

CHAPTER- I

INTRODUCTION

1.1 Background:

Inventory is one of the consumable goods held by an organization. It is one of the most important liquid assets to many business concern. It is equally important to government as well as non government business organization. Inventory by nature is a circulating capital and weaken frequently either consumption or sale of goods. It occupies large percentage of the total working capital of a firm. Firm generally maintain some inventory in stock to achieve a desire level of sales. The major objective of inventory planning is to maintain the optimum level of inventory investment. Two limits must be considered in controlling inventory levels because there are two danger point that management want to avoide. The first point is the inadequate inventory that disrupt production and may lose sales. The second point is excessive inventories which increase the unnecessary carrying cost as well as obsolescence risk. Thus the both inadequate and excess stock level is not desirable to the firm. The optimum inventory level lies between of these two points. The term inventory represents the stock of consumable items like raw materials, part supplies, expense tools, work in progress etc. held by a firm awaiting either for sales for production or its utilization to achieve their respective goals. Thus it includes raw materials, semi finished goods, finished goods, and other daily consumable items. Thus purchasing economically, using appropriately and preserving carefully is the main objectives of inventory planning control and management. In other words optimum investment in inventory is the essence of inventory planning and management.

1.2 Introduction of Salt Trading Cooperation limited:

Salt Trading Corporation limited was established in 2020 B.S under the joint public and private ownership. It is one of the pioneer trading organization recording 45 years of history and working in multiple capacity of rendering better goods and service to the public. At the same time it has been able to diversify its business maintaining satisfactory level of performance. As a positive result this company has been generating sufficient earning power, better growth and extention of its business. In greater size, thus the performance of Salt Trading is satisfactory since not only the growth of its size but also the market situation. Now it is running with authorized capital of Rs. 100, 000, 000, issued capital of Rs 50, 000, 000 and Rs. 24777700 paid up capital and Rs. 16520300 bonus share. it is providing employment to 265 person directly. Salt Trading corporation was established with following objectives.

- ❖ To distribute salt all over the country effectively and efficiently.
- ❖ To store and sell daily consumable goods like sugar flower, match and other goods like, machine, equipment, tyre, tube etc.
- ❖ To perform import export functions
- ❖ To invest in other industries.

1.3 Statement of problems:

STCL is related to represent the service oriented business organization this study tries to analyse and find out the inventory planning system. This study tries to find out several basic questions.

- 1) What is the overall trend of Inventory in STCL

- 2) What is the relationship between inventory with the actual sales and purchase of the company?
- 3) What is the relationship of inventory with current assets and total assets?
- 4) What is the relationship of inventory with net profit?

1.4 Objectives of the study:

The main objectives of the study is to analyze the inventory planning system of Salt Trading corporation this study focus to meet the following objectives.

- ❖ To analyses the trend of inventory, purchase and sales.
- ❖ To show relationship of inventory with current assets and total assets.
- ❖ To show the relationship of inventory with net profit.
- ❖ To shows the relationship of inventory with purchase and sales.

1.5 Significance of study:

Inventory planning is vital factor to minimize risk and maximize the profitability of the firms. The main objective of the study is to analyse the inventory planning system so the study will be benefited to Salt Tading Crporation itself and related trading organization in inventory planning procedure. It will also beneficial to all researchers of inventory planning and management. This study has been focused to give timely and adequate attention to the effect to changing business condition. This study will try to highlight the application of detailed and systematic approach of inventory planning to Salt Trading Corporation limited (STCL).

1.6 Focus of the study:

The focus of the study is to analyze inventory planning system of Nepalese public enterprises taking as a single corporation as sample. Many Nepalese corporation are criticized about the performance result of their financial activities so the study has been focused about the performance evaluation, application and measurement of inventory planning system of STCL.

1.7 Delimitations of the study:

Inventory planning system of salt trading corporation is the research topic of the study. The corporation has been performed various types of activities since the established date. The study is limited by many factor so all the desired adjectives was not get as desired. The main limitation of the study are as follows:

- ❖ Data is collected mainly from secondary sources.
- ❖ The study covers 5 years i.e 2058/59- 063/064
- ❖ The collected data is not be sufficient for using all tools of inventory planning system. (IPS)

1.8 Organization of the Study:

This study has been spread altogether into five chapters such as introduction, review of literature, methodology of study, data analysis and presentation with major findings and summary of the study, conclusion and recommendation. A brief outline of each of chapters has been given as follows.

First chapter includes the introduction of subject and also focuses about statement of problem objectives of study, significance and limitation of the study.

Second chapter of the study includes the conceptual frameworks, reviews of related studies articles etc. It also focus about the review of literature regarding the study.

The third chapter deals with research methodology used in this study. It consists research design, research procedure statistical tools and technique applied in this study.

The fourth chapter deals with analysis and interpretation of inventory planning and management in STCL. This chapter has been applied different financial as well as statistical tools, technique, table diagram etc. At the last of this chapter major findings have been presented.

At the end of this study the last chapter. i.e summary, conclusion, and recommendation has been presented. On the basis of conclusion some recommendation have also been presented for consideration.

CHAPTER II

REVIEW OF LITERATURE

2.1 Review of Conceptual framework:

Business enterprises are commonly divided into different two types according to their investment group. They are private sector enterprises and government ownership enterprises. The private enterprises are totally managed controlled and run by private sector. Government enterprises are established, invested, controlled, managed by government in full or partially to provide economic, health, electricity, goods etc which need to our society. So public enterprises is a business which is owned managed and controlled fully or partially by the state or government. These enterprises are established to provide service and goods to the general public for the reasonable price. It also aim to create saving from the sale of goods or service. Board of directors, chief executives are appointed by the government to handle the enterprises. It has the distinct legal entity having a corporate status, which use a common seal as its official signature. Its liability is limited. The main aim to establish these enterprises is to prepare infrastructure, to create employment opportunities, producing and offering required goods and services to the people, making the goods available for export, increasing revenue etc. In other words to achieve these goals government has been promoted since the first five year plan (2013-2018)

All public enterprises can be classified into the following three categories as per their function and operating activities.

- ❖ Ministries and Department such as Ministry of finance, Department of postal service, Department of education etc.
- ❖ Corporations such as Nepal oil corporation, National Insurance corporation, salt trading corporation etc.
- ❖ Government Companies: Such as Balaju Textile industry, Agriculture Development Bank etc.

2.1.1 Why do the government set up the public enterprises?

- ❖ To promote the role of government in national development
- ❖ To ensure balanced development of the country by giving equal emphasis on all sectors of economy
- ❖ To provide basic service and goods to the people at lowest and reasonable price.
- ❖ To discourage the monopoly of private sector.
- ❖ To generate employment opportunities by promoting industrial and commercial sectors of economy.
- ❖ To control prices of essential goods and services.
- ❖ To increase the government revenue.

2.1.2 Public enterprises and privatization:

In Nepal after achievement of democracy in 2007 B.S there emerged an environment in which the needs and aspiration of the people were given priority in the process of implementing government activities. Government of Nepal has started the system of establishing and functioning enterprises and made large investment with an objectives of public of rapid economic development in addition to having direct

participation in the production and distribution of goods and service. Government initiative was important at a time when private sector investment couldn't be attractive in provision of basic social and economic service and in such conditions the institution of public enterprises was justified. As a result number of public enterprises, covering different sector of economy were established with the help of donor countries. The number of such enterprises in the field of industry business, service, social and public utility were above sixty years. (9th fifth year plan 2054-59)

On the basis of analysis and evaluation of the roles and performance of public enterprises in national economy, the government that ruled after reintroduction of multiparty democracy system. The conclusion that the economic condition and financial efficiency of government corporation were not satisfactory the lack of basic elements contributing to the development of a professional culture in their inherent structure and operating was singled out as the main causes for their poor performance. Public enterprises faced with various problems and difficulties such as lack of managerial autonomy, inefficient use of means and resources, short sightedness and weakness on the part of political leadership, production of low quality goods and service uncontrolled administrative expenses, lack of competitive ability, lack of motivation, inefficient human resources, adoption of old technology and minimum use of professionalism, which brought a progressive decline in their result and made the large amount of government investment in unproductive. Statistics also show that the overall condition of public enterprise particularly those involve in industry and trade sector is very poor. Like wise the performance of the public enterprises involved in social sector is also not satisfactory Even though the overall state of public enterprises concerned service public utility and finance sector is found comparative better it does not seem to be satisfactory.

Although at the first the corporations enjoyed monopoly in their activities, competition of private in various economic activities is increasing. The private sector in to such activities has already been established and accepted realizing this fact, the government has adopted a policy of liberal economy with the aims to raise the living standard of the people by bringing about structural reforms in various sector of economy programme.

Within the conceptual framework mentioned earlier, to achieve the set objectives actions will be taken to privatise the following enterprises during the Ninth Plan based on the finding of studies.

(1) Nepal Tea Development Corporation (2) Pokhara Dairy Development Project (3) Gorakhpotra Corporation (4) Himal Cement Company (5) Nepal Resin and Turpentine Ltd. (6) Nepal Bank Ltd. (7) Salt Trading Ltd. (8) Rastriya Beema Sansthan (9) Rastriya Banijya Bank (10) Butawal Power Company Ltd. (11) Lumbini Sugar Factory Ltd. (12) Janakpur Cigarettee Factory Ltd. (13) Nepal Transport Corporation (14) Nepal Housing Development Finance Company (15) Industiral Management Ltd. (16) Agriculture Lime Industry (17) Agricultural Projects Service Centre (18) Birgunj Sugar Factory Ltd. (19) Dairy Development Corporation (20) Cotton Development Committee (21) Herbs Production and Processing Company (22) Hetauda Cloth Industry Ltd. (23) Morang Sugar Factory Ltd. (24) Nepal Telecommunication Corporation (25) Royal Nepal Airlines Corporation (26) Birendra International Conference centre (27) Nepal Oriend Magnessite (28) Hetauda cement Company (29) Udaypur Cement Company (30) Nepal Electricity Authority.

In case of the enterprises remaining in the public sector for the time being, various improvement programmes should be initiated so as to optimize the utilization of available resources and capabilities. Structural reforms will be achieved by improving goods, services, and overall

business efficiency, refining the process of pricing controlling financial irregularities and leakage, making political and government involvement more productive, and orienting the size and capacity of enterprises towards the market.

Information about various aspects of privatization such as objectives, policies, processes of evaluation, selection of investor, provisions made in relation to the employees, scope and criteria of privatization, etc. Will be made public and, in this way, the privatization programme will be implemented by ensuring maximum participation of the people.

Corporations not feasible to be privatized at the moment and expected to be privatized after restructuring in the long-term as well as other activities of the government will be run in a competitive environment on a commercial basis.

2.1.3 Evaluation of privatization:

Ninth economic plan was emphasized for privatization of many public enterprises and it was also focus to increase the efficiency quality control, effective price determination, minimize the economic corruption and manipulation etc. The objectives and strategy was to improve the participation of private sector for smooth operation of enterprises. At the end of Ninth plan period some of the enterprises have improved their organizational structure. The enterprises are provided management contract But the private sector have not followed the some terms and condition of privatization so it is again taken responsibilities by the government. It is clear that the privatization of public enterprises is not fully succeed.

Tenth plan period (059-064) also has the objectives of privatization to make cooperative in public enterprises in Nepal. The target of tenth plan has to transfer responsibilities of at least 15 public enterprises in private sector. (Tenth Economic plan 059-064) To date 24 PEs have been privatized or liquidated.

2.1.4 Future program of salt trading corporations. (Annual report 063/064)

- ❖ It is assumed that establishing the corporation as a responsible agency by following government rules and regulation, it will be established in international market by providing quality produce in home country and foreign for that purpose new markets, market diversification will be done.
- ❖ In the process of market diversification establishment of salt trading agriculture center, export of vegetable and fruits in international trade, co-action with government corporation, establishment of branch at other countries are being searching by the corporation.
- ❖ According to the government rules and regulation of avoiding the problem regarding the lack of iodine to the public will be perform effectively.
- ❖ To develop the positive input to the public rendering service in effective and efficient

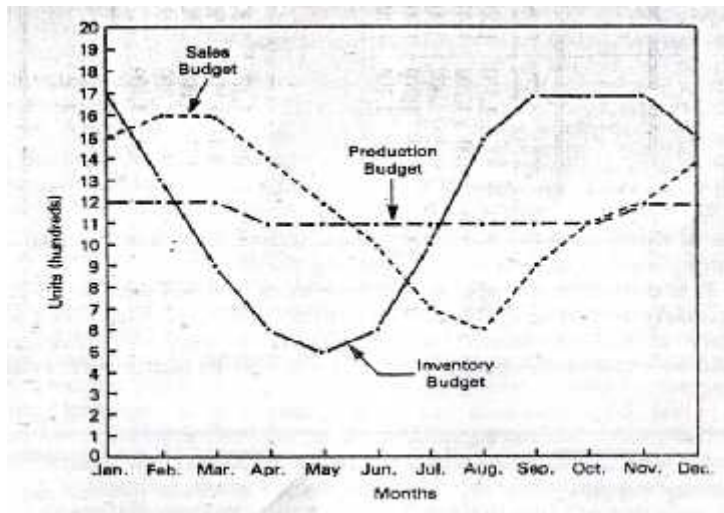
2.1.5 Developing Inventory Policies

In most businesses, inventories represent a relatively high investment and may have a significant impact on the major function of the enterprise and its profit. Each of the related functions causes different, and frequently inconsistent, inventory demands, such as the following :

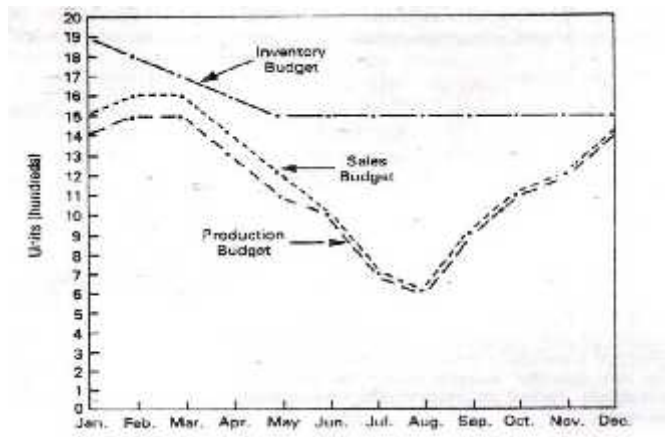
- Sales- large inventories of finished goods are needed to meet market needs readily.
- Production – large inventories of raw materials and purchased components are needed to ensure availability for facilitate the attainment of stable production levels.

- Purchasing- large purchases minimize unit cost and overall purchasing expenses; therefore, a flexible inventory policy for materials and purchased components is desirable.
 - Finance- low inventory levels minimize investment requirements(cash) and reduce inventory carrying costs (storage, obsolescence, risks, etc.)
- Following examples will be effective in developing inventory policies in stable production level, stable inventory level and fixable production levels.

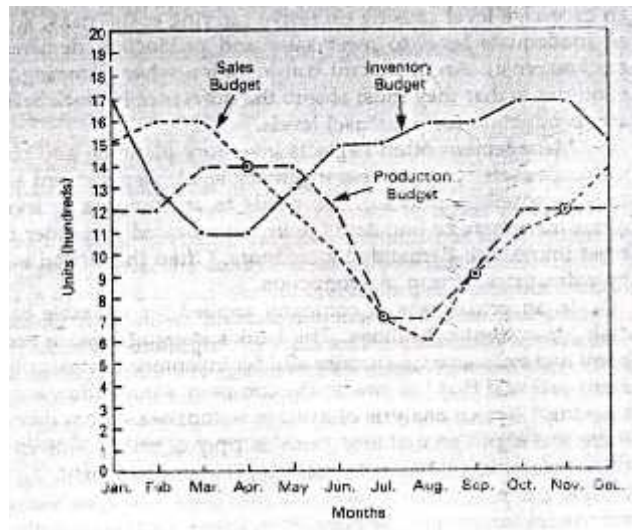
Sales Production and Inventory Budget Stable production level



Sales Production and Inventory Budget Stable inventory level



Sales Production and inventory Budget Flexible Production and Inventory level



This illustration shows that careful analysis is necessary to plan the optimal coordination between sales, production, and inventory. Graphs are an important way to show the related aspects of this coordination problem. In view of the significance and complexity of these types of problems, sophisticated approaches using mathematical models and computers are especially helpful. (W. Hilton 1978)

2.1.6 Overview of inventory planning in non-manufacturing concern:

Enterprise can be categorized broadly in two classes according to their functions they are manufacturing and non-manufacturing enterprises, Non-manufacturing enterprises are the merchandising business which buy the ready for sale merchandise goods instead of preparing production budget showing the amount of goods to be purchased from suppliers during the period. The competition of sales plan of a non-manufacturing company is develop the following three plans. (Jogenda goet 2062)

- Inventory plan
- Purchase plan at retail price
- Purchased at planned cost.

