## A PROJECT REPORT ON

“FUNDAMENTAL ANALYSIS ON FMCG SECTOR”

## A Project Submitted to

## University of Mumbai for partial completion of the degree of Bachelor of Management Studies

## Under the Faculty of Commerce

## By

## YASH SANJAYKUMAR JAISWAL

## Under the guidance of

**PROF. PRASAD SUPEKAR**

## Dombivli Shikshan Prasarak Mandal’s

**K. V. PENDHARKAR COLLEGE**

**OF**

**ARTS, SCIENCE AND COMMERCE,**

## DOMBIVLI (EAST), (AUTONOMOUS)

**March 2023**

**Dombivli Shikshan Prasarak Mandal’s**

**K. V. Pendharkar College of Arts, Science and Commerce (Autonomous)**

**Re-accredited with ‘A’ Grade (3.14 CGPA) by NAAC (3rd Cycle 2017)**

Certificate

This is to certify that Mr. Yash Sanjaykumar Jaiswal has worked and duly completed her/his Project Work for the degree of Bachelor of Management Studies under the Faculty of Commerce in the subject of Finance and her/his project is entitled, “Fundamental Analysis on FMCG Sector” under my supervision. I further certify that the entire work has been done by the learner under my guidance and that no part of it has been submitted previously for any Degree or Diploma of any University. It is her/ his own work and facts reported by her/his personal findings and investigations.

**PROF. PRASAD SUPEKAR**

**Research Guide**

Date of submission : \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Declaration by learner**

I the undersigned Mr. Yash Sanjaykumar Jaiswal here by, declare that the work embodied in this project work titled “Fundamental Analysis on FMCG Sector”, forms my own contribution to the research work carried out under the guidance of Prof. Prasad Supekar is a result of my own research work and has not been previously submitted to any other University for any other Degree/ Diploma to this or any other University. Wherever reference has been made to previous works of others, it has been clearly indicated as such and included in the bibliography. I, here by further declare that all information of this document has been obtained and presented in accordance with academic rules and ethical conduct.

## YASH SANJAYKUMAR JAISWAL

Certified by

**PROF. PRASAD SUPEKAR**

**Acknowledgment**

To list who all have helped me is difficult because they are so numerous and the depth is so enormous.

I would like to acknowledge the following as being idealistic channels and fresh dimensions in the completion of this project.

I take this opportunity to thank the University of Mumbai for giving me chance to do this project.

I would like to thank my **I/C Principal, Dr. K.R. Jagdeo** for providing the necessary facilities required for completion of this project.

I take this opportunity to thank our **Coordinator Prof. Shailendra C. Mishra**, for his moral support and guidance.

I would also like to express my sincere gratitude towards my project guide **Prof. Prasad Supekar** whose guidance and care made the project successful.

I would like to thank my College Library, for having provided various reference books and magazines related to my project.

Lastly, I would like to thank each and every person who directly or indirectly helped me in the completion of the project especially my Parents and Peers who supported me throughout my project

EXECUTIVE SUMMARY

As a part of our study curriculum it is necessary to conduct a research project. It provides us an opportunity to understand the particular topic in depth and which leads to through to that topic. The title for the project is Fundamental Analysis of FMCG sector. This project is to gain knowledge about FMCG sector and its segment. This project focuses on to make the good portfolio or to suggest the sound portfolio regarding the FMCG sector by selecting good company from industry by the tool of ratio analysis. This project has been taken into consideration to guide investors to earn the maximum profit by reducing the risk in future of the sound company after analyzing the recent trends and fundamental analysis in that particular industry. This report covers the FMCG sector and its segment, scope and its future prospects. The report concentrates on the top four players in FMCG sector and accordingly the data is collected and analyzed. Tool used for analyzing the data is ratio analysis which gives the clear picture about the company and the corresponding sector. And accordingly conclusion and recommendations are given

|  |  |  |
| --- | --- | --- |
| **Sr.**  **No** | **CHAPTERS** | **Page.**  **No** |
| **1** | **Introduction**   * Industry Overview  Major Players In Sector  * Theoretical Framework * Ratio Valuation | 7 - 16 |
| **2** | **Literature Review** | 17 - 22 |
| **3** | **Research Methodology**   * Sampling * Data collection * Company Profile | 23 - 47 |
| **4** | **Data Analysis, Interpretation and Presentation**   * Profitability Ratio * Management Efficiency Ratios * Ranking | 48 - 79 |
| **5** | **Conclusions & Findings**   * Recommendation * Limitations * Bibliography & References * Questionnaire | 80 - 86 |

# INDUSTRY OVERVIEW

#### Overview of Fast Moving Consumer Goods (FMCG)

Fast Moving Consumer Goods (FMCG) goods are popularly named as consumer packaged goods. Items in this category include all consumables (other than groceries/pulses) people buy at regular intervals. The most common in the list are toilet soaps, detergents, shampoos, toothpaste, shaving products, shoe polish, packaged foodstuff, and household accessories and extends to certain electronic goods. These items are meant for daily of frequent consumption and have a high return.

A major portion of the monthly budget of each household is reserved for FMCG products. The volume of money circulated in the economy against FMCG products is very high, as the number of products the consumer use is very high. Competition in the FMCG sector is very high resulting in high pressure on margins.

FMCG companies maintain intense distribution network. Companies spend a large portion of their budget on maintaining distribution networks. New entrants who wish to bring their products in the national level need to invest huge sums of money on promoting brands. Manufacturing can be outsourced. A recent phenomenon in the sector was entry of multinationals and cheaper imports. Also the market is more pressurized with presence of local players in rural areas and state brands.

The beginning of the 21st century was not very encouraging for the Indian FMCG sector. Even the big players like HUL and Procter and Gamble found it difficult to retain their status as market leaders. Things took a turn for the better from 2004 onwards with the when sales in the retail outlets picked up speed.

#### Indian FMCG Journey So Far!!

FMCG sector in India has seen some ups and downs in the last half decade. The intension of this post is to give you a flavor of the journey after independence till date. I have split it into five stages:

#### “LACKLUSTER” STAGE – 1950’s to 1970’s

Post independence (During 1950's to 1970's), there was not much happening in the FMCG sector in India. The business was limited to the upper segment of the society, as the purchasing power was low. Companies like HUL were purely focused on the urban areas and never bothered to enter the rural hinterland of India. The investment in the sector was low, with few FMCG companies selling their products. Also, the government’s emphasis was more on the small-scale sector.

#### “RURAL SENSITIZATION” STAGE – 1970’s to 1990’s

During this stage companies started concentrating on rural areas. Below are the two examples, which changed the rules of the game, and brought focus to the rural markets.

#### NIRMA

In the early 1970s, when Nirma washing powder was introduced in the low-income market, Hindustan Unilever Limited reacted in a way typical of many multinational companies. Senior executives were dismissive of the new product and never considered the potential and opportunity. But very soon, Nirma’s success in the detergents market convinced HUL that it really needed to take a closer look at the low-income market. At the time, the focus of the organised players like HUL was largely urbane. There too, the consumers had limited choices. However, Nirma’s entry changed the whole Indian FMCG scene. The company focused on the ‘value for money’ plank and made FMCG products like detergents very affordable even to the lower strata of the society. Nirma became a great success story and laid the roadmap for others to follow. MNC’s like HUL, which were sitting pretty till then, woke up to new market realities and noticed the latent rural potential of India.

#### CAVINKARE

1983, C K Ranganathan started selling shampoos in a sachet with an investment of Rs 15,000 and dared to take on the multinationals, Lever and P&G, the unquestioned leaders in that segment.

Ranganathan took the then shampoo market by storm, selling his Chik brand of shampoo at a much lower price than other shampoo sachets which were selling at Rs 2. He targeted rural and small-town consumers who used soaps to wash their hair. He introduced the sachet at 90 paise and then reduced it to 50-paise. And that’s when the multinationals sat up and noticed him. But what really worked was the ‘bring empty sachets and take shampoo sachets in return’ offer. Sales zoomed from 35,000 sachets to 12 lakhs. Initally they took any sachet, but after three months they restricted to Chik sachets.

#### “LIBERLIZATION BOOM and STABLIZATION” STAGE - Post Liberalization (1991-2000)

Post liberalization not only saw higher number of domestic choices, but also imported products. The lowering of the trade barriers encouraged MNC’s to come and invest in India to cater to 1bn Indians’ needs. Rising standards of living urban areas coupled with the purchasing power of rural India saw companies introduce products targeting both rural and urban markets with value for money and value added offers. Companies started investing in increasing the distribution depth, upgrade existing consumers to value added premium products and increase usage of existing product ranges. As an outcome of increased choices to the consumers and positive euphoria post liberalization, many of the affluent consumers who always had the money but limited choices, started splurging.

So we could see all companies be it HUL, Godrej Consumer, Marico, Henkel, Reckitt Benckiser and Colgate, trying to outdo each other in getting to the rural consumer first. Each of them has seen a significant expansion in the retail reach in mid-sized towns and villages. Some who could not do it on their own, have piggy backed on other FMCG major’s distribution network (P&G- Marico). The Sales boom was observed for first 4 to 5 years and then it stabilized.

#### D) “DROP” STAGE – (2000 – 2005)

2000 was a rather uneventful year for manufacturers and marketers of fast moving consumer goods (FMCGs). The growth rate of FMCG categories was torpid to say the least and the marketing environment was such that, even veterans like Hindustan Unilever Ltd (HUL) and Procter & Gamble (P&G) found it difficult to hold on to their market share. The market grew more crowded, what with the entry of new brands entering categories which were virtually the bastions of HUL, Colgate or P&G.

Even in 2001 prominent, high penetration categories such as toilet soaps and detergent bars were very badly affected, actually shrinking in real value terms. Categories with a comparatively lower reach in terms of market penetration, such as shampoos and skin creams too slowed although to a lesser extent. The explanation for this could be that categories with high penetration levels, such as detergents and soaps also depend to a great extent on rural demand. The probable cause is a combination of both industrial slowdown as well as the almost-crisis in the agricultural sector which forced consumers to cut back on spending.

Buyers moved from higher-end products to low-end products in an effort to reduce monthly grocery expenditure. Mid-priced and low-priced segments in soaps and detergents registered robust growth rates, while the premium segment faltered. Impulse products suffered while essentials managed higher rates of growth. Despite the slowdown, staple foods such as atta and salt managed to recorded superior growth rates, higher than those of supposed luxury products such as chocolates and ice creams. Low unit packs saw robust volume growth. Most FMCG marketers offered smaller versions of their products at affordable price points and these drew in new consumers.

The crisis of declining FMCG markets was also driven by new avenues of expenditure for growing consumer income such as consumer durables, entertainment, mobiles, motorbikes etc. Now, as many consumers have already upgraded, their income is being directed towards pampering themselves. Indian population was all set to experience the new basket of products, but with cut-down on FMCG.

#### “BOOM REVISTED” STAGE: 2005 onwards

Everything turned positive thereafter, 2006 was a different story altogether though. The FMCGs seem to have gotten a new lease of life 2005 onwards. Be it hair care products to sunscreen, they were flying off the shop-shelves. In fact sale of white goods dipped while toiletries registered an increase. Such a sharp rebound was, however, unexpected. AC Nielsen's retail sales audit numbers for August 2006, show that sales growth was sound, recording a 24%. Not so long ago, in July 2005 most firms were unable to pass on even basic cost increases and growth had plunged to under 3 per cent.

* 1. Increased disposable income
  2. Organized Retail Boom
  3. Increased Rural Penetration

#### Size of FMCG and Its Segments

The Indian FMCG sector with a market size of US$13.1 billion is the fourth largest sector in the economy. A well-established distribution network, intense competition between the organized and unorganized segments characterizes the sector. The FMCG market is set to treble from US$

11.6 billion in 2003 to US$ 33.4 billion in 2015. Penetration level as well as per capita consumption in most product categories like jams, toothpaste, skin care, hair wash etc in India is low indicating the untapped market potential. Burgeoning Indian population, particularly the middle class and the rural segments, presents an opportunity to makers of branded products to convert consumers to branded products. Growth is also likely to come from consumer 'upgrading' in the matured product categories. With 200 million people have shifted to processed and packaged food by 2010, India needs around US$ 28 billion of investment in the food- processing industry. At present, urban India accounts for 66% of total FMCG consumption, with rural India accounting for the remaining 34%.

However, rural India accounts for more than 40% consumption in major FMCG categories such as personal care, fabric care, and hot beverages. In urban areas, home and personal care category, including skin care, household care and feminine hygiene, will keep growing at relatively

attractive rates. Within the foods segment, it is estimated that processed foods, bakery, and dairy are long-term growth categories in both rural and urban area.

#### FMCG’s Segment

FMCG products are segmented below:

Personal Care, Oral Care, Hair Care, Skin Care, Personal Wash (soaps); Cosmetics and toiletries, deodorants, perfumes, feminine hygiene, paper products; Household care fabric wash including laundry soaps and synthetic detergents; household cleaners, such as dish/utensil cleaners, floor cleaners, toilet cleaners, air fresheners, insecticides and mosquito repellents, metal polish and furniture polish.

#### Outlook:-

There is a huge growth potential for all the FMCG companies as the per capita consumption of almost all products in the country is amongst the lowest in the world. Again the demand or prospect could be increased further if these companies can change the consumer's mindset and offer new generation products. Earlier, Indian consumers were using non-branded apparel, but today, clothes of different brands are available and the same consumers are willing to pay more for branded quality clothes. It's the quality, promotion and innovation of products, which can drive many sectors.

#### Major Players In Sector

Top Ten Players in FMCG Sector

* Hindustan Unilever Ltd (HUL)

* Indian Tobacco Company (ITC)

* Nestlé India

* Dabur India

* GCMMF (AMUL)

* Asian Paints (India)

* Cadbury India

* Britannia Industries

* Procter & Gamble Hygiene and Health Care

* Marico Industries

#### Secondary Players

* Colgate-Palmolive (India) Ltd. * Godrej Consumers Product Ltd. * Nirma Ltd.

* Tata Tea Ltd. * Parle Agro

* H. J. Heinz

THEORETICAL FRAMEWORK

#### Fundamental Analysis: What Is It?

When talking about stocks, fundamental analysis is a technique that attempts to determine a security’s value by focusing on underlying factors that affect a company's actual business and its future prospects. On a broader scope, we can perform fundamental analysis on industries or the economy as a whole. The term simply refers to the analysis of the economic well-being of a financial entity as opposed to only its price movements.

#### Fundamental analysis serves to answer questions, such as:

* Is the company’s revenue growing?
* Is it actually making a profit?
* Is it in a strong-enough position to beat out its competitors in the future?
* Is it able to repay its debts?
* Is management trying to "cook the books"?

These are very involved questions, and there are literally hundreds of others we might have about a company. It all really boils down to one question: Is the company’s stock a good investment? Think of fundamental analysis as a toolbox to help answer this question.

The term fundamental analysis is used most often in the context of stocks, but we can perform fundamental analysis on any security, from a bond to a derivative. As long as we look at the economic fundamentals, we are doing fundamental analysis. For the purpose of this project, fundamental analysis always is referred to in the context of stocks.

