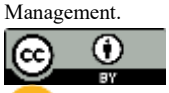
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How Financially Strong Are Indian FMCG Leaders? A Ratio and Cash Flow Analysis of Five Listed Companies, FY2024–FY2026

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Abstract—This paper presents a descriptive, comparative financial statement analysis of five listed Indian fast-moving consumer goods (FMCG) companies—Hindustan Unilever (HUL), Britannia, Dabur, ITC, and Nestlé India—for FY2024–FY2026. Balance sheet, cash flow, and profit data from Screener.in, cross-checked against annual reports, are used to compute liquidity, solvency, efficiency, free cash flow, cash-to-operating-profit, and net profit margin measures, which are read against the FMCG business model rather than as pass/fail thresholds. All five companies generated positive operating cash flow in every year, and debt-to-equity stayed below 0.55 times throughout. Negative working capital appeared at HUL and Nestlé India in all three years and, by FY2026, at Dabur and Britannia, and was read as a supplier-credit pattern rather than distress. ITC scored highest on a six-metric composite scorecard (23 of 30), followed by HUL (19), Dabur (17), Nestlé India (16), and Britannia (15). The scorecard is a FY2026 snapshot, not a forecast or investment recommendation, and rests on five companies, three years, secondary data, and general textbook benchmarks.

Index Terms—FMCG, financial statement analysis, ratio analysis, free cash flow, earnings quality, working capital.

I. Introduction

The FMCG sector is the fourth-largest in the Indian economy. Household and personal care make up roughly half of sector revenue, healthcare close to a third, and food and beverages just under a fifth [1], [2]. Industry estimates place the sector's size at USD 245–288 billion [2], [3]. Brand-building and distribution reach, rather than heavy fixed-asset investment, are its main competitive levers, so its balance sheets tend to be asset-light and cash-generative [2].

This paper reports a structured financial statement analysis of five listed FMCG companies. The work was organised in three linked phases—balance sheet, cash flow, and profitability—so that capital structure and liquidity are read together with cash conversion and earnings. The objectives were: (1) to analyse and compare the balance sheet structure of HUL, Britannia, Dabur, ITC, and Nestlé India over FY2024–FY2026; (2) to compute and interpret the current ratio, debt-to-equity (D/E) ratio, equity ratio, working capital, and asset turnover against sector-appropriate ranges; (3) to evaluate cash flow quality and profitability trends over the same period; and (4) to derive company-specific and sector-wide findings,



including a comparative ranking by overall financial strength, that separate genuine risk from patterns that are normal for the FMCG business model. Valuation and investment recommendations are outside the study's scope.

II. Literature Review

Industry sources describe FMCG as defensive and cash-generative. High-single-digit volume growth is expected in 2026 as input-cost inflation eases and urban and rural demand improve [3]–[5], and urban markets contribute about 55% of sector revenue against about 45% for rural markets [1]. Quick-commerce and online grocery are growing quickly and may reshape trade-credit and working-capital assumptions [3]. Input-cost volatility in palm oil, packaging, and agricultural commodities remains a margin risk. In the Porter assessment used for this study, rivalry is high, buyer power moderate to high, the threat of new entrants and of substitutes moderate, and supplier power low to moderate.

Ratio analysis converts the identity Assets = Liabilities + Shareholders' Equity into comparable indicators of liquidity, solvency and capital structure, efficiency, and cash-flow quality [6], [7]. Textbooks treat working capital as a strategic choice: a firm with strong bargaining power over suppliers and fast cash collection can run negative working capital without distress [6]. On capital structure, the Modigliani–Miller propositions show that leverage is irrelevant to firm value under idealised assumptions, while taxes, bankruptcy costs, and information asymmetry explain why real structures differ [8]. On earnings quality, a ratio of operating cash flow to operating profit near or above 100% signals that reported profit is being converted into collectible cash [7].

Trend analysis and common-size statements normalise for scale [6]. The DuPont framework splits return on equity into net profit margin, asset turnover, and the equity multiplier, and Altman's Z-score [9] treats working-capital and retained-earnings ratios as leading indicators of distress. This study uses these two ideas only as interpretive lenses: it computes asset turnover and the equity ratio, but not return on equity or a Z-score.

