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A Study on Stock Trend Analysis of FMCG Companies in India

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***Abstract*—The Fast-Moving Consumer Goods (FMCG) sector represents a major pillar of the Indian economy, characterized by high inventory turnover, continuous consumer demand, and robust distribution networks. This research evaluates the stock trends and financial performance of ten major FMCG companies in India—namely Hindustan Unilever Limited, ITC Limited, Nestlé India Limited, Dabur India Limited, Godrej Consumer Products Ltd, Britannia Industries Limited, Marico Limited, Colgate-Palmolive (India) Limited, Tata Consumer Products Limited, and Emami Limited—over a five-year period from 2020 to 2025. Utilizing a descriptive research design and secondary data sourced from annual reports, financial databases, and official websites, the study analyzes critical financial metrics including liquidity, leverage, turnover, and profitability ratios. The findings confirm that the chosen FMCG firms exhibit strong financial resilience, stable liquidity, and an upward growth trajectory, validating the alternative hypothesis (H1) that financial and stock trends show positive growth across the timeframe.**

I. INTRODUCTION

The Fast-Moving Consumer Goods (FMCG) industry is one of the most dynamic, large-scale, and essential sectors driving the Indian economy. Encompassing frequently purchased items at relatively low prices such as food and beverages, personal care items, household maintenance products, and over-the-counter medicines the sector significantly impacts national GDP, employment generation, and rural-urban economic expansion. Key attributes of the sector include high inventory turnover, extensive distribution infrastructure, deep brand loyalty, and constant innovation.

To understand market dynamics and valuation trends, this study focuses on ten leading FMCG corporations in India:

- Hindustan Unilever Limited (HUL)
- ITC Limited
- Nestlé India Limited
- Dabur India Limited
- Godrej Consumer Products Ltd (GCPL)
- Britannia Industries Limited
- Marico Limited
- Colgate-Palmolive (India) Limited
- Tata Consumer Products Limited
- Emami Limited

II. REVIEW OF LITERATURE

Prior academic literature and industry investigations provide foundational frameworks for forecasting stock movements and analyzing retail supply chains:

- Research by Kimoto et al. (1990) and Leigh et al. (2005) explored stock market prediction utilizing historical financial parameters and advanced regression models.
- Studies by Dutta et al. (2006) and Mostafa (2010) examined index forecasting and exchange movements using computational intelligence and neural networks.
- Sector-specific analyses, such as Lewandowska (2012) and Nurhayati-Wolff (2022), evaluated shrinkage control and the general market landscape of FMCG operations in European and Indonesian markets.
- Supply chain forecasting models, inventory management methodologies, and time-series decomposition techniques have been extensively

researched by scholars like Vayvay et al. (2013), Rakicevic and Vujosevic (2015), and Tseng et al. (2012) to optimize operational efficiency.

III. RESEARCH METHODOLOGY

- Research Design: A descriptive research design was adopted to analyze past financial records and stock trends of the selected companies.
- Data Sources: The study relies exclusively on secondary data extracted from corporate annual reports, official NSE and BSE databases, financial journals, and published literature.
- Sampling Technique: Purposive sampling was used to select ten top-performing FMCG market leaders in India.
- Study Period: The evaluation spans five financial years from 2020 to 2025.
- Analytical Tools: Financial ratios, trend analysis, percentage calculations, tabular summaries, and graphical representations were employed.

Hypotheses Formulation

- H0 (Null Hypothesis): Financial and stock trends for chosen FMCG firms are minimal throughout the timeframe.
- H1 (Alternative Hypothesis): Financial and stock metrics show an increasing rate for selected FMCG firms over the timeframe.

IV. DATA ANALYSIS AND FINDINGS

The empirical evaluation of financial ratios and market performance across the ten selected companies provided a detailed look into their operational stability and growth parameters:

- Liquidity Ratio Evaluation:

The analysis of short-term liquidity through the current ratio across all selected FMCG firms demonstrated a steady, positive, and gradual increase throughout the study period from 2020 to 2025.

This upward progression indicates sound financial health, a consistent capacity to meet immediate short-term obligations, and highly effective short-term asset management.

- Leverage and Solvency Analysis:

Examination of the debt-equity ratio revealed that the majority of the evaluated corporations—specifically Hindustan Unilever Limited (HUL), ITC Limited, Dabur India Limited, Marico Limited, Colgate-Palmolive (India) Limited, and Emami Limited—maintained extremely low leverage profiles. These market leaders relied predominantly on internal equity financing rather than heavy external debt to fund their operations. While Nestlé India Limited exhibited a slightly higher debt-equity ratio, it remained well within safe, secure, and profitable operational limits. Furthermore, high proprietary ratios across the board confirmed robust long-term solvency, demonstrating that industry leaders maintain a high proportion of total assets funded directly by shareholders' equity.

- Profitability and Coverage Performance:

The interest coverage ratio highlighted exceptionally strong operational profitability across the sample, reflecting a robust capacity to comfortably cover all interest and debt-servicing obligations. Nestlé India, Colgate-Palmolive, and ITC led prominently in this specific metric. Despite persistent macroeconomic challenges, such as inflationary pressures and escalating input costs, gross, net, and operating profit margins remained remarkably resilient. Particularly strong operating and net profit margins were consistently recorded by ITC, Colgate-Palmolive, and HUL.

- Capital Turnover Efficiency:

The capital turnover ratio exhibited a consistent and clear upward trend across all evaluated companies from financial year 2021 through 2025. This performance reflects highly efficient resource utilization, demonstrating that the firms successfully maximized sales generation relative to the total capital employed in their daily business operations.

V. CONCLUSION

The comprehensive trend analysis confirms that FMCG equities in India exhibit extraordinary stability, reliability, and economic resilience. Industry giants like Hindustan Unilever, ITC, and Nestlé India consistently delivered stable returns and regular dividends, while other firms navigated market fluctuations through technological integration and widespread distribution reach. Based on the empirical findings, the null hypothesis (H0) is rejected, and the alternative hypothesis (H1) is fully accepted, proving positive financial and stock trend growth across the chosen FMCG firms during the 2020–2025 study period.

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