

Profitability Trend Analysis – An Empirical Study on the FMCG Sector of India

Somnath Das

*Assistant Professor of Commerce, Kabi Sukanta Mahavidyalaya, Bhadreswar, Hooghly,
Under the University of Burdwan, West Bengal, India. Email: drsomnathdas79@gmail.com*

ABSTRACT

In this research paper, the author attempted to measure the profitability as well as financial performance of the FMCG sector of India for a period from 2004 to 2018, considering seven FMCG companies listed on BSE and NSE in India. To judge the financial performance of the companies with the help of profitability trend analysis is one of the modern concepts of performance measurement. In this research paper, five profitability ratios such as return on net worth, earnings per share, dividend per share, dividend pay-out ratio, and return on capital employed for 15 years have been collected and found out composite ratios by using 'paid up capital' as weight and obtained the weighted mean of these ratios. Mann–Kendall test has been applied to test the trend of profitability of the selected ratios. After analysis, it has been noticed that there is a significant trend in the profitability ratios. In all the cases, a positive trend has been noticed. Therefore, we can say that the investor can invest their fund in these companies considering the COVID-19 situation also.

Keywords: FMCG Companies, Composite RONW, EPS, DPS, DPR and ROCE Ratios, Trend Analysis, Mann–Kendall Test, Profitability Ratios

JEL CODES: G32, G33, G35

INTRODUCTION

Fast-moving consumer goods industry (FMCG) is the fourth largest sector of the Indian economy. It has a large contribution to the Indian economy in the form of GDP. This includes non-durable goods, toiletries, OTC drugs, and different consumables. In other words, the products either have short life or the product finishes quickly. Product like milk, meat, fruits, vegetables, dairy, packaged foods, chocolate, candies, soft drinks, and cleaning products come under this industry. Different studies have already been made on FMCG companies in India. This study, however, provides a new look at the trend in profitability in this sector.

Profitability is one of the important parameters to judge a company. If the company maintain its profit for the long term, then the company is known as a good one and the share price of that company increases. On the other hand, if the company does not maintain its profit properly, the company is treated as a bad one and the share price of the company decreases. The trend of profitability discloses the financial performance of the company. The objective

of the study is to judge the companies for their financial performance from a profitability viewpoint. The trend of profitability of the selected companies can be judged/analysed with the help of different ratios. Through these ratios, we can easily judge the trend of profit earning capability of the company.

To judge the financial performance or the profitability of the FMCG sector through Mann–Kendall trend test has always been a tuff task. For this reason, financial executives are continuously engaged in financial and operating analysis and appreciated by the top management.

In this paper, we considered different profitability ratios and calculate the trend of such ratios to measure the profitability or financial performance of the selected FMCG companies, such as Britannia, Dabur, Godrej, HUL, ITC, Marico, and Nestle. In this analysis, five profitability ratios such as return on net worth (RONW), earnings per share (EPS), dividend per share (DPS), dividend pay-out ratio (DPR), and return on capital employed (ROCE) have been used to know the trend of profitability of the selected companies.

ABOUT FMCG COMPANIES

Britannia: Britannia Industries Ltd. manufacturing food products in India. During 2004 to 2018, the market capitalisation of the company moved from Rs. 2400 crore to Rs. 76000 crores. In 2017–2018, the net sales of the company were Rs. 9905.60 crores. The net profit of the company in the year 2017–2018 was 1777.40 crores.

Dabur: Dabur India Limited is well-known FMCG company in India. In 2014, first time Dabur launches India's first Ayurvedic Medical journal. In 2015, there was an agreement between Dabur and Starcom Media Vest Group (SMG). On 26th September 2017, Dabur announced its alliance with Amazon to make its product global. From 2018, Dabur manufacturing products like cosmetics, body and health products.

Godrej: Godrej consumer product is a famous FMCG company in India. It serves consumers of India for over 122 years. This group enjoy the patronage of 1.15 billion consumers globally. Now Godrej expands their products to the emerging markets of Asia, Africa, and Latin America.

HUL: Hindustan Unilever Limited is the largest FMCG company in India for over 80 years. Around 18000 people are working in the company. HUL is the subsidiary of Unilever, the largest supplier of food. Now HUL is selling their products in 190 countries. It has around 67% shareholding in HUL.

ITC: ITC Ltd. is another popular FMCG company in India. ITC Ltd. produces food, personal care products, education and stationery products, agarbatties, cigarettes, etc. It is one of the leading marketers in FMCG, its market capitalisation is nearly US\$50 billion, gross sales value US\$ 10.8 billion, and six billion people's livelihoods are maintained by ITC.

Marico: Marico Ltd. is another India's leading consumer goods company providing consumer products and services in the areas of health, beauty, and wellness. It has emerging markets in around 25 countries in Asia and Africa. In 2017, it has own Flame award. In 2016, it has own International business PR awards. Marico's market capitalisation is 25000 crore.

