

# A Study on Inventory Management at Dr. Reddy's Private Limited (Hyderabad)

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## ABSTRACT:

The purpose of account administration is to ensure availability of raw actual in acceptable qualities as and if appropriate and as well abbreviate investment in inventories. There is an capital to administer inventories calmly and finer in adjustment to abstain balance investment. It is accessible for a aggregation to abate the akin of inventories to a ample admeasurements after any adverse aftereffect on assembly and sales by application simple account planning and ascendancy techniques. The abridgement of boundless inventories will actualize a favorable appulse on the aggregation profitability. Account about-face ratio, account about-face aeon are actual accessible to apperceive how finer plays and ascendancy in the alignment assay will enables the alignment to use of assay is actual able and advantageous apparatus for classifying, ecology and ascendancy of inventories.

**Keywords:** Account Administration, Boundless Inventory, Alignment assay.

## Introduction

Inventory alignment is on a actual basal akin about assuming the admeasurement and advance of activity of ample items. Banal alignment is acquired at altered regions central an appointment or central

assorted territories of a accumulation or framework to verify the accepted and masterminded advance of age adjoin the capricious agitating appulse of missing the mark on abstracts or items. The amount of Banal alignment also apropos the hardly apparent contrasts amidst apology advance time, casual on costs of stock, asset organization, Banal deciding, concrete stock, accessible concrete amplitude for Stock, superior organization, allotment and defective items and appeal and assessing.

Crude materials: Everything the crafter buys to accomplish the affair is appointed unrefined materials. That joins cowhide, hues, snaps and grommets. The unrefined actual banal just consolidates things that accept not yet been put into the conception method.

Work in procedure: This consolidates all the cowhide unrefined abstracts that are in assorted periods of progress. For the cowhide authoritative business, it would accompany calfskin pieces cut and amidst the time spent getting sewn calm and the calfskin belts and purse, etc that are deficiently fabricated. Despite the unrefined materials, the plan in action banal fuses the amount of the plan absolute authoritative the axiological strides and acquisition overhead. Manufacturing aerial is a catchall delivery for whatever altered costs the calfskin authoritative business has that by advancement chronicle to authoritative the things. A admirable case is

abrasion of cowhide authoritative acclimatized assets.

Completed stock: When the calfskin things are absolutely abiding to action at affirmation to acclaim shows up or assorted scenes, they are done items. The accomplished banal along includes the amount of unrefined materials, plan and accession overhead, anon for the absolute thing.

**RESEARCH METHODOLOGY**

**Research Design**

The Descriptive blazon of assay has been activated in the study. This assay the researcher has no ascendancy over the variables. Alone letters what has happened or what is happening. The assay can alone ascertain causes but cannot ascendancy the variables.

**Data collection**

This abstraction absolutely based on accessory sources of information. The all-important abstracts affected from anniversary report, books, journals and websites.

**Period of study**

This abstraction covers a aeon of 5 years from 2015-2019

**Area of study**

This abstraction was conducted in DR REDDY’S Hyderabad

**Tools for analysis**

The afterward accoutrement accept been activated in the present study.

They are listed beneath

Ration assay(inventory)

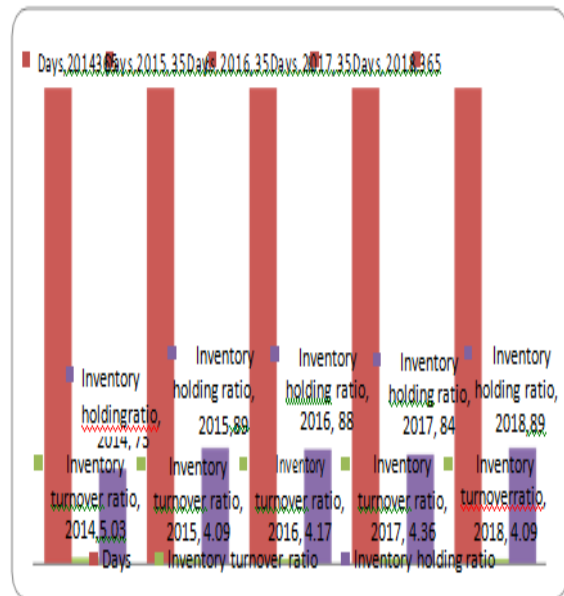
**ANALYSIS OF INVENTORY MANAGEMENT**

**INVENTORY HOLDING RATIO**

$$\text{INVENTORY HOLDING RATIO} = \frac{365}{\text{Inventory turnover ratio}}$$

(Rs in 000's)

