

**A Case Study on
Shree Balaji Processors, GIDC, Ankleshwar**

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Background

Coming from a “**Baniya Family**” it was clear from the beginning that Mr. Manmohan Gupta was going to own a business like his ancestors. Mr. Manmohan’s father used to be one of the best retailers of Sarees (Indian Ethnic wear) in Bhiwani (Haryana), but Mr. Manmohan found his passion in the Textile process industry.

Indian Textile Industry is one of the leading textile industries in the world and it is also one of the largest in the country in terms of employment generation. Even today, it is one of the largest contributors to India’s exports with approximately 11 per cent of total exports (2016). It contributes approximately 5 percent to the GDP of the country [1]. Economic reforms in 1991 (liberalization) brought increase in exposure of global fashion, economic boom and elimination of the licensing system which contributed to the growth in textile industry.

Mr. Manmohan Gupta started his first manufacturing unit in the year 1991 with his father Mr. Ramkumar Agarwal and younger brother Mr. Gyan Prakash Gupta. Guptas moved to Ankleshwar¹ (Gujarat) to capitalize on the untapped opportunities offered by developing Gujarat Industrial Development Corporation (GIDC). With very less educational background and no professional help, they started a textile process unit named **Narmada Fabrics Pvt. Ltd.**

Ankleshwar was an industrially developed town in late 1980s and Guptas faced settlement issues for the family such as undeveloped residential area, unfamiliar language, handful of shops providing groceries, fruits and vegetables, etc. However, it also provided opportunities for their business in terms of the proximity to major textile markets in Surat, Ahmedabad and Mumbai, regular supply of electricity and water, availability of labor etc. However, Narmada also faced some troubles. Negligent handling of the finances and sourcing of funding from the unstructured financial sources at exorbitantly high rate of interests led to the near closure of Narmada. However, the decline was avoided with the help of a close relative.

Guptas took this incident as learning and knew they had to make some tough decisions. The problem with Narmada was that they not only focused on Dyeing but Printing as well. This increased their workload with the same batch and made it difficult to increase their output with

¹ An industrial town in the south part of Gujarat state

the two processes going on simultaneously. Further they also noticed that there was a growing demand of dyed fabric in suiting and shirting product category and the supply was limited. This gave them an idea of setting up of new plant focusing solely on Dyeing.

Said Mr. Bharat Gupta (Son of Manmohan Gupta),

“My family saw that there was a large demand supply gap on the dyeing side. This prompted us to focus on one process which reduced our hassles and increased profits.”

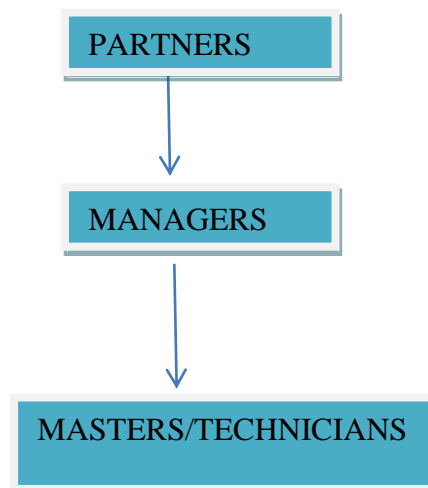
Birth of Shree SBP Processors (SBP)

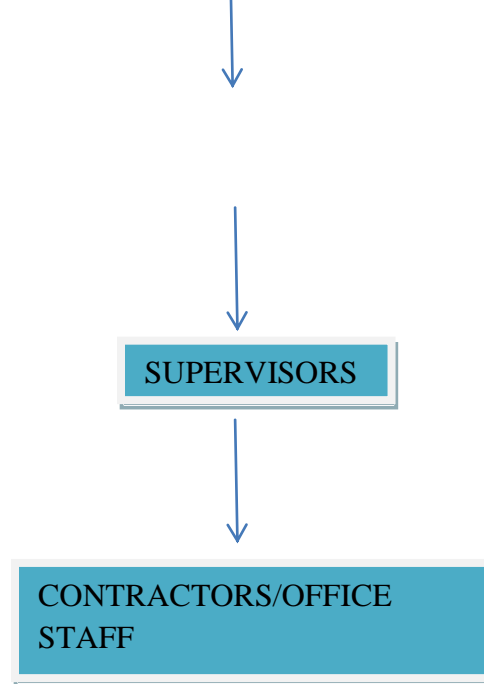
SBP started as a small-scale textile processing unit at Ankleshwar in 2006. It was established to achieve the dream of Guptas making their unit different and competitive from other process house in the whole of Surat belt. SBP was established with a capital of Rs. 1.5 Crores and employed 102 employees. SBP had a high level of technological up-gradation and progressed in leaps and bounds. It had three Stenters (Exhibit 2), a new line of machines catering to requirement of cotton fabric customers and approximately 350 workers. Customer satisfaction with high quality of service was at the center right from the inception.