Nestle: Nestle India is a consumer goods company, 8th March, 2018 its famous product Maggi completed 35 years of business in India. It produces mill & nutrition, beverage, chocolate, and confectionery items. Marico is selling products in many countries in Asia and Africa.

LITERATURE REVIEW

Chakraborty (2017) conducted a study on performance evaluation of leading FMCG firms. In this study, he selected five FMCG companies. The objective of the study is to analyse the financial position of the companies. For analysing the differences in the mean value of the selected ratios of companies he uses one-way ANOVA test. From the profitability analysis, ITC was in the top position. In terms of rate of return, HUL was the best. From liquidity, as well as structural point of view again ITC was in top.

Bansal and Singh (2017) conducted a study on Indian FMCG companies. The main objective of the study was to examine the fundamental analysis of the selected FMCG companies. In this analysis, he used one-way ANOVA test. He found that there is significant difference between the selected variables (net profit margin, ROCE, EPS, DPS, and DPR) of the selected companies.

A. Puwar, K. Jalan et al. (2017) conducted a study on financial analysis of 12 pharmaceuticals Indian companies using Du Pont analysis with three-point model and five-point model. They have shown that the growth in ROE value of Torrent Pharmaceuticals was tremendous even though the Sun Pharma, the leading company in India has the highest assets making, and losses for its investors.

H. Desai made a study on earnings per share (EPS) in the FMCG sector of India. For his study, he collected earning per share ratio of 14 FMCG companies for a period of 10 years (2005–2014) from the annual reports. After that, the researcher used Mann–Kendall trend detection test to find out the trend. The researcher found no such trend in this analysis.

In 2017, Haque and Afzal conducted a study on two FMCG companies. The study period of the study was 2011–2012 to 2015–2016. The objective of the study was to evaluate the financial performance of the selected companies. The results of the study were (i) sound return for shareholders, (ii) satisfactory liquidity position, (iii) firms were not in trading on equity, and (iv) liquidity and profitability are positively associated with sales.

Khamrui (2012) made a study of two popular FMCG companies – ITC and HUL. In this study, he computed different profitability ratios and made a comparison between them considering ROI as the dependent variable. The study revealed that both profitability and liquidity have a significant impact on profitability.

Joshi (2013) conducted the study on three major FMCG companies – HUL, Colgate Palmolive, and ITC-Agro Tech Foods. In this study, he focused on various profitability ratios like net operating profit, net profit margin, PAT to net worth, cash profit to net profit, etc. He used the mean and ANOVA tests. He concluded that there have been vast differences among the selected ratios.

Das (2015), in his study, highlighted different perspectives by which we can control the corporate cash of the company from the cash conversion cycle, cash flow, and creditworthiness point of view. In this paper, he tried to interlink among them to control and manage cash well, so that bankruptcy can be prevented and profitability should be improved.

Majanga (2015) established the relationship between a company's liquidity, measured by the length of the cash conversion cycle, and its profitability, measured by return on capital. Using a correlation and regression test, he used data from a sample of 12 Malawian manufacturing firms from 2007 to 2015. He found that there exists an inverse relationship between the cash conversion cycle and the company's return on investment and return on equity, and provides evidence that the cash conversion cycle, a measure of business liquidity, has an impact on a firm's performance.

Kaur and Kaur (2016) attempted to ascertain the determinants of profitability of the automobile industry in India by taking a sample of all the automobile firms covering various segments of the automobile industry in India viz. commercial vehicles, three wheelers, two wheelers, and passenger vehicles which are listed on BSE, from 2003–2004 to 2013–2014. They found that the profitability of the automobile industry in India is significantly influenced by the liquidity position of the firm, growth of firm, inventory turnover ratio, debt equity ratio, and average payment period.

Lazaridis and Tryfondis (2006) conducted a study on the relationship between WCM and the profitability of listed companies in the Athens stock exchange. He also used CCC as a model of efficient working capital management and gross operating profit as a determinant of profitability. The author observes a negative relationship between CCC and profitability.

RESEARCH METHODOLOGY

Profitability Trend Analysis

An Empirical Study on the FMCG Sector of India.

About Research Problem

This study profitability trend analysis – an empirical study on the FMCG sector of India conducted for a period of 15 years starting from 2004 and ends on 2018. Size of the organisation is one of the important factors affecting the profitability trend of the organisation. In this research paper, we selected five financial ratios namely, RONW, EPS, DPS, DPR, and ROCE. All these ratios are converted into composite ratios by multiplying paid-up capital with each ratio. After that all these ratios are tested by Mann–Kendall trend analysis and comparative analysis has been used.

Research Design

This study is an analytical, empirical, conclusion-oriented, and hypothesis-testing type of research work.

