



FINANCIAL STATEMENT ANALYSIS

OF

ADANI PORTS LTD. [2020-21 to 2023-24]



Ports and Logistics

A

PROJECT REPORT

Submitted to Dr. Bhagvan Karnavat

In Partial Financial Accounting for Managerial Accounting

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BATCH: 2024-26

PREFACE

The financial analysis of Adani Ports & Special Economic Zone Limited (APSEZ) aims to provide insights into the company's financial health, sustainability, and potential for growth within India's competitive port and logistics sector. This preface outlines the objective, scope, and limitations of this report, providing context for the analysis.

Objective of the Report

The primary objective of this report is to conduct an in-depth financial analysis of Adani Ports, examining its financial statements to assess its profitability, operational efficiency, liquidity, and solvency. By studying these key financial metrics, the report seeks to offer a clear picture of APSEZ's current financial standing, its ability to sustain and grow in the long term, and its resilience against market risks. This analysis is valuable for stakeholders such as investors, creditors, management, and analysts interested in understanding the company's strengths, areas for improvement, and overall financial stability.

Scope of the Analysis

The report employs a range of financial analysis techniques to comprehensively evaluate APSEZ's performance:

- 1. **Ratio Analysis**: This includes profitability ratios, liquidity ratios, solvency ratios, and efficiency ratios. By analyzing ratios, the report delves into areas like revenue generation, cost management, asset utilization, debt levels, and short-term obligations. Ratio analysis provides a benchmark to assess APSEZ's performance against both industry standards and its historical performance.
- 2. **Trend Analysis**: This technique involves evaluating financial trends over multiple years, enabling a dynamic view of APSEZ's growth trajectory. By studying patterns in revenue, profits, expenses, and asset utilization, trend analysis reveals APSEZ's stability and consistency in generating returns and managing costs over time.
- 3. **Comparative Financial Performance**: To add context, APSEZ's financials are compared to industry peers and benchmarks wherever possible. This includes analysis of port and logistics industry metrics, helping to understand how APSEZ's performance stacks up against competitors and sector averages.
- 4. **Financial Health Indicators**: Key indicators like cash flow, debt-to-equity ratio, and liquidity reserves are evaluated to gauge APSEZ's financial stability, ability to meet obligations, and capacity for future investments.

Limitations of the Report

While this report provides a detailed analysis, certain limitations should be noted:

1. Access to Current Financial Data: The analysis is based on the most recently available financial statements and reports. However, financial data may not fully reflect real-time developments, and recent changes in the company's operations, market conditions, or regulatory environment may not be captured.

- 2. **Industry Comparisons**: Although the report includes comparative analysis with industry peers, limited publicly available data on specific competitors can impact the depth of these comparisons. Additionally, variations in accounting standards, financial reporting practices, and business models across competitors can make direct comparisons challenging.
- 3. **Market Volatility and Economic Conditions**: The analysis does not account for sudden economic shifts, regulatory changes, or market volatility that could affect APSEZ's financial performance in the near term. Given the nature of the port and logistics industry, external factors like global trade policies, currency fluctuations, and economic cycles can have a significant impact on performance, which is not fully predictable in this analysis.
- 4. **Subjectivity in Interpretation**: Financial statement analysis involves subjective judgment, particularly in interpreting ratios and trends. Different stakeholders may draw varied conclusions based on their unique perspectives, risk tolerance, and investment criteria.

ACKNOWLEDGEMENT

In undertaking a comprehensive financial analysis of Adani Ports & Special Economic Zone Limited, this project benefited from the guidance, support, and resources provided by several individuals and institutions. I am grateful to each of them for their invaluable contributions.

First and foremost, I extend my heartfelt gratitude to **Dr. Bhagvan Karnavat sir**, whose expert guidance and mentorship provided a strong foundation for this analysis. Their insights into financial statement analysis, especially in the logistics and port sector, helped shape the study, refine methodologies, and ensured that every detail was thoroughly examined.

I would also like to acknowledge **MBA department & all faculty members** for offering a supportive environment and access to research resources. The library facilities and online databases provided by the institution played a crucial role in obtaining reliable and up-to-date financial data, industry reports, and relevant academic literature, all of which were essential for accurate analysis and interpretation.

Special thanks go to **Dr. Bhagvan karnavat sir** for their constructive feedback and for sharing their expertise in the fields of finance, economics, and accounting. Their advice on structuring the report and understanding complex financial ratios greatly enhanced the quality of this analysis.

I am also grateful to **Team Members** who collaborated on this project, contributing their knowledge and assisting with data collection, analysis, and interpretation. Their commitment and teamwork were instrumental in successfully completing this project.

Finally, I acknowledge **family and friends** for their encouragement and moral support throughout the research. Their understanding and motivation played a significant role in maintaining my focus and dedication during this project.

To each of these individuals and institutions, I express my deepest gratitude for their valuable contributions, without which this financial analysis would not have been possible.

EXECUTIVE SUMMERY

This report provides a comprehensive financial analysis of Adani Ports & Special Economic Zone Limited (APSEZ), a leading integrated logistics player in India with a significant footprint in the port and logistics sector. The analysis encompasses a review of the company's financial performance over recent years, assessing its profitability, efficiency, liquidity, solvency, and growth potential. By examining financial statements and key performance indicators, this report aims to present an objective evaluation of APSEZ's financial health and strategic positioning in the industry.

k Key Financial Highlights

- 1. **Revenue and Profit Growth**: Adani Ports has demonstrated consistent revenue growth over the past few years, driven primarily by its diversified port portfolio and strong market demand for logistics services. The company's revenue growth rate has been above industry averages, with year-over-year increases reflecting strong business operations and expansion efforts.
- 2. **Operating and Net Profit Margins**: APSEZ has maintained healthy operating and net profit margins, indicative of effective cost management and operational efficiency. The company's EBITDA margin consistently exceeds 60%, supported by efficient operations across its port assets and strategic cost-control measures.
- 3. **Asset Utilization and Capital Structure**: With a diversified asset base comprising multiple ports and SEZs, Adani Ports has optimized asset utilization, translating into favorable asset turnover ratios. The company's capital structure, however, includes significant debt, which has implications for its solvency and debt servicing ability. The debt-to-equity ratio is relatively high, but the strong revenue base provides a buffer for meeting financial obligations.
- 4. **Liquidity Position**: APSEZ's liquidity ratios indicate a moderate liquidity position. The current ratio and quick ratio are close to or slightly below the industry average, signaling that while the company manages its short-term obligations effectively, it could face challenges in the event of unforeseen financial pressures.
- 5. **Investment and Growth Strategy**: The company's investment in new projects and acquisitions has been aggressive, with strategic initiatives focused on expanding its logistics footprint and enhancing infrastructure at existing ports. This growth-oriented approach has strengthened APSEZ's market position but also contributed to higher debt levels.

Major Findings and Observations

- **Strong Market Position**: Adani Ports holds a significant share in India's port sector, benefiting from its strategic locations and comprehensive logistics solutions. Its market position has been bolstered by investments in technology, infrastructure, and a diversified revenue base.
- **Debt Management Concerns**: While the company's revenue generation and profitability support debt repayments, the high debt-to-equity ratio poses a potential

- risk in a volatile market environment. Effective debt restructuring or alternative funding sources could alleviate this pressure.
- **High Cash Flow Generation**: APSEZ's operations have resulted in robust cash flows, providing the company with ample liquidity to fund capital expenditures and growth initiatives. However, the increasing debt levels may affect future cash flow flexibility.
- Exposure to Regulatory and Economic Risks: Given the regulated nature of the port industry, APSEZ is exposed to regulatory changes and economic cycles. These factors could impact the company's operational performance, particularly in areas related to tariffs, taxation, and environmental policies.

Recommendations

- 1. **Debt Reduction Strategy**: APSEZ should focus on reducing its debt levels, potentially by prioritizing debt repayment over certain capital expenditures or by exploring equity financing options. Reducing the debt-to-equity ratio would improve financial stability and reduce interest costs, enhancing long-term profitability.
- 2. **Improvement in Liquidity Management**: Strengthening liquidity reserves could provide better resilience against market volatility and unforeseen costs. This may involve a more cautious approach to investments, particularly in new or non-core assets, while ensuring sufficient cash flow for current liabilities.
- 3. **Enhancement of Operational Efficiency**: Although APSEZ's operational efficiency is high, further investments in technology and process optimization could drive additional cost savings. Emphasizing digital transformation and automation at its ports could improve productivity, streamline operations, and reduce long-term costs.
- 4. **Diversification of Revenue Streams**: While port services remain the core revenue driver, expanding logistics services and exploring new markets could add resilience to APSEZ's revenue base. Targeting higher-margin segments within logistics could improve overall profitability and reduce dependency on port operations alone.

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CHAPTER – 1

HISTORY OF PORT INDUSTRY

What is port?

A **port** is a maritime facility comprising one or more wharves or loading areas, where ships load and discharge cargo and passengers. Although usually situated on a sea coast or estuary, ports can also be found far inland, such as Hamburg, Manchester and Duluth; these access the sea via rivers or canals. Because of their roles as ports of entry for immigrants as well as soldiers in wartime, many port cities have experienced dramatic multi-ethnic and multicultural changes throughout their histories.

Ports are extremely important to the global economy; 70% of global merchandise trade by value passes through a port. For this reason, ports are also often densely populated settlements that provide the labor for processing and handling goods and related services for the ports. Today by far the greatest growth in port development is in Asia, the continent with some of the world's largest and busiest ports, such as Singapore and the Chinese ports of Shanghai and Ningbo-Zhoushan. As of 2020,



port of Hamburg, Germany

the busiest passenger port in Europe is the Port of Helsinki in Finland. Nevertheless, countless smaller ports do exist that may only serve their local tourism or fishing industries.

Ports can have a wide environmental impact on local ecologies and waterways, most importantly water quality, which can be caused by dredging, spills and other pollution. Ports are heavily affected by changing environmental factors caused by climate change as most port infrastructure is extremely vulnerable to sea level rise and coastal flooding. Internationally, global ports are beginning to identify ways to improve coastal management practices and integrate climate change adaptation practices into their construction.

The port industry has a rich history, evolving over centuries from basic harbors to complex global logistics hubs. Ports have long served as critical nodes for trade, commerce, and cultural exchange, shaping economies and societies worldwide. The history of the port industry can be traced through various key developments, from ancient trade routes to the modern era of containerization and digitalization.

Ancient Beginnings and Early Maritime Trade (circa 3000 BCE – 1500 CE)

The origins of the port industry can be traced to ancient civilizations, where natural harbors served as entry points for trade and exploration. Notable examples include:

• Mesopotamia, Egypt, and the Indus Valley: Early riverine ports along the Tigris, Euphrates, Nile, and Indus Rivers became centers for regional trade. Cities like

Babylon, Memphis, and Lothal (in modern-day India) served as hubs for trade, connecting land and sea routes.

- **Phoenician and Greek Empires**: The Phoenicians, an ancient maritime civilization, built ports along the Mediterranean coast around 1500 BCE. They were known for their shipbuilding and extensive trade networks. Greek ports like Piraeus (Athens) also became significant trading centers, connecting the Mediterranean with Asia and North Africa.
- Roman Empire: The Romans developed advanced port facilities, constructing breakwaters, lighthouses, and warehouses. Roman ports such as Ostia (Rome) and Alexandria facilitated large-scale trade, connecting the empire with regions in Europe, Africa, and Asia.

♣ Medieval and Renaissance Expansion (1000 – 1600 CE)

During the medieval period, the port industry expanded significantly with the growth of maritime trade between Europe, Asia, and Africa:

- European Trade Routes: Northern European ports like those in Venice, Genoa, and the Hanseatic League cities (e.g., Lübeck and Hamburg) became powerful centers of trade, promoting commerce across Europe. The League controlled shipping routes and played a significant role in trade, particularly in goods like salt, grains, and textiles.
- Silk Road and Spice Trade: Ports along the Indian Ocean and South China Sea facilitated trade in silk, spices, and precious goods between Asia, the Middle East, and Europe. Ports like Calicut (India), Malacca (Malaysia), and Guangzhou (China) became prominent due to their roles in these lucrative trade networks.
- Age of Exploration (15th–17th Century): The discovery of new trade routes by explorers like Vasco da Gama and Christopher Columbus reshaped global trade. Major European ports such as Lisbon, Seville, and Antwerp emerged as key hubs for transatlantic trade, linking Europe to the Americas and Africa.

↓ Industrial Revolution and the Rise of Modern Ports (18th – 19th Century)

The Industrial Revolution marked a transformative period for the port industry, with advancements in technology and infrastructure reshaping port operations:

- **Mechanization and Infrastructure Improvements**: The advent of steam engines and mechanized loading systems improved cargo handling efficiency. Ports were modernized with cranes, steamships, and rail connections, which allowed faster movement of goods and materials.
- Global Trade Expansion: The growth of manufacturing and global demand for raw materials led to the development of major ports around the world, such as London, New York, and Singapore. These ports became vital gateways, facilitating large volumes of imports and exports.

• Colonial Influence: European colonial powers expanded their influence over port cities in Asia, Africa, and Latin America. Ports such as Hong Kong, Cape Town, and Buenos Aires were developed to support colonial trade, connecting colonies to European markets.

4 20th Century – Containerization and Technological Advancements

The 20th century saw major technological innovations in the port industry, particularly the introduction of containerization, which revolutionized cargo handling and logistics:

- Containerization (1950s): The invention of the standardized shipping container by Malcom McLean in the 1950s transformed the port industry. Containers enabled goods to be packed, stacked, and transported more efficiently, reducing shipping costs and labor requirements. Ports had to adapt by investing in container terminals, cranes, and storage facilities.
- **Intermodal Transportation**: The development of intermodal transportation (using multiple modes, like rail and truck, for a single container) increased the efficiency of ports and allowed for rapid transfer of goods. This connectivity became essential for trade between continents and across long distances.
- Emergence of Mega Ports: Ports like Rotterdam, Shanghai, and Los Angeles became global mega ports, handling massive volumes of containerized goods. These ports served as critical nodes in the global supply chain, driving economic growth in their regions.
- World Wars and Reconstruction: The World Wars had significant impacts on the port industry, damaging infrastructure and disrupting trade. However, post-war reconstruction in Europe and Asia led to a boom in port development, particularly with the rise of global trade in the 1960s and 1970s.

4 21st Century – Digitalization and Sustainability in Ports

Today, the port industry continues to evolve, driven by digitalization, sustainability, and changing global trade dynamics:

- Smart Ports and Digitalization: The adoption of digital technologies such as artificial intelligence, IoT (Internet of Things), and blockchain has led to the development of "smart ports." These technologies improve cargo tracking, optimize supply chains, and enhance operational efficiency. Ports like Rotterdam and Singapore are pioneers in using digital platforms to streamline logistics.
- Sustainable Practices: Increasing environmental awareness has pushed ports to adopt sustainable practices, reducing carbon emissions and minimizing environmental impact. Initiatives include green infrastructure, shore-to-ship power, and reducing reliance on fossil fuels.
- Global Supply Chain Shifts: Geopolitical tensions, trade policies, and events like the COVID-19 pandemic have highlighted the vulnerabilities of global supply chains. Ports are now adapting to a changing landscape where resilience, diversification, and strategic location are becoming more critical.

