

Comparative Analysis of Equity Performance among High Market Capitalization FMCG Companies: A Comprehensive Study

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Abstract: *The study covers the stock market performance of 14 FMCG companies listed on the Bombay Stock Exchange (BSE) with a market value of over 10,000 Crores. The report analyzes metrics like returns, averages, standard deviations, variances, and correlations with the S&P BSE Sensex to understand the financial factors influencing these companies. The report aims to offer a refined viewpoint on investment prospects and trends within the industry.*

Keywords: Fast Moving Consumer Goods, Market Capitalization, Returns, Average, Standard Deviation, Variance, Correlation

1. Introduction

This study delves into the stock market performance of 14 FMCG companies listed on the Bombay Stock Exchange (BSE), each with a market value exceeding 10,000 Crores. Through a comprehensive analysis spanning the past decade, the research aims to understand the dynamics of equity performance within the FMCG sector, shedding light on changes in stock prices and volatility. With an emphasis on metrics such as returns, averages, standard deviations, and variances, the study seeks to evaluate the risk and return profiles of these select FMCG stocks. Furthermore, correlations between the equity performance of these companies and benchmark indices like the S&P BSE Sensex are examined to uncover broader market trends, offering valuable insights for investors and stakeholders navigating the intricate landscape of the financial markets.

In essence, this research endeavors to provide a refined viewpoint on investment prospects and trends within the FMCG industry. By meticulously analyzing the stock performance of prominent FMCG players over the past decade and elucidating their connections to market benchmarks, the study aims to equip stakeholders with actionable insights to inform their decision-making processes amidst the fast-evolving financial landscape. Through an in-depth exploration of key financial metrics and correlations, the study seeks to offer guidance to investors and stakeholders seeking to navigate the complexities of the FMCG sector, ultimately contributing to a deeper understanding of equity performance and market dynamics within this resilient domain.

2. Review of Literature

Several studies have been conducted to analyze the performance of the Fast-Moving Consumer Goods (FMCG) sector in India, shedding light on various aspects such as equity analysis, financial performance, market trends, and the efficiency of the market. These studies utilize a range of methodologies, including ratio analysis, statistical techniques, and empirical investigations to evaluate the stock

prices, financial indicators, and market behavior of FMCG companies. For instance, studies like those by Nagarajan & Prabhakaran (2013) and Patil & Jadhav (2019) explore equity analysis, highlighting correlations between selected FMCG companies' stock prices and market indices, as well as evaluating risk and return profiles. Similarly, research by Dhingra, Dev, & Gupta (2018) utilizes discriminatory analysis to assess the impact of financial ratios on market performance, revealing insights into the significance of metrics like revenue from operations/share and debt-equity ratio. These studies collectively contribute to a comprehensive understanding of the FMCG sector's dynamics, offering valuable insights for investors and stakeholders navigating this prominent industry. Furthermore, other studies, such as those by Keerthi & Ghouse (2023) and Solmaz Hussain (2021), delve into financial performance appraisal and industry analysis, respectively. They employ methodologies like ratio analysis and statistical techniques to evaluate the financial health of FMCG companies and assess the overall performance and growth prospects of the sector. By examining profitability, liquidity, and market trends, these studies provide crucial information for investors seeking to make informed decisions in the FMCG market. Overall, the combined findings of these studies contribute significantly to the body of knowledge surrounding the FMCG sector in India, offering insights into its performance, market dynamics, and investment potential.

3. Research Methodology

Need and Importance of the Study:

The study adopts an analytical methodology, emphasizing rigorous data collection and quantitative analysis to examine the financial performance of FMCG companies with market capitalization exceeding 10,000 crores. This approach aims to derive insightful conclusions regarding their equity dynamics.

Sample Size:

Fourteen major FMCG companies, including Jyothi Laboratories Ltd, Bikaji Food International, Gillette India Ltd, Emami Ltd, Hatsun Agro Products Ltd, Procter & Gamble Hygiene and Health Care Ltd, Colgate Palmolive,

Marico Ltd, Dabur India, Godrej Consumer Products Ltd, Britannia Industries, Varun Beverages Ltd, Nestle India, and Hindustan Unilever Ltd, with market capitalization exceeding 10,000 Crores, were selected for this study due to their significant market share in the FMCG sector.

