

Monetary Performance of Top Five Blue Chip Companies In India

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Abstract

Stock performance is the measurement of a stock's ability to increase or decrease the worth of its shareholders. Performance is typically measured by fluctuation in price. When the stock price increases, the stock shows good performances. Blue chip companies are considered for safe investment and advisable for conservative class of investors.

Key words: Blue-chip Companies, Investors, Monetary performance.

Introduction: A blue chip is nationally recognized well established and financially sound company. Blue chip generally sell high quality widely accepted products and services. Blue chip companies are known to weather downturns and operate profitable in the face of adverse economic condition, which help to contribute to their long record of stable reliable growth.

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As befits the sometimes-high-risk nature of stock picking, the term “Blue chip” derives from poker. The simplest sets of poker chips include white, red and blue chips with tradition dictating that the blue are highest in value.

Significance of Entrepreneurship Development in Higher Educational Institutions

Oliver Gingold, who worked at Dow Jones, coined the phrase 'Blue Chip' in 1923. Thus, the term came into vogue after Gin gold, while standing near the stock ticker at a brokerage firm, noticed that several stocks trade at \$200 or more per share. He called them blue chip stocks. These are stocks that generally deliver superior returns in the long run.

My topic is on the stock performance analysis of top 5 blue chip companies under NSE by this study we can analyze the past and current stock performance of these companies and identify the best company suitable for investors.

Research Design

Study is descriptive in nature based on secondary data. Tool used for the study is SWOT analysis.

Limitations of the study

1. Shortage of time and finance was the main constraint.
2. The project report was designed on the belief that the responses provided by the respondents are genuine.
3. There is no measure to check out whether the information provided by the respondents is correct or not.

Research Works Reviewed:

Handayani et al., (2019) found the influence of firm size and market risk on the stock return of Indonesian high reliable companies. The results of this study are expected to help investors in making proper investment decisions toward bluechip Indonesian companies.

Dhanda, Sk; Batra, Gs; Anjum,(2012) reveal that only three schemes have performed better than benchmark. It is generally believed that mutual funds are able to diversify the risk. Mutual fund industry has just four decades old in India. "Impact Of Covid-19 Announcements On Nifty Stocks,"(2020) analyses the impact of Covid 19 related announcements on NIFTY index stocks and finds out the effect of important announcements made by WHO and Indian Government on the prices of stocks.

Hartono, (2021) Found that there is no difference between the average price of the MACD indicator and the closest average price of shares, so that the buy and sell signals generated by the MACD indicator are accurate and can be used in stock trading. The results also found that

there were market conditions (IHSG) during the study period, namely bearish conditions in the 1st semester of 2020.

Statement problem:

Investment timing plays a crucial role for trading in stock market trading. The investors face difficulty while identifying the opportunities by keeping a track in the movement of price, it is possible to know the stock market performance in BC companies. It shows relationship between the financial stock market and stock performance of various BC companies it also shows the various stock prices of top 5 blue chip companies. It provides useful information about the price movement of stocks, efficiency of the companies.

Objectives of the Study

- To study the SWOT analysis of top five blue chip companies in India.

Research Methodology proposed for the study

Study is descriptive in nature based on secondary data. Tool used for the study is SWOT analysis.

SWOT analysis: SWOT (Strength, Weakness, Opportunities and Threats) analysis is a framework used to evaluate a company's competitive position and to develop strategic planning. SWOT analyses assess internal and external factors, as well as current and future potential.

A SWOT analysis is designed to facilitate a realistic fact based, data- driven look at the strengths and weakness of an organization, its initiatives, or an industry.

Strength: describes what an organization exceeds at and what separates it from the competition a strong brand, loyal customer base, a strong balance sheet, unique technology and soon.

Weaknesses: stop an organization from performing at its optimum level they are areas where the business need to improve to remain competitive. A work brand, higher than average turnover or lack of capital.

Opportunities: refers to favorable external factor that could give an organization a competitive advantage.

Threats: refers to factors that have the potential to term an organization.