Objectives of the Study

The objectives of this study are as follows:

- To analyse the profitability of the selected companies of the FMCG sector of India;
- To make a comparative analysis of the selected companies of the study;
- To analyse and evaluate the trends of RONW, EPS, DPS, DPR, and ROCE for a period of 15 years of the selected companies of FMCG sector of India; and
- To make a suggestion for the right decision to investor of companies of FMCG sector of India.

Nature and Source of Data

This study is based on secondary data and such data have been collected from capitaline data source in Mumbai.

Period of the Study

This study is based on data of 15 years from 2004 to 2018.

Sample Design

In this study, we used the purposive sampling method. On the basis of paid up capital seven companies have been selected.

Population

The population consisted of popular FMCG companies in India.

Sampling Units and Sample Size

In this study, seven FMCG companies have been selected as sampling units. These companies are listed in the BSE and NSE or both in India. From different companies, the top seven companies have been selected in this study. Then all units of population are classified on the basis of paid up capital (size of the company).

Tools and Techniques

In the study, we used ratio analysis and different techniques of average, standard deviation, etc. For testing the profitability trend, Mann–Kendall trend analysis has been used. For better understanding, the results chart has been prepared.

FINDINGS OF THE STUDY

RONW: It is the ratio of net income and shareholders' equity. It is one of the measures of profitability of the company. It shows how efficiently shareholders' capital is used to generate profit. The higher the ratio better is the use of shareholders' equity and vice versa.

In this paper, we analysed the data from two perspectives. One is from the company point of view and the other is from the industry perspective. In this pandemic situation, it is very necessary to know in which company investment is profitable. To select the profitable sector, which is very important is to know the trend of profitability of the companies of the FMCG sector. As in this situation, the demand for products in the FMCG sector is more or less the same, so the prediction, so prediction for investment on the basis of trend analysis of profitability is justifiable in this situation.

From Table 1, it is clear that the weighted, as well as average value of RONW, where paid up capital is used as weight, of HUL is highest and it followed by ITC, Nestle, and Dabur.

EPS: EPS is that part of the profit which is distributed to shareholders. It is considered one of the significant financial parameters as it helps to measure the company's financial health. Higher EPS represents greater profitability of the company and vice versa.

Table 2 shows that the weighted as well as average value of EPS of Nestle is highest and it followed by ITC, HUL and Britannia.

DPS: DPS is the dividend pays out to the shareholders. It indicates the profitability of the company and it tells an investor about the past financial health of the company and also the current financial stability. Growing DPS is the symbol of stability and growth and vice versa.

From Table 3, it is clear that the weighted as well as average value of DPS of ITC is highest and it followed by Nestle, HUL, and Britannia.

Dividend Pay-Out Ratio: Dividend pay-out ratio is the total dividend paid out to the shareholders relative to the net income of the company. It measures the net income that is distributed to the shareholders in the form of dividends. It also measures the profitability of the company. Higher the ratio better is the financial performance of the company and vice versa.

Table 4 shows that the weighted as well as average value of DPR in case of ITC is top and it followed by HUL, Nestle, and Dabur.

ROCE: ROCE is a financial ratio, which is used to measure the profitability and the capital efficiency of the company. This ratio helps us to know how well a company generating profit from its capital. Higher the ratio better is the profitability of the company and vice versa.

From Table 5, it is found that the weighted as well as average value of ROCE in case of ITC is highest and it followed by HUL, Nestle, and Dabur.

Therefore, in respect of weighted value of different profitability ratios ITC occupied the first position and it followed by HUL, Nestle, etc.

But, in this paper, our intention is to analyse the trend of profitability. In this paper, such trend can be analysed in two ways. Firstly, from the selected companies as a whole on the basis of average value of RONW, EPS, DPS, DPR, and ROCE and secondly, each of the selected companies considering each ratio separately.

To test the trend of RONW of the selected companies as a whole the Mann–Kendall trend test has been applied. From the test, it has been found that the Mann–Kendall statistics is 79 and the p -value is 0.00 which is less than the predefined significant level α 0.05. Therefore, we can say that there is a significant trend in RONW of the selected companies in the FMCG sector.

Table 1: Composite RONW Ratio based on Weighted Mean Where Weight (wi) are Paid Up Capital and ri are RONW