2.1.7 Planning inventory levels:

A distinctive feature of planning inventory levels and purchasing is that the plans are first developed in terms of retail price. Next there is the conversion from retail price to purchase cost. This means that since sales are planned at retail prices, the BOM stock levels are planned at retail prices. Because the BOM inventory for one month is EOM inventory for the preceding month, planning focuses on sales and the BOM stock (inventory) level each month. Planning and controlling inventory levels are containing and critical problems when sales and stock requirements have been projected. Purchases requirements can be computed as the residual quantity.

The principle factor to be considered in determining beginning of month (BOM) Stock levels have been stated as follows:

- ❖ Basic stock requirement, that is the investment necessary to maintain adequate assortments of those items for which demand is relatively stable.
- ❖ Promotional Merchandise needed to reach planned volume for the month.
- ❖ What is the relation of stock to sales? Does this relation ensure maximum turnover and at the same time afford complete stock
- ❖ Outlook for prices.

Retail and wholesale Companies most plan the amount of inventory (stock) that should be on hand at the beginning of the month. BOM plus the planned inflow of goods during the month must be adequate to support planned sales. However inventory must be kept at levels that minimize the risk of losses through style or seasonal changes, obsolescence and excess capital tied up in inventory. The coordination of

sales needs, purchase and stock level requires sound judgment in addition to analytical and computerized approaches. Non manufacturing companies after use stock sales ratios to plan suitable stock level. Two methods of computing the stock sales ratios are as follows (Jogendra goet 2060)

At retail price:

$$\text{Stock sale ratio at retail} = \frac{\text{Average inventory of retail}}{\text{Net sales}}$$

At cost price:

$$\text{Stock sales ratio at cost} = \frac{\text{Average inventory at cost}}{\text{cost of sales.}}$$

Usually, wholesale and retail companies base the computation on retail rather than on cost. Trade publications provide useful information on post averages for the stock sales ratio.

2.1.8 Types of inventory:

In general, inventory is the stock of items of goods kept in reserve for certain period of times Inventories form a bridge between the production and the sales of product. The various types of inventory in manufacturing companies are materials, work in process, and finished goods they are described below (Pandey, 1973)

- i) Raw materials: The goods that have not yet been committed to production in manufacturing firms is called raw materials.
- ii) Work in process: This category include those materials that have been committed to the production process but have not been completed.
- iii) Finished foods: There are completed products waiting for sales In a manufacturing firm, they are the final output of the production process.

2.1.9 Needs to hold inventories.

Inventory is the indispensable item for all types of organization can not run smoothly without inventory so every firm maintains stock of various items. Inventory provide cushion against.

- i) Planning errors and unforeseen frictions in supply and demand.
- ii) Interruption in production and marketing operation.
- iii) The followings are motives of holding inventory. (R.M Dangol 2004)
 - a. Transactions motives:- Inventories are required to maintain business transactions smoothly Here transactions means both smooth production as well as regular supply of product. Shortage of raw-materials may interrupt the smooth production and lack of regular supply, consumers may turn to another sources of supply firm way avoids these problem by maintaining an optimum level of inventories.
 - b. Precautionary motive: precaution means prevention measure taken before occurring any event some events are anticipated and some are not such events interrupt the production on the one hand and discontinue the supply on the other. So for the precaution to such irregularities, firms are required to maintain inventory
 - c. Speculative motives: Holding inventories with a motive to sale at a high price in future is called speculative business. If price is expected to increase in near future some firms hold enough inventories and expected to earn super normal profit so sometimes firms hold stock of good with such motives.

2.1.10 Materials inventory policies:

The primary consideration in setting inventory policies for materials are as follows: (Goet Jogendra)

- ❖ Quantities of raw materials needed with time lag.
- ❖ Economy in purchasing through quantity discounts.
- ❖ Availability of materials.
- ❖ Lead time
- ❖ Perishability of materials.
- ❖ Storage facilities needed.
- ❖ Capital requirements to finance inventory
- ❖ Expected changes in the cost of materials
- ❖ Protection against shortages
- ❖ Risks involved in inventories
- ❖ Opportunity cost.

Materials inventory budget reports the planned levels of raw materials inventory in terms of quantities and cost. The difference in units between materials requirements as specified in materials budget and the purchase budget is reflected as increasing or decreasing in the inventory budget.

2.1.11 Technical formulation:

Under this it included such questions which reduces in cost and increase in profitability. The problem which is common to all is how to establish and execute inventory policies. How much they should buy at a time? How low should they let inventory fall before they replenish it? From whom they should buy and how should they ensure getting the lowest price available. So the main complex problem has large number of stock-keeping items but it is not possible to answer all these questions, more

over development in management science and quantitative approach to business decision It has been possible to answer these varied question or problem faced by the business unit. (Adam 1993)

2.1.12 Inventory cost:

In operating the inventory system managers should consider any those costs that vary directly with the operating doctrine in deciding when and how much to recorder, cost independents of the operating doctrine are irrelevant Basically there are five types of relevant cost: (Adam 2000)

- i) Cost of the item
- ii) Cost of procuring the item.
- iii) Cost of carrying the item in inventory.
- iv) Cost associated with being out of stock when units are demanded but are unavailable (stock outs)
- v) Cost associated with data gathering and control procedures for the inventory system. Often these five costs are combined in one way or another but lets discuss them separately before we consider combination.

Cost of item:

The cost or value of the item is usually its purchase price. The amount paid to the supplier for the item. In some instance however, transportation receiving or inspection costs for example may be included as part of the cost of the item.

Procurement costs:

Procurement costs are the cost of placing a purchase order or the setup cost if the item is manufactured all the facility these costs vary with each purchase order place procurement costs includes cost of postage

telephone calls to the vendor, labour cost in purchasing and accounting receiving costs computer time for record keeping and purchase order supplies.

Carrying (Holding) cost:

Carrying or holding cost are the cost of maintaining the inventory warehouse and protecting the inventoried item. Typical cost are insurance security, warehouse, rental, heat, lights, taxes, and losses due to spoilage or breakage. The cost of tying up capital in inventory is also considered a carrying cost.

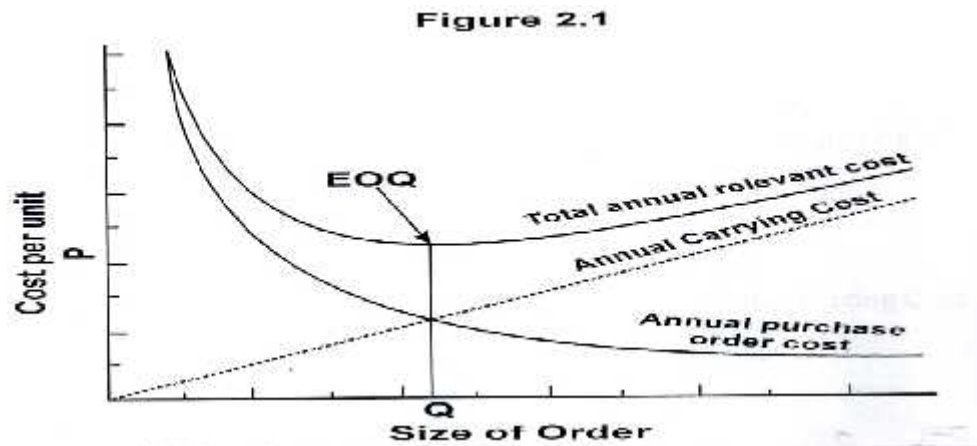
Stock Out cost:

Stock out cost associated with demand when stocks have been depleted take the form of lost sales or back order cost. When sales are lost because of stock outs, the firm loses both the profit margin on unmade sales and its customers good will. If customers takes their business elsewhere, future profit also be lost.

2.1.13 Inventory models:

We already discussed costs then let see how production manager attack the problem by fixed units of seven given items of lowest price or produced for stock at given time. Large quantity purchase enable management to reduce the order placing cost incurred in given period. Buying in bulk also makes it possible to take advantage of quantity discount and lowers handling and shopping cost. As we know procurement cost decreases as carrying cost increases there is cost trade off between the two. And if we add the costs graphically, We obtained the total cost curve. The optimal order quantity is the point at which annual total cost is at a minimum.

On the other hand the purchase of large amounts of materials at one time raise the inventory carrying charge because of the increased size of the average inventory maintained which is shown below. (Magee 1985)



Since order placing costs are largely independent of the size of the order there costs go down as the order size is increased because fewer order are placed. Mean while, however inventory. cost increase, as the order size is grown.

A. Economic order Quantities. (EOQ)

Economic order quantity (EOQ) is the quantity of goods ordered, Which minimizes total annual cost of inventory. Generally economic order quantity equals carrying cost and ordering cost of inventory. While placing on order for items the purchasing offers frequently face a problem to determine the appropriate quantities to be ordered. As mentioned earlier, both excess or less purchase are costly to the firm. It's because it less quantity is ordered, number of order increase and consequent ordering cost increases. On the other hand, if more quantity is ordered, the carrying cost increases. Then what is the appropriate quantity to be ordered? Determination of economic order quantity (EOQ) is appropriate

solution of this problem. Economic order quantity is also called economic lot size is that quantity where the total costs of an inventory is minimum.

- Mathematical approach of (EOQ).

Under the total method the following formula is used to determine the economic order quantity.

$$Q = EOQ = \sqrt{\frac{2AO}{C}}$$

Where,

Q= Economic order quantity

A= Annual requirement

O= Ordering cost per order

C= Carrying cost per unit.

Assumptions of economic order quantity

- Required quantity of the item should be fixed.
- Ordering cost per order should be known.
- Ordering cost per order should not be changed.
- Average carrying cost of inventories should be fixed.
- Unit cost of item should be known

B ABC inventory Analysis:

A firm maintain large number of inventories of several types. It is impractical and impossible to control all these inventories with equal attention. The main reason is that all inventories are not equally important to firm for the view points of cost, profit, sales, availability etc. Therefore firm should pay more attention to those items whose value is highest therefore, always better control (ABC) analysis is a technique, Which concerns with classification of inventory into three groups:

- i) Group A: It includes few items with large value.

- ii) Group B: It includes items with moderate volume with moderate value.
- iii) Group C: It includes items with high volume with small value.

Break down of Group A, B and C of items depends on individual business conditions as follows. (AK. Chaudhary 2004)

Category	Percent of items	Annual value o inventory
A	10-20	70-85
B	20-30	10-25
C	60-70	5-15

The classification is based on actual percentage of inventory items an annual value of such items by plotting in a graph called ABC distribution curve as Patero curve.

The comparison of AB and C items are as follows.

Group A

- Maintain close control
- Size on order based on calculated requirement.
- Keep record of receipt and uses.
- More effort to reduce load time.
- Frequent ordering
- High consumption value.

Group B

- Moderate value
- Size of order based on usage.
- Keep record of receipt and use.
- Moderate effort.

- Average consumption value.

- Less frequent ordering

Group C

- Loose control

- Size of orders based on inventory level.

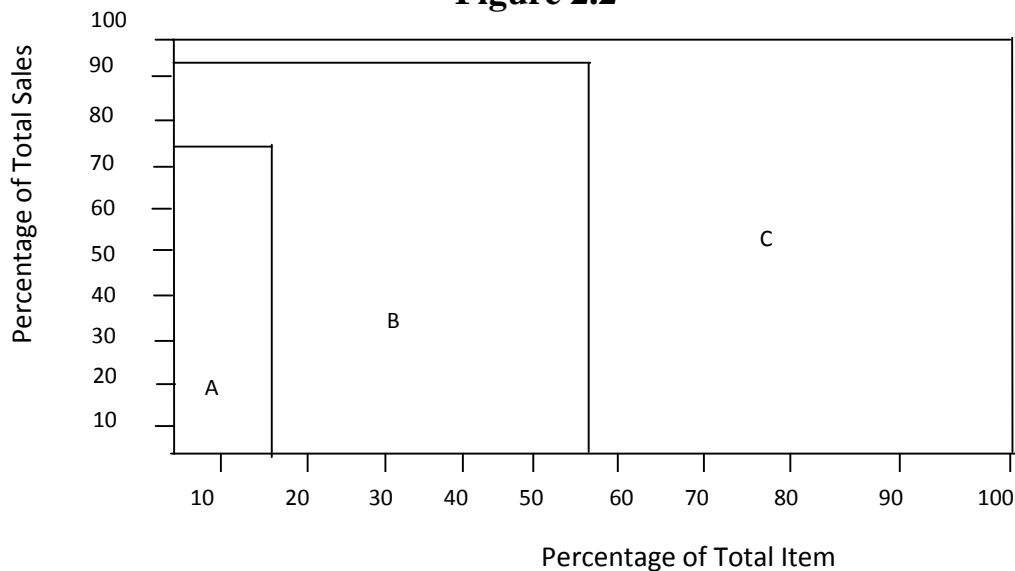
- No records are kept properly

- Minimum effort

-Buck ordering

- Low consumption value.

Figure 2.2



C JIT production:

Jit is both a philosophy and a set of method for manufacturing It emphasizes waste reduction, total quality control and devotion to the customers.

The JIT approach to production planning is a recent trend in manufacturing. The main characteristics and modern production on which JIT is based are:

- It is inefficient and costly to hold large inventories for raw materials sub assemblies or finished goods. Therefore safety inventory should be minimized.
- Set up times for production can be minimized through the use of robotics and process improvement studies cause of exchange of dia techniques. Thus frequent production set up way not be inefficient.
- Very high quality of subassemblies and final products must be achieved in order to reduce the need for safety inventory.
- JIT is a production concept in which virtually nothing is purchased are manufactured until just before it is needed.
(Jogindra Goet 2062)

2.2 Review of Articles and institutions reports:

Some articles are reviewed with related to inventory management and control. These are as under.

Dr G.R. Agrawal has made study relating to the Nepalese public enterprises stated that inventory management is the weakest aspect of management in Nepal. The tools and technique for controlling inventory has not been copied in Nepalese enterprise for controlling their Physical as well as financial dimensions (Agrawal, 1980)

2.3. Review of Dissertation:

The previous studies cannot be ignored because they provide the foundation to the present study In other words, there has to be continuity in research. The continuity in research in ensured by liking the present study with the past research studies.

Literature review is basically a 'stock talking' of available literature in ones field of study the literature survey thus provides the researcher with the knowledge of the status of their field of research. The library is a rich storage base for all kinds of published materials including thesis, dissertation, business reports and government publications.

The purpose of literature review is thus to find out what research studies have been conducted in chooser field of study and what remain to be done. It provides the foundation for developing a comprehensive theoretical framework from which hypothesis can be developed for testing. The literature survey also minimize. The risk of pursuing the dead ends in research. So this study have been also studies made about the inventory management and control; these one dissertation Articles and magazines.

Mr. Dipak Raj Tiwari (2004) has conducted his research work on the topic of A Study on Inventory management of Salt Trading Corporation limited. The main objectives focused by him were to analyses the performance of salt trading corporation limited on the basis of selling and cost price of inventory turn over ratio and to analyze the inventory position of Salt Trading Corporation.

The nature of data used secondary sources formal annual report. The worried of data were limited from Fiscal year 2050-51 to 2059-60

Mr Tiwari has pointed out some major conclusion based on his analysis.

- a. The changes in cost and selling price of product is not uniforms. They are increasing from year to year.
- b. Two method are used to procure inventories. They are direct purchase and purchase through agent.

- c. Corporation has no real purchasing budget.
- d. The corporation is running in profit but the profit is not increasing in desired trends. It is the out come of traditional marketing strategies. Its strategies are not readjusted with development in business environment
- e. There is problem of overstocking is STCL this overstocking has caused the working capital management to suffer. This is due to the defecting purchasing plan.
- f. Stock turnover ratio of STCL is satisfactory It is increasing except in one fiscal year. The increment of ratio indicated the good market proportion of product as distributed by STCL.

Mr. Tiwari has drawn his following recommendation.

- a. Product purchase planning of STCL is not realistic. This is because the procurements of different product each year is fluctuating so there must be a realistic and comprehensive purchasing plan in the corporation It must follow the economic order quantity model in its purchasing decision.
- b. STCL is aggressive in urban area only. It should extend its hand to rural areas also so that it can support in economic development of country.
- c. The sales of corporation are fluctuating from year to year. This is due to last of proper purchasing planning in the corporation STCL must prepare purchasing plan on the basic of realistic market studies. The corporation is also advised to modernize its sales paying strategies.
- d. Sales and profit of the corporation are also in fluctuation. The amount of sales is in decreasing trend from fiscal year

054-55 but the amount of profit is increased. This is due to the managerial efficiency. It can increase its sales by making change in marketing grading price, advertisement and distribution channels.

