

International Multidisciplinary
Research Journal

*Indian Streams
Research Journal*

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RNI MAHMUL/2011/38595

ISSN No.2230-7850

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'NIP IN THE BUD - ADI FABRICATION AND ENGINEERS'.



Shabana A. Memon

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Short Profile

Shabana A. Memon is a Faculty at Bharati Vidyapeeth Deemed University Institute of Management, Kadamwadi. Kolhapur. Maharashtra, India. She has completed B.com., B.Ed., M.com., M.B.A., P.G., Diploma., M.Phil., Ph.D.(pursuing).



ABSTRACT:

Bachelor in Mechanical Engineering, Mr.Dheeraj Jadhav passed his engineering in the year 1997, from Walchand College, Sangli. He got a job in Bhosari MIDC near Pune in a company named 'Aditi Forging'. He served there as a supervisor for 3 years. His younger brother who was an MBA, had a good job at his disposal, he convinced Dheeraj that there is a lot of scope for MBAs and a bright career for management students. Inspired by his brother, Dheeraj enrolled for Masters in Business Administration from Shivaji University in the year 2001, he also got married during his MBA course.

After completion of his degree he

got a job in Gokulshirgaon MIDC, near Kolhapur, this company named 'Paramount Micronix' was engaged in making of various types of tools, jigs, fixtures, gauges etc. Dheeraj got this job basically due to his engineering degree.

KEYWORDS

Adi Fabrication And Engineers , Mechanical Engineering , Pune Municipal Transport (PMT).

INTRODUCTION :

Life was going on, when suddenly Dheeraj, his cousin brother Sanjay and Dheeraj's brother-in-law Amar struck with an idea of doing some business. Dheeraj along with his brother in law and his cousin decided to start a business. The cousin brother, Sanjay was already working in MSEB (Maharashtra State Electricity Board); his brother in law Amar was an employee of Pune Municipal Transport (PMT). Firstly it was decided that the business would be of producing the line material required by the MSEB, like jigs, clamps and related components. This particular business was decided entirely on the dependence of Sanjay, thinking that he will support the business by obtaining orders and contracts from the MSEB. As it seemed that he held that influencing position at MSEB. Secondly it was decided that Sanjay and Amar would contribute two lakhs each towards the capital and will be acting as sleeping partners, as they were already into jobs, so it would ultimately be Dheeraj who would be looking after the running of business solely.

Dheeraj came from a poor family, a schedule caste (S.C) boy. His parents would eke out their existence by making bamboo baskets required for storing and transporting fruits. They were three siblings including Dheeraj, an elder brother and a sister younger to him. Both the brothers were intelligent and had also got free ships, scholarships and advantage in getting admissions to good colleges as they belonged to S.C. This was his journey up to engineering. Now with no entrepreneurial background at home, no role model as such he decided to take up the venture. On the face things looked very attractive and easy and without doing a thorough SWOT analysis, the three of them decided to go ahead with their plan.

There were many government schemes with incentives and soft loans available, specially intended to uplift the category people. Dheeraj decided to availed the loan facility under the Prime Minister Rozgar Yojana (PMRY), he got a loan of Rs 2,00,000/. He also had to undergo a training on Entrepreneurship Development, a compulsory course of 10 days which aims to provide a person with the basics of entrepreneur, entrepreneurship and enterprise. This course was made compulsory for the individual availing loan facility under PMRY. The other two partners also contributed their share of Rs 2,00,000/ each. This was in the year 2004-2005.

The entrepreneurial journey began; first and foremost they purchased a 3000 sq ft land in Shirol MIDC near Kolhapur and started their fabrication workshop named 'Adi Fabrication and Engineers'. Adi was the name of Dheeraj's son. Sanjay had managed to secure the contract for their firm, as he was in that capacity to sanction tenders. The firm started manufacturing the required line materials for MSEB, they had also employed 5-6 employees in their firm. The firm continued getting orders through Sanjay's influence and the work was going on. The firm was doing well under the leadership of Dheeraj as he was the whole and sole decision maker in the firm, the other two were least bothered as they had their job commitments, they were just like investors.

Everything went on as per their plans for around 2 years, until Sanjay got transferred to Mumbai. This transfer of Sanjay distorted the flow of orders from MSEB. The new man in charge was reluctant to continue giving contracts to Adi Fabrication and Engineers. A reliance on just one customer had put them in a life and death situation. Dheeraj tried to tap the local market which had a similar demand, he also went further to buy some new machines like lathe machines to cater the local market requirements, but the market could not be captured; he could not make new customers. To add to his trouble, the debtors were not paying in time, problem in fund recovery arose leading to shortage of

funds and difficulty to run the business.

Dheeraj felt very alone, no support, no motivation, no financial help from any quarters. He was worried about his survival as he had a family to look after. In the mean time he thought of giving various competitive examinations like MPSC, MSEB Exam, and State Transport Exam. He thought that, as qualifying criteria is lower for category students; he would manage to crack these examinations. He was very disturbed and in his anxiety also offered an administrative staff in MSEB Rs 1 lakh, under the table to help him get the job as a junior engineer in MSEB, the staff ditched him, he could not get any job in MSEB, though he somehow managed to get his money back. He also could not qualify the other competitive examinations he had appeared. Things were going from bad to worse, business sinking, bank's interest dues were not paid; continue notices from bank were very disturbing. This all had made Dheeraj very dejected and sad.

In 2007, Dheeraj came across an advertisement for the post of a lecturer in one of the management institute in Pune; he applied for it and luckily got appointed as a lecturer for the subject production management. Now he had a job, but what about the ruined business, he called both his partners to discuss about it and after giving a thought on all the aspects, they decided that as Dheeraj had a job now, there is no one to look after the business and the business itself is in doldrums; so it was decided unanimously to sell off the business. Then Dheeraj hunted for a buyer and after a few negotiations the business was finally sold for Rs 11,00,000/-. They first paid off their liabilities and now the balance amount of Rs 6,00,000/- was divided among the trio. That was the end of Adi Fabrication and Engineers.

Dheeraj still had some struggle ahead for him, the loan of Rs 2,00,000/ that he had taken under PMRY had increased to 3,00,000/- as he could not pay the interest on it. Dheeraj out rightly paid the amount of Rs 2,00,000/- that he received from the sale of the business. Now the balance of Rs 1,00,000/- still remained. As he had a job now he was confident that this amount will also be paid. Though it would be gradually as he had his family to look after too.

Today, in 2013 only a meager amount of Rs 10,000/- still stands at his debit.

Two Options

Dheeraj has two options in his mind today-

- 1) Start a business again as he feels that the earlier failure has taught him a lot and he will not repeat the flaws again, he will be more mature in handling the intricacy of business now.
- 2) Plan to pursue his Ph.D and do consulting in technical and management field.

Questions-

- Q1) What entrepreneurial traits were missing in Dheeraj? Were these traits responsible for the fate met by Adi Fabrication and Engineers? Elaborate.
- Q2) As for a start up firm, what lesson would you learn from the failure faced by Adi Fabrication and Engineers?
- Q3) Help Dheeraj to decide on the two options he kept in front of you. Suggest him with the best option.

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