ISSN 2348 – 8034
Impact Factor- 5.070

GLOBAL JOURNAL OF ENGINEERING SCIENCE AND RESEARCHES

ANALYSIS OF WORKING CAPITAL MANAGEMENT OF DABUR INDIA LIMITED'

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ABSTRACT

The concept of managing the fluctuating capital is one of the most important as well as tricky component of accounting strategy. Usually people don't understand the significance of working capital in the organization. They thought it is just another accounting term. Through my research paper I tried to highlight the significance of managing the fluctuating capital with the help of the India's own trusted as well as oldest FMCG Company, Dabur India Limited. The operations performed by Dabur is very large in nature and in order to complete those operations they need required funds on a regular basis. Companies do not kept funds in the shape of cash on a regular basis. They need to generate the funds from various sources without raising the cost. In this research paper, I focus on those topics and use Empirical research methodology to analyze the accounts of Dabur India.

Keywords: *Working Capital Management, Working Capital Analysis, Dabur India Ltd., Liquidty Ratio, Managerial Efficiency Ratio.*

I. INTRODUCTION

The term working capital management usually considered as a financial term which only means to finance the daily expenses of a firm by maintaining the liquid assets and the short-term obligations, but this is not just it. Fluctuating capital management is one of the most crucial as well as important component for any business firm which is essential for the long-term functioning of a firm. Not only it maintains the liquidity of the firm but also helps to enhance the profitability of the firm. Liquidity helps a business to perform its day to day operation without any halts and also make a firm capable enough to pay-off their limited time based expenses and obligations. Secondly, when the firm has required and regular supply of funds to each and every level and department, than the firm will come out their comfort or safe zone and operates for a larger quantity and maintains the quality of the offerings.

The foremost motive of managing the fluctuating capital is to ensure that the adequate funds are always available whenever and wherever business needs it. Sometimes because of the non-availability of funds in the right time, business firm faces bankruptcy or some serious financial trouble. Not only management of working capital means making the adequate funds available for the operations but it also considers at what cost. Since arrangement of funds is not a big deal. One can source funds from anywhere. But having knowledge various funds generating avenues is necessary to minimize the cost of capital. Different sources offers funds at different price or interest rate which is need to be considered if one wants to save the company from the allegation of internal inefficiency. The management of fluctuating capital is considered as a critical element of financial management because not only it aims to arrange funds for the business operations but the funds should be arranged in optimum volume, neither more nor less. The reason behind this is that excess funds over the account of working capital creates a situation of locked funds for the firm and minimum funding over working capital account creates operational and financial problem for the firm in present as well as in future.

Dabur started their journey as an Ayurvedic medicine maker from Kolkata and now convert themselves into a worldwide famous FMCG company. The beginning of this humble transformational journey is supported by the Dabur's heritage of Ayurveda and the knowledge of nature.In 1880s, Dr. Burman working on the medicines for diseases like malaria and cholera in Calcutta. In 1886, he decided to set up Dabur India Ltd in order to produce his Ayurvedic formulations in mass-quantity. In the early 1900s, Dabur enters in the new market of nature-based Ayurvedic medicines. When one heard the name of Dabur, the first things that strike in their mind is 'health' and 'trust'. This is what known as the goodwill of Dabur. Dabur is company which is trusted by generations as the modern day champion of Ayurveda. Now they are the leading packaged consumer product manufacturer, offers a wide range of products based on Ayurveda and nature.

II. LITERATURE REVIEW

DebdasRakshit (2006):DebdasRakshit shared his thoughts through the case study name, 'Economic Value Added (EVA) based performance management of Dabur India Ltd.'. Only generating revenue is not all for a firm. A business should have to generate that level of revenue through which it can break-even for the cost of capital and crate some additional surplus for the business to grow. This is where EVA comes into sight. Any profit percentage, after deducting the cost of capital is EVA. The common measures used to determine the EVA are:performing revenue margins, net revenue margins, return on the net worth, return on investment etc. Profit after tax represents the available profits for the shareholders and the profit before interest after tax helps to determine how much surplus actually generated by the company using entire funds. However return on investment still treated as the most famous parameter to judge the profitability measurement. First to determine whether the Dabur India Ltd. is capable to produce the value for their stakeholders and secondly to analyze the accomplishments of Dabur India Ltd. by applying the accomplishment measure like return on investment and the EVA. The performance measurement methods which were prove successful in past, now become obsolete. In some cases, they came out obstructive and dysfunctional to improvements. There is a requirement for a more dynamic and competitive measure to get a fine picture that a company is a worth creator or a worth destroyer. The EVA based performance measuring system should be the parameter on which a firm made their critical decisions relating to the option of capital assignment, strategies, merger and acquisition, objective deciding and divesting business. When it comes to taking a decision for allocating the resources, a business firm should have to respect the clash of EVA over these decisions. The management accountants knows the actual value that a company creates. They can restructure and modify the mission of the company so it can create value. So it is expected from a management accountant to bring a worth based management system and give retirement towards the traditional management system.

