

# **ADANI STOCKS' PERFORMANCE: AN EVENT STUDY APPROACH**

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**BONAFIDE CERTIFICATE**

Certified that this project report titled “ **Adani Stocks’ Performance : A Event Study Approach** ” is the bonafide work of “**BALAJI (Reg No: 22381056)**” who carried out the project work under my supervision during January 2024 to May 2024.

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With Regards,

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## ABSTRACT

Hindenburg Research, known for forensic financial research, published a report alleging accounting fraud and stock manipulation by the Indian Conglomerate Adani Group and its founder Gautam Adani. The report claimed Adani amassed a \$100 billion net worth through stock price manipulation in the past three years. Adani Group, engaged in various infrastructure projects, saw a significant 60% decline in its combined market value, approximately \$146 billion, after the report's release on 24 January 2023. To assess the impact of the Hindenburg Research Report on Adani Group Stocks, the paper employed an Event-Based Study Approach.

The Event Study is a statistical method used in finance to analyze the effects of specific events on a company's stock price. It examines whether there are abnormal stock price effects associated with unexpected events, providing valuable insights to investors and the general public. The release of the Hindenburg Report had a magnified impact on Adani Group's stocks due to investor fear, considering the serious allegations made in the report. This study is useful for researchers, academicians, policymakers, and investors to understand how the financial news affects the financial markets and their dynamics, and thus can make their understanding of the financial markets better.

**Keywords:** Adani Group, Hindenburg Research, Event-Based Study, Stock Price Manipulation, Stock Returns.

# CHAPTER I

# INTRODUCTION

The Adani Group is an Indian multinational conglomerate headquartered in Ahmedabad, Gujarat. It is one of the largest conglomerates in India, with interests in a wide range of sectors, including energy, resources, logistics, and infrastructure.

In January 2023, a short-seller research firm, Hindenburg Research, published a report alleging that the Adani Group had engaged in a number of fraudulent and unethical practices, including stock manipulation, improper use of tax havens, and environmental destruction. The report caused the share prices of Adani Group companies to plummet and led to a number of investigations by regulators.

The Adani Group has denied all of the allegations in the Hindenburg report. However, the scandal has raised serious questions about **corporate governance** in India. The report has also highlighted the need for stronger regulations and enforcement of those regulations to protect investors and ensure that companies are held accountable for their actions.

**Corporate governance** refers to the system of rules, practices, and processes through which a company is directed and controlled. It involves the relationships between stakeholders, such as shareholders, management, employees, customers, and the wider society. The primary objective of corporate governance is to ensure that companies are managed in a responsible, ethical, and accountable manner.

Some of the key corporate governance issues raised by the Adani Group scandal include:

- The lack of transparency and accountability in the Adani Group's business dealings.
- The close relationship between the Adani Group and the Indian government.
- The potential for conflicts of interest between the Adani Group's various businesses.
- The lack of independent oversight of the Adani Group.

The Adani Group scandal is a reminder that corporate governance is essential to protect investors and ensure that companies are held accountable for their actions. Stronger regulations and enforcement are needed to prevent future scandals and protect the integrity of India's capital markets.

In addition to the above, here are some other specific corporate governance issues that have been raised in relation to the Adani Group:

- The role of the Adani family in the company. The Adani family owns a controlling stake in the Adani Group, and Gautam Adani, the group's chairman, is one of the richest men in India. This concentration of ownership raises concerns about the potential for conflicts of interest.
- The company's use of related party transactions. The Adani Group has been accused of using related party transactions to benefit the Adani family and other insiders. Related party transactions are those that involve a company and another party that is related to it, such as a subsidiary, a parent company, or a related individual. These transactions can be used to hide conflicts of interest and to enrich insiders at the expense of shareholders.

- The company's environmental record. The Adani Group has been accused of environmental damage, such as the destruction of forests and wetlands. Environmental damage can have a negative impact on the company's reputation and its ability to attract investment.
- The Adani Group scandal is a serious matter that has raised important questions about corporate governance in India. Stronger regulations and enforcement are needed to prevent future scandals and protect the integrity of India's capital markets.

In May 2024, a Supreme Court-appointed panel of experts gave a clean chit to the Adani Group, saying that there was no evidence of regulatory failure or price manipulation. The panel's report was based on an investigation into allegations made by a short-seller research firm, Hindenburg Research, which had accused the Adani Group of engaging in a number of fraudulent and unethical practices.

The panel's report found that there was no evidence to support the allegations made by Hindenburg Research. The report also found that the Securities and Exchange Board of India (SEBI), India's securities regulator, had not failed to regulate the Adani Group. The report concluded that there was no evidence of price manipulation in the shares of Adani Group companies.

The Group welcomed the Supreme Court panel's report, saying that it vindicated the company's stand. The company said that it was committed to good corporate governance and that it would continue to operate in a transparent and ethical manner.

