

Performance of Indian Stock Market BSE Sensex and Adag (Anil Dhirubhai Ambani Group) Stocks for the Period of Jan 2008 to Oct 2019

Girisha Nayak S, Gaurav Lodha

Abstract: The main goal of the current research is to examine the relationship of ADAG (Anil Dhirubhai Ambani Group) of shares on Indian stock market SENSEX. The present research uses the monthly closing data for the period starting from Jan 2008 to Oct 2019 collected from secondary sources like Bombay stock exchange and money control.com.

Eleven years ago, Anil Ambani was recognized as the sixth richest man in the world. In 2019, he is not in the billionaire's club. After another drop-in share prices, the total capitalization of six companies from the Anil Dhirubhai Ambani Group reached 6,196 crores, making the net worth of President Anil Ambani less than USD 1 billion.

At the end of 2000, energy production was considered a sunrise sector, as India began major reforms in the energy sector and ambitious privatization. When the government talked about major initiatives for coal, heat and nuclear projects, investors thought energy reserves would turn into many entities. The bubble burst when the sector was persecuted by corruption charges and came under severe price pressure. It is not easy to see the sunrise sector.

Keywords: Capitalization, BSE SENSEX, Indian stock market, ADAG.

I. INTRODUCTION

February 11, 2008. It was a historic day for Indian stock markets. Reliance Power shares, after the company collected a record sum in mega IPO (₹ 11 563 crores), were on the fanfare list. Reliance Power generated IPO offers worth over 7 lakh crore, and the problem was subscribed over 72 times.

Controlled by Anil Ambani, RPower set the issue price at 450 shares for non-retail investors and 430 for retail investors. But those who were delighted to receive allocations at the IPO suffered a nasty shock because the shares had a terrible start due to adverse global markets that were just the beginning of collapse after the housing crisis in the US.

RPower, which rose 19% to 538 at the beginning, expected the sleepy debut to disappear in the air within four minutes of listing. Shares fell to 355 and closed at 372.50. In one day, billions of rupees of investor assets were swept away. Unfortunately, the initial maximum of four minutes was so far the only period in which the shares would be able to control the price of the initial public offering.

To save face, the company announced free bonus shares in a ratio of 3: 5 (three shares for every five shares held in the company) to all kinds of shareholders, excluding for the group of promoters.

Revised Manuscript Received on January 15, 2020

Girisha Nayak S, Research Scholar, Department of Commerce
Manipal University Jaipur 303007

Dr. Gaurav Lodha, Research Supervisor Department of Commerce
Manipal University Jaipur 30300

This decreased the cost of RPower shares to 269 for retail investors and to 281 for other speculators. The list and subsequent trading patterns at RPower have broken several myths on the stock market that can offer useful lessons to the brotherhood of investors.

II. REVIEW OF LITERATURE

This is a shared story of greed and fear. Reliance Communication suffered from excessive average and not getting out in time. Other group companies had to bear the burden, "said Sanjiv Bhasin, vice president of Markets and Corporate Affairs at IIFL Securities".

It has lost its shareholder confidence, and the group loses 90 % of its total market capitalization. The problem of high leverage was equally acute for other group companies. High leverage in low-profit companies with low margins occurs for 80 % of the group's companies, "said Sameer Kalra, founder of Target Investing.

Bhasin said that poorly organized ventures and mismanagement of collateral sales is very uncomfortable for shareholders, the future Some ADAG companies still promise: "Even now, we think some assets are very lucrative, such as energy, media and NBFC Reliance Capital. However, much will depend on the ability to liquidate some assets faster, as he said last week. Bhasin believes that the upcoming Union budget can be a group game if it helps correct short-term liquidity changes.

Statement of the Problem

The survey will provide insight into various aspects of technical analysis that will help guide investors. For this purpose, various technical tools, such as the Line chart & a back test.

Objectives of the study

- To Investigating the importance of backlog test on the Indian stock market.
- To analyse the performance of certain ADAG stocks in the Indian stock market.
- To suggesting the investors' in making investment decisions (whether to buy /sell) in selected scripts.

Limitations of the Study

- Back test analysis may not hold good always.
- Back test analysis does not consider the economy of the country, the performance of the company.
- The study is limited to cost and time constraints.
- This study can be used only for short-run decision making.

III. METHODS OF DATA COLLECTION

The research-based upon secondary data, and hence, the data has collected from BSE India and various books, magazines and websites.

Period analysis: The data collected from June 2008 to Oct 2019.

Sample size: India s top Four companies with June 2008 to Oct 2019 data on monthly basis & The selected companies are Rpower ,Relcapital, Relinfra, Rcom.

Statistical tools used for the study: The analysis of data is carried out by Line chat & Back test method.

IV. CHART ANALYSIS AND INTERPRETATION

Interactive financial charts have been developed to study for the selected companies for their price fluctuations and their connotation to the investors.



Figure 1.1 Typical technical price chart of Rpower.

Source: Computation based on NSE data .



Figure 1.2 Typical technical price chart of RELcapital.

Source: Computation based on NSE data.



Figure 1.3 Typical technical price chart of RELInfra.

Source: Computation based on NSE data .



Figure 1.4 Typical technical price chart of Rcom.

Source: Computation based on NSE data .



Figure 1.5 Typical technical price chart of SENSEX.

Source: Computation based on bse data .

V. INTERPRETATION

The Sensex has scaled the 40,000 marks, but Anil Dhirubhai Ambani Group (ADAG) investors are not particularly enthused. All Anil Dhirubhai Ambani Group (ADAG) stocks are at significantly negative returns compared to their previous peaks. In fact, the current rally is happening only in large-caps and the Anil Dhirubhai Ambani Group (ADAG) respectively over the past year.

VI. CONCLUSION

Stocks are more dangerous than mutual funds. By combining multiple shares into an equity fund or bond into a bond fund, mutual funds reduce the risk of investing. It reduces risk because, It reduces risk due to diversification. For this reason, many investors believe that mutual funds provide the benefits of investing in risk-free shares.

To prevent the risk of capital loss, family offices focus on diversifying concentrated resources. If the shares are large enough, they can be attached to a liquid options market. This allows investors to apply hedging strategies, such as buying security coupons. Simpler methods may include opportunistic share sales with tax mitigation strategies, such as tax loss recovery. Regardless of the specific strategy, the purpose of these programs is to reduce the risk associated with shares to such an extent that it cannot worsen the investor's wealth and cause lifestyle changes.

REFERENCES

1. Ms. Anju bala "Indian stock market - review of literature" in TRANS Asian Journal of Marketing & Management Research Vol.2 Issue 7, July 2013, ISSN 2279-0667.
2. Amanulla S and Kamaiah B (1995): Market Integration as an Alternative test of Market Efficiency: A case of Indian stock Market. ArthaVijana, September N 3 PP 215-230.
3. Arun Jethmalani, "Risky Business", The Economics Times, Daily, Vol. 39, No. 119, July 1 st, 1999, p.12.
4. Avijith Banerjee, "A Glimpse of Portfolio Management", The Management Accountant, Monthly Vol. 39, No.10, October 1998, p.774.
5. Bhanu Pant and Dr.Bishnoy(2001),"Testing Random Walk Hypothesis for Indian Stock Market Indices, paper presented at IICM conference in 2002, pp. 1 -15.
6. Fama, E. F., "Efficient Capital Markets: A Review of Theory and Empirical Work." The Journal of Finance (1970): 383-417.
7. James Riedel (1997): "Capital Market Integration in Developing Asia". Black well Publishers Ltd.
8. L.C.Gupta (1992), "Stock Trading in India", Society for Capital Market Research and Development, Delhi.