- e. In reality the corporation is not applying the method of calculating maximum, minimum and safety stock. Modern technique should be applied in inventory management. ABC analysis should be used to control the inventory.
- f. The budgetary and financial analysis must be followed for financial demotion of inventory management.
- g. Proper and timely improvement should be done regarding inventory management in STCL so senior level management should pay attention to the overall management purchasing and financial aspects.

Mr. pom Bahadur Pun has conducted a research paper to the faculty of management , central department of T.U. in course of his partial fulfillment of MBS on the topic 'A study on inventory management and control case study of Royal Drugs ltd. and National Trading ltd. He has tried to research paper to point out some feature and problems of inventory planning management.

The basic objectives of his research work are: To assess the types of inventory maintained on Royal Drugs ltd and National trading ltd, and to examine the technique being employed is manage the inventory by these enterprise. And By examining these various dimension individually:

For accomplishing the above objectives Mr pun key made research covering the time period of 5 years Fiscal year 2054-55 to 2058-059.

Research methodology is followed through secondary sources of data gathering procedure.

Mr. Pun has conducted his research with some conclusion and recommendation. The major conclusion are as follow:

- a. There is lack of adequate data which makes difficulties for finding out the necessary operation of the company.
- b. Lack of planning and unsystematic method of recording cost.
- c. The real situation of the operation of the company regarding its inventory managing system could not be found.
- d. No technique of inventory management are possible to apply are calculate one of the major decision regarding the inventory management system.

Mr. Pun has recommended Various recommendations to improve the inventory management system. They are as follows:

- a. The both company should define its goals and objectives clearly with regards to its input and output separately i.e the quantity time period should be specified.
- b. The most easy applicable model of ABC classification is another tool that can be applied for managing inventory smoothly the classification of ABC analysis helps to know which items in inventory have higher usage value and which have not according a precise control over the items in inventory can be applied. Both companies are not applied the ABC analysis.
- c. Job Evaluation should be lunched in certain time interval so that the hand-working employees can be rewarded and the task avoiding once can be taken into action of Royal Drugs ltd.

- d. Efforts should be made to employ modern computer and competent personnel to handle it in order to keep the record of inventory and solve the problem of inventory control.
- e. The scary materials should be recycled with corporation so that cost of some possible extent can be cut down. Hence the royal drug should be set up the recycling section.
- f. The post of general manager should be professional and it should be far from political interfering.

Mr. Bimal Prasad Gupta (2008) has conducted a study an 'Inventory' Management system of Nepalese News paper companies. The main objectives of the study are:

- To identify the present inventory position of Nepalese News paper companies.
- To analyze the inventory management and control system.
- To examine the technique of purchase of inventory cycle of raw materials of Nepalese news paper companies.
- To identify the annual trend of Nepalese newspaper companies.

Primary as well as secondary data are used for this analysis the secondary data are collected from annual reports, books and articles. From the fiscal year 2057/058 to 2063/064.

Mr. Gupta has point out the following conclusion.

- Gorkhapatra corporation are not followed any specific tools and technique to control and manage inventory.
- It is necessary to apply the theoretical and practical method in ordering cost and carrying cost of inventory.

- Being the study of inventory management purchase or order is done on the basis of EOQ theory, safety stock, and re-order point to know the demand of product and inventory.
- All the corporations point of view answer of the questions when and how much to buy is very important because almost all the required news print, film sheet, Aluminum sheet, stationery chemicals, equipment etc. are imported from various countries.
- Due to lack of sufficient data, examples etc. It could not be used fully to ascertain the necessary operation of the all corporation.
- No technique of inventory management is possible to apply for major decision when to buy because of lack of planning and unsystematic method of re ordering cost.
- All corporation have faced same problem of managing proper inventories in using pull system because there is uncertain about the future supply of materials operation of corporation, such as Nepal Bands, lockouts, strike, geographical problems, fluctuation of materials price etc.

Mr. Gupta has drawn his following recommendation and suggestions:

- a. All corporation should define its objectives clearly with regarding to its inputs and out-puts separately. Also output quantities and time period should be specified.
- b. Purchasing plan should be prepared for different types of raw materials with the proper co-operation and co-ordination among the planning marketing, publishing and sales department to avoid excessive investment on inventories.

- c. Corporation used to purchase raw material's 2-3 times in a year. So the inventories expenses increased due to high ordering cost and carrying cost. To avoid these expenses, it should purchase once a time in a year.
- d. The corporation should follow the ABC Analysis system in systematic way.
- e. Corporation should adopt the method of inventory management technique like EOQ, Safety stock and Re-order level.
- f. Gorkhapatra corporation has been failed to achieve the target concerning for selling its news paper corporation should reduce there weakness and its target can be achieve by publishing quality newspaper and supplying at appropriate price.
- g. In all local purchase should be discouraged through the smooth scheduling of re-order period corporation should follow the financial tools and techniques to purchase raw materials.

Mr. Umesh Raj Poudel (2007) has conducted a research paper to the faculty of management, in Shankar Dev. Campus in course of his parital fulfillment of MBS on the topic profit planning and control of Government corporation "A case study of Salt Trading Corporation Limited". He has tries to point out some features and problems of profit planning and control system.

The basic objectives of his research work are:

- To examine the practice of budgeting system of STCL.
- To analyze various functional specially sales, purchase, inventory planning of STCL.
- To Measure the profitability and efficiency of STCL.

For the purpose of analyzing above adjectives Mr. Poudel covered the data of 5 years since 2055/056 to 2061/062 and concluded the following points:

- a. Analyzing the data and information Mr. Poudel found that the overall economic condition of STC. is sound it has also investing in other organization.
- b. The planning process of STC. Seems to achievements are some what lower than targets.
- c. STC. has practiced only short term planning rather than long term planning. The time covered is only for one year.
- d. There are no sufficient effective programs to increase the productivity of manpower. Which may lead to lower productivity of the employees in long run.
- e. Promotional expenses and program is very low for a trading organization dealing in diversified products.
- f. Minimum expenditure is made in advertisement. In fact people still don't know that STC deals in product other than salt.
- g. There must be a scientific method of setting standards for sales & purchase by forecasting the demand of people.

On the basis of above findings Mr. Poudel has recommended the following points:

- STC should develop realistic, strategic plan as well as tactical plan, regarding sales, purchase and other expenses.
- Long term objectives of STCL should be clearly formulated so as to make clear distinction between profit motives and social motives. STCL should be responsive to achieve its own objectives first than only towards the government.

- To make employees sincere to their work reward and punishment system should be developed for efficient performance and effective performance evaluation system should be developed.
- Sales budget or plan serves as a keynote for overall profit plan. All other budget is depends upon sales plan. So sales plan should be prepare on realistic terms.
- The low assets turnover ratio, indicates that STCL needs to reevaluate strategies marketing efforts and capital expenditure program me.

Mr. Hang Narayan Limbu (2007) has conducted a thesis on the topic of Inventory management, A case study of Salt Trading Corporation limited in faculty of management in partial fulfillment of M.B.S. program from Shanker Dev Campus with the following objectives.

- To examine the practice of inventory management functions.
- To analyze the position of inventory level and its trend of STCL
- To analyze the relationship between inventory with net sales, profit purchase and interest expenses.

He has drawn the following conclusion from his research work covering the data since the fiscal year 2056/057 to 2062/ 063.

- Inventories to total assets, net sales, current assets ratio are fluctuating for five years but last two years the ratio are higher than other years.
- Inventory turnover ratio is decreasing trained through out the study period.
- Mean of inventories holding days in seven years of last two years are so high.

- Net sales exceeds purchase, however there is same trend of Net sales and purchase. In the end of period co- efficient of variance of net sales is slightly higher than coefficient of variance of purchase.
- The regression result, it is found that, there is positive relation of inventory with net sales, net profit, interest expenses while relatively related with purchase the higher correlation is found between interest expenses and inventories ($r=0.86$) while lowest correlation is purchase and inventories ($r=0.10$)
- The regression result, is found that there is positive relation between inventories and net sales, net profit, interest expenses except the purchase.

He has suggest the following recommendation:-

- Inventories are increasing while net sales, net profit and purchase are found fluctuated over the study period. Thus there is no proper co-ordination of inventory with net sales net purchase transactions.
- Management is strongly recommended to apply inventory management system effectively and efficiently.
- There is no proper co-ordination of inventory level with net sales and purchase. Thus average holding period of inventory is high to keep optional inventory level. there should be better co-ordination of inventory with net sales purchase etc.
- To improve the inventory management of corporation there will be better inventory turnover ratio, better strong holding and delivery system based on practical FIFO system, by using better tools and techniques review of re-order level and market demand at regular interval etc. x

CHAPTER- III

RESEARCH METHODOLOGY

3.1 Background:

Research methodology is the way to solve systematically about the research problems. It helps to analyze, examine and interpret various aspect research works such as sales and production planning and other aspects related inventory planning and management various statically techniques are applied in the research methodology. In accordance with the basic objectives other subjective are also formulated and research methodology is followed to achieve the objectives of the research paper. In this study, descriptive and analytical research design will be followed. This study is aimed at the study of inventory planning system and to identify the inventory controlling system tools and techniques- in STCL the proposed study is also seeks to describe the trends of inventory planning. The major contents of research methodology followed in this study are as follow:

3.2 Research Design:

The research design of this study is descriptive as well as analytical. The qualitative aspects of the research such as effectiveness of inventory planning in the company also explained in the word whosever necessary. Therefore analytical as well descriptive research will be applied as research design for the study.

3.3 Period covered:

The period covered by the study in five years (059 to 064) and on this basis the strength and weakness of the managerial planning and other related things of STCL are identified.

3.4 Nature and sources of Data:

Data used in this study are secondary in nature. The use of secondary data is much extensive which are collected through the record factors of the company. secondary data have been collected from the published and unpublished official record of the salt Trading corporations, Annual report and other previous thesis of the related area.

3.5 Research procedure:

The following procedure have been followed for the study:

- Useful secondary data are used.
- Data are described in the light of theoretical basis.
- The collected data are presented and arranged in the tabulation from and analysis on the basis of statical and managerial tools.
- On the basis of study conclusions has been drawn and suitable recommendation have been also suggested based on the study.

3.6 Population and Sample:

Number of public enterprises, covering different sectors of the economy, were established during different periodic plans. Many of them were established with assistance of donor countries. The number of such enterprises in the fields of industry business, service social and public utility reached above sixty. Out of these sixty enterprises, Salt Trading

Corporation is selected for the study. The area covered by STCL is all over the country but data is taken from central office of STCL.

3.7 Method of Data Analysis:

The collected data from various sources are managed, analyzed presented in proper table. Various tools are used for analyzing and interpreting those collected data such as financial and statistical. To analyze effectiveness of inventory planning and management the following types of tools are implemented.

3.7.1 Statistical tools used:

The collected data, facts and figure by using various procedure, it has been used various tools and techniques to analyze the effectiveness of inventory management and control where ever is necessary. The qualitative techniques such as economic order quantity models, re order level safety stock inventory turnover ratio etc.

3.7.1.1 Trend Analysis:

This study collected the data from various sources is managed and presented in proper tabular formats and diagrams are interpreted and explained as per needed. The techniques here included are statistical and inventory planning techniques such as graph, Series analysis, Karl Pearson's coefficient of correlation, mean, standard deviation and coefficient of variance have been used as per need. The trend analysis is used for different variables which are follows.

a) Trend analysis of Net sales

Net sales budget shows the quantities of each product and amount that the company has plans to sell the intended selling price. It provides the

predictions of total revenue from which cash receives from the customers which was estimated and also supplies the basic data for constructing budget for production cost, and for selling, distribution and administrative expenses. Therefore the sales budget is the foundation of other budget since all the expenditure is ultimately dependent on the volume of sales.

Salt Trading corporation limited sells the following items. (STC annual report)

- Consumable materials : salt, sugar, ghee and oil maida, floor choker, rice, dal, tea, wheat, etc.
- Agriculture materials: fertilizer, public, enterprisesticides etc.
- Fuel, Lubricants and tyre, tube etc.
- Machine & equipments tractor
- Construction materials: cement
- Other materials: paper, coal, wax etc

STCL do not have long range and short range sales plan. They prepare sales budget according to demand of its departments and customer. so it formulate officially sales plan periodically. It can sell its products all over the country. Top management fixes the selling price of each product. The management targets the annual sales without any systematic analysis of different variables. Some product which was used to sell in the past years have been postponed and some new product have been added in recent year.

b) Trend analysis of Net purchase

Purchase budget is the responsibility of the purchasing manager, to meet the production and sales requirements of the company. The objective is to purchase these materials at the right time at planned purchase price. In

addition it is necessary to take into account the planned raw materials stock level.

Generally materials purchase budget is prepared by the firm considering, nature, time and objectives. It should clearly show that, when and how much the raw materials is needed for production as well as process.

Salt Trading Corporation limited purchases different types of materials and changes into them final product some purchase of materials is final product of other companies but responsibility for trading is taken by STCL some purchase are made from foreign countries like salt and much purchase are made from local people of Nepalese population.

c) Trend analysis of Net profit

Usually purchase plan depends on inventory of the company but here sales depends on purchase. It is the situation where demand is higher than the supply. STCL can sell all of its production all over the country with out any difficulty. Inventory links with sales and production. When sales exceeds then purchase the level of inventory decrease and when sales is less than purchase the level of inventory increase. A certain level of inventory increases A certain level of inventory is desirable for smooth sales activities. Level of inventory depends on the various factors like nature of product season, sales quantity and other factors. Salt Trading Corporation has flexible inventory policy In fact STCL has not following any definite inventory policy.

3.7.1.2 Correlation Coefficient and Regression Analysis:

In statistics, regression analysis is used to model relationship between variables and determine the magnitude of those relationship. The models can be used to make predictions of the unknown values of one variables

from the known value of the other variable. It is specially used in business and economic to study and relationship between two or more variables that are related caually. Regression analysis is a mathematical measures of the average relationship between two or more variables in terms of original unit of data.

In this analysis, regression equation x and y is used. Regression analysis models the relationship between one or more response variables (also called dependent variables, explained variable) Usually named y and the predictors (also called independent variables, control variables, usually named x_1, \dots, x_p)

The equation is given as $y = a+bx$

Where

a= y intercept or value of y when $x=0$ on constant.

y= Dependent variables.

x= Independent variables.

b= Slope of regression line.

According to the principle of least square, two normal equations for estimating two numerical a and b are given below:

$$y = na + b \sum x \dots \dots \dots (I)$$

$$\sum xy = a \sum x + b \sum x^2 \dots \dots \dots (II)$$

The topic is related with analysis of relationship between.

- Purchase of inventory and sales where net sales is the independent variables x and purchase of inventory is dependent variables y.
- Inventory and net profit, where net profit is independent variables x and inventories is dependent variables y.
- Inventories and purchase, where purchase independent variables x and inventories is dependent variables y.
- Net sales and purchase, Where net sales is independent variables x and purchase is the dependent variables y.

There are two variables are said to be correlation when they are related that the changes in the value of one variables is accompanied by the changes in the value of the other. The measure of correlation called the correlation coefficient summarized in one figure, the degree and direction of movement. But the important thing that is to be noted here is that correlation analysis only helps in determining the extend to which the two variables are correlated but it does not tell us about cause and effect of relationship. Karl pearsons correlation coefficient is denoted by r_{xy} or simply 'r' Karl pearsons correlation coefficient can be calculated by following formula:

$$r = \frac{\text{Cov.}(x, y)}{\sigma_x \sigma_y} = \frac{\sum(x - \bar{x})(y - \bar{y})}{n \sigma_x \sigma_y}$$

Where,

σ_x = standard deviation of x

σ_y = standard deviation of y

r = The calculated value of correlation coefficient from a sample of n pairs of observation.

n = number of pair of observation.

\bar{x} = mean of x or dependent variable.

\bar{y} = Mean of y or independent variables.

Probable Error = P.E

To test the reliability of the calculated value of 'r' probable error (PE) can be defined as follows.

$$\text{Probable error (P.E)} = 0.6745 \times \frac{1-r^2}{\sqrt{n}}$$

Where, $\frac{1-r^2}{\sqrt{n}}$ be the standard error (S.E) of r.