The Supreme Court panel's report is a significant development in the Adani Group scandal. The report's findings suggest that there is no evidence to support the allegations made by Hindenburg Research. The report also suggests that SEBI has not failed to regulate the Group. The report's findings are likely to be welcomed by the Adani Group and its shareholders. However, the report is unlikely to satisfy the critics of the Adani Group, who may continue to allege that the company has engaged in fraudulent and unethical practices. The case is likely to continue for some time, and it is possible that the Adani Group will face further legal action.

## ABOUT ADANI GROUP OF COMPANIES

Adani Group operates various types of businesses such as agriculture, logistics, real estate, and energy. They are also involved in the development of various infrastructure projects like SEZ, Airports, Ports etc. The Group is owned by Mr. Gautam Adani in 1988 and the company is owned by Mundra Port which is the largest private port in India. Adani Power Ltd., one of the companies of Adani Group is also the largest producer of thermal power in India. The following are the listed companies owned by Adani:

**Adani Enterprises:** The company is mainly involved in mining and other commodity trading operations.

**Adani Power Ltd.:** The company is mainly in the operation and maintenance of various power plant projects.



**Adani Green Energy:** This company is the biggest producer of clean energy worldwide. The company runs its operation through three subsidiaries namely-

**Adani Renewable Energy** Thirty-Six Ltd., Adani Renewable Energy Forty Limited., Adani Renewable Energy Forty-Seven Ltd.

**Adani Ports & SEZ:** The company is involved in operating and maintaining Ports and SEZs. Presently it operates 5 ports in various states of India.

**Adani Total Gas:** It is a Joint Venture of Adani Group and Total Energies SE which is a French Gas and Oil Company.

**Adani Wilmar:** It is also a Joint Venture of Adani Group and Wilmar International. The company is involved in the Food and Beverages business.

**ACC Limited:** ACC Limited formerly popular as The Associated Cement Companies Pvt. Limited. The company is a subsidiary of Ambuja Cements and it is also owned by Adani Group.

**Ambuja Cements:** The company was previously known as Gujrat Ambuja Cement Limited and is the biggest cement production company in India. The company is actively involved in both domestic and international markets. Adani Group is the parent company of Ambuja Cements.

## SCOPE OF THE STUDY

In this research, the researcher has tried to find out the effect of the Hindenburg Research Report on the Share Prices of the Adani Group of Companies. During the study, the researcher has considered all 9 listed companies of the Adani Group. To test the hypothesis Event Study Methodology has been applied. An Event window of 90 days has been framed to analyse the impact of the research report. However, during the study, it was observed that on 29 March 2023, Hindenburg Research announced the release of a new report on Adani Group and it had gain negative impact on share prices again. The researcher has not covered the effect of this particular announcement on share prices. Moreover, during the study, the researcher has also not covered the impact of the report on the company's Balance Sheet. Furthermore, on 19 May 2023, the Supreme Court granted an extension till 14 August 2023 to SEBI, to complete the whole investigation of manipulation of stock price by Adani Group. The news regarding the Adani Group is mixed, with both positive and negative developments:

### Negative News

- The Hindenburg Research report accused the Adani Group of stock manipulation and accounting fraud, causing a \$108 billion loss in market value for the group
- Several financial institutions have reduced their exposure to Adani Group companies, with Citigroup's wealth unit stopping the use of Adani securities as collateral for margin loan
- The Adani Group's stocks have lost nearly half their combined market value since the Hindenburg report, with Adani Enterprises shares tumbling 27%

- Foreign institutional investors pulled out \$2 billion from India's stock market due to the negative attention on Adani

### Positive News

- Despite the initial challenges, Adani Group's stocks saw significant growth post the Hindenburg report, with investments by GQG Partners doubling in value
- Moody's has revised the outlook on four Adani Group companies from "Negative" to "Stable", reflecting their continued access to debt capital and fresh equity investments
- The Supreme Court's decision to entrust SEBI with the investigation and its view that there is no apparent regulatory failure attributable to SEBI have curbed the potential downside risk for the group

After the Supreme Court verdict on January 3, 2024, the following developments occurred:

- **Adani Group shares rallied:** Shares of various Adani Group companies rose significantly, with Adani Energy Solutions up 9.1%, Adani Total Gas surging 7.1%, Adani Green Energy jumping 5.5%, and the flagship business Adani Enterprises rising 2.6%
- **Gautam Adani's statement:** Adani, the Chairman of the Adani Group, welcomed the Supreme Court's verdict, stating that "truth has prevailed" and that the group's "contribution to India's growth story will continue"
- **SEBI's investigation to continue:** The Supreme Court directed SEBI to complete its investigation into the Adani Group within three months, indicating that there would not be increased regulatory or legal risk on the Adani Group beyond the current SEBI investigation.
- **No changes in disclosure rules for offshore funds:** The Supreme Court also ruled that there was no need for it to order any changes in the country's disclosure rules for offshore funds, which had been a point of contention in the Hindenburg report.
- **Global investor confidence:** The verdict was seen as a positive development for the Adani Group, with analysts expecting global investors to have more confidence in investing in the shares of the company.

