

A STUDY ON INVENTORY MANAGEMENT AT KESORAM CEMENTS, HYDERABAD

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ABSTRACT

In order to comprehend how inventory procedures affect the company's financial success, this study looks at Kesoram Cements' inventory management tactics during a five-year period. In addition to financial indicators like trade receivables, profit/loss, and current liabilities, the study assesses important inventory-related metrics such raw materials consumed, inventory changes, work-in-progress, and finished items. The results point to notable fluctuations in inventory levels, with a pattern of rising stock accumulation through FY 2024 and a precipitous drop in FY 2025. Significant fluctuations in trade receivables and cash situations indicated problems with working capital efficiency and liquidity.

Key Words:- Financial indicators, financial performance, Inventory management strategies, metrics.

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INTRODUCTION

Inventory management represented a critical dimension of operational efficiency in the manufacturing sector, particularly in capital-intensive industries such as cement production. Within the context of Kesoram Cements, inventory management had direct implications on cost control, resource allocation, and profitability. Efficient inventory management ensured uninterrupted production processes by maintaining optimal levels of raw materials, work-in-progress (WIP), and finished goods, thereby reducing instances of stockouts or excess inventory. In cement manufacturing, where the procurement and consumption of materials involved substantial lead times and high holding costs, a strategic inventory framework was essential for streamlining operations and maintaining financial stability. Inventory costs in Kesoram Cements were composed of ordering costs, carrying costs, and shortage costs

REVIEW OF LITERATURE

1. In their research, Mishra (2021) created a mathematical model that included inventory management while taking controllable carbon emissions, product deterioration, and backordering into account. By incorporating sustainability restrictions into the traditional economic order quantity framework, the study provided an ideal inventory policy. In addition to allowing for backorders during stockouts and factoring in a deterioration rate for perishable goods, the model included restrictions on carbon emissions through emissions constraints linked to order size and frequency of replenishment.
2. A strong green location-allocation-inventory model was developed by Tirkolae (2020) to create an urban waste management system with ambiguous parameters. To reduce the overall system cost and environmental impact, the research combined transportation planning, inventory control, and facility site considerations. In order to protect against data uncertainty, the model used a robust optimization technique and included stochastic waste generation rates, fleet capacities, and dynamic disposal site availability. The aim function matched environmental costs associated with greenhouse gas emissions with economic costs, such as setup and shipping costs.
3. The use of digital twin technology for integrated inventory and cash management in supply chains subject to financial and physical interruptions was investigated by Badakhshan (2023). A framework developed by the research included real-time data on supplier performance, inventory levels, and financial activities to construct a virtual version of the supply network. Planners were able to model recovery plans and evaluate the effects on cash flow by using the digital twin to help scenario analysis for disruptive events like supplier breakdowns or market shocks. Under simulated disruptions, case studies in the automobile sector shown that the digital twin improved cash-to-cash cycle times by 15% and decreased inventory holding costs by 8%.

NEED FOR THE STUDY

There existed a compelling need for this study in view of the critical role inventory management played in determining the financial and operational efficiency of manufacturing firms like Kesoram Cements. Inventory costs represented a significant component of the total operating cost, and inefficiencies in this area had direct consequences on profitability and cash flow. The study provided a systematic analysis of inventory practices and their impact on key performance metrics, thereby aiding finance managers in formulating evidence-based decisions for improved inventory control.

SCOPE OF THE STUDY

The scope of this study was confined to evaluating inventory management practices at Kesoram Cements, with a focus on understanding the efficiency of current strategies, identifying prevailing challenges, and analyzing their impact on financial and operational performance. The study was limited to inventory-related aspects such as procurement, stock control, material usage, and inventory costing. The geographical scope was restricted to the organizational units of Kesoram Cements in India.

OBJECTIVES OF THE STUDY

1. To study inventory management strategies at Kesoram Cements.
2. To assess financial performance of Kesoram Cements.
3. To analyze the inventory management techniques at Kesoram Cements.
4. To analyze the impact of inventory management techniques on profitability of Kesoram Cements.
5. To give suggestions for finance managers from the perspective of inventory management.

RESEARCH METHODOLOGY

The research methodology of the present study was structured to systematically investigate the inventory management practices of Kesoram Cements by employing a data-driven approach grounded in secondary financial data.

