

Business Standard

Markets dip amid selloff in Adani group stocks; Sensex ends 423 pts lower

Conglomerate's combined market capitalisation falls by Rs 2.2 trillion



Sundar Sethuraman | Nov 21, 2024

Indian equity benchmarks on Thursday declined as the selloff in the Adani group added to the woes of investors, who are reeling from the pressure of selling by foreign portfolio investors (FPIs) and weak corporate results.

The benchmark Sensex ended the session at 77,156, a decline of 423 points or 0.5 per cent.

The Nifty 50 finished at 23,350, a drop of 169 points or 0.7 per cent.

However, the correction in Indian equities on Thursday was more modest than what it was in the aftermath of allegations of market manipulation against the Adani group by Hindenburg Research, a short-seller.

The Nifty 50 and Sensex had declined by 1.6 per cent and 1.5 per cent on January 27, 2023, when the Hindenburg's allegations surfaced.



“The markets at the moment are anyway in correction mode. This type of specific negative news flow is unlikely to pull it down on a sustained basis,” said Devina Mehra, founder and chairperson of First Global.

Adani group stocks tanked after authorities in the United States accused the group’s chairman, Gautam Adani, of a role in \$265 million bribery. Though the group has denied the allegations, Adani Green Energy, one of the group firms, had to cancel a \$600 million fundraising through dollar-denominated bonds. The group's flagship firm, Adani Enterprises, fell by 22.6 per cent.

The group’s combined market capitalisation declined by Rs 2.4 billion.

The benchmarks have been in correction mode since they hit their all-time highs in late September amid a heavy selloff by FPIs and disappointment over weak corporate earnings.

FPIs have been net sellers of equities worth Rs 1.2 trillion since October, according to the data from NSDL.

FPIs on Thursday sold equities worth Rs 5,321 crore on a net basis. Domestic institutions were net buyers of stocks worth Rs 4,200 crore.

The market breadth was weak, with 2,809 stocks declining and 1,171 advancing. Close to two-thirds of the 30 Sensex stocks declined. Adani Ports, which fell 13.5 per cent, was the biggest drag on the Sensex as well as the worst-performing Sensex stock.

Reliance Industries, which declined 1.5 per cent, was the second-biggest contributor to the Sensex’s fall.

“The fresh Adani case with the US Department of Justice added to the markets’ woes. Although there were signs of a slowdown in selling by foreign institutional investors, it surged again, adversely affecting market sentiment, particularly in the financial sector. We expect an improvement in the trend when global and domestic political issues stabilise,” said Vinod Nair, head of research, Geojit Financial Services.