# Management Discussion & Analysis

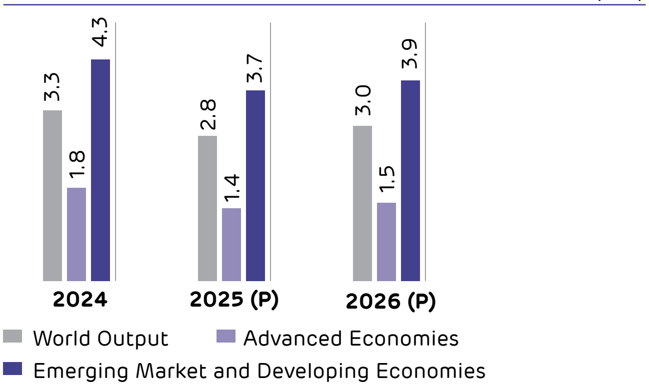
## Global Economy

The global economy showed remarkable strength in the face of various challenges this past year. Despite ongoing geopolitical tensions and a cost-of-living crisis affecting many countries, it managed to remain resilient. According to the International Monetary Fund (IMF), the global growth rate is at 3.3% for 2024, fuelled by strong private consumption and government spending, particularly in the United States and many emerging markets. Notably, the global infrastructure construction market was valued at around USD 3.05 billion this year. While the U.S. economy outperformed expectations, the UK and Europe experienced a slowdown and narrowly avoided falling into a recession. On the bright side, India continued to shine, but China faced challenges due to a slowdown in its property sector.

**Advanced Economies:** The United States saw a GDP growth of 2.8% in 2024, an improvement from earlier forecasts. This positive outlook is largely due to strong labour markets and easing inflation. In contrast, the Euro area grew at a slower rate of 0.9% in 2024, with a slight decline in Germany. This reflects ongoing difficulties in the industrial output and energy sectors.

**Emerging Markets and Developing Economies:** For China, the GDP growth is at 5.0% in 2024, reinforced by fiscal measures and a less severe slowdown in the real-estate market. Overall, emerging markets and developing economies are set to grow by 4.3% in 2024, driven by increased investments in technology and infrastructure.

**Global Real GDP Growth** (in %)




(P) stands for projected numbers

After peaking in mid-2022, headline inflation across the globe started falling. However, core and services disinflation remained slow. Central Banks of Advance Economies kept their policy rates on hold as inflation is yet to go below their tolerance levels.

Global inflation decreased from 6.8% in 2023 to 5.9% in 2024, with a further decline to 4.5% in 2025. Advanced economies saw an average inflation rate of 2.6% in 2024, aligning with central bank's target by 2025. In contrast, emerging markets experienced higher inflation rates, averaging 8.1% in 2024 and easing to 6% in 2025. (Source: World Economic Outlook, IMF (April 2024))

When it comes to monetary policy and interest rates, major central banks, including the Federal Reserve, European Central Bank, and Bank of England, are likely to maintain current interest rates until the latter half of 2024, followed by a gradual reduction. This strategy aims to strike a balance between facilitating economic growth and controlling inflation.

In terms of oil prices, Brent crude oil average price was around USD 80 per barrel in 2024, influenced by geopolitical tensions and supply considerations. Forecasts for 2025 suggest an average price of USD 73 and USD 72 in 2026 per barrel, with non-OPEC producers, particularly the United States, expected to increase output, which could help stabilise prices. (Source: capital.com)

Coal prices have seen volatility due to the global shift towards clean energy and changes in policy. The growing adoption of renewable energy sources and international climate commitments are affecting coal demand and pricing, prompting a transition in energy generation methods.

### Outlook

Global economic growth is to reach 2.8% in 2025 and then rise to 3.0% in 2026. This projection for 2025 is largely influenced by the strong performance of the United States and several significant emerging markets. In advanced economies, growth is anticipated to hold steady at 1.4% and 1.5% in 2025 and 2026, respectively. Specifically, in the United States, growth is forecasted at 1.8% in 2025 before slowing to 1.7% in 2026, as the labour market cools and consumption growth moderates. Meanwhile, the Euro area is expected to rebound from its low, with growth rates forecasted at 0.8% in 2025 and 1.2% in 2026, driven by stronger household consumption and falling inflation.

The global infrastructure construction sector is projected to grow by USD 3.20 billion in 2025 and reach around USD 4.96 billion by 2034, growing at a compound annual growth rate (CAGR) of 5.0% during the forecast period.

The global economic outlook for 2025-26 presents a mix of positive trends and notable risks. While global headline inflation is projected to decline, with estimates of 4.3% in 2025 and 3.6% in 2026, ongoing geopolitical instability remains a significant concern. Conflicts and trade disputes could disrupt global trade, impacting economic stability.

Additionally, the transition towards cleaner energy sources pose challenges for resource-dependent economies, which may struggle to adapt to the evolving energy landscape. Furthermore, climate risks, including unpredictable weather patterns, could adversely affect agriculture and overall economic stability.

According to the WTO, global merchandise trade volume rose by 2.9% in 2024 but is expected to decline by 0.2% due to trade policy uncertainty. It is projected to rebound with a 2.5% increase in 2026 despite weaker global demand.

## Indian Economy

Against a challenging global backdrop, India stands out as one of the fastest-growing major economies, driven by strong domestic consumption, favourable demographics, and increasing disposable incomes. The government's strategic reforms, substantial investments in both physical and digital infrastructure, and initiatives such as 'Make in India' and the Production-Linked Incentive (PLI) scheme have been crucial in enhancing the country's growth, resilience, and self-reliance.

According to the Second Advanced Estimate (SAE) data published by the National Statistical Office (NSO), a sequential slowdown of real GDP has been observed, achieving a rate of 6.5% in FY 2024-25, compared to 9.2% in FY 2023-24 as per the First Revised Estimate which is considered to be the highest in previous 12 years except for FY 2021-22. This has been marked by a broad-based recovery across industrial sectors, particularly in manufacturing. The financial services sector in India has also played a pivotal role in driving economic momentum. As a vital enabler of capital flow and investment, this sector has witnessed significant innovation and growth, especially in fintech, digital banking, and inclusive finance. With the Reserve Bank of India's supportive regulatory framework and initiatives aimed at promoting financial inclusion and literacy, the financial services sector has shown sustained growth.

High-frequency indicators, such as Goods and Services Tax (GST) collections, reported significant growth during FY 2024-25. Revenue collection from GST surged by 9.4%, reaching ₹ 22.09 lakh crore during the year under review. (Source: GST Portal)

In FY 2024-25, the Reserve Bank of India (RBI) shifted its monetary policy stance from a prolonged pause to an accommodative approach, initiating rate cuts to bolster economic growth amid easing inflationary pressures. The central bank reduced the policy repo rate by a total of 50 basis points, bringing it down to 6.0% through two consecutive 25 basis point cuts in February and April 2025. (Source: Economic Times)

This policy shift was underpinned by a significant moderation in inflation. Retail inflation, measured by the Consumer Price Index (CPI), averaged 4.6% in FY 2024-25, down from 5.4% in FY 2023-24 and 6.7% in FY 2022-23. As of April 2025, CPI inflation eased to 3.16%, marking the lowest level since July 2019 and remaining below the RBI's 4% target for the third consecutive month.
(Source: Press Information Bureau)

Wholesale inflation also exhibited a downward trend. The Wholesale Price Index (WPI) inflation declined sharply to 0.85% in April 2025 from 2.05% in March, primarily due to reductions in fuel and power prices. The WPI Food Index inflation decreased from 4.66% in March to 2.55% in April 2025, indicating easing price pressures in food items. The convergence of declining CPI and WPI inflation has provided the RBI with additional room for monetary easing.
(Source: Business Standard, Press Information Bureau)

India has ascended to become the world's fifth-largest economy by nominal GDP and the third-largest by purchasing power parity (PPP). The country is optimistic about achieving a USD 5 trillion economy by FY 2027-28 and a USD 30 trillion economy by 2047, supported by the central government's investments in infrastructure, additional reforms, and enhanced technology adoption. Notably, there has been a rise in the capital investment budget for 2025-26, increasing the total to ₹ 11.21 lakh crore, which is approximately 3.1% of GDP.
(Source: Business Standard, Press Information Bureau)

### India Real GDP growth


(Source: IMF World Economic Outlook, April 2025, Press Information Bureau

## Outlook

India's economy is projected to be at 6.2% in 2025, reinforcing India's trajectory towards becoming the world's third-largest economy by 2030. This optimistic outlook is driven by vigorous infrastructure investments, strong capital expenditure from the private sector, and a growing financial services industry. With ongoing strategic reforms, India is in a strong position to maintain sustainable long-term economic growth and development.

