

# **Draft Detailed Project Report**

## **Rai Textile & Allied Products Cluster**

*Submitted to,*

Department of Industries and Commerce  
Government of Haryana  
*(for assistance under Mini Cluster Scheme)*

**Report No. 2018-CHD-0009**

**March 2018**

*Submitted by,*

**Rai Textile & Allied CFC Private Limited**

*Prepared by,*

**Ernst & Young LLP**

***Under the project: MSME Ecosystem  
Transformation in Haryana***

8<sup>th</sup> March 2018

Director  
Department of Industries & Commerce,  
Government of Haryana  
1st Floor, 30 Bays Building,  
Sector 17, Chandigarh

Dear Sir/Madam,

As part of our engagement for providing consulting services for 'MSME Ecosystem Transformation in the State of Haryana', we hereby submit the Draft Detailed Project Report (DPR) for setting up of Common Facility Centre (CFC) at Textile & Allied Products Cluster, Rai for your kind perusal. The deliverable has been prepared in accordance with our engagement agreement with Directorate of Industries, Govt. of Haryana dated 12 May 2017, and our procedures were limited to those described in that agreement.

This Detailed Project Report is based on studies of and discussions with:

- ▶ Directorate of Industries, Govt. of Haryana
- ▶ DIC Sonipat
- ▶ Textile and garment units located in Rai, Sonipat
- ▶ Members of Rai Industries Association and that of the SPV
- ▶ Industry experts
- ▶ Secondary research

Our work has been limited in scope and time and we stress that more detailed procedures may reveal other issues not captured here. The procedures summarized in our Draft Detailed Project Report do not constitute an audit, a review or other form of assurance in accordance with any generally accepted auditing, review or other assurance standards, and accordingly we do not express any form of assurance. This draft Detailed Project Report is intended solely for the information and use of the Office of Director Industries-Haryana and is not intended to be used by anyone other than specified party.

We appreciate the cooperation and assistance provided to us during the preparation of this report. If you have any questions, please contact the undersigned.

Sincerely,



Amar Shankar, Partner - Advisory Services

## **Disclaimer**

This Draft Detailed Project Report for development of Common Facility Centre (CFC) at Rai Textile & Allied Products Cluster has been prepared by Ernst & Young LLP (hereinafter referred to as 'EY' or 'Ernst & Young' or 'Us') and delivered to the 'Office of Director of Industries & Commerce - Government of Haryana (O/o of DI-HR)' (hereinafter referred to as 'the Client').

The inferences and analyses made by EY in this report are based on information collated through primary research, secondary research, discussions with the client personnel and key stakeholders and our knowledge about the state mini cluster scheme and its objectives. EY has taken due care to validate the authenticity and correctness of the information from various sources, however, no representations or warranty, expressed or implied, is given by EY or any of its respective partners, officers, employees or agents as to the accuracy or completeness of the information, data or opinions provided to EY by third parties or secondary sources.

Nothing contained herein, to the contrary and in no event shall EY be liable for any loss of profit or revenues and any direct, incidental or consequential damages incurred by the Client or any other user of this report.

In case the report is to be made available or disclosed to any third party, this disclaimer along with all the limiting factors must be issued to the concerned party. The fact that EY assumes no liability whatsoever, if for the reason any party is led to incur any loss for acting upon this report, must be brought to the notice of the concerned party.

© EY, 2018

## **Acknowledgement**

We would like to express our sincere gratitude to Department of Industries & Commerce - Haryana and its officials for their involvement and valuable inputs during the preparation of this DPR. We are thankful to **Mr. Sudhir Rajpal, IAS, Principal Secretary, Industries & Commerce** and **Mr. Ashok Sangwan, IAS, Director Industries & Commerce, Government of Haryana** for sharing their insights about the 'Enterprises Promotion Policy 2015' and their vision about the Mini Cluster Scheme. Special thanks to **Mr R.C Dahra, Consultant (Clusters), Department of Industries and Commerce** and **Mr.R.K Rana, Joint Director, DIC Sonipat** for their proactive support and guidance to the team during the entire process.

We would like to convey our sincere thanks to members of **Rai Textile & Allied CFC Pvt. Ltd.** for their support during the on-site visits and interactions with selected units in Sonipat as well as facilitation in conducting stakeholder consultations. Further, we would also like to thank officials of **DIC, Sonipat** for providing support and information related to textile units in Sonipat.

Also, we must extend our sincere thanks to MSME entrepreneurs and other key stakeholders who gave us their valuable time and insights with respect to various dimensions of the industry and its support requirements. Without their help, capturing of the industry insights would not have been possible.

## Abbreviations

<b>AEMA</b>	Apparel Exporters & Manufacturers Association
<b>AEPC</b>	Apparel Export Promotion Council
<b>ATDC</b>	Apparel Training & Design Centre
<b>BDS</b>	Business Development Services
<b>CAGR</b>	Compound Annual Growth Rate
<b>CFC</b>	Common Facility Centre
<b>DIC</b>	District Industries Centre
<b>DSR</b>	Diagnostic Study Report
<b>EU</b>	European Union
<b>GDP</b>	Gross Domestic Product
<b>GSDP</b>	Gross State Domestic Product
<b>HFC</b>	Haryana Financial Corporation
<b>HSIIDC</b>	Haryana State Infrastructure & Industrial Development Corporation
<b>HUDA</b>	Haryana Urban Development Authority
<b>IDBI</b>	Industrial Development Bank of India
<b>MSME</b>	Micro, Small and Medium Enterprises
<b>MSME-DI</b>	MSME - Development Institute
<b>NCR</b>	National Capital Region
<b>NIFT</b>	National Institute of Fashion Technology
<b>NITRA</b>	North India Textile Research Association
<b>NSIC</b>	National Small Industries Corporation
<b>PNB</b>	Punjab National Bank
<b>SIDBI</b>	Small Industries Development Bank of India
<b>SWOT</b>	Strength, Weaknesses, Opportunities and Threats
<b>UAM</b>	Udyog Aadhar Memorandum

## Table of Contents

Executive Summary .....	9
Sector overview .....	10
1. Introduction .....	17
1.1 Overview of the cluster .....	17
1.2 About the State & District.....	17
1.3 Industrial Scenario of Sonipat District .....	18
1.4 Geographical Traits .....	19
1.5 Demographic Trends and Economic Structure .....	19
2. Sector Overview .....	22
2.1 Brief Global Scenario .....	22
2.2 India Scenario .....	23
2.3 Cluster scenario .....	25
3. Diagnostic Study Findings .....	29
3.1 Cluster Actors and their role .....	29
3.2 Cluster Turnover, Market and Employment .....	33
3.3 Production Process.....	34
3.4 Value Chain Analysis.....	38
3.5 Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis .....	39
3.6 Major Issues / Problem Areas of the Cluster.....	43
3.7 Key technologies missing .....	44
3.8 Cluster growth potential.....	45
4. Diagnostic Study Recommendations.....	48
4.1 Soft Interventions Recommended and Action Taken .....	48
4.2 Expected Outcome after Intervention.....	51
5. SPV for Project Implementation.....	54
5.1 Shareholder profile and Shareholding mix .....	54
5.2 Initiatives undertaken by the SPV .....	58
5.3 SPV Roles and Responsibilities .....	58
6. Project Economics .....	61
6.1 Project Cost.....	61
6.1.1 Land and Building.....	61
6.1.2 Plant and Machinery .....	61
6.1.3 Miscellaneous Fixed Assets.....	66
6.1.4 Preliminary and Pre-operative Expenses .....	66

6.1.5	Provision for Contingencies .....	67
6.1.6	Margin Money for Working Capital .....	67
6.1.7	Summary Project Cost .....	67
6.2	Means of Finance .....	68
6.2.1	Share Capital .....	69
6.2.2	Grant-in-Aid.....	69
6.3	Expenditure Estimates .....	69
6.3.1	Consumables .....	69
6.3.2	Manpower Requirement .....	71
6.3.3	Utilities .....	72
6.3.4	Annual Repairs and Maintenance Expenses .....	73
6.3.5	Insurance and Miscellaneous Administrative Expenses .....	73
6.4	Working Capital Requirements .....	75
6.5	Depreciation Estimates .....	77
6.6	Income/Revenue estimates.....	78
6.7	Estimation of profitability: Income and Expenditure statement .....	80
6.8	Cash flow statement .....	83
6.9	Projected Balance Sheets .....	84
6.10	Break-even analysis .....	85
6.11	Feasibility analysis summary and sustainability indicators .....	88
6.12	Additional revenue sources.....	88
6.13	Risk Analysis & Sensitivities .....	89
6.14	Assumptions for financial calculations:.....	90
7.	Project Implementation and Monitoring .....	93
7.1	Envisaged Implementation Framework .....	93
7.2	Monitoring Mechanism .....	95
8.	Conclusion .....	97
9.	Annexures .....	99
	Annexure 1: DSR Approval & DPR Preparation Letter .....	99
	Annexure 2: SPV Certificate of Incorporation.....	100
	Annexure 2(a) & (b) : Copy of Memorandum of Association (MoA) & Article of Association (AoA).....	101
	Annexure 3: Verification of units by DIC, Sonipat .....	120
	Annexure 4: Building Availability Proof .....	121
	Annexure 5: Machinery Quotations.....	122

## List of Figures

Figure 1 GSDP Composition 2015- 16.....	17
Figure 2 Global Apparel Market Segmentation (based on global export data).....	23
Figure 3: Textile and Garment Exports from India (US\$ billion).....	23
Figure 4: Indian Textile & Garment Industry Snapshot.....	24
Figure 5: Textiles and Apparel Industry Trends in Haryana.....	26
Figure 6: Key Cluster Actors .....	33
Figure 7: Flow Chart of Production Process.....	35
Figure 8: Steps in the Production Process of one unit (auto accessories) .....	36
Figure 9: Organisational Structure of Proposed CFC .....	59



## List of Tables

Table 1: Value Chain Analysis of air mesh fabric.....	38
Table 2: SWOT analysis of the cluster.....	39
Table 3: Major Gaps Identified .....	43
Table 4: Technology Gaps Identified and Interventions .....	44
Table 5: Expected Outcome of CFC .....	52
Table 6: List of SPV Directors.....	55
Table 7: Details of SPV Members of Rai Textile & Allied Products Cluster.....	56
Table 8: List of Proposed Plant & Machinery .....	63
Table 9: Miscellaneous Fixed Assets.....	66
Table 10: Preliminary and Pre-Operative Expenses.....	66
Table 11: Total Project Cost.....	67
Table 12: Means of Finance.....	68
Table 13: Consumables.....	70
Table 14: Expenditure Related to Salary (Direct Manpower) .....	71
Table 15: Expenditure Related to Salary (Indirect Manpower).....	71
Table 16: Machine & Equipment (facility) wise power requirement .....	72
Table 17: Annual Expenditure Statement vis-à-vis Power Charges .....	72
Table 18: Annual Repairs and Maintenance Expenditure .....	73
Table 19: Insurance and Miscellaneous Administrative Expenses .....	73
Table 20: Calculation of Working capital requirement .....	75
Table 21: Depreciation based on WDV .....	77
Table 22: User Charges for Machinery.....	79
Table 23: Income and Expenditure Statement.....	80
Table 24: Cash Flow Statement .....	83
Table 25: Balance Sheet .....	84
Table 26: Break Even Estimates .....	85
Table 27: Financial Analysis .....	88
Table 28: Calculation of Return on Capital Employed.....	88
Table 29: Sensitivity Analysis.....	89
Table 30: Project Implementation Schedule.....	93

[illegible]

## Executive Summary

The Government of Haryana through the Department of Industries and Commerce intends to transform the MSME sector of the state and put it on a growth path. Several incentives have been offered under the state's ambitious 'Enterprise Promotion Policy (EPP) 2015' to provide an impetus to growth of the MSME sector. Towards this, the state aims to strengthen the technology infrastructure as well as enhance productivity and competitiveness of various MSME clusters across the state by leveraging funding under the State Mini Cluster Scheme providing grant under its EPP 2015.

In this context, this Detailed Project Report (DPR) has been prepared to seek grant-in-aid assistance under the State Mini Cluster Scheme to set up a state-of-the art Common Facility Centre (CFC) in Textile & Allied Products Cluster at Rai, Sonapat District, Haryana.

## Sector overview

India's textile and garment sector is one of the oldest industries in Indian economy dating back several decades. Even today, textile and garment sector is one of the largest contributors to India's exports with approximately 11 per cent of total exports. The textile and garment industry is also labour intensive and is one of the largest employers. The textile and garment industry can be broadly divided into two segments - yarn and fibre, and processed fabrics and apparel. India accounts for ~14 per cent of the world's production of textile fibres and yarns (largest producer of jute, second largest producer of silk and cotton, and third largest in cellulosic fibre). India has the highest loom capacity (including hand looms) with 63 per cent of the world's market share.

India was the third largest exporter of textiles in 2015, and the 8<sup>th</sup> largest exporter of clothing (behind China, European Union, Bangladesh, Vietnam, and Hong Kong)<sup>1</sup>. Textile and apparel exports from India were US\$ 40 billion in 2016, and expected to increase to US\$ 82 billion by 2021. Apparel categories had a larger share of 56%, while textile categories had the remaining share of 44% in the overall trade. EU & USA are the largest markets for textile and apparel with a share of 36% and 15% respectively<sup>2</sup>.

The Handloom Sector is one of the largest unorganized economic activities after agriculture and constitutes an integral part of the rural and semi-rural livelihood. As per 3rd Handlooms Census, carried out in 2009-10, more than 43 lakh people are engaged in weaving and allied activities which was 65.5 lakh as per 2nd handloom census conducted during 1995-96. India has the highest loom capacity (including hand looms) with 63 per cent 2.4 million looms of varied designs and construction) of the world's market share. Readymade garments remain the largest contributor to total textile and apparel exports from India, contributing 40 per cent to total textile and apparel exports. Cotton and man-made textiles were the other major contributors with shares of 31 per cent and 16 per cent, respectively. Apart from this, leather industry is gaining a place of prominence in the global economy due to substantial export earnings and growth.

---

<sup>1</sup> WTO - World Trade Statistical Review 2016

<sup>2</sup>FICCI White Paper - Global Shifts in Textile Industry & India's Position - 2016

The Indian leather industry accounts for around 12.93 per cent of the world's leather production of hides/skins. The country ranks second in terms of footwear and leather garments production in the world and accounts for 9.57 per cent of the world's footwear production.

The export of leather and leather products multiplied during the past couple of decades - from US\$ 1.42 billion in 1990-91 to about US\$ 4 billion in 2010-11 and further to US\$ 6.5 billion in 2014-15. The industry today is among the top 10 foreign exchange earning industries for the country.<sup>3</sup> The main export market for Indian leather and leather products was Germany with a share of 12.3% in 2014-15. While leather exports from India has witnessed an increasing trend, there is a need to focus on identifying products where India can enhance its exports and increase its share in global exports.

Blessed with a resource advantage with Haryana as one of the largest producers of cotton in Northern India. Haryana is one of the leading producer of textiles, readymade garments and apparel. Sonipat has a diverse range of establishments manufacturing full lines of ready-to-wear apparel, apparel accessories, leather accessories and custom apparel accessories.

