

Financial Performance Analysis: A Comparative Study of HUL and Dabur India Limited

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Abstract: Finance is the life blood of any organisation This study analysis the financial performance analysis of two selected FMCG i. e HUL and Dabur India Ltd. This study covers a period of March 2019 to March 2023. This study aims to analyze the liquidity profitability and solvency position of the firm i. e HUL and Dabur India Ltd. The reqd. data were collected from the secondary sources. To study the financial performance of business organisations, ratio analysis are most popularly tool of analyze the financial performance. Ratio analysis means expressing one item in relation to another in numerical term The study reveals that the financial position of both the company is better. The company should Focus. on improving the assets turnover ratio.

Keywords: Financial performance, Ratio analysis, Liquidity, Profitability, Solvency, Turnover

1. Introduction

Financial performance is defined as a process of calculating the monetary value of the outcomes of a company's policies and activities. A company's financial performance is crucial for the interests of a varied group of people related to the company. Financial performance is a subjective concept and with the help of financial performance the varied group of people knows about how well a company can use its assets and grow revenues while managing its debts. Every enterprise whether big medium or small, needs finance to carry on its operations, without adequate finance no enterprise can possibly accomplish to achieve its targets. Financial performance analysis enables the investors and creditors evaluate past and current performance and financial position of the company. In this study an attempt to measure the performance analysis of HUL and Dabur India Ltd. with the help of various financial indicators. The goal of such analysis is to determine the efficiency and performance of firm's management.

2. Review of the Literature

V. Vijaykumar et. al. (2006) in their study the authors divides the financial ratios into five basic categories and the ratios gives the valuable insight into the financial health of a firm.

Acharya (2013) in their study they compare the liquidity position of TATA Steel Ltd. And SAIL and studied the relationship that exists between liquidity and profitability of both the companies for a period of ten years from 2004 to 2013. In their study they found that liquidity position had positive impact on the profitability of the selected firms.

Nandini Thakur (2020) in their study conducted on performance analysis of HDFC bank with the help of various tools such as ratio analysis cash flow analysis and trend analysis and they conclude that the performance of HDFC bank was strong and suggested to provide more housing loans.

Research Gap:

To study the firm's financial position of selected FMCG companies on the subject of liquidity, profitability, solvency and efficiency ratios during the period of 2018 - 19 to 2022 - 23 which has not been undertaken in the earlier studies, so present study is to assess the firms financial performance.

Objectives

- To study the assess the financial performance of selected FMCG companies i. e, HUL and Dabur India Ltd.
- To study the position of firm with reference to various financial indicators.

Research Methodology and data base:

The present study is descriptive in nature as it analyze the performance of selected FMCG companies of India.

The analysis of firms financial performance with the help of ratios comparison on the subject of various financial indicators. The present study is the comparison with special reference to HUL & Dabur India Ltd. On the basic of availability of data HUL & Dabur India Ltd. have been selected as sample for the period between 2018 - 19 to 2022 - 23. The present study is purely based on secondary data. For assessing the ratios of selected FMCG companies, the annual reports of HUL and Dabur India Ltd, various journals, websites were analyzed for this study.

3. Analysis and Discussion

The performance and comparison of the firms i. e HUL and Dabur India Ltd. are measured with the help of various ratios.

Table 1: Current Ratio

	Mar 23	Mar 22	Mar 21	Mar 20	Mar 19
HUL					
Current Assets	16998	15522	14217	12321	11914
Current Liabilities	12028	11280	11103	9317	8667
Ratio	1.41	1.37	1.28	1.32	1.37
Dabur India Ltd					
Current Assets	4248.96	4316.84	4775.94	4880.26	3586.23
Current Liabilities	3609.43	3322.54	2934.19	2463.88	2660.31
Ratio	1.17	1.29	1.62	1.98	1.34

Source: www.moneycontrol.com

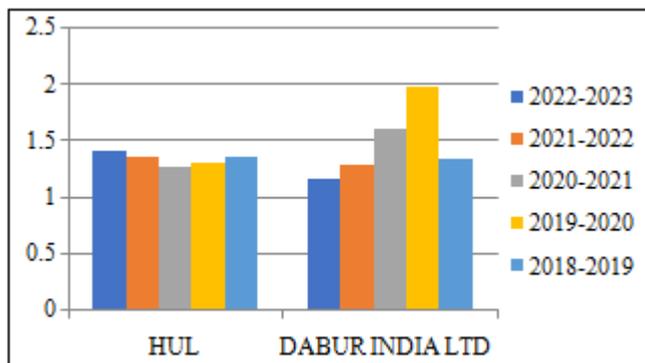


Chart 1: Current Ratio of HUL & Dabur India Ltd

The normal current ratio is 2: 1. The current ratio of both HUL and Dabur India Ltd. is less than 2% in all years. The result shows that the company is not enjoying credit worthiness. In term of current ratio Dabur India Ltd. Performance is better in comparison of HUL.

