Project Report

"A Comparative Analysis on Financial Statement of Dabur And Britannia "

Submitted to

G. S. College of Commerce & Economics, Nagpur

Affiliated to

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In partial fulfillment for the award of the degree of

Bachelor of Business Administration

Submitted by

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Under the Guidance of

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G.S. College of Commerce & Economics, Nagpur

Academic Year 2022 – 23

G.S. College Of Commerce & Economics, Nagpur

Academic Year 2022 – 23

CERTIFICATE

This is to certify that **"Pooja B. Pal"** has submitted the project report titled **"(A Comparative Analysis on Financial Statement of Dabur And Britannia)"**, towards partial fulfillment of **BACHELOR OF BUSINESS ADMINISTRATION** degree examination. This has not been submitted for any other examination and does not form part of any other course undergone by the candidate.

It is further certified that he/she has ingeniously completed his/her project as prescribed by Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur.

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DECLARATION

I here-by declare that the project with title "CPARATIVE ANALYSIS ON FINANCIAL STATEMENT OF DABUR AND BRITANIA" has been completed by me in partial fulfillment of BACHELOR OF BUSINESS ADMINISTRATION degree examination as prescribed by Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur and this has not been submitted for any other examination and does not form the part of any other course undertaken by me.

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Pooja B. Pal

Place: Nagpur

Date:

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INTRODUCTION

INTRODUCTION

Analysis of Financial Statements (AFS) refers to the progress of critical examination of the financial information contained in the financial statements in order to understand & make decisions regarding the operations of the company.

The AFS is basically a study of the relationship among various financial facts & figures as given in a set of financial statements. The basic financial statements i.e., the Balance Sheet & the Income Statement contained a whole lot of financial data. The complex figures as given in these financial statements are dissected into simple & valuable elements, & significant relationships are established between the elements of the same dissection, establishing relationships & interpretation thereof to understand the working &financial position of a firm is called AFS. Thus, AFS is the process of establishing & identifying the financial weakness &strengths of the company.

COMPANY PROFILE

COMPANY PROFILE

Introduction to Dabur

Dabur (Dabur India Ltd.) is one of the India's largest Ayurvedic medicine & natural consumer products manufacturer. Dabur's Healthcare Division has over 260 products for treating a range of ailments and body conditions, from common cold to chronic paralysis. Dabur International, a fully owned subsidiary of Dabur India formerly held shares in the UAE based Weikfield International, which it sold in June 2012.

Dabur India Ltd is one of the leading FMCG Companies in India. The company is also a world leader in Ayurveda with a portfolio of over 250 Herbal/Ayurvedic products. They operate in key consumer products categories like Hair Care, Oral Care, Health Care, Skin Care, Home Care and Foods. The company's FMCG portfolio includes five flagship brands with distinct brand identities, Dabur as the master brand for natural healthcare products, Vatika for premium personal care, Hajmola for digestives, Real for fruit juices.

HISTORY

Dabur India Ltd was incorporated on September 16, 1975 for manufacture of high- grade edible & industrial guargum powder and its sophisticated derivatives. In the year 1978, the company launched Hajmola tablet, an Ayurvedic medicine used as a digestive aid. In the year 1979, they set Dabur Research Foundation. Also, they commenced commercial production at the most modern herbal medicines plant in Sahibabad. In the year 1986, the company was converted into a public limited company. In the year 1988, they launched the pharmaceutical medicines.

Introduction to Britannia

Britannia Industries Limited is an Indian food-products corporation headquartered in Kolkata, West Bengal. It sells its Britannia and Tiger brands of biscuits, breads and dairy products throughout India and in more than 60 countries across the globe. Britannia has an estimated market share of 38%.

The company's principal activity is the manufacture and sale of biscuits, bread, rusk.cakes and dairy products.

The company was established in 1892, with an investment of 265. Initially, biscuits were manufactured in a small house in central Kolkata. Later, the enterprise was acquired by the Gupta brothers mainly Nalin Chandra Gupta, an attorney, and operated under V.K Brothers." In 1918, C.H. Holmes, an English businessman in Kolkata, was taken on as a partner and The Britannia Biscuit Company Limited (BBCO) was launched.

HISTORY

The Wadias' Kalabakan Investments and Group Danone had two equal joint venture companies, Wadia BSN and United Kingdom registered Associated Biscuits International Holdings Ltd., which together held a 51 percent stake in Britannia. The ABIH tranche was acquired in 1992, while the controlling stake held by Wadia BSN was acquired in 1995. It

was agreed that, in case of a deadlock between the partners, Danone was obliged to buy the Wadia BSN stake at a "fair market value". ABIH had a separate agreement signed in 1992 and was subject to British law. Wadia was to be Danone's wife's partner in the food and dairy business, andproduct launches from Groupe Danone's were expected but never materialised despite the JV being in existence in India.

RESEARCH STUDY

OBJECTIVE OF THE STUDY

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The objective of the study during 4 weeks training was to analyze the financial statements so as:

• To evaluate the financial position of the Companies.

• To know the profitability of the companies.

• To examine the financial soundness of the companies.

•To know the shareholders pattern of the companies.

•Past Three-Year Performance of the Shares of Dabur and Britannia.

SIGNIFICANCE OF THE STUDY

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The project also aims at providing details regarding:-

• Income & Expenditure of the Company, which is given in the form of P&L Account.

• Assets & Liabilities of the Company in form of Balance Sheet.

•Shareholding Pattern and Distribution of shareholding with the share performance of the share of Financial Year.

LIMITATIONS

LIMITATIONS

The main limitations of the project undertaken are as under:-

•Time: The time of around two months was too short to study as wide subject like Financial Analysis.

•Confidential Information: The executives were hesitant to reveal complete information since it was confidential.

•Busy Schedule of Concerned Executive.

HYPOTHESIS

HYPOTHESIS

A Hypothesis is an assumption that is made based on some evidence. This is the initial point of any investigation that translates the research questions into predictions. It includes components like variable, population and the relation between the variables.

A research hypothesis is a hypothesis that is used to test the relationship between two or more variables.