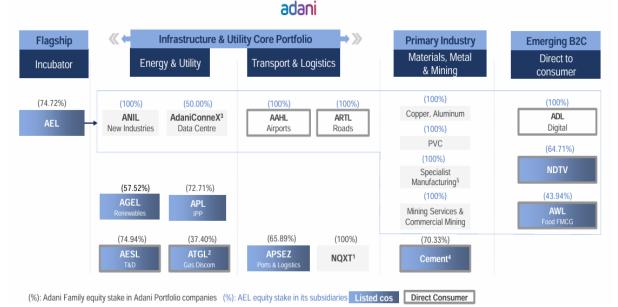
• Automation and Autonomous Vehicles: Automation of cargo handling and the use of autonomous vehicles within ports are becoming more common, reducing labor costs and increasing productivity. Ports are investing in autonomous cranes, trucks, and robots, which help streamline operations and improve safety.

4 Current busiest ports

- 1. Port of Shanghai, China
- 2. Port of Singapore, Singapore
- 3. Port of Shenzhen, China
- 4. Port of Ningbo-Zhoushan, China
- 5. Port of Guangzhou, China
- 6. Port of Qingdao, China
- 7. Port of Busan, South Korea
- 8. Port of Tianjin, China
- 9. Port of Los Angeles/Long Beach, USA
- 10. Port of Hong Kong, China

CHAPTER – 2 INTRODUCTION TO ADANI PORTS & SEZ

Adani Portfolio: A World class infrastructure & utility portfolio



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Adani Ports and Special Economic Zone Ltd. (APSEZ) is a flagship company of the Adani Group, one of India's largest multinational conglomerates. APSEZ is India's largest commercial port operator and an integrated logistics player, managing multiple ports and logistics networks across the country. Established in 1998, the company has grown from a single port in Mundra, Gujarat, to operating a network of strategically located ports and terminals along India's coastline. APSEZ has consistently expanded its footprint through strategic acquisitions and developments, achieving substantial growth and establishing itself as a key player in India's maritime and logistics sector.



Let Company History, Background, and Key Milestones

APSEZ started with the Mundra Port in Gujarat, which quickly became a significant trading hub due to its advanced infrastructure and efficient operations. Over the years, the company has expanded its capabilities and geographical reach:

> 1998–2010: Early Growth and Establishment

- 1998: Mundra Port commenced operations as a captive jetty, initially used for importing cargo for the Adani Group.
- 2001: Mundra Port expanded to handle bulk cargo, and its first container terminal was
 operational by 2003. This expansion marked its evolution from a private jetty to a
 commercial port.
- **2006**: Mundra became India's first port-based SEZ (Special Economic Zone), positioning it as a key logistics hub for imports and exports.
- **2007**: Adani Ports and SEZ Limited went public and was listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

> 2011–2020: Expansion Across India

- **2012**: APSEZ acquired Dhamra Port in Odisha, marking its expansion into eastern India and strategically positioning it to serve industries in the region.
- **2015**: The company signed a 50-year concession agreement for Kattupalli Port in Tamil Nadu, further expanding its presence on the eastern coast.
- **2018**: APSEZ handled 200 million metric tons (MMT) of cargo, becoming the first Indian port operator to achieve this milestone.
- 2020: Adani Ports reached another landmark by acquiring Krishnapatnam Port in Andhra Pradesh. This acquisition significantly boosted its capacity and allowed it to serve the growing demand on the east coast.

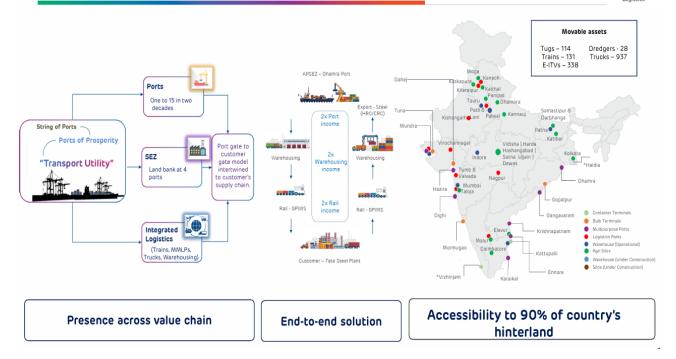
> 2021-Present: Strategic Acquisitions and Global Ambitions

- 2021: APSEZ acquired Gangavaram Port in Andhra Pradesh and announced the acquisition of a 31.5% stake in the Gangavaram Port Limited, further strengthening its east coast network.
- **2021**: The company announced its intent to become a zero-carbon port operator by 2025, aiming to incorporate sustainable practices in its operations.
- 2022: APSEZ continued to expand its global footprint, acquiring stakes in key ports in Sri Lanka and exploring opportunities in other regions.
- 2023: APSEZ became India's largest multi-port operator, handling over 400 MMT of cargo annually across 13 ports and terminals across India's coastline, including Mundra, Dahej, Hazira, and others.

Today, APSEZ handles a significant portion of India's cargo traffic, with capabilities in containerized cargo, bulk cargo, and liquid handling, cementing its role as a crucial player in India's trade infrastructure.

APSEZ: A transport utility with string of ports and integrated logistics network





4 Overview of the Port and Logistics Sector in India

India's port and logistics sector is vital to its economy, supporting international trade, industrial growth, and supply chain efficiency. With a coastline of over 7,500 km, India has 12 major ports and approximately 200 minor and intermediate ports. The sector has grown substantially, fueled by increased exports, industrial expansion, and government initiatives to modernize port infrastructure and logistics.

The Government of India has introduced various policies, such as the Sagar Mala Project, to improve port connectivity, reduce logistics costs, and promote economic growth. India's logistics industry, valued at approximately USD 215 billion, is expected to grow further, with ports playing a central role in enhancing trade competitiveness and global connectivity.

🖶 Adani Ports' Position in the Market, Key Services, and Segments

APSEZ commands a dominant position in the Indian port and logistics sector, handling over one-fourth of the country's total cargo traffic. It offers a range of services, including container handling, dry bulk cargo, liquid cargo, and warehousing. APSEZ also focuses on Special Economic Zones (SEZs), providing infrastructure for manufacturing and trade with value-added services.

Key service segments of APSEZ include:

- Container Ports: Mundra Port, APSEZ's flagship, is the largest container-handling port in India.
- **Bulk and Liquid Cargo**: APSEZ handles a variety of commodities, including coal, crude oil, and chemicals, supporting India's energy and industrial sectors.
- Logistics and Supply Chain Solutions: The company provides end-to-end logistics services, with integrated warehousing and multimodal transport options.
- **SEZs and Industrial Parks**: APSEZ's SEZs offer facilities for manufacturing and trade, supporting India's export-oriented industries.

🖶 Objective of Financial Statement Analysis

The primary objectives of this financial analysis are:

- 1. **Assessing Financial Health and Performance**: The analysis aims to evaluate APSEZ's financial health by analyzing its revenue growth, profitability, and financial stability.
- 2. Examining Profitability, Liquidity, Solvency, and Efficiency: This includes evaluating key financial ratios and metrics to assess APSEZ's operational efficiency, short-term liquidity, debt management, and profitability.
- 3. **Understanding Growth Potential**: By analyzing historical trends and key performance indicators, the report seeks to understand APSEZ's growth trajectory and future potential.

🖶 Importance of Financial Statement Analysis

Financial statement analysis is essential for informed decision-making among investors, stakeholders, and management. It provides insights into a company's profitability, stability, and long-term viability, which are crucial for:

- **Investors**: Financial analysis helps investors make informed decisions on buying, holding, or selling shares, based on APSEZ's financial strength and growth prospects.
- **Creditors and Lenders**: By analyzing solvency and liquidity, creditors assess APSEZ's ability to meet its debt obligations, guiding lending and credit decisions.
- Management: Financial analysis enables APSEZ's management to evaluate operational efficiency, optimize resources, and make strategic decisions to enhance profitability and growth.
- **Policymakers and Regulatory Authorities**: The financial health of APSEZ, being a major infrastructure provider, impacts broader economic goals, making this analysis relevant to government and regulatory bodies.

🖶 Vision, Mission, and Objectives

• **Vision**: To be a leading integrated logistics and port infrastructure provider, strengthening India's position in global trade.

- **Mission**: APSEZ aims to deliver efficient, sustainable, and high-quality port and logistics services while continually expanding its network and enhancing customer satisfaction.
- **Objectives**: The company focuses on operational excellence, expansion of logistics solutions, and sustainable growth. APSEZ is committed to building infrastructure that supports India's trade, economy, and industrial development.

4 Business Model, Services Offered, and Key Projects

APSEZ operates a unique business model with diversified services that span across India's logistics value chain:

1. Business Model

APSEZ follows an integrated, scalable, and asset-heavy business model, strategically designed to support India's growing needs in cargo handling and logistics. Its model focuses on:

- Ownership and Operation of Ports: APSEZ owns and operates ports across India
 and some international locations, managing facilities on both the eastern and western
 coasts.
- **Revenue Streams**: Revenue is generated primarily from cargo handling (both bulk and containerized), port operations, logistics, and related services.
- **Integrated Logistics Solutions**: APSEZ has diversified into logistics solutions beyond ports, including inland logistics, rail, and warehousing.
- **Special Economic Zones (SEZs)**: By developing SEZs and industrial zones around its ports, APSEZ attracts manufacturing and trade, increasing cargo volumes.
- **Public-Private Partnerships (PPP)**: The company frequently partners with governments under PPP models to invest in and manage ports, improving operational efficiency while sharing infrastructure costs.

2. Services Offered

APSEZ provides a range of services across logistics and port operations, including:

- **Port Operations and Cargo Handling**: Handles various types of cargo, such as bulk (coal, ores), liquid (petroleum, chemicals), containerized cargo, and other specialized cargoes.
- Logistics and Supply Chain Services:
 - o **Rail and Road Connectivity**: Provides connectivity to inland container depots (ICDs) and other logistics hubs.
 - Warehousing and Storage: Offers temperature-controlled and general warehousing solutions.
 - o **Third-Party Logistics (3PL)**: Integrated 3PL services for end-to-end supply chain management.

- Special Economic Zones (SEZ) and Industrial Development: Provides industrial zones near ports, offering tax incentives, logistics support, and infrastructural facilities to manufacturing units.
- Marine and Shipping Services: Assists with pilotage, towing, berthing, and other marine services for efficient port operations.

3. Key Projects

APSEZ has undertaken significant projects to strengthen its infrastructure footprint. Some key projects include:

- Mundra Port, Gujarat: The flagship port of APSEZ and India's largest commercial port, Mundra has multi-cargo capacity and extensive connectivity with rail and road. It also has SEZ facilities around it.
- Dhamra Port, Odisha: A deepwater, all-weather port serving as a gateway to trade
 on India's eastern coast, strategically located to serve the industrial belt of eastern
 India.
- **Vizhinjam International Seaport, Kerala**: A greenfield port being developed by APSEZ, Vizhinjam is designed to be a transshipment hub, capable of handling large container ships.
- **Haifa Port, Israel**: Adani Group recently acquired Haifa Port in partnership with an Israeli company, marking APSEZ's international expansion.
- Special Economic Zones (SEZ) and Logistics Parks: In addition to port-based SEZs, APSEZ is developing multi-modal logistics parks and industrial areas to facilitate manufacturing and storage closer to trade hubs.

🖶 Future Expansion and Vision

APSEZ plans to increase its cargo-handling capacity and expand internationally by acquiring more ports and logistics facilities. It aims to create a seamless logistics ecosystem from the hinterland to the global market, aligning with India's "Make in India" and "Atmanirbhar Bharat" (Self-reliant India) initiatives.

♣ Organizational Structure and Management Overview

APSEZ has a hierarchical organizational structure led by a board of directors, including the chairman and CEO, who oversee strategic decisions and operations. The company's management team includes functional heads for key areas such as port operations, logistics, finance, and business development. This structure ensures

alignment between APSEZ's strategic objectives and operational execution.

Chairman

Mr. Gautam Adani, the Chairman and Founder of the Adani Group, has more than 33 years of business experience. Under his leadership, Adani Group has emerged as a global integrated infrastructure player with interest across Resources, Logistics and Energy verticals.

Managing Director

Mr. Karan Adani holds a degree in economics from Purdue University, USA. He started his career by learning the intricacies of the port operations at Mundra. Having accumulated experience throughout all levels of our operations since 2009, he is responsible for the strategic development of the Adani Group and overlooks its day-to-day operations.





Rajesh adani Non-Independent and Non-Executive Director



Ashwani Gupta
Whole-Time Director & CEO



P.K. Pujari

Non-Independent and Non-Executive Director



Dholakia
Independent and Non-Executive Director

Ravindra H.



P. S. Jayakumar Independent and Non-Executive Director



Bharat Sheth
Independent and
Non-Executive
Director



M. V. Bhanumathi Independent and Non-Executive Director

♣ Industry Size, Growth Prospects, and Trends of Port and Logistics Industry in India

The port and logistics sector are a critical component of India's economy:

- **Industry Size**: With a coastline of over 7,500 km, India has 12 major ports and around 200 minor ports, handling around 1.2 billion tons of cargo annually.
- **Growth Prospects**: The industry is expected to grow significantly due to rising trade, industrial demand, and government initiatives, such as the Sagar Mala Project, which aims to enhance port connectivity and efficiency.
- **Trends**: Key trends include digitalization, port automation, and green logistics. Investments in smart ports, advanced cargo-handling technologies, and sustainable practices are transforming the sector, enhancing efficiency and environmental performance.

4 Regulatory Environment, Key Competitors, and Market Positioning

- **Regulatory Environment**: The sector is regulated by entities like the Ministry of Ports, Shipping, and Waterways, with policies aimed at modernizing ports and promoting public-private partnerships. Regulations also address environmental and safety standards.
- **Key Competitors**: Major players include the Jawaharlal Nehru Port Trust, DP World, and PSA International. These companies, along with APSEZ, dominate the Indian port sector, competing for market share through investments in technology, service quality, and expansion projects.
- Market Positioning: APSEZ is the largest port operator in India, with a diversified portfolio and strong market position, handling over a quarter of the country's cargo volume. Its integrated logistics solutions and SEZs provide a competitive edge, allowing it to capture a broad segment of the market and remain at the forefront of India's port and logistics industry.

♣ Recent Q1 FY25 Concall Notes :

Q1 FY'25 Performance Overview:

- Handled 109 million metric tons of cargo in Q1, up 8% year-on-year (YoY), excluding non-operational days in Gangavaram.
- Achieved highest-ever revenue, EBITDA, and profit after tax (PAT) in Q1 FY'25.
- Operating revenue stood at ₹7,560 crores, representing a 21% YoY increase.
- EBITDA (excluding forex impact) reached ₹4,848 crores, up 29% YoY.
- PAT was ₹3,107 crores, marking a 47% YoY increase.
- Domestic ports EBITDA improved by 32 basis points to 72%.

Strategic Developments:

- Secured two concession agreements to operate terminals in Tanzania and Deendayal Port.
- Awarded an Operations & Maintenance contract for a container facility at Syama Prasad Mookerjee Port, Kolkata.

- Welcomed the first mothership at Vizhinjam port, with ongoing marine services expansion in Mexico and Sri Lanka.
- Four ports featured in the World Bank's Container Port Performance Index 2023.

Logistics Business Insights:

- Reported rail cargo at 0.16 million TEUs and GPWIS volume at 5.56 million metric tons.
- Expanded warehousing capacity to 2.9 million square feet and Agri silo capacity to 1.2 million metric tons, with plans to increase to 4 million metric tons.

Financial Strength:

- Credit ratings upgraded to AAA by CARE and ICRA; S&P upgraded outlook to positive from stable.
- Strong financial discipline demonstrated with a net debt to EBITDA ratio of 2.1x.

