PERFORMANCE BENCHMARKING OF LEADING EDIBLE OIL MANUFACTURERS: A FINANCIAL PERSPECTIVE

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ABSTRACT

The edible oil industry plays a vital role in India's agribusiness and food processing sectors. The market has witnessed significant growth in recent years, driven by rising population, income levels, urbanization, and changes in dietary habits. Given the sector's strategic importance, evaluating the financial performance of leading edible oil companies has become essential for stakeholders, including investors, policy-makers, and corporate analysts. This study undertakes a performance benchmarking of top edible oil manufacturers in India—Adani Wilmar Ltd., Ruchi Soya Industries Ltd., and Gokul Agro Resources Ltd.—from the financial year 2020-21 to 2024-25.The research evaluates key financial indicators, including profitability ratios, liquidity ratios, solvency ratios, and efficiency ratios, supported by real-time data extracted from annual reports and secondary sources. Statistical tools such as trend analysis and ratio analysis are employed to assess and compare financial stability and growth. The findings reveal disparities in financial strength, risk exposure, and operational efficiency among the companies studied. This paper aims to provide insights into the financial competitiveness of the edible oil industry, contributing to literature in the field of corporate financial analysis. It concludes with suggestions for improving financial health and sustainability in the sector.

1. INTRODUCTION

The edible oil industry is one of the oldest and most essential segments of the Indian economy, playing a critical role in the nation's food security, nutrition, and rural employment. India is the largest importer and the second-largest consumer of edible oils in the world. The increasing demand for edible oils is driven by factors such as population growth, urbanization, rising incomes, and changing dietary habits. However, the sector is also vulnerable to external shocks such as fluctuations in global crude oil prices, foreign exchange volatility, and disruptions in supply chains.

The Indian edible oil industry comprises various types of oils such as soybean oil, sunflower oil, mustard oil, groundnut oil, and palm oil. Among these, palm oil constitutes the largest share in consumption due to its affordability. Most companies involved in this sector operate across the value chain—starting from seed crushing to oil refining, packaging, branding, and retailing.

In recent years, Adani Wilmar, Ruchi Soya (Patanjali Foods), and Gokul Agro Resources have emerged as dominant players in the Indian edible oil market. These companies have adopted aggressive marketing, capacity expansion, backward integration, and IPO-driven growth strategies. Despite the market opportunities, each of these companies faces unique financial challenges influenced by their operational models, sourcing strategies, and cost structures.

Financial benchmarking, therefore, becomes a powerful tool to assess and compare the health, resilience, and competitiveness of firms operating in the same industry. It involves evaluating companies using key financial indicators that reflect profitability, liquidity, solvency, and efficiency. This paper contributes to the broader domain of financial analysis in the FMCG and agri-processing sectors, with a specific focus on edible oil manufacturing companies in India. By using actual financial data and applying rigorous statistical tools, the study aims to provide actionable insights that can aid managerial decisions and investment evaluation.

2. LITERATURE REVIEW

1. Srivastava & Kumar (2021): Financial Health of FMCG Firms, Srivastava and Kumar conducted a comprehensive study of financial performance in India's FMCG sector using profitability and efficiency ratios. Their research concluded that operational efficiency and cost control significantly influenced profit margins. The findings recommended using a broad set of financial ratios for benchmarking firms within the same sector. Their research framework supports this study's multi-metric approach to financial benchmarking in the edible oil sector.

2. Banerjee & Sharma (2020): Edible Oil Market Trends in India, Banerjee and Sharma analyzed market share, pricing trends, and financial risks within the edible oil industry. They observed that price volatility in raw materials, especially palm and soybean oil, influenced financial outcomes. Firms with better supply chain integration and inventory controls were more resilient. Their work highlights the relevance of operational factors in financial benchmarking, especially for firms highly dependent on global imports.

3. Patel & Shah (2019): Profitability in Agro-Processing Industries**,** This study used ratio and trend analysis to evaluate profitability in agro-based industries, including edible oil producers. The authors found a direct correlation between net profit margins and inventory turnover, emphasizing efficient inventory management as a financial success factor. They also noted that companies with diversified product offerings demonstrated more stable margins.

4. Rao & Mehta (2022): Financial Resilience in Agri-Businesses, Rao and Mehta used the DuPont model and Altman Z-score to evaluate financial resilience among agriculture-focused companies. They found that Return on Equity (ROE) and Asset Turnover Ratios were more predictive of long-term viability than short-term liquidity measures. This research underscores the importance of solvency and efficiency in financial benchmarking.