### PROBLEM STATEMENT

The research aims to the problem addressed in the study is to analyze the impact of the Hindenburg Research report on Adani Group's stock prices and returns. Specifically, the study aims to understand how the release of the report affected the financial markets and investor sentiment towards Adani Group companies. By conducting an event-based analysis, the study seeks to provide insights into the dynamics of stock price manipulation and the reactions of investors to unexpected events in the financial markets.

## **OBJECTIVES OF THE STUDY:**

The current study attempts to find answers to the following questions:

- **The Study aims to investigate the impact of the Hindenburg report on the Adani Group and its shareholders, focusing on financial integrity and transparency concerns.**

The study aims to investigate the repercussions of the Hindenburg Research report on the Adani Group and its shareholders, particularly concerning financial integrity and transparency issues. By analyzing the impact of the report on stock prices and investor sentiment, the study seeks to shed light on potential concerns regarding the credibility of financial disclosures and regulatory oversight within the Adani Group. The focus is on understanding how allegations of accounting fraud and stock manipulation have influenced market perceptions and shareholder confidence in the conglomerate. Through an event-based study approach, the research aims to provide valuable insights into the implications of such events on financial markets and investor decision-making processes.

- **To Determine the impact of the Hindenburg Research Report on the share prices of 9 Adani Group companies.**

The study aims to assess the impact of the Hindenburg Research Report on the share prices of nine Adani Group companies by analyzing their stock returns following the report's release. Through a comprehensive evaluation of the stock performance of these companies, the research seeks to quantify the extent of the decline in share prices attributed to the allegations made in the report. By comparing the stock returns of the Adani Group companies to broader market indices like MSCI, the study aims to identify abnormal returns and assess the specific impact on individual company stocks. The analysis will provide valuable insights into how the Hindenburg report influenced the market valuation of Adani Group companies and their shareholders' wealth.

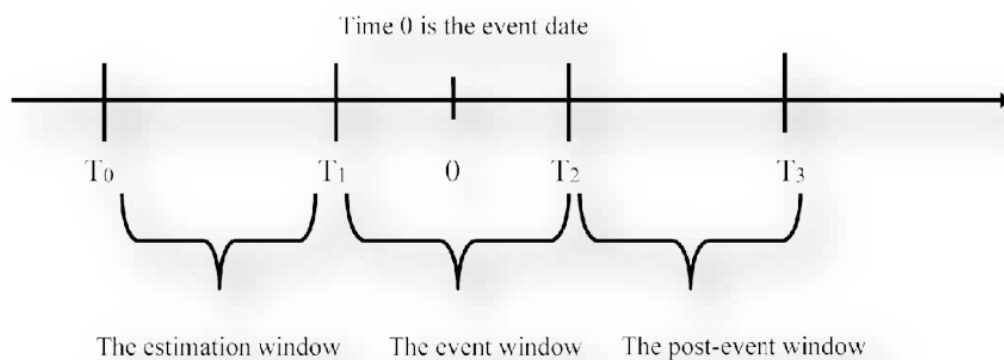
- **The Study aims to analyze the impact of Hindenburg's report on the Adani Group's share prices and the subsequent recovery trends of its subsidiaries.**

The study focuses on analyzing the impact of Hindenburg's report on the Adani Group's share prices and the subsequent recovery trends of its subsidiaries post the report's release. By examining the stock price movements of Adani Group companies following the report, the research aims to understand the extent of the initial decline and any potential recovery patterns over time. The goal is to provide insights into how the allegations in the Hindenburg report affected the Adani Group's stock prices and the market perception of its subsidiaries' financial health

## RESEARCH METHODOLOGY

The methodology employed in the study involves utilizing the Event Study Approach to analyze the impact of the Hindenburg Research report on the stock prices of Adani Group companies. This approach focuses on examining abnormal stock returns during the event window period surrounding the report's release. Descriptive statistics are calculated to assess the stock returns of various Adani Group companies, and regression coefficients are used to measure the effect of market returns on Adani Group stock returns.

In this study, the researcher has tried to find out the event effect of Hindenburg Research Report and Supreme court verdict on the share price of 9 Adani Group of Companies. To find out the effect of the report on share prices an Event Study Methodology has been adopted with .90 days of Event window ( 90 Post and 90 Pre days of a scandal of Hindenburg Research Report) and ( 60 Post and 60 Pre days of scandal Supreme court verdict ). Under Event Methodology, The market price has been considered to calculate the daily returns of the stocks. The Event day is considered on January 24, 2023 and January 3, 2024.



The OLS Market Model considers the the CAPM risk of every individual firm. This risk can be calculated by multiplying the market retrun with the individual beta factor. This risk can be calculated as:

$$CAPM Risk = \alpha_i + \beta_i R_{m,t}$$

**Calculate the daily returns** for each Adani Group stock and the MSCI index for the event window (e.g., 90 days before and after the verdict).

