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A Comparative Study on the Profitability Analysis of Dabur and Patanjali for the Period between 2018-2023

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ABSTRACT

The paper presents a comparative analysis of the profitability performance of 2 leading Companies, Dabur Ltd and Patanjali Ayurved Ltd, through ratio analysis. The study aims to provide insights into the Enterprise Resource Planning (ERP). Efficiency, and profitability of both companies, thereby aiding investors, stakeholders and management in informed decision-making.

The findings of the study highlight the comparative strengths and weakness of Dabur and Patanjali in various profits aspects. It delves into liquidity ratios to assess short-term solvency, profitability ratios to evaluate earning capacity, efficiency ratios to gauge operational effectiveness, and solvency ratios to measure long-term financial viability

KEYWORD – Profitability analysis, Comparative study, Dabur, Patanjali, Enterprise resource planning (ERP).

I. INTRODUCTION

The FMCG Sector in India expanded due to consumer-driven growth and higher product prices, especially for essential goods. FMCG sector provides employment to around 3 million people accounting for approximately 5% of the total factory employment in India. FMCG sales in the country was expected to grow 7%-9% by revenues in 2022-23. The key growth drivers for the sector include favourable government iniatives and policies, a growing rural market and youth population, new branded products, and growth of e-commerce platforms.

FMCG Sector is India's fourth largest sector and has been expanding at a healthy rate over the years because of rising disposable income, a rising youth population, and rising brand awareness among consumers.

II. LITERATURE REVIEW

1. **Dr. Vineet Singh and Priyanka Shrivas, (2019)** The revenue of FMCG sector in India reached Rs. 3.4 lakh crore (US$ 52.75 billion) in the FY18 and is estimated to reach US$ 103.7 billion by 2020. The increased number of MNCs in Indian Market has made the existing domestic FMCG companies to reorient its financial strategies for their survival. The present study is aimed at evaluating financial performance of selected 5 FMCG companies in India during the period 2007-08 to 2016-17.
2. **Bharathi & Suresh Ramana Mayya (2022)** The present study is focused on assessing the performance of Dabur India Company through the profitability ratio, identifying the variations in various profitability components, and understanding the CSR activities initiated by Dabur India Ltd and how the CSR activities will help the organisation to increase the sales which will help to increase the profit. It is also found that the consumers are flexible. They are not sticking to one brand. Fewer side effects, the permanent curing nature of the herbal products made the consumers buy more and more herbal products.
3. **Jashim Uddin Ahmed, Hafiza Sultana & Asma Ahmed (2018)** The study aims to analyze Indian FMCG together with the business model, marketing mix, competitiveness, and strategies of Patanjali in order to identify its strengths, weaknesses, opportunities, and challenges. The findings indicate that, although the company excels in product variety, pricing strategy, process utilization, early internalization, and online sales strategy, it needs to focus on the improvement of its manufacturing facility, product quality, advertisement contents, distribution network, as well as consumer research and segmentation to confront the fierce competition and market trends lying ahead.
4. **Ruchi Jaggi and Munmun Ghosh (2017)** This study aims to investigate the consumer perception regarding the Patanjali brand through a survey in the city of Pune. The responses to a closed-ended questionnaire suggested that competitive pricing, quality of products and good communication strategies were the most important reasons for the popularity of Patanjali products. Further analysis brought out the following

factors as being the most important in influencing the decision to purchase Patanjali products among its customers: communication strategy, product quality, competitive pricing, brand image of Baba Ramdev and consumer awareness.

5. **Tanu Shukla1 , Rohan Sanghvi (2017)** This paper aims to identify the factors that contributed to this rapid success of Patanjali and the techniques used to enter the highly competitive Indian FMCG market. The paper analyzes PAL's marketing strategy, brand management, pricing decisions and its unique 'Swadeshi Movement'. It also compares PAL's growth with its competitors and discusses further threats and opportunities for PAL. The analysis is performed using secondary data obtained from Broadcast Audience Council India (BARC), Edelwiess and other reports, case studies and news articles.

6. **Rakshit, Debdas (2006)** Economic Value Added (EVA) is advocated as a new measure of corporate performance that focuses on clear surplus in contrast to the traditionally used profit based indicators. For evaluation of the efficiency of any decision, value creation or value addition aspect is of utmost importance in the present backdrop of corporate governance. If that is not satisfied, wrong signals will be emitted from securities market and the continuance of the operations of the entity will be at stake. In view of the above considerations, in the present paper an attempt has been made to analyse the financial performance of Dabur India Limited by using EVA.

7. **Dr. Somnath Das (2001)** In this study our focus is on multinational companies. For analysis seven leading multinational companies have been selected. Different profitability ratios, Structural ratios, efficiency ratios have been used in this study. DuPont 5 points analysis has been used to calculate ROE for measuring joint effect of ratios. From the study we found that ITC and Godrej are profitable sectors where liquidity and profitability tangle is properly managed by the companies.

8. **DR. BHASKAR BAGCHI & DR. BASANTA KHAMRUI (2012)** In this study, we have used various accounting ratios and statistical tools like, linear regression analysis and multiple correlation analysis. The results reveal that though Britannia Industries is passing through hard times in terms of profitability, Dabur India is enjoying its enhanced performance and continuous growth in the sector. FMCG sector in India has been experiencing a phenomenal pace of growth since last decade, thanks to increasing consumer incomes and rapidly changing consumer tastes and preferences.

9. **Hiral Desai & Dr.Vigna Oza (2015)** The purpose of this study is to investigate the impact of working capital management on profitability, liquidity & risk on the Dabur India & Marico. The data has been collected from secondary sources and various statistical tools like average, Spearman's coefficient of correlation and accounting technique such as ratio are used in this study. The study reveals that there is a positive relationship between profitability and risk as well as negative relationship between liquidity and profitability.

