Equity Research in FMCG Sector (F & B) in India: A Study of KRBL Limited and Britannia Industries

Anupam Mitra
ACMA Assistant Professor (Finance)
Symbiosis Institute of Business Management, Bangalore

Karan Mordani
Student MBA (Finance)
SIBM, Bangalore

I. Introduction

India is among the world's youngest nations, with a median age of 25 years as compared to 43 in Japan and 36 in the US. This, coupled with a large population and rapidly evolving consumer preferences, has translated into a large market opportunity for FMCG players. Improved infrastructure facilities are expected to support the enhanced supply chain management. The Government of India has increased it's spend on infrastructure, including the construction of roads. By 2025, India is poised to become the world's fifth-largest consuming country from the twelfth position in 2010. Real estate development in the country, such as the construction of shopping malls and hypermarkets, are opening up new business channels for FMCG companies. Indian cities are expected to add 379 million people to the consumer base for FMCG companies, as the urbanisation rate is expected to increase from the current 30 to 45 per cent in the next 40 years according to recent industry estimates, household income in the top 20 boom cities in India is projected to grow at 10 per cent annually by 2018. Further, the top 100 cities in India contribute between 50–60 per cent of the overall consumption spends.

Graph 1: **FMCG Sector in India**

The Indian FMCG sector is the fourth largest sector in the economy. It has a strong MNC presence and is characterized by a well established distribution network, intense competition between the organized and unorganized segments and low operational cost. Availability of key raw materials, cheaper labour costs and presence across the entire value chain gives India a competitive advantage. The FMCG market is set to treble from $11.6 billion in 2003 to $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.

We can notice that Food and Beverages comprise 43% (forty three percent) of the sector. It is therefore, majorly spiraling sales of food and beverages that is responsible for the growth of the sector. Hence, our research and project focused primarily on food products. Some of the factors responsible for the growth of the sector are:

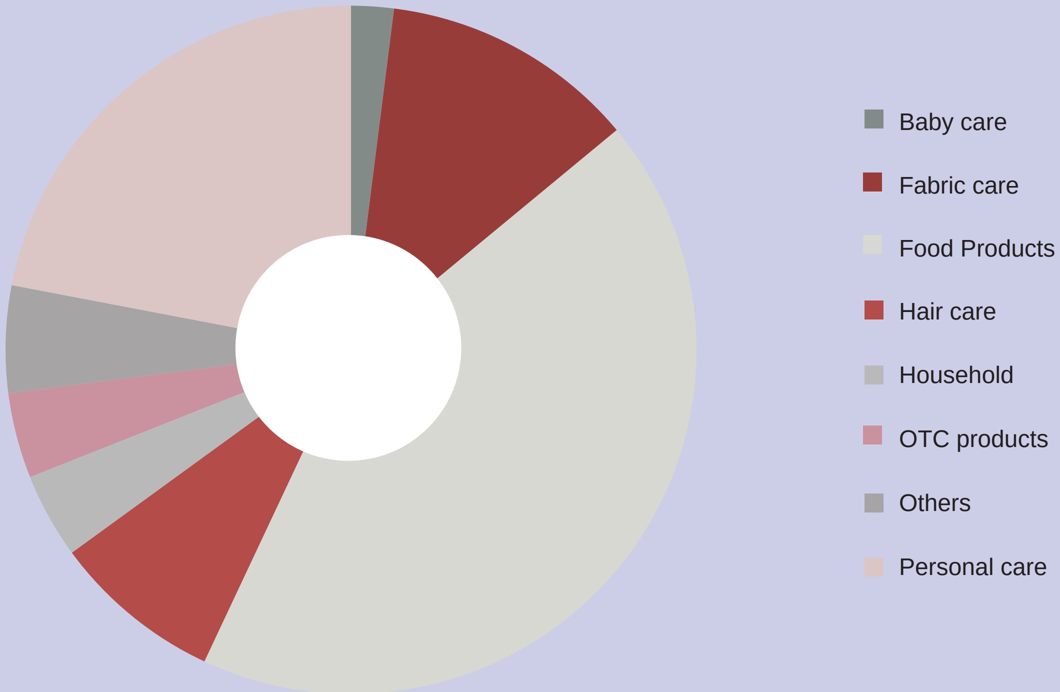
- Increasing Urbanization
- Rising Urban Penetration
- Lifestyle changes
- Gradual shift towards branded and organized food packages.

II. Relevant Literature Reviewed:

- Richard A. Cohn and John J.Pringle (October,1971), in their "Some Implications of Imperfections In International Financial Market" concluded that if restrictions on international capital flows were to be removed, returns on internationally diversified portfolios would decline toward the risk-free rate of interest.
- A.P.Budd and H.M.Treasury (November, 1971), observed that the relevant measure of riskiness for an investment is its non-diversifiable standard deviation.
- William S. Comanor and Thomas A. Wilson (November 1971) suggested that advertising depends on technological factors and prices, which determine the variability of total cost with output in the short run.
- A. P. Budd and Robert H. Lichtenberger (1971) analyzed that the comparative static response of risk asset prices and the firm's cost of capital to changes in money supply.
- Amitesh Kapoor (2012), observed that fast moving consumer goods (BSE-FMCG), consumer durable (BSE-CD), health care (BSE-HC), and automobile (BSE-AUTO) sectors have outperformed the benchmark as well as other sectors and have provided positive alpha.

III. Objectives:

1. To accomplish the reasons behind the rationale of investment in this sector and also the reasons behind the good returns it has so far given.



Graph 2: **Indian FMCG Market Segment (www.ibef.org----report on Fast Moving Consumer Goods under the Food Industry heading)**

2. To finding out the reasons behind Food and Beverages Segment leading the growth of the sector.
3. To value the stocks of the certain FMCG companies to arrive at a conclusion whether the stock is undervalued or overvalued or fairly priced.
4. To give recommendations to prospective clients and investors about investment on this stock.

