



MARCH, 2025

FINANCIAL REPORT

Key Highlights

-  DCF Valuation (FCFF & Excess Return)
-  Scenario Forecasting & Sensitivity Analysis
-  Monte Carlo Simulations & Value at Risk (VaR)
-  Business Resilience & Industry Analysis
-  DuPont, Altman Z-Score & Ratio Screening
-  Relative Valuation (CCA) & Key Value Drivers
-  Economic, Strategic & Competitive Outlook

 team@fcffinancialservices.com

 www.fcffinancialservices.com

 +91-7257953101

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adani

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HIGHLY OVERVALUED

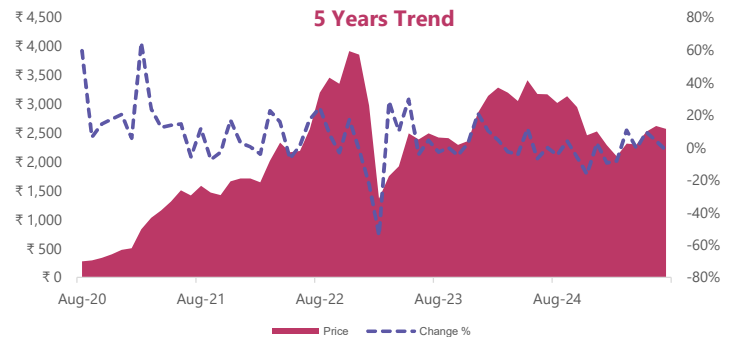
Company Overview

Adani Enterprises Limited (AEL) is an Indian multinational publicly listed holding company and a part of Adani Group. It is headquartered in Ahmedabad and primarily involved in mining and trading of coal and iron ore. Through its various subsidiaries, it also has business interests in airport operations, edible oils, road, rail and water infrastructure, data centers, and solar manufacturing, among others.

Market Cap
Sector
Industry
IPO Date

₹296,786 Cr.
Commodities
Metals & Mining
January 1, 1998

As of 26/6/2025



Valuation Output Ranges

Current Price ₹ 2,571 52W Range ₹ 1,307 ₹ 2,006

Free Cash Flow to Firm	-
Excess Return Model	Highly Overvalued by 80.5%
Relative Valuation	Highly Overpriced by 58.7%

P/L Highlights

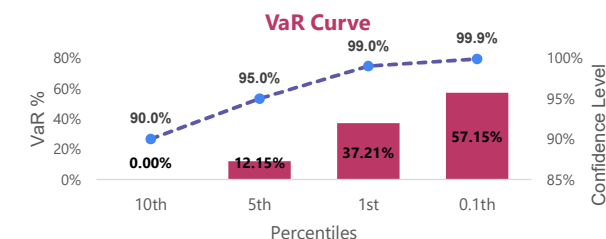
Sales	₹97,895 Cr.	Gross Margin	24.9%
EBITDA	₹14,252 Cr.	Core Margin	14.6%
Profit	₹7,497 Cr.	Net Margin	7.7%

Balance Sheet Overview

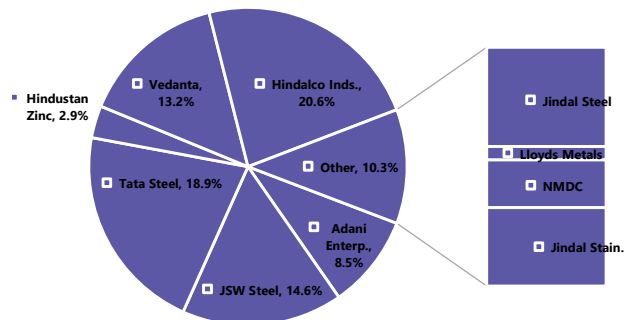
	Mar-25
Cash & Cash Equivalents	6,962
Total Debt	91,819
Total Liabilities	141,373
Total Shareholders' Equity	56,470
Debt-to-Equity	162.6%
Equity Ratio	28.5%
Debtor Turnover Ratio	10.2x
Creditor Turnover Ratio	3.5x

Cash Flow Overview

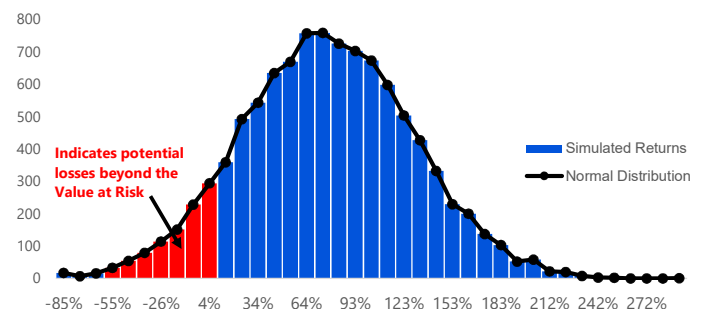
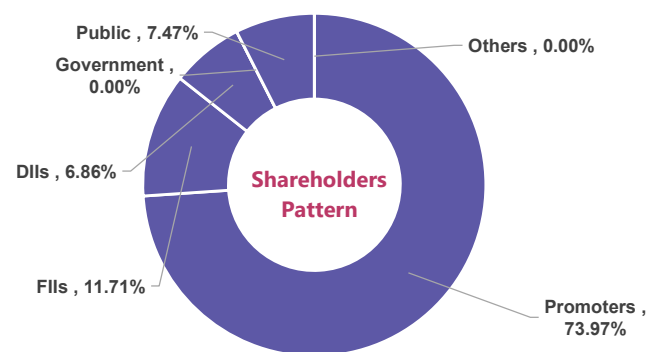
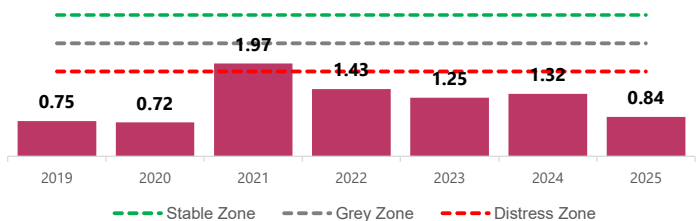
	Mar-25
Cash from Operating Activity	4,513
Cash from Investing Activity	(25,709)
Cash from Financing Activity	21,947
Net Cash Flow	751
CFO/Sales	4.6%
CFO/Total Assets	2.3%
CFO/Total Debt	4.9%



Market Share (Top Peers)



Altman's Z-Score



1. Executive Summary

Adani Enterprises Limited (AEL) is the flagship listed incubator of the \$Adani Group, established in 1993 (as Adani Exports) and rebranded in 2006. Over three decades it has evolved into one of India's largest business incubators, focusing on core infrastructure, resource management and emerging green. The company's strategy is to build, scale and spin out new businesses – as seen earlier with ports, power and city-gas – now applied to airports, renewables, data centers, mining and defense. In FY25 AEL delivered robust growth: consolidated income grew slightly, but incubating segments (renewables, airports, roads, etc.) saw revenues rise ~42%. An emphasis on execution ("scale, speed, sustainability") has led to credit upgrades (to AA-), record operational milestones and strong ESG ratings (CDP Climate A-, ESG Risk "Strong" 67.). AEL sits at the intersection of India's infrastructure buildout and energy transition. Its diversified portfolio — from coal supply and mining services to solar manufacturing, green hydrogen, airports, roads and data centers — aligns with national growth drivers. Over the next 5–10 years, AEL plans major capex in green hydrogen and continued expansion of airports and digital infra, aiming to create market-leading assets that can be spun off at scale. Key growth prospects include India's accelerating renewable targets and under-penetrated transport network (aviation, highways), giving AEL a long runway for expansion.

2. Business Model & Revenue Segmentation

AEL's business model is that of a *developer and integrator* of core infrastructure assets, with revenues coming from a mix of operating projects and growing "incubating" ventures. Its legacy activities include **Integrated Resources Management (IRM)** – coal import/trading and logistics – and **Mining Services** (brownfield mine development and contract mining in India and abroad). Over FY24–25, IRM imported and traded ~56.5 MMT of, serving domestic power plants and industrial clients. Mining Services delivered ~43.3 MMT of coal in FY25 (40% YoY growth), reflecting ramp-up of new mine contracts like the Parsa coal block. These segments leverage AEL's integrated supply-chain reach – for example, AEL is "one of the largest coal suppliers in India" and a leading importer from– and cater primarily to utility and industrial customers.

The bulk of AEL's recent revenue, however, comes from *incubating businesses* that it is scaling up. These include:

- **ANIL (Adani New Industries Ltd):** solar cell/module manufacturing and wind turbine production. ANIL sold 4,263 MW of modules in FY25 (up 59% YoY), and wind turbine output jumped to 164 sets (3× YoY). Revenues from the "ANIL ecosystem" segment grew 63% to ₹14,236, driven by higher solar sales and improving realizations. AEL has already doubled domestic solar-cell capacity (4 GW base) and is expanding another 6 GW TopCon line. ANIL also includes green hydrogen R&D and pilot production – aligned with government missions – which is at early stages but expected to scale.
- **Airports (Adani Airport Holdings Ltd, 100% AEL-owned):** operates a portfolio of airports across India. In FY25 this segment's revenues hit ₹10,224 Cr (up 27% YoY), reflecting passenger traffic of 94.4 million (up 7%). AAHL (8 domestic airports, plus majority stakes in Mumbai and Navi Mumbai) now handles ~25% of India's air passengers and ~33% of air. Revenue comes from aeronautical fees (passenger/landing charges), plus fast-growing non-aero streams (retail, parking, etc.). Adani's airports have obtained project financing (e.g. \$1B for Mumbai), illustrating robust credit support.
- **Roads & Highways (Adani Roads):** AEL, via its road arm (Adani ARTL), develops toll roads and expressways on BOT/HAM models. It had 8 operational projects (4,003 lane-km) and 6 under construction (1,348 km) as of mid-. In FY25 it built 2,410 lane-km (vs 515 lane-km in FY24), reflecting strong execution. Revenues come from annuity/toll receipts; backlog includes projects like the Ganga Expressway which will start monetizing from FY26.
- **Data Centers (AdaniConneX):** AEL has launched a hyperscale data-center platform to meet India's surging digital infrastructure needs. It is developing multiple large campuses (NCR, Mumbai, Chennai, etc.) with multibillion-dollar investment. In Q4 FY25, AdaniConneX completed core-shell for Noida DC (50 MW) and Chennai (phase I, 9.6 MW). Revenues are still small, but the pipeline of leased/multi-tenant space under construction is a key growth vector.
- **Edible Oils & Food (Adani Wilmar):** until FY25 this joint venture contributed significantly. AEL sold 13.5% of Adani Wilmar in Q4FY25 and realized a one-time gain of ₹3,946, reflecting its prior ownership of brands like Fortune oil. (Post-exit, AEL's direct role here is reduced, but AWL helped diversify its customer base historically.)
- **Defence & Aerospace:** Through Adani Defence & Aerospace Ltd (ADAL, a subsidiary), AEL is entering defence manufacturing (ammunition, sonar buoys, missiles, etc.). It has R&D partnerships (e.g. with Sparten) and offset projects lined up, positioning itself as an "Indian PSU" competitor in this sector.

- **Water and Infrastructure:** AEL's water unit recently won the Prayagraj Ganga clean-water project (sewage treatment and reuse) under the national Jal Jivan (Jal Shakti). This marks the group's entry into urban water infrastructure. Other SMEs include agriculture logistics, industrial products, and cement (via recent Ambuja stake).

Geographically, nearly all AEL revenues are domestic (India). The exceptions are coal sourcing (imports from Indonesia, Australia, USA etc. for IRM) and overseas mining contracts (e.g. Australia, South Africa). AEL's customer mix spans public agencies (NHAI, AAI, state utilities) and large corporates (power plants, industrials), as well as global traders/suppliers in the coal business. Overall, AEL's strategy is to generate long-term cash flows through PPP/infra contracts and commodity trading, using those to fund high-growth assets in renewables and digital infra.

3. Industry Overview & Value Chain

Adani Enterprises operates at the confluence of several high-growth Indian industries, each undergoing rapid transformation:

- **Energy & Resources (Coal and Renewables):** India is the world's second-largest coal consumer, and power demand is projected to rise with GDP growth. Coal still fuels ~70% of India's power, and Government policies focus on energy security via domestic production and strategic. In this context, AEL's IRM (coal import/trading) and Mining Services fit into the entire coal value chain – from mine development (MDOs, Parsa block) to importing and logistics to power plants. Globally, coal markets have seen softening: a World Bank report forecasts global coal prices to decline ~27% in, although India is expected to remain the main growth driver of. This dynamic presents margin pressure in trading, but also opportunity if India ramps up thermal capacity or needs imported coal to meet demand. On the renewables side, India's non-fossil targets are enormous: the country is committed to 500 GW of renewable capacity by 2030 (up from ~150 GW in). Solar and wind additions have been averaging ~10-12 GW per year, with strong policy support (auctions, tax incentives, PLI). AEL's solar manufacturing (ANIL) sits at the upstream end of the value chain: by producing cells and modules domestically, it aims to reduce imports and supply the booming solar park development. Similarly, its wind turbine facility caters to India's wind expansion. Green hydrogen is an emerging subsector: the National Hydrogen Mission (launched 2023) targets production and use of green H₂ across industry. AEL's ANIL has built India's first off-grid 5 MW pilot, positioning it in the nascent H₂ value chain (electrolysis, distribution).
- **Transport Infrastructure (Airports, Roads, Rail):** India is currently underinvested in transport infrastructure, offering secular growth. The aviation market is "one of the least penetrated" globally (just 0.2 trips per capita in India vs 2.1 in the), and the government is privatizing dozens of AAI-run airports. AEL's AAHL taps into this trend – it already owns 8 airports (plus stakes in Mumbai/Navi Mumbai) and is bidding for new ones under the NMP (24 Tier-2/3 airports planned for auction, handling ~68m pax). In roads, the National Highways Authority (NHAI) has a very large pipeline of PPP projects (including 46 projects under TOT, and ₹1.8 trillion of national infra outlay FY24–30). Adani's road arm is part of this supply chain, building and operating road corridors as concessions (e.g. Ganga Expressway). The broader logistics sector (ports, shipping, rail freight) is also integral. While AEL spun off ports/SEZ, it retains expertise in supply chain – for instance, it funds rail links to its mines and ports.
- **Digital Infrastructure (Data Centers):** With India's booming digital economy (billions of smartphones, rising 5G/OTT usage), demand for secure data hosting is surging. Industry research projects India's DC capacity growing from ~3.3 GW in 2025 to ~6.7 GW by 2030 (~15% CAGR). High government push (50% tax holidays, state incentives like free power) is attracting hyperscalers. AEL's AdaniConneX is at the front of this trend, building purpose-built, scalable data centers across metro clusters. These lie upstream in the data value chain – providing core & shell lease space to enterprises, with end markets in cloud, streaming and telecom.
- **Aerospace & Defense:** India is aggressively promoting domestic defense manufacturing (Atmanirbhar Bharat). The domestic defence market (~\$80bn over 5 years) is growing with orders for naval vessels, munitions, etc. AEL's Defence arm (Adani Defence & Aerospace) is integrating into this by partnering for aircraft components and naval systems, leveraging offset norms. Its role is to localize military supply chains, a high-tech growth segment with government backing.
- **Agriculture & Consumer (Food, Agri-logistics):** Through Adani Wilmar (joint venture) AEL has been a player in the food value chain, especially edible oils and staples. Adani Agri Logistics handles warehousing and cold chains. While AEL's stake in AWL is now sold, historically it positioned itself along the food supply chain from processing to retail. These sectors grow roughly with GDP, and AEL's participation added stability to its income mix (though currently dominated by core infra).

In the overall value chain context, AEL's role is that of an **enabler/integrator**. For each industry, it often spans multiple stages: in coal, from mine to port to power; in airports, from greenfield development to terminal operations to non-aero services; in renewables, from module production to project commissioning. This "vertical integration" and large-scale execution give AEL cost and schedule advantages. Conversely, it means AEL must manage the full project lifecycle risks (permitting, construction, commissioning). Its unique position is having capital, large land banks, and government relationships to move projects from concept to operation.

