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# Review Of Research



## PROFITABILITY ANALYSIS OF INDIAN FMCG GIANT – HUL

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### ABSTRACT:

The current study is carried out with the objective of analysing profitability of India's largest FMCG Company HUL. Since its inception, HUL is engaged in catering daily needs of Indian people through variety of durable and non durable products such as Puerit water purifiers, BRU coffee, Dove



shampoo, Ponds soap, Pepsodent toothpaste and so on. With the aid of this paper an attempt has been made to determine gross profit ratio and net profit ratio of HUL from 2010-11 to 2014-15.

**KEY WORDS:** HUL, Gross Profit, Net Profit.

### INTRODUCTION:

Hindustan Unilever Limited (HUL) founded in 1932 with headquarters in Mumbai and almost known to every Indian is a subsidiary of Unilever an Anglo-Dutch multinational consumer goods company with co-headquarters in Rotterdam, Netherlands and London. Unilever owns 67% of controlling share in HUL as of March 2015. HUL is India's largest FMCG Company, with the credit of incorporating more than 18 brands in the list of 100 most trusted brands in India. HUL is engaged in providing the products related to personal care, food, beverages, water purifiers and cleaning agents and employs around 18000 employees as per 2014 records. Nearly 2 million retail outlets in India are covered by HUL's distribution and there are over 6.4 million outlets in the country where its products are easily available. Nielsen market research data shows that two out of three Indians use HUL

products.

### OBJECTIVES OF THE STUDY

- To find out gross profit and net profit figures of HUL from 2010-11 to 2014-15.
- To find out net sales figures of HUL from 2010-11 to 2014-15.
- To calculate gross profit ratio and net profit ratio of HUL from 2010-11 to 2014-15.

### RESEARCH METHODOLOGY

In order to estimate gross profit ratio and net profit ratio of HUL, secondary data has been used and the relevant information in current aspect has been assembled from annual reports of HUL, websites, journals, magazines etc. The collected data has been incorporated in tables and figures and statistical tools have been applied to give a meaningful inference.

### ANALYSIS AND INTREPRETATION

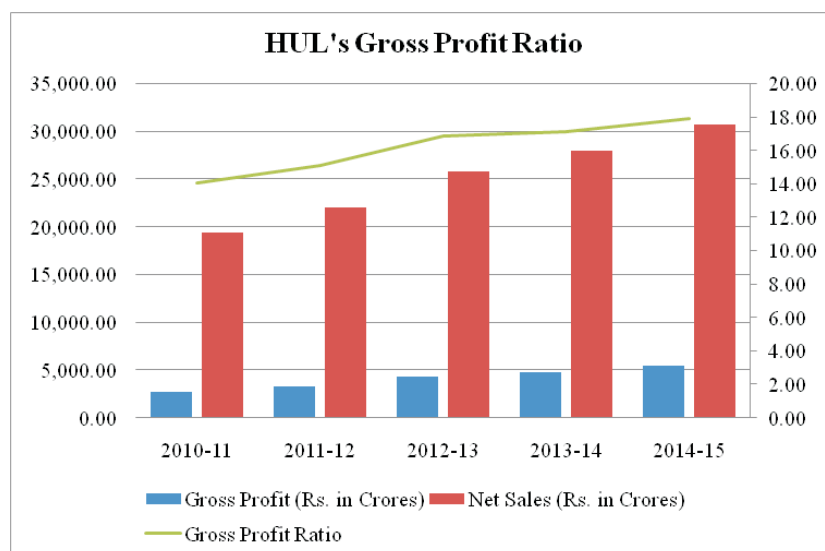
In order to demonstrate gross profit and net profit ratio of HUL, different tables and figures have been used which are revealed as below:

**Table 1: HUL's Gross Profit Ratio**

Years	Gross Profit (Rs. in Crores)	Net Sales (Rs. in Crores)	Gross Profit Ratio
2010-11	2,730.18	19,401.11	14.07
2011-12	3,350.16	22,116.37	15.15
2012-13	4,349.48	25,810.21	16.85
2013-14	4,799.71	28,019.13	17.13
2014-15	5,523.12	30,805.62	17.93
<b>Average</b>	<b>4,150.53</b>	<b>25,230.49</b>	<b>16.23</b>

