CHAPTER-I

INTRODUCTION

Financial statements are prepared for decision making. They play a dominant role in setting framework of managerial decisions. But the information provided in the financial statements is not an end in itself as no meaningful conclusion can be drawn from these statements alone. However, the information provided in the financial statements is of immense use in making decision through analysis and interpretation of financial statements.

Financial statement analysis is an extremely useful tool in understanding the financial performance of any company. It allows you to determine a business's current position with regards to its commercial strengths (e.g., Customer base) and weaknesses (e.g., Volatile costs). It also gives an understanding of the key drivers of the business through multiple factors. This can include strategic, economic aspects as well as accounting and financial; all of which can tell strikingly different stories. Being able to tell the overall story behind these numbers is an invaluable tool not just for investors, but also people who run their own businesses.

From an entrepreneurial perspective, having a sound understanding of financial statement analysis can be crucial to business success. Knowing your own financials, can be the quickest and in many cases the most efficient way to pitch a business to investors. Financial analysis is the process of identifying the financial strengths and weaknesses of the firm by properly establishing relationship between the items of the balance sheet and the profit and lossaccount. There are various methods or techniques used in analyzing financial statement, such as comparative statement, trend analysis, schedule of changes in working capital, funds flows and cash flows analysis, and ratio analysis. This study concentrates on analyzing the financial statements of Dabur India Ltd...

Financial statement analysis is important because it is useful for helping answer lots of questions about an entity like

- ✓ Is the company solvent?
- ✓ How much is the company worth?
- ✓ Is it likely to remain a going concern?
- ✓ How likely is the concern to be able to repay a loan?
- ✓ What are its expected future cash flows?
- ✓ What risks does the company face?

Important financial statements of a company are:

1. Balance sheet
2. Income statement
3. Cash flow statement

BALANCE SHEET

A balance sheet is a financial statement that contains details of a company's assets or liabilities ata specific point in time. It is one of the three core financial statements (income statement and cash flow statement being the other two) used for evaluating the performance of a business. The balance sheet represents the "worth" of the company represented as assets and liabilities. But looking at the assets, it may be possible to gauge how well the company has done in the past. Also, looking at the liabilities, it may be possible to gauge the kind of risks that it took or was able to take.

From the balance sheet we can understand:

- Is a company taking on more debt
- Are they paying down debt
- Are they growing cash reserves
- Are they growing their hard assets (plant, property, equipment)
- Is inventory growing

INCOME STATEMENT

The Income Statement is one of a company’s core financial statements that shows their profitand loss over a period of time. The profit or loss is determined by taking all revenues and subtracting all expenses from both operating and non-operating activities. The analysis of the income statement involves comparing the different line items within a statement, as well as following trend lines of individual line items over multiple periods. This analysis is used to understand the cost structure of a business and its ability to earn a profit. On the income statement analysis, we can understand:

- Cost of Goods Sold (COGS) as a percent of revenue
- Gross profit as a percent of revenue
- Depreciation as a percent of revenue
- Selling General & Administrative (SG&A) as a percent of revenue
- Interest as a percent of revenue
- Earnings Before Tax (EBT) as a percent of revenue
- Tax as a percent of revenue
- Net earnings as a percent of revenue

CASH FLOW

Cash flow is the movement of money in and out of a company. Cash received signifies inflows,and cash spent signifies outflows. The cash flow statement is a financial statement that reports on a company's sources and usage of cash over some time. A company's cash flow is typically categorized as cash flows from operations, investing, and financing. There are several methods used to analyze a company's cash flow, including the debt service coverage ratio, free cash flow, and unlevered cash flow.

Within cash flow analysis, 3 types of cash flow are present and used for the cash flowstatement:

- Operating cash flow - a measure of the cash generated by a company's regular business operations. Operating cash flow indicates whether a company can produce sufficient cash flow to cover current expenses and pay debts.
- Cash flow from investing activities - the amount of cash generated from investing activities such as purchasing physical assets, investments in securities, or the sale of securities or assets.
- Cash flow from financing activities (CFF) - the net flows of cash that are used to fund the company. This includes transactions involving dividends, equity, and debt.

OBJECTIVES OF THE STUDY

- ❖ To know the overall financial performance of Dabur India Ltd.
- ❖ To analysis of financial position of Dabur India Ltd.
- ❖ To understand and analyse the profitability, solvency and liquidity position of the company using financial ratios.
- ❖ To provide useful suggestions to improve the financial performance of the select company for the study.

SCOPE OF THE STUDY

The study is based on the accounting information of the Dabur India Ltd. The study coversthe period of 2019-2022 for analyzing the financial statement such as profit and loss account and balance sheet. The scope of the study involves the various factors that affect the financial efficiencyof the company. To increase the profit and growth of the company. The data of the past four yearsare taken into account for the study. The performance is compared within those periods.

RESEARCH METHODOLOGY

RESEARCH

Research can be defined as "A Scientific and systemic search for pertinent records on a unique topic". Therefore, research should be understood as a geared-up pastime with particular targets on a hassle or issues supported through compilation of associated facts and facts, involving utility of relevant equipment of evaluation and deriving logically on originality.

RESEARCH DESIGN

Research Design is the arrangement of condition for collection and evaluation of statistics in manner that aims to combine relevance to the research reason with the economy in procedure. Research Design is necessary notably due to the fact of the expanded complexity in the market as well as advertising and marketing techniques on hand to the researchers.

SOURCE OF COLLECTION OF DATA

SECONDARY DATA

The secondary data are those which have already been collected by someone else and which have already been passed through the statistical process. Thus, the data was collected from company document reports and books. The data were collected from secondary.

The major source of secondary data was:

- Balance sheet
- Profit and Loss
- Cash Flow Statement

TOOLS USED

The ratios are used as a tool for analyzing the financial performance on Dabur India Ltd. Ratios are calculated from previous year and current year.

The tools are

- Ratio Analysis
- Profitability ratio
- Working capital

CHAPTER SCHEME

The current study work has been divided into five chapters:

- **Chapter I:** It examines the Introduction, Objectives, Methodology, Period of the study, Source of data collection.
- **Chapter II:** A study on Dabur India Ltd: This chapter focuses on the profile of

Dabur India Ltd.

- **Chapter III:** Data Analysis and Interpretation: This chapter focuses on the differential techniques which the study uses in the data collection process. It includes presentation and analysis of data using different financial ratios for the findings.
- **Chapter IV:** Findings & Suggestions. These chapters focus on the findings and it gives

suggestion to improve the ratios.

- **Chapter V:** Conclusion: The conclusion gives the result in terms of ratios.

