IJCRT.ORG ISSN : 2320-2882

INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

Financial Performance Appraisal of Selected Companies of Fast Moving Consumer Goods Industry: Case of Dabur India Limited and Hindustan Unilever Limited

Author: Divij Goyal,

Class 12 B, Strawberry Fields High School, Sector 26,

Chandigarh - 160019.

Abstract:

This paper tries to study and compare the financial health of the selected companies with the help of financial ratios in FMCG industry. FMCG market is expected to grow 9-10 per cent in 2020. FMCG's urban segment grew by 8 % whereas rural segment grew 5 per cent in the quarter ending September 2019, supported by moderate inflation, increase in private consumption and rural income. The study selected top FMCG companies namely Dabur India Limited and HUL. The study has highlighted the various financial parametersand identified the significant relationship among them. The variable selected for the correlation and regression analysis has been selected on the basis of the existing literature. The variables are working capital current assets are fixed assets, inventor, miscellaneous expenses, employee cost, power and fuel cost, selling and administrative cost, net sales and net profit. Besides this multiple linear regression has also been applied to measure the impact on net profit as dependent variable and other are considered as independent variable. The SPSS 22 software has been used for the analysis of the data.

Key words: Financial Performance, FMCG, Correlation, Multiple Linear Regression,

1. Introduction:

The financial performance is reflection of financial health and soundness of a company. It indicates how a business has prospered under the leadership of its management (Afzal and Haque 2017).There is lot of literature available which shows that various tools and techniques has been used to conduct the financial evaluation of the performance of various firms. The present study encompasses the financial evaluation of the Fast Moving Consumer Goods industry. Fast moving consumer goods (FMCG) is the fourth largest sector in the Indian economy. There are three main segments in the sectors namely food and beverages, which accounts for 19 per cent of the sector healthcare, which accounts for 31 per cent of the share; and household and personal care, which accounts for the remaining 50 per cent share.

The retail market in India is estimated to reach US$ 1.1 trillion by 2020 from US$ 840 billion in 2017, with modern trade expected to grow at 20-25 per cent per annum, which is likely to boost revenue of FMCG companies. Revenue of FMCG sector reached Rs 3.4 lakh crore (US$ 52.75 billion) in FY18 and is estimated to reach US$ 103.7 billion in 2020. FMCG market is expected to grow at 9-10 per cent in 2020(IBEF report, June 2020).The financial performance of the FMCG firms is based on the factors such as cost incurred on production of the consumer durable goods, other miscellaneous expenses, cost of inventory management, total sales and profit generated by the firm.

2. Literature Review

The financial performance of an organization is influenced by several factors like capital structure, cost, revenue and the consequential profit margin. The best indicators of the financial performance are return on assets, sales, equity and other financial variables (Abuzar and Elijelly, 2004). A fundamental use of accounting information is to help different parties make an effective decision concerning their investment portfolios. Much of the accounting literature assumes that accounting and financial reporting in a country is a function of its environment (Belkaoui & AlNajjar, 2006).

Further a resarach (Nimalathasan and Priya,2013.) suggested that Inventory Sales Period (ISP), Current Ratio (CR) and are significantly correlated with Return on Asset (ROA), Operating Cash Flow Ratio (OCFR) are significantly correlated with Return on Equity (ROE) 5% level of significance. At the same time ISP and OCFR also are significantly correlated with ROA, Creditors Payment Period (CPP) also is significantly correlated with ROE at 1% level of significance. Elvita and Reddy 2017 in their study “Corporate Diversification on Firm’s Financial Performance: An Empirical Analysis of Select FMCG Companies in India” has focused on the listed conglomerates in the Fast Moving Consumer Goods (FMCG) sector included in NSE Nifty FMCG Index for the purpose of measuring Financial Health and further the diversification classes. The results of study indicates a nonlinear relationship between the level of diversification in terms of Return on Assets and Profit Margin and linear

relationship in terms of Return on Equity implicating that a high degree of diversification does not seem to improve profitability of the organization.

