

A STUDY ON INVENTORY MANAGEMENT AT ASIAN PAINTS - A Detailed Review

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ABSTRACT:

The study aims to examine the inventory management process. The significance of this research is based on the benefits that can be obtained by identifying the issues of inventory control. The methodology used is unstructured interviews, on-site study, and annual report analysis. Inventory management is an important area of the manufacturing industry. If the company fails to manage inventory, it will face failure. It is a challenge for the company to maintain fair inventory. There are various inventory management techniques available for maintaining a fair inventory level in the company. The basic objective of this paper is to study inventory management techniques, inventory related ratios and turnover ratios used in Asian paints. And find out some measures for improvement on the inventory management process of the concerned company. The present system of inventory management of the company is good. For the improvement of the present inventory management system, the company should adopt other inventory management techniques.

Inventory management is very important for "Asian paints". It enables the business to meet or exceed the expectations of the customers by making the products readily available.

The scope of the study includes the ABC Analysis, Inventory Ratios and Turnover Ratios of Raw Materials, work in progress, and finished goods for five financial years.

Keywords: ABC analysis, Inventory related ratios, Turnover ratios.

INTRODUCTION

The idea of stock administration traces all the way back to 1915 when F.N. Harris fostered an extremely straightforward and valuable model for a stock issue. It was very normal for the stock issue to be among the first chosen for numerical examination since it was a boundless issue that was viewed as being more organized and having a possibly more productive result than different issues.

Any stock framework requires the assortment and handling of an enormous amount of information. Nonetheless, the presentation of PCs during the 1950s cut down the expense of taking care of information which was very high during pre-PC days, accordingly reestablished interest in stock hypothesis and denoting the

start of a time, in which, refined huge scope stock frameworks became as typical in the business. Materials assume a significant part in the development of new resources and the activity and support of the current resources. In this way, their nonstop accessibility is a superb prerequisite for continuous working. In further developing productivity, decrease of information costs is a significant boundary and since use on men and machine is pretty much fixed the main field where the economy might be conceivable is the administration of materials.

Stock is characterized as an inactive asset of any sort that has possible financial worth and is viewed as secured capital. A pragmatic definition from the materials the board point would be "thing of store or materials kept in stock to fulfill future needs of creation, fixes, support, development, and so forth.". Stock is a rundown of merchandise and materials, or those products and materials themselves, held accessible in stock by a business. It is likewise utilized for a rundown of the items in a family and a rundown for testamentary motivations behind the assets of somebody who has passed on. In bookkeeping, stock is viewed as a resource. Stock administration alludes to the method involved with dealing with the loads of completed items, semi-completed items, and natural substances by a firm.

Stock administration, whenever done appropriately, can cut down expenses and increment the income of a firm. The amount one ought to put resources into stock administration? The response to this question relies upon the volume and worth of stock as a level of the complete resources of a firm. The significance of stock administration changes as per industry. For instance, an auto vendor has exceptionally high inventories, at times as high as 50% of the absolute resources, while in the inn business it could be basically as low as 2 to 5 percent. The course of stock administration is a consistent one and there are different sorts of arrangements accessible.

Utilizing specific staff for stock management is fitting. The stock administration process starts when one has begun creation and requested unrefined components, semi-completed items, or some other thing from a provider. In the event that you are a retailer, this cycle starts as soon you have put in your most memorable request with the distributor. Whenever orders have been put, there is for the most part a brief period that anyone could hope to find to a firm to set up a stock administration plan before the provisions are conveyed. Stock administration assists a firm with choosing ahead of time.

REVIEW OF LITERATURE:

Disseminated year:(2005)

Their audit reviewed firm-level stock approach to acting among retailing associations. They took an illustration of 311 public-recorded retail firms for the years 1987-2000 to review the relationship of stock turnover with gross

edge, capital power, and arrangements shock. They saw that stock turnover for retailing firms was positively associated with capital power and arrangements shock while alternately as-associated with gross edges. They similarly suggested models that yield an elective estimation of stock productivity and changed stock turnover that can be used in the examination of execution assessment and authoritative course.

Maker name: S. Singh

Disseminated year: (2006)

Analyzed the stock control practices of a singular fertilizer association named IFFCO. He quantifiably dissected the stock system with use, bargains, and various variables close by the advancement of these elements and stock models. He contemplated that a development in pieces of stock prompts an extension in the degree of stock in current assets. A novel spotlight was made on stores and additional items to sort out excess purchases achieving a lack of advantage.

