Adani Ports & Special Economic Zone Ltd — FY 2024 Annual Report Analysis

Annual Report Analysis (Consolidated)

Investor Snapshot

#	Analytical point	Sentiment
1	**APSEZ has transitioned into a dominant "Transport Utility" with a high-moat business model where 56% of cargo is "tied-in" via take-or-pay contracts.**	Positive
2	**Revenue grew 28.10% YoY to □26,711 Cr, driven by inorganic expansion and successful geographic diversification with non-Mundra domestic cargo reaching 56%.**	Positive
3	**Operating Profit Margins expanded to 58%, supported by high-margin logistics integration and improved operational efficiencies.**	Positive
4	**Net Profit of □8,104 Cr was achieved alongside a significant improvement in asset efficiency, with debtor days reducing from 69 to 50.**	Positive
5	***Aggressive deleveraging resulted in a 3,964 Cr reduction in total debt, bringing the Debt/Equity ratio down to 0.94x and Net Debt/EBITDA to 2.3x.***	Positive
6	**Cash Flow from Operations (CFO) reached □15,018 Cr, representing a superior cash conversion rate of 1.85x of PAT, enabling self-funded growth.**	Positive
7	***Capital allocation remains focused on growth with 10,936 Cr in CWIP; however, 1,519 Cr of this capital has been stagnant for over 3 years, dragging on ROCE.***	Negative
8	***Earnings quality is bolstered by high cash conversion but slightly diluted by the capitalization of 155 Cr in interest and 58 Cr in depreciation into CWIP.***	Neutral
9	***Governance is on an improving trajectory (8/10 rating) with a professional CEO and 50% independent board, though RPTs at 5.69% and ecosystem financing persist.***	Neutral
10	***Material risks include 56% of bank balances (3,420 Cr) being pledged as margin money and 1,093 hectares of land pending registration.***	Negative
11	**The outlook is centered on achieving 2030 capacity targets, with the commissioning of Vizhinjam Port and conversion of CWIP to fixed assets as key catalysts.**	Positive
12	**Stance: ACCUMULATE; monitor for Net Debt/EBITDA exceeding 3.5x or further delays in the commissioning of stagnant capital projects.**	Positive

1. Business overview

- **Business Segments:** Operates as an "Integrated Transport Utility" providing end-to-end logistics solutions, including Port Operations, Marine Services, Logistics (Rail & Warehousing), and Special Economic Zones (SEZ).
- **Revenue Drivers:** Driven by cargo volumes (container, dry bulk, liquid, and gas), "take-or-pay" contract charges, marine service fees, and rail evacuation services.
- **Cost Drivers:** Major costs include manufacturing/operating expenses (27.24% of sales), employee benefits, fuel/power for port equipment, and significant depreciation/finance costs from heavy infrastructure assets.
- **Industry Position:** India’s largest private port operator with a growing global footprint; currently transitioning from a domestic leader to a global geopolitical infrastructure player.

- **Expansion Plans:** Targeting 1 Billion MT of cargo capacity by 2030; focusing on the IMEC corridor and international O&M contracts (e.g., Tanzania, Oman).
- **Acquisitions:** Recent full-year consolidation of Haifa Port (Israel) and Karaikal Port; aggressive inorganic pipeline indicated by a spike in acquisition advances to □2,851.40 Cr.
- **Capacity Additions:** Significant focus on Vizhinjam (India's first semi-automated transshipment port) and Haldia terminal; CWIP stands at □10,936.09 Cr.
- **Segment Performance:** Non-Mundra domestic cargo now accounts for 56% of total volumes, successfully de-risking the portfolio from over-reliance on the flagship Mundra port.
- **Geographical Presence:** Balanced East Coast-West Coast parity (43:57) in India; international presence in Israel (Haifa), Sri Lanka, and East Africa.