P. Megaladevi (2018) in her study named "A Study on the Impact of Liquidity Ratios on Profitability of Selected Cement Companies In India" has studied the relationship between liquidity and profitability of selected Cement Companies in India. The results of the highlighted taht CR and QR is having significant relationship with ROAE. ROE is correlated at 5% level of significance with ICR and at 1% level of significance with ROCE and EBDITCE. ROTA is positively correlated at 5% level of significance with ROCE, EBDITCE, ROACE and ICR Profitability ratios also play an important role in the financial positions of enterprises.

3. Objectives of the Research

a) To study and compare the financial health of the selected FMCG companies with the help of financial ratios

b) To study the correlation among various financial parameters of the firms.

c) To analyze the impact of financial parameters on the net sales and net profit

4. Research Methodology

The data used in this paper has been collected from secondary sources. Data has been obtained for two FMCG companies namely Dabur India Ltd. and Hindustan Unilever Limited for the time period 2016 to 2020. HUL and Dabur are among top ten companies of FMCG industry. Both are performing extremely well. Balance sheets and Profit and loss account Statement has been downloaded from the official websites of the companies firms. The financial ratios namely current ratio, profitability ratio, efficiency ratio and solvency ratio has been calculated.

Selection of the variables:

On the basis of literature studied,the study includes uses the regression analysis to study the impact of financialperformance determinants on financial performance indicators. The financial performance determinantsincluded Selling & Admistrative Expenses, Current Assets, FixedAssets, Inventories, Power and Fuel Expenses, Salaries and Wages and Working Capital, while theperformance indicators included Sales, PBIT and Return on Capital Employed (Reeti Aggrawal and Ankit Mehrotra 2009)

Statistical tools:

The data is analysed by using SPSS 22. The techniques used are Levene's Test for Equality of Variances (Independent sample t test), Pearson's correlation test and multiple linear regressions

5. Analysis &Interpretation:

5.1 Ratio Analysis

First of all to begin with analysis financial ratio analysis is being conducted. The four type of ratios has been calculated namely Profitability ratios, Solvency ratios, Current ratios, Efficiency ratios. The calculation for Dabur India Limited and HUL is done over last five yearsfinancial year 2016-2020.

Table 1. Calculation of Financial Ratios

	Dabur India Limited					**HUL**				
	Mar-20	Mar-19	Mar-18	Mar-17	Mar-16	Mar-20	Mar-19	Mar-18	Mar-17	Mar-16
Profitability Ratios										
Operating Profit Margin(%)	20.59	20.42	20.94	20.73	20.42	24.78	22.58	21.09	19.11	24.41
Profit Before Interest And Tax Margin(%)	17.44	17.73	18.12	18.17	18.23	21.92	20.86	19.42	17.61	23.1
Gross Profit Margin(%)	18.06	18.35	18.84	18.87	18.73	22.26	21.15	19.63	17.81	23.39
Cash Profit Margin(%)	19.62	19.26	19.11	18.88	18.25	19.71	17.19	16.08	14	19.92
Adjusted Cash Margin(%)	19.62	19.26	19.11	18.88	18.25	19.71	17.19	16.08	14	19.92
Net Profit Margin(%)	16.6	16.93	17.53	16.58	15.9	16.96	15.4	14.66	13.49	11.95
Adjusted Net Profit Margin (%)	16.03	16.36	16.87	16	15.5	16.69	15.18	14.51	13.34	11.84
Return On Capital Employed(%)	26.54	30.19	26.93	30.43	34.08	115.54	111.62	101.12	89.4	126.22
Return On Net Worth(%)	21.87	25.61	23.73	26.41	30.06	82.15	77.18	71.61	66.37	63.15
Adjusted Return on Net Worth(%)	23.43	27	24.04	28.21	32.2	84.78	80.17	72.21	63.24	100.83
Return on Assets Excluding Revaluations	37.59	32.06	32.55	27.66	23.83	38.02	36.31	33.73	31.26	30.47
Return on Assets Including Revaluations	37.59	32.06	32.55	27.66	23.83	38.02	36.31	33.73	31.26	30.47
Return on Long Term Funds(%)	27.73	32.85	28.99	32.95	37.47	115.54	113.03	101.12	93.07	129.62

