Analysis of The Financial Performance With Special Reference: Adani Ports

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Abstract- *The study entitled the financial performance analysis an Company. The objective of this study is to compare the current financial performance with last five years and to study the existing financial position of Company. The data used in this study is secondary data through annual report. The data that used in this study, comparative balance sheet, common size balance sheet, comparative balance sheet analysis ,that the current liabilities is higher than the current asset in every year and it is to be suggest that the company can concentrate on their increasing the level of the current asset. So the company improves this financial position. The study of financial performance on The Company has revealed the great deal of their various financial aspects for five years. The comparative analysis unlocks the overall performance methodology.*

Keywords- Financial performance, working capital, management efficiency.

I. INTRODUCTION

Adani Ports and Special Economic Zone Limited is an Indian multinational port operator and logistics company, based in Ahmedabad, India. A subsidiary of Adani Group, APSEZ is India's largest private port operator with a network of 12 ports and terminals, including India's first deep water Transshipment Port Vizhinjam International Seaport Thiruvananthapuram and India's first port-based SEZ at Mundra .In the dynamic and competitive landscape of the business world, the evaluation of a company's financial performance is crucial for investors, stakeholders, and management alike. This analysis delves into the financial performance of Adani Ports, a key player in the infrastructure and logistics sector. Adani Ports has emerged as a prominent entity in the maritime industry, contributing significantly to India's trade and economic development. Adani Ports and Special Economic Zone Limited (APSEZ) is a part of the Adani Group, one of India's leading business conglomerates. The company is renowned for its expertise in port operations, logistics, and special economic zones. With a robust presence in major ports across the country, Adani Ports plays a pivotal role in facilitating international trade, enhancing connectivity, and supporting economic growth. Evaluating Adani Ports' revenue trends and profitability ratios over a specified period helps gauge the company's ability to generate income and manage costs efficiently. Understanding the company's investments in infrastructure and expansion projects is crucial for assessing its long-term growth potential and sustainability.

II. REVIEW OF LITERATURE

K. Mahendran(2023) “A STUDY ON FINANCIAL PERFORMANCE ANALYSIS OF HCL TECHNOLOGIES LIMITED” The process of identifying a company's strengths and weaknesses is referred to as financial analysis. By determining the relationship between the items on the balance sheet and profit and loss account of the business, the study is completed. The investigation was conducted by examining HCL Technologies' five-year financial statements. The study's primary goals are to determine the company's financial analysis and to assist in determining the company's growth. Secondary data is used in this study. The current ratio, quick ratio, cash ratio, dividend payout ratio, debt to equity ratio, debt to asset ratio, asset turnover ratio, basic earnings per share, and other metrics were employed in the study.

Mr. P. Kanagaraj(2021) “A STUDY ON FINANCIAL PERFORMANCE OF INDIAN BANK LTD**”** This study examines the financial performance of Indian Bank, one of the leading public sector banks in India. Using financial statements for the period from 2017 to 2022, key financial ratios such as profitability, solvency and asset quality are analyzed to assess the bank's financial health. This study finds that Indian Bank's profitability has improved over the period, driven by a higher net interest margin and lower operating expenses. However, solvency ratios have declined, indicating potential areas for improvement. The study provides insights for investors, regulators, and policymakers on the financial health of Indian Bank and highlights areas that require attention for sustainable growth.

Shivam Kakati (2017) “ A STUDY ON THE FINANCIAL PERFORMANCE OF FARMER PRODUCER COMPANIES WITH SPECIAL REFERENCEOF NORTHEAST INDIA**”** The study is an attempt to assess the Farmer Producer Companies of Northeast India and find whether these companies are performing and earning sufficient returns to sustain business. The paper has also proposed a Performance Score Method to measure the performance of FPCs considering financial ratios. The researchers analyses four Farmer Producer Companies with the help of financial ratios. The financial ratios were further assigned performance scores on the basis of efficiency and effectiveness with the help of Performance Score Method. The variables used in the study are liquidity, solvency, efficiency and profitability. The financial statements of four Farmer Producer Companies were used for the study. Only those companies which were operating for more than three years and have published three years financial statements with the Ministry of Corporate Affairs, India have been included in the study. The results of the study reveal that the Farmer Producer Companies have been performing poorly in terms of solvency, efficiency and profitability during the three years under study. The liquidity positions of the companies are at marginal level. The Liquidity Variable is the only variable which is found to be under the yellow (average) category whereas others are in the red (poor) category. The overall Performance Score (Industry) i.e. the overall performance of the four FPCs was also in the red (poor) zone. Provided by the companies in their financial statements. The study considered only four Farmer Producer Companies due to unavailability of financial data for three years of other Farmer Producer Companies. The study analyses the financial performance of Farmer Producer Companies in Northeast India for the first time

GOWSALYA R S (2017) "FINANCIAL PERFORMANCE ANALYSIS**" :** The study entitled the financial performance analysis an Company. The objective of this study is to compare the current financial performance with last five years and to study the existing financial position of Company. The data used in this study is secondary data through annual report. The data that used in this study, comparative balance sheet, common size balance sheet, comparative balance sheet analysis ,that the current liabilities is higher than the current asset in every year and it is to be suggest that the company can concentrate on their increasing the level of the current asset. South company improves this financial position. The study of financial performance on The Company has revealed the great deal of their various financial aspects for five years. The comparative analysis unlocks the overall performance methodology.

