



A STUDY ON INVENTORY MANAGEMENT IN SIBAR AUTOPARTS LTD; AT RENIGUNTA.

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ABSTRACT:

Inventory Management System is extremely useful to business owners, as they allow stores to properly shop sales and buy records. When inventory is mismanaged, it ends in disappointed clients, slower sales, an excessive amount of cash reachable, and warehouses. This inventory device reduces guide paintings, human mistake, and guide delays at the same time as simultaneously speeding up the system. This inventory control device may be capable of song income records in addition to inventories

INVENTORY MANAGEMENT:

Inventory in wider sense, is defined as any idle resource of an enterprise. it is a physical stock of good kept dept. for the purpose of future affairs. the term is generally used to indicate raw materials in process finished products, packing spares and other – stocked in order to meet expected demand or distribution in the future. Though inventory of materials is an idle resource – it is not meant for immediate use – it is almost essential to maintain some inventories for the smooth functioning of an enterprise.

Definition of inventory management:

Inventory management is an approach for keeping track of the flow of inventory. It starts right from the procurement of goods and its warehousing and continues to the outflow of the raw material or stock to reach the manufacturing units or to the market, respectively. The process can be carried out manually or by using an automated system.

Definition:

“good inventory management nothing but good financial management”

-- S.C Kuchal

Review of literature:

Hong Shen, Quang. Deng, Rebeca Lao, Simon Wu (2016) focused on boosting the inventory management to improve the supply chain of the company. Drop in inventory is considered one of the most significant aspects of inventory management. In practice, small inventory level is not always a better solution, so manufacturers need to maintain the correct amount of inventory at the correct level.

Mohamad, S. J. A. N. bin S., Suwaidi, N. N., Rahman, N. A. A., & Shaima, R. D. S. R. (2016) concluded that efficiency of inventory management is a major concern area of business. Suggestions are given to improve the performance of inventory management, demand forecasting, scattered inventory & cycle counting.

Atnafu, D. & Balda, A. (2018) focuses on inventory management & explains the relationship between inventory management practices, competitive advantage & organizational performance. The finding of the study on basis of data analysis is that there is a positive relationship between competitive advantages and inventory management performance. And better organizational performance gives a firm bigger capital to apply various Inventory management techniques.

COMPANY PROFILE:

SIBAR AUTO PARTS LIMITED was originally incorporated as a Private Limited Company by name "Sibar Auto Parts Private Limited" on 19th February, 1983 vide Certificate of Incorporation No.01-3817 issued by Registrar of Companies, Hyderabad. The Shareholders, in the Extraordinary General Meeting held on 3.3.94 have decided to convert the Company into Public Limited and to change the name as " Sibar Auto Parts Limited.' The Company has obtained Fresh Certificate of Incorporation with change of name on 13/6/1994 from the Registrar of Companies.

Objectives of the study:

- To analysis the efficiency of inventory management of SIBAR.
- To analysis the EOQ of various inventory in SIBAR.
- To evaluate the inventory control in the company.
- To suggest effective management of inventory.

Scope of the study:

- This study has been conducted in SIBAR AUTOPARTS, TIRUPATHI. The study seeks to find out the factors used in inventory management.
- The data collected has been analyzed and the researcher has arrived on findings which have proved it worth to know about the areas of inventory management.

NEED FOR THE STUDY:

- This project work is an attempt to get acquainted with various facts of short time finance management.
- It is necessary to study the financial management practices in SIBAR AUTOPARTS.