IV. Data Source & Methodology:

The data we have collected from the following:

- Annual Reports of Companies
- Company Corporate Presentations
- Industry Reports
- Past and Existing Equity Research Reports of Companies

The purpose is to predict future performance of companies and accordingly inform prospective investors. For this purpose, fundamental analysis has been done to see analyse companies' future performance based on current trends and future predictions. Fundamental Analysis is done to see how the companies' assets are valued and have an opportunity to grow. An industry analysis is also done to understand the working of the industry.

The data collected for the purpose of analysis was secondary in nature. The data for the above analysis like the track records of various companies, market capitalization, GDP, Price/Earnings Ratio of companies were taken from relevant websites on the basis of which, analysis has been done.

For the purpose of Valuation, we have also analyzed companies which may not be regarded to be very big now, but may grow up to great heights in future.

The methodology included the fundamental analysis of companies. It was as follows:

- Studying reports on the sector.
- Identifying the Macroeconomic Factors influencing the sector.
- Analyzing certain companies' current performance (related to the sector) and their annual reports.
- Carrying out valuations of the companies using financial models.
- Giving suggestions in the report.

V. Analysis of Data:

Fundamental analysis of a business involves analyzing its financial statements and health, its management and competitive advantages, and its competitors and markets. When applied to futures and forex, it focuses on the overall state of the economy, interest rates, production, earnings, and management. When analyzing a stock, futures contract, or currency using fundamental analysis there are two basic approaches one can use; bottom up analysis and top down analysis. The term is used to distinguish such analysis from other types of investment analysis, such as quantitative analysis and technical analysis.

Fundamental analysis maintains that markets may misprice a security in the short run but that the "correct" price will eventually be reached. Profits can be made by purchasing the mispriced security and then waiting for the market to recognize its "mistake" and re price the security.

The biggest part of fundamental analysis involves delving into the financial statements. Also known as quantitative analysis, this involves looking at revenue, expenses, assets, liabilities and all the other financial aspects of a company. On the basis of this analysis the intrinsic value of the shares are determined. This is considered as the true value of the share. If the intrinsic value is higher than the market price it is recommended to buy the share. If it is equal to market price hold the share and if it is less than the market price sell the shares

To a fundamentalist, the market price of a stock tends to move towards its "real value" or "intrinsic value". If the "intrinsic/real value" of a stock is above the current market price, the investor would purchase the stock because he knows that the stock price would rise and move towards its "intrinsic or real value"

If the intrinsic value of a stock was below the market price, the investor would sell the stock because he knows that the stock price is going to fall and come closer to its intrinsic value.

Fundamental Analysis of the Companies:

We start analyzing the financials of certain companies in the FMCG (food & beverages) segment. These included companies like KRBL and Britannia Industries.

These comprised of Financial Modeling, Ratio calculations, Valuations using Discounted Cash Flow Model (DCFF). In this method we used the estimated or forecasted growth rate and also the cost of capital or inflation to discount Future Cash Flows. This method helped us to arrive at a valuation for the companies and their stocks under consideration.

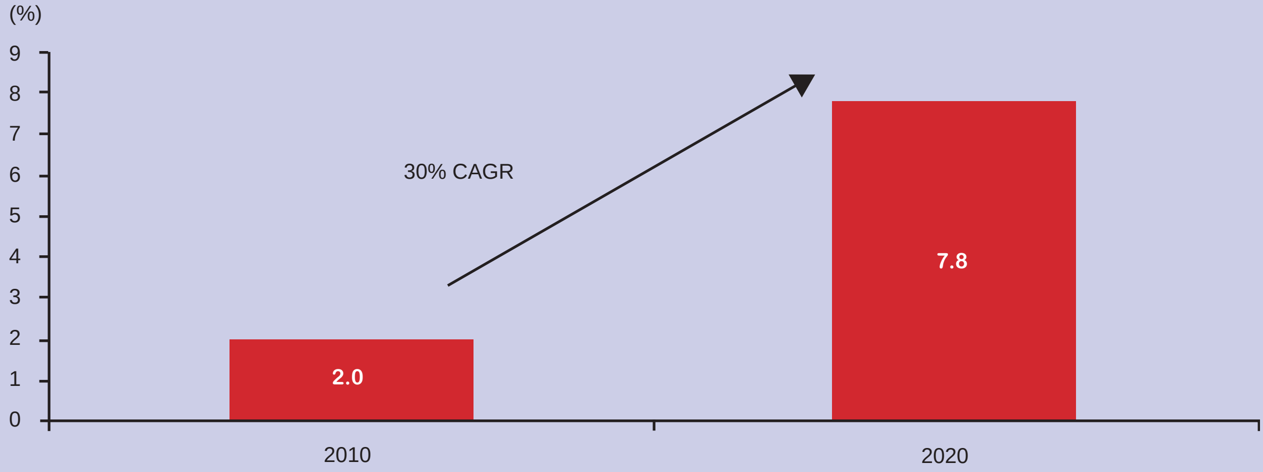
F&B segment to lead the way

The food sector accounted for ~37% of India's total FMCG market in 2010, according

to AC Nielsen. It is believed that over the next decade, this is likely to grow to ~46%.Currently the share of modern retail in India is between 2.5 % to 3 % but the penetration of modern retail in the F&B space is likely to touch 8% over the next 10 years

Consumer wallet still dominated by Food & Beverage

Despite the growing importance of other categories such as clothing, footwear, accessories, jewellery, etc, the share of food and beverages continues to dominate the share of a consumer wallet. According to Images India Retail, the retail F&B share is still ~60%, which means it remains the most important part of the overall retail trade. While this part of the trade has been dominated by traditional retail over the years, recent growth of modern retail has meant that the share of modern retail has improved. However,



Graph 3: **The percentage of sales accounted by Modern Retail**[1]

there is still a long way to go before modern retail accounts for a sizeable Proportion of overall retail trade, especially in the F&B space.

