

CHAPTER - I
M/S AHINJAR FABRICATORS &
ERECTORS A PROFILE

TOPIC - 1

M/s Ahinjar Fabricators & Erectors a Profile

[1.1] Introduction

The industrial Structure comprises of large medium & small scale industries. The small scale industries (SSI) covers artisans, cottage, tiny industries & mordent small industries. This sector Produces Nearly 7,500 items ranging from simple product. The SSI sector is a tool for the development of the rural & backward areas & removal of the poverty. However the development of the sector is not a smooth process. The SSI sector has to accept various challenges in the dynamic situations.

The Maharashtra state is one of the industrially advanced state in our country. The government has given high priority to this sector on account of it's employment potential; comparatively, low requirements of capital, short gestation period, use of local manpower & resources useful links with the large sector & wide geographical coverage. The govt. of India has taken a Number of bold initiatives such as the New Industrial policy, package of "Policy Measures for promoting & Strengthening small, tiny & Village enterprises" & opening the Indian economy to international competition. All theses changes have hastened the heed for improving quality & productivity & enlarging the Base for production over a wide area using the instruments of technology & marketing.

In the coming year, the role of SSI will be vital, it faces new challenges because of globalization of the business, aspirations of the consumer for quality of products the need for steeping up export & generation of mass employment opportunity.

Hence, this sector has to restructure it's operation & thrive in a competitive environment.

A) Establishment

M/s. Ahinjar Fabricators & Erectors, Kolhapur is quite old unit established in the year 1977-78 & working for the last 25 years. It is one of the successful examples of small scale industry unit.

The founder of this industrial unit is, Shri. H. H. Salunkhe. He has started his career as a labour contractor at various sites. The present unit has been established by putting in Rs. in 50,000/- saved by him.

The name of the factory 'AHINJAR' is related with the name of the family members. The unit is located in the M. I. D. C. Shirol, industrial area, Kolhapur.

The factory land is taken on the lease basis for 90 years.

B) Workers

The workers who are working in the factory are coming from both rural as well as urban areas. There are different types of workers working as Helper, Welder, Grander, Driller etc. There are also some skilled or unskilled workers. The salary & wages are paid as per their position and rules of industrial laws. The salary is in the range of Rs. 2000-3000.

Various types of other facilities & schemes are also provided to the workers such as uniform, shoes, labour welfare facilities, canteen facilities, provident fund, workers compensation fund, employees state insurance etc.

Few workers are promoted to foreman & supervisors according to their knowledge, skill, experience. But they face certain problems like safety & security, mobilization of labour, low wages, Hard working load etc.

C) Capital

Capital is the life blood of the business. No business can run successfully without having an adequate amount of capital. This proprietary concern mainly carries out fabrication work which requires huge amount of capital.

The amount of capital includes loan which is taken from Dr. Annasaheb chougule Vadgaon Urban Co-op. Bank, Branch Rajarampuri, Kolhapur at the interest rate of 16%.

D) Expenses

There are various types of expenses like productive wages, Maintenance Charges interest payments, consumables etc. Like welding electrodes, gases, oxygen's, burshon, acytelin paints & enamel paints, anti corigive paints for material precaution. To meet such type of expenses the capital is essentially required.

E) Assets

Various types of current Assets and fixes assets are required.

Fixed Assets

Such as Building Rs.	14,00,000
Land Rs.	5,00,000
Plant & Machinery Rs.	9,00,000
Office furniture. Rs.	50,000
Office Building. Rs.	1,50,000

Current Assets

Such as Debtors nearly	5,00,000
Cash nearly	1,00,000

Various types of machinery is required in the business which having huge amount of cost. Some of them were also taken on lease basis.

Income

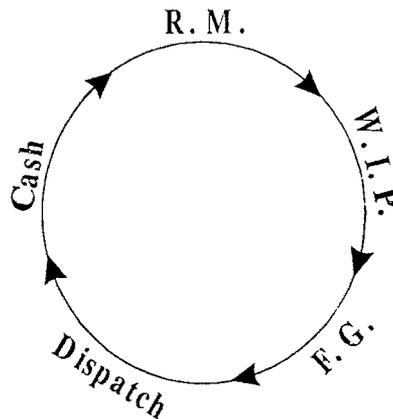
Instead of having all the above expenses there are also some income items such as from hire machinery, scrap materials, wastage selling etc.

