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Financial Performance Evaluation using Financial Distress models with reference to Dabur India Ltd

Dr E. Ramesh[1]
Asst. Professor
Department of Finance and Accounting,
ICFAI Business School (IBS), (A Constituent of IFHE, Deemed to Be University),
Hyderabad, Telangana, India.

Dr. N V Sriranga Prasad[2]
Asst. Prof, Department of Business Management
Satavahana University, Karimnagar District, Telangana State.

Dr. Myada Vamshidhar[3]
Asst. Professor
Department of Finance and Accounting,
ICFAI Business School (IBS), (A Constituent of IFHE, Deemed to Be University),
Hyderabad, Telangana, India.

Dr. Gattaiah Tadoori [4]
Asst. Professor
Department of Finance and Accounting,
ICFAI Business School (IBS), (A Constituent of IFHE, Deemed to Be University),
Hyderabad, Telangana, India.

Abstract

The global FMCG business is expected to reach close to $15000 billion by 2025 in the current era of e-commerce. Accordingly, FMCG is identified as the fourth-largest sector in India. One of the top businesses in India is Dabur India Ltd. As a result, we tried to evaluate the financial patterns and performance during the previous ten years. The main objective of this study is to assess the financial positions with respect to profitability, solvency, liquidity, etc. For the study, the ratio analysis techniques are employed and Financial Distress of Dabur India Ltd is analysed by Altman's Z-Score Model and Zmijewski Model. The study's overall conclusion unequivocally shows that Dabur is benefiting from positive financial performance across the board. This could assist Dabur India in maintaining a strong market share and a leading position in the FMCG industry.

Keywords: Financial Performance, Financial Distress, Financial Statement Analysis, Ratio Analysis, FMCG Industry.

Section-I: Introduction: FMCG Sector in India

One of the most well-known industries in the world, the FMCG (fast-moving consumer goods) industry is crucial to the expansion of the economy. It deals with a wide variety of goods, including food and drink, toiletries, household goods, and more. Because of this, investors should expect large returns and dividends from a large number of FMCG equities.

FMCG Types:

Products in the FMCG sector sell swiftly and for a reasonable price. FMCG comes in a variety of forms, such as:

a. ***Food and Beverages***: This category contains packed foods such dairy/milk products, snacks, soft drinks, baked goods, and canned goods.
b. ***Health Products***: This category comprises items like vitamins, supplements, and over-the-counter medications.

c. ***Tobacco and Alcohol Products***: This group contains goods like beer, wine, spirits, and cigarettes.
d. ***Pet Care***: This category includes items like food, toys, and materials for grooming pets.
e. ***Baby Care***: This category includes items like baby food, diapers, and skincare goods.
f. ***Confectionery:*** This category covers goods like gum, candy, and chocolate.
g. ***Office and Stationery Supplies***: This category include items like paper, pencils, pens, and notebooks.
h. ***Personal Care and Cosmetics***: This category comprises items like toothpaste, skincare, shampoos, soaps, and makeup.
i. ***Household Products***: This category comprises items like paper goods, air fresheners, detergents, and cleaning supplies.

FMCG Companies in India:

India has a strong Fast Moving Consumer Goods industry and it is identified multiple companies operating in this sector. Some well-known FMCG corporate firms in India are), ITC Limited, Hindustan Unilever Limited (HUL, Nestle India, Godrej Consumer Products Limited and Britannia Industries Limited,. These companies now have a significant presence in the product sectors in which they operate.

HUL is identified as largest FMCG company with a market share of approximately 30%, providing an wide-ranging products that includes soaps, personal care items, detergents and food products. Another key firm is ITC Limited in the FMCG sector, with a different range of products which includes cigarettes, food products.

Famous brands like KitKat chocolates, Maggi noodles, and Nescafe coffee are produced by Nestle India. Britannia Industries Limited is a prominent manufacturer of biscuits and bakery products. A variety of products for the home and personal hygiene are available from Godrej Consumer Products Limited.