Capex and Future Investments:

- Continued investments in operational efficiency, capacity expansion, and new projects to achieve a target of 1 billion metric tons by 2030.
- Significant focus on digitalization and technology platforms to enhance operational efficiency across ports.
- Upcoming investments include ₹20,000 crores for the second phase of Vizhinjam.

Challenges and Market Dynamics:

- Gangavaram faced 36 non-operational days, impacting cargo handling; however, management remains optimistic about recovery and growth.
- Coal volumes showed muted growth, but overall volume growth remains robust, driven mainly by containers and liquid cargo.

International Operations:

- Exploring opportunities in Vietnam as part of international strategy; currently in the study stage.
- Haifa Port operations impacted by geopolitical sanctions, but overall cargo mix is being adjusted to mitigate risks.

Volume Guidance:

- Anticipated contributions from Vizhinjam and Gopalpur ports in FY'25, with full operational capacity expected from Vizhinjam starting October.
- Management confident in achieving volume growth targets, expecting to maintain growth rates of 2.5x to 2.6x compared to Indian trade growth.

Margin Guidance:

- Port EBITDA margins reached 72%, driven by operational efficiencies and increased throughput.
- Logistics business margins fluctuate, but management expects improvements in the coming quarters as contracts are repriced and busy season surcharges are implemented.

Overall Outlook:

• Management expresses strong confidence in future growth, supported by strategic investments, operational efficiencies, and a favorable market environment.

CHAPTER – 3

MATHODOLOGY

Methodology

Sources of Data

The financial analysis of Adani Ports and Special Economic Zone Ltd. (APSEZ) relies on a combination of primary and secondary data sources:

- **Primary Sources**: APSEZ's annual reports, financial statements, and regulatory filings with the Securities and Exchange Board of India (SEBI) serve as the main sources of data.
- Secondary Sources: Industry reports, publications, and financial databases (e.g., Bloomberg, Reuters) provide additional insights. Sector-specific data from the Ministry of Ports, Shipping, and Waterways is also referenced for industry context.

Analytical Techniques Used

- 1. **Ratio Analysis**: Key financial ratios are calculated to assess profitability (e.g., net profit margin), liquidity (e.g., current ratio), solvency (e.g., debt-to-equity ratio), and efficiency (e.g., asset turnover).
- 2. **Horizontal and Vertical Analysis**: Horizontal analysis evaluates year-over-year changes in financial statements, while vertical analysis looks at each line item as a percentage of a base figure, offering a detailed breakdown of financial performance.
- 3. **Trend Analysis**: This technique examines financial trends over multiple years to identify APSEZ's growth patterns, consistency, and any financial anomalies.
- 4. **Common-size Statement Analysis:** is a financial analysis tool where each line item on a financial statement is expressed as a percentage of a base figure, allowing for easy comparisons across time periods or between companies, regardless of size. This approach is particularly useful for identifying trends, evaluating financial performance, and benchmarking against industry averages.
- 5. **Comparison Analysis**: A Year-Over-Year (YOY) comparison is a popular financial analysis technique used to measure performance across comparable periods, typically from one year to the next. It helps identify growth, trends, and seasonality by examining the percentage change in key financial metrics, such as revenue, profit, expenses, and other performance indicators.

These techniques provide a comprehensive evaluation of APSEZ's financial health, enabling a well-rounded understanding of its performance in the context of both historical data and industry standards.

4 Trend Analysis

Trend analysis involves examining historical financial data over a specific period, typically 3 to 5 years, to identify patterns and trends in key financial metrics such as revenue, costs, profitability, and asset growth. This analysis provides valuable insights into the financial

performance of Adani Ports & Special Economic Zone Ltd. (APSEZ) and helps stakeholders understand the company's trajectory in the port and logistics sector.

1. Revenue Trends

Over the past 3–5 years, APSEZ has experienced significant revenue growth driven by increased cargo handling capacity, expansion into new markets, and diversified services.

• Observation:

- o **Growth Rate**: APSEZ's revenue has shown a consistent upward trend, with a compound annual growth rate (CAGR) exceeding industry averages.
- Key Drivers: Factors such as rising trade volumes, enhanced operational
 efficiency, and strategic investments in infrastructure have contributed to this
 growth.
- **Visualization**: A line graph depicting annual revenue growth over the last five years can illustrate this upward trend effectively.

2. Cost Trends

Analyzing cost trends is crucial for understanding APSEZ's operational efficiency and profitability.

• Observation:

- Operating Costs: The company's operating costs have increased alongside revenue growth; however, the cost-to-revenue ratio has improved, indicating better cost management and operational efficiency.
- Cost Composition: Breakdown of costs into categories such as direct operating expenses, administrative expenses, and financing costs can help identify areas of efficiency.
- **Visualization**: A bar chart illustrating the composition of operating costs over the last five years will help visualize cost management trends.

3. Profitability Trends

Profitability metrics, including gross profit margin, net profit margin, and return on equity (ROE), provide insights into APSEZ's financial health.

Observation:

- Margins: APSEZ has maintained healthy profit margins despite rising costs, demonstrating effective pricing strategies and cost controls.
- o **ROE and ROA**: An increasing trend in ROE indicates improved returns for shareholders, while ROA reflects efficient asset utilization.
- **Visualization**: A line graph showing gross margin, net margin, and ROE over the past five years can illustrate profitability trends clearly.

4. Asset Growth Trends

Asset growth trends reveal how effectively APSEZ is investing in its capacity and infrastructure.

• Observation:

- Asset Expansion: Over the past five years, APSEZ has significantly increased its asset base through capital expenditures in new port facilities, technology, and equipment.
- **Asset Composition**: A healthy balance between current and non-current assets indicates a sustainable growth strategy.
- **Visualization**: A stacked bar chart representing the growth of total assets over time, broken down by categories (current assets, fixed assets, and investments), will provide a comprehensive view of asset growth trends.

Common-size Statement Analysis

A common-size statement analysis is a financial analysis tool where each line item on a financial statement is expressed as a percentage of a base figure, allowing for easy comparisons across time periods or between companies, regardless of size. This approach is particularly useful for identifying trends, evaluating financial performance, and benchmarking against industry averages.

Here is how it works with the two main types of financial statements:

1. Common-Size Income Statement

- Each line item is presented as a percentage of **total revenue**.
- This format makes it easy to see the proportion of revenue consumed by costs, expenses, and profits.
- For instance:
 - Cost of Goods Sold (COGS) as a percentage of revenue helps to assess cost efficiency.
 - Operating Expenses as a percentage of revenue reveals spending habits and operational efficiency.
 - o **Net Income** as a percentage of revenue highlights profitability.

2. Common-Size Balance Sheet

- Each asset, liability, and equity item are shown as a percentage of total assets.
- This presentation enables analysts to understand the structure of a company's assets, liabilities, and equity.
- For instance:

- o Current Assets as a percentage of total assets indicate liquidity.
- Long-term Liabilities as a percentage of total assets provides insight into leverage.
- o **Equity** as a percentage of total assets gives an idea of financial stability.

Steps in Common-Size Statement Analysis

1. Select a Base Amount:

- o Income Statement: Total revenue (or sales).
- o Balance Sheet: Total assets.

2. Calculate Percentages:

- o Divide each line item by the base amount and multiply by 100.
- o For instance, if COGS is ₹400,000 and revenue is ₹1,000,000, COGS would be 40% of revenue.

3. Interpret and Compare:

- Compare percentages across time periods for the same company to identify trends.
- Benchmark against industry averages or competitors to evaluate relative performance.

Benefits

- Comparability: Facilitates analysis of companies of different sizes or periods with varying scales.
- Trend Analysis: Easily tracks how costs or asset composition change over time.
- **Benchmarking**: Provides a quick way to compare performance metrics within an industry.

Limitations

- Ignores Absolute Values: Percentages might overlook important absolute changes.
- **Does not Reflect Cash Flow**: Common-size statements do not always provide insight into cash flow, which is critical for financial health.

By focusing on the proportional relationships, a common-size analysis reveals key aspects of a company's financial structure and helps inform decisions.

Comparative Analysis

A Year-Over-Year (YOY) comparison is a popular financial analysis technique used to measure performance across comparable periods, typically from one year to the next. It helps identify growth, trends, and seasonality by examining the percentage change in key financial metrics, such as revenue, profit, expenses, and other performance indicators.

Key Components of YOY Comparison

1. Revenue Growth

- Compares revenue from the same period in two consecutive years to assess sales growth.
- This metric is crucial for understanding whether the company is expanding, stable, or declining in its sales volume.

2. Net Income Growth

- o Evaluates changes in net income over the year.
- This helps to determine profitability and whether increased revenue translates to improved profit margins.

3. Expense Comparison

- Tracks how expenses (e.g., COGS, operating expenses) vary YOY, especially in proportion to revenue.
- Rising costs without corresponding revenue increases might indicate inefficiencies or external cost pressures.

4. Asset and Liability Growth

- o Analyzes changes in assets and liabilities on the balance sheet.
- o Growth in assets, for example, may indicate expansion, while rising liabilities may require closer examination of the company's leverage and risk.

5. Earnings Per Share (EPS) Growth

- For publicly traded companies, YOY EPS growth shows how much value the company is delivering to shareholders.
- o It is an essential metric for stock market investors who track earnings trends.

Why YOY Comparison is Important

• **Trend Analysis**: Highlights positive or negative trends over time, helping to gauge whether growth is accelerating or decelerating.

- **Seasonal Adjustments**: Accounts for seasonality by comparing the same periods across years (e.g., Q1 of one year to Q1 of the next).
- **Performance Benchmarking**: Investors and analysts use YOY to evaluate performance against industry averages or competitors.

Common Limitations

- **Ignores Short-Term Changes**: YOY comparisons do not show short-term fluctuations, which may be critical in volatile industries.
- **Assumes Consistent Conditions**: External factors like economic conditions or one-time events might skew comparisons.
- **Does not Adjust for Inflation**: YOY growth in nominal terms might overlook inflation's impact on real growth.

CHAPTER – 4

ANALYSIS OF BALANCE- SHEET

♣ Overview of Balance-sheet Analysis:

A balance sheet analysis helps assess the financial health of a company by evaluating its assets, liabilities, and equity at a specific point in time. Here is a breakdown of key steps and insights you can gain from analyzing a balance sheet:

Asset Analysis :-

> Current Assets

Current assets are critical for understanding the liquidity and short-term financial health of Adani Ports and Special Economic Zone Ltd. (APSEZ). These assets can be converted into cash within a year and include the following components:

- 1. Cash and Cash Equivalents: This category consists of cash on hand and short-term investments that are readily convertible to cash. A strong cash position enables APSEZ to meet its short-term obligations, invest in opportunities quickly, and manage operational expenses effectively. An analysis of cash trends helps assess the company's ability to maintain liquidity amidst fluctuations in revenue.
- 2. **Accounts Receivable**: This represents amounts owed to APSEZ by customers for services rendered but not yet paid. Monitoring accounts receivable helps evaluate the efficiency of the company's credit policies and collection processes. A growing accounts receivable balance relative to revenue may indicate potential issues with cash flow, suggesting either a slowdown in collections or an increase in credit extended to customers.
- 3. **Inventory**: Although APSEZ's inventory levels may be lower compared to traditional manufacturing firms, any inventory holdings related to spare parts for port operations or logistical supplies should be assessed. Trends in inventory levels can provide insights into operational efficiency and demand forecasting.

> Non-Current Assets

non-current assets encompass long-term investments and resources that are not expected to be liquidated within a year. An analysis of these assets provides insights into APSEZ's capacity for long-term growth and operational efficiency:

- Fixed Assets: These include land, buildings, machinery, and equipment used in port operations. The value and condition of fixed assets reflect the company's investment in infrastructure and its ability to support growing operational demands. Trends in fixed asset acquisition, such as investments in new cargo handling equipment or expansion of port facilities, can indicate strategic growth initiatives.
- 2. **Investments**: APSEZ may hold investments in subsidiaries, joint ventures, or partnerships that enhance its operational capabilities or expand its market presence. Analyzing the performance and contribution of these investments to overall earnings helps understand their strategic importance to the company's growth.

3. **Intangible Assets**: These assets include patents, trademarks, or licenses that contribute to competitive advantage. The presence and valuation of intangible assets are important for understanding APSEZ's brand value and market positioning.

> Liability Analysis

Composition of Short-Term Liabilities

Short-term liabilities represent obligations that are due within one year and can significantly affect APSEZ's liquidity position. These liabilities include:

- Accounts Payable: Amounts owed to suppliers for goods and services received.
 Monitoring accounts payable helps assess how effectively APSEZ manages its
 obligations and relationships with vendors. A high accounts payable ratio relative to
 cash flow can indicate potential liquidity issues or a strategic decision to extend
 payment terms.
- 2. **Short-Term Loans**: Any borrowings that are repayable within a year. An analysis of short-term loans can reveal how APSEZ finances its working capital and operational needs. High reliance on short-term debt may increase financial risk, especially if cash flows fluctuate.
- 3. **Accrued Expenses**: Expenses that have been incurred but not yet paid, such as wages, taxes, and interest expenses. Evaluating accrued expenses helps assess how well APSEZ manages its operational costs and financial obligations.

Long-Term Liabilities

Long-term liabilities include obligations that extend beyond one year, and they are crucial for assessing APSEZ's financial leverage and solvency:

- 1. **Long-Term Debt**: This consists of bonds, loans, and other forms of debt that are repayable over a longer period. A high level of long-term debt may enhance financial leverage but also increases the risk of financial distress, particularly if the company faces downturns in revenue or operational challenges. Analyzing interest coverage ratios and the maturity profile of long-term debt provides insights into the company's ability to meet its obligations.
- 2. **Other Non-Current Liabilities**: These may include deferred tax liabilities or pension obligations. Understanding the nature and trends of these liabilities is essential for assessing overall financial health.

> Equity Position

Retained Earnings

Retained earnings represent the cumulative profits that APSEZ has chosen to reinvest in the business rather than distribute as dividends. An upward trend in retained earnings indicates strong profitability and effective reinvestment strategies:

1. **Reinvestment in Growth**: A healthy level of retained earnings provides a buffer for funding future capital expenditures, reducing the need for external financing. Monitoring changes in retained earnings helps assess the company's commitment to long-term growth versus shareholder returns.

2. **Impact on Shareholder Value**: The decision to retain earnings over distributing them as dividends can impact shareholder perception and stock valuation. Companies with consistently high retained earnings may be viewed favorably by investors looking for growth potential.

Shareholder Equity Trends

Examining trends in shareholder equity provides insights into APSEZ's capital structure and funding strategies:

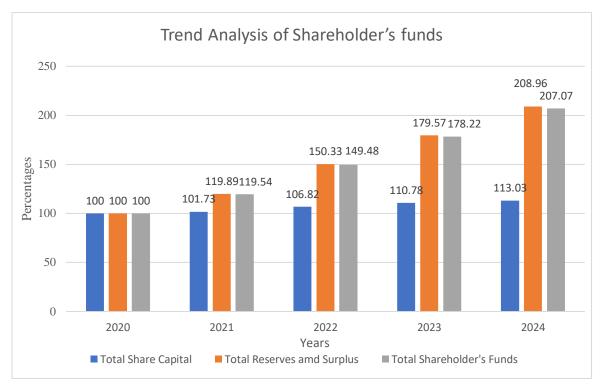
- 1. **Changes in Issued Capital**: Any new equity raised through share issuances can dilute existing shareholders but provide funds for expansion. Tracking these changes helps evaluate the company's approach to balancing debt and equity financing.
- 2. **Reserves and Other Comprehensive Income**: Understanding the composition of reserves and any fluctuations in comprehensive income (such as foreign currency translation adjustments) provides a fuller picture of equity trends and their impact on the overall financial position.