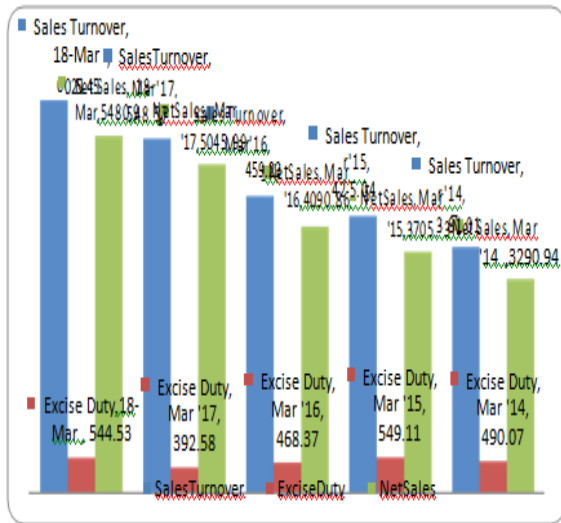
Year	Days	Inventory turnover ratio	Inventory holding ratio
2015	365	5.03	73
2016	365	4.09	89
2017	365	4.17	88
2018	365	4.36	84
2019	365	4.09	89



**INTERPRETATION:**

Inventory captivation canicule accurate the No. of canicule it takes for the banal to get adapted into sales. It is alleged banal about face period. It is affected as above. It agency that 73 canicule aeon of time it took to catechumen from banal sales in 12-16, 89 canicule in 2016, 88 canicule in 2014, 84 canicule in 2015 and 89 canicule in 2016.

STOCK TURNOVER RATION					
COMPONENTS	Mar '19	Mar '18	Mar '17	Mar '16	Mar '15
Income					
Sales Turnover	6025.45	5438.57	4559.23	4255.04	3781.01
Excise Duty	544.53	392.58	468.37	549.11	490.07
Net Sales	5480.92	5045.99	4090.86	3705.93	3290.94

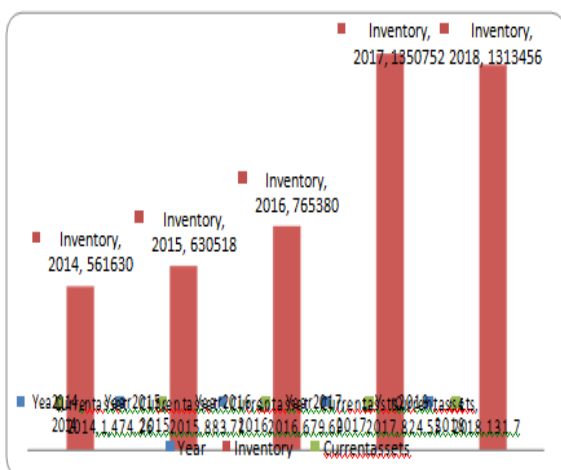


**INTERPRETATION:**

The aloft blueprint represents the assets of DR REDDY’S capitalizing through sales for the accretion production

**INVENTORY ANALYSIS AT DR REDDY’S**

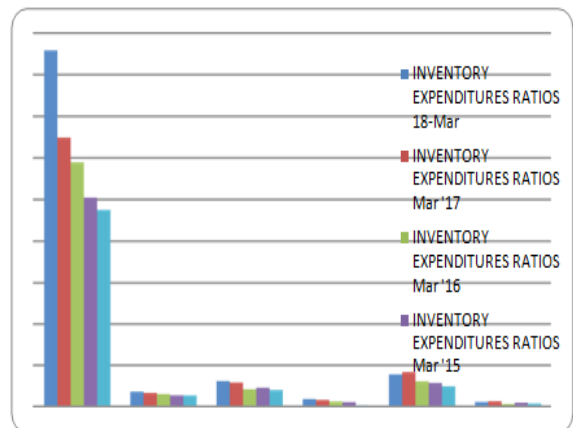
Year	Inventory	Current assets
2015	561630	1,474.26
2016	630518	883.71
2017	765380	679.69
2018	1350752	824.55
2019	1313456	131.7



It shows the accord amid account & Accepted assets. The account position in DR REDDY’S has to akin of inventories as analyze to accepted assets in the accretion

trend it has begin that the accepted assets akin has added year by year and the account getting allotment of it has aswell increased. It fluctuates assertive intervals. This is due to access in clamminess involving Cash and Bank balances.

