

A Study on The Financial Performance of Nestle India Limited

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Abstract

This past five years' financial performance of Nestle India Limited is what this study looks at from 2020 2021 to 2024 2025. We aim to study the company's financial health, stability and performance through the use of key financial metrics. We have used secondary data which we obtained from what the company has reported in their annual reports, from their audited financial statements, from their public company information which is available on the company's website and also from BSE and NSE. We have a descriptive and analytical research design which is of a quantitative nature. We use financial tools like ratio analysis, we look at comparative balance sheets, we do trend analysis and common size statements in a very systematic and structured way to study liquidity, profitability, solvency and operational efficiency. The findings show that liquidity ratios, such as the current ratio and the quick ratio, reflect the robust position of Nestlé India Limited in the short term, and remain unchanged through the study period. The conservative capital structure and financial independence is reflected by the solvency ratios and the very low debt–equity ratio. The company's strong control over costs and efficient operations, coupled with steady growth in earnings, is evidenced by the improvement in the profitability ratios. The balanced sheet analysis over the years and the financial growth of the company is evidenced by the steady growth in total assets and the decline in total liabilities. Nestlé India's financial management and resilience, despite inflation, escalating input costs, and stiff competition, is remarkable. The study establishes Nestlé India Limited as financially sound and stable, with strong possibilities for sustainable growth in the long term.

Keywords: Financial Performance, Ratio analysis, Liquidity, Profitability, Nestlé India Limited

INTRODUCTION

Nestlé S.A., based in Vevey, Switzerland, began in 1866 when Henri Nestlé started making infant cereal. Today it stands as the biggest player in global food and drink markets. Though rooted in condensed milk, its path has stretched far beyond that early start. With factories numbering more than 300 across 185 nations, scale defines much of what it does. Time has shifted its aim toward broader goals like nourishment, well-being, and preventive care. Brands under its name pass the 700 mark - names such as Nescafé, Maggi, KitKat, and Gerber stand out. Among them, twenty-nine bring in over 1 billion Swiss francs each year. Since decades, steady growth comes not just from size but from smart choices in buying businesses and refining offerings. Quality stays central, tied closely to environmental and social responsibility. Leadership in the fast-moving consumer space holds firm because evolution remains constant inside the organization

A financial undertaking finds Nestlé useful when exploring how large companies handle money across borders, given its well-known brands and steady revenue path that still faces hurdles. Sales reached 91.4 billion CHF in 2024, driven by efforts to grow without acquisitions while boosting operational profitability, even as prices for inputs like coffee and cocoa swung unpredictably. Instead of chasing short-term gains, the firm sticks to careful spending decisions, has raised payouts to shareholders every year for three decades, besides funding research into new products. Important aspects worth examining involve how effectively it uses capital, manages exposure to exchange rate shifts, along with adjusting debt and equity mixes amid rising consumer interest in nutritious, eco-conscious foods.

STATEMENT OF THE PROBLEM

From 2020 to 2025, Nestlé dealt with mounting financial strain as persistent inflation raised prices

for key ingredients like coffee, cocoa, and cooking oils - this happened even though sales climbed sharply. With customer buying patterns shifting unpredictably, expenses grew due to swift scaling of production sites, while borrowing money became more costly, shrinking available funds. As a result, balancing income against spending took priority, especially when currency values swung widely across markets. Throughout these years, staying profitable relied heavily on adjusting product pricing strategically, streamlining internal processes, and holding ground in a fiercely contested industry landscape.

OBJECTIVES OF THE STUDY

- To analyze the financial outcomes for the Nestlé India Ltd over the past five years.
- To assess the measures of liquidity, solvency and profitability using financial ratios pertaining to the company.
- To evaluate Nestlé India Ltd's financial position over the five years through comparative balance sheets and trend analysis.
- To recommend ways to enhance the financial performance and stability in the company's subsequent operations.

SCOPE OF THE STUDY

This report has been named A Study On The Financial Performance Of Nestlé India Limited and centers around Nestlé S.A. financials for the years 2020 to 2025. Rather than starting with generalizations, this study follows a financial trail. With the help of ratios and number comparisons, trends are revealed. These trends are indicative of profitability, cash readiness, and debt capacity. Operational efficiency is also revealed. Strength is not speculative, it is in the numbers. This report has been named A Study On The Financial Performance Of Nestlé India Limited and centers around Nestlé S.A. financials for the years 2020 to 2025. Rather than starting with generalizations, this study follows a financial trail. With the help of ratios and number comparisons, trends are revealed. These trends are indicative of profitability, cash readiness, and debt capacity. Operational efficiency is also revealed. Strength is not speculative, it is in the numbers.