10. **Bedanta Bora, Anindita Adhikary, Soumyadeep De Sarkar & Narendra Parchure (2020)** The study aims to track a few ground realities which fully clicked for Patanjali Ayurved in terms of a Swadeshi insight. An effort is made to bring to light the USP behind Patanjali's dramatic success. In contemporary era, the same becomes a global phenomenon as well. As such, the authors are in a position to conclude that a sustainable endeavor in this regard is a burning need of the hour. The present case study happens to be an attempt at micro level in said direction.

11. **Pandey Manjari (2019)** Patanjali Ayurvedic Limited (PAL) a new entrant in the FMCG market as compared to other big players but its aggressive pace of growth is not only important for its market share but it is also important to reestablish the image of ancient as well as nature and health friendly Ayurveda method of production. Patanjali Ayurvedic Limited (PAL) distracts the interest of whole market because of the staggering growth. The purpose of this research paper is to understand and analyze the tremendous growth of Patanjali Ayurvedic Limited.

12. **Yukti Ahuja, Shashi Shekhar and Jigyasa Sharma (2020)** The study focuses on demystifying how brand Patanjali scaled up in a short span of time, its business model and its strategic decisions in a fiercely competitive retail environment. Apart from exhaustive study of latest reports, articles and documents, an online survey was conducted across India with a sample of 223 respondents. Analysis has been done to study the impact of selected variables with respect to Ayurveda and consumer's perception towards Patanjali products across the nation. Furthermore, the study discusses the challenges faced and the future prospects of the brand.

13. **Nishad S & Dr. Syed Mohammad Ghouse (2023)** In this study, we use several profitability and liquidity ratios to attain our purpose. Both descriptive statistics and oneway ANOVA were used to analyse the data collected. Profitability ratios and liquidity ratios of Hindustan Unilever Limited, ITC Limited, Marico Limited, Dabur, and Britannia Industries Ltd. varied significantly. It indicates that each firm has unique liquidity, resulting in varying levels of profitability across the chosen enterprises. This study shows that ITC Limited has more cash on hand than the other consumer goods companies used in this study.

14. **Dr. ASHVIN R. DAVE & MS. PAYAL THAKAR (2017)** This Research paper aims to examine working capital management practices of Indian Tobacco Company ltd and Dabur India ltd in the Fast Moving Consumer Goods (FMCG) sector. The variables considered are Current Ratio, Liquidity Ratio, Working Capital Turnover, Debtors Turnover, Inventory Turnover, Cash Turnover, Creditors Ratio, Debt to Current Assets, Inventory to Current Assets and Cash to Current Assets. The study indicates that Indian Tobacco Company follows conservative policy for debtors but liberal policy for holding inventories while Dabur India Ltd appears to be following relatively liberal policy for debtors and inventory.

15. **Somnath Das (2013)** The study aims to measure Business risk with the help of FTTR and DOL and Financial Risk with the help of DFL and DER and total risk with the help of DOL and DFL. The study also explores effects of profitability i.e. Profit before interest and tax

margin (PBITM), Return on capital employed (ROCE) and Return on Net-Worth (RONW) to the firm's performance. The study measure the relationship between the Business Risk and Financial Risk by using Pearson's simple correlation technique and to test such coefficients by 't' test. The study of the interrelation between the business risk associated with all the companies and their operating earning capability does not confirm to the generally accepted rule that higher the degree of business risk greater the profitability.

III. NEED FOR THE STUDY

A comparative study between 2 companies through Profitability analysis is very important in order to provide financial performance of the companies for investors and even understand where the companies stand in the market. Profitability analysis is important because it provides us with Companies profitable position in the market and their efficiency.

IV. OBJECTIVE OF STUDY

- To compare and analyze key financial ratios such as liquidity, profitability, long-term solvency and Activity ratios for both TCS and Wipro.
- To evaluate the financial stability and risk exposure of TCS and Wipro and assessing the impact of financial risk on their operations.
- To assess the efficiency of operations to understand how well TCS and Wipro are utilizing their assets and managing their working capital.

V. RESEARCH METHODOLOGY

Research methodology is a process where specific procedure or technique is used to analyze a particular information about the topic.

There are basically two types of data i.e. primary data and secondary data.

Primary data are those data which are collected for the first time, to meet the objective of research only.

Secondary data is data which has been already collected and used for any other purpose and can be used for this research also. This study is based on financial statements of companies, which is secondary data.

SAMPLE DESIGN

Convenient sampling is a process where data collection and research on a particular data is conducted on the basis of availability of that data.

The convenient sampling technique is used for the study.

The selection of sample companies is on the basis of consumer preference and their position in the market.

Following is the list of 2 companies which are chosen from top ten FMCG companies in India as sample size for the study. **1. Dabur and 2. Patanjali**

PERIOD OF STUDY

The study covers a period of 2 years covering a period from **2018-19 to 2022-23.** It is also decided by taking into consideration of the availability of data.

SOURCE OF DATA

This study is based mainly on secondary data. The data relating to the study is obtained from Moneycontrol.com, Investopedia, Grow and Company website. In addition, the annual reports of the sample companies, Magazines, Journals were also referred for finalizing the methodology for the study

Statement of data:

P&L account

Balance sheet

Tools to analyze: ratio analysis and Graphs for presentation

VI. DATA ANALYSIS

KEY PROFITABILITY RATIOS –

The 5 category of Ratios that have been used in ratio analysis of Dabur and Patanjali are as follows –

- PBDIT MARGIN
- PBIT MARGIN
- PBT MARGIN

- NET PROFIT MARGIN
- RETURN ON EQUITY
- RETURN ON CAPITAL EMPLOYED
- RETURN ON ASSETS
- TOTAL DEBT/EQUITY
- ASSET TURNOVER RATIO

Table 1 to Table 2 shows the values of various profitable ratios of Dabur and Patanjali respectively for comparing their performance 0f last 5 years from March 2019 to March 2023.

