

# Financial Performance and Valuation Dynamics of Indian FMCG Giants (2015–2024)

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**Abstract:** *This study conducts a rigorous, decade-long (2015–2024) financial assessment of five major NSE-listed FMCG companies HUL, ITC, Nestlé India, Britannia Industries and Godrej Consumer Products Limited (GCPL) using key metrics including Return on Equity (ROE), Earnings Per Share (EPS), Price-to-Earnings (P/E) ratio, Price-to-Book Value (P/BV) ratio and Dividend Payout Ratio. Employing descriptive statistics, Compound Annual Growth Rate (CAGR) analysis and cross-sectional comparison, the findings reveal significant heterogeneity in growth, efficiency and shareholder reward strategies. Nestlé India and GCPL emerged as high-growth outperformers, ITC offered the most attractive dividend yield and valuation, Britannia showed consistent earnings momentum and HUL maintained balanced performance. ITC received the highest composite investment score (18/20), driven by exceptional consistency, low P/E (20.52x) and near-90% dividend payout. The sector demonstrated remarkable resilience across economic cycles, affirming the defensive investment thesis for Indian FMCG equities.*

**Keywords:** FMCG Sector, NSE India, Financial Performance, Investment Valuation, Defensive Equities

## I. INTRODUCTION

India's macroeconomic landscape has, over the last decade, witnessed a decisive shift in the composition of its equity markets. The National Stock Exchange (NSE), now one of the world's largest bourses by derivative volumes, hosts over 1,900 listed companies across sectors, with the Fast-Moving Consumer Goods (FMCG) sector occupying a commanding position in terms of market capitalisation, earnings visibility and investor confidence (India Brand Equity Foundation [IBEF], 2024). The FMCG sector, characterised by high-volume, low-margin products with rapid inventory turnover, encompasses food and beverages, personal care, household care and over-the-counter health products commodities that, in both abundance and scarcity, remain non-negotiable in the Indian household (Kotler & Keller, 2016). This structural inelasticity of demand renders FMCG companies inherently defensive, a quality that assumes extraordinary significance during episodes of market volatility, geopolitical disruption, or recessionary pressure.

The Indian FMCG market was valued at approximately USD 110 billion in 2021 and is projected to reach USD 220 billion by 2025, expanding at a compound annual growth rate of 14.9% (IBEF, 2024). This trajectory is underpinned by a confluence of structural tailwinds rising disposable incomes among the burgeoning middle class, accelerating urbanisation extending to Tier-2 and Tier-3 cities, growing rural consumption catalysed by government welfare programmes and the exponential digitisation of retail through platforms such as BigBasket, Amazon and Flipkart (Chauhan et al., 2023). Yet, even as the sector's aggregate growth narrative appears compelling, the financial performance of individual companies within this space is far from homogeneous. Variables such as capital structure, brand equity, management acumen, product diversification and supply chain resilience create pronounced divergences in return metrics and valuation multiples.

It is within this context that fundamental analysis emerges as an indispensable tool for the discerning investor. Unlike technical analysis, which concerns itself with price patterns and market momentum, fundamental analysis seeks to determine the intrinsic value of a security by examining economic, financial and qualitative factors (Graham & Dodd,





2009). Its architecture rests on the systematic evaluation of financial ratios — Return on Equity (ROE), Return on Investment (ROI), Earnings Per Share (EPS), Price-to-Earnings (P/E) ratio and Price-to-Book Value (P/BV) ratio — that collectively illuminate a company's profitability, efficiency, valuation and growth trajectory (Reilly & Brown, 2012). At its core lies the principle of intrinsic value: that every asset possesses a fair worth determinable through objective analysis and that the market's short-term mispricing of this worth presents an opportunity for patient, long-term investors (Damodaran, 2011).