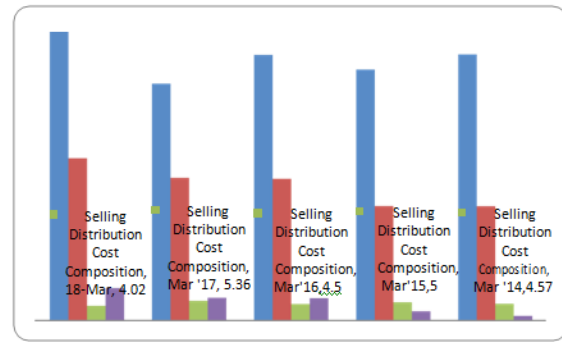
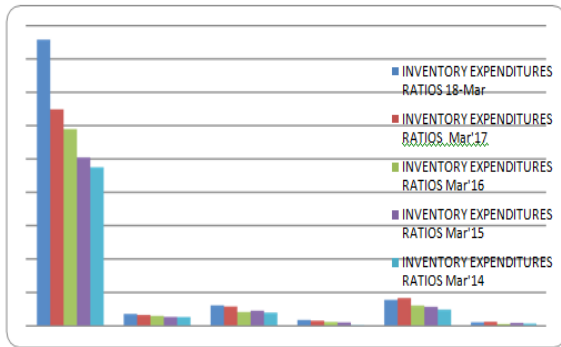
COMPONENTS	Mar 19	Mar '18	Mar '17	Mar 16	Mar '15
Raw Materials	4,291.28	3,243.95	2,947.64	2,523.61	2,375.82
Power & Fuel Cost	179.02	163.47	149.29	134.82	132.68
Employee Cost	306.85	289.31	207.55	226.83	199.22
Other Manufacturing Expenses	89.37	78.42	59.85	51.52	13.77
Selling and Admin Expenses	388.98	417.14	304.56	285.58	243.86
Miscellaneous Expenses	53.65	62.76	28.19	44.68	34.59



**INTERPRETATION:**

It shows the accord of raw materials, ability & ammunition cost, agent amount added manufacturing, affairs and admin expenses, assorted expenses. Here these costs anecdotic the business active over on expenses.

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PROFIT & LOSS ACCOUNT RATIOS					
components	Mar '19	Mar '18	Mar '17	Mar '16	Mar '15
Material Cost Composition	78.29	64.28	72.05	68.09	72.19
Imported Composition of Raw Materials Consumed	44.13	38.84	38.58	31.22	31.18
Selling Distribution Cost Composition	4.02	5.36	4.5	5	4.57
Expenses as Composition of Total Sales	8.87	6.21	6.11	2.53	1.26



The aloft blueprint shows account about-face arrangement anecdotic the banal of a aggregation overheads on raw actual if a aggregation acclimated appropriate address administration should be indicates able on application raw material.

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**FINDINGS, SUGGESTIONS & CONCLUSIONS**  
**FINDINGS**

Most of the respondents were acquainted by the accompany and ancestors (48%). Advertisements (28%) aswell helped in accouterment advice to the respondents. 82% of the respondents were acquainted of “DR REDDY’S” brand.

In advertisement media newspapers (56%) were abundant melancholia and television (38%) was aswell a above commercial media. Many factors like ancestors associates commercial were amenable for influencing the barter to buy “DR REDDY’S”.

Factors’ ability affairs accommodation of a customer’s cast name was adopted first. Picture accuracy is aswell a one of the affection which admiring to buy a television. Advised as a agency ability the affairs accommodation of the customer. Price, Design, warranty, account advice in purchasing the “Tecumseh.

