

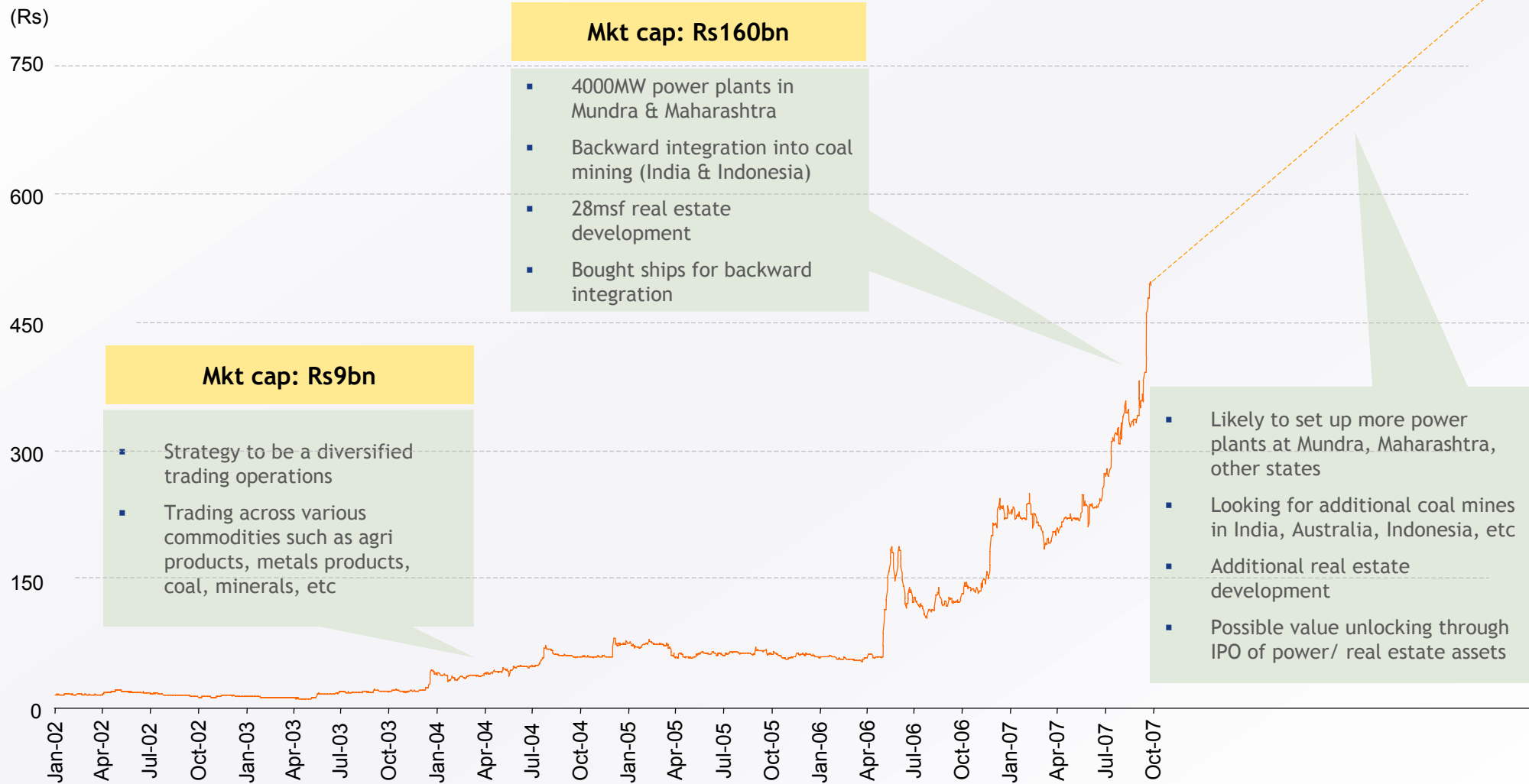
Adani Enterprises Ltd (AEL)

Firing on all cylinders

SSKI

October 2007

Company in transition



Building blocks in place

Strong management capabilities

Identification of new growth opportunities at early stages - power trading, coal mining, power plants, etc