Several key elements contribute to this favourable outlook. India is poised to harness its demographic dividend, benefit from increased capital expenditure, and capitalise on proactive government policies. Additionally, strong consumer demand and enhanced rural consumption prospects play a significant role. As headline inflation approaches target levels, an uptick in rural consumption is anticipated. The government's commitment to capital expenditure and fiscal discipline, coupled with rising consumer and business confidence, creates a positive environment for investment and consumption. Initiatives such as 'Make in India 2.0', improvements in the Ease of Doing Business, and the Production Linked Incentive (PLI) scheme are expected to bolster infrastructure, enhance manufacturing capabilities, boost exports, and position India as a global manufacturing hub.

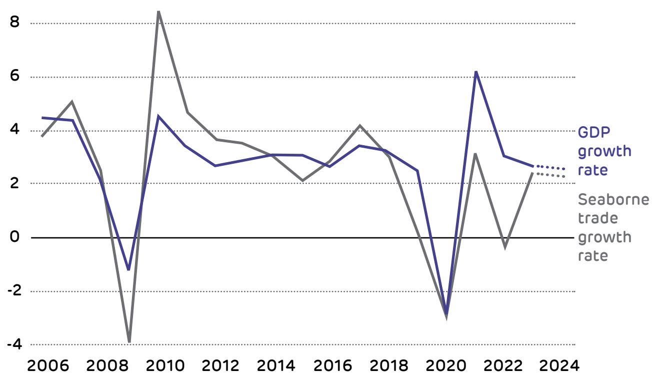
As inflation trends towards target levels by 2025, it is likely that the RBI will adopt more accommodative monetary policies. A significant emphasis on infrastructure, supported by public initiatives, is projected to stimulate gross fixed capital formation. Furthermore, increased rural demand, driven by government programmes like the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY), is expected to further enhance consumption levels.

# Industry Overview

## Global Ports

Global maritime trade is intrinsically linked to the world economy, reflecting trends in GDP and merchandise trade. Over the past decade, the trade-to-GDP ratio, which gauges the responsiveness of trade to economic changes, has declined steadily, with the disparity becoming more pronounced since 2018. This trend is attributed to rising trade protectionism, regionalisation, reshoring of production, and the adoption of trade-restrictive measures and industrial policies.

### Global maritime trade and world GDP

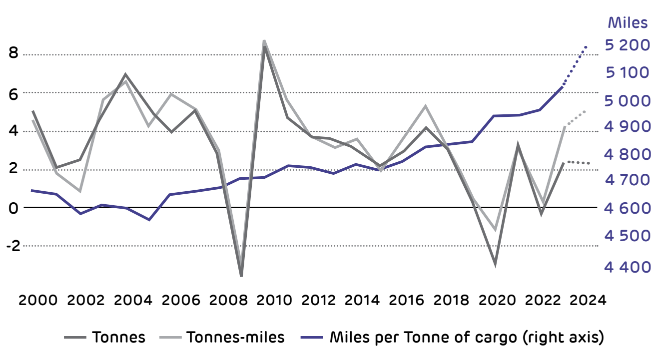



In 2024, global trade achieved a record of USD 33 trillion, growing at an annual rate of 3.7%, according to UNCTAD. Trade expansion was led by 9% growth in services and a modest 2% rise in merchandise trade.

### Maritime Trade Volumes and Economic Influences

Global maritime trade grew by 2%, in 2024 (to 12.53 billion tonnes), building upon the 2.4% growth (12.3 billion tonnes) observed in 2023. This recovery was supported by global economic resilience, with GDP growth of 3.7% defying predictions of a recession despite unprecedented monetary tightening. While China's recovery was slower than expected, its economy played a crucial role in global growth, alongside the United States, which avoided an anticipated downturn.

### Seaborne trade growth in tonne-miles outpaced tonnage growth




Persistent challenges, including geopolitical tensions, extreme weather events, and supply chain disruptions, added volatility to the maritime trade landscape. Despite these headwinds, seaborne trade growth in tonne-miles outpaced tonnage growth driven by longer-haul voyages.

### Long-Term Growth and Challenges

UNCTAD forecasts global maritime trade to expand by 2% in 2024 and an average of 2.4% annually between 2025 and 2029. This growth is underpinned by strong demand for major bulk commodities like iron ore, coal, and grain, alongside containerised goods. However, challenges such as geopolitical tensions, extreme weather conditions, and economic uncertainties and ongoing tariff war pose significant short-term risks.

Technological advancements, the transition to cleaner energy, and infrastructure development are expected to be critical drivers of growth in the longer term. Drewry predicts containerised trade to shrink by 1% in 2025, followed by moderate growth through 2029. Despite oversupply concerns in the containership market, improvements in port productivity and vessel scrapping could mitigate this imbalance over time.

### Risks and Opportunities

The global economy continues to face headwinds, including persistent inflation, high borrowing costs, and geopolitical complexities. Policy uncertainties driven by elections, fiscal constraints, and trade disputes further complicate the medium-term outlook. However, opportunities lie in the expansion of green energy and artificial intelligence sectors, alongside potential interest rate cuts in major economies that could stimulate trade. Balancing immediate priorities with sustainability and resilience will be essential to nurturing stable growth in maritime trade.

### Policy Implications

To safeguard global maritime trade amidst these challenges, UNCTAD's 2024 Review of Maritime Transport underscores the importance of a comprehensive policy framework. Key recommendations include:

- **Enhancing Supply Chain Resilience:** Investing in infrastructure and technology, diversifying supply sources, and reducing dependence on critical chokepoints to prepare for disruptions
- **Promoting International Cooperation:** Strengthening trade agreements and encouraging regional and South–South trade to mitigate geopolitical risks and ensure smoother trade flows
- **Sustainable Practices:** Advancing green technologies and sustainable operations to align with environmental goals and unlock new trade opportunities
- **Adapting to Market Trends:** Regularly monitoring trade patterns, alternative supply sources, and the impact of disruptions to maintain long-term stability and growth

## India's EXIM Trade

The EXIM Trade of India experienced modest growth in FY 2024-25, primarily influenced by the low prices of crude oil. Merchandise exports remained nearly at FY 2023-24 levels due to reduced volume and lower unit realisation in petroleum products. Meanwhile, imports in FY 2024-25 increased by over 6%. In FY 2025-26, the volume of crude and POL segments is expected to increase, but their value may decrease due to low prices and higher output. Gold imports are anticipated to decline following the high base of FY 2024-25. Overall, merchandise imports are projected to grow moderately in value terms in FY 2025-26. Merchandise exports are expected to grow faster than imports, largely driven by the non-POL segment.