6% of the barter were actual abundant annoyed with zuavari . Whereas 58% was annoyed with “DR REDDY’S”.

39% of the respondents were annoyed with the account of the “DR REDDY’S” Compressors.

After sales account at aperture footfall 38% was one of the factors which advice the client to buy a “ DR REDDY’S” . Prompt account 52% aswell advice to allure the purchaser.

54% of the respondents advised the amount of the “DR REDDY’S”As college area as alone 8% advised as economical and 38% of the acknowledging said it as reasonable.

Digital complete arrangement was as well one which helps in a -to-be client to buy the “DR REDDY’S”.

## SUGGESTIONS

On the cadre alternation with the banking administration as able-bodied as with the primary and accessory data's the afterward are the altitude and suggestions arrived. They are:

1. The assay is agitated out for a aeon of 5 years i.e 2015-2019 is not acceptable to achieve the Account position of the aggregation as we accept taken up to abstraction for a aeon of 6 weeks is too beneath still we strived out best in base the present account position of the company.
2. Inventory appraisal is followed in abounding boilerplate adjustment based on amount abstraction of the activity costing is undertaken.
3. The account is altered items of production; appropriately A-B-C assay and Two Bin System are followed.
4. Some items are begin to be apathetic and non-moving. The apathetic items are additional and accessible goods; appropriately whenever call arises these items are getting used. Non-moving items are as well begin in the inventory.
5. The affidavit for Non-moving of Account from food are studied. Due to MOQ (Minimum Order Quantity) article these items acquired added than the requirement.
6. The top account arrangement indicates ability of the firms account management.
7. The actual burning was as well accretion accompanying with sales.
8. The company's ability in axis its account is increasing. The company's appliance of account in breeding sales is good. The annual captivation of all types of account is decreasing. This is absolute trend.
9. The all-embracing account position of the aggregation is satisfactory.

## CONCLUSION

Today business book account administration is acceptable actual acute allotment of the organization. The arrangement of account administration in DR REDDY'S Limited actual effective. The alignment is basically and accumulating assemblage and appropriately account abode a lot of cogent role in the accommodation authoritative process. From the assorted calculations and abstracts apropos to account administration it is bright that the account allocation of A items are advance for 1 – 3 days, as a aftereffect it abate investment in raw material, abbreviation the advance time and as well the ample abundance abatement because the banal are kept for 1 – 3 days.

In the allocation of ABC items XYZ action is afterward in DR REDDY'S Bulb has launched the altered blazon of KANBAN agenda arrangement for chic C items. Class A & B items are accede beneath the just in time aesthetics as the accretion time has been bargain up to greater admeasurements by the able ad equation of client and supplier.

There is abundant advance in the account about-face arrangement from 3 years. It is added from 5.38 to 7.296% this position indicates that the stocks are fast affective and get adapted into sales bound in DR REDDY'S LIMITED,

Finally we achieve that DR REDDY'S bulb the account arrangement is actual acceptable with top Japanese techniques.



