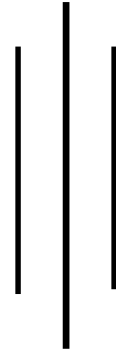


**WORKING CAPITAL OF DABUR NEPAL PRIVATE
LIMITED**



**A Thesis
Submitted**

By:

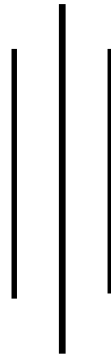
SURAT BAHADUR CHAUDHARI

SHANKER DEV CAMPUS

Campus Roll No. 1083/066

T.U. Registration No. 7-1-324-158-2004

Symbol No: 391478



**Office of the Dean
Faculty of Management
Tribhuvan University**

In partial fulfillment of the requirement for the degree of
Master of Business Studies (M.B.S.)

**Kathmandu, Nepal
September, 2013**

RECOMMENDATION

This is to certify that the dissertation

Submitted By:
Surat Bahadur Chaudhari

Entitled:

“Working Capital of Dabur Nepal Private Limited”

Has been prepared as approved by this Department in the prescribed format of Faculty of Management, T.U. this thesis is forwarded for examination.

.....
Yamesh Man Singh
Associate Professor
(Thesis Supervisor)

.....
Dr. Kamal Deep Dhakal
Professor
Head of Research Department

.....
Prakash Singh Prahan
Associate Professor
(Campus Chief)

VIVA - VOCE SHEET

We have conducted the Viva-Voce examination of the thesis

Presented by:

Surat Bahadur Chaudhari

Entitled

“Working Capital of Dabur Nepal Private Limited”

And found the thesis to be the original work of the student written according to the prescribed format. We recommend the thesis to be accepted as partial fulfillment of the requirement for the degree of

Master of Business Studies (M.B.S.)

VIVA-VOCE COMMITTEE

Head, Research Department:

Member (Thesis Supervisor):

Member (Thesis Supervisor):

Member (External Expert):

DECLARATION

I Hereby, declare that the work of reported in dissertation entitled “*Working Capital of Dabur Nepal Private Limited*” submitted to the Research Department of Shanker Dev Campus, Putalisadak, Faculty of Management, Tribhuvan University is my original work done in the form of partial fulfillment of the requirement for the degree of Master of Business Studies (MBS) under the guidance and supervision of Mr. Yamesh Man Singh, Associate Professor of Shanker Dev Campus, Faculty of Management, Tribhuvan University.

.....
(**Surat Bahadur Chaudhari**)

Researcher

Shanker Dev Campus

Roll No: 1083/066

T.U. Registration No: 7-1-324-158-2004

Symbol No: 391478

ACKNOWLEDGEMENT

This thesis “*Working Capital of Dabur Nepal Private Limited*” is prepared and submitted to Faculty of Management T.U. as partial fulfillment of the requirement of the degree of Master of Business Studies (MBS) under the guidance of honorable advisor *Mr. Yamesh Man Singh*. I would like to express my sincere gratitude and obligation to my honorable advisor for his valuable suggestion, comments and continuous inspiration, worthy time paying to me even in a busy schedule.

I would like to respect and wants to express my thankfulness to all the lecturers as well as administrator and librarian of Shanker Dev Campus. Similarly, I would also like to given my healthful thanks and I can't forgot the help and suggestion of officers, personnel of Financial Department of Dabur Nepal Private Limited and staff of ‘Security Board of Nepal’ and ‘Social Science Baha’ for their kindly help in collecting the data and information of the related company.

I thank immensely all the staff of Dabur Nepal Private Limited, especially Mr. Pradip Burman (Chairperson) and Mr. Amit Bajla (Financial manager) for providing a conducive environment and required to do the research work. I am especially thankful to all respondent concern with this research and valuable advice during my work.

I also express heartiest thanks to my family, friends and other relatives who are directly or indirectly co-operate and help me during the collection of this research work.

Finally, I would like to give a lot of thanks to *Mr. Hari Bhakta Oli and Rajeshwor Chaudhary* who helped me in suggestion, guidance, collection of data and computer layout and printing the thesis.

Surat Bahadur Chaudhari
(Researcher)

Shanker Dev Campus
TU Regd. No.7-1-324-158-2004
September, 2013

TABLE OF CONTENTS

	Page No.
Recommendation	
Viva Voce Sheet	
Declaration	
Acknowledgement	
List of Tables	
List of Figures	
Abbreviations	
Chapter – One; Introduction	1-6
1.1 Background of the Study	1
1.2 Introduction of Dabur Nepal Pvt. Ltd.	2
1.3 Focus of the Study	3
1.4 Statement of the Problem	4
1.5 Objective of the Study	4
1.6 Significance of the Study	5
1.7 Limitation of the Study	5
1.8 Organization of the Study	6
Chapter – Two; Review of Literature	7-22
2.1 Conceptual Framework	7
2.2 Factors Determining to Working Capital	11
2.3 Working Capital Policy	13
2.4 Review of Journals and Articles	17
2.5 Review of the previous Thesis	19
2.6 Research Gap	22
Chapter – Three; Research Methodology	23-32
3.1 Research Design	23
3.2 Nature and Sources of Data	23
3.3 Data Collection Techniques (Population & Sampling)	23
3.4 Data Analysis Tools	24
3.4.1 Quantitative Method	25
3.4.1.1 Financial tools	
3.4.1.2 Statistical tools	
3.4.2 Qualitative Method	31
3.5 Definition of Key Terms	31
Chapter – Four; Data Presentation and Analysis	33-60
4.1 CAs and CLs of Dabur Nepal Pvt. Ltd.	33
4.2 Net Profit and Net WC	34

