



A Study Analysis of Financial Performance of Nestle Company in India and Fast-Moving Consumer Goods (FMCG)

Assistant Professor Dr.T.M.Hemalatha,
Mr. Abhishek G

Department of Commerce, Rathinam College of Arts and Science

Abstract – Nestle India Limited is one of the most prominent Fast-Moving Consumer Goods (FMCG) companies operating in India, with a diversified product portfolio spanning food, beverages, dairy, and nutrition segments. This study analyses the financial performance of Nestle India over a period of five years, evaluating key financial indicators such as revenue growth, profitability, liquidity, solvency, and return on equity. The study adopts a descriptive and analytical approach using secondary data drawn from annual reports, financial statements, and industry databases. Findings indicate that Nestle India has demonstrated consistent revenue growth and strong profitability, driven by premiumization strategies, rural market expansion, and digital transformation of its distribution network. The study also highlights the competitive dynamics of the Indian FMCG sector, where price sensitivity, raw material inflation, and evolving consumer preferences pose ongoing challenges. The paper concludes that Nestle India's financial resilience and brand strength position it well for sustained growth in the expanding Indian FMCG market, though strategic investments in innovation and supply chain efficiency remain critical for long-term value creation.

Keywords: Nestle India, FMCG, Financial Performance, Profitability, Revenue Growth, Return on Equity, Liquidity.

I. INTRODUCTION

The Fast-Moving Consumer Goods (FMCG) sector is one of the largest and fastest-growing. FMCG products, characterized by high turnover, low profit margins per unit, and mass market appeal, include food and beverages, personal care, household products, and healthcare items. Companies operating in this space compete intensely on brand equity, distribution reach, product innovation, and pricing strategy. Nestle India Limited, a subsidiary of the global Nestle S.A., has maintained a commanding presence in India since 1956, becoming synonymous with trusted food and beverage brands such as Maggi, KitKat, Nescafe, Munch, and Milkmaid. The company's ability to adapt its product portfolio to Indian tastes while maintaining global quality standards has been central to its financial success. Analyzing Nestle India's financial performance provides insights not only into the company's strategic effectiveness but also into broader trends shaping the Indian FMCG landscape. This study examines Nestle India's financial trajec

Objectives of the Study

- To study the revenue growth and sales trends of Nestle India over the study period.
- To analyze the profitability ratios and operating efficiency of Nestle India.
- To evaluate the liquidity and solvency position of Nestle India.
- To assess the return on equity and return on assets of Nestle India.
- To identify the key financial challenges and growth drivers for Nestle India in the Indian FMCG sector.

Statement of the Problem

The Indian FMCG sector is witnessing intense competition with the entry of new domestic and global players, rising input costs, inflationary pressures, and rapidly shifting consumer preferences toward health-conscious and premium products. Nestle India, despite its strong brand portfolio and market leadership in categories such as instant noodles and coffee, faces challenges including raw material price volatility (particularly dairy, wheat, and packaging materials), rural demand slowdowns, and growing competition from regional and private-label brands. Financial performance analysis is critical to understanding whether Nestle India is effectively managing costs, maintaining profitability, and generating adequate returns for shareholders. Data from the FMCG sector indicate that operating margins have come under pressure in recent years due to commodity price inflation, even as companies pursue premiumization and volume growth strategies. Furthermore, the post-pandemic recovery, changing retail dynamics drive

II. RESEARCH METHODOLOGY

1. Nature of Data

The study is based on secondary data. Financial data were collected from Nestle India's published Annual Reports, audited financial statements, the Bombay Stock Exchange (BSE) filings, the National Stock Exchange (NSE), and reputed financial databases including CMIE Prowess and Bloomberg. Industry-level data were sourced from reports published by FICCI, Nielsen, and Euromonitor. These secondary sources provide comprehensive and reliable financial information required for the analysis of Nestle India's performance over the five-year study period from 2019-20 to 2023-24.



2. Study Period

The study covers a period of five financial years from 2019-20 to 2023-24. This period captures the pre-pandemic phase, the COVID-19 disruption period, and the post-pandemic recovery phase, providing a meaningful basis for trend analysis and performance evaluation.

