited number of investigations remained ongoing.

Hindenburg later ceased operations and is no longer active.

Separately, in November 2024, US authorities, including the US Department of Justice and the US Securities and Exchange Commission, initiated proceedings linked to alleged disclosures and fundraising practices involving Adani entities.

However, earlier this month a settlement was reached on the SEC-related matter and US prosecutors moved to drop charges against the group, having eased a major overhang on the conglomerate and improved prospects for renewed foreign investor participation and dollar funding access.

The brokerage said the group's core strength remained its ability to execute large-scale infrastructure projects efficiently and gain market share from state-run incumbents across sectors such as ports, logistics, thermal power and renewables.

Bernstein highlighted the group's access to large contiguous land parcels, execution speed and operational scale as key competitive advantages, noting that Adani-controlled assets now account for around 50 per cent of India's container port market.

The report said concerns over promoter share pledges, a major issue during the January 2023 short-seller crisis, had eased significantly, with pledged shares across group firms declining sharply since 2022.

While net group debt has increased by roughly Rs 1 trillion since September 2024 due to aggressive capital expenditure-led growth, particularly at Adani Green and unlisted entities, Bernstein said earnings growth remained strong, with group EBITDA rising at a compound annual growth rate of 22 per cent between FY23 and FY26.

The brokerage noted that the group's net debt-to-EBITDA ratio, which had fallen to 2.7 times during the US-related developments, had risen again to 3.9 times by March 2026, though it remained below levels seen during the short-seller episode.

Bernstein added that the Adani Group had significantly diversified its funding profile over the years, reducing dependence on domestic banks while increasing bond financing. It said access to dollar funding, which had slowed following the regulatory overhang, could improve again after recent developments in the US.

The report said debt repayment schedules, particularly at Adani Green, appeared manageable with no significant near-term maturities, while bond yields had eased and were now below Indian five-year government bond yields. (PTI)

Coal India plans syngas projects near gas-based power, DRI, fertiliser units as gas supply tightens

NEW DELHI, MAY 24: State-owned Coal India plans to set up coal-to-syngas production units either at pithead locations or adjacent to user industries such as fertiliser units, direct-reduced iron and gas-based power plants amid disruption in gas supplies due to the West Asia conflict, sources said.

Coal India Ltd (CIL), which accounts for over 80 per cent of domestic coal output, has already initiated steps to develop such coal-to-syngas facilities.

In line with the National Mission on Coal Gasification and the government's vision to enhance domestic chemical and feedstock security, CIL intends to set up coal-to-syn-gas facilities to cater to the market demand for syngas in gas-based power plants/DRI or fertiliser plants, sources said.

The company plans to develop such facilities either on Build-Own-Â'Operate (BOO) or Build-Â'Operate-Â'Maintain (BOM) basis, with syngas to be produced from coal by developers or consortia, they said.

Syngas serves as a versatile feedstock for the production of clean fuels, fertilisers, chemicals, and power generation.

Coal India Ltd has already floated an expression of interest for identifying prospective bidders to develop coal-to-Â'syngas facilities on BOO or BOM basis, where developers or consortia will produce syngas from coal under two proposed models, sources said.

Under the first model, a syngas production facility will be set up at the CIL mine pit head areas with multiple industrial consumers.

The primary aim is to establish syngas hubs within available CIL land, preferably at pit heads, to supply syngas to nearby industrial clusters. This model aims to significantly bring down logistics costs by minimising coal transportation and enabling industries to receive syngas economically through a dedicated pipeline network.

Under the second model, the company plans to set up the syngas production facility adjacent to an existing gas-based power plant, DRI plant, fertiliser unit, or a single large industrial consumer.

This arrangement is designed to optimise both operational efficiency and supply reliability by positioning the syngas plant in immediate proximity to the primary end-use facility.

The objective of this model is the on-site generation of syngas next to the end user plant. By minimising the distance required for pipeline transport, the system ensures a dedicated and uninterrupted supply of syngas directly to a single anchor industry. This close integration supports tailored production to meet specific requirements of the off-taker.

In continuation and support of this initiative, CIL is also in lookout of potential industrial off-takers who will utilise the syngas produced from such facilities as feedstock or fuel under long-term arrangements.

The coal behemoth has also issued an expression of interest to assess market interest, preferred supply models, and commercial expectations of potential off-takers of syngas.

