Rating Rationale

Brickwork Ratings assigns 'BWR A1+' Rating for the Proposed Commercial Paper (CP) Issue of ₹ 450 Cr of Adani Enterprises Ltd.

Brickwork Ratings (BWR) has assigned the **Rating**[1] of "BWR A1+" (pronounced BWR A One Plus) for Proposed Commercial Paper issue of ₹ 450 Crores of Adani Enterprises Ltd. ('AEL' or 'the Company'), having a tenor up to one year. With this, total amount of CP rated by BWR for AEL aggregates to ₹ 1500 Crores.

BWR has essentially relied upon the draft terms, audited financial results up to FY14, limited review financial results for FY15 and projected cash flow and key financial figures provided, publicly available information and information/clarification provided by the issuer.

The rating factors, *inter alia*, the experience and resourcefulness of the promoters of the Company, improving financial performance and scale of operations, strong market position, benefits arising out of the demerger of the diversified business and financial flexibility of the group. However, the rating is constrained by volatility in commodity prices which can affect their 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. The group is also involved in agro-processing & storage mainly in to edible oil and commodities trading. AEL, on a standalone basis, has mainly coal trading and power trading businesses. The Company undertakes coal trading business directly and through its subsidiaries.

AEL has completed the scheme of demerger in June 2015, post which AEL is not the holding company of two listed entities, viz., Adani Power Ltd and Adani Ports & Special Economic Zone Ltd. Subsequently, AEL on a standalone basis is focused on the business of coal mining and trading. Another group entity Adani Mining Pvt. Ltd has been merged into AEL with effect from April 2015. Adani Mining Pvt. Ltd undertakes activities related to development and operation of domestic coal mines. The restructuring has simplified the corporate structure of the group. Ultimately, there will be four listed companies in the group, including Adani Transmission Ltd which is yet to be listed.

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

The primary coal related integrated operations under AEL will help the company to strengthen its market position and substantially improve its performance both operationally and financially.

The Company proposes to issue Commercial Papers having a tenor up to one year keeping in view its requirements as a business entity as also its current role as a holding company.

For other details relating to share-holding, board of directors, and key financials, of AEL a reference may please be made to our Rating Rationale dated 22 May 2015.

Rating Outlook

The rating captures the strong market presence and the improving overall performance 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. In particular, any improvement in the operating performance, financials and liquidity of Adani Power Ltd., would indirectly benefit AEL. Further, Adani Power Ltd., which has a large debt to service, is expected to benefit out of elongated repayment schedule being worked out by its lenders under Reserve Bank of India's 5/25 scheme.

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.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	**bd@brickworkratings.com**
Phone	**Media Contact**
1-860-425-2742	**media@brickworkratings.com**