



**ORIGINAL RESEARCH PAPER**

**Commerce**

**A STUDY ON FINANCIAL PERFORMANCE ANALYSIS OF HINDUSTAN UNILEVER LIMITED**

**KEY WORDS:** Financial Analysis, Annual Reports, Hindustan Unilever Ltd, Ratios.

**Iwansh A. Christian**

Research Scholar, Shri D.N. Institute of PG Studies in Commerce, Anand – 388001. (Gujarat – India)

**Dr. Jayesh Poojara\***

Research Guide & Principal, Shri D.N. Institute of PG Studies in Commerce, Anand – 388001. (Gujarat – India) \*Corresponding Author

**ABSTRACT**

Before the investment analysis of financial performance may be an elementary want of each investor. It's aid of financial health of any company within the world. HUL is that the one the oldest company within the Asian nation. I actually have taken some ratios for this analysis as a result of ratios are continuously helpful to stakeholders in anytime. This study depends solely secondary information. largely information I actually have collected from annual reports of HUL and use websites like moneycontrol.com. I actually have done this analysis for three years' performance of HUL. financial performance continuously helps to stakeholders to require right selections. furthermore, as financial performance Main reason of this study is to grow a grip on long run and short term financial position of the HUL.

**I. INTRODUCTION:**

Financial Performance analysis is a fundamental need of the investors. Because without know the company's financial condition it is very risky to invest in any company. According to Wikipedia Contributors, "Financial Performance Analysis or a financial statement Analysis may be a method of assess and analyze the company's financial statement. This analysis includes balance sheet, profit & loss statement and income Statement." (Wikipedia Contributors) Financial Performance Analysis also helps to company's managers and representatives. This analysis helps to take decisions to company's decision makers.

Financial Analysis finished some ways like operating income, total Unit sales moreover as Revenue from operation but for this study I actually have took some ratios as a result of ratios are most effective ways in which to any analysis.

**II. COMPANY PROFILE:**

**Hindustan Unilever Limited** was established in 1933; 86 years prior. HUL functions as public organization. It is an Indian merchandise organization. It's arranged in Bombay, Maharashtra, India. Sanjiv Mehta is a key people as a CEO and MD in HUL. HUL makes assortment of items like Foods, Cleaning Agents, Personal Care items and water purifiers and so on. In 2016-17 HUL revenue was RS. 34,487 Crore (US\$ 4.8 Million). And in 2014 total 18,000 employees works in HUL. HUL's official website is [www.huico.in](http://www.huico.in) (Wikipedia Contributor)

**III. RESEARCH METHODOLOGY:**

In this paper I actually have made analyze is for financial performance of **Hindustan Unilever Limited**. This study wholly analyzes with secondary data. data are collected from HUL's official web site, used HUL's annual reports and that i have used different websites like moneycontrol.com. For this study I actually have took three years e.g. March-15 to March-18. Ratios used as an analysis for HUL overall performance.

Ratios are utilized in this examination:

- Current Ratio.
- Quick Ratio.
- Proprietary ratio.
- Debtor's Turnover Ratio.
- Net Profit Ratio.

**• OBJECTIVE IF THE STUDY:**

- To determine profit, liquidity, economic condition position of the HUL.
- To evaluate the competence capacity of HUL.
- To suggest based on findings.
- Shows insight of the company's performance.

**• LIMITATIONS OF THE STUDY:**

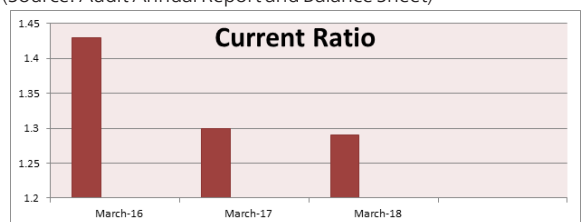
- Due to the distinction in accounting period this study not provides correct image.
- Limited time period study e.g. March-2015 to March-2018
- Rations analysis shows only quantitative.
- Used only Secondary Data.