Consistent value add through vertical integration

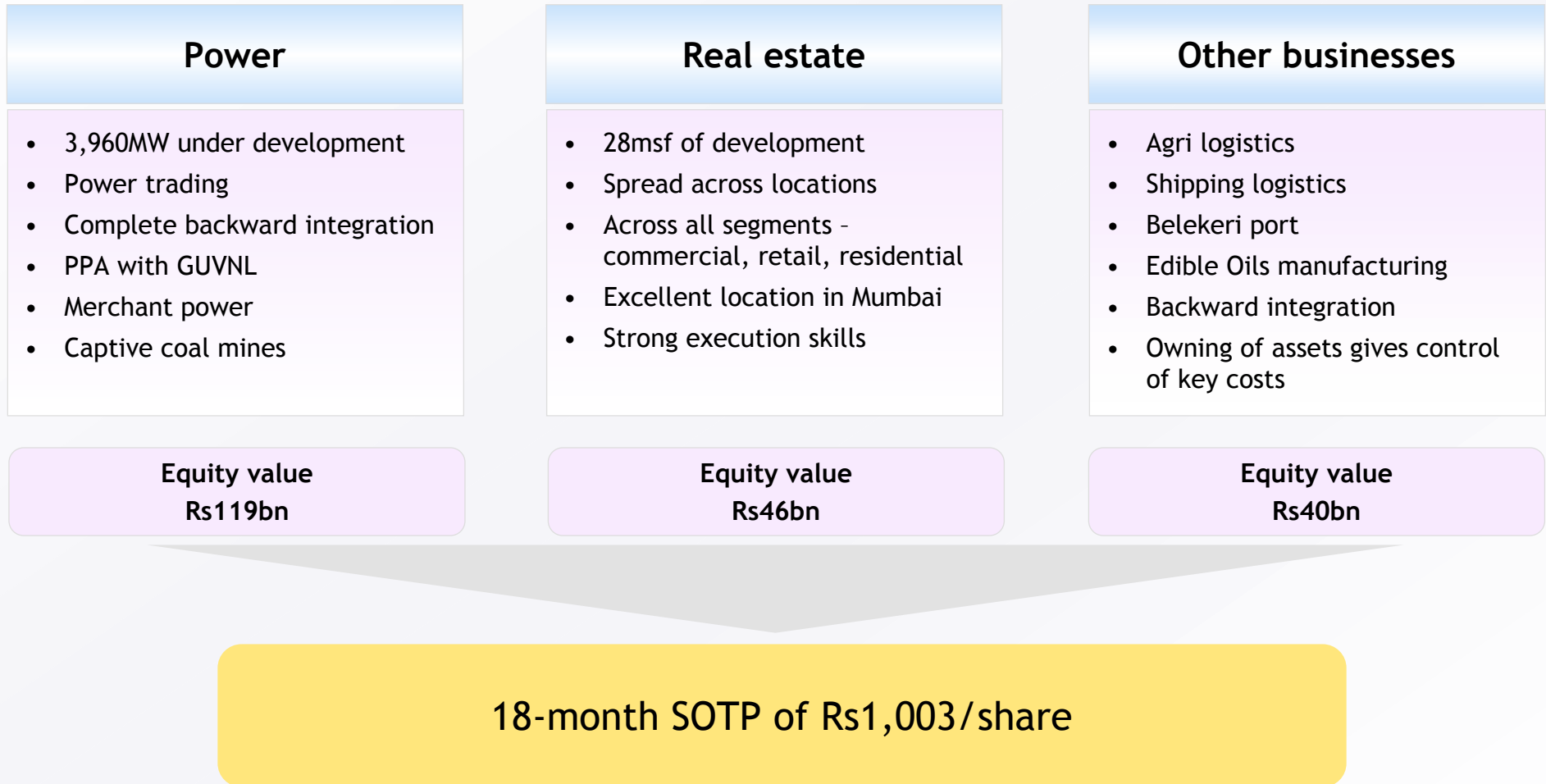
Proven project execution skills involving sharp financial acumen and risk mitigation skills

Strong clientele across the globe for various products

AEL

- 4000MW power capacity
- Real estate development of 28mn sq.ft
- Coal mining in Indonesia, India
- Largest private sector power trader
- Vertical silos of grain storage for FCI - 1st in India

Potential multi bagger...