Mr. Manmohan Gupta,

“Surat is considered as the hub of textile process units which supplies finished material to the entire nation. SBP has state-of-the-art technology which you will not find in any process house situated in Surat. This alone gives us an edge over our competitors”.

Organization Chart





Management Values

Guptas always their endeavor to be truthful and transparent from the beginning in all of their dealings, be it with the supplier, customer or employees.

Guptaji said,

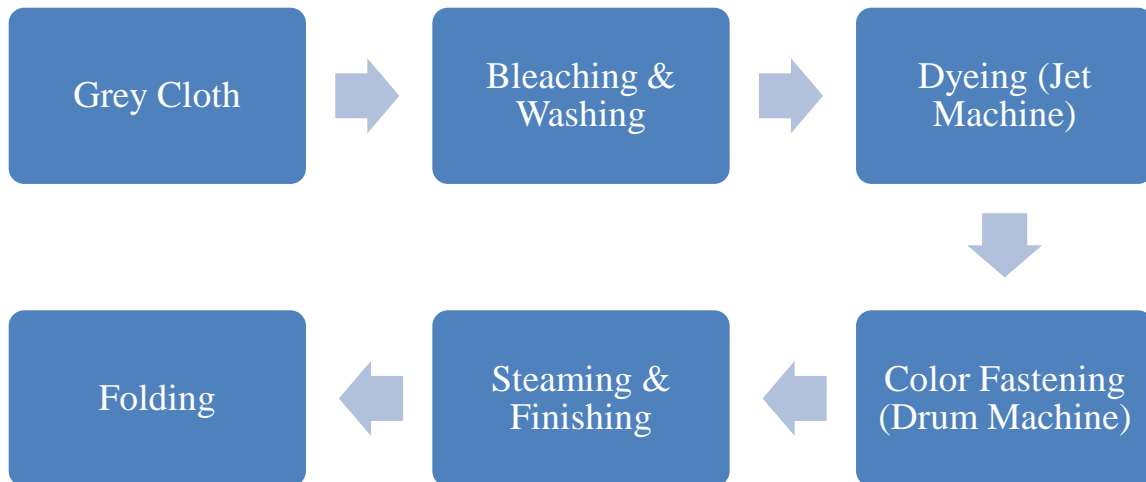
“Many of our transactions still happen in a much unstructured way and therefore it is very important for us to develop confidence with those who deal with us. We value the relationships that we have with our stakeholders and try to keep them happy”.

Production: SBP offered innovative textile process solutions in pre-treatment, dyeing and finishing. All the materials were dyed with automatic machines, specially molded and customized to give best results. SBP dyes material which is used for suiting, shirting, dress and curtains (Exhibit 3).

Dyeing Process: SBP specialized in dyeing of a varied type of fabrics. Processes were done on cotton, cotton blend, poly-cotton, poly-viscose, polyesters and its blends, lycra with all types of finish according to customer requirements (Exhibit 3). The major raw material for this process was Color chemicals and Polysol. Both the raw material was produced in-house which gave cost advantage to the company and its clients. The dyeing process started with the grey cloth (plain white color cloth) which was sent by the client. After entering the factory, the grey cloth went into Spotting, where dirt marks were checked and cleaned. Once the grey cloth was cleaned, it went in Jet machines where actual dyeing/coloring took place. To further strengthen the dye

work, the cloth was run under hot water in Drum machines. The dyed fabric went under strict quality check of color fastness. After this, the ironing and finishing took place in Stenter machine. The dyed cloth was packed and finally dispatched to the clients.

