

A Study On Financial Performance Evaluation Of FMCG Food & Beverage Startups In Coimbatore Using Key Indicators

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Abstract

This research article evaluates the financial performance of selected FMCG Food & Beverage startups in Coimbatore by analyzing key financial indicators over a five-year span (2020–2024). The study includes emerging and established brands such as Suguna Foods Pvt Ltd, Country Delight, The Good Life Company (TGL Co.), TABP Snacks & Beverages, and Sree Annapoorna Foods Pvt Ltd, selected based on their regional impact and growth trajectory. Key metrics such as current ratio, quick ratio, debt-to-equity ratio, return on assets (ROA), and operating profit margin were assessed through trend analysis using secondary data sources. The results indicate that Country Delight and Suguna Foods consistently outperformed in terms of profitability and liquidity, while startups like TABP Snacks and Annapoorna Foods exhibited strong revenue growth but encountered issues in maintaining stable margins and efficient working capital. The findings emphasize the importance of balanced leverage and effective cash flow management for sustained growth. This study contributes to understanding the financial landscape of Coimbatore's dynamic FMCG startup ecosystem and provides actionable insights for entrepreneurs and investors.

1. INTRODUCTION

The FMCG Food & Beverage sector in India has witnessed significant growth, especially in Tier-2 cities like Coimbatore. Startups in this segment are striving to bridge the gap between traditional consumer demands and innovative product offerings. With rising consumer awareness and increasing competition, evaluating the financial performance of these businesses is crucial for stakeholders. This study focuses on five emerging and prominent FMCG startups based in or operating extensively in Coimbatore.

2. OBJECTIVES OF THE STUDY

- To assess the financial performance of selected FMCG Food & Beverage startups.
- To evaluate the financial health using key ratios and trend analysis from 2020–2024.
- To provide strategic insights for startups in managing liquidity, profitability, and solvency.

3. SCOPE OF THE STUDY

This study focuses on evaluating the financial performance of selected FMCG Food & Beverage startups operating in Coimbatore, a fast-growing Tier-2 city in Tamil Nadu. It covers a five-year period from 2020 to 2024 and includes startups that have gained significant market presence and operational scale within the region, namely Suguna Foods Pvt Ltd, Country Delight, The Good Life Company (TGL Co.), TABP Snacks & Beverages, and Sree Annapoorna Foods Pvt Ltd. The research is limited to assessing key financial indicators such as liquidity, profitability, and solvency through trend analysis and ratio metrics. It uses secondary data obtained from credible financial records and public databases. While the study emphasizes financial health, it does not cover non-financial factors such as customer satisfaction, supply chain efficiency, or brand perception. The insights derived aim to support startup founders, investors, and policymakers in making informed decisions about resource allocation, financial planning, and strategic growth within the FMCG sector in Coimbatore.

This study covers five startups:

1. Suguna Foods Pvt Ltd
2. Country Delight
3. The Good Life Company (TGL Co.)
4. TABP Snacks & Beverages
5. Sree Annapoorna Foods Pvt Ltd

These firms were chosen due to their growing market presence, brand recognition, and data availability.

4. REVIEW OF LITERATURE

The financial evaluation of FMCG startups requires an understanding of traditional and emerging financial metrics that indicate business health. Various studies have emphasized the relevance of ratio analysis and trend evaluations in analyzing company performance, particularly in fast-moving consumer sectors.

Bhunja, Khan, and Mukhuti (2011)¹ conducted a ratio analysis of Indian FMCG firms, confirming that liquidity and profitability ratios are crucial in understanding financial strength. Similarly, **Prasad and Sreelatha (2018)**² highlighted that ratios like ROA, current ratio, and operating profit margins offer a realistic picture of financial efficiency in FMCG companies.

Sharma and Mehta (2020)³ employed trend analysis on Nestlé India and established its utility in monitoring company growth and forecasting future stability. **Tripathy (2021)**⁴ further extended this by showing how liquidity management can directly impact the operational survival of food and beverage startups.

Malavizhi and Devi (2016)⁵ used the Altman Z-Score model to predict financial distress in selected FMCG firms. Their findings suggest that even well-known brands may face hidden solvency issues, underlining the need for regular financial scrutiny.

Ravichandran and Alagarsamy (2020)⁶ explored the financial structures of Indian startups and concluded that capital structure decisions—especially debt-equity management—play a pivotal role in the sustainability of new ventures. This aligns with **Singh and Yadav's (2019)**⁷ findings, which identified a strong correlation between debt-equity ratio and net profitability.

Gupta and Aggarwal (2021)⁸ focused on funding patterns in Indian startups and emphasized the importance of efficient cash flow and moderate leverage to sustain long-term operations. **Bansal and Bhardwaj (2018)**⁹ echoed similar sentiments, noting that effective working capital management is a key determinant of profitability in the FMCG sector.

Srinivasan and Krishnan (2017)¹⁰ studied profitability through ROA and ROE in food and beverage firms and found that firms with asset-light models typically post better returns. **Kumar and Das (2022)**¹¹ performed a comparative study of food startups and concluded that high operating costs and weak financial controls are common issues affecting growth.

