

SUMMER INTERNSHIP PROJECT

**“Understanding the Inventory Management & Billing
process at NAVIC IoT.”**

Submitted to:

DMSR

**G.S. College of Commerce and Economics, Nagpur
(An Autonomous Institution)**

Affiliated to:

Rashtrasant Tukadoji Maharaj Nagpur University, Nagpur

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NAAC Accredited "A" Grade Institution**



Academic Year 2022-23



CERTIFICATE

This is to certify that the investigation describes in this report titled **“Understanding the Inventory Management and Billing process at NAVIC IoT”** has been carried out by **Ms. Divyani Vitthal Sayam** during the summer internship Project. This study was done in the organization of **“NAVIC IoT”**, in partial fulfillment of the requirement for the degree of Master of Business Administration of G.S. College of Commerce & Economics (An Autonomous Institute) affiliated to R.T.M.N.U., Nagpur. This work is the own work of the candidate, complete in all respect and is to sufficiently high standard to warrant its submission to the said degree. The assistance and resources used for the work are duly acknowledged.

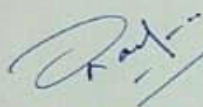
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Date 31/10/2022

TO WHOM IT MAY CONCERN

This is to certify that Miss. DIVYANI VITTHALRAO SAYAM, a student of MBA (Major in Finance - summer semester), Nagpur University, has successfully completed 45 days From 16 September 2022 to 31 October, 2022 internship programme at this Company. During the period of her internship programme with us he was found punctual, hardworking and inquisitive.



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Divyani V Sayam

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.1. INTRODUCTION

Inventory Management

An inventory is the stock of idle resource in a firm for use. In organization, inventories can be of various types. Manufacturing organization, typical, have inventories of raw materials, components, sub-assemblies, tools and equipment, semi-finished goods, finished goods, etc.

In service organization such as banks, financial institution, hospitals etc. The inventory consists of various items to be used in the various service operations. For example, hospitals have inventories of medical equipment such as syringes, glucose bottles etc. In banks, there are inventories of various types of forms, brochures and pamphlets etc.

Inventory is defined as idle resource provided such resources have an economic value. It is further defined as sum of value of medical equipment such as syringes, glucose bottles etc. In banks, there are inventories of various types of forms, brochures and pamphlets etc.

Inventory is defined as idle resource provided such resources have an economic value. It is further defined as sum of value of raw materials, fuels, lubricants, spare parts, maintenance, consumables semi processed materials and finished goods stock at any given maintenance, consumables semi processed materials and finished goods stock at any given point of time.

Since these resources are idle when kept in stores inventory is defined as “an idle resource provided such resources have an economic value”. Inventory theory then deals with the determination of the optimum level of such an idle resource. Inventories make possible a rational production system.

Without them we could not achieve smoother production flow, obtain reasonable utilization of machines or expect to give reasonable service to customers. A shortage of inventory or stock outs may mean shortage of a factory, losing a customer or a market, at times such stock

outs prove rather costly.

DEFINITION OF INVENTORY

“It can be used to refer to the stock on hand at a particular time of raw materials, goods-in-process of manufacture, finished products, merchandise purchased for resale, and the like, tangible assets which can be seen, measured and counted in connection with financial statements and accounting records, the reference may be to the amount assigned to the stock of goods owned by an enterprise at a particular time”.

NATURE OF INVENTORIES

Inventories are stocks of the product a company is manufacturing for sale and components that make up the product. The various forms in which inventories exist in a manufacturing company are:

- **Raw materials**

Raw materials are those basic inputs that are converted into finished product through the manufacturing process. These are the inventories, which have been purchased and stored for future production.

- **Work-in-progress**

These are the semi-finished products, which need more work before become finished products for sales. Semi-finished goods are kept some times before sending to other processing shops as per requirement, this is expressed in cost of production (cop), which includes materials, labour and overhead.

- **Finished goods**

The finished goods are kept in finished goods stores or warehouse for quality and other statutory clearance and then delivery to the customer. This is expressed in cost of sales.

MOTIVES OF HOLDING INVENTORIES

Maintaining inventories involves tying up of the company's funds and incurrence of storage and handling costs. The general motives for holding inventories are:

- **The transaction motives**

The transaction motive is emphasis the need to maintain inventories to facilitate smooth production and sales operation.