The Rai Textile & Allied Products Cluster houses about 40 micro and small units across the value chain for textiles (including leather). The cluster is located in Rai, Sonipat district. Approximately 55% of the units, in the cluster are micro; 33% units are small enterprises. Of the total units, approximately 15-20% are engaged in end-to-end garment manufacture (from stitching to packaging); 25-30% are engaged in stitching; 10% in garment washing and dyeing; 20% in embroidery; and 25% in printing. These units are located in Sonipat and are in close proximity to the National Highway 44 as the nearest National Highway. The annual turnover of the cluster is about 70 Crore. Several micro and small level entrepreneurs face challenges in precise cutting machinery and getting good quality fabric (knitted and leather) due to high costs and lack of local availability.

The cluster units are engaged in textile and leather accessories manufacturing, including knitting, cutting, stitching, washing, finishing, packing, etc. Most units manufacture for other brands, while some also manufacture under their own brands in addition to manufacturing garments for other brands. They manufacture garments and accessories with woven or knitted fabric, leather and air mesh fabric which are having a greater demand domestically.

### **Diagnostic Study and Interventions**

A diagnostic study was undertaken by the cluster members in December 2017 to map the existing business processes in the cluster, identify the gaps, and understand the requirements of the cluster. The diagnostic study report (DSR) was prepared by EY in close consultation with cluster stakeholders and the DIC, Sonipat. The awareness level of the cluster units (on new technologies, cluster development initiatives, etc.) was found to be satisfactory. Additionally, it was observed that most of the cluster units deploy out-dated technologies for printing and cutting and are unable to meet the requirements of the market

---

<sup>3</sup> "Indian Leather Industry - Perspective and Strategies", EXIM Bank of India, 2015

due to lack of availability of modern machines/equipment. The quality of products is ordinary due to dependence on manual techniques and conventional machines. Due to non-availability of advanced cutting, knitting and printing facilities, units are unable to diversify and produce good quality products. These were the major pain areas that necessitated an urgent intervention. In this context, the units decided to establish a CFC.

The DSR was validated by the stakeholders under the chairmanship of JD, DIC Sonapat on **5<sup>th</sup> January 2018**. It was subsequently accepted and approved by W/DI&C on **25<sup>th</sup> January 2018**. The SPV was granted permission to go ahead and EY was directed to prepare Detailed Project Report (DPR) for the cluster.

### **Proposed Common Facility Centre**

The proposed CFC will facilitate:

- ▶ Latest machinery to facilitate precise fabric cutting and producing good quality fabric (including air mesh fabric)
- ▶ Job work facility with modern machinery for fabric cutting, knitting, printing etc.

Such a common facility will both supplement and complement the activities of firms in the cluster, and there is no similar facility available in the district for use by the micro enterprises of the cluster. The proposed common facilities will be utilized by the SPV members and will also be available to non-members units within and outside the cluster. The facility will provide a much needed infrastructural push to the cluster units and will enable them to become more competitive.

### **Special Purpose Vehicle for Project Implementation**

After the diagnosis study, the cluster units came together to form a Special Purpose Vehicle (SPV) by the name and style of '**RAI Textiles & Allied CFC Pvt Ltd.**' Sonipat'. The SPV has been set up as a private limited company under section 8 of the Companies Act, 1956 and rule 7 of the Companies (Incorporation) Rules, 2014. DIC, Sonipat has played an important role in SPV formation by cluster stakeholders. The SPV already includes about 11 members who are subscribing to the necessary equity base of the company. The proposed CFC will be implemented on public-private partnership basis through the SPV by availing support from Government of Haryana (under EPP 2015).

The SPV members have a track record of cooperative initiatives. SPV members are also members of prominent cluster associations. Cluster members have been autonomously undertaking several soft interventions to enhance knowledge and exposure of the cluster units on new trends in textile & leather industry and enhancing productivity of their units. This includes exposure to cluster development initiatives in other clusters, exposure visits to fairs, registration under UAM, awareness programs on new trends in garment manufacturing, lean manufacturing techniques, design interventions and new technologies. These programs were conducted in collaboration with DIC, State Government and BDS providers such as DI-MSME, etc.

## Project Parameters, Viability and Sustainability

The 'RAI Textiles & Allied CFC Pvt Ltd.' Sonipat with support from State Government (under the Mini Cluster Scheme) is planning to set up a Common Facility Centre having state-of-the-art garment finishing facilities to undertake job work of cluster units with a total project cost of about **Rs. 251.80 lakhs**. However, the maximum eligible project cost as per the scheme guidelines is Rs 200 lakhs, with government of Haryana's grant restricted to 90% of max eligible project cost i.e. to Rs 180 lakhs. Hence, the SPV members have proposed to contribute entire amount beyond Rs. 180 lakhs, taking their overall contribution to about 29% of the total project cost. The total contribution of SPV members will amount to **Rs. 71.80 lakhs**. Support from State Government is envisaged for **Rs. 180.00 Lakhs**.

The cost of the project and proposed means of finances is tabulated below:

S. No.	Particulars	Total Project Cost	Amount as per Guidelines	Remarks
<b>1</b>	<b>Land &amp; Building</b> a. Land Value b. Land Development c. Building & Other Civil Works d. Building Value <b>Sub Total (A)</b>	0.00 0.00 0.00 0.00 <b>0.00</b>	0.00 <b>0.00</b>	<b>Eligible (Max 25% of total of L&amp;B, P&amp;M, and Misc. F.A.)</b>
<b>2</b>	<b>Plant &amp; Machinery</b> a. Indigenous b. Imports c. Secondary Machines <b>Sub Total (B)</b>	40.71 168.81 12.53 <b>222.05</b>	200.00 <b>200.00</b>	<b>Eligible</b>
<b>3</b>	<b>Miscellaneous fixed assets (C)</b>	<b>1.75</b>	<b>0.00</b>	<b>Not eligible for grant</b>
<b>4</b>	<b>Preliminary &amp; Preoperative Expenses (D)</b>	<b>7.53</b>	<b>0.00</b>	
<b>5</b>	<b>Contingency</b> a. Building @ 2% b. Plant & Machinery @ 5% <b>Sub Total (E)</b>	0.00 11.10 <b>11.10</b>	0.00 0.00 <b>0.00</b>	
<b>6</b>	<b>Margin money for working capital @ 75% C.U. (F)</b>	<b>9.37</b>	<b>0.00</b>	
	<b>Grand Total (A+B+C+D+E+F)</b>	<b>251.80</b>	<b>200.00</b>	

The total project cost is estimated to be Rs. 251.80 lakhs. As indicated above, assistance to the project from the Govt. of Haryana is envisaged to the tune of Rs. 180 lakhs. SPV contribution is to the tune of Rs. 71.80 lakhs (over 29%) of the total project cost. The means of financing are presented below:

S. No.	Source of finance	Project cost upto INR 200 lakh		Project cost over INR 200 lakh		
		Percentage Contribution	Amount (INR in lakh)	Percentage Contribution	Amount (INR in lakh)	Total Amount (INR in lakh)
1	Grant-in-aid under State Mini Cluster Development Scheme (Govt. of Haryana)	90%	180.00	0%	0.00	180.00
2	Contribution of SPV	10%	20.00	100%	51.80	71.80
	<b>Total</b>	<b>100%</b>	<b>200.00</b>	<b>100%</b>	<b>51.80</b>	<b>251.80</b>

The viability and sustainability of the project is evident from the project economics as well as the cooperative spirit and profile of the SPV members. Some indicators of the viability are as follows:

#### Project's financial indicators

FEASIBILITY		
S. No.	Particulars	Estimates
1	BEP (cash BEP at initial operating capacity of 75%)	59.35%
2	Av. ROCE (PAT/CE)	30.36%
3	Internal Rate of Return (IRR)	25.33%
4	Net Present Value (at a discount rate of 10 per cent) - incorporating viability gap funding (grant) by GoH	NPV is positive and high (Rs. 194.36 lacs) at a conservative project life of 10 years
5	Payback period	4.95 years with Grant-in-aid assistance from GOH
6	DSCR	Not Applicable (non-availment of term loan in this project)

As evident from the financials above, with viability gap funding under Mini Cluster Scheme of GoH, the project is highly viable and sustainable. The project is expected to generate surplus from the fourth year of operation. Risk and sensitivity analysis considering a decline in user charge/ capacity utilization also validates the project sustainability.

#### Project Implementation

Project implementation is envisaged to involve a time-frame of about 10 months upon receipt of approval of grant-in-aid assistance from the Government of Haryana under State Mini Cluster Scheme. The project will be implemented by the SPV in close association with DIC, Sonipat.

In addition, for implementing this CFC project, a Project Management Committee (PMC) comprising of the JD, DIC Sonipat, and representatives of the SPV, FI, and EY experts shall be constituted to directly oversee effective monitoring and implementation. The project will

be implemented through the SPV, and the PMC will report progress of implementation to the CDCC as well as State Level Steering Committee.

The potential for the Cluster to grow is enormous, with an increasing demand of good quality textile products in the region. The strengths of the cluster lies in its location (both geographically & industrially), with a thriving textile industry in the region. Sonipat has become a major industrial hub with presence of a large number of industries across various segments such as engineering, textile food processing, rice milling, pharma, plastic, agriculture implements and so on. The region along the NH 1 particularly witnessed tremendous growth of the industries during the late 1990s. The Rai Textile & Allied Products Cluster produces garments and leather accessories for the domestic and international market, including large retailers as well as the open market. The apparel is made from leather, knitted fabric, air mesh fabric etc. Products include a range of garments (for men and women, including apparel accessories, T-shirts, caps, bags, scarves, sweaters, shoes, etc.) and auto accessories (seat covers, air mesh fabric, etc.) made from all types of fabric material (including leather/synthetic leather). Some of the units in the cluster also specialise in apparel accessories made from leather such as handbags, wallets, hand purse, etc.

A majority of the manufacturers are concentrated in industrial areas in Haryana Urban Development Authorities (HUDA), HSIIDC and Sonipat industrial area. The other enterprises including job work units are primarily located in and around Sonipat Town. However, the cluster units are unable to diversify and produce cost efficient products due to high fabric wastage, increased costs, production delays and poor margins.

This cluster has the ability to increase its output and market share by reducing wastage and focussing on manufacturing high quality products. The proposed facility will be open to all cluster firms to enable them to get job work done in order to cater to the textile product requirements of the market. The facility will also provide an opportunity to micro units to reduce fabric wastage and increase their capacity utilization and profitability. The facility will provide a major infrastructural push to the units reeling under high competition. The CFC will also enhance the co-operation and joint action among cluster stakeholders to improve their competitiveness to meet the demands of the domestic as well as international markets.



# Introduction



## 1. Introduction

### 1.1 Overview of the cluster

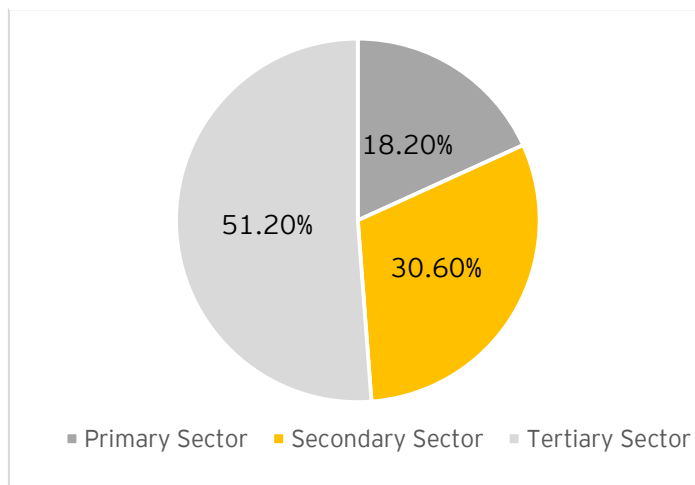
There are about 40 textile manufacturing units in Rai, Haryana, with 11 have been formed a Special Purpose Vehicle (SPV) to set up a Common Facility Centre (CFC) to address common problems of the cluster. Sonipat district comprises of a total 500 micro and small units engaged in several activities like textiles, garments, engineering, auto components, food processing and so on. Several micro and small level entrepreneurs face challenges in precise cutting machinery and getting good quality fabric (knitted and leather) due to high costs and lack of local availability. The annual turnover of the textile and leather cluster (micro and small units) is about INR 70 Crore.

The cluster units are engaged in textile and leather accessories manufacturing, including knitting, cutting, stitching, washing, finishing, packing, etc. Most units manufacture for other brands, while some also manufacture under their own brands in addition to manufacturing garments for other brands. They manufacture garments and accessories with woven or knitted fabric, leather and air mesh fabric which are having a greater demand domestically. Some units engaged in car seat covers manufacturing are supplying directly to Original Equipment Manufacturers (OEMs) like Maruti, TATA, Hyundai etc.

### 1.2 About the State & District

Haryana is 11<sup>th</sup> state in the country in terms of GSDP, with growth rate of around 6.5%. Haryana contributes to nearly 3.4% of the India's GDP. With just 1.37% of the country's geographical area and 1.97% of country's total population, the state is counted among the top few states with the highest per capita income. The state economy is predominantly agriculture.

Figure 1 GSDP Composition 2015-16



The industry sector contributes about 18% of the total GSDP of the state. Haryana is fast emerging as one of the most favoured investment destinations in India. The globalization of markets and a resilient economy have given an incredible drive to the industrial sector in Haryana, which already has a competitive advantage in terms of strategic location, basic infrastructure, and a large skilled, educated and young workforce. Besides, the State has an investor-friendly policy and regulatory environment. It is one of the leading states in terms of industrial production, especially passenger cars, mobile cranes, two-wheelers & tractors. It is the 2nd largest contributor of food grains to India's central pool, accounts for more than 60% of the export of basmati rice in the country, and is 3rd largest exporter of software.

Sonapat is one of the most industrialized and historical districts of Haryana. Sonapat district came into existence on December 22, 1972. It was carved out of Rohtak district to which Sonapat tahsil was attached since 1912. There has been tremendous progress on the industrial front since formation of the district. At the time of formation of the district in 1972, there were just 188 industrial units, whereas now the figure is 3,609. Besides, 56 large and medium units also exist in the district.



The district borders Delhi union territory in south, Panipat District in the north, Jind District in the north-west, Uttar Pradesh state in the east with the Yamuna River acting as a border and Rohtak District in the west. The district headquarter, Sonapat is connected by road with important cities of the state and to Delhi. It is also connected by broad gauge railway line with Delhi and Chandigarh. Gohana, Gaur, Rai & Kundli are the other important towns in the district.

### 1.3 Industrial Scenario of Sonapat District

The district of Sonapat got an industrial boost with establishment of Atlas Cycle industries (the first large scale enterprise in the region) in Sonapat during 1952. Also, for assisting the entrepreneurs who did not want to make heavy investment in factory building, the government setup the two major Industrial estates: one in Sonapat (1962) and one in Rai (1964). Owing to the measures of the government as well as the establishment of Industrial estates, a number of small-scale and large-scale industries connected with bicycle parts, assembling of complete bicycle, sewing machine parts, bolts and nuts, steel re-rolling, glass, ceramics, rubber goods, food processing and cotton textiles sprang up all over the region.

In the 1960s, the onset of green revolution, progress in dairy farming, and increase in agricultural production provided an impetus to the growth of agro-based & agriculture oriented industries in the region. Subsequently, the region witnessed a transition from

agriculture to industrialization. The Haryana government also undertook several initiatives to promote industrial development in the region. The state ensured creation of massive infrastructure in terms of complete electrification, provision of road transport and expansion of administrative, educational and health facilities in small towns. Consequently, Sonipat became a major industrial hub with presence of a large number of industries across various segments such as dairy, food processing, rice milling, pharma, plastic, agriculture implements and so on. The region along the NH 1 particularly witnessed tremendous growth of the industries during the late 1990s.