#### Fundamentals: Quantitative and Qualitative:

We could define fundamental analysis as “researching the fundamentals”, but that doesn’t tell us a whole lot unless we know what fundamentals are. As mentioned in the introduction, the big problem with defining fundamentals is that it can include anything related to the economic well- being of a company. Obvious items include things like revenue and profit, but fundamentals also include everything from a company’s market share to the quality of its management.

The various fundamental factors can be grouped into two categories: quantitative and qualitative. The financial meaning of these terms isn’t all that different from their regular definitions.

* Quantitative – capable of being measured or expressed in numerical terms.
* Qualitative – related to or based on the quality or character of something, often as opposed to its size or quantity.

In our context, quantitative fundamentals are numeric, measurable characteristics about a business. It’s easy to see how the biggest source of quantitative data is the financial statements. We can measure revenue, profit, assets and more with great precision.

Turning to qualitative fundamentals, these are the less tangible factors surrounding a business - things such as the quality of a company’s board members and key executives, its brand-name recognition, patents or proprietary technology.

#### Quantitative Meets Qualitative:

Neither qualitative nor quantitative analysis is inherently better than the other. Instead, many analysts consider qualitative factors in conjunction with the hard, quantitative factors. Take the Coca-Cola Company, for example. When examining its stock, an analyst might look at the stock’s annual dividend payout, earnings per share, P/E ratio and many other quantitative factors. However, no analysis of Coca-Cola would be complete without taking into account its brand recognition. Anybody can start a company that sells sugar and water, but few companies on earth are recognized by billions of people. It’s tough to put our finger on exactly what the Coke brand is worth, but we can be sure that it’s an essential ingredient contributing to the company’s ongoing success.

#### Ratio Valuation:

Financial ratios are mathematical calculations using figures mainly from the financial statements, and they are used to gain an idea of a company's valuation and financial performance. Some of the most well-known valuation ratios are price-to-earnings and price-to-book. Each valuation ratio uses different measures in its calculations. For example, price-to-book compares the price per share to the company's book value.

The calculations produced by the valuation ratios are used to gain some understanding of the company's value. The ratios are compared on an absolute basis, in which there are threshold values. For example, in price-to-book, companies trading below '1' are considered undervalued. Valuation ratios are also compared to the historical values of the ratio for the company, along with comparisons to competitors and the overall market itself.

Literature Review:

**Jain and Sharma, (2012)** in a research article on**.** FMCG’s touch every aspect of human life, it is an integral part of a consumer dominated market and also a corner stone of the Indian economy. FMCG’s give ample opportunity to the marketer to give choices and comparative advantage to the consumers as well as their own venture.

A paper by **Kumar,et al., (2012)** says that FMCG’s are consumer packaged goods include consumable items by consumers at regular intervals; these items are frequently used by the consumers and are yielding high returns to marketers. This paper also says that preferences is a choice between alternatives based on satisfaction and utility they provide, the study of consumer preferences not only focuses on how and why the consumers make buying decisions but also how and why the consumer make the choice of goods they buy and their evaluation of these goods and FMCG’s are based on 4 A’s awareness, availability, adoptability and affordability.

**Gupta, Mittal,** (2002), Fast Moving Consumer Goods (FMCG) sector is very important for Indian economy. This sector touches every aspect of The Indian Fast Moving Consumer Goods (FMCG) industry began to shape during the last fifty odd years.

FMCG sector is a cornerstone of the Indian economy. This sector touches every aspect of human life. Indian FMCG market has been divided for a long time between the organized sector and the unorganized sector. Unlike the US market for FMCG which is dominated by a handful of global players, India’s Rs. 460 billion FMCG market remains highly fragmented with roughly half the market going to unbranded , unpackaged home made products. This presents a tremendous opportunity for makers of branded products who can convert consumers to buy branded products. Globally, the FMCG sector has been successful in selling products to the lower and middle income groups, and the same is true in India.**Behura&Panda (2011).**

Fast Moving Consumer Goods (FMCG) can be defined as packed goods that are consumed or sold at regular and small intervals. The prices of the FMCG are relatively less and profits earned through such sales are more volume based. The organized FMCG retailing in India is a new concept and is fast catching up in urban and semi-urban **Nagarajan & Khaja (2013).**

**Gupta&Roy, (2012)** have said Marketers should try to create awareness regarding the benefits of the ingredient brand and build up the confidence by delivering superior benefits of the ingredient. Ingredient Brand should possess relevant, unique and believable benefits so that customers will be assured that the final product will be able to fulfill their needs. Marketers can identify an unsatisfied need or want of the customer. Then with the help of ingredient brand can design a customized unique solution catering to this unmet need. This will in turn boost the product sale, increase the profit margin and strengthen the product value proposition. There is a lot of scope for Ingredient Branding in FMCG companies. For effective implementation of this marketing technique further empirical researches should be conducted taking in consideration the FMCG customers and marketers perspective.

**Santos et al., (2012)** have mentioned that Brands may function like a social currency, which every individual uses to assess others, and which others are expected to use in their assessments of the individual. Brands are most probably social tools.

**Correia et al.**, (**2012)** have conceptualized that Brand love reinforces the trust, interest in continuing a relationship and faith in the future of the brand in the **Journal of Brand management.**

**Nugroho & Wihandoyo, (2009)** says that Understanding Consumer’s Perceived Values place important part in winning customers over a product/service and became the major motive in choosing the problem. To develop and improve a product, companies must know what are the factors that consumers think as important to dig up information on how they think and perceive variables over a product before considering in purchasing it.

**Manepatil, (2013)** has mentioned that Change in shopping behavior in urban India over the past few years with consumer looking for convenience. That is they want everything under one roof and a bigger choice of products with an increase in double income, household, people don't have much leisure in order to make the best use of their time. As malls and supermarket offer the option of entertainment along with shopping, younger couples prefer to shop there No of people are attracting towards retail market.

**Binninger, (2007)** has mentioned that from the early 1990s on, customers’ loyalty has come to be a key concept again associated with many others including satisfaction, commitment, trust, identiﬁcation and the relationship with or attitude toward the brand. Often viewed as a paradigm change, this new approach rests on the overt intent to retain existing customers. Based on the principle that it is more cost-effective to retain one’s customers than to capture new ones, and that consumer and that consumer proﬁtability over time is conditional on loyalty, this process must lead to an overall improvement of the quality of relationships with customers. It is also a way of retaining the market share in an environment often glutted by a host of competitive offerings.

**Mahalingam,&Kumar**,(**2012)** have mentioned that Consumer behavior can be defined as the decision-making process and physical activity involved in acquiring, evaluating, using and disposing of goods and services. This definition clearly brings out that it is not just the buying of goods/services that receives attention in consumer behavior but, the process starts much before the goods have been acquired or bought.

**Mark,(2008)** is a basic principle of brand management and of marketing more generally. This principle is as important today as it has ever been. But consumers aren't a fixed target. Consumers change: existing consumers of a brand develop new needs, change their preferences, alter their habits and acquire new skills for engaging in purchasing and consumption; fresh consumers come into new and established markets, with their own needs, preferences and skills.

**Dutta, (2012)** has expressed that a brand is a perceptual reality for the consumers. Consumers draw strength from the superior value associated with the perceptual entity of the brand. The brand perspective thus decides the fate of the firm in the market place. Brand is a powerful force that binds the consumer with the organization.

**Guise, (2011)** brand preference represents another important construct in the buying process, brand preferences vary from people to situations.

**Pride &Ferrell, (2009)** Brand loyalty is a consumer favorable attitude towards a specific brand, brand preference is a stronger degree of brand loyalty and a consumer definitely prefers one brand over competitive offerings and will purchase this brand if available

**Batra&Kazmi, (2004/2010)** revealed that branding is a major decision issue in managing the products. Well known brands have the power to command price premium, branding has always been an important aspect in marketing, brands live in minds of consumers and are much more than just tag for recognition and identification, they are the basis of consumer relationship and bring consumers and marketers closer by developing a faith and trust between them. Brands are believed to be the real generators of wealth of 21st century and determine the market value of the business entities.

**Blakeman, (2007)** states that brand is a products identity and its legacy. By building strong brand image for a product or service you give the product a personality, an image, and the single voice or message for a brand. This ultimately determines how the consumer thinks about the product or service and how it stands out from the competition. The more unique persona you create the more memorable the brand will be. The brands distinctive look should be one of the factors that make the product or service stand out from its competition.

**Mishra et al, (2011)** branding is the identification of a product that maintains an image through the use of symbols, design or brand name. The biggest challenge for a successful brand is to protect reputation. Building successful brands is a very challenging process. It has also been pointed out that manufacturer’s produce what their consumers want. They adopt their brand packaging and labeling which may attract their consumers. All marketing the books also highlights that activities revolve round the satisfaction of the needs and wants of consumers.

**Gaur, (2011)** has pointed out that the importance of strong brands means that brand building is an essential marketing activity. Successful brands can reap benefits in terms of premium prices, achieving distribution more readily and sustaining high and stable sales through brand; loyalty. Consumers tend to trust strong brands. Strong brands also benefit consumers in that they provide quality certification which can aid decision making. A strong brand provides the foundation for leveraging positive perceptions and goodwill from the core brand to brand extensions. Strong brands, typically product category leaders are important to both companies and consumer Companies benefit because strong brands add value to companies, act as a barrier to competition, positively affect consumer perceptions of brands, improve profit and provide a base for brand extensions. Consumers gain because strong brands act as a form of quality and create trust.

**Pringle& Field, (2009)** have mentioned in their book Brand Immorality that brands do not have to die they can be immortal if they are managed properly and that the value of brands needs to be preserved companies need to appreciate that successful brand management is essential for their survival, with careful management brands have the potential to be immortal, preserving value and customer relationships.

**Haridas MP, (2011)** states that Only a decade ago even brand managers observed brands as symbols and not as carriers of identity, personality and benefits, brands were considered as producers property. The strength of brands presence in a consumers mind is defined as the level of awareness, where recognition is the weakest, recall is somewhat stronger and dominance the strongest.

**Joseph&Parker, (2005)** Consumers may perceive value for their feelings when in contact with your brand, such as feeling more secure, more comfortable and more competent.

**Lillien, et al, (2011)** evaluation stage the consumer forms a rank set of preferences for the alternative product in his evoked set and an intend to purchase the product he likes best. A consumer’s purchase decision is also influenced by situational factors as family income, total cost of the product.

**Gautam, & Jain,(2011)** refer that consumer behavior involves understanding that acquisition, consumption and disposition can occur over the time in a dynamic sequence. The manner in which consumers buy is also extremely important to marketers.

**Pradhan,(2009)** ,states that a supermarket is large, low cost, low margin high volume self service operations designed to meet the need for food and no food items controlling more than 30%of the grocery markets in the world.

**Sharma,(2006)** has referred that evolution of diversity in the retail scene has provided consumers with more choice. In old days most consumers had access only to general stores for most products. Consumer-Service Brand Relationships Gradually in urban environment specialty and discount stores has evolved. Studying consumer-brand relationships in the context of

consumer goods, Fournier (1998) proposed seven dimensions of brand relationships, identified through a text-based analysis of data. Namely: voluntary versus involuntary, positive versus negative, intense versus superficial, long-term versus short-term, public versus private, formal versus informal, and symmetric versus asymmetric. These seven dimensions describe the many relationship forms that exist between the consumers and their brands in the domain of consumer goods.

### RESEARCH METHODOLOGY

#### Problem Statement:

Fundamental analysis with reference to FMCG (Fast moving Consumer Goods) sector.

#### Assumption and benefits of the study Assumption:-

The assumption of this study is that the majority of the information that goes into the analysis comes from the company itself. Companies employ investor relations managers specifically to handle the analyst community and release information. When it comes to massaging the data or spinning the announcement, CFOs and investor relations managers are professionals. When reading these reports, it is important to take into consideration any biases a sell-side analyst may have. The buy-side analyst, on the other hand, is analyzing the company purely from an investment standpoint for a portfolio manager. If there is a relationship with the company, it is usually on different terms. In some cases this may be as a large shareholder.

#### Benefits:

Fundamental analysis helps in:

1. Identifying the intrinsic value of a security.
2. Identifying long-term investment opportunities, since it involves real-time data

#### Research Design:-

#### A Research design is an overall framework of project that indicates what information to be collected from which sources and by which procedures. Research design is the plan, structure and strategy, if investigation conceived so as to obtain answer to research questions.

Based on research requirement formalized studies is more pertinent i.e. **Descriptive study** have been used, as I had try to describe the situation of the selected COMPANY whether they are fundamentally strong or not.

#### **Sampling**:

Sample Design:

Sample design used in the report is the selection of the FMCG companies on the basis of total market capital. Companies which are on the top in list of total market capital are selected.

Sample Size:

Sample size used is top 4 companies for analysis on the basis of total market capital.

#### **Research tool used**

Research tool used here is the purely collection of primary and secondary data as a tool for research and analysis is done through ratio analysis.

#### **Data collection**:

Data collected here is primary and secondary data for research and the data is being collected data from company's annual report and use of various search engines.

#### **Limitation of Study**

The input of secondary data and primary data is used in the making of the project.

# **COMPANY PROFILE**

#### History of Hindustan Unilever Limited (HUL)

**Hindustan Unilever Limited** (HUL) is India's largest Fast Moving Consumer Goods Company; its journey began 75 years ago, in 1933, when the company was first incorporated. In 1931, HUL set up its first Indian subsidiary, Hindustan Vanaspati Manufacturing Company, followed by Lever Brothers India Limited in the year 1933 and United Traders Limited in 1935. These three companies merged to form Hindustan Unilever Limited in November 1956.

In the year 1958 the company was started its Research Unit at Mumbai Factory namely The Hindustan Unilever Research Centre (HLRC). HUL meets every day needs for nutrition, hygiene, and personal care with brands that help people feel good, look good and get more out of life.The notable thing in company's history is the company became the first foreign subsidiary in India to offer equity to the Indian public. The company also partaking in sell abroad, the export business gives a sustain growth to the company in every agenda. The company's Formal Exports Department was started in the year 1962 and HUL recognized by Government of India as Star Trading House in Exports in 1992. A turning point to the company was guaranteed in the year 1993, HUL's largest competitor, Tata Oil Mills Company (TOMCO), merges with the company with effect from April 1, 1993, the biggest such in Indian industry till that time. Merger ultimately accomplished in December 1994. HUL forms Nepal Lever Limited in 1994, HUL and US-based Kimberley-Clark Corporation form 50:50joint venture as Kimberley-Clark Lever Ltd to market Huggies diapers and Kotex feminine care products. Factory was set up at Pune in 1995. HUL acquired Kwality and Milk food 100% brand names and distribution assets accordingly HUL introduced Wall's. The company and Indian cosmetics major, Lakme Ltd came to joint ventures and formed Lakme Lever Ltd and HUL recognized as Super Star Trading House in1995.