4. Market Share & Competitive Positioning

Adani Enterprises has carved out significant positions in its chosen sectors and leveraged the Adani Group brand:

- **Coal/Resource Supply:** AEL claims leadership in India's coal import market. It is "one of the largest coal suppliers in India" and the country's "largest importer" of thermal coal from. By building its own import terminals and logistic chain, AEL has become a top counterparty for Indonesian miners. Its Mining Services arm is a leading private-sector mine developer; for example, the Parsa block- (5 MTPA) is a marquee MDO contract. Competitive differentiators include AEL's end-to-end integration (from mining to rail offtake) and its leverage of Adani's logistics network (ports/rail) for coal transport.
- **Airports:** Through Adani Airport Holdings, AEL is effectively the largest private airport operator in India. Its portfolio accounts for ~25% of the nation's passenger traffic and ~33% of air, surpassing any other single operator. This dominant share is unique – AEL's non-aeronautical revenues are also poised to grow through city-side development and commercial concessions. The Diamond sustainability rating earned by Mumbai Airport underscores one competitive edge (focus on green). Moreover, AEL's scale in airports makes it a credible partner for government and global financiers (e.g. the \$1B financing for Mumbai's was the first such large private bond for an Indian airport). Its key USP is being able to consolidate and run many airports under one platform, cross-subsidizing growth and offering integrated services (PMS system, tech integration, loyalty partnerships).
- **Solar Manufacturing:** Adani Solar (ANIL) has quickly risen in solar PV cell/module manufacturing capacity. It is one of India's largest solar manufacturers, especially as it transitions fully to advanced TopCon cell technology. Market sources note Adani Solar will reach 10 GW by mid- and currently operates a 4 GW. This scale, combined with vertical integration (captive silicon wafer sourcing, and tie-ups for glass/inverters), positions ANIL to capture much of India's module supply. Its alliance with international firms (e.g. a JV with TBEA for wafers, and with Virya for polysilicon) is a strategic differentiator. In wind, AEL's unit already delivers large industrial-scale turbines (win ICC Green Energy award). While competition is intensifying (from global firms and new domestic entrants), Adani's ability to invest upfront in capacity and technology (underwritten by AEL's balance sheet) gives it an edge in future auctions.
- **Data Centers:** AdaniConneX claims to be the largest hyperscale DC builder in. Its advantage is rare: owning huge land parcels with ready power (from Adani's power ventures) and renewable supply, plus financial and execution muscle. Competitors like Airtel NXDC or STT also are building DCs, but Adani's "end-to-end" offering (freehold land, captive power, fiber links) is a key selling point for global cloud clients. According to Mordor Research, India's DC capacity will double by, and AdaniConneX aims to capture a major slice via multi-tenant projects. Its **unique selling proposition (USP)** is being a one-stop builder with minimal land acquisition risk and low power costs.
- **Highways:** In road infrastructure, Adani (through ARTL) is emerging as one of the top private toll-road developers. With 4,000+ lane-km already operational, it has built one of the longest private road networks in India. The advantage is execution – in FY25 it built a record 2,410 lane-. Its project mix of BOT and HAM spreads risk (some fixed annuity, some toll-based). Major peer groups include IRB, Dilip Build, and large conglomerates; Adani competes by offering aggressive financing (FPO proceeds used to partly prepay) and leveraging its scale to win new bids.
- **Defense Manufacturing:** Adani's new defense JV (with Mercury Corp.) and partnerships (Sparton, DRDO) aim to become lead suppliers of sonobuoys, anti-ship missiles, etc. In these segments, AEL competes against PSUs (BEL, MDL, etc.) and foreign OEMs. Its differentiator is leveraging offset orders and the "Make in India" push. Having opened a factory at Mundra naval base, it gained first-mover advantage in underwater weapon systems. The business is nascent but backed by a pledged \$5+ billion investment in the hydrogen and ties to national security programs.
- **Financial Position:** AEL's balance sheet metrics also reflect positioning. It was rated AA- by CARE/, indicating strong credit profile for an infra company. As of FY25, net debt was being managed (as CFO noted, existing debt largely tied to airports/roads with pledged cash). The group's large public share sale (₹20,000 Cr in early 2023) further improved free float and funded growth. The combination of public backing and rising free-float makes AEL relatively well-placed compared to smaller developers when seeking funds.

In summary, AEL's competitive positioning is based on **scale and integration**. It boasts leadership roles in its key segments (coal, airports) and is building scale in new domains (solar, DCs). Its advantages are financial (large project pipeline, strong sponsor credit) and strategic (alignment with government goals, broad execution capability). Going forward, AEL will aim to deepen these positions: for example, by becoming "one of the lowest-cost producers of hydrogen" or the "largest airport service base in India", as management has signaled.

5. Technological Trends & Strategic Initiatives

AEL is actively engaging with key technological and sustainability trends transforming infrastructure:

- **Renewable Energy & Green Hydrogen:** India's push to decarbonize power is driving rapid adoption of solar and wind technology. AEL's ANIL is at the forefront: it has deployed advanced 23% efficient TOPCon solar panels (unveiled at industry) and expanded wind turbine manufacturing to 2.25 GW. Crucially, AEL is pioneering **green hydrogen** – the next wave of clean energy. In June 2025, Adani New Industries commissioned India's first off-grid 5 MW green hydrogen, demonstrating electrolyzer integration with solar. This aligns with the National Green Hydrogen Mission, which supports such pilot. AEL's strategy is to vertically integrate hydrogen: from solar-powered electrolyzers to fuel cells (even deploying India's first hydrogen-powered). The group has earmarked ~\$50 billion over 10 years for green hydrogen across the value, positioning itself as a tech leader in what is expected to be a multi-trillion dollar global hydrogen economy. AEL's emphasis on cutting-edge solar technology is evident in its manufacturing ventures. For example, **Adani Solar (ANIL)** recently showcased new high-efficiency modules (TopCon technology) at industry trade shows, reflecting its move into next-generation PV cells. The image above shows Adani Solar's booth at the Solar India 2024 expo. Such initiatives support India's target of 500 GW non-fossil capacity by 2030 – ANIL aims to scale its output from the current 4 GW to 10 GW by mid-2026. This rapid capacity build-out gives AEL significant control over domestic cell/module supply, reducing dependency on imports.
- **Data Infrastructure & Digitalization:** AEL is betting on India's digital boom through **AdaniConneX** data centers. It is incorporating state-of-the-art designs (Tier-III/Tier-IV standards) with a focus on sustainability (using renewable power and efficient cooling). For instance, all new data center sites target green building certifications and operational net-zero emissions by 2030. The digital revolution also enables AEL's operations: airports and roads are increasingly managed with smart systems (e.g. e-toll, IoT monitoring). AEL is also piloting digital supply-chain management in agro-logistics (silos, cold chains) and water management (real-time monitoring of the Prayagraj sewage project).
- **Environmental Tech:** Across all projects, AEL is adopting clean tech to meet ESG goals. At Mumbai Airport, it achieved a "Diamond" rating for emission, indicating advanced energy management (solar carports, green mobility). In roads, it is exploring solar power use at toll plazas. In mining, AEL uses precision drilling and efficient haulage to reduce fuel use. The copper smelter (500 KTPA in Mundra) uses state-of-art furnaces and waste heat recovery. In all these, adopting new technology (e.g. battery-electrolysis, digital twins, etc.) is central to AEL's competitive edge.
- **Strategic Initiatives:** AEL is pursuing targeted ventures to capture new markets. For example, its **Adani Defence & Aerospace** venture has partnered to localize submarine sonar (sonobuoys) – a rare capability in. Similarly, the group has launched new energy businesses like Adani Total Gas (CNG and piped gas network, in JV with Total) to gain access to India's urban fuel supply chain. In June 2024, AEL helped commission a 750 MTPA copper. These moves show AEL combining core competencies (engineering, financing) with acquisitions (Polaris's LPG assets, Tata Steel's stake) to enter sectors like copper where technology and capital are the barriers.
- **Capital Expenditure and Deleveraging:** AEL's strategic plan includes refinancing old debt and raising funds for new technology. In late 2022/early 2023 it raised ₹20,000 Cr via follow-on, earmarking ~₹10,869 Cr for hydrogen, airports, expressway projects, and ~₹4,165 Cr to pay down debt of project. This selective re-investment in growth tech (hydrogen plant, airport expansions) demonstrates how AEL is using capital markets to back emerging technologies.

By aligning its investments with future tech trends (clean energy, digitization, indigenous defense) and securing global partnerships, AEL is positioning itself to ride India's economic transformation. Its headline initiatives (e.g. India's first off-grid H₂ plant, metro railway bids, hyperscale DC campuses) are intended to create proprietary platforms that competitors find hard to replicate.

6. Regulatory & Geo-Political

AEL's operations span heavily regulated and geopolitically sensitive industries, so it actively manages policy risk:

- **Government Infrastructure Policy:** Indian policy is largely supportive of AEL's focus areas. Programs like UDAN (regional air connectivity), National Monetization Pipeline (privatization of state assets) and Jal Jeevan/Swachh Bharat (water/wastewater projects) create growth tailwinds. For instance, AEL secured the Prayagraj water treatment project under the Clean Ganga mission (a government initiative). It also benefits from road-building incentives (Viability Gap Funding) and is aligned with NHAI's pipeline of 46 TOT highway. Policy risk is mitigated by AEL's track record of winning competitive bids and negotiating concessions. It typically enters PPP projects with fixed milestones and inflation-indexed tolls or annuities, reducing regulatory revenue risk.
- **Environmental & Land Regulation:** Mining and infrastructure projects require forest/clearances. The Carmichael coal mine (Australia) and India's domestic mining face environmental scrutiny. AEL addresses this by using captive financing (declared for Carmichael) and by self-funding to meet compliance. Domestically, it engages with state agencies early (for Ganga Expressway, it obtained clearances under "National Highway" status). In solar manufacturing, AEL works with central incentives (PLI scheme, import duty on modules) to protect its business. For large projects, it also involves state governments – for example Uttar Pradesh offers power subsidies for data centers, which AEL fully utilized for its Noida campus.

- **Energy & Trade Policy:** As a major coal importer, AEL monitors trade policy closely. India has in the past increased import duties on coking coal or imposed minimum import prices for thermal coal. AEL hedges these risks by having a diversified supplier base (Australia, Indonesia, USA) and by vertical integration (owning terminals and mixing sources). On currency risk, its CFO noted that much of AEL's US\$ debt is internal (for one-time capex) and FX swings impact only P&L, not cash, indicating a degree of natural hedge. Geopolitically, disruptions like Black Sea conflicts or Indonesian policy changes could affect supply, but AEL can pivot to other sources when needed (e.g. it expanded rail connectivity from alternative mines).
- **Monetary & Fiscal Policy:** AEL is exposed to interest rates via its project debt. Indian rates have recently eased (RBI forecasts 3.7% inflation in leading to rate cuts), which helps new project financing. To lock in low rates, AEL issued long-term bonds (Mumbai Airport's \$1B bond with 15-year) and uses fixed-rate bank loans for highways. Fiscal discipline by the government ensures continued funding for public projects (critical for PPPs). In worst-case scenarios (tight fiscal), AEL's diversification helps – if domestic infra slows, its foreign coal projects and high-growth renewables can compensate.
- **Regulatory Oversight & Governance:** Being a large conglomerate, AEL was at the center of market scrutiny during the 2023 Hindenburg episode (though that targeted group share prices, not compliance). Since then, Adani has emphasized governance – AEL now publishes detailed ESG reports and voluntary disclosures (TCFD, SBTi), likely to address investor risk concerns. Its regulatory mitigation includes high credit ratings (AA-) and transparent project reporting. On the geopolitical front, Adani's companies have also expanded ties (JVs with Japan's Mitsui in PPPs, with EDF in wind energy), potentially diluting any single-country exposure risk.

In summary, AEL navigates regulation by aligning with government agendas (green energy, infrastructure growth) and by structuring projects to share/hedge major risks. Its diversified portfolio itself is a hedge: regulatory changes in one sector (e.g. coal) have offsetting effects elsewhere (e.g. data centers, hydrogen). AEL's mitigation strategies include financial hedges, off-take agreements (for roads/airports), and focus on segments where India incentivizes local development.

7. Client Mix & Geography-Based Risk Analysis

AEL's clients are mostly large institutional bodies or industrial customers, with minimal retail exposure. In coal, **power utilities** (public and private) and **steel/industrial firms** are the main clients. In airports and roads, clients are largely **government agencies** (AAI, NHAI) as concession counterparties; actual end-users are millions of consumers, but AEL's revenue comes from usage fees. Defense clients will be the Indian armed forces (through government procurements). In agro/food (via AWL), clients were retail consumers and FMCG channels; since AEL sold its AWL stake, that retail customer concentration is largely gone. Overall, AEL does not rely on any single large commercial client: its coal and airport revenues come from dozens of contracts across the country, diluting counterparty risk.

Geographically, **India accounts for virtually all operating revenues**. This insulates AEL from exchange-rate swings in its businesses' home markets; for example, airport earnings are in INR. However, certain divisions have international exposure: about 40% of AEL's Mining Services is from foreign mines (Australia, Indonesia, Mozambique, etc.), and IRM's coal supply requires imports (currently mainly from Indonesia, which faces its own export curbs risk). By country, AEL's operational risk is modest since it deals only with stable partners or governments. For instance, its Australian coal mine (Carmichael) has secured long-term financing and negotiated with local regulators, and its Indonesian contracts are with established state miners.

Concentration risk: An example is its debt mix – AEL disclosed ₹18,000 Cr of external project debt, ~70% of which funds long-term airports and roads. If any one project failed, cash flow could be stressed. But these projects each have diverse demand sources (multiple airports in different states; toll roads on different highways), reducing single-point risk. Likewise, over 25 airports are under AEL's platform – an airline strike or downturn in one city won't wipe out the entire business. In coal trade, AEL mitigates reliance on any single mine by diversifying suppliers; it reported ~56.5 MMT imports from multiple countries.

Key mitigation strategies include rigorous engineering and prequalification of contractors, project financing to ring-fence assets, and cross-guarantees within the group. For example, airports projects secured long-term debt tied to airport cash flows, not the parent balance sheet. Also, following the AWL stake sale, AEL has greater flexibility to redeploy capital without relying on the edible-oil JV returns. And with ~100% domestic cash flows, AEL's main geographic risk is India's macro-economy – which, if slowing, is likely to slow AEL's growth (economic scenario later).

Overall, AEL's client base is diversified and skewed towards government-backed projects, which limits credit risk. Its geography is heavily India-focused (good for political stability), with only limited earnings sensitivity to commodity-exporting countries. As a large conglomerate, it uses the balance sheet to underwrite any short-term concentration (e.g. paying down project debt with IPO) and keeps cash buffers for working capital. CFO commentary confirms AEL expects upcoming ramp-up (airports, highways) to generate sufficient cash flows to service these concentrated.