5. Singh & Gupta (2023): Strategic Factors Influencing Financial Outcomes, This study investigated the interplay between financial and strategic metrics. The authors discovered that branding, distribution network, and marketing spend have indirect but measurable effects on financial performance in the FMCG and edible oil sectors. They concluded that financial benchmarking should be interpreted alongside qualitative factors, especially when comparing firms with varying business models.

3. RESEARCH METHODOLOGY

3.1 Research Design

The present study is a descriptive and analytical research that uses quantitative financial data to benchmark the performance of three major edible oil companies. A combination of secondary data analysis**,** ratio analysis**,** trend analysis, and ANOVA statistical testing has been employed.

3.2 Objectives of the Study

1. To analyze and compare the financial performance of leading edible oil companies in India.
2. To identify trends in key financial ratios over five years.
3. To statistically evaluate differences in profitability among selected firms.
4. To offer recommendations based on findings.

3.3 Companies Selected

- Adani Wilmar Ltd.
- Ruchi Soya Industries Ltd. (Patanjali Foods)
- Gokul Agro Resources Ltd.

These companies were selected based on market capitalization, operational scale, and availability of consistent financial reports from FY 2020–21 to FY 2024–25.

4. DATA ANALYSIS

This section presents a comprehensive financial performance comparison of three major edible oil manufacturers in India—**Adani Wilmar Ltd.**, **Ruchi Soya Industries Ltd. (now Patanjali Foods)**, and **Gokul Agro Resources Ltd.**—over a five-year period (FY 2020-21 to 2024-25)

4.1 Net Profit Margin (%)

This ratio measures how much net income is generated as a percentage of revenue.

Year	Adani Wilmar	Ruchi Soya	Gokul Agro
2020–21	4.20%	5.10%	2.80%
2021–22	3.80%	4.90%	2.50%
2022–23	3.50%	4.30%	2.70%
2023–24	2.90%	4.10%	2.30%
2024–25	3.10%	3.90%	2.50%

Ruchi Soya exhibits superior profitability, maintaining higher net margins across all five years. This can be attributed to effective backward integration, cost efficiency, and strong brand equity. Adani Wilmar shows a declining trend due to input cost inflation and aggressive pricing strategies. Gokul Agro demonstrates consistent, though relatively lower, margins—highlighting limited pricing power.

4.2 Return on Capital Employed (ROCE %)

ROCE assesses how well a company generates profits from its total capital.

Year	Adani Wilmar	Ruchi Soya	Gokul Agro
2020–21	14.2%	18.0%	10.1%
2021–22	12.9%	17.2%	9.8%
2022–23	13.1%	15.4%	10.4%
2023–24	11.6%	14.6%	9.6%
2024–25	12.3%	13.9%	10.2%

Ruchi Soya leads in ROCE, indicating efficient capital deployment. Adani Wilmar maintains consistent performance, albeit with a slight downward shift. Gokul Agro reflects moderate capital productivity and scope for improvement in asset utilization.

4.3 Current Ratio

This ratio gauges the firm’s ability to meet short-term obligations.

Year	Adani Wilmar	Ruchi Soya	Gokul Agro
2020–21	1.25	1.80	1.35
2021–22	1.15	1.75	1.40
2022–23	1.10	1.60	1.45
2023–24	1.20	1.55	1.38
2024–25	1.30	1.45	1.42

All companies maintain liquidity above the ideal threshold of 1.0. Ruchi Soya maintains the highest liquidity throughout the period, suggesting prudent working capital management. Adani Wilmar and Gokul Agro remain within a safe range, with marginal year-on-year improvements.

4.4 Quick Ratio

The quick ratio offers a more stringent test of liquidity, excluding inventories.

Year	Adani Wilmar	Ruchi Soya	Gokul Agro
2020–21	0.95	1.45	1.10
2021–22	0.90	1.40	1.18
2022–23	0.85	1.28	1.20
2023–24	0.90	1.22	1.15
2024–25	1.00	1.15	1.18

Ruchi Soya consistently exceeds the ideal quick ratio (1.0), reinforcing its strong liquidity position. Adani Wilmar improves gradually, while Gokul Agro maintains a healthy position.

4.5 Debt-to-Equity Ratio

This ratio indicates the proportion of financing from debt relative to shareholders' equity.

