

A  
PROJECT REPORT ON  
**VIKAS INDUSTRY**

Bachelor of Business Administration  
[B.B.A]  
Semester – IV



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MANAGEMENT

SABARGAM

[APRIL – JUNE, 2009]



# CERTIFICATE

This is to certify that the project entitled 'VIKAS INDUSTRY' submitted for the partial fulfillment of the requirement of VEER NARMAD SOUTH GUJARAT UNIVERSITY, SURAT in record of bonofide general study work carried out by 'AMIT PATEL' under my supervision.

The project or any part of it has not been previously submitted for any degree.

I/c Principal  
Dr. Yogesh N Vansiya  
Ambaba Commerce College & MIBM,  
Sabargam

Date:  
Place:



## CERTIFICATE OF COMPANY

This is to certify that Mr. Amit Patel has successfully completed his industrial training at Vikas Industries from date 16 – 04 – 2009. Industrial training as a part of theoretical & practical industrial training in Vikas industries at Sidhpur, a project report is being prepared & submitted by Mr. Amit Patel to Vikas Industries.

During his training session, we found him sincere and hard working. We wish him good luck for future education.

For Vikas Industries

R V Patel

Partner



# DECLARATION

I declare that the project entitled '**VIKAS INDUSTRY**' submitted for the partial fulfillment of the requirement of VEER NARMAD SOUTH GUJARAT UNIVERSITY, SURAT in record of bonofide general study work carried out at Ambaba Commerce College & Maniba institute of Business Management, Sabargam.

The project or any part of it has not been previously submitted for any degree.

Signature of the Student

Amit Patel

Date:  
Place:



# Acknowledgement

Being the student of management programme, only theoretical knowledge is not necessary but practical knowledge also required and because of that reason we have to visit an industry and have to take practical knowledge and prepare report about the visit in the industry.

I would like to thank the CEO of the unit Mr. Ramanbhai Patel and the Director Mr. Amaratbhai Patel and Administrative manager Mr. Dharmeshbhai Patel and other members of the unit who co-operate with me not as a student but as a friend and provide me all required information about their company as well as their department. I am also thankful to Arvindbhai Patel and Nirmal Patel. I am also thankful to the Professors of Maniba Institute of Business Management who gave valuable support during the training and contributed in my progress. I am also thankful to my parents for their best support. I continue to acknowledge with gratitude the constant support and assistance received from staff persons.

Last but not the least; I thank all my friends for helping me directly or indirectly in getting exposure of real time work environment, without which this project would not have been accomplished successfully.

Patel Amit J.

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# GENERAL DEPARTMENT

HISTORY & DEVELOPMENT

INTRODUCTION

EXPORTNETWORK OF VIKAS INDUSTRY

COMPANY PROFILE

MANAGEMENT INFORMATION

ORGANISATIONAL STRUCTURE





## HISTORY & DEVELOPMENT

Vikas Industry was established in the year 1959 by Mr. Vadilal Vithaldas Patel. At the time of its establishment, this was the first Isbgol processing unit of Sidhpur. The total investment made on its establishment was nearly 2 crores.

Vikas Industry is a small scale business unit and it was the first isbgol producing unit in Sidhpur. The demand of Isbgol is not that much in India but it is highly demanded in other countries like USA, Canada, France, Mexico, Indonesia, Korea, Australia, China etc. The demand of the Isbgol is low in India and hence Vikas Industry has decided to export its products to other countries.

Vikas Industries is a professionally managed global player in a business of acquiring processing and marketing Psyllium for the last 50 years in the region of Sidhpur in state of Gujarat, India. The Company has a tradition of maintaining strong ties and business links with quality Psyllium crop growers in Sidhpur, which is the largest grower of Psyllium crop all over the world.



The processing plant itself is located in a region which produces more than 80% Psyllium seeds. Vikas Industries therefore has the advantage of choosing the best raw material.

As times passes, the demand of isbgol increases in other countries. After a great success in sales of Isbgol to other countries, Vikas Industry has decided to increase its production and supply more to the customers. Today the production capacity of the unit is 100 ton per month that means 3.33 ton per day.



# INTRODUCTION

Vikas Industry was established in the year 1959. It was the first plant in Sidhpur which is producing Isabgol which is highly demanded in other countries like USA, Canada, France, Mexico, Indonesia, Korea, Australia, China etc. The demand of ISABGOL is less in India and because of that company used to export its all production to these countries.

The products manufactured/custom manufactured are as under:

- i. Psyllium Husk
- ii. Psyllium Husk Powder
- iii. Psyllium Kha - Kha Powder

In the month of April, during new harvesting time, Company surveys the psyllium cultivated area and procure best quality, fresh psyllium seeds under guidelines of their botanical team. The raw material is graded, processed and inspected by the Quality Assurance Team. It is then packed and distributed as per customers' demand.



## **BUSINESS:-**

Vikas Industries is engaged in the business of exporting Psyllium Products (which is also known as Plantago Ovata, Isabgol, Isphagula etc).

Vikas Industries supplies its produce in the domestic market to leading multinational companies, pharmaceutical companies & export houses, and directly exports to the USA and other European countries. The Company has established its leadership by offering quality products made within an infrastructure that conforms to international standards, and by offering the most competitive prices and unmatched customer services.

## **OUR VISION:-**

Geo-fresh has a vision to explore the Indian farmers and their quality produce to global market, also to promote sustainable farming methods and attempt to alleviate their living standards through fair trade practices.

## **OUR MOTTO:-**

We strive for total customer satisfaction through sustainable quality products and desirable services. As per global trend and product demand we are continuously involved in improvement and modification, as quality is a never ending process.



## **PRODUCT RANGE:-**

The company markets psyllium in different forms given under,

<b>Psyllium Products</b>	<b>Purity Contents</b>
Psyllium seeds	97% to 99%
Psyllium husk	75%, 85%, 95%, 98%, 99%
Psyllium husk powder	40#mesh to 100#mesh
Psyllium Kha Kha powder	40#mesh to 100#mesh

## **QUALITY:**

The Company maintains Quality Assurance department to ensure that the product is in conformity with CGMP (current good manufacturing procedures), SSOP (sanitary standard operation procedures), HACCP and ISO standards.

The scientific testing of random samples is being carried out at every intermediate stage of processing. Only after getting approval from Quality Assurance department the intermediate products are used for further processing and final packaging.

For processing, the material is selected on the principle of first in, first out [FIFO]. The stringent care and hygienic conditions that are maintained throughout the processing period, and the fumigation (as per direction pest control of India) conducted before packing the material cannot be contaminated.



## **EXPORT:-**

The company successfully exports its psyllium products to USA, Canada, France, Mexico, Indonesia, Korea, Australia, China etc.

Consumer demand in these countries bears testimony to the wholesome quality of Vikas Psyllium Products.

## **TERMS & POLICIES:-**

Vikas Industry has created family relationship with the employers, farmers, suppliers and traders. We allow them for – choice of employment, Freedom of association and Right to collective bargaining and justified arguments. Our policies are well designed protecting the confidence and faith of our team members.

- Their valuable suggestions are invited and evaluated,
- We ensure for safe and hygienic working conditions,
- Child labour is strictly prohibited
- Working hours are flexible in accordance with season with No excessive burden,
- There are No discrimination practices.

# Export Network of Vikas Industries





# COMPANY PROFILE

❖ **NAME OF ORGANISATION :-**

**Vikas Industries**

❖ **ADDRESS :-**

Gulab Park, Station road,  
Sidhpur – 384 151,  
Gujarat,  
India.

Phone: Office: (02767) 220863  
309600

Fax: (02767) 221863

❖ **REGISTERED OFFICE :-**

Gulab Park, Station road,  
Sidhpur – 384 151,  
Gujarat,  
India.