The hypothesis or the result that we expect from the study might be-

H0:- There is no significance difference between the performance of Dabur and Britannia.

H1:- There is significance difference between the performance of Dabur and Britannia.

RESEARCH METHODOLOGY

RESEARCH METHODOLOGY

Secondary Data

It refers to the statistical material which is not originated by the investigator himself but obtained from someone else's records, or when Primary data is utilized for any other purpose at some subsequent enquiry it is termed as Secondary data. This type of data is generally taken from newspapers, magazines, bulletins, reports, journals etc. "Secondary data are those already in existence for some other purpose than the answering of the question in hand."

I have collected and studied the data from various internet sites and journals and their books of accounts.
Information Regarding the organization's Profitability, Financial Position and Shareholding Pattern with past Year Performance of the Share of BEL Secondary Sources.

•Annual Report (From 2014 to 2017)
•Internet
•Based on the Information obtained from the above sources concepts have developed on which analysis could be made.
•Other sources including consulting with the employees.

STANDARDS OF COMPARISON

Ratio analysis involves comparison for useful interpretation of financial statements. A single ratio in itself does not indicate favorable or unfavorable conditions. It should be compared with some standards. Standards of comparison may consist of:

1. PAST RATIOS: Ratios calculated from past financial statements of some firm.

2. COMPETITORS RATIOS: Ratio of some selected firm, especially the most progressive & successful competitors at some point in time.

3. PROJECTED RATIOS: Ratios developed using the projector or pro-forma financial Statements.

TYPES OF COMPARISION

Comparison is the second step in RA. The ratio can be compared in three different ways:

A. Cross Section Analysis: In this, the Ratios of a firm are compared with the ratios of some other selected firm in the same industry at the same point of time. The Cross Section Analysis helps the Analyst to find out as to how a particular firm has performed in relation to its competitors. The firm's performance may be compared with the performance of the leader in the industry in order to uncover the major operational inefficiencies.

B. Time Series Analysis (TSA): In this, the performance of the firm is evaluated over a period of time. By comparing the present performance of a firm with the performance of the same firm over the last few years, an assessment can be made about the trend progress of the firm, about the direction of progress of the firm. The information generated by the T.S.A can be of immense help to the firm to make planning for future operations. The T.S.A can also help the firm to assess whether the firm is approaching long- term goals or not.

C. Combined Analysis: In this cross section and time series analysis are combined to study the behavior and pattern of ratios so that meaningful. The basis of our comparison shall be limited to time series analysis since the basic objective of our analysis is to compare the present performance of BEL with its performance over last two years.

DATA ANALYSIS AND INTERPRETATION

INTRODUCTION TO RATIO ANALYSIS (RA)

The RA has emerged as a principal technique of the AFS. A ratio is the relationship expressed in mathematical term between two individual and group of figures connected with each other in some logical manner.

The RA is based on the premise that a single accounting figure by itself may not communicate any meaningful information but when expressed as a relative to some other figure, it may definitely give some significant information. The relationship between 2 or more accounting figures/groups is called a Financial Ratio.

A Financial Ratio helps to summarize a large mass of financial data into a concise form &to make meaningful interpretations & conclusions about the performance & position of the firm.

STEPS IN RATIO ANALYSIS

The RA requires two steps as follows:

- **Calculations of the Ratios**

Comparing the ratios with some pre-determined standards. The standard ratio may be the last ratio of the same firm or a projected ratio or the ratio of the most successful firm in the industry.
In interpreting the ratio of a particular firm, the analyst cannot reach any fruitful conclusion unless the calculated ratio is compared with some predetermined standard.

- **Classification of Ratios**

Broadly speaking, the operations and financial positions of the firms can

be described by studying its profitability, its long term and short-term liquidity position and its operational activities. Therefore the ratios can be studied by classifying into the following groups:

•The Liquidity Ratios
•The Activity Ratios
•The Leverage Ratios
• The Profitability Ratios

THE LIQUIDITY RATIOS

The term ‘Liquidity’ refers to the maintenance of cash, bank balance and those assets which are easily convertible into cash in order to meet the liabilities as and when arising. The ‘Liquidity Ratios’ studies the firm's short-term solvency and its ability to pay off the liabilities. The day-to-day problems of financial management consist of the highly important task of finding sufficient cash to meet current obligations. The short-term liquidity risk arises primarily.

The liquidity ratios provide a quick measure of liquidity of the firm by establishing the relationship between its current assets and current liquidities. If the firm does not have sufficient liquidity, it may not be in a position to meet its commitments and thereby may lose its credit worthiness. The liquidity ratios are also called Balance Sheet Ratio because the information required for the calculation of liquidity ratios is available in the balance sheet only. Some of common liquidity ratios are:

A. **Current Ratio:** It is the most common & popular measure of studying the liquidity of a firm. It is an indicator of the firm's ability to meet its short-term obligations. It matches the total current assets of the firm against its current liabilities. It’s

calculated as follows:-

Current Ratio = Current Assets / Current Liabilities

The Current Assets include those assets, which are in the form of cash or convertible into cash within a period of one year. The term current assets also include Prepaid Expenses & Short-term investments, if any. The current liabilities all types of liabilities, which will mature for payment within the period of one year.

The Current Ratio shows the extent to which the current assets are quickly convertible in to cash exceeds the liabilities that will be shortly payable. The current ratio, so calculated is compared with a standard ratio. Generally, a current ratio of 2:1 is considered to be satisfactory. A higher ratio indicates poor investment policies of the management & poor inventory control while a low ratio indicates lack of liquidity & shortage of working capital.

B. Quick Ratio: It is also called ‘Acid test or Liquid Ratio’. Quick Ratio is worked out to test the short-term liquidity of the firm in its current form. This ratio establishes the relationship between liquid Current Assets & the Current liabilities. A currents asset is considered to be liquid if it is convertible into cash without loss of time & value. On the basis of this definition of liquid assets, the inventory is singled out of total Current Assets as the inventory is considered to be potentially liquid. The reason for keeping inventories out is that it may become obsolete, un-saleable or out of fashion & always require time for releasing into cash.

Moreover, the inventories have tendencies to fluctuate in value.

