

Rating Rationale

Brickwork Ratings reaffirms “BWR A1+” Rating for the Commercial Paper (CP) Issues aggregating ₹ 2000 Cr of Adani Enterprises Ltd.

Brickwork Ratings (BWR) has reaffirmed the **Rating**¹ of “BWR A1+” (pronounced BWR A One Plus) for Commercial Paper issues aggregating ₹ 2000 Crores of Adani Enterprises Ltd. (‘AEL’ or ‘the Company’), having a tenor in the range of 7 days to One Year as given below:

Instruments	Amount (₹ Cr)	Present Rating	Assigned/ Reaffirmed	Issue Date	Rating History
CP	500	BWR A1+	Reaffirmed	March,2015	BWR A1+ (March 2015)
CP	250	BWR A1+	Reaffirmed	March,2015	BWR A1+ (March 2015)
CP	300	BWR A1+	Reaffirmed	May,2015	BWR A1+ (May 2015)
CP	450	BWR A1+	Reaffirmed	July,2015	BWR A1+ (July 2015)
CP	500	BWR A1+	Reaffirmed	Sep,2015	BWR A1+ (Sep 2015)

BWR has essentially relied upon the draft terms, audited financial results up to FY15, limited review financial results for 9MFY16 and projected cash flow, publicly available information and information/clarification provided by the issuer.

The rating continues to factor, *inter alia*, the experience and resourcefulness of the promoters of the Company, performance and scale of operations, strong market position and financial flexibility of the group. However, the rating is constrained by volatility in commodity prices which can affect the business volumes and profitability, forex exposure risk, regulatory issues faced by the Coal & Mining industry, deployment of funds for group’s needs and refinance or, alternatively, rollover risk - to meet the obligations in a timely manner.

AEL Background

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 businesses and operates in a range of sectors - primarily energy - including coal mining, power generation and transmission, port operations, logistics, oil and gas exploration, city gas distribution, etc. The group is also involved in agro-processing & mainly in to edible oils and commodities trading. Post de-merger of the erstwhile AEL, which more or less acted as a holding company, the reorganized AEL, on a standalone basis, has mainly coal trading and handling, mine development & operations (MDO) and power trading businesses.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

AEL - Board of Directors and Shareholding

Mr. Gautam Adani is the Chairman of AEL, and also the founder of the Adani Group. The Board has six other Directors who have vast experience in the field of Administration, Finance, Economics, Accounting and other fields. As of March 2016, promoter holds 75% equity stake in the Company.

Financials of AEL

In FY15, on a standalone basis AEL reported total operating income of ~₹ 14932 Crs, while PAT stood at ~₹ 406.85 Crs. For 9MFY16 on a standalone basis AEL reported total operating income of ~₹ 6137 Crs, while PAT stood at ~₹ 431.34 Crs

In FY15, on a consolidated basis AEL reported total operating income of ~₹ 64582 Crs, while PAT before minority interest stood at ~₹ 2298 Crs. For 9MFY16 on a consolidated basis AEL reported total operating income of ~₹ 33073 Crs, while PAT before minority interest stood at ~₹ 917.22 Crs.

Rating Outlook

The rating captures the strong market presence of AEL, both on standalone and consolidated basis. The other key business entities of the group, viz., Adani Power Ltd and Adani Ports & Special Economic Zone Ltd, have also shown reasonable improvement in the current year.

Going forward, the sustained increase in the scale of operations and improvement in profitability, implementation of the contracts, judicious deployment and timely recovery of CP proceeds, and efficient management of short term liquidity, would remain the key rating sensitivities.

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