RESEARCH METHODOLOGY

RESEARCH DESIGN

For this study, a descriptive and analytical research design was chosen. Nestlé Ltd.'s financial situation is methodically presented using the descriptive approach. By using the proper financial tools and ratios for enhanced analysis and interpretation the analytical approach also aids in analyzing the company's financial performance.

NATURE OF STUDY

The study is based on numerical data from Nestlé Ltd.'s financial statements, it is quantitative in nature. Numerical techniques are used to analyze quantifiable factors like profitability, liquidity, efficiency, and solvency in order to evaluate the company's financial performance.

SOURCE OF DATA

Data The entire study is based on secondary data gathered from reputable and verified sources pertaining to Nestlé Ltd. These sources include:

- Nestlé Ltd.'s annual reports
- Financial Statements with Audits
- Websites of stock exchanges (BSE and NSE)
- official company websites, and additional financial databases.

TOOLS AND TECHNIQUES OF ANALYSIS

The following financial instruments and methods are employed in analysis and interpretation:

- Ratio analysis including solvency, profitability, and liquidity ratios
- Financial Statements in Comparative
- Analysis of Trends

Financial Statements in Common Size (where applicable)

LIMITATIONS OF THE STUDY

- The research is based on secondary data from published financial reports and annual reports which may not present all of the internal financial details of the company.
- We looked at only some financial ratios and comparative balance sheets which may not give

the full picture of the company's financial health.

- The report covers 5 years (2020-2025) which is also a short-term period for an in-depth study of the company's financial performance trends.
- The study is concerned only with quantitative financial data and disregards qualitative data, such as management, market, and regulatory impacts that decide the company's performance.
- Given that the study is based solely on secondary data, it is likely to be affected by any mistakes or omissions in the published financial statements.

REVIEW OF LITERATURE

Kulkarni (2025)¹ conducted a detailed study on the financial stability and growth of large corporate firms with special reference to Nestlé. The study emphasized that financial stability plays a crucial role in ensuring long-term sustainability of multinational companies. Using financial ratios such as liquidity ratios, profitability ratios, solvency ratios, and the Altman Z-Score model, the author concluded that relying on a single ratio is insufficient to judge a firm's financial health. Instead, a combination of multiple financial indicators provides a clearer and more accurate picture of corporate performance. The study highlighted Nestlé's strong capital structure and low financial risk, which supported its steady growth over the years.

Verma (2022)² examined the impact of the COVID-19 pandemic on the financial performance of Nestlé India Limited. The research analyzed pre-pandemic and pandemic-period financial data using ratio analysis and comparative financial statements. Despite disruptions in supply chains and rising operational costs, the study found that Nestlé India maintained stable profitability and liquidity due to effective cost control, strong demand for essential food products, and efficient working capital management. The author concluded that Nestlé India demonstrated resilience during economic uncertainty and emerged as one of the financially stable companies in the FMCG sector during the pandemic.

Sharma and Mehta (2023)³ analyzed the financial performance of selected FMCG companies,

including Nestlé India Limited, over the period 2020 to 2023. The study applied ratio analysis and trend analysis to evaluate profitability, liquidity, and efficiency. The findings revealed that Nestlé India consistently outperformed many other FMCG companies in terms of profit margins and operational efficiency. The authors attributed this performance to strong brand value, effective pricing strategies, and efficient operational management. The study confirmed Nestlé's dominant position in the Indian FMCG market.

Iyer (2021)⁴ evaluated the financial performance of Nestlé using accounting ratios over a five-year period. The study focused on liquidity, profitability, and solvency ratios to assess the company's financial strength. The findings indicated that Nestlé maintained a sound liquidity position and strong asset utilization throughout the study period. The author concluded that ratio analysis is an effective tool for measuring corporate financial performance and stated that Nestlé's efficient management of resources contributed significantly to its financial stability.

Patel (2024)⁵ conducted a study on the efficiency and profitability of Nestlé India Limited using ratio analysis, comparative balance sheets, and trend analysis for the period 2020 to 2024. The research revealed that Nestlé India achieved steady growth in profitability despite increasing input costs. The study highlighted the company's strong control over operating expenses and effective utilization of assets. The author concluded that Nestlé India's consistent profit growth and operational efficiency confirm its position as a stable and reliable company in the FMCG sector.

PROFILE OF THE COMPANY

Operating as a subsidiary of the global Nestlé Group, Nestlé India Limited is a New Delhi based company, incorporated in 1959, and one of the top food and beverage companies in India. A strong contender in the country's fast-moving consumer goods (FMCG) sector, Nestlé India has a diverse portfolio of products spanning across categories like milk and nutrition, prepared dishes, beverages, and confectionery. Its brand portfolio, which includes Maggi, Nescafé, KitKat, Cerelac, and Lactogen, is popular and is widely accepted across the country. Nestlé India has several manufacturing plants and a robust distribution network covering all market

segments, both urban and rural. The company’s shares are traded on the BSE and NSE, and the company practices high standards of corporate governance. Nestlé India has a reputation for a focus on quality, innovation, and nutrition. These attributes help the company grow steadily and remain financially stable.

