

THE ROLE OF INDEPENDENT FINANCIAL RESEARCH REPORTS ON STOCK MARKET: A CASE STUDY BASED ON RECENT TURMOIL IN ADANI GROUP

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Abstract

Recently, US short-seller Hindenburg Research LLC released a forensic financial research report on the Adani Group on 24th January, 2023 and they raised some allegations against them mainly on misgovernance, accounting fraud, money laundering and price manipulation which results an immediate ruinous effect on Indian stock market. Due to this report, Adani Group's market capitalization has been plunged down nearly 9 lakhs crore within a week. Also, Adani Enterprise Ltd. flagship firm of the group, unexpectedly announced the withdrawal of its Follow-on public offer (FPO) of 20,000 crores even after successfully completion of its process. The need for this study arises, as this kind of report of foreign private company is having huge impact not only on the concerned company or industry but also on the concerned economy. In this backdrop, the study is an attempt to examine the role of independent financial research reportson corporate sector in particular. Further, this study is an exploratory attempt to inquest the reliability and credibility of such kind of the independent financial research reports in different aspects such as accounting, corporate governance, regulation and so on.

Keywords: Adani Group; Hindenburg; Financial Research Report; Indian Stock Market

I. Introduction

On January 24, 2023, Hindenburg Research LLC (Hindenburg) published a report on the Adani Group, revealing the findings of their two-year investigation. The report titled 'Adani Group: How the World's 3rd Richest Man is Pulling the Largest Con in Corporate History' made many allegations against the conglomerate, saying that the group has been involved 'in a brazen stock manipulation and accounting fraud scheme over the course of decades.'

As we observed that Indian stock market witnesses turmoil after releasing a

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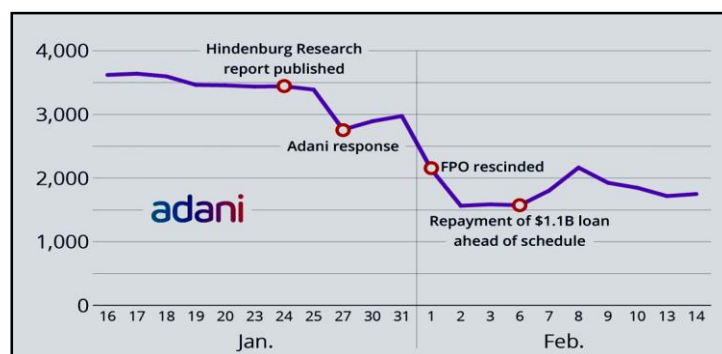
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research report by Hindenburg, a US based short seller. The Hindenburg mainly raised a few allegations on Adani group companies, consisting seven listed companies namely Adani Enterprises Limited, Adani Green Energy Limited, Adani Ports and Special Economic Zone Limited, Adani Power Limited, Adani Gas Limited, Adani Transmission Limited and Adani Wilmar Limited. The Adani group, conglomerate, is involved in a wide range of business key focused on infrastructure projects such as ports, mines, airports, data centers, power generation and power transmission. The allegations are mainly on stock price manipulation, accounting fraud scheme, unethical promoter's group activity, violation of regulator's guidelines, money laundering through related party transaction and offshore entities.

As a result of this report, Adani Group Company's market capitalization has been plunged down nearly 9 lakhs crore within a week (as shown in Figure 1) after the date of realising the report. Also, Adani Enterprise Ltd. flagship firm of the group, unexpectedly announced the withdrawal of its follow-on public offer (FPO) of Rs. 20,000 crores even after successfully completion of its process. Many other restrictions have been imposed on the Adani group companies in the global and national level. A highly diversified committee has been formed to find out the validity of the report by the judicial system. With this backdrop the paper is an attempt to identify the fact about the allegation raised by the researcher. By analyzing last five years' annual report the liquidity, solvency, profitability, efficiency, ownership position of the Adani group companies have been studied thoroughly.

Figure 1: Status of Adani Stock after Publishing Hindenburg Report on January – February 2023



At close: Excludes closure days (Sat-Sun) and Republic Day (Jan 26)

Sources: Google Finance, media reports/Statista.