Liquidity And Solvency Ratios										
Current Ratio	1.46	1.09	1.07	1.03	0.96	1.08	1	0.95	0.81	1.04
Quick Ratio	1.23	0.78	0.73	0.71	0.74	0.82	0.74	0.68	0.53	0.7
Debt Equity Ratio	0.07	0.09	0.15	0.19	0.19	--	0.01	--	0.04	0.03
Long Term Debt Equity Ratio	0.02	--	0.06	0.1	0.08	--	--	--	--	--
Management Efficiency Ratios										
Inventory Turnover Ratio	6.31	6.56	6.17	6.96	7.18	14.38	15.27	14.42	14.07	12.7
Debtors Turnover Ratio	10.57	11.06	11.39	10.55	10.35	26.84	25.15	29.68	28.24	30.43
Investments Turnover Ratio	1.23	6.56	6.17	6.96	7.18	4.84	4.95	14.42	14.07	12.7
Fixed Assets Turnover Ratio	4.22	3.15	3.02	3.26	3.8	5.38	6.68	6.74	7.06	6.1
Total Assets Turnover Ratio	1.29	1.46	1.26	1.44	1.73	5.15	5.27	5.19	5.03	5.18
Asset Turnover Ratio	1.31	1.34	1.25	1.43	1.73	4.9	5.14	4.96	4.8	6.38
Debt Coverage Ratios										
Interest Cover	37.89	31.2	33.18	32.43	34.89	80.43	268.64	283.19	179.34	501.18
Total Debt to Owners Fund	0.07	0.09	0.15	0.19	0.19	--	0.01	--	0.04	0.03
Financial Charges Coverage Ratio	42.34	34.17	36.24	35.08	37.64	88.92	285.76	303.19	191.69	521.94
Financial Charges Coverage Ratio Post Tax	34.62	28.18	29.59	27.28	29.55	66.68	201.58	221.54	141.23	265.24
Investment Valuation Ratios										
Operating Profit Per Share (Rs)	10.14	9.85	9.18	9.06	9.14	45.55	41.02	34.64	29.29	39.05
Net Operating Profit Per Share (Rs)	49.25	48.21	43.84	43.72	44.73	183.77	181.6	164.22	153.22	159.97
Cash Flow Indicator										
Dividend Payout Ratio Net Profit	--	110.72	35.22	37.35	--	92.72	90.41	89.7	95.82	97.29
Dividend Payout Ratio Cash Profit	--	98.62	31.45	33.59	--	80.73	82.7	81.56	87.38	89.64
Basic EPS (Rs.)	8.19	8.16	7.69	7.27	7.13	31.17	27.97	24.09	20.68	19.22

The above table indicates the calculations of the financial ratios of the selected FMCG companies. These calculations are spread over the span of five year i.e 2016-2020. The table shows that the HUL firm is performing better than Dabur. As the value of Profitability ratios, solvency ratio, Debt coverage ratio, Current Ratio, of HUL is better than Dabur. Besides, Investment valuations ratio shows that HUL has better operating and net profit per share than Dabur. The Cash flow indicators shows that although Dabur has shared good dividend in financial year 2018-

2019 but overall the D/P ratio of HUL is much better and consistent than Dabur. Also the earning per share of HUL is far better than Dabur.