Mayank Agarwal (2010)**:** A deep study of working capital helps to understand the topic accurately plus we also get to know the various practical use of the working capital and its various concepts. The aim of this report is to showcase how things happen professionally in an organization and how management plays a critical role in it. Along with that, this report also helps to understand the day to day operations and functions of Dabur India and how the management tackle with the unexpected situation arises in the business. Basically there are two main objectives of this report. First, to analyze the Dabur's financial position and second, to analyze the Dabur's liquidity position. The research fetch out some interesting financial features about the Dabur India Ltd. In the FY 2006-07 Dabur doesn't increased their current assets. FY2005-06 and FY2007-08 shows increase in the current assets. Current liabilities also shows an increasing trend throughout the years from 2005 to 2008. It represents that the Dabur India Ltd shown stability in the case of current assets. Since working capital management is an essential part of every organization, it becomes the accountability of the finance executive to maintain the receivables, cash and inventory of the organization so that the organization perform their functions effectively and efficiently.

Dr. T.D. Raman (2011): According to this research paper the best way of knowing any company's financial position and financial stability along with their cash flows is to look at their working capital management. No one can deny from the fact that the cash is the oxygen for the living of any business. Better knowledge of working capital management helps a company to take fruitful decisions and generates goodwill in the market. This research focuses on the meaning, necessity and the applicability of the working capital, along with the ideal ratios of working capital that a company should maintain. Dabur India Ltd. has been taken in this research to answer the above mentioned questions. Using the tools and techniques of accountancy and finance, there are few results that come from the research. It shows that the Dabur India Ltd. has a good capacity which derived from their diversified product line. Also to satisfy the current liabilities, Dabur possess enough current assets. However the current ratio of Dabur India Ltd is less than 2:1, which is the ideal current ratio shows that the short term financial position of Dabur India is not very sound. But keeping in mind that Dabur offers a variety of products which can help Dabur to take corrective measures regarding to their financial position in long-term basis.

Punitkumarkanujiya (2018): The research paper concludes the factors that shows the clash, that the management of fluctuating capital of a company brings over their profit earning capacity. Since working capital management is the most crucial and important topic for every company and the FMCG sector is one which is growing fast in India. So taking a FMCG company into consideration, this research paper aims to find out connection between the management of fluctuating capital and the profit earning capacity of the firm. The result of the research shows that the small income companies are less affected by the fluctuating capital management as compare to the large income companies. The reason for that is the small income company operates with a limited size of resources and work with the limited sized operations. In case of large income companies, their usage of resources is large and they deal with the huge operations. Since Dabur is a large income company and offers a diversified product range domestically as well as internationally, it becomes more crucial for Dabur to manage their working capital effectively so that their profit earning should not be hampered.

Prof. S.M.ImamulHaque (2016): Prof. Haque is in the favor of that management of fluctuating capital plays a significant role in every decisions related to finance that a company takes. Since fluctuating capital is the lifeline of every business structure, without proper funding, the various activities of business will paused. Cash conversion cycle, return on asset, stock converting period, debtors' collection period and suppliers paying period are the few components and variables which are used to achieve the objectives of the research paper. To carry out the study, Prof. Haque use the fixed effect regression model. Also the Hasman test bring into the consideration to found out whether the random effect model or fixed effect model is suitable for the work or not. After applying the knowledge of accounts and finance along with the above mentioned tools, the research works shows that Dabur's inventory conversion period has a negative relation with the return on asset which significantly impacted the profitability of the firm. Also the receivables collection period shows a negative connection with the return on assets which shows Dabur's unstable credit control policies. Although the creditor payment period shows a positive relationship with the return on asset by it does not contribute anything towards the enhancement of Dabur's profitability but it helps Dabur to generate goodwill in the market and trust in the investors.