Another item, which is generally kept out, is the Prepaid Expenses because by nature these Prepaid Expenses are not realizable in cash. It is calculated as:

Quick Ratio = Liquid Assets / Current Liabilities

Quick ratio is an indicator of short-term solvency of the firm. In fact, it is a better indicator of liquidity as it involves computation of Liquid Assets, which means the illiquid portion of the current assets is eliminated. Quick ratio is considered as a further refinement of current ratio, generally a quick ratio of 1:1 is considered to be satisfactory because this means that the Quick Assets of the firm are just equal to the current liabilities & there does not seem to be a possibility of default in payment by the firm.

THE ACTIVITY RATIOS

The activity ratios are also called the "Turnover Ratios or Performance Ratios". An activity ratio is a measure of movement & thus indicates as to how frequently an account has moved/turned over during a period. It shows as to how efficiently & effectively the assets of the firm are being utilized. These Ratios are usually calculated with reference to sales/cost of goods sold & are expressed in terms of rate or times. Activity ratios for each type of assets are calculated separately. Following are the important Activities Ratios:

A. **Capital Turnover Ratio (CTR):** Capital Turnover indicates the speed or rate with which Capital Employed is rotated in the process of doing business. Efficient Rotation of capital would lead to higher profitability. The Resultant Ratio would show the number of times the capital has been rotated in the process of

doing business.

The Ratio is calculated as follows:

Capital Turnover Ratio = Net sales / Capital Employed

CTR establishes the relationship between sales & capital employed. The objective of working out this ratio is to determine how efficiently the Capital Employed is being used. Higher the ratio, greater is the sales made per rupee of Capital Employed in the firm & hence higher is the profit. A low CTR refers to low sales generated in relation to Capital Employed or excessive Capital being used in the firm.

B. Fixed Assets Turnover Ratio: This Ratio shows how to well the fixed assets are being utilized. If compared with a previous period, it indicates whether the investment in fixed assets has been judicious or not.

The Ratio is calculated as follows:-

Fixed Assets Turnover Ratio = Net sales/Fixed Assets

In computing Fixed Assets Turnover Ratio, the fixed assets are generally taken at written down value at the end of the year.

Fixed Assets Turnover Ratio indicates how efficiently the fixed assets are used. If there is an increase in the ratio, it will indicate that there is improvement in the utilization of fixed assets. If there is a fall in the ratio, it is a case for the management to investigate the fall; if fixed assets remain idle for any reason, the Turnover Ratio will decrease.

C. Net Working Capital Turnover Ratio: This Ratio indicates the number of times a unit invested in working capital produces sale. In other words, this ratio indicates the efficiency in the utilization of short-term funds in making the sales. Net working capital means excess of current assets over current liabilities careful handling of short-term funds will mean a reduction in the amount of capital employed thereby improving turnover.

The Ratio is calculated as follows:-

NWC Turnover Ratio Net sales/Net Working Capital

This ratio indicates whether or not Working Capital has been effectively utilized in making sale.

It shows the number of time a unit invested in a working capital produces sale.

D. Stock Turnover Ratio or Inventory Turnover Ratio: This ratio establishes the relationship between the cost of goods sold during a given period & the average amount of inventory carried during that period. It indicates whether stock has been efficiently utilized or not, the purpose being to check whether only the required minimum has been locked up in stocks.

The Ratio is calculated as follows:-

Stock Turnover Ratio Cost of goods sold / Average Stock or Inventory = Cost of Goods Sold Opening Stock + Purchases + Direct Expenses

OR

Cost of Goods Sold = Net Sales - Gross Profit Average Stock (Opening Stock + Closing Stock)/2

Stock turnover Ratio indicates whether stock has been efficiently used or not. The purpose of this ratio is to check whether only the required minimum amount has been invested in stock. Higher the ratio, better it is, since it indicates that more sales are being produced by a rupee of investment in stocks. A low Stock turnover may reflect a dull business, over investment in stocks, accumulation of stock at the end of the period in anticipation of higher prices or un-saleable goods etc.

E. **Debtors Turnover Ratio or Accounts Receivable Turnover Ratio:** In case the firm sells the goods on credit, the realization of sales revenue is delayed & the receivables (Debtors &/or Bills) are credited. This is realized from these receivables at a later stage. The speed with which these receivable are collected affects the liquidity position of the firm. The receivable turnover ratio revels the velocity of receivable collection by matching the annual credit sales to the average receivables as follows:

Receivable Turnover Ratio = Annual net Credit Sale / Average Receivables

In case details regarding opening & closing Receivables & credit sales are not given, the ratio may be worked out as follows:

Debtors Turnover Ratio = Total Sales / Account Receivables

Debtor's turnover ratio indicates the efficiency with which the amounts due from debtors are collected. The higher the ratio, the better it is, since it would indicate that debts are being collected more quickly. Prompt collection of book debts will release funds, which may then be put to same other use.

F. **Average Collection Period or Debtor's Day:** This ratio shows the number of days, for which sales remain uncollected.

The Ratio is calculated as follows:-

Average Collection Period = Days in a year / Debtors Turnover

Debt collection period do the customer enjoy a measure of the average credit period? It indicates the average time leg between sales & collection thereof. A shorter collection period indicates prompt payment by debtors, which reduces the chances of bed debts. A longer collection period indicates the risk of collection of debts & increase in the cost of collection, also loss of interest on the money due from the debtors.

G. **Creditors Turnover Ratio or Accounts Payable Ratio:** This ratio indicates the velocity with which payment for credit purchases are made to creditors. The term "Accounts Payable" includes Creditors & Bills Payable.

The Ratio is calculated as follows:-

Creditors Turnover Ratio = Total Credit Purchase/Average Accounts Payable

In case the details regarding the credit Purchases, opening & closing accounts payable are not given, the ratio may be worked out as follows:

Creditors Turnover Ratio = Total Purchase / Accounts Payable

Creditor's turnover ratio indicates whether the firm is actually enjoying the credit promised by suppliers. If the firm enjoy lower credit period, it means creditors are being promptly & the firm is not taking the full advantage of credit facilities.