❖ **WEBSITE :-**

[www.psylliumindia.com](http://www.psylliumindia.com)

❖ **TYPE OF BUSINESS :-**

Small Scale Business



# MANAGEMENT INFORMATION

<b>Sr. No.</b>	<b>NAME</b>	<b>DESIGNATION</b>
1	Sri Ramanbhai Patel	C.E.O
2	Sri Ramanbhai Patel	Chairman
3	Sri Amaratbhai Patel	Director
4	Sri Dharmeshbhai Patel	Administration Department
5	Sri Dharmeshbhai Patel Sri Deepakbhai Patel	Sales Department
6	Sri Vigneshbhai Patel Sri A.V.Patel Sri Ismailbhai	Production Department
7	Sri R.V.Patel	Finance Department
8	Sri Dharmeshbhai Patel	Purchase Department

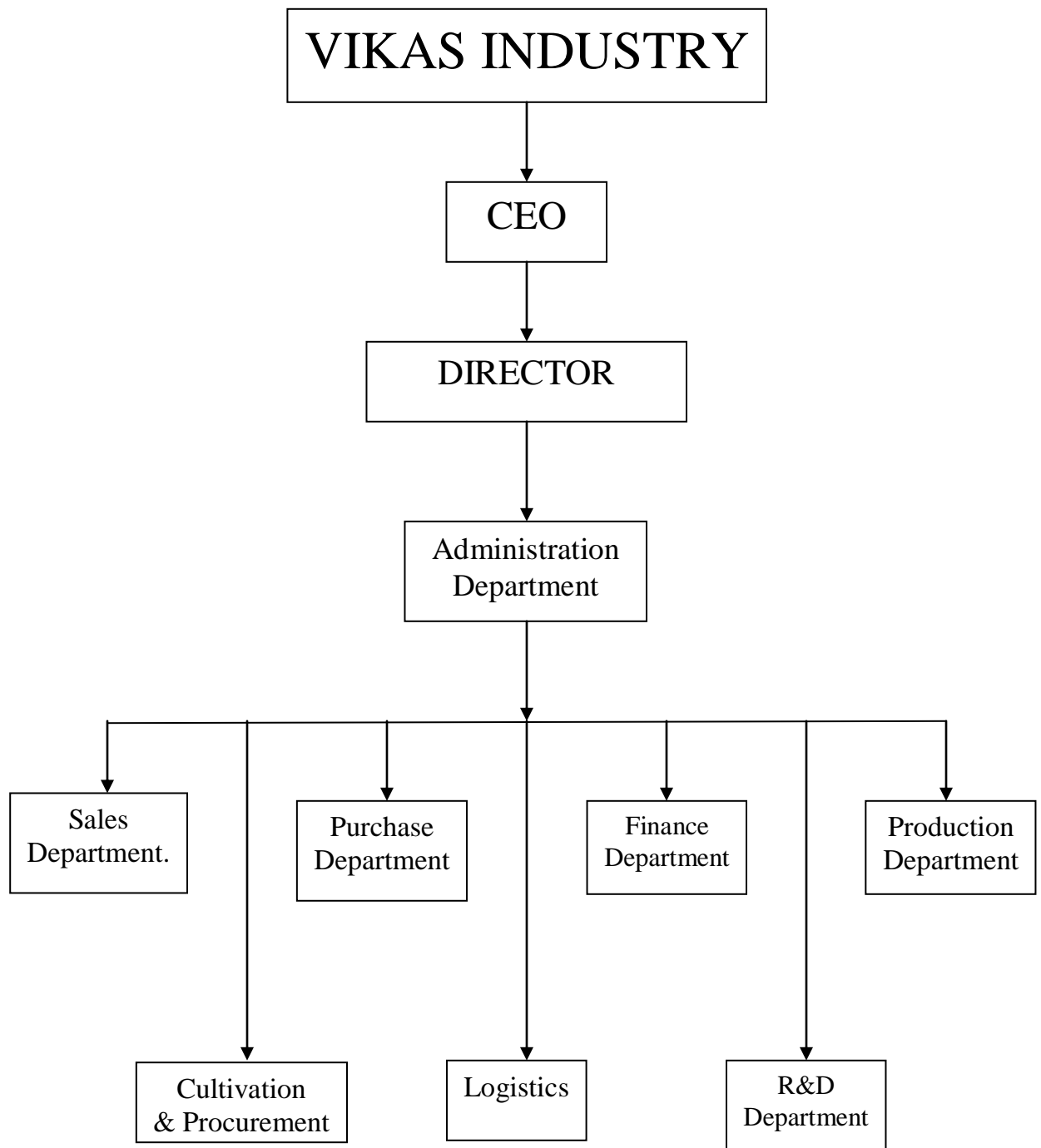
## Bankers:-

- Dena Bank
- ICICI Bank

## Internal Auditors:-

**D.P.Thakkar & Co.**  
Chartered Accountants  
Patan.

# ORGANISATIONAL STRUCTURE



# PRODUCTION DEPARTMENT

INTRODUCTION

INPUT (PSYLLIUM SEEDS)

PROCESS

OUTPUT (PSYLLIUM HUSK)

OTHER PRODUCTS (PSYLLIUM KHA KHA POWDER)

# INTRODUCTION

Each and every industry has some kind of production process and the company follows that process for the production of their product. The basic process of the production is input the raw materials to the machines, makes the process on it and then gets the final product. We can describe it as follows,



## **INPUT:**

1. Psyllium Seeds

## **OUTPUT:**

1. Psyllium Husk (Isabgol)
2. Psyllium Gola
3. Lali

## **OTHER PRODUCTS:**

Psyllium Kha Kha Powder

## **PRODUCTION PROCESS:**

1. Cleaning
2. Grinding
3. Deasting
4. Powdering
5. Packing

# INTRODUCTION OF PSYLLIUM SEEDS

## INTRODUCTION OF PSYLLIUM SEEDS

### **Common names:**



Flea seed, Ispaghula, Spogel

### **Botanical names:**



Plantago Ovata, Plantago Ispaghula

### **Parts used:**



The seeds are primarily used in traditional herbal medicine. Psyllium seed husks are mainly used to treat constipation.



Plantago Ovata - Psyllium plant belongs to Plantaginaceae family and hence a seed are in dry and grows well in arid climatic condition. Psyllium seed is the main attraction of ethno botanical, medicinal or economic importance from psyllium plant.

Psyllium seeds are harvested in the month of April and May. The seeds are brownish in colour, smooth in texture and possess an arch in the center.

#### **CHEMICAL CONSTITUENTS:**

Mucilage mainly composed of arabinose, xylose, galacturonic acid, semi drying fatty oil and small amount of aucubin.

#### **PROPERTIES:-**

Seed has property of mucilage formation on extraction of moisture. Psyllium seeds are cooling, laxative, soothing, anti acidic, anti diuretic and demulcent.

## **SPECIFICATIONS:-**

<b>Psyllium Seed</b>	
<b>Color</b>	Light brown to moderate brown
<b>Odor</b>	Faint, characteristic
<b>Taste</b>	Bland, mucilaginous
<b>Particle Size</b>	Not More Than 5.0 % on U.S.S. 35#
<b>Moisture (loss on drying)</b>	Not More Than 12.0 %
<b>Total Ash</b>	Not More Than 4.0 %
<b>Acid Insoluble Ash</b>	Not More Than 1.0%
<b>Foreign Organic Matter</b>	Not More Than 0.5 %

## **APPLICATIONS:-**

- Most effective natural remedy for constipation regulates bowel functions.
- A bulk forming laxative.
- Helps in reducing risk of heart attack by decreasing serum cholesterol through proper excretion of bile acids.
- Consumed daily with water/milk after the meals to reduce constipation, fat and calories.
- Industrially used as basic stabilizer in ice-cream, sizing in chocolate, seed mucilage are also used in cosmetics.