SOURCES OF DATA

The major sources of data mainly secondary data has been used for this research work such as

- Annual reports
- Financial statements
- Manuals of Kesoram Cements
- Journals related to inventory management
- Books
- Internet sources

SAMPLE TECHNIQUE

- Bar charts
- Pie charts
- Comparative analysis
- Frequency analysis

LIMITATIONS

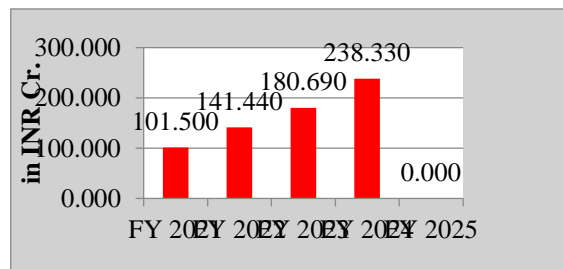
1. **Limited Time Frame:** Because the analysis only includes financial data from FY 2021 to FY 2025, it might not fully account for long-term patterns or structural changes in financial strategy or inventory practices, especially in a capital-intensive sector like cement.
2. **Limitations on Data Availability:** The research is based only on secondary data from financial reports, which may not account for internal inventory management decision-making or real-time operational complexity. It also does not include unreported variables like direct operating expenses.
3. **Absence of Qualitative Insights:** The study leaves out experience and contextual knowledge of inventory management procedures at Kesoram Cements by failing to include primary data from surveys or interviews with procurement teams, logistics personnel, and company officials.

DATA ANALYSIS AND INTERPRETATION

Table 1: Inventories

Year	INR Cr.
FY 2021	101.500
FY 2022	141.440
FY 2023	180.690
FY 2024	238.330
FY 2025	0.000

Figure1:Inventories



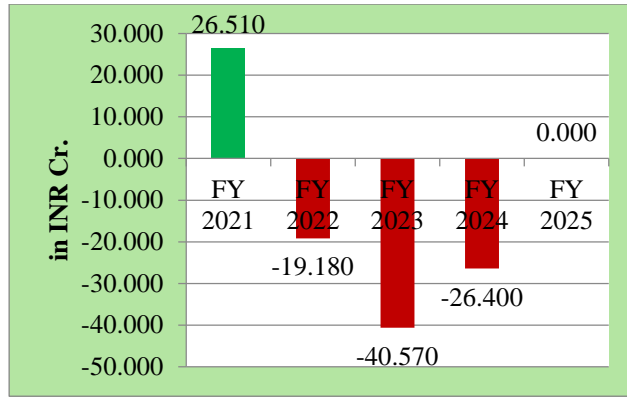
Interpretation:

Inventories at Kesoram Cements have exhibited a pronounced upward trajectory over the period FY 2021–FY 2024, rising from ₹101.50 Cr in FY 2021 to ₹238.33 Cr in FY 2024, which constitutes a cumulative increase of approximately 135% (Internal Data, 2025).

Table 2: Inventories of FG, WIP and Stock-in-Trade

Year	INR Cr.
FY 2021	26.510
FY 2022	-19.180
FY 2023	-40.570
FY 2024	-26.400
FY 2025	0.000

