Fundamental Analysis: A Study of FMCG Sector in India

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Abstract

Fundamental Analysis is the keystone of investing. It is all about understanding the financial position of a firm, the environment in which it operates and its prospects. It involves looking into both financial and non-financial aspects of a firm to get an idea of its future performance. The main objective of fundamental analysis is to find underpriced or overpriced securities by calculating its intrinsic value or real value and comparing it with the market price so that the investment decision of buying selling can take place. To carry out Fundamental analysis EIC (Economy, Industry, and Company) approach has been used. It is also known as a Top-Down approach. From the study, it is analyzed that EMAMILTD, GODREJCP, ITC, JUBLFOOD, MARICO & UBL has an intrinsic value greater than market value and is suggested to buy & hold the shares. Earnings of BRITANNIA, GODREJCP, JUBLFOOD, ITC & MARICO belong to shareholders only as these companies don't have any debt portion. GODREJCP has a maximum net profit ratio in the year 2019 as compared to other companies.

Keywords: FMCG Sector, Fundamental Analysis, Intrinsic Value, Market Value, Shares

I.I. INTRODUCTION

Fundamental analysis is analysis of firm's financial statements to find out their intrinsic value. Stocks with higher or lower value than their real value has been looked by analysts so that they can suggest investors to invest in the stock which gives higher returns. It provides logical and systematic approach to estimate future profits. Mostly fundamental analysis is good for long term investments based on long term trends. It also helps us to know that industry and economic factors also affects companies' performance.

Fundamental analysis can be useful in various ways but it should be approached carefully, sometimes the analysis done but not utilized with care or without knowing the behind scene of the report may yield a negative return and this implies that the motive of increased future funds is not achieved. Therefore, investment decision should be taken with due care and expertise.

FMCG i.e. Fast Moving Consumer Goods sector is the 4th Largest Sector in Indian Economy. This sector has witnessed a notable growth over the years. Demand for goods and services in FMCG sector are stable because this sector is considered as defensive as earnings of these firms are not highly affected by the poor market conditions.

I.II. OBJECTIVES

1. To overview Economy and Industry aspects.
2. To analyze the performance of FMCG companies through Ratio Analysis.
3. To estimate Intrinsic Value of shares.

I.III. LITERATURE REVIEW

Fundamental Analysis is an approach to arrive

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at correct price of a share or stock by estimating its current and future earning capacity based on Economy, Industry and Company. Its main objective is to find out the intrinsic value of share so as to take investment decision.

Jean Paul Gettay, one of the most successful stock market operators of all time said, “Do not buy stock until you know all about it.”

According to Pandya and Pandya (2013), the purpose of fundamental analysis is not to enter and exit the market very often, for switching securities or to have speculative gains, instead it is for long term investment.

Yee and Cheah (2006), from there study analyzed that large firms which are having greater resources and have great skills, are not guaranteed to be more profitable.

According to Bonga (2015), it does not matter whether fundamental analysis or technical analysis or both is used by investor as it only explains investor’s risk appetite. Moreover, what is important is to rely on analysis rather than making blind investment, which will turn the objective of saving funds to increase value and wealth.

I.IV. RESEARCH METHODOLOGY

Data-Based research was conducted using secondary data and published data collected from financial statements of Companies undertaken for analysis, Research Publications of individuals and Institutions, money control, NSE, etc. The financial data of FMCG companies listed under the National Stock Exchange (NSE) for the period 2013-14 to 2018-19 has been collected. There are fifteen Companies under NSE out of which twelve has been taken for analysis. Various factors of economy and industry are analyzed. Accounting ratios and intrinsic value have been calculated to analyze the performance of companies. The statistical tool average has been used for calculation. Bar graphs have been used for presenting data.

I.V. ECONOMY ANALYSIS

Investments are an integral part of our economy, it not only creates and increases the wealth of a country and investors but also leads to economic development but before investing in any company one should research and study various factors. Hence economic analysis comes into role. Economic analysis proves to be a very strong and helpful tool for investors. It creates a clear and comparative view on which company/sector to invest in.

A country’s growth is analyzed to make the positive investment decision since income distribution in every country differs, say per capita income of the US economy cannot be compared with per capita income of the Indian economy. Hence economic analysis creates a base to identify investment opportunities in underdeveloped and developing countries.