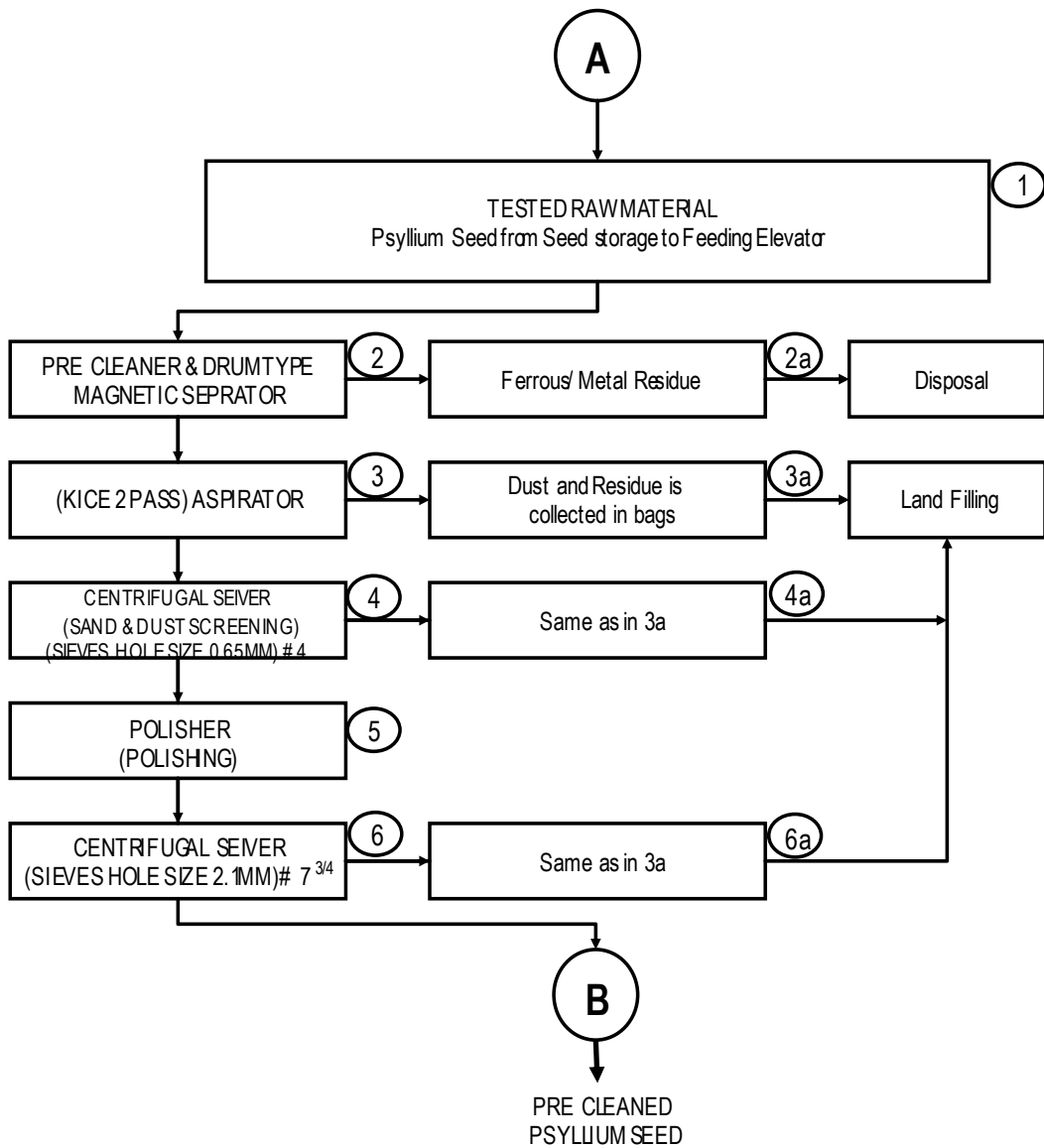


PRODUCTION

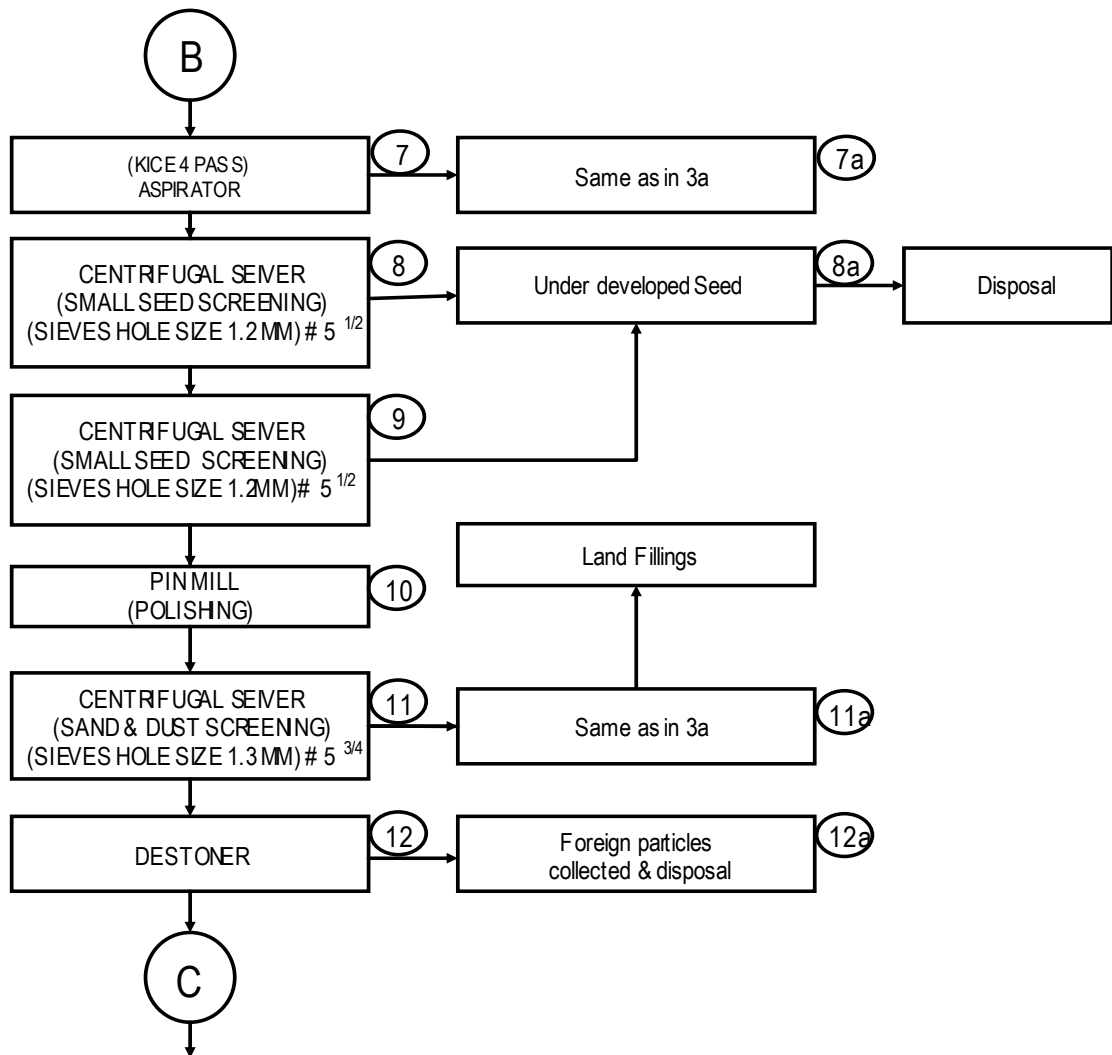
PROCESS

Dept.: Production	Doc: Operation Manual SOP NO.: GF/PRD/03 Page No.: 25	Date: 20.01.06
Area : Plant		Review : 2 years

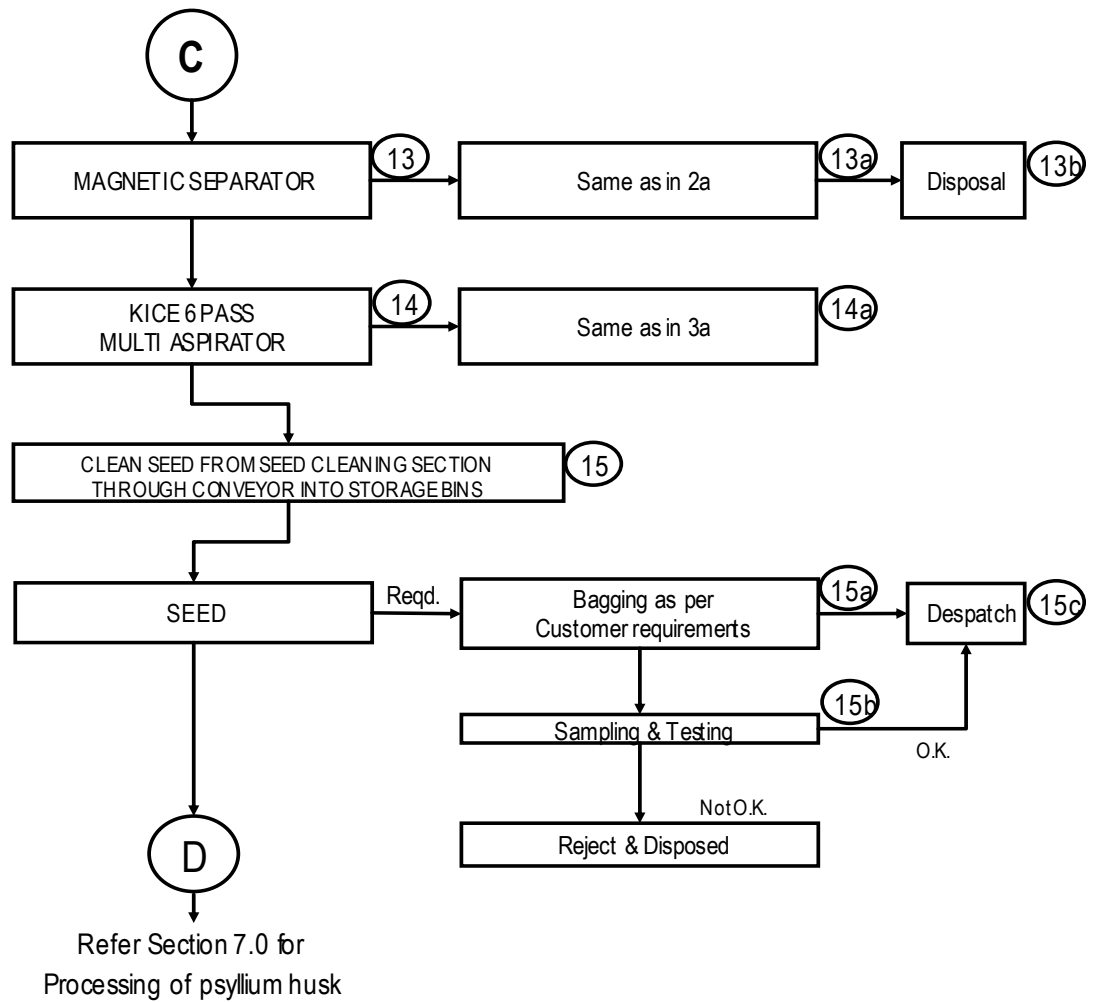
- 1.0 Scope : processing Psyllium Seeds (Raw Material)  
2.0 Responsible : (Material In-charge)  
3.0 Procedure : As per Flow Chart A + B + C



