

A Comparative Financial Performance Assessment of Select FMCG Companies in India: Evidence from HUL and Britannia Industries

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Abstract

This study takes a close look at the financial performance of two major players in India's FMCG sector: Hindustan Unilever Limited (HUL) and Britannia Industries Limited (BIL). It covers the period from FY 2022–23 to FY 2024–25, with a focus on how each company manages its finances, grows its business, and keeps profits up in a market that's always competitive. The analysis relies on secondary data from published annual reports and uses comparative financial statement analysis to track changes in income statements and balance sheets over the three years. What stands out? HUL goes after growth and keeps a sharp eye on liquidity. The company expands its assets steadily, holds strong cash reserves, and churns out profits year after year. It's all about scale, stable operations, and making sure working capital works hard. Britannia, in contrast, takes a more cautious route. Its strategy centers on reducing debt, building up equity through retained earnings, and picking its long-term investments carefully. This approach strengthens solvency and stability, but it also means Britannia's profitability can swing more than HUL's. Both companies look financially healthy, yet their styles couldn't be more different. HUL's advantage is its reliable earnings and solid liquidity, while Britannia shines with disciplined balance-sheet management and lower financial risk. By putting these two side by side, this study brings fresh perspective to FMCG research, giving investors, managers, and researchers a practical way to compare financial performance in the Indian FMCG space.

Keywords: Financial performance, comparative financial analysis, FMCG Sector, hindustan unilever limited, britannia industries limited

INTRODUCTION

Profitability stands at the center of the global consumer goods industry- it's the main way companies measure their health, how well their strategies work, and whether they'll last in the long run [1–2]. It is the financial data fulcrum upon which investor confidence, market valuation, and capacity for

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innovation and expansion are balanced [3–4]. Though growth in revenues is usually the relevant headline, the complex story told by profitability indicators- how skillfully the revenues are converted into the sustainable shareholder value is the true sign of the strength and manoeuvrability of an organization [5–6]. In the current analysis, the concepts of profitability are discussed through the prism of the comparative statement analysis as the tool of assessing the financial performance of two companies operating in the Indian fast-moving consumer goods (FMCG) industries: Hindustan Unilever Limited (HUL) and Britannia Industries Limited (BIL). This research is not only an intellectual effort but a major research question into

the working philosophy, business approach and financial practices which form the basis of two of the most esteemed corporate bodies that exist in India [7–8]. Hindustan Unilever Limited is a subsidiary of the Anglo-Dutch MNC Unilever that is a giant in the Indian FMCG industry. HUL presents a strong market penetration and scale with a varied portfolio containing home care, beauty and personal care as well as foods and refreshments and well known brands including Dove, Surf Excel, and Brooke Bond red lable [9–10]. The business model of the company is usually characterized by enormous distribution networks, mass-market branding, and the focus on the volume-based growth, though, in recent years, there has been the evident tendency towards the premiumization [11].

Comparatively, Britannia Industries Limited, although a market leader, has a more focused portfolio, which focuses on baked goods, dairy, and related food products. BIL has developed a strong brand presence with such iconic brands as Good Day, Bourbon, and Milk Bikis and is commonly characterized by aggressive emphasis on margin management, cost-effectiveness, and a ruthless direct distribution network [12–15]. The two companies share the same macroeconomic environment, and they are faced with common challenges like the pressure to deal with inflationary commodity prices, evolving consumer tastes and preferences in favor of health and wellness, and the disruptive entry of digital commerce and local rivals. However, their attempts to become profitable are defined by various historical legacies, product mix choices, and strategic priorities.

Existing research on the FMCG sector in India has focused on risk–return dynamics, profitability ratios, and financial health of leading players such as HUL, ITC, Nestlé and Britannia, generally finding sound liquidity, low leverage, and robust profitability, though with variation in risk-adjusted returns and efficiency across firms and time [16–17]. Studies that examine Britannia in isolation report improving profitability and solvency over recent years, even when some liquidity and activity ratios show a declining trend, pointing to strategic strengthening of its financial position [18]. Similarly, work on HUL consistently highlights strong profitability, efficient capital utilization, and stable financial performance, making it one of the more attractive FMCG investments in India [19–20].

Despite this, there remains scope for company-to-company comparative analyses using detailed financial statement data. Prior research has either compared multiple FMCG firms on selected ratios or analyzed single companies in depth, but has not specifically combined a focused comparison of HUL and Britannia based primarily on comparative financial statement analysis (horizontal and vertical analysis alongside key ratios) over a common period. Comparative financial statements help identify trends in revenue, costs, assets, and liabilities, and enable benchmarking of growth, efficiency and stability between firms operating in the same macroeconomic and competitive environment [21].

REVIEW OF LITERATURE

The assessment of financial performance has long been a central concern in corporate finance and strategic management literature, particularly in industries characterized by intense competition and thin margins such as fast-moving consumer goods (FMCG).

Alkhodary (2023) [2] conducted a comparative study to find that HUL tends to show stronger asset turnover (operational efficiency), while ITC often reports higher margins and higher ROE driven partly by capital structure and non-operating income mix but results depend on the time window and whether consolidated/group items (like ITC’s diversified revenue streams) are included.

Li et al. (2025) [13] & Anusree et al. (2024) [3] extend this perspective by examining the relationship between financial efficiency and environmental, social, and governance (ESG) performance. Their findings indicate that firms with stronger financial discipline and risk management frameworks are better positioned to optimize capital allocation and enhance financing efficiency.

Looking at India, Husain (2021) [10] takes a close look at the FMCG sector and finds a landscape that’s stable, with steady demand and solid profits, even when the economy stumbles. The top FMCG

companies in India stay financially strong because they rely on powerful brands, wide-reaching distribution networks, and smart cost management.