Investors desire high returns and economic development. There are various tools like slope, optimization technique and economic variables by which weakness and strength of the economy can be determined.

Finance is the backbone of any economy. Inadequate or wrong financial/ investment decisions can lead to recession/ inflation for a healthy economy. Investors need to analyze and invest at the correct time. The economic analysis involves the study of the economy by analyzing the opportunities.

Aspects of Economy Analysis:

- **GDP is** the most widely used economic indicators that can help in determining the health of an economy. Rising GDP indicates a boom period and good health of the economy whereas declining GDP indicates economic slowdown and recession. As in the current scenario, the GDP of our country rose to 8% in 2018 from 6.6% in 2016. Rising GDP boosts investor’s confidence in the economy and leads to an upward trend in FDI and Nifty Index Price.
- **Inflation** is the rise in the prices of goods and services. Inflation not only increases the prices but also impacts the standard of living, cost of doing business, etc. The business became less profitable as the cost of input increase. Currently, inflation in India rose to 5.24% from 4%. However, the inflation rate has drastically declined from 2012 when it was 11.17% and today it’s almost half about 5.24%. Inflation has an inverse relationship with the index. An increase in inflation leads to a bullish market and a decrease in inflation has a positive impact on a country’s economic health. Due to a decline in inflation since 8 years had a positive impact on Markets.

- **Tax Structure** in an economy plays a very important role in framing investors decision, FDI is very important for any economy, when taxes are too high, FDI tends to withdraw from such economy and would like to invest in such economy where taxes are lower. The government has taken many initiatives to boost economic growth. The government has slashed corporate tax rates from 30% to 22% for existing companies and for manufacturing companies' taxes have been reduced from 25% to 15%. With the introduction of GST, lots of taxes have been subsumed and single tax structure has been adopted by the government like service charge was earlier 18% that have been removed, restaurant taxes were 18% that have been bought down to 5%. A very small taxpayer has been benefited due to composition schemes, items of necessity like milk, bread, eggs, fresh fish, vegetables, etc have become tax-free. This has brought down inflation in the economy.
- **Political Factors** have great importance in an economy and market, near the budget announcement market sees lots of fluctuations like before budget announcement 10-year bond was trading at 7.27% which short up to 7.37%. however, many shares boost up like DABUR, ITC, reliance, etc.
- **Ease of Doing Business** rank of India has improved to 63 in 2019 from 77 in 2018. Ease of Doing Business in India averaged 119.67 from 2008 until 2019, reaching an all-time high of 139 in 2010 and a record low of 63 in 2019[!] The major portion of the improvement in rank has been seen after the year 2016.

I.VI. INDUSTRY ANALYSIS

The growth and progress of industry depend upon the situation of the economy in which it exists which in turn has an impact on the market price of securities. The purpose of industry analysis is to understand that irrespective of economic growth some industries might perform better or worst.

FMCG i.e. Fast Moving Consumer Goods sector is the 4th Largest Sector in India, it constitutes approximately 50% of household products, 30% for health care and 20% for food and beverages. It has grown from 31.6 billion US$ in 2011 to 52.8 billion US$ in 2018.

Investing decisions in FMCG's can depend on company to company. Some companies under FMCG sectors are so much better than other reasons may vary, some are performing better due to quality some due to quantity and some due to competitive prices. FMCG sector is dealing with consumer products in which some products are a necessity due to which their demand becomes inelastic and a reason to perform better than other industries.

Aspects of Industry Analysis:

• Porters Five Forces

§ **Ease of entry:** Root (1994) and Buckley and Casson (1998) have identified 15-20 modes of market entry. These can be broadly classified into five main categories which are export, licensing & franchising, strategic alliance, joint venture, and wholly-owned Subsidiary.

§ **Power of suppliers:** Large suppliers have greater power than those of small suppliers.

§ **Power of buyers:** It depends upon their spending capacity.

§ **Availability of substitute:** Within the industries, there are many competitors. Therefore, the substitute for the products is easily available.

§ **Competitor:** There is no such competitor of FMCG.

Understanding the industry is an important component of effective strategic planning.

