Stock Price Analysis of Adani Group of Companies

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Abstract
This stock price analysis focuses on the Adani Group of Companies, a conglomerate based in India with diverse interests in sectors such as energy, infrastructure, logistics, and agribusiness. The analysis examines the trends and patterns of the stock prices of Adani Enterprises, Adani Ports and Special Economic Zone, Adani Power, Adani Transmission, and Adani Green Energy. The study uses a range of analytical techniques, including technical analysis, fundamental analysis, and market sentiment analysis to understand the factors affecting the stock prices of these companies. The research also examines the impact of macro economic events, government policies, and global market trends on the performance of the Adani Group of Companies. The results of the analysis provide valuable insights into the performance of the Adani Group of Companies, highlighting the strengths and weaknesses of each company and dentifying opportunities for future growth. The analysis also examines the potential risks and challenges facing the Adani Group of Companies, offering recommendations for investors and stakeholders to make informed decisions about their investments in these companies. Overall, the study provides a comprehensive and insightful analysis of the stock prices of the Adani Group of Companies, helping investors to navigate the dynamic and complex Indian stock market.

Introduction

The Stock Exchange, as defined by the Indian Stocks Contracts (Regulation) Act of 1956, is an entity, whether incorporated or not, established to facilitate, regulate, and oversee the buying, selling, and trading of securities. It can be broadly categorized into two segments: The primary market is where businesses, governments, and other incorporated entities raise funds.

This is typically done through initial public offerings (IPOs), which involve the sale of new securities for the first time. The secondary market is where investors trade existing securities with other investors, thus maintaining liquidity in the market. The National Stock Exchange (NSE) of India is the largest stock market in the country and the fourth largest globally in terms of equities

trading volume, as per the World Federation of Exchanges (WFE) data from 2015. NSE pioneered electronic trading in India when it commenced operations in 1994. It has consistently held the position of the largest stock exchange in India since 1995, both in terms of total turnover and average daily turnover for equity shares, as per SEBI data.

The Adani Group is a diversified conglomerate headquartered in Ahmedabad, India. Founded in 1988 by Gautam Adani, who began his career as a commodities trader, the group has interests across various industries including ports, logistics, power, infrastructure, agribusiness, and renewable energy. Adani Enterprises Limited (AEL) serves as the flagship company of the Adani Group. AEL has focused on developing world-class infrastructure assets to support national development efforts. The group's businesses, including Adani Transmission, Adani Power, Adani Ports & SEZ, Adani Green Energy, and Adani Total Gas, have significantly contributed to India's self-sufficiency and economic growth.

Literature Review

Several studies have delved into various aspects of stock price prediction and analysis using different methodologies and indicators:

Arya Yudhi Wiiava, Chastine Fatichah, and Ahmad Saikhu (2022) focused on predicting stock prices using the Golden Cross and Death Cross indicators alongside technical analysis indicators like Stochastic, Moving Average, Moving Average Convergence Divergence, and Relative Strength Index values. Their study combined price and transaction volume features with these technical indicators to forecast future prices.

Nadika Sigit Sinatrya, Indra Budi, and Aris Budi Santoso (2022) conducted research on the classification of stock price movements using sentiment analysis and commodity price data, specifically focusing on the metals and mining sector. They proposed a classification model based on financial news data, historical stock prices, and commodity price data to predict stock price movements.

M. B. D. Pavithya, G. S. D. Perera, S. L. Munasinghe, and S. N. Karunarathna (2021) explored quantitative analysis and sentiment analysis for stock price forecasting, particularly focusing on the Colombo Stock Exchange. Despite the volatile and chaotic nature of stock price trends, the study suggested that forecasting is feasible by considering all relevant information impacting upward and downward trends.

Lakshya, Prateek, and Divyasikha Sethia (2022) investigated stock price prediction using news sentiment analysis. They emphasized the intricate dependencies of stock prices on various factors such as politics, economics, war, society, and news sentiment, highlighting the complexity of predicting stock movements due to these multifaceted influences.

These studies collectively underscore the challenges and opportunities inherent in forecasting stock prices, reflecting the importance of incorporating diverse data sources and analytical techniques to enhance predictive accuracy in the dynamic realm of stock markets.