5.2 Comparison of Dabur India Limited and Hindustan Lever ltd

Table 2.Group Statistics

	Company	N	Mean
Working Capital	HUL	5	2952.0000
	Dabur	5	1239.9440
CA	HUL	5	11282.4000
	Dabur	5	3647.2740
FA	HUL	5	4804.6000
	Dabur	5	1674.0700
Inventories	HUL	5	2624.2000
	Dabur	5	1227.8980
Power & Fuel Cost	HUL	5	301.2000
	Dabur	5	74.1300
Employee Cost	HUL	5	1795.6000
	Dabur	5	852.4300
Selling and Admin Expenses	HUL	5	4134.2000
	Dabur	5	526.5620
Miscellaneous Expenses	HUL	5	4917.6000
	Dabur	5	963.2720
PBDIT	HUL	5	8611.4000
	Dabur	5	1916.9920
Net Sales	HUL	5	36483.2000
	Dabur	5	8102.1280
Reported Net Profit	HUL	5	5330.4000
	Dabur	5	1355.4820

The mean value table shows that the mean value of HUL is better than Dabur for last five years. In order to test, this t-test for Equality of Means i.e Leven's Independent sample test is being used if there exist a significant difference between the financial performance of Dabur and HUL. An assumption has been made that there is no difference between the financial performance of Dabur and HUL. Both are performing same. This is done by framing a hypothetical assumption known as Hypothesis (H_0) testing.

H_0: There is no difference between the financial performance of Dabur and HUL.

H_a: There exist a significant difference between the financial performance of Dabur and HUL.

Table 3. Independent Samples Test

		Levene's Test for Equality of Variances			
		F	Sig. (2-tailed)	T	df
Working Capital	Equal variances assumed	1.096	0.001	5.151	8
	Equal variances not assumed			5.151	6.024
CA	Equal variances assumed	1.773	0.00	14.216	8
	Equal variances not assumed			14.216	7.365
FA	Equal variances assumed	2.592	0.00	7.847	8
	Equal variances not assumed			7.847	4.696
Inventories	Equal variances assumed	0.014	0.00	18.527	8
	Equal variances not assumed			18.527	7.956
Power & Fuel Cost	Equal variances assumed	4.119	0.00	11.869	8
	Equal variances not assumed			11.869	4.212
Employee Cost	Equal variances assumed	0.089	0.00	18.072	8
	Equal variances not assumed			18.072	8
Selling and Admin Expenses	Equal variances assumed	2.596	0.00	13.16	8

	Equal variances not assumed			13.16	6.325
Miscellaneous Expenses	Equal variances assumed	1.133	0.00	21.719	8
	Equal variances not assumed			21.719	6.108
PBDIT	Equal variances assumed	10.194	0.01	11.798	8
	Equal variances not assumed			11.798	4.022
Net Sales	Equal variances assumed	19.373	0.002	21.403	8
	Equal variances not assumed			21.403	4.208
Reported Net Profit	Equal variances assumed	12.513	0.001	8.218	8
	Equal variances not assumed			8.218	4.055

Since it has been noticed that the significance value(sig. 2-tailed) for all financial indicator i.e. working capital, Current assets, fixed assets, inventories, net sales, net profit, power & cost expense, PBDIT, Miscellaneous expenses employee cost is less than 0.05. Hence it is concluded that null hypotheses (assumption) made is rejected and statistically it is proved that there exist a significant difference between the financial performance of Dabur and HUL