4.3	Analysis of Liquidity Position	35
4.3.1	Analysis of Net Working Capital Turnover	36
4.3.2	Return on Net working Capital	38
4.4	Composition of Working Capital	39
4.4.1	Investment in Current Assets	39
4.4.1.1	Ratio of Cash and Bank Balance to CAs	40
4.4.1.2	Ratio of Receivable to CAs	41
4.4.1.3	Ratio of Inventory to CAs	41
4.4.2	Ratio of Current Assets to Total Assets	42
4.5	Analysis of Turnover Position	43
4.5.1	Current Assets Turnover Ratio	43
4.5.2	Total Assets Turnover Ratio	44
4.6	Analysis of Profitability Position	46
4.6.1	Net Profit Margin Ratio	46
4.6.2	Return on Total Assets	47
4.7	Analysis of Net Working Capital Position	48
4.8	Cash Conversion Cycle	48
4.8.1	Inventory Conversion Period	49
4.8.2	Receivable Conversion Period	50
4.8.3	Payable Deferral Period	51
4.8.4	Analysis of Cash Conversion Cycle	53
4.9	Financial Analysis of Du-Pont System	54
4.10	Analysis of the Relationship of WC Variables	57
4.11	Major Findings	58
Chapter – Five; Summary, Conclusions and Recommendations		61-64
	Summary	61
	Conclusion	62
	Recommendation	62

Bibliography

Annexes

List of Tables

Table No.	Description	Page No.
2.1	Importance of WC Management	10
2.2	A to Z factors on Working Capital	13
3.1	Listed Manufacturing Companies	24
4.1	Level of Total CAs and CLs	33
4.2	Position of Net Profit of and Net WC of DNL	34
4.3	Current Ratio of DNL	35
4.4	Net Working Capital Turnover of DNL	37
4.5	Return on Net Working Capital of DNL	38
4.6	Ratio of Cash, Receivable and Inventory to CAs	40
4.7	Ratio of CAs to Total Assets of DNL	42
4.8	Current Assets Turnover Ratio of DNL	44
4.9	Total Assets Turnover Ratio of DNL	45
4.10	Ratio of Net Profit to Sales of DNL	46
4.11	Net Profit to Total Assets Position DNL	47
4.12	Inventory Conversion Period of DNL	49
4.13	Receivable Conversion Period of DNL	50
4.14	Payable Deferral Period of DNL	52
4.15	Cash Conversion Cycle of DNL in Nepal	53

List of Figures

Figure No.	Description	Page No.
2.1	Permanent and Variable Working Capital	9
2.2	Aggressive Financing	15
2.3	Conservative financing	15
2.4	Financing under Matching Approach	16
4.1	Level of Current Assets & Current Liabilities	34
4.2	Position of Net Profit and Net WC of DNL	35
4.3	Composition of Current Ratio of DNL	36
4.4	Net WC turnover of DNL	37
4.5	Return on Net WC of DNL	39
4.6	Composition of Current Assets	42
4.7	Ratio of CAs to total Assets of DNL	43
4.8	Current Assets turnover ratio of DNL	44
4.9	Total Assets Turnover Ratio of DNL	45
4.10	Net Profit Margin of DNL	47
4.12	Inventory Conversion Period of DNL	50
4.13	Receivable Conversion Period of DNL	51
4.14	Payable Deferral period of DNL	52
4.15	Cash Conversion Cycle of DNL	54

List of Charts

Chart	Page No.
4.1 Analysis of Du-Pont System of DNL	55
4.2 Du-Pont Chart after increase in the level of CAs by 9 Percentage	56

ABBREVIATIONS

A/C	:	Account
A/R	:	Account Receivable
A/P	:	Account Payable
ACP	:	Average Collection Period
B/S	:	Balance Sheet
CAs	:	Current Assets
CATA	:	Current Assets to Total Assets
CCA	:	Cash to Current Assets
CLs	:	Current Liabilities
CR	:	Current Ratio
CCC	:	Cash Conversion Cycles
CE	:	Capital Employed
CV	:	Coefficient of Variance
Co.	:	Company
DSO	:	Days Sales Outstanding
EBIT	:	Earning Before Interest and Tax
F/Y	:	Fiscal Year
FA	:	Fixed Assets
GWC	:	Gross Working Capital
HMG	:	His Majesty the Government
ICA	:	Inventory to Current Assets
ICP	:	Inventory Conversion Period
ITR	:	Inventory Turnover Ratio
LTF	:	Long Term Financing
Mfg.	:	Manufacturing
Mgmt.	:	management
NPAT	:	Net Profit after Tax
NPM	:	Net Profit Margin
NW	:	Net Worth
NWC	:	Net Working Capital
NWTR	:	Net Working Capital Turnover Ratio
NEPSE	:	Nepal Stock Exchange Ltd.
P/L A/C	:	Profit & Loss Account
PE	:	Probable Error
PDP	:	Payable Deferred Period
PEs	:	Public Enterprises
RCP	:	Receivable Conversion Period
ROE	:	Return on Equity
ROA	:	Return of Assets
RCA	:	Receivable to Current Assets
ROI	:	Return on Investment or Assets

r	:	Coefficient of Correlation
ROW	:	Return on Working Capital
SEBON	:	Securities Board of Nepal
SD	:	Standard Deviation
TA	:	Total Assets
TATR	:	Total Assets Turnover Ratio
T.U.	:	Tribhuvan University
WC	:	Working Capital