



ABOUT:

Marico Limited is an Indian multinational consumer goods company headquartered in Mumbai, Maharashtra, India. It is known for its focus on consumer products in the health and beauty segment. Marico was founded in 1987 by Harsh Mariwala and has since grown to become one of India's leading consumer goods companies. Marico has a strong presence in India and has also expanded its operations to several other countries, primarily in the Middle East, Southeast Asia, and Africa. The company primarily focuses on producing and marketing a wide range of consumer products in various categories such as hair care, skincare, edible oils, and health supplements.

DUPONT Summary of Marico Limited:

In the context of Marico Limited's financial performance, there have been notable shifts in key metrics and ratios.

1. **ROE Dynamics:** The ROE of Marico Limited exhibited fluctuations during the COVID period, declining by 8% percentage point and hitting a low of 33% in FY2020. Thereafter, there has been a stagnancy and the company is yet to reach its pre-covid numbers. This signals a turbulent period for the company's profitability.
2. **Long-term ROE Trend:** There has been a minute growth from 29% to 32% over the period of six years. The average ROE over the given period is 34%, which indicates a reasonably strong performance. The ROE appears to fluctuate, indicating inconsistency in the company's profitability. This could suggest that the company is trying to recover from the effects of the external factors.
3. **Net Margins and Asset Efficiency:** The company's net margins are facing stagnation ranging from 18% to 22%. A sudden drop in 2019 (10%) brings the average profit margin to 18%. In terms of Asset efficiency a quite stable trend can be seen where the average efficiency is around 1.25 and a spike in 2019 of 2.66 bringing the overall average to 1.48 which might give some wrong information.
4. **Profitability Focus:** Notably, a significant increase in the gross profit margin, from 42% in FY2018 to 49% in 2023, indicates strong company fundamentals and the company's robust core business profitability. A sudden rise of 69% in 2019 correlates with the trend visible in asset turnover ratio.
5. **Depreciation and Asset Sale:** Marico's depreciation held generally steady at 0.01 in most years, experiencing slight upticks to 0.02 in 2020 and 2021. decisions and asset base. The increased depreciation in 2020 and 2021 can be attributed to the acquisition or capitalization of new assets, which typically entails higher initial depreciation expenses.
6. **Cash Conversion Cycle:** The cash conversion cycle (CCC) saw a substantial reduction from 139.56 in 2018 to 57.98 in 2023, indicating a significant improvement in efficiency over this period. For Marico, an efficient CCC is vital because it ensures that the company can fund its operations, invest in growth, and meet its financial obligations promptly. Managing the CCC effectively is a critical aspect.

Summary: Marico limited financial performance reveals that the Return on Equity and Return on Asset of the company have been fluctuating and somewhat stagnant over the period. There has been slight growth in long term ROE and profitability ratio which correlates with the increased depreciation. The company is struggling to increase its returns, especially after the pandemic period, however, the company has managed to improve its cash conversion cycle.



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Vedanta Limited is a globally diversified natural resources company headquartered in India. It is part of the larger Vedanta Resources Limited group, which is a London Stock Exchange listed company. Vedanta Limited primarily focuses on the exploration, production, and manufacturing of various natural resources, including metals and minerals, oil and gas, power generation, and more. It's important to note that the mining and natural resources industry is subject to regulatory changes and environmental considerations, and Vedanta has faced various challenges and controversies over the years related to these issues. The company has often emphasized its commitment to sustainable and responsible business practices in India.

DUPONT Summary of Vedanta Limited:

In the context of Vedanta Limited's financial performance, there have been notable shifts in key metrics and ratios.

1. ROE Trend:

The Return on Equity (ROE) has shown a downfall from 13% in 2018 to 10% in 2022. A loss of 3% was also registered in 2020 which might be the result of the global pandemic. The negative trend with the minimum level at 5% in 2023 indicates the company's inability to generate higher return for its shareholders.

2. Leverage:

The average Total Assets to average Equity ratio (Leverage) has been fluctuating over the years, with a significant fall from 2.5 in 2008 to 2.4 in 2022. The leverage surged to 2.99 in 2023, implying that the company is relying more on debt to finance its operations. Lower financial leverage generally reduces financial risk.

3. Drivers of ROA:

- **Operating Profit Ratio:** the Operating Profit Ratio (EBIT/Sales) steadily climbed from 10% in 2018 to an impressive 28% in 2022, reflecting the company's substantial improvements in operational efficiency and profitability. However, it's worth noting that in 2023, it did dip to 17%, suggesting the need for Vedanta to closely examine the factors influencing its profitability during that particular year.

- **Asset Turnover:** The asset turnover ratio (Sales/Average Total Assets) a consistent decline, starting at 96% in 2018 and decreasing to 74% in 2023. This trend suggests that Vedanta may need to explore ways to enhance its utilization of assets to generate sales more efficiently or consider strategies to optimize its asset base.

4. Profitability Ratio:

The company's net margins faced a decline from 83% in FY2018 to 69% in FY23. The average gross profit margin over the period is 0.76. Additionally, the efficiency of assets also witnessed a decrease.

5. Depreciation and Asset Sale:

Vedanta's depreciation witnessed a surge over the six year period, experiencing upticks to 0.09 and 0.07 in 2021 and 2022 respectively. The increased depreciation in 2020 and 2021 can be attributed to the acquisition or capitalization of new assets, which typically entails higher initial depreciation expenses.

6. Cash Conversion Cycle:

In 2018, Vedanta's CCC was impressively efficient at -64.36 days, reflecting a swift cash conversion process. During that year, Vedanta converted its inventory and accounts receivable into cash faster than its accounts payable obligations, especially in the pandemic period. Moving to 2023, there's a negative shift in Vedanta's CCC, which now stands at -10.96 days. This represents a fluctuation in cash conversion efficiency compared to earlier years. While the negative CCC trend underscores Vedanta's ongoing commitment to optimizing its cash conversion process, The high fluctuating values represent inconsistency in the day's turnover ratio.

Summary: The financial report of Vedanta uncovers the complex interplay of factors and a decline based on the financial metrics. There is a fall in the ROI over the period which correlates with the decreased leverage in 2023. The decrease in asset turnover highlights the company's poor asset management abilities and falling net profit margin. The efficiency of the assets has also witnessed a fall, though depreciation has increased showing the acquisition of new assets. Vedanta is struggling to improve its financial health, though it has an impressive cash conversion cycle, though it deteriorated over the period.