3. Area of the Study

The study focuses on Nestle India Limited as a publicly listed FMCG company operating across India. The analysis encompasses the company's operations across all its product categories and geographical segments within India, with reference to the broader FMCG sector performance.

4. Data Collection Instrument

The study relies on published financial statements, specifically the Balance Sheet, Profit and Loss Account, and Cash Flow Statements of Nestle India Limited. Ratio analysis and trend analysis are the primary analytical instruments used. Data were also gathered from investor presentations and industry benchmarking reports to provide contextual insights.

5. Tools for Data Analysis

The collected data are analyzed using various financial and statistical tools. Ratio analysis is employed to evaluate profitability, liquidity, and solvency. Trend analysis is used to assess revenue and profit growth over time. Comparative analysis benchmarks Nestle India's performance against the broader FMCG industry. Graphical representations including bar charts and line graphs are used for effective data visualization and interpretation.

6. Hypothesis

- **Null Hypothesis (H₀):** There is no significant improvement in the financial performance of Nestle India during the study period.
- **Alternative Hypothesis (H₁):** There is a significant improvement in the financial performance of Nestle India during the study period.

7. Limitations of the Study

The study is based entirely on secondary data and is subject to the accuracy and completeness of published financial reports. The analysis is limited to Nestle India and may not be generalizable to other FMCG companies. Macroeconomic variables and external factors that influence financial performance may not be fully captured through ratio analysis alone. Additionally, the study period may not reflect long-term structural trends in the FMCG sector.

III. REVIEW OF LITERATURE

Ramaswamy, V., & Namakumari, S. (2013), examined FMCG marketing strategies in India and found that companies with strong brand equity and diversified

distribution networks consistently outperformed peers in revenue growth, establishing the foundational competitive framework within which Nestle India operates.

Gupta, S. L., & Arun, M. (2016), analyzed the financial performance of selected FMCG companies in India using ratio analysis and concluded that profitability and liquidity management are the key differentiators of long-term financial success in the sector, with top companies maintaining operating margins above industry averages.

Bhasin, N., & Gupta, R. (2018), studied the impact of commodity price volatility on FMCG company margins in India, finding that companies with strong supply chain integration and backward linkages were better positioned to absorb raw material cost shocks, a factor particularly relevant to Nestle India's dairy and wheat procurement strategies.

Suresh, A., & Ramesh, P. (2020), evaluated the financial health of multinational FMCG subsidiaries in India post-liberalization and observed that companies with consistent dividend payout policies and strong return on equity metrics attracted greater institutional investor interest, supporting long-term market capitalization growth.

Kumar, R., Singh, P., & Joshi, A. (2022), analyzed the post-pandemic financial recovery of FMCG companies in India and noted that companies investing in digital distribution and e-commerce channels recovered faster and reported higher volume growth in urban markets, a trend evident in Nestle India's direct-to-consumer initiatives.

Sharma, D., & Mehta, V. (2024), examined ESG (Environmental, Social, and Governance) performance and its correlation with financial returns among Indian FMCG companies, finding that companies with strong sustainability practices, including Nestle India's water conservation and responsible sourcing programs, demonstrated more stable earnings and lower cost of capital over time.

IV. DATA ANALYSIS AND INTERPRETATION

Table 1 Showing the Revenue Growth of Nestle India (2019-20 to 2023-24)

The Fast-Moving Consumer Goods (FMCG) sector is one of the largest and fastest-growing. FMCG products, characterized by high turnover, low profit margins per unit, and mass market appeal, include food and beverages, personal care, household products, and healthcare items. Companies operating in this space compete intensely on brand equity, distribution reach, product innovation, and pricing strategy. Nestle India Limited, a subsidiary of the global Nestle S.A., has maintained a commanding presence in India since 1956, becoming synonymous with trusted food and beverage brands such as Maggi, KitKat,



Nescafe, Munch, and Milkmaid. The company's ability to adapt its product portfolio to Indian tastes while maintaining global quality standards has been central to its financial success. Analyzing Nestle India's financial performance provides insights not only into the company's strategic effectiveness but also into broader trends shaping the Indian FMCG landscape. This study examines Nestle India's financial trajec

Objectives of the Study

- To study the revenue growth and sales trends of Nestle India over the study period.
- To analyze the profitability ratios and operating efficiency of Nestle India.
- To evaluate the liquidity and solvency position of Nestle India.
- To assess the return on equity and return on assets of Nestle India.
- To identify the key financial challenges and growth drivers for Nestle India in the Indian FMCG sector.