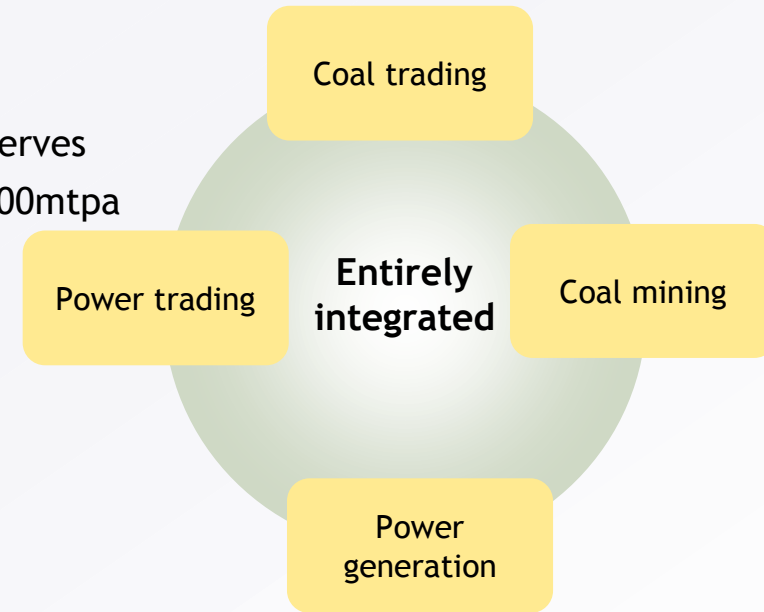
Adani Enterprises - a snapshot



Power

Power - Vertically integrated

- ❑ Largest trader of imported coal
 - ✓ Imported approximately 8mtpa of coal for trading (34% of total traded coal in India)
 - ✓ Strong relationships with miners in Indonesia, China
- ❑ Entered coal mining in FY07
 - ✓ Owns and operates a coal mine in Indonesia with 140mtpa reserves
 - ✓ LOI received for contract coal mining in India from RSEB for 200mtpa
 - ✓ Scouting for more mines in Australia, Indonesia and India
- ❑ Setting up 3960MW power plants`
 - ✓ 2640MW in Mundra
 - ✓ 1320MW in Maharashtra
 - ✓ Low cost of power due to coal sources from captive mines
- ❑ Logistics support to provide timely and value add services
 - ✓ Wholly-owned subsidiary in Singapore to manage shipping and freight operations
 - ✓ AEL has chartered around 273 ships to move various products of up to 11.6 mtpa in FY07



Coal mining - leveraging coal trading experience

Acquired 3,000 hectare coal block in Indonesia - Bunyu Island

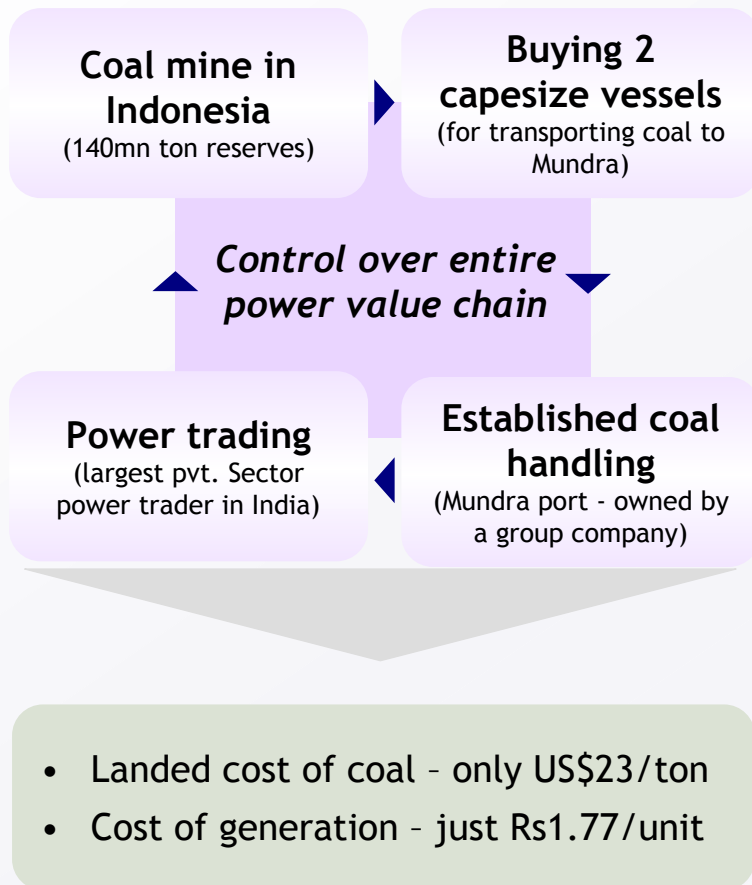
- ❑ 140mn tons of estimated reserves
- ❑ Estimated overburden of 1-1.5 mtrs; favourable strip ratio of 1:3.5
- ❑ Mine in proximity to jetty; connected by conveyor belt
 - ✓ No separate road infrastructure required for intra-island transport of coal
- ❑ Mining rights obtained in phases
 - ✓ Phase 1 commercial operations from January 2008
 - ✓ Full scale operations from December 2008
- ❑ All-inclusive mining cost estimated at US\$13/ton



Contract coal mining for Rajasthan SEB

- ❑ Fixed price take-or-pay contract for supply of coal to Rajasthan SEB
 - ✓ AEL to conduct mining operations
 - ✓ Mine owned by RSEB
- ❑ 10mtpa of coal to be mined/ year; minimum quantity off-take of 8mtpa by Rajasthan SEB
 - ✓ Surplus quantity mined can be sold in open market

Value addition to coal assets - power generation foray



- ❑ Captive coal to power trading - ownership of entire value chain
- ❑ Leveraging coal mines for setting up a 2,640MW thermal power plant at Mundra, Gujarat
 - ✓ Ensuring steady revenues from PPAs while capturing upside from merchant power
 - ✓ Signed a 25-year PPA with Gujarat Urja Vikas Nigam Ltd. (GUVNL) for 2,000MW
 - ✓ PPA of Rs2.6/unit - no cap on ROE
 - ✓ 640MW to be sold on merchant basis - huge potential upside
- ❑ Setting up a 1,320MW coal based power plant in Maharashtra, with a captive coal mine
 - ✓ Coal block allocated in Maharashtra - 170mn tons reserves (calorific value of 5000 kcal)
 - ✓ 200 hectares of land allocated
 - ✓ Favourable location considering power deficit in Maharashtra

