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A Study on Financial Performance Analysis in Chennai Port

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ABSTRACT

Performance evaluation plays a vital role in financial and business management by helping organizations assess their effectiveness, efficiency, and sustainability. This project emphasizes the importance of measuring and monitoring performance to drive success. It explores how structured assessment and strategic decision-making enhance operational efficiency. In today's dynamic business environment, continuous evaluation is crucial for competitiveness and financial stability. Effective performance monitoring ensures better resource utilization, improved productivity, and goal alignment. The study highlights the role of financial planning, operational efficiency, and strategic goals in sustainable growth. By tracking performance metrics, businesses can strengthen their market position and build stakeholder confidence. It also promotes informed decision-making and transparency. Organizations that prioritize performance evaluation are more adaptable and resilient. This project serves as a guide for improving management effectiveness and long-term profitability.

KEYWORDS: Performance evaluation, Business management, Efficiency, Financial health, Strategic decision-making.

INTRODUCTION

Ports are vital gateways to international trade and play a crucial role in a country's economic development. Among them, Chennai Port, often called the "Gateway to South India," holds strategic importance as one of India's oldest and busiest maritime trade hubs. Serving as a significant node for import and export activities, the financial health of Chennai Port directly influences not just regional logistics but also the national economy. In today's competitive global environment, analyzing the financial performance of ports has become essential for measuring operational efficiency, sustainability, and growth potential.

IMPORTANCE OF THE STUDY

The financial performance analysis of Chennai Port is essential for understanding the port's operational efficiency, financial health, and long-term sustainability. As one of India's major gateways for international and domestic trade, the port's stability directly affects supply chain operations, national economic growth, and global trade partnerships. Continuous financial analysis helps to:

- Identify strengths and weaknesses in the port's revenue generation and cost control.
- Provide data-driven insights for policymakers, investors, and stakeholders.
- Evaluate the impact of global trade fluctuations, infrastructure constraints, and regulatory changes.

- Support strategic decisions aimed at enhancing financial efficiency and operational effectiveness.

OBJECTIVES

PRIMARY OBJECTIVES

- To Study the financial performance analysis of Chennai port

SECONDARY OBJECTIVE

- To study the financial performance of Chennai Port Trust for the FY 2020- 2024.
- To analyze the impact of operating income on the overall financial performance of Chennai Port Trust for the FY 2020- 2024.
- To identify the factors affecting revenue generation at Chennai Port Trust for the FY 2020-2024.
- To study the port's financial health and sustainability in Chennai Port Trust for the FY 2020-2024.
- To suggest ways to enhance the financial efficiency and promote business growth of Chennai Port Trust.

BENEFIT OF THE STUDY

This study on the financial performance of Chennai Port provides valuable insights into its operational efficiency, financial stability, and growth potential. By analyzing key indicators like profitability, liquidity, and solvency, the research highlights the port's strengths and areas for improvement. The findings will assist stakeholders in making informed decisions for strategic planning, resource allocation, and enhancing the port's competitiveness in the maritime industry.

SCOPE OF THE STUDY

The study focuses exclusively on Chennai Port and uses secondary data from 2020 to 2024. It examines the port's financial statements to derive insights into its operational and financial strengths and weaknesses.

REVIEW OF LITERATURE

Kabir Doss Devi, Sabitha, & Chitra (2023). Their study assessed Chennai Port's operational and financial efficiency using indicators like berth output and turnaround time. The authors suggested optimizing operational costs and diversifying commodities to strengthen financial health.

C.K. Gomathi (2012) in the study titled "Port Environment Development: A Study of Chennai Port Performance of Ships," the research examines the performance of Chennai Port in terms of ship operations, comparing pre- and post-reform periods. It evaluates metrics such as the number of ships handled, cargo volume, average turnaround time, and berth occupancy rates.

M. Sekar in the study titled "A Comparative Study on Financial Efficiency of Major Ports Operating in Western India" (2025), the research examines the financial efficiency of major ports in Western India over ten years, using indices such as net surplus per vessel, per employee, per berth, and ton handled. Although the study focuses on Western Indian ports, its methodologies and findings offer insights applicable to ports like Chennai.