Importance of the FMCG Sector:

Because it meets consumers' everyday needs, the FMCG sector is essential to the global economy. Due to its contribution to employment, it generates a great deal of job opportunities globally and raises the GDP (gross domestic product) of nations. In emerging economies, where FMCG companies are important employers and drivers of the national economy, the GDP is noteworthy.

FMCG products are consumed by individuals across all income brackets and are an essential part of everyday life. The reasonably priced goods in this industry are offered for sale through a variety of outlets, such as specialty shops, supermarkets, convenience stores, and internet retailers.

Market Share of the FMCG Sector:

The FMCG industry in India is very competitive and accounts for more than half of consumer expenditure. The top 10 corporate entities in the sector own a more than 50% market share, with ITC having the highest share at 14.00%.

The industry has grown steadily in recent years thanks to increased demand for branded goods and growing disposable incomes. Businesses are expanding into new markets and product categories in addition to expanding their product offerings. As a result, there are more players in the market, creating a more competitive atmosphere.

FMCG Sector Performance:

Due to factors like changing lifestyles, rising incomes, and growing consumer demand, the FMCG sector stock in India has performed very well over the years. Additionally, the industry has fared fairly well during economic downturns, making it a respectable choice for investors.

The fourth-largest industry in India is the FMCG sector. Food and beverages make up Nineteen percent of the sector, followed by healthcare products with thirty one percent and household and personal care products at fifty percent. These are the three important segments of the FMCG industry.

In India, at roughly fifty five percent (55%) of the total revenue generated by the FMCG industry, the urban segment is the biggest contributor. Nevertheless, over the past few years, In case of rural India the FMCG sector market has grown more quickly than in urban India. The residents of rural areas and semi-urban is quickly growing, and FMCG items account for fifty percent of all rural spending.

The FMCG industry in India was affected by the Covid-19 pandemic in a variety of ways. The industry saw a slowdown in the early months of the pandemic, but it later rebounded as a result of shifting consumer preferences and a rise in the demand for hygiene products. Additionally, the pandemic hastened the transition to digital platforms, as FMCG firms have been concentrating more on online and e-commerce sales.

Challenges faced by FMCG Sector:

FMCG companies encounter various obstacles that impede their expansion and financial gains, notwithstanding the significance of the sector. The fierce competition among the many brands fighting for consumers' attention is one of the biggest obstacles. Because of this, FMCG businesses must spend money on marketing and advertising in order to stand out in a crowded market.

The need to cut expenses and boost efficiency is a big obstacle as well. Due to their low profit margins, FMCG companies must find ways to cut costs without sacrificing product quality. This calls for constant innovation in supply chain management and production techniques.

FMCG businesses must also adjust to the shifting trends and tastes of their customers. Growing health and environmental consciousness among consumers has led to a preference for organic, sustainable and healthy.

Future Outlook for the FMCG Sector:

For a number of reasons, the FMCG industry is predicted to grow significantly in the coming years. An important factor propelling this sector's expansion is the increase in disposable income, particularly in developing nations. It is anticipated that this will raise consumer demand for goods.

The growing acceptance of e-commerce platforms is another factor. Customers now find it simpler to make purchases online thanks to these. It is anticipated that this trend will continue as more people choose the convenience of internet shopping.

Furthermore, there is a growing demand for sustainable and healthier products. As businesses try to satisfy customer demands, this is anticipated to spur industry innovation.

The FMCG industry plays a important role in the economy of India and is home to many prosperous businesses. FMCG companies provide consumers with products that are essential for daily living and are in high demand. The FMCG industry has produced strong returns over the years and is a significant contributor to the Indian stock market. Investors wishing to diversify their portfolios with market leaders frequently opt for the stocks of FMCG companies.

Dabur India Ltd (One of the top FMCG Companies in India):

With 138 years of rich history and expertise, the largest and most prestigious Ayurvedic and Natural Health Care company in the world. On the list of India's top 10 FMCG companies for 2019, it is ranked sixth.

