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**Assignment: Analysis of Financial Performance of Patanjali**

***Company Overview:***

Patanjali Ayurved Limited is an Indian consumer goods company founded by Baba Ramdev along with Acharya Balkrishna in 2006. The company is headquartered in Haridwar, Uttarakhand, India. Patanjali primarily manufactures and markets a wide range of consumer products, including food and beverages, personal care products, health supplements, and Ayurvedic medicines.

Here's an overview of some key aspects of Patanjali:

* ***Founders***: Baba Ramdev, a renowned yoga guru, and Acharya Balkrishna, an Ayurveda practitioner, are the co-founders of Patanjali. They started the company with the vision of promoting Ayurveda and providing consumers with natural and healthy alternatives.
* ***Product Range***: Patanjali offers a diverse range of products across various categories. Some of its popular product lines include:

*Food and beverages*: Including staples like rice, flour, pulses, spices, and herbal teas.

*Personal care*: Such as soaps, shampoos, toothpaste, skincare products, and hair care items.

*Health supplements*: Including herbal supplements, protein powders, and Ayurvedic medicines.

*Home care*: Offering detergents, dishwash bars, and floor cleaners.

* ***Ayurvedic Focus***: One of the distinguishing factors of Patanjali is its emphasis on Ayurveda, an ancient Indian system of medicine and wellness. Many of its products are formulated based on Ayurvedic principles, using natural ingredients and traditional methods.
* ***Expansion and Growth***: Since its inception, Patanjali has experienced rapid growth and expansion. It has established a vast distribution network across India, with thousands of retail outlets, supermarkets, and exclusive Patanjali stores. The company has also ventured into international markets, aiming to promote Ayurveda globally.

***Objectives****:-*

Patanjali Ayurved Limited has several objectives, driven by its founders' vision of promoting Ayurveda, offering natural and healthy products, and contributing to society. Some of the key objectives of Patanjali include:

**Promoting Ayurveda**: One of the primary objectives of Patanjali is to promote Ayurveda, an ancient Indian system of medicine and wellness. The company aims to revive and popularize Ayurvedic principles and practices, emphasizing the use of natural ingredients for health and well-being.

**Offering Natural and Healthy Products**: Patanjali is committed to providing consumers with natural and healthy alternatives to mainstream consumer goods. The company focuses on using natural ingredients, herbs, and traditional formulations in its products, avoiding harmful chemicals and additives.

**Sustainable and Ethical Practices**: Patanjali is committed to sustainable and ethical business practices. This includes responsible sourcing of ingredients, eco-friendly manufacturing processes, and initiatives to support local communities and farmers.

**Expansion and Globalization**: Patanjali aims to expand its reach both within India and internationally. The company seeks to establish a stronger presence in the Indian market while also exploring opportunities to introduce Ayurvedic products to consumers worldwide.

**Promoting Yoga and Healthy Living**: Given its founder Baba Ramdev's background as a yoga guru, Patanjali also aims to promote yoga and holistic wellness practices. The company often integrates yoga and healthy living principles into its marketing campaigns and corporate initiatives.

***RATIO ANALYSIS:-***

Here's a breakdown of the profitability, turnover, liquidity, valuation, and leverage ratios for Patanjali for the years 2015 to 2019:

* **Profitability Ratios**:

*Operating Profit Margin*: Positive in 2019 and 2015, negative in other years.

*Net Profit Margin*: Positive in 2015, negative in other years.

*Return On Capital Employed (ROCE)*: Positive in 2019, 2016, and 2015,

negative in other years.

*Return on Equity (ROE):* Positive in 2015, negative in other years.

*Earnings Per Share (EPS):* Positive in 2015, negative in other years.

* **Turnover Ratios:**

Total Asset Turnover Ratio: Ranges from 3.12 to 5.14.

Fixed Assets Turnover Ratio: Ranges from 2.22 to 12.29.

Debtors Turnover Ratio: Increases over the years.

Inventory Turnover Ratio: Varies but generally ranges from 9.73 to 15.76.

* ***Liquidity Ratios:***

Current Ratio: Generally negative throughout the years.

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Cash Ratio: Generally negative throughout the years.

* ***Valuation Ratios:***

Payout Ratio: Mostly negative, indicating retained earnings were utilized.

Retention Ratio: Generally positive, indicating retained earnings were utilized.

Book Value of Share: Positive in 2015, negative in other years.

* ***Leverage Ratios:***

Debt Equity Ratio: Generally negative, indicating lower debt levels relative to equity.

Debt Ratio: Generally negative, indicating lower debt levels relative to total assets.

***MARKET ANALYSIS:-***

To perform a market analysis using the provided data, let's examine key metrics for each company:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Name** | **Last Price** | **Market Cap.** | **Sales** | **Net Profit** | **Total Assets** |
|  |  | **(Rs. cr.)** | **Turnover** |  |  |
| [Patanjali Foods](https://www.moneycontrol.com/india/stockpricequote/vegetableoilsproducts/patanjalifoods/RSI) | **1,430.40** | **51,779.74** | **31,524.66** | **886.44** | **11,300.21** |
| [Manorama Indust](https://www.moneycontrol.com/india/stockpricequote/vegetableoilsproducts/manoramaindustries/MI45) | 617.85 | 3,682.33 | 350.8 | 29.78 | 408.31 |
| [Gokul Agro](https://www.moneycontrol.com/india/stockpricequote/vegetableoilsproducts/gokulagroresources/GAR) | 144.35 | 2,129.79 | 10,082.82 | 104.7 | 962.63 |
| [Agro Tech Foods](https://www.moneycontrol.com/india/stockpricequote/vegetableoilsproducts/agrotechfoods/ATF) | 721.4 | 1,758.00 | 758.23 | 9.64 | 532.68 |
| [BCL Industries](https://www.moneycontrol.com/india/stockpricequote/vegetableoilsproducts/bclindustries/BC06) | 56 | 1,525.16 | 1,631.51 | 72.09 | 827.21 |
| [AVT Natural](https://www.moneycontrol.com/india/stockpricequote/vegetableoilsproducts/avtnaturalproducts/AVT02) | 95.75 | 1,458.12 | 582.25 | 75.04 | 451.89 |

Based on this data, we can observe several insights:

Patanjali Foods has the highest market capitalization, indicating its significant market value among the listed companies.