The five companies selected for this study Hindustan Unilever Limited (HUL), ITC Limited, Nestlé India, Britannia Industries and Godrej Consumer Products Limited (GCPL) represent a cross-section of the Indian FMCG universe, spanning multinational subsidiaries, domestic conglomerates and category-specific specialists. HUL, with its 50-brand portfolio and nine-million-outlet distribution network, commands unrivalled scale; ITC brings sectoral diversification and unmatched dividend consistency; Nestlé India offers global nutrition expertise; Britannia's century-old biscuit dominance speaks to brand resilience; and GCPL's emerging-market footprint across Indonesia, Africa and Latin America positions it as a global FMCG player in gestation (Khanna & Amit, 2024). The selection is deliberate, ensuring that the comparative framework captures both the breadth of the sector and the depth of financial complexity within it.

The present study therefore, addresses a pressing need in investment research: a structured, multi-ratio, longitudinal evaluation of leading NSE-listed FMCG stocks that transcends brand perception and short-term price signals to deliver evidence-based insights grounded in a decade of financial data. By so doing, it aspires to equip investors, analysts, portfolio managers and policymakers with the analytical foundation required to make informed, sustainable equity investment decisions in one of India's most vital and dynamic economic sectors.

## II. LITERATURE REVIEW

The academic literature on fundamental analysis in the FMCG sector highlights the importance of financial ratios and evolving market dynamics. White et al. (2003) emphasized the significance of profitability ratios, particularly ROE, in long-term equity analysis, noting that companies with consistently high ROE achieve better market valuation and investor confidence. They also stressed the need for a multi-metric approach combining EPS and ROI for a comprehensive financial assessment. Kotler and Keller (2016) extended this perspective by linking brand equity including awareness, loyalty and perceived quality to market performance, especially in FMCG sectors where differentiation is limited. This is evident in companies like Hindustan Unilever and Nestlé India, where strong brand value enhances financial performance. Kumar and Gupta (2020) further supported this by showing that brand loyalty and product quality lead to stable revenues and improved financial indicators like ROI and EPS. Sharma and Mehta (2022) highlighted that fundamental analysis is particularly effective in stable and transparent sectors like FMCG and recommended long-term ratio analysis for better investment decisions. Arora et al. (2023) and Biswas et al. (2023) reinforced the defensive nature of FMCG stocks, noting their stable demand and lower volatility even during crises like COVID-19. Asyara et al. (2023) found that companies with low debt and high ROI are more resilient, while Bagchi (2023) explained that strong brands often trade at premium valuations, though caution is needed to avoid overvaluation. Balaji and Edward (2023) suggested FMCG stocks as core portfolio assets due to their stability. Further, Dachan and Sherif (2023) highlighted the impact of rising costs and supply chain issues on profitability, while Khalid (2023) emphasized the role of digital transformation in enhancing growth and investor perception. Tadoori and Vadithala (2023) and Srivastava (2023) focused on ESG practices, showing that sustainable companies attract long-term investment. Finally, Khanna and Amit (2024) confirmed strong financial performance in companies like HUL, Nestlé and Britannia, supporting the relevance of fundamental analysis in the FMCG sector.

## III. RESEARCH GAP

A key research gap remains in the lack of a comprehensive ten-year comparative fundamental analysis of leading NSE-listed FMCG companies using integrated profitability, valuation, and dividend metrics along with CAGR and



descriptive statistics. Existing studies are often limited by short time periods, narrow ratio analysis, or focus on individual firms, with insufficient attention to investor-oriented insights in the evolving Indian FMCG sector.

#### IV. RESEARCH METHODOLOGY

This study uses a descriptive and analytical research design based on secondary data from company annual reports (2015–2024), NSE filings, and financial platforms such as Moneycontrol, Screener.in, and Investing.com. Five NSE-listed FMCG companies—Hindustan Unilever, ITC, Nestlé India, Britannia Industries, and Godrej Consumer Products—were selected through purposive sampling. The analysis employs six financial ratios (ROE, ROI, EPS, P/E, P/BV, and Dividend Payout Ratio), calculated using Microsoft Excel. Descriptive statistics, CAGR, coefficient of variation, and ranking analysis were used to compare performance and assess investment attractiveness. The study follows a quantitative approach supported by sectoral literature.