2,640MW Mundra power plant

Mundra Power Plant - key details

	Phase 1	Phase 2	Phase 3	Phase 4
Capacity (MW)	660	660	660	660
CoD	Mar-09	Sep-09	Mar-11	Jun-11
Project Cost (Rs mn)	22,803	20,700	29,085	29,085
Gearing (x)	4	4	4	4
Revenue	25-year PPA with GUVNL	25-year PPA with GUVNL; 320MW merchant	25-year PPA with GUVNL	25-year PPA with GUVNL; 320MW merchant
Equity (Rs mn)	4,561	4,140	5,817	5,817

- ❑ Steady revenues from 25-year PPA with GUVNL
 - ✓ 1000MW at Rs2.89/unit
 - ✓ 1000MW levelised tariff of Rs2.35/unit
 - ✓ PPA on fixed tariff basis - no cap on ROE
- ❑ 640MW to be sold on merchant basis - huge potential upside
 - ✓ Tariff assumed at Rs4/unit with no escalation
- ❑ Financial closure achieved for Phase 1 and construction started
 - ✓ Commercial operations likely by March 2009
- ❑ Phase 2 likely to be financially closed over the next 3 months
- ❑ EPC orders placed with SCMEC, China, for Phase 1 & 2 and with Shandong Power for Phase 3 & 4

1,320MW Maharashtra power plant

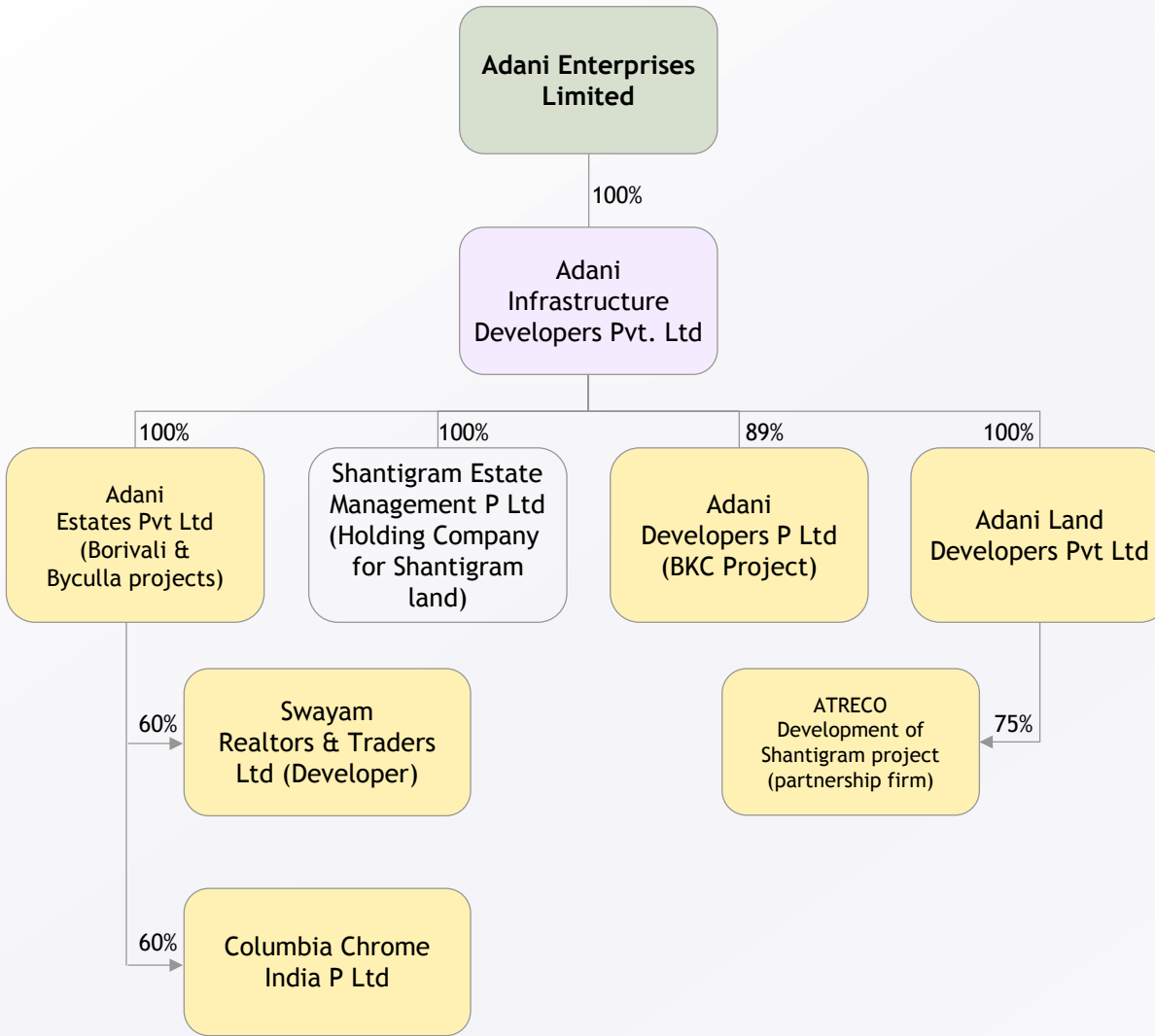
Maharashtra Power Plant - key details

	Phase 1	Phase 2
Capacity (MW)	660	660
CoD	Oct-11	Apr-12
Project Cost (Rs mn)	21,351	21,351
Gearing (x)	3	3
Revenue	Merchant plant	Merchant plant
Equity (Rs mn)	5,338	5,338