Dept.: Production	Doc: Operation Manual SOP NO.: GF/PRD/03 Page No.: 3/5	Date: 2001.06
Area : Plant		Review : 2 years

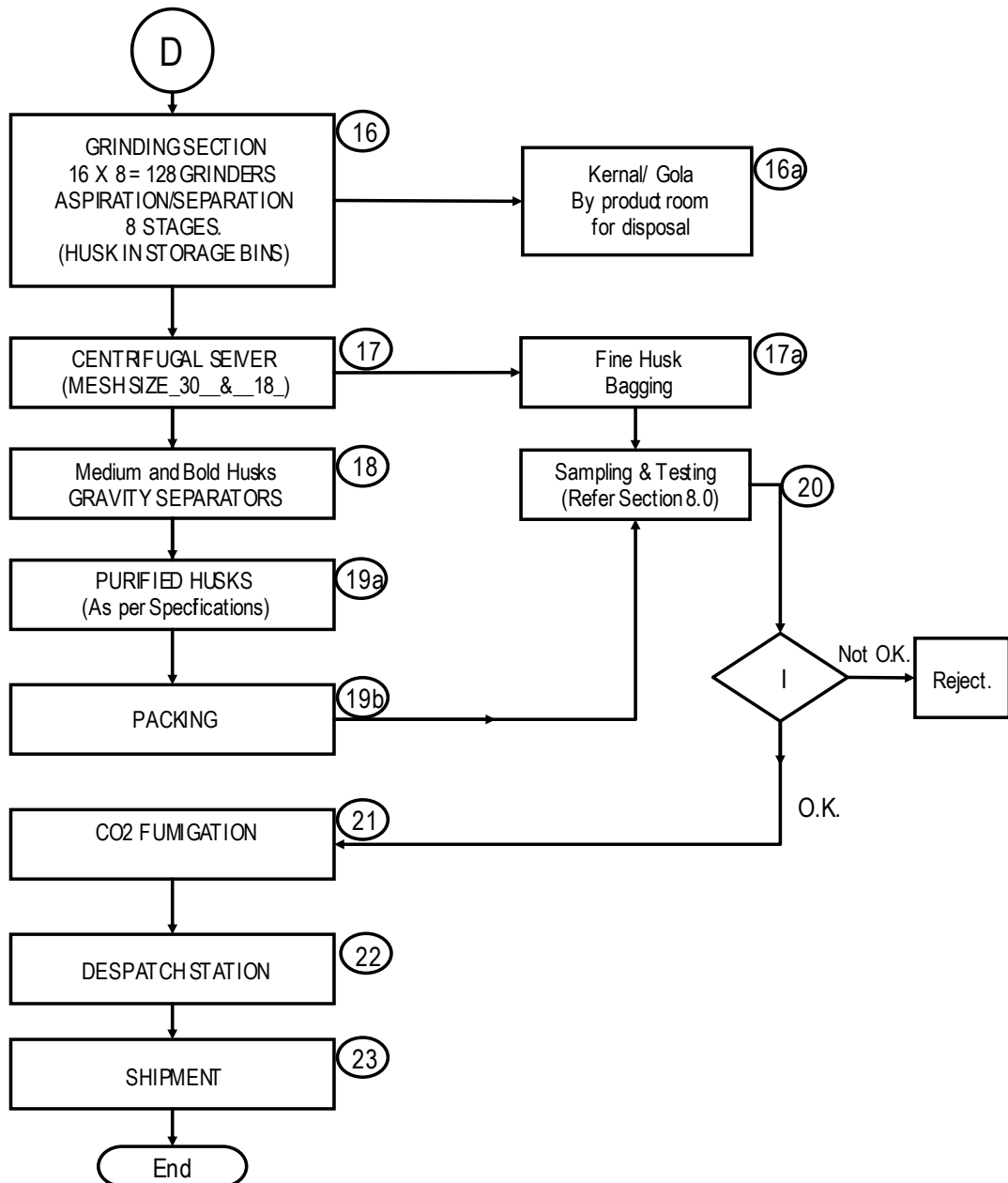


Dept.: Production	Doc: Operation Manual SOP NO.: GF/PRD/03 Page No.: 4/5	Date: 2001.06
Area : Plant		Review : 2 years



Dept.: Production	Doc: Operation Manual SOP NO.: GF/PRD/03 Page No.: 5/5	Date: 20.01.06
Area : Plant		Review : 2 years

Section No. 7.0 Processing of Psyllium husk



**INTRODUCTION**  
**OF**  
**PSYLLIUM HUSK**  
**ISABGOL**



## **WHAT IS PSYLLIUM HUSK (ISABGOL):-**

Psyllium husk is white fibrous material derived from psyllium seeds. It is an effective product with varieties of uses in pharmaceuticals, cosmetics and food products industries. Psyllium Husk consists of the epidermis and the collapsed adjacent layers removed from the dried ripe seeds of *Plantago Ovata*. Psyllium husk contains huge amount of soluble and insoluble natural fibers responsible for its laxative action.

Psyllium plant scientifically known as *Plantago Ovata* has gained importance as a traditional medicine throughout the world due to its best medicinal properties. Locally known as Isabgol or Isabhghula is now cultivated on large scale in western India. Recently it has gained agricultural importance because of its wide use in pharmaceutical, cosmetics and food grade industries worldwide.

Morphologically psyllium is a bushy herb growing in sandy, salty soil, is believed to be native to Asia, the Mediterranean Region and North Africa. Psyllium seeds have characteristic of mucilage formation on catching humidity.



Psyllium is cool, laxative, anti-diuretic, soothing, harmless, antiacidic, emollient, demulcent, stabilizer, sizer. Due to these properties it is largely used in pharmaceutical industry, food preparations, ayurvedic medicine, unani remedies, preparation of crude drugs, etc.

### **PROPERTIES:-**

It acts as a demulcent, cooling, laxative, mild purgative, natural lubricant; other parasitic motile bacteria are useful in the treatment of inflammatory affection.

Scientific Name	:	Plantago Ovata
Common Name	:	Psyllium (English)
Family	:	Plantaginaceae



## SPECIFICATION:-

<b>Psyllium Husk (ISABGOL)</b>				
<b>PURITY</b>	<b>85% Pure</b>	<b>95% Pure</b>	<b>98% Pure</b>	<b>99% Pure</b>
<b>MUCILLOID CONTENT</b>	NLT 85%	NLT 95%	NLT 98%	NLT 99%
<b>LIGHT EXTRANEIOUS MATTER</b>	NMT 14%	NMT 4%	NMT 1%	NMT 0.5%
<b>HEAVY EXTRANEIOUS MATTER</b>	NMT 1%	NMT 1%	NMT 1%	NMT 0.5%
<b>SWELL VOLUME</b>	Min 40 ml/gm	Min 45 ml/gm	Min 55 ml/gm	Min 55 ml/gm
<b>COLOUR</b>	Light Brown to White as per Purity			
<b>INSECT INFESTATION</b>	NMT 50 insect fragments per 25 grams, including Mites, psocids, no eggs larva or whole insects present.			
<b>TOTAL ASH</b>	Not more than 4%			
<b>ACID INSOLUBLE ASH</b>	Not more than 0.75%			
<b>MOISTURE CONTENT</b>	Not more than 10%			
<b>MICROBIAL LIMITS</b>	ABSENCE OF SALMONELLA SP. AND EXCHERICHIA COLI			

## MECHANISM OF ACTION / PHARMACOLOGY:-

Psyllium contains up to 70% of soluble and 30% of insoluble fibers. Recent study report of USFDA states that regular intake of psyllium husk effectively reduces constipation, cholesterol level, diabetes and can be used in colon cancer.



When psyllium Husk is mixed with water or other liquids like juice, it forms a gel like gelatinous mass it moves down the digestive organ soaking up toxins and harmful residues, it flushes out toxins of the body through stools.

Soluble fibers content of Psyllium husk has ability to bind with bile acids - an important player in digestion of fats found in our body from cholesterol. This process lowers circulating blood cholesterol level, by excretion of those facts.