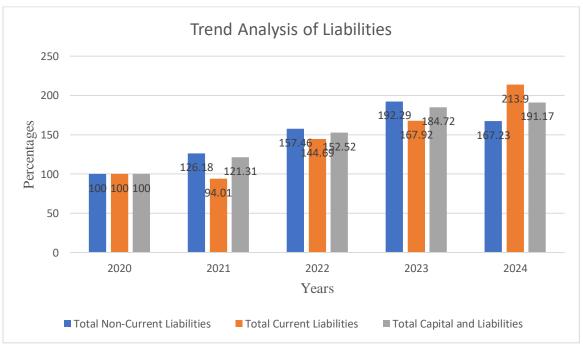
TREND ANALYSIS OF BALANCE-SHEET:

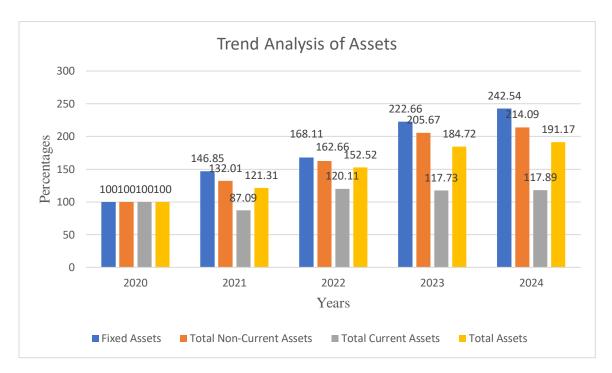
Consolidated Balance sheet	Mar'24	Mar'23	Mar'22	Mar'21	Mar'20
In Rs. Cr.	12 months				
Equities and liabilities					
Shareholder's funds					
Similar Similar					
Equity share capital	106.31	106.31	103.96	100	100
Preference share capital	141.15	129.49	118.80	109.00	100
Total share capital	113.03	110.78	106.82	101.73	100
Reserves and surplus	208.96	179.57	150.33	119.89	100
Total reserves and surplus	208.96	179.57	150.33	119.89	100
Total shareholder's funds	207.07	178.22	149.48	119.54	100
Non – Current Liabilities					
Long term borrowings	143.86	177.85	151.72	125.86	100
Deferred tax Liabilities [Net]	1453.06	1110.34	769.18	419.26	100
Other long-term liabilities	227.57	189.86	144.80	90.92	100
Long term provisions	13374.84	14602.06	389.30	324.17	100
Total Non- current Liabilities	167.23	192.29	157.46	126.18	100
Current Liabilities	1	1	1		1

hout Town Downsyvings	558.00	213.86	373.12	94.90	100
hort Term Borrowings	338.00	213.80	3/3.12	94.90	100
Trade Payables	297.41	346.81	134.42	139.12	100
Other current Liabilities	103.16	123.12	80.68	87.65	100
Short term provisions	181.97	515.55	98.61	90.05	100
Total Current Liabilities	213.90	167.92	144.69	94.01	100
Total capital And Liabilities	191.17	184.72	152.52	121.31	100
Assets					
Non-current assets					
Tangible Assets	207.21	198.01	153.96	140.82	100
Intangible Assets	581.46	589.85	441.75	285.15	100
Capital work-in-Progress	340.01	211.85	123.92	114.94	100
Fixed Assets	242.54	222.66	168.11	146.85	100
Non-Current Investments	311.02	305.10	507.09	94.10	100
Deferred Tax Assets [Net]	158.61	181.86	82.20	72.89	100
Long Term Loans and Advances	4.70	125.66	45.19	78.00	100
Other Non-Current Assets	124.87	133.86	112.63	97.30	100
Total Non-Current Assets	214.09	205.67	162.66	132.01	100
Current Assets			•		•
Current investments	5565.93	33883.01	401.93	9577.46	100
Inventories	151.76	156.78	132.22	344.05	100
Trade receivables	114.51	123.06	77.12	91.36	100
Cash and cash equivalents	104.34	58.09	143.45	64.27	100
Short term loans and advances	14.51	22.02	70.29	58.43	100
Other current assets	223.40	203.13	144.52	96.14	100
Total current assets	117.89	117.73	120.11	87.09	100
Total Assets	191.17	184.72	152.52	121.31	100

SPCE					
Contingent Liabilities	67.33	107.20	74.31	97.27	100
Non – Current Investments					
Non-Current Investments Unquoted Book Value	372.00	108.66	197.25	45.93	100
Current Investments		<u> </u>	<u> </u>		
Current Investments Unquoted Book Value	5565.93	33883.01	401.93	1789.23	100







> Interpretation of Trend Analysis:

The values in the all charts are presented as percentages, with the base year being 2020.

□ 2020:

All components start at 100%, indicating that this is the baseline year for comparison.

□ 2021:

- Total Share Capital grows marginally to 101.73%.
- Total Reserves and Surplus increase significantly to 119.89%.
- Total Shareholder's Funds rise to 119.54%.
- Non-Current Liabilities increase to 126.18%.
- ➤ Current Liabilities decrease slightly to 94.01%.
- Total Capital and Liabilities grow moderately to 121.31%.
- Fixed Assets increase to 146.85%, showing significant growth.
- ➤ Total Non-Current Assets grow more modestly to 132.01%.
- ➤ Total Current Assets decline to 87.09%, indicating a reduction in short-term resources or liquidity.
- ➤ Total Assets grow slightly to 121.31%.

2022:

- > Total Share Capital remains relatively stable at 106.82%.
- > Total Reserves and Surplus increase sharply to 150.33%.
- Total Shareholder's Funds follow a similar trend, reaching 149.48%.
- Non-Current Liabilities grow significantly to 157.46%.
- > Current Liabilities recover and increase to 144.69%.
- > Total Capital and Liabilities continue to grow steadily to 152.52%.

- Fixed Assets increase further to 168.11%.
- > Total Non-Current Assets grow to 162.66%, catching up to fixed assets growth.
- ➤ Total Current Assets recover slightly, reaching 120.11%.
- ➤ Total Assets increase significantly to 152.52%.

□ **2023**:

- > Total Share Capital grows slightly to 110.78%.
- > Total Reserves and Surplus reach 179.57%.
- > Total Shareholder's Funds increase further to 178.22%.
- Non-Current Liabilities rise further to 192.29%.
- > Current Liabilities increase to 167.92%.
- ➤ Total Capital and Liabilities reach 184.72%.
- Fixed Assets experience strong growth, reaching 222.66%.
- > Total Non-Current Assets rise to 205.67%.
- > Total Current Assets stabilize at 117.73%.
- ➤ Total Assets continue to grow to 184.72%.

2024:

- ➤ Total Share Capital increases modestly to 113.03%.
- > Total Reserves and Surplus exhibit significant growth to 208.96%.
- > Total Shareholder's Funds reach 207.07%.
- Non-Current Liabilities see a steep increase to 213.90%.
- > Current Liabilities grow to 167.23%.
- > Total Capital and Liabilities rise further to 191.17%.
- ➤ Fixed Assets reach 242.54%, marking the most significant growth among all components.
- > Total Non-Current Assets grow to 214.09%.
- > Total Current Assets remain relatively stable at 117.89%.
- > Total Assets increased to 191.17%.

Conclusion:

- The growth in Total Reserves and Surplus appears to be the primary driver of the overall increase in Total Shareholder's Funds over the period.
- While Total Share Capital shows a gradual increase, its contribution to the total growth is much smaller compared to the reserves and surplus.
- Non-Current Liabilities (long-term debts or obligations) have shown a steady and significant increase over the years, with the most rapid growth occurring in 2024. This suggests the company is leveraging more long-term financing, such as loans or bonds.
- Current Liabilities (short-term debts or obligations) have fluctuated but show consistent growth since 2022. This could indicate increased short-term borrowing or higher operational liabilities like payables.

- The steady growth in Total Capital and Liabilities aligns with the trends of both current and non-current liabilities, suggesting the company is expanding its liabilities portfolio to support its operations or investments.
- Fixed Assets (long-term tangible assets like property, plants, and equipment) show substantial growth, reflecting significant investment in long-term infrastructure or expansion.
- Total Non-Current Assets (including fixed assets and other long-term investments) grow consistently, aligning with the trend in fixed assets, indicating a focus on long-term growth.
- Total Current Assets (short-term assets like cash, receivables, and inventory) remain relatively stable, with some recovery after an initial decline in 2021. This suggests a focus on maintaining liquidity or working capital at manageable levels.
- Total Assets show steady growth, driven primarily by the increase in non-current assets and fixed assets.

Implications:

- The company is primarily expanding its shareholder value through retained earnings (Reserves and Surplus) rather than issuing more shares (Share Capital).
- This trend could reflect profitability being reinvested into the company rather than distributed entirely as dividends.
- The reliance on Non-Current Liabilities as a source of financing suggests a focus on long-term strategic growth.
- The increase in Current Liabilities indicates higher short-term obligations, which could reflect operational expansion or liquidity management needs.
- The company's overall liability structure is growing significantly, which may imply potential risks if growth is not matched with revenue or asset expansion.
- The company is heavily investing in fixed assets and other long-term assets, indicating a strategy focused on long-term capacity building and growth.
- Current asset growth is relatively slow, which might imply controlled liquidity or efficient working capital management.
- The overall increase in Total Assets reflects the company's growing asset base, possibly fueled by increased liabilities or shareholder funds, as indicated in earlier analyses.

COMMON-SIZE STATEMENT ANALYSIS:

Consolidated Balance	Mar'24	Mar'23	Mar'22	Mar'21	Mar'20
sheet [In Rs. Cr.]	12 months				
Equities and liabilities					
Shareholder's funds					

SPCE					
Equity share capital	0.36	0.37	0.44	0.53	0.65
Preference share capital	0.11	0.10	0.12	0.14	0.15
Total Share Capital	0.47	0.48	0.56	0.67	0.80
Reserves and surplus	44.01	39.14	39.69	39.80	40.27
Total Reserves and Surplus	44.01	39.14	39.69	39.80	40.27
Total Shareholder's funds	44.49	39.63	40.26	40.47	41.08
Non - Current	<u> </u>	I			
Liabilities Long term borrowings	31.55	40.37	41.71	43.50	41.93
Deferred tax Liabilities [Net]	3.50	2.77	2.32	1.59	0.46
Other long-term liabilities	4.18	3.61	3.33	2.63	3.51
Long term provisions	0.92	1.04	0.033	0.035	0.013
Total Non-Current Liabilities Current Liabilities	40.17	47.80	47.41	47.76	45.92
Short Term Borrowings	7.24	2.87	6.07	1.94	2.48
Trade Payables	1.82	2.19	1.03	1.34	1.17
Other current Liabilities	4.61	5.69	4.52	6.17	8.54
Short term provisions	0.16	0.47	0.11	0.12	0.17
Total Current Liabilities	13.84	11.24	11.73	9.58	12.37
Total Capital and Liabilities	100	100	100	100	100
ASSETS	1	1	1	l	
Non-Current Assets					
Tangible Assets	47.89	47.36	44.60	51.29	44.19
Intangible Assets	9.48	9.96	9.03	7.33	3.11
Capital work-in-Progress	9.19	5.93	4.20	4.89	5.17
Fixed Assets	66.58	63.25	57.84	63.52	52.48
Non-Current Investments	3.04	3.09	6.23	1.45	1.87

SPCE					
Deferred Tax Assets [Net]	1.61	1.91	1.04	1.16	1.94
Long Term Loans and Advances	0.050	1.38	0.60	1.30	2.03
Other Non-Current Assets	8.20	9.10	9.27	10.07	12.56
Total Non-Current Assets	85.30	84.81	81.23	82.89	76.17
Current Assets					
Current investments	0.55	3.50	0.050	1.50	0.019
Inventories	0.36	0.39	0.40	1.31	0.46
Trade receivables	3.08	3.42	2.60	3.87	5.14
Cash and cash equivalents	6.41	3.69	11.05	6.22	11.75
Short term loans and advances	0.22	0.35	1.37	1.43	2.97
Other current assets	4.04	3.80	3.27	2.74	3.45
Total Current Assets	14.69	15.18	18.76	17.10	23.82
Total Assets	100	100	100	100	100
Other Additional Information					
Contingent Liabilities	10.47	17.25	14.48	23.84	29.73
Non – Current					
Investments			1.2.2		
Non-Current Investments Unquoted Book Value	s 3.04	0.92	2.02	0.59	1.56

0.55

Current Investments

Current Investments

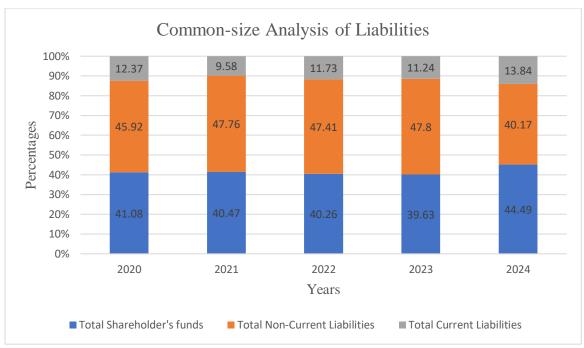
Unquoted Book Value

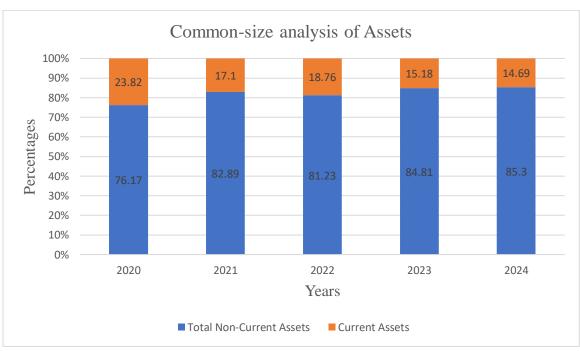
0.050

0.28

3.50

0.019





> Interpretation of Common-size Analysis :

This chart provides a common-size analysis, where each component is expressed as a percentage of Total Assets and Liabilities (which is set at 100% for all years). The chart includes key financial metrics from 2020 to 2024, Here's a breakdown:

- 1. Total Capital and Liabilities:
 - Set as 100% for all years. Other components are compared to this baseline.
- 2. Total Shareholder's funds:
 - The proportion of shareholder funds fluctuates slightly across the years.

- o It starts at 41.08% in 2020, declines slightly to 39.63% in 2023, but increases again to 44.49% in 2024.
- o This indicates variability in the company's reliance on equity funding.

2020: 41.08%

2021: 40.47%

2022: 40.26%

2023: 39.63%

2024: 44.49%

3. Total Non-Current Liabilities:

- The share of long-term liabilities remains relatively stable between 45.92% in 2020 and 47.8% in 2023, before dropping to 40.17% in 2024.
- The reduction in 2024 may suggest a shift away from long-term debt or the repayment of obligations.

2020: 45.92%

2021: 47.76%

2022: 47.41%

2023: 47.80%

2024: 40.17%

4. Total Current Liabilities:

- Short-term liabilities show minor changes, ranging from 12.37% in 2020 to 13.84% in 2024.
- The increase in 2024 may indicate higher short-term borrowing or accruals.

2020: 12.37%

2021: 9.58%

2022: 11.73%

2023: 11.24%

2024: 13.84%

5. Total Assets:

o Set as 100% for all years. Other components are compared to this baseline.

6. Total Non-Current Assets:

- o The proportion of non-current assets has increased steadily over the years.
- o It starts at 76.17% in 2020 and grows to 85.3% in 2024, indicating that the company is increasing its investment in long-term assets.