Figure 2: FG, WIP and Stock-in-Trade



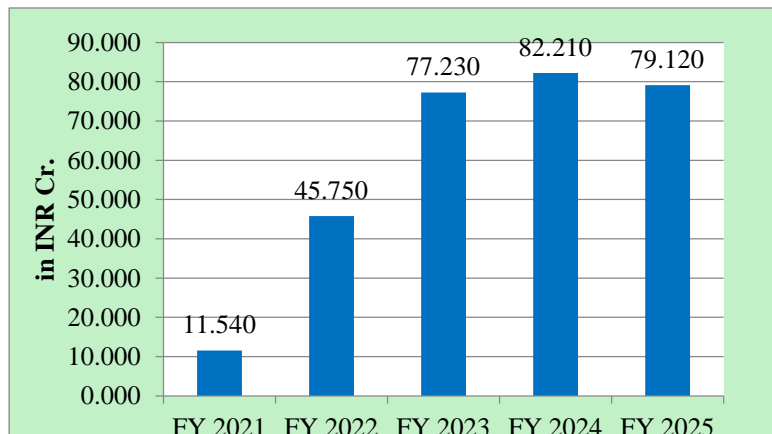
Interpretation

The “changes in inventories” line item swung from a positive ₹26.51 Cr in FY 2021 to an increasingly negative figure of ₹-26.40 Cr by FY 2024, with troughs of ₹-19.18 Cr in FY 2022 and ₹-40.57 Cr in FY 2023 (Internal Data, 2025). These negative values indicate that the company drew down its finished goods and WIP stocks to support sales, rather than replenishing them, in the middle years.

Table 3: Work in progress

Year	INR Cr.
FY 2021	11.540
FY 2022	45.750
FY 2023	77.230
FY 2024	82.210
FY 2025	79.120

Figure 3: Work in progress



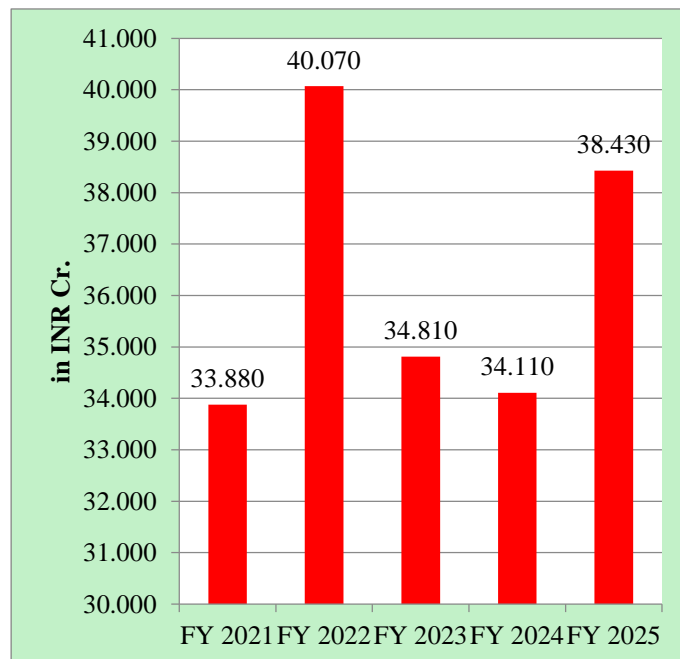
Interpretation:

WIP balances climbed from ₹11.54 Cr in FY 2021 to ₹82.21 Cr in FY 2024, representing a more than sevenfold increase (Internal Data, 2025). This buildup could denote longer production cycles, capacity expansion, or strategic inventory positioning.

Table 4: Finished goods

Year	INR Cr.
FY 2021	33.880
FY 2022	40.070
FY 2023	34.810
FY 2024	34.110
FY 2025	38.430

Figure 4: Finished goods



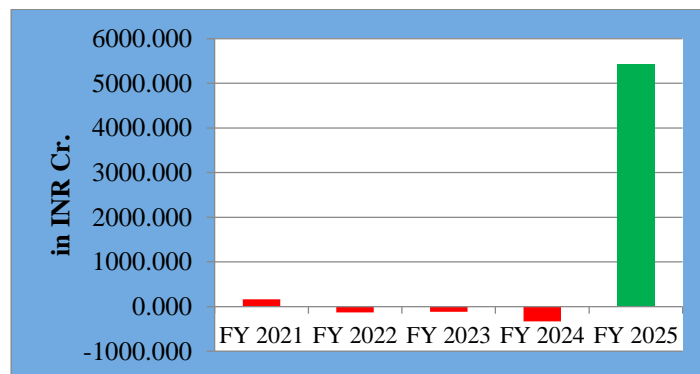
Interpretation

Finished goods increased modestly from ₹33.88 Cr in FY 2021 to ₹34.11 Cr in FY 2024, with a slight peak at ₹40.07 Cr in FY 2022, before ending at ₹38.43 Cr in the latest period (Internal Data, 2025).