After three weeks of releasing the report by Hindenburg against Adani Group the share price of the conglomerate has lost its market capitalization to a great extent.

As in the above graph depicts that market price of the stock of Adani Enterprises is almost half on 14th February compare to 23rd January. Also great oscillations have been witnessed on the stock price of the Adani Group. It is very early to give concluding remarks on the long term impact of this event on the Adani Group's share.

After that, Chief Justice of India, DY Chandrachud, who headed a three-judge bench hearing a clutch of petitions on the Hindenburg Research report and its aftermath, told Solicitor General Tushar Mehta, the court wanted to maintain "full transparency". The court would appoint a committee of its own that will promote a sense of confidence in the process, he said. (<https://indianexpress.com/article/india/supreme-court-adani-hindenburg-centre-panel-stock-market-8451371/> accessed on 18.02.2023)

In this context, this study is very relevant in examining the impact of such kind of independent forensic research report on corporate sector. Furthermore, this study attempts to inquest the reliability and credibility of such kind of the independent financial research reports and.

II. Review of Literature

From the available literature, following are the similar line of work with this study:

Marwaha & Arora (2016) made an exploratory attempt to find the information source credibility to the individual stock investors of Punjab state and to measure the impact of information sources on investors' behavior. Their study revealed that self instinct or experience is the top priority source for making investment decisions for the stock investors in Punjab. **Akker & Spaapen (2017)** showed in their study that how societal impact can be achieved through the academic research in the knowledge society. In that paper it reflected that **Sunder (2017)** examined the usefulness of statistical studies of financial reports and stock market data for improving corporate financial reports. Also found that statistical studies of financial and stock market data help to set better financial reporting policy. **Özcan (2019)** analysed that how the forensic accounting deals with the financial information manipulation and also detects the manipulation. In that study the empirical analysis showed that financial condition of the non-manipulator firms better than the manipulator firms. **Nandini & Ajay (2021)** found the impact of forensic audit towards investigation and prevention of frauds in any financial performances. Findings revealed that forensic audit has a significant negative impact on number of fraud cases, number of staff involved in fraudulent activities and forensic audit helps to improve management accountability and strengthened external auditor's independence. **Shen & et al.**

(2021) identified that how the reports are prepared by Securities Company affect stock returns from the sentiment of the investor in China. Their study found that the research reports have a significant effect on stock returns and also investor sentiment plays an important role in it. *Gläser & et al. (2022)* found that the independence research is dealing with the corresponding disciplines where the problem of independence lies. They also identified that interdisciplinary prospects of research programme is required to overcome this issue.

Based on the above literature it is observed that the research on this topic is highly needed at the present context.

III. Objectives

The specific objectives of the study are:

- (i) to examine the role of independent financial research reports on corporate sector in particular;
- (ii) to inquest the reliability and credibility of such kind of the independent financial research reports.

IV. Research Design

The study is exploratory and empirical in nature. For the exploratory part of the study, the liquidity, solvency, earning capability, ownership position of seven listed companies of Adani Group are analysed. The related party transactions, accounting practices and compliance with corporate governance standards of these companies are also reviewed to examine the role of independent financial research reports on corporate sector. From this analysis, it can also be examined the reliability and credibility of such kind of the independent financial research reports.

For this purpose, relevant data and information are gathered from different research reports, articles, news and feature articles published in financial dailies, finance-based magazines and periodicals. In particular, for this case study, the researchers conducted content analysis. Hindenburg Research Report, responses to research report from the end of Adani Group and annual reports of last five years starting from 2017-18 to 2021-22 of seven listed companies of the Adani Group namely Adani Enterprises Limited (Adani Enterprise), Adani Green Energy Limited (Adani Green Energy), Adani Ports and Special Economic Zone Limited (Adani Ports and SEZ), Adani Power Limited (Adani Power), Adani Gas Limited (Adani Gas), Adani Transmission Limited (Adani Transmission), Adani Wilmar Limited (Adani Wilmar) and regulatory bodies' judgment, reports are reviewed minutely.

In addition, for content analysis part of the study, relevant ratios are calculated to depict the actual position of liquidity, solvency and efficiency the selected seven companies.

