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FINANCIAL ANALYSIS OF ADANI ENTERPRISES LTD

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ABSTRACT **DOI No: 10.36713/epra21844** **Article DOI: https://doi.org/10.36713/epra21844**

This article presents a detailed financial and strategic analysis of Adani Enterprises Ltd., the flagship company of the Adani Group. The company's diversified business model, spanning from mining and logistics to consumer goods and defense manufacturing, has enabled it to become one of India's most influential conglomerates. Through financial data, consumer insights, and operational highlights, this paper evaluates the company's growth trajectory and market presence. Adani Enterprises Limited (AEL), a core component of the Adani Group, represents one of India's fastest-growing and most diversified conglomerates. From modest beginnings in commodity trading, AEL has grown to dominate sectors such as infrastructure, energy, logistics, and consumer goods. This article provides an in-depth analysis of Adani Enterprises' corporate structure, financial performance, market strategy, subsidiary portfolio, and consumer perception. Through both primary and secondary data, the paper aims to understand the company's growth trajectory, evaluate its financial health, and provide strategic recommendations for sustainability and market leadership.

1. INTRODUCTION

Adani Enterprises Ltd., founded in 1993, stands as the flagship company of the Adani Group, headquartered in Ahmedabad, serves as the flagship company of the Adani Group, a leading Indian multinational conglomerate. the company began as a commodity trading firm and evolved into a diversified entity operating in sectors such as energy, transport, mining, defense, food processing, and infrastructure. The Group was established by Gautam Adani in 1988, initially as a commodity trading firm. Over three decades, it has evolved into a multinational conglomerate with interests across infrastructure, logistics, energy, mining, airport operations, food processing, and defense.

AEL's operations span over 70 locations in more than 50 countries. It plays a vital role in shaping India's infrastructural framework and contributes significantly to national economic growth. This study will explore both macro and micro-level aspects of AEL's business. Adani Enterprises has become a cornerstone of India's infrastructure and industrial landscape.

2. BUSINESS MODEL AND SUBSIDIARY OVERVIEW

AEL is structured as a holding company with operational activities executed through various specialized subsidiaries. Below is an elaboration of its key business verticals:

a) Adani Wilmar

This 1999 joint venture between Adani Enterprises and Singapore's Wilmar International Limited has emerged as one of India's largest FMCG companies. Known for its flagship brand "Fortune," Adani Wilmar dominates the edible oil market with a ~20% share. Beyond oils, the firm produces flour, rice, pulses, sugar, personal care products, and industrial chemicals.

The acquisition of the Kohinoor brand from McCormick Switzerland GmbH in 2022 further diversified its offerings, marking its foray into ready-to-eat and ready-to-cook food segments.

b) Adani Airport Holdings

In a strategic move to expand its transportation portfolio, AEL entered the airport sector in 2019. Adani Airport Holdings manages eight airports, including Chhatrapati Shivaji Maharaj International Airport (Mumbai) and the upcoming Navi Mumbai International Airport. It controls 25% of India's airport footfalls and 33% of cargo traffic.

This initiative positions Adani as a central player in India's aviation infrastructure, aligning with the nation's goal to become the third-largest aviation market by 2024.

c) AdaniConneX

AdaniConneX is a 50:50 joint venture between Adani Enterprises and EdgeConneX. The venture focuses on developing sustainable hyperscale and edge data centers across India. Construction has already commenced in strategic cities like Chennai, Navi Mumbai, Noida, Vizag, and Hyderabad. The facilities are largely powered by renewable energy, complementing India's digital transformation agenda.

d) Adani Cement

In 2022, Adani acquired Holcim's stakes in Ambuja Cements and ACC for $10.5 billion, making it the second-largest cement producer in India. The total installed capacity exceeds 70 million tonnes per annum, trailing only UltraTech Cement. This acquisition marked the largest M&A transaction in India's infrastructure sector.

e) Adani Defense & Aerospace

Adani's defense arm is dedicated to manufacturing drones, small arms, and defense electronics. Collaborations with global players like Elbit Systems (Israel) and PLR Systems (India) have led to the establishment of India's first private UAV and small arms manufacturing units.

