

**ANALYSIS OF INVENTORY MANAGEMENT OF MANUFACTURING
COMPANIES IN NEPAL**

(A Study of Dabur Nepal Pvt. Ltd. And Unilever Nepal Ltd.)

A Thesis

Submitted

By

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Certificate of Authorship

I certify that the work in this thesis has not previously been submitted for a degree nor has it been submitted as a part of requirements for a degree except as fully acknowledged within the text.

I also certify that the thesis has been written by me. Any help that I have received in my research work and the preparation of this thesis itself has been acknowledged. I certify that all information sources and literature used are indicated in the reference selection of this thesis.

.....

Dinesh Kumar Shahi

April, 2019

RECOMMENDATION LETTER

It is certified that this thesis entitled “**Analysis of Inventory Management of Manufacturing Companies in Nepal**” (A Study of Dabur Nepal Pvt. Ltd. and Unilever Nepal Ltd.) submitted by Dinesh Kumar Shahi is an original piece of research work carried out by the candidate under my supervision. Literary presentation is satisfactory and the thesis is in a form suitable for publication. Work evinces the capacity of the candidate for critical examination and independent judgement. Candidate has put in at least 60 days after registering the proposal. The thesis is forwarded for examination.

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APPROVAL SHEET

We, the undersigned, have examined the thesis entitled “**Analysis of Inventory Management of Manufacturing Companies in Nepal**” (A Study of Dabur Nepal Pvt. Ltd. and Unilever Nepal Ltd.) presented by Dinesh Kumar Shahi, a candidate for the degree of Master of Business Studies (MBS) and conducted the viva voce examination of the candidate. We hereby certify that the thesis is worthy of acceptance.

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ABBREVIATIONS

| | | |
|-------|---|------------------------------------|
| CV | : | Coefficient of Variation |
| DNPL | : | Dabur Nepal Private Limited |
| EOQ | : | Economic Order Quantity |
| FY | : | Fiscal Year |
| ICAR | : | Inventory to Current Assets Ratio |
| ITAR | : | Inventory to Total Assets Ratio |
| ITR | : | Inventory Turnover Ratio |
| NEPSE | : | Nepal Stock Exchange |
| No. | : | Number |
| NPAT | : | Net Profit After Tax |
| NPM | : | Net Profit Margin |
| R | : | Correlation |
| SD | : | Standard Deviation |
| SEBON | : | Securities Exchange Board of Nepal |
| UNL | : | Unilever Nepal Limited |

ABSTRACT

The inventory represents an essential component for the assets of the enterprise and the economic analysis gives them special importance because their accurate management determines the achievement of the activity object and the financial results. The efficient management of inventory requires ensuring an optimum level for them, which will guarantee the normal functioning of the activity with minimum inventory expenses and funds which are immobilised. The paper presents an analysis model for inventory management based on their rotation speed and the correlation with the sales volume illustrated in an adequate study. The highlighting of the influence factors on the efficient inventory management ensures the useful information needed to justify managerial decisions, which will lead to a balanced financial position and to increased company performance.

Inventory/ stock file of all the products that the organization has made for sale and the components that make the product. Every organization requires inventory for smooth running of its activities. The inventory is link between the production and the distribution process. The role of inventory management is to check the availability of material as and when required the quantity of the inventory and if it's possible to minimize the investment in inventory. In today's competitive world of manufacturing companies are searching new ways of improving the industry process, how to satisfy the customer and by following this how they can stay ahead with their competitors in the world of competition. The strategy that can bring these things to life for past decades. This represents that money will be tied up until the inventory leaves the company as purchased products, due to large size of inventories maintained by firms an amount of funds is required. It is therefore absolutely imperative to manage inventories efficiently and effectively in order to ignore the unnecessary investments. A firm who is neglecting the managing of inventories will be at risk at its long run profitability and may fail ultimately. The reduction in excessive inventories carries an appropriate impact on the company's profitability. The study recommended that the company should embrace inventory management and control system to increase profitability.