5.3 Correlations among Financial Parameters

Table 4. Correlations

		working Capital	CA	FA	Inventories	Power & Fuel Cost	Employee Cost	Selling and Admin Expenses	Miscellaneous Expenses	PBDIT	Net Sales	Net Profit
working Capital	Pearson Correlation	1	.970**	.855	.700	-.980**	.631	-.972**	.993**	.665	.701	.580
	Sig. (2-tailed)		.006	.065	.188	.003	.253	.006	.001	.220	.187	.305
	N	5	5	5	5	5	5	5	5	5	5	5
CA	Pearson Correlation	.970**	1	.915*	.845	-.902*	.777	-.975**	.953*	.791	.823	.757
	Sig. (2-tailed)	.006		.030	.071	.036	.122	.005	.012	.111	.087	.139
	N	5	5	5	5	5	5	5	5	5	5	5
FA	Pearson Correlation	.855	.915*	1	.890*	-.764	.758	-.951*	.817	.938*	.744	.839
	Sig. (2-tailed)	.065	.030		.043	.133	.137	.013	.091	.018	.149	.075
	N	5	5	5	5	5	5	5	5	5	5	5
Inventories	Pearson Correlation	.700	.845	.890*	1	-.543	.839	-.793	.644	.906*	.813	.967**
	Sig. (2-tailed)	.188	.071	.043		.344	.075	.109	.241	.034	.094	.007
	N	5	5	5	5	5	5	5	5	5	5	5
Power & Fuel Cost	Pearson Correlation	-.980**	-.902*	-.764	-.543	1	-.502	.925*	-.985**	-.536	-.588	-.412
	Sig. (2-tailed)	.003	.036	.133	.344		.389	.024	.002	.352	.297	.491
	N	5	5	5	5	5	5	5	5	5	5	5
Employee Cost	Pearson Correlation	.631	.777	.758	.839	-.502	1	-.699	.640	.865	.988**	.911*
	Sig. (2-tailed)	.253	.122	.137	.075	.389		.189	.245	.059	.002	.031
	N	5	5	5	5	5	5	5	5	5	5	5
Selling and Admin Expenses	Pearson Correlation	-.972**	-.975**	-.951*	-.793	.925*	-.699	1	-.953*	-.809	-.734	-.701

	Sig. (2-tailed)	.006	.005	.013	.109	.024	.189		.012	.097	.158	.187
	N	5	5	5	5	5	5	5	5	5	5	5
Miscellaneous Expenses	Pearson Correlation	.993**	.953*	.817	.644	-.985**	.640	-.953*	1	.635	.717	.540
	Sig. (2-tailed)	.001	.012	.091	.241	.002	.245	.012		.250	.173	.348
	N	5	5	5	5	5	5	5	5	5	5	5
PBDIT	Pearson Correlation	.665	.791	.938*	.906*	-.536	.865	-.809	.635	1	.811	.938*
	Sig. (2-tailed)	.220	.111	.018	.034	.352	.059	.097	.250		.096	.018
	N	5	5	5	5	5	5	5	5	5	5	5
Net Sales	Pearson Correlation	.701	.823	.744	.813	-.588	.988**	-.734	.717	.811	1	.862*
	Sig. (2-tailed)	.187	.087	.149	.094	.297	.002	.158	.173	.096		.050
	N	5	5	5	5	5	5	5	5	5	5	5
Reported Net Profit	Pearson Correlation	.580	.757	.839	.967**	-.412	.911*	-.701	.540	.938*	.862*	1
	Sig. (2-tailed)	.305	.139	.075	.007	.491	.031	.187	.348	.018	.050	
	N	5	5	5	5	5	5	5	5	5	5	5

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

The Pearson correlation value indicates that working capital is positivelycorrelated with current assets(.970), miscellaneous expense(.993) as the significance level is less than 0.05. The working capital is found to be negatively related with power and fuel cost and selling and administrative expenses(-.972).

Current assets are has significant relationship with fixed assets and Miscellaneous Expenses as these are found to be positively correlated with fixed assets (.915) and Miscellaneous Expenses (.953). Current assets are negatively correlated with power and fuel cost(.902)and S& A expenses(-.975)

Fixed assets are positively correlated to inventories (.890) and Profit before depreciation, interest & Tax(.938) and negatively correlated with selling & Admin expenses(-.951). Inventories are positively correlated to PBDIT (.906) and Net Profit(.967).Inventories are correlated with fixed assets(.890), Profit before depreciation, Interest and Tax PBDIT (.960) and Net Profit (.967).

Power and fuel cost is negatively correlated with working capital and current assets as stated. Further it is positively associated with selling and administrative expense(.925) andMiscellaneous expense (-.985).

Selling and Admin expenses are negatively correlatedmiscellaneousexpense (-.953) and working capital, current assets and fixed assets as stated earlier.Profit before depreciation, interest & Tax is positively correlated with fixed assets (.938), inventories(.906) and net profit (.938).

