



FINANCIAL PERFORMANCE EVALUATION OF LEADING FMCG COMPANIES IN INDIA: A DECADE OF ANALYSIS

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ABSTRACT

India's economy depends heavily on the Fast-Moving Consumer Goods (FMCG) industry, which is fuelled by strong consumer demand and steady product turnover. According to forecasts, the market will reach \$220 billion by 2025. Colgate-Palmolive, Dabur, Emami, Godrej Consumer Products, Hindustan Unilever, ITC, Jubilant Food Works, Marico, Radico Khaitan, and Tata Consumer Products are the ten largest FMCG businesses whose financial performance is examined in this study during the past ten years. In order to evaluate liquidity and profitability, important financial ratios were examined.

Using CAGR analysis, long-term trends were monitored. The results show that businesses like Godrej and Emami showed better liquidity, while ITC, HUL, and Marico continued to be highly profitable. Radico Khaitan and Jubilant FoodWorks, on the other hand, performed inconsistently. In India's ever-changing FMCG market, this thorough financial analysis helps analysts, investors, and corporate strategists assess firm performance and make wise decisions.

KEYWORDS: FMCG, Financial Performance, India, Profitability, Liquidity, CAGR, Financial Ratios

1. INTRODUCTION

The Fast-Moving Consumer Goods (FMCG) sector in India holds a crucial position in the country's economic structure, contributing significantly to its GDP and employment opportunities. By 2025, the Indian FMCG market is expected to have grown to \$220 billion, with an annual growth rate of 12–13%. This growth is being driven by shifting consumer preferences and rising demand for branded products, contemporary retail, and internet shopping. In order to adapt, major companies such as Colgate, Dabur, Emami, Godrej, Unilever, ITC, Marico, Jubilant Food Works, Radico Khaitan, and Tata Consumer Products are diversifying their product lines, using aggressive marketing strategies, and undergoing digital transformation. Businesses have been forced to innovate and broaden their market reach by fierce competition. Analysts and investors are very interested in the FMCG sector because of its enormous growth potential, which makes assessing financial performance essential for strategic choices.

2. REVIEW OF LITERATURE

Dr. Dinesh Chandra and Ms. Nagama (2021), aimed to examine financial performance of selected companies of FMCG industry of India in terms of profitability. Researcher selected three FMCG companies viz., ITC Limited, Dabur India Limited and Marico Limited. Study was based on secondary data and data had been collected for ten years from 2011 to 2020. Analyzed data with profitability ratios viz., net profit margin, return on capital employed, return on net worth, return on assets, and operating profit margin. Study found that ITC was performed better than the other chosen companies throughout the study period when taking into account all five profitability ratios combined.

Dr. AnilKumar & et al, (2022), 'Financial Performance Analysis of Two Indian FMCG Companies: A Comparative Study' the study discusses the financial performance of India's FMCG sector, with a focus on ITC and Hindustan Unilever Limited (HUL). It references studies by Singh & Jain (2016), Dr. Rajesh Gupta (2017), and Dr. Neha Sharma (2019), highlighting key growth factors such as urbanization, digitalization, and consumer behavior shifts. Research by Kumar et al. (2018) and Choudhary & Jain (2021) examines the impact of GST on FMCG operations, while Patel & Shah (2021) explore digital transformation in the industry. Additionally, studies by Das (2013) and Chakraborty & Halder (2018) compare financial indicators like profitability and liquidity across leading FMCG firms, emphasizing the role of financial ratios in evaluating corporate performance.



Shaik Mohammad Irfan & et al, (2023), ‘Financial Performance of Fast-Moving Consumer Goods (FMCG) Companies in India;’ the study examines the financial performance of FastMoving Consumer Goods (FMCG) companies in India. It discusses various financial metrics, including liquidity ratios, solvency ratios, operational efficiency ratios, and profitability ratios, to assess company performance. The study highlights the competitive nature of the FMCG industry and the role of factors such as consumer demand, government regulations, and market trends. Findings suggest that leading companies like P&G Hygiene and Health Care, Nestlé India, and Colgate-Palmolive consistently perform well in profitability and efficiency. The review emphasizes the importance of financial management strategies in sustaining growth and market competitiveness.