Gopalakrishnan, V., and Prakash, S. in their study "Sustainability and Financial Efficiency at Ports: Lessons from Chennai Port" (2020), examine how sustainability initiatives, such as waste management systems and green energy adoption, have influenced the financial efficiency of Chennai Port. The study looks at the cost-benefit relationship between sustainability practices and operational efficiency.

RESEARCH METHODOLOGY

Research methodology is the structured process of collecting, analyzing, and interpreting data to achieve the research objectives. It provides a systematic approach to understanding financial performance through various analytical tools, ensuring accurate and reliable conclusions.

ANALYTICAL TOOLS

RATIO ANALYSIS

- Gross profit margin
- Current Ratio
- Quick ratio
- Asset Turnover Ratio
- Debt-to-Equity Ratio

1. **Gross profit margin**

Meaning: Measures the percentage of revenue remaining after deducting the cost of goods sold (COGS). It indicates how efficiently a company produces and sells its products.

Gross profit margin = (Gross profit /revenue) *100

Table Showing the gross profit margin of the company for the past 5 years

YEAR	GROSS PROFIT(RS.)	REVENUE (RS.)	GROSS PROFIT RATIO
2020	2,09,33,18,558	7,87,54,71,656	26.5
2021	2,36,99,74,581	7,94,33,02,275	29.8
2022	2,62,03,36,902	8,33,75,95,301	31.4
2023	3,26,18,24,976	9,68,77,08,125	33.6
2024	3,92,29,13,110	10,51,66,79,062	37.30

Chart showing the gross profit margin of the company for the past 5 years

INTERPRETATION

The Gross Profit Ratio indicates the company's efficiency in managing its production costs relative to its revenue. From 2020 to 2024, the ratio steadily increased from 26.5% to 37.3%, reflecting consistent improvement in profitability and cost control.

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2. CURRENT RATIO

Meaning: The current ratio is a liquidity ratio that evaluates a company's ability to pay its short-term liabilities with its short-term assets. It shows how many times a company's current assets can cover its current liabilities.

Current ratio = Current assets - Current liabilities

Table showing the current ratio of the company for the past 5 years

YEAR	CURRENT ASSET(RS.)	CURRENT LIABILITY(RS.)	CR
2020	14,48,37,22,538	10,75,62,63,044	1.34
2021	16,08,82,35,065	11,42,32,37,670	1.40
2022	16,48,12,28,503	11,74,27,93,527	1.40
2023	17,19,51,34,521	12,23,39,98,321	1.40
2024	14,96,58,53,749	11,40,42,71,804	1.31

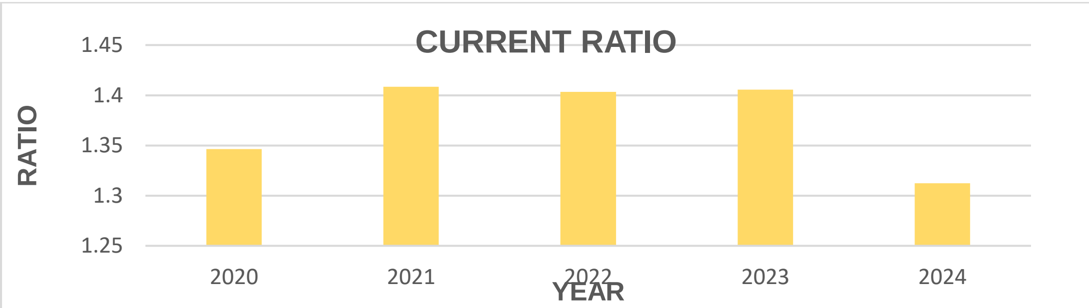

Chart showing the current ratio of the company for the past 5 years

INTERPRETATION

The company's Current Ratio remained stable between 2020 and 2023, ranging from 1.34 to 1.40, indicating good short-term financial health. Although there was a slight drop to 1.31 in 2024, the ratio still reflects sufficient assets to meet short-term obligations. Overall, the company has maintained a strong liquidity position with minor fluctuations.

3. QUICK RATIO

Meaning: The quick ratio, also known as the acid-test ratio, is a liquidity ratio that measures a company's ability to pay its short-term liabilities using its most liquid assets. Unlike the current ratio, the quick ratio excludes inventory because inventory may take time to convert into cash.