2. Management commentary & outlook

- **Strategic Pivot:** Formalization of the "Integrated Transport Utility" model to control the entire movement of cargo from "factory gate to ship's hold."
- **Cargo Stickiness:** 56% of cargo is now "tied-in" through bundled services (marine, rail, warehousing), reducing volume volatility.
- **Logistics Flywheel:** Expansion into Agri-silos (1.2 MMT) and 12 Multi-Modal Logistics Parks (MMLPs) to dictate cargo flow toward APSEZ-owned ports.
- **Vision 2030:** Doubling down on the 1 Billion MT target, signaling continued aggressive inorganic growth and brownfield expansion.
- **Leadership Institutionalization:** Transition of Karan Adani to MD and appointment of Ashwani Gupta (ex-Nissan) as CEO to move toward a global-corporate structure.
- **Transshipment Strategy:** Vizhinjam Port is positioned to capture Indian transshipment cargo currently handled by international hubs like Colombo.
- **Digitalization:** Launch of the Integrated Transport Utility Platform (ITUP) to increase customer switching costs through real-time visibility.
- **ESG Leadership:** Targeting Net Zero by 2040 and Carbon Neutrality for port operations by 2025 to lower the cost of international capital.
- **De-leveraging Focus:** Emphasis on reducing Net Debt/EBITDA to 2.3x and maintaining the AAA credit rating to rebuild investor trust.
- **Management Tone:** Confident, Institutional, and Resilient. Management has moved from a defensive "crisis management" mode in early 2023 to an offensive "market dominance" mode in 2024, leaning heavily into the "National Interest" narrative and global scaling.

3. Financial analysis

3.1 Financial statements

P&L statement (□Cr)

Line item	Mar 2024	Mar 2023
Sales	26,711	20,852
Sales Growth %	28.10	21.81
Expenses	11,121	9,905
Material Cost %	0	0
Raw material cost	0	0
Manufacturing Cost %	27.24	27.66
Employee Cost %	7.11	5.66
Other Cost %	7.29	14.18
Operating Profit	15,589	10,947
OPM %	58	52
Other Income	671	327
Exceptional items	-820	-1,213
Other income normal	1,491	1,540
Interest	2,733	2,363
Depreciation	3,888	3,425
Profit before tax	9,639	5,487
Tax %	16	2
Net Profit	8,104	5,391
Profit from Associates	0	0
Minority share	7	-82
Exceptional items AT	-762	-997
Profit excl Excep	8,866	6,388
Profit for PE	8,873	6,291
Profit for EPS	8,111	5,309
Profit Growth %	41	20
EPS (□)	37.55	24.58
Dividend Payout %	16	20

Balance sheet (□Cr)

Line item	Mar 2024	Mar 2023
Equity Capital	432	432
Reserves	52,346	44,957
Borrowings	49,470	53,434
Long term Borrowings	37,663	46,517
Short term Borrowings	8,616	4,001
Lease Liabilities	3,024	2,749
Preference Capital	304	292
Other Borrowings	-137	-126
Other Liabilities	14,751	13,740
Non controlling int	1,598	1,361
Trade Payables	1,912	2,296
Advance from Customers	885	884
Other liability items	10,355	9,198
Total Liabilities	116,999	112,563
Fixed Assets	75,148	72,224
Land	12,567	11,455
Building	11,552	17,530
Plant Machinery	19,193	17,933
Ships Vessels	5,016	4,613
Equipments	583	571
Computers	193	186
Furniture n fittings	282	322
Railway sidings	3,612	2,911
Vehicles	2,359	1,948
Intangible Assets	13,467	13,418
Other fixed assets	24,181	16,044
Gross Block	93,006	86,930
Accumulated Depreciation	17,858	14,707
CWIP	10,936	6,637
Investments	4,289	7,432
Other Assets	26,627	26,271
Inventories	438	452
Trade receivables	3,667	3,957
Receivables over 6m	524	615
Receivables under 6m	3,338	3,533
Prov for Doubtful	-195	-191

Line item	Mar 2024	Mar 2023
Cash Equivalents	7,632	4,334
Loans n Advances	274	295
Other asset items	14,616	17,233
Total Assets	116,999	112,563

Cash flow statement (□Cr)

