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INTRODUCTION
REVIEW OF LITERATURE
NEED/IMPORTANCE OF THE STUDY
STATEMENT OF THE PROBLEM
OBJECTIVES
HYPOTHESIS (ES)
RESEARCH METHODOLOGY
RESULTS & DISCUSSION
FINDINGS
RECOMMENDATIONS/SUGGESTIONS
CONCLUSIONS
LIMITATIONS
SCOPE FOR FURTHER RESEARCH
REFERENCES
APPENDIX/ANNEXURE

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- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

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CAPITAL STRUCTURE ANALYSIS OF HINDUSTAN UNILEVER LIMITED

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ABSTRACT

The purpose of the study is to know about the Hindustan Unilever Limited (HUL) to study the growth of Hindustan Unilever Limited (HUL) the data required for the paper has been taken from "www.hul.com" "www.moneycontrol.com" from 2011-10 to 2015.as we know the company must having good liquidity this would be the better for the company reputation in the market, every company having the same goal to make profitability with less efforts but with this concept they need to maintain the same consistency in respect of liquidity, solvency etc. The fast moving consumer goods (FMCG) segment is the fourth largest sector in the Indian economy. The study conducted is based on the ratio analysis, t-test which helped to analyze the performance of companies in Indian FMCG Industry.

KEYWORDS

liquidity, solvency, income, industry, finance, business, products.

JEL CODES

D24, G31, G32.

INTRODUCTION OF FINANCE

Every enterprise, whether big, medium, small, needs finance to carry on its operations and to achieve its targets. In fact finance is so important for every business that it is rightly said that it is the life blood of an enterprise. Without adequate finance, no enterprise can run its business and cannot accomplish its objectives. Finance is said to be the life blood of the business. Funds are required to finance various activities of the business. The larger the size of the business, the larger will be the finance required. It shows that no business activity is possible without finance. That is why; every business has to make plans regarding acquisition of the funds. Because finance involves estimation, acquisition and administration of the funds of any kind used in meeting the needs and objectives of the business firms. Public finance is collection of taxes from those who benefit from the provision of public goods by the government, and the use of those tax funds toward production and distribution of the public goods. Private Finance is a method of providing funds for major capital investments where private firms are contracted to complete and manage the projects. These contracts are typically given to construction firms and last a long time, sometimes up to 30 years. The public services are leased to the public and the government authority makes annual payments to the private company.

Hindustan Unilever Limited (HUL) is India's largest Fast Moving Consumer Goods Company with a heritage of over 80 years in India and touches the lives of two out of three Indians. HUL works to create a better future every day and helps people feel good, look good and get more out of life with brands and services that are good for them and good for others. With over 35 brands spanning 20 distinct categories such as soaps, detergents, shampoos, skin care, toothpastes, deodorants, cosmetics, tea, coffee, packaged foods, ice cream, and water purifiers, the Company is a part of the everyday life of millions of consumers across India. Its portfolio includes leading household brands such as Lux, Lifebuoy, Surf Excel, Rin, Wheel, Fair & Lovely, Pond's, Vaseline, Lakmé, Dove, Clinic Plus, Sunsilk, Pepsodent, Closeup, Axe, Brooke Bond, Bru, Knorr, Kissan, Kwality Wall's and Pure it. The Company has over 16,000 employees and has an annual turnover of INR 27408 crores (financial year 2013 - 2015).

REVIEW OF LITERATURE

Theoretical and empirical research suggests that financial planner should plan optimal capital structure. In practices financial management a literature does not provide specified methodology for designing a firm's optimal capital structure. A number of research studies have been conducted regarding the choices of debit equity mix in the total capitalization of a firm in the international as well as Indian context.

Merton Miller (here after called M.M) (1958-1963): Present the First Formula Model on valuation of capital structure. In the model they showed that under the assumptions of perfect capital Markets, equitant risk classes no taxes, loot dividend payout ratio and constant cost of debt. The value of firm is independent of its capital structure. When corporate taxes are taken into account the value of a firm increases linearly with debt equity ratio, because of interest payment being tax exempt. M.M.s work has the Centre stage of the financial research till date, and these modes have been criticized, supported and extended over the last 35 years.

Author David Durand (1963) He criticized the model on the ground and says those assumptions used by M.M.s model are unrealistic. He argued that the cost of debit does not always remain constant when the leverage level exceeds. That accepted level, the probability of default in interest payments increase thus raising the cost of debt.

Scott and Martin (1975) They concluded that industry-class is indeed a determinant of financial structure. They also concluded that corporate size is the determinant of firm's financial leverage ratio.

Millar (1977): Miller challenged the trade-off theory and argued that bankruptcy and agency costs are too small to affect the tax advantage of debt. But when personal taxes are taken into account, this advantage is completely of personal tax. Thus in equilibrium, the value of a firm is independent of its capital structure even, when the market is imperfect.

Warner (1977) He argues that the potential bankruptcy costs a firm might face are reflected in its share price and this is taken into consideration by investors when they make investment decisions. Bankruptcy costs refer to the costs associated with declining credit terms with customers and supplier. It can be argued that supplier would not be willing to give long term credit terms to the firm as the latter faces risk of default and similarly, customers would avoid buying products and services from a firm facing a high risk of default since warranties and other after sales services will be void or at risk.