Net sales is correlated with employee cost (.988) and net profit (.862). Net profit is correlated with employee cost (.988) and net profit (.862) and lastly net profit is correlated with inventories (.967), employee cost(.911), PBIT (.938) and net sales (.862)

5.4 Multiple Linear Regressions:

H_0: There is significant relationship between Net Profit as a dependent value, and independent variables like current assets, Fixed assets, Inventories, Power &fuel cost, employee cost, selling and administrative expenses, miscellaneous and working capital.

Table 5. ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	44169334.473	8	5521166.809	606.586	.031[b]
	Residual	9102.030	1	9102.030		
	Total	44178436.503	9			

The value of Adjusted R2 is above .90 indicating that model is a good fit. TheF- statistics value is 606.58.The result of the ANOVA table indicates that significance value is .031 which indicates that the model is statistically significant at 5% level of significance. The Beta values and the significance levels of t-testsfor significance of Regression Analysis with Net Profit as dependent variable are shown in below table.

Table 6: **Regression Analysis with Net Profit as dependent variable**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-973.969	612.339		-1.591	.357
	Working Capital	.901	.392	.418	2.300	.261
	FA	1.057	.278	.837	3.800	.164
	Inventories	-.359	.983	-.121	-.365	.777
	Power & Fuel Cost	-.033	7.824	-.002	-.004	.037*
	Employee Cost	1.901	1.208	.432	1.574	.360
	Selling and Admin Expenses	1.043	.464	.915	2.247	0.02*
	Miscellaneous Expenses	-.589	.176	-.559	-3.347	.185
	CA	-.471	.262	-.871	-1.792	.324

a. Dependent Variable: Net Profit

b. Predictors: (Constant), Miscellaneous Expenses, Working Capital, FA, Power & Fuel Cost, Inventories, Employee Cost, Selling and Admin Expenses, CA

The above table indicates that in absolute terms selling and administrative expenses has the maximum impact on the net profit as the Standardized Beta value is .915 followed by fixed assets with second most influence parameter impacting net profit with beta value .837. Current assets with beta value -.871 has the least significant on net profit.

The estimated regression equation is:

Net profit= -973.96+1.05 fixed assest+1.9 employee cost+1.04 selling and administrative expenses+.901 working capital-.359 Inventories-.033 Power and Fuel cost -.58Miscellaneous expenses-.471 Current assets

It is estimated that one unit change in fixed assets will bring 1.05 unit change in net profit, one unit change in employee cost will bring 1.9 unit change in net profit and so on. Besides the point is importantly noted that a unit changes in inventories, power & fuel cost, miscellaneous expenses and current assets will change the net profit negatively i.e these has negative (impact) relationship with net profit. It will lead to decrease the net profit by respective unit.Further it is observed that the Power and Fuel cost (0.03) and selling and administrative expenses (0.02) has the significant impact on net profit.

Regression Analysis with Sales as dependent variable

H_0 : There is significant relationship between Net sales as a dependent value, and independent variables like current assets, Fixed assets, Inventories, Power &fuel cost, employee cost, selling and administrative expenses, miscellaneous and working capital.

Table 7. ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2048858339.687	8	256107292.461	11080.880	.007[b]
	Residual	23112.541	1	23112.541		
	Total	2048881452.228	9			

The value of Adjusted R2 is above .90 indicating that model is a good fit. The F- statistics value is 11080.87.The result of the ANOVA test indicates that significance value is 0.007 which indicates that the model is statistically significant at 5% level of significance. The Beta values and the significance levels of t-tests for significance of Regression Analysis with Sales as dependent variable is shown in below table

Table 8: **Regression Analysis with Net Sales as dependent variable**

		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	-4795.325	975.767		-4.914	.128
	Working Capital	3.138	.624	.214	5.028	.125
	FA	1.517	.443	.176	3.423	.181
	Inventories	3.391	1.567	.167	2.164	.276
	Power & Fuel Cost	6.679	12.468	.054	.536	.687
	Employee Cost	6.271	1.925	.209	3.258	.010*
	Selling and Admin Expenses	4.765	.740	.614	6.441	.058*
	Miscellaneous Expenses	.805	.280	.112	2.869	.213
	CA	-1.870	.418	-.509	-4.471	.140

a. Dependent Variable: Net Sales

b. Predictors: (Constant), Miscellaneous Expenses, Working Capital, FA, Power & Fuel Cost, Inventories, Employee Cost, Selling and Admin Expenses, CA