As the retail market boomed, there was an increase in orders to large units. Large units became unable to meet this demand alone, particularly smaller and more niche orders which were not viable for them to produce. Additionally, larger units which were not vertically integrated required units for undertaking activities such as knitting, dyeing, etc. These factors gave rise to smaller units in the area. This led to the emergence of a number of micro and small garment units in Sonipat.

There are four industrial zones in the district- Kundli, Rai, Murthal and Barhi- which have been developed by the Haryana State Industrial and Infrastructure Development Corporation, and there is an old industrial area in Sonipat town. Haryana Urban Development Authority (HUDA) and Haryana State Industrial and Infrastructure Development Corporation (HSIIDC) have multiple industrial estates and areas in the district which house facilities belonging to a plethora of sectors.

#### **1.4 Geographical Traits**

The state of Haryana was formed on 01 November 1966. It is situated in the northwest of India with the capital of Chandigarh as a Union Territory. The state is surrounded by Delhi, Rajasthan, & Uttar Pradesh with around 30% of the total area of the state falling under National Capital Region (NCR). The state stands 21st in terms of its area. According to the Census of India 2011, the state is 18th largest by the population. Over the last 5 decades since its formation in 1966, Haryana has transformed and matured into a diversified economy with a thriving secondary and tertiary sector. Although Haryana has an area covering just 1.3 per cent of the country, Haryana contributes nearly 3.63 per cent to India's GSDP. During 2004-16, the state's GSDP grew at a compound annual growth rate (CAGR) of 12.12 per cent.

#### **1.5 Demographic Trends and Economic Structure**

The district headquarter is situated in Sonipat. Other smaller towns are Gohana, Ganaur, Mundlana, Kharkhoda and Rai. The total area of Sonipat district is 2,260 sq km and its population is 10,64,000. Sonipat is bordered by the states of Delhi and Uttar Pradesh as well as the districts of Rohtak, Jind and Panipat. The River Yamuna runs along the eastern boundary of the district. District Sonipat comprises of 4 sub-divisions namely Ganaur, Sonapat, Kharkhauda and Gohana and eight blocks (Ganaur, Sonipat, Rai, Kharkhoda, Gohana, Kathura, Murthal and Mundlana) has been carved out of Rohtak and made a full-fledged district on 22 December 1972. Sonipat is the largest tehsil followed by Gohana. It has one Municipal Corporation Sonipat and three municipal committees Ganaur, Gohana and Kharkhauda.

According to 2011 census, Sonipat had population of 1,450,001 of which male and female were 781,299 and 668,702 respectively. In 2001 census, Sonipat had a population of 1,279,175 of which males were 695,723 and remaining 583,452 were females. There was change of 13.35 percent in the population compared to population as per 2001. In the previous census of India 2001, Sonipat District recorded increase of 22.39 percent to its population compared to 1991. In education section, total literates in Sonipat city are 210,112 of which 118,281 are males while 91,831 are females. Average literacy rate of Sonipat city is 85.48 percent of which male and female literacy was 90.82 and 79.45 percent. The overall sex ratio of Sonipat city is 875 per 1000 males. Child sex ratio of girls is 784 per 1000 boys.

[illegible]

## 2. Sector Overview

### 2.1 Brief Global Scenario

Industries in the Textile Manufacturing subsector group establishments with two distinct manufacturing processes:

- (1) Cut and sew (i.e., purchasing fabric and cutting and sewing to make a garment), and
- (2) Manufacture of garments in establishments that first knit fabric and then cut and sew the fabric into a garment.

The textile manufacturing subsector includes a diverse range of establishments manufacturing full lines of leather accessories, ready-to-wear apparel and custom apparel accessories: apparel contractors, performing cutting or sewing operations on materials owned by others; jobbers performing entrepreneurial functions involved in garment manufacture; and tailors, manufacturing custom garments for individual clients; are all included. Knitting, when done alone, is classified in the textile mills subsector, but when knitting is combined with the production of complete garments, the activity is classified in apparel manufacturing.

Despite the global economic downturn, the global apparel industry continues to grow at a healthy rate and this, coupled with the absence of switching costs for consumers and great product differentiation, means that rivalry within the industry is no more than moderate. The apparel industry is of great importance to several economies in terms of trade, employment, investment and revenue. This particular industry has short product life cycles, vast product differentiation and is characterized by great pace of demand change coupled with rather long and inflexible supply processes.

The global apparel market is worth approximately US\$ 1.7 trillion, and constitutes around 2% of the world's GDP. EU, USA and China are the world's largest apparel markets with a combined share of approximately 54%. The top 8 apparel consuming nations form a dominating share of 70% of the global apparel market size. The global market size is expected to reach US\$ 2.6 trillion in 2025, growing at a projected rate of 4%. The major growth drivers of the global apparel market will be the developing economies, mainly China and India, both growing in double digits. China will become the largest apparel market adding more than US\$ 378 billion in market size by 2025, while India will be the second most attractive apparel market adding more than US\$ 121 billion by 2025. The global textile and apparel trade stood at US\$ 820 billion in 2014, growing at a CAGR of 5.6% over the last decade. Apparel categories had a larger share of 56%, while textile categories had the remaining share of 44% in the overall trade. EU & USA are the largest markets for textile and apparel with a share of 36% and 15% respectively<sup>4</sup>.

The largest segments of the garment industry are Women suits, dresses, skirts & shorts with a 28% share; followed by men's suits, jackets & trousers with a 17% share; Jersey pullovers & cardigans with a 14% share; T-shirts, singlets, vests with 11% share; men's shirts with a

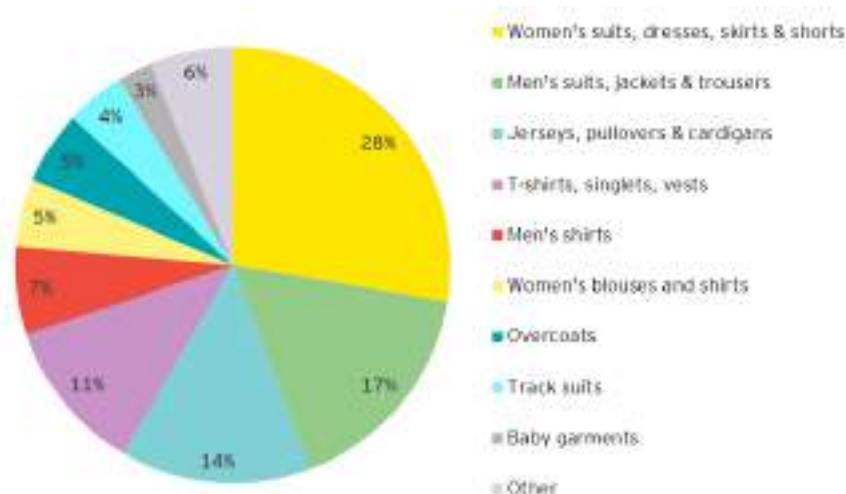
---

<sup>4</sup>FICCI White Paper - Global Shifts in Textile Industry & India's Position - 2016



7% share; Women blouses & shirts with a 5% share, etc. The market segmentation of the global apparel industry is provided in figure 2<sup>5</sup>:

Figure 2 Global Apparel Market Segmentation (based on global export data)



## 2.2 India Scenario

India's textile and garment sector is one of the oldest industries in Indian economy dating back several decades. Even today, textile and garment sector is one of the largest contributors to India's exports with approximately 11 per cent of total exports. The textile and garment industry is also labour intensive and is one of the largest employers. The textile and garment industry can be broadly divided into two segments - yarn and fibre, and processed fabrics and apparel. India accounts for ~14 per cent of the world's production of textile fibres and yarns (largest producer of jute, second largest producer of silk and cotton, and third largest in cellulosic fibre). India has the highest loom capacity (including hand looms) with 63 per cent of the world's market share.

As per IBEF data, the domestic textile and garment industry in India is estimated to reach US\$ 141 billion by 2021 from US\$ 67 billion in 2014. Increased penetration of organised retail, favourable demographics, and rising income levels are likely to drive demand for textiles.<sup>6</sup> The trend of exports of textiles and garments from India is illustrated in figure 4.

India was the third largest exporter of textiles in 2015, and the

Figure 3: Textile and Garment Exports from India (US\$ billion)



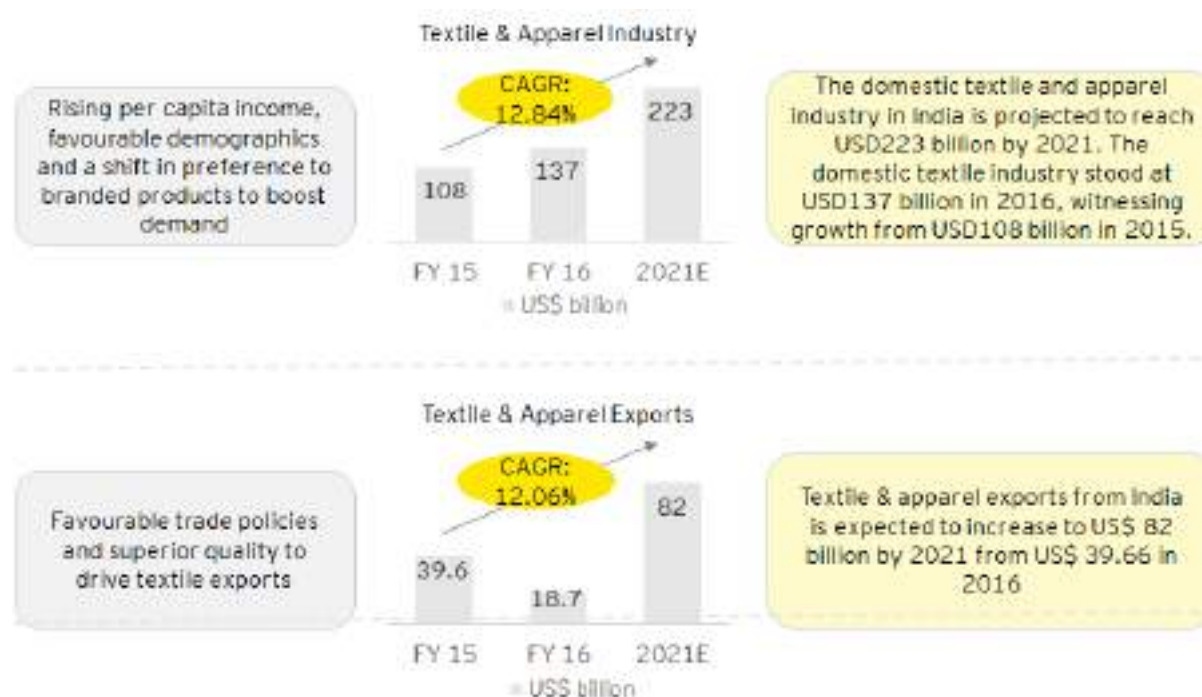
<sup>5</sup> International Apparel Federation

<sup>6</sup> IBEF - Textile and Apparel Industry in India



8<sup>th</sup> largest exporter of clothing (behind China, European Union, Bangladesh Vietnam, and Hong Kong)<sup>7</sup>. Textile and apparel exports from India were US\$ 40 billion in 2016, and expected to increase to US\$ 82 billion by 2021. Readymade garments remain the largest contributor to total textile and apparel exports from India, contributing 40 per cent to total textile and apparel exports. Cotton and man-made textiles were the other major contributors with shares of 31 per cent and 16 per cent, respectively. A snapshot of the Indian textile and garment industry is provided in figure 4:

Figure 4: Indian Textile & Garment Industry Snapshot<sup>8</sup>



## Leather industry

Leather is one of the most widely traded commodities globally. The growth in demand for leather is driven by the fashion industry, especially footwear. Apart from this, furniture and interior design industries, as well as the automotive industry also demand leather. The leather industry has a place of prominence in the global economy due to substantial export earnings and growth. Comparative advantages in terms of factor conditions such as raw material availability and low labour cost coupled with environmental considerations have contributed to a shift in the processing segment of leather sector value chains towards developing countries.

The Indian leather industry accounts for around 13 per cent of the world's leather production of hides/skins. The country ranks second in terms of footwear and leather garments production in the world and accounts for about 10 per cent of the world's footwear production.

<sup>7</sup> WTO - World Trade Statistical Review 2016

<sup>8</sup> IBEF - Textile Industry in India

The Indian leather industry has undergone a drastic change, from being an exporter of mere raw materials in the early 60's and 70's to an exporter of finished, value added leather products today. The Indian leather industry has established itself as a prominent industry both in the international as well as in the domestic market.

The export of leather and leather products multiplied during the past couple of decades - from US\$ 1.42 billion in 1990-91 to about US\$ 4 billion in 2010-11 and further to US\$ 6.5 billion in 2014-15. The industry today is among the top 10 foreign exchange earning industries for the country.<sup>9</sup> The main export market for Indian leather and leather products was Germany with a share of 12.3% in 2014-15. The other major markets in 2014-15 were all western economies (except Hong Kong) of USA (11.8%), U.K. (11.6%), Italy (7.8%), Hong Kong (6.5%), France (5.7%), Spain (5.4%) and the Netherlands (3.5%). These countries together accounted for more than two thirds of India's total exports of leather and leather products in 2014-15.

While leather exports from India has witnessed an increasing trend, there is a need to focus on identifying products where India can enhance its exports and increase its share in global exports. In 2013, India was the second largest exporter of leather footwear component, leather garments, and saddlery and harness; third largest exporter of finished leather; fourth largest exporter of leather goods; and sixth largest exporter of footwear of leather. In the leather garments segment, India has significant market share of 20.6%. It can further enhance its presence in the global market by focussing more on the USA market. USA is the largest importer of these products, but the market is largely dominated by Chinese imports.

**Leather goods:** Leather goods form an important segment of the leather industry in India. According to the Council for Leather Exports, production capacity of leather goods was estimated to be 63 million pieces annually in 2013-14. Various types of leather goods and accessories are manufactured in India like trunks, suit-cases, vanity-cases, executive-cases, brief-cases, school satchels, travelling bags / luggage, portfolio and similar such items, hand bags, shopping bags and similar such items, wallets, purses, pouches, passport holders, credit card holders, diary covers and similar such items, leather belts, caps etc. India also produces leather upholstery - sofa seat covers, car seat covers etc. Most of the units manufacturing leather goods are located in Kolkata, Chennai, Mumbai, Kanpur, Bangalore and Puducherry, although the industry also has presence in few other clusters. India is the fifth largest exporter of leather goods and accessories (inclusive of gloves) in the world.

With the availability of quality raw materials coupled with skilled craftsmanship, India is now poised to become a major destination for global sourcing of leather goods and accessories. State-of-the-art production units and in-house design studios will strengthen the industry in producing products with exquisite design and quality.

