

# Optimum Allocation of Limited Amount of Capital among Different Enterprises

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## 1. Introduction

This means how a company own a small fund and with this small fund how company start his business by keeping every small things in mind .By this fund the company will rise or fall it is not fixed...this fund can be from many ways –loan, shares etc.

## 2. Case Study

- This contains about Hindustan Unilever Limited.
- How HUL starts his business.
- Past, present and future.
- Which challenges was faced or is facing by HUL.
- Comparison between its products.
- Comparison of HUL with many companies.
- Some light on PATANJALI Company.
- Comparison between HUL and PATANJALI.
- Before which one was best and now which one is the best.

## 3. Findings

### *HUL-History:*

#### 1) Past

**Hindustan Unilever Limited (HUL)** was established in 1933 as Lever Brothers and, in 1956, became known as Hindustan Lever Limited, as a result of a merger among Lever Brothers, Hindustan Vanaspati Mfg. Co. Ltd. and United Traders Ltd. It employs over 16,000 workers, while it also indirectly helping to facilitate the employment of over 65,000 peoples. The company was renamed in June 2007 as "Hindustan Unilever Limited".

**HUL** is a consumer goods company based in Mumbai, Maharashtra. It is a subsidiary of Unilever, a British-Dutch company. HUL's products include foods, beverages, cleaning agents, personal care products and water purifiers.

HUL is the market leader in Indian consumer products with presence in over 20 consumer categories such as soaps, tea, detergents and shampoos amongst others with over 700 million Indian consumers using its products. Sixteen of HUL's brands featured in the ACNielsen Brand Equity list of 100 Most Trusted Brands Annual Survey (2014), carried out by Brand Equity, a supplement of The Economic Times.

#### 2) Present

Today, HUL is one of the largest exporters branded FMCG (Fast moving consumer goods).It has been recognized by the government of India as a GOLDEN SUPERSTAR TRADING HOUSE. HUL'S exports geography comprises, atpresent, countries in Europe, Asia, MiddleEast, Africa, Australia, and North America etc.

- HUL's products touch 2 out of 3 Indian every day.
- Reach 80% households
- 2000suppliers and associates
- 65 lakh shops
- 71 manufacturing locations
- 15000 Employees
- 1100 managers
- Shelf availability 84% outlets in India...

#### 3) Headquarters:

Hindustan Unilever's corporate headquarters are located at Andheri (E), Mumbai. The campus is spread over 12.5 acres of land and houses over 1,600 employees. Some of the facilities available for the employees include a convenience store, a food court, an occupational health centre, a gym, sports& recreation centre and a day care centre. The Campus is designed by Mumbai based architecture firm Kapadia Associates.

The campus received a certification from LEED (Leadership in Energy and Environmental Design) Gold is a 'New Construction' category, by Indian Green Building Council (IGBC),

Hyderabad, under license from the United States Green Building Council (USGBC)

The company's previous headquarters was located at Backbay Reclamation, Mumbai at the Lever House, where it was housed for more than 46 years.

#### 4) Competitors Analysis:

According to the market survey done by BUSINESS TODAY the top 10 companies of FMCG sectors are given below:

- a) **Hindustan Unilever Ltd:** is counted among the top 10 FMCG companies of India and we have placed HUL at first place. The Journey of the company was started in 1933 and has head office in Mumbai. Company has been manufacturing products that includes foods, beverages. Over 17000 employees are working in different units of company and have been doing excellent work. Company has distributors in every part of India and over 2 million retails shops are selling HUL products.
- b) **ITC Limited** is one of the leading FMCG Company of India and has been in the industry from last 100 years.

Company has been involve in manufacturing Tobacco products and has head office in Kolkata. Company is listed in stock market and 26000 employees are associated with the company. ITC has excellent distribution network and its products sold in remote villages of India. Corporate Office – Kolkata, WB | Turnover – 7.0 Billion Dollar | Employees – 29000+ | Business – Tobacco, Hotels and Personal care | Sector – Private Sector.

c) **NESTLE India:** Nestle India is one of the leading FMCG company of India. Nestle is a Switzerland based company, that has started operations in India after seeing growth opportunity. Till date company has launched more than 2000 brands and has been selling their products across the globe. In the area of social responsibility, nestle has been working hard and helped more than 15 Million children's to live a better life.