TABLE 1 – PROFITABILITY RATIO OF DABUR

Profitability Ratio (%) (in Rs. Cr.)	**Mar 23**	**Mar 22**	**Mar 21**	**Mar 20**	**Mar 19**
PBDIT Margin	24.09	25.36	25.54	26.26	26.16
PBIT Margin	21.94	23.42	23.54	24.21	24.44
PBT Margin	21.06	23.18	23.41	22.33	23.95
Net Profit Margin	15.82	17.52	19.23	18.54	20.16
Return on Equity	21.84	24.43	25.64	25.59	31.84
Return on Capital Employed	28.33	30.48	30.95	32.78	37.75
Return on Assets	14.69	16.67	18.41	19.19	22.66
Total Debt/Equity	0.08	0.09	0.04	0.02	0.03
Asset Turnover Ratio	0.96	1.02	95.75	103.43	112.43

Source – Self Calculated

TABLE 2 – PROFITABILITY RATIO OF PATANJALI

Profitability Ratio (%) (in Rs. Cr.)	**Mar 23**	**Mar 22**	**Mar 21**	**Mar 20**	**Mar 19**
PBDIT Margin	5.01	6.45	6.26	3.49	1.75
PBIT Margin	4.49	5.98	5.44	2.46	0.66
PBT Margin	3.740	4.42	3.15	58.38	0.60
Net Profit Margin	2.80	3.32	4.17	58.49	0.61
Return on Equity	9.01	16.52	16.74	227.60	-1.70
Return on Capital Employed	14.12	15.47	12.16	4.86	-1.88
Return on Assets	6.68	7.03	7.55	97.50	0.96
Total Debt/Equity	0.14	0.65	0.75	0.94	-1.63
Asset Turnover Ratio	2.55	2.35	1.93	1.65	1.63

Source – Self Calculated

INSIGHTS

Now the results related to each specific ratio of each company is presented and discussed as follows –

PROFITABILITY RATIO

Profitability ratios are financial metrics used to evaluate a company's ability to generate profit relative to its revenue, assets, equity, or other financial metrics. These ratios are essential for investors, creditors, and management to assess a company's financial health and performance.

Here are some common profitability ratios:

PBDIT Margin - PBDIT margin stands for "Profit Before Depreciation, Interest, and Taxes" margin. It's a profitability ratio that measures the percentage of profit a company earns from its operations before accounting for depreciation, interest expenses, and taxes.

To calculate PBDIT margin, you can use the following formula:

$$\boldsymbol{EBITDA\ MARGIN}\ (\%) = \frac{\boldsymbol{EBITDA}}{\boldsymbol{REVENUE}}$$

Where:

- PBDIT (Profit Before Depreciation, Interest, and Taxes) is calculated as Revenue minus Operating Expenses (excluding depreciation and interest expenses).
- Revenue represents the total sales or revenue generated by the company.

PBDIT Ratio of Dabur –

Mar 2018-19 : 8811.16/661.35 = 26.16

Mar 2019-20 : 8989.93/697.63 = 26.26

Mar 2020-21 : 686.94/236.96 = 25.54

Mar 2021-22 :6281.84/256.17 = 25.36

Mar 2022-23 : 6975.28/260.88 = 24.09

PBDIT Ratio of Patanjali -

Mar 2018-19 : 5582.26/3221.96 = 1.75

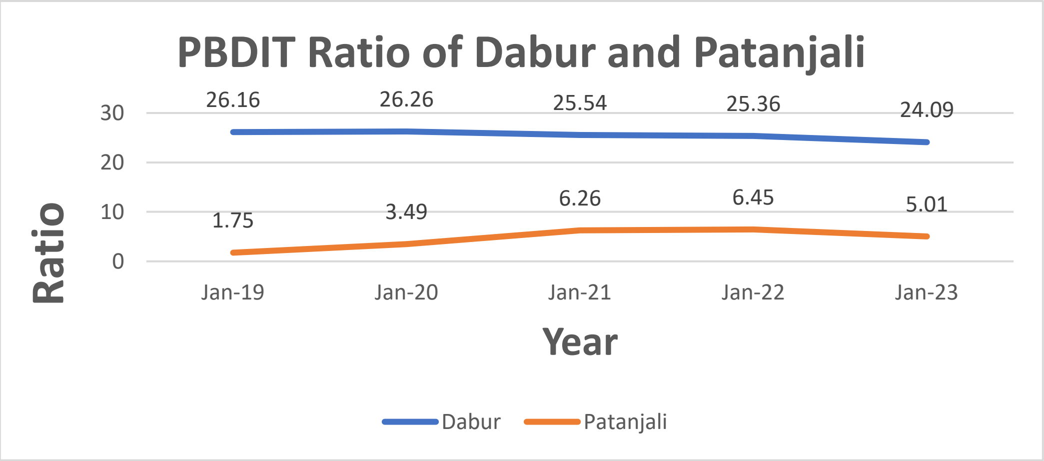
Mar 2019-20 : 3175.37/906.11 = 3.49

Mar 2020-21 : 6382.98/1018.37 = 6.26

Mar 2021-22 :9984.38/1565.99 = 6.45

Mar 2022-23 : 76821.45/1577.44 = 5.01

GRAPH –



INTERPRETATION

- PBDIT Ratio of Dabur was first increasing till 2019-20 but then started decreasing with highest in 2019-20 which was 26.26
- PBDIT Ratio of Patanjali increased till 2021-22 and then decreased with highest in 2021-22 which was 6.45

- From the year wise trend we see that PBDIT Ratio of Dabur was good and better than Patanjali.

PBIT Margin - PBIT margin stands for "Profit Before Interest and Taxes" margin. It's a profitability ratio that measures the percentage of profit a company earns from its operations before accounting for interest expenses and taxes.

