



An Empirical Assessment of Profitability and Liquidity Position of Selected FMCG Companies

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Abstract- Over the years, the FMCG sector has played a significant role in the economy through its consistent performance and high yield returns. This is one of the major reasons why most rational investors keep their portfolios diversified and conserved by holding FMCG stocks as a long-term, consistent investment strategy. The present study is an attempt to make investment decisions more precise, not only within the FMCG sector but also across other sectors that are largely dependent on profitability and liquidity matrices. The study deploys a combination of descriptive and analytical frameworks to measure and rank the financial performance, primarily liquidity and profitability, of selected companies over a period of nine years. For the purpose of the present research work, the researcher has used non-probability purposive sampling to select the data set and has applied the index value method, descriptive analysis, and ANOVA for the purpose of analysis. The outcomes of the study are expected to provide meaningful insights for investors, financial analysts, and policymakers by highlighting relative financial strengths and weaknesses of the selected companies and by facilitating informed decision-making based on systematic financial evaluation.

Keywords- Financial Performance Analysis, Profitability and Liquidity Analysis of FMCG Sector, Ratio Analysis.

I. Introduction

Today the global market is expanding at a rapid pace and is characterized with high degree of dynamism and uncertainty. The emergence of artificial intelligence and its widespread adoption by every sector is one the prime example of this evolving market. While there are uncertainty in every single field of economy but there are several sectors that demonstrate stability and consistency in performance even during the worst period of disruption like COVID-19 pandemic or the global financial crises. The Fast-Moving Consumer Goods (FMCG) sector is one of these utility-oriented sectors that has consistently performed well and continues to contribute significantly to economic growth and development, today companies operating in this sector are in the priority list of every rational investor due to their relatively stable demand and strong fundamentals. However, Selecting the best performing company from a large number of listed companies each with their different financial strength is one of the most challenging part of investment. In the long run, it is the fundamental performance of a company that determines its sustainability and the returns generated for investors. Among various financial indicators, liquidity and profitability are considered two of the most critical metrics for investors when evaluating a company's overall financial performance. The current research work is an attempt to build a composite index that



can help the investor to analyze the stock by combining the profitability and liquidity ratio, The findings of this study are expected to benefit investors, financial analysts, and portfolio managers by providing a simplified yet comprehensive tool for comparing FMCG companies based on key financial parameters. Although the present study employs an equal-weight composite index for simplicity and objectivity, the framework allows for future refinement through differential weight assignment based on investors' risk–return preferences. Thus, the present research attempts to provide an empirical and structured assessment of the profitability and liquidity position of selected FMCG companies to support informed investment decision-making.

II. Review of Literature

Kukade & Badra, (2023) Under the paper the researcher has used descriptive and analytical methodology to evaluate the fundamental and technical performance of 10 leading FMCG Sector Companies, the research work aims to conduct a comprehensive analysis of the selected companies based upon the parameter of profitability, valuation and growth perspective, further to identify the value pick and growth pick stocks among the top10 FMCG companies, more further to identify the best performing companies amongst the selected companies. The paper identifies Godrej, Nestle Adani Wilmar Ltd, P&G hygiene and healthcare, as overvalued stocks for investment decision further it identify HUL, ITC, Britannia, Dabur, Marico and Colgate Palmolive as undervalued stocks. The paper highlights Colgate Palmolive as one of the best investment alternative.

Haque & Afzal, (2017) Under the paper the researcher has used descriptive and analytical methodology to evaluate the financial performance of leading companies of FMCG sector for the period of five years commencing from 2011-12 to 2015 -16, the research work is based upon secondary data mostly collected from the annual reports of the companies the major objective of the research work is evaluate the financial performance of the companies and measure the relationship between sales and liquidity position of company, for the purpose of analysis regression and correlation method is being used applied through SPSS, the research work finds that in context of profitability and liquidity all the selected companies has performed well however when it comes to debt most companies has used very low or no debt structure which is somewhere affecting the leverage of the company, more further the research work conclude that there is a strong positive relation between sales of the company and profitability and liquidity position of the company the paper also highlights that although sales has a significant impact of profitability and liquidity but it has not a significant impact on the solvency of the company.