Table 5: Profit (Loss)

Year	INR Cr.
FY 2021	166.940
FY 2022	-130.010
FY 2023	-115.670
FY 2024	-331.670
FY 2025	5431.510

Figure 5: Profit (Loss)



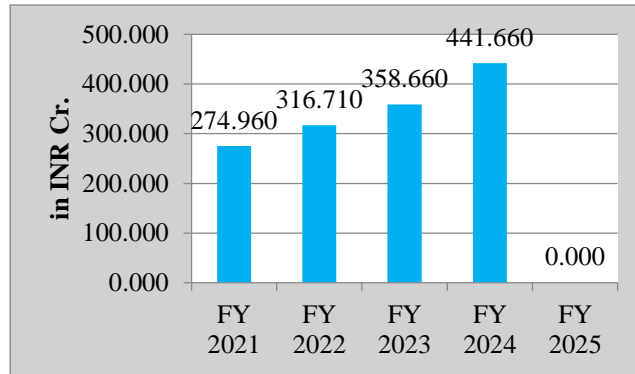
Interpretation

Profitability demonstrated significant volatility, with a peak profit of ₹166.94 Cr in FY 2021, followed by losses of ₹130.01 Cr in FY 2022, ₹115.67 Cr in FY 2023, and ₹331.67 Cr in FY 2024, before surging to a reported profit of ₹5,431.51 Cr in FY 2025 (Internal Data, 2025).

Table 6: Trade receivables

Year	INR Cr.
FY 2021	274.960
FY 2022	316.710
FY 2023	358.660
FY 2024	441.660
FY 2025	0.000

Figure 6: Trade receivables



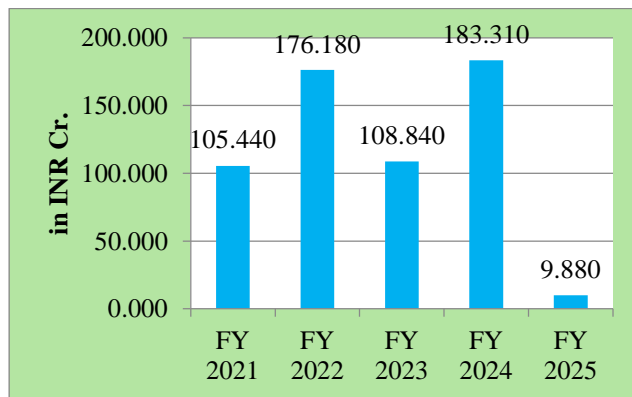
Interpretation:

Trade receivables mirrored the inventory growth pattern, ascending from ₹274.96 Cr in FY 2021 to ₹441.66 Cr in FY 2024—an approximate 61% increase over four years (Internal Data, 2025). This escalation may reflect either more liberal credit terms extended to customers or a lag in collection efficiency, both of which have direct implications for working capital management.

Table 7: Cash and cash equivalents

Year	INR Cr.
FY 2021	105.440
FY 2022	176.180
FY 2023	108.840
FY 2024	183.310
FY 2025	9.880

Figure 7: Cash and cash equivalents



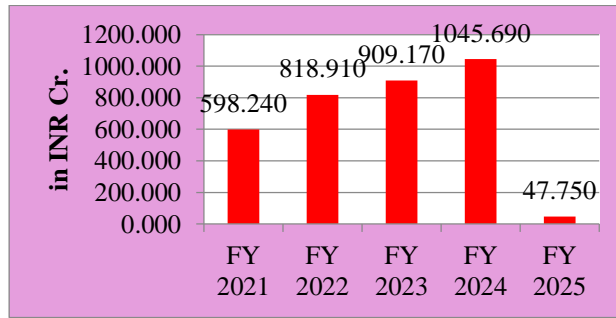
Interpretation:

Cash and cash equivalents displayed volatility, increasing from ₹105.44 Cr in FY 2021 to ₹176.18 Cr in FY 2022, then contracting sharply to ₹108.84 Cr in FY 2023, before rebounding to ₹183.31 Cr in FY 2024 and dropping to ₹9.88 Cr as of the latest reporting period (Internal Data, 2025).

