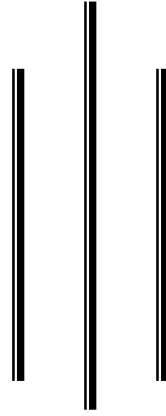
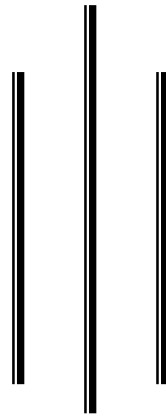


**WORKING CAPITAL MANAGEMENT
OF
UDAYPUR CEMENT UDHYOG LIMITED,
UDAYAPUR**



BY:

Menuka Kumari Thapa
Post Graduate Campus, Biratnagar
T.U. Reg. 7-1-224-32-2004



A Thesis Submitted to:
Office of the Dean
Faculty of management
Tribhuvan University

*In Partial fulfillment of the requirement of the degree of
Master's of Business Studies (M.B.S.)
Biratnagar, Nepal
2068*



TRIBHUVAN UNIVERSITY

Post Graduate Campus

Biratnagar, Nepal

Ref. No.

Phone no. 021-526327

RECOMMENDATION

This is to certify that the thesis:

Submitted by:

Menuka Kumari Thapa

Entitled

WORKING CAPITAL MANAGEMENT

OF

UDAYAPUR CEMENT UDHYOG LIMITED, UDAYAPUR

has been prepared as approved by this Department in the prescribed format of faculty of management. This thesis is forwarded for examination.

Supervisor

(Prof. Dr. Khagendra Acharya)

Head of Department

(Prof. Dr. Khagendra Acharya)

Campus Chief

(Dr. Harihar Bhandari)

Date:.....



TRIBHUVAN UNIVERSITY

Post Graduate Campus

Biratnagar, Nepal

Ref. No.

Phone no. 021526327

VIVA-VOCE SHEET

We have conducted the viva-voce examination of the thesis presented by

Menuka Kumari Thapa

entitled

WORKING CAPITAL MANAGEMENT OF UDAYAPUR CEMENT UDHYOG LIMITED, UDAYAPUR

and found the thesis to be the original work of student and written
according

to the prescribed format. We recommend the thesis to be accepted as
partial fulfillment of the requirement for

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

VIVA-VOCE COMMITTEE

Chairperson, Research Committee

Member (Thesis Supervisor)

[Prof. Dr. Khagendra Acharya]

Member (External Expert)

Date:

DECLARATION

I hereby declare thesis entitled "**Working Capital Management of Udayapur Cement Udhyog Limited**" Submitted to post Graduate campus, Biratnagar. Nepal faculty of management, Tribhuvan University, is my original work done in the form of partial fulfillment of the Masters Degree in Business Studies (M.B.S.) under the supervision and guidance of Prof. Dr. Khagendra Acharya.

.....
Menuka Kumari Thapa
(Researcher)

Date:

ACKNOWLEDGEMENT

This thesis "**Working Capital Management of Udayapur Cement Udhyog Limited**" which is a partial fulfillment of requirement for the degree of master of Business studies under the faculty of management T.U.

First of all I must gratefully acknowledged to my respected teacher **Prof. Dr. Khagendra Acharya** , supervisor of this thesis, for his valuable suggestion , constant , encouragement , adequate support , patient guidance, co-operation and regular supervision to complete this research study. Similarly, I would like to give sincere thanks to **prof. Dr. khagendra acharya** head of the management research department, post graduate campus, Biratnagar.

I would like to express my appreciation to **Dr. Harihar Bhandari , campus chief of post graduate campus** , Biratnagar and all of my teachers of the my department of management , who are encouragement me for complete this thesis .

I would like to express my great thanks to the Liberians and other staff of this campus for help to complete this thesis. Like wise I would to express my great thanks for Udayapur Cement Udhyog Limited for their in directly support of complete this thesis works.

I would like to great pleasure to my parents, brothers, sisters and friends for their moral support in each and every step. My every achievement is possible because of their effort, help and blesses.

It is my great pleasure to my friend Mr. Anand Kumar Shah for excellent typing and printing this thesis report.

At last, I would like to express sincere thanks to all those who has helped me directly or indirectly to bring this study at this stage of completion.