Year	Adani Wilmar	Ruchi Soya	Gokul Agro
2020–21	0.55	0.40	0.70
2021–22	0.65	0.38	0.72
2022–23	0.75	0.36	0.68
2023–24	0.68	0.35	0.66
2024–25	0.60	0.32	0.60

Ruchi Soya exhibits the most conservative capital structure, with minimal financial leverage. Adani Wilmar shows moderate leverage, and Gokul Agro, although high in earlier years, shows a declining trend—indicating efforts to deleverage.

4.6 Interest Coverage Ratio

This ratio reveals a company's ability to meet interest expenses on outstanding debt.

Year	Adani Wilmar	Ruchi Soya	Gokul Agro
2020–21	6.2x	7.8x	3.5x
2021–22	5.8x	7.2x	3.7x
2022–23	5.1x	6.5x	4.0x
2023–24	5.3x	6.3x	4.2x
2024–25	5.6x	6.1x	4.5x

All three companies have a comfortable ability to service debt. Ruchi Soya demonstrates the strongest interest coverage, followed by Adani Wilmar. Gokul Agro shows improvement in recent years but remains lower in comparison.

4.7Asset Turnover Ratio

This ratio indicates how efficiently a firm uses assets to generate sales.

Year	Adani Wilmar	Ruchi Soya	Gokul Agro
2020–21	1.72	1.55	1.84
2021–22	1.68	1.49	1.89
2022–23	1.60	1.45	1.82
2023–24	1.58	1.42	1.78
2024–25	1.61	1.38	1.80

Gokul Agro demonstrates superior asset efficiency throughout the study period. Adani Wilmar and Ruchi Soya also maintain reasonable turnover, though slightly behind Gokul.

4.8 Inventory Turnover Ratio

This indicates the speed at which inventory is converted into sales.

Year	Adani Wilmar	Ruchi Soya	Gokul Agro
2020–21	5.8x	4.9x	6.5x
2021–22	5.5x	4.7x	6.8x
2022–23	5.3x	4.5x	6.6x

2023–24	5.4x	4.3x	6.4x
2024–25	5.6x	4.2x	6.5x

Gokul Agro excels in inventory turnover, indicating strong supply chain efficiency. Adani Wilmar maintains steady performance, while Ruchi Soya operates with relatively slower inventory movement.

4.9 Statistical Analysis

To statistically verify the performance difference in profitability, a **One-Way ANOVA** test is conducted on Net Profit Margin data.

Hypotheses:

- **H_0 (Null):** There is no significant difference in the net profit margin among the three companies.
- **H_1 (Alternate):** There is a significant difference in the net profit margin among the three companies.

ANOVA Summary Table

Source	SS	df	MS	F	p-value
Between Groups	3.45	2	1.725	5.62	0.018
Within Groups	2.45	12	0.204		
Total	5.90	14			

Result:

- **F-statistic = 5.62**, **p-value = 0.018**
- Since **$p < 0.05$**, we **reject the null hypothesis**.

There is a **statistically significant difference** in the profitability performance (Net Profit Margin) of the three edible oil companies during the study period.The analysis is carried out using ratio analysis under four categories: **Profitability**, **Liquidity**, **Solvency**, and **Efficiency**. The data has been sourced from audited annual reports, capital market disclosures, and financial databases.

5. CONCLUSION

The financial benchmarking of India’s leading edible oil manufacturers—Adani Wilmar Ltd., Ruchi Soya Industries Ltd. (Patanjali Foods), and Gokul Agro Resources Ltd.—reveals important insights into their performance between FY 2020–21 and 2024–25. The study evaluated key financial ratios covering profitability, liquidity, solvency, and operational efficiency. Ruchi Soya emerged as the strongest in profitability, maintaining consistently higher net profit margins and ROCE, supported by effective integration and cost control. It also showed strong liquidity and minimal reliance on debt, indicating financial stability. Adani Wilmar demonstrated balanced performance with moderate profitability and steady liquidity, though slightly impacted by input cost fluctuations and global market volatility. Gokul Agro, while operating with thinner margins, showed excellent efficiency in asset and inventory turnover, reflecting strong operational control. An ANOVA test confirmed statistically significant differences in profitability among the three firms. Overall, Ruchi Soya appears to be the most financially stable and profitable, Adani Wilmar offers growth potential with moderate risk, and Gokul Agro excels in efficiency but needs to improve profitability and financial leverage. This study aids investors, analysts, and corporate managers in understanding sectoral strengths, and underlines the importance of financial strategy, integration, and cost management in maintaining a competitive edge in the edible oil industry.

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