



ORIGINAL RESEARCH PAPER

Management

A Study on Financial Performance Of Dabur Pharma Chemical Limited

KEY WORDS: Auto exhaust, Air pollution, Median Strips ,Heavy metals

MRS.A.RAJAMANI Associate Professor –Department of Management, Park's college, Tirupur

DR.SADIKA SULTHAN Research Scholar- Department of Management, Park's college, Tirupur

ABSTRACT

Industries play an important role in the economic development of any nation. Industries make the country self reliant by fulfilling the various needs of the people. The pharmaceutical industry plays a key role in promoting and sustaining development in the field of medicines. The primary objective to study the financial viability of the company. This study is mainly making a comparison of five years of its operations and it aims to reveal the company standard in respect to profitability, liquidity and effective use of it resources. The study use ratios and indicators to measure the performance along with the help of various statistical tools such as Mean, Standard Deviation, Coefficient of Variance, Compound Annual Growth Rate, Annual Average Growth Rate. The increase in profitability will not only yield greater efficiency but also improve financial performance in future

Introduction to the Study

Industries play an important role in the economic development of any nation. Industries make the country self reliant by fulfilling the various needs of the people. In india, industrial economy is dominated by various industries like, automobile, iron and steel, real estate, cement, tourism, energy, textile, airlines, pharmaceutical, biotechnology, electronics, hardware and power industry. Of them, pharmaceutical industry is one of the fasted growing and life saving sector. The sector is unique as it traverses across geographies. Moreover, as health has no boundaries, this very boundary-less nature supports consolidation in this industry.

The pharmaceutical industry plays a key role in promoting and sustaining development in the field of medicines. From simple headache pills to sophisticated antibiotics and complex cardiac compounds, almost every type of medicine is now made indigenously

The Indian pharmaceutical industry is at present enjoying a top rank among the developing nations with wide ranging capabilities in the complex field of drug manufacturing and technology used. It ranks very high in the third world, in terms of technology, quality and range of medicines manufactured Finance is like a life blood stream in the human body gives vitality and strength to business enterprises. A healthy financial system of an organization is highly depends upon the attainable prudent policies of the organization. In other word the success of the business is reflected in the Financial Performance. Therefore the management should continuously monitor and assess the organization financial performance. The researchers take this opportunity and conduct a detailed study on the financial performance in Dabur Pharma Chemical Ltd.

STATEMENT OF THE PROBLEM

The primary objective of a business undertaking is to earn profits. Profit earning is considered essential for the survival of the business. A business needs profits not only for its existence, but also expansion and diversification the investors want an adequate return on the investment as well as workers, creditors. In our present day, economic finance is the provision of money at the time when it is required. Presently a firm communicated financial information to the users through financial statements and reports. Being this present status, it quiets possible for the company to improve its profitability as well as liquidity considerable without employing, further resources and just be stream lining the existing financial system and financial information system.

OBJECTIVES OF THE STUDY:

Primary Objective:

- To study the financial viability of the company
- To measure the utilization of various assets during the period.
- To study the earning capacity of the concern.
- To study the efficiency and uses of funds by the company.
- To suggest measures to improve the financial strength of the

company.

SCOPE OF THE STUDY

The scope of the study pertained to a financial performance of Dabur Pharma Chemical Limited. It is the process of comparing income to output and determining how much profit was made during a specific time period. This study attempts to analyze and interpret the relevant data of Dabur Pharma Chemical Limited. This study is mainly making a comparison of five years of its operations and it aims to reveal the company standard in respect to profitability, liquidity and effective use of it resources

LIMITATIONS OF STUDY

The data available for the study are subject to a few limitations, which are as follows:

- The financial data required for the present study has been obtained from secondary source.
- The data are historical nature; it does not reflect the current position of the company.
- The period of study is limited to five years.
- The tools used for analysis is subject to its inherent limitations.

NATURE OF THE STUDY

The study is partly descriptive and partly analytical in nature and is mainly based on secondary data.

DATA COLLECTION

• Secondary Data:

Secondary data were collected from published annual reports of the company from 2012 to 2016 and related files.

PERIOD OF THE STUDY

The period of the study is four months, during the month of Dec 2016 to Mar 2017.