The estimated regression is :

Net sales= -4795.3+3.13(working capital)+1.51 Fixed assest+3.39Inventories+6.67Inventories+6.2Employee cost+4.7Selling and Admin expenses+.805 Miscellaneous expense-1.870 Current Assets

It explains the a unit change in working capital will give 3.1 unit change in net sales, a unit change in fixed assets will impact sales by 1.5 unit change and so on. The point to be noticed here is that a unit change in current assets will impact the net sales 1.8 unit inversely. The above table indicates that in absolute terms selling and administrative expenses has the maximum impact on the net sales as the Standardized Beta value is .614 followed by working capital with second most influence parameter impacting net profit with beta value .214. Current assets with negative beta value -.509 has the least significant impact on net sales. Further it is observed that the Employee cost (0.01) and selling and administrative expenses (0.05) has the significant impact on net sales.

6. Results and Discussion

1) The results of financial ratios of FMCG companies show that the HUL firm is performing better than Dabur. As the value of Profitability ratios, Solvency ratio, Debt coverage ratio, Current Ratio, of HUL is better than Dabur.
2) Investment valuations ratio shows that HUL has better operating and net profit per share than Dabur. The Cash flow indicators shows that although Dabur has shared good dividend in financial year 2018-2019 but overall the D/P ratio of HUL is much better and consistent than Dabur. Also the earning per share of HUL is far better than Dabur.
3) The mean value results show that the mean value of HUL is better than Dabur for last five years. In order to test, this t-test for Equality of Means i.e Leven's Independent sample test is being used if there exist a significant difference between the financial performance of Dabur and HUL
4) The results of Independent sample t-test shows the significance value for all financial indicator i.e. working capital, Current assets, fixed assets, inventories, net sales, net profit, power & cost expense, PBDIT, Miscellaneous expenses employee cost is less than 0.05. Hence, statistically it is proven that there exist a significant difference between the financial performance of Dabur and HUL.
5) The results of Pearson correlation value indicates that working capital is positively correlated with current assets (.970), miscellaneous expense(.993) as the significance level is less than 0.05. The working capital is found to be negatively related with power and fuel cost and selling and administrative expenses (-.972).

6) Current assets are has significant relationship with fixed assets and Miscellaneous Expenses as these are found to be positively correlated with fixed assets (.915) and Miscellaneous Expenses (.953). Current assets are negatively correlated with power and fuel cost (.902) and S& A expenses (-.975)
7) Fixed assets are found to be positively correlated to inventories (.890) and Profit before depreciation, interest & Tax (.938) and negatively correlated with selling & Admin expenses (-.951). Inventories are positively correlated to PBDIT (.906) and Net Profit (.967). Inventories are correlated with fixed assets (.890), Profit before depreciation, Interest and Tax PBDIT (.960) and Net Profit (.967).
8) Power and fuel cost is negatively correlated with working capital and current assets as stated. Further it is positively associated with selling and administrative expense (.925) and Miscellaneous expense (-.985).
9) Selling and Admin expenses are negatively correlated miscellaneous expense (-.953) and working capital, current assets and fixed assets as stated earlier. Profit before depreciation, interest & Tax is positively correlated with fixed assets (.938), inventories (.906) and net profit (.938).
10) Net sales is correlated with employee cost (.988) and net profit (.862). Net profit is correlated with employee cost (.988) and net profit (.862) and lastly net profit is correlated with inventories (.967), employee cost (.911), PBIT (.938) and net sales (.862)
11) The value of Adjusted R2 is above .90 indicating that model is a good fit. The F- statistics value is 606.58.The result of the ANOVA table indicates that significance value is .031 which indicates that the model is statistically significant at 5% level of significance.
12) The results of multiple regression shows that in absolute terms selling and administrative expenses has the maximum impact on the net profit as the Standardized Beta value is .915 followed by fixed assets with second most influence parameter impacting net profit with beta value .837. Current assets with beta value -.871 has the least significant on net profit.
13) Also form the results it is concluded that one unit change in fixed assets will bring 1.05 unit changes in net profit, one unit change in employee cost will bring 1.9 unit change in net profit and so on. Besides the point is importantly noted that a unit changes in inventories, power & fuel cost, miscellaneous expenses and current assets will change the net profit negatively i.e these has negative (impact) relationship with net profit.
14) Power and Fuel cost (0.03) and selling and administrative expenses (0.02) has the significant impact on net sales.
15) The value of Adjusted R2 is above .90 indicating that model is a good fit. The F- statistics value is 11080.87.
16) The result of the ANOVA test indicates that significance value is 0.007 which indicates that the model is statistically significant at 5% level of significance.
17) The standardised beta values shows that a unit change in working capital will give 3.1 unit changes in net sales, a unit change in fixed assets will impact sales by 1.5 unit change and so on. A unit change in current assets will impact the net sales 1.8 unit inversely.