CHAPTER-II

PROFILE OF THE COMPANY

DABUR INDIA LIMITED

Company type	Public
Traded as	• BSE: 500096 • NSE: DABUR
ISIN	INE016A01026
Industry	Consumer goods
Founded	1884; 140 years ago in Kolkata, India
Founder	S. K. Burman
Headquarters	Ghaziabad, Uttar Pradesh , India
Area served	Worldwide
Key people	• Mohit Burman (Chairman) • Mohit Malhotra (CEO)
Products	• Personal care • Skin care

	• Hair care • Oral hygiene • Health supplements • Drinks
Revenue	▲ ₹12,886 crore (US$1.5 billion) (FY24)
Operating income	▲ ₹2,359 crore (US$280 million) (FY24)
Net income	▲ ₹1,811 crore (US$220 million) (FY24)
Total assets	▲ ₹15,123 crore (US$1.8 billion) (FY24)[1]
Total equity	▲ ₹10,303 crore (US$1.2 billion) (FY24)
Owner	Burman family (66.24%)[2]
Number of employees	7,740 (March 2020)[1]
Subsidiaries	• Dabur Research Foundation • Aviva India • H&B Stores Ltd
Website	www.dabur.com

BOARD OF DIRECTORS

Mr. Mohit Burman	- Chairman
Mr. Amit Burman	- Director
Mr. Aditya Burman	- Director
Mr. Ajit Mohan Sharan	- Independent Director
Mrs. Falguni Sanjay Nayar	- Independent Director

Mr. Rajiv Mehrishi	- Independent Director
Mrs. Satyavati Berera	- Independent Director
Mr. Romesh Sobti	- Independent Director
Mr. P N Vijay	- Independent Director
Mr. R C Bhargava	- Independent Director
Dr. S Narayan	- Independent Director
Dr. Ajay Dua	- Independent Director
Mr. Mukesh Butani	- Lead Independent Director
Mr. Saket Burman	- Vice Chairman
Mr. P D Narang	- Whole Time Director
Mr. Mohit Malhotra	- Whole Time Director & CEO

KEY EXECUTIVES

Mr. Ankush Jain	- Chief Financial Officer
Mr. A K Jain Executive	-Vice President & Co. Secretary

The story of Dabur began with a small, but visionary endeavour by Dr. S. K. Burman, a physician tucked away in Bengal. His mission was to provide effective and affordable cure for ordinary people in far - flung villages. Dr. S. K. Burman started Dabur in 1884 as a small pharmacy. Initially, he prepared Ayurvedic medicines to treat diseases like malaria, plague, and cholera that had no cure during that period. It was his dedication, commitment and empathy that made Dabur a renowned name among the masses. And today, after more than 120 years Dabur is known for its trustworthiness more than anything else.

During this passage of time, Dabur went through several structural and strategic chances to maintain its market strength. The real mass production started in 1896. Early 1900s saw Dabur emerged as the first company to provide health care through scientifically tested methods. It achieved significant improvements after setting up research and development centers and manufacturing automation. The launch of Dabur Amla hair oil and Chyawanprash was a boon to the expanding business. To keep up with the times Dabur computerized its operation in 1957. It's Dant Manjan and digestive tablets were widely accepted as well. However, with a large product portfolio in the market, Dabur had to maintain operational efficiency. To make sure it adjusted to the business environment it become a public limited company in 1986 followed by diversification in Spain in 1992. A major change came when Dabur came up with its IPO in 1994. Because of its position Dabur's issue was 21 times oversubscribed. Dabur further divided its business into three separate groups:

• Health Care products Division

• Family products Division

• Dabur Ayurvedic specialties Limited

Dabur India limited is a consumer care and health care products company. Product portfolio offered by the company includes personal care products, health care products, home care products, and foods. Dabur also offers Ayurveda-based health care products. It markets its products in India as well as international market as Middle East, South-east Asia, Africa, the European union and America. The company operates through four division namely Consumer Care Division [CCD] that deal in FMCG products across a wide spectrum of market segments; International Business Division [IBD] that focuses on developing Dabur's business abroad; Consumer Healthcare Division [CHD] that deals in the classical and OTC range of products which are grantha raised and which follow strict Ayurvedic formations; and retail divisions which is currently in the development phase. The company is headquartered at Ghaziabad, Uttar Pradesh, India.

In 1998, for the first time in the history of Dabur, a non-family member took charge. Dabur handed over the operation to professionals. Successful implementation off procedure, timely changes and maintaining its essence, Dabur achieved its highest ever sales figure of Rs 1166.5 crores in 2000-2001.

As FMCG sector was struggling with a slow growth in the Indian economy Dabur decided to take enormous strategic initiatives, recognize operation and improvise on its brand architecture beginning 2002. It decided to concentrate its marketing effort on Dabur, Vatika, Real, Anmol and Hajmola to strengthen their brand equity, create differentiation and emerge as a pure FMCG player recognized as Herbal brand. This was chosen after a study with Accenture, which revealed that Dabur was mainly perceived as a herbal brand and connected with the age group above 35. Also, larger retailer was making their foray into the FMCG market. Apart from at HLL, P&G, Marcio and Himalayan, ITC was also posing a challenge. The supply chain of Dabur was becoming complex because of the large array of product. Southern market share in the sales figure was negligible. These factors posed a threat to Dabur and hence small challenges were not enough.

BUSINESS HIGHLIGHTS

- Distribution: Dabur's products are available in over 120 countries and 7.7 million retail outlets in India. Dabur products are popular in the Middle East, Africa, Europe, Russia, and the US.
- Manufacturing: Dabur has 21 manufacturing units and a network of 26 C&FAs and 4 Mother Warehouses in India.
- Brands: Dabur has a portfolio of over 400 products and more than 1,000 SKUs. Some of their major brands include Dabur Chyawanprash, Dabur Honey, Dabur Pudin Hara, Dabur Lal Tail, Dabur Amla, Dabur Red Paste, and Real.
- Revenue: Dabur's overseas revenue accounts for over 25% of its total turnover.
- Gross margins: In FY 2023-24, Dabur improved its gross margins by 240 bps.
- Operating margins: In FY 2023-24, Dabur's operating margins expanded by 60 bps to reach 19.4%.
- Training: Dabur conducted extensive training sessions in the financial year 2023-24.
- Human capital: Dabur covers a range of topics in its human capital program, including behavioural training, safety protocols, and product quality standards.

DABUR'S PRODUCT PORTFOLIO

Dabur is an Indian multinational consumer goods company that manufactures a wide range of products, including Ayurvedic products and fast-moving consumer goods. Dabur's product portfolio includes:

- Vatika: A premium hair care brand that is one of Dabur's master brands
- Dabur Lal Tail: A product that is marketed using emotional storytelling and tradition
- Dabur Pudin Hara: A product that is made with natural ingredients
- Health supplements: A product in Dabur's portfolio
- Digestives: A product in Dabur's portfolio
- Cough and cold syrups and drop: A product in Dabur's portfolio
- Energizers: A product in Dabur's portfolio
- Baby care products: A product in Dabur's portfolio

Dabur has 11 manufacturing facilities in India, including two main units in Baddi and Pantnagar. The company's products are marketed in more than 60 countries worldwide.