III. STATEMENT OF THE PROBLEM

Assessing the profitability of Adani Ports is essential to understanding its ability to generate earnings relative to its operational costs and investments. Any declining trends or inefficiencies in this regard could pose a significant problem. Examining the company's solvency is crucial for determining its capacity to meet long-term financial obligations. High levels of debt, liquidity challenges, or signs of financial distress may pose a risk to Adani Ports' stability. Evaluating the market perception of Adani Ports and the level of confidence among investors is essential. Negative sentiment or fluctuations in the company's stock performance may indicate underlying concerns. Investigating how Adani Ports responds to and adopts technological changes within the industry is important. Failure to embrace advancements may impact the company's competitiveness and efficiency.

OBJECTIVES OF THE STUDY

- To Identify the liquidity position of Adani ports.
- To examine the profitability position of Adani ports.
- To evaluate the efficiency of the company during the study period.

IV. RESEARCHMETHODOLOGY RESEARCH DESIGN

This study is an financial performance analysis study and covers over a period of 5 years from 2019-2023. It includes the financial performance like profitability , liquidity how its function during the period .

DATA COLLECTION:

Secondary data has been collected and used for analysis in this study. Secondary data are those that have previously been collected from direct sources and are readily available for use by scholars in their own research. Companies official websites from which the data was gathered and company web-side are used.

TOOLS USED:

Tools are used for the analysis are profitability percentage using a formulas.

LIMITATIONS OF THE STUDY:

- In the financial data are collected only the period of five years 2019 to 2023.
- The study has been made only by the secondary data.
- The reliability and correctness of the study depends on the information provided in the annual report of the company.

V. ANALYSIS AND INTERPRETATION

PROFITABILITY RATIO

TABLE 1.1 NET PROFIT RATIO

YEAR	NET PROFIT	NET SALES	NET PROFIT RATIO
2023	-479.43	5237.15	-9.15
2022	297.56	4206.22	7.07
2021	1,927.93	4377.15	44.04
2020	1,934.25	4643.28	41.65
2019	2,637.72	5336.38	49.42

INTEERPRETATION

Net Profit / Net Sales *100 =Net profit ratio .

Net profit margin of the Company. From financial year 2019 decreasing Year over year . This happens because of High input cost and Company also not increase the sales value. that effect realised in their Net Profit margin in FY 2023. And it's also realized that the Net Profit Margin of FY 2023 is below average of last 5 Year and the average of last 5 year of Net Profit margin is 26.6.

TABLE 1.2 OPERATING PROFIT RATIO

YEAR	OPERATING PROFIT	NET SALES	OPERATING PROFIT RATIO
2023	913.62	5237.15	17.44
2022	1,807.52	4206.22	42.97
2021	3,589.36	4377.15	82.00
2020	1,433.93	4643.28	30.88
2019	3,338.69	5336.38	62.56

INTERPRETATION

Operating Profit / Net Sales *100 = Operating Profit Ratio.

This table shows fluctuation in operating profit over the five year period . while operating profit ratio was exceptionally high in 2021, it dropped significantly in subsequent years, indicating a decline in operational efficiency and profitability relative to net sales. Factors such as changes in market conditions, operational efficiency, cost management, and strategic decisions may have influenced these fluctuations. The average of last 5 year of operating profit margin is 47.17.

LIQUIDITY RATIO

TABLE 2.1 CURRENT RATIO

YEAR	CURRENT ASSET	CURRENT LIABILITY	CURRENT RATIO
2023	8641.54	16,413.95	0.52
2022	13342.96	10,645.08	1.25
2021	8618.34	8,867.08	0.97
2020	10804.28	8,520.61	1.26
2019	9563.64	5,246.98	1.82

INTERPRETATION

Current Asset / Current Liability = Current Ratio.

It shows fluctuation in current ratio over the five year . in 2019 the company had current ratio of 1.82 , indicating a strong ability to cover short term liabilities . the current ratio decreases in the subsequent years, reaching its lowest point in 2023 at 0.52, suggesting a weaker liquidity position and potentially increased risk of liquidity problems or difficulty in meeting short-term obligations. Factors such as changes in operating cash flows, investment in working capital, and management of current liabilities may have influenced these fluctuations. The average of last 5 year of current ratio is 1.164.