V. Results and Discussion

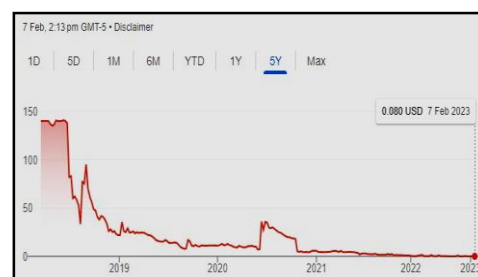
At first, researchers tried to find the role of independent financial research reports on corporate sector. For the said purpose, the researchers looked into the selected companies' present status in stock market on which Hindenburg' delivered reports previously in different times.

As Hindenburg Research (<https://hindenburgresearch.com/adani/> accessed on 06.02.2023) claimed that they have already released 18 similar kinds of forensic financial research reports in last five years on different companies using fundamental analysis and technical analysis to explore accounting irregularities, bad actors in management or key service provider roles, undisclosed related-party transactions, illegal/unethical business or financial reporting practices and undisclosed regulatory, product, or financial issues. The researchers have tried to bestow an insight on the position of those companies (selected six out of eighteen) after releasing Hindenburg reports on them. Here, it is evidenced that most of the companies' present condition are not so healthy at least in terms of their stock prices follows a decreasing trend.

Hindenburg made a research on Nikola, an American based company, on September, 2020 and published the report titled "Nikola: How to Parlay an Ocean of Lies into a Partnership with the largest Auto OEM in America". Hindenburg mainly raised the allegation on intricate fraud built on dozens of lies over the course of its Founder and Executive Chairman Trevor Milton. Researcher showed that Milton has made false statement and inked partnership with some top auto companies in the world. After the publishing of research report share price of the company has dropped by 40%. Milton later resigned from his position as Executive Chairman and was eventually found guilty of wire and securities fraud.

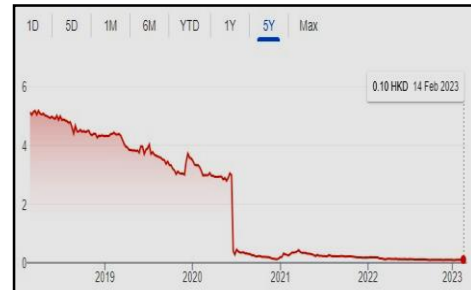


Hindenburg made a report on WINS Finance, an American company, on June, 2020. Main allegation in this report is non disclosure of material fact to the investors

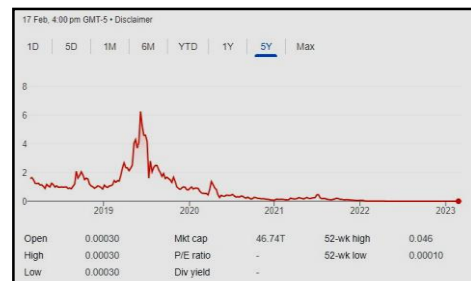


of the company. After four months of publishing this report NASDAQ delisted WINS Finance due to the undisclosed information that Hindenburg identified.

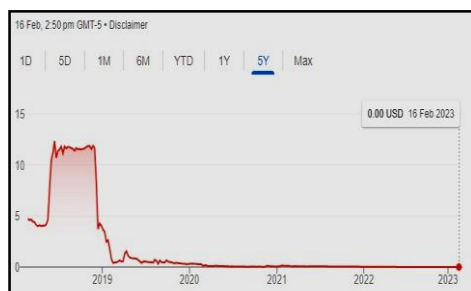
Hindenburg published a report on China Metal Resources Utilization on May, 2020. Hindenburg disclosed the company was under severe financial distress and it was due to numerous accounting irregularities, including evidence of undisclosed related party transactions. Months after Hindenburg report, Shares fell more than 90%.



Hindenburg in its report against Predictive Technology Group on March, 2020, made an allegation on the company's COVID-19 related press releases. In their press releases they claimed about COVID - 19 tests. After releasing the report within less than a year company lost 90% of its value.



Hindenburg has given an article about Yangtze River Port and Logistics, a China based company on December, 2018. In investigation Hindenburg found the major anomalies exists on company's key asset. Six months from releasing this report the company was delisted from NASDAQ and lost over 98% of its market capitalization.