Ferri and Jones (1979) found that the industry-class was linked to a firm's leverage, but not in a direct manner than what has been suggested in other researches.

Author De Angelo Masulis (1980) These two author rejected Miller's Model and argued that even if bankruptcy agency and related cost are ignored, and presents the introduction of mom tax debt, should is enough for a firm to have an optimal capital structure and says even these costs are taken into account, an optimal capital structure exists irrespective of availability of mom-debt tax shields.

Bradely, Jarrell & Kimar (1984) They supported bankruptcy costs or an agency costs as partial determinants of Leverage and of optimal capital structure but the Author De Angelo demonstrated that, the presence of corporate tax shield substituted for debt, and says each firm have a, "unique interior optimum leverage decision with or without related costs.

Jensen (1986) Jenson defines the free cash flow as the amount of money left after the firm has invested in all projects with a positive N.P.V. and sta2res that calculating the free cash flow of a firm is difficult, since it is impossible to determine the exact number of possible investments of a firm.

Kose John (1987) He revealed that, in the pure signaling case the equilibrium is characterized by direct contractual pre-commitments to implement investment policies, which riskier than pare to-optimal levels.

Jensen (1989) states that when free cash flows are available to top managers, they tend invest in negative NPV project instead of paying out dividends to share-holders. He argue that the compensation of managers with an increase in the firm's turnover. Hence the objective of the company is to increase the size of the firm by investing in all sort of projects even if these projects have a negative NPV.

Mathew (1991) He pointed out those optimum debt level balances, a decrease in the profitability of acquisition against a higher share of the synergy for the target's shareholders.

Ronen Israel (1991). He pointed out that the optimum debt level balances, a decrease in the profitability of acquisition against a higher share of the synergy for the target's shareholders.

Chungchang (1992) He found that the leverage can be used as an instrument to transfer wealth between investors and employees. The transfer can go in either direction.

SubarnaSarkar (1994). He found that a greater debt-oriented financing in public sector enterprises and private sector companies shows that the profits are re-tained in business for augmenting the resources.

Kumar Kakani (1999). He found that diversification strategy and size were found to be of significant strategy and sizes were found to be of insignificant in deciding the leverage level of the firm.

Kotrappa (2000). He stated that the choice between debt and equity sources of capital for a corporate borrower is greatly influenced by factors viz., taxes on corporate income, inflation, and controlling interest and capital market reforms.

Allen N Berger (2002) Allen Berger is consistent with the agency costs hypothesis (i.e.) higher leverage or lower equity capital ratio is associated with higher profit efficiency. He also concluded that under the efficiency risk hypothesis, the expected high earnings form greater profit efficiency substituted for equity capital in protecting the firm from the expected costs of financial distress.

Hull (2002) Author Hull also found that the industry debt to equity norms are significantly more negative than return for the firms moving closer to the norms.

.orff (2007) argued that compensation of managers tend to increase when there is an increase in the firm's turnover.

BalramDogra and Shaveta Gupta (2009). They conducted a study to examine the sources of funds of SME sector operating in the state of Punjab. The study tried to find out the existence of the relationship between capital structure of the firm and its characteristics. The Pearson chi-square statistics in this regard revealed that there was a highly significant association of capital structure with the type of firm.

OBJECTIVES OF THE STUDY

1. To understand the concept of Capital Structure**.**
2. To examine relationship between the debts equity position in Hindustan Unilever limited.
3. To examine the capital structure position of Hindustan Unilever limited.
4. To give the suggestions on the basis of findings of the study

HYPOTHESIS OF THE STUDY

Hypotheses are the assumptions to be proved or disproved and capable of being tested by scientific methods. It should be clear, precise and should be well consistent with available techniques. It gives direction to the study. Rejection of synopsis/thesis is based on quality of hypothesis formed. A well-defined hypothesis means well defined parameters. Sources of hypothesis are: intuition, research studies, consultations, theory, observation, analogies, culture, and continuity of research.

Ho: There is no significant difference in outsider's funds and shareholders' funds of Hindustan Unilever Limited.

JUSTIFICATION OF THE STUDY

Capital structure plays a vital role for capital mix. Every business has required debt and equity capital in their business, but the proportional debt and equity ratio difficult task to imply in the business. Debt and equity is depending on R and K. If R is greater than K then company improved the more debts in the business. While company has R is less than K. The company cannot use the more debt capital in the business. Because it will increase financial loss and financial risk. The profit position of the company is also depending on debt capital or structure of the company. How for capital structure will be helpful for increasing the profitability position of the company. It can also be examined through capital structure. Hence the capital structure of Hindustan unilever ltd. will also worthwhile for the organization to examine the effect of debt capital on profitable position of the business. Thus I have taken the topic of my study is capital structure analysis of Hindustan unilever ltd.

RESEARCH DESIGN

This research study has been completing with the help of secondary data. The major sources of secondary data are, annual report. Statistical report budget and any public documents. This research study is a micro in nature. I have carried out on the topic of capital structure analysis of HUL with reference to Hindustan Unilever ltd and have been taken in this study. This Research work has been completing 5 chapters. They will be as introduction, research methodology, and review literature, profile of the company, and capital structure and techniques, capital structure of Hindustan unilever ltd and finding of sources. In this research study I have been also taken hypothesis of the study which will be tested by research tool which is t. Test.