2020: 76.17%

2021: 82.89%

2022: 81.23%

2023: 84.81%

2024: 85.30%

7. Total Current Assets:

The share of current assets declines over the period.

 It starts at 23.82% in 2020 and drops to 14.69% in 2024, suggesting the company is either optimizing its short-term resources or reallocating them towards long-term investments.

2020: 23.82%

2021: 17.10%

2022: 18.76%

2023: 15.18%

2024: 14.69%

Conclusion:

- From 2020 to 2023, the company shows a slight decline in shareholder funds and a steady reliance on long-term liabilities.
- In 2024, there is a notable shift: the company increases its shareholder funds and reduces non-current liabilities, possibly aiming to improve its financial stability. This analysis is helpful in assessing the company's financial structure and reliance on various funding sources over time.
- The company is shifting towards a more long-term asset-focused structure, as reflected by the increasing share of non-current assets. This could imply:
 - o Greater investment in long-term projects or fixed assets.
 - A deliberate strategy to reduce liquidity tied up in current assets.
- The declining proportion of current assets might impact the company's short-term liquidity, depending on how effectively it manages its working capital. Overall Interpretation:

This common-size analysis indicates a strategic shift by the company to enhance its long-term asset base while potentially reducing reliance on current assets. Such a shift could improve operational capacity and future returns but might also pose liquidity challenges if not managed well.

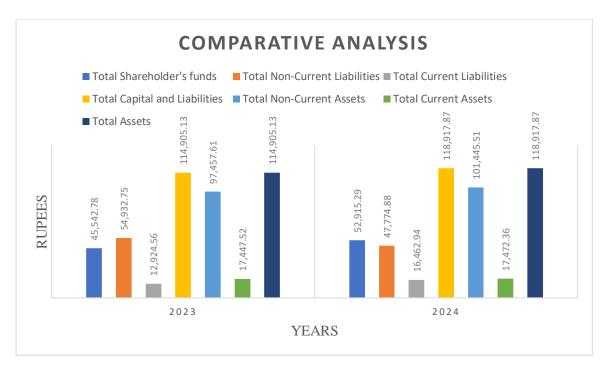
COMPARATIVE ANALYSIS:

Consolidated Balance sheet	Mar'24	Mar'23	Absolute changes	Absolute
In Rs. Cr.	12 months	12 months	[Rs.]	changes
			increase/decrease	[percentage]
				increase/decrease

Equities and Liabilities				
Shareholder's funds				
Equity share capital	432.03	432.03	-	-
Preference share capital	137.05	125.73	11.32	9.00
Total Share Capital	569.08	557.76	11.32	2.02
Reserves and surplus	52,346.21	44,985.02	7,361.19	16.36
Total Reserves and Surplus	52,346.21	44,985.02	7,361.19	16.36
Total shareholder's funds	52,915.29	45,542.78	7,372.51	16.18
Non – Current Liabilities				
Long term borrowings	37,525.88	46,391.21	-8,865.33	-19.10
Deferred tax Liabilities [Net]	4,169.87	3,186.37	983.50	30.86
Other long-Term liabilities	4,978.38	4,153.42	824.96	19.86
Long term provisions	1,100.75	1,201.75	-101	-8.40
Total Non-Current Liabilities	47,774.88	54,932.75	-7,157.87	-13.03
Current Liabilities				
Short Term Borrowings	8,616.30	3,302.37	5313.93	160.91
Trade Payables	2,167.36	2,527.35	-359.99	-14.24
Other current Liabilities	5,485.84	6,546.81	-1,060.97	-16.20
Short term provisions	193.44	548.03	-354.59	-64.70
Total Current Liabilities	16,462.94	12,924.56	3,538.38	27.37
Total Capital and Liabilities	118,917.87	114,905.13	4,012.74	3.49
ASSETS				
Non-Current Assets				
Tangible Assets	56,958.24	54,429.28	2,529.56	4.64
Intangible Assets	11,282.64	11,445.51	-162.87	-1.42
Capital work-in-Progress	10,936.09	6,814.03	4,122.06	60.49
Fixed Assets	79,176.97	72,688.82	6,488.15	8.92

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Non-Current Investments	3,626.87	3,557.85	69.02	1.93
Deferred Tax Assets [Net]	1,918.67	2,199.90	-281.23	-12.78
Long Term Loans and Advances	59.52	1588.85	-1529.33	-96.25
Other Non-Current Assets	9,756.55	10,458.79	-702.24	-6.71
Total Non-Current Assets	101,445.51	97,457.61	3987.90	4.09
Current Assets				I
Current investments	661.79	4,028.69	-3366.90	-83.57
Inventories	437.51	451.97	-14.46	-3.19
Trade receivables	3,666.94	3,940.79	-273.85	-6.94
Cash and cash equivalents	7,631.88	4,248.78	3383.10	79.62
Short term loans and advances	269.01	408.10	-139.09	-34.08
Other current assets	4,805.23	4,369.19	436.04	9.97
Total Current Assets	17,472.36	17,447.52	24.84	0.14
Total Assets	118,917.87	114,905.13	4,012.74	3.49
Other Additional Information				I
Contingent Liabilities	12,455.52	19,829.42	-7373.90	-37.18
Non – Current Investments				I
Non-Current Investments Unquoted Book Value	3,626.87	1,059.47	2567.40	242.32
Current Investments				
Current Investments Unquoted Book Value	661.79	4,028.69	-3366.90	-83.57



> Interpretation of Comparative Analysis:

This chart provides a comparative analysis of key financial metrics between 2023 and 2024. The values are represented in rupees, and the chart compares various components of liabilities, capital, and assets over the two years.

Key Observations:

- 1. Total Shareholder's Funds (Blue Bar):
 - o Increased from ₹45,542.78 (2023) to ₹52,915.29 (2024).
 - This indicates a growth in equity, which could be due to retained earnings or new equity infusion.
- 2. Total Non-Current Liabilities (Orange Bar):
 - o Decreased from ₹54,932.75 (2023) to ₹47,774.88 (2024).
 - This reduction suggests a repayment or reduction of long-term debt, which improves the company's long-term financial health.
- 3. Total Current Liabilities (Gray Bar):
 - o Increased from ₹12,924.56 (2023) to ₹16,462.94 (2024).
 - The rise in short-term liabilities indicates increased short-term obligations, such as trade payables or short-term loans.
- 4. Total Capital and Liabilities (Yellow Bar):
 - o Marginally increased from ₹1,14,905.13 (2023) to ₹1,18,917.87 (2024).
 - This reflects the overall growth in the company's funding (equity, long-term, and short-term liabilities).

- 5. Total Non-Current Assets (Light Blue Bar):
 - o Increased from ₹97,457.61 (2023) to ₹1,01,445.51 (2024).
 - This indicates the company has invested further in long-term assets, such as fixed assets or intangible assets.
- 6. Total Current Assets (Green Bar):
 - o Increased slightly from ₹17,447.52 (2023) to ₹17,472.36 (2024).
 - o This marginal growth shows stable management of short-term resources, such as inventory and receivables.
- 7. Total Assets (Dark Blue Bar):
 - o Grew from ₹1,14,905.13 (2023) to ₹1,18,917.87 (2024).
 - This aligns with the increase in total capital and liabilities, maintaining the balance sheet's equilibrium.

Conclusion:

- The company has increased its reliance on shareholder funds while reducing noncurrent liabilities, signaling improved financial stability.
- The increase in current liabilities may indicate higher short-term borrowing or obligations, which should be monitored to avoid liquidity risks.
- The growth in non-current assets suggests investment in long-term growth opportunities, while the marginal change in current assets points to efficient short-term asset management.
- Overall, the company is moving towards strengthening its financial foundation with a focus on reducing long-term debt and expanding its asset base.

CHAPTER – 5 ANALYSIS OF INCOME STATEMENTS

Overview of Profit & Loss account

Analyzing a profit and loss (P&L) statement, also known as an income statement, involves examining a company's revenue, expenses, and profitability over a specific period. The goal is to understand how efficiently a company is generating profit from its operations and identify any financial trends. Here is a step-by-step breakdown of how to approach a P&L statement analysis:

1. Revenue (Sales) Analysis

- **Total Revenue**: Look at the total revenue or sales at the top of the statement. Compare it with previous periods to identify growth or decline trends.
- **Revenue Sources**: If possible, break down revenue by product line, region, or customer segment to see which areas are driving growth.
- **Revenue Growth Rate**: Calculate the revenue growth rate by comparing it with the previous period. For instance, a higher growth rate is generally positive, but it also depends on industry norms.

2. Cost of Goods Sold (COGS)

- COGS Breakdown: This line item represents the direct costs of producing goods or services sold. Analyze major components, like materials, labor, and overhead, to identify which factors impact COGS most.
- **Gross Profit**: Calculate **Gross Profit** as Total Revenue minus COGS. This shows how much profit is left after covering production costs. Compare the Gross Profit with previous periods to check for consistency or improvement.

3. Gross Margin Analysis

- **Gross Margin**: Gross Margin is the Gross Profit divided by Revenue (usually shown as a percentage). It indicates the percentage of revenue left over after production costs.
- **Benchmarking**: Compare Gross Margin to competitors and industry averages to see if the company is managing production costs efficiently.

4. Operating Expenses

- SG&A (Selling, General, and Administrative Expenses): These include salaries, marketing, rent, utilities, and other indirect costs. Rising SG&A may indicate inefficiencies unless it is tied to growth initiatives.
- Research & Development (R&D): For companies in technology or innovationdriven sectors, look at R&D spending as a percentage of revenue to understand investment in future growth.
- **Depreciation & Amortization**: These are non-cash expenses related to long-term assets. Higher depreciation may suggest recent capital investments.

5. Operating Income (Operating Profit)

- Calculation: Operating Income is Gross Profit minus Operating Expenses. It reflects the profit from core business operations, excluding taxes and interest.
- **Operating Margin**: Operating Margin is Operating Income divided by Revenue. This shows the profitability of the company's core operations.

6. Other Income and Expenses

- **Interest Expense**: Reflects the cost of debt. A high-interest expense relative to income may suggest high leverage or debt levels.
- **Non-Operating Income**: Includes income from investments, asset sales, or other non-core activities. Evaluate if non-operating income is significant and consider if it skews profit.

7. Earnings Before Tax (EBT)

- Calculation: Earnings Before Tax is Operating Income plus or minus Other Income and Expenses.
- **Tax Consideration**: Comparing EBT with net income helps identify the impact of taxes on profitability.

8. Net Income (Net Profit)

- Calculation: Net Income is EBT minus tax expenses. This represents the company's bottom line or profit after all expenses and taxes.
- **Net Profit Margin**: Net Profit Margin is Net Income divided by Revenue. This margin is useful for comparing profitability over time and across companies within the same industry.

9. Key Ratios and Metrics

- **Profit Margins**: Gross Margin, Operating Margin, and Net Profit Margin help assess cost efficiency at different levels.
- **EBITDA**: Earnings Before Interest, Taxes, Depreciation, and Amortization is a measure of operational profitability, often used to compare companies in capital-intensive industries.
- Expense Ratios: Calculate ratios like SG&A to Revenue, R&D to Revenue, and Interest Expense to Revenue for insights into cost structures.
- **Break-even Analysis**: Calculate the break-even point if it is relevant to understanding when the company covers all costs from its revenue.

10. Comparative and Trend Analysis

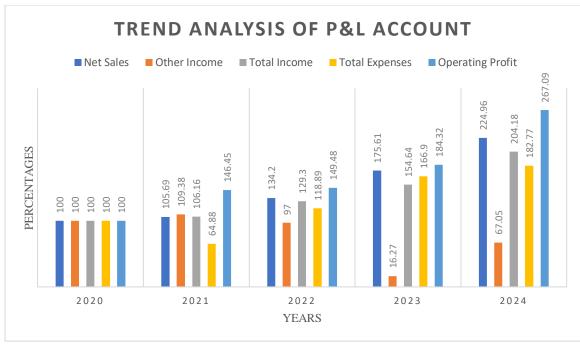
• **Historical Comparison**: Compare each line item with previous periods to identify trends.

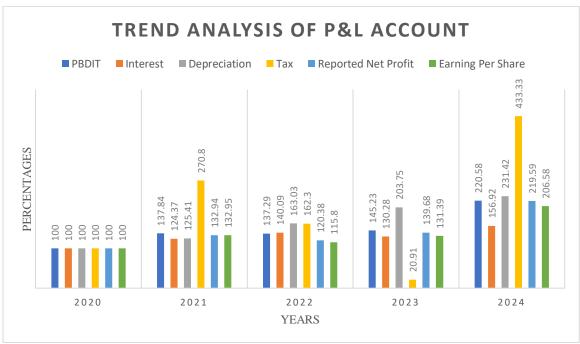
- **Industry Comparison**: Benchmark against competitors to understand market positioning.
- Variance Analysis: Look at budgeted versus actual figures if available, especially for operating expenses, to identify unexpected variances.

A P&L analysis is critical for assessing profitability and understanding a company's operational efficiency. By examining revenue, cost structures, profitability margins, and trends, you can gauge both the short-term and long-term financial health of a business.

♣ Trend Analysis of Profit & Loss Statements :

Consolidated P&L account (In Rs. Cr.)	Mar'24 12 months	Mar'23 12 months	Mar'22 12 months	Mar'21 12 months	Mar'20 12 months
Income					
Net sales	224.96	175.61	134.20	105.69	100
Other income	67.05	16.27	97	109.38	100
Total Income	204.18	154.64	129.30	106.16	100
Total Expenses	182.77	166.90	118.89	64.88	100
Operating Profit	267.09	184.32	149.48	146.45	100
PBDIT	220.58	145.23	137.29	137.84	100
Interest	156.92	130.28	140.09	124.37	100
Depreciation	231.42	203.75	163.03	125.41	100
Tax	433.33	20.91	162.30	270.80	100
Reported Net Profit	219.59	139.68	120.38	132.94	100
Equity dividend	156.29	152.82	147.61	-	100
Earning Per Share (Rs)	206.58	131.39	115.80	132.95	100
Book Value (Rs)	194.99	167.79	143.88	119.57	100





> Interpretation of Trend Analysis:

This chart presents the Trend Analysis of the Profit and Loss (P&L) Account over five years (2020 to 2024), where all metrics for 2020 are set as the base value (100%) for comparison. The chart tracks the percentage change over time for PBDIT, Interest, Depreciation, Tax, Reported Net Profit, and Earnings Per Share (EPS).

2020:

All components start at 100%, indicating that this is the baseline year for comparison.

□ 2021:

- ➤ Net sales grow marginally to 105.69%.
- ➤ Other income increasing to 109.38%.
- > Total income rise to 106.16%.
- Total Expenses decrease to 64.88%.
- > Operating Profit grow more to 146.45%.
- ➤ PBDIT grow moderately to 137.84%.
- ➤ Interest increases to 124.37%.
- ➤ Depreciation grows modestly to 125.41%.
- Tax increases rapidly to 270.80%.
- ➤ Reported Net Profit grows to 132.94%.
- ➤ Earning per share rise to 132.95%

□ 2022:

- ➤ Net sales grow to 134.20%.
- > Other income declines slightly to 97%.
- > Total income rise to 129.30%.
- ➤ Total Expenses increase to 118.89%.
- > Operating Profit increases to 149.48%.
- > PBDIT grow moderately to 137.29%.
- ➤ Interest increases to 140.09%.
- ➤ Depreciation grows more modestly to 163.03%.
- > Tax rise to 162.30%.
- ➤ Reported Net Profit grow slightly to 120.38%.
- > Earning per share increases to 115.80%

□ **2023**:

- ➤ Net sales grow marginally to 175.61%.
- > Other income decreases significantly to 16.27%.
- > Total income rise to 154.64%.
- > Total Expenses increase to 166.90%.
- > Operating Profit decrease slightly to 184.32%.
- > PBDIT grow moderately to 145.23%.
- > Interest increases to 130.28%.
- > Depreciation grows more modestly to 203.75%.
- > Tax decline to 20.91%.
- > Reported Net Profit grow to 139.68%.
- > Earning per share rise to 131.39%.