III. Methodology

A. Design and Sample

The study is descriptive and comparative. A purposive sample of five listed companies was chosen to span FMCG sub-segments: personal and home care (HUL), biscuits and bakery (Britannia), Ayurveda and healthcare (Dabur), a diversified conglomerate with a dominant FMCG arm (ITC), and packaged foods and beverages (Nestlé India). The sampling frame was FMCG companies listed on the BSE and NSE with at least three years of continuous audited statements. The window is FY2024–FY2026.

B. Data

Balance sheet, cash flow, and profit and loss line items were taken from Screener.in and cross-checked against each company's FY2026 annual report [10]–[15]. Where the two differed, the annual report was treated as authoritative. Figures are in ₹ crore.

C. Ratios and Benchmarks

Current ratio = other (current) assets ÷ other (current) liabilities; working capital = other (current) assets − other (current) liabilities; D/E ratio = borrowings ÷ total equity; equity ratio = total equity ÷ total assets; asset turnover = revenue ÷ total assets; free cash flow (FCF) = operating cash flow (OCF) − capital expenditure; CFO/OP = OCF ÷ operating profit × 100; and net profit margin = net profit ÷ revenue × 100. Reference ranges were a current ratio of 1.5–2.5x, D/E below 1.5x, an equity ratio above 40%, and CFO/OP near or above 100%. These are general textbook ranges used as reference points, not as pass/fail tests.

D. Interpretation and Ranking

Corporate actions in the window, namely ITC's FY2025 demerger of ITC Hotels and Nestlé India's FY2026 bonus share issue, were researched before ratio movements were



interpreted. For the comparative ranking, each company was ranked 1 (weakest) to 5 (strongest) on six metrics, using FY2026 values or the FY2024–FY2026 revenue CAGR for growth, and the ranks were summed to a composite score out of 30.

IV. Results and Discussion

A. Sample and Headline Figures

Table I gives FY2026 key parameters and Table II gives revenue and net profit for all three years.

ITC is the largest company by revenue (₹78,868 crore) and net profit (₹21,018 crore) and has the highest net profit margin (26.7%) and equity ratio (77.3%). HUL carries the lowest leverage (D/E of 0.03x). Nestlé India has the lowest equity ratio (39.7%), just under the 40% reference range, though it is rising.

TABLE I
KEY PARAMETERS OF THE FIVE COMPANIES, FY2026

Company	Revenue (₹ Cr)	Net profit (₹ Cr)	Net margin	Equity ratio	D/E ratio
HUL	64,468	15,059	23.4%	61.1%	0.03x
Britannia	19,152	2,537	13.2%	52.5%	0.27x
Dabur	13,193	1,869	14.2%	65.3%	0.11x
ITC	78,868	21,018	26.7%	77.3%	0.033x
Nestlé India	23,155	3,545	15.3%	39.7%	0.08x

Source: Screener.in and company FY2026 annual reports [10]–[15]; authors' computation.

TABLE II
REVENUE AND NET PROFIT, FY2024–FY2026 (₹ CRORE)

Company	Rev. FY24	Rev. FY25	Rev. FY26	NP FY24	NP FY25	NP FY26
HUL	61,896	63,121	64,468	10,282	10,671	15,059
Britannia	16,769	17,943	19,152	2,134	2,178	2,537
Dabur	12,404	12,563	13,193	1,811	1,740	1,869
ITC	67,932	75,323	78,868	20,751	35,052	21,018
Nestlé India	24,394	20,202	23,155	3,933	3,314	3,545

Source: Screener.in and company annual reports [10]–[15]. NP = net profit.

B. Capital Structure, Liquidity, and Efficiency

Leverage was low throughout: D/E stayed below 0.55x in every company-year. Britannia deleveraged most clearly, with D/E falling from 0.52x to 0.27x and its equity ratio rising from 43.4% to 52.5%; borrowings fell from ₹2,065 crore to ₹1,247 crore before a small FY2026 rise to ₹1,380 crore. ITC's equity ratio moved from 81.2% to 77.3%, and its borrowings rose to ₹2,399 crore in FY2026, still only 0.033x of equity. Nestlé India's fixed assets grew 82% (₹3,460 crore to ₹6,290 crore) in a capacity expansion that lifted borrowings to ₹1,167 crore in FY2025, before repayment to ₹444 crore; its equity ratio rose from 31.7% to 39.7%.