8. ESG Profile

Adani Enterprises has made ESG a core part of its identity, aligning its vast infrastructure projects with sustainability commitments:

- **Environment (E):** AEL has set ambitious carbon and resource targets. It is committed to Science Based Targets (SBTi) and fully aligns with TCFD. Many of its projects aim for net-zero: for example, Adani Airports targets carbon-neutral terminals, 100% green power, and “net operational zero GHG by FY2029”. In practice, AEL’s airports have already implemented large solar installations and green building designs – Mumbai got a Diamond rating for emissions. For its natural-resources division, AEL aims to reduce Scope 1+2 energy intensity by 15% by. The copper smelter at Mundra uses waste heat recovery to cut emissions. AEL also focuses on water use reduction and circular waste strategies across sites, aiming for “no net loss to biodiversity” and zero waste to. Its first Water segment project (Prayagraj sewage treatment) itself helps clean the Ganga, a major environmental.
- **Social (S):** AEL runs community and employee programs (per its CSR disclosures, which are detailed but not easily summarized here). It emphasizes local employment on projects (many are in rural areas), skill training (defense manufacturing institutes, airport training schools), and supply-chain audits. The defense subsidiary, for example, works under SA8000 principles (labour standards). Community engagement is visible in rural projects: the Prayagraj plant includes public outreach on sanitation, and roads projects build schools/health centers as part of tender commitments.
- **Governance (G):** AEL has strengthened governance measures post-2023. It publishes an annual ESG report and discloses climate strategy, aligning with international frameworks. Its board includes independent directors with relevant expertise. Credit rating agencies have noted “high governance standards” in recent notes. The improved credit rating to AA- reflects confidence in governance and financial controls. AEL is also targeting broader shareholder participation – it actively widened its free float via, partly to improve liquidity and oversight.
- **ESG Performance & Recognition:** AEL has received external acknowledgments for its ESG focus. The Carbon Disclosure Project (CDP) upgraded AEL to an **A- rating (“Leadership”)** for climate change in, indicating top-quartile disclosure and performance on climate action. A third-party ESG rating firm scored it 67.5 (“Strong” category) for overall ESG. These reflect progress in emission reductions and reporting. Recognitions like the GEEGF Diamond award for Mumbai also highlight tangible achievements (e.g. solar panels covering >50% of airport electricity).
- **Targets:** AEL has set specific targets for each business: e.g., Adani Airports plans full fleet decarbonization, water positivity and zero waste by. The Data Center arm aims for operational net-zero by. Across the enterprise, AEL commits to exceeding India’s NDC (45% reduction in energy intensity by 2030) and to “net water positive by 2030”. These formal targets, along with adopting technologies (fuel cells for backup power, advanced waste treatment), make ESG central to strategy.

In summary, AEL’s ESG profile is increasingly mature. It has codified high-level goals (carbon neutrality dates, SBTi commitment) and is taking concrete steps (solar farms, green construction). It has the accreditation (CDP A-, top 25% globally) to attract sustainability-focused investors. Going forward, continued transparency (like TCFD reporting) and meeting its interim metrics (zero waste, water recycling) will be key to maintaining stakeholder trust.

9. Economic Outlook & Impact

India’s macroeconomic environment will shape AEL’s trajectory. Broadly, forecasts are optimistic: the IMF projects ~6.2% GDP growth in, and RBI expects inflation to ease to ~3.7% in 2025-. Robust growth would underpin demand for infrastructure and energy. Key macro drivers for AEL include:

- **Investment Cycle:** Government’s planned 5-year infrastructure spend (roads, rail, urban development) and policies like the National Monetisation Pipeline suggest sustained capex, benefitting AEL’s segments. A growing economy also raises power demand, which supports coal trading volumes and renewables offtake. Conversely, an economic slowdown would dampen industrial coal demand and air travel, impacting AEL’s mining and airport revenues.
- **Interest Rates & Currency:** With inflation under control, RBI has eased rates in 2025 (repo at 5.5%). Lower borrowing costs reduce financing costs for AEL’s long-term projects (airports, roads). If interest remains low, AEL can refinance debt at favorable rates. A stable INR helps its import-heavy IRM business; a weak rupee would raise domestic coal prices (though India’s coal contracts are often dollar-linked).
- **Global Commodity Trends:** World commodity cycles matter for AEL’s resource segments. World Bank data shows global coal prices fell sharply in 2025 (and are expected to decline further), which could mean lower margins for coal trading but also cheaper costs for domestic utilities. Steel and aluminum price fluctuations would impact mining service profitability (AEL has contracts for both ferrous and non-ferrous blocks). On the positive side, lower global inputs could make AEL’s large copper refinery more competitive, and

cheaper steel makes highway building less costly.

- **Key Scenarios:**

- **Base-case:** India grows ~6–7%, inflation ~4%, and global conditions remain benign. In this scenario, AEL's pipelines (roads, airports, mines) proceed on schedule. Renewables auctions continue apace, driving ANIL's capacity utilization higher. Data center demand grows in line with tech adoption. AEL's diversified portfolio should see overall revenues rise moderately (in incubating segments >30%), and profits improve from scale.
- **Best-case:** A pickup in global growth or commodity demand boosts revenues beyond expectations. For example, if India's renewable drive accelerates (say a policy shock encouraging rooftop solar) or if fiscal space allows extra infrastructure stimulus, AEL could see above-trend project wins. A weaker rupee might help AEL's export markets (e.g. if it starts exporting solar panels or steel products from Mundra).
- **Worst-case:** A global recession or sharp policy tightening (fiscal/monetary) triggers slower growth. Reduced industrial power demand cuts coal volumes, and airlines/automakers pull back, hurting airports and toll roads. Commodity prices may fall (as in China's slowdown, predicted), compressing margins. However, AEL's concession model (with fixed minimum revenues) can provide downside protection for roads and airports. In such a scenario, AEL might slow new investments (capex), conserve cash, and rely on its core business streams (coal and existing concessions) to weather the downturn.

- **Foreign Investment and Exchange:** India's large forex reserves and controlled capital account mitigate currency shocks. AEL's raising of foreign debt (USD bonds) and foreign JV funding (EdgeConnex data center partnership) mean it does face FX risk, but these are mostly hedged long-term. A sudden dollar surge would inflate INR debt obligations, but so far CFO indicates any forex impact is largely non-cash (accounting) in.
- **Regulatory Shifts:** Any change in import/export policy (e.g. export bans on coal, or changes in Indo-Russian trade) could create short-term supply issues, but AEL has flexibility in source markets. Likewise, a policy pivot away from renewables (unlikely, given climate commitments) could harm ANIL; but current policy is very favorable (inverted duty structure, ESG mandates).

In summary, a positive macro outlook augurs well for AEL's growth – higher GDP and investment should lift infra and energy demand. Its portfolio provides some hedge: if one sector lags (e.g. coal in a green push), another can lead (renewables). The most direct impacts are expected through volume changes in airports and power consumption. Economic health will also influence equity market sentiment for companies like AEL, affecting its stock-based financing cost. Overall, AEL's fortunes appear closely tied to India's continued growth and infrastructure buildout in the coming years.

10. Forward-Looking Commentary

Looking ahead, AEL's strategic outlook is to crystallize value from its incubating ventures while continuing to drive core business momentum. Key growth drivers and anticipated challenges include:

- **Scaling the Green Hydrogen Ecosystem:** AEL has committed to invest ~\$50 billion over a decade in. In the short term, it will build demonstration plants (like the 5 MW facility), scale electrolysis, and integrate with new industries (steel, refineries) to create demand. Longer-term, AEL aims to be "one of the lowest cost producers of hydrogen" by leveraging India's solar/wind. Success here depends on technology improvements (electrolyzer costs, hydrogen storage) and policy continuity (incentives for hydrogen production/use). It is a high-opportunity but high-capex bet. AEL's FPO use of ₹10,869 Cr for hydrogen underscores its priority. Investors will watch AEL's ability to commercialize H₂ and offload early-stage risks.
- **Airport Network Expansion:** AEL intends to continue acquiring or bidding for new airports under the upcoming privatization phases. It plans to consolidate smaller airports into a national network, driving revenue synergies (one card, one app, shared best practices). AEL's goal of becoming India's largest airport operator outside government is within reach given the 24 airports lined. The key challenges will be ensuring enough passenger/cargo growth at tier-2/3 airports; AEL is addressing this via route development (e.g. 12 new routes in Q4) and non-aero projects (city terminals, shopping malls). Financing remains a strategy focus – AEL recently raised ₹16,500 Cr for Mumbai Airport expansion alone. Future bonds or project-level funding will be needed, but global financiers are comfortable with Adani's infrastructure pedigree.
- **Data Centers & Digital Growth:** Demand for data hosting is set to accelerate with 5G, AI/ML, and OTT video. AEL plans multiple hyperscale campuses; the capacity under construction (over 200 MW cited in press) will start leasing out space to corporates. Its partnership with EdgeConnex provides development expertise, and internal advantages (land, power) cut costs. Success here depends on capturing marquee clients (cloud giants, financial firms) and building world-class facilities. Competition is heating up, but AEL's local policy support (land/power incentives, 100% FDI allowed) gives it a cushion. A potential challenge is the 2030 deadline for mandatory green DCs – but AEL is already aiming for net-zero designs, which should ensure it meets future ESG requirements.

- **Infrastructure Projects Execution:** Execution speed will remain a critical driver. AEL has repeatedly demonstrated it can fast-track construction (roads, solar farms, metro lines). It must continue this track record as it undertakes complex projects like naval shipyards (through its defense arm) or inter-city expressways. Any construction delays pose risk to guidance, so the company will likely keep robust project management frameworks (as it did in completing 2,410 km roads in). The backlog of won projects provides revenue visibility, but timely execution ensures that backlog turns into cash flow.
- **Diversification Opportunities:** AEL's recent portfolio hints at new adjacencies. For example, its water business is likely to target more urban water PPPs (the Prayagraj win is a). The cement sector is another; via Ambuja stake AEL now has exposure to cement output (complementary to construction). It might also leverage its data/solar expertise into EV charging infrastructure or energy storage – sectors where industrial know-how can be transferred. Such moves could create new revenue lines but would also test management bandwidth.
- **Risks and Mitigation:** Major risks include commodity volatility (which could hit IRM earnings) and execution hiccups in large projects. AEL plans to mitigate these via financial hedges, long-term off-take deals, and by ring-fencing debts to specific projects (as it has for airports/). Another risk is policy change: e.g., any reversal in renewable subsidies or tighter environmental norms on mining. AEL counters this by securing long-term permissions (captive coal block 30-year leases, PPP concession periods >30 years) and by alignment with national priorities (its projects directly support Swachh Bharat, Ayushman Bharat [by connecting hospitals via corridors], etc.).
- **Capital Allocation:** With the AWL stake sale and FPO proceeds, AEL has significant liquidity. The key challenge will be allocating capital prudently. AEL's current plan (per the Jan 2023 CFO commentary) is to use funds for green hydrogen, airport facilities, green expressways, and debt. Going forward, management will have to balance organic growth (reinvesting in its own projects) versus returns to shareholders. Given its incubation model, the likely path is to reinvest heavily until each segment achieves scale, then consider demerger/spin-off (as signaled for 2025–).

In **forward-looking terms**, analysts expect AEL to remain an infrastructure growth proxy. According to management, by late-decade businesses like ANIL, AdaniConnex and AAHL should be ready for separate listings. The roadmap is: continue building scale and profitability in each vertical, then carve them into standalone firms. Meanwhile, AEL will generate cash and pay down legacy debts. Its ability to hit targeted KPIs (like MW of green H₂ by 2030, or passenger lift at acquired airports) will determine if the group achieves its stated vision. Given the healthy tailwinds (record funding pipeline in roads, 5-year green energy push, favourable interest rates), AEL is positioned to grow significantly. Key metrics to watch include ANIL's manufacturing capacity utilization, airport passenger/cargo growth, road toll collections, and data center location rates.

Historical Financial Statements - ADANI ENTERPRISES LTD



Years	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	TTM
# Income Statement (Rs. crore)											
Revenue and Cost of Goods Sold (COGS):											
Revenues	34,008	36,533	35,924	40,379	43,403	39,537	69,420	127,540	96,421	97,895	97,895
Revenue Growth	-	7.4%	-1.7%	12.4%	7.5%	-8.9%	75.6%	83.7%	-24.4%	1.5%	-
Cost of sales	30,664	33,411	32,775	36,536	38,471	35,449	62,752	109,762	75,051	73,493	-
Gross Profit	3,344	3,122	3,149	3,843	4,931	4,088	6,668	17,777	21,370	24,402	-
Gross Margin	9.8%	8.5%	8.8%	9.5%	11.4%	10.3%	9.6%	13.9%	22.2%	24.9%	-
Operating Expenses:											
Selling, General and Administrative Expenses	1,661	1,220	1,111	1,874	2,637	1,582	2,954	8,960	9,993	10,150	-
EBITDA	1,684	1,902	2,038	1,969	2,294	2,506	3,714	8,818	11,377	14,252	14,252
EBITDA Margin	5.0%	5.2%	5.7%	4.9%	5.3%	6.3%	5.3%	6.9%	11.8%	14.6%	14.6%
Depreciation and Amortization	314	315	664	390	472	537	1,248	2,436	3,042	4,211	4,211
Total operating expenses	1,975	1,535	1,775	2,263	3,109	2,119	4,202	11,396	13,035	14,361	-
Operating profit (EBIT)	1,369	1,587	1,374	1,580	1,822	1,969	2,466	6,382	8,334	10,041	10,041
Operating Margin	4.0%	4.3%	3.8%	3.9%	4.2%	5.0%	3.6%	5.0%	8.6%	10.3%	10.3%
Non-operating Items and Taxes:											
Other income, net	1,044	749	363	504	872	494	1,012	834	1,146	6,403	6,403
Interest Expense	1,357										

Ratio Analysis - ADANI ENTERPRISES LTD



Adani Enterprise has exhibited a mixed financial performance over the past decade, characterized by periods of robust growth and improving profitability, interspersed with years of decline and significant volatility, particularly in net profit. The company maintains high debt levels with low interest coverage ratios, indicating potential solvency risks. However, recent years have shown marked improvements in profitability margins and working capital management, suggesting a positive trajectory for future performance.

1. Growth Ratios

Years	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	Trend	Mean	Median
Sales Growth	-	7.4%	-1.7%	12.4%	7.5%	-8.9%	75.6%	83.7%	-24.4%	1.5%		17.0%	7.4%
EBITDA Growth	-	13.0%	7.1%	-3.4%	16.5%	9.2%	48.2%	137.4%	29.0%	25.3%		31.4%	16.5%
EBIT Growth	-	15.9%	-13.4%	15.0%	15.4%	8.0%	25.3%	158.8%	30.6%	20.5%		30.7%	15.9%
Net Profit Growth	-	-17.4%	-53.6%	-16.2%	154.0%	-6.5%	-36.3%	364.7%	49.1%	127.6%		62.8%	-6.5%
Dividend Growth	-	0.0%	0.0%	0.0%	150.0%	0.0%	0.0%	20.0%	8.3%	0.0%		19.8%	0.0%

Trends: Sales growth has been inconsistent, averaging 17.0% but with a significant decline of 24.4% in March 2024. Net profit growth is highly volatile, ranging from -53.6% in 2018 to 364.7% in 2023, with a median of -6.5%. EBITDA and EBIT growth show similar variability, with peaks in 2023 (137.4% and 158.8%, respectively). Dividend growth remains minimal, averaging 19.8% but mostly at 0%.

Implications: The volatility in growth rates suggests sensitivity to external market conditions or internal strategic shifts. The sharp sales decline in 2024 and erratic net profit growth raise concerns about the sustainability of performance. Investors should investigate the drivers of these fluctuations to assess long-term growth potential.

2. Profitability Margins

Years	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	Trend	Mean	Median
Gross Margin	9.8%	8.5%	8.8%	9.5%	11.4%	10.3%	9.6%	13.9%	22.2%	24.9%		12.9%	10.1%
EBITDA Margin	5.0%	5.2%	5.7%	4.9%	5.3%	6.3%	5.3%	6.9%	11.8%	14.6%		7.1%	5.5%
EBIT Margin	4.0%	4.3%	3.8%	3.9%	4.2%	5.0%	3.6%	5.0%	8.6%	10.3%		5.3%	4.3%
EBT Margin	3.1%	3.0%	1.4%	1.1%	2.6%	2.7%	1.4%	2.5%	5.1%	10.7%		3.4%	2.7%
Net Profit Margin	2.9%	2.2%	1.0%	0.8%	1.8%	1.9%	0.7%	1.7%	3.4%	7.7%			

5. Returns

Years	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	Trend	Mean	Median
Return on Invested Capital	4.1%	3.5%	3.3%	4.4%	4.8%	4.1%	1.9%	5.1%	5.4%	5.1%		4.2%	4.2%
Return on Capital Employed	4.2%	4.5%	4.1%	6.0%	5.9%	5.6%	3.6%	7.0%	7.6%	6.8%		5.5%	5.8%
Retained Earnings%	95.5%	94.6%	88.3%	86.0%	86.2%	85.3%	76.9%	93.8%	95.5%	98.0%		90.0%	91.0%
Return on Equity	7.3%	5.5%	2.4%	2.1%	4.4%	3.9%	1.8%	5.8%	7.5%	13.3%		5.4%	4.9%
Self Sustained Growth Rate	6.9%	5.2%	2.1%	1.8%	3.8%	3.4%	1.4%	5.5%	7.1%	13.0%		5.0%	4.5%

Trends: Return on invested capital (ROIC) and return on capital employed (ROCE) have been moderate, averaging 4.3% and 5.7%, respectively, but improved to 5.7% and 8.0% in 2024. Return on equity (ROE) reached 14.8% in 2025. Retained earnings remain high, averaging 90%.