• Demand and Supply

FMCG sector deals in products that are of daily needs and necessity, buying and selling is done on a continuous basis. Demand for these products will not decline too much during the recession. Therefore, it will not hamper the profits to a large extent. Though this sector also deals with products that are not a necessity but somewhat luxurious, their demand will also not decline too much during inflation or depression because they are not so much costly as compared to the products of other industries. **Demand and supply for these goods are continuous in nature which is clear from the name Fast Moving Consumer Goods(FMCG).**

• SWOT Analysis

§ **Strengths:** Low operational cost, presence of established distribution channel, presence of well-known brands in FMCG, e-commerce.

§ **Weakness:** Low scope of investment in technology, low export level, counterfeit product.

- § **Opportunities:** Untapped rural market, rising income level, large domestic market.
- § **Threat:** Removal of import restrictions, tax, and regulations, bargaining powers of buyers and suppliers.

• **Key Players**

DABUR, COLPAL, ITC, MARICO, BRITANNIA, HUL, etc.

• **Rules and Regulations**

There are so many legal compliances for food industries in India. Law governs that the consumable products should be safe and secure to be consumed by the public and should not affect the health of a person.

• **Tax Structure**

GST is beneficial for FMCG Sector because many products like soap, toothpaste, etc., which were taxed between 23-24% are now taxed at 18%. Basic food products like wheat, milk, rice, and fresh vegetables are kept under the nil bracket. Other food products come under 5% or 12% bracket. Approximately 81% of items are kept under 18% or below tax bracket and the remaining 19% fall in a 28% tax rate.

• **Investments and Developments[2]**

- § 100% FDI allowed in food processing & single-brand retailing and 50% in multi-brand retailing. From April 2000 to March 2019 this sector witnessed an FDI inflow of US$ 14.67 billion.
- § The number of mega food parks ready increased from 2 between 2008-14 to 13 between 2014-18.
- § Preservation and processing capacity increased from 308,000 during 2008-14 to 1.41 million during 2014-18.
- § The number of food labs increased from 31 from 2008-14 to 42 during 2014-18.

I.VII. COMPANY ANALYSIS

Company Analysis involves looking into financial statements like Profit & Loss A/C, Cash Flows, Balance Sheet to ascertain the earning capacity, profitability, efficiency and financial position of a firm with respect to earnings of shareholders. Company analysis not only considers financial factors but non-financial factors too which includes the nature of business, competitive advantage, technology, efficiency of management, Corporate Social Responsibility (CSR), Research and Development, etc. which are important for an investor to analyze before making an investment. Through company analysis, one can analyze how a company performs as compared to previous years as well as from other similar companies. It consists of Ratio analysis and finding out the intrinsic value of a share.

The following 12 FMCG companies has been selected for the purpose of research:

Table 1: Name of Companies and their Symbol

S.No	Name of Company	Symbol
1	Britannia Industries Ltd.	BRITANNIA
2	Colgate Palmolive (India) Ltd.	COLPAL
3	Dabur India Ltd.	DABUR
4	Emami Ltd.	EMAMILTD
5	Godrej Consumer Products Ltd.	GODREJCP
6	Hindustan Unilever Ltd.	HINDUNILVR
7	ITC Ltd.	ITC
8	Jubilant Foodworks Ltd.	JUBLFOOD
9	Marico Ltd.	MARICO
10	Tata Global Beverages Ltd.	TATAGLOBAL
11	United Breweries Ltd.	UBL
12	United Spirits Ltd.	MCDOWELL-N

Source: www.nse.com

A.A. Ratio Analysis

"Ratio analysis is a study of the relationship among various financial factors in a business." **Bhardwaj and Garg (2018)**

It helps in making comparisons, simplifying complex numbers, locating weak points in business, and establishing relationships. It is an important tool for financial analysis and financial management. Financial Ratios help in analyzing the financial performance of a firm.

Following are the aspects of Ratio Analysis:

1. Liquidity Ratios

It measures the company's ability to pay current liabilities within one year.

· **Current Ratio** = Current Assets/ Current Liabilities

It tells about whether current assets are enough to meet current liabilities. 2:1 is considered as an ideal ratio. This states that the company should have at least 2 times current assets as compared to liabilities. If it is less than 1 it means a company has not enough funds to meets current liabilities and if it is more than 2 it means a company has invested more in current assets which can invest for some other productive purpose.