Dabur is divided into three separate divisions for better operation and management: Health Care, Products Division, Family Product Division, and Dabur Ayurvedic Specialities Limited.

OBJECTIVE OF DABUR INDIA

The objective of Dabur India Limited are as follow:

1. Focus on growing core brands across categories, reaching out to new geographies. Within and outside India and improve operational efficiencies by leveraging technology.

2. Be the preferred to meet the health and personal grooming needs of target consumer with safe, efficacious, natural solution by synthesizing deep knowledge of Ayurveda and herbs with modern science.

3. Be a professionally managed employer of choice, attracting, developing, and retaining quality personnel.

4. Be responsible citizen with a commitment to environmental protection.

5. Provide superior returns, relative to our peer group, to our shareholder.

CHAPTER III

ANALYSIS AND INTERPRETATION

Analysis of financial statements is the process of reviewing and investigating a company's financial statements to make the better economic decisions. Here, the information on financial statements of a company is compared with that of previous years.

Interpretation of financial statements

Interpretation of financial statements analysis refers to understanding what the financial statements indicate. This is very important to take necessary future decision to ensure that the financial health of the company remains at desired levels. Interpretations of financial ratios isdone through ratio analysis.

Objectives of financial statement analysis and interpretation

The primary objectives of financial statement analysis are to understand and diagnose the information contained a financial statement with a view to judge the profitability and financial soundness of the firm and to make forecast about future prospects of the firm. The purpose of analysis depends upon the person interested in such analysis and his object.

Financial statement of the company

- Consolidated balance sheets
- Analyst format Income Statements
- Cash flows

BALANCE SHEET OF DABUR INDIA LIMITED

PARTICULARS	2019	2020	2021	2022	2023
ASSETS					
Non-Current Assets					
a) property, plant and equipment	1,547.97	1,820.98	1,811.70	1,967.95	2,237.62
b) Capital work-in-progress	63.76	146.57	147.3	167.5	175.13
c) Investment property	52.1	51.55	50.5	49.07	47.05
d) Goodwill	336.07	335.97	336.01	251.15	405.25
e) other intangible assets	32.92	44.18	44.71	39.73	888.73
f) Investments in joint Venture	-	-	11.27	9.47	7.84
g) financial assets					
(i) Investment	2,633.35	1409.23	3,402.35	5,355.59	5,520.95
(ii) Loans	17.56	24.64	-	-	-
(iii) Others	77.66	528.48	111.13	23.32	30.39
g) Deferred tax assets (net)	-	22	17.95	0.67	2.09
h) Non-current tax assets (net)	0.89	1.09	4.29	4.5	4.49
i) Other non-current assets	88.13	89.06	133.98	98.74	85.87
Total Non-Current Assets	**4,850.41**	**4,473.75**	**6,071.19**	**7,967.69**	**9,405.41**
Current Assets					
a) Inventories	1,300.53	1,379.57	1,734.28	1,911.37	2,024.20
b) Financial assets					
(i) Investments	725.41	1,391.03	746.01	854.56	736.47
(ii) Trade receivables	833.56	813.89	561.58	646.15	848.75
(iii) Cash and cash equivalents	107.69	163.94	241.23	255.91	146.82
(iv) Bank balances other than (iii) above	220.47	647.43	1,087.80	314.23	179.1
(v) Loans	11.04	13.07	-	-	-
(vi) Others	26.47	2.62	17.41	36.21	28.97
c) Current tax assets (net)	1.32	0.88	0.24	0.64	6.43
d) Other current assets	359.5	467.56	387.12	297.47	278.22
e) Assets held for sale	0.24	0.27	0.27	0.3	-
Total Current Assets	**3,586.23**	**4,880.26**	**4,775.67**	**4,316.54**	**4,248.96**
Total Assets	**8,436.64**	**9,354.01**	**10,847.13**	**12,284.53**	**13,654.37**
EQUITY AND LIABILITIES					
Equity					
a) Equity share capital	176.63	176.71	176.74	176.79	177.18
b) Other equity	5,455.05	6,429.04	7,486.79	8,204.51	8,796.08
Equity attributable to shareholders of the Holding Compan	**5,631.68**	**6,605.75**	**7,663.53**	**8,381.30**	**8,973.26**
c) Non-controlling interest	31.38	36.46	36.69	40.55	468.17
Total Equity	**5,663.06**	**6,642.21**	**7,700.22**	**8,421.85**	**9,441.43**
Liabilities					
Non-Current Liabilities					
a) Financial liabilities					
(i) Borrowings	26.05	162.89	1.31	250.36	298.84
(ii) Lease liabilities	-	-	132.82	139.58	144.36
(iii) Other financial liabilities	4.56	4.66	1.37	4.25	4.95
b) Provisions	59.52	62.94	63.31	63.68	64.37
c) Deferred tax liabilities (net)	23.14	17.43	13.91	82.27	90.99
Total Non-Current Liabilities	**113.27**	**247.92**	**212.72**	**540.14**	**603.51**
Current Liabilities					
a) Financial liabilities					
(i) Borrowings	498.23	304.24	349.14	617.29	700.18
(ii) Lease liabilities	-	-	25.79	22.87	30.41
(iii) Trade payables					
Due to micro and small enterprises	54.61	44.74	117.87	147.22	165.24
Due to others	1,400.82	1,437.41	1,797.39	1,870.73	2,021.37
(iii) Other financial liabilities	327.62	225.52	213.14	251.95	279.84
b) Other Current liabilities	198.14	239.78	158.44	91.42	66.7
c) Provisions	130.24	165.54	187.84	186	214.01
d) Current tax liabilities (net)	50.65	46.65	84.58	135.06	131.68
Total Current Liabilities	**2,660.31**	**2,463.88**	**2,934.19**	**3,322.54**	**3,609.43**
Total Liabilities	**2,773.58**	**2,711.80**	**3,146.91**	**3,862.68**	**4,212.94**
Total Equity And Liabilities	**8,436.64**	**9,354.01**	**10,847.13**	**12,284.53**	**13,654.37**

INTERPRETATION

- The total assets have shown steady growth, rising from 8,436.64 crore in 2019 to 13,654.37 crore in 2019 to 13,654.37 crore in 2023.
- This indicates expansion and an increase in the company's asset base over the five-year period, primarily driven by growth in non-current assets, especially property, plant and equipment and financial investments.
- Non-current assets have significantly increased from 4,850.41crore in 2019 to 9,405.41 crore in 2023.
- This growth is largely due to the rise in property, plant, and equipment, and intangible assets, which surged in 2023(particularly the sharp rise in other intangible assets from 39.73 crore in 2022 to 888.73 crore in 2023)
- Liabilities have increased from 2,773.58 crore in 2019 to 4,212.94 crore in 2023. This rise is driven by both current liabilities (such as trade payables and borrowings) and non-current liabilities (including borrowing and lease liabilities).
- While the company has taken on more debt to finance its growth. It should ensure that this does not affect its long-term financial health by managing the debt efficiently.