- 170mn tons coal block already allocated
- Plant to be located in proximity to coal block - ~30kms away
 - ✓ Transport costs to remain low
- Captive mining to ensure extremely competitive cost of generation
- Assumed to be fully merchant power plant
 - ✓ Tariff assumed at Rs3/unit with no escalation
- Funding conservatively assumed at gearing of 3.0x
 - ✓ Mundra Phase 1 funded at 4.0x gearing
- Phase 1 CoD likely in Oct-11

Real estate

Leveraging Adani's project management skills



Highlights

- ❑ Area under development: 28 msf
- ❑ Presence across all segments of real estate through 3 projects
- ❑ Strong parentage
 - ✓ Diversified city presence
 - ✓ Good credibility with lending institutions

Strategy

- ❑ Preference for large sized developments
- ❑ Presence across all segments - retail, commercial and residential

Execution

- ❑ Leverage group's project management expertise
- ❑ All three projects are in JV with local developers; leveraging their local expertise
- ❑ Construction will be outsourced

Bandra Kurla Complex - “Prime”d for value creation

Assumptions for NAV

Rentals (Rs / sq. ft. / month)	300-350
Construction cost (Rs / sq. ft.)	3,300
Land cost (Rs mn)	17,320
Discount rate (%)	15-16
Lease capitalised	FY13
Cap rate (%)	10
AEL stake (%)	89
Start of construction	Apr-08
Construction completed	Mar-12

- 2mn sq. ft of commercial development
- BKC is the suburban business district of Mumbai
 - ✓ Emerging alternative to existing financial centre at Nariman Point
 - ✓ Close proximity to domestic and international airports
 - ✓ Easy access to suburban residential areas
 - ✓ Project site located in International Finance and Business Centre
- 80% commercial development; 20% retail
- Lease model assumed with REIT-like takeout post development

BKC Value Drivers

Emerging financial district

Proximity to airports

Alternative to Nariman Point

Proximity to suburban residential areas

Mumbai Mill Land Development - “Highway to Riches”

Assumptions for NAV

Rentals (Rs / sq. ft. / month) - Byculla	250
Realisations (Rs / sq. ft.) - Borivali	5,500
Construction cost (Rs / sq. ft.)	
Borivali	1,500
Byculla	2,000
Land cost (Rs mn)	2,300
Discount rate (%):	
Borivali - Residential	14
Byculla - Commercial	15
Lease capitalised - Byculla	FY12
Cap rate (%)	10
AEL stake (%)	60
Start of construction:	
Borivali	Jan-08
Byculla	Jan-08
Construction completed:	
Borivali	Jul-13
Byculla	Jul-11

- ❑ Developing 2 mill land in Mumbai
 - ✓ 28.6 acres land in Borivali
 - ✓ 12.2 acres in Byculla
 - ✓ Land acquired through a BIFR process - ensures clear title
- ❑ Favourable project locations
 - ✓ Borivali site - close to Western Express highway and enjoys proximity to large residential areas
 - ✓ Byculla site - overlooks the busy Eastern Express Highway and is in proximity to alternative CBD at Lower Parel
- ❑ Residential development at Borivali
 - ✓ 1.3mn sq. ft. of saleable area
 - ✓ Outright sale assumed
- ❑ Commercial development at Byculla
 - ✓ 0.8mn sq. ft. of saleable area
 - ✓ Lease model assumed, with REIT-like takeout post development

Value drivers

Clean title of land

Favourable locations

Land cost fully paid

Potential upside from yield compression

Shantigram - large integrated township development

Assumptions for NAV

Rentals (Rs / sq. ft. / month)	15
Realisations (Rs / sq. ft.)	1,750
Construction cost (Rs / sq. ft.):	
Residential	992
Commercial	936
Land cost (Rs mn)	5,797
Discount rate (%)	18
Lease capitalised	FY16
Cap rate (%)	10
AEL stake (%)	75
Start of construction	CY07
Construction completed	CY15

- ❑ Integrated Township near Ahmedabad
 - ✓ Located 17kms from Ahmedabad city centre and 13kms from Gandhinagar city centre
 - ✓ Project site on upcoming Sarkhej-Gandhinagar Highway
 - ✓ Close to Ahmedabad-Delhi railway line
- ❑ Over 500 acres of development; ~24mn sq. ft. of saleable area (~1x FSI)
- ❑ Mix development plan - residential and non-residential
 - ✓ 12mn sq. ft. residential and 11.6mn sq. ft. non-residential development
- ❑ Construction to commence in early CY08
 - ✓ Development cycle assumed over 7 years