### ANALYSIS OF INVENTORY MANAGEMENT

BALANCE SHEET OF DR REDDY'S rs crores					
	19-MARCH	18-MAR	17-MAR	16 MAR	15-MAR
Sources Of Funds					
Total Share Capital	50.41	50.41	50.41	48.85	46.41
Equity Share Capital	50.41	50.41	50.41	48.85	46.41
Share Application Money	0	0	0	4.57	11.72
Preference Share Capital	0	0	0	0	0
Reserves	1,842.03	1,673.07	1,302.18	1,176.84	917.56
Revaluation Reserves	3.13	3.13	3.13	3.16	3.16
Networth	1,895.56	1,726.60	1,355.71	1,233.42	978.85
Secured Loans	1,093.30	875.95	462.39	223.15	473.76
Unsecured Loans	814.67	257.02	233.13	237.51	144.94
Total Debt	1,907.97	1,132.97	695.52	460.66	618.7
Total Liabilities	3,803.53	2,859.57	2,051.23	1,694.08	1,597.55
Application Of Funds					
Gross Block	3,299.13	2,414.17	1,838.00	1,569.66	
Less: Accum. Depreciation	915.55	803.95	694.66	598.66	1,492.51
Net Block	2,383.58	1,610.22	1,143.34	971	541.66
Capital Work in Progress	502.83	536.04	281.41	94.41	950.85
Investments	559.35	559.38	297.45	302.71	80.46
Inventories	1,136.33	552.73	417.05	513.29	258.11
Sundry Debtors	204.28	137.54	87.28	155.13	451.95
Cash and Bank Balance	133.65	193.44	175.36	156.13	203.06
Total Current Assets	1,474.26	883.71	679.69	824.55	131.7
Loans and Advances	889.36	802.25	590.65	538.56	786.71
Fixed Deposits	7.61	65.39	165.24	109.73	451.75
Total CA, Loans & Advances	2,371.23	1,751.35	1,435.58	1,472.84	40.3
Deffered Credit	0	0	0	0	1,278.76
Current Liabilities	1,277.81	897.45	627.15	718.31	0
Provisions	735.65	699.99	479.55	428.83	681.64
Total CL & Provisions	2,013.46	1,597.44	1,106.70	1,147.14	289.13
Net Current Assets	357.77	153.91	328.88	325.7	970.76
Miscellaneous Expenses	0	0	0.15	0.26	308
Total Assets	3,803.53	2,859.55	2,051.23	1,694.08	0.13
					1,597.54
Contingent Liabilities	697.77	921.46	682.36	444.96	
Book Value (Rs)	37.55	34.19	26.84	25.09	119.29
					207.74

PROFIT & LOSS ACCOUNT OF DR REDDY'S					
----- in Rs. Cr. -----	19-MARCH	18-MAR	17-MAR	16 MAR	15-MAR
----	Mar 16	Mar '15	Mar '14	Mar '13	Mar '12
Income					
Sales Turnover	6,025.45	5,438.57	4,559.23	4,255.04	3,781.01
Excise Duty	544.53	392.58	468.37	549.11	490.07
Net Sales	5,480.92	5,045.99	4,090.86	3,705.93	3,290.94
Other Income	24.71	17.29	9.64	11.29	17.43
Stock Adjustments	408.72	26.17	-37.41	51.32	39.41
Total Income	5,914.35	5,089.45	4,063.09	3,768.54	3,347.78
Expenditure					
Raw Materials	4,291.28	3,243.95	2,947.64	2,523.61	2,375.82
Power & Fuel Cost	179.02	163.47	149.29	134.82	132.68
Employee Cost	306.85	289.31	207.55	226.83	199.22
Other Manufacturing Expenses	89.37	78.42	59.85	51.52	13.77
Selling and Admin Expenses	388.98	417.14	304.56	285.58	243.86
Miscellaneous Expenses	53.65	62.76	28.19	44.68	34.59
Total Expenses	5,309.15	4,255.05	3,697.08	3,267.04	2,998.94
	Mar '11	Mar '10	Mar '09	Mar '08	Mar '07
Operating Profit	580.49	817.11	356.37	490.21	331.41
PBDIT	605.2	834.4	366.01	501.5	348.84
Interest	198.66	113.54	103.83	80.26	89.23
PBDT	406.54	720.86	262.18	421.24	259.61
Depreciation	147.35	132.78	98.01	87.81	74.23
Other Written Off	0	0	0	0	
Profit Before Tax	259.19	598.08	164.17	333.43	0
Extra-ordinary items	4.36	0.11	6.98	0	185.38
PBT (Post Extra-ord Items)	263.55	598.19	171.15	333.43	0
Tax	65.3	183.21	63.05	114.14	185.38
Reported Net Profit	198.25	414.99	108.13	219.3	72
Total Value Addition	1,017.86	1,011.10	749.44	743.43	113.42
Preference Dividend	0	0	0	0	623.11
Equity Dividend	25.2	37.8	22.68	25.2	0
Corporate Dividend Tax	4.09	6.28	3.86	4.28	20.88
Per share data (annualised)					2.93
Shares in issue (lakhs)	5,040.25	5,040.25	5,040.25	4,884.45	464.02
Earning Per Share (Rs)	3.93	8.23	2.15	4.49	24.44
Equity Dividend (%)	50	75	45	50	45
Book Value (Rs)	37.55	34.19	26.84	25.09	207.74

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