Comparative studies over the past few years really highlight why inter-firm analysis matters and show that how FMCG companies handle liquidity and working capital directly shapes their ability to weather short-term shocks during economic turbulence. This view is supported by findings that firms with higher cash reserves and lower debt levels are better able to absorb rising input costs without experiencing a decline in profitability.

There's a growing push in recent literature to look at both income statements and balance sheets together if you want the full picture of a company's financial health. A key observation is that revenue growth alone, when not supported by a strong balance sheet, can leave a firm financially exposed. Singh (2022) [19] go further, arguing that companies balancing profitability, liquidity, and leverage set themselves up for stronger long-term sustainability.

Profitability analysis is getting more nuanced, too. Comparative statement analysis reveals underlying trends in revenue, costs, and asset utilization that are often overlooked by ratio analysis. In addition, horizontal and vertical analysis provide deeper insight into how management addresses capital structure decisions and deploys assets effectively.

In short, researchers looking at India's FMCG sector keep coming back to the same point: the top firms stand out for their steady profits, strong balance sheets, and smart use of capital. However, most studies either analyze firms individually or compare multiple companies using selected financial ratios. There is limited research that undertakes a focused, company-to-company comparative analysis using detailed financial statement data over a common time period. In particular, comparative statement analysis that captures absolute and percentage changes in income statement and balance sheet items remains underexplored.

OBJECTIVES OF THE STUDY

1. To examine and compare the financial performance of HUL and BIL using comparative financial statement analysis over the period 2022–23 to 2024–25.
2. To analyze year-on-year changes in key components of the income statement and balance sheet in order to assess growth trends, cost behavior, and asset structure.
3. To identify relative strengths and weaknesses in the financial management practices of HUL and Britannia Industries by benchmarking their financial performance within the same industry and macroeconomic environment.

FINANCIAL STATEMENT ANALYSIS

Financial statement analysis is the process of systematically examining and interpreting financial information disclosed in the financial statements of a business entity to evaluate its performance, financial position, and future prospects. Financial statement analysis turns raw accounting numbers into useful information. Investors, creditors, managers, researchers, and policymakers all rely on this process to make smart decisions.

The income statement, balance sheet, and cash flow statement show where a company stands and how it's performing, but just looking at the numbers isn't enough. You need to dig deeper- use the right analytical tools to really understand what's going on. Over time, academics and professionals have shaped and tested a set of methods for this purpose.

The main tools of financial statement analysis include-

1. Comparative Financial Statement Analysis
1. Common Size Statement Analysis

2. Ratio Analysis
3. Trend Analysis
4. Cash Flow Analysis
5. Funds Flow Analysis

COMPARATIVE FINANCIAL STATEMENT ANALYSIS

Comparative Financial Statement Analysis involves examining a company's financial statements over multiple years by presenting them side by side. This technique enables analysts to identify changes in financial performance, assess areas of improvement or decline, and quantify the extent of those changes. It provides valuable insights into a company's growth patterns, cost behaviour, and variations in assets, liabilities, and equity.

Typically, financial figures from two or more consecutive years are arranged in parallel columns, facilitating straightforward comparison of increases, decreases, and the magnitude of each change. Analysts evaluate not only the actual figures but also calculate both absolute and percentage changes for each line item. This method is applicable beyond individual company analysis; it is equally effective for benchmarking companies within the same industry, allowing for meaningful comparisons under similar economic conditions.

A key advantage of this approach is its simplicity and clarity. It requires no advanced calculations or complex methodologies—just the systematic arrangement of published financial data to reveal trends and insights. As a result, Comparative Financial Statement Analysis is accessible and easily interpreted, making it a practical tool for research and decision-making.

DATA ANALYSIS OF BIL

Table 1 showed the Comparative balance sheet of BIL (2022–24).

Interpretation

During this period, the company adopted a measured, disciplined strategy, prioritizing long-term stability over rapid expansion. Total assets registered a modest decline of 2.99%, while liabilities decreased more substantially by 11.76%. This reduction was intentional, reflecting a strategic initiative to reduce debt rather than any operational distress. Specifically, non-current borrowings decreased by 41.69% and current borrowings by 20.46%, indicating a preference for utilizing internal earnings to repay obligations and thereby lowering financial risk.

This shift toward a more conservative risk profile is further evident in asset management decisions. Long-term investments were scaled back by 43.75%, while cash and cash equivalents increased significantly by 215.33%. The company thus reallocated resources from long-term investments to liquid assets, enhancing its capacity to respond to short-term needs. Despite this prudent approach, investment in core operations continued, as evidenced by increases in property, plant, and equipment and a 78.61% rise in capital work-in-progress, signaling ongoing preparation for future growth in a controlled manner.

Operational performance remained stable. Inventory levels were largely unchanged, while trade receivables increased, suggesting higher sales without a corresponding rise in inventory—an indicator of efficient working capital management. On the equity side, total equity grew by 11.27% without the issuance of new shares, implying that retained earnings and profits were the primary contributors to the increase in net worth. Additionally, a decrease in non-controlling interest alongside an uptick in parent equity reflects greater ownership concentration and enhanced shareholder value.

Liquidity also improved, with increased cash reserves and reduced short-term liabilities providing the company with greater resilience and financial flexibility. While payables to MSMEs declined, trade payables to other suppliers rose, indicating potential improvements in compliance and adjustments to procurement strategies.

Overall, the combination of reduced debt, higher equity, ongoing capital investment, and a substantial increase in cash demonstrates a prudent and forward-looking financial management approach. The company is reinforcing its financial foundation, balancing risk mitigation with continued strategic investment to support sustainable long-term growth.