Ramesh Khatri
(Researcher)

Date:

Recommendation
Viva-Voce sheet
Declaration
Acknowledgement
Contents
List of tables
List of Graphs
Abbreviations

CONTENTS

Page No

CHAPTER- I

1-11

INTRODUCTION

1.1	Background of study	1
1.2	Statement of the problem	7
1.3	Significance of study	8
1.4	Objective of study	9
1.5	Limitation of study	9
1.6	Organization of the study	9
1.7	Key terms used in this study	10

CHAPTER – II

12-42

REVIEW OF LITERATURE

2	Introduction	12
2.1	Conceptual Framework	12
2.1.1	Meaning of industry	12
2.1.2	concept of working capital	13
2.1.3	Need of working capital	18
2.2	Review of literature	27

2.2.1 Review of books	27
2.2.2 Review of Thesis	33
2.2.3 Review of different studies	39

CHAPTER-III 43-47

RESEARCH METHODOLOGY

3.1 Introduction	43
3.2 Research design	43
3.3 Population and sample of the study	44
3.4 Nature and source of data	44
3.5 Data processing procedure	44
3.6 Use of Analytical Tools	44
3.6.1 Financial Tools and techniques used	45
3.6.1.1 Ratio Analysis	45
3.6.2 Statistical Tools	45
3.6.2.1 Trend Analysis	45
3.6.2.2 Arithmetic Mean or Mean (Average)	45
3.6.2.3 Correlation Analysis	46

CHAPTER- IV 48-71

PRESENTATION & ANALYSIS OF DATA

4.1 Introduction	48
4.2 Position of current Assets	48
4.3 Percentage of current Assets on total Assets	50
4.4 Proportion of inventory to current Assets & total Assets	54
4.5 Proportion of cash to current Assets & total Assets	56
4.6 Proportion of inventory to sales	58
4.7 Cash Turnover	59
4.8 Proportion of working capital (Gross) to sales	62
4.9 Relationship between current Assets & Fixed Assets	66
4.10 Trend analysis of working capital	70

4.11 Analysis of Liquidity Ratio	71
4.11.1 Current ratio	72
4.11.2 Quick Ratio	73
4.12 Participation of short term financing (STF) & Long term financing(LTF) on current Assets composition	74
4.13 Participation of STF & LTF	76
4.14 Profitability of working capital	77
4.14.1 Return on current Assets	77
4.14.2 Return on Net working capital	78

CHAPTER- V

80-78

SUMMARY, CONCLUSION & RECOMMENDATION

5.1 Summary	80
5.2 Conclusion	82
5.3 Recommendations	85

BIBLOGRAPHY

LIST OF TABLES

PARTICULARS	PAGE NO
1) Composition of current assets	49
2) Percentage of current assets of total assets	51
3) Calculation of Karl Pearson's correlation co-efficient (r)	52
4) Proportion of Inventor to current Assets & Total Assets	54
5) Proportion of Cash to Current Assets & Total Assets	57
6) Proportion of Inventory to sales	59
7) Cash Turnover	62
8) Proportion of working Capital to sales	63
9) Calculation of Karl Pearson's correlation co-efficient (r)	65
10) Proportion of current Assets to Fixed Assets	67
11) Calculation of Karl Pearson's correlation co-efficient (r)	69
12) Comparative working capital Tend Analysis	70
13) Composition of Current Ratio	72
14) Composition of Quick Ratio	73
15) Participation of STF & LTF on current assets composition	75
16) Participation of STF & LTF on Total Funds	76
17) Return on Current Assets	78
18) Return in Net Working Capital	79

LIST OF GRAPHS

<u>No</u>	<u>Particulars</u>	<u>Page</u>
<u>No</u>		
1)	Composition of Current Assets	50
2)	Percentage of Current assets on total assets	52
3)	Relation of inventory to CAS & TAS	55
4)	Relation of Cash & Bank to CAS & TAS	58
5)	Relationship between Inventory & sales	61
6)	Relationship between working capital & sales	65
7)	Relationship between current assets & fixed assets:	68
8)	Comparative Working Capital Trend Analysis	71
9)	Relation of STF to LTF	77

ABBREVIATIONS

AVG	=	Average
BS	=	Bikram Sambat
B/S	=	Balance Sheet
CAS	=	Current Assets
F/Y	=	Fiscal Year
GDP	=	Gross Domestic Product
CL	=	Current Liabilities
Co	=	Company
i.e.	=	That is
Ltd.	=	Limited
NWC	=	Net Working Capital
P/L	=	Profit & Loss
Rs.	=	Rupees
TCA	=	Total Current Assets
TCL	=	Total Current Liabilities
WCM	=	Net Working Management
&	=	And
PE	=	Probable Error
STF	=	Short-term Financing
LTF	=	Long-Term Financing
TAS	=	Total Assets
TF	=	Total Fund