



## Rating Rationale

Adani Enterprise Ltd.

May 5, 2017

**Brickwork Ratings reaffirms the Rating for the Commercial Paper Programme of Rs. 2000 Crore of Adani Enterprises Ltd.**

### Particulars

Instrument	Previous Amount (Rs. Crs)	Current Amount	Previous Rating	Rating Reaffirmed
CP Programme	2000	2000	BWR A1+	BWR A1+ (Short-term Rating)
	2000	Rs. 2000 Crores (Rupees Two Thousand Crores Only)		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

BWR has essentially relied on audited financials of Adani Enterprises Ltd. (AEL) till FY16, results for nine months ended Dec'16, projections for FY17 and FY18, publicly available information and other information and clarifications provided by the company.

### Rationale/Description of Key Rating Drivers / Rating Sensitivities:

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.

The rating is however constrained by working capital intensive nature of operations, relatively high short term debt and loans and advances to related parties. 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

Incorporated in 1993, Adani Enterprises Ltd. (AEL) is the flagship company of Adani Group being chaired by Mr. Gautam Adani. Adani Group as a whole is engaged in diversified areas of



business and operates in range of sectors – primarily energy – including coal mining, power generation and transmission business, port operations, logistics, oil and gas exploration, city gas distribution, etc. The group is also involved in agro processing mainly into edible oils and commodity trading. AEL, on a standalone basis, has mainly coal trading and power trading businesses.

### Company Financial Performance

AEL’s results for FY16 are not comparable with that of FY15 since the company demerged the operations of Adani Power, Adani Ports and Special Economic Zone and Adani Transmission with effect from May 2015.

As per audited financials of FY16, on a standalone basis, AEL earned net profit of Rs. 496 Crore on a revenue of Rs. 9073 Crore. For nine months ended Dec’16, the company earned the net profit of Rs.767 Crore on revenue of Rs. 25119 Crore. Its Networth as of Sep 30, 16 was Rs. 3822 Cr, as against total debt of Rs. 6067 Cr, which included ST debt of Rs. 4640 Cr. Most of the regular working capital facilities enjoyed by the company are non-fund in nature to facilitate their coal trading business.

On consolidated basis, in FY16, the company earned the net profit before minority interest of Rs. 1083 Crore on total income of Rs. 45148 Crore. For nine months ended Dec’16, the company earned net profit of Rs. 597 Crore on total income of Rs. 25119 Crore.

### 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	April 2016	Date in 2015	Date in 2014
	<b>Commercial Paper</b>	<b>Short Term</b>	<b>2000</b>	<b>A1+</b>	A1+	Rating details	Rating details



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

Any other information N/A

### Hyperlink/Reference to applicable Criteria

- [Commercial Paper](#)

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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](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto: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.

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