□ 2024:

- ➤ Net sales grow more marginally to 224.96%.
- > Other income decreases significantly to 67.05%.
- > Total income rise to 204.18%.
- ➤ Total Expenses increase to 182.77%.
- > Operating Profit rise more to 267.09%.
- ➤ PBDIT grow significantly to 220.58%.
- > Interest increases to 156.92%, showing significant growth.

- > Depreciation grows more modestly to 231.42%.
- > Tax increases rapidly to 433.33%.
- > Reported Net Profit grows more to 219.59%.
- > Earning per share increases to 206.58%

Conclusion:

- 1. Sustained Profitability:
 - o PBDIT and Net Profit exhibit strong upward trends, indicating the company's ability to drive consistent profit growth.
- 2. Tax Management Challenges:
 - The tax component fluctuates significantly, suggesting the need for better tax planning and consistency to avoid adverse impacts on profitability.
- 3. Asset Growth:
 - o The rise in depreciation indicates ongoing investments in fixed assets, which could support future revenue growth.
- 4. Debt and Interest:
 - The rising interest expense may point to increased borrowing. While it supports growth, the company should balance this to maintain financial flexibility.

Implications:

- 1. Enhance Tax Planning:
 - o Streamline tax strategies to manage tax outflows and reduce volatility.
- 2. Monitor Interest Costs:
 - Keep a close eye on debt levels to avoid eroding profitability due to rising financial costs.
- 3. Leverage Asset Investments:
 - Maximize returns on newly acquired assets by ensuring they contribute to operational efficiency and revenue growth.
- 4. Focus on Shareholder Value:
 - With EPS improving significantly, the company can continue rewarding shareholders through dividends or reinvesting profits to drive growth.

In summary, the company has shown robust growth across key profitability metrics, with opportunities for fine-tuning tax and debt management to sustain momentum.

♣ Common-size Analysis of Profit & Loss Statements :

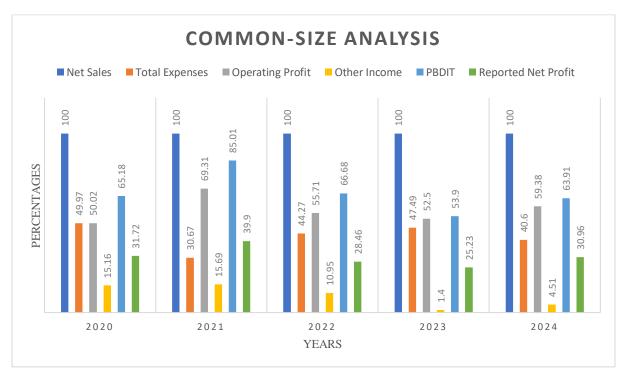
Consolidated P&L account (In Rs.Cr.)	Mar'24 12 months	Mar'23 12 months	Mar'22 12 months	Mar'21 12 months	Mar'20 12 months
Income	•				
Net Sales	100	100	100	100	100

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4.51	1.40	10.95	15.69	15.16
104.51	101.40	110.95	115.69	115.16
40.60	47.49	44.27	30.67	49.97
59.38	52.50	55.71	69.31	50.02
63.91	53.90	66.68	85.01	65.18
10.65	11.32	15.94	17.96	15.26
14.55	16.41	17.18	16.79	14.14
7.44	0.46	4.67	9.90	3.86
30.96	25.23	28.46	39.90	31.72
4.04	5.06	6.40	-	5.82
	104.51 40.60 59.38 63.91 10.65 14.55 7.44 30.96	104.51 101.40 40.60 47.49 59.38 52.50 63.91 53.90 10.65 11.32 14.55 16.41 7.44 0.46 30.96 25.23	104.51 101.40 110.95 40.60 47.49 44.27 59.38 52.50 55.71 63.91 53.90 66.68 10.65 11.32 15.94 14.55 16.41 17.18 7.44 0.46 4.67 30.96 25.23 28.46	104.51 101.40 110.95 115.69 40.60 47.49 44.27 30.67 59.38 52.50 55.71 69.31 63.91 53.90 66.68 85.01 10.65 11.32 15.94 17.96 14.55 16.41 17.18 16.79 7.44 0.46 4.67 9.90 30.96 25.23 28.46 39.90

Earning per share (Rs)

Book Value (Rs)



> Interpretation of Common-size Analysis:

This chart provides a common-size analysis, where each component is expressed as a percentage of Net Sales (which is set at 100% for all years). The chart includes key financial metrics from 2020 to 2024, allowing you to analyze the relative trends in expenses, profits, and other components. Here's a breakdown:

8. Net Sales:

o Set as 100% for all years. Other components are compared to this baseline.

9. Total Expenses:

- o Fluctuate over the years:
 - **2**020: 49.97%
 - 2021: 69.31% (increase compared to 2020).
 - 2022: 44.27% (decrease from 2021).
 - 2023: 47.49% (slight increase).
 - 2024: 40.6% (lowest point in this period).

10. Operating Profit:

- o Reflects the proportion of profit from core operations:
 - **2**020: 50.02%.
 - 2021: 30.67% (significant drop from 2020).
 - 2022: 55.71% (recovery and the highest percentage across years).
 - **2**023: 52.5%.
 - 2024: 59.38% (further improvement).

11. Other Income:

- o Non-operational income is consistently low:
 - **2**020: 15.16%.
 - **2**021: 15.69%.
 - **2022: 10.95%.**
 - 2023: 1.4% (sharp drop).
 - 2024: 4.51% (slight recovery).

12. PBDIT (Profit Before Depreciation, Interest, and Taxes):

- o Tracks overall profit before accounting for financial and tax expenses:
 - **2**020: 65.18%.

- 2021: 85.01% (peak across the years).
- **2022**: 66.68%.
- **2**023: 53.9%.
- **2024**: 63.91%.

13. Reported Net Profit:

- o Bottom-line profitability as a percentage of Net Sales:
 - **2**020: 31.72%.
 - 2021: 39.9% (increase from 2020).
 - 2022: 28.46% (drop).
 - 2023: 25.23% (lowest percentage).
 - 2024: 30.96% (recovery to 2020 levels).
- 2021: High Total Expenses but also high PBDIT, showing significant revenue growth.
- 2022: Strong Operating Profit but slightly lower overall profitability (Net Profit decreased).
- 2023: Decline in profitability metrics (Operating Profit, Net Profit) with a sharp drop in Other Income.
- 2024: Rebound in most metrics, especially Operating Profit and PBDIT, with controlled expenses.

Conclusion:

- 1. Fluctuating Cost Management:
 - o The company experienced inconsistent cost control over the years, with Total Expenses peaking in 2021 (69.31%) and gradually declining thereafter, reaching its lowest in 2024 (40.6%). This suggests improving operational efficiency over time.

2. Profitability Trends:

- Operating Profit showed a rebound after the dip in 2021, hitting its highest in 2024 (59.38%), indicating that the company has improved its core operations significantly.
- Reported Net Profit, although recovering in 2024 (30.96%), was lowest in 2023 (25.23%), suggesting external factors (e.g., financial costs or taxes) might have impacted profitability that year.

3. Other Income Contribution:

Non-operational income (Other Income) declined substantially in 2023 (1.4%) and remained low in 2024 (4.51%), indicating reduced reliance on non-core income sources.

4. PBDIT Stability:

 Despite some fluctuations, PBDIT remained consistently high relative to Net Sales, reflecting robust profitability before accounting for depreciation, interest, and taxes.

5. Improvements in 2024:

 The year 2024 reflects the company's strongest performance in terms of cost control (low Total Expenses), high Operating Profit, and PBDIT, signaling a turnaround in financial health.

Implications:

1. Operational Efficiency Focus:

The declining Total Expenses ratio and increasing Operating Profit indicate that the company has enhanced its operational efficiency over the years, which should remain a strategic focus to ensure sustainable profitability.

2. Diversification of Income:

 The sharp drop in Other Income in 2023 highlights the need for the company to reduce dependency on this source and focus on strengthening its core business to maintain financial resilience.

3. Financial Cost and Tax Management:

 The dip in Reported Net Profit in 2023, despite reasonable Operating Profit, suggests potential issues with financial costs or taxation. The company should investigate these areas to prevent future impacts on net profitability.

4. Growth Potential:

 The strong performance in 2024 reflects the company's ability to recover and improve its financial position. Continued focus on innovation, cost control, and operational efficiency could unlock further growth potential.

5. Strategic Investments:

 With improving PBDIT and Operating Profit, the company may consider reinvesting its earnings into expansion, R&D, or other strategic initiatives to fuel long-term growth.

In summary, the company has shown a positive trend in financial stability and profitability by 2024, but it must address challenges related to non-operational income and financial/taxation management to ensure consistent performance.

Comparative Analysis of Profit & Loss Statement:

Consolidated P&L account	Mar'24	Mar'23	Absolute changes	Absolute change
(In Rs.Cr.)	12 months	12 months	[Rs.]	[percentage]
			Increase/decrease	Increase/decrease

Book Value (Rs)

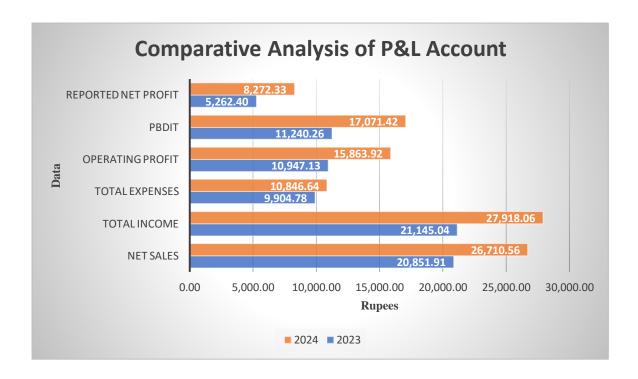
Net Sales	26710.56	20851.91	5858.65	28.09
Other income	1207.50	293.13	914.37	311.93
Total Income	27918.06	21145.04	6773.02	32.03
Total Expenses	10846.64	9904.78	941.86	9.50
Operating Profit	15863.92	10947.13	4916.79	44.91
PBDIT	17071.42	11240.26	5831.16	51.87
Interest	2845.76	2362.64	483.12	20.44
Depreciation	3888.46	3423.24	465.22	13.59
Tax	1989.74	96.38	1893.36	1964.47
Reported Net Profit	8272.33	5262.40	3009.93	57.19
Equity dividend	1080.07	1056.19	23.88	2.26
Earning Per Share (Rs)	38.30	24.36	13.94	57.22

210.25

34.08

244.33

16.20



> Interpretation of Comparative Analysis:

This chart provides a Comparative Analysis of the Profit and Loss (P&L) Account for the years 2023 and 2024. Each bar represents specific financial metrics in rupees, allowing you to compare the company's performance between the two years.

1. Net Sales:

- o 2023: ₹20,851.91
- o 2024: ₹26,710.56 (a significant increase of approximately 28%).
- o Implication: The company generated higher revenue in 2024, signaling improved sales performance or market growth.

2. Total Income:

- o 2023: ₹21,145.04
- o 2024: ₹27,918.06 (an increase of about 32%).
- o Implication: The increase in Total Income aligns with Net Sales growth, suggesting that sales revenue remains the dominant contributor to income.

3. Total Expenses:

- 2023: ₹9,904.78
- o 2024: ₹10,846.64 (a modest increase of about 9.5%).
- Implication: Expenses increased at a much slower rate compared to income, demonstrating improved cost management or operational efficiency.

4. Operating Profit:

- o 2023: ₹10,947.13
- o 2024: ₹15,863.92 (an increase of approximately 45%).
- Implication: Higher revenue and controlled expenses contributed to a substantial increase in Operating Profit, reflecting stronger profitability from core operations.

5. PBDIT (Profit Before Depreciation, Interest, and Taxes):

- o 2023: ₹11,240.26
- o 2024: ₹17,071.42 (an increase of about 52%).

- o Implication: This strong growth indicates a healthier pre-tax operating margin and robust earnings before financial costs and taxes.
- 6. Reported Net Profit:
 - o 2023: ₹5,262.40
 - o 2024: ₹8,272.33 (an increase of about 57%).
 - o Implication: The improvement in Net Profit reflects not only operational efficiency but also potentially lower financial costs, taxes, or better cost structures in 2024.

Conclusion:

- 1. Strong Revenue Growth:
 - The company achieved substantial growth in Net Sales and Total Income in 2024, which significantly boosted profitability.
- 2. Effective Cost Control:
 - Despite increased sales, Total Expenses rose marginally, indicating improved cost management strategies.
- 3. Profitability Improvements:
 - Major profitability metrics (Operating Profit, PBDIT, and Net Profit) showed significant growth in 2024, highlighting the company's ability to capitalize on revenue growth efficiently.
- 4. Scalability:
 - o The proportional increase in profits (57% for Net Profit) compared to sales (28%) indicates economies of scale and greater operational leverage.

Implications:

- 1. Reinvestment in Growth:
 - With improved profitability, the company can reinvest in expansion, innovation, or marketing to sustain the growth trajectory.
- 2. Continued Focus on Efficiency:
 - Maintaining tight control over expenses while scaling operations will ensure sustained profitability.
- 3. Monitor Non-operational Costs:
 - Ensure that financial costs, depreciation, and taxes are optimized to sustain improvements in Net Profit.
- 4. Leverage Revenue Growth:
 - The company can further explore new markets or product offerings to capitalize on its revenue-generating momentum.

In summary, 2024 marks a year of substantial growth and efficiency, with the company exhibiting strong financial health and operational scalability.

CHAPTER – 6 ANALYSIS OF CASHFLOW STATEMENTS

Overview of Cashflow Account :

The cash flow statement is a critical financial document that provides insights into the cash inflows and outflows of Adani Ports and Special Economic Zone Ltd. (APSEZ) over a specific period. This analysis focuses on the three main components of the cash flow statement: cash flows from operations, investing activities, and financing activities. Understanding these cash flow dynamics is essential for evaluating the company's liquidity, operational efficiency, and financial strategy.

> Cash Flow from Operations

Cash flow from operations (CFO) represents the cash generated or consumed by APSEZ's core business activities. This metric is crucial for assessing the company's ability to sustain its operations, fund growth initiatives, and maintain liquidity. Key aspects include:

- Patterns in Operating Cash Flows: Analyzing trends in operating cash flows over time reveals the stability and efficiency of the company's core business operations. Consistently positive cash flows indicate that APSEZ generates sufficient cash from its operations to cover expenses, reinvest in the business, and provide returns to shareholders. Fluctuations in operating cash flows may signal changes in operational efficiency, pricing strategies, or market demand.
- Cash Conversion Cycle: This cycle measures how quickly APSEZ can convert its investments in inventory and accounts receivable into cash. A shorter cash conversion cycle suggests efficient management of working capital, while a longer cycle may indicate potential liquidity challenges.
- Impact on Growth and Liquidity: Positive cash flows from operations are vital for funding capital expenditures, research and development, and other growth initiatives without relying heavily on external financing. Additionally, strong operating cash flow helps APSEZ maintain a healthy liquidity position, enabling the company to meet its short-term obligations and manage unforeseen financial pressures.