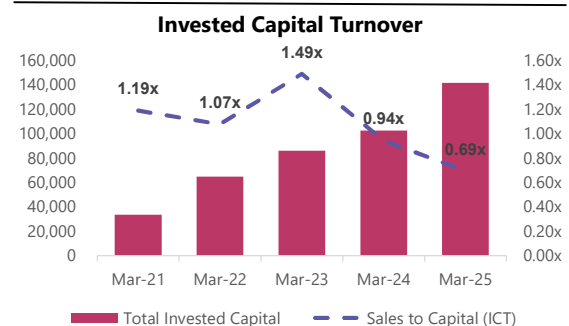
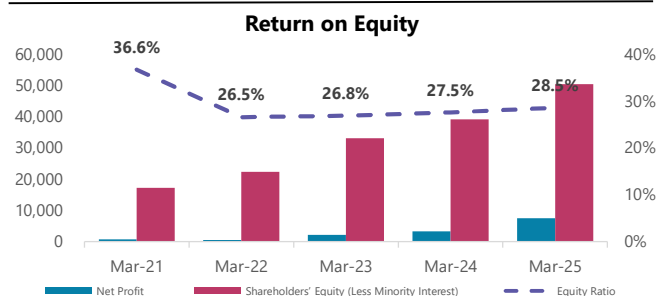
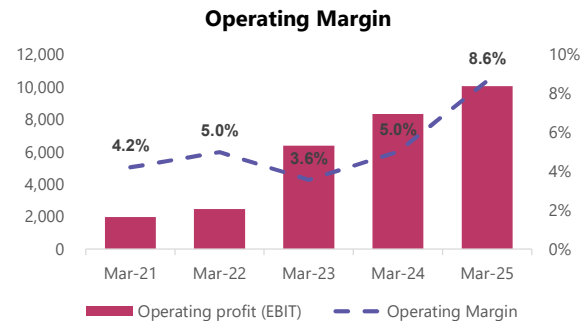
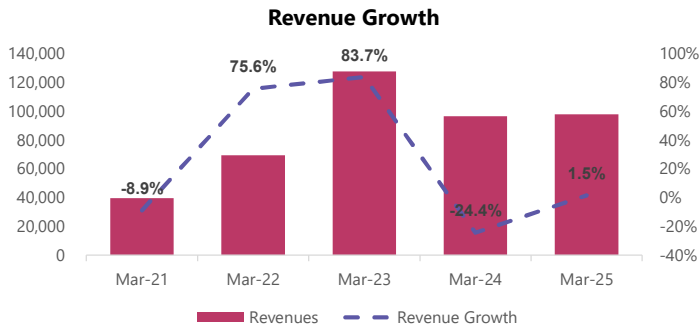
Implications: Improving returns indicate greater efficiency in generating profits from capital. The high retention of earnings suggests a focus on reinvesting profits to drive future growth, which could benefit long-term investors.

6. Efficiency Ratios

Years	Mar-16	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	Trend	#DIV/0!	Median
Debtor Turnover Ratio	3.3x	2.9x	3.0x	2.8x	3.3x	3.3x	5.1x	10.2x	9.8x	10.2x		5.4x	3.3x
Creditor Turnover Ratio	5.7x	3.9x	3.8x	3.0x	3.2x	3.0x	3.6x	3.8x	3.1x	3.5x		3.7x	3.5x
Inventory Turnover	23.6x	20.2x	14.0x	13.7x	15.0x	20.2x	9.2x	15.9x	7.9x	7.1x		14.7x	14.5x
Sales to Capital (ICT)	1.09x	1.08x	1.14x	1.64x	1.59x	1.19x	1.07x	1.49x	0.94x	0.69x		1.2x	1.1x
WC Turnover Ratio	2.5x	2.8x	2.3x	4.0x	4.0x	4.0x	6.6x	32.9x	-266.2x	10.2x			

This report provides a detailed five-year financial projection for Adani Enterprises Limited, covering fiscal years 2026 to 2030 (FY26–FY30), based on the latest financial performance, management guidance from the Q4 FY25 earnings call, and prevailing macroeconomic and industry trends. The projections are structured into four key sections: Revenue, Operating Margin (EBIT margin), Return on Equity (ROE), and Invested Capital Turnover Ratio (Sales to Capital). Each section includes base, bull, and bear case scenarios with detailed reasoning and supporting data, culminating in a terminal year (Year 10, FY35) projection.

Financial Highlights



1. Revenue Projection

(Mar-26 ----- Mar-30)

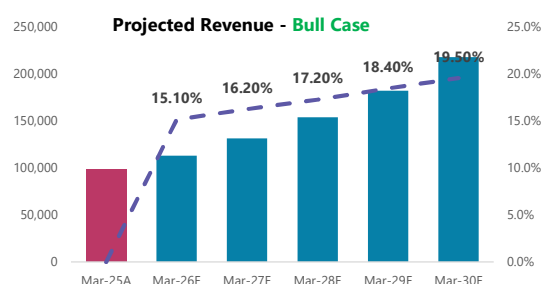
a) Base Case Scenario

Emerging Core Infrastructure Businesses (22% CAGR): This growth rate aligns with the example provided and is supported by management's outlook. Airports are expected to grow at 25% CAGR due to increasing passenger traffic (24.7 million in Q4 FY25, with Navi Mumbai Airport expansion) and operational efficiencies. Green hydrogen and new energy (including Adani New Industries Ltd [ANIL]) are projected at 30% CAGR, reflecting India's push for renewable energy and Adani's 10 GW solar and wind ecosystem plans. Mining services, with a 60% revenue increase to INR 3,787 crore in FY25 and expected volume growth to 60 MMT by FY27, are assumed at 18% CAGR. Other infrastructure (roads, data centers) is projected at 20% CAGR, driven by projects like the Ganga Expressway.

Year	Emerging Core (INR Cr)	Other Businesses (INR Cr)	Total Revenue (INR Cr)	% Growth
FY25	34,546	63,349	97,895	-
FY26	42,146	66,516	108,662	11.0%
FY27	51,418	69,842	121,260	11.6%
FY28	62,730	73,334	136,064	12.2%
FY29	76,531	77,001	153,532	12.8%
FY30	93,368	80,851	174,219	13.4%

b) Bull Case Scenario

Mar-25A	97,895	-
Mar-26E	112,677	15.10%
Mar-27E	130,931	16.20%
Mar-28E	153,451	17.20%
Mar-29E	181,685	18.40%
Mar-30E	217,114	19.50%



Emerging Core (30% CAGR): Airports at 30% CAGR due to accelerated passenger growth and new airport developments. Green hydrogen and new energy at 35% CAGR, driven by faster adoption and policy support. Mining services at 20% CAGR, reflecting additional contract wins. Other infrastructure at 25% CAGR due to aggressive project execution.

Other Businesses (7% CAGR): Slightly higher growth due to favorable commodity prices and operational improvements.

The bull case assumes a favorable macroeconomic environment, with robust GDP growth (6–7% annually per IMF projections) and increased government spending on infrastructure. Adani's leadership in green energy and airports positions it to capture higher market share.

Year	Emerging Core (INR Cr)	Other Businesses (INR Cr)	Total Revenue (INR Cr)	% Growth
FY25	34,546	63,349	97,895	-
FY26	44,910	67,783	112,693	15.1%
FY27	58,383	72,528	130,911	16.2%
FY28	75,898	77,605	153,503	17.2%
FY29	98,667	83,037	181,704	18.4%
FY30	128,267	88,850	217,117	19.5%

c) Bear Case Scenario

Emerging Core (15% CAGR): Airports at 20% CAGR due to slower traffic growth. Green hydrogen and new energy at 25% CAGR, reflecting delays in project execution. Mining services at 15% CAGR due to regulatory or demand constraints. Other infrastructure at 15% CAGR.

Other Businesses (3% CAGR): Slower growth due to commodity price volatility or reduced demand.

The bear case considers potential economic slowdown, regulatory hurdles, or delays in infrastructure projects, which could dampen growth. Global commodity price fluctuations may also impact IRM and commercial mining revenues.

Mar-25A	97,895	-
Mar-26E	104,	

Year	Emerging Core (INR Cr)	Other Businesses (INR Cr)	Total Revenue (INR Cr)	% Growth
FY25	34,546	63,349	97,895	-
FY26	39,728	65,249	104,977	7.2%
FY27	45,687	67,207	112,894	7.5%
FY28	52,540	69,223	121,763	7.9%
FY29	60,421	71,300	131,721	8.2%
FY30	69,484	73,439	142,923	8.5%

Segment	FY25 Revenue (INR Cr)	Base CAGR	Bull CAGR	Bear CAGR
Airports	2,831	25%	30%	20%
ANIL (New Energy)	3,661	30%	35%	25%
Mining Services	3,787	18%	20%	15%
Other Emerging Core	24,267	20%	25%	15%
Other Businesses	63,349	5%	7%	3%

Sources: Revenue figures and growth insights are derived from the Q4 FY25 earnings call and external reports (e.g., Groww.in, Trade Brains).

2. Operating Margin Projection

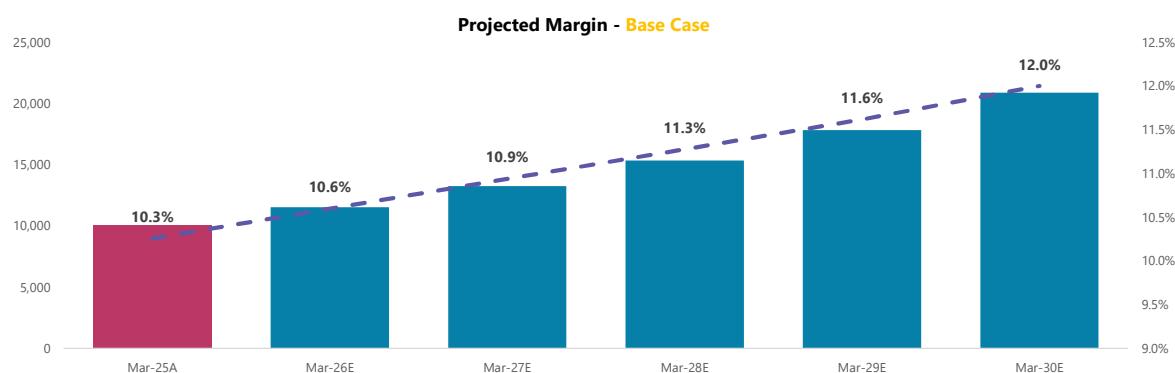
(Mar-26 ----- Mar-30)

a) Base Case Scenario

Projection: EBIT margin increases to 12% by FY30 (0.34% annual increase).

The shift towards high-margin segments like airports (EBITDA margin ~40% in FY25) and green hydrogen (108% EBITDA growth) will drive margin expansion. Economies of scale from expanded operations and technology adoption further support this. However, increased depreciation from FY26 capex (INR 36,000 crore) may temper EBIT margin growth compared to EBITDA.

	EBIT
Mar-25A	10.3% 10,041
Mar-26E	10.6% 11,515
Mar-27E	10.9% 13,263
Mar-28E	11.3% 15,343
Mar-29E	11.6% 17,829
Mar-30E	12.0% 20,885

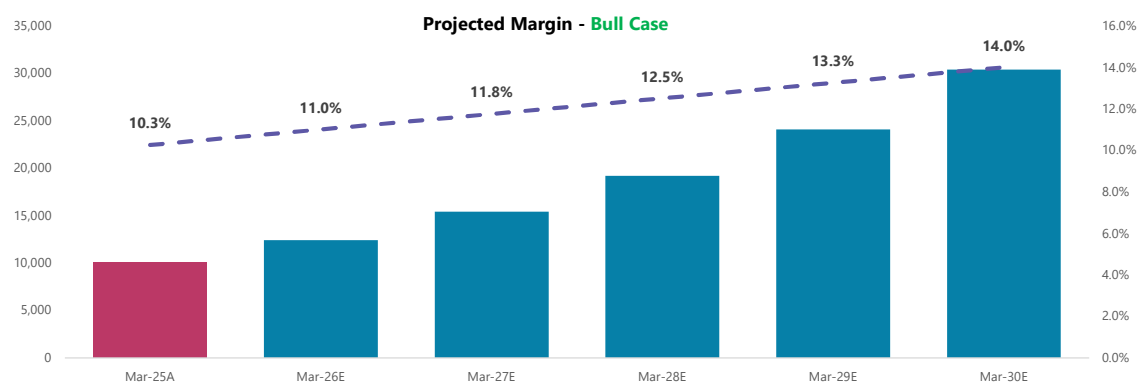


b) Bull Case Scenario

	EBIT
Mar-25A	10.3% 10,041
Mar-26E	11.0% 12,400
Mar-27E	11.8% 15,390
Mar-28E	12.5% 19,185
Mar-29E	13.3% 24,076
Mar-30E	14.0% 30,396

Projection: EBIT margin reaches 14% by FY30.

Accelerated growth in high-margin segments, coupled with aggressive cost optimization and favorable policy support, drives stronger margin expansion. For instance, airports achieving EBITDA break-even and new energy scaling to 10 GW capacity enhance profitability.

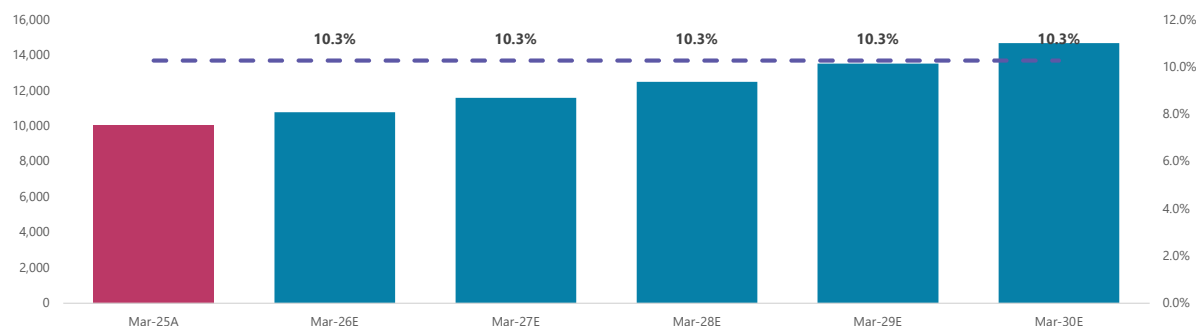


c) Bear Case Scenario

Projection: EBIT margin remains at 10.3%.

Competitive pressures, rising input costs, or regulatory challenges could offset efficiency gains. Higher depreciation from ongoing capex may also limit margin improvement.

	EBIT
Mar-25A	10,041
Mar-26E	10,764
Mar-27E	11,571
Mar-28E	12,485
Mar-29E	13,509
Mar-30E	14,657



Target Operating Margin (Terminal)

Historical Median -	4.27%
Industry Median -	19.06%
Target Operating Margin -	12.00%

Target EBIT Margin: 12% across all scenarios.

By FY35, Adani Enterprises is expected to reach a mature operational stage, with stabilized cost structures and optimized operations. Industry benchmarks suggest EBIT margins of 10–15% for infrastructure and energy firms, with Adani's diversified portfolio likely converging towards the higher end due to its focus on high-margin segments (source: Investopedia).

3. Return on Equity Projection

(Mar-26 Mar-30)

a) Base Case Scenario 19%

Projection: ROE remains at 19%.