In 1997 Unilever sets up International Research Laboratory in Bangalore and the new Regional Innovation Centres also came up to existence. A group company, Pond's India Ltd was merged with HUL on January of the year 1998. HUL believes that an organization's worth is also in the

service it renders to the community. HUL is focusing on health & hygiene education, women empowerment, and water management. It is also involved in education and rehabilitation of special or underprivileged children, care for the destitute and HIV-positive, and rural development. In 2001, the company embarked on an ambitious program, Shakti. Through Shakti, HUL is creating micro-enterprise opportunities for rural women, thereby improving their livelihood and the standard of living in rural communities. The company's spotlight was turned on to Ayurvedic health & beauty, HUL entered Ayurvedic health & beauty centre category with the Ayush range and Ayush Therapy Centres 2002.

During the year 2003 the company launched Hindustan Lever Network, a strong initiative by the company worth of Rs.1800 crore for Direct Selling Channel. The company acquired Marine business from the Amalgam group companies on March of the same year. In line with company's business strategy to exit non-core business, the Company has disposed its Mushroom business, which formed part of KICM (Madras) Ltd and its Seeds Business also in the year 2004.

As of December 2005, Lever India Exports Ltd, Lipton India Exports Ltd, Merry weather Food Products Ltd, Toc Disinfectants Ltd and International Fisheries Ltd was merged with the company, both the five companies are wholly owned subsidiaries of the company and Vasishti Detergents Ltd (VDL) came in to fold of the company as a result of amalgamation of the Tata Oil Mills Company Ltd, VDL was merged with the company in February, 2006. Modern Foods Industries (India) Ltd and Modern Foods & Nutrition Industries Ltd was merged with itself as of September 30, 2006. In March 2007 "Sangam Direct" a non-store home delivery retail business, operated by Unilever India Exports Limited (UIEL), a fully owned subsidiary was transferred to Wadhavan Foods Retail Pvt. Ltd (WFRPL) on a slump sale business and also in same month of the same year the company had carried out Demerger of its operational facilities in Shamnagar, Jamnagar and Janmam lands into three independent and separate companies, being 100% subsidiaries of the company known as Shamnagar Estates Pvt. Limited, Jamnagar Properties Pvt. Limited and Hindustan Kwality Walls Foods Pvt. Limited. In June 2007, The Company has changed its name from Hindustan Lever Ltd (HLL) to Hindustan Unilever Ltd (HUL).

Hindustan Unilever has been consistently recognized within India and globally by eminent organizations and the government for its achievements in various fields. The organization has been recognized among others by TERI, Far East Economic Review, Asian Wall Street Journal

and Business world. More recently, Hewitt Associates ranked Hindustan Unilever among the top four companies globally in the list of Global Top Companies for Leaders. The Company was ranked number one in the Asia-Pacific region and in India.

During 2008, Unilever announced its collaboration with the Indian Dental Association (IDA) in conjunction with World Dental Federation (FDI) through its Pepsodent, leading oral care brand to help improve the oral health and hygiene standards in India. The Demerger and transfer of certain immoveable properties of Hindustan Unilever Limited to Brooke Bond Real Estates Private Limited was an event of the company on April 2008.

HUL has more than 670 live patents and 700 million consumers use HUL brands in India as part of their daily lives. The company moves with the mission of "add vitality to life" through its presence in over 20 distinct categories in Home & Personal Care Products and Foods & Beverages. HUL identified five key platforms and have articulated goals, both short term and long term goals, stretching to 2015, would work in areas of health & nutrition & women empowerment on the social front, the economic agenda would be to enhance livelihoods and the environmental agenda would focus on water conservation and cutting green house gases.

Hindustan Unilever's distribution covers over 1 million retails outlets across India directly and its products are available in over 6.3 million outlets in India, i.e., nearly 80% of the retail outlets in India. It has 39 factories in the country. Two out of three Indians use the company's products and HUL products have the largest consumer reach being available in over 80 per cent of consumer homes across India. HUL was one of the eight Indian companies to be featured on the Forbes list of World's Most Reputed companies in 2007.

Hindustan Unilever Limited (HUL) is India's largest fast moving consumer goods company, and estimates that two out of three Indians use its products. It has over 42 factories across India.

HUL is also one of the country's largest exporters; it has been recognised as a Golden Super Star Trading House by the Government of India.

In 2001, the company embarked on a programme called Shakti, through which it creates micro- enterprises for rural women. Shakti also includes health and hygiene education through the Shakti Vani Programme, which now covers 15 states in India with over 45,000 women

entrepreneurs in 135,000 villages. By the end of 2010, Shakti have 100,000 Shakti entrepreneurs covering 500,000 villages, touching the lives of over 600 million people. HUL is also running a rural health programme, Lifebuoy Swasthya Chetana. The programme endeavours to induce adoption of hygienic practices among rural Indians and aims to bring down the incidence of diarrhoea. So far it has reached 120 million people in over 50,000 villages.

The mission that inspires HUL's more than 15,000 employees, including over 1,400 managers, is to help people feel good, look good and get more out of life with brands and services that are good for them and good for others. It is a mission HUL shares with its parent company, Unilever, which holds about 52 % of the equity.

**Financial report of Hindustan Unilever Ltd**

**Profit and Loss A/C (Rs. in Crores)**

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars | Mar '11 | Mar '10 | Mar '09 |
| Income |  |  |  |
| Sales Turnover | 20598.89 | 18462.34 | 21927.23 |
| Excise Duty | 908.98 | 693.22 | 1422.95 |
| Net Sales | 19689.91 | 17769.12 | 20504.28 |
| Other Income | 439.48 | 199.73 | 276.54 |
| Stock Adjustments | 295.08 | 19.47 | 434.33 |
| Total Income | 20424.47 | 17988.32 | 21215.15 |
| Expenditure |  |  |  |
| Raw Materials | 10494.33 | 9003.97 | 11380.05 |
| Power & Fuel Cost | 274.74 | 244.34 | 301.37 |
| Employee Cost | 961.27 | 936.3 | 1152.12 |
| Other Manufacturing Expenses | 551.25 | 412.19 | 297.34 |
| Selling and Admin Expenses | 4366.3 | 3737.52 | 3857.48 |
| Miscellaneous Expenses | 672.61 | 656.57 | 985.31 |
| Preoperative Exp Capitalised | 0 | 0 | 0 |
| Total Expenses | 17320.5 | 14990.89 | 17973.67 |
|  |  |  |  |
| Operating Profit | 2664.49 | 2797.7 | 2964.94 |
| PBDIT | 3103.97 | 2997.43 | 3241.48 |
| Interest | 0.24 | 6.98 | 25.32 |
| PBDT | 3103.73 | 2990.45 | 3216.16 |
| Depreciation | 220.83 | 184.03 | 195.3 |
| Other Written Off | 0 | 0 | 0 |
| Profit Before Tax | 2882.9 | 2806.42 | 3020.86 |
| Extra-ordinary items | -3.06 | 43.97 | 48.53 |
| PBT (Post Extra-ord Items) | 2879.84 | 2850.39 | 3069.39 |
| Tax | 573.87 | 648.36 | 572.94 |
| Reported Net Profit | 2305.97 | 2202.03 | 2500.71 |
| Total Value Addition | 6826.17 | 5986.92 | 6593.62 |
| Preference Dividend | 0 | 0 | 0 |
| Equity Dividend | 1410.6 | 1417.94 | 1634.51 |
| Corporate Dividend Tax | 231.36 | 238.03 | 277.79 |
| Per share data (annualised) |  |  |  |
| Shares in issue (lakhs) | 21594.72 | 21816.87 | 21798.76 |
| Earning Per Share (Rs) | 10.68 | 10.09 | 11.47 |
| Equity Dividend (%) | 650 | 650 | 750 |
| Book Value (Rs) | 12.19 | 11.84 | 9.45 |

#### Balance Sheet (Annual) (Rs. in Crores)

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars | Mar '11 | Mar '10 | Mar '09 |
| Sources Of Funds |  |  |  |
| Total Share Capital | 215.95 | 218.17 | 217.99 |
| Equity Share Capital | 215.95 | 218.17 | 217.99 |
| Share Application Money | 0 | 0 | 0 |
| Preference Share Capital | 0 | 0 | 0 |
| Reserves | 2417.3 | 2364.68 | 1842.85 |
| Revaluation Reserves | 0.67 | 0.67 | 0.67 |
| Networth | 2633.92 | 2583.52 | 2061.51 |
| Secured Loans | 0 | 0 | 144.65 |
| Unsecured Loans | 0 | 0 | 277.3 |
| Total Debt | 0 | 0 | 421.95 |
| Total Liabilities | 2633.92 | 2583.52 | 2483.46 |
| Application Of Funds |  |  |  |
| Gross Block | 3759.62 | 3581.96 | 2881.73 |
| Less: Accum. Depreciation | 1590.46 | 1419.85 | 1274.95 |
| Net Block | 2169.16 | 2162.11 | 1606.78 |
| Capital Work in Progress | 299.08 | 273.96 | 472.07 |
| Investments | 1260.68 | 1264.08 | 332.62 |
| Inventories | 2811.26 | 2179.93 | 2528.86 |
| Sundry Debtors | 943.2 | 678.44 | 536.89 |
| Cash and Bank Balance | 281.91 | 231.37 | 190.59 |
| Total Current Assets | 4036.37 | 3089.74 | 3256.34 |
| Loans and Advances | 1099.72 | 1068.31 | 1196.95 |
| Fixed Deposits | 1358.1 | 1660.84 | 1586.76 |
| Total CA, Loans & Advances | 6494.19 | 5818.89 | 6040.05 |
| Deffered Credit | 0 | 0 | 0 |
| Current Liabilities | 6264.21 | 5493.97 | 4440.08 |
| Provisions | 1324.98 | 1441.55 | 1527.98 |
| Total CL & Provisions | 7589.19 | 6935.52 | 5968.06 |
| Net Current Assets | -1095 | -1116.63 | 71.99 |
| Miscellaneous Expenses | 0 | 0 | 0 |
| Total Assets | 2633.92 | 2583.52 | 2483.46 |
|  |  |  |  |
| Contingent Liabilities | 663 | 468.49 | 417.26 |
| Book Value (Rs) | 12.19 | 11.84 | 9.45 |

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars | Mar '11 | Mar '10 | Mar '09 |
| **Investment Valuation Ratios** |  |  |  |
| Face Value | 1 | 1 | 1 |
| Dividend Per Share | 6.5 | 6.5 | 7.5 |
| **Profitability Ratios** |  |  |  |
| Operating Profit Margin(%) | 13.53 | 15.74 | 14.46 |
| Net Profit Margin(%) | 11.56 | 12.29 | 12.09 |
| Return On Net Worth(%) | 87.57 | 85.25 | 121.34 |
| **Liquidity And Solvency Ratios** |  |  |  |
| Debt Equity Ratio | -- | -- | 0.2 |
| **Management Efficiency Ratios** |  |  |  |
| Inventory Turnover Ratio | 7.91 | 8.99 | 9.26 |
| Debtors Turnover Ratio | 24.28 | 29.24 | 41.83 |
| Working capital turnover Ratio | -17.98 | -15.91 | 284.82 |
| **Cash Flow Indicator Ratios** |  |  |  |
| Dividend Payout Ratio | 0.61 | 0.64 | 0.65 |
| Sales growth % | 10.81 | -13.34 | 47.72 |
| Earnings Per Share | 10.68 | 10.09 | 11.47 |

#### ItcGroupLogo.pngHistory of Indian Tobacco Company (ITC)

ITC was incorporated on August 24, 1910 under the name of 'Imperial Tobacco Company of India Limited'. Its beginnings were humble. A leased office on Radha Bazar Lane, Kolkata,

was the centre of the Company's existence. ITC is one of India's foremost private sector companies with a market capitalisation of over US $ 33 billion and a turnover of US $ 7 billion. ITC is rated among the World's Best Big Companies, Asia's 'Fab 50' and the World's Most Reputable Companies by Forbes magazine, among India's Most Respected Companies by BusinessWorld and among India's Most Valuable Companies by Business Today. ITC ranks among India's `10 Most Valuable (Company) Brands', in a study conducted by Brand Finance and published by the Economic Times. ITC also ranks among Asia's 50 best performing companies compiled by Business Week.

ITC has a diversified presence in Cigarettes, Hotels, Paperboards & Specialty Papers, Packaging, Agri-Business, Packaged Foods & Confectionery, Information Technology, Branded Apparel, Personal Care, Stationery, Safety Matches and other FMCG products. While ITC is an outstanding market leader in its traditional businesses of Cigarettes, Hotels, Paperboards, Packaging and Agri-Exports, it is rapidly gaining market share even in its nascent businesses of Packaged Foods & Confectionery, Branded Apparel, Personal Care and Stationery.As one of India's most valuable and respected corporations, ITC is widely perceived to be dedicatedly nation-oriented. Chairman Y C Deveshwar calls this source of inspiration "a commitment beyond the market". In his own words: "ITC believes that its aspiration to create enduring value for the nation provides the motive force to sustain growing shareholder value. ITC practices this philosophy by not only driving each of its businesses towards international competitiveness but by also consciously contributing to enhancing the competitiveness of the larger value chain of which it is a part."

ITC's diversified status originates from its corporate strategy aimed at creating multiple drivers of growth anchored on its time-tested core competencies: unmatched distribution reach, superior brand-building capabilities, effective supply chain management and acknowledged service skills in hoteliering. Over time, the strategic forays into new businesses are expected to garner a significant share of these emerging high-growth markets in India.

ITC's Agri-Business is one of India's largest exporters of agricultural products. ITC is one of the country's biggest foreign exchange earners (US $ 3.2 billion in the last decade). The Company's 'e-Choupal' initiative is enabling Indian agriculture significantly enhance its competitiveness by empowering Indian farmers through the power of the Internet. This transformational strategy, which has already become the subject matter of a case study at Harvard Business School, is expected to progressively create for ITC a huge rural distribution infrastructure, significantly enhancing the Company's marketing reach.

ITC's wholly owned Information Technology subsidiary, ITC Infotech India Ltd, provides IT services and solutions to leading global customers. ITC Infotech has carved a niche for itself by addressing customer challenges through innovative IT solutions.

ITC's production facilities and hotels have won numerous national and international awards for quality, productivity, safety and environment management systems. ITC was the first company in India to voluntarily seek a corporate governance rating.

ITC employs over 26,000 people at more than 60 locations across India. The Company continuously endeavors to enhance its wealth generating capabilities in a globalizing environment to consistently reward more than 4,11,000 shareholders, fulfill the aspirations of its stakeholders and meet societal expectations. This over-arching vision of the company is expressively captured in its corporate positioning statement: "Enduring Value. For the Nation. For the Shareholder."