The primary objective of the expression of interest is to identify the potential industrial off-takers who are willing to utilise syngas produced from coal-to-syngas facilities established by CIL or its designated SPV(Special Purpose Vehicle), JV (Joint Venture) under BOO or BOM mode.

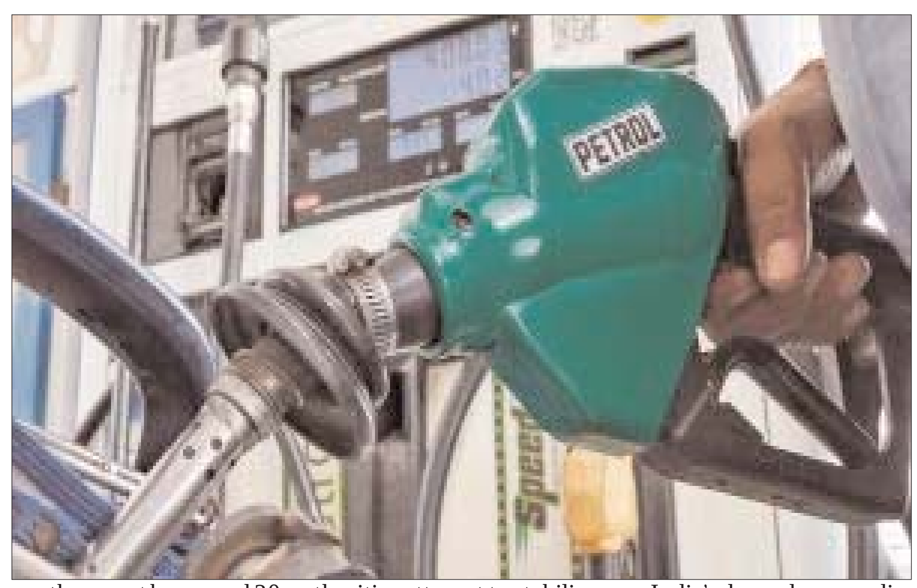
Coal India Ltd has been exploring possibilities to diversify into coal gasification to enable the production of syngas and downstream value-added chemical products.

CIL also has diversified into coal gasification by incorporating two JV companies with other Maharatna PSUs. Bharat Coal Gasification and Chemicals Ltd (BCGCL) is a joint venture company (JVC) of CIL and BHEL, in which CIL holds 51 per cent shareholding to set up a coal to ammonium nitrate project in Lakhanpur, Odisha Coal Gasification India Ltd (CGIL) is a JVC of CIL and GAIL, in which CIL holds 51 per cent shareholding to set up a coal to Synthetic Natural Gas (SNG) project in Bhadarpur, West Bengal. (PTI)

Fuel austerity clouds demand outlook; India's annual product growth forecast cut 40%

NEW DELHI, MAR 24: India's transportation fuel demand growth is expected to slow sharply in the second half of 2026 as government-led fuel conservation measures, elevated crude oil prices and a weakening rupee weigh on mobility and consumption trends, according to energy analysts.

Petrol and diesel prices have been hiked by about Rs 5 per litre each in three instalments since May 15 as oil companies passed on a part of soaring international oil prices to consumers. The price hikes came just as Prime Minister Narendra Modi urged citizens and government departments to conserve fuel, encourage remote working and reduce non-essential travel as elevated energy prices pressure foreign exchange reserves and threaten to widen the current account deficit.



This together with higher prices is likely to have a sobering impact on fuel demand growth.

A report by Elif Binici, Lead Analyst (Modeling) at Kpler, revised down India's 2026 refined products demand growth forecast by about 77,000 barrels per day (kbd), or 39 per cent, to around 78 kbd from an earlier estimate of 128 kbd, citing weaker expected growth in gasoline and diesel consumption.

Petrol demand faces the steepest downside risk, with growth projected to undershoot the earlier growth estimate by 25 kbd (from 63 kbd to 38 kbd). Petrol consumption is now estimated at 1010 kbd, down from 1035 kbpd amid weaker commuting activity, slower discretionary travel and government fuel-saving campaigns.

Annual diesel demand growth was cut by around 20 kbd, while jet fuel demand growth was revised down nearly 50 per cent to about 6 kbd from 11 kbd previously, reflecting expectations of reduced air travel and tighter spending patterns.

"The revisions primarily reflect weaker expected growth in gasoline and diesel demand as higher costs, weaker mobility trends, and recent government-led fuel conservation efforts increasingly feed into domestic transportation activity," according to the report.