Only ITC's FY2026 current ratio (1.67x) fell within the 1.5–2.5x range; HUL (0.58x), Nestlé India (0.77x), Dabur (0.93x), and Britannia (1.00x) were below it. Working capital was negative at HUL and Nestlé India in all three



years, at Britannia from FY2025, and at Dabur in FY2026. Read alongside positive operating cash flow, this fits the supplier-credit pattern described in [6] and not liquidity distress. On efficiency, FY2026 asset turnover was highest at Britannia (1.97x) and Nestlé India (1.73x) and lowest at Dabur (0.75x), whose investments of ₹8,947 crore exceed 51% of total assets and whose turnover has slipped from 0.82x, suggesting the growing investment base has not yet translated proportionately into revenue.

C. Cash Flow and Earnings Quality

Table III shows FY2026 cash flow. All five companies had positive OCF in every year and negative financing cash flow every year, consistent with mature companies that generate more cash than they need and return the surplus to shareholders. ITC's OCF of ₹18,464 crore and FCF of ₹16,332 crore were the largest, about 1.7 times HUL's FCF and more than three times that of each of the other three companies.

Earnings quality differed. Dabur's CFO/OP ratio of 122% was the highest, followed by Nestlé India (115%), HUL (105%), and Britannia (98%); ITC's 91% was the lowest, which the study attributes to the working-capital needs of its scaling foods business. HUL's OCF fell 29% (₹15,469 crore to ₹10,999 crore) while revenue grew, yet its FCF stayed above ₹9,600 crore and its CFO/OP ratio ranged from 95% to 108%, so reported profit was still backed by cash. Nestlé India's OCF dipped to ₹2,936 crore in FY2025 and rebounded to ₹5,048 crore in FY2026, with FCF rising from ₹932 crore to ₹4,221 crore, about 4.5 times, and CFO/OP moving from 83% to 115%.

TABLE III
CASH FLOW SUMMARY, FY2026 (₹ CRORE)

Company	OCF	FCF	Financing CF	CFO/OP
HUL	10,999	9,668	−10,810	105%
Britannia	2,612	2,408	−1,783	98%
Dabur	2,579	2,180	−1,236	122%
ITC	18,464	16,332	−16,147	91%
Nestlé India	5,048	4,221	−3,179	115%

Source: Screener.in and company FY2026 annual reports [10]–[15]; authors' computation.

D. Profitability

FY2024–FY2026 revenue CAGR was highest at ITC (7.7%) and Britannia (6.9%), followed by Dabur (3.1%) and HUL (2.1%); Nestlé India was the only company with a negative CAGR (−2.6%), reflecting its FY2025 revenue fall from ₹24,394 crore to ₹20,202 crore. HUL's net margin rose from 16.9% to 23.4% in FY2026 with borrowings almost unchanged, the sharpest improvement in the group. ITC's FY2025 net profit of ₹35,052 crore (a 46.5% margin) is attributed here to a one-off demerger-related gain; in FY2024 and FY2026 its profit was ₹20,751 crore and ₹21,018 crore, with margins of 30.6% and 26.7%, still the highest of the five. Nestlé India's margin stayed within 15–16% through the disruption, which suggests a revenue and volume setback and not a cost-control problem.

E. Company-Level Patterns

The five statements below summarise each company's position as read from Tables I–III and the underlying three-year data.

1) HUL, strong: near-zero debt (D/E 0.03x), an equity ratio above 61%, and a sharply improving margin. Reserves declined by ₹2,479 crore, which the study links to a near-full dividend payout, and the current ratio tightened from



0.74x to 0.58x; both are worth monitoring but do not indicate weakness [11].

2) Britannia, strong: steady deleveraging, an equity ratio above 52%, the best asset turnover (above 1.85x throughout), and OCF near ₹2,500 crore in each year. Its current ratio stayed below 1.5x and the FY2026 borrowing uptick should be confirmed as one-off [12].

3) Dabur, strong: an investment-heavy asset base, an equity ratio above 65%, and the best cash-quality ratio (122%). Negative working capital and slower asset turnover in FY2026 are modest next to its balance sheet strength [13].

4) ITC, excellent: the highest equity ratio, the largest working-capital buffer (₹12,000–13,000 crore), the largest cash generation, and the highest normalised margin, even after the ITC Hotels demerger made its balance sheet leaner [14].

5) Nestlé India, moderate to strong: a deliberate capacity-investment cycle whose FY2026 recovery across revenue, cash flow, and equity ratio suggests the temporary pressure is reversing [15].