#### V. DATA ANALYSIS

##### 5.1 Descriptive Statistics: ROE (2015–2024)

Table 1 presents mean ROE, standard deviation and coefficient of variation across the five companies, revealing the comparative efficiency and consistency of capital utilisation.

Company	Mean ROE (%)	Std. Dev.	CV (%)	CAGR (EPS)
HUL	78.23	34.12	43.6	11.2%
ITC	27.25	5.84	21.4	8.0%
Nestlé India	42.28	8.41	19.9	22.0%
Britannia	22.47	5.23	23.3	11.8%
GCPL	68.20	32.47	47.6	15.3%

*Table 1: Descriptive Statistics of ROE and EPS CAGR (2015–2024)*

Hindustan Unilever records the highest mean ROE (78.23%) but also the highest standard deviation (34.12), indicating robust yet volatile capital returns a pattern attributable to the post-merger accounting effects of the GSK Consumer Healthcare integration (2020). Nestlé India presents the most efficient combination of high mean ROE (42.28%) and low coefficient of variation (19.9%), establishing it as the most consistent compounder in the cohort. ITC, while posting a moderate mean ROE of 27.25%, demonstrates the lowest CV (21.4%) reflecting enviable earnings stability a critical attribute for income-oriented investors. GCPL's high mean ROE (68.20%) is accompanied by significant volatility (CV: 47.6%), suggesting uneven profitability cycles driven by its emerging-market exposure. Britannia maintains steady but comparatively modest returns.

##### 5.2 EPS Growth Trajectory (CAGR Analysis)

Table 2 captures EPS values at three anchor points to illustrate growth trajectory and acceleration.

Company	EPS 2015 (₹)	EPS 2019 (₹)	EPS 2024 (₹)	10-Yr CAGR
HUL	14.52	20.79	37.52	10.0%
ITC	5.67	8.40	12.22	8.0%
Nestlé India	9.06	35.16	66.55	22.1%
Britannia	4.73	7.91	14.46	11.8%
GCPL	—	127.07	247.93	~14.3%*

*Table 2: EPS Growth CAGR Analysis (2015–2024) | \*GCPL CAGR computed over 2016–2024*



Nestlé India records the most impressive EPS CAGR of 22.1%, driven by premiumisation, portfolio expansion and rapid recovery from the 2015 Maggi crisis. GCPL follows at approximately 14.3% (over the available nine-year window), reflecting strong volume growth in emerging markets. HUL and Britannia register comparable EPS CAGRs (~10–12%), while ITC's 8.0% CAGR though lower is built on an exceptionally stable base with minimal year-on-year deviation. This stability-versus-growth trade-off is central to portfolio allocation decisions within this cohort.

### 5.3 Valuation Multiples Comparison (2024)

Table 3 presents the most recent (FY2024) valuation snapshot, situating each company within its earnings and book value context.

Company	P/E Ratio	P/BV Ratio	Div. Payout (%)	DPS (₹)
HUL	54.61	9.87	85.27	34.00
ITC	20.52	5.03	89.97	11.50
Nestlé India	48.15	32.13	111.93	56.50
Britannia	51.67	9.73	0.00	0.00
GCPL	79.05	76.84	84.70	220.00

*Table 3: Valuation Multiples and Dividend Metrics FY2024*

ITC stands out as the most attractively valued company on a P/E basis (20.52x), offering a high dividend payout of 89.97% a compelling value proposition for income-focused investors. GCPL commands the highest P/E (79.05x) and P/BV (76.84x), reflecting market optimism about its growth pipeline but raising questions of overvaluation relative to current fundamentals. HUL's P/BV of 9.87x, while elevated by conventional metrics, is justified by its exceptionally high and consistent ROE. Nestlé's P/BV of 32.13x signals premium brand-driven pricing. Britannia's zero dividend payout in FY2023 and FY2024 suggests a strategic pivot toward reinvestment a cautionary note for dividend-seeking investors but potentially positive for capital appreciation.