Mixed development

SEZ

IT Parks

Hotels

Malls

Residential Units

Social
Infrastructure

Logistics and Trading

Agri business - diversified presence

Straddling across agri space - trading, oil refining and branding, logistics and cold storage management



- ❑ Accounts for over **15% of bulk trading** of agri products in India
- ❑ Owns **Fortune** - largest edible oil brand in India
- ❑ Developing **vertical silos of grains storage for FCI** - 1st in India
- ❑ Tapping the **emerging opportunity in cold storage and logistics management** for fruits and vegetables

Agri business - spread across the value chain

India,

- ❑ One of the largest agrarian economies in the world
- ❑ But also one of the most unorganized and inefficient agri trading markets
- ❑ Lacks an AGGREGATOR in the space

Trading - an integrated play

- ❑ **Diversified agri commodities** - leading player in soya, castor & pulses
- ❑ **End to end management** - bulk sourcing, aggregating, logistics management & bulk distribution
- ❑ **Global presence** - Europe, Japan, Korea, China, USA, Canada, Australia, South East Asia, Middle East, South Asia
- ❑ **Scale up** - From 1.5m MT in FY07 to 3m MT in FY10

Adani Wilmar - dominant market player in edible oil

Indian edible oil industry

- ❑ Total annual consumption of 11m MT of edible oil in India
- ❑ Highly fragmented and dominated by local *ghanis*
- ❑ But, an evident shift from bulk to branded packaged oil

Adani Wilmar (50% owned by AEL) - Scale does matter

- ❑ An integrated player in fragmented market
- ❑ Largest single location edible oil refining capacity in India - 3,500 tons per day
- ❑ Accounts for 45% of domestic soya oil and 13% of mustard oil market
- ❑ *Fortune* - Amongst the top 50 FMCG brands in India and 17% of branded edible oil market
- ❑ Flanking brands - *Naturalle, Raag, Kachi Ghani*
- ❑ Building a port based refinery - de-risking from seasonality

Agro logistics chain solutions (FCI)

Adani Agri Logistics Limited (AALL)

- ❑ End to end agro supply solutions for Food Corporation of India (FCI) under Adani Agri Logistics Ltd (AALL) involving storage and distribution
 - ✓ 20 year long term contract
 - ✓ Guaranteed volumes for storage & distribution (400,000 MT at base depots and 150,000 MT at distribution depots)
- ❑ AALL developing vertical silos to store grains & bulk movement in top loading / bottom discharge wagons on BOO basis
 - ✓ Base Depot silos in states of Punjab & Haryana - total storage 400,000 MT
 - ✓ Distribution silos in Tamil Nadu, Karnataka, Maharashtra and West Bengal - total storage of 150,000 MT
 - ✓ 400 Special wagons for bulk grain transportation
- ❑ Base depots already operational and Distribution Depots to become operational by October 2007
- ❑ Project likely to be operational in FY08 at a cost of Rs5.6bn
- ❑ 100% income tax deduction for first 5 years & 30% for the next 5 years
- ❑ 100,000 MT of wheat movement projected in FY 2008

Cold chain logistics

- ❑ India - 2nd largest fruits and vegetable cultivator
- ❑ But poor infrastructure resulting in high wastage and low processing
- ❑ More than 50% of wastages happen during transit and warehousing

Fruits & vegetables - Adani Agri Fresh Ltd.(AAFL)

- ❑ Setting up integrated cold chain logistics solutions for fruits and vegetables
 - ✓ Controlled atmosphere storage facility (CASF) - close to production centers
 - ✓ Handling & Transportation
 - ✓ Own logistic cold chain to increase efficiency of the system
- ❑ Currently operational (started in August 2006) in 3 locations in Himachal Pradesh (near production centers) - 18,000mtpa storage capacity
 - ✓ Handled 4800mtpa of apples in FY 07
 - ✓ Plans to procure around 25,000mtpa of apples in FY08
- ❑ To roll out pan India network - Jammu, Maharashtra, Karnataka, Gujarat with procurement of new fruits
- ❑ AEL is likely to incur a capex of Rs1.4bn to expand its operations over the next 3 years
- ❑ Scale up from 4800 MT of apples in FY 07 to 25,000 MT in FY08

Other businesses - hidden value

Gas distribution network: Adani energy Ltd.

- ❑ Distribution of compressed & piped natural gas in Ahmedabad & Vadodara
 - ✓ Industries, commercial outfits, domestic users through a pipeline network
 - ✓ Vehicles through a CNG station network
- ❑ Present Status: 45 CNG Stations, 8000 Domestic , 245 Industrial & 95 Commercial connections
- ❑ Daily contracted quantity= 0.32 MMSCMD; Projected: 2.4 MMSCMD
- ❑ Planned steel ring network of 514 kms and PE network of 3163 kms across 6 cities

Oil & Gas Exploration : Adani Welspun Exploration Ltd.