LIMITATION OF THE STUDY

This study has the following limitations, which are given as below:

1. Non-Availability of sufficient matter & literature.
2. This research study is based on secondary data.
3. It has covered only limited the period of the study from 2011 to 2015.
4. Data's are grouped and sub-grouped as per the requirement of the study.
5. The reliability of data is totally depending on audit.

SCOPE OF THE STUDY

In corporate financing decision has gained greater import because the optimal capital structure can be created through proper mix of finance. Corporate managers generally prefer borrowing over other means of financing management of a company has to be very careful while deciding the extent of financial leverage in its capital structure because the right use of financial leverage can increase the shareholder's wealth whereas it's improper use would adversely affect the interest of shareholders. This study examines the empirical effects of capital structure (financial leverage) on cost of capital and the market value of Hindustan Unilever limited.

ANALYSIS

TABLE 1: CONSOLIDATED BALANCE SHEET OF HINDUSTAN UNILEVER LTD. (Rs. in crores)

Particulars	Mar'2011 Rs	Mar'2012 Rs	Mar'2013 Rs	Mar'2014 Rs	Mar'2015 Rs
LIABILITIES					
Equity share capital	2,15.95	2,16.15	2,16.25	2,16.27	2,16.35
Reserves	25,18.33	34,64.26	26,47.85	33,20.35	38,04.62
NET WORTH	**27,34.28**	**36,80.41**	**28,64.10**	**35,36.62**	**40,20.97**
Secured Loans	-	-	2,4.74	8.44	7.00
Unsecured Loans	-	-	-	3,7.14	36.04
TOTAL DEBT	-	-	2,4.74	4,5.58	43.04
Minority Interest	1,4.58	1,8.30	2,0.86	2,2.28	24.80
Current Liabilities	58,64.81	57,39.90	64,82.97	7,191.63	66,38.69
Provisions	17,33.48	19,67.97	26,98.50	2,972.50	37,02.63
Total C.L. and Provisions	76,12.87	76,16.59	92,02.33	10,186.4	10,366.12
TOTAL LIABILITIES	**10,347.15**	**11,406.58**	**12,091.17**	**13,768.64**	**14,430.13**
ASSETS					
Net block	22,22.78	22,62.19	24,30.76	27,45.57	2,820.34
Capital work in progress	2,89.19	22,7.64	222.42	3,72.60	51,6.30
Investment	11,88.50	23,22.16	2,252.34	2,838.14	30,25.08
Cash and bank balance	17,75.68	19,96.43	1,900.71	2,516.03	26,89.49
Loans and advances	10,32.02	10,74.05	1,582.44	1,325.38	1518.95
Fixed deposits	-	-	-	-	-
Inventories	28,75.69	26,67.37	2,705.97	2,939.83	28,48.79
Sundry debtors	96,3.29	8,56.74	9,96.53.	1,031.09	10,11.18
Miscellaneous expenses	-	-	-	-	-
TOTAL ASSETS	**10,347.15**	**11,406.58**	**12,091.17**	**13,768.64**	**14,430.13**

Source: Annual Report of HUL Ltd. 2011 to 2015.

PROFIT AND LOSS ACCOUNT

It is prepared to determine the operational position of the concern it is the statement of revenues earned and the expenses incurred for earning that revenue hence we have prepared profit and loss account of HUL Ltd.

TABLE 2: CONSOLIDATED PROFIT AND LOSS ACCOUNT OF HINDUSTAN UNILEVER LTD. (Rs. Crores.)

Particulars	2011 Rs	2012 Rs	2013 Rs	2014 Rs	2015 Rs
Net sales	19,908.57	23,311.35	26,881.24	29,066.10	31,785.72
Other income	5,89.98	498.29	12,60.50	97,6.90	14,32.34
Stock adjustments	3,07.60	95.15	2,6.00	17,2.47	57.04
Total income	**20,806.15**	**23,714.49**	**28,167.74**	**30,215.47**	**33,161.02**
Less:					
Raw material	10,637.35	12,507.44	14,237.36	15,162.18	16,260.83
Power and fuel cost	2,78.54	29,9.63	33,5.94	36,2.76	3,46.97
Other manufacturing expenses	-	-	-	-	-
Gross profit	**9,890.26**	**10,907.42**	**13,594.44**	**14,690.53**	**16,553.22**
Less:					
Employee cost	10,14.86	1,200.94	14,12.68	15,75.79	17,23.87
Miscellaneous expenses	56,88.19	5,849.61	68,38.69	75,63.34	81,69.75
Depreciation	2,29.29	2,33.54	2,51.32	2,95.54	3,22.39
Operating profit (PBIT)	2957.92	3,623.33	5,091.75	52,55.86	6,337.21
Less: interest	1.01	1.65	25.72	40.68	17.70
EBT	**2,956.91**	**3,621.68**	**50,66.03**	**52,15.18**	**6,319.51**
Less: tax	6,50.28	8,21.54	12,26.66	12,59.44	1,944.00
Net profit	**2,30.63**	**28,00.14**	**38,39.37**	**39,55.74**	**4,375.51**

Source: Annual Report of HUL Ltd. 2011 to 2015.