Table 2 showed the Comparative balance sheet of BIL (2023-25).

Table-1 Comparative balance sheet of BIL (2022–24)

(Amount are in ₹. cr.)				
Particulars	31-Mar-24	31-Mar-23	Increase / (Decrease)	% Change
I. Assets				
(1) Non-current assets				
(a) Property, plant and equipment	2,602.94	2,472.19	130.75	5.29%
(b) Capital work-in-progress	187.54	105	82.54	78.61%
(c) Investment property	27.48	40.63	-13.15	-32.37%
(d) Goodwill	129.82	128.16	1.66	1.30%
(e) Other intangible assets	10.9	14.24	-3.34	-23.46%
(f) Investment in associates and joint venture	491.96	495.16	-3.2	-0.65%
(g) Financial assets				
(i) Investments	578.25	1,028.09	-449.84	-43.75%
(ii) Loans receivable		150	-150	-100.00%
(iii) Other financial assets	25.5	23.57	1.93	8.19%
(h) Deferred tax assets (net)	43.88	57.25	-13.37	-23.35%
(i) Tax assets (net)	67.95	43.64	24.31	55.72%
(j) Other non-current assets	58.68	48.56	10.12	20.83%
Total non-current assets	4,224.90	4,606.49	-381.59	-8.28%
(2) Current assets				
(a) Inventories	1,181.22	1,193.26	-12.04	-1.01%
(b) Financial assets				
(i) Investments	1,696.51	1,800.99	-104.48	-5.80%
(ii) Trade receivables	393.33	328.94	64.39	19.58%
(iii) Cash and cash equivalents	322.8	102.38	220.42	215.33%
(iv) Bank balances other than (iii) above	123.55	95.6	27.95	29.24%
(v) Loans receivable	460	560	-100	-17.86%
(vi) Other financial assets	531.13	451.96	79.17	17.51%
(c) Other current assets	133.71	180.74	-47.03	-26.03%
(d) Assets held-for-sale	6.41	32.36	-25.95	-80.18%
Total current assets	4,848.66	4,746.23	102.43	2.16%
Total assets	9,073.56	9,352.72	-279.16	-2.99%
II. Equity and liabilities				
(1) Equity				
(a) Equity share capital	24.09	24.09		
(b) Other equity	3,917.43	3,510.18	407.25	11.60%
Equity attributable to equity holders of the parent	3,941.52	3,534.27	407.25	11.52%
Non-controlling interests	24.5	30.23	-5.73	-18.95%
Total equity	3,966.02	3,564.50	401.52	11.27%
(2) Liabilities				
(A) Non-current liabilities				
(i) Borrowings	904.72	1,551.80	-647.08	-41.69%

(ii) Lease liabilities	20.13	14.36	5.77	40.18%
(iii) Other financial liabilities	65.66	60.15	5.51	9.16%
(b) Deferred tax liabilities (net)	2.06	1.87	0.19	10.16%
(c) Provisions	30.56	25.64	4.92	19.19%
Total non-current liabilities	1,023.13	1,653.82	-630.69	-38.14%
(B) Current liabilities				
(i) Borrowings	1,136.49	1,428.71	-292.22	-20.46%
(ii) Lease liabilities	3.62	2.5	1.12	44.80%
(iii) Trade payables – MSME	30.83	43.92	-13.09	-29.81%
(iv) Trade payables – Others	1,596.65	1,404.89	191.76	13.65%
(v) Other financial liabilities	497.4	496.21	1.19	0.24%
(b) Other current liabilities	167.29	176.34	-9.05	-5.13%
(c) Provisions	559.2	513.39	45.81	8.92%
(d) Tax liabilities (net)	92.93	68.44	24.49	35.78%
Total current liabilities	4,084.41	4,134.40	-49.99	-1.21%
Total liabilities	5,107.54	5,788.22	-680.68	-11.76%
Total equity and liabilities	9,073.56	9,352.72	-279.16	-2.99%

Source: Author own analysis

Table 2. Comparative balance sheet of BIL (2023-25)

(Amount are in ₹ Cr.)

Particulars	31-Mar-25	31-Mar-24	Increase/(Decrease)	% Change
I. Assets				
(1) Non-current assets				
(a) Property, plant and equipment	2,734.61	2,602.94	131.67	5.06%
(b) Capital work-in-progress	89.2	187.54	-98.34	-52.43%
(c) Investment property	28.9	27.48	1.42	5.17%
(d) Goodwill	132.78	129.82	2.96	2.28%
(e) Other intangible assets	7.51	10.9	-3.39	-31.10%
(f) Investment in associates and joint venture	483.62	494.36	-10.74	-2.17%
(g) Financial assets				
(i) Investments	1,270.17	575.85	694.32	120.57%
(ii) Loans receivable	25	–	25	–
(iii) Other financial assets	28.19	25.5	2.69	10.55%
(h) Deferred tax assets (net)	36.59	43.88	-7.29	-16.62%
(i) Tax assets (net)	46.26	67.95	-21.69	-31.91%
(j) Other non-current assets	42.04	58.68	-16.64	-28.37%
Total non-current assets	4,924.87	4,224.90	699.97	16.57%
(2) Current assets				
(a) Inventories	1,236.51	1,181.22	55.29	4.68%
(b) Financial assets				
(i) Investments	1,111.64	1,696.51	-584.87	-34.49%
(ii) Trade receivables	448.61	393.33	55.28	14.06%
(iii) Cash and cash equivalents	132.78	322.8	-190.02	-58.86%
(iv) Bank balances other than (iii) above	179.7	123.55	56.15	45.46%
(v) Loans receivable	50	460	-410	-89.13%
(vi) Other financial assets	630.46	531.13	99.33	18.70%
(c) Other current assets	123.98	133.71	-9.73	-7.28%
(d) Assets held-for-sale	–	6.41	-6.41	-100.00%
Total current assets	3,913.68	4,848.66	-934.98	-19.29%