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HDFC Limited

The housing development finance corporation limited (HDFC) was amongst the first to receive an in the private sector, as part of RBI'S liberalization of the Indian banking industry in 1994. The bank was incorporated in august 1994 in the name of HDFC bank limited with its registered office in Mumbai, India HDFC bank commenced operation a scheduled commercial bank in January 1995.

HDFC Bank's mission is to be a world class Indian bank. The objective is to be a world class Indian Bank. The objective is to build sound customer franchises across distinct business. The shares are listed on the Bombay stock exchange limited and the national stock exchange of India limited on May 29-2008 the amalgamation of centurion bank of Punjab with HDFC bank was formally approved by RBI to complete statutory and regulatory approved process.

HDFC bank caters to wide range of banking services lowering commercial and investment banking like wholesale banking, treasuring and retail banking.

RELIANCE Industries Limited

Reliance industries limited is an Indian multinational conglomerate company headquartered in Mumbai, Maharashtra, India founded on 8 May 1973by Dhirubhai Ambani. They provide worldwide services. They own business engaged in petrochemical, textiles, natural resources, retail and telecommunication. Reliance is most profitable companies in India. In 2019 the revenue of Rs 622,809 crore and the owner is Mukesh Ambani (47.35%) who is the chairman and MD of company.

The company is ranked 148th on the fortune global 500 list of the world's biggest corporations as of 2018. Reliance is responsible for almost 5% of the government of India's to revenues from customers and excise daily. It is also the highest income tax payer in the private sector in India.

TATA Consultancy Services

Tata consultancy services is one of the top most recruiters in India in the field of information technology, It is imperative for the aspirins to know some basis get important information about the company before going interviews. Tata consultancy service is a subsidiary of Tata group. An Indian information technology consulting and business solutions company which operates in 46 countries worldwide on 25 august 2004, Tata consultancy services became a public listed company.

Tata consultancy services are one of the largest employers at women with 35.3 women employees. Tata consultancy services is ranked 10th on fortune India 500 list in 2017. It is the world's 9th largest IT services provider by revenue. N. Chandrasekaran is the chairman and Rajesh Gopinathan is the CEO and MD of Tata consultancy services. Tata consultancy services provides wide range of information technology related products and services like capacity, planning, consulting, hardware sizing and software management.

ITC

ITC is one of India's foremost multi business enterprise with a grow sales value of US \$ 10 billion. ITC features as are of the world's largest sustainable value creator in the consumer goods industry in a study by the Boston consulting group. ITC has a diver sited presence in cigarettes, paper board, specialty papers, packaging, packaged foods and confectionary safety matches and other FMCG products.

In the year 1995, the company launched its hotels business with the acquisition of a hotel in Chennai which was rechristened 'ITC welcome group hotel chola' in the year 1985, the company set up Surya tobacco in Nepal as an indo-Nepal and British joint venture. The company also centered the lifestyle relating business with the hills sport range of international quality relaxed wear for men and women in the year 2000.

On 13th February 2015, announced that the company has entered into asset purchase agreement with M/S Johnson and Johnson limited. India and M/S Johnson and Johnson private limited Singapore for purchase of Savlon and shower to shower trademarks on 2nd April 2016. ITC announced that the company has been completed to shut its cigarette factories with effect from 1st April 2016 until Clanty emerges in the uncertain state of the rules on health warning on cigarette packs. ITC's board of directors at its meeting held on 20 May 2016 recommended issue of bonus shares in the ratio 1:2 on 9 October 2016. ITC announced divestment of its entire shares holding in its wholly owned subsidiary king maker marketing INC, USA along with assignment of certain trademarks owned by the company for total consideration of US \$ 24 million.

OIL and Natural Gas Corporation Limited

Maharatna ONGC is the largest crude oil and natural gas Company in India, contributing around 75 per cent to Indian domestic production. Crude oil is the raw material used by downstream companies like IOC, BPCL, and HPCL (subsidiary of ONGC) to produce petroleum products like Petrol, Diesel, Kerosene, Naphtha, and Cooking Gas-LPG.