Sagar Ekanath Gandavadi, (2024), ‘Financial Performance Evaluation of Selected Fmcg Companies in India’ the study explores financial performance evaluation in the Indian FMCG sector, focusing on profitability. Studies by Sharma (2016) and Rajhans & Nerkar (2017) highlight liquidity and profitability trends in major companies like HUL and Britannia, showing varying financial strengths. Singh & Shrivastava (2019) analyze profitability ratios across ITC, Britannia, Dabur, and others, identifying significant differences in Net Profit Ratio (NPR), Return on Assets (ROA), and Return on Equity (ROE). Husain (2021) examines financial ratios of FMCG firms, concluding that ITC leads in profitability metrics. Chandra & Nagama (2021) reinforce the dominance of ITC in overall profitability compared to its competitors. The review underscores the importance of profitability analysis for investment decisions and financial management strategies.

3. OBJECTIVES OF THE STUDY

- To analyse the financial performance of listed FMCG companies in India.
- To analyse the liquidity, Solvency, Turnover and Profitability ratios of FMCG companies in India.
- To categorize FMCG companies based on financial performance scores.

4. INDUSTRY PROFILE

The Fast-Moving Consumer Goods (FMCG) sector in India has undergone a remarkable transformation over the decades, evolving from a fragmented and unorganized industry into one of the largest and most competitive markets globally. This growth has been driven by changing consumer preferences, economic reforms, technological advancements, and globalization. Market Size and Growth Trends of the Indian FMCG Industry The Fast-Moving Consumer Goods (FMCG) industry in India is experiencing robust growth and is projected to reach a market size of \$220 billion by 2025. This rapid expansion is attributed to the rising consumer base, increasing purchasing power, and evolving lifestyle preferences. Over the past few years, the sector has maintained a steady annual growth rate of 12-13%, making it one of the fastest-growing segments of the Indian economy.

5. RESEARCH METHODOLOGY

Financial ratio analysis was conducted across ten companies for ten years. Key ratios include:

RATIO	FORMULA
Current Ratio (LIQUIDITY)	$\frac{\text{Current Asset}}{\text{Current Liabilities}}$
Quick Ratio (ACID TEST RATIO)	$\frac{(\text{Current Asset}-\text{Inventory}-\text{Prepaid expenses})}{\text{Current Liabilities}}$
Cash Ratio (LIQUIDITY)	$\frac{\text{Cash and Cash Equivalents}}{\text{Current Liabilities}}$
Gross Profit Margin (PROFITABILITY)	$\frac{\text{Gross Profit}}{\text{Net sales}}$
Net Profit Margin (PROFITABILITY)	$\frac{\text{Net Profit}}{\text{Net Sales}}$
Return on Asset (PROFITABILITY)	$\frac{\text{Net Profit after tax}}{\text{Average Total Asset}}$



Debt to Equity Ratio (FINANCIAL LEVERAGE)	$\frac{\text{Total Debt}}{\text{Total Shareholder's Equity}}$
Debt Ratio (FINANCIAL LEVERAGE)	$\frac{\text{Total Liabilities}}{\text{Total Asset}}$
Operating Profit Ratio (PROFITABILITY)	$\frac{\text{Operating Profit}}{\text{Net sales}}$
Asset Turnover Ratio (PROFITABILITY)	$\frac{\text{Net Sales}}{\text{Average Total Asset}}$
Inventory Turnover Ratio (SALES RATIO)	$\frac{\text{COGS}}{\text{Average Inventory}}$
Receivable Turnover Ratio (CREDIT RATIO)	$\frac{\text{Revenue}}{\text{Average Accounts Receivable}}$
Return on Equity (PROFITABILITY)	$\frac{\text{Net Income}}{\text{Average Shareholder's Equity}}$

6. ANALYSIS AND INTERPRETATION

6.1 CURRENT RATIO

Rank	Company	10-Year CAGR (%)
1	Dabur	15.909%
2	Colgate	6.7965%
3	Unilever	4.4898%
4	Radico Khaitan	0.2128%
5	JFW	0.1501%
6	MARICO	-0.0625%
7	Emami	-4.0761%
8	Godrej Cons Prod	-4.0761%
9	TCP	-6.3672%
10	ITC	-8.1978%

Dabur and Colgate demonstrated persistent growth in current ratios, signaling enhanced short-term liquidity. Godrej and Emami experienced decreases, leading to worries about solvency. Others exhibited moderate or stable performance.

6.2 QUICK RATIO

Rank	Company	10-Year CAGR (%)
1	Dabur	23.586%
2	Colgate	9.894%
3	Unilever	5.770%
4	MARICO	3.545%
5	ITC	3.185%
6	TCP	2.268%
7	Godrej Cons Prod	2.168%
8	Radico Khaitan	-1.883%
9	JFW	-3.038%
10	Emami	-5.860%

Colgate and Dabur achieved significant enhancements in their short-term liquidity, independent of their inventory. There was a marked decline in Godrej and Emami. Marico and Unilever demonstrated steady, well-balanced trends.