### **2.3 Cluster scenario**

The textile and apparel industry in Haryana exhibits strength across the entire value chain from fibre to fashion. The state is one of the leading cotton producers in the country with Sirsa, Fatehabad, Bhiwani, Hisar and Jind being the main cotton producing districts. This bounteous availability of raw materials gives Haryana a competitive advantage in the textile

---

<sup>9</sup> "Indian Leather Industry – Perspective and Strategies", EXIM Bank of India, 2015

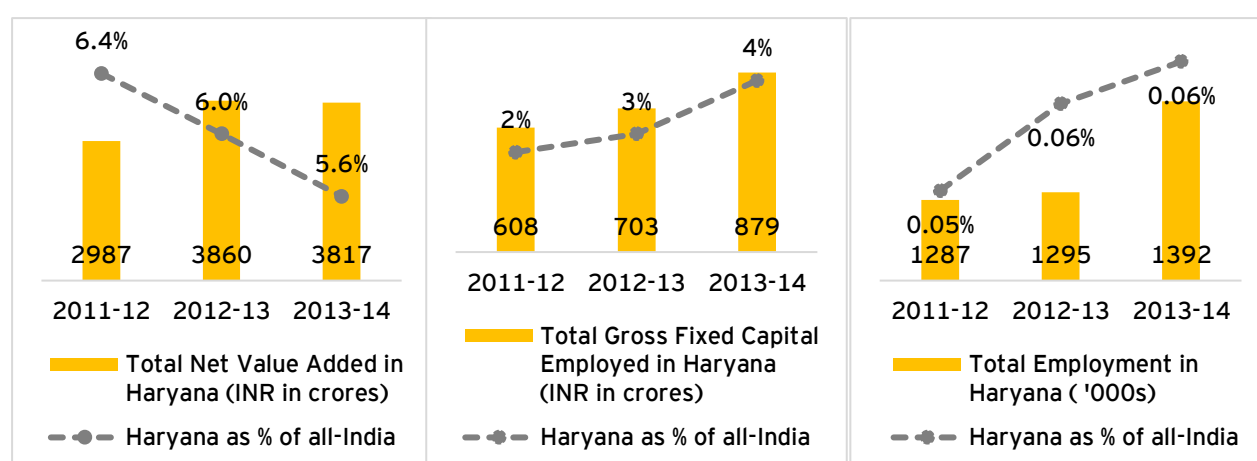
sector. The cluster based approach to industrial development has produced robust textile centres such as Panipat, Gurugram, Faridabad, Hisar and Sonipat. The sector today provides employment to approximately 1 million people with readymade garments worth USD 2 billion being exported from the state annually<sup>10</sup>.

Blessed with a resource advantage with Haryana as one of the largest producers of cotton in Northern India. Haryana is one of the leading producer of textiles and readymade garments.

The numbers of industries under this sector stand at more than 4624 units. The sector employs more than 98,518 people which is a share of more than 12% of the total mapped manpower in the state. The total textiles and apparels exports (handloom and readymade goods) stood at Rs. 88,704 million as in 2015-16. The overall exports composition of textiles and readymade garments (including handlooms) as a percent of total exports from the state has averaged close to 10% from 2013-14 to 2015-16. Clearly, textiles and readymade garments is a leading export oriented sector of the state<sup>11</sup>.

Figure 5 provides details of the net value added, gross fixed capital formation, and employment by the textiles and apparel sector in Haryana as well as the state contribution of the sector to national levels from 2011-12 to 2013-14<sup>12</sup>:

Figure 5: Textiles and Apparel Industry Trends in Haryana



The Draft Textile Policy 2017 for the state is targeting an investment of Rs. 5000 crore in the sector, creation of 50,000 new jobs and CAGR of 20% during the policy period.

The Rai Textile & Allied Products Cluster houses about 40 micro and small units across the value chain. The cluster is located in Rai, Sonipat district. The cluster units manufactures accessories for auto makers, air-mesh fabric, garments for the domestic and international market.

The Textile & Allied Products Cluster of Rai is concentrated near Sonipat City and its sub urban villages. The cluster produces garments and leather accessories for the domestic and international market, including large retailers as well as the open market. The apparel is

<sup>10</sup> Haryana Textile Policy 2017

<sup>11</sup> Department of Industry and Commerce, Haryana

<sup>12</sup> Annual Survey of Industries

made from leather, knitted fabric, air mesh fabric etc. Products include a range of garments (for men and women, including apparel accessories, T shirts, caps, bags, scarves, sweaters, shoes, etc.) and auto accessories (seat covers, air mesh fabric, etc.) made from all types of fabric material (including leather/synthetic leather). Some of the units in the cluster also specialise in apparel accessories made from leather such as handbags, wallets, hand purse, etc. The cumulative turnover of all these units is estimated at Rs. 70 crores and provides employment to more than 1,500 persons.



### 3. Diagnostic Study Findings

The diagnostic study was undertaken in the cluster January 2018 to map the existing business processes in the cluster, identify the gaps, and understand the requirements of the cluster. The diagnostic study report (DSR) was compiled with inputs from cluster SPV in close coordination with the DIC, Sonipat, with inputs from DI\_MSME and PNB. The awareness level of the cluster units (on new technologies, cluster development initiatives, etc.) was found to be low. Additionally, it was observed that most of the cluster units deploy obsolete technologies and are unable to meet the requirements of the market due to lack of availability of modern fabric cutting, knitting and printing machines/equipment. The cluster faces challenges in fabric wastage due to manual techniques and conventional machines used for fabric cutting and knitting.

The DSR was validated by stakeholders in a meeting held under the chairmanship of JD, DIC Sonapat on **5th January 2018** and was subsequently accepted & approved by the W/DI&C on **25th January 2018**. The approval letter of DSR and permission to undertake the Detailed Project Report (DPR) are provided in **Annexure 1**. The SPV was granted permission to go ahead and EY was directed to prepare the DPR for the cluster. The major findings of the DSR are presented below:

#### 3.1 Cluster Actors and their role

The primary stakeholders in the cluster are the micro and small units based in various parts of Sonipat district and fabric manufacturers in NCR. The other stakeholders include the major industry associations, government agencies (mainly DIC, regulatory bodies, raw material suppliers, and academic/training institutes. These cluster actors provide various services to the cluster units. Some of the major cluster actors located in and outside the cluster and catering to the units of the region are mentioned below:

##### A. Industry Associations

###### ► Rai Industries Association

Set up on 2009, it is the most prominent association of MSMEs in Rai. It boasts of about 150 members drawn from various sectors like textile, engineering, auto components and food processing. Mr Rakesh Chabbra of Choudhary Enterprises is the current President of the association. The association undertakes numerous activities to promote interests of its members. The association has played a key role in propagating various schemes and incentives offered under Haryana EPP 2015.

###### ► Apparel Export Promotion Council (AEPC)

Incorporated in 1978, AEPC is the official body of apparel exporters in India that provides assistance to Indian exporters as well as importers/international buyers who choose India as their preferred sourcing destination for garments. AEPC works towards integrating the entire industry - starting at the grass root level of training the workforce and supplying a steady stream of man power to the industry; identifying the best countries to source machinery and other infrastructure and

brokering deals for its members and finally helping exporters to showcase their best at home fairs as well as be highly visible at international fairs the world over. Twice a year, AEPC showcases the best of India's garment export capabilities through the prestigious India International Garment Fair, playing host to over 350 exhibitors. Several cluster units are members of AEPC, which provide a platform for interaction between members and for showcasing their products to expand their market.

► **Apparel Exporters & Manufacturers Association (AEMA)**

AEMA was set up in 1981, and has since functioned as an important think tank for the Central Government and for the AEPC in advocating policy and encouraging smooth growth of the export oriented apparel manufacturing sector. AEMA undertakes activities for its members, including holding exhibitions for domestic and international buyers and facilitating members to participate in international garment fairs like India International Garment Fair and Vastra. AEMA is located in Gurgaon, and many garment units in Sonipat are members of AEMA.

**B. Government Bodies**

► **District Industries Centre (DIC)**

DIC is the most important government stakeholder for the cluster. The office of DIC comes under the Dept. Of Industries and is headed by General Manager who is assisted functional managers and technical field officers. DIC promotes and routes subsidy to micro and small enterprises in the region. The Mini Custer Scheme under which the garment units want to set up a CFC will also be implemented through the DIC office. The Sonipat DIC is actively promoting cluster development in the district and also helps the local units register under Unique Aadhar Memorandum (UAM). It would play a key role in formulation of the garment units SPV.

► **MSME-Development Institute, Karnal**

MSME - Development Institute, Karnal is a field office of the Development Commissioner (MSME), Ministry of MSME, New Delhi, which is an apex body for formulating, coordinating and monitoring the policies and programmes for promotion and development of MSMEs in the country. MSME -DI provides a wide range of extension / support services to the MSMEs.

► **Haryana State Infrastructure & Industrial Development Corporation (HSIIDC)**

HSIIDC is a major agency in the State to promote the setting up and promotion of small, medium and large scale industrial units. The Corporation also acts as a State-level financial institution and provides long term loans for industrial projects. The important activities of the Corporation are:

- Development of industrial areas/ estates
- Helps entrepreneurs on matters such as securing registrations/ licences/ clearances from the statutory/other authorities.
- Provision of term-loans



► **Haryana Urban Development Authority (HUDA)**

HUDA is the urban planning agency of the state of Haryana in India. It was established in 1937. It plays a key role in land development and execution of development works like roads, water supply, sewage, and drainage etc.

► **National Small Industries Corporation (NSIC)**

National Small Industries Corporation (NSIC) was established in the year 1955 with a view to promote, aid and foster growth of small industries in the country. Sonipat industry is served by the NSIC branch office in Panipat. It provides diverse services to MSMEs in Sonipat such as:

- Helps entrepreneurs in purchasing machinery and equipment
- Equipment leasing and working capital finance
- Information on technological up gradation
- Composite loan scheme and export assistance

### **C. Educational Institutes**

► **Industrial Training Institute (ITI),**

Industrial Training Institute is running several courses to equip candidates on skills required by local industries. It is conducting special courses in the mechanics, machine operations that comes in handy while working with equipment used in food processing sector.

► **Apparel Training & Design Centre (ATDC), Faridabad**

The Apparel Training & Design Centre (ATDC) is India's largest Quality Vocational Training Provider dedicated to the Apparel Sector. The ATDC was set-up as a society for training of shop floor and supervisory workforce for the apparel export sector in 1991 under the aegis of AEPC, the largest Export Promotion Council in the country. The Institute through its 200 Pan-India centres renders service to the downstream Apparel export and domestic industries having trained over 200,000 candidates in short-term courses under Integrated Skill Development Scheme (ISDS) of Ministry of Textiles (MOT), and also about 80,000 candidates in longer duration Vocational courses, over the years<sup>13</sup>.

► **The Technological Institute of Textile & Science (TIT&S), Bhiwani**

The Technological Institute of Textile & Science (TIT&S) provides training in textile technology, textile chemistry, fashion & apparel engineering, etc. Courses cover areas including fibre specialization, yarn specialization, fabric specialization, textile manufacturing, fashion & designing, garment & accessories, computerized designing, textile & garment surface designing, textile & garment quality assistance, etc. The institute also has a research & development wing which undertakes research on textiles and other streams.

---

<sup>13</sup> <http://www.aepcindia.com/aepc-initiative>



► **National Institute of Fashion Technology (NIFT), Delhi**

National Institute of Fashion Technology (NIFT), set up in 1986 under the aegis of Ministry of Textiles, Government of India, is a Statutory Institute Governed by the NIFT Act 2006. The institute provides a firm foundation in fashion education in the domains of Design, Management and Technology. NIFT also has a network of NIFT Resource Centres, which serve as a Fashion Information System (FIS), catering to the needs of fashion professionals, entrepreneurs and fashion educators. The integrated collections of print, digital, audio and visual creative resources are the only systematically documented learning resources available in India for the study of international and contemporary Indian fashion. FIS is a decentralized network, computerized and coordinated by the National Resource Centre at NIFT.

► **North India Textile Research Association (NITRA), Ghaziabad**

Northern India Textile Research Association (NITRA) is one of the prime textile research institutes in the country. The textile industry and Ministry of Textiles, Govt. of India jointly established NITRA in 1974 for conducting applied scientific research and providing support services to Indian textile industry. NITRA's prime activities include R&D technical consultancy, quality evaluation of materials, manpower training and publishing technical books and papers. To meet industrial HRD needs, NITRA regularly conducts various industry-recognized job-oriented techno-management training programs across the complete textile & apparel supply chain on full-time and DLP modes. In addition to this, NITRA regularly organizes seminars, workshops and also conducts on and off-shop customized training programs.

#### **D. Banks / FIs**

► **Haryana Financial Corporation (HFC)**

Haryana Financial Corporation, based in Chandigarh was promoted jointly by the Government of Haryana and the Industrial Development Bank of India (IDBI). HFC has been approved by SEBI as a category-I merchant banker. The corporation's activities include merchant banking, trade finance, lease finance and term lending. The corporation has diversified its range of financial services to include no-fund-based assistance in the form of guarantees, letter of credit and forex services.

► **Small Industries Development Bank of India (SIDBI)**

SIDBI is the apex financial institution responsible for the growth and development of the MSME sector. Almost all the government subsidy schemes and bilateral lines of credit are implemented through SIDBI. Sonipat industry is catered through the SIDBI regional office in Chandigarh.

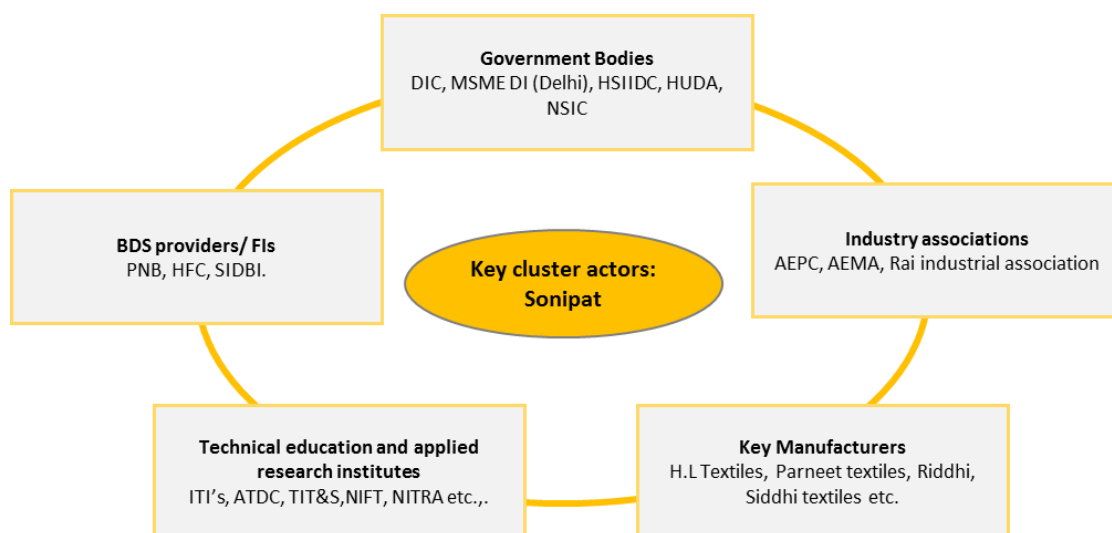
► **Punjab National Bank, Sonipat**

Punjab National Bank is the lead bank of the Sonipat district and many local units have a banking relationship with Punjab National Bank.

## E. Leading Manufacturers

Some of the leading garment manufacturers in Sonipat include H.L Textiles, Parneet textiles, Riddhi Siddhi Textiles and so on. Key stakeholders of Rai cluster are presented in figure 6:

Figure 6: Key Cluster Actors



## 3.2 Cluster Turnover, Market and Employment

The cluster units are mainly concentrated in Rai near Sonipat town along the National Highway. The cumulative annual turnover of the Textile & Allied Products Cluster is estimated to be around INR 70 crores. The average annual turnover of micro units is approximately INR 1 crore, of small units is approximately INR 2-5 crore, and of medium units varies from INR 10 - 25 crore.

The units in the cluster cater to the domestic and international markets. Units operate across the spectrum - from completely domestic manufacturing to entirely export oriented. Manufacturing is predominantly done to order, and is usually based on the buyer's specifications. Fabric used is also determined based on buyer specifications. The MSMEs cater to smaller / niche orders, while larger players in the market cater to high volume orders.

