

EQUITY MARKET TRENDS IN INDIA: A FUNDAMENTAL ANALYSIS OF SELECTED RENEWABLE ENERGY COMPANIES

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Abstract:

India's transition toward renewable energy has significantly influenced trends in the equity market. This study examines equity market movements in India with reference to selected renewable energy companies using a fundamental analysis framework. The research evaluates key financial performance indicators, including Return on Equity (ROE), Net Profit, Earnings Per Share (EPS), Debt–Equity Ratio, and Price–Earnings (P/E) Ratio, to assess profitability, financial stability, and market valuation. In addition to secondary financial data obtained from company annual reports, primary data was collected through a structured questionnaire from 71 respondents to understand investor perception and awareness regarding renewable energy investments. The study also considers the influence of government policies, sustainability initiatives, and the growing focus on clean energy on stock price behavior within the sector. By comparing financial strength and market performance, the research aims to identify long-term growth prospects and investment suitability of selected companies. The findings provide practical insights for investors seeking sustainable and fundamentally strong investment opportunities in India's evolving equity market, while also contributing to the academic understanding of sector-specific equity analysis.

Keywords: *Equity Market, Financial Ratios, Fundamental Analysis, Investor Behaviour, Renewable Energy, Sustainable Investment*

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Introduction:

The Indian equity market has experienced significant growth in recent years due to economic development, financial reforms, and increasing participation of investors. The stock market plays an important role in channelising savings into productive investments and supporting overall economic growth. Market trends are influenced by various factors such as government policies, global economic conditions, sectoral performance, and investor sentiment.

The renewable energy sector has emerged as a key growth area in India owing to rising environmental concerns, increasing energy demand, and strong government support for clean energy initiatives. Policies promoting solar, wind, and other renewable sources have encouraged large-scale investments in

this sector. As a result, renewable energy companies have gained attention from investors seeking long-term and sustainable investment opportunities.

Fundamental analysis is widely used to evaluate the financial performance and intrinsic value of companies based on financial statements and key ratios. This study focuses on analyzing equity market trends in India with reference to selected renewable energy companies through fundamental analysis, in order to understand their investment potential and financial strength in the current market environment.

Review of Literature:

[1] Fundamental Analysis of Renewable Energy Companies:

Dr. S. Kamalasaravanan and Anupama S. (2022) conducted a study on the fundamental analysis of

renewable energy companies to evaluate their financial performance and investment potential. The study focused on key financial ratios such as profitability, liquidity, and solvency to determine the intrinsic value of companies in the renewable energy sector. The findings emphasised that strong financial fundamentals play a crucial role in long-term investment decisions and stock price stability.

[2] Fundamental Analysis of Tata Power

Rajamani et al. (2022) conducted a fundamental analysis of Tata Power to evaluate its financial performance and investment potential. The study examined key financial ratios such as EPS, ROE, P/E ratio, and debt–equity ratio to assess the company’s financial strength and growth prospects. The findings indicated that Tata Power demonstrates strong long-term potential supported by its expansion into renewable energy, though regulatory and capital-intensive risks remain.

[3] Fundamental and Technical Analysis of Suzlon Energy Ltd

Smt. Dr. U. Homiga and Mr. Bhuvanesh B.(2024) examined the stock performance of Suzlon Energy Ltd using both fundamental and technical analysis. The study aimed to forecast market trends and guide investors in making buy, hold, or sell decisions. Using secondary data from financial reports and market charts, the researchers concluded that Suzlon has strong growth prospects due to favourable policies and industry expansion, although financial risks such as high debt levels must be considered.

[4] Renewable Energy Firm Performance Using Machine Learning

Rachit Rastogi, Ritika Jaiswal, and Raj K. Jaiswal (2020) analysed renewable energy firm performance using advanced analytical

techniques, including cluster analysis and machine learning models. The study compared financial performance indicators and identified patterns in renewable energy company growth. The research highlighted that technological innovation and data-driven models can enhance financial performance evaluation and investment decision-making.

Methodology:

This study adopts a descriptive and analytical research design to examine equity market trends in India with reference to selected renewable energy companies through fundamental analysis. The research is based on secondary data collected from reliable sources such as annual reports of companies, stock exchange websites, financial databases, and published research articles. The study period covers recent financial years to capture current market trends and performance of renewable energy companies.

A purposive sampling method is used to select a limited number of renewable energy companies listed on Indian stock exchanges for detailed analysis. Key financial indicators such as revenue growth, profitability ratios (ROE, ROA), liquidity ratios, debt–equity ratio, and valuation measures are analyzed to assess the financial performance and investment potential of the selected companies. The collected data are analyzed using ratio analysis and comparative analysis to identify trends and variations among companies.

Tables and charts are used to present the financial data in a clear and systematic manner. The findings are interpreted to understand equity market behavior and the long-term prospects of investments in the renewable energy sector. This methodological approach helps in deriving meaningful conclusions regarding the attractiveness of renewable energy stocks for investors.

