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Average stock price comparison of HUL and ITC limited

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ABSTRACT

The following research paper compares the stock prices of 2 major players in the FMCG industry- Hindustan Unilever and ITC.

Keywords— Stock, Market, Stock Market, Hindustan Unilever, ITC Limited, Average Stock Price, Bulls, Bears, Research, Paper, Research Paper

1. INTRODUCTION

1.1 Hindustan Unilever

Hindustan Unilever Limited (HUL) is a British-Dutch manufacturing company headquartered in Mumbai, India. Its products include foods, beverages, cleaning agents, personal care products, water purifiers and consumer goods. HUL was established in 1933 as Lever Brothers and following merger of constituent groups in 1956 was renamed as Hindustan Lever Limited. The company was renamed in June 2007 as "Hindustan Unilever Limited". As of 2019 Hindustan Unilever portfolio had 35 product brands in 20 categories and employs 18,000 employees with sales of Rs. 34,619 crores in 2017-18.

1.2 ITC

ITC Limited is an Indian multinational conglomerate company headquartered in Kolkata, West Bengal. Established in 1910 as the 'Imperial Tobacco Company of India Limited', the company was renamed as the 'India Tobacco Company Limited' in 1970 and later to 'I.T.C. Limited' in 1974. The dots in the name were removed in September 1974 for the company to be renamed as 'ITC Limited' where 'ITC' would no longer be an initialism. The company completed 100 years in 2010 and as of 2012–13, had an annual turnover of US\$8.31 billion and a market capitalization of US\$52 billion. It employs over 30,000 people at more than 60 locations across India and is part of Forbes 2000 list.

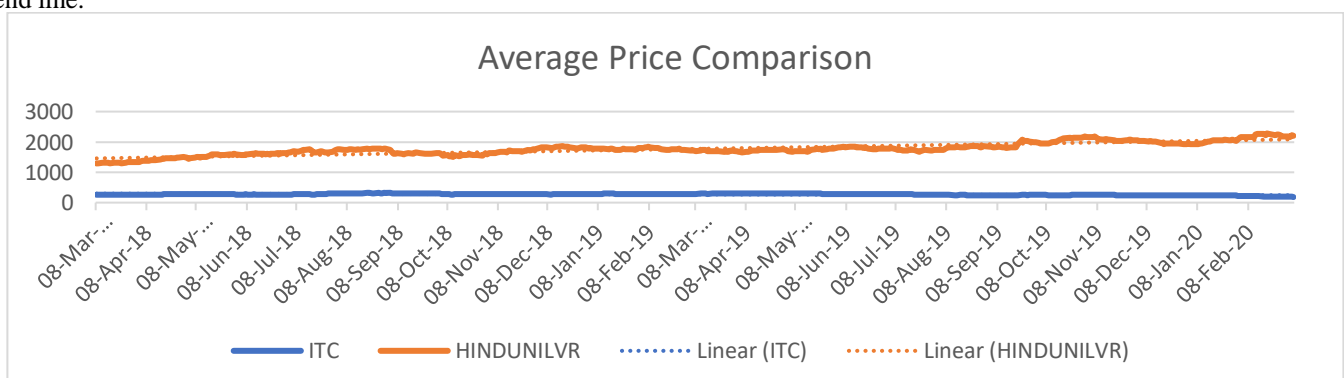
2. OBJECTIVES

- To use statistical functions to compare the average price of HUL and ITC from 8 March 2018 to 6 March 2020.
- To analyze the range for majority average price.
- To find the correlation between the average price of HUL and ITC