The three Strategic Business Units of Company are: International Business, Foods Business, and Consumer Care Business. Interests in Home & Personal Care and Health Care are covered by the Consumer Care Business. Ranking seventh among India's leading FMCG brands is Dabur.

Section-II: Review of Literature:

The literature review aids in the researcher's comprehension of the methodology, the databases utilized, statistical tools and methodologies, and the reconciliation and clear interpretation of contradicting results. Consequently, this section reviews previous research on financial performance and provides justification for the current study.

For a period of nine years (1997–98 to 2005–06), Bhunia (2010) did research on Tata Steel Ltd. and Lloyds Steel Industries Ltd. The purpose of the study was to investigate and assess how sector companies managed their short-term liquidity patterns as a potential contributing cause to the underwhelming performance of the Indian steel industry. The analysis also found that the decline in inventories and receivables is the primary cause of all current asset variances. It was also discovered that, for all of the chosen organizations in the study, receivable management is insufficient.

In his study on the impact of Working Capital Management on overall profitability of corporate firm, D.M. Mathuva (2010) He clarified that the most successful businesses are those who obtain client payments in the quickest amount of time. The investigation also showed that there is a strong positive correlation between profitability and the inventory conversion period. In conclusion, the study found an extremely substantial positive correlation between profitability and the average payment period. According to his theory, a company is more profitable the longer it takes to pay its creditors. This study examined a sample of thirty companies that were listed between 1993 and 2008 on the Nairobi Stock Exchange.

Khan (2011) studied four steel businesses between 1997 and 2006: Lloyds Steel Industries Ltd., Tata Steel Ltd., Kalyani Steels Ltd., and JSW Steel Ltd. The purpose of the study is to evaluate the general effectiveness of the liquidity management in a chosen group of organizations. The findings of regression and correlation are found to be substantially positively correlated with the profitability of the company. The analysis also showed that none of the selected organizations for the study had adequate accounts receivable management. With the exception of KSL, all the chosen steel businesses have extremely poor liquidity positions.

Dr. A. Vijaykumar (2011) has **selected twenty** automobiles manufacturing firms for the years 1996–2009. Regression modeling and statistical methods (mean, standard deviation, kurtosis, and skewness) were used in the study. The findings demonstrated the positive correlation between profitability and business size and growth as well as the significance of these factors in determining profitability in the Indian auto sector. The research also showed that firm age had an effect on the financial health of the firm and that both liquidity and leverage had a negative effect on profit.

In order to better understand how capital structure affects the financial results of a business, Abbasali Pouraghajan (2012) has employed ratio analysis as well as a number of statistical approaches, including t-tests, regression analysis, correlation analysis, and descriptive statistics. The findings of the study indicate a noteworthy inverse correlation among a company's debt ratio and its financial performance, whereas a noteworthy affirmative correlation has been observed among asset turnover, scale of operations or size of firm, asset tangibility ratio, and growth possibilities with metrics of financial performance.

Khamrui (2012) studied HUL and ITC, two significant FMCG companies. The research findings indicate that the financial situation of the company is influenced significantly by the profitability and liquidity position of both companies. Descriptive statistics show that profitability is significantly impacted by liquidity situation. Tests using multiple regression demonstrate that there is a stronger correlation among profitability and liquidity.

Ten FMCG firms were the subject of a study undertaken by Bhaskar Bagchie, J. C. (2012). The impact of working capital management on a firm's profitability as determined by the return on investment and return on total assets has been empirically studied. Researchers have used the pooled OLS model and the fixed effect LSDV method of panel data regression analysis. Employing a fixed effect model, the investigation's findings indicate a significant negative correlation among business profitability and WCM metrics.

For the years 2006–2010, S.M. Khalid (2012) studied the two most favored and reliable Indian private sector companies, Tata Motors Ltd and Maruthi Suzuki Ltd. The analysis comes to the conclusion that Maruti is in a stronger strategic position than its rival in each of the relevant ratios. It has achieved the highest ranking in the following areas: market valuation, leverage analysis, efficiency analysis, profitability analysis associated with investment and sales and liquidity analysis.