Significance of Entrepreneurship Development in Higher Educational Institutions

Vision of ONGC is to be global leader in integrated energy business through sustainable growth knowledge excellence and exemplary governance practices. The company is managed by the base of directors, which formulates strategies policies and reviews its performance periodically.

ONGC was set up under the visionary leadership of Pandit Jawaharlal Nehru. Pandit Jawaharlal Nehru reposed faith in shrikesher Dev Malviya who laid the foundation of ONGC in the form of oil and gas divisions under geological survey of India in 1995. From a modest beginning, ONGC has grown to be one of the largest E&P companies in the world in terms of resources and production.

SWOT analysis of HDFC Ltd.

Strengths

- HDFC bank is the second largest private banking sector in India having 2201 branches and 7110ATM'S.
- HDFC bank is located in 1174 cities in India and has more than 800 locations to serve customers through telephone banking.
- HDFC has the high degree of customer satisfaction when compared to other private banks.
- The attention rate in HDFC is low and it is one of the best places to work in private banking sector.
- HDFC has good financial advisors in terms of guiding customers towards right investments.

Weakness

- HDFC bank doesn't have strong presence in rural areas, where as ICICI bank its direct competitor in expanding in rural market.
- HDFC bank cannot enjoy first mover advantage in rural areas.
- HDFC lacks in aggressive marketing strategies like ICICI.
- They focus mostly on high end clients.
- The share prices of HDFC are often fluctuating causing uncertainty for the investors.

Opportunities

- HDFC bank has better asset quality parameters over government banks; hence the profit growth is likely to increase.
- HDFC has very good opportunities in abroad.

- Greater scope for acquisitions and strategic alliances due to strong financial position.
- HDFC bank has improved its bad debts portfolio and the recovery of bad debts is high than compared to government banks.

Threats

- RBI has opened up to 74% for foreign banks to invest in Indian market.
- The non-banking financial companies and new age banks are increasing in India.
- The HDFC is not able to expand its market share as ICICI imposes major trends.
- The government banks are trying to modernize to compete with private banks.

SWOT analysis of Reliance Industries Limited

Strengths

- Strong market position in various categories: RIL is the first Indian private sector company to feature into the Fortune Global 500. Reliance has also entered Telecom Industry in India with Jio and is sweeping the market.
- Brand name and financial position allows RIL to expand: it has a strong brand name and capital position which allows it to expand its business and also venture into newer business.
- The operational advantage in refining: With the use of latest technology, Reliance's refinery in Jamnagar operationally efficient which give great benefits for Reliance as it gets higher yields.
- Expansion in the retail Industry: With great improvements in the value chain from procurement from farm to selling to customers, Reliance has increased its revenues substantially and was the largest Indian retailer in FY2015.
- Reliance Jio: It has set the telecom industry by storm. Jio has also helped Reliance enhance its brand image and become a mass popular brand.

Weakness

- Production declining in exploratory blocks: RIL's gas production from two of its major plants, KG-D6 project and Tapti Fields is decreasing due to various natural and operational challenges.
- Recent divesting and relinquishing activities affects growth.
- Legal proceedings and litigations: RIL has been subjected to various legal proceedings and litigations in the past.

Opportunities

- New plants: Expanding its operations facilities will further increase production and strengthen RIL's position in the market.
- Investing in attractive International oil and gas destinations.

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- CBM as unconventional natural gas: RIL has two CBM blocks under it and is set to utilize CBM as the unconventional natural gas resource.
- Reliance JIO needs to bring out new offers and a retention policy to retain the customers who might as well drop Jio for another offer from other telecom giants.

Threats

- Intense competition in all sectors: In retail; RIL face stiff competition from the future group, D-mart etc. Such competition limits market share.
- Reliance Jio free offers ending: Now, the offers provided by Reliance Jio are about to end very soon. This will test the retaining capacity of Reliance Jio.

SWOT analysis of TATA Consultancy Services.

Strengths

- Clients from diversified markets.
- Presence in geographically diversified markets reduces business risks and creates a strong global image.
- Strategically established partnership network with global companies around the world.
- Strong portfolio of services offered which attracts various business clients.