- **The precautionary motives**

The precautionary motive is necessitates holding of inventories to guard against the unpredictable changes in demand and supply forces and other factors.

- **The speculative motives**

The speculative motive is influence decision to increase or reduce inventory levels to take advantage of price fluctuation.

MANAGEMENT OF INVENTORY IN THE ORGANIZATION

Management of inventory in the organizations is very much beneficial to the company. Maintains of the different types of the inventories are having different uses. The main uses of the inventories are as follows:

- **Anticipation inventory**

This is the fundamental use of maintaining the inventory of an item. It is to satisfy the customer demand i.e. to ensure that no customer is disappointed by not getting the desired item at any point of time.

- **Cycle stock**

To model minimizes the total cost by ordering the economic order quantity.

- **Safety or buffer stock**

To protect against fluctuation of demand and abrupt increases in the time taken by the suppliers to supply item, some stock known as the safety stock is maintained in excess of the anticipation inventory.

- **Transit stock**

To act as a buffer between various elements of the supply chain: suppliers, producers, distributors, wholesalers, retailers, customers.

- **Seasonal inventory**

It helps to satisfy periods of seasonal high demand.

- **Decoupling inventory**

It helps provide a buffer between successive operations. It also called as work in process inventory.

RISK ASSOCIATED WITH INVENTORIES

The objective of inventory management should be to determine and maintain optimum level of inventory investment. The optimum level of inventory will be between two danger points of excessive and inadequate inventory. Both excessive and inadequate are not desirable.

The major dangers of over investment are:

- The unnecessary tie up of the firms and loss of profit
- Excessive carrying costs
- Risk of liquidity
- Risk of price of obsolescence
- Risk of evaporation
- Risk of price decline

Maintaining an inadequate level of inventories is also dangerous. The consequence of under investment is

- Production hold up
- Failure to meet delivery commitments

Inadequate raw materials and work in progress inventories will always result in frequent production interruptions, similarly is finished goods inventories are not sufficient to meet the demand of customer regularly. Customer may shift competitor, which will amount to permanent loss to the firm.

METHODS OF VALUATION OF INVENTORIES

To measure the inventory in the organization are one through the different methods. Valuation of the inventory helps to analyse the inventory status of the organization. The various methods of valuation of inventories are as follows:

- First in first out method (FIFO)
- Last in first out method (LIFO)
- Highest in first out method (HIFO)
- Base stock method simple average method
- Weighted average method

- **First in first out method (FIFO):**

In this method the assumption is that first materials purchased are the first materials consumed and thus the material in stock are materials purchased in the last. The FIFO method uses the prices of the first batch are fully issued. After the first is fully issued, the price of the next batch of materials purchased becomes the next issue price.

- **Last in first out method (LIFO):**

This method operates in just reverse order of FIFO method. It is based on the assumption that the last purchased are the materials issued. Thus the price of the last batch of materials purchased is used for all issues until from this batch have issued after which the previous batch of purchased is used.

- **Highest in first out method (HIFO):**

In this method materials issued are changed at the rate of highest priced materials in store. This highest rate is continued to be used until materials at the highest price is used. Thus, in hifo method, the production absorbs the high cost of materials and closing stock is valued at lower rates.

- **Base stock method:**

This method assumes that minimum stock is always held in stock and is not issued. This is the nature of a fixed asset and is carried at original cost. Any quantity in excess of base stock is valued according to one order of the other methods i.e. FIFO, LIFO, average, etc. Thus, base stock method is not an independent method and has to be used along with some other method.

- **Simple average method:**

Simple average price is calculated by adding all the different prices as material in cost from which material to be priced could be drawn by the number and quantity of the material in stock while calculating the average.

- **Weighted average method:**

This method gives due weight to quantities held at each price when calculating the average price. The weighted average price is calculated by dividing the total cost of material in stock from which the material to be priced could have been drawn, by the total quantities in stock. The simple formula is that weighted average price at any time is the balance figure.

INVENTORY MANAGEMENT TECHNIQUES

The general concept of management namely, planning, decision making and controlling are equally apply to inventory management.