- ❑ Backward integration measure
- ❑ Awarded two onshore blocks by GOI in recently concluded NELP VI through consortium
 - ✓ AEL has a major stake of 65% with balance being held by Welspun group
 - ✓ Total expected reserves are in the range of 50 MMBBL of Oil and 1500 MMSCM of gas
- ❑ One onshore block by Govt. of Thailand in Eastern provinces of Nakhon Ratchasima & Buri Ram with total area of 3900 sq. kms
- ❑ Plans to participate in the next NELP VII and actively looking at Indonesia, Australia, Egypt, Yemen for gas block

Risks

Power

- Delay in execution of power projects
- Risks of power sale of 1960MW merchant power
- Financial closure of power projects
- Higher cost of coal mining

Real estate

- Fall in real estate prices
- Delay in roll out of real estate plans

Trading

- Impact of rupee fluctuations on inventory

Regulatory

- Promoters of AEL were barred from accessing capital markets for 2 years from May 2007
- SAT has recently given a stay order against the SEBI order

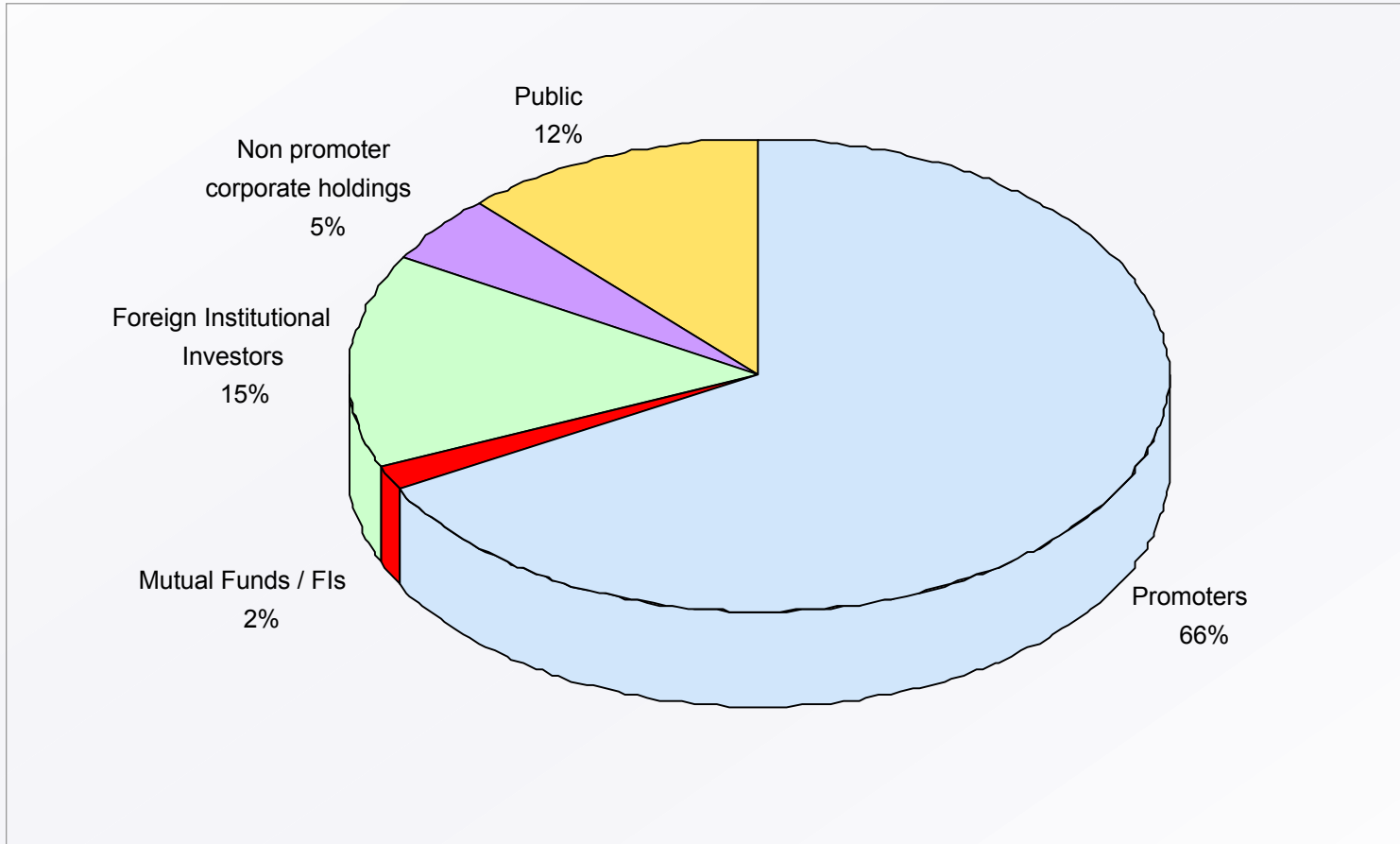
Financials and valuations

(Rs m)	FY04	FY05	FY06	FY07P	FY08E	FY09E	FY10E
Sales	89,112	150,053	123,415	169,491	168,473	217,146	291,655
EBITDA	1,393	2,131	3,162	4,702	6,378	11,510	32,485
OPM (%)	1.6	1.4	2.6	2.8	3.8	5.3	11.1
PAT	1,401	1,216	1,346	1,733	3,827	6,896	20,571
No. of shares (m)	220	221	226	247	247	247	247
EPS (Rs)	6.3	5.5	6.0	7.0	15.5	28.0	83.4
ROE (%)	21.5	17.0	16.9	17.3	28.5	36.7	63.3
ROCE (%)	21.9	18.7	9.4	11.7	7.6	9.8	20.1
PER (x)	6.3	10.9	10.0	29.9	41.7	23.2	7.8
EV / EBITDA (x)	8.6	9.2	7.4	16.9	36.0	20.9	6.7
% growth							
Sales	97.9	68.4	(17.8)	37.3	(0.6)	28.9	34.3
EBITDA	28.2	53.0	48.4	48.7	35.6	80.5	182.2
PAT	27.1	(13.2)	10.7	28.8	120.9	80.2	198.3
EPS	29.8	(12.8)	8.4	18.0	120.9	80.2	198.3

SOTP - 55% upside over 18 months

(Rs mn)	Stake	FY09	FY10	Remarks
2640MW Mundra Power plants	100%	78,912	91,921	NPV of equity cashflows discounted at 14-16%
1320MW Maharashtra Power plants	100%	40,470	47,479	NPV of equity cashflows discounted at 16%
Real estate (28mn sq ft)	100%	46,182	52,957	NPV of equity cashflows discounted at 14-18%
Adani Wilmar (Edible oil)	50%	1,946	2,427	15x earnings
Adani Agri Logistics Ltd (FCI storage silos)	100%	1,187	1,196	2x PBV
Adani Agri Fresh Ltd (Coal chain logistics)	100%	5,240	6,448	10x earnings
Coal trading		10,042	12,317	7x earnings
Agri Trading		1,562	2,143	5x EV/EBITDA
Other businesses (trading, port, etc)		20,126	30,013	6x earnings
Total Value		205,668	246,900	
Shares Outstanding (mn)		246	246	
Value (Rs/share)		835	1,003	
Current market price		648	648	
% Upside		29%	55%	

Shareholding pattern



Disclaimer

This document has been prepared by S S Kantilal Ishwarlal Securities Private Limited (SSKI). SSKI and its subsidiaries and associated companies are full-service, integrated investment banking, investment management and brokerage group. Our research analysts and sales persons provide important input into our investment banking activities.