Weakness

- In 2014, TCS was involved in a legal battle against Epic Systems for alleged misuse of Epic System's confidential information.
- Decline in performance by diligent.

Opportunities

- Digital transformational technologies.
- Cloud-based solutions.
- Machine-to-Machine solutions are those which allow wireless as well as wired communication system.
- Enterprise mobility market.

Threats

- Immigration restriction.
- Intense competition.
- High attrition rate.

SWOT analysis Indian Tobacco Company of India Limited Strengths

- ITC has 6 strong and diverse businesses under its name which boasts its total revenue and allows ITC to innovate and explore other business opportunities.
- Strong brand a in various business such as, Aashirvaad, Yippee!, Engage, John Players, Bingo, Sunfeastetc.
- Effective social business initiatives.
- Inter and Intra-divisional synergy. Weakness
- High proportion of revenues from Tobacco products
- Association with Tobacco products affects image.
- An increase in Tax on Tobacco affects the revenue.

Opportunities

- Strategic acquisitions.
- Growth in purchasing power and improving lifestyle.
- Growing personal Hygiene as well as Food processing Industry in India.
- Tap opportunities created in the rural market.

Threats

- Intensifying competition in FMCG business.
- Strict regulations and increasing taxation in Cigarette Business.
- Increasing awareness on health.

SWOT analysis of Oil and Natural Gas Corporation Limited

Strengths

- Brand equity: ONGC has invested in building a strong brand portfolio and has ensured to create an environment that is conducive to the growth of the Indian company.
- Technology: The Company has set up EPINET which is alive E&P information network. It also has Memorandum of Collaboration with seven IITS to undertake advanced R&D projects.
- Focus on sustainability: ONGC has ensured that it protects and cares for the environment and has an integrated Health, Safety& Environment (HSE) program has proactively managed the environment.

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- ONGC has a strong dealer community by building a culture among the dealers and distributors and create relationship between customers and help them to extract maximum benefit.

Weakness

- Competition: TATA petro dyne, Bharat Petroleum has major refineries and has been investing in various R&D activities which lead to competition.
- Cost of production: The company claims that there is no more profitable business in natural gas because the cost of production is very high than gas prices.
- Investment in R&D: Even though ONGC is spending a good amount on the R&D aspect, however the company has not been able to compete with the leading players in industry when it comes to innovation.

Opportunities

- Increasing fuel prices: When the oil prices go up means that the prices of the crude oil go up and for companies like ONGC which are upstream companies, crude oil is the final product and thus it can sold in high prices.
- Research: The Company established Gas Hydrate Research and Technology center. This center contributes to government of India's plan to commercialize Gas Hydrates as an energy source.

Threats

- Government Regulations: There are always threats on profit by changing government rules.
- Electric vehicles: The efficiency of electric vehicles and also ride sharing trends is said to reduce oil consumptions and the demand for oil will grow slower in next decade.
- Fluctuating crude oil prices: The depreciation of rupee even though in small amount is said to be adding to the rising cost of the oil. The increment in oil prices will lead to inflation pressures and will make the RBI to hike the interest rates.

Findings

- The major strength of HDFC limited is that it is located more than 1174 cities in India and provides better customer satisfaction compared to other private banks.
- The major strength of Reliance industry limited is its brand name and the financial position which allows expanding.

- The major strength of TCS is that it has its own geographically diversified market and wales a strong global image.
- The major strength of ITC is that it has various strong brands in various businesses which boost its total revenue.
- The major strength of ONGC is that it has a strong dealer community and good relationship with customers.

Conclusion: After the study, it was concluded the blue chip companies have high market capitalization, strong cash flows, steady dividend payments, stability of earnings per share and has more strengths compared to other companies. Blue chip companies are considered for safe investment and advisable for conservative class of investors. Reliance industries have maintained its first rank among other blue chip companies in the market capitalization and cash flows. Tata consultancy ranks first in terms of earning per share, liquidity position and dividend per share.

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