

**ROLE OF SALES PLANNING IN PROFITABILITY OF
NEPALESE MANUFACTURING ENTERPRISES**
(A Case Study of Bottlers Nepal [Terai] Limited)

By
RAVI KAFLE
Shanker Dev Campus
T.U. Regd. No. 5-1-33-579-96
Campus Roll No. : 410/059

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

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

Kathmandu, Nepal
December 2009

RECOMMENDATION

This is to certify that the Thesis

Submitted by:

RAVI KAFLE

Entitled:

ROLE OF SALES PLANNING IN PROFITABILITY OF NEPALESE MANUFACTURING ENTERPRISES

(A Case Study of Bottlers Nepal [Terai] Limited)

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

.....
Joginder Goit
(Supervisor)

.....
Dr. Biseshwor Man Shrestha
(Head of Research Department)

.....
Dr. Kamal Deep Dhakal
(Campus Chief)

VIVA-VOCE SHEET

We have conducted the viva –voce examination of the thesis presented

By

RAVI KAFLE

Entitled:

ROLE OF SALES PLANNING IN PROFITABILITY OF NEPALESE MANUFACTURING ENTERPRISES

(A Case Study of Bottlers Nepal [Terai] Limited)

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

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

Viva-Voce Committee

Head, Research Department

Member (Thesis Supervisor)

Member (External Expert)

DECLARATION

I here by declare that the work reported in this thesis entitled “**ROLE OF SALES PLANNING IN PROFITABILITY OF NEPALESE MANUFACTURING ENTERPRISES (A CASE STUDY OF BOTTLERS NEPAL [TERAI] LIMITED)**” submitted to Office of the Dean, Faculty of Management, Tribhuvan University, is my original work done in the form of partial fulfillment of the requirement for the Master’s Degree in Business Study (M.B.S.) under the supervision of **Mr. Joginder Goit** of Shanker Dev Campus.

.....

RAVI KAFLE

Researcher

T.U. Registration No. 5-1-35-579-96

Campus Roll No. 410/059

ACKNOWLEDGEMENT

The study, **ROLE OF SALES PLANNING IN PROFITABILITY OF NEPALESE MANUFACTURING ENTERPRISES (A Case Study of Bottlers Nepal [Terai] Limited)**, with special reference to Bottlers Nepal (Terai) Limited, is prepared for the partial fulfillment of Master's Degree in Business Studies (MBS). This study is an outcome of serious inspiration and moral support of many people and for this I always grateful to all of them. I take this opportunity to express my sincere gratitude to all those who have directly or indirectly encouraged me to make this study.

I would like to express special gratitude to **Mr. Joginder Goit**, Lecturer of Shanker Dev Campus, without whose proper advice and supervision, this study could not be completed. I would also like to express special thanks to **Mr. Niranjana Sedhain** who helped me to prepare this thesis and for his valuable suggestion.

All staff of Bottlers Nepal (Terai) Limited to helpful and they deserve my sincere thanks for the concern they showed on my research. Finally I would like to express my heart full thanks to all the Teachers and friends, who assisted me for bringing out this research work, especially my friend **Mr. Chuman Singh GC** who helped me by providing necessary help in preparing this research work.

Ravi Kafle

Researcher

TABLE OF CONTENTS

Recommendation	
Viva- voce sheet	
Declaration	
Acknowledgement	
Table of Contents	
List of Tables	
List of Figures	
Abbreviations	
	Page No.
CHAPTER-I INTRODUCTION	
1.1 Background of the Study	1
1.2 An Overview of Industrial Development in Nepal	2
1.3 Introduction of Bottlers Nepal (Terai) Ltd. as MNC's	3
1.4 About sales Plan \ Budget	5
1.5 Statement of Problem	6
1.6 Objectives of Study	7
1.7 Limitation of Study	7
1.8 Significance of Study	7
1.9 Organization of Study	8
CHAPTER –II REVIEW OF LITERATURE	
2.1 Conceptual \ Theoretical Review	10
2.1.1 General Concept of Profit Planning and Control	10
2.1.2 About Profit Planning	15
2.1.3 Purpose of Profit Planning	17
2.1.4 Fundamentals of Profit Planning	18
2.1.5 Advantages of Profit Planning and Control	21
2.1.6 Problem in Development & Limitation of PPC	22

2.1.7 Why Budgeting?	24
2.1.8 What is Forecasting?	24
2.1.9 Sales Plan and Budgeting	25
2.1.10 Planning & Controlling Expenses	37
2.2 Review of Previous Related Research Works	38
2.2 Research Gap	45

CHAPTER – III RESEARCH METHODOLOGY

3.1 General Concept	46
3.2 Research Design	46
3.3 Nature and Sources of Data	47
3.4 Period Covered	47
3.5 Research Variable	47
3.6 Research Tools Used	48

CHAPTER– IV DATA PRESENTATION AND ANALYSIS

4.1 Introduction	49
4.2 Sales Budget or Plan of Bottler’s Nepal (Terai) Ltd.	50
4.3 Sales budget and Achievement	51
4.3.1 Sales Trend of Bottlers Nepal (Terai) Ltd.	52
4.3.2. Mean, Standard Deviation and Variance of Budgeted Sales and Actual Sales	54
4.3.3 Correlation & Probable Error between Budgeted and Actual Sales	54
4.3.4 Regression Line	56
4.3.5 Time Series Analysis	56
4.3.6 Tactical Sales Budget and Achievement	58
4.3.7 Variance of Budget and Actual Sales	60
4.4. Production Plan of Bottlers Nepal (Terai) Ltd.	62