DATA COLLECTION:

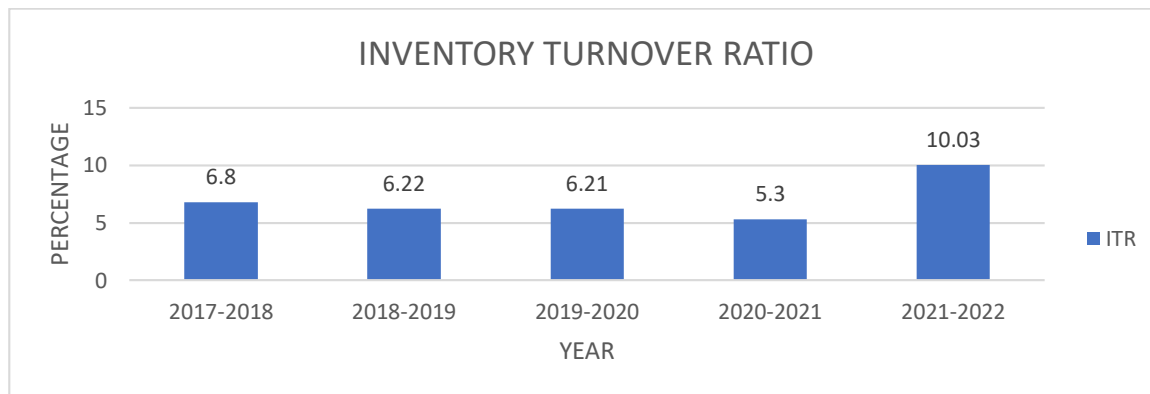
Source of data are only from secondary data

SECONDARY DATA

The secondary data are collected from annual reports, manufacturing accounts statement, department manual, Brochures and other printed materials issued by the company. The annual report are 2017-18 to 2021-22.

INVENTORY TURNOVER RATIO:**Table-1**

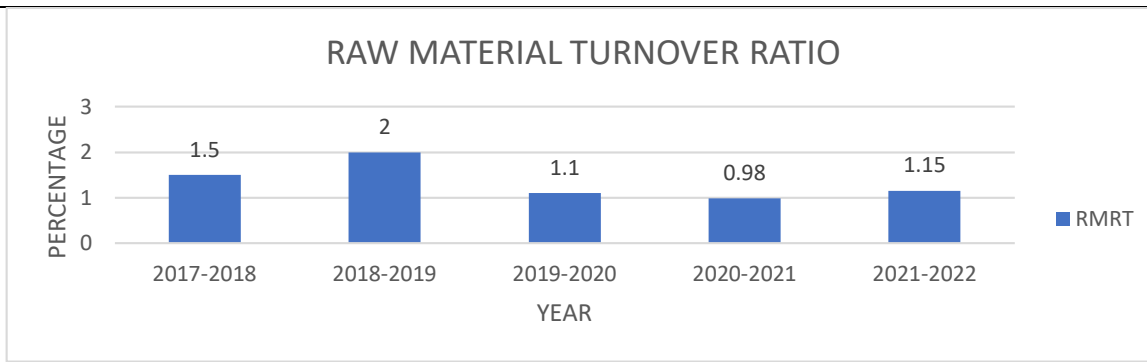
YEAR	COST OF GOOD SALES	AVERAGE INVNTORY	INVENTORY TURNOVER RATIO
2017-2018	27752174	4081202	6.80
2018-2019	269587665	43277148	6.22
2019-2020	201830297	32532521	6.21
2020-2021	110152882	20750599	5.30
2021-2022	205059026	20433180	10.03

**Interpretation:**

From the above graph show that, it is clear that inventory ratio had decreased in 2017-2018 to 2018-2019 to 2019-2020 i.e., 6.8, 6.22 and 6.21 respectively, also 2020-2021 decreased by 5.30 but during 2021-2022 increased inventory turnover to 10.03. A high inventory turnover ratio indicates brisk sales.

RAW MATERIAL TURNOVER RATIO:**Table-2**

Year	Material consumed	Average stock of raw material	Raw material turnover ratio
2017-2018	6250450	4166967	1.50
2018-2019	5420570	2710285	2.00
2019-2020	11561019	10510017	1.10
2020-2021	2783767	2840578	0.98
2021-2022	5312598	4619650	1.15