F. Comparative Ranking

Table IV scores the five companies on equity ratio, leverage, cash quality, revenue growth, net profit margin, and asset turnover. ITC ranks first with 23 of 30, ahead of HUL (19), Dabur (17), Nestlé India (16), and Britannia (15). ITC combines the highest equity ratio, the largest cash generation, the fastest revenue growth, and the highest margin; its weak points are the lowest CFO/OP ratio and a moderate asset turnover.

TABLE IV
COMPOSITE FINANCIAL STRENGTH SCORECARD, FY2026 (1 = WEAKEST, 5 = STRONGEST)

Metric	HUL	Britannia	Dabur	ITC	Nestlé India
Equity ratio	3	2	4	5	1
Leverage (D/E, lower is better)	5	1	2	4	3
Cash quality (CFO/OP)	3	2	5	1	4
Revenue CAGR, FY24–26	2	4	3	5	1
Net profit margin	4	1	2	5	3
Asset turnover	2	5	1	3	4
Composite score (out of 30)	19	15	17	23	16

Source: authors' computation from the ratios in Tables I and III and the CAGR and asset-turnover figures in the text.

The ranking is a snapshot of FY2026 position, not a forecast or an investment recommendation. Judged by trajectory, the study's view is that Nestlé India and Britannia would rank higher, since both are recovering or deleveraging from a weaker starting point; this was not scored. Taken together, the findings show that all five companies are conservatively financed and cash generative, and that ratio analysis is most useful as a lens on each company's capital-allocation strategy and not as a pass/fail scorecard. ITC's FY2025 demerger and Nestlé India's FY2026 bonus issue also show that single-year ratio movements can reflect corporate actions and not operating performance, which is why a three-year, event-aware reading was used.

V. Challenges, Limitations, and Recommendations

The main challenge was telling normal FMCG patterns from genuine risk signals. A mechanical reading of negative working capital and current ratios below 1.5x would have flagged four of the



five companies as under liquidity strain, although all four remained cash generative. Other challenges were reconciling aggregator data with annual reports, since minor reclassifications of other liabilities or lease items can shift year-on-year comparisons; interpreting the ITC Hotels demerger and the Nestlé India bonus issue; comparing ITC's conglomerate structure, which includes cigarettes, hotels until the demerger, and paperboards, with pure FMCG companies; and presenting ratio-heavy findings to a non-technical reader.

Limitations are: five companies and three years, which cannot be generalised to the whole sector or to cyclical versus structural patterns; no valuation or market-based measures such as discounted cash flow, price-earnings, or economic value added; reliance on secondary data, so later restatements are not reflected; general textbook benchmarks and not FMCG-specific norms; current ratio and working capital computed from "other" assets and liabilities line items as an approximation of current items; a rank-based scorecard that weights all six metrics equally and ignores the size of gaps between companies; and student analysts reviewed periodically by mentors, not an institutional multi-analyst peer-review process.

The recommendations are analytical suggestions and have not been tested. Analysts screening for capital-structure safety may look first at ITC, HUL, and Dabur, whose leverage was lowest and equity ratios highest. Nestlé India's post-capex performance merits monitoring over the next one to two years, and Britannia is worth tracking for continued deleveraging if its current ratio improves. For a research desk, a standing checklist for corporate actions (demergers, bonus and rights issues) before ratios are interpreted would reduce the main misreading risk found here. Future work could add profit and loss measures such as EPS and EBITDA margin, a five-to-ten-year series, sub-segment peer benchmarks (for example Britannia against Parle and Mondelez), valuation metrics, a full DuPont decomposition, and additional companies such as Marico, Godrej Consumer Products, and Emami.

VI. Conclusion

This study suggests that, for the five companies examined, Indian FMCG is financially healthy and cash generative: every company had positive operating cash flow in every year and D/E below 0.55x, across quite different business models. ITC had the strongest overall position on the FY2026 scorecard on the strength of its equity ratio, cash generation, revenue growth, and margin, followed by HUL and Dabur, while Nestlé India and Britannia ranked lower on a snapshot basis but showed the clearest improving trends. Negative working capital and sub-benchmark current ratios were consistent with supplier-credit strength and not distress when read with cash flow. The study contributes a three-statement, event-aware comparison with an explicit scoring method, while its sample size, period, and data sources limit how far the results can be generalised.

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