Sharma & Grover, (2016) Under the paper the researcher has used descriptive and analytical research approach to analyze the impact of Net profit Ratio, operating profit ratio and creditor turnover ratio on return over investment of the selected FMCG Companies for the period of five years commencing from 2009 to 2013, the major objective of the research work is firstly, to analyze the financial performance of the selected FMCG Companies and secondly it aims to study the impact of various profitability and liquidity indicator over the return over investment. For the purpose of



data analysis the researcher has used regression model, the result of the analysis shows that only net profit ratio has a significant impact over the return over investment. EHIEDU & Chukwunwike, (2014) Under the paper the researcher has used quantitative research design to analyze the relation between liquidity and profitability ratio of the company the research work for the purpose of sampling non probability sampling has been used, to analyze the collected data mainly simple correlation technique has been deployed, the result of research work indicates that though there is a positive correlation between the liquidity and profitability ratios of company but the relation is not significant at 10% significance level.

Chakraborty, (2017) Under the research paper the researcher has used descriptive and analytical methodology, where the major objective of the research work is to analyze and highlight the financial performance of selected companies, for the purpose of research five major companies have been selected the period of the research work is selected if 6 year commencing from 2011 and ending at 2016 the researcher for the purpose of analysis uses single factor ANOVA and other descriptive statistical tools the research work reveals that in terms of margin performance ITC is at the top whereas in terms of return performance HUL is leading the sector, on the other hand in context to liquidity position Marrico is the top performer in the sector, more further the research work reveals that though ranking of ratios are different but there is no significant difference between the financial ratio.

III. Research Methodology

Research Gap

The Review of literature depicts that although several studies have analyzed the profitability and liquidity performance of the company using ratio analysis and statistical tools but most of them have directly ranked the companies according to different ratio, majority studies lack composite ranking of company combining the liquidity and profitability indicators, very limited studied has approached index number analysis to convert financial ratio in composite score, Moreover, the application of ANOVA on index-based measures to examine inter-company financial performance differences over a longer study period remains largely unexplored. Thus the focus of the present study is bridge this gap by integrating ratio analysis, indexation and ANOVA within a unified analytical framework.

Research Objective

Following points in brief Summarizes the major objectives of the current research work:

- To examine the profitability and liquidity position of selected FMCG companies using key financial ratio.
- To rank the selected FMCG Companies based on their relative profitability and liquidity performance through index analysis.
- To analyze whether a significant difference exist in the financial performance of selected FMCG companies using ANOVA.

Research Hypothesis

For the purpose of the research work following is the statement of Hypothesis



- (Null Hypothesis) H0: There is no significant difference in the financial performance of the selected FMCG Companies.
- (Alternate Hypothesis) H1: There is a significant difference in the financial performance of the selected FMCG Companies.

Research Design

The current research work follow a combine approach of descriptive and analytical research work, where a set of profitability and liquidity indicator are being used table 1 summarizes these sets of Indicators.

Table 1: Indicators of Study

| Financial Performance Aspect | Indicators Used |
|------------------------------|--|
| 1) Profitability Analysis | 1) Net Profit Ratio 2) Operating Profit Ratio 3) Earning Per Share |
| 2) Liquidity Ratio | 1) Current Ratio 2) Liquid Ratio 3) Debt to Equity Ratio |

Sample Design & Period of the Study

The FMCG Sector constitute the population of the current research work, for the purpose of this study the researcher has used non-probability purposive sampling method and selected five leading FMCG companies - ITC, Nestle, Godrej, Dabur and GlaxoSmithKline Consumer healthcare limited, based on their market capitalization, industry presence and availability of consistent financial data. The study covers a period of nine years commencing from the financial year 2015- 16 to 2023-24, the current research work is based upon the secondary data collected mainly from the published annual reports of the respective companies and recognized financial database.