Quick ratio = (Current asset – Inventory) / Current liability

Table showing the quick ratio of the company for the past 5 years

YEAR	CURRENT ASSET (RS.)	INVENTORY (RS.)	CURRENT LIABILITY (RS.)	QR
2020	14,48,37,22,538	11,73,18,276	10,75,62,63,044	1.33
2021	16,08,82,35,065	13,94,15,530	11,42,32,37,670	1.39
2022	16,48,12,28,503	12,94,94,925	11,74,27,93,527	1.39
2023	17,19,51,34,521	8,62,52,522	12,23,39,98,321	1.39
2024	14,96,58,53,749	11,31,46,565	11,40,42,71,804	1.30

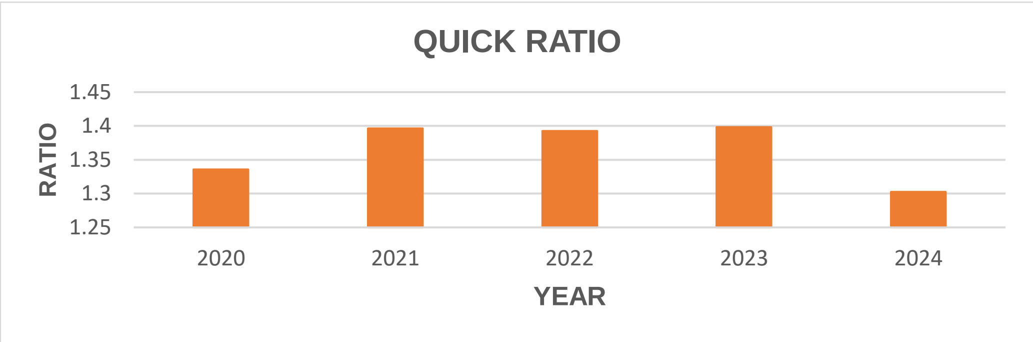

Chart showing the quick ratio of the company for the past 5 years

INTERPRETATION

The company's Quick Ratio remained stable from 2020 to 2023, reflecting strong short-term liquidity without dependence on inventory. Although it slightly dipped to 1.30 in 2024, the ratio still shows the company's ability to cover immediate liabilities. This consistent performance highlights efficient financial management over the years.

4. ASSET TURNOVER RATIO

Meaning: Measures how efficiently a company uses its total assets to generate revenue. A higher ratio indicates better utilization of assets.

Asset turnover ratio = Revenue / Total asset

Table showing the asset turnover ratio of the company for the past 5 years

YEAR	REVENUE (RS.)	TOTAL ASSET(RS.)	ATR
2020	7,87,54,71,656	48,75,62,55,722	0.16
2021	7,94,33,02,275	49,67,70,14,466	0.15
2022	8,33,75,95,301	49,75,78,16,398	0.16
2023	9,68,77,08,125	50,32,42,24,064	0.19
2024	10,51,66,79,062	48,95,39,04,158	0.21

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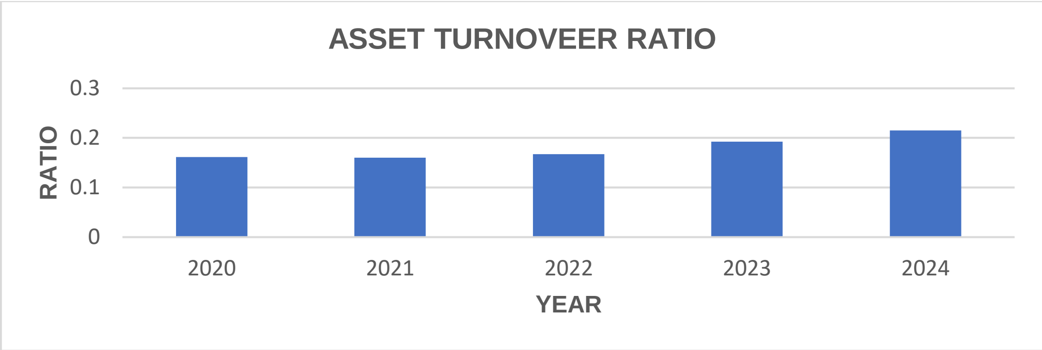

Chart showing the asset turnover ratio of the company for past 5 years

INTERPRETATION

The company's Asset Turnover Ratio remained steady between 0.15 and 0.16 from 2020 to 2022, reflecting consistent asset utilization. In 2023 and 2024, the ratio improved to 0.19 and 0.21, showing better efficiency in generating revenue from its assets. Despite a slight drop in total assets in 2024, the company's revenue growth highlights strong asset management.