Cash Flow from Investing Activities

Cash flow from investing activities provides insights into how APSEZ allocates its resources for growth and expansion. This section includes:

- Capital Expenditures (Capex): Cash outflows for capital expenditures represent investments made in new projects, infrastructure development, and asset acquisitions. Analyzing these outflows helps assess APSEZ's growth strategies and future capacity:
 - o **Investment in Infrastructure**: Significant investments in port infrastructure, equipment, and technology are essential for enhancing operational capabilities and increasing capacity to handle growing cargo volumes. Understanding the scale and focus of these investments can provide insights into APSEZ's long-term strategic objectives.

- o **Growth Strategies**: Patterns in Capex can indicate APSEZ's approach to growth, whether through organic expansion of existing facilities or through acquisitions of new assets. Consistent investment in Capex signals a commitment to maintaining a competitive edge in the market.
- Investments in Joint Ventures and Acquisitions: Cash flows from investments highlight APSEZ's strategic partnerships and growth initiatives. Analyzing cash flows related to joint ventures or acquisitions provides insights into:
 - Strategic Positioning: Collaborations or acquisitions can enhance APSEZ's
 market reach, diversify service offerings, and leverage synergies. Evaluating
 the impact of these investments on cash flow and overall profitability is crucial
 for understanding their effectiveness.
 - Risk and Return: Investments in joint ventures carry inherent risks, and assessing the cash flows from these initiatives helps evaluate the potential returns relative to the risks undertaken.

> Cash Flow from Financing Activities

Cash flow from financing activities reflects how APSEZ finances its operations and growth initiatives through external sources. Key components include:

- **Debt and Equity Funding**: Cash inflows from loans, bonds, and equity financing indicate how APSEZ raises capital to support its operations and growth. Understanding the balance between debt and equity funding is essential for evaluating the company's financial strategy:
 - Leverage: High levels of debt can enhance returns during periods of growth but may also increase financial risk during downturns. Monitoring cash flows from financing activities helps assess the company's ability to service its debt obligations and manage financial leverage effectively.
 - Funding for Expansion: An increase in cash inflows from equity financing may indicate APSEZ's efforts to strengthen its capital base for future growth without over-relying on debt.
- **Dividend Payments**: Cash outflows for dividends reflect the company's return to shareholders and overall profitability. Analyzing trends in dividend payments helps assess APSEZ's commitment to shareholder value:
 - Dividend Policy: A stable or growing dividend payout may signal financial strength and confidence in future cash flows. Conversely, a reduction in dividends might indicate financial strain or a strategic shift towards reinvesting profits for growth.
 - Shareholder Expectations: Evaluating dividend trends helps understand how well APSEZ meets shareholder expectations and its approach to balancing reinvestment with shareholder returns.

Trend Analysis of Cashflow Statement:

Mar'24	Mar'23	Mar'22	Mar'21	Mar'20
12 months	12 months	12 months	12 months	12 months
237.87	129.36	130.59	148.29	100
202.90	161.23	132.41	102.08	100
-925.68	-2612.35	-961.00	-1884.63	-100
-183.28	-64.23	47.97	82.56	-100
11.30	-434.27	193.26	-128.26	100
27.18	236.28	83.12	151.55	100
21.89	13.01	119.79	58.38	100
	12 months 237.87 202.90 -925.68 -183.28 11.30	12 months 12 months 237.87 129.36 202.90 161.23 -925.68 -2612.35 -183.28 -64.23 11.30 -434.27 27.18 236.28	12 months 12 months 237.87 129.36 130.59 202.90 161.23 -925.68 -2612.35 -961.00 -183.28 -64.23 47.97 11.30 -434.27 193.26 27.18 236.28 83.12	12 months 12 months 12 months 12 months 237.87 129.36 130.59 148.29 202.90 161.23 132.41 102.08 -925.68 -2612.35 -961.00 -1884.63 -183.28 -64.23 47.97 82.56 11.30 -434.27 193.26 -128.26 27.18 236.28 83.12 151.55

4 Common-size Analysis of Cashflow Statement :

Mar'24	Mar'23	Mar'22	Mar'21	Mar'20
12 months	12 months	12 months	12 months	12 months
100				
100	100	100	100	100
148.78	217.39	176.86	120.08	174.40
-68.82	-357.13	-130.14	-224.77	-17.68
77.07	40.90	26.94	55.04	100.27
-//.2/	-49.80	30.84	33.84	-100.27
2.68	-189.54	83.55	-48.84	56.45
	12 months 100 148.78	12 months 12 months 100 100 148.78 217.39 -68.82 -357.13 -77.27 -49.80	12 months 12 months 100 100 148.78 217.39 176.86 -68.82 -357.13 -77.27 -49.80 36.84	12 months 12 months 12 months 100 100 100 148.78 217.39 176.86 120.08 -68.82 -357.13 -130.14 -224.77 -77.27 -49.80 36.84 55.84

Opening Cash & Cash Equivalents	12.92	206.60	72.00	115.60	113.09
Closing Cash & Cash Equivalents	15.61	17.06	155.55	66.76	169.54

4 Comparative Analysis of Cashflow Statement :

Mar'24 12 months	Mar'23 12 months	Absolute changes [Rs.] Increase/decrease	Absolute change [percentage] Increase/decrease
10093.73	5489.13	4604.6	83.88
15017.58	11933.25	3084.33	25.84
-6946.55	-19603.60	-12657.05	-64.56
-7800.11	-2733.80	-5066.31	-185.32
270.92	-10404.15	-10133.23	-97.39
1304.81	11340.85	-10036.04	-88.49
1575.73	936.70	639.03	68.22
	10093.73 15017.58 -6946.55 -7800.11 270.92	10093.73 5489.13 15017.58 11933.25 -6946.55 -19603.60 -7800.11 -2733.80 270.92 -10404.15 1304.81 11340.85	Increase/decrease 10093.73 5489.13 4604.6 15017.58 11933.25 3084.33 -6946.55 -19603.60 -12657.05 -7800.11 -2733.80 -5066.31 270.92 -10404.15 -10133.23 1304.81 11340.85 -10036.04

CHAPTER – 7

RATIO ANALYSIS

Ratio is an arithmetical expression of relationship between two related or interdependent items.

Accounting Ratios: It is a mathematical expression that shows the relationship between various items or groups of items shown in financial statements. When ratios are calculated on the basis of accounting information, they are called accounting ratios.

Ratio Analysis It is a technique which involves re-grouping of data by application of arithmetical relationship.

Ratio analysis is a key financial analysis tool that provides insights into the financial performance and health of Adani Ports & Special Economic Zone Ltd. (APSEZ). By examining various financial ratios, stakeholders can evaluate the company's profitability, liquidity, solvency, and operational efficiency. Each category of ratios serves a specific purpose in assessing the overall financial condition of the company.

Use of Partial Analysis 4

- To know the areas of an enterprise which need more attention.
- To know about the potential areas this can be improved on.
- Helpful in comparative analysis of the performance.
- Helpful in budgeting and forecasting.
- To provide analysis of the liquidity, solvency, activity and profitability of an enterprise.
- To provide information useful for making estimates and preparing the plans for future.

Profitability Ratios :

Profitability ratios measure APSEZ's ability to generate profit relative to its revenue, assets, and equity. Key profitability ratios include:

1. Gross Margin:

Formula:
$$Gross\ Margin = \frac{Gross\ Profit}{Revenue} imes 100$$

0

- o Gross Profit Margin = 55.37 %
- Analysis: This ratio indicates the percentage of revenue that exceeds the cost of goods sold (COGS). A higher gross margin reflects efficient cost management and strong pricing power. For APSEZ, a consistent gross margin above industry averages would indicate strong operational efficiency.

2. Net Profit Margin:

Formula: Net Profit Margin
$$= rac{\mathrm{Net\ Profit}}{\mathrm{Revenue}} imes 100$$

0

- Net Profit Margin = 25.53 %
- o **Analysis**: This ratio measures the percentage of revenue that remains as profit after all expenses have been deducted. A higher net profit margin suggests

effective expense management and operational efficiency. Analyzing this ratio helps assess APSEZ's profitability across different business segments.

3. Return on Equity (ROE):

Formula:
$$ROE = \frac{Net\ Income}{Shareholder's\ Equity} imes 100$$

0

- \circ ROE = 18.01 %
- Analysis: ROE measures the return generated on shareholders' equity. A
 higher ROE indicates effective management in generating profits from equity
 investments. Investors typically seek companies with a high and consistent
 ROE, as it signifies efficient capital allocation.

4. Return on Assets (ROA):

Formula:
$$ROA = \frac{Net\ Income}{Total\ Assets} imes 100$$

0

- \circ ROA = 7.72 %
- Analysis: This ratio assesses how efficiently a company uses its assets to generate profit. A higher ROA indicates effective asset utilization. For APSEZ, evaluating ROA over time can reveal trends in operational efficiency and effectiveness in asset management.

Liquidity Ratios:

Liquidity ratios measure APSEZ's ability to meet its short-term obligations. Key liquidity ratios include:

1. Current Ratio:

Formula: Current Ratio
$$= \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

0

- o Current Ratio = 1.14
- o **Analysis**: This ratio indicates the company's ability to cover short-term liabilities with its short-term assets. A current ratio above 1 suggests that APSEZ has enough current assets to meet its obligations. A significantly higher ratio may indicate excessive investment in current assets.

2. Quick Ratio (Acid-Test Ratio):

Formula: Quick Ratio =
$$\frac{\text{Current Assets-Inventories}}{\text{Current Liabilities}}$$

0

- Acid—Test Ratio = 1.10
- Analysis: This ratio provides a more stringent measure of liquidity by excluding inventories from current assets. A quick ratio above 1 indicates that

APSEZ can quickly cover its short-term liabilities without relying on the sale of inventory, reflecting strong liquidity management.

3. Cash Ratio:

0

Formula: $Cash Ratio = \frac{Cash \text{ and } Cash \text{ Equivalents}}{Current \text{ Liabilities}}$

- \circ Cash Ratio = 0.11
- Analysis: The cash ratio assesses the company's ability to pay off current liabilities using only cash and cash equivalents. A higher cash ratio signifies a more conservative approach to liquidity, ensuring that APSEZ can meet its obligations even in times of financial stress.

Solvency Ratios :

Solvency ratios evaluate APSEZ's ability to meet its long-term obligations and assess financial leverage. Key solvency ratios include:

1. **Debt-to-Equity Ratio**:

Formula: Debt-to-Equity Ratio =
$$\frac{\text{Total Debt}}{\text{Shareholder's Equity}}$$

- 0
- \circ Debt to Equity Ratio = 0.88
- Analysis: This ratio indicates the relative proportion of debt and equity used to finance APSEZ's assets. A higher ratio suggests greater financial leverage, which may increase financial risk, especially in volatile market conditions. Monitoring this ratio is crucial for understanding the company's capital structure and risk profile.

2. Interest Coverage Ratio:

Formula: Interest Coverage Ratio
$$= \frac{\text{EBIT}}{\text{Interest Expense}}$$

- 0
- o Interest Coverage Ratio = 5.68
- Analysis: This ratio measures the company's ability to meet interest payments on its debt. A higher ratio indicates greater ability to cover interest expenses, reflecting financial stability. A declining interest coverage ratio may signal potential challenges in managing debt obligations.

Lefficiency Ratios:

Efficiency ratios assess how effectively APSEZ utilizes its assets and manages its operations. Key efficiency ratios include:

1. Asset Turnover:

Formula: Asset Turnover
$$= \frac{Revenue}{Total Assets}$$

С

- \circ Asset Turnover = 0.23
- Analysis: This ratio measures the efficiency of asset utilization in generating revenue. A higher asset turnover ratio indicates that APSEZ is using its assets effectively to drive sales. Comparing this ratio with industry benchmarks can highlight areas for operational improvement.

2. Inventory Turnover:

Formula: Inventory Turnover $= \frac{\text{Cost of Goods Sold}}{\text{Average Inventory}}$

0

- \circ Inventory Turnover = 2.76
- Analysis: This ratio indicates how many times inventory is sold and replaced over a period. A higher inventory turnover ratio suggests effective inventory management and strong sales performance. For APSEZ, this metric helps assess efficiency in handling logistics and inventory levels.

3. Receivables Turnover:

Formula: Receivables $Turnover = \frac{Net \ Credit \ Sales}{Average \ Accounts \ Receivable}$

0

- Receivables Turnover = 3.84
- Analysis: This ratio measures how efficiently the company collects receivables. A higher receivables turnover ratio indicates effective credit policies and strong cash collection processes. APSEZ should monitor this ratio to ensure that it is managing customer credit effectively and minimizing days sales outstanding (DSO).

4 Other Important ratios :

Operating Ratio = COGS + Operating Exp. * 100

revenue

= 59.39 %

Expense Ratio = Expenses * 100

revenue

= 40.60 %

Liquid Ratio =
$$\frac{Liquid\ Assets}{Liquid\ liabilities}$$

= 1.10

Long term funds to fixed Assets = $\frac{Long\ term\ funds}{Fixed\ assets}$

$$= 0.69$$
Return on Investment Ratio =
$$\frac{Net\ Profit}{Total\ Investment} * 100$$

$$= 13.02 \%$$

Return on capital Employed =
$$\frac{Net \ profit \ before \ Interest \ and \ taxes}{Capital \ Employed}$$
 *100 = 12.90 %

Return on Shareholder's fund =
$$\frac{Net\ Profit\ after\ taxes}{Share\ holders\ fund} * 100$$

Return on Equity shareholder's fund =
$$\frac{NPAT-Pref.Dividend}{Equity \ share \ capital+Free \ Reserves} *100$$
$$= 18.82$$

Debtors Ratio =
$$\frac{Debtors + Bills Receivable}{Credit sales}$$
 * No. of working days in a year = 0.88

Fixed Assets Turnover ratio =
$$\frac{Sales}{Fixed \ assets}$$

= 0.35

Total Assets Turnover ratio =
$$\frac{Sales}{Total \ assets}$$

= 0.23

CHAPTER - 8

RECOMMENDATIONS

To sustain and enhance its financial performance, operational efficiency, and growth trajectory, Adani Ports & Special Economic Zone Ltd. (APSEZ) should consider the following strategic recommendations:

Strengthening Cost Management Strategies

- Operational Efficiency Improvement: Implement lean management principles to optimize processes and eliminate waste across operations. Regularly review operational procedures to identify inefficiencies and areas for cost reduction.
- Energy Efficiency Initiatives: Invest in energy-efficient technologies and practices, such as renewable energy sources for port operations, to reduce long-term energy costs and align with global sustainability trends.
- **Supplier Relationship Management**: Foster strategic partnerships with suppliers to negotiate better pricing and terms, thereby lowering input costs. Regularly assess and renegotiate contracts to ensure competitiveness.

Lesson :Enhancing Capital Expenditure Planning

- **Prioritize High-Return Investments**: Focus capital expenditures on projects with high return potential. Perform thorough cost-benefit analyses before initiating new projects to ensure alignment with strategic objectives.
- Leverage Technology: Invest in digital technologies, such as automation, IoT (Internet of Things), and AI-driven analytics, to improve operational efficiency and reduce manual processes. These investments can enhance productivity, reduce operational costs, and improve service delivery.
- Infrastructure Development: Expand and upgrade existing port facilities to increase capacity and efficiency. This could include enhancing cargo handling equipment, improving logistics facilities, and expanding rail and road connectivity.