Data Analysis Method

The present study is divided into two major parts. The first part of the study is descriptive in nature and here the financial performance of the selected companies will be analyzed and compared using the descriptive statistical methods and ratio analysis. The second part of the study is analytical in nature under which Index Number analysis is employed to convert the raw financial ratio into standardized index score and to rank the selected companies according to their composite score and at last Single Factor ANOVA will be Applied to analysis the difference in the financial performance of the selected FMCG Companies.

Key Limitation

Following three are the Major Limitation of the current research work:

- The dependency of Secondary Data only.
- Based Solely upon Ratio and Index analysis which don't cover the qualitative aspect of company's operation.
- The time period with high intervening variables.



IV. Data Analysis And Results

DESCRIPTIVE ANALYSIS

Table 2: Profitability Indicators of the Selected FMCG Companies

| Net Profit Ratio | | | | | |
|----------------------------|-------|--------|--------|-------|--------|
| Year | ITC | Nestle | Godrej | Dabur | GSKCHL |
| 2015-16 | 26.31 | 10.05 | 14.80 | 16.69 | 14.35 |
| 2016-17 | 26.72 | 12.02 | 16.66 | 17.69 | 13.25 |
| 2017-18 | 25.32 | 14.23 | 18.67 | 18.19 | 11.25 |
| 2018-19 | 27.22 | 15.91 | 30.90 | 19.31 | 12.15 |
| 2019-20 | 32.34 | 15.60 | 21.55 | 17.77 | 13.6 |
| 2020-21 | 26.86 | 14.37 | 19.58 | 18.52 | 6.58 |
| 2021-22 | 25.20 | 14.15 | 21.28 | 16.82 | 12.33 |
| 2022-23 | 26.69 | 16.12 | 19.74 | 15.13 | 7.07 |
| 2023-24 | 31.2 | 16.2 | 4 | 14.6 | 20.3 |
| Average | 27.54 | 14.29 | 18.57 | 17.19 | 12.32 |
| Min. Value | 25.2 | 10.05 | 4 | 14.6 | 6.58 |
| Max. Value | 32.34 | 16.2 | 30.9 | 19.31 | 20.3 |
| Standard Deviation | 2.50 | 2.07 | 7.07 | 1.54 | 4.06 |
| Net Operating Profit Ratio | | | | | |
| Year | ITC | Nestle | Godrej | Dabur | GSKCHL |
| 2015-16 | 39.31 | 16.34 | 22.02 | 21.26 | 20.29 |
| 2016-17 | 39.37 | 19.29 | 24.08 | 24.77 | 15.54 |
| 2017-18 | 41.70 | 22.50 | 25.48 | 25.2 | 18.24 |
| 2018-19 | 41.08 | 22.65 | 27.07 | 24.43 | 21.07 |
| 2019-20 | 42.30 | 22.29 | 26.62 | 24.21 | 20.26 |
| 2020-21 | 37.75 | 22.58 | 26.12 | 23.55 | 22.72 |
| 2021-22 | 35.25 | 20.18 | 24.62 | 23.41 | 29.86 |
| 2022-23 | 37.34 | 21.76 | 24.78 | 21.93 | 25.96 |
| 2023-24 | 40.29 | 22 | 3.4 | 19.4 | 24.54 |
| Average | 39.37 | 21.06 | 22.68 | 23.12 | 22.05 |
| Min. Value | 35.25 | 16.34 | 3.4 | 19.4 | 15.54 |
| Max. Value | 42.3 | 22.65 | 27.07 | 25.2 | 29.86 |
| Standard Deviation | 2.27 | 2.12 | 7.38 | 1.90 | 4.28 |
| Earning Per Share | | | | | |
| Year | ITC | Nestle | Godrej | Dabur | GSKCHL |
| 2015-16 | 7.74 | 96.1 | 21.22 | 5.34 | 44.22 |
| 2016-17 | 8.43 | 127.07 | 24.9 | 5.67 | 39.76 |
| 2017-18 | 9.22 | 166.67 | 9.78 | 6.09 | 20.78 |