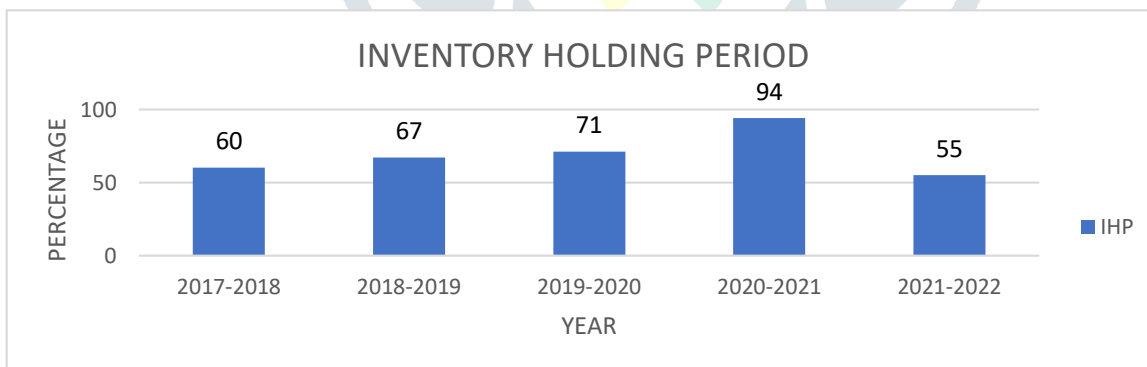
Interpretation:

From the above graph it is clear that raw material, we seen the year2017-2018 the ratio is 1.5 and 2018-2019 the ratio is 2 is decreasing in 2019-2020 the ratio is 1.1 again 2020-2021decreased ratio is 0.98.but 2021-2022 increasing raw material turnover 1.15.raw material consumption increasing say that demand more

Inventory holding period

Table-3

year	inventory	Annual sales	IHP
2017-2018	58572590	356316589	60
2018-2019	49474878	269587665	67
2019-2020	39206969	201830297	71
2020-2021	28450021	110152882	94
2021-2022	30963288	205059026	55

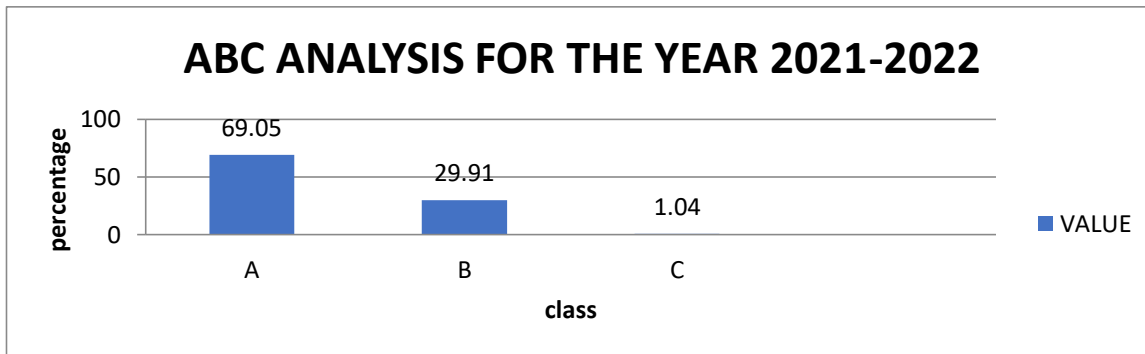


Interpretation:

From the above graph inventory holding period in year of2017-2018 take 60 days, 2018-2019 take 67 days duration and 2019-2020 takes 71 days , the 2020-2021 take 94 days and 2021-2022 year holding period is 55 days. As we know that IHP should be minimum.