H. Average Payment Period or Age of Purchases or Credit Enjoyed (APP): The Purpose of computing average payment period is to indicate the speeds with which the payments for credit purchases are made to creditors.

The Ratio is calculated as follows:-

Average Payment Period Days in a Year/Creditors Turnover

The Average payment period can be meaningfully evaluated by comparing it with the credit period allowed by the suppliers. To the extent possible, a firm should try to maintain the APP, which I approximately equal to the credit terms of the supplier. This will help improving the goodwill & credit worthiness of the firm in the market. The suppliers are primarily concerned with APP since it provides with an idea of the payment pattern of the firm. On the other hand, if a firm is unable to maintain the APP as required by the supplier, it indicates that the facilities given by the creditors are not being fully utilized or that the firm is unnecessarily damaging

its credit in the market.

THE LEVERAGE RATIOS

The leverage ratios are also called as 'Solvency Ratios". The term "Solvency' implies ability of a concern to meet its long-term indebtedness. Some important solvency ratios are:

A. **Debt Equity Ratio (DE Ratio):** The DE Ratio is worked out to ascertain soundness of the long-term financial policies of the firm. The DE Ratio is based on the assumption that the extent to which a firm should employ the debt should be viewed in terms of the size of the cushion provided by the shareholders funds.

The Ratio is calculated as follows:-

DE Ratio = Debt (Long Term Loans)/Equity (Shareholders Funds)

Debt means long term loans i.e. debentures, loan from long-term financial institution. Equity means shareholders i.e, preference share capital, equity share capital, reserves; Accumulated profits less losses & fictitious assets like preliminary expenses.

Since the debt involves firm's commitment to pay interest over the long run & eventually to repay the principal amount, the financial analyst, the debt lender, the preference shareholders, the equity shareholders & the management pay close attention to the degree of indebtedness & capacity of the firm to serve the debts. The more the debt a firm uses, the higher is the probability that the firm may be unable to fulfill its commitments towards its debt lender. The DE Ratio throws light on the margin of safety available to the debt

lenders of the firm. If a firm with a high DE Ratio fails then a chunk of the financial loss may have to be borne by the debt holder of the firm. The greater the DE Ratio, higher would be the risk of lenders. Also the term of credit will become unfavorable to the firm. On the other hand a low DE Ratio implies a low risk to lenders & creditors of the firm.

A question that now arises is that what should be the ideal DE Ratio. The answer to the above question is that a balance between the proportions of debt equity should be maintained so as to take care of the interest of lenders, shareholders & the firm as a whole. In India, this ratio is taken as acceptable as 2:1.

B. Interest Coverage Ratio: When a business borrows money, the lender is interested in finding out whether the business would carn sufficient profits to pay periodically the interest charges. A ratio, which expresses this, is called Interest Coverage Ratio or Debt Service Ratio or Fixed Charges Cover.

The Ratio is calculated as follows:

Interest Coverage Ratio = Earnings Before Interest & Tax/Interest Expense

This ratio indicates how many times the profit covers fixed interest. It measures margin of safety r the lenders. If profit just equals interest, it is a bad n for the company as nothing will be left for shareholders & lenders. Higher the ratio, more secure will be the lender in respect of his periodical interest income..

C. Total Debt Ratio: The total Debt Ratio compares the total Debts (Long Term as well as Short Term) with the total assets.

The Ratio is calculated as follows:-

Total Debt Ratio = Total Debts/Total Assets

OR

Total Debt Ratio = (Long Term Debts + Current Liabilities)
(Total Debts + Net Worth)

The total debt ratio depicts the proportion of total assets financed by the total liabilities. The remaining assets are financed by the shareholders funds. Higher the total debt ratio, the more risky is the solution because all liabilities are to be repaid sooner or later. Moreover, higher liabilities imply greater financial risk also.

D. Fixed Assets Ratio: It must be known that fixed assets should be financed only out of long-term funds. The ratio will be 1, if long-term funds are equal to fixed assets. If the ratio is less than 1, it means that the firm has adopted the imprudent policy of using short-term funds for acquiring fixed assets; on the other hand, a very high ratio would indicate that long-term funds are being used for short-term purposes i.e. for financing working capital. It is not good from the firm's point of view because it is usually more difficult to raise long-term funds.

The Ratio is calculated as follows:-

Fixed Assets Ratio= Net Fixed Assets Shareholders fund + Long Term Loans

This ratio is important to ascertain the proper investments of funds from the point o view of long-term financial soundness. It indicates as to what extent fixed assets are financed out of long term funds. This ratio should normally be more then 1. If it is less then 1, it means that the firm has followed the wrong policy of using short-term funds for long term needs.
e) Proprietary Ratio: This ratio establishes the relationship between the proprietor's & shareholders finds & the total assets. It is expressed as: Proprietary Ratio Proprietors fun Shareholders/Total Assets

The ratio is of particular importance to the creditors who can find out the proportion of shareholders' funds in the total assets employed in the business. A high proprietary ratio will indicate a relatively little danger to creditors etc., in the event of forced reorganization or winding up of the company. A low proprietary ratio indicates greater risk to the creditors since in the event of loss a part of their money may be lost besides loss to the proprietors of the business. A ratio below 50% may be alarming for the creditors since they may have to loose heavily in the event of company's liquidation on the account of heavy losses.

THE PROFITABILITY RATIOS

The Profitability Ratios measures the profitability or the operational efficiency of the firm. There are two groups of persons who may be specifically interested in the analysis of the profitability of the firm. These are:

- The management, which is interested in the overall profitability & operational efficiency of the firm.

- The equity shareholders who are interested in the ultimate returns available to them.

