

June 23, 2010

CARE ASSIGNS 'CARE BBB-' AND 'PR3' RATINGS TO THE BANK FACILITIES OF CHEMOIL ADANI PVT. LTD.**Ratings Assigned**

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	100.00	'CARE BBB-' (Triple B Minus)	Assigned
Short-term Bank Facilities	500.00	'PR3' (PR Three)	Assigned
Total Facilities	600.00		

Rating Rationale

The ratings take into account Chemoil Adani Pvt. Ltd.'s (CAPL) operational synergies with Adani Group entities mainly Mundra Port and Special Economic Zone Ltd. (MPSEZ) having established port infrastructure, resulting in lower start-up cost, which is a major entry barrier in bunkering business. The ratings also take into account its stabilized operations along with the technical and marketing support it draws from Chemoil Group, which has established bunkering business at major international ports. The ratings are however constrained by relatively short track record of operations, high operating risk in the form of high credit risk and commodity price risk which are inherent to the bunkering business and relatively weak financial risk profile characterised by low profitability, high gearing level and low networth base. Increase in the scale of operation, improvement in financial risk profile and CAPL's ability to effectively manage the operating risks are key rating sensitivities.

Company Profile

Incorporated in May 2008, Chemoil Adani Private Limited (CAPL) is a subsidiary of Chemoil Adani Pte. Ltd., Singapore, which in turn is a 50:50 joint venture (JV) of Chemoil Energy Ltd., Hongkong and Adani Global Ltd., Mauritius (100% subsidiary of Adani Enterprise Ltd.; rated CARE BBB+ / PR2+).

Adani Enterprise Ltd. is the flagship company of Adani Group mainly involved in global trading of various commodities, whereas Chemoil Energy Ltd. (Chemoil), the equal JV partner, is a global trader in marine fuel products and operates its bunkering business at major international ports. Glencore International AG, which is a leading global trading company had controlling stake in Chemoil Energy Ltd. as on Feb.28, 2010.

Operations

CAPL started operations in Jan.2009 and its day-to-day affairs are managed by Adani Group, where as Chemoil provides technical and marketing support.

¹ Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

CAPL is engaged in selling of marine fuel oil to ships calling at ports in Gulf of Kutch region (mainly Mundra, Sikka and Kandla ports). The overall operations of CAPL are carried out from Mundra port. CAPL gets infrastructure support (storage terminal, pipeline, etc) from MPSEZ resulting in lower startup cost which is a major entry barrier in bunkering business. MPSEZ has state-of-the-art bunkering facilities at Mundra port with storage terminal capacity of 90,000 metric tonne (MT) and pumping capacity of 300 MT per hour.

During FY09, which was the first year of operation, CAPL registered total income of Rs.250 crore with net loss of Rs.1.13 crore. In 9MFY10, CAPL registered total income of Rs.1,256 crore with net profit of Rs.3.93 crore.

Analyst Contact

Name: Deepak Prajapati

Tel # 079-40265608

Mobile # 9099028864

Email: deepak.prajapati@careratings.com

CARE 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.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

HEAD OFFICE: MUMBAI

Mr. D.R. Dogra

Managing Director

Cell : +91-98204 16002

E-mail : dr.dogra@careratings.com

Mr. Rajesh Mokashi

Dy. Managing Director

Cell : +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

Mr. Ankur Sachdeva

Head - Business Development

Cell : +91-9819698985

E-mail: ankur.sachdeva@careratings.com

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway,
Sion (East), **Mumbai 400 022** Tel.: (022) 67543456 Fax: (022) 67543457

Website: www.careratings.com

OFFICES

<p>Mr.Mehul Pandya Regional Manager 32 TITANIUM Pralhadnagar Corporate Road, Satellite, Ahmedabad - 380 015. Tel – 079 4026 5656 Mobile - 98242 56265 E-mail: mehul.pandya@careratings.com</p>	<p>Mr.Sundara Vathanan Regional Manager Unit No. 8, I floor, Commander's PlaceNo. 6, Raja Ram Mohan Roy Road, Richmond Circle, Bangalore - 560 025. Tel – 080 2211 7140 Mobile – 98803 60878 E-mail: sundara.vathanan@careratings.com</p>
<p>Mr.Ashwini Jani Regional Manager Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, Chennai 600 002 Tel: 044 2849 7812/2849 0811 Mobile – 91766 47599 E-mail : ashwini.jani@careratings.com</p>	<p>Mr. Rahul Patni Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat NagarHyderabad - 500 029 Tel – 040 _40102030 Mobile – 91600 04563 E-mail: rahul.patni@careratings.com</p>
<p>Mr. Sukanta Nag Regional Manager 3rd Floor, Prasad Chambers (Shagun Mall Building) 10A, Shakespeare Sarani Kolkata - 700 071. Tel – 033 2283 1800/1803 Mobile – 98311 70075 E- mail: sukanta.nag@careratings.com</p>	<p>Ms.Swati Agrawal Regional Manager 710 Surya Kiran, 19 K.G. Road, New Delhi - 110 001. Tel – 011 2331 8701/2371 6199 Mobile – 98117 45677 E-mail : swati.agrawal@careratings.com</p>