**IV. DATA ANALYSIS:**

$$\text{Current ratio} = \frac{\text{Current Assets (including loans \& advances)}}{\text{Current Liabilities (including provisions)}}$$

Year	Total Current Assets (in cr.)	Total Current Liabilities (in cr.)	Current Ratio
March-16	9530.00	6652.00	1.43
March-17	9365.00	7202.00	1.30
March-18	11,139.00	8636.00	1.29

(Source: Audit Annual Report and Balance Sheet)

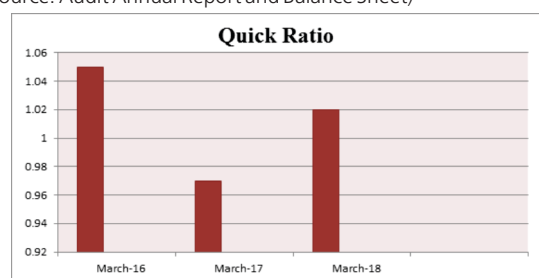


**2) Quick Ratio:**

$$\text{Quick ratio} = \frac{\text{Current Assets} - \text{Inventories}}{\text{Current Liabilities}}$$

Year	Total Current Assets (in cr.)	Inventories	Total Current Liabilities (in cr.)	Quick Ratio
March-16	9530.00	2528.00	6652.00	1.05
March-17	9365.00	2362.00	7202.00	0.97
March-18	11,139.00	2359.00	8636.00	1.02

(Source: Audit Annual Report and Balance Sheet)

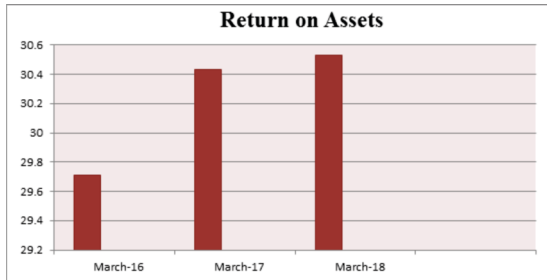


**3) Return on Assets:**

$$\text{Return on Assets} = \frac{\text{Net Income}}{\text{Total Assets}} \times 100$$

Year	Net Income (in Cr.)	Total Assets (in Cr.)	ROA
March-16	4137.00	13920.00	29.71
March-17	4490.00	14751.00	30.43
March-18	5237.00	17149.00	30.53

(Source: Audit Annual Report and Balance Sheet)

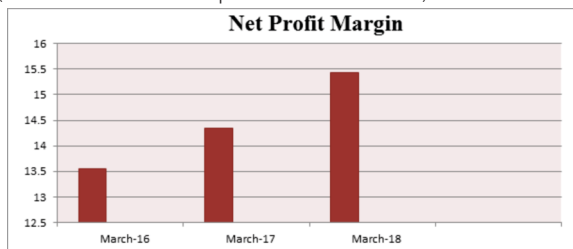


**4) Net Profit Ratio:**

$$\text{Net Profit Ratio} = \frac{\text{Net profit after Tax}}{\text{Net Sales}} \times 100$$

Year	Net Profit after sales (in Cr.)	Net Sales	Net Profit
March-16	4137.00	30,499.00	13.56
March-17	4490.00	31,298.00	14.34
March-18	5237.00	33,926.00	15.43

(Source: Audit Annual Report and Balance Sheet)



**• Interpretation:**

1. The current ratio for 3 years of HUL is lessening from 1.29 to 1.43. This result point out that short-range liquidity of the HUL is poor because current ratio is lessening.
2. Quick Ratio of HUL also lessening from 1.02 to 1.05. This also point out that company short term liquidity is very poor.
3. Return on Assets (ROA) is growing from 30.53 to 29.71. so, this is good signal for company and also for their investors.
4. Net Profit Ratio of HUL for past 3 years point out that was 15.43 to 14.34 from March-15 to March-18. Its shows the vacillation in deals and diminishing Net Profit.

**• Suggestion:**

The directors and managers of the company should need to pay more attention and take effective steps for better financial performance. In my study as we see that most of all ratios which I have covered in my study are decline from March-2016 to March-2018.

**5. CONCLUSION:**

After finishing this study and analysis with interpretation of HUL financial performance. I will conclude that overall performance of the HUL is declining. Hence, the managers and administrators of the HUL should need to pay a lot of attention and take careful selections to recover the financial position of the company. within the near future investor more aware of investment. They made correct analysis so they take decision. financial condition makes company's image and currently every day competition get terribly high thus financial conditions makes company's higher image and obtain a lot of investors to investment. during this paper HUL need

to improvement in their performance and get higher financial performance.

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