Table 2 shows that BRITANNIA has an ideal current ratio. TATAGLOBAL, ITC & MARICO have invested more in current assets than required and others have that much current assets which can be used to meet current liabilities.

Table 2: Current Ratio

S.No	Symbol	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
1	BRITANNIA	0.9	1.2	1.1	1.8	2.0	1.9
2	COLPAL	0.8	0.8	0.9	0.9	1.1	1.0
3	DABUR	1.7	1.2	1.3	1.5	1.6	1.4
4	EMAMILTD	2.9	3.6	0.5	0.5	1.0	1.4
5	GODREJCP	0.7	0.9	1.0	1.0	1.3	1.1
6	HINDUNILVR	0.7	1.1	1.0	1.3	1.3	1.4
7	ITC	1.8	2.1	1.7	3.6	2.8	3.1
8	JUBLFOOD	0.7	0.5	0.5	0.6	1.1	1.5
9	MARICO	1.4	2.0	1.9	2.5	2.5	2.4
10	TATAGLOBAL	1.5	1.6	1.4	2.2	3.7	5.0
11	UBL	1.3	1.2	1.1	1.2	1.5	1.4
12	MCDOWELL-N	0.9	0.9	0.9	1.0	1.0	1.0

Source: Authors' Calculation

· **Quick Ratio** = (Current Assets – Inventories – Prepaid Expenses)/ Current Liabilities

It is also known as a liquid ratio or acid test ratio. It shows the instant debt-paying capacity of a firm which means liquid assets are immediately available to pay current liabilities. 1:1 is an ideal ratio.

Table 3 shows that EMAMILTD, HINDUNILVR, JUBL, MARICO & BRITANNIA have enough liquid assets to meet current liabilities. ITC & TATAGLOBAL have too many liquid assets to meets current liabilities and others have a quick ratio of less than 1 which means they are not in a position to pay current liabilities immediately.

Table 3: Quick Ratio

S.No	Symbol	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
1	BRITANNIA	0.10	0.10	0.00	0.00	0.30	0.00
2	COLPAL	0.04	0.08	0.06	0.02	0.01	0.07
3	DABUR	0.02	0.02	0.02	0.07	0.06	0.02
4	EMAMILTD	0.05	0.03	0.25	0.01	0.02	0.02
5	GODREJCP	0.00	0.00	0.00	0.00	0.00	0.00
6	HINDUNILVR	0.34	0.30	0.36	0.12	0.15	0.18
7	ITC	0.01	0.00	0.00	0.00	0.00	0.00
8	JUBLFOOD	0.02	0.02	0.02	0.00	0.00	0.00
9	MARICO	0.19	0.10	0.00	0.00	0.00	0.00
10	TATAGLOBAL	0.19	0.20	0.06	0.04	0.03	0.03
11	UBL	0.31	0.28	0.10	0.08	0.08	0.03
12	MCDOWELL-N	0.39	0.83	0.28	0.46	0.32	0.26

Source: Authors' Calculation

1.2. Solvency Ratios

It measures the company's ability to meet its long term obligation.

· **Debt Equity Ratio** = Long Terms Debt / Shareholders Fund

It shows how much debt the company is using to finance fixed assets as compared to shareholders' funds. 2:1is ideal ratio. A higher ratio is not good because if business shut down it may incur a loss to shareholders because at the time of winding up outside liabilities are paid first and left out is distributed among shareholders. A lower ratio is also not good because it shows the company is not taking advantage of trading on equity.