India plays a significant role in global trade, with its export-import (EXIM) activities shaped by a diverse mix of commodities, key trading partners, and evolving policy measures. Merchandise exports are a crucial source of foreign exchange earnings, with engineering goods, petroleum products, gems and jewellery, and pharmaceuticals being leading export categories. On the import side, crude oil, electronic goods, gold, and machinery constitute a significant share, reflecting domestic demand patterns and industrial requirements. All these factors contributes towards India's rising share in global merchandise trade which, according to the WTO, stands at 2.2% in exports and 3.4% in imports (excluding intra-EU trade).

The country's trade patterns are influenced by shifts in global demand, currency fluctuations, trade agreements, and geopolitical developments. Ports serve as the backbone of India's EXIM trade, handling a substantial share of the country's cargo movements. With its strategic location and world-class infrastructure, APSEZ plays a vital role in facilitating seamless trade flows, supporting India's integration into global supply chains. The efficiency of cargo handling, turnaround times, and multimodal connectivity are key determinants of India's trade competitiveness, positioning APSEZ as a crucial enabler of export growth.

India's EXIM trade is also shaped by government policies such as the Foreign Trade Policy (FTP), Production-Linked Incentive (PLI) schemes, and tariff structures that impact cost dynamics and export competitiveness. Additionally, trade relations with key partners like the US, the European Union, China, and Southeast Asia drive the volume and composition of India's external trade.

This growth in India's exports can be attributed to the country's ongoing economic activity, supported by momentum in both manufacturing and services sectors. Additionally, improving demand from trading partners, along with anticipated global monetary easing, is likely to support this growth. However, various risks such as global uncertainties in certain advanced and emerging economies, geoeconomic fragmentation, crises in the Middle East and West Asia, possible intensification of protectionist policies, and disruptions in global supply chains could impact the outlook.

(Source: Exim Bank India)

### Indian Ports Sector

India's maritime transport sector plays a crucial role in the nation's economy, with approximately 95% of trade by volume and 70% by value conducted through maritime channels. The country is home to 12 major ports and 200+ non-major and intermediate ports, which are essential for facilitating trade and commerce. Under the National Perspective Plan for Sagarmala, the government is set to develop six new mega ports, further enhancing the infrastructure needed to support growing trade demands.

**India ranks as the sixteenth-largest maritime country in the world.**

**Functional Major and Non-Major Ports in India**

| Sr. No. | State/UT | Non-Major Ports | Major Ports |
|---|---|---|---|
| 1 | Andhra Pradesh | 15 | 1 |
| 2 | Goa | 5 | 1 |
| 3 | Gujarat | 48 | 1 |
| 4 | Karnataka | 13 | 1 |
| 5 | Kerala | 17 | 1 |
| 6 | Maharashtra | 48 | 2 |
| 7 | Odisha | 14 | 1 |
| 8 | Tamil Nadu | 17 | 3 |
| 9 | West Bengal | 1 | 1 |
| 10 | Andaman and Nicobar Islands | 24 | - |
| 11 | Daman & Diu | 2 | - |
| 12 | Puducherry | 3 | - |
| 13 | Lakshadweep | 10 | - |
| (as of July 26, 2024) | | **Total = 217** | **12** |

(Source: Ministry of Ports, Shipping and Waterways (Sansad))

With a coastline stretching 7,516.6 kilometres, the Indian government actively supports the ports sector by allowing Foreign Direct Investment (FDI) of up to 100% under the automatic route for port and harbour construction and maintenance projects. Additionally, it offers a 10-year tax holiday to enterprises involved in the development, maintenance, and operation of ports and inland waterways. This supportive framework is designed to attract investment and promote growth within the maritime industry, positioning India as a key player in global trade.

**India has plans to invest USD 82 billion in port projects by 2035.**

All Indian ports managed a total of 1,593 MMT cargo volume in FY 2024-25, a growth of 4%. Out of which Major ports managed a total of 854 million tonnes (MT) of cargo traffic in FY 2024-25, marking a 4.4% increase from the 819 million tonnes recorded in FY 2023-24. Non-Major port grew by 2.6% in FY 2024-25 to 739 MMT from 721 MMT cargo handled in FY 2023-24. To enhance operational efficiency, the government has introduced various initiatives, including mechanisation, deepening the draft, and ensuring swift evacuations. The major ports are also moving towards a landlord model, enhancing participation through PPP models to attract investments.

| (MMT) | FY21 | FY22 | FY23 | FY24 | FY25 | Growth |
|---|---|---|---|---|---|---|
| Major Ports | 672 | 720 | 784 | 818 | 854 | 4.4% |
| Share(%) | 54% | 55% | 55% | 53% | 54% | |
| Non-Major Ports | 575 | 599 | 650 | 721 | 739 | 2.6% |
| Share(%) | 46% | 45% | 45% | 47% | 46% | |
| **All India Ports** | **1,247** | **1,319** | **1,433** | **1,539** | **1,593** | **3.5%** |

The major growth has been seen in the container, POL, edible oil and food grains. However, rise in share of renewable energy, higher domestic coal production and government policies on the import of coal for blending for the power sector has resulted in contraction on thermal coal volumes. The consistent low prices of iron and steel in the international market has impacted the iron ore export volumes significantly and increase in coastal movement and import of iron ore in near future may be expected.

Mundra Port continues to be the largest Indian port in terms of volume handled. In FY 2024-25, it became the first Indian port to handle 200 MMT in a year. This year, two more ports entered the 150 MMT club – Paradip Port and Deendayal Port, Kandla.

**Top 3 ports in India in last 11 years**

| FY15 | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 |
|---|---|---|---|---|---|---|---|---|---|---|
| Sikka | Sikka | Sikka | Sikka | Mundra | Mundra | Mundra | Mundra | Mundra | Mundra | Mundra |
| Mundra | Mundra | Mundra | Mundra | Sikka | Sikka | Sikka | Sikka | Kandla | Paradip | Paradip |
| Kandla | Kandla | Kandla | Kandla | Kandla | Kandla | Kandla | Kandla | Paradip | Kandla | Kandla |

### Key Ports Performance

Mundra Port has handled more than 8.46 MTEUs containers and consolidates its position as India's number one container handling port.

The Jawaharlal Nehru Port Authority also handled 7.4 MTEUs container and played a crucial role in managing the container segment, overseeing more than half of the total container volume across the major ports.

Among major ports, Paradip Port maintains its top positions in FY 2024-25, keeping Deendayal Port at second position for the second consecutive year.

The Ministry of Ports, Shipping and Waterways (MoPSW) is strategically strengthening India's logistics framework and trade competitiveness by prioritising coastal shipping and Export-Import (EXIM) trade, primarily through the Sagarmala Programme. This initiative aims to drastically reduce logistics costs for both domestic and international trade with minimal infrastructure investment, leveraging India's extensive 7,517 kilometre coastline.

The MoPSW ensures that coastal shipping operations are seamlessly aligned with India's EXIM policy, facilitating smooth trade operations. This alignment is crucial for optimising the flow of goods and maintaining India's competitive edge in the global market. By focussing on these core areas, the Sagarmala Programme is driving a transformative shift towards a more efficient and sustainable maritime sector, unlocking the full potential of India's coastal resources and significantly enhancing its trade capabilities.