Line item	Mar 2024	Mar 2023
Cash from Operating Activity	15,018	11,900
Profit from operations	16,299	13,621
Receivables	-330	-748
Inventory	8	-67
Payables	-620	133
Loans Advances	0	0
Other WC items	932	-192
Working capital changes	-10	-874
Direct taxes	-1,272	-847
Cash from Investing Activity	-6,947	-16,716
Fixed assets purchased	-7,416	-9,141
Fixed assets sold	27	204
Investments purchased	-114	-321
Investments sold	3,305	201
Interest received	969	1,461
Dividends received	214	0
Investment in group cos	-419	-1,209
Redemp n Canc of Shares	248	0
Acquisition of companies	-3,102	-13,222
Inter corporate deposits	0	0
Other investing items	-658	5,310
Cash from Financing Activity	-7,800	-2,734
Proceeds from shares	0	0
Redemption of debentures	0	0
Proceeds from borrowings	1,930	7,446
Repayment of borrowings	-6,059	-7,101
Proceeds from deposits	0	0
Interest paid fin	-2,809	-2,371
Dividends paid	-1,080	-1,093
Financial liabilities	-48	-53
Other financing items	265	438
Net Cash Flow	271	-7,550
Free Cash Flow	7,628	2,962
CFO/OP	104	116

Key ratios

Line item	Mar 2024	Mar 2023
Debtor Days	50	69
Inventory Days	0	0
Days Payable	0	0
Cash Conversion Cycle	50	69
Working Capital Days	-101	-56
ROCE %	13	10

3.2 Financial analysis summary

- **Revenue** grew by 28.10% to □26,711.00 Cr, significantly driven by the full-year consolidation of Haifa and Karaikal ports, while Operating Profit margins expanded to 58.00% due to high-quality "take-or-pay" charges that mitigate volume volatility.
- **Net Profit** increased by 50.32% to □8,104.00 Cr, translating into a robust ROE of 15.36%, despite Exceptional items of -□820.00 Cr and the capitalization of □155.38 Cr in Finance Cost, which temporarily inflates current earnings by deferring interest expenses to the Balance Sheet.
- **Depreciation** rose to □3,888.00 Cr following a 15.56% increase in Fixed Assets, though margins were supported by the capitalization of □58.58 Cr in project-related depreciation into CWIP and the use of a long 50-year useful life for marine structures.
- **Trade Receivables** decreased to □3,667.00 Cr despite higher Revenue, aided by the clearance of □699.12 Cr in bills discounting, which improved Debtor Days from 69 to 50 and boosted CFO by reducing the working capital drag.
- **Working Capital** efficiency is highlighted by Working Capital Days of -101.00, yet a forensic risk exists as □215.82 Cr of Trade Receivables are aged over 3 years and the Group continues to act as a financier by charging 7.5%-10% interest on extended credit to related parties.
- **Total Debt** reduced to □49,470.00 Cr from □53,434.00 Cr, improving the Debt/Equity ratio to 0.94, while Interest Coverage strengthened to 4.53x, reflecting a shift toward internal accruals for funding despite a spike in Short term Borrowings to □8,616.00 Cr.
- **Cash from Operating Activity** of □15,018.00 Cr remains exceptionally strong, covering 1.85x of Net Profit, which allowed the company to fund □7,416.00 Cr in Capex and still generate a positive Free Cash Flow of □7,628.00 Cr.
- **CWIP** surged by 64.78% to □10,936.00 Cr, indicating a massive expansion phase, although □1,519.42 Cr has been stagnant for over 3 years, posing a risk to future ROCE if these legacy projects fail to commission promptly.
- **Other Assets** reveal an aggressive inorganic pipeline with Advance for Acquisition jumping from □220.00 Cr to □2,851.40 Cr, while liquidity is tighter than the □7,632.00 Cr Cash Equivalents suggest, as □3,420.24 Cr is pledged as margin money.
- **Intangible Assets** of □13,467.00 Cr consist largely of port concession rights amortized over 30 years, carrying a terminal value of zero, which necessitates high future Revenue growth to justify the current Total Assets base of □116,999.00 Cr.
- **Investments** decreased to □4,289.00 Cr as the Group liquidated □3,305.00 Cr of holdings to optimize the Balance Sheet, including a □286.33 Cr exit from an ARC investment that provided a one-time liquidity boost.