Private labels – a modern retail phenomenon

As modern retail started to grow in India, private labels started to make an entry into The FMCG market. The steady rise of private labels has been a consistent Phenomenon across the globe now. Globally, private label market penetration as a Percentage of retailers' overall sales is significant: the global average is ~17, Europe: 23% and US: 16%. Emerging markets, however, are still behind in terms of private Label penetration, at ~6%. In India, the overall share of private labels within organized Retail is ~5%, which makes it one of the lowest in the world (Images India Retail 2009). However, there lies an opportunity for Indian retailers, with retailers increasingly realizing those private labels can be a significant success if the product offering presents Value to the consumer. This is especially true for a country like India where consumers' perception of 'value' is extremely important.

Modern retail to help convert non-users to users

One of the opportunities across FMCG is to convert non users to come into the categories, even at the lowest part of the value chain. This has the potential to significantly shift the growth trajectory across categories upwards, as there is still a large majority of consumers in India who are non users of many of the products across the FMCG industry. This is especially true for the food category, where the penetration level in many categories is still very low compared to (Home and Personal Care) HPCs. Modern retail has taken the lead in this regard across the FMCG categories by luring more and more consumers into the category by way of different promotions and strategies.

[1] *Nomura Research Report on FMCG Sector 2010*

In several categories such as oats and instant noodles, modern retailers have launched their private label brands which are expected to grow significantly. This has aided the growth rates of the categories. India remains a huge unbranded market and therein lies an opportunity for retailers. Future FMCG group is looking at opportunities across categories, which include cosmetics, for which the value of brands is seen as key to success. However, in that sense, we see India as a distinctive market which provides an opportunity to migrate non users into the category. This is where modern retail has a big advantage over established brands in luring consumers

Modern Retail's role in developing the supply chain

The importance of supply chain in the development of modern retail cannot be stressed more. Having an efficient supply chain system will not only ensure that product availability is enhanced, but also helps in putting controls in place on costs. One of the key concerns for the FMCG industry has been the low fill rates that are prevalent in the country. The fill rate is defined at the percentage of time that the product which the consumer is willing to buy is actually available in the store. According to Images India Retail 2009, the industry average fill rate is close to 65-70%, this means about 30% of the time, the consumer is not able to find the product that he/she is looking for. This is direct cost to the retailer and the manufacturer, as non-availability of the product leads to loss of revenues. Modern retail has invested heavily behind developing an efficient supply chain. One of the benefits of having an efficient supply chain is that many of the inefficiencies in the form of additional costs get taken out of the system. This would result in cost to the consumer coming down, which also leads to improved consumer off take and an increase in per capita consumption.

This is especially relevant given the recent sharp rise in food prices, a result of inefficiencies in the supply chain. Many of this relates to traditional retail including wholesalers, local retailers, etc. A recent presentation from Bharti Wal-Mart cash and carry business suggests that with direct procurement, proper storage and distribution, prices can be kept under control.

Food & Beverages

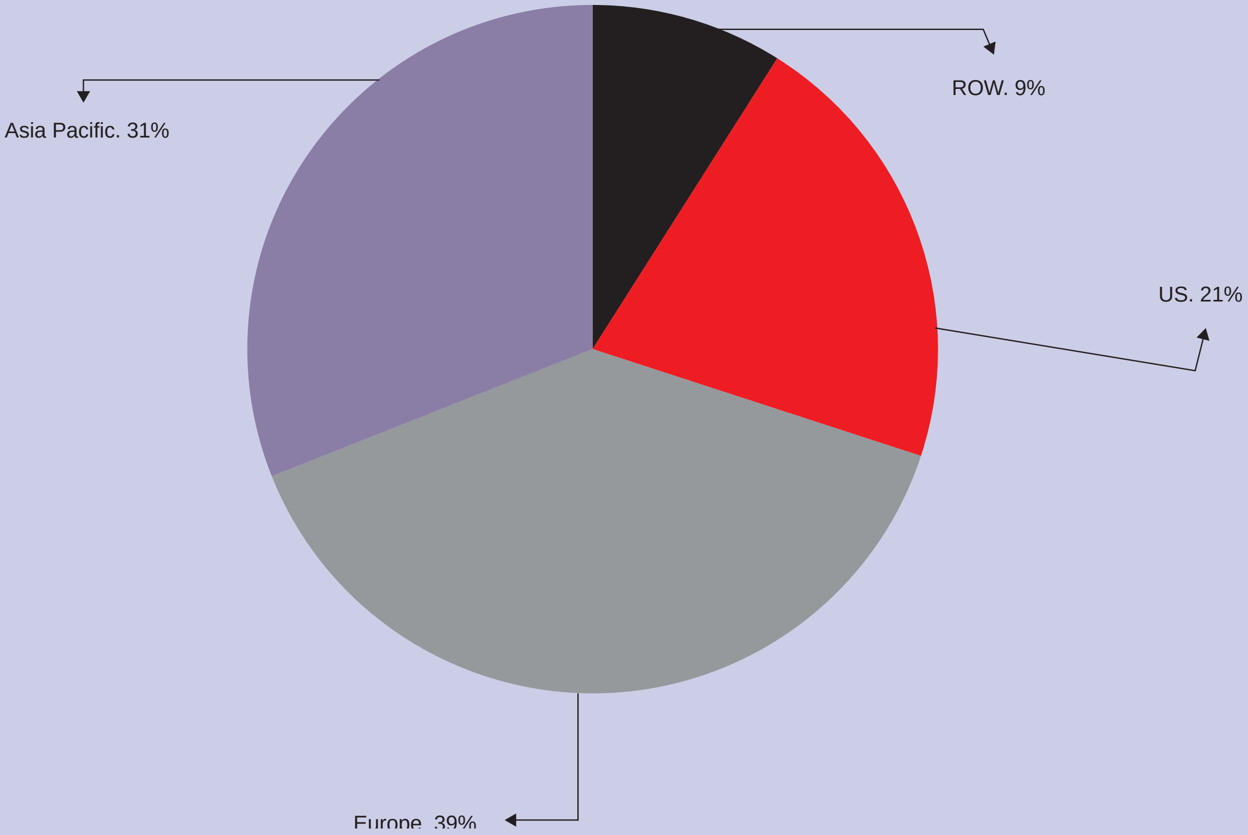
- **Food**
  According to the Ministry of Food Processing, the size of Indian food processing is around US$ 65.6 billion including US$ 20.6 billion of value added products. Of this, the health beverages industry is valued at US$ 230 billion, bread & biscuits at US$ 1.7 billion, chocolates at US$ 73 million and ice-creams at US$ 188 million. The size of the semi-processed/ready to eat food segment is over US$ 1.1 billion. The food category has also seen innovations like softies in ice creams, ready to eat rice by HUL and pizzas by both GCMMF and Godrej Pillsbury.
- **Tea**
  This is perhaps the only industry where India has retained its leadership over the past 150 years. With a turnover of more than Rs. 9,000 crore, the major share of tea market is dominated by unorganized players. More than 50% of the market share is captured by the unorganized players. Leading branded tea players are HUL and Tata Tea.
- **Coffee**
  The Indian beverage industry faces oversupply in segments like coffee and tea. However, more than 50% of the market share is in unpacked or loose form. The major players in this segment are Nestlé, HUL and Tata Tea