RuqsanaAnjum (2017): Ms. Anjum through her research paper focuses on the fact that in the age of globalization, where anyone can get anything on their doorstep in the best quality, and then how an Indian FMCG company like Dabur beat them. Dabur India Ltd. is one of the best and trustworthy Indian FMCG company. It offers a wide range of diversified FMCG products with the best nutritional values. If one wants to measure the Dabur's fluctuating capital management Ms. Anjum focuses on the independent variables like asset conversion period, stock converting period, primary material converting period, work-in-process converting period, final productconverting period and their impact over the dependent variable like return on assets. A collective comparison that derived from the research is that maximum Indian FMCG companies invested maximum of their funds into the working capital management account. The reason behind this is that the operations in which they are involve or perform, requires a proper and regular supply of funds. The final outcome of the study reveals that the RCP, ICP and PDP had statistically negative connections with the firm's ability to earn profits. This can be because of the firm's unique feature like their credit policies, delivery of raw materials, inventory conversion period etc. This research also brings the fact into knowledge that the concept of managing the fluctuating capital is more of planned that an operational concern for financial managers.

Dr. Jayaramaih N and Dr. P Amalanathan (2017): Their main focus was on the fact that many companies run behind a particular objective i.e., higher profitability, the high charts of earned profit. But somehow they forget that the liquidity of the firm is also very important. Liquidity, for an organization means capacity to settle downthere and current liabilities. Here working capital management comes into picture. Working capital management means funding the day-to-day expenses of the firm so that its operations wouldn't stop. The proper management of working capital not just influence the liquidity of the company but also affects the profit earning capacity of the company. In order to proceed with the study variables like return on assets, acid test ratio, liquid asset to total asset ratio, current asset to sales ratio, current ratio and debt equity ratio are considered. Since data involved in this study is belongs from a period of 15 years so it is possible to apply the test ratios into the data. The overall results from the acid test ratio is 0.31 and the minimum and maximum values are 0.06 and 0.71 that shows companies are keeping a low level of quick assets. The overall mean value of liquid asset to overall asset ratio is 0.34 and minimum and maximum value is 0.17 and 0.58. This shows that company's more funds are invested into the fixed assets rather than on the current assets. The overall mean value of current asset to sales ratio is 0.25 and the minimum and maximum value is 0.11 and 0.67. This shows that the current assets effectively to generate sales. The overall average value of the current asset ratio is 0.87 and the minimum and maximum value is 0.41 and 1.67. This shows that the companies are keeping low level of current asset. The overall average value of the return on asset ratio is 19.33 and the minimum and maximum value is 2.8 and 34.87. This represents that the company's overall working capital position and profitability position is not satisfactory. The company is not maintaining an adequate standard of fluctuating capital in the organization.

T.A.N.R. Jayarathne (2014): management of fluctuating capital is a crucial component for the financial department of every company. Usually management ignores it on the name of that it is not that important, but the smart ones always knows that the liquidity of the company always helps a company to grow its goodwill in the market. The study explores the correlation between the management of fluctuating capital and the profit earning capacity of Dabur India Ltd. from the date of 5 year period from 2008-12. As the indicators to proceed in the research Mr. Jayarathne chose inventory conversion cycle, credit conversion cycle, accounts payable cycle and accounts receivables of the company. In the research of overall 100 consideration were taken into account for the facts analyzing purpose. The regression result shows that the coefficient of AR is negative and statistically significant. This implies that excess investment on managing the fluctuating capital is not helpful in generating profit for a company. As per the research, there is a need of rechecking the credit policies of Dabur India Ltd.

Dr. Rajinderkaur (2017): According to Dr. kaur one of the pre-conditions for the financial executives of the companies are the proper management of fluctuating capital. On the way to earn the ultimate objective of the business firm, the executives needs to take care of each and every component and management of fluctuating capital is one of the most crucial and one of the important component for a company. This research paper aimed to measure the management of fluctuating capital of FMCG firms in India and its impact over the profitability of the company. The results came up from the research proves that the management of FMCG companies in India tends to keep limited funds into their working capital account due to which the profit earning of the company is also affected. Although the panal data regression analysis shows a constructive connectionbetween the variables of fluctuating capital. However, the study shows that other factors like leverage, size of firm and growth also make an impact over the profitability of the firm.