ABC ANALYSIS FOR THE YEAR 2021-2022

Class	Required quantity	No of item	value	% of value
A	3,72,528	10	1,90,38,514	69.05
B	85,906	8	82,44,174	29.91
C	2,52,642	2	2,86,304	1.04
TOTAL	7,11,076	20	2,75,68,992	100

**INTERPRATION:**

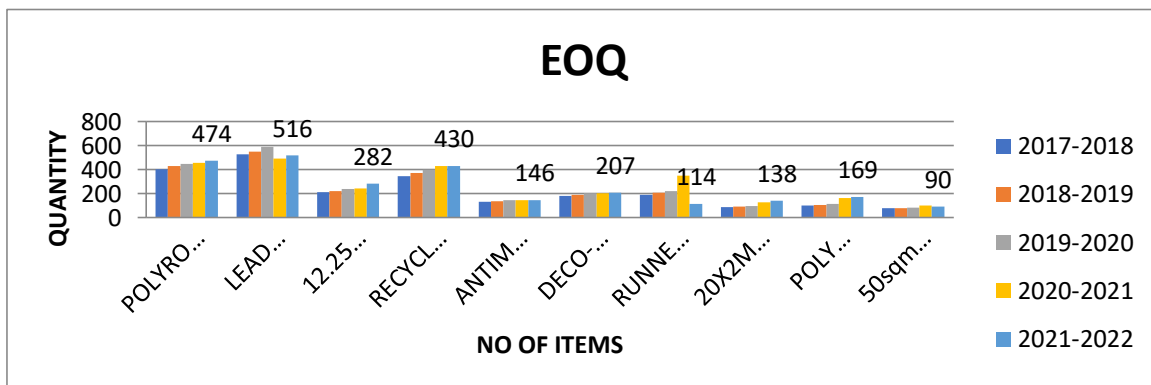
From the about graph show the 69.05 % of inventory are “A” class items ,29.91% of inventory are “B” class items and 1.04% of inventory are “C” items in ABC analysis for the year 2021-2022

COMPARISON OF ECONOMIC ORDER QUANTITY FOR FIVE YEAR OF 2018-2022

Table -13

S.NO	Description	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
1	POLYROPYLYENE COMPOLYMER(RAD-MSP-035)	401	431	445	458	474
2	LEAD ANTIMONY(3.1)ALLOY	529	550	588	492	516
3	12.25 COPPER WIRE	212	220	236	241	282
4	RECYCLED PPCP PELLETES(OTHER THAN B & W)	346	373	399	430	430
5	ANTIMONY TRIOXIDE(INDSTARRG)	129	134	143	144	146
6	DECO-BROMIDE	182	191	202	202	207
7	RUNNERS SCRAP-PPC BLACK	190	205	219	348	114

8	20X2MM FLATS	COPPER	88	91	97	127	138
9	POLY RESIN(XENOY)	CORBONATE	102	106	113	161	169
10	50sqmm BLACK COLOUR	ELASTOMERIC SCCC	76	79	84	102	90



INTERPRATION:

From the above graphs show that the EOQ of each Item are determined. So Company can place orders as per EOQ to reduce inventory costs from 2017-18 to 2021-22.

Findings:

- Inventory turnover ratio decrease in 2018-2020 the ratio is 6.2, 6.2, 5.1 but in sales increased 2021-2022 the ratio 10.3.
- Raw material turnover ratio is 2 in 2019, but decreased ratio up to 0.98 in 2020-2021 again increasing 2022 ratio is 1.05.
- Inventory holding period is transition period increased during 2019-2021 but 2022 holding period is 55 days.
- The company is manufacturing same materials are classified as A, B, and C class items.
- Even carrying cost is looking high i, e., 2.75% which constant for five years as it had greater impact on inventory maintenance cost.
- In general when order increase automatically EOQ decreases which inversely proportional. As EOQ for past five year shows that company is going for less number of orders.

Suggestions:

- As company converted into own sales have its own inventory policy which can produce better result by minimizing cost.
- The firm should try to reduce ordering cost and carrying cost.

- Even though inventory conversion period is moderately good, still there is lot of scope to improve it.
- As of company is going for wide expansion in SIBAR AUTOPARTS LTD, it should pay more attention towards research & development.

Conclusion:

After analysis the inventory of the company during the last five years it is clear that, inventory of the company is stable.

- The company by strictly following inventory management techniques like EOQ, ABC analysis can increase its profit.
- By supplying the finished products at reasonable price to the customer and thus increase its period of existence in the market.

The company inventory position is up to some extent satisfactory

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