KRBL

Good long term prospects for company

Basmati rice industry is attractive, primarily due to the following factors:

- **Global trade flows**: India and Pakistan are the major producers of basmati rice. India exports ~2.0 million tonnes per annum of basmati rice compared to Pakistan's ~0.9 million tonnes per annum. Also, as per our industry sources, India's main basmati variety, PUSA 1121, is better than Pakistan's 'Super' variety. This is a structural advantage that India continues to enjoy.
- **Premium pricing**: Basmati rice is premium long-grain fine-texture rice and one of the most expensive varieties of rice available in the world.



Graph 4: **Global Processed Food Industry**

- **Lower regulations**: Due to its premium nature, basmati rice is not subject to strict regulations as faced by normal rice, which is the common man's food.
- **Strong export growth**: Exports of Indian basmati rice in volumes has grown at a CAGR of ~12% between FY00 and FY11, while in value terms it has grown at 18% CAGR to Rs 106 bn from Rs 17 bn in the same period.
- **Lifestyle changes**: With the increasing Indian middle-class population, organized retail and growth in hotels and restaurants, domestic demand for basmati is on the rise.

It can be observed that the above points indicate good growth for the industry. Therefore, if the company is able to perform better than its peers then it may benefit in the long run.

Business Model of KRBL:

Strong Distribution Network

Distributor/Dealer Network in India	450
Retail Outlets in India	4,00,000
Presence in Domestic Retail Chain	14
Distribution Network	28 States
Purchase Centre	182 centres in 5 states
Overseas Registrations	45
Export Countries	27

Contract Farming is one of the main reasons behind the success of KRBL

Contract Farming

Contract farming is agricultural production carried out according to an agreement between a buyer and farmers, which establishes conditions for the production and marketing of a farm product or products. Typically, the farmer agrees to provide established quantities of a specific agricultural product, meeting the quality standards and delivery schedule set by the purchaser. In turn, the buyer commits to purchase the product, often at a pre-determined price

Benefits to Farmers

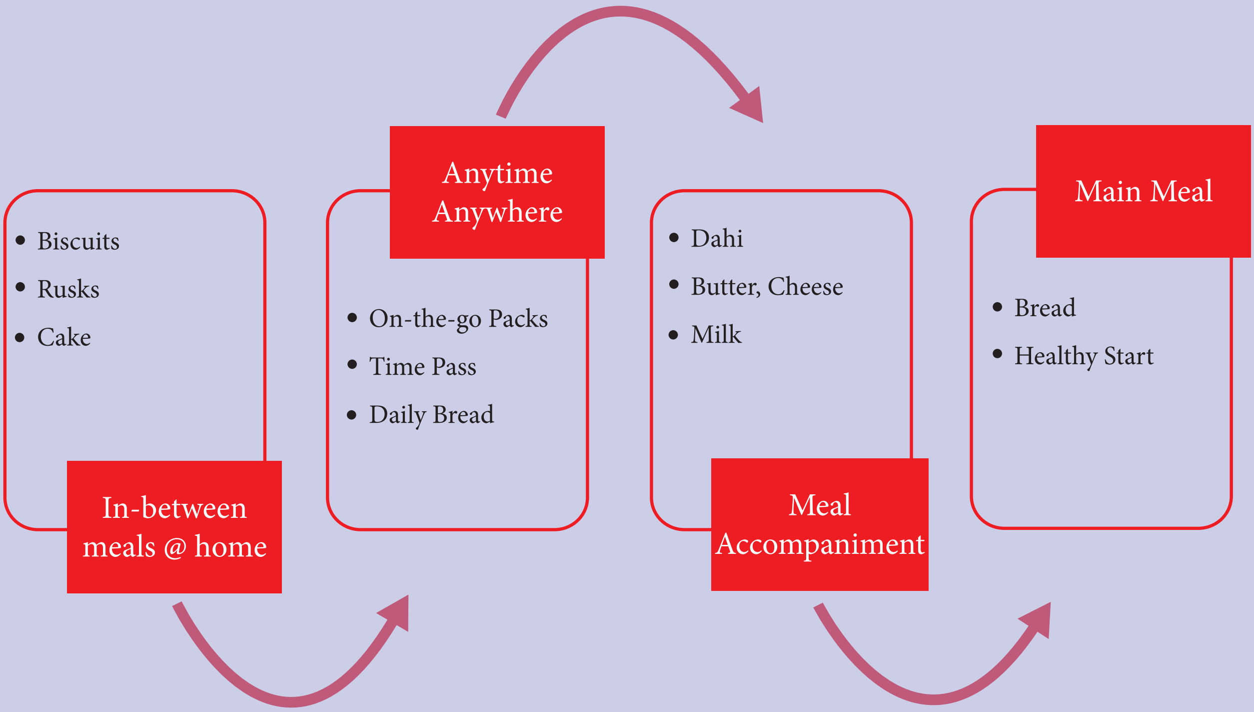
- Access to competitive and modern technologies
- Significant reduction in risk and uncertainty of markets
- Enhanced Earning potential due to improved crop quality and productivity
- Crop switching- Leading to Enhanced realization
- Good value of paddy without involving intermediaries