Year/ Companies	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	AVG	SUM wi	SUM wiri	□r	□w	
BRITANNIA	1222.08	1154.159	1181.99	961.182	825.638	731.273	566.19	545.409	665.814	441.97	704.76	533.22	623.98	547.53	712.33	761.168	364.87	11417.52	31.394	24.32	
DABUR	6346.833	6319.887	6767.69	7194.69	6714.05	8868.87	5055.5	5103.22	5876.06	5111.8	2758.7	1397.3	852.3	598.18	487.23	4630.16	1566.2	69452.41	43.389	104.4	
GODREJ	699.0465	695.4372	664.801	658.14	764.994	1192.14	1120.9	1207.9	2558.99	3190.8	4343.9	4226	3354.4	2502.2	3732.9	2060.84	418.9	30912.61	84.671	27.93	
HUL	23839.69	22526.36	28117.3	22297.5	18854.8	19001.4	20691	24881.4	17988.3	13563	14099	12461	13458	11627	13064	18431.3	3272.55	276469.7	84.643	218.2	
ITC	24930.23	27068.34	28846.3	28612.4	27817.9	25806.6	11199	9594.52	10506.9	10481	9970.1	6462.7	6771.6	7031.8	7531.7	16175.4	7627.41	242631.2	30.353	508.5	
MERICO	3665.458	1629.27	1877.95	1776.42	2072.83	2275.12	3048.9	3308.09	3766.67	3026.7	2608.3	2148.3	949.46	844.48	389.18	2225.81	877.55	33387.17	37.847	58.5	
NESTLE	3034.337	4388.074	5170.04	6703.12	8707.69	10989	11977	11549.2	9884.01	8177.4	8862.9	7423.4	8126.3	7006.8	6381.1	7892.04	1446.3	118380.6	81.851	96.42	
AVERAGE	9105.381	9111.648	10375.1	9743.36	9393.98	9837.77	7665.6	8027.1	7320.96	6284.7	6192.5	4950.3	4876.6	4308.3	4614.1						

Table 2: Composite EPS Ratio based on Weighted Mean Where Weight (wi) are Paid Up Capital and ei are EPS

Year/ Companies	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	AVG	SUM wi	SUM wiei	□e	□w	
BRITANNIA	1400.4	1166.634	690.672	433.249	340.433	265.418	213.1	328.249	367.428	203.07	282.86	288.11	230.51	191.92	406.24	453.886	364.87	6808.286	18.761	24.32	
DABUR	858.4408	699.087	620.793	547.271	426.815	438.656	202.15	173.885	147.744	117.35	58.477	23.198	15.741	13.718	10.567	290.26	1566.2	4353.898	2.078	104.4	
GODREJ	699.7275	617.826	534.428	482.886	578.85	401.588	226.84	144.177	132.319	118.09	108.84	76.07	57.532	51.424	40.205	284.72	418.9	4270.797	9.114	27.93	
HUL	3405.979	3680.114	3406.25	3139.95	2427.36	2075.28	1963.5	1774.44	1569.98	1670.5	1248.1	1052.2	1397.8	1769.8	1582.7	2144.26	3272.55	32163.88	9.854	218.2	
ITC	5633.04	5723.067	5320.69	4480.32	3729.38	2948.22	1141.6	1007.76	964.762	835.21	698.47	463.94	339.32	294.54	267.31	2256.51	7627.41	33847.66	3.525	508.5	
MERICO	636.0686	266.385	284.401	212.139	164.793	154.214	114.55	67.599	68.208	54.81	46.98	34.8	13.05	12.76	5.945	142.447	877.55	2136.702	1.978	58.5	
NESTLE	4676.37	10755.65	10376.7	9920.65	8861.96	7414.7	5755.3	4644.55	3615.75	2805.8	2757.6	2206.1	2383.5	2015.2	1593.8	5318.91	1446.3	79783.69	55.168	96.42	
AVERAGE	2472.861	3272.68	3033.42	2745.21	2361.37	1956.87	1373.9	1162.95	980.884	829.27	743.04	592.06	633.92	621.33	558.11						

Table 3: Composite DPS Ratio based on Weighted Mean Where Weight (wi) are Paid Up Capital and si are DPS