Jaba Rani Patta (2017): This study focuses on the finding out the various fact that is essential as well as significant towards an FMCG company of India as per their requirements of working capital to manage and enhance their profitability. The techniques of mean, ratio analysis, coefficient of variation, standard deviation and trend analysis has been opted to proceed with the study through applying the data with these techniques and use panel data regression models as well as the Pearson's correlation to establish the relationship between the 'how much to finance the working capital' and 'the enhancement of profits after that'. Also the return on investment and the return on asset will bring into the picture to do so. The study brings some dramatic results to the researcher. The study claims that the current liability to total assets carries negative significant impact over the return on investment but it also have the insignificant impact on return on assets. The study results also shows that the profit earning capacity of the firm is positively insignificant with liquid assets to overall assets. Further through ratio analysis, financial debt ratio is represent a negatively significant connection with the return on assets. The study showcase that market magnitude of the company has the significant positive impact over the profit earning capacity of the firm. Also the results shows that the trade-credits of the firm is the dominating financing short-term component and plays a vital role over the financing working capital investments.

Dr. Anjalakalsie (2016): Through this research paper, Dr. kalsie finds out that the most significant function of any company in order to carry out their function as well as the survival of a firm depends upon the proper management of the fluctuating capital. A delicate form of balancing the net fluctuating capital is job of the fluctuating capital management. Although management of fluctuating capital also aims to maintain the appropriate levels of profitability as well as the liquidity of the firm because at the end of the day, liquidity assist a company to build its goodwill in the market. This study undertakes the comparative analysis and the evaluation of the management offluctuating capital through the various tools and techniques of the accountancy and finance like current ratio, receivables turnover, payable turnover, inventory turnover, return on capital and cash conversion cycle. The data collected for research purposes belongs to past 4 years from 2010-14. The research found out that the FMCG companies perform consistent even with the negative working capital. Also, it is found that the better returns on the

ISSN 2348 – 8034
Impact Factor- 5.070

employed capital were found to be generated by the companies with the negative working capital, maximizing their shareholder value that translated into higher EPS and market capitalization for them. Similarly it is also comes into the frame that with the negative cash converting process, the companies perform better as compare to the positive cash conversion cycle. Current ratio of the company is also lower than the ideal one. However it is found that the company is not focusing over their liquidity position.

A.k. Sharma and Satishkumar (2011): The basic focus of this study to analyze and measure the consequence and impact of fluctuating capital in Indian FMCG companies. The data used for the study belongs to past 8 years from 2000-08. The technique use to evaluate the data is OLS multiple regression. Researchers' claims that the study results departs from the other international studies conducted on the same topic. The research results shows that the working capital of the company is positively correlated with the profitability of the company. It also shows that company's stockof the total figures of days and total figures of days debt payables should negatively correlated with the company's profit earning capacity. On the other hand, the figures of days debts receivables and cash converting period shows a positive relationship with the firm's profit earning capacity.

ShewtaMehrotra (2013): Through her research paper, Ms. Mehrotra tries to highlight the significance of managing the fluctuating capital in terms of the survival of the firm. Organization, whether it is government or private, profit based or non-profit based, regardless of their size and phenomena of business, they all need sufficient and regular funding to carry out their day-to-day operations. Working capital is like a lifeline for the business organizations. The proper utilization of fluctuating capital is essential for the liquidity, survival, profitability and the solvency of the business firm. The data of the study is secondary, basically the annual reports of the company. For data analysis purposes, ratio analysis is used as a tool to carry out the results from the past 5 year data. The results shows that the company suffers with the availability of cash issues on the way of supporting the profitability. So in order to cure that, a significant amount of cash is required in liquid form. Since customers of FMCG pays rapidly and upfront, the companies faces no problem in operating under the negative working capital. Since through the development of ERP, SCM and the implementation of JIT, makes firm leaner and now the raising of funds through inventories is not possible. Generating revenue in negative working capital shows the efficiency of the firm but also creates a chance for bankruptcy or some serious financial trouble for the company in future.

DileepSatappa More and Ravi kiranMaddali (2013): the researchers with this research paper tries to focus on this fact that how much a company's performance is dependent over the proper and regular funding of money to make sure that it perform it work. It also helps the firm to analyze its own value. Research propose that the worth of the business is hinge on the fact of its future growth and the profitability of the firm. And these both can be increased with the proper management of working capital. So it came out that proper working capital management also helps to generate a firm's value. As per the research paper, Dabur India, is one of the biggest FMCG Company in India diversified in FMCG and personal care sector. Maximization of profit and maintaining the liquidity is the two important objectives of any company. Excess focus on liquidity binds the funds of the organization which can be utilized through the credit policy, which sooner or later brings business to the firm. To solve this problem either one of the objective of the firm has to be compromised. Conclusion of the report is that Dabur India has been in good position when it comes to liquidity management. Than it is not wrong tosaid that the management of fluctuating capital of Dabur India is effective.

