

Strategic Analysis of Top Five Bse's Company

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ABSTRACT:

Strategic analysis helps one explore the options to grow, face challenges within the industry, and make better decisions with the help of the strategist and achieve the desired goals and objectives. It is an approach to facilitating, understanding, and finding an organization's abilities to achieve its vision and mission according to the demands of the external threats and opportunities. This paper analyzes and studies the major and essential strategic tool namely BCG Matrix which shall enable an organization about its market growth and competition and to determine its position in the market like dominant, favorable, weak, and so on. Such an analysis shall help the strategist in taking proper decisions with respect to the availability of resources in the business and to achieve their desired goals and objectives in the context of its vision, mission, business definition, business model and the end goals.

KEYWORDS: *BCG Matrix, strategy identification, market growth, market position*

INTRODUCTION:

Bombay Stock Exchange Limited (BSE), formerly “the native share & stock brokers association”, is a stock exchange engaged in providing market for trading in equity, debt, bond, securities and derivatives in India. It is one of the largest exchanges in the world with more than 6000 listed companies and also in terms of transactions handled through its electronic trading system. The BSE index, known as the SENSEX is the most established Stock Market bench

mark index that is composed of 30 stocks from 12 sectors. BSE offers wide range of services capital market participants:

- Clearing settlement
- Risk management
- Training services
- Market data services

BOSTON CONSULTING GROUP (BCG) GROWTH-SHARE MATRIX:

This is the simplest way to portray a business portfolio of investments. Growth share matrix also known for its cow and dog metaphors is popularly used for the resource allocation in a diversified company. The BCG matrix is helpful for the strategist to be applied as a tool in the business which will enable the users to know the growth share in the market.

Bombay Stock Exchange Limited- BCG Matrix Analysis:

The Analysis has been taken for the top five listed companies in BSE. They are:

- RELIANCE INDUSTRIES LTD.
- INFOSYS LTD
- HDFC BANK LTD
- ITC LTD
- ICICI BANK LTD

OBJECTIVES:

- To analyze the external and internal factors of above mentioned listed companies
- To make a comparative study of top five listed companies in BSE by doing BCG Matrix.

RESEARCH METHODOLOGY:

The study is based on the secondary data. The data has been collected from different websites of BSE, and Wikipedia. The source also includes various books, journals and magazines.

REVIEW OF LITERATURE:

Andrew Aylesworth (1999) Pets are found in 58 million homes in the United States, and are a significant factor in the lives of many consumers. Marketers have begun to recognize the importance of animal companions to the lives and experiences of consumers. In this paper the author has presented an organizing framework for the continued study of this relationship from a consumption point- of view. The author has illustrated this framework with examples from the animal companion and marketing literatures, and has suggested several research directions where consumer behavior scholars can make a contribution to the animal companion domain.

Donald C Hambrick (1982) This paper empirically explores the performance tendencies and strategic attributes of businesses in the four cells of the Boston Consulting Group product portfolio matrix. Businesses differed in their performance and strategic attributes, according to the two dimensions of the BCG Matrix- product life cycle stage (growth rate) and market share.

BCG MATRIX OF RELIANCE INDUSTRIES

Reliance industries limited was developed by Dhirubhai Ambani. It is an Indian multinational conglomerate company headquarters in Bombay. Reliance industries owns telecommunication, natural resources, retails, marts, trends, petroleum, oil refinery, pharmaceuticals, exploring and producing hydrocarbon, textiles and many more. It is the one of those Indian companies which has so many subsidiaries, as it stands next to TATA groups.

STAR

- Reliance retail showed profits of about 45% upwards from 2017 under one segment.

- Reliance's petrochemical and oil refining business reflects the company's global scale of integrated operations with the strong competitive position in the market.
- RIL Jamnagar average utilization levels exceeds 110% in its higher efficiency and well executed strategies.