| | | | | | |
|--------------------|-------|--------|-------|-------|-------|
| 2018-19 | 10.19 | 204.16 | 17.17 | 7.16 | 25.11 |
| 2019-20 | 12.33 | 215.98 | 11.54 | 6.62 | 6.50 |
| 2020-21 | 10.59 | 219.72 | 11.97 | 7.82 | 21.11 |
| 2021-22 | 12.22 | 247.94 | 14.47 | 8.11 | 99.79 |
| 2022-23 | 15.15 | 31.10 | 14.8 | 7.75 | 35.88 |
| 2023-24 | 16.39 | 40.79 | -5.5 | 10.38 | 44.8 |
| Average | 11.36 | 149.94 | 13.37 | 7.21 | 37.55 |
| Min. Value | 7.74 | 31.1 | -5.5 | 5.34 | 6.5 |
| Max. Value | 16.39 | 247.94 | 24.9 | 10.38 | 99.79 |
| Standard Deviation | 2.94 | 80.24 | 8.56 | 1.54 | 26.57 |

Source: Excel Generated Based upon the Annual Report of the selected FMCG Companies.

- In context of profitability the above data highlights that ITC is one of the most consistent and strongest performing company, in context of Net profit margin and net operating profit ratio the performance is at the peak on the other hand it has a steadily rising EPS indicating superior operational efficiency, cost control and sustained shareholder value creation.
- Nestle whereas is demonstrating a stable profitability with high returns the data reveals that over the years the company is reporting moderate but consistent profit, with exceptional high EPS figures which suggest string brand power, pricing ability and efficient conversion of profit into shareholder earnings.
- Dabur on the other hand maintain a balanced and stable performance in context to profitability with relatively steady operating and net profit margins and gradual growth in EPS, indicating a conservative approach in financial management.
- Godrej performance in context of profitability is highly volatile with sharp declines in both net and operating profit ratio and a negative EPS in 2023-24, pointing towards operational inefficiencies of management or adverse market condition for the product line.
- GSK consumer healthcare shows a inconsistency in profit ratio and irregular EPS trends suggesting that the company is majorly depending upon the non recurring gains and is higher exposure to operational and integration related risk.

Table 3: Liquidity Indicators of the Selected FMCG Companies

| Current Ratio | | | | | |
|---------------|------|--------|--------|-------|--------|
| Year | ITC | Nestle | Godrej | Dabur | GSKCHL |
| 2015-16 | 3.66 | 2.01 | 1.09 | 1.52 | 3.74 |



| | | | | | |
|----------------------|------|--------|--------|-------|--------|
| 2016-17 | 3.59 | 2.64 | 1.04 | 1.48 | 2.30 |
| 2017-18 | 2.77 | 2.55 | 1.26 | 1.41 | 1.36 |
| 2018-19 | 3.07 | 1.74 | 1.12 | 1.35 | 1.37 |
| 2019-20 | 4.02 | 1.68 | 1.20 | 1.98 | 1.75 |
| 2020-21 | 3.13 | 1.00 | 1.55 | 1.63 | 1.67 |
| 2021-22 | 2.70 | 1.13 | 2.62 | 1.30 | 2.19 |
| 2022-23 | 2.84 | 0.88 | 3.03 | 1.18 | 1.87 |
| 2023-24 | 2.91 | 0.95 | 0.38 | 1.19 | 2.90 |
| Average | 3.19 | 1.62 | 1.47 | 1.45 | 2.13 |
| Min. Value | 2.70 | 0.88 | 0.38 | 1.18 | 1.36 |
| Max. Value | 4.02 | 2.64 | 3.03 | 1.98 | 3.74 |
| Standard Deviation | 0.46 | 0.68 | 0.83 | 0.25 | 0.77 |
| Liquid Ratio | | | | | |
| Year | ITC | Nestle | Godrej | Dabur | GSKCHL |
| 2015-16 | 2.32 | 1.43 | 0.59 | 1.01 | 2.83 |
| 2016-17 | 2.44 | 2.03 | 0.67 | 0.98 | 1.71 |
| 2017-18 | 1.95 | 2.03 | 0.91 | 0.90 | 1.04 |
| 2018-19 | 2.28 | 1.16 | 0.74 | 0.86 | 1.04 |
| 2019-20 | 3.13 | 1.11 | 0.81 | 1.42 | 1.27 |
| 2020-21 | 2.20 | 0.42 | 0.98 | 1.04 | 1.27 |
| 2021-22 | 1.82 | 0.51 | 1.78 | 0.72 | 1.89 |
| 2022-23 | 1.98 | 0.36 | 2.48 | 0.62 | 1.54 |
| 2023-24 | 1.89 | 0.36 | 0.29 | 0.79 | 2.31 |
| Average | 2.22 | 1.05 | 1.03 | 0.93 | 1.65 |
| Min. Value | 1.82 | 0.36 | 0.29 | 0.62 | 1.04 |
| Max. Value | 3.13 | 2.03 | 2.48 | 1.42 | 2.83 |
| Standard Deviation | 0.40 | 0.68 | 0.68 | 0.23 | 0.61 |
| Debt to Equity Ratio | | | | | |
| Year | ITC | Nestle | Godrej | Dabur | GSKCHL |
| 2015-16 | 0.05 | 0.34 | 0.62 | 0.03 | 0.06 |
| 2016-17 | 0.02 | 0.36 | 0.82 | 1.16 | 0.05 |
| 2017-18 | 0.04 | 0.36 | 0.26 | 2.09 | 0.03 |
| 2018-19 | 0.04 | 0.55 | 0.27 | 0.17 | 0.01 |



