

Rating Rationale

Adani Enterprises Ltd.

6 June 2017

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Rs. 250 Crore of Adani Enterprise Ltd.

Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating *
Fund Based – Short Term Loan	250	Short Term	BWR A1+
Total	Rs. 250 Crores (Rupees Two Hundred and Fifty Crore Only.)		

* Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Other Outstanding Ratings for Adani Enterprise Ltd which are reaffirmed are:

Instruments	Amount	Present Rating	Assigned/ Reaffirmed	Issue Date	Rating History
Commercial Paper Programme	₹ 2000 Cr	BWR A1+	Reaffirmed	April 2017	BWR 1+ (April 2016)

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied on audited financials of Adani Enterprises Ltd. (AEL) till FY17, publicly available information and other information and clarifications provided by the company.

The rating factors, inter alia, experience and resourcefulness of promoters of the company, performance and scale of operations, strong market position and financial flexibility of the group with proven project execution capabilities.

The rating is however constrained by moderate leverage of issuer with working capital intensive nature of operations, relatively high short term debt and exposure to related parties in form of loans and advances. As short term debt including CPs require refinancing, the company's ability to manage the required liquidity is a key rating sensitivity.



About the Company

AEL being chaired by Mr. Gautam Adani, has business interests across coal trading and mining, renewable energy generation, agri-storage infrastructure and services as well as edible oil and gas distribution. Their major revenue (85%) comes from coal trading.

Company Financial Performance

For the year ended FY17, on consolidated basis, the company reported net profit of Rs. 925 Crore on the revenue of Rs. 38,056 Crore as against net profit of Rs. 999 Crore on the revenue of Rs. 35,131 Crore in FY16.

On Standalone basis, the company reported net profit of Rs. 221.64 Crore on the revenue of Rs. 9282.18 Crore as against net profit of Rs. 520.11 Crore on the revenue of Rs. 9126.50 Crore in FY16. The company's networth as of March 31, 2017 was Rs. 3767.18 Cr, as against total debt of Rs. 7213 Cr, which include ST debt of Rs. 4905 Cr, CPLTD of Rs.450 Crore and LT debt of Rs.1858 Crore. Most of the regular working capital facilities enjoyed by the company are non-fund in nature to facilitate their coal trading business.

Rating History for the last three years: (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	Date in 2016	Date in 2015	Date in 2014
1.	Short Term Loan	Short Term	250	A1+	-	-	-
2.	Commercial Paper Programme	Short Term	2000	A1+	April 2016		

Status of non-cooperation with previous CRA (if applicable): Reason and comments

Any other information

Hyperlink/Reference to Applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Commercial Paper](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

Analytical Contacts	Media
<u>MSR Manjunatha</u> Head – Ratings Administration analyst@brickworkratings.com	media@brickworkratings.com Relationship Contact bd@brickworkratings.com
Phone: 1-860-425-2742	

For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

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