Data Sources:

- **Secondary Data:** The study was mainly based on secondary data. The required data for the purpose of the study were collected from company information and websites, Google Scholar, BSE, IIFL Securities.

- **Data Collection:** The entire secondary data were collected from official website of Bombay Stock Exchange (BSE). The data consists of yearly opening and closing share price of selected FMCG companies.
- **Period of Study:** The study covers fourteen FMCG companies share price movement for a period of 10 Years from 2014 to 2023

4. Data and Analysis

Table 1: Mean, Variance, Correlation Values of the Sample Companies

YEAR	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	AVG RTNS	STD.DEV	VAR	MRKT. CORREL	SECT. CORREL
JYOTHY LABS	36.58	14.98	6.40	14.67	-44.32	-31.45	-2.27	-6.15	48.37	56.77	9.36	32.492	1055.72	0.0027	0.4768
BIKAJI FOODS									36.17	9.48	22.82	18.869	356.05	-1.0000	1.0000
GILLETTE INDIA	60.03	41.03	-7.70	56.85	-4.18	1.52	-11.93	-8.89	-4.43	10.61	13.29	28.255	798.32	0.3995	0.7592
EMAMI	65.01	24.25	-3.73	37.28	-68.13	-26.54	35.97	22.65	-17.92	19.73	8.86	38.436	1477.36	0.5245	0.4259
HATSUN AGRO	51.22	31.91	-12.54	127.17	-24.44	-5.92	22.61	73.16	-28.31	25.81	26.07	48.465	2348.88	-1.0000	1.0000
P&G HYGIENE	89.32	-3.15	25.85	32.86	4.29	16.58	-3.42	37.51	-6.91	8.59	20.15	28.883	834.25	0.7402	0.0788
COLGATE PALMOLIV	31.29	-44.90	-6.16	21.39	22.52	6.98	7.08	-5.73	3.44	30.41	6.63	22.673	514.08	0.5815	0.4898
MARICO	48.96	-31.07	15.23	23.52	15.84	-8.62	17.54	26.04	-1.48	9.68	11.57	21.646	468.56	0.7806	0.4655
DABUR INDIA	36.58	17.98	0.02	25.96	22.44	5.54	16.47	8.89	-2.89	-0.28	13.07	12.994	168.85	0.5593	0.4487
GODREJ CONSUMER	12.40	32.02	14.62	-34.15	-19.60	-16.05	7.42	30.70	-10.34	17.51	3.45	22.341	499.14	-0.2626	-0.3852
BRITANNIA INDS	98.96	58.13	-2.73	62.74	-33.86	-3.28	16.66	0.75	19.41	2.81	21.96	39.602	1568.35	0.4407	0.7237
VARUN BEVERAGES			-11.31	69.36	20.54	-10.85	28.76	-3.34	49.17	-33.74	13.57	34.637	1199.74	0.3950	0.6868
NESTLE INDIA	20.14	-9.06	3.07	30.10	40.95	33.10	24.11	7.23	-0.01	10.49	16.01	16.178	261.74	0.4939	0.0173
HIND.UNILEVER	33.25	13.70	-3.87	65.58	34.17	5.62	23.95	-1.84	7.60	-1.11	17.70	21.883	478.85	0.5216	0.7103