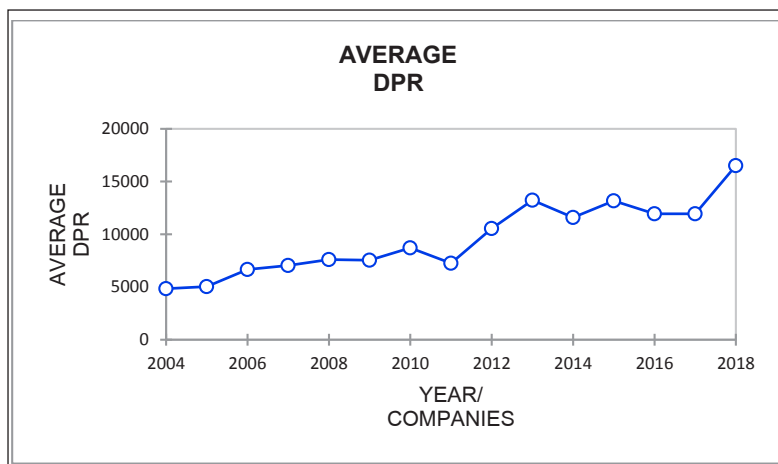
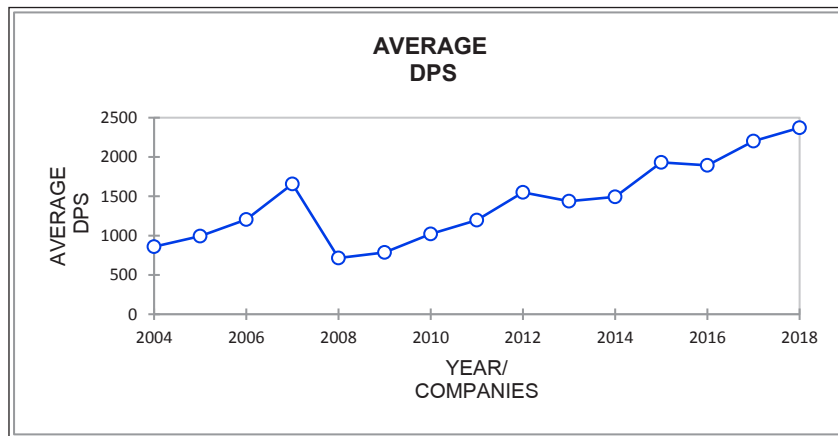
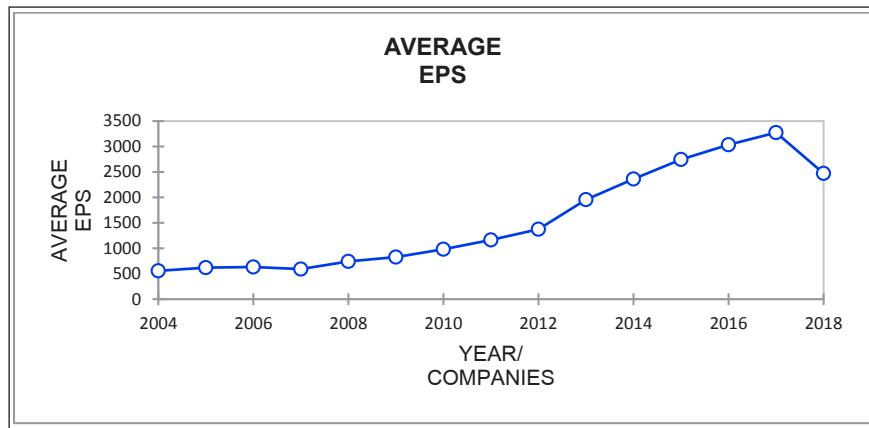
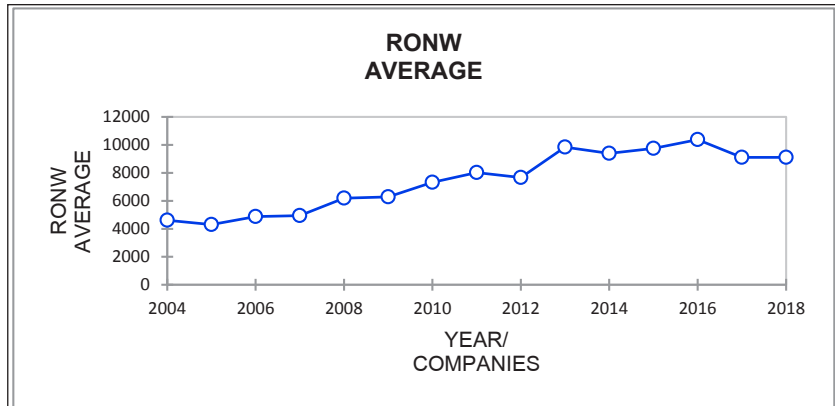
Year/ Companies	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	AVG	SUM wi	SUM wisi	□s	□w	
BRITANNIA	480	383.84	287.88	203.235	203.065	155.285	597.25	955.6	430.02	358.35	358.35	334.46	276.21	259	201.38	365.595	364.87	5483.92	15.133	24.32	
DABUR	395.7975	351.3	305.165	261.435	226.473	200.181	173.52	151.393	129.6	151.01	143.33	71.6	57.24	40.012	14.28	178.155	1566.2	2672.328	1.723	104.4	
GODREJ	195.7875	187.22	178.71	170.15	161.643	145.62	130.99	102.8	90.32	0	0	0	0	0	0	90.8823	418.9	1363.235	2.867	27.93	
HUL	3462.24	3245.25	2811.51	4000.63	1621.13	1403.68	1418.1	1634.93	1959.75	1324.1	1100.6	1100.6	1210.7	1210.7	1100.6	1906.96	3272.55	28604.41	8.767	218.2	
ITC	6840.12	5009.688	4771.92	4148.45	3518.28	3443.45	3818.2	1396.53	1319.01	1166.3	995.13	7732.3	4953.6	3712.7	3341.4	3744.47	7627.41	56167.02	9.16	508.5	
MERICO	548.335	161.25	225.715	64.48	43.043	40.5504	40.214	39.585	39.585	39.585	0	0	0	0	0	82.8228	877.55	1242.342	1.015	58.5	
NESTLE	4676.37	6074.46	4676.37	4676.37	4676.37	4676.37	4676.37	4097.85	3181.86	2458.7	2410.5	2362.3	1928.4	1735.6	1349.9	3577.18	1446.3	53657.73	37.1	96.42	
AVERAGE	2371.236	2201.858	1893.9	1932.11	1492.86	1437.88	1550.7	1196.95	1021.45	785.43	715.41	1657.3	1203.7	993.98	858.22						