| | | | | | |
|--------------------|------|------|------|------|------|
| 2019-20 | 0.29 | 0.33 | 0.26 | 0.95 | 0.17 |
| 2020-21 | 0.42 | 0.28 | 0.45 | 0.77 | 0.13 |
| 2021-22 | 0.29 | 0.28 | 0.27 | 2.23 | 0.06 |
| 2022-23 | 0.35 | 0.26 | 0.31 | 2.53 | 0.02 |
| 2023-24 | 0.00 | 0.01 | 5.62 | 0.10 | 0.00 |
| Average | 0.17 | 0.31 | 0.99 | 1.12 | 0.06 |
| Min. Value | 0.00 | 0.01 | 0.26 | 0.03 | 0.00 |
| Max. Value | 0.42 | 0.55 | 5.62 | 2.53 | 0.17 |
| Standard Deviation | 0.17 | 0.14 | 1.75 | 0.96 | 0.06 |

Source: Excel Generated Based Upon the Annual Report of the selected FMCG companies

- In context of liquidity the above data reveals that ITC is one of the most financially sound and conservative companies this is reflected by its consistently high current ratio and liquid ratio well above the standards, along with a very low debt to equity ratio. This indicates strong short-term solvency, efficient working capital management, and minimal dependence on external borrowings.
- Nestle Secondly demonstrates adequate liquidity over the years of the study, however we can clearly observe a declining current and liquid ratio in recent periods this suggest that the company is focusing on efficient utilization of working capital rather than excess liquidity. Its moderate and stable debt to equity ratio suggest that a balanced approach of capital structure is used by the company.
- From the data it is clear that Dabur is maintaining a stable and controlled liquidity position, with current and liquid ratios remaining close to ideal standards, reflecting effective management of short-term obligations. However, in context of debt-to-equity ratio we can observe relatively higher fluctuation in certain years which is somewhere cautious.
- Godrej liquidity position appears to be highly volatile; this is observable through the sharp fluctuations in current and liquid ratios and a frequent rise in the debt-to-equity ratio in 2023–24. This indicates that company is working with short-term financial management practice, which may increase the financial risk for the company.
- GSK Consumer Healthcare shows comparatively strong liquidity with low leverage, reflected in healthy current and liquid ratios and an exceptionally low debt–equity ratio throughout the study period. This suggests that the company is mainly dependent on internal funds, and is maintaining strong short-term solvency, this reduces the burden of financial risk despite fluctuations in operational performance.