**Financial report Indian Tobacco Company (ITC)**

**Profit and Loss A/C (Rs. in Crores)**

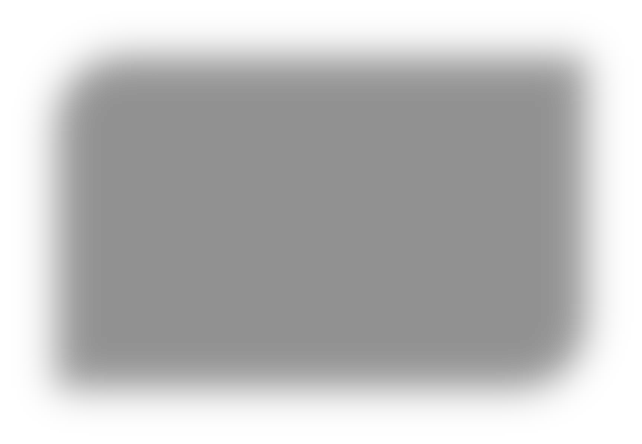
|  |  |  |  |
| --- | --- | --- | --- |
| Particulars | Mar '11 | Mar '10 | Mar '09 |
| Income |  |  |  |
| Sales Turnover | 30633.57 | 26399.63 | 23247.84 |
| Excise Duty | 9512.74 | 7832.18 | 8262.03 |
| Net Sales | 21120.83 | 18567.45 | 14985.81 |
| Other Income | 775.76 | 545.05 | 426.21 |
| Stock Adjustments | 308.42 | -447.54 | 630.3 |
| Total Income | 22205.01 | 18664.96 | 16042.32 |
| Expenditure |  |  |  |
| Raw Materials | 8601.13 | 7140.69 | 6864.96 |
| Power & Fuel Cost | 421.68 | 387.34 | 394.12 |
| Employee Cost | 1178.46 | 1014.87 | 903.37 |
| Other Manufacturing Expenses | 560.57 | 413.79 | 402.88 |
| Selling and Admin Expenses | 2408.03 | 2093.87 | 1684.41 |
| Miscellaneous Expenses | 1120.89 | 1008.91 | 516.9 |
| Preoperative Exp Capitalised | -60.54 | -71.88 | -72.55 |
| Total Expenses | 14230.22 | 11987.59 | 10694.09 |
|  |  |  |  |
| Operating Profit | 7199.03 | 6132.32 | 4922.02 |
| PBDIT | 7974.79 | 6677.37 | 5348.23 |
| Interest | 78.11 | 90.28 | 47.65 |
| PBDT | 7896.68 | 6587.09 | 5300.58 |
| Depreciation | 655.99 | 608.71 | 549.41 |
| Other Written Off | 0 | 0 | 0 |
| Profit Before Tax | 7240.69 | 5978.38 | 4751.17 |
| Extra-ordinary items | 35.21 | 48.65 | 81.52 |
| PBT (Post Extra-ord Items) | 7275.9 | 6027.03 | 4832.69 |
| Tax | 2287.69 | 1965.43 | 1565.13 |
| Reported Net Profit | 4987.61 | 4061 | 3263.59 |
| Total Value Addition | 5629.09 | 4846.9 | 3829.13 |
| Preference Dividend | 0 | 0 | 0 |
| Equity Dividend | 3443.47 | 3818.18 | 1396.53 |
| Corporate Dividend Tax | 558.62 | 634.15 | 237.34 |
| Per share data (annualised) |  |  |  |
| Shares in issue (lakhs) | 77381.44 | 38181.77 | 37744 |
| Earning Per Share (Rs) | 6.45 | 10.64 | 8.65 |
| Equity Dividend (%) | 445 | 1000 | 370 |
| Book Value (Rs) | 20.55 | 36.69 | 36.24 |

#### Balance Sheet (Annual) (Rs. in Crores)

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars | Mar '11 | Mar '10 | Mar '09 |
| Sources Of Funds |  |  |  |
| Total Share Capital | 773.81 | 381.82 | 377.44 |
| Equity Share Capital | 773.81 | 381.82 | 377.44 |
| Share Application Money | 0 | 0 | 0 |
| Preference Share Capital | 0 | 0 | 0 |
| Reserves | 15126.12 | 13628.17 | 13302.55 |
| Revaluation Reserves | 53.34 | 54.39 | 55.09 |
| Networth | 15953.27 | 14064.38 | 13735.08 |
| Secured Loans | 1.94 | 0 | 11.63 |
| Unsecured Loans | 97.26 | 107.71 | 165.92 |
| Total Debt | 99.2 | 107.71 | 177.55 |
| Total Liabilities | 16052.47 | 14172.09 | 13912.63 |
| Application Of Funds |  |  |  |
| Gross Block | 12765.82 | 11967.86 | 10558.65 |
| Less: Accum. Depreciation | 4420.75 | 3825.46 | 3286.74 |
| Net Block | 8345.07 | 8142.4 | 7271.91 |
| Capital Work in Progress | 1333.4 | 1008.99 | 1214.06 |
| Investments | 5554.66 | 5726.87 | 2837.75 |
| Inventories | 5267.53 | 4549.07 | 4599.72 |
| Sundry Debtors | 907.62 | 858.8 | 668.67 |
| Cash and Bank Balance | 98.77 | 120.16 | 68.73 |
| Total Current Assets | 6273.92 | 5528.03 | 5337.12 |
| Loans and Advances | 2173.89 | 1929.16 | 2150.21 |
| Fixed Deposits | 2144.47 | 1006.12 | 963.66 |
| Total CA, Loans & Advances | 10592.28 | 8463.31 | 8450.99 |
| Deffered Credit | 0 | 0 | 0 |
| Current Liabilities | 5668.1 | 4619.54 | 4121.59 |
| Provisions | 4104.84 | 4549.94 | 1740.49 |
| Total CL & Provisions | 9772.94 | 9169.48 | 5862.08 |
| Net Current Assets | 819.34 | -706.17 | 2588.91 |
| Miscellaneous Expenses | 0 | 0 | 0 |
| Total Assets | 16052.47 | 14172.09 | 13912.63 |
|  |  |  |  |
| Contingent Liabilities | 251.78 | 258.73 | 261.36 |
| Book Value (Rs) | 20.55 | 36.69 | 36.24 |

**Key Financial Ratios**

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars | Mar '11 | Mar '10 | Mar '09 |
| **Investment Valuation Ratios** |  |  |  |
| Face Value | 1 | 1 | 1 |
| Dividend Per Share | 4.45 | 10 | 3.7 |
| **Profitability Ratios** |  |  |  |
| Operating Profit Margin(%) | 34.08 | 33.02 | 32.84 |
| Net Profit Margin(%) | 22.91 | 21.3 | 21.18 |
| Return On Net Worth(%) | 31.36 | 28.98 | 23.85 |
| **Liquidity And Solvency Ratios** |  |  |  |
| Debt Equity Ratio | 0.01 | 0.01 | 0.01 |
| **Management Efficiency Ratios** |  |  |  |
| Inventory Turnover Ratio | 6.05 | 6.04 | 5.26 |
| Debtors Turnover Ratio | 23.91 | 24.31 | 21.32 |
| Working capital turnover Ratio | 25.78 | -26.29 | 5.79 |
| **Cash Flow Indicator Ratios** |  |  |  |
| Dividend Payout Ratio | 0.69 | 0.94 | 0.43 |
| Sales growth % | 13.75 | 23.90 | 6.80 |
| Earnings Per Share | 6.45 | 10.64 | 8.65 |



#### History of Nestle India Ltd

Nestlé India is a subsidiary of Nestlé S.A. of Switzerland. With seven factories and a large number of co-packers, Nestlé India is a vibrant Company that provides consumers in India with products of global standards and is committed to long-term sustainable growth and shareholder satisfaction. It operates in the FMCG sector.

The Company insists on honesty, integrity and fairness in all aspects of its business and expects the same in its relationships. This has earned it the trust and respect of every strata of society that it comes in contact with and is acknowledged amongst India's 'Most Respected Companies' and amongst the 'Top Wealth Creators of India'. Nestlé has been a partner in India's growth for over nine decades now and has built a very special relationship of trust and commitment with the people of India. The Company's activities in India have facilitated direct and indirect employment and provides livelihood to about one million people including farmers, suppliers of packaging materials, services and other goods.

The Company continuously focuses its efforts to better understand the changing lifestyles of India and anticipate consumer needs in order to provide Taste, Nutrition, Health and Wellness through its product offerings. The culture of innovation and renovation within the Company and access to the Nestlé Group's proprietary technology/Brands expertise and the extensive centralized Research and Development facilities gives it a distinct advantage in these efforts. It helps the Company to create value that can be sustained over the long term by offering consumers a wide variety of high quality, safe food products at affordable prices.

Nestlé India manufactures products of truly international quality under internationally famous

brand names such as NESCAFÉ, MAGGI, MILKYBAR, MILO, KIT KAT, BAR-ONE,

MILKMAID and NESTEA and in recent years the Company has also introduced products of daily consumption and use such as NESTLÉ Milk, NESTLÉ SLIM Milk, NESTLÉ Fresh 'n' Natural Dahi and NESTLÉ Jeera Raita.

Nestlé India is a responsible organization and facilitates initiatives that help to improve the quality of life in the communities where it operates.

#### The strategic goals of NESTLE

Nestle India Ltd wants to expand its baby food department. At present it commands 85% of the of the Rs1,500 crore infant foods and nutrition market with brands such as Cerelac and Nestum (infant foods) and Lactogen, Nestogen and Nan (infant milk). Farex from Heinz India Pvt. Ltd is its key competitor in infant foods.

It is focusing mainly on this as Nestlé's baby food and nutrition comprise 66% of the company’s category sales. Nestle has strong pricing power and superior profit margins in baby foods, which boosts profitability of the segment relative to Nestlé's average gross margins. Infant food and nutrition as a category will grow 10-12% and Nestle is well placed to capture growth in this category because it is at the forefront of infant foods technology. It has introduced innovations such as Nan 2, 3 and variants of Lactogen and Nestogen. They have also launched Nido, aimed at nutritional needs of children aged over two years.

The strategy is to establish a basis and then expand into more niches as demand rises. Other goals are for product improvement and technological aspects such as process innovation.

**Financial report Nestle India Lt**

**Profit and Loss A/C (Rs. in Crores)**

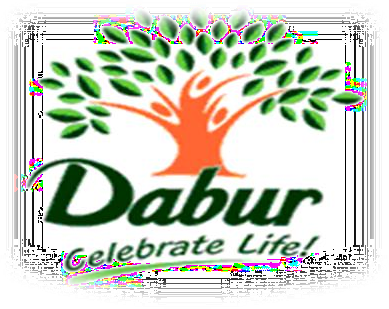
|  |  |  |  |
| --- | --- | --- | --- |
| Particulars | Dec '11 | Dec '10 | Dec '09 |
| Income |  |  |  |
| Sales Turnover | 7682.22 | 6382.78 | 5232.59 |
| Excise Duty | 191.4 | 122.57 | 90.69 |
| Net Sales | 7490.82 | 6260.21 | 5141.9 |
| Other Income | 12.35 | 27.25 | 14.26 |
| Stock Adjustments | 56.93 | 83.67 | 6.3 |
| Total Income | 7560.1 | 6371.13 | 5162.46 |
| Expenditure |  |  |  |
| Raw Materials | 3671.64 | 3168.18 | 2478.94 |
| Power & Fuel Cost | 295.81 | 219.2 | 158.87 |
| Employee Cost | 546.46 | 433.44 | 432.38 |
| Other Manufacturing Expenses | 120.49 | 110.91 | 94.05 |
| Selling and Admin Expenses | 1200.14 | 1026.88 | 839.22 |
| Miscellaneous Expenses | 159.07 | 130.66 | 115.98 |
| Preoperative Exp Capitalised | 0 | 0 | 0 |
| Total Expenses | 5993.61 | 5089.27 | 4119.44 |
|  |  |  |  |
| Operating Profit | 1554.14 | 1254.61 | 1028.76 |
| PBDIT | 1566.49 | 1281.86 | 1043.02 |
| Interest | 9.06 | 1.07 | 1.4 |
| PBDT | 1557.43 | 1280.79 | 1041.62 |
| Depreciation | 153.33 | 127.75 | 111.27 |
| Other Written Off | 0 | 0 | 0 |
| Profit Before Tax | 1404.1 | 1153.04 | 930.35 |
| Extra-ordinary items | 0 | 0 | 0 |
| PBT (Post Extra-ord Items) | 1404.1 | 1153.04 | 930.35 |
| Tax | 426.38 | 326.45 | 261.97 |
| Reported Net Profit | 961.55 | 818.66 | 655 |
| Total Value Addition | 2321.97 | 1921.08 | 1640.5 |
| Preference Dividend | 0 | 0 | 0 |
| Equity Dividend | 467.62 | 467.62 | 467.62 |
| Corporate Dividend Tax | 75.39 | 77.2 | 79.47 |
| Per share data (annualised) |  |  |  |
| Shares in issue (lakhs) | 964.16 | 964.16 | 964.16 |
| Earning Per Share (Rs) | 99.73 | 84.91 | 67.94 |
| Equity Dividend (%) | 485 | 485 | 485 |
| Book Value (Rs) | 132.13 | 88.72 | 60.29 |

#### Balance Sheet (Annual) (Rs. in Crores)

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars | Dec '11 | Dec '10 | Dec '09 |
| Sources Of Funds |  |  |  |
| Total Share Capital | 96.42 | 96.42 | 96.42 |
| Equity Share Capital | 96.42 | 96.42 | 96.42 |
| Share Application Money | 0 | 0 | 0 |
| Preference Share Capital | 0 | 0 | 0 |
| Reserves | 1177.54 | 759 | 484.85 |
| Revaluation Reserves | 0 | 0 | 0 |
| Networth | 1273.96 | 855.42 | 581.27 |
| Secured Loans | 0.84 | 0 | 0 |
| Unsecured Loans | 970.03 | 0 | 0 |
| Total Debt | 970.87 | 0 | 0 |
| Total Liabilities | 2244.83 | 855.42 | 581.27 |
| Application Of Funds |  |  |  |
| Gross Block | 2552.21 | 1854.7 | 1640.79 |
| Less: Accum. Depreciation | 976.46 | 841.96 | 744.59 |
| Net Block | 1575.75 | 1012.74 | 896.2 |
| Capital Work in Progress | 1418.64 | 348.91 | 79.63 |
| Investments | 134.37 | 150.68 | 203.26 |
| Inventories | 734.04 | 575.95 | 498.74 |
| Sundry Debtors | 115.42 | 63.29 | 64.19 |
| Cash and Bank Balance | 25.55 | 19.45 | 26.73 |
| Total Current Assets | 875.01 | 658.69 | 589.66 |
| Loans and Advances | 256.36 | 200.17 | 184.85 |
| Fixed Deposits | 201.66 | 235.84 | 128.86 |
| Total CA, Loans & Advances | 1333.03 | 1094.7 | 903.37 |
| Deffered Credit | 0 | 0 | 0 |
| Current Liabilities | 1113.13 | 843.68 | 666.39 |
| Provisions | 1103.83 | 907.94 | 834.79 |
| Total CL & Provisions | 2216.96 | 1751.62 | 1501.18 |
| Net Current Assets | -883.93 | -656.92 | -597.81 |
| Miscellaneous Expenses | 0 | 0 | 0 |
| Total Assets | 2244.83 | 855.41 | 581.28 |
|  |  |  |  |
| Contingent Liabilities | 0 | 0 | 63.07 |
| Book Value (Rs) | 132.13 | 88.72 | 60.29 |

**Key Financial Ratios**

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars | Dec '11 | Dec '10 | Dec '09 |
| **Investment Valuation Ratios** |  |  |  |
| Face Value | 10 | 10 | 10 |
| Dividend Per Share | 48.5 | 48.5 | 48.5 |
| **Profitability Ratios** |  |  |  |
| Operating Profit Margin(%) | 20.53 | 19.91 | 19.74 |
| Net Profit Margin(%) | 12.75 | 13 | 12.67 |
| Return On Net Worth(%) | 75.47 | 95.7 | 112.68 |
| **Liquidity And Solvency Ratios** |  |  |  |
| Debt Equity Ratio | 0.76 | -- | -- |
| **Management Efficiency Ratios** |  |  |  |
| Inventory Turnover Ratio | 11.6 | 12.33 | 11.61 |
| Debtors Turnover Ratio | 83.83 | 98.22 | 93.68 |
| Working capital turnover Ratio | -8.47 | -9.53 | -8.60 |
| **Cash Flow Indicator Ratios** |  |  |  |
| Dividend Payout Ratio | 0.05 | 0.06 | 0.07 |
| Sales growth % | 19.66 | 21.75 | 18.79 |
| Earnings Per Share | 99.73 | 84.91 | 67.94 |

**History of Dabur Company:-**

Dabur India Limited (DIL) was incorporated in 16th September of the year 1975 for manufacture of high-grade edible & industrial guargum powder and its sophisticated derivatives. Now the it is one of the leading FMCG companies in India with building on a legacy

of quality and experience for over the years, Dabur is today India's most trusted name and the world's largest Ayurvedic and Natural Health Care Company. The Company's FMCG portfolio includes five flagship brands with distinct brand identities, which consists Dabur as the master brand for natural healthcare products, Vatika for premium personal care, Hajmola for digestives, Real for fruit-based drinks and Anmol for affordable personal care products.

