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## FUNDAMENTAL ANALYSIS OF INDIAN AUTOMOBILE INDUSTRY

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### ABSTRACT

*Fundamental analysis is an approach to arrive at the 'correct price' of the security. Its objective is to identify the under priced and overpriced securities in the market place so that the investment decision-buying and selling of securities can be made. A security is said to be under priced if its current market price is less than the 'correct price' known as 'intrinsic value' or 'true value'. Conversely, it is overpriced if the current market price is above its intrinsic value. Fundamental analysis is a method of evaluating a security that entails attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors, and company specific factors. TOP- DOWN APPROACH E-I-C approach: Economy (E)- industry(I)- company(C) is used for carrying out Fundamental Analysis. The present study aims at carrying out the Fundamental analyses of two leading companies of Indian automobile industry and estimating their intrinsic value to assist investment decisions. The automobile industry is one of the core industries in India and is optimistic of posting good sales in the coming years. So, the investment in the shares and securities of automobile companies seems to be profitable. Two leading automobile companies Tata motors and Maruti Suzuki listed in the National Stock Exchange are selected for this study. The study is done using secondary data collected from Reserve Bank of India website, BSE website and Company Annual Reports for the period of last five years from year 2007 to 2011. Fundamental Analysis of both the companies is carried out and their intrinsic value ranges are obtained from the EIC Analysis of these companies to help investor decisions.*

**KEYWORDS:** EIC Approach, Intrinsic Value, Economy Analysis, Industry Analysis, Company Analysis.