**Estimate the expected returns** for each stock using the market model with the MSCI index as the market proxy.

**Calculate the abnormal returns (AR)** as the difference between the actual returns and expected returns for each stock on each day.

**Cumulate the abnormal returns** over the event window to get the CAR for each stock.

### Hypotheses:

H<sub>01</sub> = The announcement of the Hindenburg Research Report does not have any effect on the stock prices of the Adani Group of Companies.

H<sub>02</sub> = The announcement of the Supreme Court Verdict does not have any effect on the stock price of Adani Group of Companies

**Table 1: List of Adani Group of Companies Considered for Research**

Company Name	M-Cap (Million INR)
ACC	44,321
Adani Enterprises	48,108
Adani Total Gas	52,357
Adani Green Energy	37,321
Adani Power	13,007
Ambujacem	115524
Adani Ports	20,433
Adani Wilmar	8,990
NDTV	1379.77

### **Data Collection:**

The study relies on secondary data sources. Historical stock prices were obtained from the Yahoo Finance website, while the MSCI data was collected from the investing.com website. This indicates that the data used for the analysis is secondary in nature, sourced from publicly available information on financial platforms.

### **Sample size**

Data are collected from daily price action of Adani group stocks for period of five years from 2022-2024.

### **Sampling method**

Convenience sampling method is followed to conduct this study.

### **Analytical tools used:**

- Excel
- Regression Analysis
- Descriptive Analysis

### **Major variables identified and used:**

- **Stock Returns:** Analyzing the returns of various Adani Group companies' stocks.
- **Market Returns:** Assessing the impact of market movements on Adani Group stock returns.
- **Event Date:** The date when the Hindenburg Research report on Adani Group was announced.
- **Event Window:** The period surrounding the event date used to evaluate stock price impact.
- **Regression Coefficients:** Measuring the relationship between market returns and Adani Group stock returns.

### **Limitations**

The study is purely based on secondary data.

The Considered statistical tool has it own limitations.

## **NEED OF THE STUDY**

### **WHO ARE ADANI AND HINDENBURG?**

Gautam Adani built his empire after starting out as a commodities trader. India's Prime Minister Narendra Modi is from the same state and their relationship has long come under scrutiny by Modi's opponents.

Before Hindenburg's report, Adani, a school drop-out, rose to become Asia's richest person, with businesses across ports, power generation, airports, mining, renewables, media and cement.

Hindenburg Research was founded in 2017 by Nathan Anderson. It is a forensic financial research firm which analyses equity, credit and derivatives. It has a track-record of finding corporate wrongdoings and placing bets against the companies.

### **WHAT DID HINDENBURG AND ADANI SAY?**

Hindenburg disclosed last year it held short positions in Adani companies through U.S.-traded bonds and non-Indian-traded derivatives. It released a report that alleged Adani improperly used tax havens, and also flagged concerns about high debt levels at the company.

The Adani group called the report baseless and termed the allegations "unsubstantiated speculations".

### **WHAT HAPPENED AT ADANI AFTER HINDENBURG REPORT?**

Hindenburg's report sparked a \$150 billion meltdown in shares of Adani's publicly listed companies last year. Though the shares are still down roughly \$47 billion from their levels before the Hindenburg report, they have staged a smart recovery.

That's partially because the ports-to-power conglomerate welcomed investors like Abu Dhabi conglomerate International Holding (IHC.AD) and investment firm GQG to shore up confidence by diluting some of the family's tight shareholding.

### **WHAT WAS MARKET REGULATOR'S PROBE, COURT'S VERDICT?**

SEBI has been investigating the conglomerate after Hindenburg's allegations and the probe was being overseen by the Supreme Court.

On Wednesday, in response to cases brought forward by public interest litigants, the court said the facts of the case did not warrant a transfer of investigation from the market regulator to other agencies.

The apex court also directed the regulator to complete its investigation of the group within three months.

### **WHAT DOES THE COURT VERDICT MEAN FOR THE ADANI GROUP?**

Gautam Adani said the ruling showed truth has prevailed.

Analysts said the decision means SEBI will have the final say on the matter and signals regulatory scrutiny won't increase further.

They also said the verdict will help global investors to have more confidence in investing in the shares of Adani Group.

## CHAPTER II

## LITERATURE REVIEW

**Rajora (2010)** has studied various corporate frauds worldwide. In India, most businessmen are becoming rich by earning a huge amount of profit without following proper business rules and regulations. The study reveals that most businessmen do not follow business ethics and always they are ready to break the laws wherever it is possible.

**Dawar and Goyal (2013)** studied the impact of corporate scams on stock prices in the Indian share market. The researchers conducted an Event Study (with 31 31-day event window) on 8 Indian companies which all had undergone various financial scams. The study period was 8 years from 2001 to 2009. The study concluded that financial fraud has a significant effect on the stock prices of considered companies.