The Research outlines the following objective of the study:

- [1] To understand, explore investment opportunities and discover key factor of affecting selected renewable companies through fundamental analysis
- [2] To Evaluate stock Trend and investment potential of renewable energy company using fundamental analysis.
- [3] To Study the growth of Renewable energy.

Data Collection:

The study is based on Primary and secondary data collected from the published annual reports, financial statements, and stock market sources of selected renewable energy companies in India. The companies chosen for the study are Tata Power, Suzlon Energy, and NTPC Limited. These companies were selected because of their strong presence in the Indian renewable energy sector.

The data covers a period of three years from 2023 to 2025 to analyze recent trends in the equity market. Fundamental analysis was conducted by comparing important financial ratios such as profitability ratios,

liquidity ratios, leverage ratios, and efficiency ratios. This helped in understanding the financial performance and stability of the selected companies.

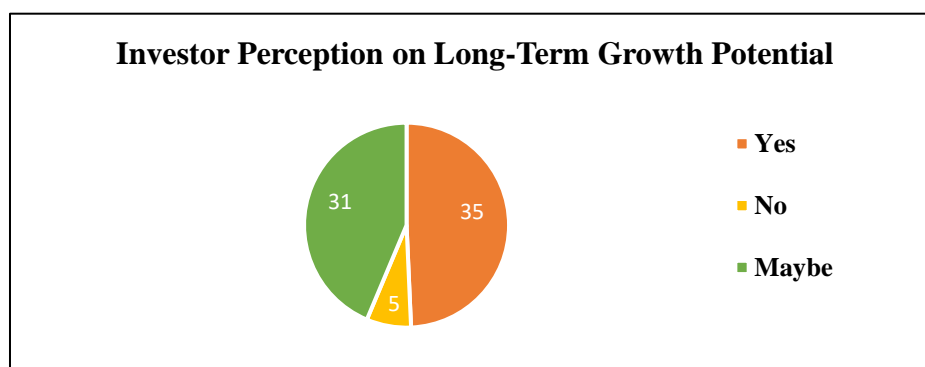
In addition, trend analysis was carried out using line charts to study the movement of stock prices and key financial indicators over the three-year period. The graphical analysis helped in identifying growth trends, financial indicators over the three-year period.

In addition to secondary data, primary data was also collected through a structured questionnaire. The questionnaire consisted of 15 questions designed to understand investors' awareness, preferences, and opinions regarding renewable energy stocks in India. A total of 71 responses were received.

The questions included both multiple-choice and Likert scale-based questions to measure respondents' investment behavior, risk perception, and preference for companies. The responses helped in understanding market sentiment and investor perspective, which supported the findings of the fundamental and trend analysis. The primary data added practical insights to the study and strengthened the overall research findings.

Data Analysis:

The survey results indicate strong investor confidence in renewable energy stocks. As shown in Fig. 1, 49.3% of respondents believe renewable energy stocks have long-term growth potential in India, while 43.7% remain uncertain and 7% do not believe in long-term growth.



Source: Data Collected from Survey Questionnaire

Figure. 1. Investor Perception on Long-Term Growth Potential of Renewable Energy Stocks.

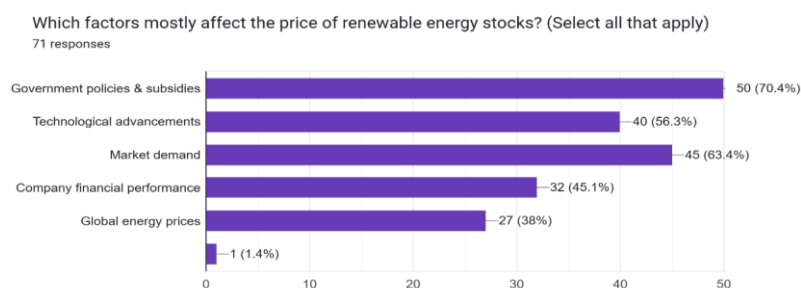
The numerical distribution of responses is presented in Table 1.

Table 1. Distribution of Investor Perception on Long-Term Growth Potential

Category	Responses (Number)	Responses (%)
Yes	35	49.3%
No	5	7%
Maybe	31	43.7%
Total	71	100%