Maker name: Pradeep Singh

Dispersed year:(2008)

His audit attempted to assess the stock and working capital organization of Indian Farmers Fertilizer Co-usable Limited (IFFCO) and National Fertilizer Limited (NFL). He contemplated that the general spot of the working capital of IFFCO and NFL is OK. However, there is a necessity for improvement in stock by virtue of IFFCO. In any case, stock was not true to form utilized and stayed aware of bay IFFCO during the survey time period. The organization of the NFL ought to endeavor to fittingly utilize the stock and endeavor to stay aware of the stock as indicated by the necessities. With the objective that liquidity will not thwart

Maker name:Capkun, Hameri and Weiss

Disseminated year:(2009)

Quantifiably analyzed the association between stock execution and money related execution in collecting associations using the financial information of a tremendous illustration of US-based gathering firms over 26 years, or if nothing else, 1980 to 2005. They understood that a basic relationship existed between stock execution close by the presentation of its parts and advantage. Crude substance in-stock execution was uncommonly related to net advantage and working advantage. Work in progress stock was especially connected with net advantage measures while finished items stock execution was more related with working advantage measures.

Maker name: Gaur and Bhattacharya

Dispersed year:(2011)

Attempted to focus on the linkage between the show of the pieces of stock, for instance, crude substance, work in progress, and finished items and the financial show of Indian gathering firms. The audit uncovered that finished items stock was oppositely associated with business execution while crude substance stock and work in progress didn't fundamentally influence something almost identical. They complemented that rather than focusing in on full scale stock, an undertaking should be made to zero in on individual pieces of stock to manage the same enough. They assumed that bosses not zeroing in on stock execution could become feeble in battling competitors.

Maker name: Sahari, Tinggi and Kadri

Disseminated year:((2012)

Tentatively analyzed the association between stock organization and firm execution close by capital power. Consequently, they took an illustration of 82 improvement firms in Malaysia for the period 2006-2010. Using the backslide and association assessment procedures, they observed that stock organization is quite related with firm execution. Besides, the results show that there is a positive association be-tween stock organization and capital power.

Maker name: Soni

Dispersed year:((2012)

Made a start to finish examination of practices followed as for stock organization in the planning items industry in Punjab. The examination included an illustration of 11 associations for a period of five years, or possibly, 2004-2009, and was done using board enlightening list. The good and lucky movement of stock determines the end result of an industry. She contemplated that the size of stock updated vaguely over the period when stood out from a move in current assets and net working capital. Inventories contained portion of the working capital which was a direct result of over-stacking of stock in light of low stock turnover, especially for finished items and raw parts. The rising in arrangements and positive financial circumstances lead to a climb in stock levels. It was in like manner determined that arrangements extended more when stood out from the stock.

Maker name: Panigrahi

Disseminated year:((2013)

Embraced a start to finish examination of stock organization practices followed by Indian substantial associations and their effect on working capital capability. The concentrate similarly investigated the association among advantage and stock change days. The survey, using an illustration of the vitally five substantial associations of India in excess of quite a while from 2001 to 2010, contemplated that a broad inverse straight relationship existed between the stock change period and efficiency.

RESULTS AND DISCUSSION

INVENTORY TURNOVER RATIO

TABLE:4.1 showing data for Inventory Turnover ratio

Year	2022	2021	2020	2019	2018
Inventory Turnover Ratio	6.50	5.76	7.85	6.46	6.26

Inventory Turnover Ratio =

cost of revenue from operations/average inventory or stock

ANALYSIS:

From the above table we can see that the inventory turnover ratio for 2022 is about 6.50, for the year 2021 it was 5.76, for the year 2020 it was 7.85, for the year 2019 it was 6.46 and for the financial year 2018 it was about 6.26

4.1 showing graph for Inventory Turnover Ratio



INTERPRETATION:

From the above graph we can see that the inventory turnover ratio for the Asian paints company has been showing a fluctuating trend. Even though it has increased from the last financial year, the highest figure was in the year of 2020

AVERAGE RAW MATERIAL HOLDING

TABLE:4.2 showing data for Average Raw Material Holding

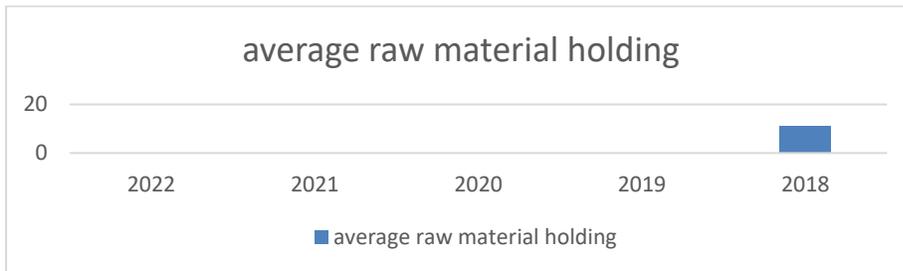
Year	2022	2021	2020	2019	2018
Average Raw Material Holding	-	-	-	-	11.38

Average Raw Material Holding = Average raw materials stock / Raw material consumption

ANALYSIS:

From the above table we can see that the average raw material holding for 2022 to the year 2018 it was nil and for the financial year 2018 it was about 11.38

4.2 showing graph for Average Raw Material Holding



INTERPRETATION:

From the above graph we can see that the average raw material holding for the company has been constantly becoming nil with the exception of the financial year of 2018.