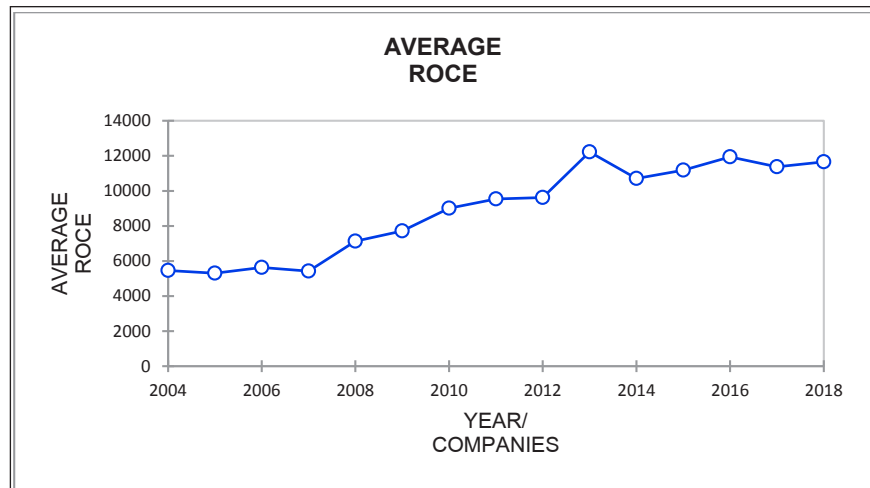
Table 4: Composite DPR Ratio based on Weighted Mean Where Weight (wi) are Paid Up Capital and di are DPR

Year/ Companies	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	AVG	SUM wi	SUM widi	□ d	□ w	
BRITANNIA	822.72	789.0311	1000.86	1122.34	1424.56	1397.8	1338.8	1390.64	559.265	842.84	605.37	554.73	592.85	677.8	266.08	892.379	364.87	13385.68	37.011	24.32	
DABUR	8105.933	8835.195	8579.5	8325.83	9250.55	7951.52	3729.8	3765.78	3799.01	4485.4	3286.2	1483.3	1745.5	1400.7	641.17	5025.69	1566.2	75385.31	47.744	104.4	
GODREJ	952.719	1031.752	1137.96	1199.22	920.512	1315.11	1710.8	1837.29	1582.41	1601.1	1620.8	1998.9	2002.7	2052.3	1884.4	1523.21	418.9	22848.09	58.631	27.93	
HUL	22002.54	19082.07	17850.9	27539.4	14428	14682.4	15752	16059.3	27408.2	17522	19406	23033	25186	15058	15298	19353.9	3272.55	290308.8	88.718	218.2	
ITC	65182.32	46489.9	47719.2	48991.2	49255.9	60357.2	42382	17335.6	17682	17682	17649	9228.9	7925.8	6930.3	6930.3	30761.5	7627.41	461422.5	54.933	508.5	
MERICO	8827.548	1954.995	2929.14	490.693	803.059	806.707	1073.6	1795.33	1778.28	2186.3	2223.1	2583.9	1368.8	780.68	613.35	2014.37	877.55	30215.52	32.63	58.5	
NESTLE	9642	5445.802	4344.69	4545.24	5088.08	6081.21	7834.1	8507.14	8484	8447.4	8428.1	10324	7800.4	8303.7	8165.8	7429.42	1446.3	111441.3	77.053	96.42	
AVERAGE	16505.11	11946.96	11937.5	13173.4	11595.8	13227.4	10546	7245.39	8706.67	7538.2	7602.7	7029.5	6660.3	5029.1	4828.5						

Table 5: Composite ROCE Ratio based on weighted Mean Where Weight (wi) are Paid Up Capital and ci are ROCE