PROFIT AND LOSS OF DABUR INDIA LIMITED

PARTICULARS	2019	2020	2021	2022	2023
Income					
Revenue from operations	8,533.05	8,703.59	9,561.65	10,888.68	11,529.89
Other income	296.17	305.29	325.29	393.16	445.39
Total income	**8,829.22**	**9,008.88**	**9,886.94**	**11,281.84**	**11,975.28**
Expenses					
cost of materials consumed	3,475.35	3,731.71	4,013.63	4,766.12	5,306.97
Excise duty	18.06	18.95	-	-	-
Purchases of stock-in-trade	802.98	674.62	982.53	882.12	1,052.49
Changes in inventories of finished goods, stock-in-trade and work-in-progress	12.64	-65.04	-207.2	-8.55	-90.79
Employee benefits expense	937.91	947.74	1,033.46	1,079.95	1,137.00
Finance costs	59.58	49.54	30.81	38.6	78.24
Depreciation and amortization expense	176.90	220.45	240.13	252.89	310.96
Other expenses					
Advertisement and publicity	608.33	649.98	784.36	777.94	640.27
Others	938.22	953.28	952.19	1,137.29	1,319.83
Total expenses	**7,029.97**	**7,181.23**	**7,829.91**	**8,926.36**	**9,754.97**
Profit before share of profit from joint venture and exceptional items	**1,799.25**	**1,827.65**	**2,057.03**	**2,355.48**	**2,220.31**
Share of (loss) / profit of joint venture	0.96	-0.01	-1.01	-1.80	-1.63
Profit before exceptional items and tax	**1,800.21**	**1,827.64**	**2,056.02**	**2,353.68**	**2,218.68**
Exceptional items	75.34	100	0	-85	0
Profit before tax	**1,724.87**	**1,727.64**	**2,056.02**	**2,268.68**	**2,218.68**
Tax expense					
Current tax	406.99	465.42	363.04	442.17	481.63
Deferred tax	-128.37	-185.7	-1.97	84.21	35.72
Total tax expense	**278.62**	**279.72**	**361.07**	**526.38**	**517.35**
Net profit for the year	**1,446.25**	**1,447.92**	**1,694.95**	**1,742.30**	**1,701.33**

INTERPRETATION

- The company's revenue from operations steadily increased from **$8.53 billion in 2019** to **$11.53 billion in 2023**. This indicates strong sales performance and growing market demand.
- Although expenses increased, the net profit remained relatively stable, with a slight decline from **$1.74 billion in 2022** to **$1.70 billion in 2023**. This suggests that the company managed its costs effectively despite rising expenses.
- Total expenses rose from **$7.03 billion in 2019** to **$9.75 billion in 2023**, driven by higher costs of materials, employee benefits, and other operational costs. This reflects increased operational activity but highlights the need for careful cost management.
- The total tax expense fluctuated but remained significant, with a slight increase from **$278.62 million in 2019** to **$517.35 million in 2023**. This indicates that as profits grew, so did tax obligations, impacting overall net profit.

CASH FLOW STATEMENT OF DABUR INDIA LIMITED

PARTICULARS	2019	2020	2021	2022	2023
Net cash flow from operating activities	1,499.13	1,613.62	2,114.67	1,802.33	1,488.43
Net cash flow from investing activities	336.91	-516.84	-1,405.78	-1,275.45	-586.54
Net cash used in financing activities	-1,888.20	-1,042.97	-613.41	-490.49	-1,035.24

INTERPRETATION

- Net cash flow from operating activities peaked at **$2.11 billion in 2021** but decreased to **$1.49 billion in 2023**. This suggests fluctuating operational efficiency, which may require attention to improve cash generation from core business activities.
- Cash used in investing activities was negative in all years except 2019, with the most significant outflow in **2021 at -$1.41 billion**. This indicates heavy investments in long-term assets or acquisitions, which may impact short-term liquidity.
- Cash used in financing activities fluctuated, with a significant outflow of **-$1.89 billion in 2019** but reduced to **-$1.04 billion in 2020** and **-$1.04 billion in 2023**. This trend shows a decreasing reliance on external financing over time.
- The combination of decreasing operating cash flow and negative investing activities suggests that the company may be facing challenges in maintaining a strong cash position, which could affect its ability to fund future growth or manage debt obligations effectively.

RATIO ANALYSIS

Ratio analysis is referred to as the study or analysis of the line items present in the financial statements of the company. It can be used to check various factors of a business such as profitability, liquidity, solvency and efficiency of the company or the business. Ratio analysis ismainly performed by external analysts as financial statements are the primary source of information for external analysts.

TYPES OF RATIOS:

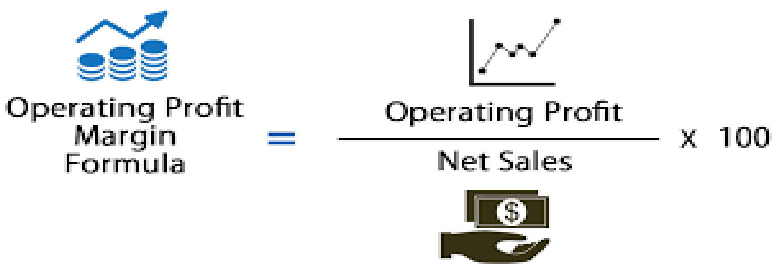
- Profitability ratios
- Return ratios

- Stability ratios
- Efficiency ratios
- Coverage ratios
- Growth ratios

PROFITABILITY RATIO:

1. OPERATING PROFIT MARGIN:

The operating profit ratio compares the operating income of a company to its net sales to determineoperating efficiency.



PARTICULARS	2019	2020	2021	2022	2023
OPERATING PROFIT MARGIN	22.99%	22.95%	24.34%	23.51%	22.62%

INTERPRETATION:

- ➢ The operating profit margin has fluctuated slightly over the five-year period, with a range of 22.62%To 24.34%.
- ➢ The highest operating profit margin was achieved in 2021(24.34%) indicating that the company's operations were most efficient that year.
- ➢ The operating profit margin remain fairly consistent, with only a slight decrease from 22.99% to 22.95%. this suggests stable operational performance during this period.

➢ The margin fell to 23.51% in 2022, showing a decrease but still reflecting solid profitability.

2. NET PROFIT MARGIN:

Net profit ratios are calculated in order to determine the overall profitability of an organization after reducing both cash and non-cash expenditures.