4.4.1 Production and its Relationship with Sales of Bottlers Nepal (Terai) Ltd.	62
4.5 Expenses Budget or Plan	65
4.5.1 Identification of Cost Variability	65
4.5.2 Expenses Trend	66
4.6 Sales and Profitability of Bottlers Nepal (Terai) Ltd.	67
4.6.1 Comparison of Actual Sales with Operating Profit (loss) of Bottlers Nepal (Terai) Ltd.	68
4.6.2 Comparison of Actual Sales with Net Profit (loss)	70
4.7 Profit and Loss Trend of Bottlers Nepal (Terai) Ltd.	73
4.8 Ratio Analysis	76
4.8.1 Current Ratio	77
4.8.2 Quick Ratio	78
4.8.3 Debtors Turnover Ratio	79
4.8.4 Gross Profit Margin	80
4.8.5 Net Profit Margin	81
4.8.6 Return on Total Assets	82
4.9 Analysis of Primary Data	83
4.10 Major Findings	84

CHAPTER –V SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary	87
5.2 Conclusion	88
5.3 Recommendations	89

Bibliography

Appendix

LIST OF TABLES

Table No.	Title	Page No.
4.1	Bottlers Nepal (Terai) Ltd. Sales Budget and Achievement	51
4.2	Bottlers Nepal (Terai) Ltd. Mean, Standard Deviation & Collection of Variation of Budgeted Sales and Actual Sales	54
4.3	Bottlers Nepal (Terai) Ltd. Correlation Co-Efficient and Probable error of Budgeted and Actual Sales	55
4.4	Bottlers Nepal (Terai) Ltd. Time Series Spreadsheet of Actual Sales Achievement	57
4.5	Bottlers Nepal (Terai) Ltd. Sales Budget and Achievement Detailed by Month and Quarter	59
4.6	Botlers Nepal (Terai) Ltd. Variance analysis of Tactical Sales Budget and Achievement	61
4.7	Bottlers Nepal (Terai) Ltd Actual sales and actual production	63
4.8	Bottlers Nepal (Terai) Ltd Mean, Standard deviation, Coefficient of variation between Actual Sales and Actual Production	64
4.9	Bottlers Nepal (Terai) Ltd. Identification of Cost Variability	65
4.10	Bottlers Nepal (Terai) Ltd. Past Expenses Trend	66
4.11	Bottlers Nepal (Terai) Ltd Actual Sales and Operating Profit (Loss)	68
4.12	Bottlers Nepal (Terai) Ltd. Actual Sales and Net Profit	70
4.13	Bottlers Nepal (Terai) Ltd. Profit & Loss Trend (Loss)	73
4.14	Bottlers Nepal (Terai) Ltd. Fitting Straight Line Trend by Least Square	74

LIST OF FIGURES

Figure No.	Title	Page No.
1.1	Sales Plan and Budgeting	5
2.1	Planning	12
4.1	Bottlers Nepal (Terai) Ltd. Distribution Channel	50
4.2	Bottlers Nepal (Terai) Ltd. Sales Budget and Achievement	52
4.3	Bottlers Nepal (Terai) Ltd. Sales Budget and Achievement Trend Line	53
4.4	Bottlers Nepal (Terai) Ltd Actual Sales Trend Line	58
4.5	Bottlers Nepal (Terai) Ltd. Actual Sales and Actual Production	63
4.6	Bottlers Nepal (Terai) Ltd. Past Expenses Trend	67
4.7	Bottlers Nepal (Terai) Ltd. Actual Sales and Operating Profit	69
4.8	Bottlers Nepal (Terai) Ltd. Actual Sales and Net Profit	71
4.9	Bottlers Nepal (Terai) Ltd Straight Line Trend	76
4.10	Bottlers Nepal (Terai) Ltd Current Ratio	77
4.11	Bottlers Nepal (Terai) Ltd Quick Ratio	78
4.12	Bottlers Nepal (Terai) Ltd. Debtors Turn Over Ratio	79
4.13	Bottlers Nepal (Terai) Ltd. Gross Profit Margin	80
4.14	Bottlers Nepal (Terai) Ltd Net Profit Margin	81
4.15	Bottlers Nepal (Terai) Ltd Return on Total Assets	82

ABBREVIATIONS

BN(T)L	:	Bottlers Nepal (Terai) Ltd
CV	:	Coefficient of Variation
DDC	:	Dairy Development Corporation
GDP	:	Gross Domestic Product
GNI	:	Gross National Income
MNC's	:	Multinational Company's
MOOC	:	Mahaboudha Okubahal Occupational Craftsmen Co - Operative Society
NEA	:	Nepal electricity Authority
NOC	:	Nepal Oil Corporation
PPC	:	Profit Planning Control
RDL	:	Royal Drug Limited
SD	:	Standard Deviation
ULL	:	Unilever Nepal Limited.