Corporate Office – Vevey, Switzerland | Turnover – 87.0 Billion Dollar | Employees – 328000+ | Business – Food, dairy products and Coffee | Sector – Private Sector

d) **Parle Agro:** Parle Agro is India's leading FMCG Company and has been placed at 4th position in the list of top 10 FMCG companies of India. Company was started in the year 1984 by the Chauhan family and has achieved incredible growth in the competitive FMCG industry. Company has launched some of the most selling products that include Frooti (mango drink Loved by Indians of all age group), Appy fizz, Bailley (packed drinking water), recently company has a net worth of 2500 crore, has a network of 4000 channel partners.

Corporate Office – Mumbai, Maharashtra | Turnover – 1 Billion dollar (Appox) | Employees – 2500+ | Business – Food items and beverages | Sector – Private Sector.

e) **Marico** Marico is a leading FMCG company of India that has a golden past of 27 years of manufacturing daily products like biscuits, edible oil, skin care products etc. The tagline of Marico is make a difference and company is working hard to adhere on his tagline by manufacturing quality products using innovative technology.

Marico has worked hard to create the amazing work place, recently it is ranked at 8th position in the list of great workplaces of India. In the last year company has a turnover of 59 billions INR by selling its product in 25 countries across the globe.

Corporate Office – Bandra, Maharastra | Turnover – 850 Million Dollar | Employees – 1000+ | Business – Oil and personal Care | Sector – Private limited.

f) **Amul** the brand which is known from years, that has captured the complete FMCG segment of dairy products in mid 90s. Amul milk, amul butter has become the most sold items and consumption started happening in every household of india. Amul was found in the year 1946 and last year company has crossed the seal of 27000 crores. Corporate Office – Anand, Gujrat | Turnover – 2.15 Billion Dollar | Employees – 700+ | Business – Dairy Products | Sector – Cooperative.

g) **Patanjali** - Being an acknowledged and one of the leading Indian FMCG based firms, it has been headquartered in Haridwar and its registered office is been in Delhi, India. Manufacturing and distributing mineral as well as herbal based products, along with India it has its manufacturing and supply units across Nepal as well. As per renowned group HSBC and CLSA,

it is one of the fastest and quickly growing FMCG Company of the country. Valued at approximate Rs 3000 Crore, the profit that comes from its products and services goes to charity. Founded by Baba Ramdev in year 2006, it has a single motto and objective of establishing science of Ayurveda and spread its word and positives all around and coordinating with the modern technology along with traditional wisdom. The company has plans to further expand its units and plants all around the nation. In year 2018, Patanjali food and Herbal Park has been given complete security cover of about 35 armed CISF commandos where the park is been renowned and known as the biggest eighth private institution of the country guarded and secured as per CISF Paramilitary forces. Manufacturing and providing a large range of personal care and food products, in total it manufactures around 444 products involving 30 kinds of food based products and 45 kinds of cosmetic products. Due to lesser marketing costs and production costs, its products are available at cheaper prices as compared to other alternatives available in the market. Being also dealing in providing baby and beauty based products; its Ayurvedic manufacturing division has more than 300 medicines for curing a wide range of body conditions and ailments from chronic and complex paralysis to even common cold situations.

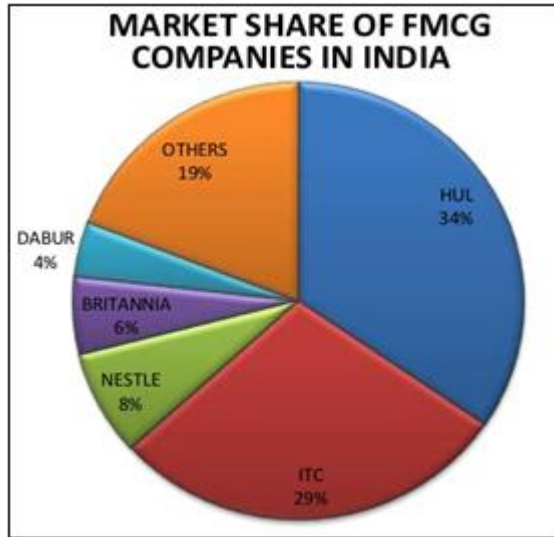
h) **Haldiram** - Set up in year 1937, the first manufacturing plant of the company is been based at Kolkata. Reputed and known as one of the famous FMCG firms of the country, the company has a product portfolio covering more than 100 products. The vast range of products include ice cream, frozen meals, sweets, crackers, cookies, savouries, chips and many other snacks. Also been providing wide variety of dairy based products and fruit flavoured beverages, since year 2010, it has been dealing in offering ready to eat food product range. In year 2003, the company is been awarded as the number 1 brand in according to India Most Trusted Brand in the category of ready to eat snack food category and segment.