F) Customers

Customers are of various types on cash as well as on credit basis. Marketing process will be connected with Co-operative sugar factories, Chemical plants, Heavy engineering industry, Small scale industries, Domestic industries like (Bungalows, Schools & other Bldg. etc.) The Advertisement expenses on it is not so high.

G) Production Process

The whole production process will be done according to the job requirement generally form 1 week to 60 days. The production process are done like.



Raw Material are locally available. The orders are made according to quotation system & Negotiable prices.

Yearly Account's are maintained by both clerk & C. A.

Sales tax, professional tax, income tax & works contract tax can be paid the rates are always changeable.

H) Entrepreneur

It is a proprietary concern. So the role of entrepreneur is very important & dynamic type. This business related with mainly fabrication & irrigation work which having great risk & huge cost. Because of huge amount of capital the risk bearing capacity of entrepreneur also increases.

It is very heavy job, various types of injury is there, installation of job is very

costly & difficult. Mobilization of whole field work is dimensionally risky job.

Entrepreneur mainly faced with financial risk which is very dangerous Bad & doubtful debts are there nearly Rs. 5,00,000/- There are various payment problem & job performance problems.

The whole business was carried by a single person so the risk bearing capacity also increases widely.

Innovation in the different field will be always required. Development for special purpose machine job is there, different types of progress & Development can be done through him.

After completing 25 years it was achieved a great success.

[1.2] Objectives

The main objective of the present study are as under -

- 1) To study the nature of the business activities of the unit.
- 2) To understand the important stages of the development of the unit.
- 3) To consider the relevant financial data for the purpose of analysis & interperatation of such data.
- 4) To study the technical methods of financial management by which funds are managed keeping in view the safety, liquidity & profitability.
- 5) To measure the strength & weaknesses in the financial position of the business.
- 6) To identify the problems of finance faced by the unit & to offer the suggestions to solve such problems.
- 7) To understand the flow of funds in & out of the units & to examine the implication of such flow of funds on the business of the unit.
- 8) To suggest ways & means to improve its efficiency in receiving & applying funds.

[1.3] Scope

The present study is a case study of Ahinjar Fabricators & Erectors, Kolhapur. In the first place the theoretical literature relating to financial management is briefly outlined. This is necessary to manage the finance of the business both scientifically and professionally.

In the second phase the present study attempts to explain the need, possibility & constraints (if any) in the application of principles of finance to industry in general & Ahinjar Fabricators & Erectors in particular. Two specific tools namely financial ratio & funds flow statement have been selected & the data is processed accordingly.

Basically this is a fabrication industry dealing in various commodities of iron & steel. The study is based on the data of the 5 years from 1996-97 to 2000-01.

[1.4] Statement of the problem

The present study is the critical study of financial management of the Ahinjar Fabricators & Erectors. The study is basically of diagnostic nature to measure the various facts of financial management such as liquidity, profitability, cost effectiveness etc. The attempt is also made to measure the changes in the financial position. The accepted techniques of the financial ratio & funds flow statement are used.

[1.5] Research Methodology

This study is well based on the secondary data that is annual reports of the unit. Whenever necessary personal discussion with the proprietors about certain matters has been made.

Sources of Data Collection

The steps taken to complete the study are as follows.

- 1) Collection of secondary data through Published Annual reports & lieterature.
- 2) Collection of primary data & information which is not available in annual reports by way of observation, personal interviews & discussion with the proprietor & other members in the unit.
- 3) Processing of data mainly for the purpose of Analysis & interpretation in terms of -
 - 1) Ratio Analysis
 - 2) Funds Flow Statement.

[1.6] Limitations

- 1) The data used for the study is mainly secondary data of course, the allied first-hand information is also used to develop the text of concerned chapters.
- 2) Funds flow statement & ratio analysis are only the two tools used for financial analysis of 'Ahinjar Fabricators & Erectors' Kolhapur.
- 3) It is a case study. The investigation is confined to Ahinjar Fabricators & Erectors, Kolhapur only.
- 4) Some few trade secretes may not be disclosed by the proprietor at the time of discussion & interview. Hence the conclusions may not be full proof.