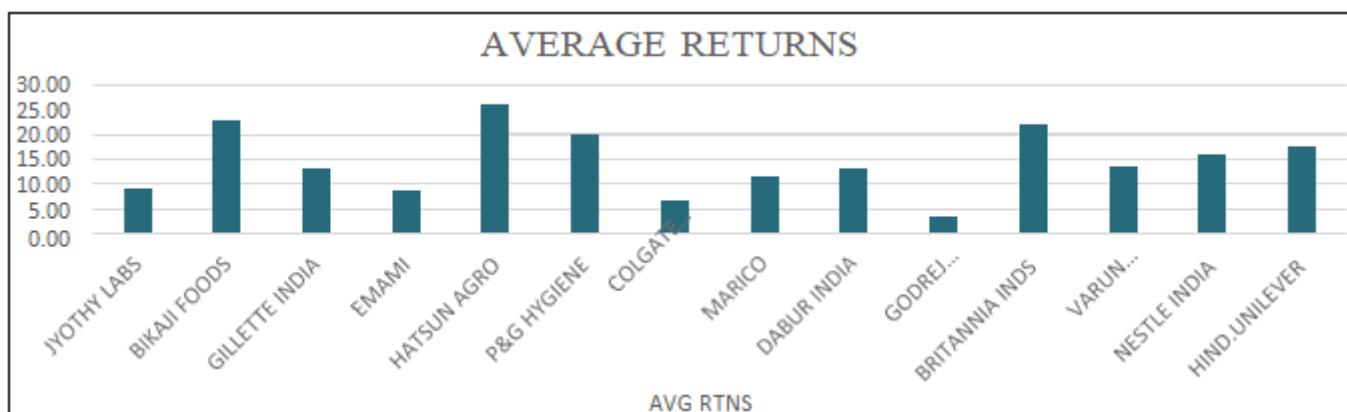


Chart 1: Average Return of Selected Companies

5. Findings

Average Returns:

- Among FMCG companies with a market capitalization of over 10,000 listed on BSE, Hastun Agro had the highest average return, while Godrej Consumer had the lowest.
- The overall average return for all such FMCG companies over 10 years is 14.61.
- Companies like Bikaji Foods, Hastun Agro, P&G Hygiene, Britannia, Nestle, and Hindustan are delivering returns higher than the sector average. However, this comes with higher associated risk.

Standard Deviation:

- Standard deviation is used to measure the volatility of

company performance.

- Hastun Agro exhibits the highest standard deviation, indicating that its performance is more spread out and volatile, with some periods of excellent performance and some of underperformance.
- Dabur India has the lowest standard deviation, suggesting that its performance is more consistent and closely clustered around the mean.

Correlation with BSE Sensex:

- The correlation between individual FMCG companies and the BSE Sensex varies from -1 to 0.7806.
- Companies such as P&G Hygiene, Marico, and Colgate Palmolive have strong positive correlations with the BSE Sensex, meaning their returns move in the same direction as the market.
- Companies like Jyothi Labs and Varun Beverages

have weak correlations with the BSE Sensex, indicating their returns are less affected by market trends.

- Bikaji Foods and Godrej Consumer have negative correlations with the BSE Sensex, meaning their returns move in the opposite direction of the market.

Correlation with BSE FMCG Sector:

- The correlation between individual FMCG companies and the BSE FMCG sector varies from -0.3852 to 1.
- Companies like Britannia Industries, Bikaji Foods, Gillette India, and Marico have strong positive correlations with the BSE FMCG sector, meaning their returns closely align with the sector's performance.
- Hatsun Agro, Colgate Palmolive, Dabur India, and Hindustan Unilever also show positive correlations with more variation.
- Jyothi Labs and Varun Beverages have weak positive correlations with the BSE FMCG sector, indicating a lesser alignment.
- Godrej Consumer has a negative correlation with the BSE FMCG sector, indicating that its returns move in the opposite direction of the sector.

6. Conclusions

Investors should balance average returns and standard deviation when choosing investments. Higher returns often come with higher risk, while low standard deviation suggests more consistent performance. Companies strongly correlated with market indices like the BSE Sensex or FMCG sector are more influenced by market trends, whereas those weakly or negatively correlated are less affected by market movements. Diversification is crucial for managing risk. Investors can select companies based on their risk-return preferences, with options ranging from low-risk, low-return investments to higher-risk, higher-return opportunities. For instance, Hatsun Agro, Britannia Industries, and Bikaji Foods offer high average returns and standard deviations, indicating potentially lucrative but volatile investments. On the other hand, Dabur India provides lower returns and standard deviation, suggesting steadier performance. Hatsun Agro exhibits the highest variance, indicating fluctuations in performance, while Dabur India shows the lowest variance, reflecting more stable outcomes. Most FMCG companies demonstrate positive correlations with both market and sector movements, meaning their returns tend to align with broader market and sector trends.

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