i) **Britannia:** Britannia is another prominent FMCG company of India; it has been manufacturing daily household products like biscuits, bread, milk products etc. Company has been listed in stock market and in last 5 years company market share price has been increased by 1000 times. Britannia tagline is Eat healthy think better and to achieve their moto company has been using high quality raw material in the product manufacturing. In the year 2017 company has able to generate net revenue of it is 7 million INR and has captured 40% of biscuits and breads production

Corporate Office – Kolkata, WB | Turnover – 730 Million Dollar | Employees – 2000+ | Business – Food items and dairy Products | Sector – Private Sector.

j) **Godrej Group:** Godrej group is one of the major FMCG Company of India that works across different segments. Works in different segments, consumer good products it's one of the areas in which company have shown sustainable growth.

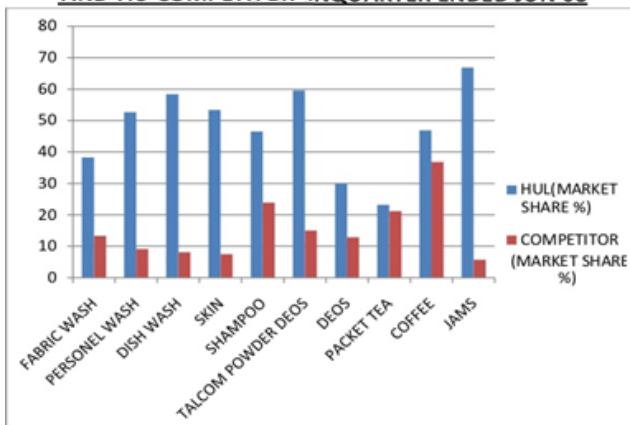
Corporate Office – Mumbai, Maharashtra | Turnover – 4 Billion Dollar | Employees – 25000+ | Business – Personal care, real estate and Engineering | Sector – Private Sector.



In the above pie chart we see the position of various FMCG companies doing business in India. We can see that HUL is enjoying the position of market leader and is followed by ITC as close second in the market share of FMCG products.

**HUL V/S Other Companies**

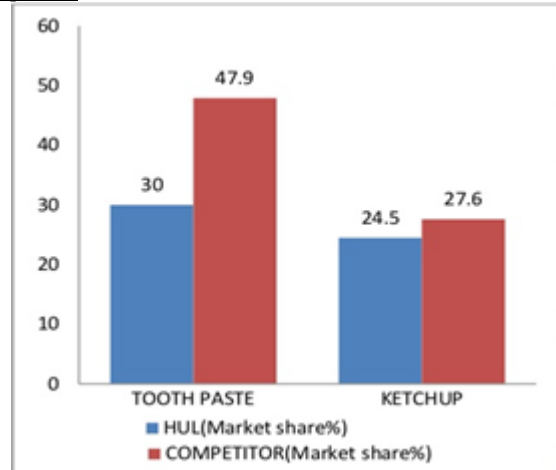
**THE COMPARATIVE DATA OF % MARKET SHARE OF HUL AND ITS COMPETITOR IN QUARTER ENDED JUN'08**



(Above graph showing %age market share of HUL and its competitor in different categories of FMCG products).

As mentioned in the above graph, HUL is enjoying the leader position in the market and is having highest market shares which are followed by the market challengers like Dabur India Ltd, Nestle India Ltd & ITC Ltd, etc.....In different categories of FMCG products like shampoo, skincare,jams,coffee etc.