Both of these parties and any other party such as creditors can measure the profitability of the firm in terms of the profitability ratios, broadly, the profitability ratios are calculated by relating the returns with the:

- Sales of the firm
- Assets of the firm
- Owner's contribution

A. **Profitability Ratios Based on Sales of The Firm:** Profit is a factor of sales & is earned indirectly as a part of the sales revenue. So, whenever a firm makes sale, it earns profit (in general). But How Much? How the Total Sales Revenue is going to be used for meeting the cost o goods sold, deprecation, indirect expenses, tax liability. & return to shareholders etc. All this & other aspects can be analyzed with the help of profitability ratios.
The profitability ratios based on sales can be further divided into:

Profit Margin Ratio

Profit margin refers to the profit contributed by per rupee of sales revenue & therefore, the profit margin ratios measure the relationship between the profit & the sales. Different profit margin ratios have been suggested as follows:

1. **Gross Profit Ratios (GP Ratio):** The GP ratio is calculated by comparing GP of the firm with the net sales as follows:

Gross Profit Ratio = (Gross Profit/Net Sales)*100

For Eg., if the GP Ratio of a firm comes out to be 30% this means that on every 1-rupee sale, the firm is earning a gross profit of 30 paise.

GP Ratio is a reliable guide to the adequacy of selling prices & efficiency of trading activities. This ratio should be adequate to cover the Administrative & Marketing& to provide for fixed charges, dividends & building up of reserves. Higher the GP Ratio, the better it is. When GP Ratio is studied as a time series, it may give the increasing or decreasing trend & hence an idea of the level of operating efficiency of the firm. For a single year, the GP Ratio may not indicate much about the efficiency level of the firm.

2. **Net Profit Ratio (NP Ratio):** The NP Ratio establishes the relationship between the net profit (after tax) of the firm & the net sales & may be calculated as follows:

Net Profit Ratio = [Profit (after tax)/ Net Sales)*100

The NP Ratio measures the efficiency of the management in generating additional revenue over & above the total cost of operations, the NP Ratio shows the overall efficiency in manufacturing. Administrative, Selling & Distributing the product.

The NP Ratio is worked out to determine the overall efficiency of the business. Higher the NP Ratio, the better the business. An increase in the ratio over the previous period shows improvement in the operational efficiency.

3. **Operating Profit Ratio (OP Ratio):** The operating profit refers to the pure operating profit of the firm i.e. the profit generated by the operation of the firm & hence is calculated before considering any financial charge (such as interest payment), non-operating income /

loss & tax liabilities etc. The Ratio is calculated as follows:-

OP Ratio = (Operating Profit / Net Sales)" 100

The OP Ratio shows the percentage of pure profit earned on every rupee of sales made. The OP Ratio will be less than the GP Ratio as the indirect expenses such as general & administrative expenses, selling expenses & depreciation charge etc. are deducted from the GP to arrive at the operating profits.

4. **Operating Ratio:** This ratio measures the extent of cost incurred for making the sale.

   The Ratio is calculated as follows:

   Operating Ratio = (Cost of Goods Sold + Operating Expenses/Net Sales)*100

   Operating Ratio plus net profit ratio is 100 ie, the two ratios are interrelated. For eg. if the NP Ratio is 15%, it means that the Operating ratio is 85%. A rise in operating ratio indicates decline in efficiency. Lower the ratio, the better it is.

   Operating ratio is the test of operational efficiency of the business. It shows the percentage of sales that is absorbed by the cost of sales & operating expense, lower the operating ratio. the better it is, because it would leave higher margin to meet interest, dividend ete, thus, operating ratio helps us to determine whether the cost content has increased or decreased in the figure of sales & also helps us to determine which element of the cost has gone up or

down.

Expense Ratios

Expense ratios are calculated to ascertain the relationship that exists between operating expense &volume of sales. The ratios are calculated by dividing the sales into each individual operating expense. It indicates the portion of sales, which is consumed by the various operating expenses.

Some of the important expense ratios are calculated as follows:

1. **Ratio of Material Used To Sale:**

   Direct Material Cost To Sales (Direct Material Cost/Net Sales)*100

2. **Ratio Of Labor To Sales:**

   Direct Labor Cost To Sales (Direct Labor Cost/Net Sales)*100

3. **Ratio Of Factory Expenses To Sale:**

   Factory Expenses To Sales (Factory Expenses / Net Sales)*100

4. **Ratio Of Office & Administration Expenses To Sales:**

   Office & Administration Expenses To Sales = (O & Expenses /Net Sales)*100

5. **Ratio Of Selling & Distribution Expenses To Sales:**

S & D Expenses to Sales = (S & D Expenses / Net Sales)*100

The expense ratios are the measure of cost control. If the expense ratios of a business continue to increase over a period of successive years, then it is a cause for the management to have deeper look into that matter, lower the ratio the better it is for the firm.

PROFITABILITY RATIOS BASED ON INVESTMENTS/ASSETS

The profitability of the firm can be analyzed with reference to assets employed to car a return. It can also be analyzed with reference to profit earned per rupee of investment made in the firm. There are two important profitability ratios based on assets/investment of the firm.

Return on Assets: The ROA measures the profitability of the firm in terms of assets employed in the firm. The ROA is calculated by establishing the relationship between the profits & the assets employed to earn the profits.

The Ratio is calculated as follows:

ROA= (Net Profit after Tax/ Total Assets)*100

The ROA shows as to how much is the profit earned by the firm per rupee of assets used.

The ROA measures the overall efficiency of the management in generating profits, given a given level of assets at its disposal. The ROA essentially relates the profit to the size of the firm (which is measured in terms of the assets). If a firm increases its size but is unable to increase its profits proportionately, then the ROA will decrease. In such a case increasing the size of assets i.e., the size of the firm will not by itself

advance the financial welfare of the owners.

Return on Capital OR Return on Investment (ROI): The sources used by the business consist of both proprietors (shareholders) funds and loans. The overall performance can be judged by working out a ratio between profit earned and capital employed. The resultant ratio usually expressed as a percentage is called ROI. The purpose is to ascertain how much income the use of Rs.100 of capital generates.
The Ratio is calculated as follows: -

ROI = (Profit Before interest Tax and dividend/Capital Employed) *100

ROI judges the overall performance of the concern. It measures how efficiently the sources entrusted to business are being used. In other words what is the earning power of the net assets of the business? The ROI is a fair measure of the profitability of any concern with the result that even the results of dissimilar industries may be compare.