Table 2: Gross Profit Ratio

	Mar 23	Mar 22	Mar 21	Mar 20	Mar 19
HUL					
Gross Profit	10145	8887	8000	6764	6060
Net Sales	59549	51548	46321	39238	38684
Ratio	17.03	17.24	17.27	17.23	15.66
Dabur India Ltd					
Gross Profit	1702.96	1744.10	1695.96	1447.93	1445.29
Net Sales	11529.89	10808.03	9492.76	8603.92	8419.24
Ratio	14.76	16.13	17.86	16.82	17.16

Source: www.moneycontrol.com

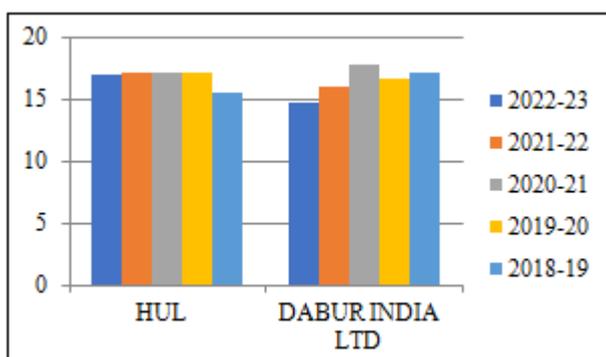


Chart 2: Gross Profit Ratio of HUL & Dabur India Ltd.

The gross profit ratios during the study periods is high and it indicates the both the companies i. e, **HUL and Dabur India Ltd.** has sufficient income to cover all expenses and provide for profit.

Table 3: Net Profit Ratio

	Mar 23	Mar 22	Mar 21	Mar 20	Mar 19
HUL					
Net Profit	10120	8879	7996	6748	6054
Net Sales	59549	51548	46321	39238	38684
Ratio	16.99	17.22	17.26	17.19	15.64
Dabur India Ltd.					
Net Profit	1707.15	1739.22	1693.30	1444.96	1442.33
Net Sales	11529.89	10808.03	9492.76	8603.92	8419.24
Ratio	14.80	16.09	17.83	16.79	17.13

Source: www.moneycontrol.com

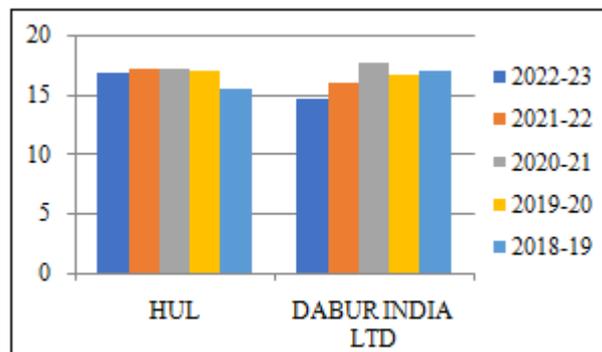


Chart 3: Net Profit Ratio of HUL and Dabur India Ltd

The net profit ratios of both the companies during the study period is very high and it indicates the both **HUL and Dabur India Ltd.** have high profitability.

Table 4: Return on Total Assets of HUL and Dabur India Ltd

	Mar 23	Mar 22	Mar 21	Mar 20	Mar 19
HUL					
Net Profit	10120	8879	7996	6748	6054
Total Assets	73087	70517	68757	20153	18629
Ratio	13.84	12.59	11.62	33.48	32.49
Dabur India Ltd.					
Net Profit	1707.15	1739.22	1693.30	1444.96	1442.33
Total Assets	13654.37	12284.53	10847.13	9354.01	8436.64
Ratio	12.50	14.15	15.61	15.44	17.09