Competition in different products such as ketchup and toothpaste:



(Above graph showing the two category of products in which HUL percentage market share is less than its competitor in quarter ended jun 08)

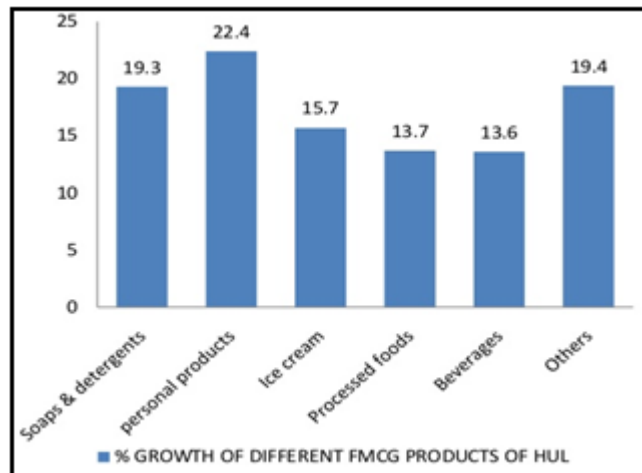
So we can see that in overall FMCG business HUL is distantly ahead of rest of the companies as far as market share of different products are concerned.

**Performance Analysis of HUL**

Hindustan Unilever Ltd is one of the leading FMCG company in India which having the past financial record we have taken for the analysis as follows:

Table showing past 10 years financial data

Rs. Lakhs	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Profit &amp; Loss Account</b>										
Sales*	10215,24	10917,69	11392,14	11781,30	10951,61	11096,02	10888,38	11975,53	13035,06	14757,42
Other Income	244,74	318,98	345,07	381,79	384,54	459,83	318,83	304,79	354,51	462,68
Interest	(29,28)	(22,39)	(13,15)	(7,74)	(9,18)	(66,76)	(129,98)	(19,19)	(10,73)	(25,50)
Profit Before Taxation @	1130,44	1387,94	1665,09	1943,37	2197,12	2244,95	1505,32	1604,47	1861,68	2184,53
Profit After Taxation @	837,44	1069,94	1310,09	1540,95	1731,32	1804,34	1199,28	1354,51	1539,67	1769,06



**Data analysis**

We have the sales and profit figures of HUL from the year 1998 to 2007 in the 10 years past data from year 1998-2007, after plotting two graph one of sales and other of profit as shown in here we can see that both profit and sales of the company grows from the year 1998 till 2001, but in the year 2002 we see that the sales fell but there was actually rise in the profit of the company.

In the year 2004 we see that there was a steep fall in the profit of the company and from the year 2005 onwards there was a slow but steady rise in the profit of the company, but a rapid rise in the sales of the company in the given year.

Reason for the steep fall in the profit of the company in the year 2004:-

The FMCG market in urban India was attaining the saturation level and so companies had to expand its market in rural India. This resulted in the downfall in the profit of HUL. There was very aggressive advertising campaign by ITC in that year to set itself in the market this affected HUL who was enjoying the position of market leader and resulted in the fall in profit of the company.

March 2008 quarter % growth of different products of HUL.....

**SWOT Analysis**

**Strength:**

- HINDUSTAN UNILEVER LIMITED (HUL) is India's largest Fast Moving Consumer Goods Company, touching the lives of two out of three Indians with over 20 district categories in home & personal care products and food beverages.
- Due to its long presence in India has deep penetration, 20 consumer product category, over 15,000 employees, including over 1,300 managers, is to "add vitality to life".
- The company derives 44.3% of its revenues from soaps and detergent, 26.6% from personal care products, 10.5% from beverages, and the rest from foods, ice creams, exports and other products.
- Low cost of production due to economic of scale. That means higher profits and or more competitors. Better market penetration.
- HUL is also one of the country's largest exporters; it has been recognized as a Golden Super Star Trading House by the Government of India.

**Weakness:**

- Strong competitors and availability of substitute products.
- Low export levels.
- High price of some products.
- High advertising cost.

**Opportunities:**

- Increasing per capita national income resulting in higher disposable income.
- Growing middle class and growing urban population.
- Increasing gifts cultures.
- Increasing departmental stores concept
- Globalization.