There is a large demand for auto accessories (seat covers, airbags, etc.), knitted fabric (including air mesh fabric) across India. The worldwide knit product demand is greater than the woven product demand.

MSME units produce for large retailers as well as the open market. Sale to large retailers takes place either directly or through garment suppliers such as 'Impulse'. Some of the large retailers for which the cluster caters to include apparel accessories (Reebok, Nike, etc.), Auto accessories for Maruti, Toyota etc.

The Rai garment industry is quite labor intensive. The cluster provides employment to about 22,000 persons for activities including designing, sewing, dying, washing, finishing, printing, embroidery, etc. On average, micro units employ approximately 40 people, and

small units in the cluster employ approximately 100 people. The textile industry is an appealing industry for women, and nearly half of the manpower comprises of women.

The garment industry workforce in the garment industry is well paid, with average salaries of Rs. 600 per day for workers operating on a 10 hour shift. Wages of skilled labour for activities such as cutting, sewing, etc. can be as high as Rs. 25,000 per month.

However, there is an enormous potential of increasing the production from cluster units by reducing the wastage from cutting. Improving quality of stitching and diversify in critical seam stitching activities. This would also result in reduced wastage, increased margins and enhanced turnover. Currently, units are incurring high wastage during fabric cutting and stitching due to inefficient accuracy of manual / semi-automatic machinery for producing fabric (including leather and air mesh fabric) for finished products such as apparel and auto-accessories (shoes, bags, seat covers, etc.,). Recommendations around these were provided in the DSR and have been elaborated in this DPR as well.

The manufacturing units in the cluster face challenges in diversifying into the manufacturing of finished products with good quality efficiency and at low costs. They currently procure the knitted fabric either from NCR at a high price, leading to inefficiencies and delays. This significantly affects the MSEs, as it reduces their competitiveness and increases the production time which delays their supplies. Due to technological backwardness, lack of garment finishing capacity and poor quality of products, cluster units are unable to obtain and cater to bulk orders from large customers. This cluster has ability to increase its output and market share through manufacturing quality products at competitive prices.

The proposed facility will be open to all cluster firms to enable them to get job work done in order to cater to the product requirements of the market. The proposed CFC will provide an opportunity to micro units to get job work done on modern machines and manufacture high quality products, thereby increasing their individual capacity utilization and profitability. The facility will provide a major infrastructural push to the units reeling under high competition and will enable the local units to supply their produce to large format retailers and food chains. The CFC will also lead to creation of jobs for supervisors, machine operators and unskilled workers like helpers both within the CFC and at an individual unit level due to enhanced capacity utilization.

### **3.3 Production Process**

The units in the cluster are engaged in various activities across the value chain of textile manufacturing. This includes garment washing and dyeing (10% of units in the cluster), stitching (25 - 30% of units in the cluster), embroidery (20% of units in the cluster), and printing (25% of units in the cluster). Approximately 15-20% of the units are engaged in end-to-end garment (including leather) manufacturing. Units undertaking each of these activities have a requirement for fabric, which they either directly procure or obtain from domestic/international suppliers and undertake services on this fabric.

The flow chart of the production process followed by units of the cluster is shown in figure7. Figure 8 shows images of production process in a unit of Rai.

Figure 7: Flow Chart of Production Process



As detailed in figure 7, garment manufacturing involves the following steps:

### 1. Sample Creation:

- i. **Receipt of Tech Pack:** Units receive a 'tech pack' detailing out the specifications of the garments (including leather) from the buyers
- ii. **Paper Pattern:** Paper patterns are cut based on the tech pack. Trained labour is required for this process.
- iii. **Sample:** Based on the paper pattern, one sample garment is made and send to the buyer for approval

### 2. Fabric Sourcing for garment (including leather) manufacturers

- iv. **Procurement of Yarn:** For knitted fabric, yarn is procured as per the specifications
- v. **Knitting:** The yarn is knitted into fabric using circular knitting machines (for basic fabric) or flat knitting machines (for collars)
- vi. **Fabric dyeing:** Fabric is dyed as per the requirement

### 3. Garment (including leather) Manufacturing

- vii. **Order:** Units order the required fabric and accessories as per the buyer's specifications.
- viii. **Graded paper patterns:** Paper patterns are cut based on size of garments and other specifications.
- ix. **Laying of Fabric:** Fabric is laid on a table and the top layer is marked. This step is in preparation for the cutting stage.
- x. **Cutting:** As per the graded patters, the fabric is cut into pieces of the garment to be sewn together.
- xi. **Bundling:** The cut fabric is bundled based on size and *thaan* in order to ensure that there is no variation in the same type and colour of garment (as even during dying there may be slight colour variations).
- xii. **Stitching:** Stitching is done in an assembly line fashion, with groups of people sewing different parts of the garment and then passing it on to the next (eg. One group may stitch the collar, another may stitch sleeves, and another may stitch all the parts together). On average a unit in the cluster has 30-40 sewing machines.

### 4. Distribution

- xiii. **Finishing:** This involves cutting of extra threads, inspection of each unit for defects, washing and ironing of the garments.
- xiv. **Packaging:** Garments are packaged in preparation for shipping.
- xv. **Shipping:** Garments are shipped to the buyers or distributors.

Figure 8: Steps in the Production Process of one unit (auto accessories)



Raw Material - Leather/ Synthetic leather rolls



Designing



Cutting



Stitching



Embroidery



Inspection



Finishing



Packaging

### 3.4 Value Chain Analysis

Value chain analysis of the most commonly produced cluster products (air mesh fabric) has been conducted to ascertain the major cost areas and identify suitable interventions. The value chain analysis of air mesh fabric (per kg) is provided in table 1:

Table 1: Value Chain Analysis of air mesh fabric<sup>14</sup>

Particulars	Value Added	Total Value (INR)	% of cost of production
Yarn cost / kg @ Rs. 145/kg		145	56%
Warping cost / kg @ Rs. 10 / kg	10	155	4%
Carriage cost / kg @ Rs. 5 / kg	5	160	2%
Dyeing cost / kg @ Rs. 50 /kg	50	200	15%
Cutting cost	10	210	4%
Weaving cost / kg @ Rs. 40 / kg	40	250	15%
Finishing & Packaging	10	260	4%
Total Production Cost			260
Profit Margin (12%)			35
Selling price/ kg			295

The value chain analysis has been prepared based on the stakeholder consultation. It can be observed that the yarn amounts to **56%** of total cost of production. Dyeing, cutting and weaving of fabric are another major cost centers and currently accounts for approximately **35%** of the total cost of production. Currently the units are incurring increased costs due to wastage (20-30%) of fabric due to lack of computerized cutting machinery. The competitiveness of the cluster units can be increased by targeting the major cost area of cutting and stitching, providing common facilities to the units in order to enable the units to reduce wastage and to undertake these activities at a lower cost.

<sup>14</sup> Source: Stakeholder Consultation inputs



### 3.5 Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis

A SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis of the MSME garment manufacturing units in the cluster is carried out keeping in mind the technology, marketing, product quality, skills, inputs, innovation, business environment and energy/environment compliance of the units. The SWOT analysis provided in table 2:

Table 2: SWOT analysis of the cluster

Area	Current situation		Future	
	Strengths	Weaknesses	Opportunities	Threats
<b>Market</b>	<ul style="list-style-type: none"> <li>▶ Steady domestic and international demand for cluster products</li> <li>▶ Cluster located within Sonipat Industrial area, which is well connected</li> <li>▶ Cluster located in the proximity of Delhi which is a major supply hub</li> <li>▶ Presence of a large number of buying houses in the region</li> <li>▶ Presence of good rapport with buyers such as apparel and auto manufacturers.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Presence of other large players to whom bulk orders are made</li> <li>▶ Units are unable to price their garments competitively due to higher cost incurred due to wastage during fabric cutting</li> </ul>	<ul style="list-style-type: none"> <li>▶ Rising income levels and increasing urbanisation are driving growth of the domestic market</li> <li>▶ Potential to price products competitively with acquisition of technology, in order to compete effectively with countries such as China</li> <li>▶ Potential for assistance under upcoming State Textile Policy</li> <li>▶ Growing demand for knitwear fabric</li> </ul>	<ul style="list-style-type: none"> <li>▶ Intense competition from global markets</li> <li>▶ Competition from other major players like Parneet textiles, Riddhi Siddhi textiles etc.,</li> </ul>
<b>Technology / Product Quality</b>	<ul style="list-style-type: none"> <li>▶ Raw Material can be inspected upon delivery</li> <li>▶ Each unit undertakes inspection of pieces at each stage in their manufacturing process</li> </ul>	<ul style="list-style-type: none"> <li>▶ Lack of latest computerised technology for fabric cutting in manufacturing results in units having to obtain these from private service providers at</li> </ul>	<ul style="list-style-type: none"> <li>▶ Setting up of CFC with equipment for fabric cutting, knitting and sewing, resulting in units being able to diversify, obtain these services at lower costs and price</li> </ul>	<ul style="list-style-type: none"> <li>▶ Increase in cost of production</li> <li>▶ Increase in awareness of people on quality certifications shall lead to losing out to business / requirement for more</li> </ul>



Area	Current situation		Future	
	Strengths	Weaknesses	Opportunities	Threats
	<ul style="list-style-type: none"> <li>▶ Some buyers specify testing labs from which products need to be certified</li> <li>▶ Products are made as per 'tech packs' specified by buyers, and are thus made-to-order (No challenge of inventory build-up)</li> </ul>	<ul style="list-style-type: none"> <li>▶ higher costs or from distant locations</li> <li>▶ Since products are manufactured in batches, errors in steps such as cutting leading to fitment issues, results in that entire batch being rejected</li> <li>▶ For exports, there is growing importance on various ecological parameters, which makes for more stringent requirements for the units</li> </ul>	<ul style="list-style-type: none"> <li>▶ their products competitively</li> <li>▶ Increased use of CAD to develop designing capabilities</li> </ul>	<ul style="list-style-type: none"> <li>▶ stringent testing procedures</li> <li>▶ Competition from vendors manufacturing products at lower costs for similar products</li> <li>▶ Faster technology obsolescence</li> </ul>
<b>Skill/ Manpower</b>	<ul style="list-style-type: none"> <li>▶ Skills acquired on-the-job</li> <li>▶ Presence of technical institutes such as ITI's and Apparel Training &amp; Design Centre at Gurgaon</li> </ul>	<ul style="list-style-type: none"> <li>▶ High labour costs</li> <li>▶ Lack of interaction between SMEs and technical institutes for providing technical training</li> <li>▶ No mechanism to mobilize regional youth for training in the sector</li> </ul>	<ul style="list-style-type: none"> <li>▶ Customized training programs on required skills (operations, soft skills etc.)</li> <li>▶ Engage technical institutes for skill development programs</li> <li>▶ Increased cost of labour in China provides opportunity for Indian industry</li> </ul>	<ul style="list-style-type: none"> <li>▶ Youth interested to work in other lucrative sectors which are not labour intensive</li> </ul>
<b>Inputs</b>	<ul style="list-style-type: none"> <li>▶ Availability of raw materials from local dealers and suppliers</li> </ul>	<ul style="list-style-type: none"> <li>▶ Challenge in getting low priced knitted fabric due</li> </ul>	<ul style="list-style-type: none"> <li>▶ Potential for common facility for high accuracy cutting, local knitting,</li> </ul>	<ul style="list-style-type: none"> <li>▶ Cost of power in India is, on average, higher than key competing countries</li> </ul>

Area	Current situation		Future	
	Strengths	Weaknesses	Opportunities	Threats
	<ul style="list-style-type: none"> <li>▶ Buyers sometimes specify dealers from whom they want materials</li> </ul>	<ul style="list-style-type: none"> <li>to high cost / lack of local availability</li> <li>▶ Challenge in achieving higher accuracy during cutting to reduce wastage of fabric</li> <li>▶ Challenge in getting quality dyed fabric, etc. as a result of which many units do dyeing in-house.</li> </ul>	<ul style="list-style-type: none"> <li>and seam sewing (for airbags) of fabric by local units</li> <li>▶ Potential to develop a portal displaying information (price, suppliers) of raw materials</li> </ul>	<ul style="list-style-type: none"> <li>like China, Bangladesh, Vietnam</li> <li>▶ High Cost of power in Haryana</li> </ul>
<b>Innovation</b>	<ul style="list-style-type: none"> <li>▶ Ability to manufacture garments as per the manufacturers specifications</li> <li>▶ Some units create their own designs and sell these</li> </ul>	<ul style="list-style-type: none"> <li>▶ Lack of a standardised ERP solution for garment industry</li> <li>▶ Low investment in development of designs</li> <li>▶ Lack of process automation</li> </ul>	<ul style="list-style-type: none"> <li>▶ Development of a standard IT based ERP solution</li> <li>▶ Structured processes for information sharing among units in the cluster</li> </ul>	<ul style="list-style-type: none"> <li>▶ Could lose business to other more price competitive manufacturers from countries such as Sri Lanka, Bangladesh, China if units do not innovate</li> </ul>
<b>Business Environment</b>	<ul style="list-style-type: none"> <li>▶ Steady growth in domestic demand</li> <li>▶ Cluster well known as a garment hub across India</li> <li>▶ Conducive policy and regulatory initiatives</li> <li>▶ Active State Govt. and schemes for development of the sector</li> <li>▶ Proactive industries associations in Sonipat</li> </ul>	<ul style="list-style-type: none"> <li>▶ Lack of knowledge of regulatory frameworks and government schemes among micro level garment units</li> <li>▶ High cost of industrial land in the cluster</li> <li>▶ Lack of common infrastructure/CFC facilities</li> <li>▶ No long term vision of industrialists</li> </ul>	<ul style="list-style-type: none"> <li>▶ Establish CFC with latest technologies for accurate cutting, knitting yarn into fabric, critical seam sewing for diversification</li> <li>▶ Create better awareness of government schemes and regulations</li> </ul>	<ul style="list-style-type: none"> <li>▶ Change in policies and regulatory environment</li> <li>▶ Increase in land rates</li> <li>▶ Environmental policies result in shutting down of dying houses impacting textile and leather industry</li> </ul>

Area	Current situation		Future	
	Strengths	Weaknesses	Opportunities	Threats
<b>Energy/ Environment</b>	<ul style="list-style-type: none"> <li>▶ Increased focus on environment due to requirement from buyers</li> </ul>	<ul style="list-style-type: none"> <li>▶ Lack of knowledge of energy efficiency resulting in higher energy consumption</li> <li>▶ High energy cost structure because of lack of efficient processes</li> </ul>	<ul style="list-style-type: none"> <li>▶ Regular checks on maintaining quality and safety standards</li> <li>▶ Potential to reduce energy costs by energy auditing</li> </ul>	<ul style="list-style-type: none"> <li>▶ Increase in power tariff</li> <li>▶ Increased focus on environment standards</li> <li>▶ Dyeing and washing require environment compliances, and if units diversify into these services then these compliances and certifications would have to be met</li> </ul>

### 3.6 Major Issues / Problem Areas of the Cluster

The key problems cluster related problems identified are:

- ▶ **Lack of fully automatic computerised fabric cutting machine:** Fabric is required for the manufacture of all garments, and there is a large demand for knitted apparel and auto accessories, which is consistently growing. Specific fabrics (including leather) are required by buyers. Currently the units are incurring increased costs due to wastage (20-30%) of fabric due to lack of computerized cutting machinery. Alternatively manual or semi-automatic machines are used for fabric cutting resulting in higher wastage. This is a challenge for these units as higher wastage is resulting in declining profit margin.
- ▶ **Absence of facility for units to make their own fabric (including 3D mesh fabric):** Units need to approach private players for the procurement of fabric. Private players knit the fabric as per the specifications, but charge high prices. Currently the price of knitting services varies from Rs. 12 per kilogram to Rs. 250 per kilogram for special fabrics. This reduces the competitiveness of units and often leads to production delays. The establishment of a common facility centre, which enables units to knit their own fabric could reduce the cost of fabric by approximately 20%.
- ▶ **Absence of specialised machinery for printing:** Fully automatic, large format, printing machine is a specialist wide format printer with advantages such as cost - efficiency, speed, versatility. Latex printing is useful in printing on an assortment of coated or uncoated substrates and media. With this cutting edge technology, units can print on any quality of fabrics thereby serving quality digital prints to Domestic Textile & Fashion Industry as well as to Overseas Buyers & Retailers. Units currently undertake printing activity through outsourcing. Units will have the capacity to produce both samples and longer production runs digitally. Users will have the flexibility in getting any number of designs on any quantity of fabrics. The establishment of a common facility centre, which enables units to undertake digital printing locally could reduce the cost on printing by approximately 25%.