Benefits to KRBL

- Adequate availability of paddy
- Ensures quality of procured paddy
- Significant savings in transportation and Mandi tax
- Building lasting, mutually beneficial relationship with the farmers
- Insulation from fluctuations in paddy prices
- Enhanced realizations

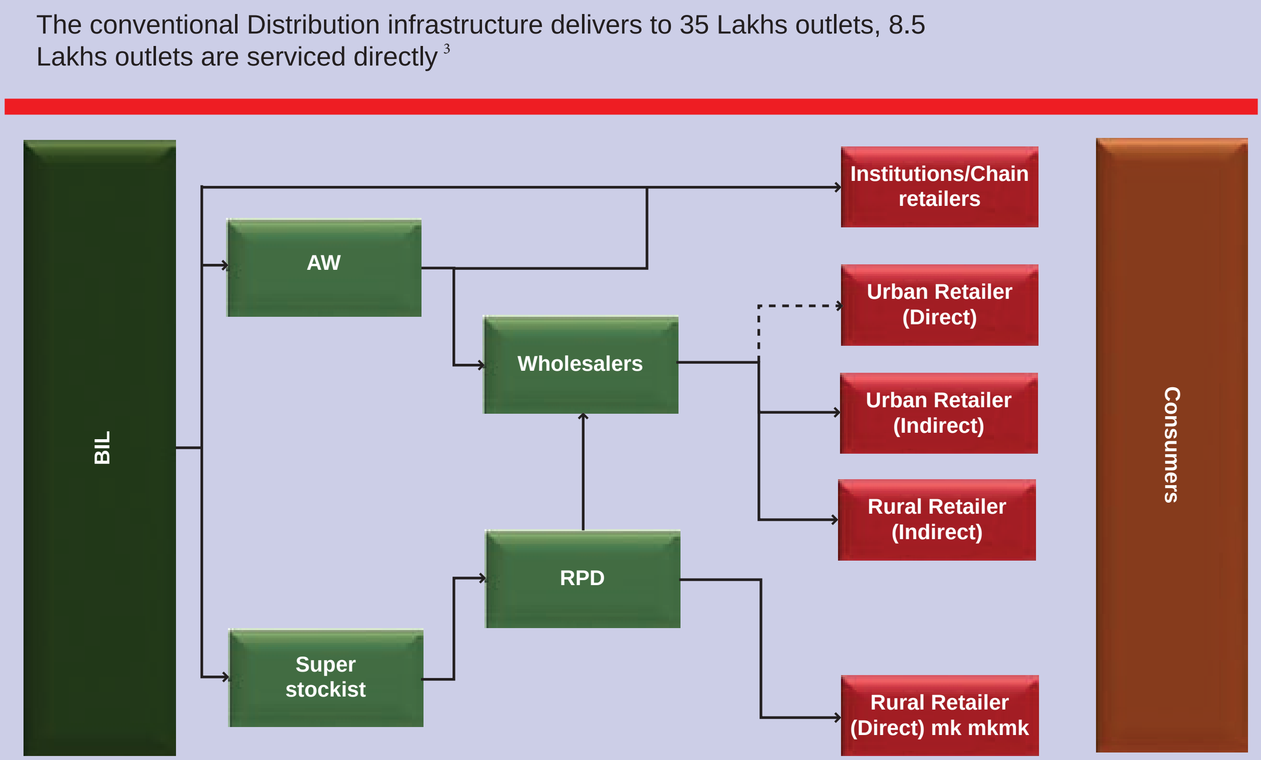
Britannia Industries

Product Portfolio of Britannia Industries[2]



[2] *Britannia Industries Presentation to investors ---February 2012*

Britannia Supply Chain



Ratio Analysis:

	KRBL Limited			Britannia Industries		
Current Ratio	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11
	0.76	0.87	0.84	1.18	1.16	1.1

Current Ratio measures the company's ability to meet its short term liabilities. A higher ratio indicates that the company is more capable of paying off its short term liabilities. A ratio of 2:1 was considered to be ideal. However, many analysts now believe that the ideal ratio should differ for different industries and should also vary as per the size of the firm. A ratio of below 1 can be a cause for worry for KRBL. On the other hand; Britannia has been maintaining little more current assets than liabilities to finance its assets. It is managing its short term liabilities well.