Hindenburg also made a research on SC Worx (NASDAQ:WORX), stating that the company's announced COVID-19 testing deal looked to be "completely bogus". We also raised questions about the CEO, who is a convicted felon, and the track record of the company's claimed COVID-19 testing partner, which was run by a convicted rapist.



In all the above cases, decreasing trends in stock price are followed for all the companies after releasing the respective reports of Hindenburg on them. This can be the repercussion of Hindenburg report. So, from that point of view, it can be

said that independent financial research report is having positive role on corporate sector as well as society.

To examine the reliability and credibility of the independent financial research reports, researchers considered the recent report of Hindenburg on the Adani Group i.e. seven listed companies of Adani group. In this study, it is tried to confirm the allegations raised by the said report. Last 5 years' data covering from financial year 2017-18 to 2021-22 (for Adani Wilmar data from financial year 2020-21 to 2021-22) have been compiled here.

V.I. Hindenburg Report on Liquidity Risk

Hindenburg claimed that five out of seven key listed Adani companies have reported current ratios below 1 which indicates the liquidity pressure. To check the liquidity position of the Adani group, current and quick ratio are calculated and shown in Table 1.

Table 1:
Current Ratios of the Adani Group of Companies in last Five Years

Name of the Company	31.03.2018	31.03.2019	31.03.2020	31.03.2021	31.03.2022
Adani Enterprises	0.90	1.00	1.02	1.08	1.09
Adani Green Energy	4.17	2.16	1.39	0.64	0.83
Adani Ports & SEZ	3.56	1.51	1.59	1.56	1.29
Adani Power	0.43	0.05	0.14	0.02	0.04
Adani Gas	3.67	3.03	0.94	0.28	0.25
Adani Transmission	0.67	0.64	3.28	0.43	0.97
Adani Wilmar	-	-	-	1.05	1.28

Source: Annual Reports of Adani Group of Companies.

Out of seven Adani group companies four company's current ratio is below 1 in the march, 2022. Current ratio position of Adani Gas and Adani Power are most alarming. What Hindenburg claimed that five out of seven key listed Adani companies have reported current ratios below 1, that is true and it can really be assumed that Adani Group is under the liquidity pressure. To sustain the matter, researchers also checked the liquid ratio as shown in Table 2.

Table 2:
Quick Ratios of the Adani Group Companies in last Five Years

Name of the Company	31.03.2018	31.03.2019	31.03.2020	31.03.2021	31.03.2022
Adani Enterprises	0.76	0.81	0.85	0.94	0.75
Adani Green Energy	4.17	1.99	1.25	0.39	0.31
Adani Ports & SEZ	3.44	1.43	1.58	1.55	1.28
Adani Power	0.42	0.05	0.14	0.02	0.04
Adani Gas	3.37	2.83	0.87	0.21	0.19
Adani Transmission	0.66	0.64	3.28	0.43	0.97
Adani Wilmar	-	-	-	0.47	0.67

Source: Annual Reports of Adani Group of Companies.

Considering the quick ratio except Adani Ports & SEZ all the companies' position is also distressing. So, from the quick ratio analysis, it is also evidenced that most of the companies in Adani group are having the short-term liquidity risk. Some recoverable measures should be taken to improve the situation.

V.II. Hindenburg Report on Solvency Position

As per Hindenburg Report, multiple listed entities in the group are highly leveraged relative to industry averages from solvency perspective. To check the solvency position of the Adani group, Debt-Equity Ratio is calculated which portrayed in Table 3.

Table 3:
Debt-Equity Ratio (Total Liabilities to Shareholder's fund) Position of the Adani Group Companies in last Five Years

Name of the Company	31.03.2018	31.03.2019	31.03.2020	31.03.2021	31.03.2022
Adani Enterprises	2.94	3.46	2.69	2.15	3.13
Adani Green Energy	2.25	1.51	1.92	4.79	11.32
Adani Ports & SEZ	1.23	1.31	1.61	1.69	1.81
Adani Power	1.07	0.69	0.43	0.43	0.76

Adani Gas	0.89	0.85	0.68	0.65	0.82
Adani Transmission	2.18	1.48	1.69	1.98	2.19
Adani Wilmar	-	-	-	3.26	1.74

Source: Annual Reports of Adani Group of Companies.