Stable net margins, driven by operational efficiencies and reinvestment in high-return projects, maintain ROE. The company's balanced capital structure, with net debt-to-EBITDA below 3x in FY25, supports consistent returns.

c) Bear Case Scenario 15%

Projection: ROE declines to 15%.

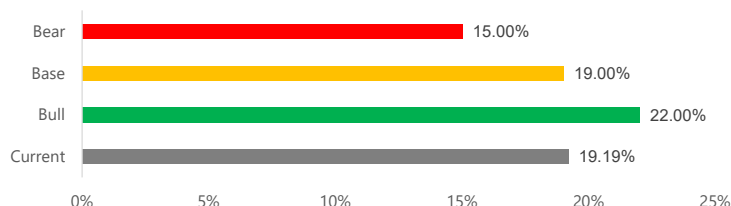
Lower profitability due to market challenges or higher interest expenses from increased debt could reduce ROE. Potential inefficiencies in capital deployment may also impact returns.

b) Bull Case Scenario 22%

Projection: ROE increases to 22%.

Higher net margins from robust revenue growth and efficient capital allocation boost ROE. Strategic investments in high-return sectors like green hydrogen and airports enhance profitability.

Projected ROE



Target ROE (Terminal)

Historical Median -	4.94%
Industry Median -	14.47%
Target ROE -	15.00%

Target ROE: 15% across all scenarios.

As the company matures, ROE is expected to align with industry averages (9–18% for energy and infrastructure firms in India, per IEEFA). A stabilized capital structure and normalized profitability support this target.

4. Invested Capital Turnover (ICT) Projection

(Mar-26 ----- Mar-30)

Years 1–5 (FY26–FY30): Projection remains at 0.72x across all scenarios.

Significant capex (INR 36,000 crore in FY26) will increase invested capital, but revenue growth from new projects is expected to maintain the ratio. Industry benchmarks for capital-intensive sectors like telecom and utilities show ratios around 0.7–0.8x, aligning with Adani's current performance (source: elnvesting for Beginners).

Terminal Year (Year 10, FY35): Target Ratio: 0.8x across all scenarios.

By FY35, completed projects (e.g., Navi Mumbai Airport, green hydrogen ecosystem) will generate higher revenue from existing capital, improving efficiency. Strategic asset optimization and potential divestments further support this increase.

ICT (Year 1 to 5)	1.11x
Historical Median -	1.11x
Industry Median -	1.04x
Terminal ICT -	1.11x

To forecast invested capital turnover ($Sales / (Debt + Equity - Cash)$), we use a fade-adjusted approach that blends the company's historical efficiency with industry norms. For younger companies, the industry benchmark carries greater weight, assuming the firm is still optimizing capital deployment. In contrast, mature businesses are projected primarily based on their historical capital efficiency. The 10-year target is reached through a gradual linear convergence from current levels, ensuring a smooth and realistic transition path that reflects business evolution over time.

Final Thought

Adani Enterprises is well-positioned for growth, driven by its leadership in India's infrastructure and energy sectors. The base case projects steady revenue growth, margin improvement, and stable ROE, with the bull case reflecting optimism in market conditions and the bear case accounting for potential risks. By Year 10, the company is expected to achieve stable financial metrics aligned with industry norms, supported by its diversified portfolio and strategic investments.

Weighted Average Cost of Capital - ADANI ENTERPRISES LTD



This document presents the calculation of the Weighted Average Cost of Capital (WACC) for ADANI ENTERPRISES LTD. The WACC is a critical financial metric that represents the average rate of return required by all of the company's security holders, including equity investors and debt holders. It is used in financial modeling and valuation to discount future cash flows and assess investment opportunities. The following calculations are based on the latest available financial data and market information as of the date of this analysis.

Top Peers of ADANI ENTERPRISES LTD

All figures are in INR Cr. unless stated otherwise.

Name	Country	Mkt Value of Equity	Debt	Tax Rate ¹	Debt/Equity	Debt/Capital	Levered Beta ²	Unlevered Beta ³
Adani Enterp.	India	296,786	91,819	30%	30.94%	23.63%	1.58	1.30
JSW Steel	India	253,214	98,752	30%	39.00%	28.06%	1.24	0.97
Tata Steel	India	199,299	94,801	30%	47.57%	32.23%	1.36	1.02
Hindustan Zinc	India	180,104	10,964	30%	6.09%	5.74%	1.19	1.14
Vedanta	India	173,406	91,479	30%	52.75%	34.54%	1.56	1.14
Hindalco Inds.	India	151,216	63,929	30%	42.28%	29.71%	1.33	1.03
Jindal Steel	India	94,868	18,406	30%	19.40%	16.25%	1.19	1.05
Lloyds Metals	India	78,141	785	30%	1.00%	0.99%	1.60	1.59
NMDC	India	60,927	4,276	30%	7.02%	6.56%	1.50	1.43
Jindal Stain.	India	56,313	6,402	30%	11.37%	10.21%	1.20	1.11
S A I L	India	55,700	36,934	30%	66.31%	39.87%	0.00	0.00
Average				30.00%	29.43%	20.71%	1.25	1.07
Median				30.00%	30.94%	23.63%	1.33	1.11

Capital Structure

		Current	Target
Total Debt	91,819	23.63%	23.63%
Market Capitalization	296,786	76.37%	76.37%
Total Capitalization	388,605	100%	100%

Debt / Equity	30.94%	30.94%
---------------	--------	--------

Cost of Debt

Interest Coverage Ratio	1.7x
Default Spread ⁵	3.78%
Pre-tax Cost of Debt	10.10%
Tax Rate	30.00%
After Tax Cost of Debt	7.07%

The cost of equity, estimated using the Capital Asset Pricing Model (CAPM), is 15.61%. The overall cost of capital (WACC) is calculated at 13.59%, incorporating multiple layers of risk including currency risk, country risk, company-specific risk, and credit (debt) risk. All inputs and assumptions have been carefully derived from reliable and credible data sources to ensure the highest possible accuracy.

Levered Beta

Excess Return Model (ERM) - ADANI ENTERPRISES LTD



The **Excess Return Model (ERM)** is an advanced equity valuation methodology widely accepted across global finance institutions and academic circles, especially those affiliated with Ivy League research¹. Unlike conventional Free Cash Flow to Firm (FCFF) or Free Cash Flow to Equity (FCFE) models that rely on estimating cash flows and discounting them using WACC or cost of equity, the ERM takes a more return-oriented view.

At its core, the ERM values a firm's equity as the **sum of the current equity capital invested** and the **present value of expected excess returns** generated on that equity over time:

$$\text{Value of Equity} = \text{Book Value of Equity} + \text{Present Value of Expected Excess Returns}$$

This method is particularly useful in valuing **firms**, where defining free cash flows and total capital invested is often challenging due to the nature of their operations and accounting. Therefore, ERM narrows its focus to **equity capital and returns to equity investors**, making it both practical and insightful for financial institutions.

To realistically capture the evolution of a firm's value, the Excess Return Model is applied in **three phases**:

1. High Growth Phase (Years 1–5): During this period, the firm is expected to earn **ROEs significantly above its cost of equity**, supported by competitive advantages, strong brand equity, and efficient capital allocation. The **reinvestment rate** or **retention ratio** during this phase is usually high, indicating aggressive growth.

2. Transition Phase (Years 6–10): As the firm matures, competitive pressures increase and incremental returns on new investments begin to decline. This phase reflects a **gradual convergence of ROE toward the cost of equity**.

3. Terminal Phase (Year 11 Onwards): In the final stage, the firm reaches financial stability with modest, perpetual growth. Cash flows are assumed to grow at a constant rate, and excess returns diminish as the company becomes fully mature.

Note: Forecast assumptions such as **Return on Equity (ROE)**, **Retention Ratios**, and **Growth** are discussed in the **Financial Projections** section, while **Cost of Equity** is detailed in the **WACC** section. The table presented here reflects the **Base Case Scenario**. For alternate outcomes, refer to the upcoming **Scenario Analysis** section.

Cash Flow Assumptions

All figures are in INR Cr. unless stated otherwise.

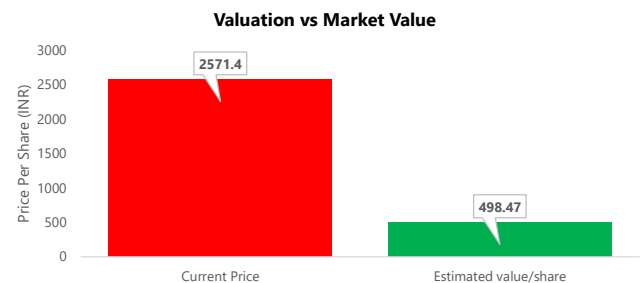
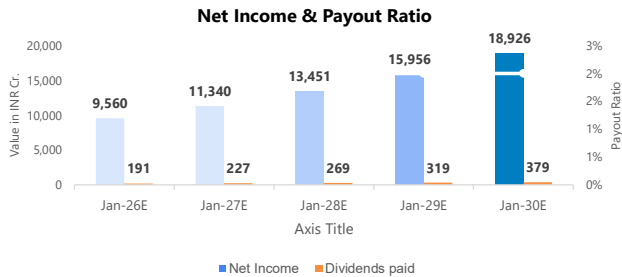
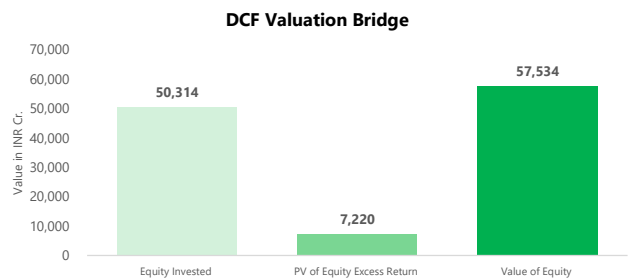
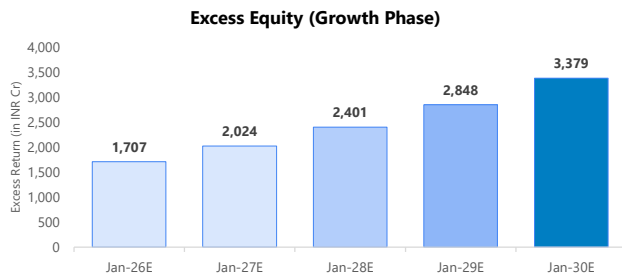
Inputs from Current Financials			
Net Income	7,497		
Book Value of Equity (Current)	50,314		
Book Value of Equity (Last Year)	39,076		
Current Earnings Per Share	64.96		
Current Dividends Per Share	1.30		
Number of Shares Outstanding	115.4		
Do we want to normalize the net income/earnings per share?	(Yes or No)	No	

Normalized Earnings Calculation (Not Applicable Here)			
Approach to normalized earnings:	1		
Approach 1: Average Net Income over last 5 years			
	Year	Net Income	
	-5	746	
	-4	475	
	-3	2,209	
	-2	3,295	
	Current	7,497	
	Average	2,845	

Approach 2: Normalized Return on Equity			
Normalized ROE	14%		

Inputs for Discount Rate			
Beta of the stock	1.35		
Riskfree rate	6.32%		
Risk Premium	6.87%		

Inputs for High Growth Period			
Length of high growth period	10		
Inputs for fundamental growth and book			



Model Output

Under the base case scenario, the Excess Return Model estimates an equity value of ₹57,534 crore, implying an intrinsic value of ₹498.47 per share. In comparison to the current market price of ₹2571.4, the stock appears to be trading at a Premium of approximately 415.86%, suggesting Overvalued under the given assumptions.

Notes:

1. Why Use ERM When FCFF Already Exists?

While FCFF is robust and widely used, the Excess Return Model offers several advantages in specific contexts:

- Focus on Economic Profitability:** Unlike FCFF, which aggregates cash flow, ERM emphasizes the quality of returns by isolating how much value the company creates *above* the required rate of return (cost of equity).
- Better Fit for Financial Institutions:** Since banks and NBFCs (Non-Banking Financial Companies) often have volatile or non-existent free cash flows, ERM's reliance on book value and ROE provides a more stable and interpretable framework.
- Direct Link to Value Creation:** ERM offers a direct assessment of whether a firm is creating or destroying shareholder value by comparing ROE to the cost of equity.
- Avoids Terminal Value Sensitivity:** ERM reduces dependence on distant terminal values, especially when value is driven by near-to-mid-term excess returns.

2. Key Inputs and Model Dynamics

The ERM relies on **two primary inputs**:

I. Equity Capital Invested: Measured as the **book value of equity**, this represents the shareholder capital currently employed in the business. For financial service firms, this is a relatively reliable metric due to:

- Assets often marked to market (e.g., loans, investments)
- Minimal depreciation or fixed asset distortions
- Less complex capital expenditure tracking than manufacturing

Adjustment Note: Stock buybacks and one-time losses may reduce book value, and adjustments might be required to reflect true economic capital.

II. Excess Returns on Equity: $\text{Excess Return} = (\text{ROE} - \text{Cost of Equity}) \times \text{Book Value of Equity}$

This component captures the firm's ability to generate economic profits

Sensitivity Table:

Below is the matrix showing how the Enterprise value and Intrinsic equity value per share changes with different combinations of WACC and terminal growth rate.

Implied Equity Value (INR Crores)						
Cost of	Return on Equity (Growth Phase)					
	15.20%	17.10%	19.00%	20.90%	22.80%	
	14.34%	57,218	64,023	71,510	79,736	88,762
	14.98%	51,131	57,239	63,962	71,350	79,458
	15.61%	45,950	51,464	57,534	64,206	71,531
	16.24%	41,498	46,500	52,008	58,064	64,713
	16.87%	37,643	42,200	47,218	52,738	58,801

Implied Value Per Share (INR)						
Cost of	Return on Equity (Growth Phase)					
	15.20%	17.10%	19.00%	20.90%	22.80%	
	14.34%	495.7	554.7	619.6	690.8	769.0
	14.98%	443.0	495.9	554.2	618.2	688.4
	15.61%	398.1	445.9	498.5	556.3	619.8
	16.24%	359.5	402.9	450.6	503.1	560.7
	16.87%	326.1	365.6	409.1	456.9	509.5

Sensitivity Table Output:

The sensitivity analysis clearly demonstrates that the **intrinsic equity value** is highly responsive to variations in both **Return on Equity (ROE)** and **Cost of Equity (Ke)**: **Higher ROE** and **lower Ke** significantly expand excess returns, thereby increasing equity value. Conversely, **lower ROE** or **higher Ke** compresses excess returns, resulting in more conservative valuations — and in some cases, value destruction.

In our base case, assuming a COE of 15.61% and a growth phase ROE of 19%, we estimate: Equity Value of ₹57,534 Cr, Intrinsic Equity Value per Share of ₹498.5
However, under reasonable variations, the valuation range spans: Equity: ₹37,643 Cr to ₹88,762 Cr and Per Share: ₹326.1 to ₹769

This analysis highlights the importance of sustaining superior ROE and managing risk (captured in Ke) to drive long-term shareholder value. It also equips investors with a clearer understanding of how changes in macro and business fundamentals might influence the fair value of equity..

Scenario-Based Valuation Outlook



Under the Excess Return Model, equity value is driven by “excess returns” – the amount ROE exceeds the cost of equity (CoE). By definition, value is created when ROE surpasses CoE and destroyed when ROE falls below CoE. In ERM, intrinsic value equals current book equity plus the present value of expected future excess earnings. This section sets up bull/base/bear cases with ROE and CoE assumptions around the central base case, using the 5-year historical ROE as a validation benchmark.

Statistical Forecast Validation:

We compare the base-case ROE forecasts against the company’s 5-year median historical ROE. The 5-year median ROE serves as a robust historical benchmark (less sensitive to outliers than a mean). If the forecasted ROE deviates materially from the median, the analyst should justify the deviation (e.g. cyclical tailwinds or structural shifts). In practice, the median ROE anchors expectations and flags any overly aggressive or conservative assumptions in the model.