Process of Dyeing



Value-added facilities

Emboss: Embossing refers to the creation of an impression of some kind of design, decoration, lettering or pattern on surface of cloth. In regular/normal printing or an engraving, plates are pressed against the surface to leave an imprint. There are two ways of doing it: Embossing and Brasso Print. In Embossing the pressing of the designed rolls raises the surfaces of the fabric adding a new dimension to the object. In Stamping (Brasso Print) the general principle of embossing is applied but the only difference is that it is a simple printing of a set design and it does not create any new dimension.

Said Mr. Gyan Prakash Gupta,

“At present we have two brasso print machines and 25 -30 different design for each type of fabric. The designs are customized as per clients’ requirement and every year there is addition of at least 4-5 latest designs as per the change in market requirement.”

Crush: There are two ways of doing this process. On Grey fabric, the material is first crushed, and then put into the process of dyeing. In short, it is used at the beginning of the process. On Finished fabric, the grey material is dyed, crushed, finished and then dispatched. In short, it is used after all the process ends.

Currently SBP had three crush machines, out of which two machines were of Diamond shape and one machine of lining shape.

Financial management: After the downfall of Narmada, capital investment for a new firm was a difficult task. Here the close knit family of the Guptas came to the rescue and a family member helped them with the initial investment in SBP. Apart from this family also borrowed funds from bank. In 2013 SBP has generated enough revenue to sustain itself and grow further. Profit ploughed back has been the mantra for SBP for quite some time now.

Particulars	Figures p.a.
Sales	INR 15 Crores
GP Ratio	18%
NP Ratio	2%
Partners' Salary	INR 7 Lakhs per partner
Depreciation	INR 23 Lakhs

Machinery procurement: Looking at the demand SBP started with the polyester processing machineries with an investment of Rs. 1.5 - 2 Crores. A change in the market taste towards cotton called for newer investments in cotton processing machines. Thus, SBP made an investment of around Rs. 1.5 Crores in the year 2009 and bought Singing, Mercerising and Calendar machine (Exhibit 1). It got assistance from the “TUF – Technology Up gradation Fund”, an initiative of Ministry of Textiles, Government of India. Apart from the Government funding, own funds were also used for this set up. Under the “TUF”, the company received benefit of a five percent interest reimbursement plus ten percent capital subsidy for specified processing machinery.

Working Capital: SBP has been managing the working capital, through the management of its debtors and creditors. The debtor turnover was 60 days, while the creditor turnover was 90 days. On inquiring about the steps taken to ensure timely payment from debtors, Mr. Bharat Gupta said,

“Our customers know that the type of in-house value addition (SBP not only dyes fabrics but also has embossing/ crush machines etc. providing further value addition) that we provide is tough to get elsewhere in the market, which in turn results into prompt payments and a nice debtor turnover”.

Marketing: SBP heavily relied on the textile agents who brought business. They had a tie up with around fifteen agents who were spread across Surat, Mumbai and Delhi. These agents carried samples with them and generated a client base. Seventy five percent of the clients were situated in Surat, while twenty percent in Mumbai and about five percent in Delhi/Jaipur. SBP provided discounts benefits to special clients and in-house value addition services (Emboss and Crush) which helped in retaining existing clients as well as attracting new ones.

SBP did not do any advertisement efforts; in fact it does not even have a website. Mr. Bharat Gupta said,

“Soon we are going to launch a website but atleast for now the marketing is done just from the agents and a positive word of mouth from satisfied customers.”

When asked about competitors and strategies used by SBP, Mr. Manmohan said,

“All the process houses located in Surat and Ankleshwar are our competitors. Action speaks louder than words. Therefore, we believe that prompt and quality service alone will help us to differentiate and thus create a larger market share.”

SBP bought a few transportation vehicles which helped in delivering the finished product to the clients based in Surat. This gave cost advantage as compared to hiring the services of outside transporters. The latter one was used only when the client was based in Mumbai or other part of the country.

Challenges faced during this journey

The arrangement of seed capital and managing the funds has been the biggest challenge for SBP. Many a times, family member or close relatives have helped the company with finances. As a result the company is being careful while handling finances. Mr. Bharat Gupta, who is pursuing Chartered Accountancy, also provides professional guidance and helps in managing the funds.