Objectives

i. To analyzethe financing pattern of fluctuating capital that prevails in Dabur India Ltd
ii. To analyze the overall short term fund requirements of Dabur India Ltd
iii. To analyze the current working mechanism of sources and investments of funds in Dabur India
iv. To understand the significance of fluctuating capital finance in the business firm
v. To understand the notion of managing working capital
vi. To interpret the various forms of fluctuating capital

ISSN 2348 – 8034
Impact Factor- 5.070

III. METHODOLOGY

I opt the financial ratios of Dabur India Limited that have been offered by the Dion Global Solutions Limited. From their ratio analysis, I take the Liquidity Ratios and the Managerial Efficiency Ratios of Dabur India for the three consecutive years i.e., 2018, 2017 and 2016. With the help of these ratios, I try to derive the results regarding the working capital position of the Dabur for different years.

Ratio	Formula	FY'18	FY'17	FY'16
Current Ratio	$\frac{Current\ Assets}{Current\ Liabilities}$	1.07	1.03	0.96
Quick Ratio	$\frac{Quick\ Assets}{Current\ Liabilities}$	0.73	0.71	0.74
Debt Equity Ratio	$\frac{Total\ Liabilities}{Shareholder's\ Funds}$	0.15	0.19	0.19
Inventory Turnover Ratio	$\frac{Cost\ of\ Goods\ Sold}{Average\ Stock}$	6.17	6.96	7.18
Receivables Turnover Ratio	$\frac{Net\ Credit\ Sales}{Average\ Accounts\ Receivable}$	11.42	10.55	10.35
Investment Turnover Ratio	$\frac{Net\ Sales}{(Shareholders'Equity + Debt\ Outstanding)}$	6.17	6.96	7.18
Fixed Asset Turnover Ratio	$\frac{Net\ Sales}{Average\ fixed\ Assets}$	3.03	3.26	3.80
Asset Turnover Ratio	$\frac{Total\ Sales}{Average\ Total\ Assets}$	1.26	1.43	1.73
Days in Working Capital	$\frac{(Operating\ CA - Operating\ CL)}{Annual\ Sales} \times 365$	13.43	11.17	12.30

-Dion Global Solutions Limited

1. The current ratio is one of the liquidity ratio that calculates the capability of the firm regarding to paying off their current liabilities or other debts due within one year. It is the proportion of total liquid assets to the short-term obligations. The current ratio of a company helps an investor or an analyst to know a lot about the company, its performance and its reputation in the market. All those information helps an investor or an analyst to draw judgments over the actuality of the company. On the flip side, the better the current ratio the more opportunities for the business firm to expand or to generate funds from the market. The ideal ratio current ratio is considered as 2:1 i.e., whatever the amount of current liabilities that the firm possess, their assets should be in double of it. The company with equal or higher the current ratio as compare to the ideal current ratio is considered as the efficient company and the company with lower the current ratio than the ideal ratio, is typically considered as the inefficient one. In case of Dabur India Limited, their current ratios, which are offered by the Dion Global Solutions Limited for the three consecutive years i.e., FY18, FY17 and FY16 is 1.07, 1.03 and 0.96 respectively. We can see here that Dabur do not maintained the ideal ratio for any of the year. In FY18 and FY17 there current asset's value are just above the values of their current liabilities and in the FY16 their current assets are lower than their current liabilities as per the current ratio. From this we can say that the Dabur in an inefficient company. Reason behind that is the implementation of two major government policies back-to-back. We already see earlier that Dabur has enough funds to cater their short-term obligations but still their trade receivables exceeds. This could be because the additional time period that the manufacture get from the suppliers gave Dabur a financial leverage in the time when the economy tries to resist the change made by the government policies in the economy. So in order to tackle the impacts from the external factors Dabur plays efficient move by holding the payments for those obligations which still have time for maturity and use those funds somewhere they needed or utilized. The evident for this statement is that in the FY18, Dabur holds the maximum balance of cash/bank as compare to the FY17 and FY16.