Usama (2012) has chosen the other food industry and chosen data from 18 firms in this industry that are registered on the Karachi stock exchange between 2006 and 2010. He has examined a range of profitability, liquidity, and activity ratios. Using regression analysis, he has determined that working with management of operating capital significantly improves the returns and liquidity of the business firms. The study also showed that, while average collection duration and business size have a higher negative impact on returns, size of the firms, the ratio of financial assets to total assets had a significant beneficial impact.

Joshi (2013) studied three of the biggest FMCG companies between 2008 and 2012: HUL, Colgate Palmolive Ltd., and ITC - Agro Tech Foods. The study assesses the returns of the selected public sector companies of FMCG in India by focusing on different profitability ratios. The specialist has employed ANOVA testing and mean as statistical techniques. The study also shows that the NOP Ratio, NP Ratio, Profit after Tax to Net Worth Ratio, and Cash Profit to Net Worth Ratio of particular organizations may differ significantly.

Panigrahi (2013) attempted to investigate the liquidity status of five prominent cement companies in India over a ten-year span, from 2000–2001 to 2009–2010. The study discovered that small businesses had a stronger liquidity situation than large ones, and that all of the businesses have negative working capital, quick ratios, and current ratios are less than standard thumb rules and representing unhealthy liquidness position. The research also found that, in some situations, low or negative operating capital /circulating capital l is a sign of an aggressive WCM strategy adopted by the companies, which calls for a minimal investment in Liquid Assets in order to maximize returns.

Though these theories only describe the indication, some have been developed to recognize financial distress or difficulties. In order to prevent financial difficulties from getting worse and possibly leading to bankruptcy, appropriate, organized, and effective steps must be taken to overcome them (Sidabutar 2014).

A company enters a distress zone when its management is unable to address issues that have been in the grey area for a while (Soni 2019). According to Munawar, Firli, and Iradianty (2018), the sample garment factories' illness indicators have changed over the course of the review period.

If a business is experiencing financial difficulties, there are a few indicators or warning signs to mention. It is typically visible from financial statements, such as the profit and loss statement, which display financial performance. When a business finds itself in this predicament, there are a few reasons why and it takes strategic action to get out of it. Of course, this will be interpreted by bankers and other creditors as a warning not to lend to the company. Bankers and creditors can see the company's future and business prospects through the financial statements. Financial refers not only to the profit and loss statement but also to the balance sheet and cash flow statement. Financial distress is negatively impacted by profitability, liquidity, and operating capacity, but is not impacted by leverage or sales growth (Sutra and Mais 2019).

Several theories have been developed to determine whether a company operating in the textile and textile products sector is seriously facing financial difficulties that could lead to bankruptcy. To date, five analytical models have been created to determine whether or not a company is experiencing difficulties. The Zmijewski, Fulmer, Grover, Altman Z-Score, and Springate models are the analytical models that have been developed. Instead of providing a fixed signal for financial distress or bankruptcy, these models actually identify indicators of it. In order to improve the financial performance, management must act appropriately when they are aware of the indications (Kholifah, Djumali, and Hartono 2020).

According to Hayes (2021), financial distress refers to a state in which an individual or company is unable to meet their financial obligations due to insufficient slaes or income. This is typically resulted by more fixed expenses, a sizable amount of fixed assets, or revenue that is susceptible to dips in the economy. Individual firms may involvement financial distress as a result of inadequate budgeting, excessive spending, an excessive debt load, legal action, or job loss.

The identified causes of illness include ineffective working capital management, ineffective current asset operations, underutilization of resources, idle capacity, and below-satisfactory activity levels in terms of production, among other things. According to Sina et al. (2020), the corrective measures include providing enough working capital, making appropriate use of resources, decreasing idle capacity, ensuring an acceptable return on equity, reinvesting retained earnings, improving operating profit by lowering operating expenses, and raising the degree of satisfaction with production and sales operations.