1. If $r < P.E$ it is insignificant or not significant. So there is no evidence of correlation.
2. If $r > 6P.E$. It is significant.
3. If $P.E < r < 6P.E$ nothing can be concluded.
4. The limits within, which the population correlation coefficient can be expected to lie is given by $r \pm P.E$

3.7.2 Financial Tools Used:

3.7.2.1 Ratio Analysis:

Ratio analysis is the process of determining and interpreting numerical relationship between figures of financial statements. Since an absolute accounting figure often does not provide much meaning by itself, it has to be analyzed in relation to other figures so that significant information about the company's financial performance can be derived. It is clear that a ratio is the relationship between two numerical variables. Since an absolute numerical ratio which is a relative expression between at least two numerical figures has to be calculated to obtain meaningful information there. It is a popular technique of financial statement analysis which is the process of determining and presenting the quantitative relationship between two accounting figures to assess the strength and weakness of a company an accounting ratio can be expressed in one of the following terms ratio, times and percentage.

Following ratios have been calculated in this study.

a) Inventories to Total Assets Ratio

Here, inventories means closing inventories i.e. salt, sugar, ghee, oil, rice, cement agriculture tools, cement equipment, constructing materials, spare parts etc. The total assets are included the total fixed assets after deducting depreciation and total current assets refers net current assets after deducting the current liabilities low inventories to total assets ratio

is preferred as efficient inventory management. The low ratio mean the portion of inventories indicated total assets is lower.

b) Inventories to Net sales Ratio

Inventories to net sales ratio is wanted to low in corporation. Net sales means that sales amount or actual amount which comes from the sales of commodities. The inventories to net sales ratio show the relationship between inventories to net sales in the corporation. If net sales are increase, the net sales with low inventories level generate low ratio and viceversa. The low ratio indicates good inventories management where sales are generated by keeping minimum inventories.

c) Inventories to current Assets Ratio

Current assets includes, debtors, inventories prepaid expenses, deposit and advance, cash in hand and cash at bank with short term investments If the corporations inventories to current assets ratio are high, It means the company hold more inventories against the current assets. The corporation is unable to mobilize the inventory, which have blocked inventories and they can not sale it immediately so it direct effects made on profitability of the company. The blocked amount in inventories companies can not invest in other areas. So the company looses the return of that blocked amount of inventories. Therefore the ratio in between the inventories to current assets is efficient management.

d) Percentage of Net profit to inventory

Net Profit is obtained when operating expenses, interest and taxes are subtracted from the amount of gross profit. The ratio of inventories to Net profit is determined by dividing inventories by net profit. It tells how much inventories is required to create the profit in the corporation.

e) Inventories Turnover Ratio

This ratio is also called stock turnover ratio the ratio shows the relationship between the cost of goods sold and average inventory. This ratio measures how frequently the company's inventory turned into sales. It therefore, shows, the efficiency with which the company's inventory has been converted into sales. The ratio is calculated by using following formula:

$$\text{Inventories Turnover Ratio} = \frac{\text{Cost of goods sold}}{\text{Average inventory}}$$

In absence of the cost of goods sold and average inventory, the following formula can be used for the calculation of inventory turnover ratio:

$$\text{Inventory Turnover Ratio} = \frac{\text{Sales}}{\text{Closing inventory}}$$

f) Inventories Holding days.

Inventory holding days represents the how many days the corporations hold the inventories in the factory or warehouse with out any work year. Low inventory holding days represents or indicated good inventory planning i.e. finished goods are quickly selling over a period of time and firm able to earn profit by it. In other ways high inventory holding days represents the danger for corporation. High inventories holding days shows corporations has more stock of finished goods for sale. Due to these inventories involves cost in terms of interest blocked amount, rental of ware house damage and so on, and firm not able to earn profit by it. Inventories holding days represents how many days corporation holds the average inventories the formula to calculate IHD is as follows:

$$\text{Inventory Holding days} = \frac{\text{Average inventories}}{\text{Cost of goods sold}} \times 365$$

CHAPTER-IV

DATA ANALYSIS AND INTERPRETATION

4.1 Analysis & Interpretation:

A firm should be managed effectively and efficiently. This implies that the firm should be able to achieve its objectives by minimizing the use of the resource. Thus managing implies co-ordination and control of the efforts of the firm for achieving the organizational objectives. The process of managing is facilitated when management charts its future course of action in advance and takes decisions in professional manner, utilizing the individuals and group efforts in a co-ordinate and rational manner. One systematic approach for attaining effective management performance is budgeting and planning which are tools of profit planning and control.

The basic objectives of this study have already been mentioned in the first chapter. The inventory planning aspects have been discussed in the Review of Literature in the Research methodology necessary analytical tools and techniques have been employed for the accomplishment of prescribed objectives. Financial analysis is the evaluation of performances and its prospect for the future. Financial statement involves the calculation of different ratios, in mathematics ratio is the relationship between two quantities figure. The ratio analysis is the financial strength and weakness are measured by relating two accounting data.

4.1.1 Trend analysis of net sales:

The following table shows the actual sales of different products in different years of salt trading corporation limited. The presentation of the above total sales figure will be more effective by following graph.

Table No: 4.1
Sales revenue in Lakh. (Rs)

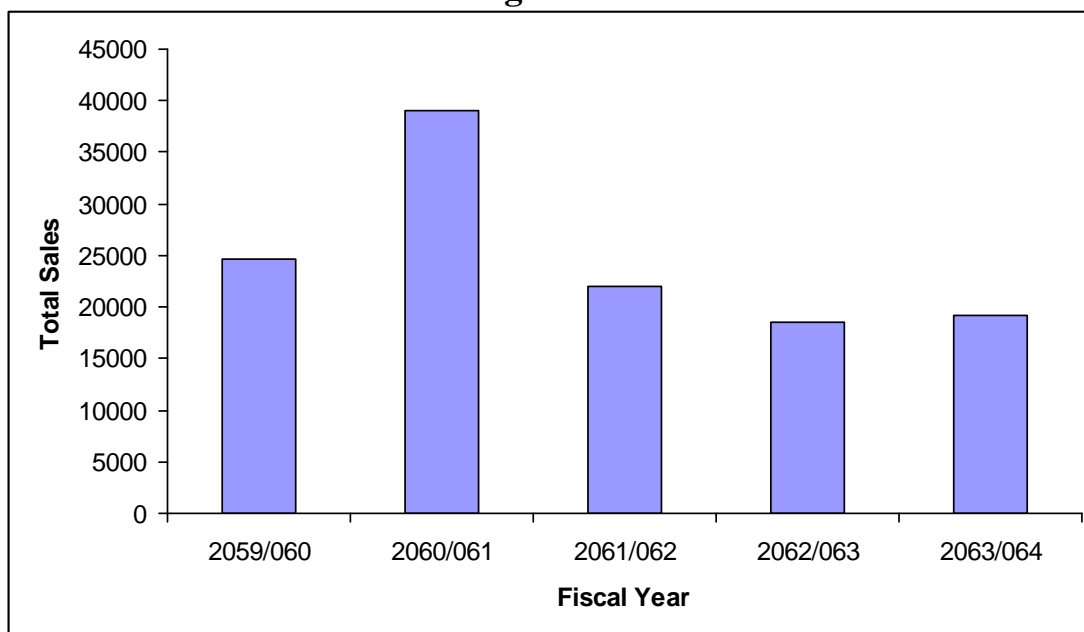
Year	Consumable materials	Agriculture materials	Fuel tyre and tube	Machine equipments	Construction materials	Other material	Total
2059/060	14756	1382	7709	137	514	110	24610
2060/061	16125	2586	17359	2231	110	576	38989
2061/062	11762	99	6651	815	69	2540	21939
2062/063	12037	12	4409	33	560	1463	18505
2063/064	11818	173	4310	26	1547	1286	19162
Total	66498	4241.2	40438	3242	2800	5975	123194

Source: STC Annual Report

The above table shows that total sales revenue of STCL has fluctuating trend. During the first two successive years it is increasing but there after it decreased which may contain many underlying causes. Again it has started to increase in the year 2063/064. Most of the sales amount is covered from the consumable materials. Agriculture materials and machine equipments covers low portion of total sales amount during the study period. Minimum value of sales is Rs 18505 lakhs in the year 2062/063 during study period.

The presentation above data will be effective by showing the following bar diagram.

Figure 4.1



4.1.2. Trend analysis of Net purchase:

The following table shows the total amount of materials purchased of STCL during the study period.

Table No: 4.2
Net Purchase (Rs. in lakh)

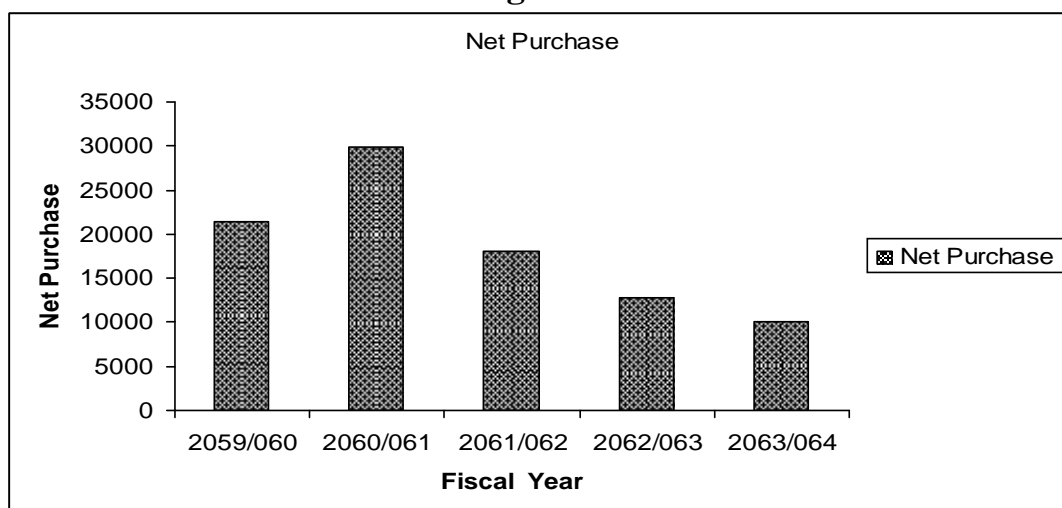
Year	Total Purchase
2059/060	21380
2060/061	29825
2061/062	17984
2062/063	12797
2063/064	10082

Source: STC annual reports

The table shows the amount of purchase during the study period. It shows that the amount of purchase has decreasing trends since the year 2061/062. The maximum value of purchased in Rs 29825 Lakhs in the year 2060/061 and minimum is Rs 10082 Lakhs in 2063/064.

The presentation of above data will be effective by showing the following bar diagram.

Figure 4.2



4.1.3 Trend analysis of Actual inventory.

The inventory level of Salt Trading Corporation limited during the study period is given below. (extracted from annual report)

Table 4.3

Beginning and Ending Inventory (Rs in Lakhs)

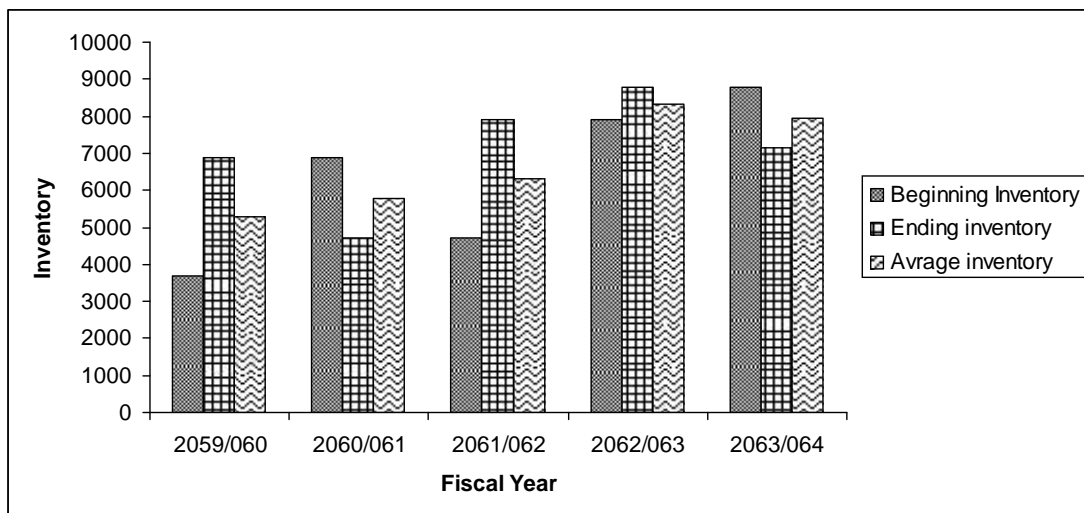
Year	Beginning inventory	Ending inventory	Average inventory
2059/060	3707.1	6881.3	5294.2
2060/061	6881.3	4706.7	5794
2061/062	4706.7	7898.8	6302.7
2062/063	7898.8	8765.7	8332.2
2063/064	8765.7	7144.4	7955.05

Source: STC annual report

During the four successive years of study period the level of inventory is increasing and decreasing there after. It shows that inventory level is increasing which shows the lack of proper inventory planning and decreasing trends of sales which may have negative effect in profit of the firm.

The presentation of above average inventory levels will be more effective by showing the following bar diagram

Figure 4.3



4.1.4 Trend analysis of profit

The net profit after tax of STCL during the study period is given below:

Table 4.4

Net Profit (Rs in Lakhs)

Fiscal Year	Profit
2059/060	503
2060/061	732
2061/062	498
2062/063	291
2063/064	(1036)

Source: Annual Report STCL

The net profit of the company is decreasing trend of STCL. The maximum value of profit i.e. Rs. 732 Lakhs in the year 2060/064 and company suffered from loss in 2063/064 by Rs. 1036 Lakhs. Company has suffered from loss in 2063/064 due to the huge amount of provision for doubtful debts, which was accumulated from earlier years. Provision for baddebts has not been shown in earlier years. Total sum of 1350 Lakhs has been charged in the Fiscal Year 2063/64 as provision for doubtful debts.

4.1.5 Relationship between actual sales, and closing stock.

The following table shows the actual sales and closing inventory statistics.

Table 4.5
Total actual Sales and Total closing inventory (Rs in Lakhs)

Year	Actual Sales	Closing inventory
2059/060	24610	6881.3
2060/061	38989	4706.7
2061/062	21939	7898.8
2062/063	18505	8765.7
2063/064	19162	7144.4

Source STC. Annual Report

The above table depicts that sales are increasing in the fiscal year 2059/60 and 060/061. Sales of the company from 2061/62 and 062/063 is decreasing but there after sales is little bit increased. It shows that sales is fluctuating and inventory is also fluctuating trends during the study period. In order to find out the variability of Actual sales and closing inventory of different year the mean, standard deviation and coefficient of variance have been calculated.

Table 4.6

Statistical tools	Actual Sales	Closing inventory
Mean (\bar{x})	24641	7079.38
Standard Deviation(\dagger)	8379.09	1515.60
Coefficient Variance (C.V)	0.34	0.214

From the table it is observed that actual sales of STCL is less variable than closing inventory. The coefficient of variance of Actual sales is higher than coefficient of variance of closing inventory ($0.34 > 0.214$) Distribution of higher C.V. is said to be more variable than the other. So inventory is more consistent than sales.

4.1.6 Relationship between total purchase and closing inventory:

The following table shows the amount of purchase and closing inventory statistics.

Table no. 4.7

Salt Trading corporation

Total amount of purchase and closing inventory:(Rs in Lakh)

Year	Actual purchase	Closing inventory
2059/060	21380	6881.3
2060/061	29825	4706.7
2061/062	17984	7898.8
2062/063	12797	8765.7
2063/064	10082	7144.4

Source: STC Annual Reports

The above table depicts the purchase are increased in the first two successive year and decreasing there after. Closing inventory is increasing when the purchase is decrease. Both amount is fluctuating trends during study period. In order to find out variability of actual purchase and closing inventory of different year we have calculated mean standard deviation and coefficient of variance.

Table 4.8

Statistical tools	Actual Purchase	Closing inventory
Mean (x)	18413.6	7079.38
Standard Deviation (S.D) 6	7748.6	1515.60
Coefficient of variance (CV)	0.42	0.214

From above table we can analyzed that purchase of STC is more stable than closing stock. Hence coefficient variance (CV) of total purchase is higher than CV of total closing inventory. A distribution of higher CV is

said to be less homogeneous or more variable than other. Hence coefficient of variance of purchase and closing inventory is 42% and 21.4% respectively. So closing inventory is more consistent than purchase.