INFERENCE ANALYSIS

Index Score Mapping (Profitability Ratio)

Average Formula

$$= \frac{\text{Sum of 9 Year Total Ratio Score}}{9}$$



Table 4: Nine-Year Average Profitability Ratios of Selected FMCG Companies

| Companies | 9 Year Average (NPR) | 9 Year Average (OPR) | 9 Years Average (EPS) |
|------------------------|----------------------|----------------------|-----------------------|
| ITC | 27.54 | 39.37 | 11.36 |
| Nestle | 14.29 | 21.06 | 149.94 |
| Godrej | 18.57 | 22.68 | 13.37 |
| Dabur | 17.19 | 23.12 | 7.21 |
| GSKCHL | 12.32 | 22.05 | 37.55 |
| Industry Average Score | 17.98 | 25.66 | 43.88 |

Source: Source Excel Generated

Indexing Formula Used:

Table 5: Profitability Index of Selected FMCG Companies

| Compa nies | Index Value of NPR | Index Value of OPR | Index Value of EPS | Composite Index Value |
|---------------|-----------------------|-----------------------|-----------------------|--------------------------|
| ITC | 153.1702 | 153.4295 | 25.8888 | 110.8295 |
| Nestle | 79.4772 | 82.0733 | 341.7046 | 167.7517 |
| Godrej | 103.2814 | 88.3866 | 30.4695 | 74.0458 |
| Dabur | 95.6062 | 90.1013 | 16.4312 | 67.3796 |
| GSKC HL | 68.5206 | 85.9314 | 85.5743 | 80.0088 |

Source: Excel Generated

- From the table 5 it is clear that in context of profitability of 5 major FMCG player Nestle is one of the most dominating player with a total composite score of 167.75, so in context of profitability nestle emerges as the best performer even though in context of Net profit and operating profit margin its indices are not the highest, it is clear that the exceptionally high EPS dominated and inflates the composite, this inflammation of score highlights that the companies financial strength lies more in share holder value creation and earning intensity.
- ITC is the second-best performer as per table 5 with a total composite score of 110.82 slightly lower from the best performer driven by strong profitability indices in both net and operating terms, however the company is lacking in converting the profitability into shareholder value, the composite score of ITC Suggests that while



ITC is operationally robust and strong but its EPS is stable compared to Nestle's Aggressive EPS.

- GSK consumer healthcare on the other hand occupies a middle position in the index with the composite score value of 80.00 this reflect a relative balanced contribution from profitability indices and EPS. The absence of extreme value indicates moderate financial strength with neither outstanding profitability nor exceptionally high share holder return.
- Godrej and Dabur both recorded the lowest index value where Godrej has a composite score of 74.04 and Dabur is the least performer with the composite score of 67.37, in context of Godrej it is observable that a moderate profitability is offset by low EPS performance, while in context of Dabur it is observable that stable operating margins are not adequately translated into shareholders earnings.

Index Score Mapping (Liquidity Ratio)

Average Formula

$$= \frac{\text{Sum of 9 Year Total Ratio Score}}{9}$$

Table 6: Nine-Year Average Liquidity Ratios of Selected FMCG Companies

| Companies | 9 Year Average (CR) | 9 Year Average (LR) | 9 Year Average (Debt to Equity) |
|-----------|---------------------|---------------------|---------------------------------|
| ITC | 3.18 | 2.22 | 0.16 |
| Nestle | 1.62 | 1.04 | 0.3 |
| Godrej | 1.47 | 1.02 | 0.98 |
| Dabur | 1.44 | 0.92 | 1.11 |
| GSKCHL | 2.12 | 1.65 | 0.06 |

Source: Excel Generated

Indexing Formula Used:

- For Positive Indicators (Current Ratio, Liquidity Ratio)

$$\text{Index} = \frac{\text{Average of Company Ratio}}{\text{Industry Average}} * 100$$

- For Positive Indicators (Current Ratio, Liquidity Ratio)



$$\text{Index} = \frac{\text{Industry average}}{\text{Average of Company Ratio}} * 100$$