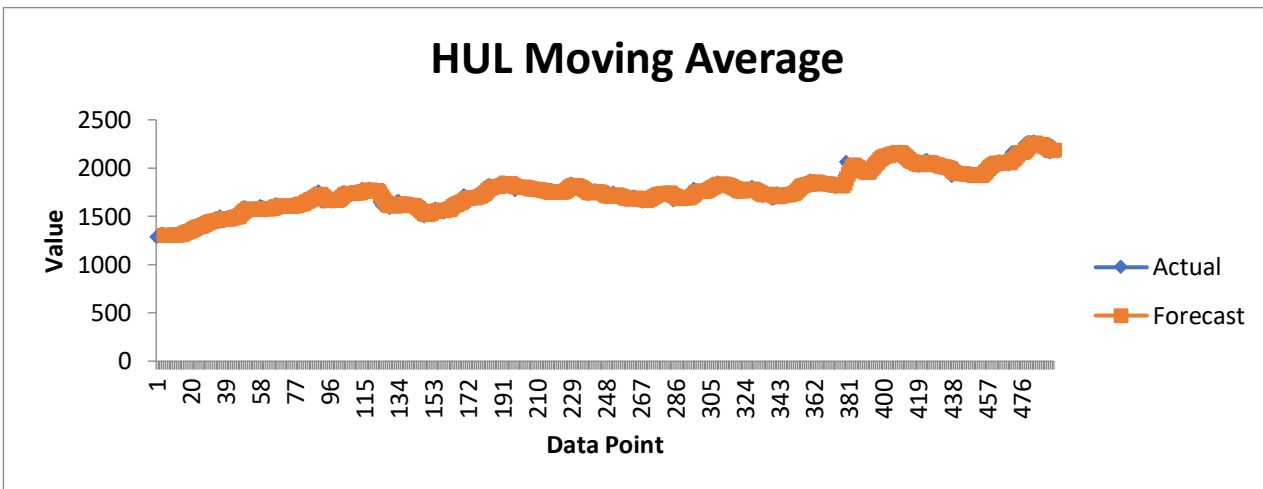
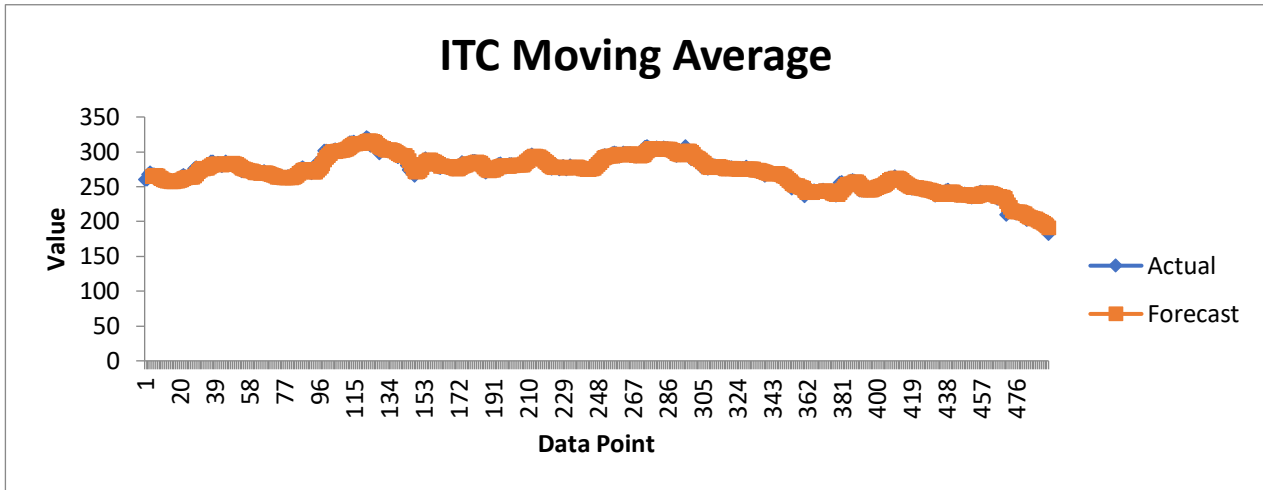
3. ANALYSIS

3.1 Objective 1

After comparing the average stock prices from 8 March 2018 to 6 March 2020 it is observed that the stock prices of Hindustan Unilever are significantly higher than ITC Limited as observed in the table below however the stock prices of ITC tend to stick to the trend line and are more consistent as compared to HUL whose stock prices show more variation and tend to deviate from the trend line.

