

RCom trades below ₹1, and its shareholder list keeps growing

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Maxim: *Long shots almost always miss the mark.* — Peter Lynch

A share that costs less than a cup of tea is not cheap. It is priced for a miracle, and the evidence on stock-market miracles is not kind.

A stock that needs everything to go right is not an investment. It is a wish with a ticker symbol.

On 5 October 2026, the Department of Telecommunications wrote to Reliance Communications and its subsidiary Reliance Telecom. The spectrum the two had won in auctions between 2010 and 2016 was cancelled with immediate effect, for unpaid instalments, missed roll-out obligations and unpaid charges, [CNBC-TV18 reported](#). That spectrum was not a side asset. Both companies' resolution plans, still awaiting approval at the NCLT in Mumbai, counted on selling the right to use it.

The share price barely had room to react. RCom listed on 6 March 2006 at ₹291, valued at about ₹35,575 crore, [Business Standard recorded](#). On 16 October 2026 it closed at ₹0.83, with a market value of about ₹230 crore and a book value of minus ₹371 a share, according to [Screener](#). The company owes far more than it owns.

Now the strange part. RCom had 15,67,672 shareholders in September 2025 and 15,78,512 by June 2026. Some are holders left over from the 2006 demerger. But the count keeps rising, so each quarter more people decide that a sub-rupee share in an insolvent telecom company is worth a punt. They are not buying a business. They are buying a lottery ticket that trades on the NSE.

Why the long shot always finds a buyer

Peter Lynch put the warning plainly in *Beating the Street* (1993): long shots almost always miss the mark. He had said much the same in *One Up on Wall Street* (1989), where he described the "whisper stock", the company always one breakthrough away from riches. Its appeal, he observed wryly, is that the buyer is spared the chore of checking earnings, because usually there are none, as [GuruFocus summarises](#). His advice was to wait for the earnings: "When in doubt, tune in later."

This is not one fund manager's taste. Alok Kumar of the University of Texas studied about 70,000 investors and found that those drawn to lottery-type stocks, cheap, wildly volatile shares with a history of extreme jumps, earned 2 to 3 percent less than others, [the university reported](#) of his 2009 *Journal of Finance* paper. Turan Bali, Nusret Cakici and Robert Whitelaw later found that US stocks with one recent spectacular day trailed the dullest stocks by more than 1% a month from 1962 to 2005, according to their [NBER paper](#).

One honest caveat: the Indian evidence is mixed. [Sharma and Chakraborty \(2019\)](#) found no such penalty in Indian stocks, while a [2024 study](#) finds lottery-seeking here is driven mainly by retail investors. The Indian case rests less on averages and more on what happens to the individual tickets.

Same ticket, different wrapper

The long shot changes its clothes every few years. In 2026 it has been the sub-₹20 share. The *Free Press Journal* screened small companies priced under ₹20 with heavy trading and found seven that had lost half or more of their value by mid-April; A-1 Ltd was down about 72%, [it reported](#). High volumes are the tell. People were not ignoring these stocks. They were crowding in.

America's version wore a suit. In 2021, special purpose acquisition companies, shells that raise money first and find a business later, were Wall Street's hottest ticket. Jay Ritter of the University of Florida tracks what happened after they merged. The 198 that completed mergers in 2021 trailed the market by about 54% in their first year and by 89% over three years, his [SPAC data](#), updated on 5 October 2026, shows. Famous sponsors and glossy decks did not change the odds.

What unites RCom, the sub-₹20 shares and the SPACs is the shape of the bet: paying today for an outcome that needs a court, a buyer, a regulator or an unbuilt product to come through, one after another. Each step may be likely on its own. Together, the odds collapse.

But what about the 488-bagger?

The objection is fair, and it has numbers behind it. Jyoti Resins and Adhesives traded at ₹2.68 in May 2014 and rose about 488 times over the next decade; 14 of the 17 BSE stocks that rose more than 200-fold in that period started as penny stocks, [Business Standard found](#). Long shots do sometimes hit.

What the list cannot show is the denominator: the thousands of cheap shares from 2014 that went nowhere or vanished. Using US data, Ryan Telford of [MicroCapClub](#) estimates that only about 1% of stocks rise tenfold in five years, and fewer than a quarter of those were still ten-baggers at the end. The winners are real; spotting them early and holding on is rare. Lynch's rule says *almost always*, and that word does honest work.

Five questions before you buy a long shot

1. **Does it make money today?** If the case rests on a future merger, approval or product, it is Lynch's whisper stock. Wait for the earnings.
2. **Is the book value positive?** A negative figure, as at RCom, means creditors stand ahead of you for everything the company owns. Screener shows it in a minute.
3. **Who else has skin in the game?** Check the promoter holding in the latest shareholding pattern on the NSE or BSE. A promoter with a sliver of the company is not betting alongside you.
4. **How many things must go right?** Write them down. If more than two sit outside the company's control, the price is a guess about strangers' decisions.
5. **Would you buy it at ₹500 a share?** A low share price says nothing about value. Look at the total market value and ask what it buys.

The decision rule follows from the answers. If a stock fails most of these questions, it is a long shot, whatever the story says. You may still buy it; people buy lottery tickets with open eyes. But size it as you would a lottery ticket: money you could lose entirely without changing a single plan, kept well away from the portfolio that pays for retirement or a child's education.

Tune in later

Go back to those 15.8 lakh RCom shareholders. The newer ones are not foolish. They have done the lottery maths: at under a rupee, how much lower can it go? For a company with negative equity, the honest answer is zero, and in an insolvency, shareholders usually stand last in line.

Lynch coined the word “tenbagger” for a stock that rises tenfold, and his books argue that such winners tend to be ordinary companies with growing profits, not rescues and rumours. The long shot will always be on offer, cheaper than ever, with a better story than last time. Let it build a record first. If it is real, it will still be there.

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