## Trends in All India Cargo handling (FY 2024-25)

### Recent developments

- The Ministry of Coal reported a significant increase in coal transportation through the rail-sea-rail (RSR) mode, rising from 28 million tonnes in FY 2021-22 to 54 million tonnes in FY 2023-24. This shift highlights the growing reliance on multimodal logistics solutions
- During FY 2023-24, major ports demonstrated significant efficiency improvements, particularly in container handling, with an average turnaround time of 22.57 hours, surpassing global benchmarks. This enhanced efficiency led to increased profitability for ports like Paradip, which earned ₹ 1,570 crore (USD 188 million) with a 21% rise in net surplus. Jawaharlal Nehru Port also reported a net surplus of ₹ 1,263.94 crore (USD 151 million). However, the average turnaround time for major ports from April to October in FY 2024-25 was 50.7 hours.
- India is planning to establish a new shipping company aimed at expanding its fleet by at least 1,000 vessels over the next decade. This yet-to-be-named firm will be jointly owned by state-run companies in the oil, gas, and fertiliser sectors, alongside the Shipping Corporation of India and foreign partners. The initiative aims to reduce freight costs and capture a larger share of the growing trade market, targeting a one-third reduction in foreign freight expenses by 2047
- Adani Ports and Special Economic Zone Ltd. has commenced operations at Syama Prasad Mookerjee Port's Netaji Subhas dock. This further enhances APSEZ's presence along the eastern coastline enabling it to serve the hinterlands of Eastern and North Eastern India and driving synergies with our transshipment hubs in Vizhinjam and Colombo

### Impact of Global Geopolitical Tensions on India's Ports and Infrastructure

Global conflicts and geopolitical shifts are presenting significant challenges for India's ports and infrastructure sectors, necessitating strategic adjustments to safeguard trade and economic stability. Disruptions in the Red Sea, particularly due to Houthi rebel attacks, have severely impacted India's goods trade with Europe, causing freight rate surges and extended transit times as shipping routes are altered. Consequently, India's merchandise exports saw a notable decline in early FY 2024-25 but recovered to post a marginal growth in FY 2024-25 over FY 2023-24. Additionally, new U.S. sanctions on Russian oil producers are pushing Indian refiners to seek alternative oil sources, potentially increasing prices and costs. Furthermore, conflicts and climate change are disrupting key sea lanes, leading to longer shipping distances and higher trade costs, which disproportionately affect developing countries like India.

The talks of development of the **IMEEC** (India – Middle East – Europe Corridor) as an alternative to the Suez Canal route will strengthen India's role in the global maritime sea routes.

### Key Policy Developments in the Indian Ports Sector

- **Sagarmala Programme:** Launched to harness India's 7,500 km coastline, the Sagarmala Programme has identified 802 projects with an investment of ₹ 5.48 lakh crore, aiming to boost port-led development, enhance logistics efficiency, and promote coastal community development
- **National Gati Shakti Scheme:** This transformative initiative integrates various transportation modes, including ports, through a Geographic Information System (GIS)-based platform, aiming to reduce logistics costs and time, thereby enhancing India's trade competitiveness
- **National Ports Bill:** Proposed to modernise port governance, the National Ports Bill seeks to replace the century-old Indian Ports Act, 1908, by introducing a comprehensive regulatory framework that encourages public-private partnerships and streamlines decision-making processes

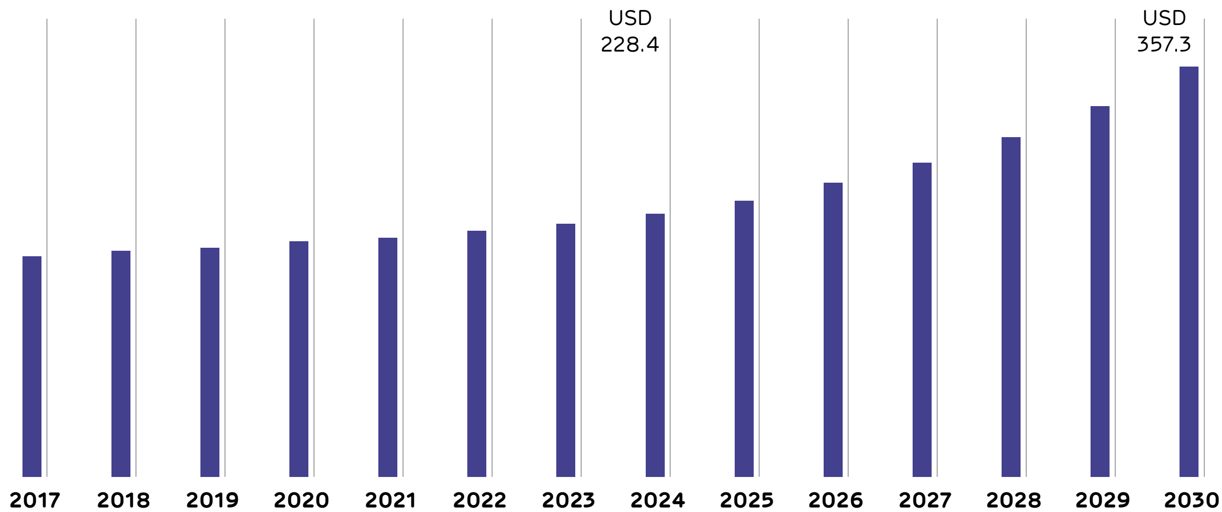
**The Indian logistics industry is projected to reach USD 357.3 billion by 2030.**

- **Coastal Shipping Bill:** Aiming to revitalise coastal shipping, this bill proposes incentives for Indian-flagged vessels, simplifies regulatory procedures, and promotes dedicated coastal shipping terminals, thereby reducing congestion on road and rail networks
- **Migration of Tariff Guidelines:** The 2024 guidelines transition from the Tariff Authority for Major Ports (TAMP) framework to a market-driven tariff mechanism, granting ports greater pricing flexibility to attract investments and enhance operational efficiency
- **Telescopic Rates for Rail-Sea-Rail Routes:** Indian Railways has introduced a telescopic rate structure to encourage seamless multimodal transport, reducing overall logistics costs and promoting the use of rail-sea-rail routes for cargo movement
- **Green Tug Transition Programme:** This initiative aims to convert 50% of India's tug fleet into green tugs by 2030, utilising alternative fuels like LNG and hydrogen, thereby reducing carbon emissions and promoting sustainable maritime operations
- **Maritime India Vision 2030 & Amrit Kaal Vision 2047:** The Maritime India Vision 2030 outlines strategies for port modernisation, digitisation, and green shipping, with an investment of ₹ 3 lakh crore. The Amrit Kaal Vision 2047 further expands this vision, proposing an investment of ₹ 80 lakh crore to quadruple port capacity to 10,000 million tonnes per annum by 2047, aiming to position India as a global maritime leader

## Indian Logistics

The Indian logistics industry experienced substantial growth in FY 2024-25, with a market size reaching approximately USD 228.4 billion in 2024 and is projected to reach USD 357.3 billion by 2030. This growth reflects a significant compound annual growth rate (CAGR) of 7.7% from 2025 to 2030. In terms of market segments, transportation services emerged as the largest revenue-generating segment in 2024. Meanwhile, warehousing and distribution services are considered to be the most lucrative segment, registering the fastest growth during the forecast period. This dynamic landscape highlights the increasing importance of logistics in supporting India's economic development and meeting the rising demand for efficient supply chain solutions. This growth is primarily driven by Indian government's significant investments in logistics infrastructure, particularly through initiatives like Gati Shakti, which aims to enhance multimodal connectivity.

**India Logistics Market, 2017-2030 (USD B)**




(Source: Grand View Research)

Logistics industry growth is hinged on increased manufacturing output, uptick in consumer spending and e-commerce activities.

A favourable monsoon season and the government's continued focus on capital formation are expected to bolster revenue growth. Segments such as e-commerce, FMCG, retail, chemicals, pharmaceuticals, and industrial goods are poised to contribute significantly to the sector's stability, reinforcing ICRA's 'Stable' outlook for the industry.