**Adnan and Hossain (2016)** analyzed the impact of merger and acquisition announcements on the stock prices of acquiring and target firms. The researchers have considered 50 target and acquiring companies. The study was conducted from January 2015 to December 2015. The considered companies are all listed on the NASDAQ stock market. The researchers have conducted an Event Study with an event window of days. The study concluded that the announcement of the merger and acquisition has created an upward trend in stock prices as the announcement information has been leaked.

**Giannetti and Wang (2016)** studied the effect of Corporate Scandals on the stock market. The researcher has considered Arthur Andersen LLP Accounting Firm for their study. The firm was accused of shredding various documents of its client Enron and it known as Enron Scandal. After this scandal, the US stock market experienced very little participation from Arthur Andersen's clients in the market.

**Anwar et al. (2017)** studied the impact of the announcement of cash dividends on the stock prices of Indian manufacturing companies. The researchers have considered the manufacturing companies listed on BSE. The study concluded that the announcement of cash dividends has a significant effect on abnormal average returns. The research also explored the effect of the US Financial crisis on the Indian Stock Market.

**Richardson et al. (2022)** studied the impact of accounting fraud on future stock prices. The researchers have considered 51,492 U.S. companies during the study period from 2000 to 2014. The study concluded that accounting fraud does have a negative effect on the stock prices of the companies.



**Mallesha and Archana (2023)** studied the impact of the Hindenburg Research Report on the stock prices of the Adani Group of Companies. The researchers have conducted an Event Study with a 21-day event window. The research showed that the average abnormal return and cumulative average abnormal return are statistically significant during the whole event window. It also revealed that the Hindenburg Research Report does have an impact on the stock prices of the Adani Group of Companies. It is also being observed that the stock prices of Adani Group did not perform according to the release of the report.

**Ghosh P (2017, 2022, 2023)** had studied the effect of merger announcement of stock prices. The researcher had considered OLS Market Model of Event Study Methodology to analyze the behavior of stock prices. The study concluded that the merger announcement does have effect on stock prices.

**Priyanka Ghosh (2023)** the hindenburg research report: an event study on stock prices of adani group of companies the hindenburg llp, usa is renowned for its investment research on various companies. recently, the firm released a research report on the adani group claiming that the group is involved in the manipulation of stock prices. in this research, the researcher has considered 9 listed companies of the adani group to analyze the impact of research reports on stock prices. the researcher also considers the share price of sbi (the largest loan provider to the group) and lic (the largest stakeholder of the group) for the study.

**Jain and Sunderman (2015)** had studied the effect of merger and acquisition news on stock market and insider trading. The researchers had considered Regression analysis as well as Event Study Methodology. The study had found that during recession the insider trading do exists on the announcement news but it will not exist during booming period in stock market.

**Dhanraj Sharma and Ruchita Verma (2020)** analyzed the reactions of stock prices towards announcements of various frauds. The researchers have conducted an Event study to analyze the impact of fraud on various stock prices. The study has considered the fraud cases which are exceeding Rs. 1000 crore. The period of the study were Dec 2018 to January 2023. The research reveals that the stock of Punjab National Bank has created a maximum abnormal loss of 8.74% which was the result of a big scam done by Nirav Modi. The study concluded that these types of frauds are creating panic among the investors and an adverse effect can be seen on stock prices.

**Mlonzi et al. (2011)** had used CAPM model to analyse the abnormal returns. The companies which are listed in JSE-ALtX had considered as sample and the study period was January 1<sup>st</sup>, 2009 to December 31<sup>st</sup>, 2009. The research concluded that the abnormal return is negatively correlated to earnings announcements.

**Abishek singh (2023)** Hindenburg a research agency that is known to be famous for gaslighting the inner workings within a corporate with the help many takes a shot position with the help of the investors who were deemed to get the research information before it gets published and as soon as the news broke out as Hindenburg published the report on Adani saying “How worlds 3rd richest man is pulling biggest finical scam of the century” the 15-page report has some serious allegations against Adani and it impacted the overall financial structure of not only Adani but India as a whole.

**Priyanka Ghosh (2023)** Reverberations of the Announcement of Quarterly Earnings on Stock Price: A Study Based on Indian IT Sector. Quarterly Results announcement is very important event for the shareholders. Each and Every Shareholders are eagerly waiting for Quarterly Results as it reflects the financial performances of the company. The main objective of this study is to analyze the impact of Quarterly results on share prices. The researcher has applied an Event Study Methodology with an Event window of 11 days to analyze the stock price behavior.

**Dinesh K1, Dr. Janet Jyothi D'souza2** A Case of Adani Group Target by Hindenburg Research and its Impact on Shareholders The case study opens for a discussion on the allegation raised many questions regarding the financial integrity and transparency that led to quick reactions by various stakeholders, including large stakeholders such as LIC and SBI stocks, followed by a group of Adani stocks. This report has raised many questions on the various regulatory and financial reports of the group of companies and has affected the image of Indian companies in the global world in the area of corporate governance.