An Ayurvedic medicine used as a digestive aid is branded and launched as the popular Hajmola tablet in the year 1978. After a year, in 1979, Dabur Research Foundation was set up and also commercial production of the most modern herbal medicines plant was started at Sahibabad. DIL had launched the pharmaceutical medicines in the year 1988. During the year 1989, the company made a care with fun by the way of its business strategy, Ayurvedic digestive formulation was converted into a children's fun product with the launch of Hajmola Candy. In an innovative move, a curative product was converted to a confectionary item for wider usage. During the year 1992, a new range of coconut oil under the brand name `Anmol' was launched. The company developed Dab 10, an intermediate for anti-cancer drug namely Taxol.

DIL had entered into a joint venture agreement with M/s. Guldenhorst BV Netherland to form a company for manufacture and marketing of all types of bubble gum, chewing gum, toffees, chocolate, cocoa related products and sugar based spreading creams etc. The company entered into capital market, Dabur came out with its public issue in the year 1994 and also in the same year DIL had entered into oncology segment. An integrated facility was designed at Alwar for manufacture of Ayurvedic Veterinary range. The company had signed a MOU with Osein International Ltd for manufacture of biscuits, snack, foods & other products in India. During the year 1995, in addition to the existing products, the company had exported products like an improved version of Chyawanprash (with more honey and less pungency) liquid form of Chyawanprash an aqueous based, hair vitalizer Melatonine etc. The Company had entered into foods business with the launch of Real Fruit Juice in the year 1996, the first local brand of 100%

pure natural fruit juices made to international standards. In 1997, The Company had set up a new manufacturing unit with a high degree of automation at Baddi (H.P.) to produce company's well- known brands viz. Chyawanprash, Janma Ghunti, Ayurvedic Oils and Asva-Arishtas. Burman family hands over management of the company to professionals in the year 1998. In the same year, Dabur had signed a joint venture with Bongrain International SA of France to form a new company under the name of Dabon International Ltd. After a year, in 1999, DIL had entered into an agreement with its Spanish partner Agrolimen to offload its 49 per cent stake in the joint venture company General De Confiteria India Ltd in favour of an Agrolimen group company.

During the year 2000, Dabur had launched Efarelle Comfort, a natural menstrual pain reliever and also the company's ayurvedic specialties division has launched plain isabgol husk under the brand name Nature Care. Super specialty drugs With the setting up of Dabur Oncology's sterile cytotoxic facility, the Company gains entry into the highly specialised area of cancer therapy in the year 2001. In the year 2003, the company had demerged its pharmaceuticals business from the FMCG business into a separate company as part of plans to provider greater focus to both the businesses. Also in the year 2003, DIL made its tie up with Free Markets Inc for using leading edge technologies to execute online markets for its procurement needs. CRISIL assigned CRISIL GVC LEVEL 2 rating for governance and value creation practices of the company. As a reflection of its constant efforts at achieving superior quality standards, Dabur became the first Ayurvedic products company to get ISO 9002 certification. Made tie up Uttaranchal for cancer drug in the year 2004 and also in the same year DIL had acquired a Nigerian company called African Consumer Care Ltd. During the year 2005, as part of the inorganic growth strategy, Dabur India acquired Balsara's Hygiene and Home products businesses, a leading provider of Oral Care and Household Care products in the Indian market for the consideration of Rs 143- crore all-cash deal. In the year 2006, Pasadensa Foods Ltd was amalgamated with Dabur Foods Ltd. Besta Cosmetics Ltd was amalgamated with the company with effect from 1st April of the year 2006. During the same year, to sell FMCG products in Pakistan, the company incorporated one subsidiary company under the name Asian Consumer Care Pakistan Pvt Ltd.

Celebrated its 10 years of Real Dabur Foods and unveiled the new packaging and design for Real in the year 2007 at the completion of 10 years of the brand. The new refined modern look depicts the natural goodness of the juice from freshly plucked fruits. Dabur Foods Ltd was amalgamated

with the company with effect from 1st April of the year 2007 to extract synergies and unlock operational efficiencies. The integration also helps Dabur sharpen focus on the high growth business of foods and beverages, and enter newer product categories in this space. The Company forayed into the organised retail business through its wholly owned subsidiary, H&B Stores Ltd during the year 2007. In November of the year 2007, DIL had inked an agreement to partner Indian Oil Corporation (IOC), India's largest commercial enterprise, in servicing the growing rural market demand for consumer goods through IOC's chain of Kisan Seva Kendra (KSS). In April of the year 2008, H&B Stores Ltd (subsidiary of Dabur) entered into South India with the opening of two beauties, health and wellness retail stores under the brand name `newu' at the Rajiv Gandhi International Airport, Shamshabad. Subsequently, in May 2008, its rapid expansion in India with the simultaneous opening in one week of three `newu' branded beauty, health and wellness retail outlets across Bangalore and Faridabad. The company made its foray into the hard surface cleaning market by the way had launched two new products into the market, disinfectant Floor Cleaner and anti-bacterial Kitchen Cleaner under the `Dazzl' brand as at July of the year 2008.

Dabur's future enhancement is in the area of newly developed concept newu; The Company has invested Rs 140 crores in 2010 to establish its presence in the retail market in India with a chain of stores on the Health & Beauty format.

**Financial report of Dabur Company**

**Profit and Loss A/C (Rs. in Crores)**

|  |  |  |  |
| --- | --- | --- | --- |
| **Particulars** | **Mar '11** | **Mar '10** | **Mar '09** |
| **Income** | | | |
| **Sales Turnover** | 3305.42 | 2891 | 2435.85 |
| **Excise Duty** | 30.99 | 23.58 | 27.52 |
| **Net Sales** | 3274.43 | 2867.42 | 2408.33 |
| **Other Income** | 39.16 | 27.95 | 29.3 |
| **Stock Adjustments** | 78.31 | 9.68 | 38.89 |
| **Total Income** | 3391.9 | 2905.05 | 2476.52 |
| **Expenditure** |  |  |  |
| **Raw Materials** | 1740.68 | 1393.97 | 1271.74 |
| **Power & Fuel Cost** | 42.39 | 35.43 | 36.63 |
| **Employee Cost** | 230.84 | 212.34 | 167.32 |
| **Other Manufacturing Expenses** | 25.21 | 22.74 | 17.59 |
| **Selling and Admin Expenses** | 589.09 | 557.26 | 425.16 |
| **Miscellaneous Expenses** | 100.15 | 103.84 | 84.68 |
| **Total Expenses** | 2728.36 | 2325.58 | 2003.12 |
|  |  |  |  |
| **Operating Profit** | 624.38 | 551.52 | 444.1 |
| **PBDIT** | 663.54 | 579.47 | 473.4 |
| **Interest** | 12.93 | 13.28 | 14.47 |
| **PBDT** | 650.61 | 566.19 | 458.93 |
| **Depreciation** | 37.73 | 31.91 | 27.42 |
| **Other Written Off** | 16.6 | 5.66 | 3.94 |
| **Profit Before Tax** | 596.28 | 528.62 | 427.57 |
| **Extra-ordinary items** | 0.25 | -0.19 | -0.72 |
| **PBT (Post Extra-ord Items)** | 596.53 | 528.43 | 426.85 |
| **Tax** | 124.85 | 93.7 | 51.44 |
| **Reported Net Profit** | 471.41 | 433.33 | 373.55 |
| **Total Value Addition** | 987.68 | 931.61 | 731.38 |
| **Preference Dividend** | 0 | 0 | 0 |
| **Equity Dividend** | 200.19 | 173.6 | 151.39 |
| **Corporate Dividend Tax** | 32.82 | 29.5 | 25.73 |
| **Per share data (annualised)** | | | |
| **Shares in issue (lakhs)** | 17407.24 | 8675.86 | 8650.76 |
| **Earning Per Share (Rs)** | 2.71 | 4.99 | 4.32 |
| **Equity Dividend (%)** | 115 | 200 | 175 |
| **Book Value (Rs)** | 6.33 | 8.64 | 8.53 |

#### Balance Sheet (Annual) (Rs. in Crores)

|  |  |  |  |
| --- | --- | --- | --- |
| **Particulars** | **Mar '11** | **Mar '10** | **Mar '09** |
| Sources Of Funds | | | |
| **Total Share Capital** | 174.07 | 86.76 | 86.51 |
| **Equity Share Capital** | 174.07 | 86.76 | 86.51 |
| **Share Application Money** | 0 | 0.14 | 0 |
| **Preference Share Capital** | 0 | 0 | 0 |
| **Reserves** | 927.09 | 662.48 | 651.69 |
| **Revaluation Reserves** | 0 | 0 | 0 |
| **Networth** | 1101.16 | 749.38 | 738.2 |
| **Secured Loans** | 17.57 | 24.27 | 8.26 |
| **Unsecured Loans** | 235.78 | 81.8 | 130.72 |
| **Total Debt** | 253.35 | 106.07 | 138.98 |
| **Total Liabilities** | 1354.51 | 855.45 | 877.18 |
| **Application Of Funds** | | | |
| **Gross Block** | 766.88 | 687.23 | 518.77 |
| **Less: Accum. Depreciation** | 269.32 | 236.28 | 210.45 |
| **Net Block** | 497.56 | 450.95 | 308.32 |
| **Capital Work in Progress** | 11.92 | 23.31 | 51.71 |
| **Investments** | 519.23 | 348.51 | 232.05 |
| **Inventories** | 460.58 | 298.44 | 261.72 |
| **Sundry Debtors** | 202.46 | 130.48 | 112.36 |
| **Cash and Bank Balance** | 26.08 | 48.8 | 32.16 |
| **Total Current Assets** | 689.12 | 477.72 | 406.24 |
| **Loans and Advances** | 461.81 | 348.94 | 455.65 |
| **Fixed Deposits** | 166.33 | 115.11 | 111.53 |
| **Total CA, Loans & Advances** | 1317.26 | 941.77 | 973.42 |
| **Deffered Credit** | 0 | 0 | 0 |
| **Current Liabilities** | 539.05 | 471.73 | 381.87 |
| **Provisions** | 535.36 | 440.1 | 315.1 |
| **Total CL & Provisions** | 1074.41 | 911.83 | 696.97 |
| **Net Current Assets** | 242.85 | 29.94 | 276.45 |
| **Miscellaneous Expenses** | 82.95 | 2.74 | 8.64 |
| **Total Assets** | 1354.51 | 855.45 | 877.17 |
|  |  |  |  |
| **Contingent Liabilities** | 1075.89 | 173.48 | 174.15 |
| **Book Value (Rs)** | 6.33 | 8.64 | 8.53 |

**Key Financial Ratios**

|  |  |  |  |
| --- | --- | --- | --- |
| Particulars | Mar '11 | Mar '10 | Mar '09 |
| **Investment Valuation Ratios** |  |  |  |
| Face Value | 1 | 1 | 1 |
| Dividend Per Share | 1.15 | 2 | 1.75 |
| **Profitability Ratios** |  |  |  |
| Operating Profit Margin(%) | 19.06 | 19.17 | 18.33 |
| Net Profit Margin(%) | 14.27 | 15.03 | 15.44 |
| Return On Net Worth(%) | 46.29 | 58.04 | 51.2 |
| **Liquidity And Solvency Ratios** |  |  |  |
| Debt Equity Ratio | 0.23 | 0.14 | 0.19 |
| **Management Efficiency Ratios** |  |  |  |
| Inventory Turnover Ratio | 8.65 | 11.31 | 10.94 |
| Debtors Turnover Ratio | 19.67 | 23.62 | 22.63 |
| working capital turnover Ratio | 13.48 | 95.77 | 8.71 |
| **Cash Flow Indicator Ratios** |  |  |  |
| Dividend Payout Ratio | 0.42 | 0.40 | 0.40 |
| Sales growth % | 14.19 | 19.06 | 15.03 |
| Earnings Per Share | 2.71 | 4.99 | 4.32 |

# **DATA ANALYSIS**

**Profitability Ratio:-**

1. **Operating profit margin:-**

Operating margin is a measurement of what proportion of a company's revenue is left over after paying for variable costs of production such as wages, raw materials, etc. A healthy operating margin is required for a company to be able to pay for its fixed costs, such as interest on debt. If a company's margin is increasing, it is earning more per dollar of sales. The higher the margin, the better.

#### Formula of operating profit margin:

= Operating income/ Net sales × 100

|  |  |  |  |
| --- | --- | --- | --- |
| **Operating profit margin** | | | |
| **Particulars** | **Mar ‘09** | **Mar '10** | **Mar '11** |
| HUL | 14.46 | 15.74 | 13.53 |
| ITC | 32.84 | 33.02 | 34.08 |
| NESTLE | 19.74 | 19.91 | 20.53 |
| DABUR | 18.33 | 19.17 | 19.06 |

#### Analysis:

Operating profit margin shows how much a company makes (before interest and taxes) on each rupee of sales. We can see that the ratio of HUL is more in Mar'10 compared to Mar'09 this shows that the company is earning more compared to previous year but in the year Mar'11 the company's operating margin has reduced by 2.21% which is not good for the company. And same is the case with Dabur in Mar'10 its operating margin increased but slightly reduced in Mar'11.

In ITC and Nestle the operating margin is increasing at constant rate compared to its previous year this shows that both the companies are more on each rupee of sales which is good sign for any company.

Here, in Mar'11, ITC's operating margin is more compared to its competitors this shows that company has left with more amount of revenue after paying for variable costs of production such as wages, raw materials, etc. which shows the company is much more healthier than its counterparty.