To calculate PBIT margin, you can use the following formula:

$$\boldsymbol{OPERATING\ MARGIN}\ (\%) = \frac{\boldsymbol{EBIT}}{\boldsymbol{REVENUE}}$$

Where:

PBIT (Profit Before Interest and Taxes) is calculated as Revenue minus Operating Expenses (excluding interest expenses but including depreciation expenses).

Revenue represents the total sales or revenue generated by the company.

PBIT Ratio of Dabur –

Mar 2018-19 : 8811.16/584.45 = 24.44

Mar 2019-20 : 8989.93/477.18 = 24.21

Mar 2020-21 : 9886.94/786.83 = 23.54

Mar 2021-22 : 11281.84/807.28 = 23.42

Mar 2022-23 : 11975.28/518.68 = 21.94

PBIT Ratio of Patanjali-

Mar 2018-19 : 12829.26/28769.71 = 0.66

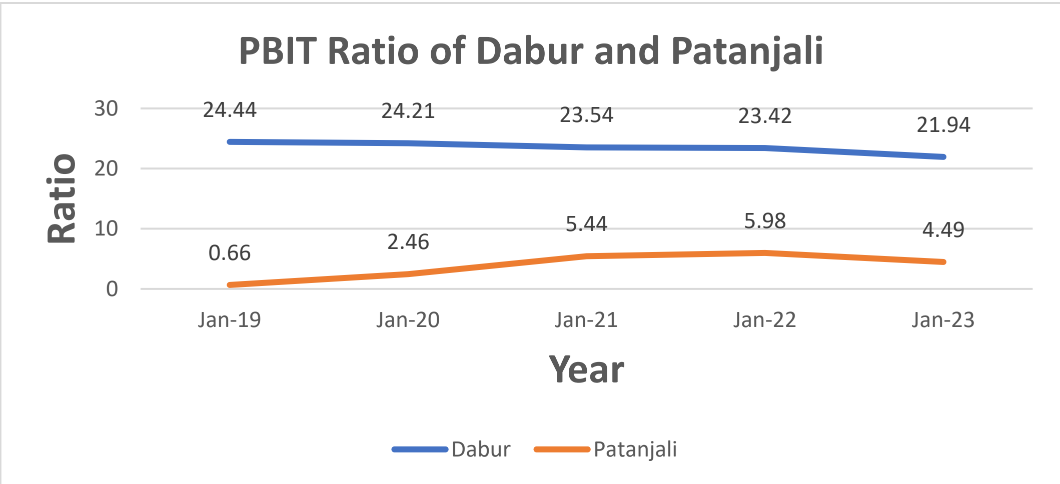
Mar 2019-20 : 15175.37/7770.34 = 2.46

Mar 2020-21 : 4382.98/885.12 = 5.44

Mar 2021-22 : :9284.38/1429.26 = 5.98

Mar 2022-23 : 6882.45/1417.81 = 4.49

GRAPH –



INTERPRETATION

- PBIT Ratio of Dabur was Decreasing every year with highest one in 2018-19 which was 24.44.
- PBIT Ratio of Patanjali was Increasing every year and then declined in the year 2022-23 with highest in 2021-22 which was 5.98.
- From the year wise trend, we see that PBIT Ratio of Dabur was far better than Patanjali.

PBT Margin - PBT ratio" typically refers to the "Profit Before Tax" ratio, which is a profitability ratio that measures a company's ability to generate profit before accounting for taxes. It's calculated by dividing the profit before tax by the revenue and multiplying by 100 to express it as a percentage.

The formula for the PBT ratio is:

$$PROFIT - BEFORE\ TAX = \frac{EBT}{REVENUE}$$

Profit before tax is the company's net income before accounting for taxes. Revenue represents the total sales or revenue generated by the company.

The PBT ratio indicates the percentage of revenue that remains as profit before tax expenses are deducted. It provides insights into the company's ability to generate profit from its operations before the impact of taxes. A higher PBT ratio suggests better profitability, as it indicates that the company is earning more profit relative to its revenue.

PBT Ratio of Dabur –

Mar 2018-19 : 8811.16/903.35 = 23.95

Mar 2019-20 : 8989.93/808.47 = 22.33

Mar 2020-21 : 9886.94/983.31 = 23.41

Mar 2021-2022 : 11281.84/1096.31 = 23.18

Mar 2022-23 : 11975.28/1028.67 = 21.06

PBT Ratio of Patanjali-

Mar 2018-19 : 12829.26/25787.72 = 0.60

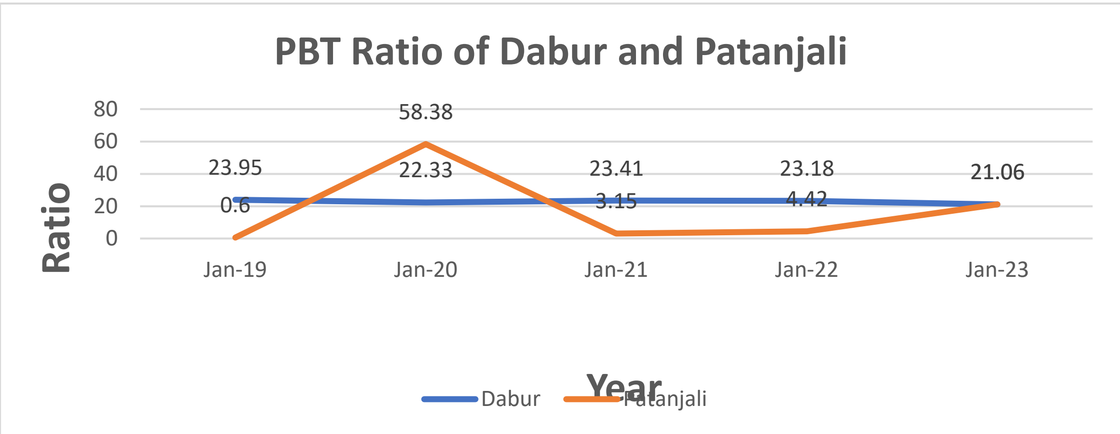
Mar 2019-20 : 34170.37/760.02 = 58.38

Mar 2020-21 : 1582.98/514.40 = 3.15

Mar 2021-22 : 4284.38/1074.38 = 4.42

Mar 2022-23 : 31821.45/1178.96 = 3.740

GRAPH-



INTERPRETATION

- PBT ratio of Dabur was decreasing every year with highest in 2018-19.
- PBT Ratio of Patanjali Increased drastically in year 2019-20 which was the highest (58.38) but even declined drastically in the year 2020-21 but again increased in Year 2022-23
- From the year wise trend we see that PBT Ratio of Dabur was better than Patanjali every year except in the year 2020-21