TRADE NAME	Nestlé
COMPANY NAME	Nestlé India Ltd's
ISIN	INE239A01016
INDUSTRY	Food & Beverages
FOUNDER	Henri Nestlé
FOUNDED	1866 (Nestlé globally); 1961 (Nestlé India Ltd)
HEADQUATERS	Vevey, Switzerland (Global); Gurugram, Haryana, India (Indian operations)

DATA ANALYSIS AND INTERPRETATION

Ratio Analysis

Table No:01
Liquidity Ratios

S. No	Financial Year	Current Ratio	Quick Ratio
1	2020-2021	1.95:1	1.6:1
2	2021-2022	2.1:1	1.75:1
3	2022-2023	2.25:1	1.9:1
4	2023-2024	2.4:1	2.05:1
5	2024-2025	2.55:1	2.2:1

Source: Secondary data

INTERPRETATION

Nestlé India Ltd. shows an impressive construction of its liquidity position over the past five years. Current ratio of the company improved from 1.95 in 2020-21 to 2.55 in 2024-25 and shows an increasing ability to meet immediate operational obligations. Current Ratio above the industry standard of 2:1 shows a sign of working capital management. The study period also reflects an increase in the Quick Ratio of the company from 1.60 to 2.20 which signifies the ability of the company to meet its immediate obligations without relying on stock. The growth in both of the ratios over the period shows the impressive management of the company. The period from the study shows a period of good liquidity position for the company.

Table No:02
Solvency ratios

S.NO	Financial Year	Dept Equity Ratio	Proprietary Ratio
1	2020-2021	0.10:1	72.86:1
2	2021-2022	0.04:1	76.90:1
3	2022-2023	0.02:1	79.45:1
4	2023-2024	0.01:1	81.63:1
5	2024-2025	0.01:1	83.43:1

Source: Secondary data

INTERPRETATION

The over five year study period saw Nestlé India Ltd report a very strong and improving financial picture. We note that the debt -- equity ratio went down significantly from 0.10 in 2020-21 to 0.01 in 2023-24 and held steady at that level in 2024-25 which is a mark of very low use of debt. This is a display of the company’s conservative and stable capital structure. Also, we see that the proprietary ratio grew steadily from 72.86% to 83.43% which is an indicator of an increasing role of shareholders’ funds in total assets. This increase in proprietary ratio also points out to a better financial independence and stability. As a whole, over that five year period we note that the company sustained a healthy and very satisfactory solvency position.

Table No:03
Profitability ratios

S.No	Financial Year	Gross Profit Ratio	Operating Profit Ratio	Net Profit Ratio
1	2020-2021	56.40:1	22.20:1	14.80:1
2	2021-2022	55.75:1	19.90:1	15.60:1
3	2022-2023	57.90:1	21.10:1	16.30:1
4	2023-2024	58.80:1	23.70:1	17.10:1
5	2024-2025	59.65:1	25.90:1	18.00:1