Source: HUL's Annual Reports

**Figure 1: HUL's Gross Profit Ratio**



Y Axis Primary = Rs. in Crores

Y Axis Secondary = Gross Profit Ratio

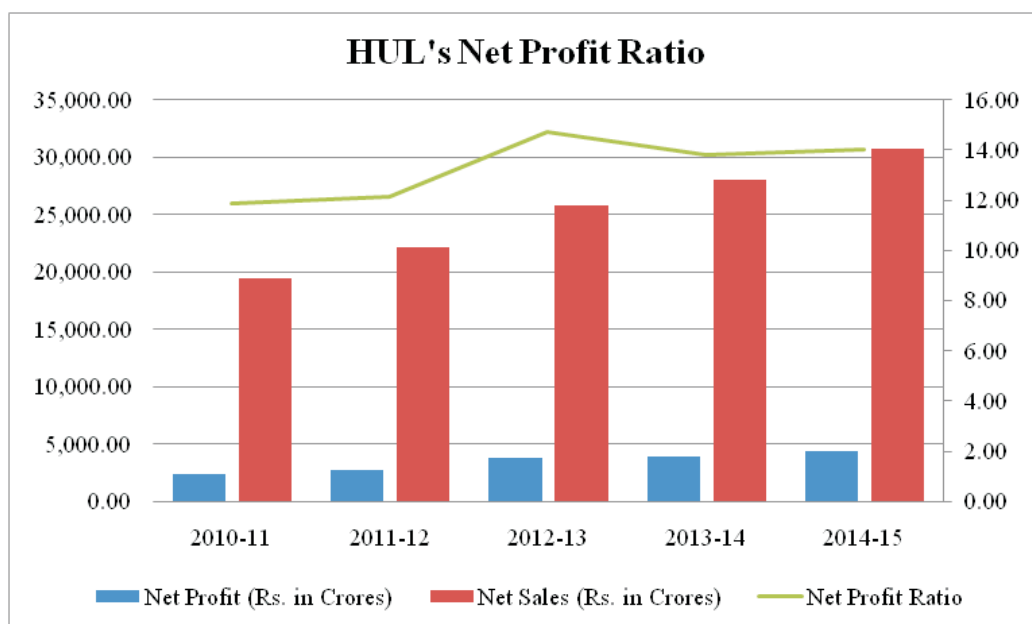
Table 1 and figure 1 represents gross profit ratio of HUL. Gross profit ratio is the ratio of gross profit to net sales and measures the margin of profit available on sales. Higher gross profit ratio reveals a better position of a firm and in the above situation gross profit ratio of HUL stood at an average of 16.23 for five years which reveals that HUL is earning a good amount of gross profit on its sales. There has been a continuous increase in HUL’s gross profit ratio since 2010-11.

**Table 2: HUL’s Net Profit Ratio**

Years	Net Profit (Rs. in Crores)	Net Sales (Rs. in Crores)	Net Profit Ratio
2010-11	2,305.97	19,401.11	11.89
2011-12	2,691.40	22,116.37	12.17
2012-13	3,796.67	25,810.21	14.71
2013-14	3,867.49	28,019.13	13.80
2014-15	4,315.26	30,805.62	14.01
<b>Average</b>	<b>3,395.36</b>	<b>25,230.49</b>	<b>13.32</b>

Source: HUL’s Annual Reports

**Figure 2: HUL’s Net Profit Ratio**



Y Axis Primary = Rs. in Crores

Y Axis Secondary = Net Profit Ratio

Table 2 and figure 2 reveals net profit ratio of HUL which stood at an average of 13.32 during the study period. Net profit ratio is the ratio of net profit to net sales and measures the rate of net profit

earned on sales. Net profit ratio helps in measuring overall efficiency and profitability of business operations. The higher the ratio the better it is because a higher net profit ratio reveals that a business organisation is carrying out its operations efficiently with good amount of profit. The five years data of HUL reveals a continuous increase in its net profit ratio except in 2013-14 which divulge the fact that HUL's business operations are carried out in an efficient manner with good amount of profit.

## CONCLUSION

The above study reveals the fact that HUL is earning a respectable amount of profit with gross profit and net profit standing at an average of Rs. 4150.53 crores and Rs. 3395.36 crores respectively during the study period of 2010-11 to 2014-15. In addition the above study also shows a continuous increase in the figures of gross profit and net profit of HUL which is a good sign for the company and reveals the fact that its business operations are being carried out in an efficient manner.

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