Recent budget allocations for the National Logistics Policy are designed to streamline operations and reduce logistics costs. Additionally, the sector is undergoing rapid digital transformation, with the integration of Artificial Intelligence (AI), Internet of Things (IoT), and Blockchain technology optimising supply chain management and enabling data-driven decision-making.

The e-commerce boom, is reshaping the logistics landscape as companies adapt to meet rising demands for faster delivery and improved last-mile connectivity. There is also a growing emphasis on sustainability, with logistics providers adopting eco-friendly practices such as using electric vehicles (EVs) and implementing green supply chain management to minimise their carbon footprint.

India's logistics costs account for 14% of GDP, significantly higher than the 8-9% seen in developed countries, primarily due to an overreliance on road transport, which handles 71% of freight movement. To tackle this imbalance, the government has introduced initiatives like GST and invested in road infrastructure, inland waterways, and Dedicated Freight Corridors (DFCs). These efforts aim to reduce logistics costs to 8-9% of GDP, aligning India with global benchmarks.

The logistics market spans road and rail transport, air cargo, multimodal logistics, and industrial warehousing. The domestic express logistics segment is set to grow at a 14% CAGR from FY 2022-23 to FY 2027-28, fuelled by e-commerce expansion. Organised players, controlling 80% of the market, are expected to consolidate further, supported by policies like GST and the e-way bill. Additionally, the less-than-truckload (LTL) segment is projected to grow at 10% CAGR, driven by rising demand for smaller, frequent shipments bypassing warehouses to reach retailers directly.

The warehousing segment is expanding significantly due to the demand for modern storage facilities, with the implementation of the Goods and Services Tax (GST) facilitating the establishment of larger warehouses that enhance inventory management. Furthermore, public-private partnerships (PPPs) are becoming increasingly common, playing a crucial role in developing logistics parks, freight corridors, and multimodal transport facilities to improve operational efficiencies source.

### Key Trends and Developments

- **Infrastructure Investment:** The Indian government has been actively investing in logistics infrastructure through initiatives like Gati Shakti, aimed at enhancing multimodal connectivity. The recent budget allocation for the National Logistics Policy is intended to streamline operations and reduce logistics costs source.
- **Digital Transformation:** The logistics sector is witnessing rapid digital transformation. The integration of Artificial Intelligence (AI), Internet of Things (IoT), and Blockchain technology is optimising supply chain management, enabling data-driven decision-making source.
- **E-commerce Boom:** The surge in e-commerce is reshaping the logistics landscape. Companies are adapting to meet the increasing demand for faster delivery times and improved last-mile connectivity source.
- **Sustainability Initiatives:** There is a growing emphasis on sustainability within the logistics sector. Companies are adopting eco-friendly practices, including using electric vehicles (EVs) and implementing green supply chain management to reduce their carbon footprint source.
- **Warehousing Growth:** The warehousing segment is expanding significantly, driven by the demand for modern storage facilities. The introduction of the Goods and Services Tax (GST) has facilitated the establishment of larger warehouses, improving inventory management source.
- **Public-Private Partnerships (PPP):** Collaborations between the public and private sectors are increasingly common. These partnerships are crucial for developing logistics parks, freight corridors, and multimodal transport facilities, enhancing operational efficiencies source.

(Sources: Economic Times, IBEF & ICRA)

## Adani Ports and Special Economic Zone Limited: Business Overview

Adani Ports and Special Economic Zone Limited (APSEZ) stands as India's largest Integrated Transport Utility company with global presence across the verticals. As a key player in the industry, APSEZ is backed by the Adani Group and has port operations across nine maritime states and union teritorries including Gujarat, Maharashtra, Goa, Kerala, Tamil Nadu, Andhra Pradesh, Puducherry, Odisha and West Bengal.

With significant experience as a port developer and operator, it boasts of an impressive operational capacity of 633 MMT in India. Further, APSEZ is India's largest commercial port operator, driving the nation's port-led infrastructure growth. With a strategically located network of ports and terminals along India's coastline, APSEZ handles a significant share of the country's cargo movement, consistently outpacing industry growth. While the broader Indian port sector has grown at 4% in FY 2024-25, APSEZ has expanded at 6% in the same period (domestic volume growth), reinforcing its leadership in shaping the sector's trajectory.

APSEZ operates India's largest port-based manufacturing hub in Mundra, Gujarat, covering 15,000 hectares along the Gulf of Kachchh. This strategic location serves as a vital gateway for exports and imports, benefiting from an efficient private seaport and robust logistical connectivity. The Mundra Economic Hub includes a multi-product Special Economic Zone (SEZ), Free Trade Warehousing Zone (FTWZ), and Domestic Industrial Zone, offering diverse investment opportunities for businesses. With developed industrial clusters and reliable infrastructure, Mundra is positioned as a leading destination for both small and large-scale projects, contributing significantly to the economic growth of Gujarat and India.

In addition to the port business and industrial zones, it has Pan India logistics presence with 12 multi-modal logistics parks, 132 rakes, 900+ trucks and provides integrated offering to customers from ocean freight, rail transport, warehousing and last-mile transportation. The rail services extend to the farthest locations of India. From Kilaraipur, Punjab in the North to Chennai, Tamil Nadu in the South; Jirania, Tripura in the East and Mundra, Gujarat in the West. Alongside rail, our extensive trucking fleet provides first mile and last services for our ICDs, standalone trucking from ports, domestic movement of containerised and bulk commodities. The International Freight Network services division operates as an asset-light model with a tech-enabled platform providing digital rate management for ocean freight to provide a single point end-to-end solution.

APSEZ also provides specialised dredging and reclamation solutions for port and harbour construction. Since 2005, the Adani Group has invested in building a dredging fleet to support rapid growth in the port sector. The Company now operates a significant fleet of 28 dredgers, establishing one of the largest capital dredging capacities in India. Alongside its dredgers, the company maintains a fleet of support vessels, all operated by a skilled team of over 1,100 personnel. With well-maintained equipment, innovative workshops, and dry dock facilities, the Company is well-equipped to meet the challenges of marine infrastructure development in India, ensuring efficient and cost-effective solutions for projects in coastal and inland waters.

It has also grown aggressively in the marine services business, with the acquisition of two companies Ocean Sparkle Ltd. to serve in India and Astro Offshore to provide services globally. It boasts of a fleet of 115 marine vessels. Further, Adani Harbour Services Ltd. operates 46 vessels across all Adani operated ports.

### Strategic Importance in Indian Port Capacity

APSEZ plays a vital role in the nation's logistics landscape, managing approximately 27% of India's total port capacity. The company efficiently handles vast quantities of cargo, catering to both coastal regions and the extensive hinterland. Notably, APSEZ has commenced operations at the state-of-the-art mega transshipment hub at Vizhinjam, Kerala and has expanded its footprint into West Bengal through the initiation of a bulk mechanised terminal (Berth #2) at the Haldia Dock Complex which is expected to be commissioned in FY 2025-26 and commencement of operations at the Netaji Subhas dock in Syama Prasad Mookerjee Port, Kolkata. It has also signed a concession agreement to develop a multipurpose berth at Kandla Port.

### Geographical Capacity Distribution

The operational capacity of APSEZ's ports and terminals is strategically divided between India's west and east coasts, with about 60% of its capacity situated on the west coast and 40% on the east coast. This geographical distribution enhances the company's ability to serve diverse markets and optimises logistics operations.