6.3 CASH RATIO

Rank	Company	10-Year CAGR (%)
1	Radico Khaitan	21.16%
2	Colgate	14.207%
3	Unilever	7.250%
4	TCP	5.174 %
5	Dabur	1.411%
6	MARICO	0.626%
7	ITC	-2.568 %
8	JFW	-3.174%
9	Godrej Cons Prod	-13.689 %
10	Emami	-15.208%

Radico Khaitan attained robust growth in immediate cash reserves. Emami and TCP experienced the most significant downturns, which compromised their short-term liquidity. Dabur and Colgate showed steady improvement.

6.4 GROSS PROFIT RATIO

Rank	Company	10-Year CAGR (%)
1	TCP	9.054%
2	MARICO	2.346%
3	Unilever	1.930%
4	Godrej Cons Prod	1.312%
5	ITC	1.017%
6	Dabur	0.893%
7	Emami	0.530%
8	Colgate	0.229%
9	JFW	0.369%
10	Radico Khaitan	3.857%

TCP and Marico enhanced their margins by implementing better cost control measures and adjusting pricing strategies. Radico and JFW saw a steep drop in profitability. Other companies-maintained stability or exhibited slight variations.

6.5 NET PROFIT RATIO

Rank	Company	10 Year CAGR (%)
1	Colgate	5.145%
2	MARICO	2.939%
3	Unilever	1.828%
4	ITC	1.604%
5	Dabur	1.440%
6	Emami	0.444%
7	TCP	0.093%
8	JFW	-3.022%
9	Radico Khaitan	-5.791%
10	Godrej Cons Prod	-6.690%

Colgate and Marico kept robust net profit margins, signifying sound operations. Net earnings fell for Godrej and Radico. Throughout the period, ITC and Dabur maintained

6.6 RETURN ON ASSETS

Rank	Company	10 Year CAGR (%)
1	Radico Khaitan	6.947%
2	MARICO	2.553%
3	Colgate	2.344%
4	ITC	0.732%
5	Emami	-2.163 %
6	Dabur	-3.600%
7	TCP	-3.859 %
8	Unilever	-8.428%
9	Godrej Cons Prod	-9.350 %
10	JFW	-9.862%

Radico and Marico demonstrated effective asset utilization for profit generation. Unilever, Godrej, and JFW experienced declines, indicating underutilization. ITC and Dabur showed a high degree of consistency.

6.7 RETURN ON EQUITY

Rank	Company	10-Year CAGR (%)
1	TCP	13.729%
2	Radico Khaitan	2.807%
3	MARICO	2.562%
4	ITC	-0.999%
5	Emami	-2.863%
6	Dabur	-3.945%
7	Colgate	-5.248%
8	JFW	-5.371%
9	Godrej Cons Prod	-9.962%
10	Unilever	-16.176%

Radico and TCP delivered robust returns on shareholder investments. Godrej, Unilever, and JFW saw declines, indicating a reduced earnings capacity. Dabur and Marico maintained robust ROE levels.

6.8 OPERATING PROFIT RATIO

Rank	Company	10-Year CAGR (%)
1	Colgate	4.843%
2	JFW	2.040%
3	Dabur	1.372%
4	Unilever	1.326%
5	ITC	0.438 %
6	MARICO	0.042%
7	Emami	-1.110 %
8	Godrej Cons Prod	-1.377 %
9	Radico Khaitan	-2.272%
10	TCP	-5.737 %

Colgate achieved the largest enhancement in operating margin. Dabur and JFW realized minor growth. Due to increasing costs, TCP and Radico reported declines.

6.9 DEBT TO EQUITY RATIO

Rank	Company	10 Year CAGR (%)
1	JFW	10.042%
2	MARICO	0.032%
3	Dabur	-1.006%
4	Godrej Cons Prod	-2.322 %
5	Emami	-3.695 %
6	TCP	-4.458 %
7	Colgate	-5.248%
8	ITC	-7.131 %
9	Radico Khaitan	-7.490%
10	Unilever	-15.191%



JFW raised long-term risk by increasing financial leverage. ITC and Unilever lowered their ratios and transitioned to equity-based funding. Dabur and Marico upheld conservative capital structures.

