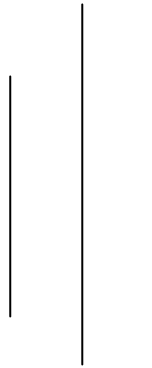
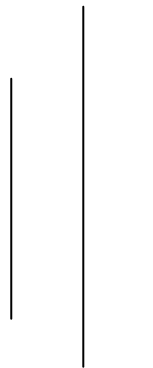


PROFIT PLANNING IN MANUFACTURING ENTERPRISES OF NEPAL

(A case study of SDB Chinese Brick Industry Pvt. Ltd.)



By:
Parasu Ram Bhatta
Saraswati Multiple Campus
T.U Regd. No. : 7-1-22-823-2000
Roll No.- 59/063



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

**In Partial Fulfillment of the Requirement for the Degree of
Master in Business Studies (MBS), Kathmandu**

2010

Recommendation

This is certified that the thesis

Submitted by

Parasu Ram Bhatta

T.U Reg No.: 7-1-22-823-2000

Roll No.- 59/063

Entitled

Profit Planning in Manufacturing Enterprises of Nepal

(A case study of SDB Chinese Brick Industry (P) Ltd.)

**has been prepared and approved by this department
in the prescribed format of faculty of management.**

This is forwarded for examination.

**Devendra Pal Shrestha
Supervisor**

Date:

VIVA-VOCE SHEET

This THESIS Report presented

Prepared by
Mr. Parasu Ram Bhatta

Entitled

Profit Planning in Manufacturing Enterprises:
(A Case Study of SDB Chinese Brick Industry (P) Ltd.

And found this thesis to be 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 degree of Master of Business Studies (MBS)

Viva-Voice Committee

1. Head of Research department
2. Member (Thesis Supervisor)
3. Member (External Expert)
4. Member
5. Member
6. Member

Date:

DECLARATION

I hereby declare that the work reported in this thesis entitled **Profit Planning in Manufacturing Enterprises: (A Case Study of SDB Chinese Brick industry (P.) Ltd.)** submitted to Saraswati Multiple Campus, faculty of management, Tribhuvan University. This is my original work for the partial fulfillment of the requirement for the Master of Business Studies (**MBS**) under the supervision of Mr. Devendra Pal Shresha, Saraswati Multiple Campus, Lekhnath Marga, Thamel, Kathmandu.

Date : ...January, 2010.....

.....
Mr. Parasu Ram Bhatta
Researcher
Saraswati Multiple Campus
Roll No. 59/063

ACKNOWLEDGEMENT

This dissertation entitled "Profit Planning in Manufacturing Enterprises of Nepal: A Case Study of SDB Chinese Brick Industry (P) Ltd. has been prepared in this form as required by the department of management for the partial fulfillment of the Master Degree of Business Studies (MBS).

My hearty gratitude goes to my respected supervisor Mr. Devendra Pal Shrestha for his valuable constructive suggestions and guidance through out the study period. His continuous support, help enable me to complete this thesis.

I would like to thank campus chief, Mr. Keshev Raj Pantha, another respected teachers and my friends of Saraswati Multiple Campus for their help and support during my study period.

I am grateful to all the staffs of SDB Chinese Brick Industry (p) Ltd. for their support by providing the necessary data and information during the study period.

I am indebted to those writers and researchers whose materials and methods have been taken during the study period as reference.

I am thankful to my friends Mr. Dipendra Bhatta and Mr. Suman Kunwar for supporting me during the research works and for their valuable suggestions.

Finally, my special thank goes to Sangarsha Nepali for excellent typing and I express special gratefulness to my parents and family members for their continuous support and inspiration.

March, 2010

.....
(Mr. Parasu Ram Bhatta)
Roll No.-59/063

TABLE OF CONTENTS

Title Page	I
Recommendation	II
Viva-Voce Sheet	III
Declaration	IV
Acknowledgement	V
Table of Contents	VI-VII
List of Tables	VIII
List of Figure	IX
Abbreviations	X

Chapter One

1. Introduction	1
1.1 Background of the study	1
1.2 A Brief Introduction of SDB Chinese Brick Industry	5
1.3 Capacity expansion program of SDB Chinese Brick Industry (P) Ltd.	6
1.4 Focus of the study	6
1.5 Statement of Problem	6
1.6 Objectives of the study	7
1.7 Scope and limitation of the study	7
1.8 Need and significance of the study	8
1.9 Organization of the study	

Chapter Two

2. Conceptual Framework and Review of Literature	9
2.1 Fundamental Concepts of PPC	9
2.2 Establishing the Foundation for PPC	9
2.3 Purpose of Profit Planning and Control	10
2.4 Application of PPC to Various types of Organization	11
2.5 Process of Profit Planning and Control	11
2.6 Long-Range and Short Range Profit Planning	14
2.7 Development of Profit Plan	15
2.8 Manufacturing Enterprises and Profit Planning	19
2.9 Public Enterprises & Privatization	20
2.10 Evolution of Manufacturing Industries in Nepal	22
2.11 Challenges Regarding the Development of Manufacturing Enterprises	28
2.12 Present Status and Performance of Manufacturing Enterprises	29
2.13 Number of Establishments	33
2.14 Capacity Utilization of Manufacturing Establishments	35
2.15 Employment in Manufacturing Industry	36
2.16 A Brief Review of Previous Research Works	39
2.17 Research Gaps	43

Chapter Three

3.	Research Methodology	45
3.1	Introduction	45
3.2	Sources of Data	45
3.3	Methods of Data Collection	45
3.4	Questionnaire Preparation	46
3.5	Research Hypotheses	46
3.6	Research Tools Used	46

Chapter Four

4.1	Assessment of Profit Planning and Control System in SDB	49
	4.1Introduction	49
4.2	Sales Planning in SDB	49
4.3	Planning of Production	56
	4.4Inventory Consideration	
4.4	Planning of Expenses	66
4.5	Profit and Loss Trend of SDB Ltd.	68
4.6	Identification of Cost Variability	71
4.7	Breakeven Analysis	71
4.8	Flexible Budget of SDB	73
4.9	Planning of Cash flow in SDB	76
4.10	Balance Sheet of SDB Chinese Brick Industry (P). Ltd.	78
4.11	Performance Evaluation Through Ratio Analysis	79
4.12	Major Findings	87

Chapter Five

4.	Summary, Conclusion and Recommendation	89
5.1	Summary	89
5.2	Conclusion	90
5.3	Recommendation	93

Bibliography

Appendix