18) In absolute terms selling and administrative expenses has the maximum impact on the net sales as the Standardized Beta value is .614 followed by working capital with second most influence parameter impacting net profit with beta value .214.

19) Current assets with negative beta value -.509 has the least simpact on net sales. Further it is observed that the Employee cost (0.01) and selling and administrative expenses (0.05) has the significant impact on net sales.

20) Employee cost (0.01) and selling and administrative expenses (0.05) has the significant impact on net sales.Power and Fuel cost (0.03) and selling and administrative expenses (0.02) has the significant impact on net profit.

7. Conclusion & Implication for Future Research

This study has brought light to the financial health of the top FMCG companies. Both are performing pretty well and are running into profit. Also both companies has good net worth. But via ratio analysis it is concluded that financial condition of HUL is much better than Dabur India Limited. HUL is the top leading FMCG Company and has higher net worth than Dabur. This is supported by the results Group statistic results which shows that mean value of the financial indicators has higher value for HUL than Dabur. Further the independent sample T- test has statistically proved than that there exist a significant difference between than financial performance of Dabur and HUL. The results of correlation analysis highlights that there exist a significant relationship among various financial performance indicators of FMCG companies. The regression analysis result has shown that the net sales and net profit are related to the financial performance determinant selected in the study.

In future course such studies can be replicated over other industry segments and for different financial years in order to estimate the financial status of the respective industry segment or companies.

References:

- A.Mehrotra and R. Aggrawal. (2009). "Developing global competitiveness by assessing organized retail productivity using data envelopment analysis". *Int. Journal of Business Science and Applied Management*, Vol.*4*,No.2,pp. 1-17,2009
- Belkaoui, A., & Al-Najjar, F. (2006). "Earnings opacity internationally and elements of social, economic and accounting order". *Review of Accounting and Finance, 3*(3), 130-144.
- M. Nimalathasan and K. Priya, "Liquidity Management and Profitability: A Case Study of Listed Manufacturing companies in Sri Lanka", *International Journal of Technological Exploration and Learning*, Vol. 2, No. 4, pp. 1-7, 2013.
- M.A. Abuzar, "Liquidity-Profitability Tradeoff: An Empirical Investigation in an Emerging Market, *International Journal of Commerce and Management*, Vol. 14, No. 2, pp. 48-61, 2004.
- P. Megaladevi, " A study on the impact of liquidity ratios on profitability of selected cement companies in India" , *IJMS*, Vol. 10,pp.860-864, 2018
- https://www.researchgate.net/publication/26551612_Developing_global_competitiveness_by_assessing_organized_retail_productivity_using_data_envelopment_analysis/download
- https://www.moneycontrol.com/stocks/company_info/print_main.php
- https://www.moneycontrol.com/financials/daburindia/consolidated-balance-sheetVI/DI#DI
- International Accounting Standards (IAS) (2017). Retrieved from https://www.iasplus.com/en-gb/standards/ias/ias1on 24/07/2019