Interpretation Framework:

To

Relative Valuation - ADANI ENTERPRISES LTD



This report applies a **comparables (peer) valuation** framework using key pricing multiples. In a comparables analysis, we identify similar companies and compute standardized multiples (e.g. EV/Revenue, EV/EBITDA, EV/FCF, P/B, P/E). We then take a central tendency (commonly the median) of these peer multiples and apply it to the company's own financial metrics to estimate its value. This approach is straightforward and widely used, though it relies on the assumption that the company's growth, margins and risk profile are broadly in line with the peer group.

Peer Selection: Our peer set includes the largest publicly traded firms that operate in similar markets and business segments. We gather the latest market and financial data for each: share price and count, market capitalization, net debt (total debt less cash), revenue, EBITDA, free cash flow (FCF), book value and net income. These figures are taken from recent financial statements, stock exchange filings or financial databases as of the valuation date. Enterprise Value (EV) is computed as Equity Value + Debt – Cash. Net debt is defined as total interest-bearing debt minus cash/cash equivalents. All values are in ₹ (crore) for consistency.

Multiples and Percentiles: For each company we compute the following multiples: **EV/Revenue**, **EV/EBITDA**, **EV/FCF**, **P/B (Price/Book)**, and **P/E (Price/Earnings)**. (EV-based multiples are capital-structure-neutral, using EV in numerator and sales/EBITDA/FCF in denominator; equity multiples use share price and per-share metrics.) We then aggregate the peer multiples. To summarize these, we calculate the **25th percentile**, **median (50th percentile)**, and **75th percentile** of each multiple across the peer set. In practice, analysts often

(Amount in INR Cr.)

Company	Market Data			Financials				Pricing Multiples				
	Share Price	Shares Outstanding	Enterprise Value	Revenue	EBITDA	Free Cash Flow	Net Income	EV/Revenue	EV/EBITDA	EV/FCF	P/B	P/E
Adani Enterp.	2,571	115.42	381,643	97,895	16,394	-24,294	8,005	3.9x	23.3x	-15.7x	6.0x	37.1x
JSW Steel	1,035	244.55	338,681	168,824	23,422	8,264	3,491	2.0x	14.5x	41.0x		72.5x
Tata Steel	160	1248.35	282,454	218,543	26,571	9,105	3,174	1.3x	10.6x	31.0x	2.2x	62.8x
Hindustan Zinc	426	422.53	190,893	33,969	18,285	9,814	10,279	5.6x	10.4x	19.5x	13.6x	17.5x
Vedanta	443	391.04	257,045	152,968	45,819	22,848	20,535	1.7x	5.6x	11.3x	4.2x	8.4x
Hindalco Inds.	673	224.72	204,299	238,496	34,510	4,006	16,002	0.9x	5.9x	51.0x	1.2x	9.4x
Jindal Steel	930	102.01	109,094	49,765	9,654	334	2,846	2.2x	11.3x	326.4x	2.1x	33.3x
Lloyds Metals	1,493	52.32	78,187	6,721	2,003	-2,406	1,451	11.6x	39.0x	-32.5x	12.2x	53.9x
NMDC	69	879.18	55,115	23,906	9,738	-1,336	6,531	2.3x	5.7x	-41.3x	2.1x	9.3x
Jindal Stain.	684	82.38	60,445	39,312	4,914	2,890	2,500	1.5x	12.3x	20.9x		

1-Year Value at Risk (VaR) Report

This report estimates the 1-year Value at Risk (VaR) for ADANI ENTERPRISES LTD using a Monte Carlo Simulation approach. By simulating 10,000 potential future price paths based on historical volatility and mean return, we quantify the risk of extreme loss under normal market conditions.

Date	Price	Returns	Replication	Simulated Returns	Simulated Price	VaR
25-Aug-2020	307	23.7%	1	103.13%	7212	4641
8-Feb-2023	2161	20.0%	2	47.40%	4131	1559
22-May-2023	2323	18.9%	3	-8.07%	2372	-199
3-Mar-2023	1877	16.9%	4	135.72%	9991	7419
5-Dec-2023	2957	16.9%	5	45.20%	4041	1469
1-Mar-2023	1562	14.7%	6	40.15%	3842	1270
7-Feb-2023	1800	14.6%	7	53.50%	4390	1819
28-Feb-2023	1362	14.3%	8	74.10%	5395	2823
23-May-2023	2630	13.2%	9	34.29%	3623	1052
19-Aug-2020	239	12.1%	10	40.07%	3839	1267
27-Nov-2024	2397	11.5%	11	24.72%	3293	721
22-Mar-2021	989	11.4%	12	160.88%	12849	10278
2-Jun-2021	1543	9.2%	13	7.25%	2765	193
12-Feb-2021	717	9.2%	14	57.86%	4586	2015
28-Nov-2023	2421	8.9%	15	141.23%	10556	7985
18-Jun-2021	1484	8.8%	16	106.86%	7486	4915
29-Mar-2023	1738	8.7%	17	22.62%	3224	653
3-May-2021	1252	8.4%	18	48.10%	4160	1588
18-Aug-2020	213	8.0%	19	40.37%	3850	1279
23-May-2024	3384	7.8%	20	188.96%	17014	14443
12-May-2025	2424	7.7%	21	84.29%	5974	3402
6-Apr-2021	1222	7.7%	22	-29.95%	1906	-666
1-Jun-2021	1413	7.6%	23	58.64%	4622	2051
30-Dec-2024	2591	7.6%	24	87.21%	6151	3579
2-Dec-2020	453	7.5%	25	110.37%	7753	5182
4-Jun-2021	1697	7.4%	26	82.55%	5870	3299
1-Apr-2021	1104	7.4%	27	121.65%	8679	6108
6-Aug-2021	1534	7.3%	28	24.89%	3298	727
4-Dec-2023	2529	7.1%	29	8.32%	2795	223

The results of the Monte Carlo simulation provide a probabilistic framework for assessing the downside risk in ADANI ENTERPRISES LTD's equity over a 1-year horizon. By generating 10,000 potential future price paths based on historically observed mean returns and volatility, we arrive at a 95% confidence Value at Risk (VaR) of ₹312.34, or 12.15% of the current stock price.

This implies that, under normal market conditions, we can be 95% confident that ADANI ENTERPRISES LTD's share price will not fall below ₹2259.06 within one year. Conversely, there exists a 5% probability that the losses could exceed this threshold.

Interpretation in Context:

1) Volatility-Driven Exposure:

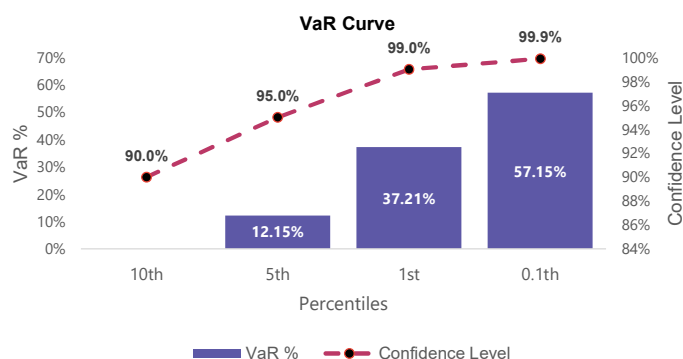
With a daily volatility of 3.29%, the risk profile of ADANI ENTERPRISES LTD over a 252-day trading horizon scales materially. The wide distribution of final simulated prices — from a low of ₹727.2 to a high of ₹40194.2 — reflects both upside and downside tail exposures.

2) Positive Drift, But Non-negligible Tail Risk:

The simulation incorporates a small positive drift (daily mean return of 0.28%), consistent with historical equity returns. Despite this, the left tail remains significant due to the compounding impact of volatility over time.

3) Skewness Not Captured:

Since the simulation assumes normally distributed returns, it may understate extreme downside moves (negative skew, here skewness is equal to -0.42) that are often observed during market crises. This suggests that actual downside risk could be higher in a stressed environment.



Notes and Disclosures:

- Model Assumptions:** The Monte Carlo simulation assumes returns follow a normal distribution and that stock prices evolve according to a Geometric Brownian Motion (GBM) process. Inputs for drift (mean return) and volatility are based on historical estimates and assumed constant throughout the simulation period.
- Time Horizon:** The simulation covers a one-year (252 trading days) investment horizon. Shorter- or longer-term results may differ materially and should be interpreted with caution.
- Confidence Levels:** Value at Risk (VaR) estimates are provided at 90%, 95%, and 99% confidence levels. For instance, a 95% confidence level indicates there is a 5% chance that losses will exceed the stated VaR amount over the simulated period.
- Simulated Returns:** For each simulated path, we draw a random probability via RAND() and convert it into a normally distributed annual log-return using Excel's NORM.INV function:

$$\text{Simulated Return} = \text{NORM.INV}(\text{RAND}(), \mu_1, \sigma_1)$$

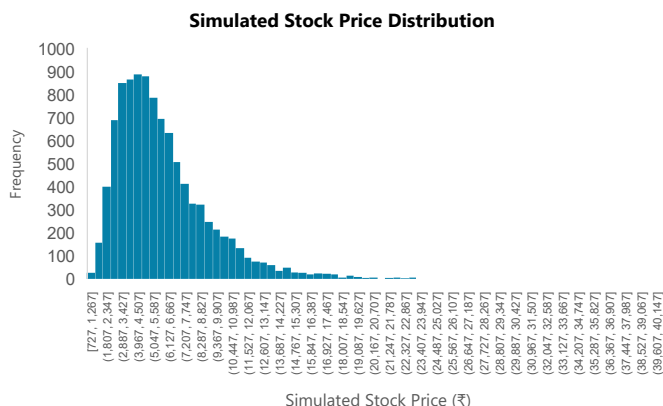
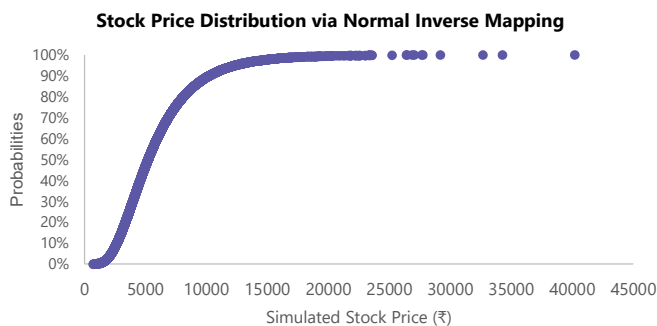
Here, μ_1 (= daily_mean $\times$ 252) is the annualized expected return and σ_1 (= daily_volatility $\times$ $\sqrt{252}$) is the annualized volatility. By mapping a uniform [0,1] random draw through the inverse normal distribution, we generate realistic, normally distributed log-returns for each Monte Carlo trial.

- Price Calculation Method:** Simulated prices are computed using the formula:

$$\text{Price}_t = \text{Price}_0 \times e^{\text{Simulated Return}_t}$$

This approach assumes continuously compounded returns and ensures that prices remain positive, reflecting the log-normal nature of equity returns.

- Historical Volatility and Drift:** Volatility and mean return are calculated using historical daily return data. These are backward-looking and may not reflect future conditions or incorporate real-time market dynamics.



Introduction

Adani Enterprises Limited (AEL), headquartered in Ahmedabad, India, serves as the flagship company of the Adani Group, a leading multinational conglomerate. Incorporated in 1993, AEL functions as an incubator for new businesses, nurturing ventures in mining, integrated resource management, infrastructure (airports, roads, rail), renewable energy (solar, wind, green hydrogen), data centers, and defense until they achieve self-sustainability. This Business Resilience & Opportunity Analysis, structured as a SWOT analysis, evaluates AEL's internal strengths and weaknesses alongside external opportunities and threats. Drawing primarily from the Q4 FY'25 earnings call transcript (covering January to March 2025) and supplemented by recent data, this report provides a comprehensive assessment tailored for equity research audiences. All financial figures are presented in Indian Rupees (INR) or INR Crores, adhering to the specified currency requirement.

Strengths

AEL's internal strengths underpin its competitive positioning and growth potential. These are detailed below with supporting KPIs and examples.

Diversified Business Portfolio: AEL's operations span multiple sectors, including mining, trading, infrastructure, and renewable energy, reducing exposure to sector-specific risks. This diversification enables AEL to balance cyclical downturns in one sector with growth in others. For instance, its Integrated Resource Management segment handled 56.5 million metric tonnes (MMT) in FY'25, while its airport business achieved a 43% EBITDA growth to INR 3,480 crores, demonstrating resilience across diverse revenue streams.

Robust Financial Performance: AEL reported strong financial growth in FY'25, with consolidated income rising 2% to INR 1,00,365 crores, EBITDA increasing 26% to INR 16,722 crores, and PBT growing 16% to INR 6,533 crores. The incubating portfolio, encompassing green hydrogen, airports, and roads, saw income surge by 42% to INR 34,546 crores and EBITDA by 68% to INR 10,025 crores, surpassing the company's FY'23 consolidated EBITDA. The mining services segment also excelled, with dispatch volumes up 40% to 43.3 MMT and EBITDA doubling to INR 1,688 crores.

Proven Incubation Model: AEL's incubation model fosters new businesses until they are self-sustaining, as evidenced by the successful spin-off of entities like Adani Power, Adani Green Energy, and Adani Wilmar. This approach has driven significant growth, with the incubating portfolio's PBT jumping 87% to INR 4,996 crores in FY'25, exceeding the company's FY'23 overall PBT. This model supports long-term value creation by nurturing high-potential ventures.

Commitment to ESG Principles: AEL's dedication to Environmental, Social, and Governance (ESG) standards enhances its appeal to sustainability-focused investors. In 2024, CDP-CC upgraded AEL's rating to A- (Leadership Category), reflecting efforts to reduce greenhouse gas emissions. This commitment aligns with global sustainability trends and strengthens stakeholder trust.

Operational Expansions: AEL is aggressively expanding its operational footprint. The green hydrogen ecosystem reported a 108% EBITDA increase to INR 4,776 crores. The airport business, particularly Mumbai International Airport (MIAL), contributes 45% of the INR 4,000 crores EBITDA, with all six PPP airports reaching EBITDA break-even. Solar and wind capacities are also scaling, with a 6 GW solar cell/module line under development and wind turbine capacity expanded to 2.25 GW, generating INR 1,188 crores in revenue in Q4 FY'25.

Weaknesses

Despite its strengths, AEL faces internal challenges that could impact its performance. These are outlined below with relevant KPIs.

High Debt Levels: AEL's capital-intensive projects contribute to a high debt-to-equity ratio of approximately 3.93, inferred from total liabilities of INR 1,97,843 crores against equity of INR 50,314 crores as of March 2025. External debt, primarily for airports, roads, and copper projects, stands at INR 18,000 crores. This leverage increases financial risk, particularly in volatile economic conditions or rising interest rate environments.

Relatively Low Return on Equity: AEL's ROE of 9.82% is below industry peers such as Larsen & Toubro (16.6%) and Adani Ports (18.7%) as of March 2025. This suggests lower efficiency in generating profits from shareholder equity, potentially due to the capital-intensive nature of incubating new businesses. The company's stock P/E ratio of 67.9 indicates a high valuation relative to earnings, which may concern investors seeking value.

Dependence on Government Policies: AEL's operations in mining, infrastructure, and energy are heavily influenced by government regulations. For example, changes in mining lease policies or infrastructure project approvals could disrupt operations. This dependence introduces uncertainty, as policy shifts could affect project timelines and profitability.

Operational Challenges: New projects, such as the copper smelter, face ramp-up challenges, with full capacity expected only after 180 days. Similarly, the wind turbine business, despite revenue growth, requires sustained investment to achieve economies of scale. Delays or operational inefficiencies could impact financial performance and investor confidence.

Opportunities

External factors present significant growth prospects for AEL, particularly in India's evolving economic landscape.

Growing Demand for Renewable Energy: India's target of 500 GW renewable energy capacity by 2030, supported by initiatives like the National Solar Mission and Solar Park Scheme, aligns with AEL's focus on green hydrogen, solar, and wind energy. The green hydrogen ecosystem's 108% EBITDA growth to INR 4,776 crores and plans for a 6 GW solar cell/module line position AEL to capitalize on this demand. Government investments, such as INR 80,000 crores by NTPC Green Energy for green projects, further enhance opportunities.