4.1.7 Relationship between Actual Sales Purchase and Inventory.

In order to find out the variability between sales, purchase and inventory of salt trading corporation we, have to compare mean standard deviation and coefficient of variance to measure the risk per unit.

Table No: 4.9

Stastical tools	Sales	Purchase	Inventory
Mean (x)	24641	18413.6	7079.38
Standard Deviation (SD)	8379.09	7748.6	1515.60
Coefficient of variance (CV)	0.34	0.42	0.214

Table 4.9 shows mean, standard deviation and coefficient of variance of variation of purchase, sales and inventories. Man of sales purchase and inventories is 24641, 18413.6 and 7075.38 respectively, standard deviation are, 8379.09 7748.6 and 1515.6 and coffecient of variance are 34%, 42% and 21.4% respectively. The coefficient of variance of net purchase i.e. 42% is higher than co-efficient of variance of sales i.e 34% and coefficient of variance of inventory (21.4%). So variability of purchase is highest than sales and inventories.

4.2.1 Inventories to total assets ratio:

Following table shows the percentage of inventories to total assets since the year 2059/60 to 2063/064.

Table 4.10

Inventories To Total Assets Ratio (Rs in crore)

Year	Inventories	Total Assets	Ratio
2059/060	68.81	190.02	36.21%
2060/061	47.06	97.15	48.44%
2061/062	78.99	193.36	40.85%
2062/063	87.66	185.46	47.27%
2063/064	71.44	181.61	39.34%

Source: STC Annual Report

Table 4.10 Shows the ratio of inventory to total assets of salt trading corporation limited during the study period. It shows maximum portion of assets covered by inventories. The highest percentage is in the year 2060/061, and lowest percentage in 2059/060.

4.2.2 Inventories to Net sales Ratio:

Following table shows the percentage of inventories to net sales during the study period.

Table No: 4.11

Inventories to net sales Ratio (in crore Rs)

Year	Inventories (Rs)	Net sales (Rs)	Ratio (%)
2059/060	68.81	246.10	27.96
2060/061	47.07	389.89	12.07
2061/062	78.99	219.39	36
2062/063	87.66	185.05	47.37
2063/064	71.44	191.62	37.28

Source: STC Annual Report

Table 4.11 Shows the inventory to sales ratio in five years period. The lower ratio is 12.07% in 2060/061 while higher ratio is 47.37% in

2062/063 Ratio of 2061/62, 062/063, and 063/064 are found as higher. The ratio after 2062/063 are higher which decreases the sales volume of company. Low ratio indicates the good inventories management where sales are generated by keeping minimum inventory level.

4.2.3 Inventories to Current Assets Ratio:

The following figure shows the amount of current assets and inventories during the study period of the company.

Table 4.12
Inventories to current Assets Ratios. (Rs in crores)

Year	Inventories (Rs)	Current Assets Rs	Ratio
2059/060	68.81	168.11	40.93%
2060/061	47.07	154.39	30.49%
2061/062	78.99	175.28	45.6%
2062/063	87.66	197.07	44.48%
2063/064	71.44	189.19	37.76%

Source: STC Annual Report

Table 4.12 shows the ratio of inventories to current assets, it is clear that the highest and lowest ratio are 45.6% and 30.49% in the year 2061/062 and 2060/061 respectively. For the year 061/062 and 062/063 ratio is higher than other but the year 2063/064 ratio is slightly decreasing. It refers increasing inventory is the result of decreasing sales volume.

4.2.4 Percentage of Net profit to Inventories :

The profit pattern of company during the study period is presented in following table.

Table 4.13

Percentage of Net profit to Inventories (in crore Rs)

Year	Inventories (Rs)	Net Profit (Rs)	Ratio (%)
2059/060	68.81	5.03	7.33
2060/061	47.07	7.3	15.51
2061/062	78.99	4.98	6.30
2062/063	87.65	2.91	3.32
2063/064	71.44	(10.36)	Negative

Source: STC Annual Reports

Table No. 4.13 Shows that the percentage net profit to inventory ratio. In the fiscal year 2063/064 is negative net profit to inventory ratio because of net loss. Before this year ratio is positive. The minimum ratio is in fiscal year of 2062/063 i.e. 3.32% The highest coverage of profit on inventories is 15.51% in the year 2060/061.

4.2.5 Inventory Turnover Ratio:

Following table shows the amount of average inventory and cost of goods sold during the study period.

Table No: 4.14

Inventory Turnover Ratio (in crore Rs)

Year	Cost of goods sold (Rs)	Average inventory (Rs)	Ratio (times)
2059/060	220.23	52.94	4.16
2060/061	363.32	57.94	6.27
2061/062	193.72	63.03	3.73
2062/063	159.20	83.32	1.91
2063/064	164.45	79.55	2.067

Source: STC Annual Report

Table 4.14 shows the inventory turnover ratio of salt trading corporation during the study period. STCL is turning its inventory of finished goods into sales 3.63 times in average per year. In other words, It holds average inventory of 12 month/ 3.63 =3.3 moths or 109 days. It is concluded that the inventory turnover ratio is higher than it required because there is no other processing, only company purchased and sales the goods. So more than one month of inventory turnover ratio is not good for trading organization.

4.2.6 Inventory Holding Days: (IHD)

The detail calculations of inventory holding period of Salt Trading Corporation are as below during the study period.

Table No: 4.15
Inventory Holding Days (Rs in crore Rs)

Year	Cost of goods sold (Rs)	Average inventory	IHD
2059/060	220.23	52.94	86.27
2060/061	360.32	57.94	58.7
2061/062	193.72	63.63	118.76
2062/063	159.20	83.33	191.05
2063/064	164.45	79.55	176.56

Source: STC Annual Report

Table 4.15 shows the inventory holding days of salt trading corporation during the study period. The maximum inventory holding days is in the fiscal year 2062/063 i.e. 191.05 days and minimum inventory holding days is 58.7 in the fiscal year 2060/061. The analysis shows that the year in which inventory holding period is lower, the amount of net profit is also higher. In study period the inventory holding days is higher after the fiscal year 2060/061. It has the direct effect in profit by increasing the expenses.

4.3 Correlation and Regression Analysis:

Regression analysis in the general sense means the estimation of the unknown value of one variable from the known value of the other variables. It is specially used in business and economics to study the relationship between two or more variables that are related causally. Regression analysis is a mathematical measure of the average relationship between two or more variables in terms of original units of the data.

This topic is related with the analysis of the relationship between purchase, inventory and sales.

4.3.1 Regression and Correlation Analysis of Inventories and Sales:

On the basis of variable derived from the calculation, sales and inventories of food items, agriculture goods fuel, lubricants or tyre, spare parts etc are obtained. Here in the analysis inventories is assumed to be dependent, variable which is denoted by Y and the sales is assumed to be independent variables which is denoted by X variables, The regression equation of Y on X which is used to describe the variation in the value of y for given change in the value of X.

The regression result shows that there is negative relationship between current year net sales and closing inventory. The constant value 111.94% shows that the value of inventories remains constants irrespective of changes in current year net sales. While coefficient -0.167 indicates that changes in Rs.1 sales can change only -0.167 rupees of closing inventories of corporation.

To analyze the relationship between the net sales and inventories, Karl Pearson's correlation coefficient is used. For the purpose of calculating r

net sales is denoted by x and inventories is denoted by y . The detailed education is given in appendices.

Hence the coefficient of correlation and probable error (P.E) between net sales and net inventories is -0.93 and 0.042 respectively. The value of correlation is some how near to -1 . So it seems that there is negative relationship between the variables. ie, sales inventories probable error is more than correlation (r). So it can be concluded that value of ' r ' is insignificant.

4.3.2 Regression and correlation analysis of inventories and purchase.

In the analysis of inventories and purchase the inventories is assumed to be dependent variables. Which is denoted by y and the purchase is assumed to independent variables which is denoted by x variables. The regression equation of y or x which is used to describe the variation in the value of y for given changes in the value of x .

The regression result shows that there is negative relationship between current year purchase and closing inventories. the constant value 99.89 indicates that the value of inventories remains constants irrespective of changes in current year purchases. While coefficient -0.158 indicates that the changes in Rs.1 of purchases can change only -0.158 rupees of closing inventories of STCL. To analyze the relationship between net purchase and inventory co-efficient is used. For the purpose of calculating ' r ' purchase is denoted by x and inventories are denoted by y .

Hence, the coefficient of correlation and probable error between purchase and inventories are -0.81 and 0.1 respectively. It seems there is perfect negative correlation between inventories and purchase. It is concluded

that increase in inventories is decrease in purchase and vice versa. But considering the value of probable error, it is found that value of r is less than PE. So value of r is insignificant. The detail calculation of correlation coefficient, mean and standard deviation is given in appendix

4.3.3 Regression and Correlation Analysis between Inventories and Net profit.

Here, in the analysis, inventories is assumed to be dependent variables and denoted by y and net profit is assumed to be independent variables. Which is denoted by x variables the regression equation of y on x which is used to describe the variation in the value of y for given changes in the value of x .

The regression result shows that the relationship between current year net profit and closing in inventories. the constant value 79.96 indicates that the value of inventories remain constant irrespective of changes in current year net profit. while coefficient- 2.39 indicates that the changes in Rs.1 of profit can change only -2.39 rupees of closing inventories of the corporation.

To analyze the relationship between the net profit and inventories, Karl pearson Correlation co-efficient is used. For the purpose of calculating r inventories is denoted by y and net profit is denoted by x .

Hence, the coefficient correlation and probable error between net profit and inventories are-0.46 and 0.25 respectively. So it seems that there is high degree of negative relationship between net profit and an inventory is the result of decreasing profit and vice versa.

Considering probable error, it is found that the value of r is less than P.E. so it concluded value of r is insignificant. The detail calculation is given in appendix.

4.3.4 Regression and correlation analysis between net sales and purchase

Sales and purchase of items in salt loading corporation is food, agriculture goods, fuel, lubricants, tyres and tubes, machineries, construction goods and other are obtained. Here in the analysis purchase is assumed to be dependent variables which is denoted by y variable and net sales is assumed to be independent variables which is denoted by x variables. The regression equation of y on x which is used to describe the variation in the value of y for given changes in the value of x .

The above regression result shows that there is positive relationship between purchase and sales. The constant value -30.7 indicates that the value of inventories remains constant irrespective of changes in current year sales. While co-efficient 0.87 indicates that changes in Rs.1 of sales can change only 0.87 rupees of inventories of the corporation.

To analyze the relationship between net sales and purchase, Karl persons co-relation, co-efficient is used. For the purpose of calculating r . Sales is denoted by x and purchase is denoted by y . The detail calculation is shown in appendix.

Hence, the co-efficient of correlation and probable error between purchase and sales is $+0.93$ and 0.047 respectively. The value of correlation ' r ' is $+93$ which is nearly equal to $+1$ so it seems that there is high degree of positive relationship between Net sales and purchase of salt trading corporation i.e. increase in sales is increase in purchase and vice versa.

But considering the value of P.E. 0.038, it is found that calculated r is greater than P.E. ($0.93 > 0.047$) it is concluded that the value of r is significant. The detail calculation is given on appendix.

4.4 Major Findings:

- 1) Total sales revenue is fluctuating. It is highest in the year 2060/061 and lowest in the year 2062/063.
- 2) Net purchase of STCL is fluctuating. It is highest in 2060/061 and lowest in 2063/064.
- 3) Actual closing inventory of STCL has increasing trend up to 2062/063 but is slightly decreased in the year 2063/064.
- 4) Coefficient of variance of sales (0.34) is higher than coefficient of variance of closing inventory (0.214).
- 5) Coefficient of variance of purchase (0.42) is highest than coefficient of variance of sales and inventory.
- 6) Maximum portion of total assets is covered by inventory in STCL. the highest portion is 48.44% in the year 2060/061 and lowest is 36.21% in 2059/060.
- 7) Percentage of inventory to net sales of STCL is fluctuating. The highest percentage is 47.37% in the year 2062/063 and lowest percentage in the year 2060/061 is 12.07%.
- 8) Inventory turnover ratio of STCL is higher than its required the maximum ratio is 6.27 times in the year 2060/061 and minimum is 1.91 times in 2062/063.
- 9) The regression coefficient of inventory and sales is -0.167 and coefficient of correlation and probable error is -0.93 and 0.041 respectively.

- 10) The regression coefficient of inventory and purchase is -0.158 and correlation coefficient and probable error is -0.82 and 0.1 respectively.
- 11) Regression coefficient of inventory and net profit is -2.39 and correlation coefficient and probable error is -0.46 and 0.237 respectively.
- 12) The regression coefficient of net purchase and sales is 0.872 and correlation coefficient & probable error is 0.93 and 0.047 respectively.
- 13) STCL has no any effective program to achieve desired goals and objectives to overcome the existing problem and challenges.
- 14) There is no proper planning of raw materials or there is no clear cut and effective policy regarding inventory and purchase of raw materials.
- 15) The profit pattern of STCL is satisfactory except the year 2063/064 during the study period.

CHAPTER-V

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

In the present era industrialization has become essential element for the development of countries. Many Western countries are more than 100 years development than like our countries due to technology which is the factor of industrialization. Industry promotes economic development by providing employment opportunities as well as qualitative goods at reasonable price. Different public enterprises in different economic sector of the country were established for the growth of industrialization for the economic development of our country.

Unfortunately the performance of Nepalese enterprises are unsatisfactory due to unclear planning. There is not any concept of effective and attractive planning system and procedure followed by Nepalese organization. Due to lack of profit planning and planning expert in every sector of business most of Nepalese public enterprises are suffering from serious problem of its capacity and some times goes on loss. There is a great gap of communication and coordination between different level of management i.e. production, sales, marketing etc. In such environment the ideas about comprehensive planning and control will be effective treatment for these enterprises to improve the overall efficiency and profitability. Planning is the life blood of any organization which keeps the organization alive and assures the future and creates the soundness on it.

Salt Trading Corporation limited is a trading organization. Its main objectives is to provide the qualitative products which are as preventive medicine for the people Salt Trading limited has many products such as salt, flour, ghee, oil, sugar, rice, some products are product of other companies but responsibility for trading is taken by STCL Raw materials for the products are collected from countries and foreigners. The main objectives of this study is identify the inventory system and procedure.

Five years data (2059/60+2063/64) have been analyzed to find out the strength and weakness of the corporation. Mean, standard deviation, correlation and regression, financial tools have been used according to the nature of data. Only the secondary data have been used during the study period to analyze the data. Some statistical tools also have been used such as least square analysis, bar diagrams etc. The study has covered five chapters.

Inventory planning is the systematic and continuous process to achieve certain objective for specified period of time. It is a management tools rather than end objectives of an organization.

Inventory has direct and indirect relationship between purchase, Sales, profit and other indirect expenses of any types of an organization. Proper inventory planning and analysis helps to reduce uncertainties of future in the field of productive, sales, purchase, overhead etc.

5.2 Conclusion:

- 1) Sales of STCL has decreasing trends. It is not good for the corporation.
- 2) Purchase of STCL has decreasing trend due to decrease in sales.
- 3) Closing inventory of STCL has increasing trends due to decreasing trends of sales, which may have negative effect on net profit.
- 4) Co-efficient of variance of purchase, sales and inventory is 42%, 34% and 21.4% respectively. It shows variability in purchase for STCL is highest and variability of inventory is lest among sales purchase and inventory i.e, inventory is more consistent.

- 5) STCL has maximum portion of inventory to total assets, it is not good for profit planning and result of overstocking of inventory.
- 6) STCL covered maximum percentage of sales by inventory. Low percentage of inventory to net sales ratio indicates the good inventory management where sales are generated by keeping minimum inventory level.
- 7) Inventory turnover ratio of STCL shows the turnover ratio is more than 3 months it will affect in working capital. It is not good inventory management.
- 8) While co-efficient of regression value -0.167 indicates that the changes in Rs 1 sales can change only -0.167 rupees of closing inventory. Correlation co-efficient between sales and inventory is -0.93 indicates that there is negative relationship between sales and inventories. Show the probable error of sales and inventory is 0.041 . Hence $r < P.E$ indicates that there is insignificant between sales and inventory.
- 9) Slope of regression line of purchase and inventory is -0.158 indicates that Rs. 1 of purchase can charge only Rs -0.158 of closing inventory. correlation co-efficient and probable error between purchase and inventory is -0.82 and 0.1 respectively, which concludes the increase in inventory is decrease in purchase and vice versa. The value of r is less than P.E. so r is insignificant.
- 10) The slope of regression line between inventories and net profit is -2.39 indicates changes of Rs 1 profit can change only Rs -2.39 of closing inventory. Correlation coefficient and probable error is -0.46 and 0.237 which concludes negative relationship between profit & inventory. Hence the value of $r < P.E$ show r is insignificant. Therefore inventory is increasing and profit is decreasing trends which is not good for company.
- 11) The regression value of net sales and purchase is 0.87 indicates that changes in rupees one of sale can change only Rs 0.87 of purchase for corporation. Correlation coefficient and probable error between sales

and purchase is 0.93 and 0.047. It shows high degree of positive relationship between net sales and purchase so we can conclude increase in purchase is increase in sales and vice versa. Therefore $r > 6$ P.E, it is significant.