Table 4: Debt Equity Ratio

S.No	Symbol	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
1	BRITANNIA	0.5	0.9	0.8	1.3	1.6	1.5
2	COLPAL	0.5	0.5	0.6	0.6	0.8	0.7
3	DABUR	1.2	0.8	0.9	1.0	1.0	0.9
4	EMAMILTD	2.4	3.2	0.3	0.3	0.6	1.0
5	GODREJCP	0.4	0.6	0.5	0.7	0.9	0.7
6	HINDUNILVR	0.7	0.8	0.7	0.9	1.0	1.1
7	ITC	1.2	1.4	1.1	2.4	1.9	2.3
8	JUBLFOOD	0.6	0.4	0.4	0.4	0.9	1.3
9	MARICO	0.7	0.9	1.0	1.2	1.1	1.3
10	TATAGLOBAL	0.5	0.3	0.5	0.5	2.4	3.0
11	UBL	0.9	0.8	0.8	0.8	1.0	0.9
12	MCDOWELL-N	0.6	0.6	0.6	0.6	0.7	0.6

Source: Authors' Calculation

Table 4 shows that BRITANNIA, GODREJCP, JUBLFOOD, ITC & MARICO have no debt portion in 2018-19 and in previous years they have very little debt portion. HINDUNILVR & MCDOWELL-N has the highest D/E ratio in 2018-19 as compared to others and has been declined from preceding years. Other companies have a very less D/E ratio.

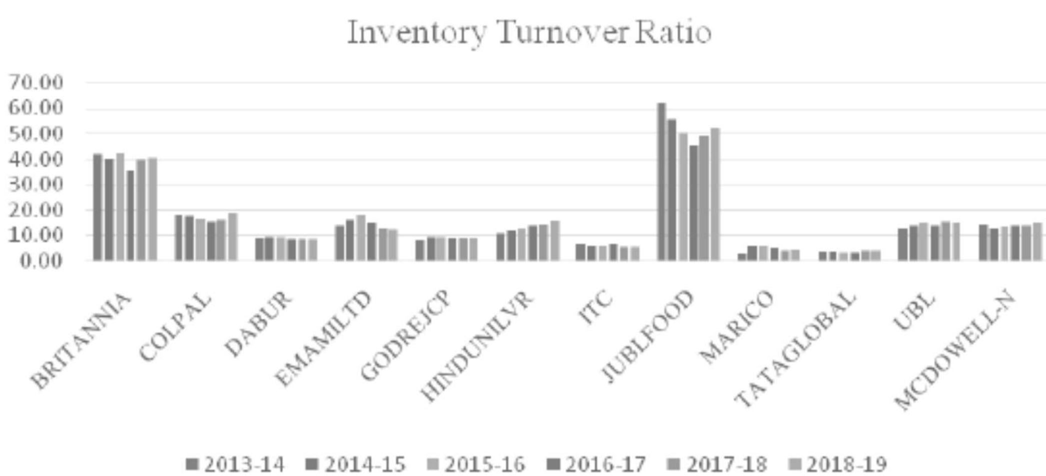
3. Turnover Ratio

It helps to analyze how efficiently the firm is utilizing its resources.

· **Inventory Turnover Ratio** = Cost of Revenue from operations / Average Inventory

This ratio shows how fast inventory is converted into sales that generate revenue from operations. Higher the ratio is better because it shows a firm's inventory is selling at a higher pace leading to profitability. On the other hand, a lower ratio signifies inventory is not selling at a higher pace thereby affecting the profitability of the firm.

Figure 1: Inventory Turnover Ratio



Source: Authors' Creation

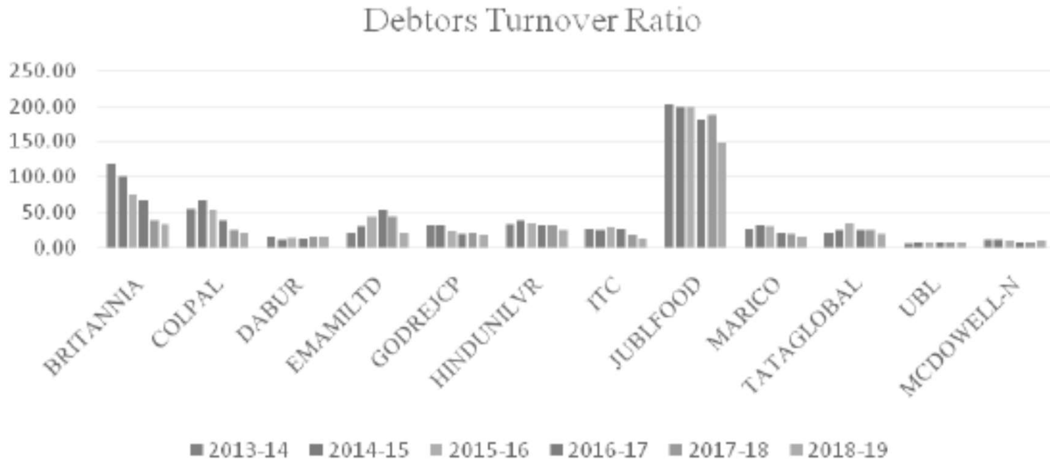
Figure 1 shows that BRITANNIA & JUBLFOOD has a higher inventory turnover ratio. MARICO, TATAGLOBAL & ITC has a lower ratio as compared to other companies. Inventory Turnover