Several techniques of inventory controls are in use and it depends on the convenience of the firm to adopt any of the techniques. What should be stressed however is need to cover all items of inventory and all stages i.e. from the stage of receipt from supplies to the stage of their use the most commonly use techniques are:

- **Stock levels:**

This is that levels above which stock should not normally be allowed to rise. The maximum level may, however be exceed in certain cases e.g. when unusually favourable purchasing condition arise. It is compute by following formula.

$$\text{Maximum level} = (\text{reorder level}) + (\text{reorder quantity}) - (\text{minimum consumption} \times \text{maximum reorder level})$$

- **Minimum level:**

Inventories are not allowed to all below the level. These are otherwise called safety stock in event of emergency. If the inventory levels falls below this level there is a greater chance of shock out. This generally happens when consumption increases thee standard requirements.

$$\text{Minimum level} = (\text{re-order level}) - (\text{average rate of consumption} \times \text{average delivery period})$$

- **Re-order quantity:**

This refers to the size of the order which gives maximum economy in purchasing any material. It is also refereed as optimum or standard ordering quantity. The

re-order level is fixed taking into consideration lead-time and unusual delay or interruptions. This level is calculated as

$$\text{Re-order level} = (\text{maximum consumption}) \times (\text{maximum re-order period})$$

- **Danger level:**

This level at which normal issues are stopped and materials are issued for important jobs. This level is generally fixed somewhat below minimum level. When stock reaches danger level, urgent action is needed for the replenishment of stock so that stoppage in production can be avoided. This is completed as follows:

$$\text{Danger level} = (\text{normal consumption}) \times (\text{maximum re-order period under emergency condition})$$

- **Average stock level:**

This level indicate the average stock held by the concern. It is calculated as follows:

$$\text{Average stock level} = \frac{\text{maximum level} + \text{minimum level}}{2}$$

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Inventory control

The basic objective of cost accounting is to cost control. This objective is achieved by an effective control on each element of cost. Inventory cost accounts for nearly 60% of the total cost of production of many private and public sector manufacturing undertaking. Therefore proper control over inventory is necessary from the time materials are ordered with the suppliers until they have been used in the manufacturing of finished product.

Definition

According to cima technology “inventory management control is a systematic control over purchasing, storing and consumption of material, so as to maintain a regular and timely supply of inventories, at the same time avoiding over stocking”.

Objectives of inventory control

- To ensure continuous availability of all materials, so that production may not be held up for want of materials.
- To avoid excessive investment in materials, resulting in unnecessary lockup of capital.
- To purchase materials at the most reasonable prices and at the same time quality is not to be sacrificed.
- To ensure that there is minimum wastage of materials while they are being stored in the stores department.

Departments concerned with inventory control

- Production planning and control department
- Purchasing department
- Receiving department
- Inspection department
- Store keeping department
- Production department
- Stores accounts or stock control department

TECHNIQUES OF MATERIAL CONTROL

ABC- ALWAYS BETTER CONTROL ANALYSIS

It is a system of inventory control. It discriminates control over different items of stores classified on the basis of investment involved. The items are classified based on frequency. 'A' category of items consists of a small percentage of the total items held in stores but requires heavy investments because of their high price. 'B' category is less important with moderate value. 'C' category are the items which constitute huge inventory (quantity) but with less investment.

A category items are controlled effectively by using regular systems which ensures neither over stock nor shortage for production or storage of items. Here the levels of stock are followed. For b class items the control exercised are moderate and levels are reviewed regularly. C class items do not require any control.

The characteristics features of ABC analysis are:

'A' type items:

- Very strict control
- Frequent ordering
- Maximum follow up
- Centralized purchasing weekly control statement

'B' type items:

- Moderate control
- Periodical follow up
- Quality control

- Combined purchasing
- Once in two or three ordering

‘C’ type items:

- Bulk ordering once in six months
- Follow up in exceptional cases
- Annual review
- Decentralized purchasing

VED ANALYSIS

It is most suitable method for automobile industry specially to maintain spare. All the parts are classified into vital, essential desirable components. Vital parts for manufacturing of a product will vital closely monitored. Inadequate supply of these parts may substantially damage the productive activities. E type of material is no doubt that are essential, but its level of stocks is moderately low. Desirable (D) components may or may not be maintained. Non-availability of type of spares does not damage the normal functioning of industry.

FSN ANALYSIS

Under this method, materials are grouped according to the movements. Fast moving items, slow moving and non-moving items. Fast moving items are stored in large quantity and a close watch on the movement of such item kept slow moving items are not frequently needed by the production department, according moderate quantity with moderate supervision will maintain. Non-moving items are rarely required by the production departments. Hence a smaller number of materials are kept in stock and less importance is given in inventory management.