### Global Expansion and International Presence

APSEZ has commenced the first phase of operations the Colombo West International Terminal at Colombo Port, Sri Lanka. This terminal is the largest and deepest container terminal in Sri Lanka, capable of accommodating ultra-large container vessels with capacities of up to 24,000 Twenty-Foot Equivalent Units (TEUs). Once fully operational, it is expected to handle over 3.2 million TEUs annually, significantly enhancing the region’s transshipment capabilities. It has also signed a concession agreement to operate container terminal in Dar-es-Salam, Tanzania. With operations in Israel, Tanzania and Colombo, it has an operational capacity of 65 MMT outside India.

### Vision for the Future

APSEZ has set its sights on an ambitious vision to emerge as the world's leading Integrated Transport Utility company and the largest private port operator by 2030. This forward-thinking strategy reflects the company’s commitment to enhancing global connectivity and transport efficiency.

### Commitment to Sustainability

Demonstrating a strong commitment to environmental stewardship, APSEZ aims to achieve carbon neutrality by 2025. This initiative underscores the company's dedication to reducing emissions and mitigating climate change, with a target of limiting global warming to 1.5°C above pre-industrial levels. Furthermore, APSEZ aspires to become carbon-positive by 2030, reinforcing its pledge to sustainability and minimising its ecological footprint.

## Significant highlights in FY 2024-25

#### Ports

- **Cargo Volume & Market Share:** Mundra became the first Indian port to exceed 200 MMT annual cargo volume. APSEZ handled 27% of India's total cargo (up from 26.5% in FY 2023-24) and 45.5% of container cargo (up from approx. 44% in FY 2023-24). The company recorded its highest-ever monthly cargo volume of 41.5 MMT in March 2025.
- **Domestic Expansion & Milestones:** APSEZ completed the acquisition of Gopalpur Port in India. Vizhinjam Port, India's first fully automated transhipment port, commenced operations and handled over 1,00,000 TEUs in a single month. APSEZ also began O&M at Syama Prasad Mookerjee Port's Netaji Subhas Dock and secured a Berth No. 13 development concession with Deendayal Port Authority. Gangavaram Port launched container terminal operations with its inaugural EXIM vessel call.
- **International Growth:** APSEZ significantly expanded its international presence, commencing operations at the fully automated deep-water Colombo West International Terminal (CWIT) in Sri Lanka. APSEZ's Board has approved the acquisition of North Queensland Export Terminal (NQXT), in Australia, a key export gateway with a capacity of 50 MTPA. APSEZ also signed a 30-year concession agreement to manage the container terminal at Dar es Salaam Port, Tanzania.
- **Haifa Port Performance:** Significant progress was made at Haifa Port, including the signing of a union agreement in April 2025. It is expected to boost productivity and efficiency. The Port saw a 36% increase in EBITDA year-on-year during FY 2024-25.
- **Marine Business:** Expanding its marine business, the company acquired Astro Offshore, enhancing

its global portfolio and customer base. As of FY 2024-25, APSEZ's marine fleet totalled 115 vessels, with 3x business growth expected in two years; Adani Harbour operated an additional 46 vessels. APSEZ placed India's largest Make in India order for 8 tugs with Cochin Shipyard; deliveries are expected from December 2026 to May 2028.

- **Technology:** APSEZ implemented the new Navis N4 Terminal Operating System at Kattupalli, Ennore, Gangavaram, and Hazira container terminals for increased efficiency.

### Logistics

- **Container and Bulk Cargo Growth:** APSEZ handled 0.64 million TEUs in container volumes, reflecting a 8% year-on-year increase. Additionally, bulk cargo volumes reached 21.97 MMT, marking a 9% rise year-on-year. Container volumes at Multi-Modal Logistics Parks (MMLPs) also saw significant growth, increasing by 21% to 4,58,217 TEUs.

- **Strategic Command Centre:** The company established a cutting-edge Strategic Command Centre in Ahmedabad, which serves as a central hub for APSEZ's logistics operations. This facility leverages advanced data analytics to enhance turnaround times, optimise asset utilisation, monitor service level agreement (SLA) adherence, and uphold safety standards, ultimately enriching the customer experience.

- **Increase in Rake Count:** The total number of rakes has risen to 132, comprising 68 for containers, 54 for GPWIS, 7 for agriculture, and 3 for AFTO, up from 127 at the end of FY 2023-24. This increase supports the growing operational demands of APSEZ.

- **Expansion of MMLPs and Warehousing Capacity:** The number of MMLPs have reached 12. Total warehousing capacity has grown to 3.1 million sq. ft., up from 2.4 million sq. ft. at the end of FY 2023-24. This expansion enhances the company's logistics capabilities.

- **Agri-silo Capacity Growth:** The agricultural silo capacity currently stands at 1.2 MMT. Furthermore, construction is underway to expand capacity to 4 MMT, demonstrating APSEZ's commitment to support agricultural logistics.

### SEZ, BD & Industrial Zones (IZ)

- Mundra SEZ is India's largest multi-sector port-based Special Economic Zone, offering excellent multimodal connectivity for export industries. It adopts a cluster-based development approach for various sectors, including newly added fertiliser manufacturing.

- With investments exceeding ₹ 71,000 crore and generating over 34,000 direct and indirect jobs, Mundra SEZ is focussed on attracting more investment in manufacturing, warehousing, and trading

- Mundra SEZ received the "Best Growth among Private SEZs" award for 2023-24

- The SEZ provides flexible infrastructure through Custom Freight Station/warehouses within both the SEZ and DTA

- A large copper producing firm has established a Copper Smelter Unit in Mundra to manufacture copper products, aiming to make India self-sufficient in refined copper

- To promote port-led industrial growth, industrial zones are planned near ports, with land sought for developing a port-led industrial ecosystem to ensure cargo growth

- More storage tanks are planned at various port-based locations to increase throughput for liquid cargoes such as Veg. oils, Chemicals, and POL

- Plans include developing new infrastructure alongside existing assets across all ports to diversify the cargo mix and attract New Age Industries

## Performance Overview

During the year under review, APSEZ delivered a promising performance with cargo volumes witnessing a strong 7% year-on-year (YoY) growth. The Company continued to dominate across all fronts. Mundra Port retained its position as India's largest port, handling 200.7 MMT of cargo in FY 2024-25.

The total cargo handled across all Adani ports was 450 MMT, including 19.6 MMT cargo handled at our international ports in Israel and Tanzania. In India, APSEZ ports handled 431 MMT cargo across 14 operating ports and terminals, marking a YoY volume growth of 6%.

Dry cargo volumes amounted to 219 MMT in FY 2024-25. Key contributors to this growth were minerals, fertilisers and metallurgical coal. Coastal coal handled in FY 2024-25 amounted to 33 MMT.