The report said India's macroeconomic backdrop had deteriorated since the escalation of the US-Iran conflict, with higher crude import costs, refinery expenses and rupee depreciation increasing pressure on inflation and state-run oil marketing companies (OMCs).

The rupee has weakened roughly 6 per cent since the start of the conflict and 10 per cent over the past year. At the same time, FX reserves have reportedly fallen approximately 4.3 per cent since late February as authorities attempt to stabilise the currency, contain imported inflation, and limit volatility in domestic fuel prices.

Retail petrol and diesel prices, largely frozen since 2022 despite higher global crude prices, were raised by about Rs 5 per litre in three instalments during the last 10 days. However, the increases remain well below estimated breakeven levels for state-run retailers.

The current national average petrol price of Rs 103 per litre remains far below estimated breakeven levels of nearly Rs 125 per litre, while diesel prices near Rs 94 per litre compare with estimated breakeven levels of Rs 115-120 per litre.

Before the start of the price revision cycle, state-run fuel retailers were losing roughly Rs 1,000 crore per day as elevated crude procurement costs and currency weakness continued to outpace retail prices. "The key issue is the inability of state-run retailers to pass through rising import costs quickly enough to restore profitability," the report said.

India's dependence on discounted Russian crude imports, currently estimated at around 1.9-2 million barrels per day, continues to provide a key stabilising force for the domestic fuel market amid ongoing geopolitical uncertainty in the Middle East, it added.

"Recent austerity measures suggest Indian policymakers are increasingly prioritising macroeconomic stability, inflation management, FX preservation and fuel supply security over near-term transportation fuel growth. While the measures are unlikely to trigger outright demand destruction, they are expected to materially slow India's previously robust transportation fuel growth trajectory during the second half of the year," the report said.

Unless crude prices ease materially, the rupee stabilises, or additional fiscal support measures are introduced, further retail fuel price increases and additional fuel-conservation measures may become increasingly difficult to avoid, it added. (PTI)

Hero MotoCorp confident of strengthening leadership, riding on new launches, e-scooter sales: CEO

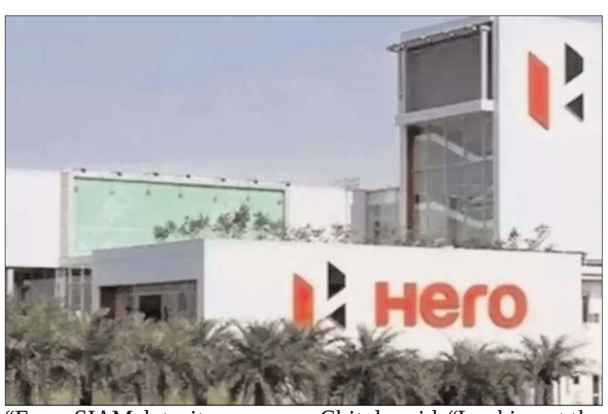
NEW DELHI, MAY 24: Two-wheeler maker Hero MotoCorp is confident of strengthening its leadership with a double-digit growth in FY27, during which it expects to launch over 12 new products, according to its CEO Harshavardhan Chitale.

The company sees its scooters, which have witnessed strong demand for both internal combustion and electric versions, as one of the 'growth vectors' and expects over 50 per cent of its overall scooter sales to be electric by 2030, Chitale told PTI in an interview.

With low emission powertrains emerging as a trend across the industry, he said, Hero MotoCorp is also working on a variety of options "to stay ahead of the curve" as a market leader.

"So far we are leading, and we hope we continue to do so going forward," he said when asked if Hero MotoCorp is ready to defend its leadership position as competition intensifies in the Indian two-wheeler market.

While declining to comment on competitors, Chitale said,"We will stay focused on doing what's right for the customer. We stay focused on offering the most efficient, most safe products. We have a great momentum so far. I can't talk about others, but I can talk about confidence in our channel, our products."



Noting that "competition is definitely intense", he said, "From SIAM data, it appears that our lead over competitors has again widened last year (FY26). While it had kept coming down, narrowing over six-seven years, and the lead had shrunk, in FY26 again the curve turned, and again marginally the lead widened."

Hero MotoCorp is "widening" the gap to competitors on the back of growth that the company is driving in categories such as scooters in both ICE and electric, bikes in 125 cc and above categories, while also continuing to push entry-level commuter motorcycles, he added.