ECONOMIC ORDER QUANTITY (EOQ)

Economic order quantity refers to that of inventory at which the total cost of inventory is revising. The total inventory cost comparing ordering cost and carrying costs. Shortage costs are excluded in adding total cost of inventory due to the difficulty in consumption of shortage cost. Eoq is also known as economic last size (els).

$$\text{Economic order quantity} = \sqrt{\frac{2AS}{l}}$$

Benefits of inventory management and control:

Proper management and control of inventories will in the following benefits to an organization.

- Inventory management ensures an adequate supply of materials, stores etc. Minimizes stock outs and shortage and avoids costly interruption in operation.
- It keeps down investment in inventories carrying costs and obsolescence to the basis of recorded experience.

- It facilitates purchasing economics through the measurement of requirement on the basis of recorded experience.
- It eliminated duplication in ordering or in replenishing stocks by centralizing the source from which a company.
- It permits a better utilization of available stocks by facilitating inter department transfer with in a company.
- It provides a check against the loss of materials through carelessness or pilferage.
- It facilitates cost accounting activities by providing a means of allocating materials cost to purchase department or other operating accounts.
- It enables management to make cost and consumption comparisons between operation and periods.
- It serves as a means for the location and disposition or inactive and absolute items or stores.

RATIOS

- **Inventory turnover ratio:**

Inventory turnover or stock turnover ratio indicates the number of time the stock has been turned over (sold) during the period and evaluates the efficiency with which a firm is able to manage its inventory. It is calculated as

$$\text{Inventory turnover ratio} = \frac{\text{COGS/SALES}}{\text{AVG.INVENTORY}}$$

- **Inventory holding period**

It shows the days it takes to sell the inventory on hand

$$\text{Inventory holding period} = \frac{\text{Average Inventory}}{\text{Sales}} \times 360$$

- **Inventory to sales:**

It shows the proportion of inventory to the net sales of the company.

$$\text{Inventory to sales} = \frac{\text{Inventory}}{\text{Sales}}$$

- **Inventory to current assets ratio:**

Ratio of inventory to current assets shows the companies effective utilization of the cash.

This ratio explains the increase in the inventory will also increase the current assets of the company.

$$\text{Inventory to current assets ratio} = \frac{\text{Inventory}}{\text{Current Assets}} \times 100$$

- **Consumption of raw material:**

Raw material is the inputs for the final products. They are purchased by the firm from others and are used in the production for being converted into finished products. The consumption

of raw material means how much material used for the production.

- **Ratio of net profit to the inventory:**

This ratio represents the relationship between net profit and inventory. It represents the impact of cost of inventory on net profit.

$$\text{Ratio of net profit to inventory} = \frac{\text{Profit}}{\text{Inventory}} \times 100$$

- **Raw material turnover ratio:**

This represents the ratio between the stock held in the stores and values of usage made during the year.

$$\text{Average raw material} = \frac{\text{Opening} + \text{Closing Raw material}}{2}$$

$$\text{Raw material turnover ratio} = \frac{\text{Annual Consumption of Raw material}}{\text{Average Raw material}}$$

- **Work in progress:**

The raw materials enter the process of manufacture but they are yet to attain the final shape of finished goods. They are partially finished or semi-finished goods that are at various stages of production plan according to work order planned by the management for better production in the various stages of manufacturing products.

- **Average inventory period:**

It shows how many days the inventories are available. This helps the management to take necessary steps to procure such inventories, so that the production process of the company is not hampered. The higher the turnover ratio, shorter the average inventory period, and the better the inventory management.

$$\text{Average inventory period} = \frac{\text{Days in years (365)}}{\text{Inventory Turnover ratio}}$$

3 COMPANY PROFILE

NavIC is a regional navigation satellite system built by India for India. It's designed by ISRO for accurate real-time positioning, timing services, and messaging. Basically, it's **an alternative to GPS (Global Positioning System) which is developed and run by the US**. The prime difference between NavIC and GPS is that the former is built primarily for India including some neighboring countries whereas GPS (US) offers coverage of all regions around the globe.

COMPANY HISTORY:

DIPALI DARSHAN RAUT is popularly known as M/S NAVIC IOT. It is a Proprietorship with its office registered in Maharashtra. The company carries out its major operations from Maharashtra.