Here, debt-equity ratio is calculated to check the solvency position of the Adani group companies. Total liabilities to shareholder's fund are considered to measure the debt-equity ratio. It is found that most of the companies are working as highly leveraged position as Hindenburg's report claimed. Generally, a good debt-equity ratio is below 2.0 for most of the companies and industries. Here, out of seven Adani group companies three companies are having debt-equity ratio higher than 2.0. So, the companies should make the proper arrangement in their capital structure to improve the situation as well as get more confidence from the investors of the company.

V.III. Hindenburg Report on Profitability Position

To check the profitability position of the Adani group, EBIT to Sales Ratio and PBT to Sales Ratios are calculated which exhibited in Table 4 to Table 5.

Table 4:
Profitability Position (EBIT to Sales) of the Adani Group Companies in last Five Years

Name of the Company	31.03.2018	31.03.2019	31.03.2020	31.03.2021	31.03.2022
Adani Enterprises	10.20	7.77	8.33	7.94	6.28
Adani Green Energy	35.08	78.29	23.11	27.50	6.04
Adani Ports & SEZ	77.25	96.34	84.21	50.29	74.44
Adani Power	24.05	42.17	-16.45	31.53	86.39
Adani Gas	22.56	24.48	29.56	37.64	22.82
Adani Transmission	92.13	94.55	90.08	88.59	94.40
Adani Wilmar	-	-	-	3.14	3.07

Source: Annual Reports of Adani Group of Companies.

Note: Total finance cost considered here instead of net finance cost.

Table 5:
Profitability Position (PBT to Sales) of the Adani Group Companies in last Five Years

Name of the Company	31.03.2018	31.03.2019	31.03.2020	31.03.2021	31.03.2022
Adani Enterprises	3.22	4.04	5.98	4.16	4.15
Adani Green Energy	-35.07	-12.31	6.01	17.10	-1.22
Adani Ports & SEZ	58.61	68.65	43.76	66.47	14.78
Adani Power	-0.29	-9.37	-133.35	-112.49	-31.34
Adani Gas	19.30	19.55	27.50	35.37	21.18
Adani Transmission	-2.95	6.48	0.65	-2.81	-8.73
Adani Wilmar	-	-	-	2.04	2.07

Source: Annual Reports of Adani Group of Companies.

Profitability position of the Adani group companies is calculated by using two ratios namely Earnings before Interest and Taxes (EBIT) to Sales and Profit before Tax (PBT) to Sales. In case EBIT to Sales ratio (as per Table 4), it is observed that the results are quite satisfactory. It is mostly due to the companies are having high finance cost in their profit and loss statement and which shows that positive EBIT even having negative PBT. So, from this analysis, it can be stated that the companies has taken a huge debt and for that they need to spend a huge finance cost. After that, it is also observed from Table 5, three companies' PBT to Sales ratio are negative. So, their performances are not satisfactory and for the others two companies, percentage value are not more than five percent.

V.IV. Hindenburg Report on Efficiency Position

To check the efficiency position of the Adani group, Sales to Total Asset Ratio is calculated which exhibited in Table 6.

Table 6:
Efficiency Position (Sales to Total Asset) of the Adani Group Companies in last Five Years

Name of the Company	31.03.2018	31.03.2019	31.03.2020	31.03.2021	31.03.2022
Adani Enterprises	0.62	1.07	1.17	1.03	1.24
Adani Green Energy	0.02	0.06	0.19	0.17	0.38
Adani Ports & SEZ	0.16	0.11	0.09	0.07	0.06

Adani Power	0.42	0.08	0.04	0.02	0.02
Adani Gas	0.83	0.89	0.80	0.55	0.72
Adani Transmission	0.07	0.07	0.07	0.06	0.06
Adani Wilmar	-	-	-	2.84	2.59

Source: Annual Reports of Adani Group of Companies.

Generally, most analysts consider a ratio of above 1.0 to be good for manufacturing industry and an asset turnover ratio of 2.5 or more could be considered good for the retail industry. From the above results exhibited in Table 6 calculated Adani Willmar, new company belongs to retail sector, is having the ratio higher than 2.5 which is good. It is observed that three from the remaining six companies are not having satisfactory asset turnover ratio.