Net Profit Margin -.Net profit margin could be a productivity proportion that measures the rate of each dollar of income that remains as net pay after all costs, counting charges and intrigued, have been deducted. It's a key pointer of a company's by and large productivity

The formula for calculating net profit margin is:

$$NET\ PROFIT\ MARGIN\ (\%) = \frac{NET\ INCOME}{REVENUE}$$

Where:

Net Profit is the company's total revenue minus all expenses (including operating expenses, interest, taxes, and any other expenses).

Revenue represents the total sales or revenue generated by the company.

Net profit margin gives investors and analysts insights into how efficiently a company is managing its expenses relative to its revenue. A higher net profit margin indicates that the company is more efficient in generating profit from its operations.

Net Profit Ratio of Dabur –

Mar 2018-19 : 8811.16/489.79 = 20.16

Mar 2019-20 : 8989.93/444.96 = 18.54

Mar 2020-21 : 9886.94/693.30 = 19.23

Mar 2021-22 : 11281.84/739.22 = 17.52

Mar 2022-23 : 11975.28/769.15 = 15.82

Net Profit Ratio of Patanjali-

Mar 2018-19 : 12829.26/26076.7 = 0.61

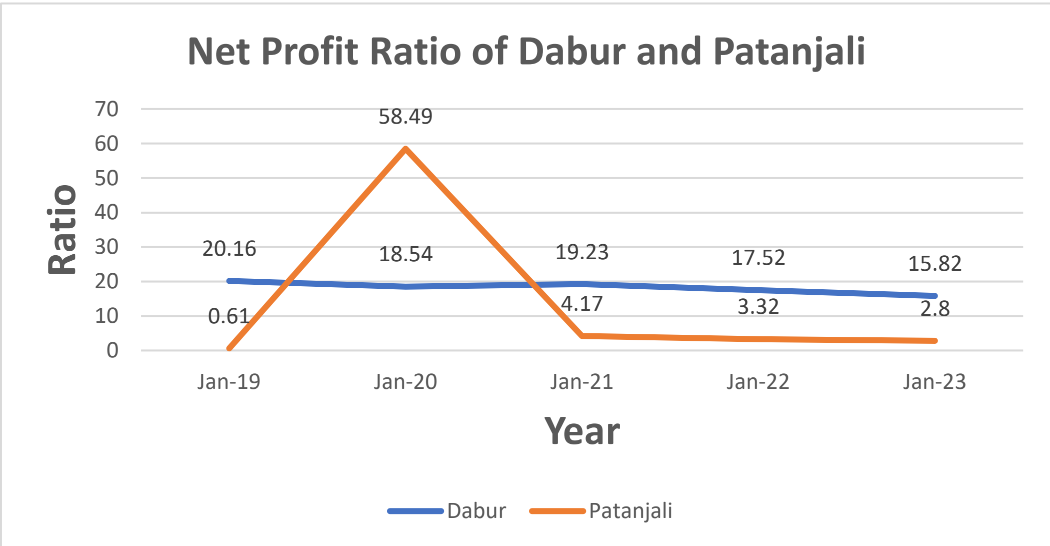
Mar 2019-20 : 31175.37/767.02 = 58.49

Mar 2020-21 : 16382.98/4080.77 = 4.17

Mar 2021-22 : :24284.38/8060.31 = 3.32

Mar 2022-23 : 24821.45/886.44 = 2.80

GRAPH –



INTERPRETATION

- Net profit ratio of Dabur was decreasing in the year but increased in the year 2020-21 and then decreased.
- Net profit Ratio of Patanjali Increased drastically in year 2019-20 which was the highest (58.49) but even declined drastically in the year 2020-21 and was decreasing after that
- From the year wise trend we see that Net profit Ratio of Dabur was better than Patanjali every year except in the year 2020-21

Return on Equity (ROE) -.Return on Equity (ROE) is a productivity proportion that measures a company's capacity to create profit from shareholders' value. It appears how much benefit a company produces with the money shareholders have contributed in it. ROE is communicated as a rate.

The formula for calculating Return on Equity (ROE) is:

$$ROE = \frac{NET\ INCOME}{AVG.TOTAL\ EQUITY}$$

Where:

Net Income is the company's net profit after all expenses, including taxes, interest, and other costs, have been deducted.

Average Shareholders' Equity is the average of shareholders' equity at the beginning and end of the period being measured.