1. **Net profit ratio**:-

Net profit ratio is the ratio of net profit (after taxes) to net sales. It is expressed as percentage. The two basic components of the net profit ratio are the net profit and sales. The net profits are obtained after deducting income-tax and, generally, non-operating expenses and incomes are excluded from the net profits for calculating this ratio. Thus, incomes such as interest on investments outside the business, profit on sales of fixed assets and losses on sales of fixed assets, etc are excluded. NP ratio is used to measure the overall profitability and hence it is very useful to proprietors. The ratio is very useful as if the net profit is not sufficient, the firm shall not be able to achieve a satisfactory return on its investment.

#### Formula of Net Profit Ratio:

Net Profit Ratio = (Net profit / Net sales) × 100

|  |  |  |  |
| --- | --- | --- | --- |
| **Net profit ratio** | | | |
| **Particulars** | **Mar ‘09** | **Mar '10** | **Mar '11** |
| HUL | 12.09 | 12.29 | 11.56 |
| ITC | 21.18 | 21.30 | 22.91 |
| NESTLE | 12.67 | 13.00 | 12.75 |
| DABUR | 15.44 | 15.03 | 14.27 |

#### **Analysis**:

Net profit ratio shows that situation of overall profit of the Company. In above calculation, Net profit ratio of HUL and Naestle is slightly increasing in year 2010 by .20% and .33% respectively which dosent create a much difference but in year 2011 both companies NP ratio is decreasing.

In case of ITC its NP ratio is constantly increasing which shows the company is good position compared to its competitors and reserse is the caase with Dabur its NP ratio is constantly decreasing which is not good for any company.

Here, ITC is leading in NP ratio compared to its counterparty which is good sign for that company is growing much faster.

## Return on net worth Ratio:-

It is the ratio of net profit to share holder's investment. It is the relationship between net profit (after interest and tax) and share holder's/proprietor's fund. The two basic components of this ratio are net profits and shareholder's funds. Shareholder's funds include equity share capital, (preference share capital) and all reserves and surplus belonging to shareholders. Net profit means net income after payment of interest and income tax because those will be the only profits available for share holders.

#### Formula of Return on Net worth Ratio:

= [Net profit (After tax & Pref. Dividend) / Share holder’s fund] **×** 100 Where; Share holder’s fund = Equity + Reserves

|  |  |  |  |
| --- | --- | --- | --- |
| **Return on net worth Ratio** | | | |
| **Particulars** | **Mar ‘09** | **Mar '10** | **Mar '11** |
| HUL | 121.34 | 85.25 | 87.57 |
| ITC | 23.85 | 28.98 | 31.36 |
| NESTLE | 112.68 | 95.70 | 75.47 |
| DABUR | 51.20 | 58.04 | 46.29 |

#### **Analysis**:

This ratio is of great importance to the present and prospective shareholders as well as the management of the company. Here we can see that RON of HUL in 2009 was 121.34 and it drastically fell to 85.25 in year 2010 which is not good for any company in retaining its shareholders but in year 2011 it has shown a sign of growth.

On the other hand ITC has is constantly increasing its RON from year 2009 to 2011 which is a good sign for shareholders. Whereas Nestle's RON drastically fell in year 2010 from 112.68 to

95.70 and further it has fallen to 75.47 in 2011 which is not good for shareholders. Same is the case with Dabur from 2009 to 2011 there is constant decrease in the RON.

Here ,in 2011, HUL is the leader in providing good returns to its shareholders compared to its competitors that is the reason HUL is the leader in FMCG sector.

# Liquidity and Solvency Ratio:-

1) **Debt Equity Ratio**:-

Debt-to-Equity ratio indicates the relationship between the external equities or outsiders funds and the internal equities or shareholders funds. It is also known as external internal equity ratio. It is determined to ascertain soundness of the long term financial policies of the company.

#### Formula of debt equity ratio:

Debt Equity Ratio = Long Term Debts / Shareholders’ Funds Where, Long Term Debts = Secured and Unsecured Loans

|  |  |  |  |
| --- | --- | --- | --- |
| **Debt Equity Ratio** | | | |
| **Particulars** | **Mar ‘09** | **Mar '10** | **Mar '11** |
| HUL | 0.2 | - | - |
| ITC | 0.01 | 0.01 | 0.01 |
| NESTLE | - | - | 0.76 |
| DABUR | 0.19 | 0.14 | 0.23 |

#### Analysis:

This ratio shows the relative amount of funds supplied to co. by outsiders and by owners. It also indicates the extent to which a co. has to depend upon outsiders for is financial requirements in long terms. Generally acceptable debt-equity ratio is 1:1. Here the ratio for HUL is 0.2:1 for the year 2009 and 0:1 for the year 2010 and 2011 which is good for the co. this shows that the co. is not much dependent on outside capital which indicates the co. is financially strong.

And the ratio for ITC is impressive from 2009 to 2011 it is constant 0.01:1 which is good for any company and co. is financially strong by not being much dependent on outside capital. On the other hand ratio for Nestle is 0:1 for the first 2 years and in 2011 it is 0.76:1 which shows the is not much financially strong compared to its competitors.

On the other hand ratios for Dabur is constantly increasing year on year which shows the co. is not financially strong.

# Management Efficiency Ratios:-

1. Inventory Turnover Ratio:-

Every firm has to maintain a certain level of inventory of finished goods so as to be able to meet the requirements of the business. But the level of inventory should neither be too high nor too low. This ratio tells how often a business’ inventory turns over during the course of the year. Because inventories are least liquid form of assets, a high inventory turnover ratio is generally positive. On the other hand, an unusually high ratio compared to the average for your industry could mean a business is losing sales because of inadequate stock on hand.

If your business has sufficient assets tied up in inventory, tracking your turnover is critical to successful financial planning. If inventory is turning too slowly, it could indicate that it may be hampering your cash flow. Because his ratio judges annual inventory turns, it is usually conducted once a year.

To judge whether the ratio of a firm is satisfactory or not, it should be compared over a period of time on the basis of trend analysis. It can also be compared with the level of other forms in that line of business as well as with industry average.

#### Formula of Inventory Turnover Ratio:

= Cost of Goods Sold / Avg. Inventory

Where, C.O.G.S. = Sales – Gross Profit

|  |  |  |  |
| --- | --- | --- | --- |
| **Inventory Turnover Ratio** | | | |
| **Particulars** | **Mar ‘09** | **Mar '10** | **Mar '11** |
| HUL | 9.26 | 8.99 | 7.91 |
| ITC | 5.26 | 6.04 | 6.05 |
| NESTLE | 11.61 | 12.33 | 11.60 |
| DABUR | 10.94 | 11.31 | 8.65 |

#### Analysis:

Inventory ratio indicates the efficiency of a firm’s inventory management and also shows the rate at which stocks are converted into sales and then into cash. High inventory ratio is more preferable especially for consumer goods. Here Inventory ratio for HUL in 2009, 2010, 2011 is 9.26, 8.99, 7.91 respectively this shows that ratio is constantly decreasing which is not good for co. And on the other hand the ratio for ITC is constantly increasing from 2009 to 2011 which clearly indicates the increase in sales.

The ratio for Nestle is high compared to its competitors it has high turnover of 11.60 in 2011 and on the other hand the ratio for Dabur is continuously decreasing from 2009-2011 which indicates the inefficiency of management in converting its sales into cash quickly.

1. Debtors Turnover Ratio:-

A concern may sell goods on cash as well as on credit. Credit is one of the important elements of sales promotion. The volume of sales can be increased a liberal credit policy. The effect of a liberal credit policy may result in tying up substantial funds of a firm in the form of trade debtors (or receivables). Trade debtors are expected to be converted into cash within a short period of time and are included in current assets. Hence, the liquidity position of concern to pay its short term obligations in time depends upon the quality of its trade debtors.

The higher the value of debtors turnover the more efficient is the management of debtors or more liquid the debtors are. Similarly, low debtors turnover ratio implies inefficient management of debtors or less liquid debtors. It is the reliable measure of the time of cash flow from credit sales.

#### Formula of Debtors Turnover Ratio:

Debtors Turnover Ratio = Total Sales (Net Sales) / Avg. Debtors

|  |  |  |  |
| --- | --- | --- | --- |
| **Debtors Turnover Ratio** | | | |
| **Particulars** | **Mar ‘09** | **Mar '10** | **Mar '11** |
| HUL | 41.83 | 29.24 | 24.28 |
| ITC | 21.32 | 24.31 | 23.91 |
| NESTLE | 93.68 | 98.22 | 83.83 |
| DABUR | 22.63 | 23.62 | 19.67 |

#### Analysis:

Debtors turnover ratio shows the rate at which cash is generated by the turnover of debtors. Here, Debtors turnover ratio for HUL is high in the year 2009 and gradually it is decreasing in subsequent years which is bad for the co. and on the other hand the ratio for ITC is fluctuating and not much impressive in collecting money from debtors.

Whereas ratio for Nestle is quite impressive it has high turnover ratio of 83.83 in 2011 which shows the management is strict towards its debtors in collecting amount money from them. And the turnover ratio of Dabur is low compared to other co. in the year 2011 which is 19.67 this indicates the co. is not strict towards its debtors in collecting money.

**Working Capital Turnover Ratio:-**

Working capital turnover ratio indicates the velocity of the utilization of net working capital. The working capital turnover ratio measures the efficiency with which the working capital is being used by a firm. A high ratio indicates efficient utilization of working capital and a low ratio indicates otherwise. But a very high working capital turnover ratio may also mean lack of sufficient working capital which is not a good situation.

#### Formula of Working Capital Turnover Ratio:

= Sales (or Cost of Sales) / Net Working capital

Where; Net Working Capital = Current assets – Current liabilities

|  |  |  |  |
| --- | --- | --- | --- |
| **Working capital Turnover Ratio** | | | |
| **Particulars** | **Mar ‘09** | **Mar '10** | **Mar '11** |
| HUL | 284.82 | -15.91 | -17.98 |
| ITC | 5.79 | -26.29 | 25.78 |
| NESTLE | -8.60 | -9.53 | -8.47 |
| DABUR | 8.71 | 95.77 | 13.48 |

#### Analysis:

Total assets turnover ratio indicates effective utilization of total assets in generating sales. Here fixed assets turnover ratio of HUL is very high in the year 2009 which shows lack of insufficient working capital and negative in the subsequent years. On the other hand ITC has good Working capital turnover ratio which states that the co. is utilizing its total assets effectively in generating sales.

On the other hand Nestle has negative ratio which is not for a co. and co. should concentrate on it to make it a positive. Whereas the working capital turnover ratio of Dabur is very impressive this indicates the management is effectively utilizing its total assets in generating sales.

# Cash Flow Indicator Ratios:-

1. Earnings per Share (EPS):-

Earnings per share ratio (EPS Ratio) is a small variation of return on equity capital ratio and is calculated by dividing the net profit after taxes and preference dividend by the total number of equity shares. The earnings per share is a good measure of profitability and when compared with EPS of similar companies, it gives a view of the comparative earnings or earnings power of the firm. EPS ratio calculated for a number of years indicates whether or not the earning power of the company has increased.

#### Formula of EPS:

**=** ( Net profit – Pref. Dividend ) / No. of shares

|  |  |  |  |
| --- | --- | --- | --- |
| **Earnings per share** | | | |
| **Particulars** | **Mar ‘09** | **Mar '10** | **Mar '11** |
| HUL | 11.47 | 10.09 | 10.68 |
| ITC | 8.65 | 10.64 | 6.45 |
| NESTLE | 67.94 | 84.91 | 99.73 |
| DABUR | 4.32 | 4.99 | 2.71 |

#### Analysis:

This ratio gives a view of the comparative earnings or earnings power of the firm. Here in HUL EPS has reduced after 2009 which is not a good sign for the company but it has shown a sign of increasing its EPS in 2011 which is positive for the co. Whereas ITC has fluctuating EPS one year it is increasing and in the other year it is decreasing which is not good for any co.

On the other hand EPS of Nestle is continuously increasing year on year which is very good for the co. While in Dabur co. the EPS is not much attractive and it has been reduced in the year 2011 from 2010 to almost 50% which is not good for the company.

Here, Nestle is much strong in EPS compared to other companies which is good for company.

1. Dividend payout Ratio:-

Dividend payout ratio is calculated to find the extent to which earnings per share have been used for paying dividend and to know what portion of earnings has been retained in the business. It is an important ratio because ploughing back of profits enables a company to grow and pay more dividends in future.

The payout ratio and the retained earning ratio are the indicators of the amount of earnings that have been ploughed back in the business. The lower the payout ratio, the higher will be the amount of earnings ploughed back in the business and vice versa. A lower payout ratio or higher retained earnings ratio means a stronger financial position of the company.

#### Formula of Dividend payout Ratio:

= Dividend per share / Earnings per Share

|  |  |  |  |
| --- | --- | --- | --- |
| **Dividend payout Ratio** | | | |
| **Particulars** | **Mar ‘09** | **Mar '10** | **Mar '11** |
| HUL | 0.65 | 0.64 | 0.61 |
| ITC | 0.43 | 0.94 | 0.69 |
| NESTLE | 0.07 | 0.06 | 0.05 |
| DABUR | 0.40 | 0.40 | 0.42 |

#### Analysis:

Dividend Payout ratio is indicator of the amount of earnings that have been ploughed back in the business. In HUL there is higher payout ratio which indicates the co. is paying more to its shareholders and lower amount of earnings are ploughed back in the business. Same is the case with ITC which is not good strong financial condition of both the companies.

Whereas in Nestle co. the payout ratio is low that means the higher amount of earnings are ploughed back in the business, which is good for strong financial condition. And payout ratio for Dabur is constant over the years which is also a sign of good strong financial condition.

Comparatively Nestle is good because it uses whole fund for his strong financial purpose.

1. Sales Growth:-

#### Formula of Sales Growth:

= [(Sales Current Year – Sales Previous Year) / Sales Previous Year] **×** 100

|  |  |  |  |
| --- | --- | --- | --- |
| **Sales growth** | | | |
| **Particulars** | **Mar ‘09** | **Mar '10** | **Mar '11** |
| HUL | 47.72 | -13.34 | 10.81 |
| ITC | 6.80 | 23.90 | 13.75 |
| NESTLE | 18.79 | 21.75 | 19.66 |
| DABUR | 15.03 | 19.06 | 14.19 |

#### Analysis:

Sales growth is also useful for particular FMCG Sector. Sales growth of HUL in 2011 is very good compared to its last year where it was negative 13.34 it is good sign co. is growing.

On the other hand ITC, Nestle and Dabur has faced a decrease in their sales growth compared to there last year where each co. has experienced sales growth.

Here we have seen overall sales growth of HUL is very impressive compared to other companies.