TOOLS FOR ANALYSIS

SOLVENCY RATIO:

- Debt-Equity Ratio
- Interest Coverage Ratio
- Proprietary Ratio
- Fixed assets to net worth Ratio
- Current assets to Proprietary Ratio
- Current Assets to Fixed asset Ratio

TURNOVER RATIO

- Inventory Turnover Ratio
- Average Conversion Period
- Total Assets Turnover Ratio
- Financial Leverage Ratio

FINANCIAL LEVERAGE RATIO

Financial Leverage Ratio = Total Assets / Equity Shareholders Fund

SOLVENCY RATIO:

- Debt-Equity Ratio
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PROFITABILITY RATIOS:

- Net Profit Margin Ratio
- Return on assets
- Return on Net Worth Ratio
- Return on Capital Employed
- Earnings per Share

The statistical tools used to make an analysis on the financial statements are:

- Mean (Average)
- Standard Deviation (S.D)
- Coefficient of Variance (CV)
- Annual Average Growth Rate (AAGR)
- Compound Average Growth Rate (CAGR)

Dabur Pharma Profile:

This company established in 1884 by Dr. S.K.Burman at Kolkata. Dabur India Ltd. is one of India's leading FMCG Company. The company operates in various product categories, such as hair care, oral care, healthcare, skin care, home care and foods. Building on a legacy of quality and experience of over 132 years, Dabur is today India's most trusted name and the world's largest Ayurvedic and Natural Health Care Company. Dabur India is also a world leader in Ayurveda with a portfolio of over 250 Herbal/ Ayurvedic products. Dabur's FMCG portfolio today 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 and beverages and Fem for fairness bleaches and skin care products. Dabur today operates in key consumer product categories like Hair Care, Oral Care, Health Care, Skin Care, Home Care and Foods.

Dabur's products also have huge presence in the overseas markets and are today available in over 120 countries across the globe. Its brands are highly popular in the Middle East, SAARC countries, Africa, US, Europe and Russia. The 132-year-old company, promoted by the Burman family, started operating in 1884 as an Ayurvedic medicines company. From its humble beginnings in the bylanes of Calcutta, Dabur India Ltd has come a long way today to become one of the biggest Indian-owned consumer goods companies with the largest herbal and natural product portfolio in the world. Overall, Dabur has successfully transformed itself from being a family-run business to become a professionally managed enterprise. What sets Dabur apart from the crowd is its ability to change ahead of others and to always set new standards in corporate governance & innovation.

FINDINGS

- The current ratio of the company was in below the standard norm of 2:1 during the past 5 years of the study period and also there is no significant growth in current ratio.
- The quick ratio showed in increasing trend during the study period. The ratio (0.65) is much below the accepted standard ratio of 1:1. So the company was not satisfied by this ratio.
- The total assets turnover ratio shows that decreasing trend during the period of study. It indicates that the assets are not properly utilized in efficient level.
- Normally which Debt-Equity ratio is low that ratio considered as favorable from the long-term creditors point of view because a high proportion of owners fund provide a larger margin of safety for them.
- The current assets to shareholders' fund showed an increasing trend during the period of study. The current asset of the company is more than the stakeholders' fund.
- The proprietary ratio showed in decreasing trend during the period of study.
- The current liabilities to proprietary fund showed a decreasing trend during the period of study. Normally, a decreasing trend is considered satisfactory for this ratio.
- The fixed assets to net worth ratio showed in decreasing trend during the period of study. The fixed assets of the company are

less than the shareholders' fund.

- The net profit of the company shows an increasing trend during the period of study.
- The cash ratio of the company shows a decreasing trend during the period of study. The company not satisfied by this ratio.
- The return on assets of the company shows that an increasing trend during the period of study.
- The return on net worth ratio of the company shows that an increasing trend during the period of study. So the ratio is satisfied by this company.
- The interest coverage ratio is an increasing trend during the period of study.
- The return on capital employed of the company is an increasing trend during the period of study.
- The earnings per share of the company are an increasing trend during the period of the study and it is satisfied ratio of the company.

SUGGESTIONS

- The current ratio of the concern is in below the standard norm of 2:1. So try to improve it by decreasing the current liability.
- The optimum level of fixed and current assets should be utilized properly.
- The concern should take at most care about proprietor's fund. Effective utilizations of funds should be needed.
- Optimum level of inventory should be maintained in order to have a better profitability position.
- Cash ratio of the company is below the standard norm of 0.5 so try to improve it.
- The effective utilization of sales should be improved. The company should focus on increasing the market size. The company should promote Chyawanprash as an all season product.
- Now that the company is successfully shedding its image of being associated with middle and old age people it could also target younger generation to expand its market.
- The company needs to shift focus from a traditional value system that it projects and add to its portfolio a contemporary touch.

Conclusion

The study was under taken to analyze the financial performance of **Dabur Pharma Chemical Limited**, with help of financial ratios and the common balance sheet; selected mean, standard deviation, Co-efficient of variation, Annual Average growth rate and finally compound average growth rate were calculated and inferences drawn. Based on analysis proper conclusion has been drawn regarding the financial position of **Dabur Pharma Chemical Limited**. There are few suggestions are made because of company's' improvement. If the suggestion are implemented the concern can go way an increasing its profitability and overall performance and to develop the concern in the right way if the suggestion were considered the decision making process at the right time.