

October 7, 2010

**CARE REVISES THE RATINGS ASSIGNED TO THE BANK FACILITIES OF
ADANI ENTERPRISES LIMITED**

Ratings Assigned

Facilities	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	300.00 (Reduced from Rs.848.76 crore)	'CARE AA-' (Double A Minus)	Revised from CARE BBB+ (Triple B Plus)
Short-term Bank Facilities	1200.00 (Reduced from Rs.2000 crore)	'PR1+' (PR One Plus)	Revised from PR2+ (PR Two Plus)
Total Facilities	1500.00		

Rating Rationale

The revision in ratings primarily take into account significant improvement in AEL's financial risk profile following substantial equity infusion through Right issue & QIP issue, amalgamation of promoting companies of Mundra Port & Special Economic Zone (MPSEZ) with AEL leading to MPSEZ becoming its 77% subsidiary, commissioning and stabilization of operations of 3 power generation units of 330 MW each of Adani Power Ltd.(APL; 70% Subsidiary) along-with significant change in business mix. The ratings also factor in wide experience of promoters of AEL in global businesses and its strong position in coal trading business alongwith its diversified and synergetic group operations having strong presence in energy value chain. The long term rating is however constrained due to the significant level of ongoing projects in subsidiaries of AEL in diverse sectors. Successful and timely implementation of ongoing large projects in subsidiaries, continued demand from core sectors of the economy and achievement of envisaged level of profitability are the key rating sensitivities.

Company Profile

Incorporated in 1993, AEL, the flagship company of Adani Group was initially involved in trading of various commodities. In recent years, AEL, through JV and subsidiaries, diversified into many other businesses including power generation (*through APL*), port operations (*through MPSEZ*), coal mining, oil and gas exploration, real estate, agro products, city gas distribution etc. and evolved as a diversified conglomerate.

² Complete definition of the ratings assigned are available at www.careratings.com and in other CARE publications

AEL has significant ongoing projects through its subsidiaries in various sectors especially in power generation, ports, coal mining (*including acquisition of overseas mines*) etc. which shall be funded by a mix of debt and equity. AEL has already raised substantial equity by way of Right issue of Rs.1478.52 crore & QIB issue of Rs.4000 crore during current financial year which shall provide sufficient cushion to the ongoing projects in subsidiaries. Also MPSEZ has become a subsidiary of AEL which shall further improve financial flexibility of AEL.

During FY10 (on consolidated basis), AEL reported PAT of Rs.934 crore on total income of Rs.26007 crore against PAT of Rs.505 crore on total income of Rs.26394 crore in FY09.

In Q1FY11, AEL (on consolidated basis) has reported substantial growth in margins with PAT of Rs.565 crore on total income of Rs.5899 crore which is mainly attributable to changed business mix of AEL along with the better profitability of consolidating subsidiaries mainly MPSEZ and APL.

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CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

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