2. The quick ratio is the liquidity ratio that represents the company's liquidity position, short-term basis and measures the ability of the company in order to meet their short-term liabilities with their most quick assets. Here, the quick assets are the near-cash assets i.e., assets which can easily turn into the cash with a minimum clash to the value received from the open market. The quick ratio is also known by the name of acid test ratio. An acid test is a quick test which is delineate to derive instant results – hence, the name. The ideal quick ratio is considered as 1 which says that the firm is fully equipped to settle down their short-term obligations with their quick assets or company have enough funds in hand to pay their all their short-term obligations. The quick ratio also tells about the objectives of the firm. Since when a business firm possess enough funds to vanish their short-term obligations, then they can put their useful time and efforts towards the attainment of the objectives. They do not have to focus on the short-term problems but they can focus on the long-term objective. The quick ratio for the Dabur India for three consecutive financial years as per the Dion Global Solutions Limited is 0.73, 0.71 and 0.74 for FY18, FY17 and FY16 respectively. Again we saw above that Dabur is equipped enough funds to pay their short-term obligations but also they possess enough funds to pay their short term obligations right away. Since the quick ratio of Dabur India for three consecutive years is ideal which is 1 i.e., liquid funds equal to the short-term debts, but it is more on the nearer side of the ideal ratio. So this is the evident according to which we can say that even in the extreme conditions, the management of Dabur India maintains the adequate level for the payment of the short-term debts so the brand image and the trust of the investors doesn't get affected.

3. The debt equity ratio is another liquidity ratio which is helpful to evaluate a firm's financial leverage. It measures the relationship between long-term financial obligations and equity. The debt equity ratio is measured by dividing the firm's total liabilities by its shareholders' equity. The debt equity ratio is one of the most important ratio which is highly used in corporate finance. Debt equity ratio is calculates the degree to which a firm finance their activities through debt versus wholly owned funds. In other words, the debt equity ratio represents the ability of a firm's shareholders' funds to cover all of the outstanding liabilities if the business takes a downturn. The optimal debt equity ratio is considered as 1 which means the liabilities is equal to the equity. As per the debt equity ratio offered by the Dion Global Solutions Limited for Dabur India for the FY18, FY17 and FY16 is 0.15, 0.19 and 0.19 respectively. According to this we can understand the here in case of debt equity ratio, Dabur doesn't prove so efficient since the ratios represent that the liabilities of Dabur India surpasses the level of shareholders' funds. More simply, the liabilities are larger than the shareholders' funds. But we cannot ignore the fact that this debt equity ratio belongs to that era when the economy changed due to the government policy of demonetization and GST. That was the time when market went down and affect the financial results of the Dabur. So we can this evident to in exchange of the Dabur's situation of the low debt equity ratio.

4. The inventory turnover ratio is one of the important efficiency ratio which helps to represent that how effectively the inventories are organized by juxtapose the cost of goods sold and the mean inventory for an accounting year. The inventory turnover ratio compute the number of 'times' the mean inventory is sold or turned in an accounting year. More specifically, the inventory turnover ratio estimatesthe number of times a firm can sell their total mean inventory rupees amount in an accounting year. A firm with Rs.1000 of average inventory and the sales of Rs.10000 effectively sold their inventory 10 times. The management of inventory levels is an important task to the business firm as it showed that whether the company is able to control the costs or the whether the efforts made by the company for sales are effective or not. The inventory turnover ratio also very helpful in order find out the fungibility image of the firm. Generally the ideal inventory turnover ratio is considered as 4-6 times. As per the inventory turnover ratio offered by Dion Global Solutions Limited for Dabur India for three consecutive years i.e., FY18, FY17 and FY16 is 6 times, 6 times and 7 times respectively. This is the evident of internal efficiency of the Dabur India. It represents that the company doesn't face any kind of halts when it comes to sell out the average inventory

in an accounting year. Although earlier we saw that the highest unsold stock of inventory was held in the company in the FY18 as compare to the FY17 and FY16. But as per the inventory turnover ratio we can saw that although the company holds large stock of inventory, but they also possess the cost of goods sold in the identical time. This also proves that the products offered by the Dabur is essential or we can that they serve the basic requirements of the consumers that is why Dabur is the most trustful FMCG in India.

5. The receivables/debtors turnover ratio is another efficiency ratio which helps to represents the number of 'times' a firm can convert their debt receivables into the cash in an accounting period. More specifically, the receivables turnover ratio measures company's effectiveness regarding to the number of times a firm can receive their debt receivables in an accounting period. Also the companies who maintains the accounts receivables are indirectly extends the interest-free loans to their customers since the money of accounts receivables owed without interest. As per the Dion Global Solutions Limited the receivables turnover ratios for Dabur India in the three consecutive years i.e., FY18, FY17 and FY16 is 11 times, 10 times and 10 times respectively. This means that in the FY18, Dabur India is capable enough to convert their receivables into cash by 11 times. The same theory goes with FY17 and FY16. This means that debtors for Dabur India are not so doubtful and this also shows Dabur also deals in the credit sales which is harmful in long-term basis since giving sales on credit brings business for the firm but it also blocks the funds of the organization, and over those blocked funds the company doesn't get any kind of interest.