Table 7: Liquidity Index of Selected FMCG Companies

| Compa nies | Index Value of (CR) | Index Value of (LR) | Index Value of (D-S) | Composite Index Value |
|---------------|------------------------|------------------------|-------------------------|--------------------------|
| ITC | 161.42 | 162.04 | 325.00 | 216.16 |
| Nestle | 82.23 | 75.91 | 173.33 | 110.49 |
| Godrej | 74.62 | 74.45 | 53.06 | 67.38 |
| Dabur | 73.10 | 67.15 | 46.85 | 62.37 |
| GSKC HL | 107.61 | 120.44 | 866.67 | 364.91 |

Source: Excel Generated

- From the table 7 it is clear that in context of liquidity GSK consumer healthcare limited surpasses all the other companies with a index value of 364.91 this is primarily driven by its extremely strong debt to equity index reflecting a negligible reliance on external debt and a highly conservative capital structure its high liquid ratio make the company more risk averse.
- ITC rank second on the index with a composite score of 216.16 supported by consistently high liquidity index and very strong solvency index, the balanced contribution of all three indices clearly indicate a robust working capital management combined with low financial risk, this position ITC image as a stable and resilient company.
- Nestle in context of liquidity position itself on a moderate position with a composite index value of 110.49, while the solvency position of company is comfortable and it seems that the company is working of lean working capital management which reflects efficient utilization of resources rather than liquidity stress, indicating a deliberate strategy to avoid idle funds.
- Both Godrej and Dabur recorded lowest composite score where Godrej is the second least performer with a score of 67.38 and Dabur is the least performer with a score of 62.37, which reflect that currently both of these companies are working on low edge liquidity and with relatively higher financial risk this can also be stated as Aggressive strategy of fund management but in the uncertain event of business environment like COVID -19 the company may face financial instability.
- Single factor ANOVA Testing Statement of Hypothesis:
- H0: There is no significant difference in the financial performance of the selected FMCG Companies.



- H1: There is a significant difference in the financial performance of the selected FMCG Companies.

Table 7: Compiled Result of Single Factor ANOVA

| a. Profitability Index | | | | |
|------------------------|-------|----------|----------|------------|
| Company | Count | Sum | Average | Variance |
| ITC | 3 | 332.4884 | 110.8294 | 5411.2077 |
| Nestle | 3 | 503.2551 | 167.7517 | 22696.4050 |
| Godrej | 3 | 222.1374 | 74.04583 | 1479.6386 |
| Dabur | 3 | 202.1387 | 67.37958 | 1954.3806 |
| GSKCH L | 3 | 240.0262 | 80.00876 | 99.01564 |

| b. ANOVA Results (Profitability Index) | | | | | | |
|--|-----------|----|-----------|---------|---------|---------|
| Source of Variation | SS | df | MS | F | P-value | F crit |
| Between Groups | 20534.795 | 4 | 5133.6988 | 0.81125 | 0.54584 | 3.47805 |
| Within Groups | 63281.296 | 10 | 6328.1296 | — | — | — |
| Total | 83816.091 | 14 | — | — | — | — |

| c. Liquidity Index | | | | |
|--------------------|-------|-----------|-----------|-----------|
| Company | Count | Sum | Average | Variance |
| ITC | 3 | 648.46512 | 216.15504 | 8885.5161 |
| Nestle | 3 | 331.47924 | 110.49308 | 2971.6620 |
| Godrej | 3 | 202.13307 | 67.37769 | 153.72783 |
| Dabur | 3 | 187.09658 | 62.36553 | 189.45235 |



| | | | | |
|------------|---|----------------|---------------|-----------------|
| GSKCH L | 3 | 1094.7188 0 | 364.9062 8 | 188863.730 0 |
|------------|---|----------------|---------------|-----------------|

| d. ANOVA Results (Liquidity Index) | | | | | | |
|------------------------------------|-----------|----|-----------|---------|---------|---------|
| Source of Variation | SS | df | MS | F | P-value | F crit |
| Between Groups | 196834.71 | 4 | 49208.679 | 1.22371 | 0.36053 | 3.47805 |
| Within Groups | 402128.17 | 10 | 40212.817 | — | — | — |
| Total | 598962.89 | 14 | — | — | — | — |