	KRBL Limited			Britannia Industries		
Debt Equity Ratio	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11
	1.42	1.13	1.39	0.37	2.32	1.9

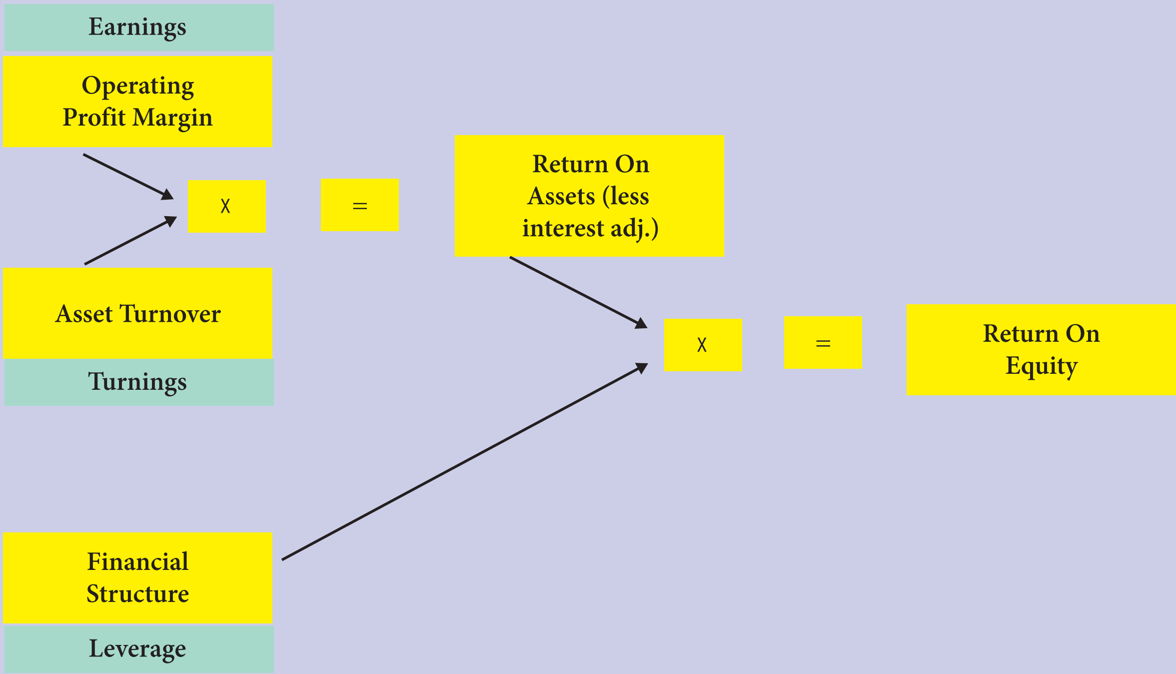
It measures the proportion of Debt to Equity. Britannia has taken more debt in the recent past and hence, its Debt Equity Ratio has peaked up. In case of KRBL, however, it has been steadily maintaining a ratio over 1.

	KRBL Limited					
Net Profit Margin	2008-09	2009-10	2010-11	2008-09	2009-10	2010-11
	4.93	7.78	7.66	4.39	2.7	2.89

It measures the profitability of the company or firm after clearing all dues. This is a low margin business. However; KRBL has been able to maintain a higher net profit margin. In case of Britannia, the margin is just below 3 per cent.

[3] *Britannia Industries Presentation to investors ---February 2012*

Du Pont Analysis



DuPont analysis tells us that ROE is affected by three things:

- Operating efficiency, which is measured by profit margin
- Asset use efficiency, which is measured by total asset turnover
- Financial leverage, which is measured by the equity multiplier[4]

[4] *ROE = Profit Margin (Profit/Sales) * Total Asset Turnover (Sales/Assets) * Equity Multiplier (Assets/Equity)*

KRBL

KRBL Limited

Return on Equity

Values in %	2008	2009	2010	2011	FY 12 E	FY 13 E	FY 14 E
PAT/Net Sales	5.46	4.99	7.89	7.76	4.15	6.85	7.28
Net Sales/Net total Assets	88.81	128.22	138.54	100.24	113.23	114.89	117.49
Net Total Assets/Av Equity	337.19	261.24	238.02	261.80	209.12	198.87	176.95
ROE	16.35	16.70	26.01	20.36	9.84	15.66	15.13
NOPAT=EBIT(1-t)	109.90	131.73	159.67	156.06	157.10	171.95	180.55

Return on Capital

Values in %	2008	2009	2010	2011	FY 12 E	FY 13 E	FY 14 E
NOPAT/Net Sales	10.92	10.04	10.11	10.06	9.79	9.84	9.84
Net Sales/Capital	88.81	128.22	138.54	100.24	113.23	114.89	117.49
ROC	9.70	12.88	14.01	10.08	11.08	11.31	11.56

Non Cash Working Capital

Particulars	2008	2009	2010	2011	FY 12 E	FY 13 E	FY 14 E
Current assets	1096.4	924.9	998.3	1461.0	1393.4	1516.5	1592.3

Cash	28.9	11.2	42.1	5.3	0.0	0.0	0.0
Current Liabilities	198.4	153.1	212.2	327.7	326.0	354.8	372.5
Non Cash Working Capital	869.1	760.6	743.9	1128.0	1067.5	1161.7	1219.8
Net Increase in WC	356.25	-108.51	-16.68	384.07	-60.56	94.28	58.09

Free Cash Flows

Particulars	2008	2009	2010	2011	FY 12 E	FY 13 E	FY 14 E
EBIT(1-t)	109.90	131.73	159.67	156.06	157.10	171.95	180.55
Add: Depreciation	24.10	23.55	27.58	35.95	43.88	47.17	49.53
Less: Changes in Non Cash Working Capital	356.25	-108.51	-16.68	384.07	-60.56	94.28	58.09
Less: Capital Expenditure	37.36	11.43	127.80	103.05	-16.79	47.64	29.35
FCFF	-259.61	252.36	76.13	-295.11	278.33	77.20	142.64