6. The investment turnover ratio is one of the liquidity ratio that measures the revenues which a business firm can produce by its debts and equity. The main aim of the investment turnover ratio is to evaluate the capability of the management to generate a specific level of revenue with a specific amount of funding. Here, the term 'turnover' from investment turnover ratio represents the numbers of multiples of revenue that can be generated by the help of current level of funding. As per the Dion Global Solutions Limited, the invest turnover ratio for Dabur India in the FY18, FY17 and FY16 is 6 times, 6 times and 7 times respectively. This ensures that the Dabur possess the enough debt and equity to in order to produced revenues. It also shows that the net sales of the Dabur India for the three consecutive years are higher than the addition of shareholders' funds and the debt outstanding.

7. The fixed asset turnover ratio is another efficiency ratio which is generally used by the analysts in order to calculate the operating performance of a company. This efficiency ratio compares the net sales of a company with their fixed assets in order to measure the capability of a firm to produce net sales from the use of their non-current asset investments. Property, land, plants and equipments are the few examples of fixed assets. In general, it is considered that the company with the higher fixed asset turnover ratio, is a company that invest in fixed assets more effectively to generate revenue. The ratios offered by the Dion Global Solutions Limited for Dabur India for three consecutive years i.e., FY18, FY17 and FY16 is 3 times, 3 times, and 3 times. When it comes fixed asset turnover ratio, there is no ideal ratio that can be considered as the benchmark. Usually the companies compare their fixed asset turnover ratio with the companies operating in the same industry. Here, 3 times fixed asset turnover ratio means that 3 times, the can use their fixed assets efficiently to generate sales.

8. The asset turnover ratio is an efficiency ratio that measures the worth of the business firm's sales or the revenue related to the worth of their assets. The asset turnover ratio helps to showcase the efficiency with which a business firm use their assets in order to generate the revenue. It shows the comparison between the net sales of the company and the average asset of the company. An asset turnover ratio of 5 means 1 USD worth of assets, 5 USD worth of sales is generated. It is considered that the company having the higher asset turnover ratio is more of an efficient company. The basic difference between the fixed asset turnover ratio and the asset turnover ratio is that in the fixed asset turnover ratio the revenues are tried to generate with the assist of the average non-current assets and in case of asset turnover ratio the revenues are tried to increase with the help of average total assets that include the fixed as well as the current assets. As per the ratios offered by the Dion Global Solutions Limited for Dabur for the three consecutive years i.e., FY18, FY17 and FY16 is 1 time, 1 time and 1 time respectively. This shows that the 1 USD worth of

assets, 1 USD worth of sales is generated. It means that Dabur is not running on loss but they only generate that level of sales which is equal to the level of average total asset which is put to generate the sales.

9. The days in working capital of a company represents that number of days a company took in the way of turning their fluctuating capital into their income. Working capital is an important concept for any of the business firm since it reflects the efficiency along with the short-term health of the business company. The fluctuating capital is the cumulative value of the liquid assets of the firm subtracted by the cumulative value of the current obligations of the firm. It is essential to know for a company that they possess enough funds to square off their short-term obligations or not. As per the Dion Global Solutions Limited, the days in working capital for Dabur for three consecutive years i.e., FY18, FY17 and FY16 is 13 days, 11 days and 12 days respectively. From this we now know that how many days did the Dabur India take in various financial years to turn their fluctuating capital into their income. The additional days the firm have the fluctuating capital, the additional time company took to turn that working capital into sales. In case of Dabur India, the days are few. This is evident that Dabur doesn't take much time to turn its fluctuating capital into the income.

IV. RESULTS AND FINDINGS

As per the ratio analysis of Dabur India Limited from Dion Global Solutions Limited and the financial data which I derive from the annual reports of Dabur India Limited for the FY18, FY17 and FY16:

- The pattern which prevails in the Dabur India is quite standard. As per the liquidity ratios and the efficiency ratios of Dabur India, we can see that in the three consecutive years i.e., FY18, FY17 and FY16, the current assets of Dabur are more than their current liabilities. This shows that Dabur follows the general rule of current ratio which is 2:1 i.e., having the liquid assets double as much the short-term obligations.