Total assets	8,838.55	9,073.56	-235.01	-2.59%
II. Equity and liabilities				
(1) Equity				
(a) Equity share capital	24.09	24.09	–	–
(b) Other equity	4,331.63	3,917.43	414.2	10.57%
Equity attributable to equity holders of the parent	4,355.72	3,941.52	414.2	10.51%
Non-controlling interests	25.6	24.5	1.1	4.49%
Total equity	4,381.32	3,966.02	415.3	10.47%
(2) Liabilities				
(A) Non-current liabilities				
(i) Borrowings	712.94	904.72	-191.78	-21.20%
(ii) Lease liabilities	19.45	20.13	-0.68	-3.38%
(iii) Other financial liabilities	72.21	65.66	6.55	9.98%
(b) Deferred tax liabilities (net)	1.8	2.06	-0.26	-12.62%
(c) Provisions	32.57	30.56	2.01	6.58%
Total non-current liabilities	838.97	1,023.13	-184.16	-18.00%
(B) Current liabilities				
(i) Borrowings	511.83	1,136.49	-624.66	-54.96%
(ii) Lease liabilities	2.29	3.62	-1.33	-36.74%
(iii) Trade payables – MSME	27.83	30.83	-3	-9.73%
(iv) Trade payables – Others	1,724.40	1,596.65	127.75	8.00%
(v) Other financial liabilities	429.34	497.4	-68.06	-13.69%
(b) Other current liabilities	194.7	167.29	27.41	16.38%
(c) Provisions	604.66	559.2	45.46	8.13%
(d) Tax liabilities (net)	123.21	92.93	30.28	32.59%
Total current liabilities	3,618.26	4,084.41	-466.15	-11.41%
Total liabilities	4,457.23	5,107.54	-650.31	-12.73%
Total equity and liabilities	8,838.55	9,073.56	-235.01	-2.59%

Source: Author own analysis

Interpretation

In FY 2024–25, the company's balance sheet reflects a deliberate shift in strategic focus. Rather than pursuing aggressive expansion, management prioritized operational consolidation and greater financial stability. Total assets declined modestly by approximately 2.6%, suggesting an intentional effort to streamline resources and enhance the overall health of the balance sheet. A detailed examination reveals a significant reallocation toward long-term assets. Non-current assets increased, while current assets declined, indicating a movement of funds away from short-term holdings and into longer-term investments. Notably, non-current investments more than doubled, whereas current investments experienced a substantial reduction.

This transition underscores the company's preference for long-term capital allocation strategies, trading immediate liquidity for the prospect of stronger returns in the future. Additionally, a reduction in capital work-in-progress alongside an increase in property, plant, and equipment suggests the completion and capitalization of major projects, transitioning assets from development to operational status. The decrease in current loans receivable and the elimination of assets held for sale further reflect a move toward a less risky and more streamlined asset base.

On the liquidity front, cash and cash equivalents declined significantly; however, this was partially offset by higher balances in bank accounts and other financial assets. The data indicate active cash management, rather than a response to liquidity stress.

Table 3. Comparative income statement of BIL (2022–24).

(Amount are in ₹ Cr.)

Particulars	31-Mar-24	31-Mar-23	Increase/(Decrease)	% Change
I Revenue from operations				
Sale of goods	16,546.21	15,984.90	561.31	3.51%
Other operating revenues	223.06	315.65	-92.59	-29.34%
Revenue from operations	16,769.27	16,300.55	468.72	2.88%
II Other income	214.18	215.86	-1.68	-0.78%
III Total income (I+II)	16,983.45	16,516.41	467.04	2.83%
IV Expenses				
Cost of materials consumed	8,546.89	8,326.70	220.19	2.64%
Purchases of stock-in-trade	941.48	1,337.13	-395.65	-29.59%
Changes in inventories of finished goods, work-in-progress and stock-in-trade	3.66	-72.53	76.19	–
Employee benefits expense	708.7	658.38	50.32	7.64%
Finance costs	164	169.1	-5.1	-3.01%
Depreciation and amortisation expense	300.46	225.91	74.55	33.00%
Other expenses	3,398.70	3,219.96	178.74	5.55%
Total expenses	14,063.89	13,864.65	199.24	1.44%
V Profit before share of profits/(loss) of associates & joint venture (III-IV)	2,919.56	2,651.76	267.8	10.10%
VI Share of (loss)/profit in associates & joint venture using equity method	-3.19	5.41	-8.6	–
VII Profit before exceptional items and tax (V+VI)	2,916.37	2,657.17	259.2	9.76%
VIII Exceptional items expense/(income)	2.9	-375.6	378.5	–
IX Profit before tax (VII-VIII)	2,913.47	3,032.77	-119.3	-3.93%
X Tax expense/(credit)				
(i) Current tax	765.69	720.97	44.72	6.20%
(ii) Deferred tax	13.56	-4.52	18.08	–
Total tax expense	779.25	716.45	62.8	8.77%
XI Profit for the year (IX-X)	2,134.22	2,316.32	-182.1	-7.86%

Source: Author own analysis

Shareholders' equity increased, driven entirely by higher retained earnings. The absence of new equity issuance, coupled with increased retained earnings, points to sustained profitability and disciplined capital management. Both current and non-current borrowings decreased sharply, signifying a strategic reduction in leverage. Lower debt levels reduce interest obligations and contribute to a more resilient financial structure.