- 12) STCL has the problem of over stocking due to lack of effective purchase plan.

5.3 Recommendation

After the detail analysis of inventory planning of salt trading corporation some suggestion have been recommended on the basis of major findings. To improve the performance of the corporations, it should adopt the comprehensive inventory planning from very beginning to the end the following action should be implemented to apply the inventory planning of STCL

1. STCL should formulate Clear cut goal, objectives, policies, long term plan, strategic program etc.
2. STCL should focus in proper raw material planning. It should formulate effective policies regarding inventory and purchase of raw materials.
3. STCL should prepare strategic and tactical plan. So that more detail information about inventory planning, will be easily achieved and performance evaluation will be more effective and that will help to improve weakness of the company
4. The most easy applicable model of ABC classification is another tool that can be applied for managing inventory smoothly the classification of ABC analysis help to know which items in inventory have higher usage value and which have not accordingly a precise control over the items in inventory can be applied STCL has not adopting the ABC analysis.
5. The budgetary and financial analysis must be followed for the financial dimension of inventory management.

6. Corporation has covered maximum percentage of total assets by inventory it may causes of over stocking of raw materials so it should prepare plan of inventory considering the sales plan for future.
7. As a whole the government should take uniform system of inventory managing and controlling plan according to manufacturing and non-manufacturing nature.
8. Company has made provision for doubtful debts in the year 2063/064 only, which was accumulated in earlier years, it is not good for company. Which affected net profit distribution to the shareholders in the earlier years.
9. The post of General manager should be professional and it should be far from political interfering.

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Appendix-I

Calculation of Regression on Inventories and Sales. (in crore Rs)

Year	Inventories (y)	Net Sales (x)	y ²	x ²	xy
2059/060	68.81	246.10	4734.82	60565.21	16934.14
2060/061	47.07	389.89	2215.58	152014.21	18352.12
2061/062	78.99	219.39	6239.42	48131.97	17329.62
2062/063	87.66	185.06	7684.28	34247.20	16222.36
2063/064	74.44	191.62	5163.67	36718.22	13689.33
Total	y=353.97	x=1232.06	y ² =25977	x ² =331676.81	xy=82528.57

Let, Regression equation y on x be: $y = a + bx$(i)

then two normal equations:

$$\Sigma y = na + b\Sigma x \dots\dots\dots(ii)$$

and $\Sigma xy = a\Sigma x + b\Sigma x^2 \dots\dots\dots(iii)$

Putting the above calculating value in equation no. (ii) and (iii)

or $353.97 = 5a + b1232.06 \dots\dots\dots (iv)$

$82528.57 = a 1232.06 + b. 331676.81 \dots\dots\dots (v)$

Now multiplying equation(iv) by 246.412 and then subtracting to equation (v)

$$87222.45 = 1232.06a + b. 303594.37$$

$$82528.57 = 1232.06a + b.331676.81$$

$$\begin{array}{r} - \\ \hline \end{array}$$

$$+4693.88 = - 28082.44.b$$

or $b = 0.167$

Again,

Putting the value of b in equation no. (iv)

$$353.97 = 5a + (0.167.1232.06)$$

or $359.97 = 5a - 205.75$

or $-5a = -205.75 - 353.97$

or $+5a = +559.72$

$$a = 111.94$$

Above calculation following result to be obtained:

$$a = 111.94 \quad b = -0.167$$

Now, substituting the value of a and b, we get

$$y = 111.94 - 0.167x$$

Appendix-II
Correlation and regression of inventories & purchase

Year	Inventories (y)	Purchase (x)	y ²	x ²	xy
059/60	68.81	213.81	4734082	45714.72	14712.27
060/61	47.07	298.25	2215.58	88953.1	14638.6
061/62	78.99	179.84	6239.42	32342.4	14205.5
062/63	87.66	127.97	7684.28	16376.3	11217.8
063/64	71.44	100.82	5103.67	10164.67	7202.6
Total	y= 353.97	x= 920.69	y ² = 25977.77	x ² = 193551.19	xy= 61376.77

Let, regression equation y on x be:

$$y = a + bx \dots\dots\dots (i)$$

Then two normal equations:

$$y = na + b \sum x \dots\dots\dots (ii)$$

$$\sum xy = a \sum x + b \sum x^2 \dots\dots\dots (iii)$$

Putting the above calculating value in equation no (ii) and (iii)

$$353.97 = 5a + b 920.69 \dots\dots\dots (i)$$

$$61376.77 = 920.69a + b193551.19 \dots\dots\dots (ii)$$

Now, multiplying equation (iv) by 184.14 and subtracting to equation no.

(v)

$$65179.33 = 920.69a + b169534.02$$

$$\underline{61376.77 = 920.69a + b193551.19}$$

$$\hline 3802.56 = -b24017.17$$

$$b = \frac{-3802.59}{24017.17} = -0.158$$

Putting the values of b in equation.....(iv)

$$353.97 = 5a + (-0.158 \times 920.69)$$

$$\text{or. } 353.97 = 5a - 145.47$$

$$\text{or. } -5a = -145.47 - 353.97$$

$$\text{or. } 5a = -499.44$$

$$a = 99.89$$

Now, Putting the values of a and b in equation (i) then regression line is:

$$y = a + bx$$

$$y = 99.89 + -0.158x$$

The observation period from 059/60 to 063/64 shows the following result of inventories and purchase.

$$y = 99.89 - 0.158x$$

Appendix-III
Calculation of Regression on inventories and Net Profit. (in crore
Rs.)

year	Inventories (y)	Net profit (x)	y ²	x ²	xy
059/60	68.81	5.03	4734.82	25.30	346.11
060/61	47.07	7.30	2215.58	53.29	343.611
061/62	78.99	4.989	6239.42	24.80	393.37
062/63	87.66	2.91	7684.27	8.47	255.1
063/64	71.44	(1.04)	5103.67	1.082	-74.3
Total	y= 353.97	x= 19.18	y ² = 25977.77	x ² = 112.94	xy= 1263.89

Let, regression equation y on x be

$$y = a + bx \dots\dots\dots (i)$$

Here, two normal equations.

$$y = na + b \sum x \dots\dots\dots (ii)$$

$$\sum xy = a \sum x + b \sum x^2 \dots\dots\dots (iii)$$

Now, putting the above calculating values in equation (ii) and (iii)

$$353.97 = 5a + 19.18x \dots\dots\dots (iv)$$

$$1263.89 = 19.18a + 112.94b \dots\dots\dots (v)$$

Now, multiplying equation (iv) by 3.84 and subtracting to equation (v)

$$1357.83 = 19.18a + 73.65b$$

$$\underline{1263.89} = \underline{19.18a} + \underline{112.94b}$$

$$93.94 = -39.29b$$

$$b = \frac{93.94}{-39.29} = -2.39$$

Putting the value of b in equation (iv)

$$353.97 = 5a + (-2.39 \times 19.18)$$

$$353.97 = 5a - 45.86$$

$$-5a = 45.86 - 353.97$$

$$-5a = 399.83$$

$$a = 79.96$$

Now, putting the values of a and b in equation (i) and regression line

$$y = a + bx$$

$$y = 79.96 + (-2.39)x$$

$$y = 79.96 - 2.39x$$

Appendix-IV

Calculation of Regression on Net sales & Purchase (in crore Rs.)

Year	Net sales (x)	Net purchase (y)	x^2	y^2	xy
059/60	246.10	213.81	60565.21	45714.72	52618.64
060/61	389.89	298.25	152014.21	88953.1	116284.7
061/62	219.39	179.84	48131.97	32342.4	39448.5
062/63	185.06	127.97	34247.20	16376.3	23682.13
063/64	191.62	100.82	36718.22	10164.67	19319.13
Total	x= 1232.06	y= 920.69	x²= 331676.81	y²= 193551.19	xy= 251353.1

Let, Regression equation y on x be:

$$y = a + bx \dots\dots\dots (i)$$

Then, two normal equation are;

$$y = na + b \sum x \dots\dots\dots (ii)$$

$$xy = a \sum x + b \sum x^2 \dots\dots\dots (iii)$$

Putting the above calculation value in equation (ii) and (iii)

$$920.69 = 5a + b1232.06 \dots\dots\dots (iv)$$

$$251353.1 = a1232.06 + b331676.81 \dots\dots\dots (v)$$

Now, multiplying equation (iv) by 246.412 and then subtracting to equation no. (v)

$$226869.1 = 1232.06a + b303594.37$$

$$251353.1 = 1232.06a + b331676.81$$

$$\begin{array}{r} \underline{\hspace{1cm}} \qquad \underline{\hspace{1cm}} \qquad \underline{\hspace{1cm}} \\ +24484 \qquad \qquad \qquad +b.28082.44 \end{array}$$

$$b = \frac{24484}{28082.44} = 0.872$$

Putting the value of b in equation (iv)

$$920.69 = 5a + 0.872 \hat{1} 1232.06$$

$$920.69 = 5a + 1074.19$$

$$-5a = 1074.19 - 920.69$$

$$-5a = 153.46$$

$$a = \frac{153.46}{-5}$$

$$= -30.7$$

The regression result shows the five year observation period of purchase and sales is

$$y = -30.7 + 0.87x.$$

Appendix V

Calculation of correlation co-efficient between net sales and net purchase. (ruppes in crore)

Fiscal Year	Sales (x)	Purchase (y)	x ²	y ²	(x - \bar{x})	(y - \bar{y})	(x - \bar{x})(y - \bar{y})	(x - \bar{x}) ²	(y - \bar{y}) ²
2059/060	246.10	213.81	60565.21	45714.72	-0.31	29.69	-9.20	0.01922	176.06
2060/061	389.89	298.25	152014.21	88953.1	143.48	114.11	16372.5	4117.30	2604.2
2061/062	219.39	179.84	48131.97	32342.4	-27.02	-4.3	116.19	146.02	3.7
2062/063	185.06	127.97	34247.20	16379.3	-61.35	-57.14	3505.5	752.76	653
2063/064	191.62	100.82	36718.22	10164.67	-53.35	-81.14	4409.96	600.38	1415.9
Total	x= 1232.061	y=920.69	x ² =33167.81	y ² =193551.19			(x - \bar{x}) (y - \bar{y})=24394.95	(x - \bar{x}) ² /n= 5616.49	(y - \bar{y}) ² /n= 4851.86

$$\bar{x} = \frac{\sum x}{n} = \frac{1232.06}{5} = 246.41$$

$$\bar{y} = \frac{\sum y}{n} = \frac{920.69}{5} = 184.14$$

$$t_x = \sqrt{\frac{\sum (x - \bar{x})^2}{n}} = \sqrt{5616.49} = 74.94$$

$$\uparrow y = \sqrt{\frac{(y-\bar{y})^2}{n}} = \sqrt{4851.86} = 69.66$$

$$r = \frac{\Sigma(x-\bar{x})(y-\bar{y})}{n.\uparrow x \uparrow y}$$
$$= \frac{24394.95}{5 \times 74.94 \times 69.66} = 0.93$$

$$\text{Probable Error (P.E)} = 0.6745 \times \frac{1-r^2}{n}$$
$$= 0.6745 \times \frac{1 - (0.93)^2}{5}$$
$$= 0.047$$

Appendix – VI

Calculation of correlation coefficient between inventories and Net profit.

Fiscal year	Net profit x	Inventories (y)	x^2	y^2	$(x - \bar{x})$	$(y - \bar{y})$	$(x - \bar{x})(y - \bar{y})$	$\frac{(x - \bar{x})^2}{n}$	$\frac{(y - \bar{y})^2}{n}$
059/60	5.03	68.81	25.30	4734.82	1.19	-2.36		-0.28	0.78
060/61	7.30	47.07	53.29	245.58	3.46	-23.72	-82.07	2.39	112.53
061/62	4.98	75.98	24.80	6239.42	1.14	8.2	9.35	6.26	13.45
062/63	2.98	87.66	8.47	7684.27	-0.86	16.87	-14.51	0.15	56.92
063/64	(1.04)	71.44	1.08	5103.67	-4.88	0.65	-3.17	4.76	0.08
Total	x= 19.18	y=353.97	$x^2= 112.94$	$y^2= 25977.77$	$(x - \bar{x}) = 0.05$	$(y - \bar{y}) = 0.02$	$(x - \bar{x})(y - \bar{y}) = -88.04$	$(x - \bar{x})(y - \bar{y}) = 7.84$	$\frac{(y - \bar{y})^2}{n} = 183.76$

$$\bar{x} = \frac{\Sigma x}{n} = \frac{19.18}{5} = 3.84$$

$$\bar{y} = \frac{\Sigma y}{n} = \frac{353.97}{5} = 70.79$$

$$\dagger_x = \sqrt{\frac{\Sigma(x-\bar{x})^2}{n}} = \sqrt{7.84} = 2.8$$

$$\dagger_y = \sqrt{\frac{\Sigma(y-\bar{y})^2}{n}} = \sqrt{183.76} = 13.56$$

$$\begin{aligned} r &= \frac{\Sigma(x-\bar{x})(y-\bar{y})}{n \cdot \dagger_x \cdot \dagger_y} \\ &= \frac{-88.04}{5 \times 2.8 \times 13.56} \\ &= -0.46 \end{aligned}$$

$$\begin{aligned} \text{Probable Error (P.E)} &= 0.6745 \times \frac{1-r^2}{n} \\ &= 0.6745 \times \frac{1-(0.46)^2}{5} \\ &= 0.237 \end{aligned}$$

Appendix – VII
Calculation of correlation Coefficient between Inventories and Net purchase.

Fiscal year	Net purchase x	Inventories (y)	x^2	y^2	$(x - \bar{x})$	$(y - \bar{y})$	$(x - \bar{x})(y - \bar{y})$	$\frac{(x - \bar{x})^2}{n}$	$\frac{(y - \bar{y})^2}{n}$
059/60	213.81	68.81	45714.72	4764.82	29.67	-1.98	-58.75	176.06	0.78
060/61	298.25	47.07	88953.1	2215.58	114.11	-23.72	-2304.08	2604.2	112.53
061/62	179.84	78.89	32342.4	6239.42	-4.3	8.2	-35.26	3.7	13.45
062/63	127.97	87.66	16376.3	7684.28	-57.14	16.87	-967.95	653	56.92
063/64	100.82	71.44	100164.67	5103.67	-84.14	0.65	-54.65	1415.9	0.68
Total	x= 920.69	y=353.97	$x^2=$ 193551.19	$y^2=$ 25977.77	$(x - \bar{x})=$ -0.01	$(y - \bar{y}) =$ 0.35	$(x - \bar{x})(y - \bar{y}) = -$ 3816.73	$\frac{\Sigma(x - \bar{x})^2}{n} =$ 4852.86	$\frac{(y - \bar{y})^2}{n}$ =183.76

$$\bar{x} = \frac{\Sigma x}{n} = \frac{920.69}{5} = 184.14$$

$$\bar{y} = \frac{y}{n} = \frac{353.57}{5} = 70.79$$

$$\dagger_x = \sqrt{\frac{(x-\bar{x})^2}{n}} = \sqrt{4852.86} = 69.66$$

$$\dagger_y = \sqrt{\frac{(y-\bar{y})^2}{n}} = \sqrt{183.76} = 13.56$$

$$\begin{aligned} r &= \frac{\Sigma(x-\bar{x})(y-\bar{y})}{n \cdot \dagger_x \dagger_y} \\ &= \frac{-3816.73}{5 \times 69.66 \times 13.56} \\ &= -0.82 \end{aligned}$$

$$\begin{aligned} \text{Probable Error (P.E)} &= 0.6745 \times \frac{1-r^2}{n} \\ &= 0.6745 \times \frac{1-(-0.82)^2}{5} \\ &= 0.1 \end{aligned}$$

Appendix – VIII

Calculation of Correlation Coefficient between Nets Sales and Inventories (in Cores RS)