Source: Excel Generated

The combined ANOVA result of profitability and liquidity Index shows, that there is no Statistically significant difference in the financial performance amongst the selected FMCG companies, this reflect that in context of statistical significance the null hypothesis is being accepted, In both cases, the calculated F-values (0.81 for profitability and 1.22 for liquidity) are lower than the critical F-value (3.48), and the corresponding p-values (0.55 and 0.36) are greater than the 5% level of significance. Although the descriptive statistics show noticeable differences in average index values particularly higher profitability for Nestlé and stronger liquidity for GSK Consumer Healthcare these variations are not statistically significant, as the within-group variability exceeds the between-group variability.

V. Findings & Suggestions

Key Findings

Following points in brief summarizes the key findings of the study:

- The overall analysis reveals that ITC has the consistent performance in context of liquidity and profitability, though in liquidity it is not the best performer but, in that case, also it is the second-best performer, leverage is essential for running a smooth business operation, and ITC is showing strong and stable profitability, healthy liquidity ratios, low financial leverage, and balanced composite index scores.
- Nestle on the other hand excels in context of shareholder value creation which is reflected by the high profitability composite index score further it maintains a moderate liquidity and operating margins.
- GSK Consumer Healthcare exhibits the strongest liquidity and solvency position, supported by very low debt levels and high current and liquid ratios, making it the least financially risky company among the selected firms, however liquidity alone can not boost the financial performance of the company, currently the company is facing a operational inefficiency.



- Dabur in context of liquidity and profitability index maintains stable but moderate performance, with consistent operating and net profit margins however, its comparatively lower EPS and liquidity indices limit its overall composite ranking.
- Godrej Consumer Products shows the highest volatility in context of profitability and liquidity, though both of index score reveal it as the second best performer but with fluctuations in profitability, liquidity stress in recent years, and a sharp rise in leverage, the company is facing operational and financial challenges during the study period.

Key Suggestions

- Following points in brief highlights the major suggestions of the research work
- **Balanced Approach:** Companies must focus on balancing profitability with liquidity as it will not only increase the shareholders wealth but also improve the intrinsic value of the company, it is important to note that excessive liquidity position or highly conservative strategy may lead to ideal fund while where as inadequate liquidity may increase the short term liquidity risk.
- **Operational Efficiency and Cost control:** Godrej and Dabur should strengthen operational efficiency and cost control mechanisms to ensure that operating profits are effectively converted into net profits and shareholder earnings.
- **Liquidity Management:** Nestlé may consider improving liquidity management, as consistently lower current and liquid ratios could expose the company to short-term solvency risk during adverse economic conditions.
- **Stable Capital Structure:** Dabur and Godrej should adopt a more stable capital structure, reducing dependence on debt and avoiding sharp fluctuations in leverage to enhance long- term financial stability.
- **Consistent Earning:** Companies should emphasize consistent earnings growth rather than one-time gains, particularly in the case of GSK Consumer Healthcare, to ensure sustainable shareholder value creation.

VI. Conclusion

The present study present a comprehensive evaluation pf financial performance of selected FMCG Companies, where the analysis reveals that though all companies are operating within the same industries but their financial strategy and performance outcome are considerably different from each other, where some companies in terms of liquidity are focusing on highly conservative strategy like ITC, Nestle, and GSKCHL other are working on a highly risky strategy including Dabur and Godrej, where as in context of profitability companies like GSKCHL is highly inconsistent whereas ITC and Nestle reveals as a high performing companies, the overall findings of the study reveals that ITC stands out as the most consistent and financially stable company, supported by strong profitability ratios, comfortable liquidity, low leverage, and balanced composite index scores. Nestlé emerges as a leader in shareholder value creation, primarily due to its strong earnings per share, though its liquidity position remains relatively tight. GSK Consumer Healthcare demonstrates exceptional solvency and liquidity strength, reflecting a highly conservative financial policy with minimal reliance on debt. In contrast, Dabur maintains steady but moderate performance, while



Godrej Consumer Products exhibits higher volatility, indicating periods of operational and financial stress.

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