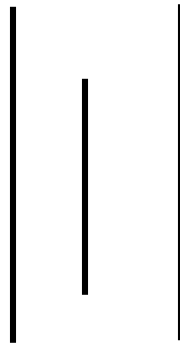


**A STUDY ON WORKING CAPITAL MANAGEMENT OF
DABUR NEPAL PVT. LTD.**

**By
DHRUVA BAHADUR KARKI
Shanker Dev Campus
T.U. Reg. No. 7-2-413-19-2001
Campus Roll No. 1328/062**

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



***In partial fulfillment of the requirement for the Degree of the Master
of Business Studies (MBS)
Kathmandu, Nepal
December, 2008***

RECOMMENDATION

This is to certify that the Thesis

Submitted By

Dhruva Bahadur Karki

Entitled

**A STUDY ON WORKING CAPITAL MANAGEMENT OF
DABUR NEPAL PVT. LTD**

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

Supervisor

.....
Mr. Kishor Maharjan

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

VIVA –VOCE SHEET

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

By

Dhruva Bahadur Karki

Entitled

**A STUDY ON WORKING CAPITAL MANAGEMENT OF
DABUR NEPAL PVT. LTD.**

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's Degree in Business Studies (MBS)

Viva-Voce Committee

Head, Research Department

Member (Thesis Supervisor)

Member (External Expert)

DECLARATION

I hereby declare that the work reported in this thesis entitled “A STUDY ON WORKING CAPITAL MANAGEMENT ON DABUR NEPAL PVT. LTD” submitted to Shanker Dev Campus, Faculty of Management, Tribhuvan University is my original work. It is done in the form of partial fulfillment of the requirement for the Master’s Degree in Business Studies (MBS) under the supervision of Mr. Kishore Maharjan.

.....

Dhruva Bahadur Karki
Researcher
Roll No: 1328/062
T. U Reg. No: 7-2-413-19-2001
Shanker Dev Campus

Date:.....

ACKNOWLEDGEMENT

This thesis "**A Study on Working Capital Management of Dabur Nepal Pvt. Ltd**" is prepared in Partial Fulfillment of the Master's Degree in Business Studies. Many grateful hands were needed to complete this study. I express great thankful to all those who have helped me by sharing valuable time, efforts, views inspection etc in course of completing this work.

I would like to pay sincere thanks to my respected teacher Mr. **Kishor Maharjan**, who had supervised my work.

I am also very grateful to staffs and member of Dabur Nepal Pvt. Ltd. who helped me by providing relevant data and information to my study. I would like to thank my Dad, my wife Menuka as well as my daughter Aakancha, my brothers and all my friends, especially Pawan Kumar, Shahi and Prakash Ojha for their support in the preparation of this study.

Last but not least, I am thankful to Mr. Ramesh K.C. and his wife of Nature Computer, Nayabazar Kirtipur, for their nice computer service and also for their patience in last minute modification.

I am solely responsible for any errors or omission in this research work and advices, recommendation and suggestions were welcomed.

.....

Dhruva Bahadur Karki

Date:.....

CONTENTS

CHAPTER - I	ERROR! BOOKMARK NOT DEFINED.
INTRODUCTION	ERROR! BOOKMARK NOT DEFINED.
1.1 Background of the Study	Error! Bookmark not defined.
1.2 Profile of Dabur Nepal Pvt. Ltd.	Error! Bookmark not defined.
1.3 Focus of the Study	Error! Bookmark not defined.
1.4 Statements of the Problems	Error! Bookmark not defined.
1.5 Objectives of the Study	Error! Bookmark not defined.
1.6 Significance of the Study	Error! Bookmark not defined.
1.7 Limitations of the Study	Error! Bookmark not defined.
1.8 Plan of Study	Error! Bookmark not defined.
CHAPTER - II	ERROR! BOOKMARK NOT DEFINED.
REVIEW OF LITERATURE	ERROR! BOOKMARK NOT DEFINED.
2.1 Conceptual Framework	Error! Bookmark not defined.
2.2 Review of Books	Error! Bookmark not defined.
2.2.1 Concept of Working Capital	Error! Bookmark not defined.
2.2.2 Types of Working Capital	Error! Bookmark not defined.
2.2.3. Working Capital Policy	Error! Bookmark not defined.
2.2.4 Objectives of Working Capital	Error! Bookmark not defined.
2.2.5 Need For Working Capital:	Error! Bookmark not defined.
2.2.6 Financing of Working Capital	Error! Bookmark not defined.
2.2.7 Determinants of Working Capital	Error! Bookmark not defined.
2.2.8 Working Capital Cash Flow Cycle	Error! Bookmark not defined.
2.3 Review of Related Journals/ Articles	Error! Bookmark not defined.
2.4 Review of Related Thesis	Error! Bookmark not defined.

2.5 Research Gap **Error! Bookmark not defined.**

CHAPTER – III ERROR! BOOKMARK NOT DEFINED.

RESEARCH METHODOLOGYERROR! BOOKMARK NOT DEFINED.