Section IV: Theoretical concepts of Financial Distress:

The relationship or balance between one amount and another is described by ratio analysis, which uses ratios as analysis tools to tell analysts whether a company's financial position is in good or bad shape, particularly when compared to the comparative ratio numbers that are used as standards.

An unhealthy or crisis-ridden state of a company's finances is referred to as financial distress. Prior to financial distress, there is financial distress. Financial distress is generally understood to be a situation in which a business fails or is no longer able to meet the debtor's obligations due to shortages and insufficient funds to run or continue its business in order to achieve the business's economic goals, namely profit. Profits can be used to repay loans, finance the business's operations, and cover obligations that must be fulfilled.

Altman's Z Score Model:

The application of multiple discriminant analysis was pioneered by Altman. In 1968, the first study was conducted. The Modified Altman Model, which was the last modification to the Altman model, was created in 1995. The most popular model for predicting financial distress is the Altman model. The following is the formula:

$$\mathbf{Z = 6.56X1 + 3.26X2 + 6.72X3 + 1.05X4}$$

Information:
Z = Index of *bankruptcy*
X1 = WC ÷ *TA*
X2 = RE ÷ *TA*
X3 = EBIT ÷ *TA*
X4 = BV of *equity ÷ BV of Total Debt*
The classification of a distress and non- distress company is based on the Z-score of theModified Altman model,

namely:

- If the value of Z "<1.1, including the distress company.
- If the value is 1.1 <Z "<2.6 then it is included in the gray area
- If the value of Z "> 2.6, including companies that are non-distress.

Zmijewski Model

Ratio analysis, which evaluates a firm's performance, leverage, and liquidity for its prediction model, is used in Zmijewski's (1984) model. Zmijewski employed probit analysis on 800 non-bankrupt companies as well as 40 that had filed for bankruptcy. The following are models that have been effectively developed:

$$X = -4.3 - 4.5X_1 + 5.7X_2 - 0.004X_3$$

Information:

X1 = ROA X2 = Leverage

X3 = Liquidity

The classification of a distress and non- distress company is based on the X score of theZmijewski model score, namely:

- If $X \geq 0$, the company is classified as "distress"
- If $X < 0$, the company is classified as "non distress"

Research Methodology:

Data collection technique for collecting Data:

Secondary data is the foundation for this study's data analysis and interpretation, and documentation approaches are used to gather the secondary data. The documentation technique involves gathering data or information from a company's financial statements, which serve as a research sample. This is done through the NSE website in India. Additional supporting data is gathered online by visiting the company's official websites and information from other media.

Section V: Analysis of Financial Distress of Dabur India Private Ltd

Research and Discussion on Results of Zmijewski Model Calculation:

Table 1.1: Dabur India Private Limited Z-score Calculation Results for the 2019-23 period:

Zmijewski Model

$$X = -4.3 - 4.5X_1 + 5.7X_2 - 0.004X_3$$

A_1 = ROA (return on asset)

A_2 = Leverage (debt ratio)

A_3 = Liquidity (current ratio)

Year	Return On Assets (A_1)	Leverages (A_2) (Debt/equity Ratio)	Liquidity (A_3) (Current Ratio)
2019	22.66	0.03	1.40
2020	19.18	0.02	2.26
2021	18.41	0.03	1.39
2022	16.67	0.09	1.14
2023	14.68	0.09	0.85

Source: Data Collection -secondary source

Table:1.2. Determination of X-Score of Dabur India Pvt ltd during 2019-23

Years	**A_1**	**A_2**	**A_3**	***X-score***	**interpretation**
2019	22.66	0.03	1.40	-107.917	*Non-distress*
2020	19.18	0.02	2.26	-92.0394	*Non-distress*
2021	18.41	0.03	1.39	-88.4524	*Non-distress*

2022	16.67	0.09	1.14	-80.1402	*Non-distress*
2023	14.68	0.09	0.85	-71.0248	*Non-distress*

Interpretation:

If $X \geq 0$, the company is classified as "distress"

If $X < 0$, the company is classified as "non-distress"

Based on the table above, it shows that Dabur India Pvt Ltd., is in a non-distress state with an average X - score less than zero will be categorized as a healthy company or Non-Distress. The highest Z-score occurred in 2023 with a value of -71.0248 while the lowest value occurred in 2019 with a score of -107.917.