TABLE 2.2 CASH RATIO

YEAR	CASH AND BANK BALANCE	CURRENT LIABILITY	CASH RATIO
2023	19167.96	16,413.95	1.16
2022	24124.33	10,645.08	2.26
2021	21917.40	8,867.08	2.47
2020	19831.14	8,520.61	2.32
2019	20977.03	5,246.98	3.99

INTERPRETATION:

Cash and Bank Balance / Current Liability = Cash Ratio.

It shows fluctuations in both the cash and bank balance and current liabilities in the name of Cash ratio over the five-year period. In 2019, the company had a relatively high cash ratio of 3.99, indicating a strong ability to cover short-term liabilities with its cash and cash equivalents alone. The cash ratio remains relatively high in subsequent years, suggesting continued strength in liquidity management. there is a slight decrease in the cash ratio in 2023 compared to previous years, indicating a relatively weaker ability to cover short-term liabilities with cash reserves alone. The average of last 5 years of cash ratio is 2.44.

TABLE 3 WORKING CAPITAL

YEAR	COST OF SALES	NET WORKING	WORKING CAPITAL TURNOVER RATIO
2023	20167.64	15443.6	1.33
2022	15795.81	20627.58	0.07
2021	12425.50	17862.81	0.69
2020	11201.67	14768.03	0.75
2019	10780.98	18379.44	0.05

INTERPRETATION

Cost of goods sold / Net working =Working capital turnover ratio.

It shows fluctuation in working capital turn over ratio over the five year period . In 2023, the company's working capital turnover ratio is 1.33. This indicates that for every rupees of working capital, the company generated 1.33 in sales. In 2022, the working capital turnover ratio is extremely low at 0.07. The working capital turnover ratio for 2021 is 0.69. The working capital turnover ratio for 2020 is 0.75. In 2019, the working capital turnover ratio is very low at 0.05. The average of last 5 years of working capital turnover ratio is 0.58.

TABLE 4 FIXED ASSET

YEAR	COST OF SALES	NET FIXED ASSET	FIXED ASSET TURNOVER RATIO
2023	20617.64	52354.65	0.39
2022	15795.81	63241.56	0.24
2021	12425.50	56845.75	0.21
2020	11201.67	98556.56	0.11
2019	10780.98	12544.65	0.85

INTERPRETATION

Cost of goods sold / Net fixed asset = Fixed asset turnover ratio.

It show the fluctuation in fixed asset turn over ratio over the five year period. The fixed asset turnover ratio for 2022 is 0.24, In 2021, the fixed asset turnover ratio is 0.21, The fixed asset turnover ratio for 2020 is 0.11, In 2019, the fixed asset turnover ratio is relatively high at 0.85. The average of last 5 years of fixed assets turnover ratio is 0.36. This trend suggests potential issues with asset utilization efficiency that may require further investigation and corrective measures to improve operational performance.

VI. FINDINGS OF THE STUDY

Liquidity: Current ratio of the company decreased from 1.82 in financial year 2019 to 0.52 in financial year 2023. Cash ratio of the company significantly decreases from year to year with the average of 2.44.

Profitability: Adani ports has shown consistent improvement in profitability, Overall Profitability of the company from financial year 2019 to Financial ratio 2023 is decreasing year to year but in 2022 the Profitability of the company is significantly decreased the reason behind this, that we analyzed is High Input Cost.

Efficiency ratio: The average working capital ratio of the company for the given period is 0.58 but indicate the company net working consistently generating cost of sales from working capital. The data indicates that company has been maintaining a moderate level of sales in relations to fixed asset over the period of time.

Overall, Adani ports limited financial performance appears solid with positive trends in profitability, stable liquidity in efficiency over the study periods.

VII. SUGGESTIONS

The increase in this ratio indicates that the bank is relying more on debt financing than equity financing. Additionally, the company could focus on improving its profitability to generate more internal capital to support its growth. The Company has to increase its current asset and improves the financial position and cost of goods sold has be reduced. This happens because of High input cost and Company also not increase the sales value. that effect realised in their Net Profit margin . Factors such as changes in market conditions, operational efficiency, cost management, and strategic decisions may have influenced these fluctuations. Factors such as changes in operating cash flows, investment in working capital, and management of current liabilities may have influenced these fluctuations. This data suggests the need for further analysis to identify underlying factors contributing to these fluctuations and to implement strategies for improving working capital management efficiency. This trend suggests potential issues with asset utilization efficiency that may require further investigation and corrective measures to improve operational performance.

VIII. CONCLUSION

The investigation conducted has led to the following findings. For any firm to grow, the financial statement is essential. Thus, it is the subject of this study. This study creates and evaluates several techniques for financial ratio analysis in order to forecast the success or failure of "ADANI PORTS." The following analysis techniques have been found to be beneficial: Profitability, liquidity and Efficiency ratios. This financial ratios suggest that the company is generally in a healthy financial position, there are some areas where caution should be exercised. Additionally, the variability in the Ratio data indicates that the company's ability to pay its interest obligations can be unpredictable. Therefore, further analysis and examination of the company's financial statements and other relevant data is necessary to fully understand its financial position and make informed decisions.

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