APSEZ ports in India achieved a container volume of 11.3 MTEUs, compared to 9.7 MTEUs in FY 2023-24, reflecting a YoY growth of 16%. Mundra Port maintained its leadership in container volume handling, managing

8.46 MTEUs in FY 2024-25 versus 7.42 MTEUs in FY 2023-24, achieving a YoY growth of 11%.

Domestic port performance highlights are as follows:

- **Mundra Port:** Handled 200.7 MMT cargo, with a YoY growth of 12%
- **Tuna Port:** Handled 9.4 MMT cargo
- **Dahej Port:** Handled 10.3 MMT cargo
- **Hazira Port:** Managed 27.4 MMT cargo, with a YoY growth of 4%
- **Dighi Port:** Handled 0.4 MMT cargo
- **Goa Terminal:** Handled 4.6 MMT cargo, achieving a YoY growth of 1%
- **Vizhinjam Port:** Handled 7.3 MMT cargo since the commencement of its operations in December 2024
- **Karaikal Port:** Handled 12.9 MMT cargo, achieving a 5% YoY growth
- **Kattupalli Port:** Handled 14.1 MMT cargo, with a YoY growth of 18%
- **Ennore Container Terminal:** Handled 13.2 MMT, reflecting a YoY growth of 2%
- **Krishnapatnam Port:** Handled 55 MMT cargo
- **Gangavaram Port:** Managed 26.8 MMT cargo
- **Gopalpur Port:** Handled 2.6 MMT cargo, since the completion of its acquisition
- **Dhamra Port:** Handled 46.1 MMT cargo, with a YoY growth of 8%

## Operational Highlights

### Ports Business

- APSEZ achieved a cargo volume of 450 MMT in FY 2024-25, marking a 7% year-on-year increase, primarily driven by a 20% increase in container traffic. The company handled approximately 27% of the nation's total cargo and 45.5% of container cargo
- Mundra became the first Indian port to cross 200 MMT annual cargo volume
- During the year, APSEZ made considerable progress in expanding its domestic footprint. Within India, APSEZ completed the acquisition of Gopalpur Port. APSEZ commenced operations in Vizhinjam Port, India's first fully automated transshipment port that has already crossed the milestone of 1,00,000+ TEUs in a single month
- APSEZ commenced O&M operations at Syama Prasad Mookerjee Port's Netaji Subhas dock and won concession agreement with Deendayal Port Authority to develop Berth No. 13
- Karaikal Port welcomed its deepest vessel (December 2024) and achieved its highest monthly volume of 1.42 MMT (March 2025). Dhamra Port recorded its highest monthly volume of 4.6 MMT (July 2024), while Kattupalli Port reached its peak of 1.4 MMT (August 2024). Krishnapatnam Port handled its highest edible oil (July 2024) and POL cargo (August 2024) volumes. Dighi Port handled its first steel plate cargo (August 2024). Ennore container terminal welcomed the inaugural GEMINI service call (February 2025), and Mundra Port's liquid terminal set a new record (January 2025).
- On Haifa Port, significant progress on both fronts viz. integration with APSEZ process including appointment of senior leadership team at the site and signing of union agreement in April 2025. The agreement will lead to significantly higher productivity and efficiency at the port. During FY 2024-25, Haifa Port's EBITDA increased by 36% YoY
- APSEZ implemented a new Terminal Operating System, Navis N4 at its Kattupalli, Ennore, Gangavaram and Hazira Container Terminals, leading to increased efficiency and better planning in container terminal operations
- APSEZ launched a strategic initiative to expand its marine business during the year. APSEZ closed the acquisition of offshore support services operator Astro Offshore. Astro will enhance APSEZ's global marine portfolio, add new Tier-1 customers to the roster, and strengthen geographical footprint. As of FY 2024-25, APSEZ's marine fleet stood at 115 vessels (Ocean Sparkle, Astro Offshore, The Adani Harbour International DMCC (TAHID)). APSEZ expects its marine business to grow 3x in two years. In addition to these vessels, Adani Harbour Services Ltd. operated a fleet of 46 vessels across APSEZ ports
- APSEZ placed India's Largest Order for eight tugs under the Make in India initiative for ₹ 450 crore with Cochin Shipyard. With a total contract value estimated at ₹ 450 crore, these tugs are expected to begin delivery in December 2026 and continue until May 2028

### Logistics

- Logistics handled container volumes of 0.64 Mn TEUs, reflecting a 8% YoY growth, and bulk cargo of 21.97 MMT reflecting a 9% YoY growth in FY 2024-25
- Container volumes handled at MMLPs in FY 2024-25 increased by 21% YoY to 4,58,217 TEUs
- Established state-of-the-art Logistics 'Strategic Command Centre' in Ahmedabad. This centre acts as a primary information hub for all logistics operations and leverages advanced data analytics to improve turnaround time, increase asset utilisation, monitor SLA adherence and maintain safety standards, thus enhancing customer experience
- Rakes count increased to 132 (Container: 68, GPWIS: 54, Agri: 7, AFTO: 3) from 127 as of FY 2023-24 end
- MMLP count – 12, Warehousing capacity increased to 3.1 million sq. ft. (from 2.4 million sq. ft as of FY 2023-24 end)
- Trucking volume grew by more than 200% in container and bulk transportation
- Started **Trucking Management Solution (TMS)**, a technology platform that acts as a transformational marketplace and fulfilment solution to streamline supply chain for customers
- Launched International Freight Network services to further extend our services along the value chain
- Agri silo capacity stood at 1.2 MMT. Construction activity is underway to increase the capacity to 4 MMT

## Financial Highlights

### Revenue:

Consolidated revenue increased by 16% to ₹ 31,079 crore, driven by ₹ 22,740 crore from our domestic ports segment, ₹ 3,380 crore from our international ports segment, ₹ 1,144 crore from the marine segment, ₹ 933 crore from the SEZ & Port development segment, and ₹ 2,881 crore from the logistics segment.

### EBITDA:

Consolidated EBITDA increased by 20% to ₹ 19,025 crore, driven by ₹ 16,503 crore from our domestic ports segment, ₹ 464 crore from our international ports segment, ₹ 604 crore from the marine segment, ₹ 812 crore from the SEZ & port development segment, and ₹ 642 crore from the logistics segment.

### Balance Sheet & Cash Flow:

- Net debt to EBITDA became 1.9x in FY 2024-25 from 2.3x in FY 2023-24
- Net cash flow operating activities grew by 15% to ₹ 17,226 crore
- The Board recommended a dividend of ₹ 7 per share, a payout of ₹ 1,500 crore, and 13.5% of the reported PAT

### Key financial ratios and return on net worth

| Particulars | FY 2024-25 | FY 2023-24 | Percentage Change |
|---|---|---|---|
| Debtors' Turnover (Days) | 7.53 | 7.71 | (2%) |
| Interest Service Coverage Ratio | 6.87 | 5.47 | 26% |
| Current Ratio | 0.9 | 1.05 | (14%) |
| Debt Equity Ratio | 0.73 | 0.87 | (16%) |
| Operating Profit Margin (%) | 61% | 59% | 2% |
| Net Profit Margin (%) | 36% | 30% | 6% |
| Return on Avg Net-Worth (%) | 18% | 16% | 2% |

**Notes:**

a. The above ratios are derived from the Consolidated Financial Statements of the Company.

b. Definitions of the ratios:

1. **Debtors' turnover:** The ratio of revenue from operations to the average accounts receivable.
2. **Interest coverage ratio:** Earnings available for debt service (PAT + Interest cost + Foreign Exchange Loss/Gain (net) + Depreciation) divided by interest cost.
3. **Current ratio:** The ratio of current assets to current liabilities. The decrease in the Current Ratio is primarily due to the current maturities of ₹ 8,967.52 crore (compared to ₹ 7,687.99 crore in FY 2023-24) within the total Long-Term Debt for FY 2024-25.
4. **Debt-equity ratio:** Total debt divided by shareholders' equity
5. **Operating profit margin:** EBITDA (excluding Foreign Exchange Loss/Gain (net) and exceptional items) divided by revenue from operations
6. **Net profit margin:** Profit after tax divided by revenue from operations
7. **Return on average net worth:** Profit for the year divided by the average net worth for the year

## Outlook

### Operational Growth

APSEZ continues to strengthen its position as India's leading port operator, with a cargo volume of 450 MMT in FY 2024-25, marking a 7% year-on-year growth. Mundra Port achieved a significant milestone, handling over 200 MMT annual volume and becoming the first Indian port ever to do so. The company's diversification efforts are evident in its logistics segment, which saw a 21% increase in container volumes at MMLPs and enhanced warehousing capacity to 3.1 million sq. ft. APSEZ expanded its domestic footprint by completing the acquisition of Gopalpur Port. APSEZ also commenced operations in Vizhinjam Port, India's first fully automated transshipment port. APSEZ started O&M operations in Syama Prasad Mookerjee Port's Netaji Subhas dock and won concession agreement with Deendayal Port Authority to develop Berth 13 in Kandla Port. APSEZ also expanded its international footprint significantly with commencement of operations at Colombo West International Terminal (CWIT), located at the port of Colombo. This port is set to become a key transshipment hub in South Asia.