AVERAGE FINISHED GOODS HELD

Table:4.3 showing data for Average Finished Goods Held

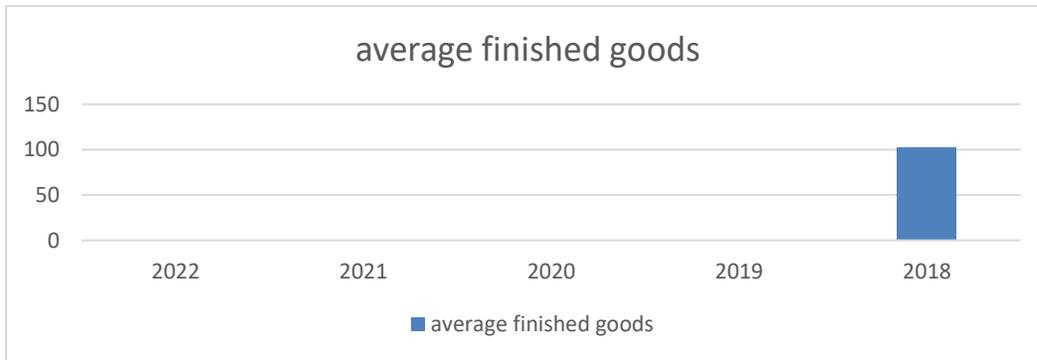
Year	2022	2021	2020	2019	2018
Average Finished Goods Held	-	-	-	-	102.87

Average Finished Goods Held = Cost of goods sold / Average finished inventory

ANALYSIS:

From the above table we can see that the average finished goods held for 2022 to the year 2019 it was nil and for the financial year 2018 it was about 102.87

4.3 showing graph for Average Finished Goods Held



INTERPRETATION:

From the above graph we can see that the average finished goods held days is also nil whereas the company had a very high figure of 102.87 in the financial year of 2018.

NUMBER OF DAYS IN WORKING CAPITAL

Table 4.4 showing data for Number of Days in Working Capital

Year	2022	2021	2020	2019	2018
Number of Days in Working Capital	0.47	14.82	-8.76	5.15	19.42

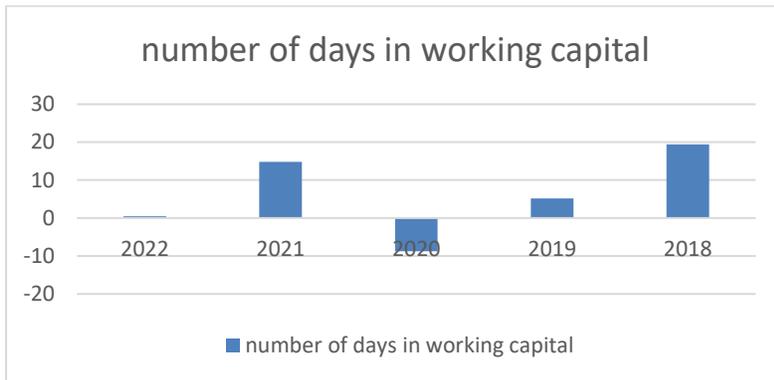
Number of Days in Working Capital = (Operating Current Assets – Operating Current Liabilities) /

annual sales * 365

ANALYSIS:

From the above table we can see that the number of days in working capital for 2022 is 0.47, for the year 2021 it was 14.82, for the year 2020 it was -8.76, for the year 2019 it was 5.15 and for the financial year 2018 it was about 19.42

4.4 showing graph for Number of Days in Working Capital



INTERPRETATION:

From the above graph we can see that the number of days in working capital for the Asian paints company has been showing very fluctuating figures. It came down drastically from the previous financial year which was an increase from its predecessor.

CONCLUSION:

Stock organization has to do with keeping accurate records of finished stock that are ready for shipment. This much of the time suggests posting the improvement of as of late completed items to the stock totals as well as deducting the most recent shipments of finished product to buyers. Exactly when the association has a product trade set up, there is for the most part a sub-class contained in the finished items stock to address any returned items that are renamed or second grade quality. Definitely staying aware of figures on the finished product stock makes it possible to quickly give information to bargains workforce concerning what is available and ready for shipment at some arbitrary time.

Stock organization is huge for limiting costs while meeting rules. Market revenue are a delicate balance, and stock organization wants to ensure that the harmony is undisturbed. Particularly pre-arranged Inventory the board and

phenomenal programming will help with making Inventory the leaders a victory. The ROI of Inventory the board will be tracked down in the kinds of extended pay and advantages, a positive specialist environment, and an overall development in shopper dedication.

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