Source: Data Collected from Survey Questionnaire

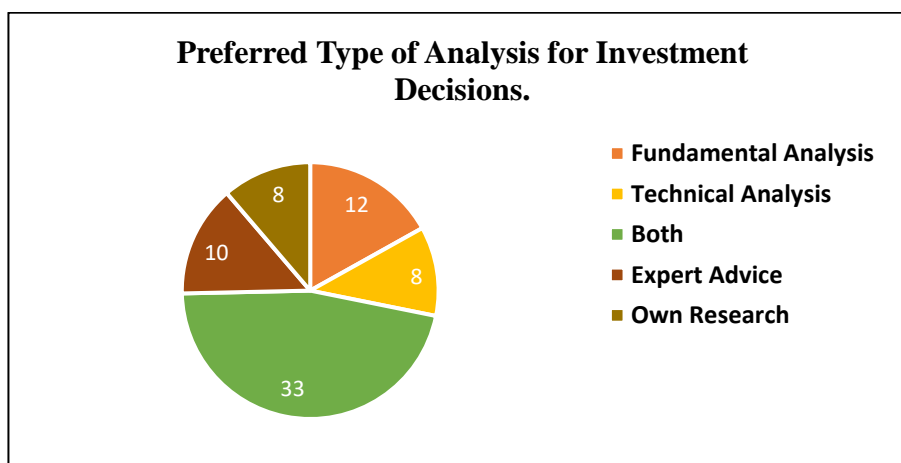
The major factors influencing renewable energy stock prices are presented in Fig. 2. Among the respondents, government policies and subsidies (70.4%) were identified as the most significant factor, followed by market demand (63.4%) and technological advancements (56.3%). Company financial performance and global energy prices were also considered important.



Source: Data Collected from Survey Questionnaire

Figure 2. Factors Influencing Renewable Energy Stock Prices.

The preferred type of analysis for investment decisions is presented in Fig. 3. A majority of respondents (46.5%) prefer using both fundamental and technical analysis. Fundamental analysis alone is preferred by 16.9% of respondents, while 11.3% rely on technical analysis. A smaller proportion depend on expert advice (14.1%) and their own research (11.3%).



Source: Data Collected from Survey Questionnaire

Figure 3. Preferred Type of Analysis for Investment Decisions.

The numerical distribution of responses is presented in Table 2.

Table 2. Distribution of Preferred Type of Analysis for Investment Decisions

Category	Responses (Number)	Responses (%)
Fundamental Analysis	12	16.9%
Technical Analysis	8	11.3%
Both	33	46.5%
Expert Advice	10	14.1%
Own Research	8	11.3%
Total	71	100%

Source: Data Collected from Survey Questionnaire

Table 3. Comparison of Selected Renewable Energy Companies

Table 3. presents the financial comparison of selected renewable energy companies based on profitability and valuation ratios.

Ratio	Tata Power	NTPC	Suzlon Energy
ROE (%)	11.0%	12.1%	41.4%
Net Profit Annually	₹4,775 crore	₹23,953 crore	₹2,072 crore
Debt–Equity Ratio	1.86	1.33	0.05
EPS	₹12.4	₹24.2	₹1.53
P/E Ratio	32.0	14.8	19.3

Source: Data Collected from Survey Questionnaire

Table 3 presents a comparative fundamental analysis of Tata Power, NTPC, and Suzlon based on key financial ratios. Suzlon demonstrates the highest return on equity, indicating strong profitability and efficient capital utilization. NTPC reflects strong earnings capacity with substantial net profit and moderate valuation levels. Tata Power shows stable performance with relatively higher leverage. The debt–equity and P/E ratios highlight differing risk-return profiles, assisting investors in making informed long-term investment decisions.

Based on the comparative fundamental analysis, Suzlon appears financially attractive due to its superior return on equity and low debt–equity ratio, indicating profitability with lower financial risk. NTPC demonstrates strong financial stability supported by high net profit and reasonable valuation, making it suitable for risk-averse investors. Tata Power, while fundamentally sound, carries comparatively higher leverage, suggesting moderate risk exposure for long-term investors.

Figure 4. Illustrates the three-year stock price movement of selected renewable energy companies to support the fundamental analysis findings.



Source: Data Collected from Trading View

By analysing the 3-year line chart of all the selected companies, we can tell that:

- [1] Upward Trend: All three companies show a clear "uptrend," meaning their stock prices have generally moved higher over the last three years due to the government's push for green energy.
- [2] Growth vs. Stability: Suzlon shows the most dramatic jump in its line, representing high risk and high reward, while NTPC and Tata Power show smoother, more stable lines.
- [3] Market Confidence: The steady rise across the charts proves that investors now have more trust in renewable energy stocks than they did in the past.

Conclusion:

The study is based on selected fundamental financial ratios to evaluate the performance of Tata Power, NTPC, and Suzlon Energy. The ratios used include Return on Equity (ROE), Net Profit, Debt–Equity Ratio, Earnings Per Share (EPS), and Price–Earnings (P/E) Ratio. These indicators were selected to assess profitability, financial leverage, earnings strength, and market valuation. The ratio values were obtained from publicly available annual reports and financial statements of the respective companies.

In addition to secondary data analysis, primary data was collected through a structured questionnaire administered to 71 respondents. The survey aimed to examine investor behaviour, awareness of financial ratios, and preferences toward renewable energy investments. The responses were analysed to support and validate the findings derived from the fundamental analysis.

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