Another major challenge has been adhering to the strict pollution norms of GPCB (Gujarat Pollution Control Board). Textile units and pollution go hand-in-hand. Dyeing process uses a lot of water i.e. 170-185 kilo litre per day. According to GPCB norms, 154 kl of waste water be treated and the rest 30-40 kl is to be used in the dyeing process. SBP was temporarily closed down a few times due to non-adherence of pollution norms. The company had to install an ETP (Effluent Treatment Plant) in 2010 with an investment of Rs. 50 lakhs to overcome this issue. Since then there has been no shutdowns due to the GPCB intervention.

Questions for Discussion

1. What do you think of the strategy related to finance and marketing adopted by SBP?
2. What risks have been taken by the company?
3. What suggestions would you like to give to the company for future growth?

References:

[1] 'Textile Industry in India' retrieved from <http://www.ibef.org/industry/textiles.aspx>, accessed on 22nd May, 2016.

Exhibit 1

Cotton Processing Machines

1. Calender

It is a series of hard pressure rollers used to form or smooth the surface of fabric. In a principal application, the calender is located at the end of the process. SBP has 3 Roll (bowl) Calendar which is imported from Italy made of Polyamide quality. This Polyamide roll is used in place of traditional cotton bowl and is the most advanced technology used.



2. Chainless Merceriser

The process on cotton fabric starts from the first step of Merceriser. SBP has Chainless Merceriser of 5-4 rubber rolls having a length of around 25 mts. The benefits of this machine are:

- Increases fabric strength
- Improves luster
- Gives Dimensional stability
- Gives uniform results
- Easy threading of the fabric
- Continuous and even impregnation all over the fabric width



3. Singeing Machine

In this type of singeing machine, the fabric passes over a burning gas flame at such a speed that only the protruding fibers burn and the main body of the fabric is not damaged by the flame.

Exhibit 2

Other Machines

1. Controlled Compressive Shrinking Range (Zero-Zero)

This machine is capable of shrinking and provides finish to light weight cotton, cotton blended suiting and shirting in a single process and also imparts feel and fall to the fabric. Different configuration for 100% Polyester, Polyester blends and Denim fabric is offered.



2. Stenter

This machine is equipped with a specially designed duct with the Heat Exchanger / Burner at one end and the Blower is fixed at the other end. The inter-connecting duct does not permit any infiltration of air into the circuit without heating. Jet nozzles are designed to obtain maximum evaporation from the fabric and are specially designed for the specific fabric requirements. The main function of the stenter is to stretch the fabric and recover the uniform width.



Exhibit 3

Quality of Shirting, Suiting and Dress on Cotton

Sr.no	Quality	SHIRTING/Dress/Suitting
	Technical Name / Common Name	
1	Popline 92 * 88	SHIRTING
2	Popline 40 * 40	SHIRTING
3	MICRO JACKARD (CATONIC * POLYSTER)	SHIRTING
4	MICRO JACKARD (CATONIC * POLYSTER * COTTON)	SHIRTING
5	MICRO * MICRO (POLYSTER)	SHIRTING
6	DULL * MICRO	SHIRTING
7	DULL * COTTON	SHIRTING
8	DULL * PC	SHIRTING
9	DULL * DULL	SHIRTING
10	2/76 * 2/76 PV	SHIRTING
11	2/60 * 2/60 PC	SHIRTING
12	2/30 * 2/30 PC	SHIRTING
13	LINEN 24S *24 S	SHIRTING
14	2/76 * 65 2 PV	SHIRTING
15	60 *60 COTTON	DRESS
16	BIZZI - LIZZI	DRESS
17	35 PV	DRESS
18	PC * PC (62 PC,60 PC,50 PC)	DRESS
19	CATONIC * POLYSTER	SUITTING
20	TEXO ONLY POLYSTER	SUITTING
21	BLACK BRIGHT	SUITTING
22	BLACK ZARRI	SUITTING
23	WHITE BRIGHT	SUITTING
24	CATONIC * BRIGHT	SUITTING