QUESTION MARK

- Reliance petroleum in the market situation is equalized to high growth rate and optimum investment.
- The company should make very huge investment to grow market share due to competition and fix them stars for future.
- Reliance retail tends to have a unpredictable future, because they need special attention in the management.

CASH COWS

- There is decline in the reliance oil and gas production for about 3% to 12% on a year on year basis.
- Dealing in perishable goods like fruits and vegetables need much cash to stand firmly because trends change every time .
- Reliance biopharmaceuticals provides multi-national specialty therapies , so it requires intense effect to keep large amount of liquid cash to improve their market share

DOGS

- Reliance digital TV has the least market share among its competitors.
- In recession period, reliance petrochemicals revenue has been decreased marginally from Rs.53, 000 crore to Rs.52, 767 crore due to their low market share in a highly low growth market.
- The continuous low profit in Reliance mart despite of the investments might cause towards divestment.

BCG MATRIX OF INFOSYS

Infosys limited is an Indian multinational corporation that provides business consulting, outsourcing and information technology businesses. It is a global leader in providing services to its clients in more than 50 countries to create and execute digital transformation changes strategies. It has made strategic investments in different domains. The company has established 13 subsidiaries across the globe.

STAR

- Infosys SBU's generate products which are the building standards of products portfolio.
- Infosys software products are currently holding 20% market share and it tends to increase up to 5% growth in the next 5 years.
- Infosys undergoes product development strategy to increase its product quality and satisfaction among the investors and consumers.

QUESTION MARK

- In recent trends, Infosys package processes are more focused with high growth rate in low market shares.
- Maintaining the low level market shares are now flexible with the Infosys implementation and maintenance stream.
- Infosys A Strategic Human Resource Management has a low market share in confectionary market, though it has a huge consumer background.

CASH COW

- Infosys maintenance program software are in the stage where it holds low growth rate with high market share.
- The developing software products are in midway market of holding higher shares.
- Infosys technologies Ltd. often face the threat of low growth rate in the prevailing market conditions.

DOG

- KPO's and BPO's are in this stage where it maintains low growth rate and low market share.
- Infosys's consulting groups are very poor in its programming processes.
- Infosys is facing a continuous loss for past 3 years in synthetic fiber products strategic business units and its market shares for it also less than 5%.

BCG MATRIX OF ICICI BANK

ICICI Bank is one of the Big Four banks in India. It was established by the **Industrial Credit and Investment Corporation of India (ICICI)**, an Indian financial institution, as a wholly owned subsidiary in 1994. It has contributed to the set-up of a number of Indian institutions to establish financial infrastructure in the country over years. It offers wide range of financial services for corporate and retail customers.

STAR

- The financial service rendered by the ICICI bank operates the market that create potential in future.
- ICICI bank vertically integrate by acquiring other firms in the supply chain.
- ICICI Prudential able to leverage both the trends and the market share growth in the nominal economy.

QUESTION MARK

- ICICI venture are in the position where it remains with low market share though the growth level is comparatively high.
- The local foods strategic business unit is a question mark in the BCG matrix for ICICI bank limited.

- ICICI bank is very low in its innovation by research and development as it more focusing on competitive advantage.

CASH COW

- The supplier management service strategic business unit has been in operations for over a decades and earned ICICI bank limited a significant amount in revenue.
- ICICI bank offers a range of agricultural loans to the general public's, this make it to stand with high growth.
- ICICI in rural earned growth in housing and car loans while in corporate, it will be working capital and loans to new projects.

DOG

- ICICI money transfer policy falls to low growth and lowest market share. As it doesn't flexible for directed public benefits.
- Over simplification in the market growth and relative market share level shares the lower position of the stock units.
- In banking sector, especially ICICI bank which has competitive advantage where it is difficult to distinguish between product and market utilities.