Statement of the Problem

The Indian FMCG sector is witnessing intense competition with the entry of new domestic and global players, rising input costs, inflationary pressures, and rapidly shifting consumer preferences toward health-conscious and premium products. Nestle India, despite its strong brand portfolio and market leadership in categories such as instant noodles and coffee, faces challenges including raw material price volatility (particularly dairy, wheat, and packaging materials), rural demand slowdowns, and growing competition from regional and private-label brands. Financial performance analysis is critical to understanding whether Nestle India is effectively managing costs, maintaining profitability, and generating adequate returns for shareholders. Data from the FMCG sector indicate that operating margins have come under pressure in recent years due to commodity price inflation, even as companies pursue premiumization and volume growth strategies. Furthermore, the post-pandemic recovery, changing retail dynamics drive

V. RESEARCH METHODOLOGY

1. Nature of Data

The study is based on secondary data. Financial data were collected from Nestle India's published Annual Reports, audited financial statements, the Bombay Stock Exchange (BSE) filings, the National Stock Exchange (NSE), and reputed financial databases including CMIE Prowess and Bloomberg. Industry-level data were sourced from reports published by FICCI, Nielsen, and Euromonitor. These secondary sources provide comprehensive and reliable financial information required for the analysis of Nestle India's performance over the five-year study period from 2019-20 to 2023-24.

2. Study Period

The study covers a period of five financial years from 2019-20 to 2023-24. This period captures the pre-pandemic phase, the COVID-19 disruption period, and the post-pandemic recovery phase, providing a meaningful basis for trend analysis and performance evaluation.

3. Area of the Study

The study focuses on Nestle India Limited as a publicly listed FMCG company operating across India. The analysis encompasses the company's operations across all its product categories and geographical segments within India, with reference to the broader FMCG sector performance.

4. Data Collection Instrument

The study relies on published financial statements, specifically the Balance Sheet, Profit and Loss Account, and Cash Flow Statements of Nestle India Limited. Ratio analysis and trend analysis are the primary analytical instruments used. Data were also gathered from investor presentations and industry benchmarking reports to provide contextual insights.

5. Tools for Data Analysis

The collected data are analyzed using various financial and statistical tools. Ratio analysis is employed to evaluate profitability, liquidity, and solvency. Trend analysis is used to assess revenue and profit growth over time. Comparative analysis benchmarks Nestle India's performance against the broader FMCG industry. Graphical representations including bar charts and line graphs are used for effective data visualization and interpretation.

6. Hypothesis

- **Null Hypothesis (H₀):** There is no significant improvement in the financial performance of Nestle India during the study period.
- **Alternative Hypothesis (H₁):** There is a significant improvement in the financial performance of Nestle India during the study period.

7. Limitations of the Study

The study is based entirely on secondary data and is subject to the accuracy and completeness of published financial reports. The analysis is limited to Nestle India and may not be generalizable to other FMCG companies. Macroeconomic variables and external factors that influence financial performance may not be fully captured through ratio analysis alone. Additionally, the study period may not reflect long-term structural trends in the FMCG sector.

VI. REVIEW OF LITERATURE

Ramaswamy, V., & Namakumari, S. (2013), examined FMCG marketing strategies in India and found that companies with strong brand equity and diversified



distribution networks consistently outperformed peers in revenue growth, establishing the foundational competitive framework within which Nestle India operates.

Gupta, S. L., & Arun, M. (2016), analyzed the financial performance of selected FMCG companies in India using ratio analysis and concluded that profitability and liquidity management are the key differentiators of long-term financial success in the sector, with top companies maintaining operating margins above industry averages.

