



A Comparative Analysis of Working Capital Management of Britannia Industries Ltd. and Dabur India Ltd.

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Abstract – The efficient management of working capital is essential for maintaining a company's financial stability and operational effectiveness. In the FMCG sector, where businesses deal with high sales volumes and fast inventory movement, working capital decisions have a direct impact on profitability and growth. This study compares the working capital management practices of Britannia Industries Ltd. and Dabur India Ltd. over the period FY2019–FY2024. The analysis is based on secondary data collected from company annual reports and financial databases. Key indicators such as Net Working Capital, Current Ratio, Quick Ratio, Cash Conversion Cycle, Return on Capital Employed, and Operating Cash Flow Margin were used to assess the financial performance of both companies. The results indicate that Dabur maintained higher liquidity levels and a larger working capital base throughout the study period. Britannia, however, operated with comparatively lower working capital and demonstrated stronger efficiency in managing inventory, receivables, and payables. The study finds that Britannia's approach resulted in better capital utilization and higher profitability, while Dabur's strategy provided greater financial security. The findings suggest that maintaining an optimal level of working capital is more beneficial than holding excessive current assets. The study highlights the importance of balancing liquidity and efficiency to achieve sustainable business performance.

Keywords – Working Capital Management, Cash Conversion Cycle, Liquidity, Profitability, ROCE, FMCG Sector, Britannia Industries, Dabur India.

I. INTRODUCTION

Working capital is often considered the lifeline of day-to-day business operations because it supports activities such as purchasing inventory, paying suppliers, collecting receivables, and managing cash requirements. The way a company manages these short-term resources can influence not only its liquidity position but also its profitability and long-term growth prospects.

The FMCG industry operates in a highly competitive environment characterized by rapid inventory turnover, extensive distribution networks, and changing consumer demand. As a result, companies must continuously monitor their working capital to ensure that operational efficiency is maintained without creating unnecessary financial pressure.

Britannia Industries Ltd. and Dabur India Ltd. are two well-established companies in the Indian FMCG sector with strong brand recognition and market presence. Despite operating within the same industry, both organizations follow different approaches to managing their working capital. This study examines these differences and evaluates their impact on liquidity, operational performance, and profitability during FY2019–FY2024.

II. LITERATURE REVIEW

Several researchers have examined the relationship between working capital management and profitability.

1. Deloof (2003) found that reducing the cash conversion cycle improves profitability by enhancing operational efficiency.

2. Lazaridis and Tryfonidis (2006) concluded that effective working capital management contributes positively to firm value and shareholder wealth.

3. Raheman and Nasr (2007) observed a significant relationship between working capital management and profitability among Pakistani firms.

4. Sharma and Kumar (2011) studied Indian companies and found that shorter cash conversion cycles are associated with improved profitability.

Previous studies collectively indicate that efficient working capital management is a critical determinant of organizational performance.

III. RESEARCH GAP

A considerable amount of research has been conducted on working capital management and its influence on corporate profitability. Most of these studies have focused on large samples of companies or examined multiple industries together. As a result, limited attention has been given to company-specific comparisons within the Indian FMCG sector.

Britannia Industries Ltd. and Dabur India Ltd. provide an interesting basis for comparison because both companies are market leaders yet adopt different working capital strategies. There is a lack of recent research that evaluates how these contrasting approaches affect liquidity management, operational efficiency, and financial performance over time. This study seeks to address this



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gap by providing a detailed comparative analysis covering the period FY2019–FY2024.

IV. OBJECTIVES OF THE STUDY

1. To analyze the working capital position of Britannia Industries Ltd. and Dabur India Ltd.
2. To compare liquidity and efficiency indicators of both companies.
3. To evaluate the impact of working capital management on profitability.
4. To examine trends in working capital management during FY2019–FY2024.
5. To identify the more effective working capital strategy among the selected companies.

V. RESEARCH METHODOLOGY

Research Design

The study follows a descriptive and comparative research design.