The other gaps which are identified are mentioned in table 3:

Table 3: Major Gaps Identified

S. No	Area	Problem
1.	Finance	<ul style="list-style-type: none"> <li>▶ High Rates of interest restrict the ability of small firms to obtain loans as they operate on low margins</li> <li>▶ Machinery suppliers are also not willing to offer line of credit to small scale enterprises</li> </ul>
2.	Market	<ul style="list-style-type: none"> <li>▶ Challenge in competing with international players due to higher manufacturing cost due to manual processes followed and high wastage and not meeting quality expectations</li> </ul>

3.	Productivity	<ul style="list-style-type: none"> <li>▶ Currently the units are incurring increased costs due to wastage (20-30%) of fabric due to lack of computerized cutting machinery. Alternatively manual or semi-automatic machines are used for fabric cutting resulting in higher wastage and delays in cutting process.</li> </ul>
4.	Product development	<ul style="list-style-type: none"> <li>▶ Lack of capabilities for manufacturing high quality/low wastage fabric in-house, which could reduce costs and increase efficiency by ensuring that the specifications are met.</li> </ul>

Due to lack of these facilities, the units face higher wastage costs, thereby reducing their competitiveness, especially compared to other countries, domestically as well as for export. This results in loss of market share. These facilities, if provided through a CFC in the cluster with government support will help the units become more competitive and enable them to dramatically move up the value chain.

### 3.7 Key technologies missing

The key technologies that are required in the cluster along with the proposed intervention to be set up under the CFC are mentioned in table 4:

Table 4: Technology Gaps Identified and Interventions

S.No.	Facility/ Equipment	Technology Gaps Identified	Technology Interventions
1.	Fabric cutting facility	<ul style="list-style-type: none"> <li>▶ Absence of computerised equipment for fabric cutting (including leather)</li> <li>▶ Fabric (including leather) cutting is a key requirement for reducing wastage and cost incurred</li> <li>▶ This is currently done using manual and semi-automatic machinery resulting in 20-30% wastage of raw material during cutting</li> <li>▶ This is leading to reduced profit margin for these units</li> </ul>	▶ Acquisition of computerised (fully automatic) cutting equipment
2	Fabric Knitting Facility	<ul style="list-style-type: none"> <li>▶ Absence of computerised equipment for fabric knitting (including 3D mesh fabric)</li> <li>▶ Fabric knitting is a key requirement for fabrics (including 3 D mesh fabric)</li> <li>▶ This is currently outsourced, and comprises a major component of the cost of apparel and garment manufacturing</li> <li>▶ Units are currently dependent on service providers, resulting in high costs and production delays</li> <li>▶ Private service providers often do not accept orders or charge extremely high prices due to lower volume orders of MSMEs</li> <li>▶ This leads to reduced competitiveness of the units</li> </ul>	▶ Acquisition of advanced/computerised fabric knitting (including 3D mesh fabric) equipment including Raschel machines and flat knitting machines of various types
3	Printing facility	<ul style="list-style-type: none"> <li>▶ Absence of latex printing facility in the cluster</li> <li>▶ Latex printing is versatile, as it can print on a wide variety of coated and uncoated materials, interior décor, to flooring, to upholstery.</li> <li>▶ This activity is outsourced currently and not available in-house.</li> </ul>	▶ Acquisition of Digital printing equipment

### 3.8 Cluster growth potential

The potential for the Rai Textile & Allied Products Cluster to grow is enormous, owing to the increasing demand of apparel, apparel accessories, and auto accessories etc., across India. The district has a continuously developing industrial base, has an unlimited employment capacity. Not only from Haryana but from other states of India. The Haryana government has also undertaken several initiatives to promote industrial development in the region. The state has ensured creation of massive infrastructure in terms of complete electrification, provision of road transport, expansion of administrative, educational and health facilities in small towns, and establishment of many new industrial townships and urban estates.

However, the cluster units are facing challenges in computerized cutting of fabric (with more accuracy) and stitching (critical seam) and at low costs. These units currently undertake fabric cutting manually or semi- automatic machines leading to increased costs

due to wastage, poor accuracy in cutting and delays thereof. These challenges are limiting their ability in cost efficiency and to diversify into producing high quality stitching for apparel and auto accessories (car seat covers, etc.,). This significantly affects the MSEs, as it reduces their margins due to inaccurate cutting and stitching activities. Units are also facing loss of orders due to their inability to price their products competitively vis-à-vis other domestic and international players. Against this backdrop, if a facility with advanced/computerized machinery is provided to the units of the cluster under CFC mode, the units will become more competitive.

The factors that necessitate the Common Facility Centre include:

- ▶ Necessary for producing good quality auto accessories (including leather), apparel and apparel accessories, for which there is a large and growing market
- ▶ Use of manual or semi-automatic machines for fabric (including leather) cutting, knitting and sewing resulting in higher wastage. This is a challenge for these units as higher wastage is resulting in declining profit margin.
- ▶ High cost of availing these services from external service providers, with current costs of knitting ranging from Rs. 12 per kg to Rs. 150 per kg for special fabrics, with potential to reduce this by approximately 25%.
- ▶ The establishment of a common facility centre, which enables units to knit their own fabric could reduce the costs by approximately 20%.
- ▶ The establishment of a common facility centre, which enables units to undertake fabric knitting (including 3D mesh fabric) could provide more market opportunities.

# Diagnostic Study Recommendations





## 4. Diagnostic Study Recommendations

Based upon the diagnostic study and intense discussions with various cluster stakeholders regarding gap identification in the cluster, hard interventions (setting up of CFC) are being proposed to enhance the competitiveness of the garment cluster units. The CFC will be set up with grant in aid support from Government of Haryana.

The recommendations for hard interventions have been elaborated in subsequent sections. Cluster enterprises have also been undertaking several soft interventions (before, during and after the DSR) on their own expense and have been active in enhancing their awareness and exposure. The units have conducted a few awareness programs and trainings at their own expense. They have also conducted exposure visits to large enterprises, participated in national exhibitions and facilitated UAM registrations.

### 4.1 Soft Interventions Recommended and Action Taken

The cluster has presence of a couple of proactive industries associations like Rai Industries Association (RIA) which frequently undertake several capacity building programs for the cluster stakeholders. The cluster has been actively involved in conducting key programs in collaboration with BDS providers and DIC Sonipat. The programs have been centered around skill enhancement, and policy implementation, etc. Some of the key programs, seminars, workshops conducted by the SPV members recently are highlighted below:

1. Industry awareness programme on GST implementation, process, steps to be followed, etc., was organized for the cluster stakeholders
2. Rai Industries Association (RIA) along with Society for Tax analysis and Research organized a workshop/ seminar on June 2017 to create awareness on practical implementation of GST
3. Rai Industries Association (RIA) had organized a Plantation Day drive with the Industrial area at Rai, Sonipat during the month of August 2017.



4. Rai Industries Association (RIA) had organized a health camp for the benefit of the cluster stakeholders, workers etc. of Rai Industrial area, Rai, Sonipat.



5. Capacity building workshop on State Mini Cluster Development scheme of Haryana Government for SPV formation- In this workshop the details of the scheme, its benefits, SPV formation process was discussed.



The key soft interventions proposed include:

- ▶ *Energy efficiency*: Identifying energy conservation measures in units through detailed studies and supporting implementation, training on basic energy conservation techniques, development of templates for unit level energy data recording
- ▶ *Strengthening of industry associations*: Capacity building of members of Rai Industries Association
- ▶ *Productivity improvement*: Awareness programs on energy management and implementation of lean manufacturing techniques
- ▶ *Awareness creation and trust building*: Training programs on cluster development initiatives, new trends in textile industry, increasing industry-academia interface.

### Hard Interventions (Machines / Technology in the proposed CFC)

The cluster units would require modern fabric cutting and knitting infrastructure facilities on an urgent basis to improve the competitiveness of the micro and small textile units, particularly micro and small level entrepreneurs and to enable them to move up the value chain.

The potential members of the SPV with support from the state government are willing to set up a dedicated Common Facility Centre which shall have state-of-the-art fabric cutting and knitting facility. The total cost of project is estimated around 2.5 crores. This facility shall provide a much needed technical impetus to the cluster units and will enable them to become more competitive.

- ▶ **Facility for computerized fabric cutting, knitting and latex printing machine (including 5 different machines of various types with multi-function capability)**

Currently, the units use manual / semi-automatic machines for fabric cutting, knitting and sewing processes for undertaking knitting of yarn into fabric and fabric to finished products as per buyer specifications and requirements. This is resulting in fabric wastage ranging between 20%-30%. This has resulted in declining margins for these units due to higher production costs due to wastage. The use of manual / semi-automatic production is also

leading to delays in production processes for micro and small units. Therefore a common facility has been proposed in the CFC for providing latest technology for these services.

The factors that necessitate garment finishing facility include:

- ▶ Necessary for all apparel and leather accessories manufacturing, for which there is a large and growing market
- ▶ Use of manual or semi-automatic machines for fabric (including leather) cutting, knitting and sewing resulting in higher wastage. This is a challenge for these units as higher wastage is resulting in declining profit margin.
- ▶ High cost of availing these services from external service providers, with current costs of knitting ranging from Rs. 12 per kg to Rs. 150 per kg for special fabrics, with potential to reduce this by approximately 25%.
- ▶ The establishment of a common facility centre, which enables units to knit their own fabric could reduce the costs by approximately 20%.
- ▶ The establishment of a common facility centre, which enables units to undertake fabric knitting (including 3D air mesh fabric) could provide more market opportunities.

A brief description of the fabric knitting equipment required is provided below:

**Computerised fabric cutting machine:** This machine is important for preproduction process of separating (sectioning, carving, severing) a spread into garment parts that are the precise size and shape of the pattern pieces on a marker, with highest accuracy, resulting in minimal wastage. Units would bring their own fabric and utilize the equipment for cutting as desired. They can subsequently utilize the fabric (including leather) either for in-house product manufacturing or for other units to sell directly. 1 fully automatic fabric cutting machine would be obtained, for cutting different types of fabric.



**Flat knitting machine:** The flat machine (computerised) is the most versatile of weft knitting machines, its stitch potential includes needles election on one or both beds, racked stitches, needle-out designs, striping, tubular knitting, changes of knitting width and loop transfer. A wide range of yarn counts may be knitted per machine gauge including a number of ends of yarn in one knitting system, the stitch length range is wide and there is the possibility of changing the machine gauge. 2 fully automatic flat knitting machine would be obtained, for fabric knitting.



**Air mesh fabric (3D fabric) knitting machine:** This machine is used for producing three-dimensional textiles warp-knitted textiles, spacer textiles, plush fabrics and seamless articles, with and without jacquard patterns, and for producing net constructions. Depending on requirements, this machines can produce spacer textiles having thicknesses of from 1 mm up to approximately 65 mm. This technology is also suitable for producing seamless warp knits and fine fabrics. 1 fully automatic double bar raschel machine would be obtained for this purpose.



**Digital printing machine (latex printing technology):** This machine is a fully automatic, large format, printing machine. It is a specialist wide format printer with advantages such as cost - efficiency, speed, versatility. Latex printing is useful in printing on an assortment of coated or uncoated substrates and media. With this cutting edge technology, units can print on any quality of fabrics (including leather) thereby serving quality digital prints to Domestic Textile & Fashion Industry as well as to Overseas Buyers & Retailers. 1 fully automatic and digital latex printer would be obtained for this purpose.



## 4.2 Expected Outcome after Intervention

The project will be beneficial both for the textile and leather units of the cluster as a whole. The setting up of the CFC is expected to generate the following benefits for the cluster units:

- ▶ Higher degree of competitiveness of cluster enterprises
- ▶ Scope for the cluster to diversify and target new market segments by developing new and improved products
- ▶ Enhanced value addition for cluster products
- ▶ Significant reduction in wastage, cost of production and higher capacity utilization by each unit
- ▶ The requirements of SPV members are adequate to utilize the capacity of the CFC. Nevertheless all cluster firms shall be encouraged to use the facility. Many micro unit entrepreneurs who could not afford to significantly contribute by way of necessary investment to the equity base of the project have also been accommodated even with low equity contribution
- ▶ The CFC will generate more job opportunities both at the cluster and individual unit level due to enhanced capacity utilization
- ▶ The CFC is also expected to enhance the levels of cooperation and joint-action amongst cluster stakeholders and SPV members to cooperate in other areas such as joint marketing initiatives, common raw material procurement and so on.

- It will also complement the efforts of state government in promoting clusters in the state and serve as a model for upgrading micro enterprise clusters.

The other key outcomes are highlighted in table 5.

Table 5: Expected Outcome of CFC

Area	Current Scenario	Expected Out Comes
<b>Production Units</b>	About 40 MSEs	About 45 MSEs
<b>Competitiveness</b>	Most of the units are unable to price their products competitively, and are priced out by other countries	Units will be able to competitively price their products and compete with international players in the market Better export competitiveness
<b>Employment</b>	About 1,500	About 1,800
<b>Technology</b>	<ul style="list-style-type: none"> <li>• Use of manual/semi-automatic machines for fabric cutting, knitting and sewing resulting in higher wastage and prices that lead to lagging behind competition</li> </ul>	<ul style="list-style-type: none"> <li>• Fabric cutting and knitting centre for units to use at a nominal fee</li> <li>• Units would use this for computerised cutting of fabric and for making apparel as well as for direct sale to other units / exporters</li> </ul>
<b>Production</b>	<ul style="list-style-type: none"> <li>• Delays</li> <li>• Higher wastage</li> <li>• High costs</li> </ul>	<ul style="list-style-type: none"> <li>• Quick Production</li> <li>• Lowered production costs</li> <li>• Lower wastage</li> <li>• Competitive prices</li> </ul>
<b>Turn Over</b>	About 70 crores	Expected to increase by 10% each year
<b>Social Development</b>	Currently several micro and small level entrepreneurs are unable to acquire latest computerised and fully automatic machines	Micro and small entrepreneurs will be able to reduce production costs due to lower wastage and diversify into other product features using the CFC for use in textile and leather accessories, and for units to sell directly.