The company aims to develop an indigenous defense manufacturing ecosystem in line with the Government's "Make in India" initiative.

f) Adani Mining

Adani operates mines in India, Indonesia (Bunyu mine), and Australia (Carmichael mine under Bravus Mining & Resources). Despite environmental controversies, these operations are key to Adani's goal of making India self-reliant in energy. The company uses a Mine Developer and Operator (MDO) model to provide end-to-end mining solutions.

g) Adani Agri Fresh

Adani Agri Fresh revolutionized the apple industry in Himachal Pradesh with advanced storage infrastructure and a network of 17,000+ farmers. The "Farm-Pik" brand sources, packages, and markets apples and other fruits across India.

h) Adani Green Energy

Adani Green Energy Ltd. (AGEL), a significant part of the Adani portfolio, is focused on renewable energy generation. As of 2022, it operates over 5,000 MW of operational solar and wind energy capacity and aims to become the largest renewable company in the world by 2030. Its contribution is central to the Adani Group's commitment to sustainable energy and climate resilience.

i) Adani Total Gas

Adani Total Gas Ltd. is a significant player in the distribution of piped natural gas (PNG) and compressed natural gas (CNG) in India. It is a joint venture between Adani Group and TotalEnergies of France. The company services residential, commercial, and industrial customers and operates over 400 CNG stations across India. With India's focus on clean energy, this segment is expected to witness robust growth.

j) Adani Power

Adani Power Ltd. is among India's largest private sector thermal power producers with an installed capacity exceeding 12,000 MW. The company supplies power to several Indian states and has made major investments in ultra-supercritical technology and environmental management systems to meet sustainability benchmarks.

3. FINANCIAL PERFORMANCE ANALYSIS (2018–2022)

Adani Enterprises has demonstrated robust financial growth, driven by strategic acquisitions and market expansion.

a) Revenue and Profit Trends

- **Net Sales** rose from ₹9,550 Cr (2018) to ₹26,824 Cr (2022)
- **Net Profit** increased from ₹197 Cr to ₹720.7 Cr
- **EPS (Basic)** grew from ₹1.79 to ₹6.55

b) Key Ratios

- **Return on Net Worth**: 13.75% (2022)
- **Debt-to-Equity Ratio**: Decreased from 1.68 (2018) to 0.81 (2022)
- **Current Ratio**: Marginal improvement to 1.09

c) Liquidity and Cash Flow

- Operating cash flows remained positive across most years.
- Inventory Turnover Ratio decreased, indicating increased stockholding due to business expansion.

These figures underscore strong profitability and improved solvency, though liquidity management needs attention.

4.COMPETITOR LANDSCAPE

Adani competes with several Indian conglomerates:

- **GVK Industries**: Active in energy, airports, and mining
- **Shapoorji Pallonji Group**: Diverse in construction, power, and biotech
- **Godrej Industries**: FMCG and chemicals
- **RattanIndia**: Power and renewable energy

Adani differentiates itself with aggressive investments, vertical integration, and infrastructure ownership.

5. CONSUMER BEHAVIOR STUDY

A primary survey conducted among 120 residents of Ahmedabad provides insights into consumer preferences:

- **Product Use**: 32% use personal/home care products; 23% use food products.

- **Customer Satisfaction**: 62% are satisfied; 21% highly satisfied.
- **Store Preference**: 80% shop from departmental stores.
- **Payment Method**: 55% prefer cash payments.

Key Findings

- Respondents seek better pricing and product variety.
- Promotional awareness is relatively low.

Suggestions

- Increase promotional campaigns.
- Diversify SKUs and enhance quality.

6. STRATEGIC MILESTONES

Adani Enterprises' aggressive growth strategy is evident in its timeline:

- **1995**: Mundra Port begins operations
- **2008**: Acquires Bunyu coal mine
- **2015**: Demergers of key entities (Adani Power, Adani Ports)
- **2020**: Forays into airport operations
- **2022**: Acquires Holcim's cement assets

7. CSR INITIATIVES

The Adani Foundation reaches 3.6 million people across 18 states. Programs include:

- **Healthcare**: Mobile Medicare Units, menstrual hygiene campaigns
- **Livelihoods**: Organic farming (Project Annapurna), vermicomposting, women-run manufacturing units
- **COVID-19 Relief**: Distribution of masks, soaps, and hygiene awareness
- **Sports**: Garv Hai program supports Olympic athlete

8. SWOT ANALYSIS

Strengths	**Weaknesses**
Diverse operations, financial growth	Historically high debt levels
Strong infrastructure assets	Low promotional visibility
Aggressive expansion	Environmental scrutiny (mining)
Opportunities	**Threats**
Green energy and defense exports	Regulatory and environmental challenges
Urbanization and digital infrastructure	Geopolitical risks

9. CONCLUSION

Adani Enterprises Ltd. exemplifies the transformation of a trading firm into a global infrastructure powerhouse. With a diversified portfolio, sound financials, and ambitious growth strategies, the company is well-positioned for future expansion. Nevertheless, to maintain momentum, it must focus on transparent governance, financial prudence, and stakeholder engagement.

This financial analysis not only highlights Adani Enterprises' strengths but also provides a roadmap for long-term sustainability and global competitiveness.

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