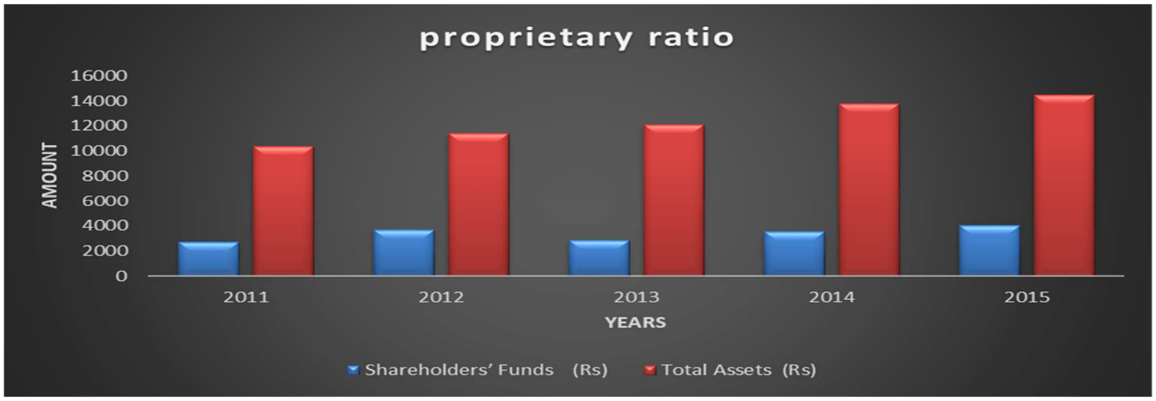
MEANING OF PROPRIETARY RATIO

TABLE 3: STATEMENT OF PROPRIETARY RATIO (Rs in crores)

Year	Shareholders' Funds (Rs)	Total Assets (Rs)	Ratio
2011	2734.28	10357.28	0.26
2012	3680.41	11406.58	0.32
2013	2864.10	12091.17	0.23
2014	3536.62	13768.64	0.25
2015	4020.97	14430.13	0.27

Sources: Annual report from the Hindustan Unilever Ltd for the year 2011 – 2015.

CHART 1



Interpretation: the above table depicts the relationship between shareholders fund to total assets from the table the relation of shareholders to total assets are increasing in first two years then decreases in 2013 from 0.32, to 0.23 and again fluctuates in 2014,2015.

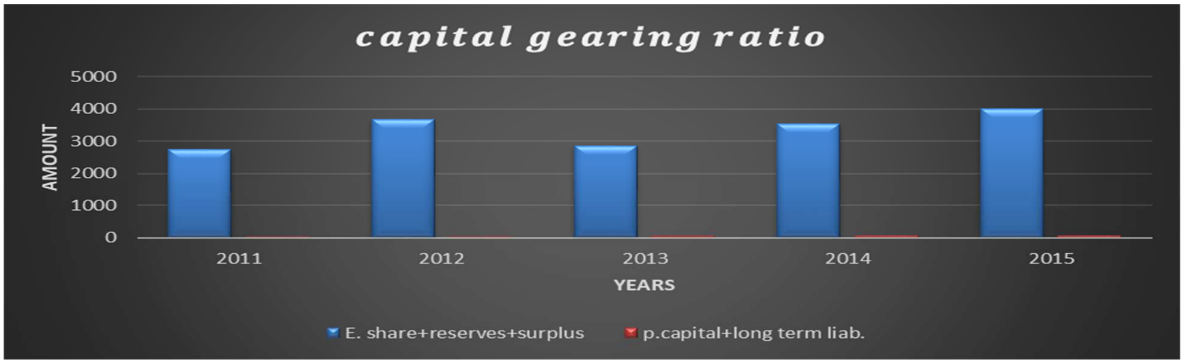
CAPITAL GEARING RATIO

TABLE 4: STATEMENT OF CAPITAL GEARING RATIO (Rs in crores)

Year	E. share+reserves+surplus (Rs)	p.capital+long term liab. (Rs)	Ratio
2011	2734.28	14.58	187.53
2012	3680.41	18.30	201.11
2013	2864.10	45.6	62.80
2014	3536.62	67.86	52.11
2015	4020.97	67.84	59.27

Sources: Annual report from the Hindustan Unilever Ltd for the year 2011 –2015.

CHART 2



Interpretation: the above table shows the relationship between earning share capital plus reserves plus surplus to preference capital plus long term liabilities from the table it is concluded that in 2011 the ratio is 187.53 again increasing in 2012as 201.11 while it falls continuously in the respective years 2013 and 2014 and then increasing year 2015 as 59.27.

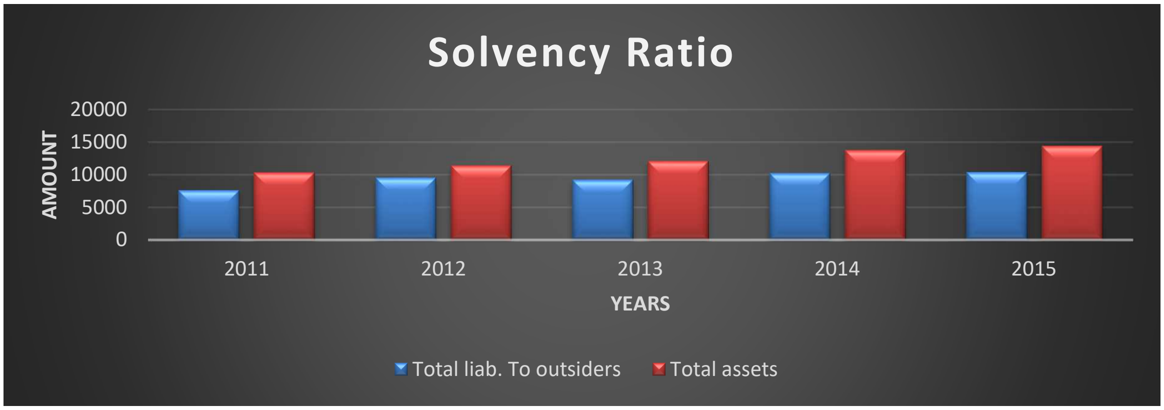
SOLVENCY RATIO

TABLE 5: STATEMENT OF SOLVENCY RATIO (Rs in crores)