5. DEBT – TO – EQUITY

Meaning: Measures the proportion of a company's total debt compared to its shareholder equity, showing financial leverage.

Debt – Equity Ratio = Total Debt / Shareholders Equity

Table showing the debt-to-equity ratio of the company for the past 5 years

YEAR	TOTAL DEBT (RS.)	SHAREHOLDERS EQUITY (RS.)	DER
2020	17,75,00,00,000	20,15,18,72,677	0.88
2021	17,75,00,00,000	20,30,57,76,796	0.87
2022	16,01,75,00,000	21,55,45,22,871	0.74
2023	14,66,56,25,000	23,17,14,49,594	0.63
2024	12,55,56,25,000	24,60,62,49,804	0.51

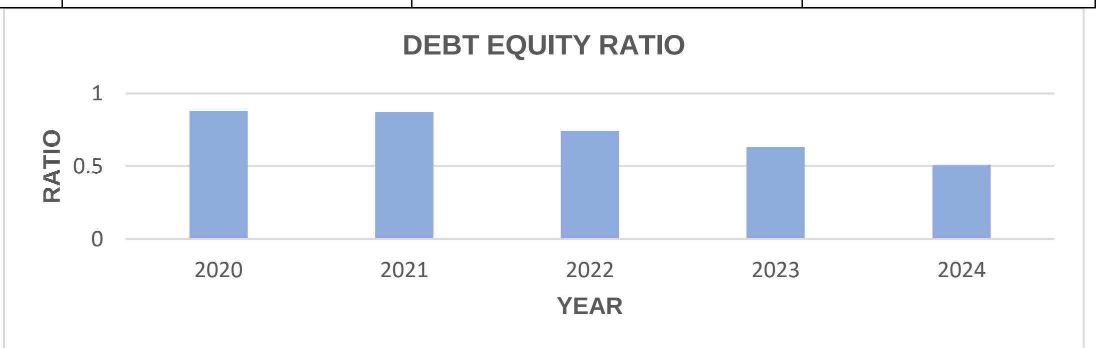

Chart showing the debt -to - equity ratio of the company for past 5 years

INTERPRETATION

The Company's Debt-to-Equity Ratio steadily declined from 0.88 in 2020 to 0.51 in 2024, indicating reduced dependence on debt financing. This trend reflects improved financial stability and lower financial risk over the years. The company's shift towards equity-based funding highlights strong debt management and a healthier capital structure.

FINDINGS

- The financial performance of Chennai Port showed a steady improvement in profitability, with the gross profit margin increasing year by year from 2020 to 2024.
- The current ratio remained stable between 1.3 to 1.4, indicating the port's strong ability to meet its short-term obligations.
- The quick ratio reflected consistent financial health, showing the port could meet immediate liabilities without heavy reliance on inventory.
- The asset turnover ratio improved from 0.16 in 2020 to 0.21 in 2024, meaning the port became more efficient in using its assets to generate revenue.
- The debt-to-equity ratio continuously declined from 0.88 in 2020 to 0.51 in 2024, proving the port successfully reduced its financial risk by lowering debt dependence and strengthening equity.

SUGGESTIONS

The port should focus on improving the speed of receivables collection to maintain a strong cash flow position and avoid liquidity strain. Investments in digital tools, smart technologies, and automated systems will help increase operational efficiency while reducing costs. The management can look into expanding services beyond cargo handling, like offering warehousing and logistics solutions to create additional revenue streams. Infrastructure development, especially the expansion of berths and better connectivity with hinterland transport networks, will strengthen the port's capacity to handle future growth. Adopting sustainable practices such as energy-efficient systems and green logistics can help reduce operational costs and align the port with global environmental standards.

CONCLUSION

The financial performance of Chennai Port during 2020–2024 reflects significant progress in profitability, liquidity management, and asset utilization. The port has demonstrated strong financial health through reduced debt reliance and consistent operational growth, despite market and economic fluctuations. However, continuous focus on receivables management, infrastructure modernization, and technological adoption will be essential for sustaining its competitive edge in global trade. The study concludes that Chennai Port is on a stable growth path, with the right strategic decisions enhancing both financial performance and long-term sustainability.

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