Year/ Companies	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	AVG	SUM wi	SUM wici	□ c	□ w	
BRITANNIA	1821.84	1592.696	1498.18	898.299	599.161	554.487	473.26	714.311	806.526	534.66	1026.3	845.94	871.07	640.51	676.89	903.609	364.87	13554.14	37.297	24.32	
DABUR	7803.368	7709.279	8021.48	7740.22	6280.27	8223.07	5429.4	5420.72	6949.15	5985.9	3098.1	1423.4	844.29	577.03	502.66	5067.23	1566.2	76008.43	47.201	104.4	
GODREJ	891.7695	846.2344	801.302	756.487	873.55	1347.15	1296.3	1134.91	1603.18	2253.9	4473.5	3578.3	2769.5	2426.1	4259.4	1954.11	418.9	29311.62	78.962	27.93	
HUL	25715.79	24315.58	26281.1	21644.5	18634.3	20711.8	24346	26320.1	21241.5	15739	12208	9601.6	13016	14156	15177	19273.8	3272.55	289107.5	88.508	218.2	
ITC	37862.08	39428.24	41308.9	41200	40116.2	37661.3	16666	14108.7	15240.2	15056	14168	9338.7	9803.2	10319	10257	23502.3	7627.41	352534.2	43.978	508.5	
MERICO	4564.728	1873.08	1836.68	1710.01	1681.75	1760.87	2332.4	2393.98	2510.3	2443.3	1898.9	1981.3	979.62	880.73	471.54	1954.61	877.55	29319.19	33.195	58.5	
NESTLE	2942.738	3833.659	3837.52	4354.33	6740.72	15292.2	16793	16693.2	14687.7	11990	13007	11190	11175	8137.8	6897.9	9838.12	1446.3	147571.8	102.03	96.42	
AVERAGE	11657.47	11371.25	11940.7	11186.3	10703.7	12221.6	9619.4	9540.85	9005.51	7714.7	7125.7	5422.7	5636.9	5305.3	5463.2						





Now if we analyse the trend of profitability in respect of RONW of the selected companies, we found that the Mann–Kendall statistics in case of Britannia is 59 and the P value is 0.004 which is less than the predefined significant level α 0.05. So there is a significant upward trend in RONW in case of Britannia among the selected companies of the study. In case of Dabur, the Mann–Kendall statistics is -71 and the P value is 0.001, which is also less than α 0.05. So there is a downward trend in RONW in case of Dabur among the selected companies. The Mann–Kendall test statistics in case of Godrej is 71 and the P value is 0.001 which is less than α 0.05 signifies the upward trend in RONW of Dabur among the selected companies. In case of HUL the Mann–Kendall statistics is -75 and the P value is 0.00 which is less than α 0.05. Hence, there exists a downward trend in RONW in case of HUL among the selected companies. The Mann–Kendall statistics of ITC is -71 and the P value is 0.001 which is less than α 0.05. So there is a significant downward trend in RONW in case of ITC among the selected companies of the study. But in case of Merico the picture is quite dramatic. Here, the Mann–Kendall statistics is -21 and the p -value is 0.322 which is greater than α 0.05. So there exists no trend in RONW in case of Merico among the selected companies of the study. The Mann–Kendall statistics in case of Nestle is 11 and the P value is 0.621 which is greater than α 0.05. So in case of RONW of Nestle there is no trend of the selected companies of the study.

In order to test the trend of EPS of the selected FMCG companies of the study, Mann–Kendall test has been used. From the test, it has been found that the Mann–Kendall statistics is 95 and the P value is less than 0.001 which is less than α 0.05. Hence, there is a significant trend in EPS of the selected companies in the FMCG sector.

Now to judge the trend of EPS of the selected companies, we found that Mann–Kendall statistics in case of Britannia is 55 and the P value is 0.008, which is less than the predefined significant level α 0.05. Such analysis displayed a significant upward trend in EPS in case of Britannia among the selected companies. In case of Dabur, the Mann–Kendall statistics is -103 with its P value is less than 0.0001 which is well less than α 0.05. Here, we noticed a downward trend in EPS of Dabur among the selected companies. The Mann–Kendall test statistics in case of Godrej is -101 and the P value is less than 0.0001 which is well less than α 0.05. Therefore, we can reject the null hypothesis of there is no trend. Here, we noticed a clear downward slope in EPS in case of Godrej. In case of HUL, the Mann–Kendall test statistics is -77 and the P value is 0.000 which is less than 0.05. Here, also we noticed a downward trend in EPS in case of HUL of the selected companies. The Mann–Kendall test statistics in case of ITC is -103 and the P value is less than 0.0001 whereas the value of α 0.05. Here, also we reject the null hypothesis and accept the alternative hypothesis. We noticed a downward trend in EPS in case of the selected companies. In case of Merico, the Mann–Kendall test statistics is -101 and the P value is less than 0.0001 which is well below of α 0.05. Therefore, there is a downward trend in EPS in Marico is noticed. The Mann–Kendall test statistics in case of Nestle is -91 and the P value is less than 0.0001 which is well less than α 0.05. Here, also we noticed a downward trend in EPS in case of Nestle.

Mann–Kendall test statistics has been used to test the trend of DPS of the selected FMCG companies of the study. From the test, we found that the value of Mann–Kendall test statistics is 69 and the P value is 0.001 which is less than α 0.05. It signifies a trend in DPS of the selected companies as a whole.