**Threats:**

- HUL's tea business has declined marginally; reason is that- cost pressure is likely due to rising crude and freight costs.
- Tax and regulatory structure.
- Mimic of brands.
- Removal of import restrictions resulting in replacing of domestic brands.



- Temporary slowdown in economy can have an impact on FMCG in industry.

**Future**

**Projects of HUL**

As competition is increasing day by day, it's difficult to maintain the leader position and to further strengthen the distribution network HUL made a project called PROJECTSHAKTI which will serve the following purpose:

- a) **To reach**
  - Small, scattered settlements and poor infrastructure make distribution difficult.
  - Over 500,000 villages not reached directly by HUL.
- b) **To communicate**
  - Low literacy hampers effectiveness of print media.
  - Poor media reach 500 million Indians lack TV and radio
- c) **To influence**
  - Low category penetration, consumption.
- d) **Awareness**
  - Per capita consumption in Unilever categories is 33% of urban level

**HUL V/S PATANJALI**

**About Patanjali**

Patanjali Ayurved Limited is an Indian consumer goods company. Manufacturing units and headquarters are located in the industrial area of Haridwar while the registered office is located at Delhi. The company manufactures mineral and herbal products. It also has manufacturing units in Nepal under the trademark Nepal Gramudhyog and imports majority of herbs in India from Himalayas of Nepal.

According to CLSA and HSBC, Patanjali is the fastest growing FMCG company in India. It is valued at ₹30 billion (US\$440 million) and some predict revenues of 5,000 crore (US\$730 million) for the fiscal 2015–16. Patanjali declared its annual turnover of the year 2016-17 to be estimated ₹10,216 crore (US\$1.5 billion). Baba Ramdev has stated in his interview with CNN-News18 that profit from Patanjali Products goes to charity.

**History:** Baba Ramdev established the Patanjali Ayurved Limited in 2006 along with Acharya Balkrishna with the objective of establishing science of Ayurveda in accordance and coordination with the latest technology and ancient wisdom.

Balkrishna owns 98.6% of Patanjali Ayurved, and as of March 2018, has a net worth of US\$6.1 billion.

**Production**

Baba Ramdev established the Patanjali Ayurved Limited in 2006 along with Acharya Balkrishna with the objective of establishing science of Ayurveda in accordance and coordination with the latest technology and ancient wisdom. Balkrishna owns 98.6% of Patanjali Ayurved, and as of March 2018, has a net worth of US\$6.1 billion.

**Revenues of Patanjali Company**

Year	Revenues (in ₹ Crore)
2009-10	200
2010-11	317
2011-12	446
2012-13	850
2013-14	1200
2014-15	2006
2015-16	5008
2016-17	11526 <sup>[3]</sup>

**Patanjali - Awareness / Triggers and Barriers**

- Patanjali has made its presence felt through
  - ✓ Word of mouth publicity
  - ✓ TV ads
  - ✓ Print ads



**Swadeshi Advantage:** The swadeshi movement Patanjali has started has helped gain trust and confidence among its users.