6.10 DEBT RATIO

Rank	Company	10-Year CAGR (%)
1	JFW	-1.802%
2	MARICO	0.023%
3	Dabur	-0.650%
4	Godrej Cons Prod	1.628%
5	Colgate	2.762%
6	Emami	3.001%
7	Radico Khaitan	3.769%
8	ITC	5.507%
9	Unilever	-7.352%
10	TCP	13.367%

JFW and Marico augmented their dependence on debt financing. ITC and TCP lightened their debt burden, thereby improving financial stability. Dabur and Emami maintained balanced debt levels.

6.11 ASSET TURNOVER RATIO

Rank	Company	10-Year CAGR (%)
1	Radico Khaitan	3.373%
2	MARICO	-0.174%
3	ITC	-0.857%
4	Emami	-2.596%
5	Colgate	2.663%
6	Godrej Cons Prod	-2.850%
7	TCP	-3.949%
8	Dabur	-4.968%
9	JFW	-7.015%
10	Unilever	-10.072%

Radico took the lead in enhancing revenue generated from asset utilization. Asset utilization efficiency decreased for JFW, Unilever, and Dabur. ITC and Marico demonstrated consistent turnover levels.

6.12 INVENTORY TURNOVER RATIO

Rank	Company	10-Year CAGR (%)
1	Radico Khaitan	1.168%
2	Colgate	-0.020%
3	MARICO	-0.810%
4	Godrej Cons Prod	-1.669%
5	Unilever	-6.221%
6	ITC	-6.221%
7	JFW	-6.349%
8	Emami	-6.604%
9	Dabur	-7.329%
10	TCP	-15.017%

Radico enhanced inventory turnover, indicating improved stock management. Dabur, Emami, and others saw declines, suggesting overstocking or slower movement. Colgate exhibited stability over time.

6.13 RECEIVABLE TURNOVER RATIO

Rank	Company	10-Year CAGR (%)
1	TCP	8.456%
2	ITC	2.266%
3	Radico Khaitan	2.266%
4	Dabur	0.228%
5	Godrej Cons Prod	3.689%
6	JFW	-5.146%
7	Unilever	-5.359%
8	Colgate	-7.349%
9	Emami	-9.765%
10	MARICO	-13.235%



TCP demonstrated high efficiency in collecting receivables. Emami, Marico, and Colgate demonstrated reduced turnover, suggesting a slowdown in collections. Dabur and ITC saw slight improvements

7. FINDINGS

- Liquidity Ratios: The Current Ratio has improved for Godrej Consumer, HUL, Marico and declined for Colgate, ITC. The Quick Ratio has improved for Godrej Consumer, HUL and declined for Colgate, ITC. The Cash Ratio has improved for Godrej Consumer and declined for Colgate, ITC.
- Profitability Ratios: The Gross Profit Margin has improved for Godrej Consumer, HUL, Marico and declined for Colgate, ITC. The Net Profit Margin has improved for Godrej Consumer, HUL, Marico and declined for Colgate, ITC. The Return on Assets (ROA) has improved for Godrej Consumer, HUL, Marico and declined for Colgate, ITC. The Return on Equity (ROE) has improved for Godrej Consumer, HUL, Marico and declined for Colgate, ITC. The Operating Profit Ratio has improved for Godrej Consumer, HUL, Marico and declined for Colgate, ITC.
- Operating Ratios: The Asset Turnover Ratio has improved for Godrej Consumer, HUL and declined for Colgate, ITC. The Inventory Turnover Ratio has improved for Colgate, ITC and declined for Godrej Consumer, HUL. The Receivables Turnover Ratio has improved for Godrej Consumer, HUL and declined for Colgate, ITC.
- Solvency Ratios: The Debt to Equity Ratio has increased for Colgate, ITC (more debt financing) and decreased for Godrej Consumer, HUL (shift to equity financing). The Debt Ratio has increased for Colgate, ITC (higher financial risk) and decreased for Godrej Consumer, HUL (improved financial stability).

8. CONCLUSION

In conclusion financial examination of leading FMCG companies over a ten-year period shows a variety of performance tendencies. Some companies, like Emami, GCP, and JFW, saw drops in areas like liquidity and profitability, while others, like TCP, Dabur, and Radico Khaitan, saw steady growth across important financial ratios, indicating increased efficiency and strategic resilience. These fluctuations emphasise the significance of effective resource management and flexible financial planning. Despite obstacles, the FMCG industry is nevertheless robust due to rising demand and changing consumer tastes. Businesses must concentrate on improving operational performance, carefully managing debt, and maximising asset utilisation for long-term sustainability if they want to remain competitive.

9. REFERENCE

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