# Special Purpose Vehicle (SPV) for Project Implementation



## 5. SPV for Project Implementation

The micro units at Rai Textile & Allied Products Cluster came together to form a Special Purpose Vehicle (SPV) as a private limited company under section 7 of the Companies Act, 2013 and rule 8 of the Companies (Incorporation) Rules, 2014. The SPV is named as '**Rai Textile & Allied CFC Private Limited**'. The SPV was registered on 13<sup>th</sup> March 2018. The certificate of registration is provided at **Annexure-2** along with Memorandum of Association (MoA) and Articles of Association (AoA) and PAN Card of the SPV are provided in **Annexure - 2(a) & (b)**. The Company has an authorized paid up capital of Rs. 33.00 Lakh which shall be enhanced in the near future. The members are micro-sized firms (registered units) involved in textile manufacturing related activities, predominately based in Sonipat town.

DIC, Sonipat and state government both played an important role in SPV formation by cluster stakeholders. The SPV includes about 11 members who are subscribing to the necessary equity base of the company. The SPV shall be open for new members to join and for the existing members to leave while maintaining a minimum member base of at least 10 at all times. The proposed CFC will be implemented on public-private partnership basis through SPV '**Rai Textile & Allied CFC Private Limited**' by availing support from Government of Haryana (under EPP 2015) state mini cluster scheme.

The SPV members have a strong track record of cooperative initiatives. SPV members are also members of prominent cluster associations. Cluster members have autonomously undertaken several soft interventions to enhance knowledge and exposure of the cluster units on new trends in textile and leather industry and enhancing productivity of their units as mentioned in the previous sections. These include exposure to cluster development initiatives in other clusters, exposure visits to fairs, registration under UAM and awareness programs on new trends in the industry, lean manufacturing, GST, design interventions and new technologies. These programs were conducted in collaboration with DIC and BDS providers.

The SPV has conducted a series of stakeholder consultations (with various members, DIC, Sonipat and EY experts) during finalization of project components, selection of technologies and development of Detailed Project Report. The SPV has been instrumental in spreading awareness about cluster development under state mini-cluster scheme in Sonipat and has also helped in validation of findings and recommendations. It has kept the state government and the DIC Sonipat engaged during the entire period of development of DSR and DPR.

### 5.1 Shareholder profile and Shareholding mix

**List of Directors:** The SPV has three directors. The details of the directors are furnished in the table 6. Other than these directors, the SPV will have provision of having one director from the state government. The SPV comprises members from micro and small textile & leather manufacturing units.

Table 6: List of SPV Directors

S. No.	Director Name	Name of the unit	Unit address
1	Mr. Rakesh Chhabra	M/s Choudhry Enterprises	Plot no. 1806-07, HSIIDC, Rai, Sonipat (Haryana)
2	Mr. Rakesh Bathla	M/s Jay Bee Traders	Plot No. 1764, HSIIDC, Rai, Sonipat (Haryana)
3	Mr. Gagandeep Suri	M/s Anju International	Plot No. 115, HSIIDC, Rai, Sonipat (Haryana)

The lead promoters/ shareholders have several years of successful experience in production of textiles and allied products and are also well versed with the benefits of cluster development initiatives. These units are financially viable in nature.

Members of the SPV have been engaged in production of textile products in Sonipat for several years. SPV directors/ members of the SPV also have considerable experience in marketing and manufacturing of textile products (including leather). Directors/members have been in close interactions with technical experts, government institutions and machinery suppliers. The DIC Sonipat also acknowledged the genuineness and enthusiasm of the SPV members to undertake project initiatives under state mini cluster scheme as well as verified the existence of the SPV members. The verified list is provided in **Annexure 3**.

The SPV was formed with the objective of taking up cluster level activity in a joint and coordinated manner, wherein all units have equal say. The shareholding pattern of members of the registered SPV includes the contribution from every member of SPV and no individual shareholder holds more than 10% equity stake in the capital of the company. Details of SPV members along with their contact persons, unit details, UAM numbers and products manufactured are provided in table 7.



Table 7: Details of SPV Members of Rai Textile &amp; Allied Products Cluster

Details of SPV members - Rai Textile & Allied CFC Private Limited						
S.no.	Company name	Contact person	Contact no.	Address	UAM no	Product
1	Rakesh Chhabra	Choudhry enterprises	9313208022	Plot no. 1806-07, HSIIDC, Rai Sonipat, Haryana	HR18B0000603	Mfg. of car seat covers
2	Ajay Chawla	Chawla plastic products	9811534513	Plot no. 1505, HSIIDC, Rai Sonipat, Haryana	HR18A0001521	Textile and leather packing bags
3	Rakesh Bathla	Jay bee traders	9810034889	Plot no. 1764, HSIIDC, Rai Sonipat, Haryana	HR18A0000928	Mfg. of air mesh fabric products
4	Hitesh Chhabra	Tulip international	9311515522	Plot no. 1793, HSIIDC, Rai Sonipat, Haryana	HR18B0000615	Mfg. of car seat covers
5	Abhay Bhatia	Jay bee texknits pvt. Ltd.	9810034889	Plot no. 2083, HSIIDC, Rai Sonipat, Haryana	HR18B0000545	Mfg. of technical textile products
6	Kul Bhushan Arora	V.s. Enterprises	9811081221	Plot no. 1406, HSIIDC, Rai Sonipat, Haryana	HR18A0000929	Mfg. of knitted, industrial fabrics
7	Gagan Deep Suri	Anju international	9811727919	Plot no. 115, HSIIDC, Rai Sonipat, Haryana	HR18B0001398	Mfg. of knitted fabric for apparel and home furnishing
8	Dharam Veer Virmani	Diamond varun thread mill pvt. Ltd.	9811592419	Plot no. 1285, HSIIDC, Rai Sonipat, Haryana	DIO4A0003447	Mfg. of threads

9	Amita Parashar	Aryan industries	9582101206	Plot no. 149,HSIIDC,Rai Sonipat, Haryana	HR18B0001401	Mfg. of. Bags and hangers for textiles and seat covers
10	Kishore Kapoor	Kishore labels pvt. Ltd	9350050800	Plot no. 50,HSIIDC,Rai Sonipat, Haryana	HR18A0001613	Mfg. of labels for garments and leather textile products
11	Manish Chhabra	Satyam Polyknits	9810576000	Plot no. 369, HSIIDC I.E. Barhi, (Phase 1), Sonipat, Haryana	HR18A0001714	Mfg. of textiles including knitted fabric for apparel

## 5.2 Initiatives undertaken by the SPV

As mentioned in detail in section 4.1 (Soft interventions recommended and action taken), the SPV members have proactively undertaken a lot of capacity building initiatives to promote the cooperation among cluster units and enhance knowledge and exposure of the units. These initiatives have been undertaken in collaboration with DIC, EY, MSME-DI, etc. Several units currently attend domestic and international garment exhibitions. Hence, the cluster does not intend to obtain government funding for soft interventions. The major initiatives are:

- ▶ Pursuing initiatives in close coordination with DIC and MSME-DI Sonipat to facilitate understanding of cluster development, common procurement, marketing, available government support, latest technology for common facility etc.
- ▶ Exposure visits to trade fairs and machinery fairs in NCR and large factories in other locations to understand the technology, market requirement and available opportunities.
- ▶ Conducting various programs for capacity building, awareness generation and technological advancement in the cluster as well as participation in similar programs organized by stakeholders.
- ▶ Identification of building for setting up of CFC and collective acquisition of building in the name of SPV.

## 5.3 SPV Roles and Responsibilities

The SPV will play an important guiding role in the overall management and operations of the CFC. It will provide direction to the management of the CFC and will monitor usage and performance of the CFC. The SPV will constantly report to the state government about the performance of the CFC. The major roles and responsibilities that are envisaged to be performed by the SPV post the submission of this DPR are mentioned below:

- ▶ Coordinating with the state industry department for DPR approvals in the SLSC
- ▶ Accompanying EY experts to various meetings at the state government departments
- ▶ Execution of building lease document in SPV name
- ▶ Garnering the SPV project contribution from the members
- ▶ Formation of purchase committees for procurement of machines
- ▶ Establishing, operating and maintaining all common facilities as mentioned in the DPR
- ▶ Obtain any statutory approvals/clearances from various government departments
- ▶ Recruit appropriate professionals to ensure smooth execution of the CFC
- ▶ Collection of user charges from members and other users of the facilities as per the decided rates so as to meet the recurring expenses and future expansions of the CFC. While various estimates on user charges / service fee are presented in this DPR, all decisions including usage priority of facilities by members will be made on the basis of decision by members of SPV.
- ▶ Preparation and submission of progress reports to state industry department

The Memorandum and by-laws of the Cluster SPV indicates the democratic process in terms of decision making on the basis of votes. All members of SPV will meet once every fortnight/month to discuss/resolve operational issues. The management of the CFC will be a two tier structure for smooth and uninterrupted functioning. The executive body i.e. Board of Directors (BoD) will include office bearers elected/nominated from time to time, including one nominee of State Government (DIC). They will also remain present during meetings.

While various estimates on user charges/service fees are presented in this DPR, all decisions including usage priority of facilities by members will be made by unanimous decision of the members. The CFC will seek direction and guidance from the SPV BoD, and the day-to-day administration will be taken care of by the management that shall be appointed by the SPV BoD. Their role is detailed below:

1. **Board of Directors:** The BoD will be the main governing body and will oversee the operations of the CFC. They will have the decision making power in terms of fixing user fees (for members and non-members) and usage of reserves etc. for future expansion. The Chairman and Managing Director will oversee the entire operations; each Director will be entrusted with specific responsibility like marketing, technical, finance, public relations etc. based on their interests and experience.

2. **Managerial, Technical and Administrative staff:** A competent and well qualified professional with a background in the textile and leather industry will be appointed as the Chief Executive Officer (CEO), who will look after day-to-day operations of the CFC and shall be directly reporting to the Board of Directors. Additionally, a Cluster Development Executive (CDE) shall be hired to manage the facility and coordinate with government authorities. Each facility will have its own expert staff (supervisors, operations and helpers) as per the requirement. The details of manpower and other requirements are already mentioned in the DPR in the Project Economics section. There shall be provisions for administrative staff such as accounts personnel, marketing professional, store-keepers etc. to ensure effective functioning of the CFC. The proposed organizational structure of the CFC is given in figure 9:

Figure 9: Organisational Structure of Proposed CFC



# Project Economics



## 6. Project Economics

### 6.1 Project Cost

The actual total cost of setting up a CFC Textile & Allied Products Cluster, Rai, Sonipat is estimated at **Rs. 251.80 Lakhs**.

The total cost estimation includes the following project components:

1. Building on lease
2. Machinery and equipment
3. Miscellaneous fixed assets
4. Preliminary & Pre-operative expenses
5. Contingency
6. Margin money for working capital

The detail of each project component is provided below:

#### 6.1.1 Land and Building

The SPV has identified an existing building within the HSIIDC I.E. Rai, Sonipat. The building is in an industrial township being developed by HSIIDC having a NOC from government, a valid CLU, and provision for power is available. Many textile & leather units are also operating in this industrial estate. The available built up area is 6000 sq ft. that shall be taken on lease by the SPV.

The letter from the building owner establishing the proof for availability of building is provided in **Annexure 4**. The lease rental is estimated at INR 12.00 Lakh for first year (Table 8).

#### 6.1.2 Plant and Machinery

As detailed in section 4.2 (Hard interventions) a number of modern automatic and high capacity machines for fabric cutting, knitting and printing, etc. have been recommended to enable cluster units enhance their competitiveness. The machines have been categorized as primary and secondary. The machines that shall be used primarily for job work have been categorized as primary, whereas, the auxiliary/supporting machines have been categorized as secondary machines. The major facilities proposed at the CFC are fabric cutting, knitting and printing. The total cost of plant and machinery including secondary machine has been estimated at Rs. 222.05 lakhs and contingency works out to Rs. 11.10 Lakhs.

The details of the proposed machinery items are presented Table 8. The detailed specifications and quotations of the machines are provided in **Annexure 5**. The SPV has considered quotations for machinery from suppliers based on the manufacturer's reputation, service support, price and quality. However, an open online tendering system

shall be followed for procurement of these machines during project execution, and selected vendors will be further invited to negotiate.

Table 8: List of Proposed Plant &amp; Machinery

PLANT & MACHINERY (Amt. In Rs. Lakh)																
S · N o ·	Machine Name	Quantity		Basic Price		Total Basic Price		Custom Duty as Applicable*		GST as Applicable *		Total Price		Grand Total	Supplier Options	Model / Specifications
		Indig enou s	Imp orte d	Indig enou s	Impo rted	Indig enou s	Impo rted	Indig enou s	Impo rted	Indig enou s	Impo rted	Indig enou s	Impor ted			
A	Primary Machinery															
1	Fully automatic Premium Fabric Cutting Machine		1		87.29	-	87.29	-	6.55	-	16.89	-	110.72	110.72	Orbito Asia PTE Ltd., Singapore	Model No. Premium cut 2620 CV - Max cutting speed 120m/min
2	Flat knitting machine - Fully fashioned high speed knitting machine	2		8.25		16.50	-	-	-	2.97	-	19.47	-	19.47	Arora International, Ludhiana	Model No.: GSJX 3-72 (INTARASIA SPECIAL 16 Feeders)
3	Double Needle Bar Raschel Machine		1		46.44	-	46.44	-	2.79	-	8.86	-	58.09	58.09	Wuyang Textile Machinery Co. Ltd., China	Model No.: GE2292 Double Needle bar (Gauge E22xWidth 138")



4	Printing Machine	1		18.00		18.00	-	-	-	3.24	-	21.24	-	21.24	Insight Print Communications P. Ltd., Haryana	Model No.: HP Latex 570
	<b>Sub Total (A)</b>	<b>3</b>	<b>2</b>	<b>26.25</b>	<b>133.73</b>	<b>34.50</b>	<b>133.73</b>	<b>-</b>	<b>9.33</b>	<b>6.21</b>	<b>25.75</b>	<b>40.71</b>	<b>168.81</b>	<b>209.52</b>		
<b>B</b>	<b>Secondary Machinery</b>															
1	UPS System	1		2.64		2.64	-	-	-	0.54	-	3.18	-	3.18	Enventa energy Systems P. Ltd.	(20 kVA - EnVenta HT33 - True Online UPS)
2	Ductable Type Indoor Units (5.5TR)	2		0.81		1.63	-	-	-	0.46	-	2.08	-	2.08	Aermec HVAC ENGG. Co.	Ductable Type Indoor Units (5.5TR)
3	Power Back up (DG set- 82.5KVA)	1		5.17		5.17	-	-	-	0.93	-	6.10	-	6.10	Sushil Engineers	82.5KVA
4	Air compressor	1		0.99		0.99	-	-	-	0.18	-	1.17	-	1.17	Service Equipment Company	TS 07 LB-12(TS 07 120HN)
	<b>Sub Total (B)</b>	<b>5</b>	<b>0</b>	<b>9.61</b>	<b>-</b>	<b>10.43</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2.11</b>	<b>-</b>	<b>12.53</b>	<b>-</b>	<b>12.53</b>		

	Grand Total	8	2	35.8 6	133. 73	44.9 3	133. 73	-	9.3 3	8.32	25.7 5	53.2 4	168.8 1	222.0 5		
--	-------------	---	---	-----------	------------	-----------	------------	---	----------	------	-----------	-----------	------------	------------	--	--

### 6.1.3 Miscellaneous Fixed Assets

The CFC would also require fixed assets such as furniture, fixtures, and office items etc. for smooth running of operations. The total estimated capital expenditure for purchase of miscellaneous fixed assets is estimated to be Rs. 1.75 Lakhs. Details are provided in the Table 9.