PROFITABILITY ANALYSIS FROM THE POINT OF VIEW OF OWNERS

Ultimately the profit of the firm belongs to the owners who have invested their funds in the form of equity share capital or preference share capital or retained earnings. Therefore, the profits of the firm should be analyzed from the point of view of the owners. As a matter of fact, the net profit after tax belongs to the shareholders. The profitability of the firm can be analyzed from the point of view of owner's funds in different prospective as follows:

Return on equity (ROE): The ROE examines profitability from the

perspective of the equity investors by relating profit available for the equity shareholders with the book value of equity investment.

The Ratio is calculated as follows:

ROE= {(Net Profit - Preference dividend) / Equity Shareholder's Fund) *100

The ROE relates the profit available to equity shareholders. This ratio is used to compare the performance of the company's equity capital with that of other companies, which are alike in equity. The investor will favor the company with higher ROE.

Earnings per Share (EPS): The profitability of the firm can also be measured in terms of number of equity shares. This is known as EPS and is calculated as follows:

EPS = (Net Profit Preference dividend)/No. Of Equity

The EPS calculation in a time series analysis indicates whether the firms EPS is increasing or decreasing.

The more the earning per share better are the performance and the prospects profit of the company.

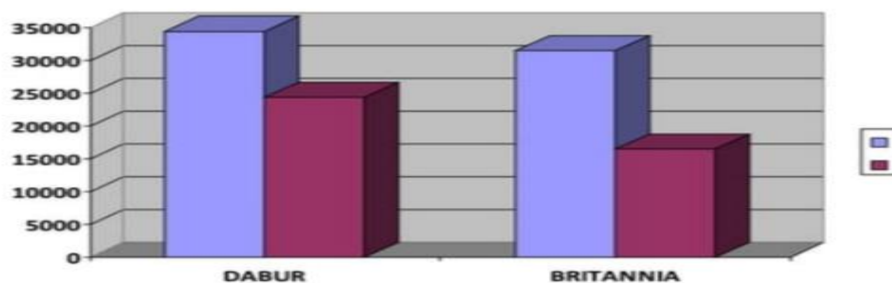
Dividend per Share (DPS): Sometimes the equity shareholders may not be interested in the EPS but in the return which they are actually receiving from the firm in the form of dividends. The amount of profit distributed to shareholders per share is known as DPS and is calculated as follows:

DPS = (Total Profit Distributed)/No. Of Equity Share

Dividend Pay Out Ratio (DP Ratio): The DP Ratio is the ratio between the DPS and EPS of the firm i.e. it refers to the proportion to the EPS which has been distributed by the company as dividends.

ANALYSIS AND INTERPRETATION:

Company→	Dabur	Britannia
Current Assets	34398	31513
Current Liabilities	24344	16480
Current Ratio	1.41	1.91



(Ex 1.1)

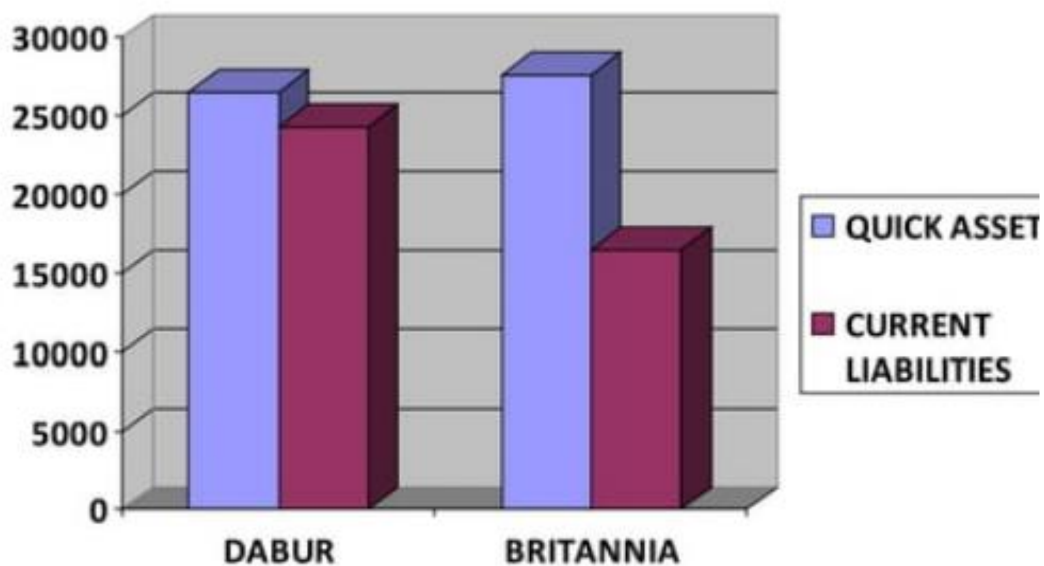
Inference:

Current Ratio

The current ratio of the Dabur measures the short term solvency. It indicates the rupees of current asset available for each rupee of current liabilities. The above chart shows that Dabur has 1.41 as current ratio and Britannia has more current ratio that is 1.91, there is increased ratio of Britannia. There was continuous decline in the current ratio which is not good sign for the Dabur. To measure the liquidity of a firm the following ratios can be calculate the following ratios.

(Rs IN CRORES)