Source: www.moneycontrol.com

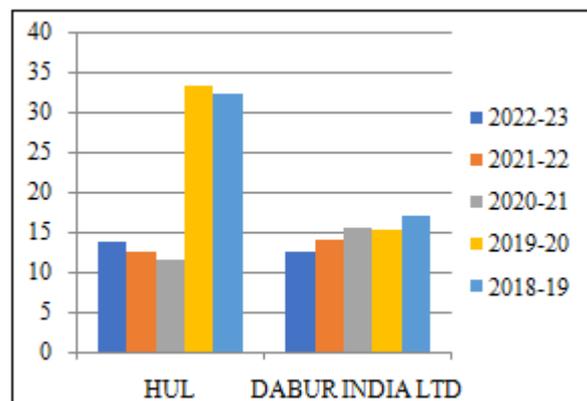


Chart 4: Return on Total Assets of HUL and Dabur India Ltd

The return on total asset ratio of HUL is high (for first 3 years) and for last 2 years it is very high and for Dabur India Ltd. is high during the study period.

Table 5: Total Assets Turnover Ratio

	Mar 23	Mar 22	Mar 21	Mar 20	Mar 19
HUL					
Net Sales	59549	51548	46321	39238	38684
Total Assets	73087	70517	68757	20153	18629
Ratio	0.81	0.73	0.67	1.94	2.07
Dabur India Ltd.					
Net Sales	11529.89	10808.03	9492.76	8603.92	8419.24
Total Assets	13654.37	12284.53	10847.13	9354.01	8436.64
Ratio	0.84	0.87	0.87	0.91	0.99

Source: www.moneycontrol.com

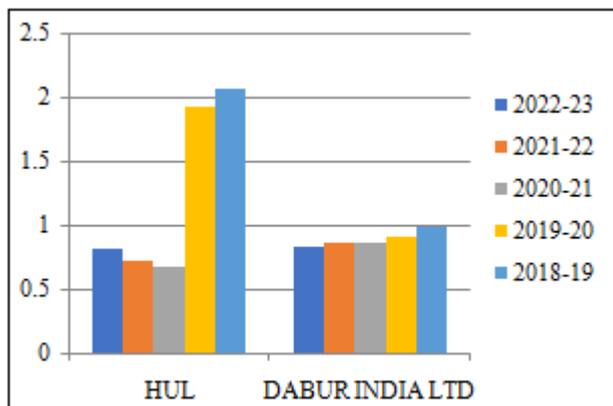


Chart 5: Total Assets Turnover Ratio of HUL and Dabur India Ltd

The company should take proper steps to maximum utilisation of resources or inventory.

Table 6: Proprietary Ratio

	Mar 23	Mar 22	Mar 21	Mar 20	Mar 19
HUL					
Proprietors Funds	50304	49061	47674	8229	7867
Total Assets	73087	70517	68757	20153	18629
Ratio	0.68	0.69	0.69	0.40	0.42
Dabur India Ltd.					
Proprietors Funds	8973.26	8381.30	7663.53	6605.75	5631.68
Total Assets	13654.37	12284.53	10847.13	9354.01	84363.64
Ratio	0.65	0.68	0.70	0.70	0.66

Source: www.moneycontrol.com

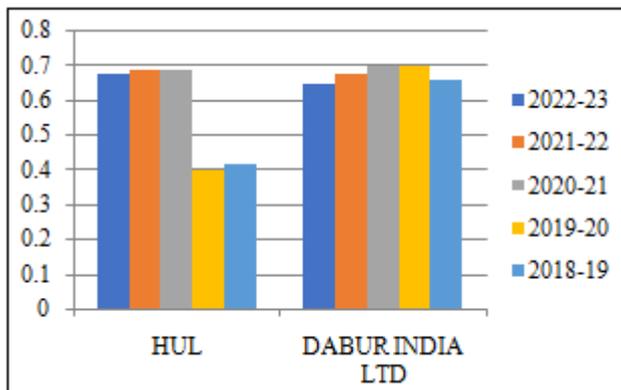


Chart 6: Proprietary Ratio of HUL and Dabur India Ltd

The proprietary ratio of both the company is satisfactory.

4. Conclusion

The study mainly concentrates on the analysis of financial performance of HUL and Dabur India Ltd. From the study of financial performance of HUL and Dabur India Ltd., it can be found that the HUL and Dabur India Ltd. financial performance is better. The company should take steps to improve its assets turnover ratio, by maximum utilization of resources and inventory.

References

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