### Future Capacity and Infrastructure Developments

APSEZ is on track to achieve its FY 2025-26 cargo volume guidance of 505 - 515 MMT and Revenue and EBITDA guidance of ₹ 36,000 - 38,000 crore and ₹ 21,000 - 22,000 crore respectively. We are on track to maintain our guidance, driven by the full-year volume impact of Vizhinjam Port and the newly operational Colombo Port. Efficiency improvements in our existing portfolio will further support this growth. Additionally, our trucking and freight networking services are set to enhance port cargo volumes and scale rapidly. We also plan to expand our movable assets across the logistics and marine segments.

### Commitment to Sustainable Growth

APSEZ's focus on sustainability is evident in its efforts to electrify operations, adopt renewable energy, and reduce emissions. Initiatives such as mangrove afforestation, targeting 5,000 hectares by FY 2024-25, and increased renewable energy use underscore the company's dedication to sustainable practices. With ongoing investments in technology, infrastructure, and operational excellence, APSEZ is well-positioned to support India's economic growth while maintaining its leadership in the ports and logistics sector.

For more details, refer to the 'Strategic and Operational Highlights' and 'ESG' chapters in this Integrated Report.

## ESG Highlights

APSEZ is deeply committed to advancing sustainable development, embedding principles of resource efficiency, circular economy, and ecological responsibility into its operations. The company strives for carbon neutrality by 2025 and has implemented strong governance frameworks to achieve this goal. APSEZ also focusses on reducing water consumption, waste, and biodiversity loss, while ensuring ESG risk assessments for all major supply chain partners. The company aligns its long-term strategy with the United Nations Sustainable Development Goals (UN SDGs) and tracks its progress towards these targets.

In FY 2024-25, APSEZ made significant ESG investments, committing ₹ 934 crore towards projects such as electrification, energy efficiency, emission reduction, water management, and climate change adaptation. Notable initiatives include replacing high-pressure sodium vapor lamps with LEDs, switching to battery-operated forklifts, and sourcing renewable energy, with an additional 1,000 MW of captive renewable capacity being developed.

For more details, please refer to the 'Environmental, Social, and Governance' chapter in this Integrated Report.

## Business Strategy

- **ESG Leadership:** Committed to environmental conservation and societal safety, the company advances its Environmental, Social, and Governance (ESG) initiatives.
- **Customer-Centric Approach:** Aiming to be a customer-focussed transport utility, the company delivers integrated solutions across India to elevate the customer experience.
- **National Footprint Expansion:** The company aims to extend its offerings nationwide, including logistics solutions, rail services, warehousing, agri silos, transportation, and last-mile delivery.
- **Global Growth:** Plans are underway to expand internationally through organic growth and strategic acquisitions across South Asia, Southeast Asia, the Middle East, Europe, and Africa.
- **Business Diversification:** Transitioning from a Mundra-centric port model, the company is evolving into a global logistics services provider. It prioritises east-west parity in India, high-growth non-port ventures, and investments with strong Return on Capital Employed (ROCE).
- **Operational Excellence:** Focussed on maximising asset utilisation, the company enhances efficiency by employing world-class facilities, skills, technology, and a digitised logistics value chain with advanced visibility, analytics, and automation.
- **Strategic Partnerships:** Building on past success in inorganic growth, the company continues to pursue strategic partnerships and acquisitions both within India and globally to support long-term expansion.

## Risk Management

APSEZ's Enterprise Risk Management (ERM) framework focusses on identifying risks, assessing their impact, implementing mitigation strategies, and taking corrective actions. It covers strategic risks such as economic uncertainties and trade policy changes, operational risks like cargo damage and theft, ESG risks including climate change and regulatory compliance, technological risks like cybersecurity threats, and people risks involving talent retention and workforce disruptions. Risks linked to reputational challenges, intense competition, and project execution delays are also key considerations.

In FY 2024-25, the Audit Committee actively reviewed risk management reports and recommended necessary actions. Health and Safety risks were evaluated in line with OHSAS 18001 standards and reviewed regularly. Mitigation efforts include diversification of cargo, long-term contracts, cost optimisation, and operational efficiency.

For comprehensive details, refer to the 'Risk and Opportunities' chapter in this Integrated Report.

## Human Resource and Industrial Relations

APSEZ recognises its workforce and organisational culture as key drivers of value, promoting an environment where learning and growth are central to employee engagement. The company has been recognised as a "Great Place to Work" for the 5$^{th}$ year in a row. Workforce comprises 3,212 permanent employees with 77% holding professional degrees. Capacity building, talent development, and a focus on diversity are central to the company's HR strategy, with continuous improvements to systems and people management practices aimed at skill enhancement.

APSEZ's strategic focus on HR digitisation and People Analytics supports recruitment, performance management, and talent retention through data-driven insights. The company places significant emphasis on employee wellbeing, with initiatives like the Adani Cares Emotional Wellness Programme and flexible work policies. In FY 2024-25, APSEZ's employee engagement programmes, including the 'Employee Connect

Programme' and recognition schemes, played a key role in promoting workplace belonging and enhancing employee satisfaction. With an effective HR framework, APSEZ continues to align its talent pool with business objectives, offering clear career pathways and cultivating leadership capabilities in a dynamic, future-ready workforce.

For further details, refer to the 'Human Capital' chapter in this Integrated Report.

## Internal Control Systems and their adequacy

The Company has established efficient internal control systems and processes tailored to its size and operational scale.

A multidisciplinary Management Audit & Assurance Services (MA&AS) team, comprising qualified accountants, certified internal auditors, engineers, MBAs, and SAP experts, conducts year-round audits across all functional areas. Their reports, submitted to the Management and Audit Committee, evaluate compliance, operational efficiency, and key process risks.

**Key features of the internal control system include:**

- Comprehensive documentation of policies and guidelines
- Preparation and monitoring of annual budgets with monthly reviews of operational and service functions
- A risk-based internal audit plan developed by MA&AS, with audit frequency determined by risk ratings. The plan is reviewed by functional heads, process owners, the CEO, and CFO, and formally approved by the Audit Committee
- Automated internal audit processes managed through the Audit Management System
- A dependable compliance management system supported by an online monitoring platform
- Delegation of authority with defined approval limits for revenue and capital expenditure
- Utilisation of an Enterprise Resource Planning (ERP) system (SAP) for data recording, accounting, consolidation, and management information
- Engagement of external experts for independent reviews of business process effectiveness
- Internal audits conducted per auditing standards, reviewing the design and effectiveness of internal controls, monitoring mechanisms, and compliance with policies. Recommendations for process improvements are also provided

The Audit Committee periodically reviews the execution of the audit plan and the implementation of internal audit recommendations, ensuring continuous enhancement of the Company's policies and systems.

## Cautionary Statement

This section includes forward-looking statements regarding the Company's objectives, projections, expectations, and estimates, which are based on certain assumptions about future events. However, the Company cannot guarantee the accuracy or realisation of these statements, as actual results may differ due to external factors beyond its control. The Company assumes no responsibility to publicly update or revise any forward-looking statements based on subsequent developments.