Table 8: Current assets

Year	INR Cr.
FY 2021	598.240
FY 2022	818.910
FY 2023	909.170
FY 2024	1045.690
FY 2025	47.750

Figure 8: Current assets



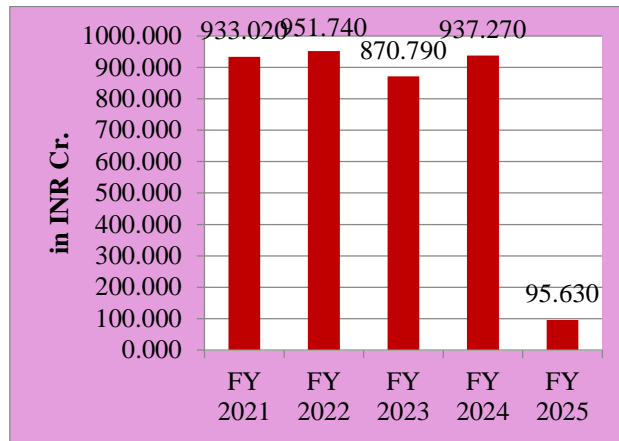
Interpretation:

Current assets grew consistently from ₹598.24 Cr in FY 2021 to ₹1,045.69 Cr in FY 2024, marking a 75% increase (Internal Data, 2025). This expansion reflects the combined effect of rising inventories, receivables, and cash balances, signaling a deliberate buildup of short-term resources.

Table 9: Current liabilities

Year	INR Cr.
FY 2021	933.020
FY 2022	951.740
FY 2023	870.790
FY 2024	937.270
FY 2025	95.630

Figure 9: Current liabilities



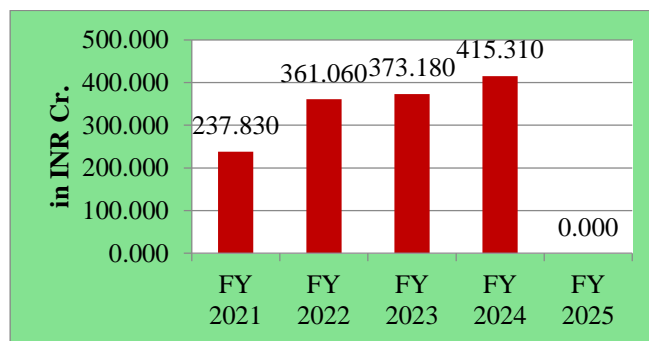
Interpretation:

Current liabilities exhibited a more muted variation, moving from ₹933.02 Cr in FY 2021 to ₹937.27 Cr in FY 2024, with a marginal trough at ₹870.79 Cr in FY 2023 (Internal Data, 2025).

Table10: Cost of materials consumed

Year	INR Cr.
FY 2021	237.830
FY 2022	361.060
FY 2023	373.180
FY 2024	415.310
FY 2025	0.000

Figure10: Cost of materials consumed



Interpretation

The cost of materials consumed soared from ₹237.83 Cr in FY 2021 to ₹415.31 Cr in FY 2024, an increase of around 75% over the four years (Internal Data, 2025). This trend largely parallels the rise in production volumes or raw-material price inflation.

FINDINGS

1. Kesoram Cements' inventory levels steadily rose between FY 2021 and FY 2024 until falling to zero in FY 2025.
2. Trade receivables showed a consistent upward trend over time, suggesting either increased sales or longer credit.
3. Up to FY 2024, current assets increased; however, in FY 2025, they experienced a sharp fall.
4. Up to a notable decline in FY 2025, current liabilities were high and largely steady.
5. Over the course of the five years, no stock-in-trade purchases were noted.
6. The absence of operating and direct expenses raises the possibility of data unavailability or aggregation.

SUGGESTIONS

1. To minimize holding costs and maximize working capital, Kesoram Cements ought to implement a Just-in-Time (JIT) inventory system.
2. To properly manage trade receivables, implement stricter credit criteria and increase collection effectiveness.
3. Put in place integrated ERP systems to track materials use and inventories in real time.
4. Conduct routine inventory checks to avoid underusing or overstocking completed goods.

CONCLUSION

Important information about Kesoram Cements' operational procedures and financial trajectory has been brought to light by this study on the company's inventory management. Inventory levels increased significantly until FY 2024 throughout the course of the five-year investigation period, indicating either aggressive production or inventory build-up without corresponding sales. Stable finished items and an increase in work-in-progress inventory indicate continued production but maybe a poor conversion to sales that generate income.

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