### 5.4 Cross-Sectional Investment Scoring

A composite scoring matrix (1 = weakest, 5 = strongest) across four dimensions Profitability, Consistency, Valuation Attractiveness and Dividend Reliability produces the following investment ranking:

Company	Profitability	Consistency	Valuation	Dividend	Total Score
HUL	5	3	3	4	15
ITC	3	5	5	5	18
Nestlé India	5	5	3	4	17
Britannia	3	3	3	2	11
GCPL	4	2	2	4	12

*Table 4: Composite Investment Scoring Matrix*

ITC emerges as the highest-scoring investment on a composite basis (18/20), driven by its exceptional consistency, attractive valuation and reliable dividend profile. Nestlé India ranks second (17/20), rewarded for profitability and consistency despite its premium valuation. HUL's balanced profile yields a 15/20 score, making it ideal for large-cap anchor positions. GCPL and Britannia, while not without merit, require selective timing and specific investor objectives to justify inclusion at current valuations.



## VI. FINDINGS

The analysis reveals a sector characterised by aggregate financial strength but marked by significant inter-firm differentiation. Hindustan Unilever recorded the highest average ROE (78.23%) and peak ROI (458.93% in 2022), establishing it as the sector's most capital-efficient operator in absolute terms, though its high standard deviation (34.12) signals volatility driven by structural accounting events. Nestlé India demonstrated the most consistent compounding of earnings, recording an EPS CAGR of 22.1% and a low coefficient of variation in ROE (19.9%), making it the superior choice for growth-oriented, long-term investors. ITC, with the lowest P/E ratio (20.52x) and highest composite investment score (18/20), offers the most compelling risk-adjusted value proposition particularly for income-focused portfolios owing to its near-90% dividend payout ratio and stable earnings trajectory across the decade. Britannia's steady EPS growth masks a concerning dividend suspension in FY2023–24 and fluctuating ROE, suggesting a company in strategic transition that warrants monitoring rather than immediate commitment. GCPL's high absolute returns (EPS CAGR ~14.3%, ROE >100% in recent years) are offset by the highest coefficient of variation (47.6%), reflecting operational inconsistency that introduces meaningful risk; the premium valuation (P/E: 79.05x, P/BV: 76.84x) further compresses the margin of safety. Across all five companies, the sector demonstrated remarkable resilience to the COVID-19 pandemic and inflationary pressures of 2021–22, affirming the defensive investment thesis.

## VII. CONCLUSION

This study set out to accomplish what much of the existing literature on Indian FMCG stocks has left incomplete: a rigorous, decade-long, multi-metric fundamental analysis of five leading NSE-listed companies that delivers not merely descriptive financial portraits but actionable, comparative investment intelligence grounded in statistical rigour. The findings confirm that the FMCG sector as a whole represents a fundamentally sound investment domain characterised by earnings resilience, dividend consistency and brand-driven pricing power but that the considerable heterogeneity within the cohort demands a company-specific analytical approach rather than a sector-wide generalisation. ITC Limited, often undervalued by growth-oriented market participants due to its tobacco heritage and diversification discount, emerges as the most attractively priced and consistently rewarding investment on a risk-adjusted, composite basis. Nestlé India's superior earnings compounding and low financial variability make it the ideal long-term compounder for patient capital. HUL's structural strengths distribution reach, brand depth and ESG credentials sustain its position as the sector's benchmark, even as recent ROE normalisation signals a maturing return profile. Britannia's trajectory warrants careful observation given its dividend suspension and fluctuating capital efficiency, while GCPL's premium valuation demands justification through sustained delivery on its emerging-market growth thesis. Collectively, these findings validate the utility of fundamental analysis as a disciplined, data-driven framework for navigating the complexity of India's equity market a market that increasingly rewards not the swiftest participant but the most informed. As India's FMCG sector continues to evolve under the forces of digital disruption, rural market deepening, sustainability imperatives and demographic transition, the principles of fundamental analysis rooted in intrinsic value, margin of safety and long-term perspective remain the most reliable compass for investment decision-making in this vital sector of the national economy.

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