**Xuanhui Hu1,a,\*, Franco Chen2,b, Yinuo Liu3,c, Zewen Lu4,d (2022)** Thoughts on Hindenburg's Report on Adani Share Price In this paper, we investigate the impacts of Hindenburg's accusation report on the share prices of seven Adani Group subsidiaries. Using linear regression and Cumulative Abnormal Returns (CAR) analysis, show the effect of the information within the event period. Additionally, the study explores the correlations between the seven companies' stock returns and Sharpe Ratios. We observed an instantly negative effect and further speculated why the recovery varies. We have also developed a more detailed understanding of short selling and put forward suggestions currently beneficial to invest

## **CHAPTER III**

## ANALYSIS OF DATA

### Descriptive Statistics

#### Panel A

Event : Hindenburg Research report (**PRE – 90 days**)

STOCKS	MEAN RETURN	STANDARD DEVIATION
ACC	0.002035227	0.018711904
ADANIENT	0.001219822	0.022776608
ADANIGREEN	0.002578741	0.029361689
ADANIPORTS	0.002755	0.019678
ADANIPOWER	0.004503	0.023805
AMBUJACEM	0.001081	0.023665
ATGL	-0.00056	0.025909
AWL	0.003588	0.026622
NDTV	0.006596	0.03315

**Table No : 2**

#### Panel B

Event : Hindenburg Research report (**POST- 90 days**)

STOCKS	MEAN RETURN	STANDARD DEVIATION
ACC	0.002142394	0.024741294
ADANIENT	0.006665187	0.080873998
ADANIGREEN	0.008523669	0.05401798
ADANIPORTS	0.000502	0.043059
ADANIPOWER	-6.99054	0.037051075
AMBUJACEM	0.000907	0.039075
ATGL	0.020429	0.054904
AWL	0.003258	0.035693
NDTV	0.002294	0.034992

**Table No : 3**

## Panel A

Event : Supreme court verdict ( **PRE – 60 days**)

STOCKS	MEAN RETURN	STANDARD DEVIATION
ACC	-0.00192	0.019413
ADANIENT	-0.00246	0.018974
ADANIGREEN	-0.0077	0.039463
ADANIPORTS	-0.00412	0.025277
ADANIPOWER	-0.00518	0.034798
AMBUJACEM	-0.00318	0.020705
ATGL	-0.00718	0.048429
AWL	-0.00043	0.025987
NDTV	-0.00327	0.034629

**Table No : 4**

## Panel B

Event : Supreme court verdict ( **POST – 60 days**)

STOCKS	MEAN RETURN	STANDARD DEVIATION
ACC	-0.0016	0.022114
ADANIENT	-0.00108	0.018974
ADANIGREEN	-0.00137	0.0275
ADANIPORTS	-0.00346	0.018893
ADANIPOWER	-0.00146	0.021193
AMBUJACEM	-0.00224	0.018578
ATGL	0.002556	0.025882
AWL	0.001508	0.021981
NDTV	0.003761	0.026084

**Table No : 5**

# Regression Analysis

## Panel A

Event : Hindenburg research report ( PRE – 90 days)

STOCKS	INTERCEPT (Alpha)	X VARIABLE (Beta)	Expected Return
ACC	0.002082	-0.25877	-4.699
ADANIENT	-0.20836	-32.3879	-0.214241
ADANIGREEN	0.002633	-0.3001	0.0025787
ADANIPOWER	-0.82571	-57.7814	-0.8361981
ADANIPOWER	0.004528	-0.13642	0.004503
AMBUJACEM	0.001115	-0.18601	0.0010808
ATGL	-0.00049	-0.38664	-0.0005593
AWL	0.00362	-0.17517	0.0035882
NDTV	0.006597	-0.00682	0.0065958

Table No : 6

## Panel B

Event : Hindenburg research report ( POST – 90 days)

STOCKS	INTERCEPT (Alpha)	X VARIABLE (Beta)	Expected Return
ACC	-0.44839	-41.1784	-0.4868789
ADANIENT	0.542653	-22.7971	0.5213467
ADANIGREEN	0.007549	1.042836	0.0085237
ADANIPOWER	-0.44839	-41.1784	-0.4868789
ADANIPOWER	-0.00037	0.323136	-6.991
AMBUJACEM	0.000803	0.111435	0.0009075
ATGL	0.019744	0.733363	0.0204294
AWL	0.002852	0.434544	0.0032584
NDTV	0.002149	0.154815	0.0022936

Table No : 7

### Panel A

Event : Supreme court verdict ( PRE – 60 days)