### **CLINICAL FACTS:-**

Psyllium is found to lower serum total cholesterol by 8.9%, LDL cholesterol by 13% and all-day and post lunch postprandial glucose where lowered by 11% and 19.2% after 8 weeks of 5.1 gm psyllium in a randomized controlled study of 34 men with type-2 diabetes. (Pubmed - Anderson 1999)

A double-blind trial reported that 7 grams of psyllium, an herb high in fiber, taken three times daily reduced the pain and bleeding associated with hemorrhoids.(Moesgaard F, Nielsen ML, Hansen JB, Knudsen JT. High-fiber diet reduces bleeding and pain in patients with hemorrhoids. Dis Colon Rectum 1982; 25:454–6).



Decreases in total cholesterol (3.2%), LDL (5.4%) was found at 16.5 gm/day dosage of psyllium for 3 months in study with 83 hypercholesterolemia patients. (Pubmed - Tai 1999)

Chronic constipation was improved by taking psyllium, 15-30 gm/day for 6 weeks in a study of 149 patients (Pubmed - Voderholzer 1997)

Alabaster O, Tang ZC, Frost A, Sivapurkar N. Potential synergism between wheat bran and psyllium: enhanced inhibition of colon cancer. *Cancer Lett.* 1993; 75:53–58.

Ashraf W, Park F, Lof J, Quigley EM. Effects of psyllium therapy on stool characteristics, colon transit and anorectal function in chronic idiopathic constipation. *Aliment Pharmacol Ther.* 1995; 9:639–647.

Rehydration of children with acute diarrheal diseases was faster than WHO-ORS (5.3 hr, n=117), with 50gm/liter of psyllium powder and 3.5 gm/liter NaCl (4.9 hr, n=121). (Pubmed - Arias 1997)

McRorie JW, Daggy BP, Morel JG, Diersing PS, Miner PB, Robinson M. Psyllium is superior to docusate sodium for treatment of chronic constipation. *Aliment Pharmacol Ther.* 1998; 12:491–497.



## **ADVANTAGES:-**

- Non-habit forming
- Best natural laxative effect without colic pain
- Contains no toxic or harmful chemical / reagents
- Extremely safe for all ages
- No side effects
- Complete colon cleanse eliminates toxic waste
- Increases energy, improves body balance and harmony
- Nourishes and strengthens the waste-filtering process
- Nourishes the five main detoxifying organs
- Promotes healthy colonic environment
- 100% pure, safe and natural

## **DETAIL OF THE COMPANY PRODUCT:-**

We are manufacturer, supplier and Exporter of Psyllium Husks of different qualities. Psyllium Husks derived from the seeds of plant called 'Plantago Ovata'. It is known as Sat-Isabgol in India and in International Market it is known as Psyllium Husk and Ispaghula. It is derived from seeds by using grinders. The upper layer is removed in this process, which is known as Psyllium Husk. It is cleaned by winnowing system. And other parts of seeds are used in cattle feed which are known as Gola, Lali and Industrial Powder (Khakha).

## **WORLD MARKET OF PSYLLIUM:-**



Mainly Psyllium Husks and Industrial Powders are exported in so many countries which are U.S.A., U.K., France, Germany, Japan, Indonesia, Canada Mexico Sweden, Spain, Norway, Italy, Australia Denmark, Korea, Pakistan Gulf countries and some other small countries also. Main share of U.S.A. is 60% of world demand. Others countries share are 25% and share of domestic market of India is 15% of world demand.

## **CULTIVATION AREA OF PSYLLIUM:-**



Psyllium Seed grows in several regions of India include North Gujarat, Kutch, Saurashtra, West Rajasthan and little quantity in Madhaypradesh in all over world.



## **APPLICATION:-**

1. In Constipation:
2. In Diarrhoea:
3. In Cholesterol Control:
4. In Diabetes:
5. In Colon Cancer:
6. Traditional Uses:

## **DOSAGE:-**

Regular dosage of 5-7 grams of pure psyllium is preferred. Ample intake of liquid should be accompanied the dose (125-150 ml/5gm).

# INTRODUCTION OF KHA KHA POWDER

## **PSYLLIUM KHA KHA POWDER:**

When psyllium seeds are processed to make psyllium husk, the extraneous material left is termed as psyllium Kha Kha powder. It is byproduct of psyllium husk.

## **SPECIFICATION:**

<b>PSYLLIUM KHA KHA POWDER</b>	
<b>Purity</b>	<b>NLT 70% By Searle Method</b>
<b>Swelling</b>	<b>20 - 30 MI/Gm</b>
<b>Light Extraneous Matter</b>	<b>NMT 25%</b>
<b>Heavy Extraneous Matter</b>	<b>NMT 5%</b>
<b>Moisture</b>	<b>NMT 12%</b>
<b>Total Ash</b>	<b>NMT 8%</b>

## **APPLICATIONS:**

- Mainly use to prevent landscaping, soil erosion.
- Used as animal feed.

Used as thickening agent during capsule formulation in some pharmaceutical industry.



# FINANCE DEPARTMENT

INTRODUCTION  
FINANCIAL PLANNING  
SOURCES OF INFORMATION  
USERS OF FINANCIAL ANALYSES  
PROFIT & LOSS A/C  
BALANCE SHEET  
RATIOS



# INTRODUCTION

The primary objective of financial reporting is to provide information to present and potential investors and creditors and other in making rational investment, credit and other decisions. Effective decision making requires evaluation of the past performance of companies and used by investors, creditors, and professional analysis for analyzing and interpreting the information contained in financial statements.

Any successful business owner is constantly evaluating the performance of his or her company, comparing it with the company's historical figures, with its industry competitors, and even with successful businesses from other industries. To complete a thorough examination of your company's effectiveness, however, you need to look at more than just easily attainable numbers like sales, profits, and total assets. You must be able to read between the lines of your financial statements and make the seemingly inconsequential numbers accessible and comprehensible.



# FINANCIAL PLANNING

A firm needs to manage its resources effectively to achieve its objectives. The managing of resources in an effective manner is possible only when the management works out the future courses of action in advance and takes decision in a professional manner, utilizing the individual and group efforts in a co-ordinated and rational manner. Financial planning would estimate the resources required to carry out operations and determine how far the firm itself can generate these resources internally and how far they will have to be obtained externally.

As “Vikas Industry” is concerned it does its financial planning according to need and requirements of firm. It follows banking rules and regulations for consideration of new project.

For working capital it uses bank limit up to 10% for export purpose. The firm is overall financially very sound. It was never faced any financial problems during its existence.



# SOURCE OF INFORMATION

Individual investors and creditors must often depend upon published sources of information about a company. The most common sources of information about listed companies are company reports, stock exchange, business periodicals, and information services.

## 1) Company Reports:-

Every company publishes an annual report, which contains valuable financial and other information about the company. Annual reports are the beginning and ending points in obtaining information about individual companies. As a starter they provide an overview of the company's business, its status and its performance for a series of years. At the end of the information gathering process, annual reports are used to corroborate the vast array of company-specific data assembled from various sources.

The typical Indian Company includes the following documents in its annual report:

- Directors' report
- Financial statements
- Schedules and notes to the financial statements
- Auditor's report



In addition, some companies provide financial highlights and a summary of financial performance for the past five or ten years. The annual report is sent to the shareholders of the company, free of charge. Listed companies are also required to publish a quarterly statement of financial results within one month from the end of the quarter. These statements are typically not audited unlike the annual financial statements and are published in leading newspapers.

## **2) Stock Exchanges:-**

Listed companies must file copies of their annual reports, as well as additional documents such as a statement of distribution of share ownership and the quarterly statement, with the stock exchanges in which they are listed. The Bombay Stock Exchange (BSE) is the oldest with it. The National Stock Exchange (NSE) is the other leading stock exchange in India. Both BSE and NSE have number publications giving useful financial and other information about companies.

Listing agreements require that companies keep stock exchanges promptly informed of major developments affecting them, such as change of management, bonus and dividend decisions, strikes, and plant closures.



### **3) Business Periodicals:-**

Business newspaper and magazines are important and, often, timely sources of financial and business news. *The Economic Times* is the oldest and the most widely read financial daily in the country. *Business Line*, *Business Standard*, and *Financial Express* are the other leading financial dailies in India. All these papers give daily stock prices and carry news items and analytical write-ups on companies. Most general newspapers devote a few pages to business news. Financial and business magazines such as *Business India*, *Business World* and *Business Today* regularly carry studies of companies and industries.

### **4) Internet:**

Search engines like Google go a long way in providing useful information for such projects. Days have gone when you have to wait for hours to gather information related to any particular topic. Information technology and Internet has brought the global world at your fingertip. Local area networks are also key source of information now a day. Increasing interdependence among the various sub units of the business has made LAN networks a future to consider as a useful source of secondary information.



# USERS OF FINANCIAL ANALYSIS

Financial analysis is the process of identifying the financial strengths and weaknesses of the firm by properly establishing relationships between the items of the balance sheet and the relationships between the items of the balance sheet and the profit and loss account. Financial analysis can be undertaken by management of the firm, or by parties outside the firm, viz. Owners, creditors, investors and others. The nature of analysis will differ depending on the purpose of the analyst.