**Brand Ambassador:** Patanjali solely works on Baba Ramdev' as he is a renowned name in yoga space.

**Ayurvedic Ingredients:** With no chemicals added in their products patanjali emerged as a winner among users.

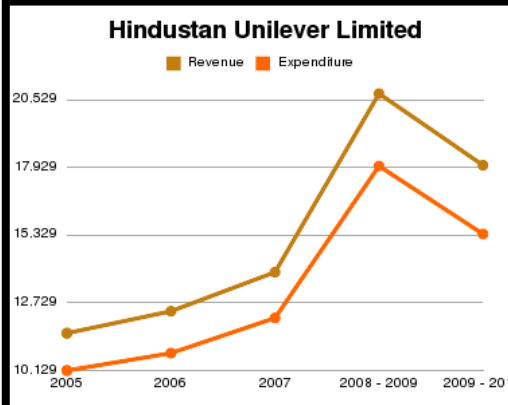
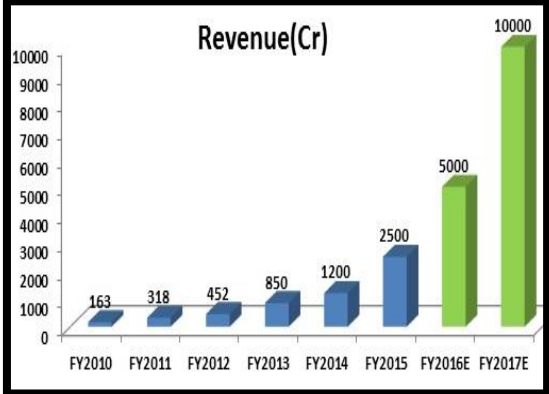
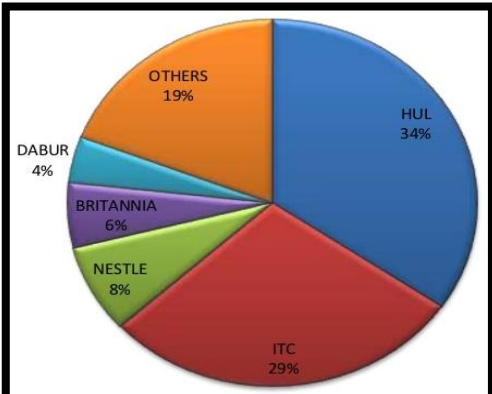
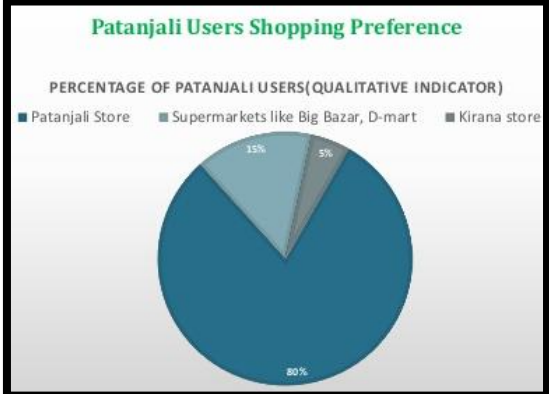
**Value for money:** Patanjali products are very much affordable to the Indian consumer.



**Lack of Availability:** The weak distribution network and not enough tie ups with kirana stores is one major problem.

**Trust factor:** Since it's a newer brand and its in the news due to extensive media coverage, the trust factor is missing among aware non trialists.

Comparative on the Basis of Study SWOT Analysis

	Hindustan Unilever Limited	Patanjali Ayurved Limited
1.Type-	Public Limited Company.	Private Company.
2.Founded-	1993	2006
3.Founder-	Lever Brothers.	Baba Ramdeva , Acharya Balkrishna
4.Headquarter	Mumbai,India	Fatehgarh,Uttarakhand.
5.Products-	Food,cleaning agents,personal care products &water purifier.	Food beverages, cleaningagents, personal care products, ayurvedic medicine.
6.Revenue-	4,490 crore (2016-17).	^10,561 crore (2016-17).
7.No.of employee-	18,000(2014).	2,00000(2011-12).
8.Revenue graph-		
9.Demand in market -		

**Research Methodology**

For this research study secondary data collected from different websites, journals, newspapers, company research papers etc-

- These documents and data's are very useful for the theoretical, conceptual and organizational background analysis.
- Detailed analysis of data's is made by plotting different graphs and tables which can be easily understandable.
- Then by observing these graphs I have made my conclusion and suggestions.

If HUL has to enter in the market he have to enter with full enthusiasm, with new innovation and new ideas, so that it will be the FMCG company infuture.

**References:**

- [1] [www.hul.co.in](http://www.hul.co.in)
- [2] [www.wikipedia.com](http://www.wikipedia.com)
- [3] [www.oppapers.com](http://www.oppapers.com)
- [4] [www.scribd.com](http://www.scribd.com)

**4. Conclusion and Suggestions**

Hindustan Unilever Ltd. is a leading FMCG (Fast Moving Consumer Goods) company in India and from last three consecutive years has shown accelerated growth in FMCG portfolio. Customers are also spending more in FMCG as their standard of living is growing. HUL has placed itself successfully in the position of market leader in FMCG products before 2016, but now there is some downfall in sales and profit of the company, the place in FMCG of HUL is slowly -slowly replacing by Patanjali Ayurved Company. Now it is hard for the HUL to remain in the same position.