Methodology

The research technique used in this paper was technical analysis, which involves the study of past market data, primarily price and volume, to identify patterns and make predictions about future trends in the stock prices. Secondary data was used for analysis from the data were collected from online articles, annual general reports and historical data. This study is important for investors and financial analysts who are interested in analyzing the performance of Adani group of companies in the stock market. The study provides insights into the historical stock prices and operational ratios of the selected companies of Adani group, which can help investors in making informed investment decisions. The period of study for this research is for five years from 2018 to 2022. Microsoft Excel was the tool used to calculate various technical indicators such as moving averages, relative strength index, and other operational ratios.

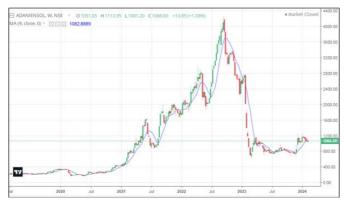| Year	Adani Enterprises Ltd	Adani Green Energy Ltd	Adani Power Ltd	Adani Ports and Special Economic Zone Ltd	Adani Transmission
March 2022	212	785	14.5	33.6	276
March 2021	266	725	-20.5	30.1	198
March 2020	70.2	1000	-10.4	24.3	99.2
March 2019	16.8	-71.4	-36.1	16	197
March 2018	28.5	-15.6	-8.19	20.9	72.9

PE Ratio is calculated by dividing the market price of the share by the earnings per share. A low but positive PE ratio indicates the company is generating high returns and undervalued. A high PE ratio (typically above 20 -25) indicates that the company is overvalued. From the above table, it was inferred that Adani Power Ltd's PE ratio was 14.5. Hence, the investors could buy the share. It was also found that the PE ratio of Adani Green Energy was 785. Hence, the investors could sell the share.

Moving Average

A moving average helps to cut down the amount of noise on a price chart. The direction of the moving average can be used to get a basic idea of which way the price is moving. If it is angled up, the price is moving up (or was recently) overall; angled down, and the price is moving down overall; moving sideways, and the price is likely in a range. A moving average can also act as support or resistance.

Adani Enterprises

Adani Power

Adani Green Energy Ltd

Adani Ports & SEZ

Adani Transmission

From the above charts, it is inferred that the moving averages of the five companies of Adani group is moving upwards indicating a buy signal for the investors

Relative Strength Index (RSI)

Relative Strength Index is a technical momentum indicator that measures the speed and change of price movements. RSI oscillates between 0 and 100. Traditionally, RSI below 30 indicates that the stock is oversold and RSI above 70 indicates that the stock is overbought.

Table 2 Relative Strength Index

Sl.No	Adani Group Companies	Relative Strength Index
1	Adani Enterprises Limited	69.9
2	Adani Power	61.7
3	Adani Transmission Ltd	49.8
4	Adani Green Energy Ltd	72.8
5	Adani Ports & SEZ	66.5

From the above RSI table it is inferred that, the RSI value of Adani Green Energy Ltd is more than 70 and hence is considered as overbought stock. Similarly, RSI value of Adani Enterprises Ltd is almost 70 and hence it may also considered as overbought stock. Out of the five stocks mentioned in the RSI table, Adani Transmission is having a lesser RSI value of 49.8. Hence, investor can consider buying the stock.

Discussion

The Adani Group ought to maintain its emphasis on investments within the renewable energy sector, a domain poised for significant growth in the upcoming years. It is advisable for the Adani Group to undertake comprehensive financial analyses of each subsidiary, aiming to pinpoint areas for enhancement and streamline operations effectively. Diversification should be actively pursued to mitigate reliance on any single industry. Additionally, strategies such as managing stock price volatility through prudent control of share supply and enhancing transparency in corporate governance should be seriously considered by the Adani Group.

Conclusion

In conclusion, the insights and recommendations gleaned from the stock price analysis of the Adani Group of Companies can serve as valuable guidance for investors, enabling them to make well-informed investment decisions. By implementing these suggestions, the Adani Group stands to enhance its financial performance and achieve sustainable growth in the long term. The stock market performance of the Adani Group offers valuable insights into the company's trajectory and investment potential. Over time, the Adani Group has consistently delivered impressive financial results while adeptly navigating changing market dynamics. Through its diversified business approach and strategic investments across various sectors, the group has capitalized on opportunities and established enduring revenue streams. Moreover, its focus on expanding international operations and venturing into new markets presents promising avenues for future expansion.

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