- **TRADE CREDITORS:**

Trade creditors are interested in firm's ability to meet their claims over a very short period of time. Their analysis will, therefore, confine to the evaluation of the firm's liquidity position.

- **SUPPLIERS OF LONG-TERM DEBT**

Suppliers of long term debt, on the other hand, are concerned with the firm's long-term solvency and survival. They analyse the firm's profitability over time, its ability to generate cash to be able to pay interest and repay principal and the relationship between various sources of funds. Long term creditors do analyse the historical financial statements, but they place more emphasis on the firm's projected, or proforma, financial statements to make analysis about its future solvency and profitability.



- **INVESTORS**

Investors, who have invested their money in the firm's share, are most concerned about the firm's earnings. They restore more confidence in those firms that show steady growth in earnings. As such, they concentrate on the analysis of the firm's present and future profitability. They are also interested in the firm's financial structure to the extent it influences the firm's earnings ability and risk.

- **MANAGEMENT**

Management of the firm would be interested in every aspect of the financial analysis. It is their overall responsibility to see that the resources of the firm are used most effectively and efficiently, and that the firm's financial condition is sound.





The Financial data of Vikas Industry is as follows;

Rs. In Lakh

<b>Profit &amp; Loss A/c</b>			
<b>YEAR</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Opening Stock	160.01	84.94	99.23
Closing Stock	84.94	99.23	99.08
Purchases	955.81	1123.70	1199.19
Sales	1163.60	1253.08	1387.25
Indirect Expenses	90.05	122.17	148.45
Indirect Incomes	3.37	24.41	9.73
Direct Expenses	11.00	9.59	8.22
Gross Profit	121.72	134.07	179.70
Net Profit	35.04	36.31	40.98

Rs. In Lakh

<b>Balance Sheet</b>			
<b>YEAR</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Capital	230.41	240.04	357.25
Fixed Assets	17.43	24.55	21.78
Secured Loans (OD)	29.84	0.07	20.11
Unsecured Loans	59.18	179.50	200.75
Creditors	178.13	113.40	81.29
Liabilities	4.45	2.19	3.02
Deposits	283.79	59.79	70.99
Loans & Advances	1.55	3.83	45.42
Debtors	112.55	254.18	343.89
Closing Stock	84.94	99.23	99.08
Cash & Bank Balance	1.73	59.12	81.25

# Ratio Analysis

	2007	2008	2009
<b>YEAR</b>			
Current Ratio	0.74	1.53	1.87
Liquidity Ratio	0.48	1.19	1.65
Gross Profit Ratio	10.46	10.70	12.95
Net Profit Ratio	3.01	2.90	2.95
Stock Turnover Ratio	8.50	12.15	12.17

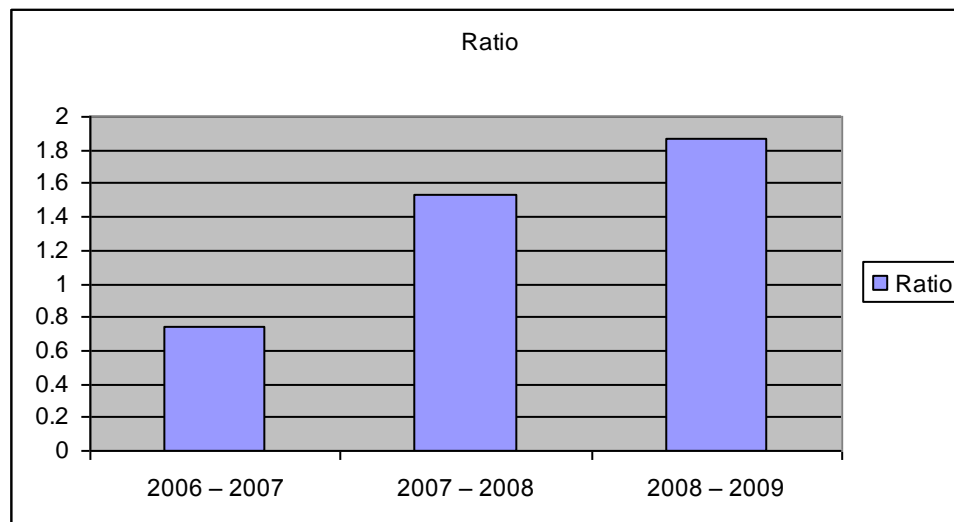
# Current Ratio

Current ratio is obtained by dividing the current assets of the company by the current liabilities. Generally a current ratio of 2:1 is considered as ideal for the firm.

The current Ratio of the company can be calculated as below,

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Current Ratio	
Year	Ratio
2006 – 2007	0.74
2007 – 2008	1.53
2008 – 2009	1.87



From the above information, it is clear that the company making his progress year after year. But the ratio is below the satisfactory level.

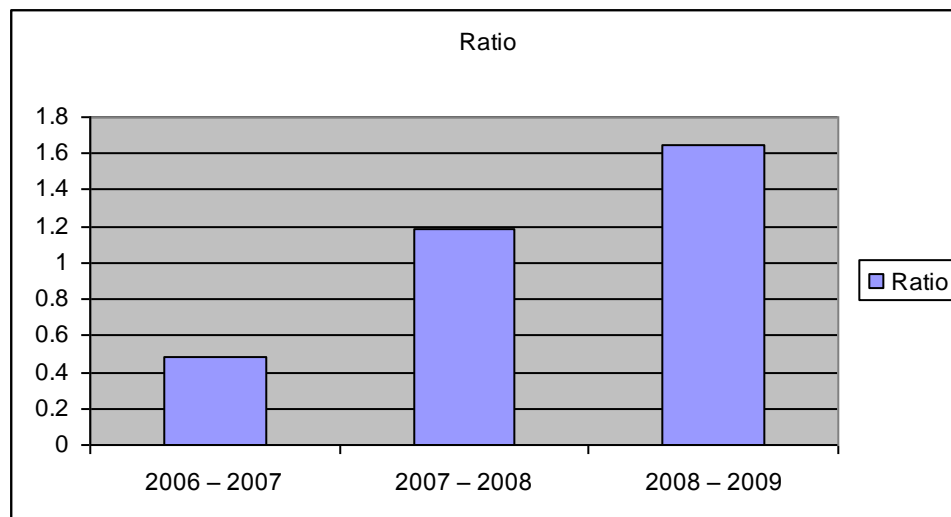
# Liquidity Ratio

Liquidity ratio is obtained by dividing the liquid assets of the company by the liquid liabilities. Generally a Liquidity ratio of 1:1 is considered as ideal for the firm.

The Liquidity Ratio is calculated as below,

$$\text{Liquidity Ratio} = \frac{\text{Liquid Assets}}{\text{Liquid Liabilities}}$$

Current Ratio	
Year	Ratio
2006 – 2007	0.48
2007 – 2008	1.19
2008 – 2009	1.65



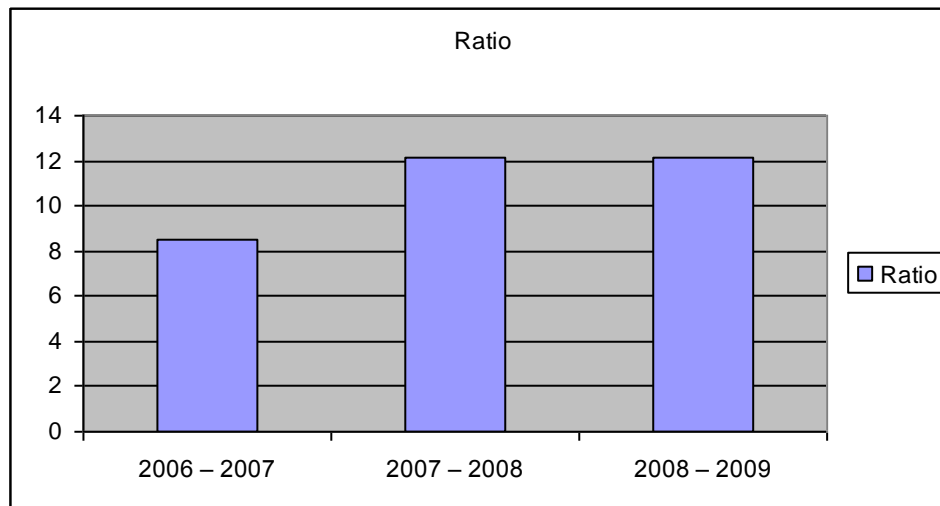
The Liquidity ratio of the company of above the satisfactory level hence the company's ratio is ideal.

