



A STUDY ON FINANCIAL PERFORMANCE OF HINDUSTAN UNILEVER LIMITED

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ABSTRACT

Financial performance analysis is the process of reviewing and analyzing a company's financial statements to make better economic decisions. The study is based on the five years of financial performance (2015-2016 to 2019-2020) of Hindustan Unilever Limited. The tools used for the study are Liquid ratios, Profitability ratios and turnover ratios. The suggestion given after the study is that the company has to maintain proper cash management and the company has to maintain the same asset management

KEYWORDS: *Financial Position, Profitability, Assets*

1. INTRODUCTION

Financial performance analysis is the process of reviewing and analyzing a company's financial statements to make better economic decisions. Myers defines "Financial statement analysis is largely a study of relationship among the various financial factors in a business as disclosed by a single set of statements, and a study of the trend of these factors as shown in a series of statements". Financial performance analysis is a process involving specific techniques for evaluating risks, performance, financial health and future prospectus of an organization. One of the widely used tools for financial analysis is ratio. The financial performance of the company is measured by analyzing the financial statement. These also help predict the future, show weakness, strengths. The ratios usually are compared to other companies within the industry average to see where the company stands. Financial statement refers to formal and original statement prepared by a business concern to disclose to its financial statements so as to judge the profitability, financial soundness of the firm and chalk out the way to improve existing performance. Financial statement is an official document of the firm, which explores the entire financial information the firm.

2. STATEMENT OF THE PROBLEM

In a competitive world, it's important to win the race. So, for the business financial performance and analysis is key factor and guideline to win the race. The result of financial analysis and performance reflected as mirror in financial position and success of business. The goal of such analysis and performance is to determine the efficiency of operation of the firm. The financial statement only shows the process and activity done but financial analysis and performance shows depth efficiency of functions. Hence this study conducted an analysis to know about HUL and to identify the growth of the firm and to know how financial performance plays a vital role in growth of the firm.

3. OBJECTIVES OF THE STUDY

The objectives of the study are:

1. To analyze the profitability of the company.
2. To analyze the liquidity position of the company.
3. To identify the financial strength of the company.
4. To offer suggestions to improve the company's performance.



4. RESEARCH METHODOLOGY

Source of Data	Secondary Data
Period of the Study	2015-2016 to 2019-2020
Framework analysis	Financial Statements
Tools and techniques	Ratio Analysis

5. STATISTICAL TOOLS

This study is based on the statements of 5 years of financial performance of Hindustan Unilever Limited. Secondary data available in the magazines, journals are collected for the study.

The tools used for the study are ratio analysis and financial statements of the company.

- Current ratio
- Liquid ratio or Quick ratio
- Cash Position Ratio
- Gross Profit ratio
- Net Profit ratio
- Inventory turnover ratio
- Total Asset Turnover Ratio
- Proprietary Ratio

6. REVIEW OF LITERATURE

SHARMILA.P (2019) has made “A Study on Financial Performance Analysis of Hindustan Unilever Limited”. It focused on the short term and long-term financial position, profitability and trend analysis of the company. The researcher has used secondary data for her study. The tools used are Ratio analysis and trend analysis (liquidity, solvency and profitability ratio). The study shows that the ratio is decreasing with some fluctuations. The researcher has concluded that the

company has considerable rise in sales and profit besides some downfall and has a bright FMCG market.

Dr. SHOBHA EDWARD (2019) done “A Study on Financial Performance Analysis with Reference to ITC Limited, Chennai”. The study is made to find out the debtors and creditors position, Inventory position etc. Both primary data and secondary data are used for the study. The primary data is directly collected from the staff of the Finance section of the company. The financial years 2013-2014 to 2016-2017 is taken for the study. The researcher has suggested that the manpower needs to be evaluated in relation to production and sales and the company has to take necessary steps to solve its financial issues. It is concluded that the company is reliant on the working capital facilities, it is upholding exceptionally good with their banks and their working capital management is well balanced.

DR. SEEMA THAKUR (2019) have examined “A study on Financial Performance Analysis of Dabur India Limited”. The study is based on the financial performance and soundness of Dabur Limited. It is done with help of ratio analysis and hypothesis testing. The researcher has concluded that the company had maintained good financial position and can be further improved by focusing on operating, administrative and selling expenses.

7. TABLES

Period Of Study	Current Ratio	Liquid Ratio	Inventory Ratio	Asset Turnover Ratio	Net Profit Ratio
2015-2016	1.43	1.05	12.28	2.23	16.57
2016-2017	1.30	0.97	13.50	2.16	18.29
2017-2018	1.28	1.01	14.63	2.01	15.16
2018-2019	1.36	1.07	15.78	2.13	15.79
2019-2020	1.30	1.01	14.71	1.97	17.37

- Current ratio of the Company was highest 1.43 in the year 2015-2016 and lowest 1.28 in the year 2017-2018.
- Liquid ratio of the company was highest 1.07 in the year 2018-2019 and lowest 0.97 in the year 2017-2018.
- Inventory Ratio of the company was highest 15.78 in the year 2018-2019 and lowest 12.28 in the year 2015-2016.
- Asset turnover ratio of the company was highest 2.23 in the year 2015-2016 and lowest 1.97 in the year 2019-2020.



- Net profit ratio of the company was highest 18.29 in 2016-2017 and lowest 15.16 in the year 2017-2018.

8. SUGGESTION

- The profit can be increased by increasing in efficient productivity and decrease in expenses of the company, and here Hindustan Unilever Limited have undergone a raise in the profits.
- The Effective utilization of sales can be improved.
- The company can try to control the expenditure and fair return on the shareholders.
- The company has to increase the current assets and current liabilities to make positive working capital. Here the company had seen an efficient raise in the current assets during the given period.
- The company should probably consider the use of the fund to invest other opportunities to get a profit
- Hindustan Unilever Limited's proprietary Ratio has seen a gradual fall in these particular years.

9. CONCLUSION

The analysis of the company was undertaken with the help of ratios, which are important tools of financial analysis. In general the company has achieved tremendous progress over the recent years. The company's performance is satisfactory. The study gives a clear idea of the financial performance of the company over the last five years. This study reveals the findings and recommendation which would be useful for the development and improvement to the company.

10. REFERENCES

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