3.1 Research Design **Error! Bookmark not defined.**

3.2 Population and Sample **Error! Bookmark not defined.**

3.3 Nature and Sources of Data **Error! Bookmark not defined.**

3.4 Collection of Data **Error! Bookmark not defined.**

3.5 Data Processing & Analysis **Error! Bookmark not defined.**

3.5.1 Analytical Tools **Error! Bookmark not defined.**

3.5.2 Statistical Tools **Error! Bookmark not defined.**

3.6 Definitions of the Operational Terms**Error! Bookmark not defined.**

CHAPTER-IV ERROR! BOOKMARK NOT DEFINED.

PRESENTATION AND ANALYSIS OF DATAERROR! BOOKMARK NOT DEFINED.

4.1 Introduction **Error! Bookmark not defined.**

4.2 Working Capital Policy **Error! Bookmark not defined.**

4.2.1 Current Assets Investment Policy **Error! Bookmark not defined.**

4.2.1.1 Ratio of Current Assets to Fixed Assets (CAFA)**Error! Bookmark not defined.**

4.2.1 Percentage of Current Assets to Sales**Error! Bookmark not defined.**

4.2.2 Current Assets Financing Policy **Error! Bookmark not defined.**

4.3 Turnover Position **Error! Bookmark not defined.**

4.3.1 Inventory Turnover Ratio (ITR) and Inventory Conversion Period (ICP) **Error! Bookmark not defined.**

4.3.1 Receivable or Debtors Turnover Ratio (RTR) and Average Collection Period (ACP)	Error! Bookmark not defined.
4.4 Liquidity Position	Error! Bookmark not defined.
4.4.1 Current Ratio (CR)	Error! Bookmark not defined.
4.4.2 Quick Ratio (QR)	Error! Bookmark not defined.
4.5 Profitability Position	Error! Bookmark not defined.
4.5.1 Gross Profit Margin (GMP)	Error! Bookmark not defined.
4.5.2 Net Profit Margin (NPM)	Error! Bookmark not defined.
4.5.3 Return on Total Assets (ROA)	Error! Bookmark not defined.
4.6 Analysis of Current Assets and Current Liabilities	Error! Bookmark not defined.
4.6.1 Composition of Current Assets	Error! Bookmark not defined.
4.6.1.1 Inventory to Current Assets (ICA)	Error! Bookmark not defined.
4.6.1.2 Sundry Debtors to Current Assets (SDCA)	Error! Bookmark not defined.
4.6.1.3 Cash and Bank Balance to Current Assets (CBCA)	Error! Bookmark not defined.
4.6.1.4 Miscellaneous Current Assets to Current Assets (MCACA)	Error! Bookmark not defined.
4.6.2 Composition of Current Liabilities	Error! Bookmark not defined.
4.7 Statistical Analysis of Working Capital	Error! Bookmark not defined.
4.8 Major Findings of the Study	Error! Bookmark not defined.

CHAPTER- V ERROR! BOOKMARK NOT DEFINED.

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS ERROR!
BOOKMARK NOT DEFINED.

5.1 Summary **Error! Bookmark not defined.**

5.2 Conclusion

Error! Bookmark not defined.

5.3 Recommendation

Error! Bookmark not defined.

BIBLIOGRAPHY

APPENDIXES

LIST OF TABLES

1 : Ratio of Current Assets to Fixed Assets	54
2: Ratio of Current Assets to Sales	56
3 : Financing of Current Assets	59
4 : Inventory Turnover Ratio and Inventory Conversion Period	61
5: Debtors Turnover Ratio and Average Collection Period	62
6: Total Assets Turnover Ratio (TATR)	63
7: Current Ratio	65
8: Quick Ratio	67
9: Gross Profit Margin	69
10: Net Profit Margin	70
11: Return on Total Assets	72
12: Composition of Current Assets (Rs. in Lakhs)	74
13: Composition of Current Liabilities	77

14: Relationship Between Gross Working Capital and Other
Variables

LIST OF FIGURES

1 : Current Assets and Fixed Assets	55
2 : Current Assets and Sales	57
3 : Financing of Current Assets	60
4: Current Assets and Current Liabilities	66
5 : Quick Ratio	68
6: Net profit After tax and Sales	71
7: Composition of Current Assets	76
8: Composition of Current Liabilities	78

ABBREVIATIONS USED

ACP	: Average Collection Period
BOD	: Board of Director
CA	: Current Assets Current
CL	: Current Liabilities
CR	: Current Ratio
CAFA	: Current Assets to Fixed Assets
CBCA	: Cash & Bank to Current Assets
DTR	: Debtors Turnover Ratio
DNPL	: Dabur Nepal Pvt. Ltd.
F/Y	: Fiscal Year
GPM	: Gross Profit Margin
ITR	: Inventory Turnover Ratio
ICP	: Inventory Conversion Period
ICA	: Inventory to Current Assets
MCACA	: Miscellaneous Current Assets to Current Assets
NPAT	: Net Profit after Tax
NPM	: Net Profit Margin
PE	: Probable Error
Q.R.	: Quick Ratio
ROA	: Return on Total Assets
r	: Karl Pearson's coefficient of correlation
SDCA	: Sundry Debtors to Current Assets
TATR	: Total Assets Turnover Ratio