# Stock Turnover Ratio

This ratio indicates how much efficiently the inventories of the company are converted into sales. It is calculated as under:

$$\text{INVENTORY TURNOVER} = \frac{\text{COST OF GOODS SOLD}}{\text{AVERAGE INVENTORY}}$$

Current Ratio	
Year	Ratio
2006 – 2007	8.50
2007 – 2008	12.15
2008 – 2009	12.17



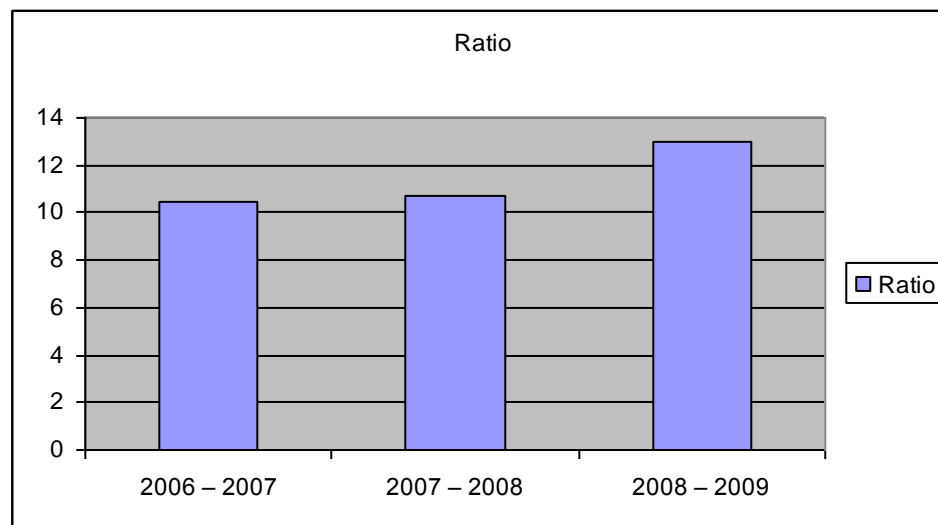
From this ratio, it is clear that company has planned his stock properly so that it can meet any kind of opportunity in the market. It also indicates that company has good planning about his stock and may earn more and more profit.

# Gross Profit Ratio

The gross profit margin reflects the efficiency with which the management produces each unit of the product. This ratio indicates the average spread between the cost of goods sold and the sales. It is calculated as follows:

$$\text{GROSS PROFIT RATIO} = \frac{\text{GROSS PROFIT}}{\text{SALES}}$$

Current Ratio	
Year	Ratio
2006 – 2007	10.46
2007 – 2008	10.70
2008 – 2009	12.95



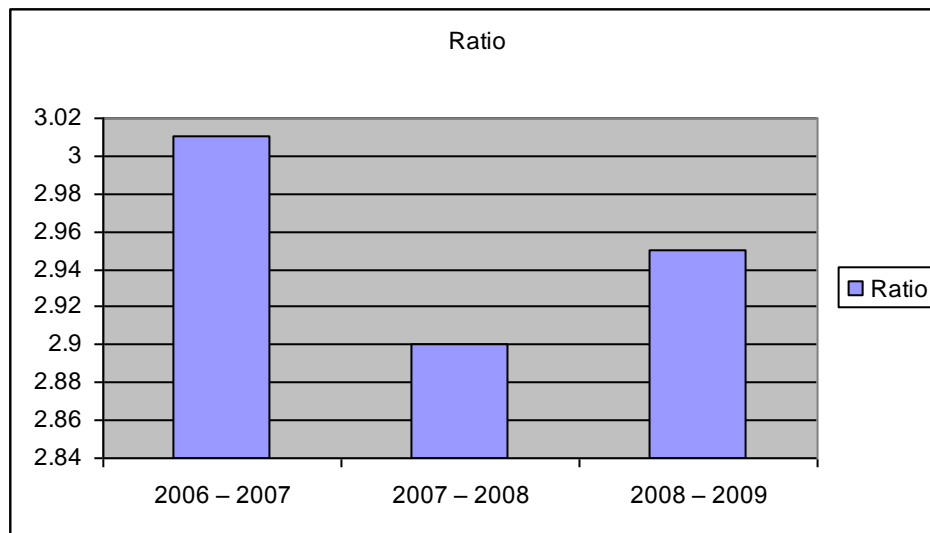
From the above information it is clear that company not getting good profit but not up to satisfactory level. The reason behind that is the currency rate of the Dollar, Pound etc.

# Net Profit Ratio

This ratio establishes the relationship between net profit and sales and indicates the efficiency of the management in manufacturing administering and selling the products. It is calculated as follows:

$$\text{NET PROFIT} = \frac{\text{NET PROFIT}}{\text{SALES}}$$

Net Profit Ratio	
Year	Ratio
2006 – 2007	3.01
2007 – 2008	2.90
2008 – 2009	2.95



From the above information it is clear that the company is getting good profit in every year.



# SALES DEPARTMENT

GENERAL INFORMATION  
MARKET INFLUENCING FACTORS  
IEC NUMBER  
EXPORT PRICING  
EXPORT PACKING  
EXPORT MARKING  
SHIPMENT OF GOODS  
RECEIVING PAYMENTS



# GENERAL INFORMATION

As per the information given to me, Vikas Industry sales its total production to the outside countries. It used to export its production to various countries like USA, UK, Canada, France, Mexico, Indonesia, Korea, Australia, China etc.

Each and every company who exports their products has to get their IEC Number (IMPORT EXPORT CODE NUMBER). After getting this IEC number they are allowed to export their product to other countries. For exporting the products they have to contact proper buyers of our products and then they have to decide proper price for the product with considering the currency rate in present. After getting proper buyer they have to make final deal of the product. On the basis of that deal, they have to pack their product in cartoons and big bags and then after they have to do marking on the packing of the product. Then after they have to make proper shipment of the packing. Some companies send their products by airlines and some companies send their goods by ship. Hence they have to collect all the documents required for the export of goods.

There are some important things which are required in export are as under,



## IEC NUMBER

Without issuing IMPORT EXPORT CODE NUMBER (IEC number), a company must have IEC number before to do business in international market, in other words, registration with the regional licensing authority is a pre request for import and export of goods. Customs will not clear the goods unless the company has obtained such code number. However no such registration is necessary for exporting goods for personal use. Further registration is not required for person importing goods from Nepal, or from Myanmar through Indo-Myanmar borders areas; values of a single consignment do not exceed Indian Rs. 25000.

An application for grant of IEC number should be made in the prescribed pro forma given in the appendix. The application duly signed by the applicant should be supported by the following documents.

1. Bank receipt(in duplicate) / demand draft
2. Certificate from the banker of the applicant form
3. Two copies of passport size photographs of applicant duly attested by the bankers of the applicant
4. A copy of permanent number issued by Income Tax Authority duly attested by the applicant
5. Each importer/exporter is required to file importer/exporter profile as given in appendix.

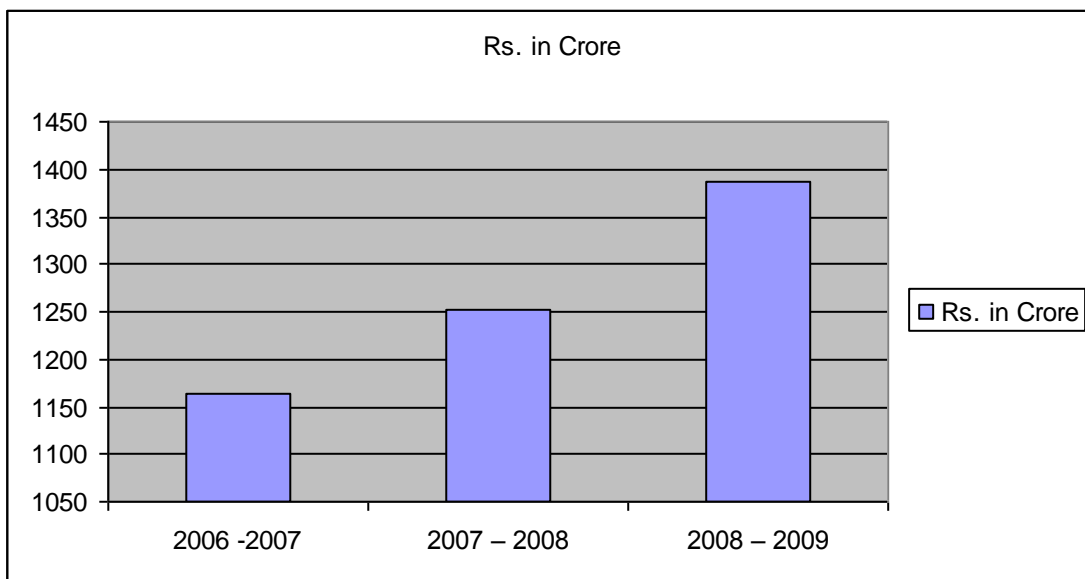


The registration office or head office should apply for allotment of IEC number. However only one IEC number is allotted to an applicant and the same is valid for all its branches/divisions/units/factories as indicate in the IEC number.