Fiscal year	Sales (x)	Inventories (y)	x ²	y ²	(x - \bar{x})	(y - \bar{y})	(x - \bar{x}) (y - \bar{y})	$\frac{(x - \bar{x})^2}{n}$	$\frac{(y - \bar{y})^2}{n}$
059/060	246.10	68.81	60565.21	4734.82	-0.31	-1.98	0.6138	0.01922	0.78
060/061	389.89	47.07	152014.21	2215.58	143.48	-23.72	-3403.34	4117.30	112.53
061/062	219.39	78.98	48131.97	6239.42	-47.02	8.19	-221.02	146.02	13.41
062/063	185.06	87.06	34247.20	7684.28	-61.35	16.27	-998.16	752.76	52.94
063/064	191.62	71.44	36718.22	5103.67	-54.79	0.65	-35.61	600.38	0.084
Total	Σx =1232.06	$\Sigma y=353.97$	$\Sigma x^2=331676.81$	$\Sigma y^2=25977.77$			$\Sigma(x - \bar{x}) (y - \bar{y}) =$ -4657.52	$\Sigma \frac{(x - \bar{x})^2}{n} =$ 5616.49	$\Sigma \frac{(y - \bar{y})^2}{n} =$ 179.74

$$\bar{x} = \frac{\Sigma x}{n} = \frac{1232.06}{5} = 246.41$$

$$\bar{y} = \frac{\Sigma y}{n} = \frac{353.97}{5} = 70.79$$

$$\sqrt{\frac{(x - \bar{x})^2}{n}} = \sqrt{5616.49} = 74.94$$

$$\dagger y = \sqrt{\frac{(y - \bar{y})^2}{n}} = \sqrt{179.74} = 13.41$$

$$r = \frac{\Sigma(x - \bar{x})(y - \bar{y})}{n \cdot \dagger x \dagger y}$$

$$= \frac{-4657.52}{5 \times 74.94 \times 13.41}$$

$$= -0.93$$

$$\text{Probable Error (P.E)} = 0.6745 \times \frac{1 - r^2}{\sqrt{n}}$$

$$= 0.6745 \times \frac{1 - (-0.93)^2}{\sqrt{5}}$$

$$= 0.042$$

Appendix-Ix

Table 9(d)

Details of Privatized & Dissolved Public Enterprises

S.N.	PEs Name	Year Privatized	Privatization mode	Lump sum Equity Sold(%)	Selling Price (Rs million)
1.	Bhrikuti Paper Factory Ltd.	1992	Assets and Business sale	-	229.8
2.	Harisiddhi Brick And Tile Factory Ltd	1992	Assets and Business sale	-	214.830
3.	Bansbari Leather and Shoe Factory Ltd.	1992	Assets and Business sale	-	29.854
4.	Nepal Film Industry Ltd.	1993	Equity Sale	51.0	64.662
5.	Balaju Textile Industry	1993	Equity Sale	70.0	17.716
6.	Raw hide Collection and Processing Co.Ltd	1993	Equity Sale	100.0	3.990
7.	Nepal Bitumen and Barrel Industry Ltd.	1994	Equity Sale	65.0	13.127
8.	Nepal Lube Oil Ltd	1994	Equity Sale	40.0	31.057
9.	Nepal Jute Development Co Ltd.	1993	Liquidation	-	Liquidation
10.	Tobacco Development Co. Ltd.	1994	Liquidation	-	Liquidation
11.	Nepal Foundry Factory Ltd	1996	Equity Sale	51	14.473
12.	Raghupan Jute Mills Ltd	1996	Equity Sale	65	82.204
13.	Biratnagar jute Mills Co Ltd	2002	Management Contract	-	-
14.	Nepal Bank Ltd	1997	Equity Sale	10	125.140
15.	Nepal Tea Development Corporation	2000	Equity Sale and lease	65	267.105
16.	Agriculture Project Services Center Ltd	2001	Liquidation	-	-
17.	Cottage Handicraft Sale Emporium Ltd	2002	Liquidation	-	-
18.	Nepal Coal Ltd	2002	Liquidation	-	-
19.	Hetauda Textile Industry Ltd	2002	Liquidation	-	-
20.	Nepal Transport Corporation	2002	Dissolved	75	874.2+1 Million US \$
21.	Butawal Power Co.	2003	Liquidation	-	-
22.	Birjunj Sugar Factory Ltd.	2003	Liquidation	-	-
23.	Agriculture Tools Factor Ltd.	2003	Liquidation	-	-
24.	Bhaktapur Brick Factory	2004	Assets and Business	-	14.5 (Asset Sale)

Management Contract decision was taken by the Board of Directors
Ten percent of HMG equity was sold.

Source: Corporation Coordination Division Ministry of Finance

Out of the Privatized Corporation till now, three corporation have been privatized by selling the assets and business, ten by selling the shares. Nine by dissolution and 1/1 by management contract and leasing out and selling the assets respectively.

Appendix-X

साल्ट ट्रेडिङ्ग कर्पोशन लिमिटेड

२०६० साल आषाढ मसान्तको वासलात

पुँजी तथा दायित्व	अनुसुची	२०६०/३/३२ (रु)	२०५९/३/३२ (रु)
पुँजी तथा जगेडा			
शेयर पुँजी	१	२४,७७७,७००	२४,७७७,७००
जगेडा तथा मुनाफा	२	५१७,७१९,५२५	४७३,८४२,४०४
मध्य तथा दिर्घकालीन ऋण			
सुरक्षित ऋण	३	१,३५९,५९२,८९०	९०२,८००,२३८
कुल जम्मा		१,९०,२,०९०,११५	१,४०९,४२०,३४२
सम्पत्ति			
अचल सम्पत्ति			
परल मोल	४	४६६,९०४,३३०	४४७,३४४,००८
कुल हास		४,७७५,२००	२,१७३,९८६
खुद मोल		४३२,१२९,१३०	४४५,१७०,०२२
लगानी	५	१३९,६४२,२७८	१३९,६३६,२७८
चालू सम्पत्ति, ऋण तथा पेशकी			
जिन्सी मौज्दात	६	६८८,१३३,५४९	३७०,७१६,५१४
आसामी	७	१६७,७७८,८४५	१५२,१९२,९७७
नगद तथा बैंक मौज्दात	८	५८,८२३,६६६	३८,५३०,८३६
पेशकी, सापटी तथा धरौटी	९	७६६,३३८,३८९	५५३,३६९,४१०
कूल चालु सम्पत्ति		१,६८१,०७४,४४९	१,११४,८०९,७३७
न्यून चालू दायित्व तथा व्यवस्था	१०	३८०,७५५,७४२	२९८,१९५,६९५
खुद चालू सम्पत्ति		१,३०००,३१८,७०७	८१६,६१४,०४२
कुल जम्मा रु		१,९०२,०९०,११५	१,४०९,४२०,३४२

नोट: अनुसुची १ देखि १० सम्म तथा संलग्न लेखासँग सम्बन्धित टिप्पणीहरू यस वासलातको अभिन्न अङ्ग हुन ।

(कमलमणी दीक्षित)
अध्यक्ष

हाम्रो संलग्न प्रतिवेदनको आधारमा
नेमलाल अमात्य
एन. अमात्य एण्ड कम्पनी
चार्टर्ड एकाउन्टेन्टस्

संचालकहरू

लक्ष्मी दास मानन्धर
विमलचन्द्र पौड्याल
कीर्तिकुमार जोशी
ईश्वरलाल श्रेष्ठ

विमल प्रसाद वाग्ले
कल्याणगोविन्द श्रेष्ठ
राजेन्द्रमान शेरचन
गौरी शंकर अग्रवाल

(ओमसिद्धि गुभाजु)
प्रबन्धक

(परमेश्वर महासेठ)
कार्यकारी प्रमुख

(उर्मिला श्रेष्ठ)
नायब महा- प्रबन्धक

अर्थ तथा लेखा विभाग

साल्ट ट्रेडिङ्ग कर्पोरेशन लिमिटेड
नाफा-नोक्सान हिसाब

२०५९ साल श्रावण १ गते देखी २०६० आषाढ ३२ गते सम्मको

विवरण	अनुसूची	यस वर्ष (रु.)	गत वर्ष (रु.)
आम्दानी (विक्री)	११	२,४६१,०००,७०८	१,८७५,८६८,७९०
विक्री लागत	१२	२,२०२,३००,७१४	१,६८३,६६२,१५१
कुल मुनाफा		२५८,६९९,९९४	१९२,२०६,६३९
अन्य आम्दानी	१३	४,४८२,६२०	७,५६०,०७४
जम्मा		२६३,१८२,६१४	१९९,७६६,७१३
प्रशासकीय खर्च	१४	७५,३६३,७०७	५२,२५०,३३५
व्याज खर्च		१११,४२५,७६१	१०५,०३२,६७७
हास खर्च		२,५३६,८६५	२,०७९,८८५
खुद सञ्चालन नाफा		७३,८५६,२८१	४०,४०३,८१६
सम्पत्ति विक्री नाफा (नोक्सानी)		१३३,३४४	१८३,५४४
आयकर, बोनस व्यवस्थापूर्वको नाफा (नोक्सानी)		७३,९८९,६२५	४०,५८७,३६०
कर्मचारी बोनस		७,३९८,९६२	४,०५८,७३६
आयकर व्यवस्थाअगाडिको नाफा (नोक्सानी)		६६,५९०,६६३	३६,५२८,६२४
आयकर व्यवस्था		१६,३४०,४१५	९,८७०,७३५
खुद नाफा (नोक्सानी)		५०,२५०,२४८	२६,६५७,८८९
गत वर्षसम्मको बाँकी नाफा		३,५१०,५५३	७५०,८१८
विनियोजनको लागि उपलब्ध		५१,७६०,८०१	२७,४०८,७०७
विनियोजन			
आ.व.२०५१।०५.२ देखि २०५५।५.६ सम्मको थप आयकर		-	७,९३७,५८२
सञ्चालक पुरस्कार		१,३३२,८९५	५२७,२६२
साधारण जगेडा		१०,०००,०००	१०,०००,०००
लगानी समीकरण कोष		३०,०००,०००	-
प्रस्तावित लाभांश		४,९५५,५४०	७,४३३,३१०
बाँकी बासलातमा सारेको		५,४७२,३६६	१,५१०,५५३
		५१,७६०,८०१	२७,४०८,७०७

नोट : अनुसूची ११ देखि १४ सम्म तथा संलग्न लेखासंग सम्बन्धित टिप्पणीहरू यस नाफा-नोक्सान हिसाबको अभिन्न अङ्ग हुन् ।

(कमलमणि दीक्षित)
अध्यक्ष

हाम्रो संलग्न प्रतिवेदनको आधारमा

नेमलाल अमात्य

एन.अमात्य एण्ड कम्पनी

चार्टर्ड एकाउन्टेन्ट्स

सञ्चालकहरू

लक्ष्मीदास मानन्धर
विमलचन्द्र पौड्याल
कीर्तिकुमार जोशी
ईश्वरलाल श्रेष्ठ

विमलप्रसाद वाग्ले
कल्याणगोविन्द श्रेष्ठ
राजेन्द्रमान शेरचन
गौरीशंकर अग्रवाल

(ओमसिद्धि गुभाजू)

प्रबन्धक

अर्थ तथा लेखा विभाग

(परमेश्वर महासेठ)
कार्यकारी प्रमुख

(उर्मिला श्रेष्ठ)
नायब महा-प्रबन्धक

वार्षिक प्रतिवेदन २०५८/२०६०

साल्ट ट्रेडिङ्ग कर्पोरेशन लिमिटेड

जिन्सी मौज्दात

अनुसुची ६

विवरण	२०६०/३३२ (रु.)	२०५९/३३२ मा (रु.)
खाद्य सामग्री	६०८,१९१,५३९	२५२,९१६,२३८
कृषिजन्य सामग्री	२,०१८,६३१	२९,०८८,६८३
इन्धन, लुब्रिकेन्टस् तथा टायरट्युब	२१,२०९,०३४	१,११६,२५९
निर्माण सामग्री	८,७३१,८४८	-
यन्त्र तथा उपकरण	२४,९५६,०००	३७,५९६,०००
अन्य सामग्री	२३,०२६,४९७	४९,९९९,३३४
जम्मा	<u>६८८,१३३,५४९.</u>	<u>३७०,७१६,५१४</u>

नगद तथा बैंक मौज्दात

अनुसुची ७

विवरण	२०६०/३३२ (रु.)	२०५९/३३२ (रु.)
बैंक मौज्दातहरू	२१,६३०,९८०	१३,७३९,१४०
नगद मौज्दात	१३,२२५,२५१	८,५९९,००६
मुद्दी खाता	५,८००,०००	५,८००,०००
मार्गस्थल (चेक एवं ड्राफ्ट)	१८,१६७,४३५	१०,३९२,६९०
जम्मा	<u>५८,८२३,६६६</u>	<u>३८,५३०,८३६</u>

आसामी

अनुसुची ८

विवरण	२०६०/३३२ (रु.)	२०५९/३३२ (रु.)
सुरक्षित	२५,१२१,१५४	१६,९१४,१७९
अन्य		
१ वर्षसम्मको	९३,४९३,५४४	८५,६०८,५५०
१ वर्षभन्दा माथिको	४९,१६४,१४७	४९,६७०,२४८
जम्मा	<u>१६७,७७८,८४५</u>	<u>१५२,१९२,९७७</u>



साल्ट ट्रेडिङ्ग कर्पोरेशन लिमिटेड

२०६० साला आषाढमसान्तमा समाप्त वर्षको नाफा-नोक्सान हिसाबसँग सम्बन्धित अनुसूचीहरू

आम्दानी (बिक्री)

अनुसूची ११

विवरण	यस वर्ष (रु.)	गत वर्ष (रु.)
खाद्य सामग्री (ई.यु.आम्दानीसमेत)	१,४७५,६००,२६१	१,२९७,०१४,७४४
कृषिजन्य सामग्री	१३८,२२२,०१०	९०,४१०,८४७
इन्धन, लुब्रिकेन्टस् तथा टायरट्युब	७७०,९२३,८९१	३९३,२६१,६१९
यन्त्र तथा उपकरण	१३,७६६,२७९	५,७२५,०००
निर्माण सामग्री	५१,४०२,६४३	३०,८६२,१५०
अन्य सामग्री	११,०८५,६२४	५८,५९४,४३०
जम्मा	२,४६१,०००,७०८	१,८७५,८६८,७९०

बिक्री लागत

अनुसूची १२

विवरण	यस वर्ष (रु.)	गत वर्ष (रु.)
सुरु जिन्सी मौज्दात	३७०,७१६,५१४	१९९,९६७,५३१
खरिद	२,१३८,०६०,१५०	१,५४०,८३९,६३१
व्यावसायिक खर्च	३८१,६५७,६००	३१३,५७१,५०३
	२,८९०,४३४,२६४	२,०५४,३७८,६६५
न्यून- अन्तिम जिन्सी मौज्दात	६८८,१३३,५५०	३७०,७१६,५१४
जम्मा	२,२०२,३००,७१४	१,६८३,६६२,१५१

अन्य आम्दानी

अनुसूची १३

विवरण	यस वर्ष (रु.)	गत वर्ष (रु.)
लगानीबाट प्राप्त लाभश (करकट्टी पछि)	९०८,०१०	१,२७६,०००
घरभाडा आम्दानी	१,६६६,९८०	१,८५६,४०५
व्याज आम्दानी	२८०,९४८	२६,७४८
विनिमय दर थपघट	(९७,६०९)	१५८,९१२
अन्य आम्दानी	१,७२४,२९१	४,२४२,००९
जम्मा	४,४८२,६२०	७,५६०,०७४

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पुंजी तथा दायित्व	अनुसूची	२०६२/३/३१ (रु.)	२०६१/१३/३१ (रु.)
<u>पुंजी तथा जगेडा</u>			
शेयर पुंजी	१	२,४७,७७,७००	२,४७,७७,७००
जगेडा तथा मुनाफा	२	१,५४,६०,००,३०७	६८,४२,०४,९०६
<u>मध्यम तथा दीर्घकालिन ऋण</u>			
सुरक्षित ऋण	३	३६,२८,८९,२४०	३६,२६,०९,७५२
कुल जम्मा		१,९३,३६,६७,२४०	९७,१५,९२,३५८