Return on Equity of Dabur –

Mar 2018-19 : 9423/275 = 31.84

Mar 2019-20 : 7445/300 = 25.59

Mar 2020-21 : 16293.3/475 = 25.64

Mar 2021-22 : 17039.2/520 = 24.43

Mar 2022-23 : 11707.2/520 = 21.84

Return on Equity of Patanjali-

Mar 2018-19 : -100/76.7 = -1.70

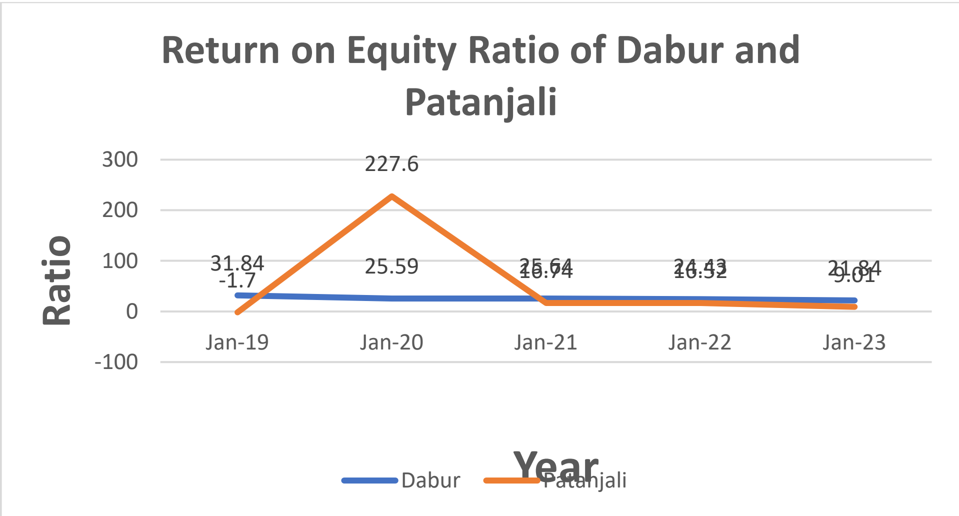
Mar 2019-20 : 27672/300 = 227.60

Mar 2020-21 : 2680.8/240 = 16.74

Mar 2021-22 : 2806.3/200 = 16.52

Mar 2022-23 : 2886.4/300 = 9.01

GRAPH –



INTERPRETATION

- ROE ratio of Dabur was decreasing every year.
- ROE Ratio of Patanjali Increased drastically in year 2019-20 which was the highest (227.6) but even declined drastically in the year 2020-21 and was decreasing after that
- From the year wise trend we see that ROE Ratio of Dabur was better than Patanjali every year except in the year 2020-21

Return on Capital Employed - ROCE gives experiences into how productively a company creates benefits from the capital invested in its operations. The next ROCE shows superior productivity and productivity in utilizing capital. It's frequently utilized by financial specialists, investigators, and administration to assess a company's budgetary performance and compare it with industry peers.

The formula for calculating Return on Capital Employed (ROCE) is:

$$ROCE = \frac{NOPAT}{AVG.\,CAPITAL\ EMPLOYED}$$

Where:

Operating Profit is the company's earnings before interest and taxes (EBIT), which is calculated by subtracting operating expenses from revenue.

Capital Employed represents the total amount of capital invested in the business, including shareholders' equity and long-term debt. It's calculated as total assets minus current liabilities.

Return on Capital Employed of Dabur –

Mar 2018-19 : 11076.52/320.38 = 37.75

Mar 2019-20 : 9586.70/216.17 = 32.78

Mar 2020-21 : 8461.38/291.11 = 30.95

Mar 2021-22 : 8521.05/375.31 = 30.48Mar 2022-23 : 9076.52/376.80 = 28.33

Return on Capital Employed of Patanjali-

Mar 2018-19 : -936.86/562.10 = -1.88

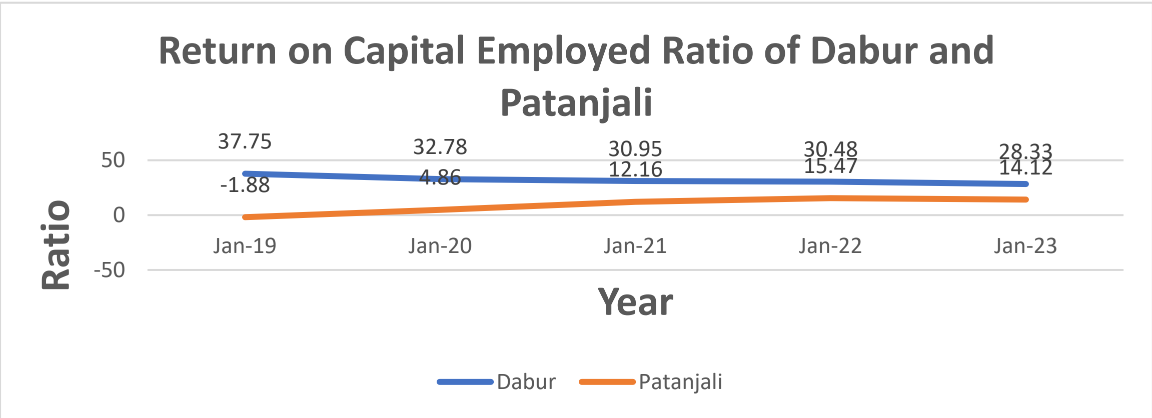
Mar 2019-20 : 2867.61/507.91 = 4.86

Mar 2020-21 : 9008.82/740.85 = 12.16

Mar 2021-22 : 11480.21/936.05 = 15.47

Mar 2022-23 : -13243.59/812.90 = 14.12

GRAPH –



INTERPRETATION

- ROCE ratio of Dabur was decreasing every year.
- ROCE Ratio of Patanjali was Increasing every year.
- From the year wise trend, we see that ROCE Ratio of Dabur was better than Patanjali every year except in the year.

Return on Assets (ROA) - ROA is a financial ratio that measures a company's profitability relative to its total assets. It indicates how efficiently a company utilizes its assets to generate profit. ROA is expressed as a percentage.

The formula for calculating Return on Assets (ROA) is:

$$ROA = \frac{NET\ INCOME}{AVG.TOTAL\ ASSETS}$$

Where

Net Income is the company's net profit after deducting all expenses, including taxes and interest.

Average Total Assets is the average of total assets at the beginning and end of the period being measured. Total assets represent all of the resources owned by the company, including both tangible and intangible assets.