Ratio of other firms lies between 10 to 20 which is also good.

· **Debtors Turnover Ratio** = Sale of Products / Trade Receivables

This ratio indicates the number of times debtors (receivables) are converted into cash and shows how efficient the company is in collecting its debt. Higher the ratio is better, as it shows credit sales are converted into cash speedily and thus, reflects better credit management of a company.

Figure 2: Debtors Turnover Ratio



Source: Authors' Creation

Figure 2 shows that JUBLFOOD has a high ratio which shows the company is very good at converting credit sales into cash in a very short span of time. The ratio for BRITANNIA, EMAMILTD, and COLPAL has been reduced over the years which is not good for the company. Other Companies have an almost consistent ratio over the years.

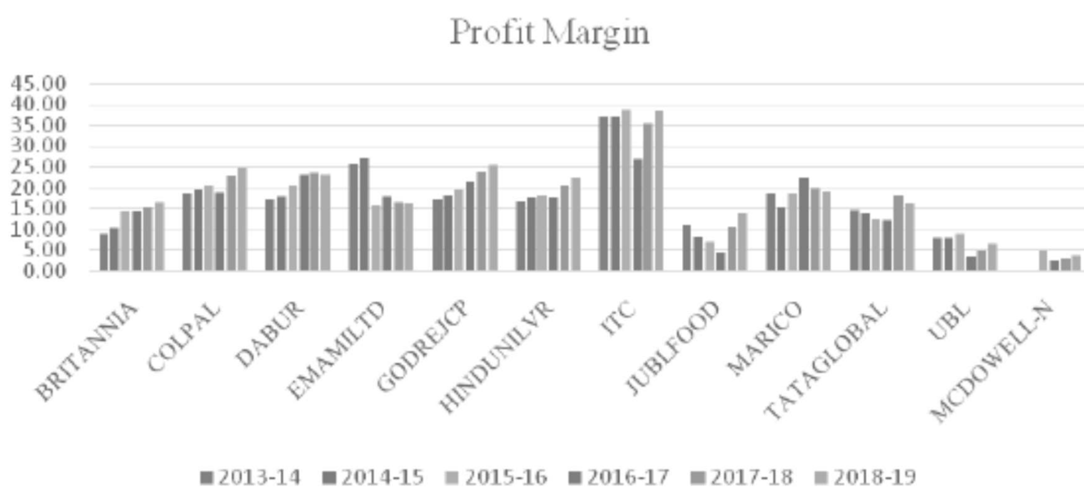
4. Profitability Ratio

It is an important indicator of analyzing the overall efficiency of a firm.

· **Profit Margin (%) =** PBT & Exceptional items / (Revenue from operations + other income)

This ratio shows the extent to which a company has a sufficient margin to cover its operating and non-operating expenses (Bhardwaj and Garg, 2018). Changes in the cost of goods sold or selling price have also impact on profit margin. This change does not reflect any improvement in the efficiency of the firm. Therefore, other factors are also important while doing company analysis. Higher the ratio is better because it shows the company has enough funds to meet its non-production expenses and more would be left for proprietors and shareholders.