In summary, the company has transitioned from a growth-oriented approach reliant on short-term financing to a more conservative, risk-averse posture. The balance sheet now emphasizes long-term value creation and financial stability over rapid expansion.

Table 3 showed the Comparative income statement of BIL (2022–24).

Interpretation

BIL demonstrated modest growth from FY 2023 to FY 2024. Operating revenue increased by 2.88%, largely due to a 3.51% rise in goods sales. However, other operating income declined sharply by 29.34%, indicating a significant reduction in ancillary earnings compared to the previous year. Overall, total income grew by 2.83%.

Table 4. Comparative income statement of BIL (2023–25).

(Amount are in ₹ cr.)

Particulars	31-Mar-25	31-Mar-24	Increase / (Decrease)	% Change
I. Revenue from operations				
Sale of goods	17,535.02	16,546.21	988.81	5.98%
Other operating revenues	407.65	223.06	184.59	82.76%
Revenue from operations	17,942.67	16,769.27	1,173.40	7.00%
II. Other income	227.09	214.18	12.91	6.03%
III. Total income (I+II)	18,169.76	16,983.45	1,186.31	6.99%
IV. Expenses				
Cost of materials consumed	9,859.45	8,546.89	1,312.56	15.36%
Purchases of stock-in-trade	809.35	941.48	-132.13	-14.03%
Changes in inventories of finished goods, work-in-progress and stock-in-trade	-64.75	3.66	-68.41	–
Employee benefits expense	704.59	708.7	-4.11	-0.58%
Finance costs	138.8	164	-25.2	-15.37%
Depreciation and amortisation expense	313.34	300.46	12.88	4.29%
Other expenses	3,446.88	3,398.70	48.18	1.42%
Total expenses	15,207.66	14,063.89	1,143.77	8.13%
V. Profit before share of profits / (loss) of associates & joint venture (III-IV)	2,962.10	2,919.56	42.54	1.46%
VI. Share of loss in associates & joint venture using equity method	-10.74	-3.19	-7.55	–
VII. Profit before exceptional items and tax (V+VI)	2,951.36	2,916.37	34.99	1.20%
VIII. Exceptional items expense	24.79	2.9	21.89	754.83%
IX. Profit before tax (VII-VIII)	2,926.57	2,913.47	13.1	0.45%
X. Tax expense				
(i) Current tax	741.68	765.69	-24.01	-3.14%
(ii) Deferred tax	7.03	13.56	-6.53	-48.15%
Total tax expense	748.71	779.25	-30.54	-3.92%
XI. Profit for the year (IX-X)	2,177.86	2,134.22	43.64	2.04%

Source: Author own analysis

Expense growth remained controlled at 1.44%. Notably, expenditure on stock-in-trade decreased by nearly 30%, which helped offset a 2.64% increase in material costs. Employee benefit expenses rose by 7.64%, reflecting greater investment in human resources. Depreciation expenses surged by 33%, likely attributable to the acquisition of additional assets during the period.

Profit before exceptional items increased by 9.76%, underscoring the strength of the core business. However, profit before tax declined by 3.93%, as the prior year benefited from exceptional gains that were absent this year. Tax expenses rose 8.77%, primarily due to higher current tax liabilities. Consequently, net profit decreased by 7.86%, with increased taxation and the absence of non-recurring gains offsetting improvements in operational performance.

Table 4 showed the Comparative income statement of BIL (2023–25).

Interpretation

During the period under review, revenue from operations increased by 7.00%, driven by healthy growth in core sales and a sharp rise in other operating revenues. The company not only expanded its core operations but also diversified its income streams. However, this increase in revenue did not

translate into higher profitability. Material costs surged by 15.36%, outpacing revenue growth and compressing operating margins.

On a positive note, finance costs declined by 15.37%, indicating reduced debt levels and improved financial management. Despite this, total expenses rose by 8.13%, whereas total income increased by only 6.99%, resulting in limited operating leverage. Furthermore, exceptional expenses increased significantly, offsetting operational gains. Consequently, net profit registered a modest growth of just 2.04%. While the company achieved revenue growth and operational scale, elevated costs and non-recurring charges constrained overall profit expansion.

DATA ANALYSIS OF HUL

Table 5 showed the Comparative balance sheet of HUL (2023–25).

Table 5. Comparative balance sheet of HUL (2023–25)

Particulars	(Amounts are in ₹ cr.)			
	31-Mar-25	31-Mar-24	Increase / (Decrease)	% Change
I. ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	8,625	8,031	594	7.40%
(b) Capital work-in-progress	1,009	1,025	-16	-1.56%
(c) Goodwill	17,466	17,466	–	–
(d) Other intangible assets	28,244	28,247	-3	-0.01%
(e) Investments accounted for using the equity method	57	65	-8	-12.31%
(f) Financial assets				
(i) Investments	2	2	–	–
(ii) Loans	87	102	-15	-14.71%
(iii) Other financial assets	763	760	3	0.39%
(g) Deferred tax assets	17	10	7	70.00%
(h) Non-current tax assets (net)	1,199	1,175	24	2.04%
(i) Other non-current assets	360	292	68	23.29%
Total – Non-current assets (A)	57,829	57,175	654	1.14%
(2) Current assets				
(a) Inventories	4,415	4,022	393	9.77%
(b) Financial assets				
(i) Investments	3,751	4,558	-807	-17.71%
(ii) Trade receivables	3,819	2,997	822	27.43%
(iii) Cash and cash equivalents	6,071	825	5,246	635.27%
(iv) Bank balances other than cash and cash equivalents mentioned above	1,483	6,734	-5,251	-77.96%
(v) Loans	46	38	8	21.05%
(vi) Other financial assets	1,488	1,425	63	4.42%
(c) Other current assets	955	713	242	33.94%
(d) Assets held for sale	23	12	11	91.67%
Total – Current assets (B)	22,051	21,324	727	3.41%
TOTAL ASSETS (A+B)	79,880	78,499	1,381	1.76%
II. EQUITY AND LIABILITIES				
(1) Equity				
(a) Equity share capital	235	235	–	–
(b) Other equity	49,167	50,983	-1,816	-3.56%