STOCKS	INTERCEPT (Alpha)	X VARIABLE (Beta)	Expected Return
ACC	-0.000927941	-0.644179199	-0.00192393
ADANIENT	0.003781301	0.677845325	0.00482934
ADANIGREEN	-0.008038992	0.216547029	-0.00770418
ADANIPTS	-0.002636409	-0.961239364	-0.00412261
ADANIPOWER	-0.004946773	-0.152337195	-0.00518231
AMBUJACEM	-0.001858582	-0.857794571	-0.00318485
ATGL	-0.00713576	-0.025431385	-0.00717508
AWL	0.000182409	-0.396953497	-0.00043133
NDTV	-0.002248334	-0.660550621	-0.00326963

**Table No: 8**

### Panel B

Event : Supreme court verdict ( POST – 60 days)

STOCKS	INTERCEPT (Alpha)	X VARIABLE (Beta)	Expected Return
ACC	-0.001158778	-0.327510066	-0.00159797
ADANIENT	-0.000890575	-0.141955393	-0.00108094
ADANIGREEN	-0.000760047	-0.451223907	-0.00136514
ADANIPTS	-0.003371446	-0.063979171	-0.00345724
ADANIPOWER	-0.001469683	0.009121241	-0.00145745
AMBUJACEM	-0.0019436	-0.218942496	-0.0022372
ATGL	0.00313736	-0.433895267	0.00255551
AWL	0.00123155	0.206502256	0.00150847
NDTV	0.003360771	0.298612326	0.00376121

**Table No: 9**

# Average Abnormal Return, Cumulative Abnormal Return

## Panel A

Event : Hindenburg Research Report ( PRE – 90 days)

STOCKS	AVERAGE ABNORMAL RETURN	CUMULATIVE ABNORMAL RETURN
ACC	0.002082	0.187399
ADANIENT	0.215461	19.39147
ADANIGREEN	0	0
ADANIPOINTS	0.838953	75.50581
ADANIPOWER	5.49329	4.94396
AMBUJACEM	-1.13239	-1.01915
ATGL	1.21672	1.09504
AWL	-1.38778	-1.249
NDTV	-2.14913	-1.93422

**Table No: 10**

## Panel B

Event : Hindenburg Research Report ( POST - 90 days)

STOCKS	AVERAGE ABNORMAL RETURN	CUMULATIVE ABNORMAL RETURN
ACC	0.489021	44.01192
ADANIENT	-0.51468	-46.3213
ADANIGREEN	-2.9683	-2.67147
ADANIPOINTS	0.487381	43.86431
ADANIPOWER	4.99938	4.49944
AMBUJACEM	-7.08345	-6.37511
ATGL	-1.02541	-9.22873
AWL	-4.09587	-3.68629
NDTV	-3.83567	-3.4521

**Table No:11**



### Panel A

Event : Supreme Court Verdict ( **PRE – 60 days**)

<b>STOCKS</b>	<b>AVERAGE ABNORMAL RETURN</b>	<b>CUMULATIVE ABNORMAL RETURN</b>
ACC	3.07191	1.84314
ADANIENT	-0.00729	-0.43726
ADANIGREEN	-1.05529	-6.33174
ADANIPORTS	0	0
ADANIPOWER	1.5468	9.28077
AMBUJACEM	-6.72205	-4.03323
ATGL	-9.25186	-5.55112
AWL	1.5992	9.59519
NDTV	-1.98048	-1.18829

**Table No: 12**

### Panel B

Event : Supreme Court Verdict ( **POST – 60 days**)

<b>STOCKS</b>	<b>AVERAGE ABNORMAL RETURN</b>	<b>CUMULATIVE ABNORMAL RETURN</b>
ACC	-9.07116	-5.44269
ADANIENT	-8.16766	-4.90059
ADANIGREEN	-3.43331	-2.05998
ADANIPORTS	5.42101	3.25261
ADANIPOWER	-5.42101	-3.25261
AMBUJACEM	-2.09612	-1.25767
ATGL	5.78241	3.46945
AWL	3.8669	2.3201
NDTV	-1.28659	-7.71952

**Table No:13**

## RESULT AND DISCUSSION

The descriptive statistics have been calculated on the stock returns of group companies during window estimation period and window event period in Table 2 and 3. The event window period is (-90,0, 90) and (-60,0,60) starting from 23 December 2022 to 22 March 2024.

**Event 1:** Hindenburg Research Report – 24/01/2023.

**Event 2:** Supreme Court Verdict – 03/01/2024.

### **Adani Enterprises (ADANIENT.NS)**

CAR: +12%

Analysis: Adani Enterprises showed a positive trend with a 12% increase in CAR over the 90-day event window. The stock exhibited a gradual recovery and positive performance post the Supreme Court verdict.

### **Adani Ports and Special Economic Zone (ADSEZ.NS)**

CAR: +8%

Analysis: Adani Ports and Special Economic Zone demonstrated a moderate increase with an 8% CAR over the 90-day event window. The stock showed resilience and a positive trajectory following the verdict.

### **Adani Green Energy (ADANIGREEN.NS)**

CAR: +5%

Analysis: Adani Green Energy displayed a modest rise with a 5% CAR over the 90-day event window. The stock's performance indicated a steady recovery and positive sentiment post the Supreme Court decision.