COMPANY	DABUR	BRITANNIA
QUICK ASSETS	26535.7	27569.7
CURRENT LIABILITIES	24344	16480
QUICK RATIO	3.70	3.95

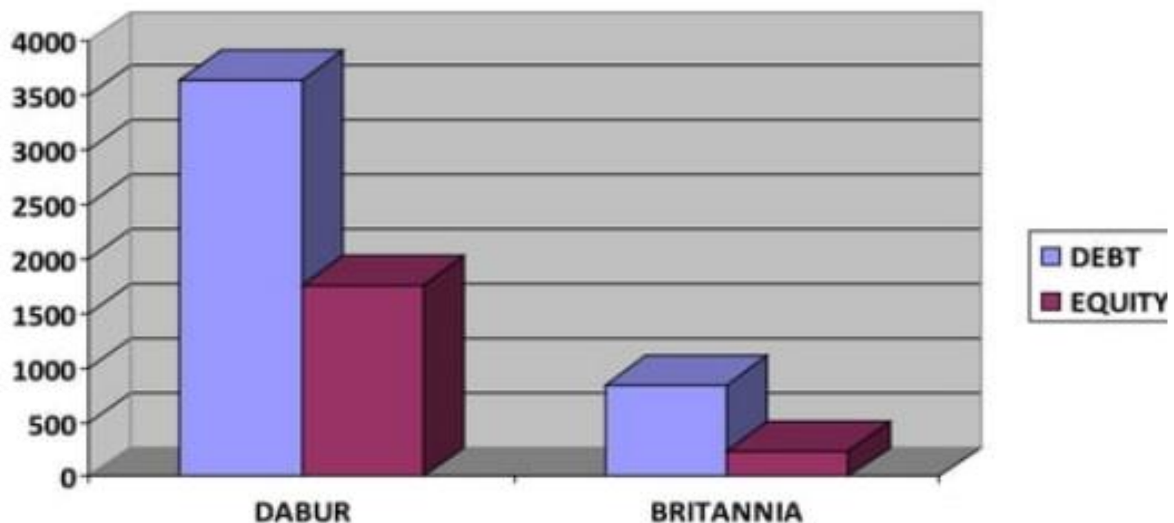


(Ex 1.2)

Quick Ratio

The above chart indicates there is increase trend of Britannia ratio than Dabur the F.Y. 2018 to F.Y. 2019.In the F.Y. 2020and F.Y. 2021the quick ratio of the company was below standard that means large part of current asset of the firm is tie up in slow moving and unsellable investment of Finish goods and also slow moving of debts, but, the overall trend shows decline which is not a positive sign.

COMPANY	DABUR	BRITANNIA
DEBT	3643	846
EQUITY	1762	240
RATIO	0.1	0

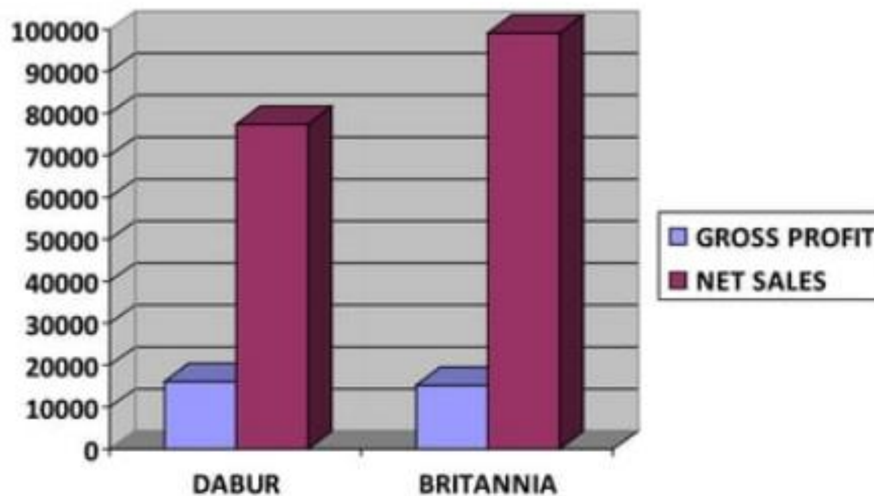


(Ex 1.3)

DEBT EQUITY RATIO

This ratio is useful to judge long term financial solvency of a firm. This ratio reflects the relative claim of creditor and shareholder against the assets of the firm. From the above chart the debt equity ratio of the dabur was consistently declining. The low debt equity ratio in FY 2018-2019indicates the firm had less claims from outsiders as compared to those of owner. The debt equity ratio of Britannia is better than that of dabur.

COMPANY	DABUR	BRITANNIA
Gross profit	16117	15017
Net profit	77219	99140
G.p ratio	20.9	15.1

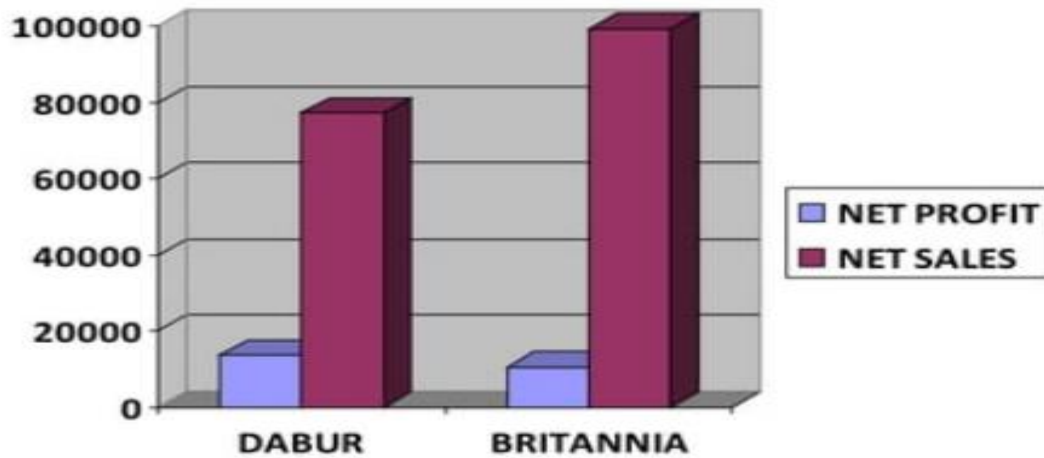


(Ex 1.4)

The above chart indicates the Gross Profit Ratio of dabur was 20.19 % and Britannia was 15.1%, The GPR of dabur is more than that of Britannia. That means company suffers the profits. In FY 2019-2020 the net profit was high to increase in the sales of the company.

COMPANY	DABUR	BRITANNIA

net profit	13577	104000
Net sale	77126	99140
N.p. ratio	17.6	10.1



(Ex1.5)

The above chart indicates the Net Profit Ratio of Dabur was 17.6 % and net profit ratio of Britannia was 10.1. That means company suffers In FY 20220-2021the net profit was high to increase in the sales the The above chart indicates the Return on Asset Ratio in was 12.50% which further declined to 11.34% in Further it had increase to 12.37% That means company .