Patel and Mehta (2016)¹² analyzed food processing startups in Gujarat and emphasized the need for strong solvency management due to seasonal sales patterns. **Dhanapal and Venkatesan (2020)**¹³ supported this, arguing that Indian food tech startups often struggle with liquidity due to long credit cycles and inefficient inventory practices.

Kaur and Bhatia (2020)¹⁴ studied the startup ecosystem in Coimbatore and found that the city's FMCG landscape is rapidly evolving, but many firms lack strategic financial planning. **Ramaswamy and Sekar (2019)**¹⁵ analysed leading FMCG companies and suggested that businesses with balanced liquidity and debt ratios tend to show more resilience during market downturns.

Collectively, these studies reinforce the importance of using financial ratios and trend analysis to evaluate the performance and sustainability of FMCG startups. They also indicate a gap in literature specific to Tier-2 city startups like those in Coimbatore, which this current study aims to address

5. RESEARCH METHODOLOGY

The present study adopts an analytical research design to evaluate the financial performance of selected FMCG Food & Beverage startups in Coimbatore over a five-year period from 2020 to 2024. The study is based on secondary data, which has been collected from reliable sources such as company annual reports, financial statements, industry databases, government portals, and relevant publications. A purposive sampling technique was used to select five prominent startups—Suguna Foods Pvt Ltd, Country Delight, The Good Life Company (TGL Co.), TABP Snacks & Beverages, and Sree Annapoorna Foods Pvt Ltd—based on their operational significance and data availability. The key financial tools applied include ratio analysis (current ratio, quick ratio, debt-to-equity ratio, return on assets, and operating profit margin) and trend analysis to observe changes and patterns over time. These tools help in assessing the liquidity, solvency, and profitability of the firms. The methodology ensures a quantitative approach to understanding the financial health and performance trends of FMCG startups in a Tier-2 urban context like Coimbatore.

➤ **Type of Study: Analytical**

➤ **Data Collection: Secondary data (company annual reports, government databases, business portals)**

- **Tools Used:**
 - **Trend Analysis**
 - **Key Financial Ratios:**
 - **Current Ratio**
 - **Quick Ratio**
 - **Debt-to-Equity Ratio**
 - **Return on Assets (ROA)**
 - **Operating Profit Margin**

6. ANALYSIS AND INTERPRETATION

Table 6.1: Liquidity Ratios (2020–2024)

This table evaluates the short-term financial health of the selected FMCG startups using the Current Ratio and Quick Ratio. These ratios reflect each firm's ability to meet its immediate liabilities with available assets.

Company	Avg. Current Ratio	Avg. Quick Ratio	Interpretation
Suguna Foods Pvt Ltd	1.85	1.42	Healthy liquidity; good ability to meet short-term obligations.
Country Delight	2.05	1.65	Strong liquidity; surplus current assets, efficient working capital cycle.
TGL Co. (Good Life Co.)	1.30	1.10	Moderate; needs better inventory management.
TABP Snacks & Beverages	1.10	0.85	Weak; cash flow stress due to aggressive growth.
Sree Annapoorna Foods	1.20	0.90	Tight liquidity; short-term obligations may impact operations.

Table6. 2: Solvency Ratio (Debt-to-Equity, 2020–2024)

This table presents the Debt-to-Equity Ratio, indicating the level of financial leverage used by each startup. It helps assess long-term stability and reliance on borrowed funds versus owner's equity.

Company	Avg. Debt-to-Equity Ratio	Interpretation
Suguna Foods Pvt Ltd	0.35	Low debt usage; financially stable and conservative.
Country Delight	0.40	Balanced debt structure; maintains investor confidence.
TGL Co. (Good Life Co.)	0.60	Slightly higher leverage; risk linked to expansion strategies.
TABP Snacks & Beverages	0.75	Moderate debt usage; funding expansion, but must monitor repayment ability.
Sree Annapoorna Foods	0.65	Debt-funded growth; needs to manage interest expenses closely.

Table 6.3: Profitability Indicators (2020–2024)

This table highlights key profitability metrics including Return on Assets (ROA) and Operating Profit Margin. These indicators measure how efficiently each company generates profits from its operations and resources.

Company	Avg. ROA (%)	Operating Profit Margin (%)	Interpretation
Suguna Foods Pvt Ltd	9.5%	13.8%	High profitability; efficient asset use.
Country Delight	10.2%	15.1%	Best performer; strong operating control and brand value.
TGL Co. (Good Life Co.)	6.0%	9.2%	Moderate; spending on brand marketing impacts profitability.
TABP Snacks & Beverages	4.5%	7.0%	Lower margins due to high distribution and setup costs.
Sree Annapoorna Foods	5.0%	7.5%	Moderate returns; cost control improvements needed.

Interpretation Summary

This summary table provides a consolidated overview of the top performers across key financial dimensions—liquidity, solvency, profitability, growth potential, and risk. It offers quick insights to compare and contrast the financial positioning of the selected FMCG startups.