The company got registered under GST on April 1, 2021, and was allotted 27BJVPT5736K1Z5 as the GST Number. The status of this GSTIN is Active. This company is a Regular taxpayer.

Legal Name of business

DIPALI DARSHAN RAUT

Trade Name

M/S NAVIC IOT

GST Number

27BJVPT5736K1Z5

Effective Date of Registration

April 1, 2021

GSTIN / UIN Status

Active

Cancellation Date

N/A

Principal Place of Business

GOND PLOT R T O ROAD WARDHA Wardha Maharashtra 442001

Constitution of Business

Proprietorship
Taxpayer Type

Regular
nature of Business Activities

1. Retail Business
2. Factory / Manufacturing

3. OBJECTIVES OF SIP-

- To understand the control methods used by the NAVIC to optimise the day-to-day activities.
- To understand and study different services and product provided by NAVIC.
- To familiarise with the working attributes in the NAVIC and the factors affecting the working.
- To understand that all kinds of products are available at company so that we can sale whenever is needed
- To fulfil the needs of the customers its important to do proper inventory management .to provide them proper product .
- To avoid wastage and losses.
- To maintain inventory & Provide amount of material for making final product .

.6. SCOPE OF SIP –

- getting a gist of NAVIC services and understanding the different product provided by NAVIC.
- Understanding how to handle stock inventory in any company.
- Getting knowledge regarding how to do a proper billing for the different transactions.
- maintain the record of expenses and income.
- Also know the little bit information about NAVIC product.
- Handle the bulk stock inventory at any place is become easy .
- Help the company to give proper information to management for purchasing the raw material or product according to need only .
- It helps to provide information about stock , that saves the unnecessary expenses on stock .

.7. NEED OF SIP

1. To know the operations and responsibilities carried out by various departments.
2. To acquainted with the working environment in the corporate world.
3. To understand the need and necessity of an operations manager in the financial institute .
4. To see how the company operate after Covid-19
5. To understand role and responsibilities of various individuals working in the office .
6. To see have employees develop and maintain inter personal relationships with their colleagues.
7. To see how the power flows in the financial institute and how they take actions in order to improve the customer service.

.8. CONTRIBUTION DURING SIP

- First get all the information related NAVIC IoT .
- Learned how the NAVIC works.
- Get information about different products and services given by NAVIC IoT .
- Get little bit information about GPS that the main product of NAVIC .
- Learned how the billing done in any company .
- Understood that what is stock inventory exactly mean ..
- Get a little bit knowledge about how to manage stock inward and outward that means purchases and sale of product .
- Maintain all the day to day sale at work place .
- Note all the information about customer of the company for giving a post purchase services to them .
- Maintain the record of all expenses and revenue generate .
- Note all the salary details given to the employee .

.9. LIMITATIONS

- Documentation is the key, the record all the money transaction and they are also used for verification the transaction by the main branch, this makes it crucial they maintain and keep the Duration of the internship was quite small.
- As an internship, I was not provided with the Login in Id and Password for the operation of the NAVIC IoT software.
- At times the data available for study can be too large, which makes it a time consuming tasks.
- Due to digitization, sometimes it happens that the servicer in low and the transactions are put on hold.
- vouchers free from errors.
- Sometimes the goods may get damaged for that give proper report to management get quite difficult .