Sources of Data

The research is based on secondary data collected from:

- Annual Reports of Britannia Industries Ltd.
- Annual Reports of Dabur India Ltd.
- Moneycontrol
- Screener
- Published research articles and journals

Study Period

FY2019 to FY2024

Analytical Tools

- Net Working Capital Analysis
- Current Ratio
- Quick Ratio
- Inventory Turnover Ratio
- Debtors Turnover Ratio
- Creditors Turnover Ratio
- Cash Conversion Cycle
- Return on Capital Employed
- Operating Cash Flow Margin

VI. DATA ANALYSIS AND INTERPRETATION

The data collected from the annual reports of Britannia Industries Ltd. and Dabur India Ltd. for the period FY2019–FY2024 were analyzed using various financial ratios and working capital indicators. The analysis focused on liquidity, efficiency, cash management, and profitability to evaluate the effectiveness of working capital management practices in both companies.

The financial data collected for the study reveal noticeable differences in the working capital strategies adopted by Britannia and Dabur. Throughout the study period, Dabur maintained a relatively high level of current assets

compared to its current liabilities. This approach helped the company maintain strong liquidity and a comfortable financial position. However, a significant portion of resources remained tied up in working capital, which may have affected overall returns.

Britannia followed a different approach by maintaining lower working capital levels while ensuring uninterrupted business operations. The company's ability to manage inventory efficiently and collect receivables quickly contributed to a shorter cash conversion cycle. This allowed Britannia to generate cash faster and utilize resources more effectively.

The liquidity analysis shows that Dabur consistently maintained stronger current and quick ratios than Britannia. While this reflects lower short-term financial risk, it also suggests that some resources may not have been utilized as efficiently as possible. Britannia's comparatively lower liquidity ratios indicate a greater focus on operational efficiency and resource optimization.

Profitability indicators further support this observation. Britannia generated higher returns on capital employed and demonstrated stronger operational performance during the study period. The company's efficient working capital practices contributed to better utilization of available resources and enhanced shareholder value.

Interpretation

The overall analysis indicates that Dabur follows a conservative working capital strategy aimed at maintaining strong liquidity and reducing financial risk. Britannia, on the other hand, adopts an aggressive and efficiency-oriented approach by minimizing working capital requirements and maximizing resource utilization. While Dabur offers greater financial safety, Britannia achieves superior operational efficiency and profitability through effective management of working capital components.

VII. FINDINGS AND DISCUSSION

The study identified several important findings:

- Dabur follows a conservative working capital policy.
- Britannia follows an aggressive and efficiency-oriented policy.
- Dabur maintains higher liquidity and lower financial risk.
- Britannia demonstrates better capital utilization and operational efficiency.
- Britannia achieved a ROCE of 48.77% in FY2024 compared to Dabur's 20.06%.
- A shorter cash conversion cycle contributed positively to Britannia's profitability.

The findings suggest that efficient working capital management can generate higher returns without necessarily maintaining large current asset balances.



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VIII. CONCLUSION

The study demonstrates that working capital management plays a significant role in determining a company's financial performance. The comparison between Britannia Industries Ltd. and Dabur India Ltd. shows that different working capital strategies can lead to different outcomes in terms of liquidity, efficiency, and profitability.

Dabur adopted a conservative approach by maintaining higher levels of liquidity and working capital, which reduced financial risk and ensured stability. Britannia, in contrast, focused on efficient utilization of resources and maintaining a lean working capital structure. This strategy enabled the company to achieve stronger profitability and better capital efficiency.

Based on the findings, it can be concluded that effective utilization of working capital contributes more to financial performance than simply maintaining high levels of liquidity. Companies should therefore focus on achieving an appropriate balance between operational efficiency and financial security in order to support sustainable growth and long-term value creation.

IX. LIMITATIONS OF THE STUDY

- The study is based entirely on secondary data.
- Only two FMCG companies were selected.
- The study covers a limited period of six financial years.
- External economic factors were not considered in detail.

X. FUTURE SCOPE OF RESEARCH

Future studies may include:

- A larger sample of FMCG companies.
- Comparative analysis across industries.
- Impact of macroeconomic factors on working capital management.
- Application of advanced statistical and econometric models.

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