- The Group utilizes "Hedge Accounting" to designate foreign currency **Borrowings** against forecast Revenue, a practice that protects the P&L from exchange volatility but risks recycling losses from equity if cargo volumes drop below "highly probable" levels.
- **Other Assets** analysis shows Capital Advances of ₹3,317.94 Cr (including ₹830.89 Cr to government authorities for land) which are non-liquid and dependent on allotment timelines.
- **Other Expenses** were impacted by ₹820 Cr in exceptional losses, though core Operating Profit remained resilient due to a reduction in "Other Costs" from 14.18% to 7.29% of sales.
- **Overall Synthesis:** Adani Ports demonstrated a year of aggressive inorganic scaling and margin expansion, where robust **CFO** and improved ROCE of 13.00% successfully supported a reduction in Total Debt, although the ballooning CWIP and high volume of pledged cash suggest that future capital efficiency depends heavily on the timely execution of long-gestation projects.

3.3 Contingent liabilities & commitments

- **Capital Commitments:** ₹10,936.09 Cr related to ongoing CWIP projects.
- **Stalled Projects:** ₹1,519.42 Cr of CWIP has been outstanding for more than 3 years, suggesting execution bottlenecks in legacy projects.
- **Land Title Risk:** 1,093.53 hectares of reclaimed land are pending registration in the Company's name, creating legal and valuation risks.
- **Guarantees:** Margin money deposits of ₹3,420.24 Cr are pledged against bank guarantees and LCs, restricting 56% of "Other Bank Balances."

3.9 Earnings quality & forensic checks

#	Check	Impact	Status	Notes detail
1	PAT vs CFO trend	Profit ↑ — high cash conversion; CFO of □15,018 Cr significantly exceeds PAT of □8,104 Cr.	—	CFO/OP ratio at 104% indicates high quality of earnings and cash collection.
2	Receivables & channel-stuffing signal	Revenue ↑ — high quality growth; receivables fell 7.3% despite 28.1% sales growth.	—	Debtor days improved from 69 to 50; no evidence of aggressive channel stuffing.
3	Revenue timing (unbilled / contract assets)	Revenue ↑ — improved billing efficiency; contract assets halved to □190.39 Cr, accelerating cash.	—	Note 8(b) shows a significant reduction in unbilled revenue, suggesting faster project billing.
4	Revenue from related parties %	Revenue ↑ — ecosystem financing; extended credit to related parties at 7.5-10% interest rates.	—	Note 6(b) confirms the Group acts as a financier to its ecosystem via credit.
5	Inventory vs revenue growth	Neutral — service model; inventory is only stores/spares and fell 3% vs sales growth.	—	Note 9 confirms inventory is limited to fuel and spares, typical for port services.
6	Inventory valuation method change	Neutral — consistent policy; moving weighted average cost used for stores and spares valuation.	—	No change in valuation policy; custom duty included in bonded warehouse item costs.
7	Exceptional items in operating profit	Profit ↓ — non-recurring charges; □820 Cr exceptional loss reduces PAT but not OPM.	—	Exceptional items are presented below Operating Profit, maintaining transparency in core performance.
8	Depreciation rate vs useful life policy	Profit ↑ — aggressive useful life; 50-year life for marine structures reduces annual depreciation.	—	Note 2.3(h) uses long amortization periods; □58.58 Cr depreciation was capitalized into CWIP.
9	Provision reversals boosting PAT	Profit ↓ — conservative provisioning; allowance for ECL increased slightly to □194.93 Cr.	—	No evidence of PAT boosting via provision reversals; provisioning remains steady despite growth.
10	Tax rate consistency + cash tax vs P&L tax	Profit ↑ — tax efficiency; 16% effective rate remains below statutory due to SEZ.	—	Tax rate increased from 2% to 16% as tax holiday benefits begin to expire.
11	CWIP age and stalling projects	Profit ↓ — capital inefficiency; □1,519 Cr CWIP aged over 3 years delays asset returns.	—	Note 3(e) shows 14% of CWIP is aged, suggesting potential delays in project commissioning.
12	Deferred tax asset recognition adequacy	Neutral — tax normalization; effective tax rate increased to 16% as tax holidays expire.	—	The increase in tax rate reflects the transition out of tax-exempt status for units.
13	RPT quantum and trend	Neutral — declining exposure; loans and advances to related parties decreased in FY 2024.	—	Note 6(b) and 32 show a downward trend in direct financial support to related parties.
14	Dividend paid vs FCF adequacy	Neutral — strong coverage; FCF of □7,628 Cr easily covers □1,080 Cr dividend.	—	Dividend payout is conservative at 16%, leaving ample cash for aggressive inorganic expansion.
15	Hedge Accounting Risks	Profit ↑↓ — potential recycling of losses; USD borrowings hedged against forecast sales.	—	If cargo volumes drop, exchange losses parked in OCI must be recycled to P&L.
16	Consolidation Judgments		—	