Research and Discussion on Results of Altman's Z Score Model:

Public Manufacturing Companies →

$$\textbf{Z-Score} = (1.2 \times X1) + (1.4 \times X2) + (3.3 \times X3) + (0.6 \times X4) + (0.99 \times X5)$$

Information:

Z = bankruptcy index for private manufacturing Industries

X1 = WC / TA

X2 = RE / TA

X3 = EBIT / TA

X4 = BV of equity / BV of total debt

X_5 = Sales/TA

Table:2.1. Determination of working capital / total asset Ratio (X_1)

(in Rs. Cr.)

year	*CA*	*CL*	*WC=CA-CL*	*TA*	*WC/ TA Ratio*
2019	2,124.35	1,518.27	606.08	5,578.78	0.10864
2020	3,265.19	1,441.85	1823.34	6,100.11	0.298903
2021	2,829.99	2,036.40	793.59	7,504.16	0.105753
2022	2,634.16	2,307.83	326.33	8,592.00	0.037981
2023	2,231.28	2,631.52	-400.24	9,352.44	-0.0428

Source: Secondary Data

Table:2.2. Determination of Retained Earnings to / total asset Ratio (X_2)

(in Rs. Cr.)

year	*RE*	*TA*	*Retained Earnings(RE) / TA Ratio*
2019	3,792.19	5,578.78	0.67975
2020	4,397.52	6,100.11	0.72089
2021	5,214.48	7,504.16	0.69487
2022	5,687.08	8,592.00	0.66190
2023	6,109.70	9,352.44	0.64093

Table:2.3. Determination of EBIT / Total asset Ratio (X_3):

(in Rs. Cr.)

year	*PBT*	*Finance cost (Interest)*	*PBIT = PBT+ Finance Cost (Int)*	*Total Assets*	*Retained Earnings / TA Ratio*
2019	1,723.91	59.58	1,783.49	5,578.78	0.319692
2020	1,727.65	49.54	1,777.19	6,100.11	0.291337
2021	2,057.03	30.81	2,087.84	7,504.16	0.278224
2022	2,270.48	38.60	2,309.08	8,592.00	0.268748
2023	2,220.31	78.24	2,298.55	9,352.44	0.24577

Table: 2.4. Determination of Book value of Equity / Book value of Total Debt (X_4):

(in Rs. Cr.)

year	*BV of Equity*	*BV of L-Debt*	*BV of CL*	*BV of Total Debt*	*BV of Equity / BV of Total Debt Ratio*
2019	3,968.82	91.69	1,518.27	1,609.96	2.465167
2020	4,574.23	84.03	1,441.85	1,525.88	2.997765
2021	5,391.22	76.54	2,036.40	2,112.94	2.551525
2022	5,863.87	420.30	2,307.83	2,728.13	2.14941
2023	6,286.88	434.04	2,631.52	3055.56	2.057521

Equity = equity +Reserves &Surplus

Debt = Long-term debt (non-Cl) + Current Liabilities (Short-term debt)

Table: 2.5. Determination of Sales / Total Assets Ratio (X_5):

(In Rs. Cr.)