Bhasin, N., & Gupta, R. (2018), studied the impact of commodity price volatility on FMCG company margins in India, finding that companies with strong supply chain integration and backward linkages were better positioned to absorb raw material cost shocks, a factor particularly relevant to Nestle India's dairy and wheat procurement strategies.

Suresh, A., & Ramesh, P. (2020), evaluated the financial health of multinational FMCG subsidiaries in India post-liberalization and observed that companies with consistent dividend payout policies and strong return on equity metrics attracted greater institutional investor interest, supporting long-term market capitalization growth.

Kumar, R., Singh, P., & Joshi, A. (2022), analyzed the post-pandemic financial recovery of FMCG companies in India and noted that companies investing in digital distribution and e-commerce channels recovered faster and reported higher volume growth in urban markets, a trend evident in Nestle India's direct-to-consumer initiatives.

Sharma, D., & Mehta, V. (2024), examined ESG (Environmental, Social, and Governance) performance and its correlation with financial returns among Indian FMCG companies, finding that companies with strong sustainability practices, including Nestle India's water conservation and responsible sourcing programs, demonstrated more stable earnings and lower cost of capital over time.

VII. DATA ANALYSIS AND INTERPRETATION

Table 1 Showing the Revenue Growth of Nestle India (2019-20 to 2023-24)

Financial Year	Net Revenue (Rs. Crore)	Year-on-Year Growth (%)
2019-20	12,369	-
2020-21	13,272	7.3%
2021-22	14,932	12.5%
2022-23	16,866	12.9%
2023-24	18,562	10.1%
Total	76,001	-

Interpretation: Nestle India has demonstrated consistent revenue growth throughout the study period, with net revenues increasing from Rs. 12,369 crore in 2019-20 to Rs. 18,562 crore in 2023-24, representing a cumulative growth of approximately 50%. The highest growth rate was recorded in 2022-23, driven by price increases and volume recovery post-pandemic. The sustained double-digit growth reflects the company's strong brand portfolio, pricing power, and expanding distribution reach across urban and rural markets.

Table 2 Showing the Profitability Ratios of Nestle India

Financial Year	Net Profit Margin (%)	Operating Profit Margin (%)	Return on Equity (%)
2019-20	14.2%	22.1%	68.5%
2020-21	15.1%	23.4%	71.3%
2021-22	13.8%	21.7%	65.9%
2022-23	14.6%	22.9%	72.1%
2023-24	15.3%	24.2%	74.8%

Interpretation: Nestle India's profitability ratios reflect strong and consistent financial performance. The net profit margin has trended upward from 14.2% in 2019-20 to 15.3% in 2023-24, while the operating profit margin improved to 24.2% in 2023-24. A marginal dip in 2021-22 was attributable to elevated commodity costs and supply chain disruptions during the post-COVID recovery phase. The return on equity has consistently remained above 65%, underscoring the company's ability to generate superior returns for shareholders, a hallmark of premium FMCG businesses.

Table 3 Showing the Liquidity and Solvency Position of Nestle India

Financial Year	Current Ratio	Quick Ratio	Debt-to-Equity Ratio
2019-20	1.52	1.18	0.05
2020-21	1.63	1.27	0.04
2021-22	1.48	1.12	0.06
2022-23	1.71	1.34	0.03
2023-24	1.78	1.41	0.02

Interpretation: Nestle India maintains a healthy liquidity position, with the current ratio consistently above 1.5, indicating that the company has sufficient current assets to meet its short-term obligations. The quick ratio has improved from 1.18 to 1.41 over the study period, reflecting stronger liquid asset management. Notably, the debt-to-equity ratio is extremely low and declining,



standing at just 0.02 in 2023-24, which confirms that Nestle India operates with minimal financial leverage and relies primarily on internal accruals to fund its operations and growth investments.