Now company wise trend analysis has been conducted by using the Mann–Kendall test statistics of DPS is 30 and the P value is 0.151 which is greater than the value of α 0.05. It signifies that there is no trend in DPS in Britannia of the selected companies of the study. The Mann–Kendall test statistics of DPS of Dabur is -101 and the P value is less than 0.001 which is well below of α 0.05. Therefore, we reject the null hypothesis and we can say that there is downward trend in DPS in Dabur. In case of Godrej, the Mann–Kendall test statistics is -90 and the P value is less than 0.0001 which is well less than α 0.05. Here also we noticed a downward trend of DPS in Godrej. The Mann–Kendall test statistics in case of HUL is -71 and its P value is 0.000 which is less than α 0.05. Hence, the DPS of HUL portrayed a negative trend among the selected companies of the study. In case of ITC, the Mann–Kendall test statistics is -41 and the P value is 0.048 which is just less than α 0.05. So we can say that there is a downward trend in DPS in ITC though in some years it increases. The Mann–Kendall test statistics of DPS in Merico is -90 and its P value is less than 0.0001 which is less than α 0.05. So we noticed a downward trend in DPS of Merico. In case of Nestle the Mann–Kendall test, statistics is -88 and its P value is less than 0.001 which is well less than α 0.05. Here, also we noticed a downward trend in DPS in Nestle.

To test the trend of DPR of the selected FMCG companies of the study Mann–Kendall test has been conducted. From the test, it has been found that the Mann–Kendall test statistics is 85 and the P value is less than 0.0001 which is less than α 0.05. Therefore, a significant trend in DPR in FMCG sector has been noticed.

Now company-wise analysis has been done to judge the trend of DPR of the selected companies. In case of Britannia, the Mann–Kendall test statistics is 41 and P value is 0.048 which is just less than α 0.05. Therefore, an upward trend in the DPR of Britannia has been noticed. The Mann–Kendall test statistics of DPR in Dabur is -77 and P value is 0.000 which is less than α 0.05. It signifies a downward trend in DPR of Dabur. In case of Godrej the Mann–Kendall test statistics of DPR is 79 and the P value is 0.00 which is less than α 0.05. So a positive trend in DPR of Godrej has been noticed. In case of HUL the Mann–Kendall test statistics is -3 and the P value is 0.921 which is greater than α 0.05. Hence, no trend in DPR of HUL has been noticed. The Mann–Kendall test statistics of ITC is -76 and the P value is 0.00 which is less than α 0.00. It signifies that there must be a negative trend in the DPR of ITC. In case of Merico, the Mann–Kendall test statistics is -15 and the P value is 0.488 which is greater than α 0.05. Hence, a negative trend in the DPR of Merico

has been noticed. The Mann–Kendall test statistics of Nestle is 27 and the P value is 0.198 which is greater than α 0.05. It signifies a positive trend in the DPR of Merico.

To judge the trend of ROCE of the selected FMCG companies of the study Mann–Kendall test has been conducted. From the test, it has been found that the Mann–Kendall statistics is 85 and the P value is less than 0.0001, which is less than α 0.05. Hence, there is a significant trend in ROCE of the selected companies in the FMCG sector.

Now to judge the trend of ROCE company wise Mann–Kendall test statistics has been used. In case of Britannia, the Mann–Kendall test statistics is 31 and the P value is 0.138 which is greater than α 0.05. Therefore, no trend in ROCE of Britannia has been noticed. The Mann–Kendall test statistics of Dabur is -79 and the P value is 0.000, which is less than α 0.05. So we can say that the negative trend in ROCE of the Dabur has been noticed. In case of Godrej, the Mann–Kendall test statistics is 71 and the P value is 0.001 which is less than α 0.05. Therefore, a positive trend in ROCE of Godrej has been noticed. The Mann–Kendall test statistics of Nestle is 21 and the P value is 0.322 which is greater than α 0.05. Hence, no trend in ROCE of Nestle has been noticed. In case of HUL, the Mann–Kendall test statistics is -55 and the P value is 0.008 which is less than α 0.05. So a negative trend in ROCE of HUL has been noticed. The Mann–Kendall test statistics of ITC is -75 and the P value is 0.000, which is less than α 0.05. Hence, a negative trend in ROCE of ITC has been noticed. In case of Merico, the Mann–Kendall test statistics is -29 and the P value is 0.166 which is greater than α 0.05. Therefore, no trend in ROCE of Merico has been noticed.

CONCLUSION

From the profitability ratios, the performance of ITC, Nestle, and HUL is better as compared to other companies selected in this study.

From the Mann–Kendall test, we can see that all the profitability ratios such as RONW, EPS, DPS, DPR, and ROCE have existed some significant trend of profitability. Basically, the individual trends of the selected companies make the joint effect of profitability ratios.

From the test, as a whole in case of RONW, EPS, DPS, DPR, and ROCE there has been an upward trend in profitability. Therefore, the investor can invest their funds in these FMCG companies without thinking the present COVID -19 situation.

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