PARTICULARS	2019	2020	2021	2022	2023
NET PROFIT MARGIN	16.95%	16.64%	17.73%	16.00%	14.76%

INTERPRETATION:

- ➢ The net profit margin has been declining over the five-year period, with a noticeable drop from 17.73% in 2021 to 14.76% in 2023.
- ➢ The highest net profit margin was achieved in 2021(17.75%), indicating that the company's overall profitability was at its best in the year
- ➢ The net profit margin decreased from 16.95% in 2019 to 16.64% in 2020. This slight drop may indicate increase expenses relating to the previous year.
- ➢ The net profit margin fell to 16.00% in 2022, a significant drop.

RETURN RATIO:

1. RETURN ON CAPITAL EMPLOYED:

The term return on capital employed (ROCE) refers to a financial ratio that can be used toassess a company's profitability and capital efficiency.

$$\text{ROCE} = \frac{\text{operating earnings}}{\text{capital employed}}$$

PARTICULARS	2019	2020	2021	2022	2023
RETURN ON CAPITAL EMPLOYED	28.84%	25.00%	25.92%	24.84%	22.00%

INTERPRETATION:

- The return on capital employed has been declining over the five-year period, with a noticeable drop from 28.84% in 2019 to 22.00% in 2023.
- The highest ROCE was achieved in 2019(28.84%) indicating that the company was generating strong returns from its capital employed that year.
- In 2020(25.00%) to 2021(25.92%) there was a slight improvement compared to 2020. Suggesting the business might have taken steps to improve capital utilization.
- In 2022(24.84%) a small decline in ROCE from the previous year indicates that the company's efficiency in generating returns from capital slightly decreased again.

2. RETURN ON LONG TERM ASSET:

Return on assets is a metric that indicates a company's profitability in relation to its total assets. ROA can beused by management, analysts. and investors to determine whether a company uses its assets efficiently to generate a profit.

$$\text{Return on Assets (ROA)} = \frac{\text{Net Income}}{\text{Average Total Assets}}$$

PARTICULARS	2019	2020	2021	2022	2023
RETURN ON LONG TERM ASSETS	115.3%	97.6%	115.2%	117.2%	102.7%

INTERPRETATION:

- The return peaked in 2022(117.2%) indicating the company was using its assets very efficiently that year.
- There's a slight decline in 2023(102.7%), which might be a minor concern, but the company still performs well.
- The ROLTA has fluctuated over the five-year period, with a range of 97.6% to 117.2%.
- In 2019 115.3% to 2021 115.2% literally same these years reflects excellent returns from long-term assets.

3. RETURN ON NET WORTH /ROE:

Return on Net Worth (RONW) denotes the profit earning capacity of the company on the shareholder's invested amount. RONW is a profitability indicator of a company expressed in percentage.

$$\text{Return on Equity (ROE)} = \frac{\text{Net Income}}{\text{Average Total Equity}}$$

PARTICULARS	2019	2020	2021	2022	2023
RETURN ON NET WORTH	25.54%	21.80%	22.01%	20.69%	18.02%

INTERPRETATION:

- The highest return was 25.54% in 2019 because the company performance well, generating high return on its net worth.
- The lowest return was 18.02% in 2023 because the industry or market conditions may be changing affecting profitability.
- In 2020(21.80%) was decreased from the previous year, showing a slight decline in profitability.
- In 2021(22.01%) there was a small improvement compared to 2020, but still lower than 2019.

- ➢ In 2022(20.69%) another slight drop in RONW, suggesting continued challenges in maintaining the same level of profitability and efficient in using net worth.

COVERAGE RATIO:

Coverage ratio is used to measure a company's ability to pay its financial obligations.A higher ratio indicates a greater ability of the company to meet its financial obligations while a lower ratio indicates a lesser ability. It is commonly used by creditors and lenders to determine the financial standing of a prospective borrower.

1. INTEREST COVERAGE RATIO:

It evaluates the number of times a company is able to pay the interest expenses on its debt with its operating income. The ability of a company to pay the interest expense on its debt.

$$\text{Interest Coverage Ratio} = \frac{\text{EBIT}}{\text{Interest Expense}}$$

PARTICULARS	2019	2020	2021	2022	2023
INTEREST COVERAGE RATIO	29.95	35.87	67.73	59.77	29.36

INTERPRETATION:

- ➢ The interest coverage ratio increased significantly from 2019(29.95) to 2021(67.73), peaking in 2021, which shows the company was in a very strong financial position during the period.
- ➢ However, the sharp decline in 2022(59.77) and 2023(29.36) could indicate that the company's earnings have decreased.
- ➢ In 2020(35.87) the ratio improved, reflecting better financial strength with increased earnings.

- In 2022(59.77) although the ratio decreased compared to 2021(67.73), it still remained quite high.

2. NET DEBIT TO EBITDA:

The net debt 10 earnings before interest, 1axes, deprecia1ion. and amortization (EBIIDA) ratio measures financial leverage and a company's ability to pay off its debt. Essentially, the net deb1 to EBITDA ratio (debt/EBIIDA) gives an indication as to how long a company would need to operate ati1s current level to pay off all its debt.

$$\text{Net Debt to EBITDA Ratio} = \frac{\text{Gross Debt} - \text{Cash and Cash Equivalents}}{\text{EBITDA}}$$

PARTICULARS	2019	2020	2021	2022	2023
NET DEBT TO EBITDA	0.21	0.15	0.05	0.24	0.33

INTERPRETATION:

- In 2019(0.21) the company had low leverage, with net debt being only 21% of its EBITDA. This suggests it was in a strong financial position with manageable debt levels compared to its.
- In 2020(0.15) the ratio decreased further, indicating improved financial strength. The company reduced its debt or increased its earnings.
- In 2021(0.05) the ratio dopped significantly, showing that the company had very little net debt compared to its EBITDA.
- In 2022-2023(0.24-0.33) the ratio increased over these years, suggesting that the company took on more debt or its earnings decreased.

STABILITY RATIO:

Stability analysis investigates how much debt can be supported by the company and whether debt and equity are balanced**.** A financial ratio indicating the relative proportion of shareholders' equity anddebt used to finance a company's assets.

1. DEBT EQUITY RATIO:

The debt-to-equity ratio measures your company's total debt relative to the amount originally invested by the owners and the earnings that have been retained over time. The debt equityratio can be defined as a ratio between total debt and shareholders' fund. The debt equity ratio is used to calculate the leverage of an organization.

$$\text{Debt to Equity Ratio (D/E)} = \frac{\text{Total Debt}}{\text{Total Shareholders Equity}}$$

PARTICULARS	2019	2020	2021	2022	2023
DEBT EQUITY	0.09	0.07	0.05	0.10	0.11

INTERPRETATION:

- In 2019 to 2021(0.09-0.05) the company demonstrated a consistent decrease in leverage, achieving very low debt levels relative to equity.
- In 2022 to 2023(0.10-0.11) there was a slight increase in the debt-to-equity ratio. Suggesting a modest rise in financial leverage.
- In 2020(0.07) the ratio decreased, showing an improvement in the company's financial health.
- In 2019 to 2023 shows fluctuations in the company's financial structure, with period of decreased reliance on debt followed by increases.