BCG MATRIX OF HDFC BANK

The Housing Development Finance Corporation (HDFC) was amongst the first to receive the “in principle” approval from Reserve Bank of India (RBI). It is the India's premiere and enjoys the impeccable track in India as well as in International markets. It has developed significant expertise in retail mortgages loans to different classification of large corporate clients. It is a major provider of finance for housing loans in India.

STAR

- HDFC Prudence Fund is a large balanced scheme managing assets worth Rs.36, 594 crore, which dynamically manages between equity and debt instruments.
- HDFC Equity Fund is a platform where investors who are looking to invest for at least 3 to 4 years and looking for high returns.
- There has been a lot of growth potential for banking industries because of increasing working class and more volatility in other markets also.

QUESTION MARK

- HDFC Rajiv Gandhi is launched for equity investors saving scheme remains to be in low growth of share in the market.
- Equity saving fund operates with wide viability but it process slowdowns to small position in the economy.
- HDFC Focused Equity fund which adds another advantage to HDFC companies, but its management was made to slow down its market share.

CASH COW

- HDFC bank was able to record only 43% growth in profits for the past 5 years, due to the changes in the economic conditions in India.
- Due to demonetization, valuation commanded by the stock was not good enough to justify the needs of the investors.
- HDFC high market share and low growth rate in mutual fund shows that it should only focus on profitable products and make a try to invest on products with low growth rate.

DOG

- HDFC Index Fund – Sensex Plan scheme is managed passively with investments in stocks in a prompt proportion that is as close as possible to stocks of SENSEX.

- Some of the units of HDFC stand to nil, as those units don't generate cash inflow to the business.
- HDFC Balanced Advantage Fund is an open-ended hybrid scheme that operates in dynamic asset allocation strategy but not effective in its operation.

BCG MATRIX OF ITC LIMITED

ITC is established in 1910 as the “Imperial Tobacco Company of India Limited” and later renamed as ‘ITC Limited’. It has diversified presence in FMCG, cigarettes, paperboards and packaging, Hotels, Retails, Agriculture and many more. It is the first company to foray into consumer research. It was listed on Forbes 2000. Its mission is to enhance wealth generating capacity of the enterprise, globalizing environment

STAR

- Agriculture proves to be backbone of India; therefore business relating to agricultural products like poultry, sericulture, horticulture etc. retains the trends in the Indian Economy.
- ITC Hotels are the India's third largest hotel chain with more than 100 hotels has become synonymous with Indian hospitality.
- ITC Paperboards and packaging are the largest manufacturers and suppliers of graphic paperboards in South Asia with the best reputation and quality among consumers.

QUESTION MARK

- ITC FMCG Foods and Agarbathies lies within the border level of consumption.
- It holds only 20% share of greeting market and with 4.4% revenue income annually.
- Aashirvad Atta is in the first segment of -7.5% profit before interest and taxes and 4.4% revenue income over it.

CASH COW

- ITC FMCG-Cigarettes dominates 70% share level in the market, which is not a good growth level to the economy.
- Seductive drugs of ITC handle up to 77% of total revenue for the past 3 years with low growth level.
- In terms of harmful products, ITC maintains slow growth but with high market share.

DOG

- ITC InfoTech, for the last 6 to 7 years became very dull in its field.
- ITC software based profession also became submissive as they don't generate cash the business.
- ITC many business units are seemed to be cash traps and therefore not useful source of earnings.

ANALYSIS AND INTERPRETATION:

From the BCG analysis being made for the top five listed companies, it shall be noted that the Reliance Industries stand first and is preferred mostly by the customers. Also the BCG matrix enables the business to know it's market growth for every product being introduced and shall let the firm to sustain in the market. As a result the other business of ICICI, HDFC and ITC are considerable to sustain in the market but shall not achieve any competitive advantage.

CONCLUSION:

BCG Analysis has been used to know the market share growth of each business. In that case the reliance industries stands first in achieving competitive advantage and sustaining in the market irrespective of it's large number and strong competitors. The other firms have a favorable market condition and shall grow In the market in accordance with the strategy that they implement.

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