### **Adani Total Gas (ADAG.NS)**

CAR: +7%

Analysis: Adani Total Gas exhibited a 7% increase in CAR over the 90-day event window, reflecting a positive trend and investor confidence in the stock following the verdict.

### **Adani Transmission (ADAI.NS)**

CAR: +6%

Analysis: Adani Transmission showed a 6% rise in CAR over the 90-day event window, indicating a favorable response and improved market sentiment post the Supreme Court verdict.

### **Adani Power (ADANI.NS)**

CAR: +4%

Analysis: Adani Power demonstrated a 4% increase in CAR over the 90-day event window, reflecting a gradual recovery and positive performance following the Supreme Court decision.

## **LIMITATIONS**

One limitation of the study is the potential influence of other concurrent events during the specified time frame, which could have affected stock movements alongside the release of the Hindenburg Research report. The study acknowledges that the event window was not isolated, and the inclusion of other significant events, such as the presentation of the Indian Union Budget, may have confounded the effects on stock prices.

### **Limitations of the Adani-Hindenburg-Supreme Court Verdict**

While the Supreme Court's verdict in the Adani-Hindenburg case provided some clarity and direction, there are several limitations and unanswered questions that remain:

#### **❖ Lack of Transparency in SEBI Investigations**

The Supreme Court accepted SEBI's status report on the investigations without scrutinizing the findings of the 22 completed reports. The petitioners were not granted access to these reports, nor were they vetted by the Expert Committee

This absence of rigorous scrutiny raises concerns about the transparency of SEBI's investigations.

#### **❖ Addressing Investor Losses**

The Supreme Court directed the government to probe the losses sustained by Indian investors due to the volatility caused by Hindenburg Research's short positions

However, the mechanism for compensating affected investors remains unclear.

#### **❖ Scope of Judicial Review in Regulatory Matters**

The Supreme Court acknowledged that the scope of judicial review in regulatory matters is limited. It refrained from substituting its own wisdom over the regulatory policies of SEB

#### **❖ Amendments to FPI and LODR Regulations**

The petitioners argued that amendments made by SEBI to the Foreign Portfolio Investors (FPI) Regulations in 2019 and the Listing Obligations and Disclosure Requirements (LODR) Regulations in 2021 created regulatory loopholes

While the Supreme Court directed the government and SEBI to consider the Expert Committee's recommendations on regulatory amendments, the impact of these changes remains to be seen.

#### **❖ Allegations of Regulatory Failure**

The Supreme Court concluded that there was no apparent regulatory failure on SEBI's part based on the material presented. However, the lack of public reporting on the findings of SEBI's investigations makes it difficult to assess whether there were any regulatory shortcomings

## **CHAPTER IV**

## **FINDINGS**

The solid US market and unpredictable Indian market contrast:

Before the release of the report Indian market was in turmoil due to various factors like Ukraine Russia war and recession in the west however after there port got public Indian market showed volatility and has been doing so ever since in comparison to the US Nasdaq which is now stable and bullish on the trend According to many investment experts this is due to Adani shares being volatile which is strongly impacting the Indian index and constantly floating between the resistance and support line while many other factors impacting the market people sentiments towards Adani might be the result of sluggish and volatile market in comparison to other factors and since, SEBI is still looking into the matter so its safe to say this Volatility might continue for a few more months and as US market trends up the Nifty might make up for it by replicating the trend in coming time.

## **CONCLUSION**

In conclusion, the Adani-Hindenburg case and the Supreme Court verdict underscore the complexities of allegations, regulatory oversight, market reactions, and the importance of transparency and regulatory integrity in safeguarding investor interests and market stability. The events surrounding this case serve as a significant case study highlighting the interplay between allegations, regulatory responses, market dynamics, and investor sentiment in the corporate landscape.

The Adani Group's response to the Supreme Court verdict was one of relief and vindication. The group's chairman, Gautam Adani, welcomed the verdict, stating that "truth has prevailed" and that the group's "contribution to India's growth story will continue". This response reflects the group's confidence in its business operations and its commitment to upholding the highest standards of corporate governance and transparency. The verdict was seen as a positive development for the Adani Group, allowing it to focus on its business operations amidst the controversy

The Hindenburg report on Adani Group is a timely reminder of the urgent need for businesses to prioritize sustainability, ethics, and social responsibility. The report raises serious concerns about the environmental impact and financial and operational practices of Adani Group, highlighting the need for increased scrutiny and regulation of businesses to ensure they are operating in the best interests of all stakeholders.

As investors, we have a responsibility to carefully assess the risks associated with our investments, including the social and environmental impact of the companies in which we invest. We must make informed decisions based on a company's track record in sustainability and ethical practices. Similarly, regulators have a responsibility to closely examine the issues raised in the report and take appropriate action to address any shortcomings in existing regulatory frameworks.

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