# RANKING

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Particulars | Company | | | |
| HUL | ITC | NESTLE | DABUR |
| Return on Net worth | 1 | 4 | 2 | 3 |
| Inventory turnover ratio | 3 | 4 | 1 | 2 |
| Debtors turnover ratio | 2 | 3 | 1 | 4 |
| Working capital turnover ratio | 2 | 3 | 4 | 1 |
| Earnings per share | 2 | 3 | 1 | 4 |
| Sales growth | 1 | 3 | 2 | 4 |

|  |  |
| --- | --- |
| Sample Size (Age) | Percentages (%) |
| 18 – 25  25 – 35  35 – 45  45 & Above | 75.9  20.7  0  3.4 |

Interpretation –

* + - * As per the above Bar Graph we can see that the Age group of 18 – 25 are the highest number of individuals around 22 peoples.
      * Age between 25 – 35 are somewere around 6 people
      * Age more than 45 & Above has one Individual in the total respondent of 29

|  |  |
| --- | --- |
| Sample Size (Gender) | Percentages (%) |
| Male  Female | 41.4  58.6 |

Interpretation –

* + - * As per the above Bar Graph we can see that the Gender of Female is Higher than Male
      * Female are 17 and Male are 12 in the total respondent of 29

|  |  |
| --- | --- |
| Sample Size (Education) | Percentages (%) |
| School Level  Degree/Diploma  PG  Professional | 27.6  62.1  10.3  0 |

Interpretation –

* + - * As per the above Bar Graph we can see that the Educational Qualifications of Degree/Diploma are much higher than any other qualification
      * Whereas PG students are only 3
      * School Level students are 8 in total respondent of 29

|  |  |
| --- | --- |
| Sample Size (Occupation) | Percentages (%) |
| Student  House Wife  Employed  Businesses | 48.3  10.3  41.4  0 |

Interpretation –

* + - * As per the above Bar Graph we can see that the higher number of respondent are students somewere around 14
      * Employed professionals are 12
      * Housewifes are 3 in total 29 responses

|  |  |
| --- | --- |
| Sample Size (Monthly Income) | Percentages (%) |
| 10,000 to 25,000  25,000 to 40,000  40,000 to 65,000  65,000 & Above | 69  20.7  3.4  6.9 |

Interpretation –

* + - * As per the above Bar Graph we can see that the monthly income of RS 10000 – 25000 are much higher as compared to others
      * The salary between 25,000 – 40,000 are 6
      * Salary between 40,000 – 65,000 are 1
      * Salary between 65000 & Above are 2 in total 29 responses

No. of Members in the Family

* Up to 2
* 2 to 4
* 4 to 6
* 6 & Above

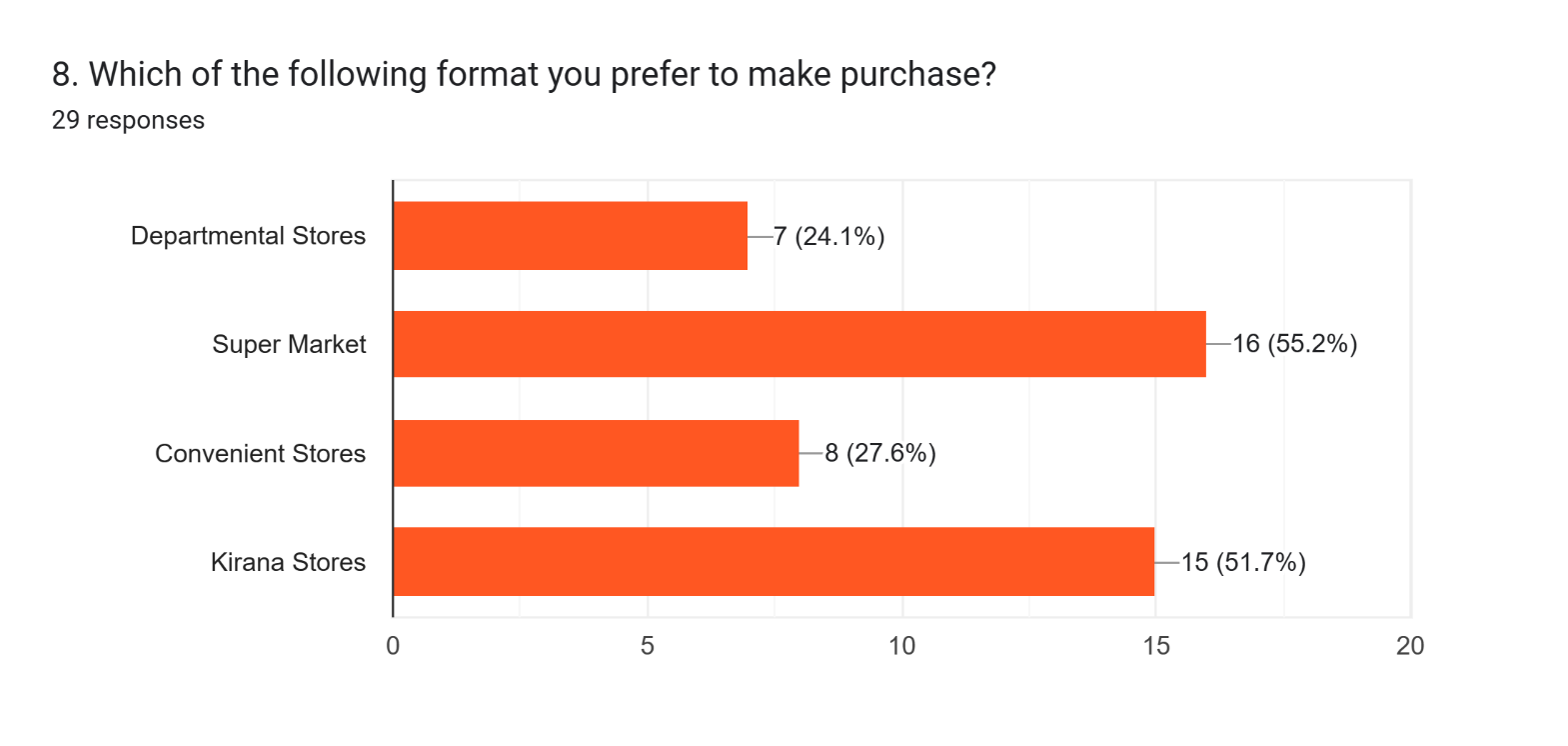
|  |  |
| --- | --- |
| Sample Size (Family Members) | Percentages (%) |
| Up to 2  2 to 4  4 to 6  6 & Above | 3.4  48.3  37.9  10.3 |

Interpretation –

* + - * As per the above Bar Graph we can see that the family members between 2 to 4 are highest group
      * Group 4 to 6 are 11 in Members
      * 6 & Above are 3 Family members
      * Up to 2 are only 1 in total responses of 29

Which of the following format you prefer to make purchase?

* Departmental Stores
* Super Market
* Convenient Stores
* Kirana Stores



Interpretation –

* + - * As per the above Bar Graph we can see that the people preferring supermarket more than any other means of buying
      * Kirana Stores are the second means that consumers prefer to buy
      * Convenient stores are 27.6% of consumers
      * Departmental stores has 24.1%

Which of the following retail stores you prefer to make purchase?

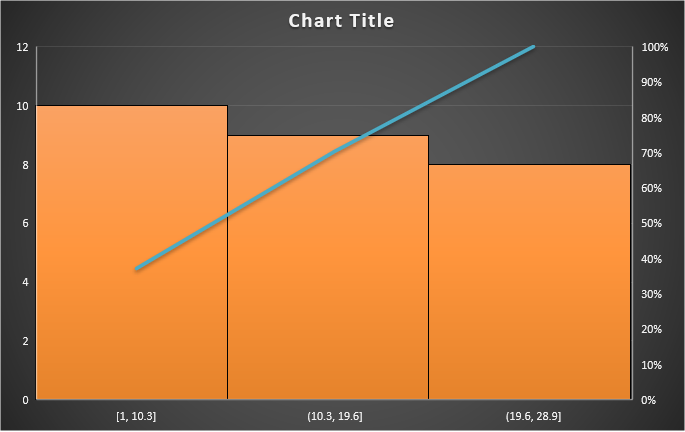
* Reliance Stores
* Dmart
* BigBasket
* Local Stores

Interpretation –

* + - * As per the above Bar Graph we can see that the people prefer Dmart for Buying products 10 Responses
      * Local stores are the second convenient of buying goods
      * Other than this people prefer some supermarkets and online media for buying the goods.

Select the reason for making purchase in your preferred Stores?

* Discount
* Varietiy
* Service
* Proximity
* Ambiance



Interpretation –

* + - * As per the above Bar Graph we can see that the preferred stores chosen by the peoples with main reason is Discounts, Variety and services with 82%
      * Other people gone along with Proximity and Ambiance with 75% (10.3,19.6)
      * 68% of the people goes with variety, ambiance and proximity.

How often discounts and Incentives are provided by departmental stores?

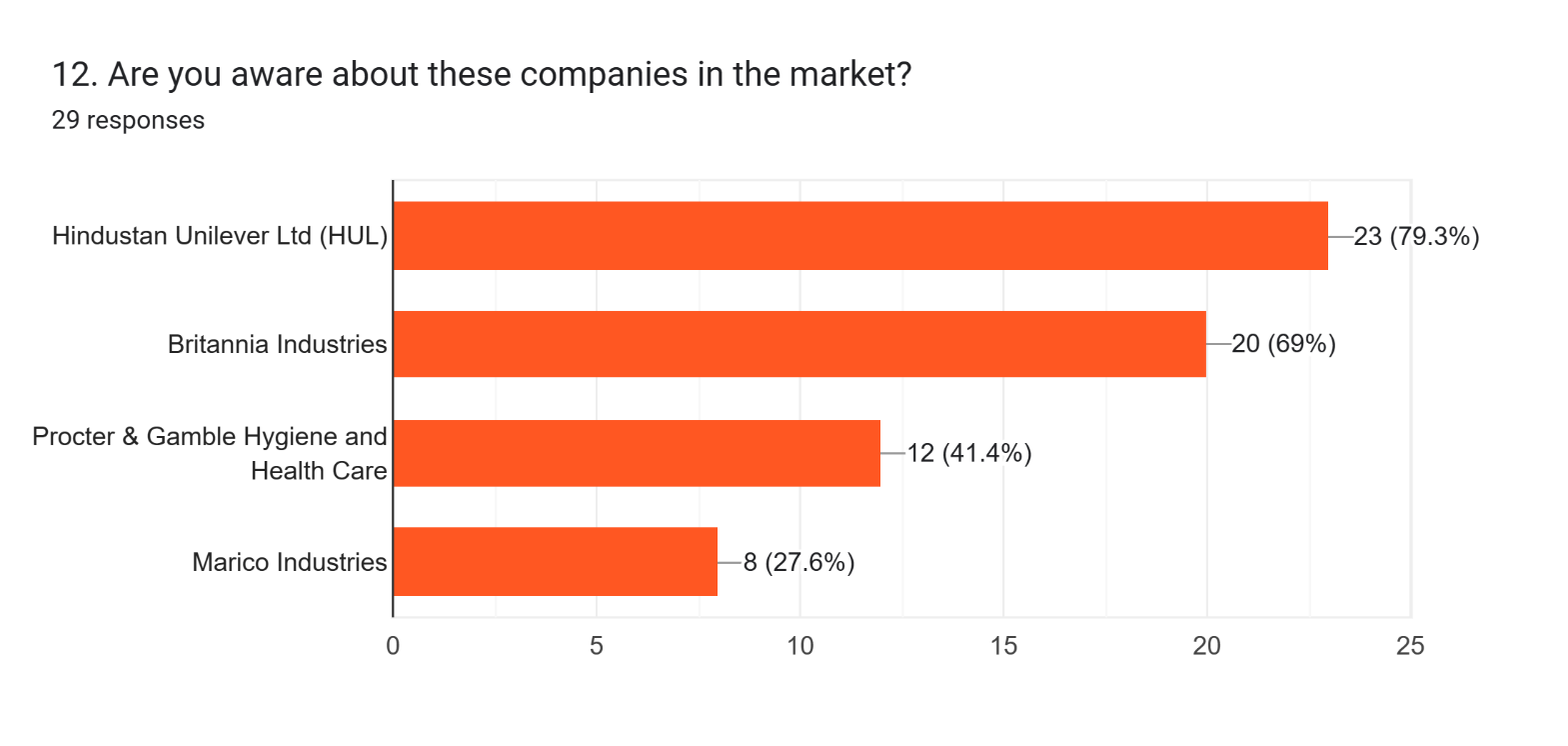
* Always
* Often
* Sometimes
* Not at all

Interpretation –

* + - * As per the above Bar Graph we can see that the offeres provided by departmental stores are “Sometimes” choosen by the peoples with total number of 13 votes
      * “Always” option choosed by the 9 people for discount in departmental stores
      * Often and Not at all are the last two option voted by 6 people with total responses of 29

Are you aware about these companies in the market?

* Hindustan Unilever Ltd (HUL)
* Britannia Industries
* Procter & Gamble Hygiene and Health Care
* Marico Industries



Interpretation –

* + - * As per the above Bar Graph we can see that the 79.3% people are aware about the HUL Company
      * 69% people are aware with the Britannia company
      * 41.4% people are aware about the P & G Company
      * 27.6% people are aware about the Marico Industries’.

Do you think branded products are better than Unbranded products?

* Yes
* No

Interpretation –

* + - * As per the above Bar Graph we can see that the 23 people said that the branded products are better than Unbranded products
      * 6 peoples have said that Unbranded products are better than Branded products

 Do you look various schemes in the FMCG products?

Yes

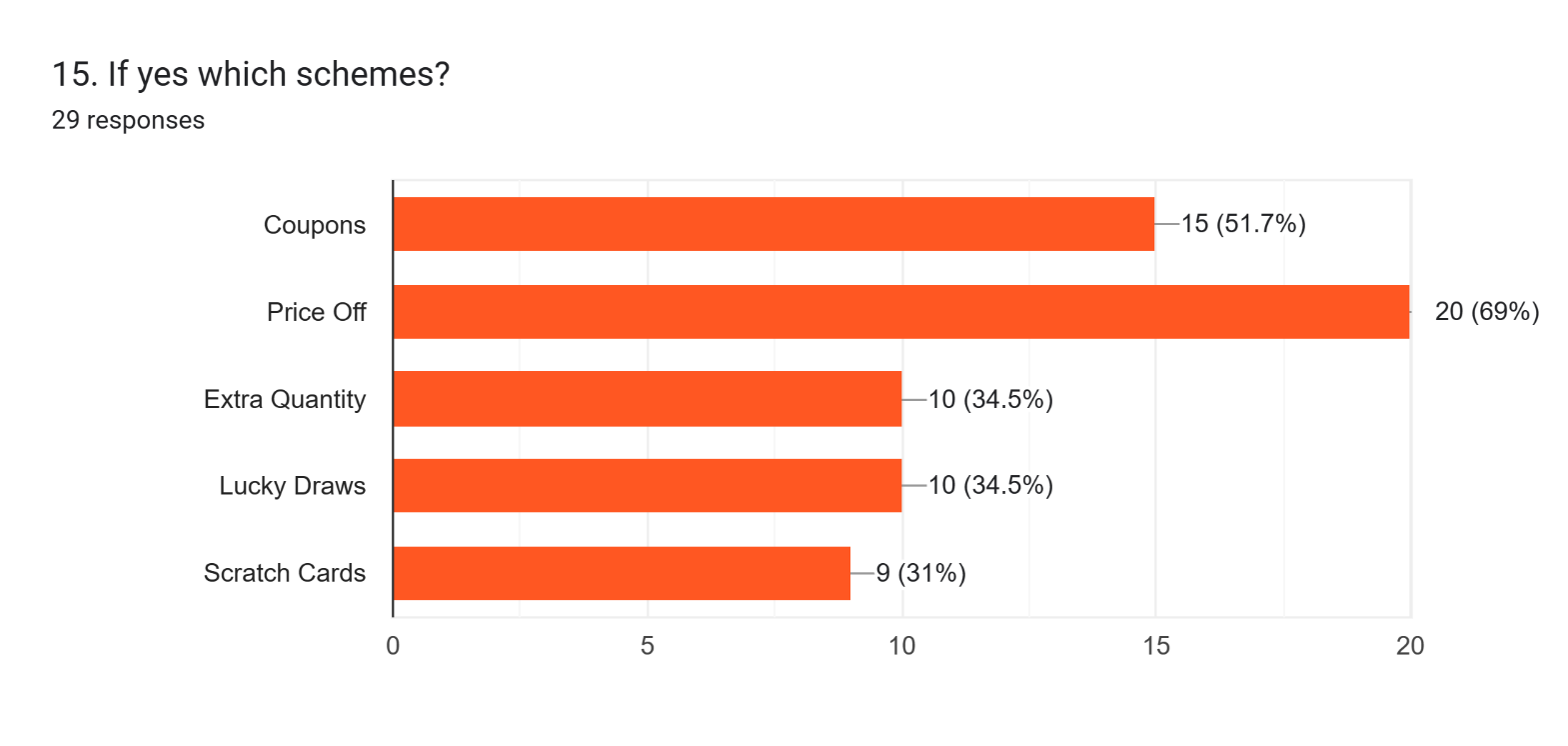
No

Interpretation –

* + - * As per the above Bar Graph we can see that the 80% of the Audience look for the schemes in FMCG Products
      * 20% of the audience said that they do not look for the schemes in the FMCG products.