.10. RESEARCH METHODOLOGY

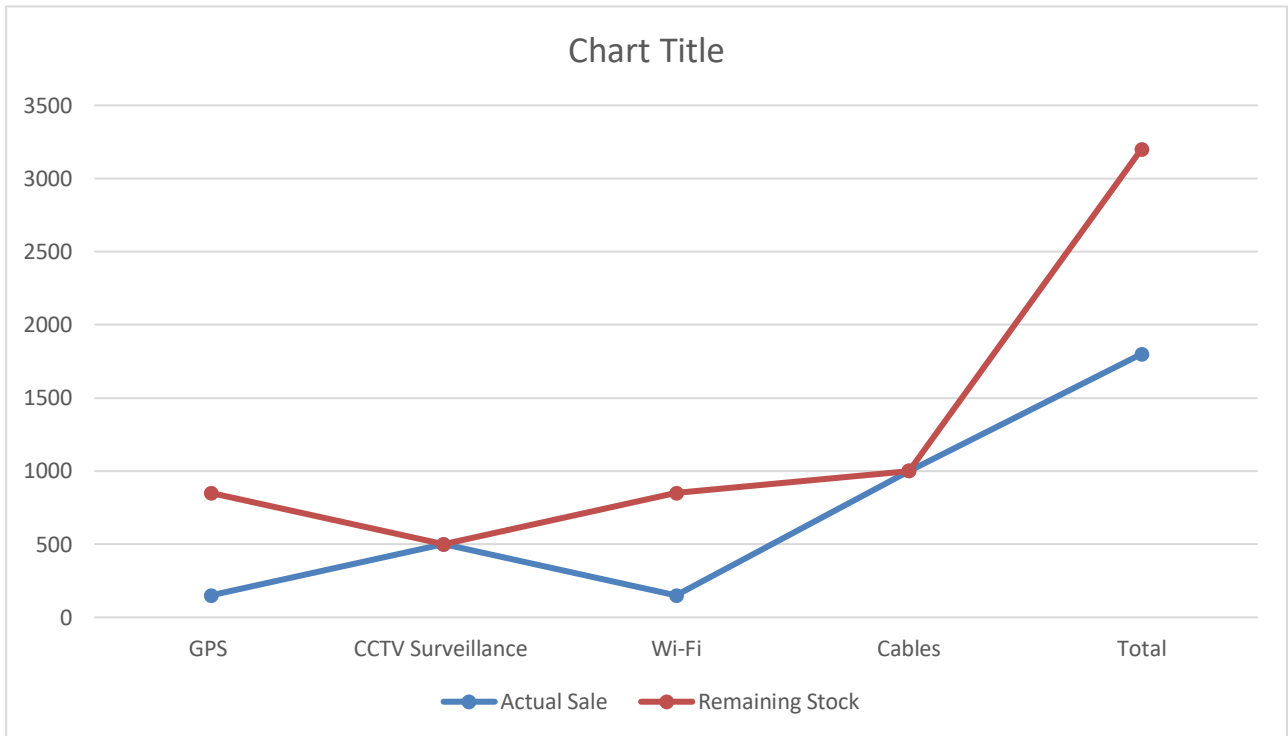
The type of research which I have used is the qualitative research, Qualitative research describes qualities or characteristics. It is collected using questionnaires, interviews, or observation, and frequently appears in narrative form. For example, it could be notes taken during a focus group on the quality of the food at Cafe Mac, or responses from an open-ended questionnaire. Qualitative data may be difficult to precisely measure and analyse. The data may be in the form of descriptive words that can be examined for patterns or meaning, sometimes through the use of coding. Coding allows the researcher to categorize qualitative data to identify themes that correspond with the research questions and to perform quantitative analysis.

Observational Data -

Observational data are captured through observation of a behavior or activity. It is collected using methods such as human observation, open-ended surveys, or the use of an instrument or sensor to monitor and record information -- such as the use of sensors to observe noise levels at the airports. Because observational data are captured in real time, it would be very difficult or impossible to re-create if lost.

.11. INTERPRETATION OF DATA AND FACTS

The NAVIC IoT



12.FINDINGS:

- “Inventory turnover ratio” indicates that the company has improved that the company has improved in management of inventory as compared previous record so this is better sign to the company. So compared should maintain this in future also.
- Ratios related to inventory are over all good.
- The store is maintained according to the stores procedures.
- The inventory turnover ratio has been increasing year by year.
- Inventory management consists of everything from record keeping and receiving the product on time.
- The ratio of inventory to current assets shows the company’s current assets proportion to inventory is more.
- The major components of inventories is raw materials
- Net profit to inventory ratio represents the impact of cost of inventory on net profit

.13. SUGGESTIONS

- They should do something for storage place because sometimes the goods get damaged .
- The company can add more products which can fulfil the need of the customers .
- The working environment was good .
- Maintain stock inventory at work place that was my first experience but they guide me so well .
- Employees should give more satisfactory services to the customers so that they will become permanent customer .

.14. CONCLUSION

- While doing sip I learned how to do billing .
- How we can do a proper stock management
- How the NAVIC IoT works and what types of product they provide
- The different types of cctv servillieance I know after the internship.
- The working environment was good
- I get the information about NAVIC IoT and how its work .

.15. BIBLIOGRAPHY

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