V.V. Hindenburg Report on Stock Value Position

As Hindenburg report says, Adani companies' trade at a Price-Earnings ratio many times that of similar companies both in India and around the world. There are some signs that the Bull Run is slowing, with most shares in the Adani group starting the year lower even before the Hindenburg report. However, the researchers checked the Price-Earnings (P/E) ratio of all the seven companies of Adani group.

Table 7:
Price Earnings Ratio (MPS to EPS [consolidated]) of the Adani Group
Companies in last Five Years

Name of the Company	31.03.2018	31.03.2019	31.03.2020	31.03.2021	31.03.2022
Adani Enterprises	22.70	22.51	13.29	122.90	285.38
Adani Green Energy	0.00	-10.41	-207.09	1624.78	794.48
Adani Ports & SEZ	19.96	19.62	13.69	28.58	34.58
Adani Power	-4.37	-15.02	-3.39	1417.50	19.22
Adani Gas	0.00	61.88	21.75	228.33	464.32
Adani Transmission	19.49	94.52	64.30	100.71	266.08
Adani Wilmar				0.00	75.02

Source: Annual Reports of Adani Group of Companies.

Even the most of the companies are facing difficulties to satisfy the liquidity, solvency as well as efficiency position but still it has been witnessed that the

companies price earnings ratio, considering the consolidated earnings per share (EPS) for calculation, is quite high than the industry. Hindenburg made an allegation on the Adani group that the artificial demand of the shares creates a high market price per share which results these absurd P/E ratios in Table 7.

V.VI. Hindenburg Report on Promoters and Minimum Non-Promoters Holding of Shares

Hindenburg raised the question on disclosure of promoter holdings. For this issue, the researchers checked the shareholding pattern of the Adani group.

Table 8:
Promoters and Promoter Group Shareholding Pattern of the Adani Group
Companies in last Five Years (in percentage)

Name of the Company	31.03.2018	31.03.2019	31.03.2020	31.03.2021	31.03.2022
Adani Enterprises	74.92	74.92	74.92	74.92	74.92
Adani Green Energy	100	86.50	74.92	56.29	61.27
Adani Ports & SEZ	66.27	62.30	62.79	63.74	65.55
Adani Power	73.07	74.97	74.97	74.97	74.97
Adani Gas	100	74.81	73.98	74.80	74.80
Adani Transmission	74.92	74.92	74.92	74.92	74.92
Adani Wilmar	-	-	-	-	87.94

Source: Annual Reports of Adani Group of Companies.

The above table (Table 8) shows that the Hindenburg's report raised the correct point about the promoter's shareholding in the Adani Group of companies. In the year ended 31.03.2018 promoters holding in Adani Green Energy and Adani Total Gas was hundred percentages while the two company's shares were not listed in any stock exchange. The promoter's shareholdings in three Adani Group companies are close to seventy five percentages but not above. So this shows nothing wrong but considering the best practice it should be not more than seventy percentages. For the Adani Willmar the promoter's shareholdings must be reduced to minimum seventy five percentages or less to avoid the delisting of its share.

V.VII. Hindenburg Report on Related Party Disclosure & Transaction

Hindenburg made the allegation against Adani Group about nondisclosure of related party transaction properly. They also mentioned that this undisclosed related party transactions are made by listed as well as private companies which is a clear case of a repeated violation of Indian disclosure laws. They have identified seven listed companies of Adani Group has engaged in 6,025 disclosed related-party transactions in the last financial year 2021-22 alone.