25	PIN CORD	SUITTING
26	MINI MATTY	SUITTING
27	EXPREE MATTY	SUITTING
28	TUXIDO	SUITTING

Quality of Shirting on Polyester

Sr.no	Quality		SHIRTING/Dress
	Technical Name	Common Name	
1	FIBRE DYED	Top-Dyed (T/D)	SHIRTING
2	PC * POLY FIBRE DYED	COMPACT T/D	SHIRTING
3	PV * POLY FIBRE DYED	COMPACT T/D	SHIRTING
4	PC * DULL FIBRE DYED	COMPACT T/D	SHIRTING
5	PV * DULL FIBRE DYED	COMPACT T/D	SHIRTING
6	PIECE DYEING	POLYSTER	SHIRTING
7	PIECE DYEING	CATONIC	SHIRTING
8	PIECE DYEING	TONE * TONE	SHIRTING
9	PIECE DYEING	CROSS DYEING	SHIRTING
10	PIECE DYEING	DISKET	SHIRTING
11	IMPORTED DYEING	POLYSTER	SHIRTING
12	IMPORTED DYEING	CATONIC	SHIRTING
13	IMPORTED DYEING	TONE * TONE	SHIRTING
14	IMPORTED DYEING	CROSS DYEING	SHIRTING
15	IMPORTED DYEING	DISKET	SHIRTING
16	MICRO * DOBBY	MICRO * DOBBY	SHIRTING
17	ROTTO * DOBBY	ROTTO * DOBBY	SHIRTING
18	LONG SLUB	LONG SLUB	SHIRTING
19	CITRA	PLAIN and DOBBY	SHIRTING
20	MATRIX	PLAIN and DOBBY	SHIRTING
21	MAGIC	PLAIN and DOBBY	SHIRTING/DRESS
22	METRO	PLAIN and DOBBY	SHIRTING/DRESS
23	METRO SLUB	METRO SLUB	SHIRTING/DRESS
24	RAYMOND's COTTON	R/COTTON	SHIRTING
25	RAYMOND's CHIRAG	R/CHIRAG	SHIRTING
26	SWISS COTTON	S/COTTON	SHIRTING
27	40 PV 65 * 2	-	SHIRTING
28	56 * 6 BLACK PATTI	-	SHIRTING
29	80*2	-	SHIRTING
30	SIZZLER	-	SHIRTING

31	PATHANI	-	SHIRTING
32	GLITTER WHITE HOUSE	-	SHIRTING
33	5% BLACK	T/D and POLYSTER	SHIRTING
34	MICRO * MICRO	-	SHIRTING/DRESS
35	RUSSIAN	-	SHIRTING/DRESS
36	CHIRAG	-	SHIRTING/DRESS
37	GLITTER	-	SHIRTING/DRESS
38	ROTTO MINK	-	SHIRTING
39	SHERWANI	-	SHIRTING
40	HEAVY ROTTO	-	SHIRTING
41	INDONESIA	-	DRESS
42	LEON COTTON	-	DRESS
43	CHIRAG COTTON	-	DRESS
44	PC *PC	-	DRESS
45	BIZZI LIZZI	-	DRESS

Quality of Curtains

Sr.no	Quality	
	Technical Name	Common Name
1	100% TEXTURISED JACUARD CURTAINS	BRIGHT JAQUARD
2	100% TEXTURISED JACUARD CURTAINS	BRIGHT JAQUARD
3	100%TEX * TEX SATIN WEAVE CURTAIN	SATIN DYEING
4	100%TEX * TEX SATIN WEAVE CURTAIN	SATIN PV
5	HIGHLY SHRINKABLE JACUARD CURTAIN	FUR JAQUARD
6	HIGHLY SHRINKABLE JACUARD CURTAIN	BUBLE
7	HIGHLY SHRINKABLE JACUARD CURTAIN	3 D BUBLE
8	HIGHLY SHRINKABLE FUR CURTAIN	KIT KAT
9	SHRINKABLE FIBER DYED FURNISHING	NEEL
10	PLAIN COTTON * TEX JAQUARD CURTAIN	MARVELL
11	COTTON *CATONIC * TEXERISED CURTAIN	CANDY
12	SHRINKABLE IN BUBBLE FORM COTTON * CATONIC CURTAIN	SHREYA BUBBLE
13	TECHNO	TOP DYED