- The short-term liabilities of Dabur India for the three consecutive year i.e., FY18, FY17 and FY16 was Rs.1473.73cr, Rs.1120.13cr and Rs.2107.65cr respectively. So in order to analyze the overall short-term fund requirements of Dabur, then anything over the above mentioned amounts according to their years are sufficient for Dabur or the mean amount of above mentioned amounts can prove sufficient.

- After checking the annual reports of Dabur India for the FY18, FY17 and FY16 and searching the trustable internet websites, the current working mechanism of sources and investments of funds of Dabur India was not quite clear or the results that I found are not satisfactory enough to mention in the report.

- The need and importance of working capital in an organization:
    - An optimum amount of fluctuating capital is essential in an organization to continue the operations with any halts.
    - For conducting day to day activities, working capital is essential.
    - To raise the successful sales activities, a good portion of working capital is essential to place in the quick assets.
    - To make sure the positive wealth of the organization.
    - To earn the satisfactory profits.
    - To utilize the available resources in the best possible way.
    - To enhance the returns over the investments.
    - To satisfy the short-term requirements of the business firm.
    - To make the firm operational efficient.
    - To eliminate the unexpected situation.

- The concept of working is very important as well as critical for a business organization. Working capital plays an important role for external as well as internal analysis because it is directly connected with the business's daily operations. The funds, which a business arranges from various sources, are invested in the

ISSN 2348 – 8034
Impact Factor- 5.070

business for procurement of various assets. And we know that those various assets are used to generate the profits for the business organization. Now the first and most common problem that faced by a finance manager of an enterprise is to balance off between the liquidity state of the organization and the profitability goals of the organization. This is because in order to maintain a higher liquidity level, the management has to compromise with its profitability and vice versa. The management have to make sure that whatever the level they prefer for their working capital, it should give organization a solid base in terms of liquidity, ensures satisfactory results in terms of profitability and does not lead organization to downfall. Thus, working capital management is concerned with the decision made with respect to the gracefully employment of resources for determining or maintaining the optimum level of fluctuating capital. The management of operating capital is the firm's managerial accounting scenario which is developed to measure and control the liquid assets and current obligations and make sure the best effective and well planned utilization of the firm's resources. The main or basic objective of fluctuating capital management is to ensure that the business firm always keeprequired cash flow to meet its minuscule expenses and debt.

- Forms of working capital:
  - **Gross Working Capital:** In a single sentence, the cumulative value of all liquid assets is known as gross fluctuating capital. In other words, a business firm's all spending for the procurement of current or quick assets. Liquid assets are those assets that can easily converts into the cash in a limited time period i.e., less than an accounting year. It represents sundry debtors, bills receivables, cash and bank balances, short term investments etc.
  - **Net Working Capital:** The abstraction of net fluctuating capital is a qualitative concept, indicating the firm's capability to pay-off their current liabilities as well as the operating expenses. Net fluctuating capital means the contrast between the total liquid assets and the outstanding obligations. It can further classified into:-
    - **Positive Net Working Capital:** The name speaks for itself. It simply means the overall value of current assets after deducting the amount of current obligations.
    - **Negative Working Capital:**There are situations where the net working capital turns into negative when the current liabilities exceeds the level of current assets. The negative working capital invites the adverse situations to the firm and if not rectified, then it can lead a firm for the closure as well as the insolvency.
  - **Permanent Working Capital:** It is a minimum portion of the current assets that the organization always kept throughout the year without any interruption. This minimum level from current assets is called as permanent revolving capital. Permanent revolving capital is also called as regular revolving capital or fixed revolving capital or core revolving capital.
  - **Temporary Working Capital:** Also called as variable operating capital or fluctuating revolving capital. Temporary operating capital can be described as the funds which is more than the level of permanent operating capital. In other words it can also defined as the additional quick assets required to meet the daily operating expenses.
  - **Balance Sheet Working Capital:** It is the revolving capital which is measured from the components of balance sheet of an organization. Net revolving capital and gross revolving capital are the examples of balance sheet revolving capital.
  - **Cash Working Capital:** Cash operating capital is a narrow concept. This working capital is required make the payments to the creditors and suppliers for their daily activities. Cash operating capital can also use to make payment of salaries, dividend, interest, wages etc. The items of cash working capital are shown in the profit and loss account.

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