Year	Total liab. To outsiders (Rs)	Total assets (Rs)	Ratio
2011	7612.78	10347.15	0.73
2012	9537.87	11406.58	0.83
2013	9227.07	12091.17	0.76
2014	10231.99	13768.64	0.74
2015	10409.16	14430.13	0.72

Sources: Annual report from the Hindustan Unilever Ltd for the year 2011 – 2015.

CHART 3



Interpretation

The above table highlights the relationship between total liabilities to outsiders to total assets. From the table it's examined that total liabilities to outsiders to total assets are increasing vice versa in 2011, 2012, 2013 then decreases in year 2014 and 2015.

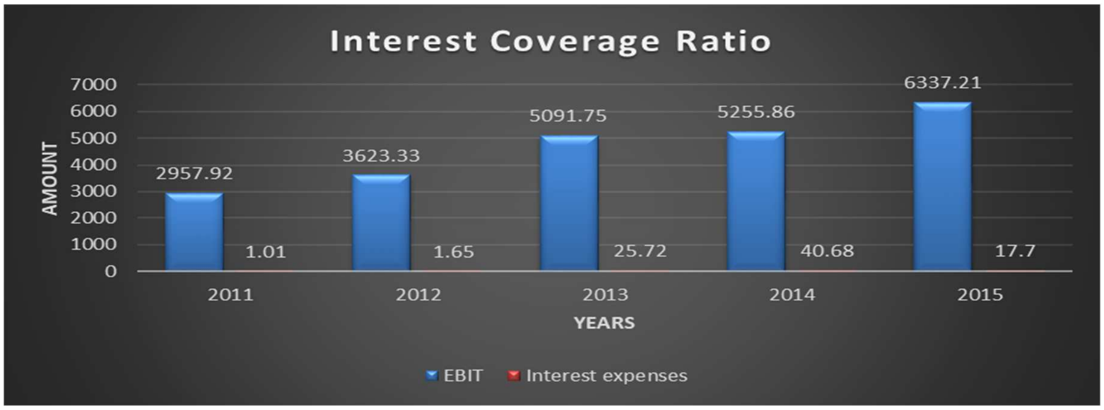
INTEREST COVERAGE RATIO

TABLE 6: STATEMENT OF INTEREST COVERAGE RATIO (Rs in crores)

Year	EBIT (Rs)	Interest expenses (Rs)	Ratio
2011	2957.92	1.01	2957.1
2012	3623.33	1.65	2195.95
2013	5091.75	25.72	197.96
2014	5255.86	40.68	129.20
2015	6337.21	17.70	358.03

Sources: Annual report from the Hindustan Unilever Ltd for the year 2011 – 2015

CHART 4



Interpretation: The above table shows the relationship between Ebit to fixed interest charges the above table highlights that there is increasing year 2011, 2015 and decrease in years 2012, 2013, and 2014.

DEBT EQUITY RATIO

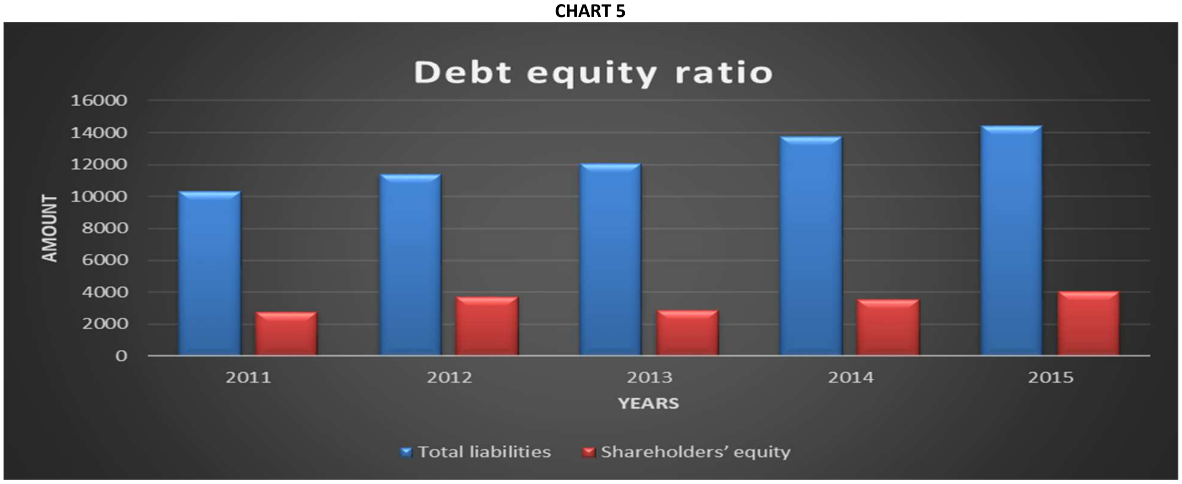
Debt equity ratio = outsiders fund/shareholders' funds.