Return on Asset of Dabur –

Mar 2018-19 : 14423/557.78 = 22.66

Mar 2019-20 : 14450/610.11 = 19.19

Mar 2020-21 : 16930.3/750.16 = 18.41

Mar 2021-22 : 17397.2/859 = 16.67

Mar 2022-23 : 15070.2/935.44 = 14.69

Return on Asset of Patanjali-

Mar 2018-19 : 7697.7/7936.86 = 0.96

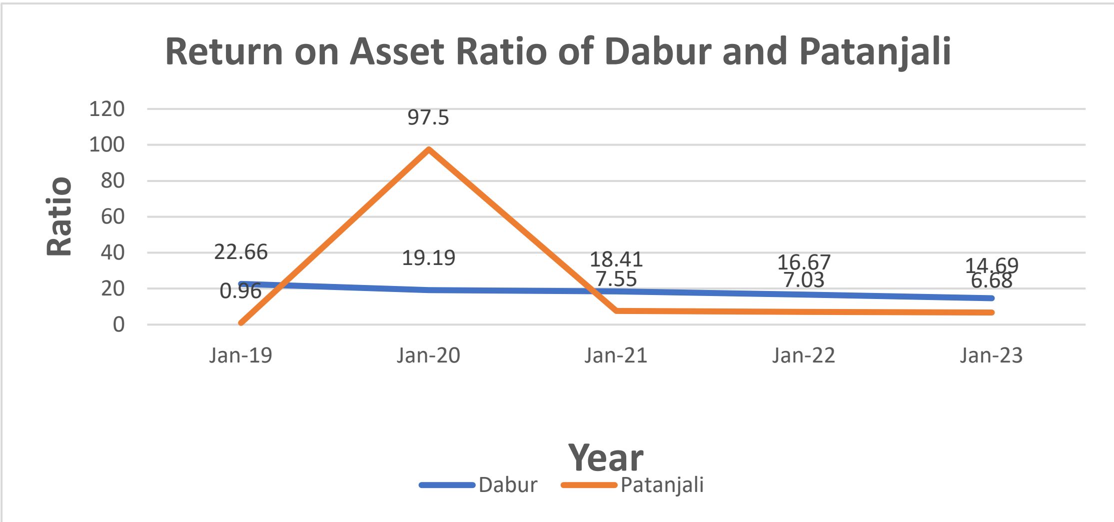
Mar 2019-20 : 76720/786.61 = 97.50

Mar 2020-21 : 6800.8/900.82 = 7.55

Mar 2021-22 : 8060.3/1148.21 = 7.03

Mar 2022-23 : 8860.4/1324.59 = 6.68

GRAPH –



INTERPRETATION

- ROA ratio of Dabur was decreasing every year.
- ROA Ratio of Patanjali Increased drastically in year 2019-20 which was the highest (97.5) but even declined drastically in the year 2020-21 and was decreasing after that
- From the year wise trend we see that ROA Ratio of Dabur was better than Patanjali every year except in the year 2020-21

Total Debt/Equity - The total debt-to-equity ratio (D/E ratio) is a financial leverage ratio that measures the proportion of a company's total debt to its shareholders' equity. It indicates the degree of financial leverage used by a company to finance its operations and growth.

The formula for calculating the total debt-to-equity ratio is

$$\boldsymbol{DEBT - EQUITY\ RATIO = \frac{TOTAL\ DEBT}{TOTAL\ SHAREHOLDER'S\ EQUITY}}$$

Where:

Total Debt represents all of the company's liabilities, including short-term and long-term debt obligations.

Shareholders' Equity represents the total value of the company's assets that shareholders own, which is calculated as total assets minus total liabilities.

Total Debt/Equity Ratio of Dabur –

Mar 2018-19 : 151.27/3968.82 = 0.03

Mar 2019-20 : 144.85 /4574.23 = 0.02

Mar 2020-21 : 203.40 /5391.22 = 0.04

Mar 2021-22 : 230.83 /5863.87 = 0.09

Mar 2022-23 : 263.52 /6286.88= 0.08

Total Debt/Equity Ratio of Patanjali-

Mar 2018-19 : -14476.20/12386.65 = -1.63

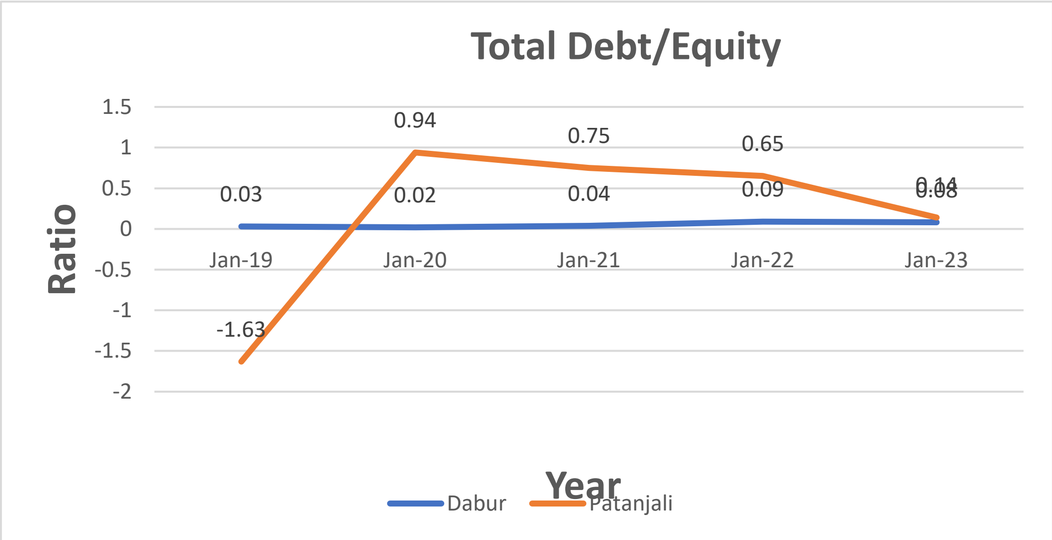
Mar 2019-20 : 3820.90/3522.35 = 0.94

Mar 2020-21 : 4512.41/10479.24 = 0.75

Mar 2021-22 :5331.04/11255.34 = 0.65

Mar 2022-23 : 3203.65 /9924.69= 0.14

GRAPH –



INTERPRETATION

- D/E Ratio of Dabur was increasing every year.
- D/E Ratio of Patanjali was negative in 2018-19 but then started increasing.
- From the year wise trend, we see that D/E Ratio of Patanjali was better every year as compared with Dabur even having a negative D/E ratio in 2018-19.