#	Check	Impact	Status	Notes detail
		Neutral — de facto control; consolidation of entities with <50% equity (e.g., Mundra Solar).		Auditor evaluates control via board representation or receivables despite low equity.
17	Terminal Value Uncertainty	Profit ↑ — depreciation proxy; DRV for Gujarat ports is "not determinable."	—	Group uses carrying value as proxy for DRV, risking lower-than-expected terminal payouts.

4. Management & governance

A. Auditor report & key audit matters

- **Audit Opinion Type:** Unqualified.
- **KAM 1: Impairment of Goodwill/Non-financial Assets:** Auditor flagged subjectivity in DCF models for CGUs, specifically sensitivity to discount rates and terminal growth assumptions.
- **KAM 2: Hedge Accounting for Forecast Sales:** Auditor monitors the "highly probable" nature of USD revenues. If cargo volumes underperform, exchange losses currently parked in Equity (OCI) must be recycled to the P&L.
- **KAM 3: Consolidation Judgments:** Auditor evaluated "de facto" control assessments for entities like Mundra Solar Technopark where APSEZ holds <50% equity but claims control via board representation or significant receivables.

B. Related party transactions

Party	Relationship	Nature	Amount (□ Cr)	Concern
Adani Total Pvt Ltd	Joint Venture	Investment	1,303.41 Cr	**Significant capital lock-in in non-core JV**
Joint Ventures	JVs	Loans (Current)	205.01 Cr	***Direct financial support to entities not fully controlled***
Various Related Parties	Group Entities	Interest on Credit	7.5% - 10%	***Acting as a financier to the broader Adani ecosystem***
Related Parties	Group Entities	Advances	12.55 Cr	Minor operational advances

- **RPT Verdict:** Monitor. While direct loans have moderated, the use of "extended credit terms" (charging 7.5%-10% interest) as a financing tool for the Adani ecosystem remains a governance overhang.

C. Shareholding

Shareholding pattern	Mar 2024 (%)	Mar 2023 (%)
Promoters	65.89	65.13
FIIs	14.72	17.98
DIIs	11.94	13.11
Public	7.45	3.78

D. Board composition + KMP compensation

- **Total Directors:** 10 | **Independent %:** 50.00% | **Women Directors:** 1 (10.00%).

- **KMP Compensation:**
  - **Ashwani Gupta (CEO):** □3.06 Cr (0.019% of EBITDA).
  - **Karan Adani (MD):** □5.40 Cr (Prior Year).
- **Family Presence:** Gautam S. Adani, Rajesh S. Adani, and Karan Adani serve on the board/management.
- **Alignment:** 30% of KMP pay is aligned with organizational performance (Revenue, EBITDA, ROCE).

F. Capital allocation & capex

Action	FY current (□Cr)	FY prior (□Cr)	% of CFO	Signal
Dividends	1,080.00 Cr	1,093.00 Cr	7.19%	—
Capex (Fixed Assets)	7,416.00 Cr	9,141.00 Cr	49.38%	—
Acquisitions	3,102.00 Cr	13,222.00 Cr	20.65%	—
Net Debt Change	-3,964.00 Cr	5,499.00 Cr	-26.39%	**Positive**
Interest Payments	2,809.00 Cr	2,371.00 Cr	18.70%	—
Impairments	820.00 Cr	1,213.00 Cr	5.46%	—