The IEC number of Vikas Industry is 0891008519

### **EXPORT CENERIO OF THE COMPANY**

<b>YEAR</b>	<b>Rs. in Crore</b>
2006 -2007	1163.59
2007 – 2008	1253.08
2008 – 2009	1387.25





# EXPORT PRICING

To arrive at selling price, first they calculate the cost of acquiring material and then in this cost of acquiring material total cost of production is added and thus they get the selling price and we can understand as given below;

	Raw material	xxx
+	Commission	xxx
+	Packing charges	xxx
+	Cost of transport	<u>xxx</u>
	Cost of purchase	<b>xxx</b>
+	Sales tax	<u>xxx</u>
	Cost of acquiring materials	xxx
Add:	production expenses	xxx
	Power consumption	xxx
	Labour cost	xxx
	Lubricants & Spares	xxx
	Insurance	xxx
	Freight	xxx
	Salaries	xxx
	Packaging cost	<u>xxx</u>
	Total cost of production	<b>xxx</b>
Add:	profit	<u>xxx</u>
	Selling price	<b><u>xxx</u></b>



Here one thing is to be noted that in case of the new buyer they keep liberal pricing policy moreover in case the competitors reduce the price to increase the selling. VIKAS INDUSTRY also decrease price and also keep less than their competitors.

## EXPORT PACKING

The next step is packing of production in export it is called export packing because the rules and norms of packing for goods going outside India are different than that of domestic packing. There are no hard and fast rules for packing of the goods. Generally packing is done as buyers instructions. Here also GMP principles are followed. Packing is important from both points of view, which is safe transportation and covering insurance.



# EXPORT MARKING

After packing the next step is making marking on export cargo. Generally a ship carries many cargo of different exporter. So due to marking it becomes easy to identify different cargos of different exporter. At the time of marking Vikas Industry considered three factors,

1. Marking rules
2. Marking instruction of importer
3. marking rules of importer country

## **MARKING SYSTEM OF VIKAS INDUSTRY:**

Vikas Industry include the following details in its marking,

1. Name and short address of buyers
2. Port of destination
3. weight of consignment
4. country of origin
5. mark and suggested by the buyer
6. Vikas' overseas logo
7. Handling instruction (e.g. This side up)



# SHIPMENT OF GOODS

After completion of packing and marking the next step is shipment of goods. Goods can be exported in two ways

1. Through Sea (Vessel)
2. Through air

Vikas Industry prefers shipment through sea because it is cheaper than airways. Another advantage is that we can transport in huge quantity.

Vikas Industry follows the following step for shipment of goods through sea:

## **1. Select proper shipping company**

For the purpose of shipment it is necessary to find out new shipping company. There are two sources for finding out right shipping company.

1. Various shipping magazine
2. Carrying and forwarding agent

Vikas Industry uses both the way. Through the advertisement the company can come to know about arrival of ship, departure of ship, destination, etc. so they can select the suitable shipping company as per the requirement.





Another way is to contact carrying and forwarding agent. The agent contact suitable shipping company and applies for reserving the shipping space on company's behalf. When shipping space is reserved it informs the company. Mostly company depends upon its agent for finding out shipping company and reservation of shipping space.

## **2. Shipping space**

After finding out proper shipping company, the agent applies for shipping space to the shipping company. If shipping company accepts this application, it issue shipping order in name of company. Her it is to be noted that such acceptance are of two types.

1. Shipping advice
2. Shipping order

Company issue shipping advice it means that cargo may or may not be accepted on vessels. If company issue shipping order it means that it is compulsory for it to acceptance cargo on ship.

Generally, shipping company issue shipping order to CO. Shipping company issue two copy of shipping order. One copy is given to the agent who later gives to CO and second copy is send to the commanding officer of the ship and instruction is given to him to receive cargo on board as per the shipping order. If Vikas Industry does not get shipping space it contact to DSFIB (director of shipping freight investigation bureau).



### **3. Documents for custom clearance**

When the exporter send goods to the foreign buyer custom authorities check the goods and if it is satisfied then it give the permission for lading of goods. For custom clearance various documents have to be prepared. Vikas industry prepares following documents for the custom clearance,

1. shipping bills
2. commercial invoice
3. packing list
4. letter of credit
5. certificate of quality control



# RECEIVING THE PAYMENT

When the custom officer sends the proof of the export to the company that is as under;

- Five copy invoice
- Five copy packing slip
- Bill of lading
- SDF form
- Shipping bill
- Certificate of origin
- Weight and quality certificate
- Fumigation certificate
- Bill of exchange

The company receives these above documents and sends it to the company's bank. It sends that all document to the importers bank by post or by courier. The importer bank inform to the importer of the goods for receiving of document. Then importer pays his payments in that banks send to the company's bank.



# COMMERCIAL INVOICE

Seller makes an invoice. It is seller's bill for a particular of goods at a particular price, particular location, quality, terms of sale, and identification marks of the package, goods specification, bill of lading number, name and address of importer, IEC number, destination, etc.

The aim of an invoice is to enable the authorities of the importer country to collect accurate information about the volume, value, source, etc. It is useful for importer for assessing import duties and also for statically purpose.

The special invoice forms for various countries may be obtained from any recognized chamber of commerce. Export may consult the respective export promotion councils regarding the correct producers and invoice forms for different countries.



# PACKING LIST

Packing list is one of the principal commercial documents, because it indicates the export goods description number and kind packages quality, container no., etc are in accordance with order. In the packing list order no. and dates are also included.

By the packing list buyer can know what type of goods and how many packages goods will to over port by shipment. It is also concerned with importer, central excise and insurance company, customs, and bank.



# BILL OF LADING

It is document where in the shipping company gives it official receipt of the goods shipped in its vessel and at the same time contract to carry them to the port of destination. It is document of title to the goods.

Each shipping company has its own bill of lading. The exporter prepared the bill of lading in the forms obtain from the shipping company. The information contained in the bill of lading include date and place of shipment, name of the consigner, name and destination of vessel, destination, quantity and destination of the goods, marks and numbers etc.

For preparation of bill of lading, the exporter should submitted the complete set of bill of lading together with mate receipt, which will calculate the freight amount. On the basis of measurement or weight as certified by the recognized chamber of commerce. On the payment of the freight, the shipping company returns the bill of lading duly signed and supported by adhesive stamps. The bill of lading is made out in the sets of two or three original.



## SDF FORM

SDF FORM is one of the most important document of receiving the payment of the sale of goods to the customers. SDF FORM is the form by which we apply to make the exchange of the currency like Dollar, Euro etc, to the Indian rupee. In this form, we have to clear all the data about the payment made by the party of other country and we have to clarify that we are the resident of India and the organization is also established in India. In the form we have to clarify the name of the bank so that the payment is deposited to our bank account.



# CERTIFICATE OF ORIGIN

A certificate of origin as the name indicates is a certificate, which specifies the country of the production of goods. This certificate has also to be produced before clearance of goods and assessment of duty for the customs law of the country may required this procedure. This certificate is a necessity where a country offers a preferential tariff to India and former is to ensure that only indicates origins benefits from such concession.

A certificate of origin forms may be obtain from chamber of commerce, export promotion councils and various trade associations, which have been authorized by the government.

A certificate of origin may be required when good of a particular type from certain country banned. It is a commercial document.

For the preparation of certificate of origin one application of certificate of origin has to be submitted to the chamber of commerce. It must be required the goods to be complying with original requirements.





# AIRWAY BILL

The receipt issued by an airline or its agent for the carriage of goods is called airway bill or air consignment note. It is issued in terms and condition of the contract of carriage of goods. It is not a document of title and it is not issued in a negotiable form. It is the most important cargo document issued by a carrier or its authorized cargo agents. It combines several purposes.

Since the goods are delivered to the receiver mentioned in the airway bill after identifying himself as the party named in the airway bill as receiver and against payments of charges, if any (depending upon the terms of carriage, if the exporter wants to retain control over the good until payment/commitment for payment is made for the goods, he should consign the goods in the name of a third party like foreign correspondent bank. This will serve dual purpose). Firstly the importer will be not in a position to take delivery of the goods unless he obtains the delivery order/ documents from the foreign correspondent bank thus safeguarding the payment for the goods and secondly in case of difficulties/ frustration of contract of sale, the exporter/ banks handling the export documents have got better control over the goods.



Since the goods reach the destination within the shortest time, usually on the same day or the next day, it becomes the duty of the seller to inform the buyer of the dispatch of the goods by the use of telecommunication system to avoid unnecessary additional charges to the buyer.



## CONCLUSION

VIKAS industry is concerned with the production of ISABGOL.. ISABGOL is highly demanded in medicine field. Isabgol is not demanded in India but is highly demanded in other countries. Financially the company is strong and it is clear from its final accounts. The Products are sold to other countries hence the payments are received in other currency hence the company has to make some process for converting the currency to Indian rupee. Company totally sells its product to other countries by Air and by Sheep.

Here I conclude that all the information given over here are true from my best knowledge.



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