2. LONG TERM DEBT EQUITY RATIO:

The Long-Term Debt to Equity is a measure of a company's financial leverage. The debt-to equity (DIE)ratio reflects a company's debt status.

$$\text{Long-term Debt to Equity Ratio} = \frac{\text{Long-term Debts}}{\text{Average Shareholder's Equity}}$$

PARTICULARS	2019	2020	2021	2022	2023
LONG TERM DEBT/ EQUITY	0.005	0.025	0.000	0.030	0.032

INTERPRETATION:

- The company maintained a very low long-term debt to equity ratio from 2019(0.005) to 2021(0.000) reflecting a conversation approach to debt and a strong base.
- In 2022-2023(0.030-0.032) the ratio rose slightly in these years, indicating a small increase in long-term debt relative to equity.
- In 2020(0.025) the ratio increased slightly, but it still remains very low. This indicates a small increase in long-term debt relative to equity.
- In 2021(0.000) the ratio dropped to zero, suggesting that the company had no long-term debt at all during this year.

LIQUIDITY RATIO:

Liquidity ratios are a measure of the ability of a company to pay off its shot-term liabilities. Liquidity ratios determine how quickly a company can convert the assets and use them for meeting the dues that arise.

1. CURRENT RATIO:

The Current Ratio is a financial ratio that measures a company's ability to cover its short-term liabilities (those due within one year) with its short-term assets (those that are expected to be converted into cash within one year). It's an important indicator of a company's liquidity and short-termfinancial health.

$$\text{Current Ratio Formula} = \frac{\text{Current Assets}}{\text{Current Liability}}$$

PARTICULARS	2019	2020	2021	2022	2023
CURRENT RATIO	1.35	1.98	1.63	1.30	1.18

INTERPRETATION:

- In 2019 to 2020(1.35-1.98) the company showed strong and improving liquidity, with increasing ability to cover short-term obligations.
- In 2021 to 2023(1.63-1.18) the current ratio declined, indicating a gradual decrease in liquidity.
- In 2022(1.30) the ratio decreased further, indicating a decline in liquidity, the company's current assets were still sufficient to cover its short-term liabilities.
- In 2019 to 2023 the current ratio showed a decreasing trend from 1.35 to 1.18. It indicating it had more current assets then liabilities.

2. QUICK RATIO:

The Quick Ratio, also known as the Acid-Test Ratio, is a financial metric that assesses a company's ability to cover its short-term liabilities with its most liquid assets. It's a more conservative measure of liquidity compared to the Current Ratio because it excludes inventory from currentassets.

$$\text{Quick Ratio Formula} = \frac{\text{Quick Assets}}{\text{Current Liabilities}}$$

PARTICULARS	2019	2020	2021	2022	2023
QUICK RATIO	0.86	1.42	1.04	0.72	0.62

INTERPRETATION:

- The quick ratio has decrease significantly from 1.42 in 2020 to 0.62 in 2023, indicating a decline in liquidity.
- The 2022 and 2023 ratio (0.72 and 0.62) are below 1, suggesting the company may struggle to pay current liabilities.
- In 2020 was the strongest year with a ratio of 1.42, indicating excellent liquidity and financial stability.
- The quick ratio declined from 0.86 in 2019 to 0.62 in 2023, reflecting a consistent weakening in the company's ability to meet short-term obligations with its most liquid assets.

EFFIENCY RATIO:

Efficiency ratios measure how efficiently a company uses its assets to generaterevenues and its ability to manage those assets.

1. INVENTORY TURNOVER RATIO:

The inventory turnover ratio is expressed as the number of times an enterprise sells out of its stock of goods within a given period of time. It is used to determine the speed of a company in convertingits inventories into sales.

$$\text{Inventory Turnover Ratio} = \frac{\text{Cost of Goods Sold (COGS)}}{\text{Average Inventory}}$$

PARTICULARS	2019	2020	2021	2022	2023
INVENTORY TURNOVER RATIO	6.56	6.31	5.51	5.697	5.696

INTERPRETATION:

- The inventory turnover ratio has decreased from 6.56 in 2019 to 5.696 in 2023. This declining trend suggests that the company is selling inventory at a slower pace, which may indicate reduced demand or overstocking issues.
- There's a slight declining trend from 2019 (6.56) to 2021 (5.51), suggesting a minor decrease in sales or increase in inventory levels.
- The ratio increased to 5.697 in 2022, indicating a slight recovery in sales or improved inventory management.

2. RECEIVABLES TURNOVER RATIO:

Receivable turnover ratio is used to determine the efficiency of an organization in collecting or realizingits account receivables**.**

$$\text{Receivables Turnover} = \frac{\text{Net Credit Sales}}{\text{Average Accounts Receivable}}$$

PARTICULARS	2019	2020	2021	2022	2023
RECEIVABLES TURNOVER RATIO	10.24	10.69	17.03	16.85	13.58

INTERPRETATION:

- In 2019-2020(10.24-10.69) the receivables turnover ratio was relatively stable between 2019 and 2020 indicating consistent efficiency in collecting receivables during this period.
- The receivables turnover ratio increased from 10.24 in 2019 to a peak of 17.03 in 2021, indicating improved efficiency in collecting accounts receivable.
- The ratio decreased to 13.58 in 2023, suggesting a slight slowdown in receivables collection.
- A minor decrease to 16.85 in 2022. Suggest a slight dip in collection efficiency, although it remain higher than the 2019 and 2020 levels.

3. ASSETS TURNOVER RATIO:

Asset turnover ratio is the ratio between the value of a company's sales orrevenues with the value of its assets. Thus. asset turnover ratio can be a determinant of a company's performance.

$$\text{Asset Turnover Ratio} = \frac{\text{Net Sales}}{\text{Average Total Assets}}$$

PARTICULARS	2019	2020	2021	2022	2023
ASSETS TURNOVER RATIO	1.01	0.93	0.88	0.89	0.84

INTERPRETATION:

- The ratio has declined from 1.01 to 0.93 in 2019 to 2020. This decline suggests a reduction in the company’s efficiency in using its assets to generate sales.
- The asset turnover ratio has consistently decreased from 1.01 in 2019 to 0.84 in 2023. Indicating a decrease in the company’s efficiency in utilizing its assets to generate revenue over this period.
- There was a gradual decrease from 2019(1.01) to 2021(0.88), a slight recovery in 2022(0.89), but a further drop in 2023(0.84).
- This fluctuation indicates that while there was a brief improvement in 2022(0.89), the overall efficiency trend remains downward.