- **CAPEX Analytical Notes:**
  - **CFO Coverage of Capex:** Ratio of **2.02** indicates the company can fully self-fund maintenance and growth capex.
  - **Nature of Capex:** Growth-oriented; **CWIP surged 64.78% to □10,936.09 Cr**, driven by Vizhinjam and Haldia.
  - **Deployment Efficiency:** Revenue grew 28.10% vs a 6.98% increase in Gross Block, suggesting high incremental asset turnover.
  - **Key Takeaways: □1,519.42 Cr of CWIP is aged >3 years**, signaling execution bottlenecks in legacy projects.

H. Risks

- ***Climate Change:*** High cost of damage and adaptation for 4 vulnerable ports (Mundra, Hazira, Dhamra, Krishnapatnam) due to sea-level rise. High
- ***Regulatory:*** Changes in government policies or trade regulations could disrupt trade flows and credit ratings. High
- **Debt Repayment:** Net Debt/EBITDA improved to 2.3x; □9,817 Cr cash covers 12-month obligations. Low
- ***Land Title:*** 1,093.53 hectares of reclaimed land pending registration creates legal and valuation risks. High
- ***CWIP Stalling:*** □1,519.42 Cr stuck in CWIP for >3 years drags down ROCE. Medium
- **Liquidity Restriction: □3,420.24 Cr of cash is pledged as margin money**, meaning 56% of bank balances are not freely available.

5. Scorecard & verdict

Part a: scorecard

Dimension	Rating (1–5)	Delta	Key evidence	One-line rationale
Business quality	5	→	56% tied-in cargo; East-West parity	Strong moat through integrated logistics and geographic diversification.
Financial health	4	↑	D/E 0.94x; CFO ₹15,018 Cr > PAT	Significant deleveraging and strong cash flow generation.
Earnings quality	4	→	CFO/PAT 1.85x; Unqualified audit	High cash conversion offset by aggressive depreciation and interest capitalization.
Management & governance	3	↑	50% Independent Board; RPTs < 6%	Improving transparency and institutionalization, but ecosystem financing remains.
Capital allocation & earnings visibility	4	→	ROCE 13%; CWIP ₹10.9k Cr	Disciplined capex funded by CFO, though legacy CWIP ageing is a drag.

Business positives (for this company this year) * **Strong Cash Conversion: CFO of ₹15,018 Cr** represents 1.85x of Net Profit, allowing for self-funded growth. * **De-leveraging:** Reduced **Total Debt by ₹3,964 Cr**, bringing Debt/Equity down to 0.94x. * **Operational Diversification: Non-Mundra domestic cargo reached 56%**, reducing regional concentration risk. * **Margin Expansion: Operating Profit Margin** expanded to 58% due to high-margin "take-or-pay" contracts. * **Asset Efficiency: Debtor Days improved from 69 to 50**, reflecting better collection and billing cycles.

Business negatives / concerns (for this company this year) * **Stalled Capital: ₹1,519.42 Cr of CWIP** has been stagnant for over 3 years, dragging down potential ROCE. * **Liquidity Encumbrance: 56% of bank balances (₹3,420.24 Cr)** are pledged as margin money and are not freely available. * **Ecosystem Financing:** The Group continues to act as a financier to related parties, charging **7.5%-10% interest** on extended credit. * **Title Risk: 1,093.53 hectares of land** remain pending registration, posing a long-term legal hurdle. * **Aggressive Accounting:** Capitalization of **₹155.38 Cr in interest** and ₹58.58 Cr in depreciation into CWIP inflates current PAT.

Overall scorecard summary Adani Ports has demonstrated a strong financial recovery, characterized by robust cash flow generation and significant debt reduction. The business model is evolving into a high-moat "Transport Utility" with diversified revenue streams that mitigate regional risks. While governance and transparency are on an improving trajectory with the appointment of professional leadership, the company still maintains complex financial linkages with the broader Adani ecosystem. Overall, the business is on a **stable to improving** trajectory, supported by strong operational performance and a clear path toward its 2030 capacity targets.