Asset Turnover Ratio - The Asset turnover Ratio could be a budgetary metric that measures a company's proficiency in creating income from its resources. It demonstrates how viably a company utilizes its resources to create deals. The next asset turnover proportion for the most part demonstrates superior proficiency.

The formula for calculating the asset turnover ratio is:

$$\boldsymbol{ASSET\ TURNOVER\ RATIO} = \frac{\boldsymbol{NET\ SALES}}{\boldsymbol{AVG.TOTAL\ ASSETS}}$$

Where:

Revenue represents the total sales or revenue generated by the company.

Average Total Assets is the average of total assets at the beginning and end of the period being measured. Total assets represent all of the resources owned by the company, including both tangible and intangible assets.

Asset Turnover Ratio of Dabur –

Mar 2018-19 : 6547.93/557.78 = 112.43

Mar 2019-20 : 6586.70/610.11 = 103.43

Mar 2020-21 : 7461.38/750.16 = 95.75

Mar 2021-22 : 8521.05/8592 = 1.02

Mar 2022-23 : 9076.52/9052.44 = 0.96

Asset Turnover Ratio of Patanjali-

Mar 2018-19 : 12829.26/7936.86 = 1.63

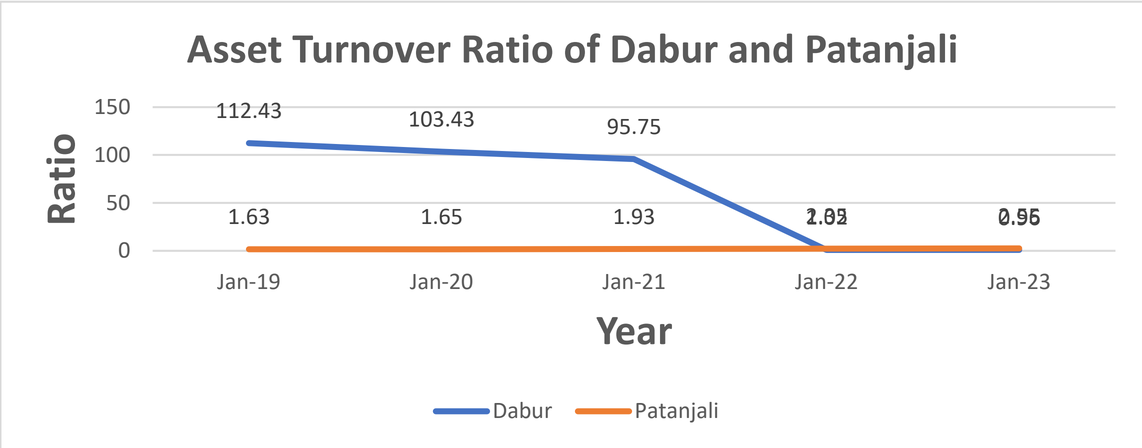
Mar 2019-20 : 13175.37/7867,61 = 1.65

Mar 2020-21 : 16382.98/9008.82 = 1.93

Mar 2021-22 : 24284.38/11480.21 = 2.35

Mar 2022-23 : 31821.45/13243.59 = 2.55

GRAPH –



INTERPRETATION

- Asset turnover ratio of Dabur was deceasing and then decline drastically in the year 2021-22.
- Asset turnover ratio of Patanjali was increasing every year.
- From the year wise trend, we see that Asset turnover ratio of Dabur was much better than Patanjali every year.

VII. FINDINIGS –

- From the year wise trend we see that PBDIT Ratio of Dabur was good and better than Patanjali.
- From the year wise trend, we see that PBIT Ratio of Dabur was far better than Patanjali.
- From the year wise trend we see that PBT Ratio of Dabur was better than Patanjali every year except in the year 2020-21
- From the year wise trend we see that Net profit Ratio of Dabur was better than Patanjali every year except in the year 2020-21
- From the year wise trend we see that ROE Ratio of Dabur was better than Patanjali every year except in the year 2020-21
- From the year wise trend, we see that ROCE Ratio of Dabur was better than Patanjali every year except in the year.
- From the year wise trend we see that ROA Ratio of Dabur was better than Patanjali every year except in the year 2020-21
- From the year wise trend, we see that D/E Ratio of Patanjali was better every year as compared with Dabur even having a negative D/E ratio in 2018-19.
- From the year wise trend, we see that Asset turnover ratio of Dabur was much better than Patanjali every year.

VIII. CONCLUSION

In this research project on the topic "A comparative study of Profitability Analysis of Dabur and Patanjali" we conducted many ratio analysis of both the companies in which we saw that in some ratios Dabur was better and in some ratio, Patanjali was better like –

- In terms of all profitability ratio Dabur Performed better than Patanjali.
- Only D/E Ratio of Patanjali was better than Dabur.

IX. LIMITATIONS

The limitations from the above project were as follows –

- Only 2 companies were taken for the comparative study, we could have taken more than 2 companies for better results.
- Due to time constraint only 2 companies were taken.
- Data of the company was very small which was from 2018-2023 which could have been little big in size for better results.
- Data was collected from the online source because we can't get the data from company itself.
- Apart from ratio analysis many more tools could have been used like Variances, Dupont analysis and ANNOVA, etc. for better results.

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