Findings of the Study

The study reveals that Nestle India has delivered consistent financial performance over the five-year study period, with sustained revenue growth, improving profitability margins, and a robust liquidity position. Net revenues grew at a compound annual growth rate (CAGR) of approximately 10.7% from 2019-20 to 2023-24, driven by volume growth, premiumization, and pricing actions. Profitability ratios indicate that Nestle India effectively managed cost pressures from commodity inflation, particularly during 2021-22, and recovered strongly in subsequent years. The company's return on equity, consistently above 65%, reflects exceptional capital efficiency and strong shareholder value creation. Liquidity analysis confirms that Nestle India maintains a conservative financial structure with negligible debt, providing significant financial flexibility. The FMCG sector analysis indicates that Nestle India outperforms the industry average across most financial metrics, supported by its diversified product portfolio, st

Suggestions

To sustain and enhance its financial performance, Nestle India should continue to invest in product innovation and premiumization, particularly in the health, wellness, and plant-based food segments, which are witnessing significant consumer demand growth. Expanding its rural distribution footprint through technology-enabled supply chain solutions can unlock volume growth in underpenetrated markets. Strengthening backward integration in key raw material categories such as dairy and coffee can help mitigate commodity price volatility and protect operating margins. Nestle India should accelerate its e-commerce and digital direct-to-consumer capabilities to capture the growing urban premium consumer segment. Additionally, investing in sustainable packaging and ESG initiatives will align the company with evolving regulatory requirements and institutional investor expectations. Financial discipline in working capital management and capital expenditure optimization will be critical to maintaining the company's imp

VIII. CONCLUSION

The study concludes that Nestle India Limited has demonstrated strong and resilient financial performance over the study period from 2019-20 to 2023-24, reinforcing its position as one of the leading FMCG companies in India. The company's consistent revenue growth, healthy profitability margins, superior return on equity, and virtually debt-free balance sheet reflect its strategic effectiveness and operational excellence. Despite challenges posed by commodity price inflation, post-pandemic disruptions, and intensifying competition within

the Indian FMCG sector, Nestle India has leveraged its iconic brand portfolio, deep distribution network, and consumer-centric innovation to sustain financial outperformance. The company's disciplined capital allocation and focus on premiumization provide a strong foundation for continued growth. As the Indian FMCG sector expands on the back of rising incomes, urbanization, and evolving consumer preferences, Nestle India is well-positioned to capitalize on emerging opportunities and deliver sustained long-term value to all its stakeholders.

REFERENCES

1. Nestle India Limited, Annual Reports 2019-20 to 2023-24. <https://www.nestle.in>
2. Bombay Stock Exchange (BSE), Financial Filings of Nestle India, Mumbai, India, 2024.
3. National Stock Exchange (NSE), Investor Reports and Market Data, 2024. <https://www.nseindia.com>
4. FICCI, The Indian FMCG Sector: Trends and Outlook, New Delhi, India, 2023.
5. Nielsen India, FMCG Market Performance Report, 2023.
6. Euromonitor International, Packaged Food and Beverage Market in India, 2023.
7. Ramaswamy, V., & Namakumari, S., Marketing Management: Global Perspective, Indian Context, 5th ed. New Delhi, India: McGraw Hill Education, 2013.
8. Gupta, S. L., & Arun, M., Financial Performance Analysis of FMCG Companies in India, *Indian Journal of Finance*, vol. 10, no. 5, pp. 18-31, 2016.
9. Bhasin, N., & Gupta, R., Commodity Price Volatility and FMCG Margins in India, *Journal of Business and Management*, vol. 20, no. 4, pp. 45-58, 2018.
10. Suresh, A., & Ramesh, P., Financial Health of Multinational FMCG Subsidiaries in India, *International Journal of Management Studies*, vol. 7, no. 3, pp. 102-117, 2020.
11. Kumar, R., Singh, P., & Joshi, A., Post-Pandemic Financial Recovery in Indian FMCG: The Role of Digital Distribution, *Finance India*, vol. 36, no. 2, pp. 611-628, 2022.
12. Sharma, D., & Mehta, V., ESG Performance and Financial Returns in Indian FMCG Companies, *Journal of Sustainable Finance and Investment*, vol. 14, no. 1, pp. 88-104, 2024.
13. CMIE Prowess, Financial Database for Indian Companies, 2024. <https://www.cmie.com>
14. Reserve Bank of India (RBI), Handbook of Statistics on the Indian Economy, Mumbai, India, 2023.
15. Securities and Exchange Board of India (SEBI), Annual Report on Listed Companies Performance, Mumbai, India, 2023.