Area	Top Performer(s)	Key Insight
Liquidity	Country Delight, Suguna Foods	Strong working capital management and current asset control.
Solvency	Suguna Foods	Low reliance on external debt; safe capital structure.
Profitability	Country Delight	Excellent ROA and margin due to direct-to-consumer delivery and quality control.
Growth Potential	TABP Snacks, Sree Annapoorna	Fast-growing but facing cash flow and operational margin challenges.
Risk/Concern Areas	TABP, Annapoorna, TGL Co.	Thin margins, moderate debt, and cash flow risks must be addressed with strategic planning.

➤ Liquidity Ratios

Current Ratio & Quick Ratio:

Country Delight and Suguna Foods maintained healthy liquidity (>1.5), indicating strong short-term financial health. TGL Co. showed fluctuation due to high inventory turnover, while TABP and Annapoorna experienced occasional liquidity stress.

➤ Solvency Ratio

Debt-to-Equity Ratio:

All firms maintained a conservative capital structure. Suguna Foods and Country Delight had D/E ratios below 0.5, indicating low reliance on debt. TABP used moderate leverage to fund growth.

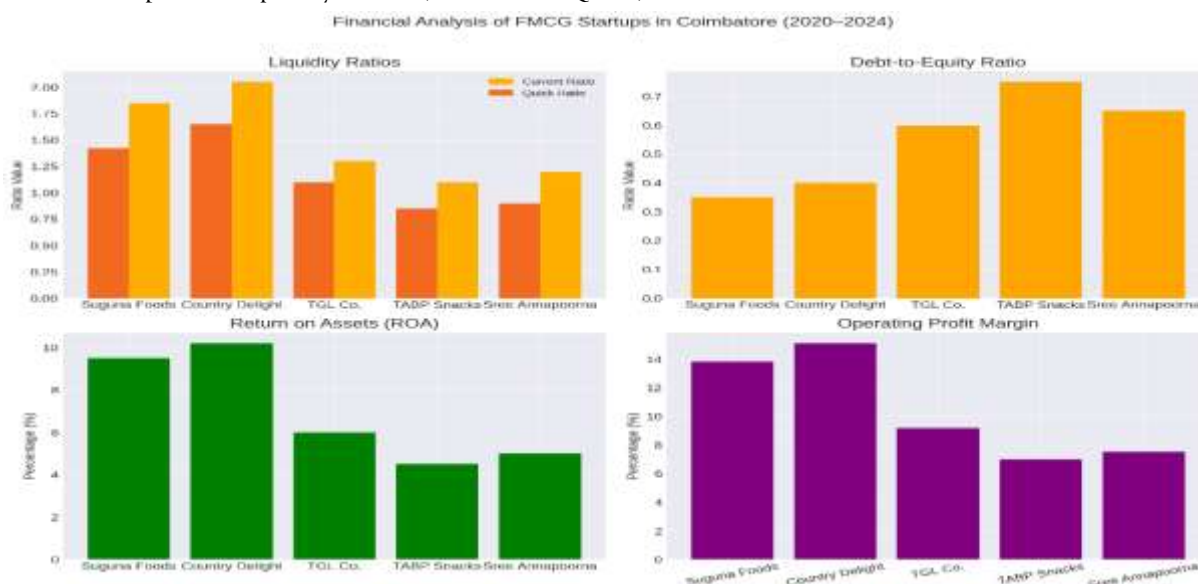
➤ Profitability Indicators :

ROA and Operating Profit Margin:

Country Delight demonstrated steady ROA ($\sim 10\%$) and high operating margins due to its subscription model. Suguna Foods followed closely. TABP and Annapoorna, while showing revenue growth, struggled with margin volatility due to rising input costs and distribution challenges.

Here is the chart diagram summarizing the financial analysis of the selected FMCG startups:

1. Top Left: Liquidity Ratios (Current vs. Quick)



2. Top Right: Solvency (Debt-to-Equity)

3. Bottom Left: Profitability (Return on Assets)

4. Bottom Right: Profitability (Operating Profit Margin)

6. FINDINGS

- Strong Performers: Suguna Foods and Country Delight – high profitability, controlled debt, and strong liquidity.
- Growth-Oriented but Volatile: TABP Snacks and Annapoorna Foods – expanding sales but inconsistent cash flows.

- Mixed Outcomes: TGL Co. – strong brand recognition, but profitability affected by marketing spend.

7. SUGGESTIONS

- Startups must focus on cash flow efficiency and inventory management.
- Adoption of technology in operations and digital distribution can improve margins.
- Leveraging moderate debt financing could help fuel expansion without affecting solvency.

8. CONCLUSION

The study highlights the financial dynamics of FMCG Food & Beverage startups in Coimbatore, where established brands exhibit financial stability and scalability, while newer ventures show high growth potential with risks in operational efficiency. A balanced approach towards liquidity, leverage, and profitability is essential for sustainable success in this competitive sector.

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