In terms of sales turnover, Patanjali Foods and Gokul Agro lead with substantial figures.

Patanjali Foods also stands out with the highest net profit, reflecting its strong profitability.

When considering total assets, Patanjali Foods has a considerable asset base, suggesting its robust financial position and potential for future growth.

Manorama Industries, while having a lower market capitalization and sales turnover compared to Patanjali Foods and Gokul Agro, has a relatively high net profit margin, indicating efficient management of its resources.

Overall, Patanjali Foods emerges as a key player in the market with strong financial performance and a significant presence. However, each company's performance should be analyzed in the context of its industry, market conditions, and growth prospects.

***DuPont ANALYSIS*:**

We have these following data from the Patanjali Balance sheet and Proft & Loss Statement:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2019 | 2018 | 2017 | 2016 | 2015 |
| PAT | **-10.22** | **-5631.36** | **-1310.9** | **-1306.56** | **77.59** |
| PBIT | **72.61** | **-5109.38** | **-757.38** | **41.62** | **562.91** |
| PBT | **-89.55** | **-6185.13** | **-1735.42** | **-1388.37** | **102.48** |
| Sales | **12729.23** | **12027.05** | **19172.89** | **30240.49** | **31562.36** |
| Total Assets | **3222.35** | **2568.8** | **6144.17** | **7463.17** | **6139.05** |
| https://images.moneycontrol.com/images/blank.gifNet Worth | **-4717.26** | **-4705.32** | **924.46** | **2434.28** | **2249.25** |

DuPont analysis is a powerful tool used to dissect a company's return on equity (ROE) into its underlying components, namely profitability, efficiency, and leverage. Here's how we can perform DuPont analysis for TVS Motor Company based on the provided financial data:

*ROE = (PAT/PBT)\*(PBT/PBIT)\*(PBIT/SALES)\*(SALES/TOTAL ASSETS)\*(TOTAL ASSETS/NET WORTH)*

(PAT/PBT) = Tax Burden

(PBT/PBIT) = Interest Burden

(PBIT/Sales) = Operating Profit Margin

(Sales/Total Assets) = Total Asset Turnover Ratio

(Total Assets/Net Worth) = Leverage Ratio

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2019 | 2018 | 2017 | 2016 | 2015 |
| Tax Burden | 0.114126186 | 0.91047 | 0.75538 | 0.94107 | 0.75712 |
| Interest Burden | -1.2333012 | 1.21054 | 2.29135 | -33.358 | 0.18205 |
| Operating Profit Margin | 0.005704194 | -0.4248 | -0.0395 | 0.00138 | 0.01783 |
| Total Asset Turnover Ratio | 3.95029404 | 4.68197 | 3.1205 | 4.05196 | 5.14124 |
| Leverage Ratio | -0.68309782 | -0.5459 | 6.64623 | 3.06586 | 2.72938 |
|  |  |  |  |  |  |
|  | **2019** | **2018** | **2017** | **2016** | **2015** |
| ROE | 0.002166512 | 1.19681 | -1.418 | -0.5367 | 0.0345 |

Let's analyze the provided data with some relevant financial theory:

***Tax Burden:***

Tax Burden measures the proportion of pre-tax income that a company pays in taxes.

A higher tax burden indicates that a larger portion of pre-tax income goes towards taxes.

The tax burden seems relatively stable over the years, except for a significant decrease in 2019 compared to previous years.

***Interest Burden:***

Interest Burden measures the extent to which a company's operating income can cover its interest expenses.

A negative interest burden indicates that the operating income is insufficient to cover interest expenses.

There's a significant fluctuation in the interest burden over the years, with a drastic negative value in 2016. This suggests that in 2016, the operating income was not sufficient to cover interest expenses.

***Operating Profit Margin:***

Operating Profit Margin indicates the percentage of revenue that remains after deducting operating expenses.

A positive operating profit margin indicates profitability from core operations.

The operating profit margin varies over the years, with negative values in some years, indicating losses from operations.

***Total Asset Turnover Ratio:***

Total Asset Turnover Ratio measures how efficiently a company uses its assets to generate revenue.

A higher ratio indicates better asset utilization.

The total asset turnover ratio shows some fluctuations but generally indicates efficient asset utilization over the years.

***Leverage Ratio:***

Leverage Ratio measures the proportion of a company's assets that are financed by debt rather than equity.

A higher leverage ratio indicates higher financial risk.

There's variation in the leverage ratio over the years, with a significant increase in 2017 compared to previous years.

***Return on Equity (ROE):***

ROE measures a company's profitability relative to shareholders' equity.

A positive ROE indicates that the company is generating profits from shareholder investments.

The ROE fluctuates over the years, with negative values in some years, indicating a loss relative to shareholders' equity.

***CONCLUSION:***

Based on the investigation, it seems like Patanjali Foods can enhance its operational efficiency and sustain profitability. On the other hand, issues with asset utilisation, a growing dependence on debt financing, and diminishing returns for shareholders point to areas that require more focus. If Patanjali Foods wants to maintain long-term growth and profitability in the cutthroat automotive sector, it may need to concentrate on improving asset management, reducing debt, and putting plans in place to increase shareholder value.