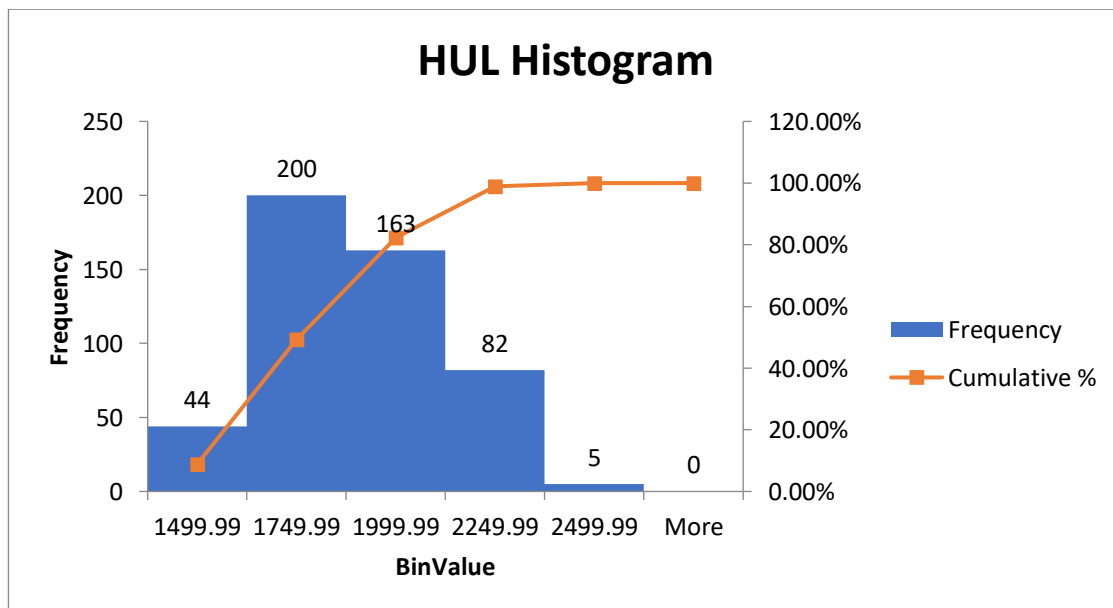


By individually studying the 5 daily moving average prices of ITC and Hindustan Unilever it is observed that the stock prices of ITC have begun declining with the onset of 2020 whereas the stock prices for ITC have been booming in crescendo.

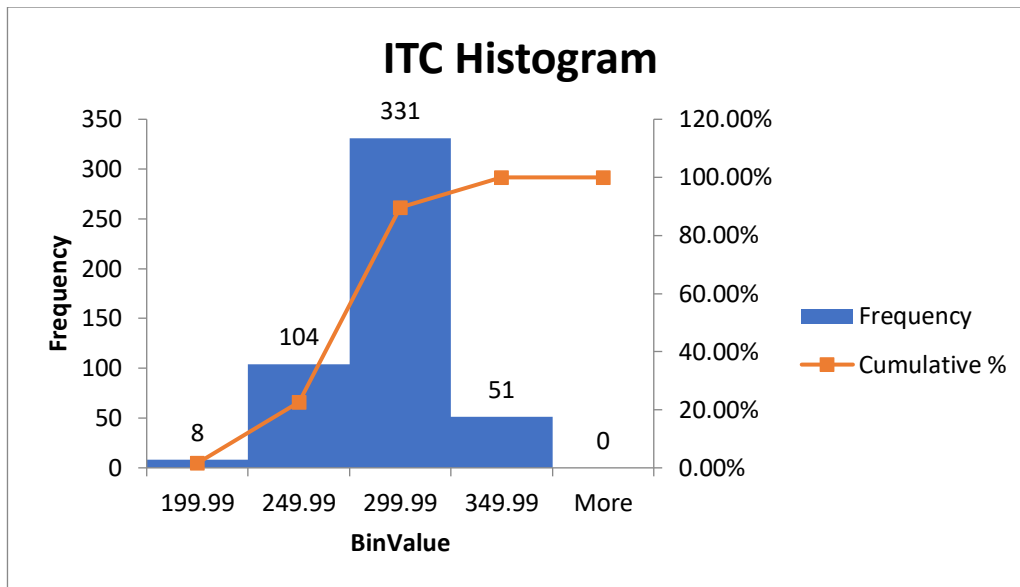


3.2 Objective 2

3.2.1 For Hindustan Unilever: A majority of 200 stock prices were in the range of 1500 – 1750. The second majority was 163 stock prices in the range 1750 – 2000.



3.2.2 For ITC: A majority of 331 stock prices are in the range of 250 – 300. The next majority is of 104 which is in the range of 200 – 250.



Analysis: Where a majority of the prices of Hindustan Unilever are in the range of Rs 1500 – 2000 the prices of ITC are majorly only in the range of Rs 200 – 250.

3.3 Objective 3

When studied the correlation between the average stock prices of Hindustan Unilever and ITC it is observe that they share a correlation of -0.58257 which implies a negative relationship between the stock prices of HUL and ITC. Due to being in the same industry people tend to shift from ITC to HUL and vice-versa.

4. CONCLUSION

There is a decline in the prices of stock prices of ITC whereas those of Hindustan Unilever are increasing at a significant rate. Due to the negative correlation it can be implied that investors are shifting from ITC to Hindustan Unilever.

5. REFERENCES

[1] <https://www1.nseindia.com/>