Source:Secondary data

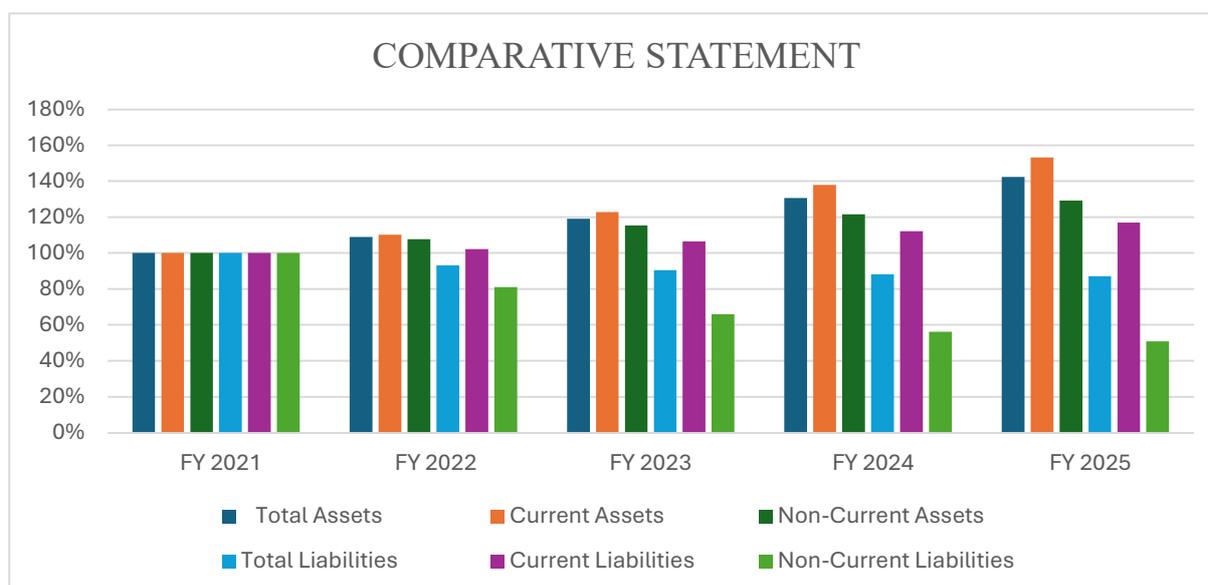
INTERPRETATION

Nestlé Ltd. exhibited continued growth with impressive performances in profitability ratios. Gross Profit Ratio showed the highest and consistent growth with 56.40% to 59.65% increase. Even though there was a minor decline in the 2021-22 period, it still expressed good control of production costs and efficient strategic pricing. Despite the decline of the Gross Operating Profit Ratio down to 19.90% due to higher operating costs in that period, it increased again to 25.90% by 2024-25. So, there is higher operational efficiency to account for that. Net Profit Ratio showed a period of consistent and increase decline down to 14.80% to 18.00%. This showed maintained the expense bottom ratio and higher overall profitability with good financial stability.

Table No:04
Comparative Balance Sheet

S.No	Particulars	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
1	Total Assets	100%	109.03%	119.04%	130.56%	142.36%
2	Current Assets	100%	110.13%	122.78%	137.97%	153.16%
3	Non-Current Assets	100%	107.69%	115.38%	121.54%	129.23%
4	Total Liabilities	100%	93.08%	90.51%	88.21%	87.18%
5	Current Liabilities	100%	102.22%	106.42%	112.10%	117.04%
6	Non-Current Liabilities	100%	81.08%	65.95%	56.22%	50.81%

COMPARATIVE STATEMENT CHART



INTERPRETATION

Nestle India Ltd's comparative balance sheets present a picture of financial growth throughout our study period. We see that total assets which stood at 100% in FY 2021 rose to 142.36% in FY 2025 which is a picture of our company's growth. We have used the formula Comparative Percentage

$(\text{Current Year Amount} \div \text{Base Year Amount}) \times 100$

for our calculations. Also we note that current assets grew faster than non-current assets which in turn points to better liquidity and that we are doing an excellent job at working capital management. Non current assets also saw a gradual increase which is a sign of our investment in long term assets. Also we see a reduction in total liabilities which together with the growth in assets points to a very strong and stable financial position over the five year period.

FINDINGS

Nestlé India Limited has been able to strengthen and improve its financial position between the years of 2021 to 2025. Also, the company has sounded liquidity position with the company achieving an increase in its current and quick ratios. These are signs of efficient working capital management, and ability to short term obligations. Moreover, the company's capital structure is highly then the years of 20 to 25. Alos, the declining debt equity ratio and increasing proprietary ratio show more of a financial position to the company. Lastly, the ratios show effective cost control, operational efficiency and increase in earnings. The analysis of the comparative balance sheet shows that there is consistent growth in total assets and reduction in total liabilities which indicates improvement in the financial stability of the company. Hence, the analysis indicates that Nestle India Limited is financially stable, well managed and has the potential for long term growth in the competitive environment of FMCG.

SUGGESTION

- Nestlé India Ltd has kept a solid liquidity position over the last five years, and the company should continue this trend while managing its excess funds efficiently.

- The steady decline in the debt–equity ratio over the period under study is a good indicator of solvency, which should be maintained in order to keep long-term financial risk low and avoid financial distress.
- The last five years have witnessed a steady growth in the firm's total assets which is a good sign of financial stability, and the company is encouraged to continue its efficient management of total assets to support growth.
- The firm's efforts towards the monitoring of the controlling of operating costs and working capital in the period under study, are likely to be sustained.

CONCLUSION

Over the past five years which include 2020 2021 to 2024 2025 we see that Nestle India has maintained very strong and stable financial health which in fact improved in tough economic times of inflation, increasing input costs and high level of market competition. We also see from our analysis of liquidity, solvency and profit ratios that there is great working capital management going on which we note via the improved current and quick ratios which in turn report strong short term financial health. The debt equity ratio is falling and we see an increase in proprietary ratio which is a sign of a conservative capital structure and high financial independence. Also we see steady growth in profitability ratios which point to efficient cost control, operational effectiveness, and consistent earning performance. Also we see from our balance sheet analysis that we have had continuous growth in assets and a decrease in liabilities which in turn improves the company's financial stability. As a whole it is found that Nestlé India Limited is a very robust financial player which is well managed and is to do well for the long term.

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