Figure 3: Profit Margin



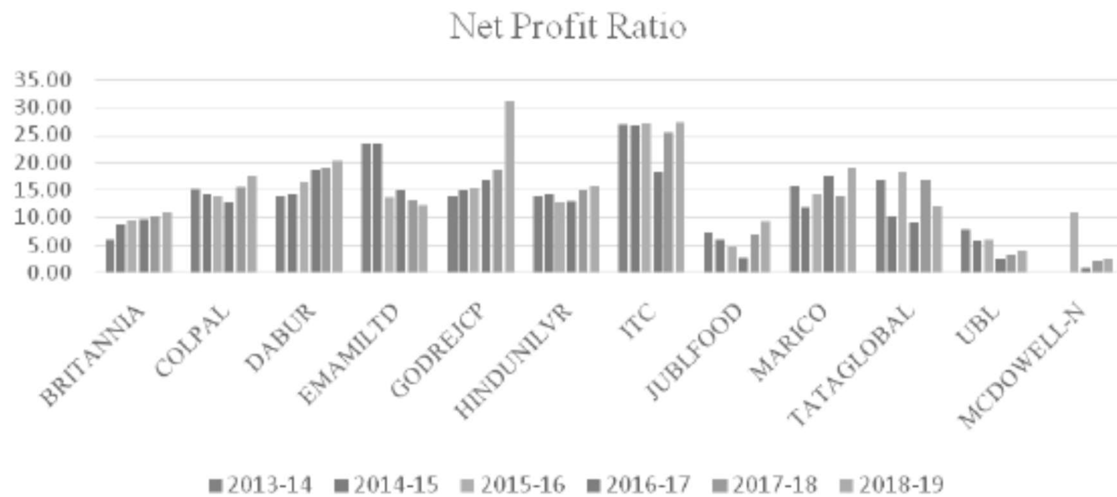
Source: Authors' Creation

Figure 3 shows that ITC has more profit margin as compared to other companies. The profit margin for BRITANNIA, COLPAL, GODREJCP & HINDUNILVR has been increasing over the years. JUBLFOOD shows the v-shaped graph, its profit margin declined gradually and the start increasing which is a very good sign. EMAMILTD's profit margin declined in 2015-16 and afterward, it has been almost consistent. DABUR, MARICO & TATAGLOBAL profit margin is not so consistent and also not increasing. It is some time increasing and sometimes decreasing. UBL has not too much profit margin. MCDOWELL-N has a very less profit margin.

· **Net Profit Ratio** = Profit after Tax/Revenue from Operation

It indicates the overall efficiency of business organization as it considers all operating and non-operating income and expenses of a particular period and these are compared to net revenue from operations (Bhardwaj and Garg, 2018). Higher the percentage is better because good returns are available for shareholders for bearing risk.

Figure 4: Net Profit Ratio



Source: Authors' CreationFigure 4 reflects that the GODREJCP net profit ratio is highest in 2018-19. ITC has an almost consistent Net Profit ratio except for the year 2016-17. COLPAL, DABUR, HINDUNILVR & BRITANNIA net profit ratio has been increasing over the years. EMAMILTD NPR has reduced in 2015-16 and has been reducing. JUBLFOOD NPR is v-shaped, it reduced till 2016-17 and then start increasing. MCDOWELL-N has very poor NPR. Other companies NPR is like zig-zag first decreased then increased and so on.

Though ITC has the highest profit margin during 2018-19 but npr of GODREJCP was highest which means it has more to give to its shareholders.

VIII. Estimation of Intrinsic Value

Every share has intrinsic value at a period. This value keeps on changing from time to time because of various internal and external factors. Intrinsic value is the true or fair or real value of an asset which is not necessarily equal to its market value as an asset may be overvalued or undervalued. It is carried out to predict a company's future performance. In the short run, an asset or stock may be undervalued or overvalued but in the long run, it will graviate towards its real value.

The rule for taking investment decision:

- If the market value is greater than intrinsic value then, the stock should be sold out or should not be purchased as its price will move towards its lower intrinsic value. If a stock is purchased at this time it may lead to a loss.
- If the market value is less than intrinsic value then, the stock should be purchased or should not be sold because its market value will increase in the future and will lead to profit.

A. Calculation of Intrinsic Value:

- Intrinsic Value = Projected EPS × Average P/E Ratio
- Projected EPS = Current EPS × (1 + Growth in Equity)
- Growth in Equity = Average Retention Ratio × Average ROE

- Return on Equity (ROE) = (PAT / Shareholders Fund) × 100
- Average Retention Ratio = 1– Average DPR
- Dividend Payout Ratio (DPR) = (DPS/EPS) × 100
- P/E Ratio = Market Value / EPS
- Price Earning (P/E) Ratio shows the price, the investors are willing to pay for every rupee of earning per share. High P/E ratio reflects high earning potential and vice versa.

