**ROJAS INDUSTRIES**

**Case Study under Advisory Services of TIHCL**

M/s Rojas Industries was established in 2018 for manufacturing of beauty products. The entrepreneur has a work experience in the field of cosmetics for the 23 years.

**ROJAS GROUP – Historical Evolution**

The proprietrix Mrs Rojas has ventured into the line of cosmetics from her school days. As soon as she completed her studies, she learnt various beauty courses and began to work in a small beauty school for nearly a decade. Armed with this experience, she set up her own beauty training school to support her family. Since, the entrepreneur was living in a semi urban area, many neighbouring women took interest to train under her. The training school was a huge success and gradually expanded with training more than 200 women in the line of cosmetic and beauty services.

**FAMILY SUPPORT**

On the eve of the 10th anniversary of the training school, Mrs Rojas decided to venture into manufacturing of beauty products along with training school. Her husband being a government employee assured her that he would take care of the household expenditure, thus supporting her in fulfilling her dream of starting a business. Her son also came forward by working as her assistant in the company. Thus, the entrepreneur was fortunate enough to have a backup, both in financial security and in the terms of succession of the business.

**ROJAS GROUP OF INDUSTRIES**

For setting up of the industry, she took a leased land and constructed the shed and building needed for the manufacturing of the products. The product lines decided were soaps, shampoos, body washes, face washes and skincare products. The entrepreneur also had a trademark registered known as “SYNNOVE” under which these products were manufactured. Being in this line of business for two decades, Mrs Rojas knew the marketing strategies, she focussed on the defence and export orders. Some of her clients include Indian Army, Airforce, Railways, and an export order from Africa.

**THE PROBLEM**

The commercial operations were started in 2019 September and the entrepreneur has availed loan from State Bank of India – Karimnagar branch. A term loan of Rs 75 lakhs was availed under Start Up India Scheme and later an additional loan was sanctioned under CGTMSE for the additional machinery that she was to purchase exclusively for the export order. Unfortunately, there was a delay in the disbursements of the loan which led to the delay in the purchasing of the machinery. The export order for which the loan was taken cancelled the order due to this delay. Thus, the entrepreneur was left with the machinery and the loan to be repaid. This cancellation led to a cash crunch in the business and the entrepreneur struggled for sometime to procure other orders.

The repayments to be paid were left due and the account status with the bank became irregular. She approached the District Industries Centre for a solution. They directed her to the TIHCL.

**TIHCL STUDY**

TIHCL executive and Vice President listened to her concerns and woes with an empathetic ear and asked her for the financials of the company. On studying the financials, TIHCL came to an understanding that the financials were all tangled up. Separate financials were not maintained for the training school and the manufacturing business. This was the main reason behind the poor usage of the cash.

TIHCL team sat with the entrepreneur and showed her how the jumbled accounts were affecting her business adversely and advised her to clear up her accounts a priori.

Next, TIHCL also procured the Restructuring Order passed by the Reserve Bank of India, which says all the accounts which were standard as on 01.01.2019 were eligible for restructuring of their loans.

The team advised her to initiate discussions with the regional officer of the Bank using this RBI order. TIHCL also assured for liaising with the bank on these discussions if needed. The entrepreneur went to the bank and initiated the discussions on the same.

**THE RESULT**

The bank restructured her loan by reducing the EMI and extending the loan tenure by an additional 36 months.

The entrepreneur was very thankful to TIHCL on the advisory and consultation due to which she got a instant relief from the banker.

Here, TIHCL didn’t provide any financial assistance, but resolved the case through educating the entrepreneur on the ways of maintaining the financial discipline in the business and providing a way of dealing with the bank.

Today, Mrs Rojas also ventured into the line of hand sanitizers and hand washes and is able to procure more orders from the Indian defence forces.

She has employed more than 50 women who are expertly trained in her beauty school and given employment in her unit. This case clearly proves that it is not always finance or margin money that is needed. It is important to find the reason for the Bank losing trust in the unit and how it can be rebuilt. In this case, fairness in accounts, market for the products, their enthusiasm to capture new markets with new markets have rebuilt the trust that was lost and the Bank itself granted the Restructuring of the Loan.