

EXECUTIVE SUMMARY

Inventory management is a process of ordering, storing and using a company's inventory- raw material, components and finished products. The importance of inventory management comes from the fact that reductions in inventory has a direct effect on the profitability of the business.

The literature points the significant challenges of balancing inventories to provide a high level of customer service without accruing excessive investment in inventory and optimizing inventory levels to maximize profit. The true value of inventory holding costs could be 50% or more of the value of the inventory and that properly managing inventory is crucial to optimizing productivity and profitability.

The study uses Ratio Analysis, ABC Analysis, EOQ and Bin card to analyse the data. Ratio analysis for the period of 5 years is carried out to assess the profitability, efficiency and liquidity of Campco Industries. Each type of chocolates is categorised on the basis of their value and usage by employing ABC analysis. Its results indicate that the out of 10 chocolates only 2 chocolates have highest sales; i.e., campco bar and cream brands having 28.68% and 25.31%. EOQ model is used to ascertain the re-order level Bin card of various raw materials are used to check the excess usage of raw materials and the company has maintained an optimum level of stock every year but fails when there is an excess demand for the product.

The study helps to know the effectiveness of over-ordering and under-ordering of the products. When the business is running on loss, it could be secured if the inventory is available when it is needed.

The future research can be conducted in the area of cost management to know the break-even point on sales in the same organisation or similar manufacturing organisations.