TABLE 7: STATEMENT OF DEBT EQUITY RATIO (Rs in crores)

Year	Outsiders funds (Rs)	Shareholders 'Funds (Rs)	Ratio
2011	10347.15	2734.00	3.78
2012	11406.58	3680.41	3.09
2013	12091.17	2864.10	4.22
2014	13768.64	3536.62	3.89
2015	14430.13	4020.97	3.58

Sources: Annual report from the Hindustan Unilever Ltd for the year 2011 – 2015

CHART 5



Interpretation: The above table reveals the relationship between the total liabilities to total shareholders' equity. The share of total liabilities in relation to share-holders equity gets decreasing in 2012 then gets increased in 2013. From 3.09 to 4.22 but again shows declining from 2013 to 2015thats from 4.22 to 3.58.

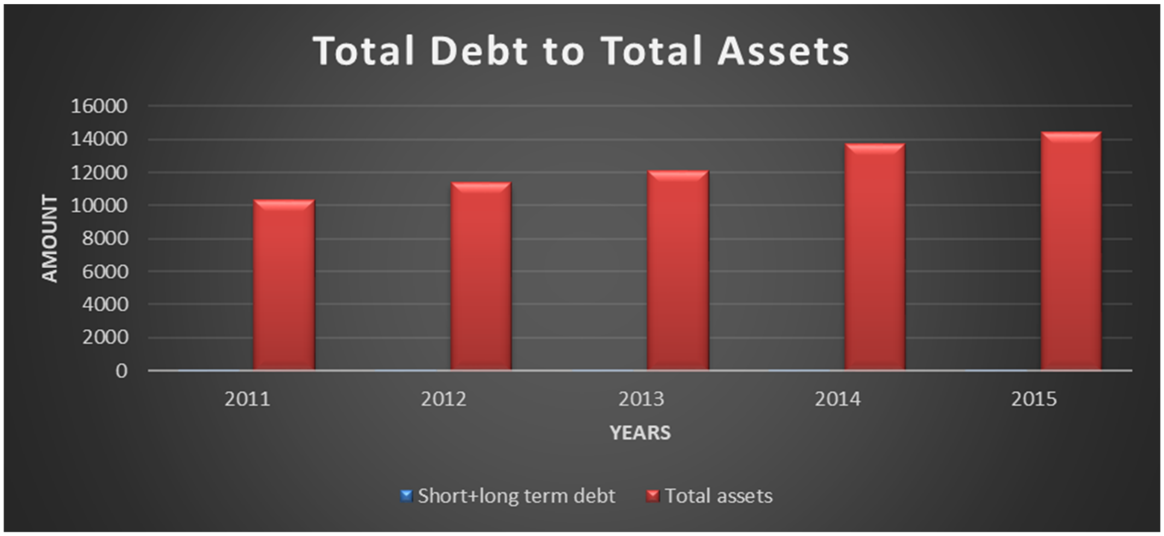
TOTAL DEBT TO TOTAL ASSETS

TABLE 8: STATEMENT OF TOTAL DEBT TO TOTAL ASSETS (Rs. in crores)

Year	Short long term debt (Rs)	Total assets (Rs)	Ratio
2011	**14.58**	**10347.15**	**0.14**
2012	**18.30**	**11406.58**	**0.16**
2013	**45.6**	**12091.17**	**0.37**
2014	**67.86**	**13768.64**	**0.49**
2015	**67.84**	**14430.13**	**0.47**

Sources: Annual report from the Hindustan Unilever Ltd for the year 2011 – 2015

CHART 6



Interpretation: The above table shows the relationship between the short term debts plus long term to total assets. Its shows the continuously as ratio varies from inflation to below par the level. As respective years above mentioned in the table.

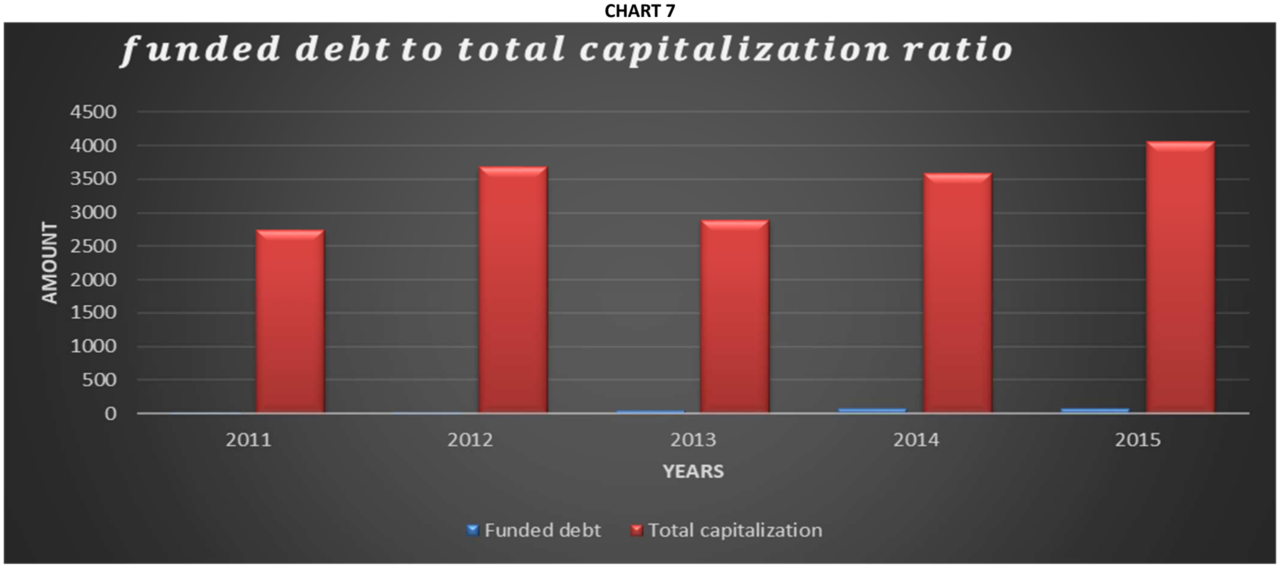
7. Funded debt to total capitalization ratio