Infrastructure Development Initiatives: The Indian government's National Infrastructure Pipeline (NIP) and focus on roads, railways, and airports provide a favorable environment for AEL's infrastructure businesses. The airport segment, with a 43% EBITDA increase, benefits from projects like the Navi Mumbai airport, set to expand capacity to 60 million passengers. FY'26 capex guidance of over INR 36,000 crores, with INR 10,500 crores for airports and INR 6,200 crores for roads, underscores AEL's alignment with national priorities.

Expansion into Emerging Sectors: AEL's incubation of businesses in data centers, defense, and aerospace taps into high-growth sectors. The acquisition of Granthik Realtors by AdaniConneX, a joint venture, strengthens its data center portfolio. Government support for defense manufacturing and digital infrastructure further enhances these opportunities.

International Expansion: AEL's global presence, including the Carmichael coal mine in Australia and indirect stakes in Haifa port (via Adani Ports), diversifies revenue streams. The company's plans to report segmental results for metals, materials, and mining by Q4 FY'25 indicate a strategic focus on international growth, reducing reliance on the Indian market.

Threats

External risks could challenge AEL's operations and growth trajectory, requiring proactive management.

Regulatory Changes: AEL's reliance on government approvals for mining and infrastructure projects exposes it to regulatory risks. Potential changes in environmental regulations or mining policies could increase compliance costs or delay projects, impacting profitability.

Environmental Controversies: AEL faces scrutiny over environmental impacts, particularly for projects like power plants and the Carmichael coal mine. Legal challenges alleging breaches of environmental laws in Uttar Pradesh and Mumbai, as reported by Reuters on March 21, 2025, are pending in courts. Such controversies could lead to project delays, fines, or reputational damage.

Geopolitical Risks: International operations, such as the Haifa port (operated by Adani Ports), are vulnerable to geopolitical tensions. While the port was unaffected by Iranian missile strikes in June 2025, ongoing Middle East conflicts could disrupt operations or deter shipping companies like Maersk, which paused vessel calls, posing risks to revenue.

Market Competition: AEL faces competition from domestic players like Larsen & Toubro and international firms in renewable energy and infrastructure. Intense competition could pressure margins or market share, particularly in price-sensitive segments like mining services.

Commentary

Adani Enterprises Limited is strategically positioned to leverage India's infrastructure and renewable energy growth, supported by its diversified portfolio, strong financial performance, and proven incubation model. Its ESG commitment enhances its appeal to global investors. However, high debt levels, a relatively low ROE, and regulatory dependence present challenges that require careful management. Opportunities in renewable energy, infrastructure, and emerging sectors are significant, but threats from regulatory changes, environmental controversies, and geopolitical risks necessitate proactive strategies. By addressing these challenges and capitalizing on growth prospects, AEL can enhance its resilience and deliver sustainable value to stakeholders.

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Porter's Five Forces Analysis is a strategic framework that evaluates the competitive intensity and attractiveness of an industry by examining five key forces: the threat of new entrants, bargaining power of suppliers, bargaining power of buyers, threat of substitute products or services, and rivalry among existing competitors. This report applies the framework to Adani Enterprises Limited (AEL), a flagship company of the Adani Group, operating in renewable energy (green hydrogen, solar, wind), infrastructure (airports, roads), mining, and other sectors. Drawing primarily from the Q4 FY'25 earnings call (January–March 2025) and supplemented by industry research, this analysis assesses each force's intensity as High, Low, or Moderate, incorporating key performance indicators (KPIs) to provide a comprehensive, equity research-grade perspective. All financial figures are in Indian Rupees (INR) or INR Crores, as specified.

1. Threat of New Entrants: Moderate

The threat of new entrants varies across AEL's primary industries, influenced by capital requirements, regulatory barriers, and market dynamics.

Renewable Energy: India's renewable energy sector, with an installed capacity of 150.27 GW as of July 2024, is growing rapidly, driven by government targets of 500 GW by 2030 ([IBEF, 2025](#)). Barriers to entry are moderate due to high capital costs for utility-scale projects (e.g., AEL's INR 5,500 crores capex for green hydrogen in FY'26) but are lowered by government incentives like the Production-Linked Incentive (PLI) scheme and standardized bidding guidelines. New entrants face challenges competing with established players like AEL, which benefits from economies of scale and a 6 GW solar cell/module line under development. However, declining technology costs and open bidding processes enable smaller firms to enter, increasing the threat slightly.

Infrastructure: Airports: The airport sector has high barriers to entry due to massive capital requirements, regulatory approvals, and operational complexity. AEL, India's largest private airport operator, manages seven airports, including Mumbai International Airport (MIAL), contributing 45% of its INR 4,000 crores airport EBITDA. Developing new airports, like AEL's Navi Mumbai project (INR 10,500 crores capex in FY'26), requires significant investment and government support, deterring new entrants. The Airports Authority of India (AAI) and a few private operators like GMR dominate, making entry difficult.

Infrastructure: Roads Road construction faces moderate barriers. While many firms can bid for National Highway Authority of India (NHAI) projects, success requires financial strength and technical expertise. AEL's INR 6,200 crores capex for roads in FY'26 reflects its capability to secure and execute large contracts, giving it an edge over smaller entrants. However, the presence of numerous construction firms lowers barriers compared to airports.

Overall Assessment: Given AEL's diversified portfolio, the threat of new entrants is moderate. High barriers in airports offset moderate barriers in renewable energy and roads, with AEL's scale and government relationships further mitigating risks.

2. Bargaining Power of Suppliers: Moderate

Suppliers' influence depends on the availability and specialization of inputs in AEL's key sectors.

Renewable Energy: Suppliers in renewable energy include manufacturers of solar panels, wind turbines, and components. The global supply chain, with players like China-based solar panel producers and turbine manufacturers (e.g., Vestas, Siemens Gamesa), ensures multiple options, reducing supplier power. AEL's wind turbine business, with a 2.25 GW capacity generating INR 1,188 crores in Q4 FY'25 revenue, demonstrates its move toward in-house production, further lowering supplier dependence. However, specialized inputs, like high-efficiency solar cells, can give suppliers some leverage, though government support for domestic manufacturing mitigates this.

Infrastructure: In airports and roads, suppliers provide construction materials (cement, steel), equipment, and services. India's competitive construction market, with numerous suppliers, limits their bargaining power. AEL's scale enables favorable procurement terms, as seen in its INR 31,500 crores FY'25 capex across projects. However, specialized equipment for airports (e.g., navigation systems) may increase supplier influence slightly.

Overall Assessment: The bargaining power of suppliers is moderate. AEL's size, vertical integration (e.g., wind turbine production), and access to competitive supply chains balance the influence of specialized suppliers.

3. Bargaining Power of Buyers: High

Buyers exert significant influence in AEL's industries due to competitive bidding and regulatory frameworks.

Renewable Energy: In renewable energy, buyers include state electricity distribution companies (discoms) and industrial consumers. Competitive bidding for power purchase agreements (PPAs) drives down tariffs, with solar tariffs dropping to INR 2–3 per kWh in recent

years ([Invest India, 2024](#)). AEL's green hydrogen ecosystem, with a 108% EBITDA growth to INR 4,776 crores, operates in this price-sensitive market. Government policies, like Renewable

Purchase Obligations (RPOs), ensure demand but also empower buyers to negotiate aggressively.

Infrastructure: Airports: Airlines and passengers are key buyers in airports. Airlines negotiate landing fees and charges, while passengers demand high service quality. AEL's airports, with a 43% EBITDA increase to INR 3,480 crores, face regulatory oversight on tariffs (e.g., Mumbai's tariff order expected by June 2025), limiting pricing flexibility. However, airports' regional monopoly power moderates buyer influence slightly.

Infrastructure: Roads: The government, primarily NHAI, is the main buyer for road projects, setting contract terms and selecting bidders through competitive processes. AEL's road segment, with significant capex, operates in this high-pressure environment where government preferences dictate terms.

Overall Assessment: The bargaining power of buyers is high, driven by competitive bidding in renewable energy and roads, and regulatory constraints in airports. AEL's long-term contracts provide some stability, but buyer influence remains strong.

4. Threat of Substitute Products or Services: Low

The threat of substitutes is minimal across AEL's core businesses due to their essential nature and market trends.

Renewable Energy: Substitutes for renewable energy include fossil fuels (coal, gas) and nuclear energy. India's push for 500 GW of non-fossil fuel capacity by 2030 and declining renewable costs (solar and wind with 4-hour battery storage are cost-competitive without subsidies) reduce the threat from fossil fuels ([Wikipedia, 2025](#)). AEL's green hydrogen and solar initiatives align with this trend, minimizing substitution risks.

Infrastructure: In airports, substitutes like rail or road travel are less viable for long distances, with air passenger traffic reaching 196.91 million in FY'25 ([IBEF, 2025](#)). For roads, rail and air transport are partial substitutes, but roads remain critical for logistics. AEL's infrastructure investments face low substitution threats due to their essential role.

Overall Assessment: The threat of substitutes is low, supported by India's sustainability goals and the indispensable nature of air and road infrastructure.

5. Rivalry Among Existing Competitors: High

Competition intensity varies by sector, with high rivalry in most of AEL's operations.

Renewable Energy: The renewable energy sector is highly competitive, with players like Tata Power, NTPC, Suzlon, and international firms (Vestas, Siemens Gamesa) vying for market share. India's renewable capacity additions (16.4 GW solar in January–September 2024) involve aggressive bidding, pressuring margins ([IBEF, 2025](#)). AEL's green hydrogen and solar businesses, with significant EBITDA growth, compete in this crowded market, though its scale and Adani Group backing provide a competitive edge.

Infrastructure: Airports: The airport sector has fewer competitors, with AEL, GMR, and BIAL as major private operators. AEL's seven airports, including MIAL, face competition for airline and passenger traffic, particularly for hub status. However, regional monopolies and high barriers moderate rivalry, with AEL's 43% EBITDA growth reflecting strong positioning ([Forbes India, 2021](#)).

Infrastructure: Roads: Road construction is highly competitive, with numerous players like Larsen & Toubro and HCC bidding for NHAI projects. AEL's road segment faces intense pricing pressure, though its financial strength supports competitive bids.

Overall Assessment: Rivalry is high, particularly in renewable energy and roads, due to numerous competitors and price competition. Airports see moderate rivalry due to fewer players and regional monopolies.

Commentary

AEL operates in a dynamic competitive landscape shaped by moderate entry threats, moderate supplier power, high buyer influence, low substitution risks, and high rivalry. Its diversified portfolio, with INR 34,546 crores from incubating businesses, and strong execution (e.g., 68% EBITDA growth in incubating portfolio) position it to navigate these forces effectively. Strategic government relationships and ESG commitments (A- rating from CDP-CC in 2024) enhance its resilience. However, high buyer power and rivalry necessitate competitive pricing and operational efficiency to sustain profitability. AEL's focus on high-growth sectors like green hydrogen and airports positions it to capitalize on India's infrastructure and energy transition, strengthening its market position.

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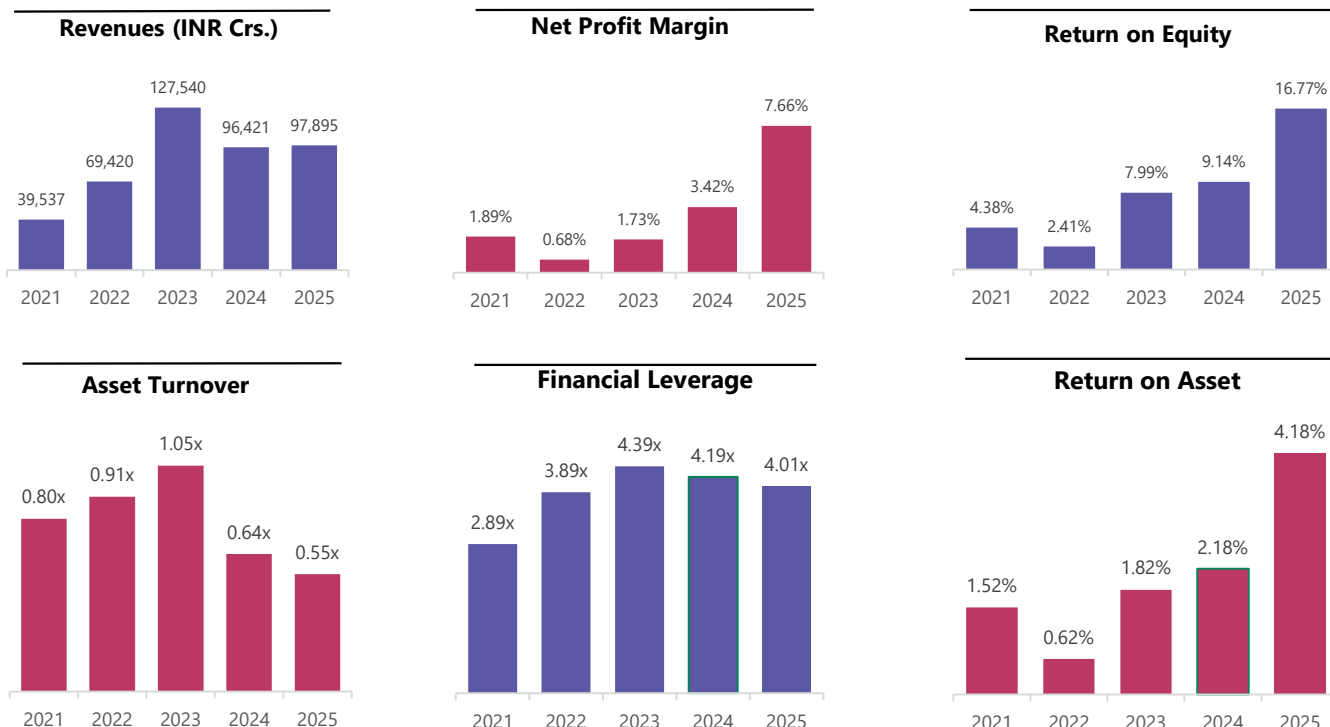
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Dupont Analysis - ADANI ENTERPRISES LTD



This DuPont Analysis report provides a comprehensive evaluation of ADANI ENTERPRISES LTD's financial performance by dissecting its Return on Equity (ROE) and Return on Assets (ROA) through the DuPont framework. By breaking down these key metrics into their underlying components, this report aims to uncover the operational, financial, and strategic factors influencing profitability.

Financial Summary



Return on Equity (ROE) Analysis

Return on Equity (ROE)							
	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Net Profit	314	798	746	475	2,209	3,295	7,497
Average Shareholder Equity	14,923	15,851	17,053	19,708	27,654	36,064	44,695
Return on Equity	2.11%	5.03%	4.38%	2.41%	7.99%	9.14%	16.77%

ROE - Dupont Equation							
	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Net Profit	314	798	746	475	2,209	3,295	7,497
Revenue	40,379	43,403	39,537	69,420	127,540	96,421	97,895
Net Profit Margin (A)	0.78%	1.84%	1.89%	0.68%	1.73%	3.42%	7.66%
Revenue	40,379	43,403	39,537	69,420	127,540	96,421	97,895
Average Total Asset	49,471	44,706	49,246	76,602	121,432	150,932	179,215
Asset Turnover Ratio (B)	0.82x	0.97x	0.80x	0.91x	1.05x	0.64x	0.55x
Average Total Asset	49,471	44,706	49,246	76,602	121,432	150,932	179,215
Average Shareholder Equity	14,923	15,851	17,053	19,708	27,654	36,064	44,695
Equity Multiplier (C)	3.32x	2.82x	2.89x	3.89x	4.39x	4.19x	4.01x
Return on Equity (A*B*C)	2.11%	5.03%	4.38%	2.41%	7.99%	9.14%	16.77%

Key Observations

Significant Improvement Driven by Net Profit Margin: Adani Enterprises' ROE increased from 2.11% in March 2019 to 16.77% in March 2025, a remarkable growth trajectory. The primary driver was the substantial rise in net profit margin, which surged from 0.78% to 7.66% over the period. This indicates that the company has significantly improved its ability to convert revenue into profit, likely through cost management, pricing strategies, or operational efficiencies.