Britannia Industries

Return on Equity

Value in %	2008	2009	2010	2011	FY 12 E	FY 13 E	FY 14 E
PAT/Net Sales	6.36	4.13	2.70	2.87	3.05	3.14	3.25
Net Sales/Net total Assets	284.70	348.66	405.40	493.24	494.91	516.50	540.93
Net Total Assets/Av Equity	154.19	140.83	187.60	311.08	298.98	266.95	237.09
ROE	27.92	20.27	20.53	44.08	45.06	43.29	41.71
NOPAT=EBIT(1-t)	176.14	147.69	119.50	158.44	187.11	204.70	226.57

Return on Capital

Value in %	2008	2009	2010	2011	FY 12 E	FY 13 E	FY 14 E
NOPAT/Net Sales	6.35	4.26	3.13	3.39	3.57	3.55	3.57
Net Sales/Capital	287.60	345.00	401.45	487.57	487.44	508.70	532.77
ROC	18.26	14.68	12.56	16.54	17.40	18.05	19.01

Non Cash Working Capital

Particulars	2008	2009	2010	2011	FY 12 E	FY 13 E	FY 14 E
Current assets	626.11	626.15	639.61	754.74	798.75	881.12	970.49
Cash	51.89	56.80	33.45	70.62	0.00	0.00	0.00
Current Liabilities	424.43	511.90	575.29	714.57	748.97	824.34	907.25
Non Cash Working Capital	149.79	57.45	30.87	-30.45	49.77	56.78	63.23
Net Inc in WC	138.38	-92.34	-26.58	-61.32	80.22	7.01	6.46

Free Cash Flows of a Firm

Particulars	2008	2009	2010	2011	FY 12 E	FY 13 E	FY 14 E
EBIT(1-t)	176.14	147.69	119.50	158.44	187.11	204.70	226.57
Add: Depreciation	39.36	65.91	58.23	64.86	66.57	74.82	80.66
Less: Changes in Non Cash WC	138.38	-92.34	-26.58	-61.32	80.22	7.01	6.46
Less: Capital Expenditure	78.25	161.39	88.89	44.07	129.14	119.12	131.03
FCFF	-1.13	144.55	115.42	240.55	44.31	153.39	169.75

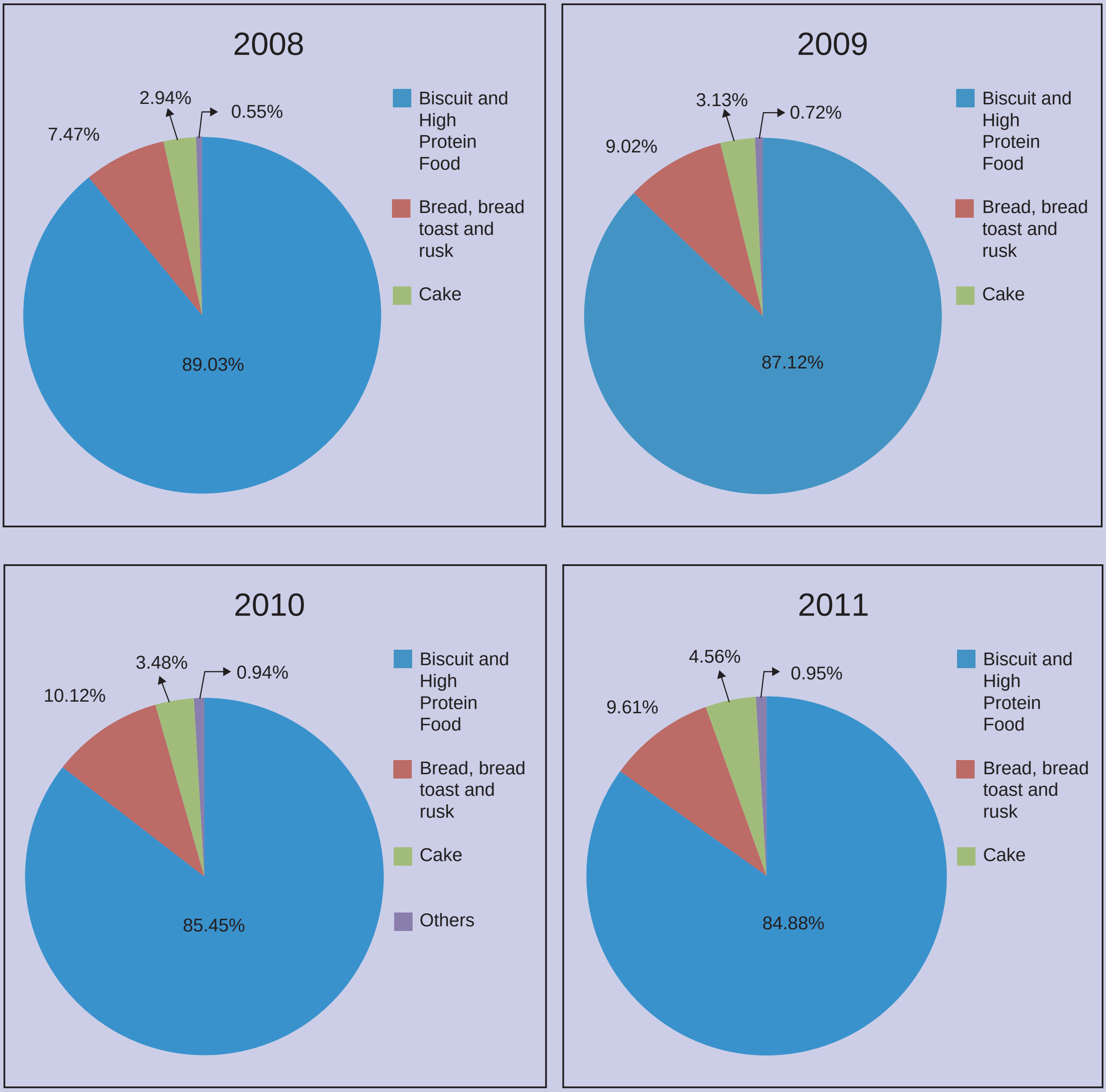
Both KRBL and Britannia Industries are predicted to give positive returns to their shareholders. However, we see the returns declining for KRBL. In case of Britannia though, the percentage seems to be steady over 40.They are providing a better return to their equity owners.