TABLE 9: STATEMENT OF FUNDED DEBT TO TOTAL CAPITALIZATION (Rs in crores)

Year	Funded debt (Rs)	Total capitalization (Rs)	Ratio %
2011	**14.58**	**2734.0**	**0.53**
2012	**18.30**	**3680.41**	**0.49**
2013	**45.6**	**2888.84**	**1.57**
2014	**67.86**	**3582.2**	**1.89**
2015	**67.84**	**4064.01**	**1.66**

Source: Annual report from the Hindustan Unilever Ltd for the year 2011 – 2015

CHART 7



Interpretation: The above table indicates the relationship between the long term debts to total capitalization. Presumes the above table mentioned the variations in the ratio from vice versa increasing to decreasing while 2014 and 2015 remains satisfactory.

TOTAL INVESTMENT TO LONG TERM LIABILITIES

This ratio is calculated by dividing the total of long term funds by the long term liabilities. As a general rule the proportion of long term liabilities should not be very high. Thus ratio of total investment to long term liabilities is calculated as:

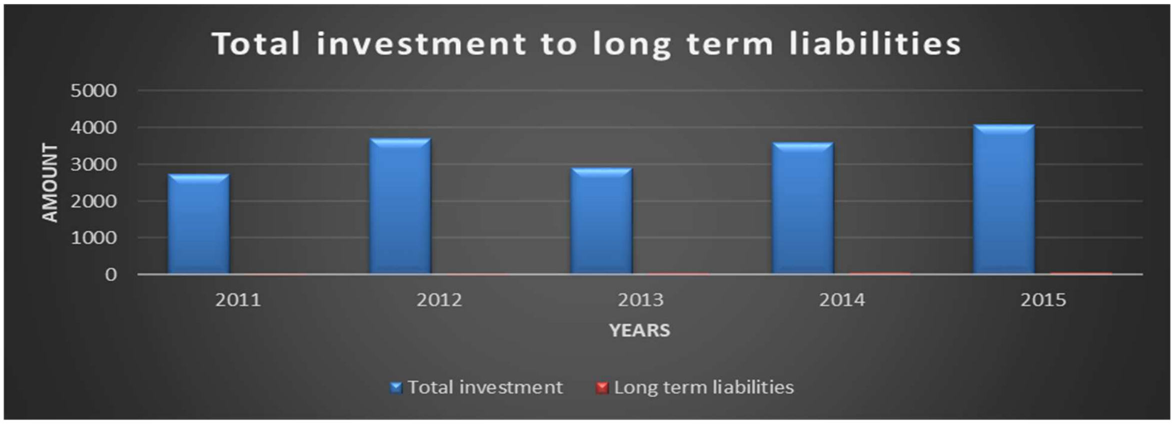
$$total\ investment\ to\ longterm\ liabilities = \frac{sharreholders\ funds + long\ term\ liabilities}{long\ term\ liabilities}$$

TABLE 10: STATEMENT OF TOTAL INVESTMENT TO LONG TERM LIABILITIES (Rs in crores)

Year	Total investment (Rs)	Long term liabilities (Rs)	Ratio
2011	2748.86	14.58	188.53
2012	3698.71	18.30	202.11
2013	2909.7	45.6	63.80
2014	3604.48	67.86	53.11
2015	4088.81	67.84	60.27

Sources: Annual report from the Hindustan Unilever Ltd for the year 2011 – 2015

CHART 8



Interpretation: The above table shows the relationship between the total investments to long term liabilities. there depicts as increasing level in the 2011 and 2012 while the ratio decreases in the last remaining years as 2013 2014 2015, as follows from 188.53, 202.11 to 63.80, 53.11, 60.27 respectively

TESTING OF HYPOTHESIS

There are parametric and non-parametric tests. The choice of test selected for hypothesis testing depends on factors like the nature and objective of research, characteristics of population distribution, the sampling technique, type of data, etc. Hypothesis testing will help a researcher in establishing the validity of his results. For this purpose statistical tool of verification of coefficient of correlation and student t test is being calculated.