(c) Non-controlling interests	207	205	2	0.98%
Total – Equity (A)	49,609	51,423	-1,814	-3.53%
(2) Liabilities				
(A) Non-current liabilities				
(a) Financial liabilities				
(i) Lease liabilities	1,243	1,106	137	12.39%
(ii) Other financial liabilities	680	715	-35	-4.90%
(b) Provisions	1,528	1,576	-48	-3.05%
(c) Deferred tax liabilities	6,685	6,557	128	1.95%
(d) Non-current tax liabilities (net)	3,598	4,243	-645	-15.20%
Total – Non-current liabilities (B)	13,734	14,197	-463	-3.26%
(B) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	1	13	-12	-92.31%
(ii) Lease liabilities	404	365	39	10.68%
(iii) Trade payables				
(a) Dues of micro enterprises and small enterprises	263	250	13	5.20%
(b) Dues of creditors other than micro enterprises and small enterprises	11,052	10,236	816	7.97%
(iv) Other financial liabilities	1,280	868	412	47.47%
(b) Other current liabilities	959	807	152	18.83%
(c) Provisions	675	340	335	98.53%
(d) Current tax liabilities	1,903	–	1,903	–
Total – Current liabilities (C)	16,537	12,879	3,658	28.40%
TOTAL EQUITY AND LIABILITIES (A+B+C)	79,880	78,499	1,381	1.76%

Source: *Author own analysis*

Interpretation

During this period, the company's total assets increased by 1.76%, reflecting moderate but consistent balance sheet expansion. This growth was primarily driven by a 3.41% rise in current assets, rather than significant new capital investments. Non-current assets experienced minimal movement, with only a 1.14% increase overall; however, property, plant, and equipment rose by 7.4%, indicating ongoing investment in core operational infrastructure. Capital work-in-progress declined slightly, suggesting the completion and commissioning of certain projects rather than the initiation of major new undertakings.

A notable development within current assets was the substantial increase in cash and cash equivalents, which surged by 635.27%, significantly enhancing the company's liquidity position. Concurrently, balances held with banks and investments decreased, implying an internal reallocation of resources, favoring cash holdings over external borrowing. On the equity front, total equity contracted by 3.53%, largely attributable to a reduction in reserves. This likely reflects higher dividend distributions or internal capital adjustments, despite stable operational performance.

In terms of liabilities, non-current liabilities decreased by 15.2%, indicating repayment or restructuring of long-term obligations and a strategy to maintain conservative leverage. In contrast, current liabilities rose by 28.4%, mainly due to increased trade payables and provisions, which is consistent with heightened business activity and greater short-term commitments.

Borrowings dropped sharply by 92.31%, while lease liabilities increased, suggesting a strategic pivot from traditional debt financing toward leasing arrangements or asset-light models. Collectively, these trends point to improved liquidity, reduced long-term debt exposure, steady asset growth, and a contraction in equity—signaling a prudent financial posture with a focus on shareholder returns.

Table 6 showed the Comparative balance sheet of HUL (2022–24).

Table 6. Comparative balance sheet of HUL (2022–24)

(Amount are in ₹ cr.)

Particulars	31-Mar-24	31-Mar-23	Increase / (Decrease)	% Change
I. ASSETS				
(1) Non-current assets				
(a). (1) Property, plant and equipment	8,031	6,949	1,082	15.57%
(b). Capital work-in-progress	1,025	1,132	-107	-9.45%
(c). Goodwill	17,466	17,466	-	-
(d). Other intangible assets	28,247	28,263	-16	-0.06%
(e). Investments accounted for using the equity method	65	69	-4	-5.80%
(f). Financial assets				
1. Investments	2	2	-	-
2. Loans	102	98	4	4.08%
3. Other financial assets	760	725	35	4.83%
(g). Deferred tax assets	10	10	-	-
(h). Non-current tax assets (net)	1,175	1,164	11	0.95%
(i). Other non-current assets	292	211	81	38.39%
Total - Non-current assets (A)	57,175	56,089	1,086	1.94%
(2) Current assets				
(a). Inventories	4,022	4,251	-229	-5.39%
(b). Financial assets				
1. Investments	4,558	2,811	1,747	62.15%
2. Trade receivables	2,997	3,079	-82	-2.66%
3. Cash and cash equivalents	825	714	111	15.55%
4. Bank balances other than cash and cash equivalents mentioned above	6,734	3,964	2,770	69.89%
5. Loans	38	36	2	5.56%
6. Other financial assets	1,425	1,386	39	2.815
(c). Other current assets	713	745	-32	-4.30%
(d). Assets held for sale	12	12	-	-
Total - Current assets (B)	21,324	16,998	4,326	25.45%
TOTAL ASSETS (A+B)	78,499	73,087	5,412	7.40%
II EQUITY AND LIABILITIES				
(1) Equity				
(a). Equity share capital	235	235	-	-
(b). Other equity	50,983	50,069	914	1.83%
(c). Non-controlling interests	205	218	-13	-5.96%
Total - Equity (A)	51,423	50,522	901	1.78%
(2) Liabilities				
(A) Non-current liabilities				
(a). Financial liabilities				
1. Lease liabilities	1,106	807	299	37.05%
2. Other financial liabilities	718	860	-142	-16.51%
(b). Provisions	1,576	1,363	213	15.63%