GROWTH RATIO:

Growth ratios indicate how fast a company or its business is growing. These ratios measure therate at which the company is growing. Net Sales Growth (%): Net sales are the total sales of an organisation minus the return inwards, discounts etc.

Growth Rate Formula

$$\text{Growth Rate} = \left(\frac{\text{Present Value}}{\text{Past Value}}\right)^{1/n} - 1$$

PARTICULARS	2019	2020	2021	2022	2023
SALES		2.0%	9.9%	13.9%	5.9%

INTERPRETATION:

- In 2020(2.0%) marked a slow start to growth, likely due to post-2019 challenges.
- In 2021-2022(9.9%-13.9%) these were the peak growth years, with significant jumps, indicating a period of strong business performance.
- In 2020(2.0%) to 2022(13.9%) there was steady and strong growth in sales, but in 2023(5.9%), while still positive, the growth rate has tapered off. Indicating possible challenges.

PARTICULARS	2019	2020	2021	2022	2023
OPERATING PROFIT(EBITDA)		1.8%	16.5%	10.0%	1.9%

INTERPRETATION:

- In 2021(16.5%) stands out as a high-growth year likely driven by strong performance across operations.
- In 2022 and 2023(10.0%-1.9%) show a slowing trend, indicating that the company has entered a more challenging phase in maintaining high growth in operating profit.
- Growth in operating profit was minimal at 2020(1.8%), reflecting a period of modest improvement.

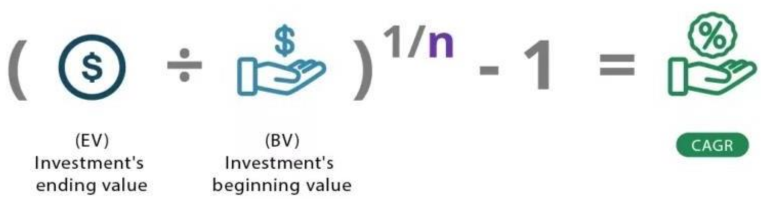
PARTICULARS	2019	2020	2021	2022	2023
NET PROFIT		0.1%	17.1%	2.8%	-2.4%

INTERPRETATION:

- In 2021(17.1%) was the peak year, with strong profit growth following a weak 2020(0.1%)
- In 2022(2.8%) saw slower profit growth, signalling early signs of challenges or market stabilization.
- In 2023(-2.4%) marked a decline in net profit, indicating worsening conditions that led to a reduced profitability.

COMPOUND ANNUAL GROWTH RATE (CAGR):

Compound annual growth rate, or CAGR, is the mean annual growth rate of an investment over aspecified period of time longer than one year. It represents one of the most accurate ways to calculate and determine returns for individual assets, investment portfolios, and anything that can rise or fall in value over time.



PARTICULARS	
SALES	6.2%
OPERATING PROFIT(EBITDA)	5.9%
NET PROFIT	3.3%

INTERPRETATION:

- The sales growth of 6.2% reflects a positive market position, indicating strong demand for products or services, and suggests that the company is effectively expanding its customer base and revenue streams.
- The operating profit (EBITDA) growth of 5.9% indicates that while the company is maintaining solid operational performance, the rate of increase is not keeping pace with sales growth, highlighting potential rising costs or investments that could be impacting profitability.

- The net profit growth of 3.3% suggests that the company is facing challenges in translating revenue gains into bottom-line results, possibly due to increased expenses, taxes, or interest costs, which warrants a closer look at overall financial management.
- The overall growth rates indicate that while the company is successfully increasing sales and maintaining solid operating performance, there are challenges in translating this revenue growth into net profit, suggesting the need for improved cost management and financial strategies to enhance overall profitability.

DUPONT ANALYSIS:

The Dupont Analysis method breaks down and clarifies the different components of the Return on Equity (ROE) formula, which can help companies with finding ways to improve their return on equity. Organizations mostly use this method to improve their own performance and to increase the return that they can offer to investors and shareholders.

DuPont Analysis

$$\text{Return on Equity (ROE)} = \frac{\text{Net Income}}{\text{Revenue}} \times \frac{\text{Revenue}}{\text{Average Total Assets}} \times \frac{\text{Average Total Assets}}{\text{Average Total Equity}}$$

PARTICULARS	**2019**	**2020**	**2021**	**2022**	**2023**
NET PROFIT MARGIN	0.169	0.166	0.177	0.160	0.148
ASSEST TURNOVER	1.01	0.93	0.88	0.89	0.84
FINANCIAL LIEVERAGE	1.490	1.408	1.409	1.46	1.45
DUPONT ANALYSIS	**25.54%**	**21.80%**	**22.01%**	**20.69%**	**18.02%**

INTERPRETATION:

- In 2019, the DuPont analysis shows a Return on Equity (ROE) of 25.54%, with a strong net profit margin of 16.9% and an efficient asset turnover of 1.01, indicating effective profitability and asset utilization.

- In 2020, the DuPont analysis reveals a Return on Equity (ROE) of 21.80%, supported by a net profit margin of 16.6%, indicating solid profitability, while a modest asset turnover of 0.93 suggests some inefficiency in revenue generation from assets.
- In 2021, the DuPont analysis shows a Return on Equity (ROE) of 22.01%, highlighting strong profitability with a net profit margin of 17.7%, but a lower asset turnover of 0.88 indicates decreased efficiency in generating revenue from assets.
- In 2022, the DuPont analysis indicates a Return on Equity (ROE) of 20.69%, reflecting stable profitability with a net profit margin of 16% and reduced asset turnover of 0.89, suggesting less efficiency in revenue generation from assets.
- In 2023, the DuPont analysis indicates a Return on Equity (ROE) of 18.02%, with a net profit margin of 14.8% and an asset turnover of 0.84, reflecting declining profitability and decreased efficiency in asset utilization.

WORKING CAPTIAL:

Working capital is the optimum amount of cash required to be funded to meet day-to-day operations of the business. Working capital is the amount of available capital that a company can readilyuse for day-to-day operations. Working capital is calculated by subtracting current liabilities from current assets, as listed on the company's balance sheet.

PARTICULARS	2019	2020	2021	2022	2023
CA-CL	925.92	2416.38	1841.48	994.00	639.53

INTERPRETATION:

- In 2020(2416.38) has strong working capital position potentially due to increased inventory.
- In 2021-2023(1841.48-639.53) declining working capital, potentially due to increased account payable.

- In 2019 the working capital is 925.92. this indicates that the company had a positive working capital, meaning it had more CA than CL.
- The working capital dropped further to 994.00(2022). This decrease shows a notable reduction in liquidity.