If yes which schemes?

* Coupons
* Price Off
* Extra Quantity
* Lucky Draws
* Scratch Cards



Interpretation –

* + - * As per the above Bar Graph we can see that the 51.7% people look for the coupon schemes
      * 69% people look for the price off scheme
      * 34.5% people look for the Extra Quantity
      * 34.5% people go for the Lucky Draws
      * 31% of the audiences go for the scratch cards

Will you like to switch your brand preference if you get some promotional schemes with another brand?

Yes

No

Interpretation –

* + - * As per the above Bar Graph we can see that the 16 people can change the brand preferences if they got some promotional schemes
      * 13 people said that they do not go for the promotional schemes, they will stick to their regular brand

 Does the advertising play any role towards brand preferences?

Yes

No

Interpretation –

* + - * As per the above Bar Graph we can see that the 25 people said that advertising play any role towards brand preferences
      * Whereas 4 people said that advertising don’t play any role towards brand preferences

Have you purchased any FMCG product recently after coming across any advertisement?

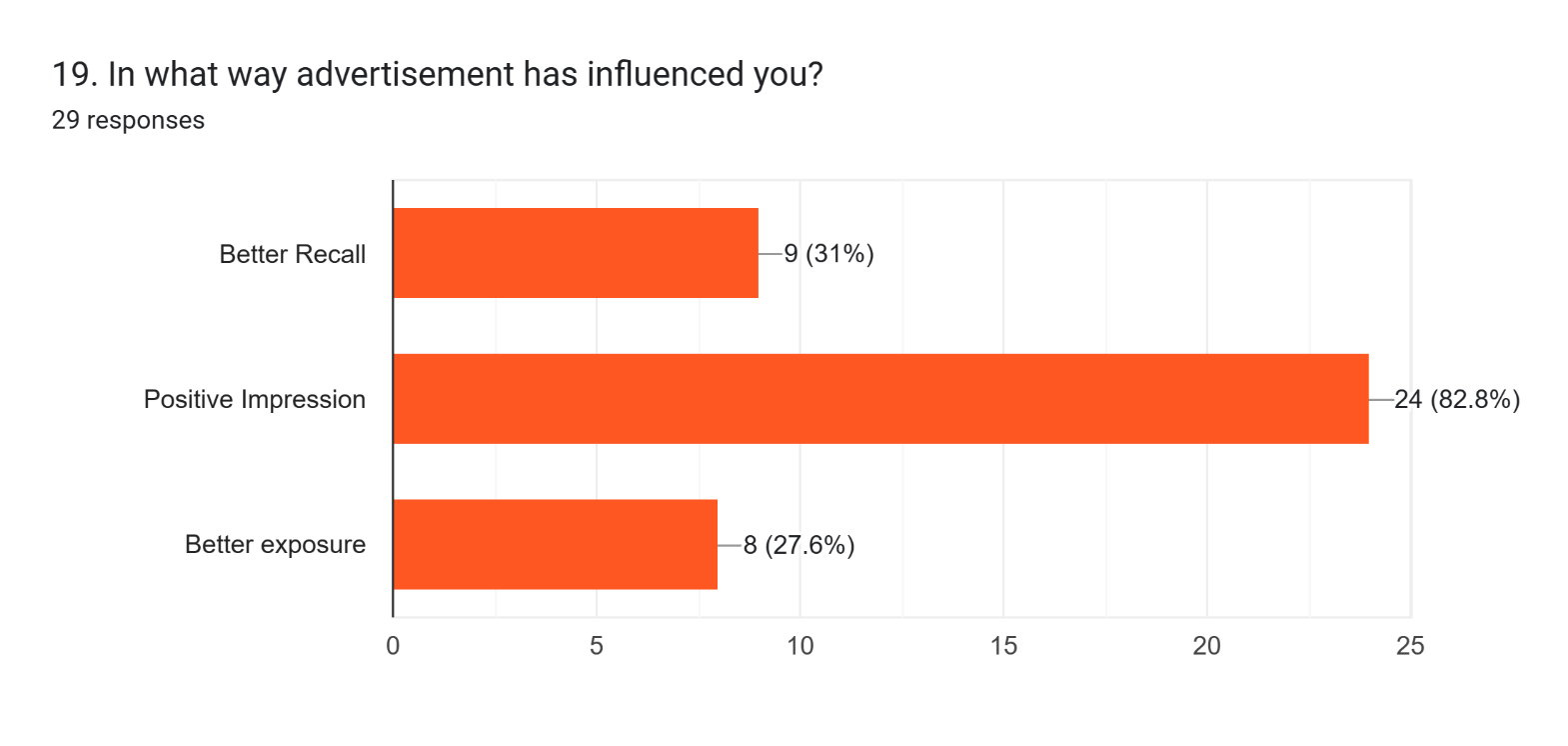
Yes

No

Interpretation –

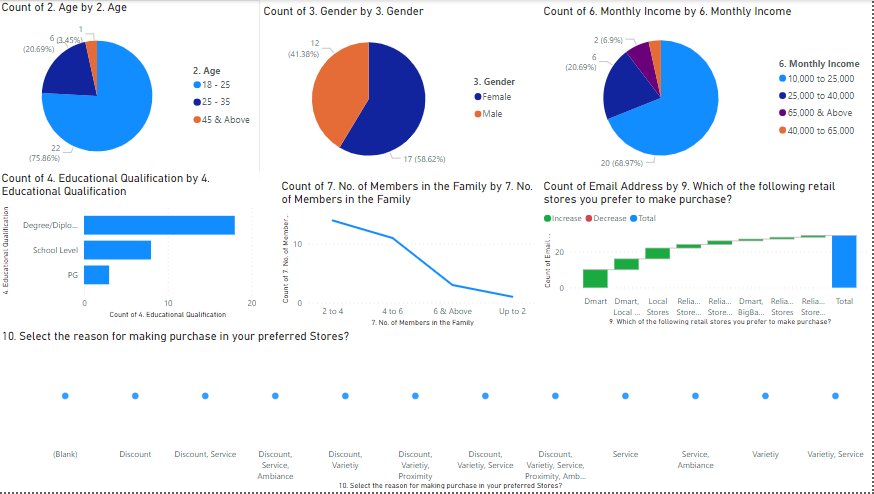
* + - * As per the above Bar Graph we can see that the 15 people said that they purchased any FMCG product recently
      * Whereas 14 people doesn’t purchased any FMCG product recently.

In what way advertisement has influenced you?

* Better Recall
* Positive Impression
* Better exposure

Interpretation –

* + - * As per the above Bar Graph we can see that the 31% of the audience go for the better recall whenever they got influenced by the advertisements
      * 82.8% audience tells that they look for positive impression when the are influenced by the advertisement
      * 27.6% of the people look for the better exposure when they are influenced by the advertisement



**CONCLUSION**

Fundamental analysis can be valuable, but it should be approached with caution. If you are reading research written by a sell-side analyst, it is important to be familiar with the analyst behind the report. We all have personal biases, and every analyst has some sort of bias.

As per analysis, we can say that FMCG sector has tremendous growth rate with relevant other growing sectors. As per analysis of the company, the FMCG sector generated revenues worth USD27.9 billion in 2010 and the industry expanded at a compound annual rate of 15.4 per cent during 2006-10. ‘Food products’ is the leading segment, accounting for 43 per cent of the overall market. Personal care (22 per cent) and fabric care (12 per cent) are the other large segments. The urban segment is the largest contributor, accounting for two-thirds of total revenue. Semi- urban and rural segments are growing at a rapid pace, currently accounting for 33 per cent of revenues. Industry saw heavy FDI inflows as they accounted for 2.1 per cent of the country’s total FDI 2000-11. Food processing is the most popular FMCG category; it attracts over 53 per cent of total FDI in the industry.

# **RECOMMENDATIONS**

As per the analysis done on the FMCG sector here are some of the recommendations from our side:

* The investors should not consider only ratio analysis for investing in any company.

* Based on the research analysis the investor should go for HUL and Nestle India both these companies are growing at faster rate compared to others.

**LIMITATIONS**

The common limitation of the study is that the project is based on the future and as we know that the future is always uncertain. The projects predict all about the future but the preceding the future is one limitation because of the uncertainty of the future.

The input by using which the project made secondary data and no primary data is used in the making of the project so there can be a fault in secondary data or can be problem in obtaining the secondary data.

Another limitation is top four players of FMCG sector are only considered for making the project. And collected is of last three years.

There are certain limitations of projects which have to keep in mind while considering the project as sound portfolio for anyone.

The return or portfolio has to earn from the stock market, which also belongs to certain limitation like there are different trends in stock markets or speculative transaction, etc. which can affect the probability of investors.

# **Appendix - I**

# **BIBLIOGRAPHY**

Saeed, K. (2009) "FMCG Markets in India-The next big thing? ”

Kiran, K S.(2011) " FMCG: Expect no strong repeat show as demand flags" Economic times Sarath, C. (2009) "Still Shinning"

Shamni, P. and Anumeha C. (2011) Business today, Edition: June 12, 2011 Basu Purba (2004)

Tognatta Pradeep (2003) Aithal, K Rajesh (2004)

# **References**

<http://www.ibef.org/artdispview.aspx?in=13&art_id=31117&cat_id=445&page=1> <http://www.ibef.org/artdispview.aspx?in=13&art_id=31117&cat_id=445&page=2> <http://www.ibef.org/artdisplay.aspx?cat_id=444&art_id=27863> <http://www.ibef.org/ArticleSearchResult.aspx?Keywords=fmcg&IsArchive=0> <http://www.expressindia.com/latest-news/FMCG-industry-eyes-15-growth-this-yr/562232/> <http://businesstoday.intoday.in/story/fmcg-sector-new-launches-products/1/15747.html> <http://www.oifc.in/Article/FMCG-sector-set-to-grow-13%25-in-FY11-report>

[http://articles.economictimes.indiatimes.com/2011-08-23/news/29918939\_1\_fmcg-companies-](http://articles.economictimes.indiatimes.com/2011-08-23/news/29918939_1_fmcg-companies-consumer-goods-companies-price-increases) [consumer-goods-companies-price-increases](http://articles.economictimes.indiatimes.com/2011-08-23/news/29918939_1_fmcg-companies-consumer-goods-companies-price-increases)

<http://www.moneycontrol.com/financials/hul/profit-loss/HU> <http://www.moneycontrol.com/financials/hul/consolidated-profit-loss/HU> <http://www.moneycontrol.com/financials/hindustanunilever/profit-loss/HU#HU> <http://www.moneycontrol.com/financials/nestleindia/profit-loss/NI#NI> <http://www.moneycontrol.com/financials/nestleindia/balance-sheet/NI#NI> <http://www.moneycontrol.com/india/stockpricequote/foodprocessing/nestleindia/NI> <http://www.moneycontrol.com/financials/itc/profit-loss/ITC#ITC> <http://www.moneycontrol.com/financials/itc/balance-sheet/ITC#ITC> [www.in.finance.yahoo](http://www.in.finance.yahoo/)

**Appendix – II**

**QUESTIONNAIRE**

**“*FUNDAMENTAL ANALYSIS ON FMCG SECTOR****”*

Dear respondent,

I the student of TY.BMS of K.V. Pendharkar College request you to kindly assist me in filling the following questionnaire to complete my 100 marks project. Your response will be dealt with strict confidentiality and it will be used only for academic purpose. Thank you for spending your valuable time to fill this questionnaire.

***PERSONAL INFORMATION :***

1. NAME:

1. E-mail ID:

***GENERAL INFORMATION:***

3. Age

* 18 - 25
* 25 - 35
* 35 - 45
* 45 & Above

4. Gender

* Male
* Female

5. Educational Qualification

* School Level
* Degree/Diploma
* PG
* Professional

6. Occupation Status

* Student
* House Wife
* Employed
* Businesses

7. Monthly Income

* 10,000 to 25,000
* 25,000 to 40,000
* 40,000 to 65,000
* 65,000 & Above

8. No. of Members in the Family

* Up to 2
* 2 to 4
* 4 to 6
* 6 & Above

9. Which of the following format you prefer to make purchase?

* Departmental Stores
* Super Market
* Convenient Stores
* Kirana Stores

10. Which of the following retail stores you prefer to make purchase?

* Reliance Stores
* Dmart
* BigBasket
* Local Stores

11. Select the reason for making purchase in your preferred Stores?

* Discount
* Varietiy
* Service
* Proximity
* Ambiance

12. How often discounts and Incentives are provided by departmental stores?

* Always
* Often
* Sometimes
* Not at all

13. Are you aware about these companies in the market?

* Hindustan Unilever Ltd (HUL)
* Britannia Industries
* Procter & Gamble Hygiene and Health Care
* Marico Industries

14. Do you think branded products are better than Unbranded products?

* Yes
* No

15. Do you look various schemes in the FMCG products?

* Yes
* No

16. If yes which schemes?

* Coupons
* Price Off
* Extra Quantity
* Lucky Draws
* Scratch Cards

17. Will you like to switch your brand preference if you get some promotional schemes with another brand?

* Yes
* No

18. Does the advertising play any role towards brand preferences?

* Yes
* No

19. Have you purchased any FMCG product recently after coming across any advertisement?

* Yes
* No

20. In what way advertisement has influenced you?

* Better Recall
* Positive Impression
* Better exposure