Return on Capital is also higher for Britannia Industries. This means that Britannia Industries has been providing a better return on its capital. Return on Capital is higher for Britannia and is estimated to be around 19% in 2014.It is estimated to be around 11% for KRBL.

It can be seen that rice contributes a major proportion of KRBL's sales. While it contributed around 91% in year ending 2008; the proportion has risen and contributed around 95% in the years ahead. This is attributed to larger volumes of exports to the Middle East countries, where rice is a popular culinary.

Based on the above the proportion of rice to the contribution of sales is pegged at 95% for the subsequent years.

Graph 5: **Revenue mapping of KRBL**



Graph 6: **Revenue mapping of Britannia Industries**

The contribution of Biscuits and High Protein Food to the sales of Britannia Industries is much higher than the other segments. However; the percentage contribution has been declining over the years. This is because Britannia Industries has been increasing its product portfolio and constantly diversifying into other food segments.

PEG Ratio:

A lower PEG means that the stock is undervalued more. The PEG ratio of 1 is sometimes said to represent a fair trade-off between the values of cost and the values of growth, indicating that a stock is reasonably valued given the expected growth. A company having a PEG Ratio between 0 and 1 is believed to provide higher returns. A ratio above 1 may indicate that the stock is undervalued.

PEG Ratio	KRBL	Britannia
Mar 31-2011Closing Price	26.7	370.55
EPS as on	4.94	11.23
Annual EPS Growth	-44.59%	19.01%
P/E	5.4049	32.9964
PEG Ratio	-0.1212	1.7353

It is observed that KRBL has a PEG Ratio which is negative. This is because of a decrease in EPS in 2011 over the previous year. While, this is not a good sign for an investor, the company generating positive Free Cash Flows means that the investors can expect better results from the company in future and expect higher returns.

Britannia, on the other hand has a PEG Ratio just over 1.73.While its stock, may still not have reached its fair value, it can be said that the investors need to take a cautious approach if they have to go long on Britannia shares. A high PEG Ratio can also be attributed to a high Return on Equity for Britannia. This is because the Indian markets run high on sentiments and one or two bad news for the company or industry may cause a sharp decline in its share prices.1

VI. Limitations of the study

1. While the project would help to calculate the current valuation of stocks of the company and predict future performance, it did not involve much of technical analysis using technical indicators to help one take short term decisions and profit in the short term.
2. Also, the markets are known to run on sentiments and the research would be restricted to India.

BSE[5]

Index	Open	Close	% Change
Sensex	17,039	16,026	-5.95%
MIDCAP	6170.24	5854.18	-5.12%
Smallcap	6459.04	6274.69	-2.85%
AUTO	9768.15	9202.5	-5.79%
BANKEX	11355.63	10678.79	-5.96%
CD	6214.64	6428.93	3.45%
CG	9887.35	8780.95	-11.19%
FMCG	4459.03	4601.48	3.19%
Healthcare	6447.59	6602.37	2.40%
IT	5976.93	5471.24	-8.46%
METAL	10899.51	9933.71	-8.86%
OIL & GAS	7810.52	7462.24	-4.46%
POWER	2047.46	1777.5	-13.19%
PSU	7100.41	6616.05	-6.82%
REALTY	1696.02	1566.66	-7.63%
TECK	3501.37	3175.89	-9.30%

[5] *Niveshak Magazine of IIM Shillong, May 2012 Edition*

In today's globalized world, where trade is interconnected, the performance of stock exchanges in the United States of America and Europe also have an impact on the stock performances the world over, including India. Such eventualities cannot be predicted in advance.

VII. Findings

- After carrying out fundamental analysis and analyzing the macroeconomic factors, it can be concluded that inflation is good for the economy only if it is below the growth rate.
- We could observe that the major cost for the companies was the prices of raw materials. Raw materials account for a major portion of the Companies' expenses in the FMCG Sector. The prime reason for the increase in the companies' expenses has been the cost of raw materials.
- We also noticed that due to increase in power tariffs, companies are now resorting to generate their own power for captive use.
- Modern Retail has helped spur sales in this sector. The percentage sales contribution of organised retail has been growing every year.
- Changing lifestyle of people and independent families has led to an increase in the consumption of packaged food.
- Despite, economic slowdown there still has been growth in this sector. One of the main reasons is because some essential commodities form a part of this sector and even an increase in prices does not force people to curtail expenditure on those goods.

KRBL

Fair Price of the Share	30.33

Britannia Industries

Fair Price of a Share	591.37

VII. Conclusion

Returns in Different Sector Index in the April 2012 (see page xxx).

We can observe that while most sectors have been giving negative returns, FMCG has given positive returns and is second highest in terms of returns.

After carrying out fundamental analysis, we can therefore conclude that this sector is likely to give positive returns in the near future, even if there is a little slowdown in the economy or high inflation. It is one of the better sectors for the investors to put their money into.

Even companies like KRBL and Britannia Industries look to be undervalued at the moment and are likely to give positive returns to the shareholders in the next one year.

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