As per the Society of Indian Automobile Manufacturers (SIAM) data, Hero MotoCorp sold 54,93,178 units of motorcycles and 5,72,870 units of scooters in FY26. Rival Honda Motorcycle & Scooter India Pvt Ltd sold 25,89,985 units of motorcycles and 31,62,067 units of scooters in FY26.

When asked about the growth outlook for FY27, Chitale said, "Looking at the momentum and some of the categories in which we are driving growth, and we do expect to continue our momentum of double-digit growth that we had in FY26 to continue in FY27 as well."

It will come on the back of "strong growth in exports, strong growth in EV, very strong growth in scooters", Chitale added.

On new product launches, he said, "Typically, in a year, we have 10 to 12 big launches, new models... this year also we have a very active pipeline... it may be a little more, maybe even more than that."

Besides, he said, in a year there are refreshes of existing models, "which gets our number of launches in a year typically to 40-50 launches".

Highlighting scooters as a "growth vector" for Hero MotoCorp, he said the company is doubling capacity for its Xoom scooter brand, while it has completed 50 per cent capacity expansion for Destiny.

"By the end of this month, we would have increased our capacity in Vida (electric scooter) by 50 per cent and on track to further double it by the end of this calendar year, almost three times from the start of the year to where we end this year," he noted.

The rapid expansion in capacity is to ensure that "this entire demand momentum that we see both for our ICE scooters as well as EV scooters" is met, Chitale added.

The company has earmarked Rs 1,500 crore capex for FY27 to double its scooter production capacity.

When asked about the growth prospects of electric scooter Vida and its contribution to overall sales, he said, "Today it is about 27-28 per cent. I can see that becoming the majority by 2030...more than 50 per cent. We are moving in that direction."

Stating that the company has adopted a 'town by town' approach to expand EV sales network, he said, "Our ambition is to emerge as one of the top three players, if not number one, in EV in every category, and that's the approach we are taking even now."

Stating that the electric two-wheeler segment is evolving at a fast pace, Chitale said Hero MotoCorp sees the industry to grow in double digit and the company will aim to outgrow that pace and gain market share. (PTI)

IRFC to raise ECB loan worth USD 2 billion to finance large infra projects

NEW DELHI, MAY 24: State-owned Indian Railway Finance Corporation is planning to mobilise USD 2 billion through external commercial borrowing, primarily in Japanese yen, to fund business growth in the current financial year.

The external commercial borrowing (ECB) is part of the Rs 70,000 crore resource mobilisation plan approved by the board of Indian Railway Finance Corporation (IRFC) for the ongoing financial year. "We have just signed a loan agreement with the consortium of banks for raising an External Commercial Borrowing loan of JPY equivalent USD 1.1 billion. Given the pipeline of projects, we expect disbursements within the June quarter itself," IRFC Chairman and Managing Director Manoj Kumar Dubey told PTI.

The ECB, being raised for JPY equivalent USD 1.1 billion, has been tied up for a 5-year tenor and benchmarked to Overnight TONAR (Tokyo Overnight Average Rate).

The proceeds from this facility will be utilised towards financing projects with forward or backward linkage with the railway sector or any other project as may be approved by the company in compliance with the ECB guidelines.

This is the first ECB being raised by IRFC during FY27 after it had raised Japanese yen equivalent USD 700 million across two ECB transactions in FY26. The public sector undertaking (PSU) of the Ministry of Railways got Navratna status last year and has set a target of crossing Rs 1 lakh crore loan sanction during the current financial year. "We are aiming for a loan sanction of Rs 1 lakh crore and disbursement of about Rs 40,000 crore during the ongoing financial year, as the pipeline of high-quality infrastructure projects looks strong," he said.

During FY26, IRFC sanctioned projects worth Rs 72,949 crore and disbursed approximately Rs 35,067 crore, exceeding its annual guidance.

The company witnessed its net worth rising to an all-time high of Rs 56,748 crore and AUM crossing a record high at Rs 4.85 lakh crore.

The diversification-led expansion resulted in improved spreads and a consistent rise in net interest margin (NIM), while IRFC maintained its zero NPA status. "Our diversification strategy is now translating into stronger spreads, improved margins and enhanced shareholder value, he said, adding that NIM should further improve to 1.65 per cent in FY27 against 1.5 per cent recorded in FY26.