PARTICULARS	2019	2020	2021	2022	2023
NON CASH CA-CL	-3278.03	-3690.97	-3438.97	-3921.19	-4199.08

INTERPRETATION:

- Throughout 2019(-3278.03)-2023(-4199.08), the non-cash CA-CL remains negative, indicating that the company's current liabilities consistently exceed its current assets.
- There is a worsening trend from 2019(-3278.03) to 2020(-3690.97), followed by a slight improvement in 2021(-3438.97). however, the shortfall increases again in 2022(-3921.19) and 2023(-4199.08).
- The biggest negative gab is seen in 2023(-4199.08), showing a significant increase in liabilities over assets compared to previous year.
- The slight improvement in 2021(-3438.97) suggests that there was some effort to reduce the gap between liabilities and assets that year, but this was not sustained, as the gap widened again in 2022(-3921.19) and 2023(-4199.08).

CASH CONVERSION CYCLE:

A cash conversion cycle is a time that a company needs to convert its inventories and resources into cash through sales. It measures the time it takes a business to purchase supplies, turn theminto a product or service, sell them and collect accounts receivable.

The cash conversion cycle formula has three parts:

- ✓ **Days inventory outstanding**

Inventory days = 365 / Inventory Turnover Ratio

- ✓ **Days receivables outstanding**

Receivable days = 365 / Receivables Turnover Ratio

- ✓ **Days payable outstanding**

Payable days = 365 / Payable Turnover Ratio

PARTICULARS	2019	2020	2021	2022	2023
INVENTORY TURNOVER RATIO	55.63	57.85	66.20	64.07	64.08
RECEIVABLES TURNOVER RATIO	35.66	34.13	21.44	21.66	26.87
PAYABLE TURNOVER RATIO	62.26	62.16	73.11	67.64	69.22
CCC	29.03	29.83	14.53	18.09	21.73

- **Inventory Turnover Ratio**: This ratio has generally improved, peaking in 2021. A higher ratio suggests the company is selling its inventory more quickly, which is good for cash flow as it minimizes holding costs and reduces the risk of obsolescence.
- **Receivables Turnover Ratio**: This ratio shows a decline from 2019 to 2021 but improved in 2023. A lower ratio may indicate that the company is taking longer to collect payments from customers, which can negatively impact cash flow. The improvement in 2023 is a positive sign.
- **Payable Turnover Ratio**: This ratio remained relatively stable, with a slight decline in 2022 but a recovery in 2023. A steady ratio suggests the company is managing its payables effectively, balancing the need to pay suppliers while maintaining liquidity.
- while the CCC shows some challenges, improvements in inventory turnover and recent gains in receivables turnover suggest the company is making progress in managing its cash flow more effectively.

CHAPTER – IV

FINDINGS:

- Total assets have been increasing steadily, indicating strong growth and possibly effective management or increasing revenue generation over time.
- Long-term borrowings have risen significantly from **26.05** to **298.84**, showing the company is increasingly relying on debt for funding.
- Short-term borrowings have increased from **498.23** to **700.18**, indicating a growing reliance on short-term debt.
- The revenue from operations has shown consistent growth, increasing from **8,533.05** to **11,529.89**. This upward trend reflects a solid performance and indicates successful business expansion.
- Finance costs have varied, increasing from **59.58** to **78.24** after a dip, indicating rising expenses related to borrowing.
- The company generates steady cash from operations but experiences significant cash outflows from investing activities, while gradually reducing its reliance on financing, indicating a focus on growth and financial stability.
- The operating profit margin peaked at **24.34%** in 2021 but has gradually decreased to **22.62%** in 2023, indicating a slight decline in profitability relative to sales over the years.
- The net profit margin reached its highest at **17.73%** in 2021 but has fallen to **14.76%** in 2023, showing a downward trend in overall profitability over the years.
- The return on capital employed has declined from **28.84%** in 2019 to **22.00%** in 2023, indicating reduced efficiency in generating profits from invested capital over the years.
- The return on net worth has fallen from **25.54%** in 2019 to **18.02%** in 2023, indicating a declining ability to generate profit from shareholders' equity over time.
- The interest coverage ratio peaked at **67.73** in 2021 but decreased significantly to **29.36** in 2023, showing a reduced ability to cover interest expenses effectively.
- The long-term debt-to-equity ratio has increased slightly from **0.000** in 2021 to **0.032** in 2023, indicating a very low level of long-term debt compared to equity.
- The debt-to-equity ratio has increased from **0.05** in 2021 to **0.11** in 2023, showing a slight rise in the company's leverage while still indicating a conservative approach to debt.

- The current ratio has fallen from **1.63** in 2021 to **1.18** in 2023, suggesting a decreasing ability to meet short-term liabilities with current assets.
- The efficiency ratios show a decline in inventory and asset management, with a peak in receivables turnover in 2021 followed by a decrease, indicating reduced operational efficiency.
- The DuPont analysis reveals a decline in return on equity from **25.54%** in 2019 to **18.02%** in 2023, primarily due to decreasing net profit margins and asset turnover, despite stable financial leverage.
- The cash conversion cycle improved from **29.03** days in 2019 to **21.73** days in 2023, indicating more efficient management of inventory and receivables, despite fluctuations in the receivable's turnover ratio.

SUGGESTIONS:

- While revenue has grown, operating profit margins and net profit margins have decreased slightly. Review and optimize operational costs to improve margins.
- The negative cash flow from investing activities indicates significant investments. Assess the return on these investments and prioritize high-yield projects.
- With fluctuating cash flow, maintaining a higher cash reserve can provide stability. Consider adjusting expenditure to boost liquidity.
- The inventory turnover ratio has shown some decline. Implement inventory management systems to reduce excess stock and improve cash flow.
- The receivables turnover ratio has decreased. Strengthen credit policies and collection processes to improve cash collection efficiency.

CHAPTER -V

CONCLUSION:

The financial analysis of Dabur India Limited (DIL) reveals a complex picture of growth, challenges, and opportunities. The company has experienced steady growth in total assets and revenue from operations, which reflects effective management and successful business expansion. However, this growth has come with increasing reliance on both long-term and short-term debt, raising concerns about financial stability and leverage.

Profitability metrics, such as operating and net profit margins, have shown a downward trend, indicating a need for operational cost optimization. While the cash flow from operations remains steady, significant cash outflows from investing activities suggest that the company should carefully assess its investment strategies to ensure high returns.

The declining return on capital employed and return on net worth point to reduced efficiency in generating profits from investments, while the interest coverage ratio indicates diminishing capacity to meet interest obligations. Furthermore, the decline in current ratio and efficiency ratios suggests challenges in liquidity and operational efficiency.

In summary, while Dabur India Limited has laid a strong foundation for growth, it faces several critical challenges that need to be addressed. Strategic focus on optimizing costs, enhancing cash flow management, and improving operational efficiency will be crucial in navigating these challenges and ensuring sustainable profitability moving forward. Implementing robust inventory management systems and strengthening credit policies will also contribute to improving overall financial health. By taking these steps, Dabur can better position itself for future growth while maintaining financial stability.