The sharp increase in net profit margin in March 2025 (7.66%) was particularly impactful, contributing to an 83.6% year-over-year ROE increase from 9.14% in March 2024. This aligns with reports of a significant one-time gain from the sale of a 13.5% stake in Adani Wilmar, boosting consolidated net profit to ₹3,845 crore for Q4 FY25 Adani Enterprises Q4 FY25 Results.

Impact of Asset Turnover and Equity Multiplier: Asset turnover, which measures revenue generated per unit of assets, peaked at 1.05x in March 2023 but declined to 0.55x by March 2025. This suggests potential underutilization of assets or slower revenue growth relative to the expanding asset base, possibly due to significant capital expenditures (e.g., ₹80,000 crore planned for FY25 in new energy, airports, and roads) Adani Enterprises Capex FY25.

The equity multiplier, reflecting leverage, increased from 2.82x in March 2020 to a peak of 4.39x in March 2023, then stabilized at 4.01x in March 2025. This indicates that Adani Enterprises effectively used debt to amplify ROE, particularly in earlier years, while moderating leverage in later years to manage financial risk.

Trend Analysis

Early Volatility (Mar-19 to Mar-22): ROE more than doubled from 2.11% in March 2019 to 5.03% in March 2020, driven by increases in net profit margin (0.78% to 1.84%) and asset turnover (0.82x to 0.97x). However, it dipped to 2.41% in March 2022 due to a sharp decline in net profit margin to 0.68%, despite improvements in asset turnover and equity multiplier.

Strong Recovery (Mar-23 to Mar-25): From March 2022, ROE recovered significantly, reaching 16.77% in March 2025. The net profit margin's consistent rise, particularly the jump to 7.66% in March 2025, offset declines in asset turnover, highlighting the

Return on Assets (ROA) Analysis

Return on Asset							
	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Net Profit	314	798	746	475	2,209	3,295	7,497
Average Total Asset	49,471	44,706	49,246	76,602	121,432	150,932	179,215
Return on Asset	0.64%	1.79%	1.52%	0.62%	1.82%	2.18%	4.18%

ROA - Dupont Equation							
	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Net Profit	314	798	746	475	2,209	3,295	7,497
Revenue	40,379	43,403	39,537	69,420	127,540	96,421	97,895
Net Profit Margin (A)	0.78%	1.84%	1.89%	0.68%	1.73%	3.42%	7.66%
Revenue	40,379	43,403	39,537	69,420	127,540	96,421	97,895
Average Total Asset	49,471	44,706	49,246	76,602	121,432	150,932	179,215
Asset Turnover Ratio (B)	0.82x	0.97x	0.80x	0.91x	1.05x	0.64x	0.55x
Return on Asset (A*B)	0.64%	1.79%	1.52%	0.62%	1.82%	2.18%	4.18%

Key Observations

Enhanced Profitability Leading to Higher ROA: ROA improved from 0.64% in March 2019 to 4.18% in March 2025, driven by the same increase in net profit margin observed in the ROE analysis. The 91.7% year-over-year increase in ROA from 2.18% in March 2024 to 4.18% in March 2025 underscores the impact of the net profit margin's rise to 7.66%.

Despite the decline in asset turnover from 1.05x in March 2023 to 0.55x in March 2025, the enhanced profitability ensured that the company generated higher returns per unit of assets, reflecting improved operational efficiency in profit generation.

Resilience Amid Fluctuations: ROA experienced a significant dip to 0.62% in March 2022, mirroring the low net profit margin of 0.68%. This indicates that profitability challenges in that year impacted asset efficiency.

The strong recovery post-March 2022, particularly the jump to 4.18% in March 2025, highlights Adani Enterprises' strategic initiatives to boost profitability, possibly through divestitures like the Adani Wilmar stake sale, which contributed to a significant one-time gain Adani Enterprises Q4 FY25 Results.

Trend Analysis

Early Growth and Dip: ROA increased from 0.64% in March 2019 to 1.79% in March 2020, driven by improvements in both net profit margin and asset turnover. The decline to 0.62% in March 2022 was due to the low net profit margin, despite a higher asset turnover.

Sustained Recovery: From March 2023, ROA rose steadily, reaching 4.18% in March 2025. The consistent increase in net profit margin, particularly the significant jump in March 2025, offset the declining asset turnover, indicating a shift toward higher-margin operations.

Commentary

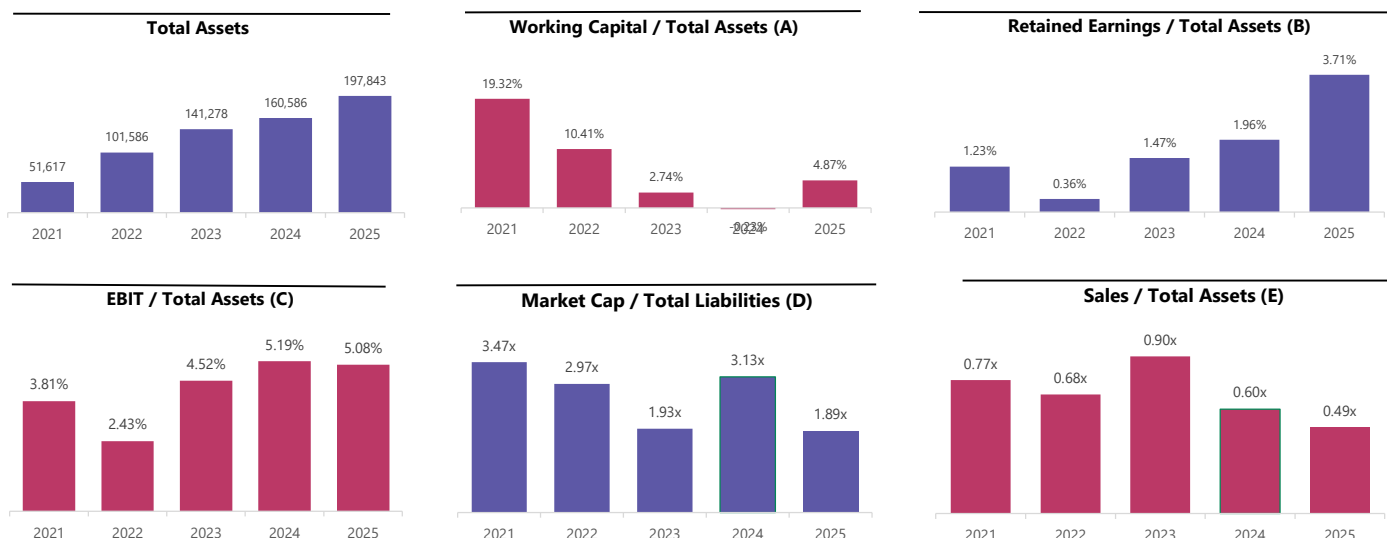
Adani Enterprises has demonstrated a robust improvement in its financial performance from March 2019 to March 2025, as evidenced by the significant increases in ROE (from 2.11% to 16.77%) and ROA (from 0.64% to 4.18%). The primary driver of these improvements has been the substantial rise in net profit margin, reaching 7.66% in March 2025, likely bolstered by strategic actions such as the sale of a stake in Adani Wilmar. Despite challenges with declining asset turnover in recent years, which suggests potential underutilization of assets or slower revenue growth relative to asset expansion, the company's focus on enhancing profitability has proven effective. The equity multiplier's stabilization indicates prudent leverage management, balancing risk and return. Overall, Adani Enterprises' financial trajectory positions it favorably for continued growth and value creation, supported by its strategic investments in infrastructure and new energy sectors Adani Enterprises Capex FY25.

**** Concept Behind DuPont Analysis :** The DuPont Analysis, developed by the DuPont Corporation in the early 20th century, is a financial performance framework that decomposes ROE and ROA into their constituent parts to reveal the drivers of profitability. This methodology enables a granular understanding of how operational efficiency, asset utilization, and financial leverage contribute to shareholder returns.

Corporate Default Probability Screening (Altman Z-Score)

This Corporate Default Probability Screening Analysis report provides a comprehensive evaluation of ADANI ENTERPRISES LTD's financial health. By applying the Altman Z-Score model, a robust framework for predicting bankruptcy risk, this report dissects key financial ratios to uncover the underlying factors influencing ADANI ENTERPRISES LTD's creditworthiness and operational resilience. By analyzing key financial ratios related to profitability, leverage, liquidity, and activity, the score provides insight into a company's financial stability and its chances of defaulting on obligations.

Financial Summary



1. Working Capital / Total Assets (A)

Working Capital / Total Assets							
	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Working Capital	10,091	10,853	9,971	10,573	3,874	-362	9,627
Total Assets	42,536	46,875	51,617	101,586	141,278	160,586	197,843
Working Capital / Total Assets (A)	23.72%	23.15%	19.32%	10.41%	2.74%	-0.23%	4.87%

Declining Liquidity Trend: The Working Capital to Total Assets ratio has significantly decreased from 23.72% in March 2019 to 4.87% in March 2025, with a negative value of -0.23% in March 2024. This trend suggests a reduction in liquidity, indicating potential challenges in covering short-term liabilities with current assets. A negative ratio in 2024 highlights a period where current liabilities exceeded current assets, posing risks to short-term financial stability.

Partial Recovery in 2025: The improvement to 4.87% in March 2025 indicates some recovery in working capital management. However, the ratio remains substantially lower than historical levels, suggesting that liquidity remains a concern compared to earlier years when the company maintained stronger short-term financial flexibility.

2. Retained Earnings / Total Assets (B)

Retained Earnings / Total Assets							
	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Retained Earnings	270	688	636	365	2,072	3,146	7,347
Total Assets	42,536	46,875	51,617	101,586	141,278	160,586	197,843
Retained Earnings / Total Assets (B)	0.64%	1.47%	1.23%	0.36%	1.47%	1.96%	3.71%

Improving Profit Retention: After a low of 0.36% in March 2022, the Retained Earnings to Total Assets ratio has risen steadily, reaching 3.71% by March 2025. This upward trend reflects improved profitability and the company's ability to retain earnings, which strengthens its financial base for future investments or debt servicing.

Low but Growing Base: Despite the increase, the ratio remains

3. EBIT / Total Assets (C)

EBIT / Total Assets							
	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
EBIT	1,580	1,822	1,969	2,466	6,382	8,334	10,041
Total Assets	42,536	46,875	51,617	101,586	141,278	160,586	197,843
EBIT / Total Assets (C)	3.71%	3.89%	3.81%	2.43%	4.52%	5.19%	5.08%

Enhanced Operational Efficiency: The EBIT to Total Assets ratio dipped to 2.43% in March 2022 but rebounded to 5.19% in March 2024 and slightly declined to 5.08% in March 2025. This recovery demonstrates improved operational efficiency, as the company generates more earnings from its asset base, reflecting effective management of operational activities.

Stable Earnings Generation: The ratio's consistency around 5% in recent years suggests stable performance in utilizing assets to generate earnings before interest and taxes. This stability is a positive indicator of operational resilience, particularly in a diversified business model facing varied market conditions.

4. Market Cap / Total Liabilities (D)

Market Cap / Total Liabilities							
	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Market Cap	16,140	15,133	113,406	221,582	199,551	364,469	267,290
Total Liabilities	27,392	28,665	32,707	74,658	103,388	116,400	141,373
Market Cap / Total Liabilities (D)	0.59x	0.53x	3.47x	2.97x	1.93x	3.13x	1.89x

Volatile Market Confidence: The Market Cap to Total Liabilities ratio has shown significant volatility, peaking at 3.47x in March 2021 and standing at 1.89x in March 2025. A ratio above 1x indicates that the market values the company's equity higher than its total liabilities, reflecting investor confidence in its ability to manage debt obligations.

Positive Market Perception: Despite fluctuations, the ratio has generally remained above 1x since March 2021, suggesting that the market perceives Adani Enterprises as capable of covering its liabilities. The volatility may be attributed to market sentiments influenced by external factors or company-specific developments, such as acquisitions or debt issuances.

5. Sales / Total Assets (E)

Sales / Total Assets							
	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Total Sales	40,379	43,403	39,537	69,420	127,540	96,421	97,895
Total Assets	42,536	46,875	51,617	101,586	141,278	160,586	197,843
Sales / Total Assets (E)	0.95x	0.93x	0.77x	0.68x	0.90x	0.60x	0.49x

Declining Asset Turnover: The Sales to Total Assets ratio, or asset turnover, has decreased from 0.95x in March 2019 to 0.49x in March 2025. This decline indicates reduced efficiency in generating revenue from the company's asset base, potentially due to significant asset growth not yet translating into proportional sales increases.

Potential Over-Investment: The downward trend may reflect heavy investments in long-term assets, such as infrastructure or acquisitions, which have yet to yield corresponding revenue growth. This could be a strategic move to support future expansion but may impact short-term revenue efficiency.

Altman Z-Score and Financial Stability

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Model Interpretation & Disclaimer

The Altman Z-score model, originally developed for U.S. manufacturing firms, may not fully capture the financial dynamics of a diversified conglomerate like Adani Enterprises, which operates across multiple sectors including energy, resources, logistics, and aerospace. The model's reliance on market capitalization introduces volatility, as market sentiments can significantly influence the Z-score independently of the company's fundamental financial health. For instance, the high market cap to total liabilities ratio in certain years reflects strong investor confidence, which may not align with other financial metrics.

Additionally, the Z-score may undervalue the financial stability of large, growth-oriented companies with significant investments in long-term assets or high leverage, as is common in capital-intensive industries. Adani Enterprises' recent activities, such as the acquisition of an 85.1% stake in Air Works India for INR 400 Cr and the issuance of non-convertible debentures, indicate a focus on expansion and diversification, which may temporarily depress certain ratios like working capital or asset turnover. Furthermore, the company's ability to manage a relatively high debt-to-equity ratio while maintaining robust cash flows, as noted in market analyses, suggests financial resilience not fully reflected in the Z-score.

Therefore, while the Z-score indicates a distressed financial position for most years, it should be interpreted with caution. Investors are advised to complement the Z-score with other financial metrics, such as cash flow, return on equity (reported at 9.75% over the last three years), and qualitative factors like strategic initiatives and market leadership, to gain a comprehensive understanding of Adani Enterprises' financial health.

Final Conclusion

The Altman Z-score analysis for Adani Enterprises indicates a predominantly distressed financial position from March 2019 to March 2025, with scores mostly below 1.81, except for a grey zone score of 2.0 in March 2021. This suggests a higher risk of financial distress according to the model. However, the component-wise analysis reveals mixed signals: improvements in retained earnings and EBIT to total assets ratios indicate growing profitability and operational efficiency, while declining liquidity and asset turnover raise concerns about short-term financial flexibility and revenue generation efficiency.

Given the limitations of the Z-score model for large, diversified conglomerates and Adani Enterprises' strategic focus on expansion and diversification, the company's financial health may be stronger than the Z-score suggests. The company's increasing retained earnings, stable operational performance, and market valuation above liabilities reflect resilience and investor confidence. Recent developments, such as acquisitions and effective debt management, further support a positive outlook. Investors should conduct a comprehensive analysis incorporating additional financial indicators, industry trends, and company-specific developments to accurately assess Adani Enterprises' stability and

**** Concept Behind Altman Z-Score:** The Altman Z-Score, developed by Edward I. Altman in 1968, is a predictive model that assesses the likelihood of a company facing bankruptcy within two years. The Z-Score combines five financial ratios, each weighted to produce a single score that categorizes a company into one of three zones: Safe, Grey, or Distress. The formula for publicly traded companies is: $Z = 1.2A + 1.4B + 3.3C + 0.6D + 1.0E$, Where:

A: Working Capital / Total Assets (liquidity), B: Retained Earnings / Total Assets (cumulative profitability), C: Earnings Before Interest and Taxes (EBIT) / Total Assets (operating efficiency),
D: Market Value of Equity / Total Liabilities (financial leverage), E: Sales (Revenue) / Total Assets (asset turnover)

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