Optimizing Funding Methods

- **Diversify Funding Sources**: Explore alternative financing options, such as green bonds or infrastructure bonds, to attract environmentally conscious investors. This diversification can help mitigate risks associated with reliance on traditional debt sources.
- **Debt Management Strategy**: Develop a comprehensive debt management strategy to optimize the capital structure. Consider refinancing existing debt to take advantage of lower interest rates or extending maturities to reduce short-term repayment pressures.
- Equity Financing Options: Evaluate opportunities for equity financing through public offerings or private placements to raise capital for strategic investments while reducing reliance on debt.

➡ Improving Liquidity Management

- Working Capital Optimization: Enhance working capital management by optimizing inventory levels and improving accounts receivable turnover. Implement more stringent credit policies and actively manage collections to reduce days sales outstanding (DSO).
- Cash Flow Forecasting: Implement robust cash flow forecasting models to better predict cash requirements and ensure sufficient liquidity for operations and growth initiatives.
- **Reserves and Contingencies**: Build cash reserves to create a buffer for unexpected financial pressures, enabling the company to navigate downturns without compromising growth opportunities.

Learn Parametrial Revenue Streams

- **Diversification of Services**: Expand into value-added logistics services, such as warehousing, freight forwarding, and last-mile delivery solutions, to capture a larger share of the logistics market. This can enhance revenue stability and reduce dependency on port operations.
- International Expansion: Explore opportunities for international expansion through joint ventures or partnerships in emerging markets. This can help diversify revenue sources and mitigate risks associated with domestic market fluctuations.
- Public-Private Partnerships (PPPs): Consider entering into PPPs for large infrastructure projects, leveraging government support and funding while sharing risks with private entities.

4 Focus on Sustainability and Regulatory Compliance

- **Sustainable Practices**: Integrate sustainability into business operations, such as reducing carbon emissions and waste. This not only improves operational efficiency but also enhances brand reputation and aligns with global environmental standards.
- Compliance and Risk Management: Strengthen compliance frameworks to navigate regulatory challenges effectively. Invest in risk management systems to identify and mitigate potential operational and financial risks, ensuring long-term stability.

CHAPTER – 9

LIMITATIONS

While the recommendations provided for improving Adani Ports' financial performance, efficiency, and growth are grounded in best practices and industry standards, there are inherent limitations and challenges associated with their implementation. These limitations include:

4 Market Volatility

- **Economic Fluctuations**: The port and logistics sector are susceptible to economic downturns, which can adversely affect cargo volumes and revenue. Unforeseen market changes can impact the feasibility of proposed strategies and projected financial benefits.
- **Regulatory Changes**: The industry is heavily regulated, and changes in government policies, tariffs, or environmental regulations can introduce new costs or alter operational frameworks, complicating the implementation of strategic initiatives.

Financial Constraints

- Capital Availability: Access to capital can be constrained by external market conditions or internal financial health. Economic uncertainty may limit options for equity financing, and reliance on debt could raise interest rates or lead to unfavorable lending terms.
- **High Initial Investment Costs**: Many recommendations, particularly those related to technology upgrades and infrastructure development, require significant upfront investment, which may be challenging to secure in a tight financial climate.

Implementation Challenges

- **Resistance to Change**: Organizational culture may hinder the adoption of new processes or technologies. Employees and management may resist changes to established practices, slowing down implementation efforts.
- Complexity of Execution: Some strategies, such as optimizing capital expenditure planning and enhancing operational efficiencies, can be complex and require substantial time and resources to implement effectively.

Competitive Pressures

- **Industry Competition**: The port and logistics industry are competitive, and rival companies may quickly adapt to similar strategies. This could dilute the effectiveness of any competitive advantages gained from the recommendations.
- Market Saturation: In regions where market saturation is high, expanding revenue streams or entering new markets may not yield the expected results, limiting growth opportunities.

Resource Limitations

- **Human Resource Constraints**: Implementing new strategies may require specialized skills and expertise that the current workforce may lack. This could necessitate additional training or hiring, which may increase costs and delay execution.
- **Technology Dependence**: The reliance on advanced technology for operational improvements can pose risks. Cybersecurity threats, technology failures, or integration challenges with existing systems can disrupt operations.

♣ Long-Term Commitment

- Sustainability Initiatives: While sustainability practices are increasingly important, achieving long-term goals in this area requires ongoing commitment and resources. Short-term financial pressures may detract from investments in sustainability.
- Continuous Monitoring and Adaptation: Strategies must be continually monitored and adapted based on performance metrics and market conditions. This dynamic environment may complicate long-term planning and execution.

CHAPTER - 10

CONCLUSION

The financial analysis of Adani Ports & Special Economic Zone Ltd. (APSEZ) reveals a comprehensive view of the company's financial health and operational performance over recent years. The examination of key financial metrics, including profitability, liquidity, solvency, and efficiency, provides valuable insights into APSEZ's position in the competitive port and logistics industry.

Insights Gained from Financial Analysis

- 1. **Strong Revenue Growth**: APSEZ has demonstrated consistent revenue growth driven by its diverse portfolio of port assets and robust demand for logistics services. The company's ability to expand its operations and adapt to market dynamics has resulted in revenue growth rates that exceed industry averages.
- 2. **Solid Profit Margins**: The analysis shows that APSEZ maintains healthy operating and net profit margins, indicating effective cost management and operational efficiency. High EBITDA margins suggest that the company has successfully controlled costs while maximizing its revenue potential.
- 3. **Sustainable Cash Flow Generation**: APSEZ has a strong capacity to generate cash flow from operations, crucial for funding capital expenditures and ensuring liquidity. This cash flow generation supports the company's growth initiatives and operational sustainability.
- 4. **Challenges in Debt Management**: While the revenue and profitability support APSEZ's ability to service its debt, the analysis highlights concern regarding the company's high debt-to-equity ratio. This level of leverage poses potential risks in a volatile market, necessitating a focus on debt reduction strategies.
- 5. **Liquidity Position**: The liquidity ratios indicate that while APSEZ is managing its short-term obligations effectively, there are areas for improvement to bolster its resilience against unexpected financial pressures.
- 6. **Market Position and Strategic Opportunities**: APSEZ's significant share in India's port sector, bolstered by strategic investments in technology and infrastructure, positions it well for future growth. However, the company must navigate regulatory challenges and competitive pressures while pursuing expansion opportunities.

♣ Overall Financial Health and Prospects

In summary, Adani Ports & Special Economic Zone Ltd. exhibits a solid financial foundation characterized by strong revenue growth, healthy profit margins, and robust cash flow generation. While challenges related to high debt levels and moderate liquidity must be addressed, the company's strategic initiatives and commitment to operational efficiency position it favorably for continued growth.

Looking ahead, APSEZ is well-placed to capitalize on the growing demand for logistics services in India and beyond. By focusing on debt management, enhancing operational efficiencies, and diversifying revenue streams, APSEZ can further solidify its market leadership and drive sustainable long-term growth. The overall financial health of the

company, combined with its proactive strategic approach, underscores a positive outlook for the future in the competitive landscape of the port and logistics industry.

🖶 What is Concluded ?

Adani Ports has demonstrated robust financial performance, driven by a strong market position in India's port and logistics sector, strategic acquisitions, and expanding capacity. The company's revenue growth and consistent profitability underline its competitive advantage and operational efficiency. Despite challenges such as high debt levels and potential exposure to regulatory and geopolitical risks, the company's strategic initiatives-like expanding into inland logistics and focusing on sustainability-position it well for long-term growth.

Continued emphasis on debt management and diversification of revenue sources will be crucial to maintain financial resilience. Adani Ports remains a key player in India's infrastructure development, with solid fundamentals to support further growth. However, monitoring the macroeconomic and sector-specific risks is essential for evaluating its long-term value.

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ANNEXEURE – 1

4 Balance-sheet Statements :

Consolidated Balance	Mar'24	Mar'23	Mar'22	Mar'21	Mar'20
sheet [In Rs. Cr.]	12 months	12 months	12 months	12 months	12 months
Equities and Liabilities					
Shareholder's Funds					
Equity share capital	432.03	432.03	422.47	406.35	406.35
Preference share capital	137.05	125.73	115.35	105.83	97.09
Total Share Capital	569.08	557.76	537.82	512.18	503.44
Reserves and surplus	52,346.21	44,985.02	37,661.00	30,035.38	25,050.61
Total Reserves and Surplus	52,346.21	44,985.02	37,661.00	30,035.38	25,050.61
Total shareholder's funds	52,915.29	45,542.78	38,198.82	30,547.56	25,554.05
Hybrid/Debt/Other securities	166.53	166.53	166.53	166.53	166.35
Minority Interest	1598.23	1338.51	392.77	1464.93	219.59
Non – Current Liabilities					
Long Term Borrowings	37,525.88	46,391.21	39,576.13	32,829.70	26,084.24
Deferred Tax Liabilities [Net]	4169.87	3186.37	2207.34	1203.16	286.97
Other Long-Term Liabilities	4978.38	4153.42	3167.69	1989.15	2187.59
Long Term Provisions	1100.75	1201.75	32.04	26.68	8.23
Total Non- Current Liabilities	47,774.88	54,932.75	44,983.20	36,048.69	28,567.03
Current Liabilities			-1		
Short Term Borrowings	8616.30	3302.37	5761.56	1465.45	1544.12
Trade Payables	2167.36	2527.35	979.59	1013.85	728.74
Other current Liabilities	5485.84	6546.81	4290.46	4660.92	5317.31
Short term provisions	193.44	548.03	104.83	95.73	106.30
Total Current Liabilities	16,462.94	12924.56	11,136.44	7235.95	7696.47
Total Capital and Liabilities	1,18,917.87	1,14,905.13	94,877.76	75,463.66	62,203.67

Non-Current Assets					
Tangible Assets	56,958.24	54,429.28	42,321.47	38,710.88	27,487.88
Intangible Assets	11,282.64	11,445.51	8,571.66	5,533.03	1940.38
Capital work-in-Progress	10,936.09	6,814.03	3,985.76	3,697.13	3,216.33
Fixed Assets	79,176.97	72,688.82	54,878.89	47,941.04	32,644.59
Non-Current Investments	3,626.87	3,557.85	5,913.33	1,097.39	1,166.11
Deferred Tax Assets [Net]	1918.67	2199.90	994.38	881.73	1209.62
Long Term Loans and Advances	59.52	1588.85	571.41	986.26	1264.37
Other Non-Current Assets	9756.55	10458.79	8800.24	7602.38	7812.82
Total Non-Current Assets	10445.51	97,457.61	77,076.13	62,555.85	47,383.76
Current Assets			1		
Current investments	661.79	4028.69	47.79	1138.76	11.89
Inventories	437.51	451.97	381.19	991.85	288.28
Trade receivables	3666.94	3940.79	2469.68	2925.71	3202.14
Cash and cash equivalents	7631.88	4248.78	10492.09	4700.78	7313.86
Short term loans and advances	269.01	408.10	1302.42	1082.81	1852.88
Other current assets	4805.23	4369.19	3108.46	2067.90	2150.86
Total Current Assets	17472.36	17447.52	17801.63	12907.81	14819.91
Total Assets	118917.87	114905.13	94877.76	75463.66	62203.67
Other Additional Information		-		1	
Contingent Liabilities	12455.52	19829.42	13745.58	17993.84	18497.09
Bonus Details					
Bonus Equity share capital	176.79	176.79	176.79	176.79	176.79
Non – Current Investments	l				
Non-Current Investments Unquoted Book Value	3626.87	1059.47	1923.15	447.86	974.96
Current Investments					
Current Investments Unquoted Book Value	661.79	4028.69	47.79	212.74	11.89

ANNEXEURE – 2

4 Income statements :

Consolidated Profit & Loss	Mar'24	Mar'23	Mar'22	Mar'21	Mar'20
account	12 months				
(In Rs. Cr.)					
Income					
Sales turnover	26710.56	20851.91	15934.03	12549.60	11873.07
Net sales	26710.56	20851.91	15934.03	12549.60	11873.07
Other income	1207.50	293.13	1746.30	1969.43	1800.26
Total Income	27918.06	21145.04	17680.33	14519.03	13673.33
Total Income	27710.00		17000.00	11017.00	10070.00
Expenditure	1		<u> </u>		
Raw Materials	531.19	457.68	295.52	223.02	188.07
Power & Fuel Cost	916.89	754.03	685.87	351.69	330.01
Employee Cost	1896.40	1178.17	663.92	615.05	546.52
Other Manufacturing Expenses	5668.26	4442.85	3648.23	2684.78	2579.18
Selling and Admin Expenses	101.89	40.70	25.11	9.73	10.36
Miscellaneous Expenses	1732.01	3031.35	1736.45	-33.35	2279.92
Total Expenses	10846.64	9904.78	7055.10	3850.92	5934.06
Operating Profit	15863.92	10947.13	8878.93	8698.68	5939.01
PBDIT	17071.42	11240.26	10625.23	10668.11	7739.27
Interest	2845.76	2362.64	2540.58	2255.29	1813.14
PBDT	14225.66	8877.62	8084.65	8412.82	5926.13

SPCE					
Depreciation	3888.46	3423.24	2739.63	2107.34	1680.28
Profit Before Tax	10337.20	5454.38	5345.02	6305.48	4245.85
PBT (Post Extra-Ord Items)	10337.20	5454.38	5345.02	6305.48	4245.85
Tax	1989.74	96.38	745.92	1243.27	459.39
Reported Net Profit	8272.33	5262.40	4535.24	5008.57	3767.52
Share Of P/L of Associates	161.69	-47.78	-192.85	14.27	4.39
Net P/L After Minority Interest & Share of Associates	8477.69	6666.13	5200.43	5048.74	3843.16
Total Value Addition	10315.45	9447.10	6759.58	3627.90	5745.99
Equity Dividend	1080.07	1056.19	1020.88	0.00	691.58
Corporate Dividend Tax	0.00	0.00	0.00	0.00	142.84
Per Share Data (annualized)					
Shares in issue (lakhs)	21601.39	21601.39	21123.73	20317.52	20317.52
Earning Per Share (Rs)	38.30	24.36	21.47	24.65	18.54
Book Value (Rs)	244.33	210.25	180.29	149.83	125.30

ANNEXEURE – 3

4 Cashflow statements :-

Mar'24	Mar'23	Mar'22	Mar'21	Mar'20
12 months	12 months	12 months	12 months	12 months
10093.73	5489.13	5541.16	6292.01	4243.92
15017.58	11933.25	9800.22	7555.78	7401.81
-6946.55	-19603.60	-7211.61	-14142.67	-750.42
-7800.11	-2733.80	2041.53	3513.85	-4255.63
270.92	-10404.15	4630.14	-3073.04	2395.76
1304.81	11340.85	3989.66	7274.01	4799.70
1575.73	936.70	8619.80	4200.97	7195.46
	12 months 10093.73 15017.58 -6946.55 -7800.11 270.92	12 months 12 months 10093.73 5489.13 15017.58 11933.25 -6946.55 -19603.60 -7800.11 -2733.80 270.92 -10404.15 1304.81 11340.85	12 months 12 months 10093.73 5489.13 5541.16 15017.58 11933.25 -6946.55 -19603.60 -7211.61 -7800.11 -2733.80 270.92 -10404.15 4630.14 1304.81 11340.85 3989.66	12 months 12 months 12 months 10093.73 5489.13 5541.16 6292.01 15017.58 11933.25 9800.22 7555.78 -6946.55 -19603.60 -7211.61 -14142.67 -7800.11 -2733.80 2041.53 3513.85 270.92 -10404.15 4630.14 -3073.04 1304.81 11340.85 3989.66 7274.01