A. Table 5: Intrinsic Value and Market Value

S.No	BRITANNIA	COLPAL	DABUR	EMAMI LTD	GODREJCP	HINDUNILVR	ITC	JUBLFOOD	MARICO	TATAGLOBAL	UBL	MCDOWELL-N
Average DPR	0.33	0.66	0.56	0.46	0.46	0.79	0.58	0.13	0.55	0.38	0.12	0.00
Average Retention Ratio	0.67	0.34	0.44	0.54	0.54	0.21	0.42	0.87	0.45	0.62	0.88	1.00
Average ROE	0.38	0.60	0.31	0.26	0.22	0.94	0.27	0.18	0.31	0.13	0.14	-0.25
Growth in Equity	0.25	0.20	0.14	0.14	0.12	0.20	0.11	0.16	0.14	0.08	0.12	-0.25
Projected EPS	58.59	34.30	8.13	7.66	19.22	33.43	11.32	28.26	9.98	7.04	23.90	6.84
Average P/E Ratio	48.17	42.75	52.44	57.54	58.52	47.25	29.39	74.84	42.87	27.08	81.79	55.07
Intrinsic Value	2822.19	1466.29	426.57	441.07	1124.90	1579.36	332.82	2114.99	427.60	190.65	1954.43	376.57
Market Value as on 31.12.2019	3027.80	1462.90	458.40	309.90	684.55	1923.00	237.70	1652.30	341.60	321.35	1270.05	599.55

Source: Authors' Creation

B. Decision

- **BRITANNIA, DABUR, HINDUNILVR, TATAGLOBAL & MCDOWELL-N:** Intrinsic Value < Market Value, the value of a share is overpriced and is expected to decline. Therefore, it would be recommended to sell a share at current market price.
- **COLPAL:** Intrinsic Value > Market Value, the difference between intrinsic value and market value is approx. three rupees, so it is recommended to hold the stock as selling would not result in much profit.
- **EMAMILTD, GODREJCP, ITC, JUBLFOOD, MARICO & UBL:** Intrinsic value > Market Value, the value of a share is underpriced and is expected to increase. Therefore, it would be recommended to purchase a share at current market value.

IX. Limitations

Since the approach is considered as a useful approach to take investment decision but it has some drawbacks like it is a very lengthy and time-consuming process and involves various tools which may not be understood by a normal investor, it is not useful for short-run investment decision, etc.

As the study involves 12 companies & it is not possible to explain each and everything in detail but briefing has been given to every factor. Fundamental analysis is itself a wider term and covers too many factors and to explain every factor is not possible in research.

X. Conclusion

FMCG sector has significantly shown contribution towards GDP, Inflation Rate, consumer spending & saving, etc. Reduction in tax rates results in manufactures passing on the benefit to end consumers. Make in India Campaign and improvement in ease of doing business rank leads to increased FDI. It is a type of industry where the profit margin is not affecting much by inflation due to the difference between the products i.e. some products are necessary products and others are a luxury product and there's no comparison between product.

From the study, it is analyzed that shares of BRITANNIA, DABUR, HINDUNILVR, TATAGLOBAL & MCDOWELL-N are overpriced, which means the intrinsic value is less than market value. Thus share price can fall. So at this time investor should sell their shares and should invest in other profitable options. MCDOWELL-N has a higher debt-equity ratio as compared to others and its net profit ratio & profit margin is very less and the dividend payout ratio is nil which suggests the company's performance is not up to mark. As can be inferred from the intrinsic value table BRITANNIA has maximum EPS as compared to other firms. It also came to know that FMCG is doing great in present and throughout the period, it can be said that it might grow furthermore in the future as this industry does not just look into sales by also understand its social responsibility by showing concerned towards the consumer. In India, there's a large market for consumer goods with demanding customers. Therefore, from the study, it can be said that all three analysis is essential before taking investment decision because the company's performance depends not only on its own efforts but also on industry and economic factors.

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Footnotes

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