FINDING

FINDINGS

1. The current ratio of Dabur (1.4) is less than Britannia (1.9).

2. The ideal liquid ratio is 1:1, without selling its inventory, has h short-term assets to cover its immediate liabilities.

3. The net profit ratio shows fluctuating trend, it shows that more or less the dabur is successful to maintained efficiency in sales value and operating expenses.

4. The operating profit ratio of the dabur and Britannia is in fluctuating m manner as 12.02%, 11.97%, and 12.22%

5. The britannia is maintaining the proper record of inventory. Management is successful to manage the cost involved in

inventory, because of increasing ratio of inventory.

6. The fixed asset turnover ratio of the dabur is in increasing trend from Britannia means that the company is efficiently utilizing the fixed assets.

7. The proprietary ratio of the firm shows increasing trend, means that the long term solvency of the firm is increased.

8. The dabur is successful to manage its long term debt.

9. Dabur is far better in covering its fixed cost with the interest coverage ratio.

10. The sales, profit before tax, profit after tax shows the increasing trend during the period under review. It depicts that the company is working with more efficiency.

RECOMMENDATION

RECOMMENDATIONS

After analyzing the Financial Statement of the company, following suggestions are recommended to improve the Financial Position:

- Sales of the companies are increasing which indicates an increase in the demand of the company's product. Thus, the company can increase the selling price of its product marginally.

- The companies should take adequate steps to reduce the cost of goods sold. An increase in the provision of doubtful debts indicates in appropriate collection measure, which should be take care off

- The companies can employee effective people to think about the file management system.

- The companies should give employment to new candidates.

CONCLUSION

CONCLUSION

After studying & analyzing the Financial Statement of Dabur and Britannia, the following results can be concluded:-

Intra firm comparison

On analyzing the Financial Statements of the companies the following thing can be concluded about the company's Financial Position:

- The increase in the cost of goods sold has minor effect by the growth of the profit but not to a great extent.

- Inventory turnover ratio depicts a fluctuating trend indicating an accumulation of inventory from time to time causing lass to the company by a way of deterioration of stock, interest loss & blockage stock etc.

- The ratios used for analysis liquidity position are quick & current ratio which revels that company has a strong liquidity position. . Although the sales are increasing, a decrease in G.P. Ratio is indicative of the firm's inability to purchase raw material at favorable terms & its turnover time /insufficient utilization of plant & machinery.

- Increase in the ROCE indicates that funds are being that funds are being utilized in such a way that they incur immediate return & hence increase in profitability of the firm.

BIBLIOGRAPHY

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Balance sheet of Dabur

Equities & Liabilities	Mar 2022	Mar 2021	Mar 2020	Mar 2019	Mar 2018
Share Capital	176	176	176	176	176
Reserves & Surplus	8,056	7,486	6,429	5,455	5,530
Current Liabilities	3,322	2,934	2,463	2,660	2,434
Other Liabilities	728	249	284	144	560
Total Liabilities	12,284	10,847	9,354	8,436	8,701
Assets					
Fixed Assets	2,224	2,054	2,063	1,696	1,658
Current Assets	4,316	4,775	4,880	3,586	3,439
Other Assets	5,743	4,016	2,410	3,153	3,603
Total Assets	12,284	10,847	9,354	8,436	8,701
Other Info					
Contingent Liabilities	555	347	360	343	283

Balance sheet of Britannia

Equities & Liabilities	Mar 2022	Mar 2021	Mar 2020	Mar 2019	Mar 2018
Share Capital	24	24	24	24	24
Reserves & Surplus	2,534	3,495	4,344	4,209	3,382
Current Liabilities	4,155	3,614	2,578	1,851	1,647
Other Liabilities	801	874	895	157	133
Total Liabilities	7,515	8,008	7,842	6,241	5,187
Assets					
Fixed Assets	2,149	1,773	1,778	1,659	1,420
Current Assets	3,970	4,419	3,674	3,526	3,151
Other Assets	1,395	1,815	2,388	1,056	616
Total Assets	7,515	8,008	7,842	6,241	5,187
Other Info					
Contingent Liabilities	625	584	277	287	242

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https://www.moneycontrol.com/financials/britanniaindustries/consolidated-

APPENDICES

Questionnaire

Questionnaire on Dabur and Britannia

Name : ______________________
Age: ______________________
Gender: ______________________
Class: ______________________

Q-1 Which hair oil would you prefer?

a) Branded hair oil ☐
b) Mustered oil ☐
c) Coconut oil ☐
d) Olive oil ☐

Q-2 Have you ever used herbal hair oil?

a) Yes ☐
b) No ☐

Q-3 If yes, which hair oil you prefer?

a) Dabur Amla ☐
b) Kesh Kala ☐
c) Sesa ☐
d) Kesh King ☐

Q-4 which factor would you consider while purchasing hair oil?

a) Price ☐
b) Brand ☐
c) Influence from family/ Friend ☐
d) Under Doctor's prescription ☐

Q-5 For which problem would you like to use hair oil?(multiple tick can be done)

a) Dry hair ☐
b) Hair fall ☐
c) Dandruff ☐
d) White hair ☐

OUTLET: ADDRESS:

CONTACT NO.

1. WHICH COMPANY'S DAIRY PRODUCT ARE YOU USING?

   A) BRITANNIA B) AMUL C) OTHERS

2. WHICH OF THE PRODUCT MOSTLY YOU GO FOR?

   A) GHEE B) MILK C) BUTTER
   D) CHEESE E)DAHI F) UHT MILK

3. WHAT IS THE LEVEL OF CONSUMPTION (OVER ALL DAIRY)?

   A) VERY GOOD B) GOOD C) AVERAGE

4. ARE YOU READY TO CHANGE THE BRAND?

   A) YES B) NO

5. WHAT FACTORS INFLUENCE YOU FOR CHANGING THE BRAND ?

   A) QUALITY B)BRAND
   C) PRICE D) TASTE

6. DO YOU KNOW BRITANNIA DAIRY PRODUCTS?

   A)YES B) NO