CORRELATION

The correlation is a statistical tool which studies the relationship between the two variables and correlation analysis involves various methods and techniques used for studying and measuring the extent of the relationship between the two variables**.**

TABLE 11: COEFFICIENT OF CORRELATION BETWEEN OUTSIDER'S FUNDS AND SHAREHOLDERS' FUNDS

Year	X	Y	dx=x-x	dy=y-y	dx^2	dy^2	Dxdy
2011	10	27	-2	-6	4	36	12
2012	11	36	-1	+3	1	9	-3
2013	12	28	0	-5	0	25	0
2014	13	35	+1	+2	1	4	2
2015	14	40	+2	+7	4	49	14
	$\sum = 60$	$\sum = 166$	$\sum dx = 0$	$\sum dy = +1$	$\sum dx^2 = 10$	$\sum dy^2 = 123$	$\sum dxdy = 25$

Source: Annual report of HUL Pvt. Ltd.

Where

Mean of X= $\frac{60}{5}$ **= 12.**

Mean of Y = $\frac{166}{5}$ **= 33**

Where x is total liabilities, y is shareholders equity.

Therefore,

$\sum dx = 0, \sum dx^2 = 10, \sum dy = 1, \sum dy^2 = 123, \sum dxdy = 25.$

Where r = $\frac{\sum dxdy}{\sqrt{dx^2} * \sqrt{dy^2}}$

r =$\frac{25}{\sqrt{10} * \sqrt{123}}$

r = $\frac{25}{\sqrt{1230}}$

r = $\frac{25}{35.07}$

r = 0.71

Formula for t test:-

t = $\frac{r}{\sqrt{1-r^2}} * \sqrt{n-2}$

t = $\frac{0.71}{\sqrt{1-(0.71)^2}} * \sqrt{10-2}$

t = $\frac{0.71}{\sqrt{1-0.50}} * \sqrt{8}$

t = $\frac{0.71}{\sqrt{0.50}} * 2.82$

t = $\frac{0.71}{0.70} * 2.82$

t = 2.86

$t_{0.05} < t_{1.86}$

Analysis of t test: - Calculated value of t is 2.86 and critical value or table value is 1.84 @ 5% level of significance.

Since coefficient of correlation is more than table value therefore the null hypothesis is rejected which means:

There is significant difference between outsiders fund and shareholders' funds.

Interpretation: - From the conclusion of t test it has been found that the table value of't' is less than the calculated value first we calculated the value of r and then calculated t with the help of r that the value that we calculated is 2.86, Hence the Calculated value of t is more than table value, so the null hypothesis we set above is rejected. Therefore there is significant difference in outsider's funds and shareholders' funds of Hindustan Unilever ltd

FINDINGS

1. The outsider's liabilities of the company are continuously increasing its liabilities which are not good for the company instead they should maintain a good balance of liabilities.
2. Working capital is constantly fluctuating from 2011 to 2015.
3. As regards to the shareholders' funds they are increasing from year to year in relation to total assets which are good for the company.
4. As regards capital gearing the company is relying more on debt as compared to the equity.
5. As concerning to total liabilities to outsiders there is fluctuation in total liabilities to outsiders as in relation to total assets. A continuous increase has been found from last five years.
6. The operating profit of the company is increasing at good rate but the interest paid to outsiders is also raising enourmansly.This reduces the profits after interest.
7. As regards to debt equity the company is using good mix of debt and equity which is good sign for the viability of company.
8. Regarding to short term and long term debt with relation to total assets the long term and short term debt is also increasing continuously at high rate which reduces working capital of the company.
9. About solvency ratio a company is maintaining a good balance of assets that can be claimed by outsiders.
10. Concerning fixed assets in relation to shareholders funds. It has been found that the ratio between fixed assets and shareholders' funds in 2011 and 2013 gets increased while as in last two years it gets decreased.

SUGGESTIONS

- The company is using more outsiders' funds. The company should maintain appropriate mix of owner's funds and outsiders funds.
- The company should use optimum level of working capital to gain the maximum profit.
- The company is using more debt than equity. The company should retain the proper mix of debt and equity in financing the firm's assets.
- Shareholders' funds are superior in relation to total assets and the company using the shareholders' funds in good rate and should try to increase it.
- The company should lessen outsider's liabilities so that there should be good balance of assets and liabilities. So that the company can maintain good liquidity.
- The company is maintaining a good level of operating profit but its interest is continuously escalating which reduces the profit. The company should reduce its loans and advances to achieve maximum profits.
- The company has maintained good mix of debt and equity. Which is Satisfactory for its growth and the company should seek to keep it up in future.
- The solvency of the company is good but is increasing in 2013 which the company should maintain as low as possible. So that the company can manage more suitable long term solvency position in the future.
- The fixed assets of the company are also mounting without taking long-term debts which is good for the company and should uphold it in future al

CONCLUSION

Hindustan Unilever limited is a public limited company and was changing from last five years. The company has increased the outsider's liabilities from year to year, but overall company is using good mix of debt and equity while as the company is trusting more on debit. The company should try to make control on debit. Operating profit of the company is also increasing from year to year but the company should try to minimize the loans as well as the loans and outsiders funds to reduce the interest so that the net profit can be maximized. Company is maintaining a good balance of solvency which is good for the company. The company should try to reduce its current liabilities as the current liabilities are very much increasing as compared to current assets. This is best for the feasibility as well as for the Profitability of the company. Overall the company is donning very glowing

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