(c). Deferred tax liabilities	6,557	6,421	136	2.12%
(d). Non-current tax liabilities (net)	4,243	1,086	3,157	290.70%
Total - Non-current liabilities (B)	14,200	10,537	3,663	34.76%
(B) Current liabilities				
(a). Financial liabilities				
(i). Borrowings	13	98	-85	-86.73%
(ii). Lease liabilities	365	314	51	16.24%
(iii). Trade payables - MSME	250	100	150	150.00%
(iv). Trade payables - Others	10,236	9,474	762	8.04%
(v). Others financial liabilities	865	889	-24	-2.70%
(a). Other current liabilities	807	764	43	5.63%
(b). Provisions	340	389	-49	-12.59%
Total - Current liabilities (C)	12,876	12,028	848	7.05%
TOTAL EQUITY AND LIABILITIES (A+B+C)	78,499	73,087	5,412	7.40%

Source: Author own analysis

Interpretation

During the review period, total assets increased by 7.4%, reflecting robust growth primarily driven by a significant rise in current assets and targeted investment in long-term assets. Non-current assets recorded a modest increase of 1.94%, while property, plant, and equipment grew substantially by 15.57%, indicating ongoing investment in operational capacity and infrastructure. Conversely, capital work-in-progress declined by 9.45%, suggesting the completion and capitalization of several projects rather than the initiation of new large-scale undertakings.

Current assets experienced strong growth of 25.45%, fueled by higher investment balances and improved cash positions, which enhanced liquidity and provided greater flexibility to address short-term obligations. In addition, the increase in cash and investments, alongside reductions in inventories and trade receivables, points to effective working capital management and more efficient conversion of sales into cash.

On the equity front, total equity rose by 1.78%, largely due to an increase in reserves and surplus, reflecting retained earnings and consistent profitability. Regarding liabilities, non-current liabilities grew by 34.76%, primarily attributable to higher lease liabilities and deferred tax obligations, indicating an increase in long-term commitments and tax-related accruals. Current liabilities were up 7.05%, mainly due to a rise in trade payables, which aligns with increased business activity and procurement levels. Notably, short-term borrowings decreased significantly by 86.73%, highlighting a reduced reliance on short-term debt and greater dependence on internal funding sources.

Overall, the company demonstrates a solid financial position, characterized by asset growth, improved liquidity, rising equity, and prudent debt management, all of which contribute to balanced growth, reduced financial risk, and sound financial stewardship.

Table 7 showed the Comparative Income statement of HUL (2023–25).

Interpretation

In FY 2024–25 as compared to 2023–24, the company's total income increased by 2.28% year-on-year, primarily driven by consistent growth in its core business segment—an indicator of expanding foundational operations. Material costs rose marginally by just 1.04%, reflecting effective control over raw material expenditures despite higher sales volumes.

Table 7. Comparative Income statement of HUL (2023–25)

(Amount are in ₹ cr.)

Particulars	31 March 2025	31 March 2024	Increase / (Decrease)	% Change
I. Revenue from operations	63,121	61,896	1,225	1.98%
II. Other income	1,017	811	206	25.40%
III. TOTAL INCOME	64,138	62,707	1,431	2.28%
IV. EXPENSES				
Cost of materials consumed	19,458	19,257	201	1.04%
Purchases of stock-in-trade	11,273	10,514	759	7.22%
Changes in inventories of finished goods, work-in-progress and stock-in-trade	-153	-11	-142	–
Employee benefits expense	3,077	3,009	68	2.26%
Finance costs	395	334	61	18.26%
Depreciation and amortisation expense	1,355	1,216	139	11.43%
Other expenses	14,615	14,464	151	1.04%
TOTAL EXPENSES	50,020	48,783	1,237	2.54%
V. Profit before exceptional items, share of equity accounted investee and tax	14,118	13,924	194	1.39%
Share of loss of equity accounted investee (net of tax)	-8	-4	-4	–
VI. Profit before exceptional items and tax	14,110	13,920	190	1.36%
Exceptional items (net)	305	6	299	4983.33%
VII. Profit before tax	14,415	13,926	489	3.51%
VIII. Tax expenses				
Current tax	-3,620	-3,521	-99	2.81%
Deferred tax	-124	-123	-1	0.81%
IX. PROFIT FOR THE YEAR	10,671	10,282	389	3.78%

Source: Author own analysis

Table 8. Comparative Income statement of HUL (2022–24)

(Amount are in ₹ cr.)

Particulars	31 March 2024	31 March 2023	Increase / (Decrease)	% Change
I. Revenue from operations	61,896	60,580	1,316	2.17%
II. Other income	811	512	299	58.40%
III. TOTAL INCOME	62,707	61,092	1,615	2.64%
IV. EXPENSES:				
Cost of materials consumed	19,257	20,212	-955	-4.72%
Purchases of stock-in-trade	10,514	11,579	-1,065	-9.20%
Changes in inventories of finished goods, work-in-progress and stock-in-trade	-11	-75	64	–
Employee benefits expense	3,009	2,854	155	5.43%
Finance costs	334	114	220	192.98%
Depreciation and amortisation expense	1,216	1,137	79	6.95%
Other expenses	14,464	11,862	2,602	21.94%
TOTAL EXPENSES	48,783	47,683	1,100	2.31%
V. Profit before exceptional items, share of equity accounted investee and tax	13,924	13,409	515	3.84%
Share of loss of equity accounted investee (net of tax)	-4	-1	-3	–
VI. Profit before exceptional items and tax	13,920	13,408	512	3.82%
Exceptional items (net)	6	-64	70	–
VII. Profit before tax	13,926	13,344	582	4.36%
VIII. Tax expenses:				
Current tax	-3,521	-3,001	-520	17.33%
Deferred tax	-123	-200	77	-38.50%
IX. PROFIT FOR THE YEAR	10,282	10,143	139	1.37%

Source: Author own analysis

The company's purchases of stock-in-trade grew by 7.22%, while inventory levels declined, suggesting an uptick in trading activity without the accumulation of excess inventory.