Year	*Sales/Total Revenue*	*Total Assets*	*Sales / TA Ratio*
2019	8,514.99	5,578.78	1.526318
2020	8,684.64	6,100.11	1.423686
2021	9,546.60	7,504.16	1.272174
2022	10,888.68	8,592.00	1.267304
2023	11,529.89	9,352.44	1.232822

Table: 2.6. Analysis of Z-Score:

Year	***WC / TA* (X_1)**	***RE / TA* (X_2)**	***EBIT / TA*(X_3)**	***BV of equity / BV of total debt* (X4)**	***Sales/TA Ratio* (X5)**
2019	0.10864	0.380791	0.319692	2.465167	1.526318
2020	0.298903	0.535267	0.291337	2.997765	1.423686
2021	0.105753	0.377123	0.278224	2.551525	1.272174
2022	0.037981	0.306583	0.268748	2.14941	1.267304
2023	-0.0428	0.238577	0.24577	2.057521	1.232822

Table: 2.7. Determination of Z-Score and interpretation:

Years	**X_1**	**X_2**	**X_3**	**X_4**	**X_5**	***Z-score***	**interpretation**
2019	0.10864	0.380791	0.319692	2.465167	1.526318	4.7086140	*Non-distress*
2020	0.298903	0.535267	0.291337	2.997765	1.423686	5.2775776	*Non-distress*
2021	0.105753	0.377123	0.278224	2.551525	1.272174	4.3633823	*Non-distress*
2022	0.037981	0.306583	0.268748	2.14941	1.267304	3.9059388	*Non-distress*
2023	-0.0428	0.238577	0.24577	2.057521	1.232822	3.5486952	*Non-distress*

The Modified Altman model's Z-score, which is as follows, is used to categorize companies as being in crisis or not.
If the value of Z >2.99, Safe Zone (Non-Distress) (Low Risk)
If the value of Z is 1.81 to 2.99 then it is included in the gray area (Moderate Risk)
If the value of Z< 1.81, Distress Zone (High Risk).

Based on the table above, it shows that Dabur India Pvt Ltd., is in a non-distress state with anaverage Z -score more than 2.99 will be categorized as a healthy company or non-Distress. The highest Z-score occurred in 2020 with a

value of 5.277 while the lowest value occurred in 2023 with a score of 3.5486.

Section-VI: Findings and Conclusions:

Dabur is unquestionably one of the leading brands in the FMCG industry, having been in the market for over 138 years. Dabur, which is the most popular brand in India and the largest Ayurvedic and Natural Health Care Company globally, has a lot of potential to outperform its competitors and establish itself as the go-to brand for target consumers seeking effective, safe, and natural solutions for their personal hygiene and health needs.

From the Analysis of data it is identified Dabur's Profitability is increasing 1,723.91 crores to 2,220.31 crores during 2019-23, It is identified book value of Debt is increasing from 91.69 crores to 434.04 cores during 2019-23 on the other hand sales are increased from 8514.99 crores to 11,529.89 crores but sales to Total Assets ratio decreasing from 1.526 to 1.232, Zmijewski Model is applied for evaluation of financial statements and found X-Score is less than Zero and it is concluded the Dabur Company is coming in to the category of under Distress even though Profitability is decreased they are sufficient to repay current and long-term obligations of the Company. We used one more method to analyse the company financial performance i.e., Altman's Z Score Model which considers Working Capital, retained earnings, EBIT and book value of debts and sales and Z-Value of the Dabur company is greater than 3 during the last five years Z -value is ranges between 5.28 to 3.548 and hence it is in non-Distress Category, but company should concentrate on to increase profitability and efficiency of the business operations.

Dabur's profitability and solvency ratios, which shows a positive trend in PBIT in terms of rupees after evaluating the company's financial performance over the previous five years, are a sign of the company's solid long-term financial position. To get an advantage over competitors in the industry, the company must focus more effectively on its short-term solvency (liquidity) and activity ratios and enhance the Current ratio, Liquid/Quick ratio, and Inventory turnover ratios. Less than 10% of Dabur's total assets are in debt, and the company uses its own funds to finance its operations. Investment returns to investors are strong, and operating cash flows are well-managed. With all these things going Dabur's way, the company may be able to secure a healthy market share and an unrivalled position in the FMCG industry.

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