Table 9:
Long-term and Short-Term Borrowing from Related Party of the Adani Group Companies

Name of the Company	Types of Borrowings	31.03.2018	31.03.2019	31.03.2020	31.03.2021	31.03.2022
Adani Enterprises	Total long-term Borrowing	1,569.99	928.34	1,051.25	1,338.07	1,921.99
	Related Party Borrowings	1,000.86	420.18	500.00	0.00	628.11
	% of Related Party Borrowings	63.75	45.26	47.56	0.00	32.68
	Total short-term Borrowing	4,971.34	1,915.33	1,676.89	1,422.31	2,299.84
	Related Party Borrowings	520.86	762.09	1,124.19	147.72	121.42
	% of Related Party Borrowings	10.48	39.79	67.04	10.39	5.28
Adani Green Energy	Total long-term Borrowing	2,294.52	1,738.51	1,215.83	2,148	11,645
	Related Party Borrowings	757.29	58.50	2.72	2,148	6,010
	% of Related Party Borrowings	33.00	3.37	0.22	100.00	51.61
	Total short-term Borrowing	569.61	541.13	415.29	3,162	5,644
	Related Party Borrowings	319.61	0.00	158.03	0	585
	% of Related Party Borrowings	56.11	0.00	38.05	0.00	10.36
Adani Power	Total long-term Borrowing	2,244.05	8,374.66	3,112.85	930.56	389.62
	Related Party Borrowings	551.37	3,768.79	1,152.77	856.11	239.58
	% of Related Party Borrowings	24.57	45.00	37.03	92.00	61.49

	Total short-term Borrowing	7,287.96	2,364.70	2,589.02	5,293.17	11,759.66
	Related Party Borrowings	6,119.41	2,169.94	2,493.48	4,793.17	11,695.86
	% of Related Party Borrowings	83.97	91.76	96.31	90.55	99.46

Source: Annual Reports of Adani Group of Companies.

The above table is showing that to what extent the Adani Group companies are borrowing the fund for long term and short term requirement from their related party. The highlighted figures are showing more than forty percent of the total borrowings either long term and short term are from related party, which is not best practice.

V.VIII. Hindenburg Report on Governance

For governance, the researchers checked two popular parameters namely, women directors on board and board independence of the Adani Group of companies in Table 10.

Table 10:
Women Director and Independent Director's presence on the Board (in %)
of the Adani Group Companies

Name of the Company	Governance Indicators	31.03.2018	31.03.2019	31.03.2020	31.03.2021	31.03.2022
Adani Enterprises	Women Directors on Board	10.00	12.50	12.50	12.50	12.50
	Independent Director (Board independence)	50.00	50.00	50.00	50.00	50.00
Adani Green Energy	Women Directors on Board	14.29	16.67	16.67	11.11	10.00
	Independent Director (Board independence)	42.86	50.00	50.00	44.44	50.00
Adani Ports & SEZ	Women Directors on Board	12.50	20.00	20.00	20.00	20.00
	Independent Director (Board independence)	50.00	50.00	50.00	50.00	50.00
Adani Power	Women Directors on Board	14.29	28.57	16.67	16.67	16.67
	Independent Director (Board independence)	57.14	57.14	50.00	50.00	50.00
Adani Gas	Women Directors on Board	16.67	16.67	16.67	25.00	22.22
	Independent Director (Board independence)	50.00	50.00	50.00	50.00	44.44
Adani	Women Directors on Board	16.67	16.67	16.67	16.67	28.57

Transmission	Independent Director (Board independence)	50.00	50.00	50.00	50.00	57.14
Adani Wilmar	Women Directors on Board	-	-	-	-	12.50
	Independent Director (Board independence)	-	-	-	-	50.00

Source: Annual Reports of Adani Group of Companies.

The researchers checked the desirable percentage is for women directors on board = 20% and board independence = 50%. Based on this result, the governance of Adani group of companies is not so satisfactory throughout the period.

VI. Conclusion

From the previous reports of Hindenburg, it may be concluded that Independent financial research reports play a crucial role in examining and investigating current financial position of any corporate entity. Independent financial research reports provide more effective suggestions and help their investors to improve their personal financial management by including analysis involving technical, fundamental and portfolio analysis towards making investment decisions. From this particular case study, the researchers have found a useful role of independent financial research reports on corporate sector in particular and the independent financial research reports are reliable to some extent for saving an economy from its possible financial crisis. However, from the above analysis, it is found that Adani Group of companies is not having sound financial performance in last five years. We observed that Independent financial research reports assist a company in improving their internal controls which results better financial performance. These kinds of Independent financial research reports provide various concealed inputs (which are not in public domain) to individual stock investor which helps them for making effective investment decisions. To some extent, this study will also be helpful for policy implications.

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