Finance costs and depreciation both registered significant increases, implying greater reliance on external financing and sustained investment in long-term assets. Overall expenses rose by 2.54%, slightly outpacing income growth and resulting in a modest compression of profit margins. Nevertheless, net profit for the year improved by 3.78%, even after accounting for increased costs and exceptional items. This performance underscores the company's operational efficiency, prudent management, and ability to leverage scale to maintain profitability.

Table 8 showed the Comparative Income statement of HUL (2022–24).

Interpretation

In FY 2023–24, the company's revenue from operations increased by 2.17% year-over-year, demonstrating continued growth despite persisting challenges and intense competition in the FMCG sector. Total income rose by 2.64%, supported by a substantial 58.40% increase in other income, which significantly contributed to the overall topline alongside core business revenues. The company also improved cost efficiency, with reduced expenditure on materials and inventory purchases, reflecting enhanced management of inputs and sourcing.

Conversely, employee benefit expenses and finance costs both increased, indicating higher wage and borrowing outlays. Nevertheless, total expenses rose by just 2.31%, closely aligning with income growth and helping to maintain stable operating margins. Ultimately, net profit saw a modest rise of 1.37%. While operational performance strengthened, higher tax obligations and ongoing cost pressures moderated the overall improvement in profitability.

FINDINGS AND SUGGESTIONS

From FY 2022 through FY 2025, Hindustan Unilever Limited (HUL) consistently expanded its asset base, signalling a clear strategy oriented towards growth and scaling operations. In contrast, Britannia Industries (BIL) reduced its assets modestly over the same period, reflecting a focus on operational efficiency and consolidation. Essentially, HUL prioritized expansion, while Britannia adopted a more conservative approach. Moving forward, it would be prudent for Britannia to consider selective asset growth within its core business segments to underpin steady, sustainable development.

In terms of financing, Britannia made significant reductions to its borrowings between FY 2023–24 and FY 2024–25, whereas HUL opted for a more gradual approach to debt repayment. This contrast highlights differing risk appetites: while both companies benefit from deleveraging, maintaining an optimal balance is crucial, as excessive caution could potentially hinder future growth opportunities.

Liquidity trends further differentiate the two firms. HUL experienced a marked increase in liquidity during FY 2023–25, primarily due to the accumulation of cash reserves. Conversely, Britannia's liquidity position weakened in FY 2024–25 as funds were reallocated to investments. In this context, Britannia should prioritize strengthening its short-term liquidity, while HUL- given its robust cash position- could enhance returns by deploying surplus funds into productive assets.

Examining equity, Britannia achieved consistent growth in equity from FY 2022–25, attributable to the retention of earnings. HUL, on the other hand, saw a decline in equity during FY 2023–25, likely due to increased shareholder distributions. For sustained financial strength, HUL may need to re-evaluate its dividend policy to preserve its equity base.

Analysis of the income statement across FY 2022–24 and FY 2024–25 reveals that HUL maintained stable profit growth, whereas Britannia's profits were more volatile. To address this, Britannia should focus on stabilizing margins through cost optimization and tighter management of non-recurring

expenses. Notably, Britannia faced significant increases in raw material costs in FY 2024–25, while HUL was able to contain such cost pressures. Enhancing supply chain management and considering hedging strategies may help Britannia mitigate volatility in input prices. Both companies benefited from reduced finance costs in FY 2023–25 due to lower debt levels, and should continue to align their financing strategies with their respective growth objectives.

In summary, during FY 2022–25, HUL demonstrated operational and liquidity stability, while Britannia effectively leveraged its balance sheet to grow equity. By integrating elements of each other's strategies- balancing expansion, liquidity management, and profitability- both companies can strengthen their prospects for long-term financial sustainability.

LIMITATIONS OF THE STUDY

This research is limited to two FMCG companies, which restricts the generalizability of its findings across the broader industry. The analysis is based exclusively on secondary data from published financial statements and encompasses only three financial years, limiting the ability to identify long-term patterns. Furthermore, the comparative statement analysis does not consider qualitative or managerial aspects, and variations in accounting policies may affect the comparability of the financial information.

CONCLUSION

An analysis of Hindustan Unilever and Britannia's financial performance from 2022 to 2025 highlights two robust firms employing distinct strategic approaches. Hindustan Unilever maintained consistent asset growth and strong liquidity, coupled with stable profitability, reflecting effective operational management and prudent cash flow oversight.

In contrast, Britannia adopted a strategy focused on strengthening its balance sheet by aggressively reducing debt, leveraging equity for expansion, and making selective long-term investments. Although Britannia's profitability displayed greater volatility, its concerted efforts to control costs and improve financial structure suggest a commitment to long-term financial resilience.

Ultimately, both companies demonstrate financial strength, albeit through different means. Hindustan Unilever excels in scale, cash generation, and steady earnings, whereas Britannia distinguishes itself through operational efficiency and a focus on securing long-term stability. These divergent strategies underscore the variety of approaches available to sustain value and competitiveness within India's FMCG sector.

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