Part b: governance check matrix

#	Check	Status
1	Audit opinion clean?	—
2	Promoter pledge = 0?	—
3	KMP pay < 5% of PAT?	—
4	RPT quantum < 5% of revenue?	—
5	Board > 50% independent?	—
6	At least 1 woman director?	—
7	No statutory dues outstanding?	—
8	No fraud reported?	—
9	Audit trail enabled?	—
10	Frequent Auditor change	—

Final line: "Total: 8/10 — Governance Rating: 4"

Part c: investor verdict

Thesis: APSEZ is a dominant infrastructure play transitioning into a global logistics utility with superior cash flow generation and a widening competitive moat. **Overall stance:** ACCUMULATE **Rationale:** Strong operational de-risking and deleveraging outweigh the lingering governance overhang of the broader group ecosystem. **Re-evaluate when:** Net Debt/EBITDA exceeds 3.5x or if Vizhinjam Port commissioning is delayed beyond FY25. **BULL CASE:** Successful capture of 15% of Indian transshipment cargo from Colombo, driving ROCE toward 18%. **BEAR CASE:** Geopolitical disruption at Haifa Port or regulatory intervention in tariff structures at Mundra. **Key monitorable:** CWIP to Fixed Asset conversion: Current CWIP ₹10,936 Cr → Watch for ₹5,000 Cr+ commissioning in FY25.

7. Year-over-year analysis

7.1 Changes

Metric / theme	Summary a status	Summary b status	Forensic takeaway
Capital Allocation	Aggressive inorganic expansion (₹13,222 Cr) funded by debt and cash depletion.	Disciplined deleveraging (Debt reduced by ₹3,964 Cr) with growth funded by internal accruals.	The pivot from debt-fueled acquisitions to self-funded growth indicates a strategic shift toward balance sheet fortification.
Working Capital	Receivables grew 45.9% (2x revenue growth), signaling aggressive credit or collection lag.	Receivables fell 7.3% despite 28.1% revenue growth, with debtor days dropping from 69 to 50.	The drastic reversal in receivable trends suggests a significant cleanup of revenue recognition practices or aggressive collection of overdue balances.
Margin Trajectory	Operating Profit Margin at 52% with massive impairments (Myanmar) impacting PAT.	Operating Profit Margin expanded to 58% due to high-margin "take-or-pay" contracts.	Margin expansion driven by "tied-in" cargo reflects increased pricing power and successful integration of higher-margin logistics services.
Audit & Governance	Qualified Opinion and Material Weakness in IFC regarding short-seller allegations.	Unqualified Opinion with a focus on institutionalization and professional CEO appointment.	The transition to an unqualified audit opinion is a critical forensic milestone in rebuilding institutional credibility and reducing tail risk.
Management Tone	Defensive and reactive, focused on "crisis management" and liquidity preservation.	Offensive and confident, leaning into "National Interest" and "Market Dominance" narratives.	Management has successfully pivoted from reputational defense to an aggressive global scaling narrative.

7.2 Persistent patterns

- **Stalled Capital (CWIP):** A significant portion of capital (₹1,519 Cr) remains stagnant in CWIP for over 3 years, indicating persistent execution bottlenecks in legacy projects like Vizhinjam.
- **Ecosystem Financing:** The company consistently acts as a financier to the broader Adani ecosystem by providing extended credit terms and charging 7.5%-10% interest on related-party balances.
- **Land Title Risk: Over 1,000 hectares of reclaimed land remain pending registration**, representing a multi-year legal and valuation overhang that management has yet to resolve.
- **High Operating Moat:** The business maintains a structural advantage through "take-or-pay" contracts and integrated logistics, consistently delivering industry-leading EBITDA margins.
- **Hedge Accounting Subjectivity: The recurring use of hedge accounting to park FX volatility in OCI** remains a key tool for smoothing P&L earnings, contingent on "highly probable" future USD revenues.
- **Liquidity Encumbrance:** A high percentage of cash (56% in the current year) remains consistently pledged as margin money, restricting the actual "free" liquidity available for operations.
- **Geographic Diversification:** There is a sustained and successful trend of de-risking the portfolio away from the flagship Mundra port toward a balanced East-West coast parity.