सम्पत्ति

अचल सम्पत्ति

परल मोल	४	१,४०,५४,५८,२११	४७,४४,३६,९८२
कुल ह्रास		१,२३,००,१२९	८४,४४,९९३
खुद मोल		१,३९,३१,५८,०८२	४६,५९,९१,९८९
लगानी	५	४४,१७,५९,५२९	१५,१७,८१,२८७
<u>चालु सम्पत्ति, ऋण तथा पेस्की</u>			
जिन्सी मौज्दात	६	७९,९८,८८,२०५	४७,०६,६९,७७३
नगद तथा बैंक मौज्दात	७	५,१६,७८,४२८	७,६५,४५,४२६
आसामी	८	२०,३८,८१,४०४	१७,७०,६७,१८४
पेस्की, सापटी तथा धरौटी	९	७०,७४,०८,९२०	८१,९६,४५,५५१
कुल चालु सम्पत्ति		१,७५,२८,५६,९५७	१,५४,३९,२७,९३४
न्यून चालु दायित्व तथा व्यवस्था	१०	१,६५,४१,०७,३२८	११९,०१,०८,८५२
खुद चालु सम्पत्ति		९,८७,४९,६२९	३५,३८,१९,०८२
कुल जम्मा		१,९३,३६,६७,२४०	९७,१५,९२,३५८

नोट: अनुसूची १ देखि १०सम्म तथा संलग्न लेखासंग सम्बन्धित टिप्पणीहरू यस वासलातका अभिन्न अङ्ग हुन् ।

(कमलमणि दीक्षित)

अध्यक्ष

हाम्रो संलग्न प्रतिवेदनको आधारमा

नेमलाल अमात्य (एफ.सी.ए)

एन.आमात्य एन्ड कम्पनी

चार्टर्ड एकाउन्टेन्ट्स

सञ्चालकहरू

माननीय लक्ष्मीदास मानन्धर

ऋषभदेव शर्मा

कीर्तिकुमार जोशी

ईश्वरलाल श्रेष्ठ

विमलप्रसाद बागले

राजेन्द्रमान शेरचन

गौरीशंकर अग्रवाल

अतुल मल्ल

(ओमसिद्धि गुभाजु)

प्रबन्धक

(परमेश्वर महासेठ)

कार्यकारी प्रमुख

(उर्मिला श्रेष्ठ)

नायब महा-प्रबन्धक

अर्थ तथा लेखा विभाग

साल्ट ट्रेडिङ कर्पोरेशन लिमिटेड

२०६१ साल श्रावण १ गतेदेखि २०६२ आषाढ ३१ गतेसम्मको नाफा-नोक्सान हिसाब

विवरण	अनुसूची	यस वर्ष (रु.)	गत वर्ष (रु.)
आम्दाना (बिक्री)	११	२,१९,३९,३५,३६८	३,८९,८९,४२,६४६
बिक्री लागत	१२	१,९३,७२,३५,३४७	३,६०,३२,५६,७६६
कुल मुनाफा		२५,६७,००,०२१	२९,५६,८५,८८०
अन्य आम्दाना	१३	२,७५,५१,१४८	८,५,५५,७६५
जम्मा		२८,४२,५१,१६९	३०,४२,४१,६४५
प्रशासकीय खर्च	१४	८,२२,९४,३२२	७,५८,५१,८१८
ब्याज खर्च		११,९९,९४,९०३	११,५६,८६,२९८
ह्रास खर्च		३८,७३,१३०	३६,२८,५६३
खुद सञ्चालन नाफा		७,८०,९०,८१४	१०,९०,७४,९६६
सम्पत्ति बिक्री नाफा (नोक्सानी)		१,४४,७८३	(७,९९३)
आयकर, बोनस व्यवस्थापूर्वको नाफा (नोक्सानी)		७,८२,३५,५९७	१०,९०,६६,९७३
कर्मचारी बोनस		७८,२३,५६०	१,०९,०६,६९७
आयकर व्यवस्थापनअगाडिको नाफा(नोक्सानी)		७,०४,१२,०३७	९,८१,६०,२७६
आयकर व्यवस्था(गत वर्षहरुको रु.२३,४९,१५३समेत)		२,०६,०४,०५६	२,५१,३५,६२५
खुद नाफा(नोक्सानी)		४,९८,०७,९८१	७,३०,२४,६५१
गत वर्षसम्मको बाँकी नाफा		१,२०,३३,९७०	५४,७२,३६६
विनियोजनको लागि उपलब्ध		६,१८,४१,९५१	७,८४,९७,०१७
विनियोजन			
सञ्चालक प्रोत्साहन(आ.व.२०६०/०६१)		२१,९०,६४०	१५,०७,५०७
साधारण जगेडा		१,००,००,०००	१,००,००,०००
लगानी समीकरण कोष		४,००,००,०००	५,००,००,०००
प्रस्तावित लाभांश		४९,५५,५४०	४९,५५,५४०
बाँकी बासलातमा सारेको		४६,९५,६७१	१,२०,३३,९७०
		६१,८४१,९५१	७,८४,९७,०१७

नोट: अनुसूची १ देखि १०सम्म तथा संलग्न लेखासँग सम्बन्धित टिप्पणीहरु यस बासलातका अभिन्न अङ्ग हुन् ।

(कमलमणि दीक्षित)

अध्यक्ष

हाम्रो संलग्न प्रतिवेदनको आधारमा

नेमलाल अमात्य (एफ.सी.ए)

एन.आमात्य एन्ड कम्पनी

चार्टर्ड एकाउन्टेन्ट्स

सञ्चालकहरु

माननीय लक्ष्मीदास मानन्धर

विमलप्रसाद बाग्ले

ऋषभदेव शर्मा

राजेन्द्रमान शेरचन

कीर्तिकुमार जोशी

गौरीशंकर अग्रवाल

ईश्वरलाल श्रेष्ठ

अतुल मल्ल

(ओमसिद्धि गुभाजु)

(परमेश्वर महासेठ)

(उर्मिला श्रेष्ठ)

प्रबन्धक

कार्यकारी प्रमुख

नायब महा-प्रबन्धक

अर्थ तथा लेखा विभाग

शाल्ट ट्रेडिङ्ग कॉर्पोरेशन लिमिटेड

जिन्सी मौज्दात

अनुसूची ६

विवरण	२०६२।३।३१ (रु.)	२०६१।३।३१ (रु.)
खाद्य सामग्री	५२,७७,८७,२४०	३०,४६,८६,८८५
कृषिजन्य सामग्री	७४,२२,७३४	७५,८६,६२८
इन्धन, लुब्रिकेन्टस् तथा टायरटयुव	१८,६८,८४,३८२	१०,८३,१७०
निर्माण सामग्री	४४,२१,६४६	७,२६,०६,८०६
यन्त्र तथा उपकरण	४८,३०,४७१	१,६८,८०,४००
अन्य सामग्री	५,८५,२१,७३२	६,७८,०५,६८३
जम्मा	७८,८८,८८,२०५	४७,०६,६८,७७३

नगद तथा बैक्त मौज्दात

अनुसूची ७

विवरण	२०६२।३।३१ (रु.)	२०६१।३।३१ (रु.)
बैंड मौज्दात	२,४७,८८,५०८	४,४४,४१,०८८
नगद मौज्दात	७१,७५,३६२	१,३०,७२,३३०
मुद्दती खाता	५८,००,०००	५८,००,०००
मार्गस्थल (चेक एवं ड्राफ्ट)	१,३८,१३,५५७	१,३२,३१,८८८
जम्मा	५,१६,७८,४२८	७,६५,४५,४२६

आसामी

अनुसूची ८

विवरण	२०६२।३।३१ (रु.)	२०६१।३।३१ (रु.)
सुरक्षित	२,४०,८६,६७८	३,११,६५,६७८
अन्य		
१ वर्षसम्मको	७,०६,०६,३४२	५,८८,३०,८४८
१ वर्षभन्दा माथिको	१०,८१,७८,३८३	८,६०,७०,५५६
जम्मा	२०,३८,८१,४०४	१७,७०,६७,१८४



साल्ट ट्रेडिङ्ग कर्पोरेशन लिमिटेड

२०६२ साल आषाढमसान्तमा समाप्त वर्षको नाफा-नोक्सान हिसाबसँग सम्बन्धित अनुसूचीहरू
आम्दानी (बिक्री)

विवरण	अनुसूची ११	
	२०६२।३।३१ (रु.)	२०६१।३।३१ (रु.)
खाद्य सामग्री	१,१७,६२,८८,७३५	१,६१,२५,३७,६०२
कृषिजन्य सामग्री	८८,८३,०२७	२५,८६,०१,३०८
इन्धन, लुब्रिकेन्टस् तथा टायरट्युब	६,६५,१८०,५५३	१,७३,५८,७०,२७६
निर्माण सामग्री	८,१५,२८,८८६	२२,३१,३८,०६२
यन्त्र तथा उपकरण	६८,३४,८५३	१,१०,१४,८७२
अन्य सामग्री	२५,४०,१८,२१४	५,७६,७८,४२५
जम्मा	२,१८,३८,३५,३६८	३,८८,८८,४२,६४६

बिक्री लागत

विवरण	अनुसूची १२	
	२०६२।३।३१ (रु.)	२०६१।३।३१ (रु.)
सुरु जिन्सी मौज्दात	४७,०६,६८,७७३	६८,८१,३३,५५०
खरिद	१,७८,८४,००,२६३	२,८८,२५,३०,२८५
व्यावसायिक खर्च	४५,८०,५३,५१६	४०,३२,६२,६८४
न्यून- अन्तिम जिन्सी मौज्दात	२,७२,७१,२३,५५२	४,०७,३८,२६,५३८
जम्मा	१,८३,७२,३५,३४७	३,६०,३२,५६,७६६

अन्य आम्दानी

विवरण	अनुसूची १३	
	२०६२।३।३१ (रु.)	२०६१।३।३१ (रु.)
लगानीवाट प्राप्त लाभांश (करकट्टी पछि)	-	७,७१०
घरभाडा आम्दानी	१८,०७,७८०	१८,८१,४३०
ब्याज आम्दानी	१,८६,०३,६८४	७,६७,३२६
विनिमय दर थपघट	(७०,०८४)	(५४,२७८)
अन्य आम्दानी	७१,०८,७७८	५८,५३,५७७
जम्मा	२,७५,५१,१४८	८५,५५,७६५



साल्ट ट्रेडिङ्ग कॉर्पोरेशन लिमिटेड

२०६४ साल आषाढ मसान्तको बासलात

पूँजी तथा दायित्व	अनुसूची	२०६४/३३२ (रु.)	२०६३/३३२ (रु.)
पूँजी तथा दायित्व			
शेयर पूँजी	१	२,४७,७७,७००	२४,७७,७७,७००
जगेडा तथा मुताफा	२	१,३७,४८,८२,४९४	१,४२,४१,६३,८४८
मध्यम तथा दीर्घकालीन ऋण			
सुरक्षित ऋण	३	४१,६४,३२,६९४	३०,४६,६८,७०३
कुल जम्मा		१,८१,६१,९२,८८८	१,८४,४६,१०,२५४
सम्पत्ति			
अचल सम्पत्ति	४		
परल माल		१,४७,०९,२६,६८६	१,४३,४४,९९,३४०
कुल ज्ञान		९,३०,४९,१२९	४,४८,८३,२९०
खुद माल		१,३७,७८,६७,४५७	१,३७,९६,०८,०५२
लगानी	५	३६,८६,४४,४७५	४४,४७,२१,३८३
चालु सम्पत्ति, ऋण तथा पेस्की			
जिन्सी मौज्दात	६	७१,४४,४०,२९५	८७,६५,७८,२३२
नगद तथा बैङ्क मौज्दात	७	८,०२,९२,३४५	६,४०,७२,८०९
आसामी	८	२१,८९,३८,०९४	१९,६२,५८,४४३
पेस्की, सापटी तथा धरोटी	९	८७,८२,७२,८१४	८३,२८,४५,०९९
कुल चालु सम्पत्ति		१,८९,१९,४३,५४८	१,९७,०७,५४,६९६
न्यून: चालु दायित्व तथा व्यवस्था	१०	१,८२,२२,७२,६९२	१,९५,१४,७३,८७७
खुद चालु सम्पत्ति		६,९६,७०,८५६	१,९२,८०,८१९
कुल जम्मा रु.		१,८१,६१,९२,८८८	१,८४,४६,१०,२५४

नोट: अनुसूची १ रेखि १० सम्म तथा मलग्न लेखासंग सम्बन्धित टिप्पणीहरू यस बासलातको अभिन्न अङ्ग हुन्।

हाम्रो सलग्न प्रतिवेदनको आधागमा

(सम्झौता मानन्धर)

अध्यक्ष

सञ्चालकहरू

तिरन्जन बराल
राजेन्द्रमान शेरचन
इश्वरलाल श्रेष्ठ
अतुल मल्ल

शुभभदेव शर्मा
क्रीतिकुमार जोशी
कन्याणगोविन्द श्रेष्ठ

कुवेर प्रसाद शर्मा (एफ.सि.ए.)

कुवेर एण्ड कम्पनी
चाटर्ड एकाउन्टेन्टस्

(उर्मिला श्रेष्ठ)

महा-प्रबन्धक

(शोम सिद्धि गुमाजु)
विभागीय प्रबन्धक
अर्थ तथा लेखा विभाग

सॉल्ट ट्रेडिङ्ग कॉर्पोरेशन लिमिटेड

२०६३ साल भावण १ गते देखि २०६४ साल आषाढ ३२ गते सम्मको नाफा-नोक्सान हिसाब

विवरण	अनुसूची	२०६४।३।३२ (रु.)	२०६३।३।३२ (रु.)
आम्दानी (बिक्री)	११	१,९१,६२,१८,१८०	१,८५,०५,५१,५१३
बिक्री लागत	१२	१,६४,४५,४०,९९१	१,५९,२०,६१,१७४
कुल मुनाफा		२७,१६,७७,१८९	२५,८४,९०,३३९
अन्य आम्दानी	१३	२,६०,२४,७४४	३,४५,७६,८९०
जम्मा		२९,७७,०१,९३३	२९,३०,६७,२२९
प्रशासकीय खर्च	१४	९,०४,७८,७७६	८,८३,६५,०९९
व्याज खर्च		१६,११,८८,६६३	१५,४०,१५,२३४
हास खर्च		४२,७५,४३८	४७,३३,२३०
खुद सञ्चालन नाफा		४,१७,५९,०५६	४,५९,५३,६६६
सम्पत्ति बिक्री नाफा (नोक्सानी)		९६,१७१	८४०
आयकर, बोनस व्यवस्थापूर्वको नाफा (नोक्सानी)		४,१८,५५,२२७	४,५९,५४,५०६
लगानी एवं आसामी व्यवस्था खर्च		१३,५०,००,०००	-
आयकर, बोनस व्यवस्थापूर्वको नाफा (नोक्सानी)		(९,३१,४४,७७३)	४,५९,५४,५०६
कर्मचारी बोनस		-	४५,९५,४५१
आयकर व्यवस्थाभगाडिको नाफा (नोक्सानी)		(९,३१,४४,७७३)	४,१३,५९,०५५
आयकर व्यवस्था		१०५,११,५९३	१,२३,०६,०७०
खुद नाफा (नोक्सानी)		(१०,३६,५६,३६६)	२,९०,५२,९८५
यस वर्षको खुद नाफा (नोक्सानी)		(१०,३६,५६,३६६)	२,९०,५२,९८५
गत वर्षको नाफा नोक्सानी मिलान		-	(८०,६२,०५४)
गत वर्षसम्मको बाँकी नाफा		१४,०७,३१,०६२	१२,४६,९५,६७१
विनियोजनको लागि उपलब्ध		३,७०,७४,६९६	१४,५६,८६,६०२
<u>विनियोजन</u>			
आयकर व्यवस्था (५६/५७-६१/६२ को आयकर)		४९,६१,४७८	-
प्रस्तावित लाभार्श		४९,५५,५४०	४९,५५,५४०
बाँकी बासलातमा सारेको		२,७१,५७,६७८	१४,०७,३१,०६२
		३,७०,७४,६९६	१४,५६,८६,६०२

टि: अनुसूची ११ देखि १४ सम्म तथा संलग्न लेखासंग सम्बन्धित टिप्पणीहरू यस नाफा-नोक्सान हिसाबको अभिन्न अङ्ग हुन्।

हाम्रो संलग्न प्रतिवेदनको आधारमा

(सहमीवास मान्यता)

अध्यक्ष

सञ्चालकहरू

कुवेर प्रसाद शर्मा (एफ.सि.ए.)

निरञ्जन बराल
राजेन्द्रमान शेरचन
ईश्वरलाल श्रेष्ठ
अतुल मल्ल

शुभमदेव शर्मा
कीर्तिकुमार जोशी
कल्याणगोविन्द श्रेष्ठ

कुवेर एण्ड कम्पनी
चाटर्ड एकाउन्टेन्ट्स

(ओम सिद्धि गुभाजु)
विभागीय प्रबन्धक
अर्थ तथा लेखा विभाग

(उर्मिला श्रेष्ठ)

सहा-प्रबन्धक