This document does not constitute an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction.

The information contained herein is from publicly available data or other sources believed to be reliable. While we would endeavor to update the information herein on reasonable basis, SSKI, its subsidiaries and associated companies, their directors and employees ("SSKI and affiliates") are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that may prevent SSKI and affiliates from doing so.

We do not represent that information contained herein is accurate or complete and it should not be relied upon as such. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved). The investment discussed or views expressed may not be suitable for all investors.

Affiliates of SSKI may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject SSKI and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

Reports based on technical analysis centers on studying charts of a stock's price movement and trading volume, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals.

SSKI & affiliates may have used the information set forth herein before publication and may have positions in, may from time to time purchase or sell or may be materially interested in any of the securities mentioned or related securities. SSKI and affiliates may from time to time solicit from, or perform investment banking, or other services for, any company mentioned herein. Without limiting any of the foregoing, in no event shall SSKI, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind. Any comments or statements made herein are those of the analyst and do not necessarily reflect those of SSKI and affiliates.

This Document is subject to changes without prior notice and is intended only for the person or entity to which it is addressed to and may contain confidential and/or privileged material and is not for any type of circulation. Any review, retransmission, or any other use is prohibited.

Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. SSKI will not treat recipients as customers by virtue of their receiving this report.

Disclosure of interest:

1. SSKI and its affiliates have not received compensation from the company covered herein in the past twelve months for Issue Management, Capital Structure, Mergers & Acquisitions, Buyback of shares and Other corporate advisory services.
2. Affiliates of SSKI are currently not having any mandate from the subject company.
3. SSKI and its affiliates do not hold paid up capital of the company.
4. The Equity Analyst and his/her relatives/dependents hold no shares of the company covered as on the date of publication of research on the subject company.

Copyright in this document vests exclusively with SSKI

Thank you



- Shirish / Nikhil / Bhoomika / Salil / Bhushan / Aashiesh
SSKI Securities
 - (Dir) +91-22-66383313 / 308 / 337/ 373 / 367 / 231
 - *Shirish@sski.co.in / nikhilvora@sski.co.in / bhoomika@sski.co.in /*
- *salil@sski.co.in / bhushangajaria@sski.co.in / aashieshagarwal@sski.co.in*