Table 9: Miscellaneous Fixed Assets

(Rs in Lakh)

MISCELLANEOUS FIXED ASSETS		
S. No.	Particulars	Amount
1	Office computer (1 nos.)	0.50
2	Furniture (3 tables, 12 chairs, planks & stools)	0.75
3	Office items and allied items	0.50
	<b>Total</b>	<b>1.75</b>

### 6.1.4 Preliminary and Pre-operative Expenses

Another major component of the project cost is the preliminary and pre-operative expenses. The preliminary expenses are envisaged as expenses incurred for registration of SPV, legal and administrative expenses, detailed civil engineering drawings with estimates, tendering forms, and tendering cost etc.

Pre-operative expenses include expenses for electricity connection charges, administrative establishment, travelling, bank charges, stationery, telephone, overhead expenses during construction and machinery testing period such as salaries, machine testing cost, bank charges, travelling, etc. The total expenditure for preliminary and pre-operative expenses is estimated at Rs. 7.53 Lakhs (details provided in the Table 10).

Table 10: Preliminary and Pre-Operative Expenses

(Rs. In Lakh)

PRELIMINARY & PRE OPERATIVE EXPENSES		
S. No.	Particulars	Amount
1	Partnership Registration Charges	0.10
2	Tender forms & tendering cost	1.00
3	Project Report Preparation (DSR & DPR)	Nil
4	Project Management Charges	Nil
5	Travelling Cost	0.50
6	One time electricity connection charges	1.56
7	Lease deed registration charges	2.87
8	Security Deposit (Rent)	1.00
9	Bank Appraisal Charges	0.50
	<b>Total</b>	<b>7.53</b>

### 6.1.5 Provision for Contingencies

Provision for contingencies has to be made on plant/machinery and buildings. As the building will be taken on lease, therefore no contingency has been provided on building. Contingencies on plant and machinery have been estimated at 5% that amounts to Rs. 11.10 lakh.

### 6.1.6 Margin Money for Working Capital

The total working capital requirement during the first year of operation at 75% capacity utilization is estimated at Rs. 35.37 lakh with margin money requirement of Rs. 9.37 Lakh (being more than 25% of working capital requirement as margin). The working capital requirement has been calculated based on requirement of one month of operational expenses and three months' debtor collection period. The calculation has been provided in the subsequent section.

### 6.1.7 Summary Project Cost

A summary of total estimated project cost as per actual and as per State Mini Cluster Development Scheme is presented in the Table 11.

Table 11: Total Project Cost

(Rs in Lakh)				
PROJECT COST				
S. No.	Particulars	Total Project Cost	Amount as per Guidelines	Remarks
1	Land & Building			Eligible (Max 25% of total of L&B, P&M, and Misc. F.A.)
	a. Land Value	0.00	0.00	
	b. Land Development	0.00		
	c. Building & Other Civil Works	0.00		
	d. Building Value	0.00		
	Sub Total (A)	0.00	0.00	
2	Plant & Machinery			Eligible
	a. Indigenous	40.71	200.00	
	b. Imports	168.81		
	c. Secondary Machines	12.53		
	Sub Total (B)	222.05	200.00	
3	Miscellaneous fixed assets (C)	1.75	0.00	Not eligible for grant
4	Preliminary & Preoperative Expenses (D)	7.53	0.00	
5	Contingency			
	a. Building @ 2%	0.00	0.00	
	b. Plant & Machinery @ 5%	11.10	0.00	
	Sub Total (E)	11.10	0.00	
6	Margin money for working capital @ 75% C.U. (F)	9.37	0.00	
	Grand Total (A+B+C+D+E+F)	251.80	200.00	

## 6.2 Means of Finance

The project will be financed from two sources: equity from SPV and grant-in-aid from Govt. of Haryana (under State Mini Cluster Development Scheme, EPP-2015). Working capital loan, if required, will be secured from State Bank of India. The assistance to the project from Govt. of Haryana under the State Mini Cluster Development Scheme is envisaged to the tune of 90% of maximum project cost of Rs. 200 lakhs. The SPV will be required to contribute 10% of project cost for project cost up to Rs. 200 lakh and any amount in excess of Rs. 200 lakhs. Hence, the SPV members have proposed to contribute entire amount beyond Rs. 180 lakhs, taking their overall contribution to about 29% of the total project cost. The total contribution of SPV members will amount to Rs. 71.80 lakhs. Support from the State Government is envisaged for Rs. 180.00 Lakhs.

Table 12: Means of Finance

MEANS OF FINANCE		
S. No.	Source of finance	Total Amount (Rs. In Lakh)
1	Grant-in-aid under State Mini Cluster Development Scheme (Govt. of Haryana)	180.00
2	Contribution of SPV	71.80
<b>Total</b>		<b>251.80</b>

DETAILED MEANS OF FINANCE							
S. No.	Source of finance	Project cost up to INR 200 lakh		Project cost over INR 200 lakh			Remarks
		Percentage Contribution	Amount (INR in lakh)	Percentage Contribution	Amount (INR in lakh)	Total Amount (INR in lakh)	
1	Grant-in-aid under State Mini Cluster Development Scheme (Govt. of Haryana)	90%	180.00	0%	0.00	180.00	As per EPP, 2015 GoH contribution is max 90% (Including soft intervention expenses)
2	Contribution of SPV	10%	20.00	100%	51.80	71.80	
<b>Total</b>		<b>100%</b>	<b>200.00</b>	<b>100%</b>	<b>51.80</b>	<b>251.80</b>	

### **6.2.1 Share Capital**

The contribution of the SPV members will be by way of subscription to shares in the SPV registered as a Private Limited Company. The extent of paid-up share capital/equity contribution would be Rs. 71.80 lakh contributed by the cluster SPV.

The authorized share capital of the company is Rs. 1 lakh at present which shall be increased in due course. The extent of share capital/equity contribution by each member will be restricted to a maximum of 10% of the total contribution to the share capital of the company.

### **6.2.2 Grant-in-Aid**

Grant-in-aid of Rs. 180 lakh is expected from the Government of Haryana. The amount received by the way of grant under the State Mini Cluster Development Scheme will be utilized towards procurement of plant and machinery for the project.

## **6.3 Expenditure Estimates**

In this section, a detailed estimate of expenditure of the CFC has been given on eight hour single shift operation basis. This has been estimated based upon extensive inputs by the cluster members and the prevalent rates of consumables, utilities and manpower in the cluster. This section considers annual cost of undertaking job work and expenditure estimates. The critical components related to expenditure comprise consumables, manpower, electricity and also expenditure on repair and maintenance of assets, insurance and administrative overheads.

Other elements comprise expenditures by the way of interest toward working capital loans, miscellaneous expenses and non-cash depreciation expenditure.

### **6.3.1 Consumables**

Machines installed in the CFC shall require consumables during operations and completion of the job work. Consumables are critical components of project facilities and may be understood in terms of diesel, lubrication oil, cutting blades, cartridges, electronic replacements and others etc.

The detailed calculations are provided in Table 13.

Table 13: Consumables

CONSUMABLES REQUIRED FOR MACHINES												
S. No.	Machine Name	No. Of Machines	Particulars	Monthly Amount per Machine (Rs.)	Total monthly Amt (Rs.)	Consumables required annually (Rs. In Lakh)	Amt (in Rs. Lakh)	Amt (in Rs. Lakh)	Amt (in Rs. Lakh)	Amt (in Rs. Lakh)	Amt (in Rs. Lakh)	Amt (in Rs. Lakh)
							Year 1	Year 2	Year 3	Year 4	Year 5	Year 6-10
							75%	80%	85%	90%	95%	100%
A.	Primary Machines											
1	Fabric Cutting Machine	1	Blades, Conveyor belt	7500	7500	0.90	0.68	0.72	0.77	0.81	0.86	0.90
2	Flat knitting machine	2	Lubrication Oil	7000	14000	1.68	1.26	1.34	1.43	1.51	1.60	1.68
3	Raschel machine	1	Needles, Lubrication Oil	5000	5000	0.60	0.45	0.48	0.51	0.54	0.57	0.60
4	Printing Machine	1	Electronic replacements & Ink	15000	15000	1.80	1.35	1.44	1.53	1.62	1.71	1.80
B.	Secondary Machines											
1	Compressor	1	Oil, Cartridge, Pads	1000	1000	0.12	0.09	0.10	0.10	0.11	0.11	0.12
2	DG Set	1	Diesel	8000	8000	0.96	0.72	0.77	0.82	0.86	0.91	0.96
	<b>Total</b>					<b>6.06</b>	<b>4.55</b>	<b>4.85</b>	<b>5.15</b>	<b>5.45</b>	<b>5.76</b>	<b>6.06</b>
	<b>Consumables per month</b>					<b>0.51</b>	<b>0.38</b>	<b>0.40</b>	<b>0.43</b>	<b>0.45</b>	<b>0.48</b>	<b>0.51</b>

### 6.3.2 Manpower Requirement

Another major expenditure head is the manpower. The facilities installed in the CFC will require manpower to function effectively as mentioned in section 5.3 of the report. The total manpower requirement for the project would be about 14 persons. The manpower required under the project has been divided under two categories: Direct & Indirect. Direct manpower is required for operation of machines while indirect manpower is required for administrative purposes. One office boy and one security guard have been kept under direct manpower considering their requirement will depend upon the volume of work in the unit. The annual expenditure on salary component for direct manpower is estimated at Rs. 18.55 lakh and for indirect at 5.41 lakhs. The total expense on manpower is projected at Rs. 2.00 lakh per month or Rs. 23.96 lakh per annum. The details of monthly and yearly expenses for manpower required for running the project is provided in Table 14 & 15:

Table 14: Expenditure Related to Salary (Direct Manpower)

Category	No. of Manpower Required	Salary per month per person (Rs.)	Total Salary Per Month (Rs.)	Total salary & wages per Year (Rs. lakh)
<b>DIRECT MANPOWER</b>				
Operator	4	15,000.00	60,000.00	7.20
Helper	3	9,000.00	27,000.00	3.24
Master cum Fitter	2	18,000.00	36,000.00	4.32
Office Boy	1	8,500.00	8,500.00	1.02
Security Guard	1	9,000.00	9,000.00	1.08
	<b>11</b>	<b>59,500.00</b>	<b>1,40,500.00</b>	<b>16.86</b>
<b>Add: Perquisites/Fringe Benefits @ 10%</b>				<b>1.69</b>
<b>Total</b>				<b>18.55</b>

Table 15: Expenditure Related to Salary (Indirect Manpower)

Category	No. of Manpower Required	Salary per month per person (INR)	Total Salary Per Month (INR)	Total salary & wages per Year (INR lakh)
<b>INDIRECT MANPOWER</b>				
Cluster Development Executive (CDE)	1	20,000.00	20,000.00	2.40
Accountant	1	12,000.00	12,000.00	1.44



Security Guard	1	9,000.00	9,000.00	1.08
	3	41,000.00	41,000.00	4.92
<b>Add: Perquisites/Fringe Benefits @ 10%</b>				<b>0.49</b>
<b>Sub-Total (B)</b>				<b>5.41</b>

### 6.3.3 Utilities

The most important utility required in the project is power supply. Proposed CFC requires power for operation of machinery as well as other supporting equipment for smooth operations. The total connected load requirement has been estimated at 43 kW. The table below depicts the machine and equipment wise power requirement in the CFC. The drawn power is conservatively assumed at 60% of the connected load in the case of operating facilities and shop floor.

Table 16: Machine & Equipment (facility) wise power requirement

UTILITIES			
S. No.	Machine & Equipment	Power Requirement (kW)/ Connected Load	Total power requirement (60% of drawn power) kWh
1	Fully automatic Fabric Cutting Machine	10.00	6.00
2	Flat knitting machine	8.00	4.80
3	Double Needle Bar Raschel Machine	15.00	9.00
4	Printing Machine	5.00	3.00
5	Administrative Facilities	5.00	3.00
	<b>Total Connected load for CFC</b>	<b>43.00</b>	<b>25.80</b>
	<b>Buffer Connected Load (10% of Total Connected Load)</b>	<b>4.30</b>	
	<b>Total</b>	<b>47.30</b>	

The power requirement for operation of core machinery equipment and administrative facilities is 43 kW. Electricity required for shop floor activities in terms of operation of core machinery and equipment is 5160 units per month. The facility is heavily based on electricity for operations and will also require additional 10% connected load as a buffer to get the electricity connection. The total connected load for the CFC is estimated to be 47.30 kW.

Fixed charges for connection of 47.30kW @ Rs. 173 per kW equals Rs. 8,183/- and variable energy consumption charge @ Rs. per unit for a consumption of 5160 units amounts to Rs. 46,440/-. This has been calculated based on the prevalent rates of the power provider.

Table 17 presents the estimated annual expenditure in terms of power related charges.

Table 17: Annual Expenditure Statement vis-à-vis Power Charges

Power charges at various C.U. (Amt. In Rs. Lakh)										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	75%	80%	85%	90%	95%	100%	100%	100%	100%	100%
Fixed	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98
Variable	4.18	4.46	4.74	5.02	5.29	5.57	5.57	5.57	5.57	5.57
<b>Total</b>	<b>5.16</b>	<b>5.44</b>	<b>5.72</b>	<b>6.00</b>	<b>6.28</b>	<b>6.55</b>	<b>6.55</b>	<b>6.55</b>	<b>6.55</b>	<b>6.55</b>
Per month	0.43	0.45	0.48	0.50	0.52	0.55	0.55	0.55	0.55	0.55

#### 6.3.4 Annual Repairs and Maintenance Expenses

The annual repair and maintenance expenses have been estimated to be Rs. 6.81 lakh. The details are presented in the table below:

Table 18: Annual Repairs and Maintenance Expenditure

ANNUAL REPAIR AND MAINTENANCE EXPENSES	
Particulars	Amt (in Rs. Lakh)
Repair & Maintenance of Building	0.15
Repair & Maintenance of Plant and Machineries @ 3%	6.66
<b>Total</b>	<b>6.81</b>

REPAIR & MAINTENANCE as per Capacity Utilization (Amt. In Rs. Lakh)										
Repair & Maintenance	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	75%	80%	85%	90%	95%	100%	100%	100%	100%	100%
Building	0.11	0.12	0.13	0.14	0.14	0.15	0.15	0.15	0.15	0.15
Plant & Machineries	5.00	5.33	5.66	6.00	6.33	6.66	6.66	6.66	6.66	6.66
<b>Total</b>	<b>5.11</b>	<b>5.45</b>	<b>5.79</b>	<b>6.13</b>	<b>6.47</b>	<b>6.81</b>	<b>6.81</b>	<b>6.81</b>	<b>6.81</b>	<b>6.81</b>

#### 6.3.5 Insurance and Miscellaneous Administrative Expenses

Insurance is a critical component of asset protection at the CFC. Insurance is computed on the basis of 0.5 % on the fixed assets. Cost of insurance shall remain as a fixed cost. Miscellaneous administrative expenses are estimated at a lump-sum of Rs. 1.20 lakh per year. The cost of miscellaneous expenses is also considered to be fixed irrespective of scale of operation. The details are presented in the table below:

Table 19: Insurance and Miscellaneous Administrative Expenses

OTHER EXPENSES	
Particulars	Amt (in Rs. Lakh)
Insurance Charges (Estimate @ 0.5% on fixed assets (such as buildings, civil works, and Plant & machinery, including related contingency expenses of approx. Rs. Lakh)	1.17
Miscellaneous Expenses (Stationery, communication, travelling, and other misc. overheads)	1.20
<b>Total</b>	<b>2.37</b>

#### 6.4 Working Capital Requirements

Working capital has been calculated in terms of one month's operating expenses required for the CFC as well as three months' debtor collection period. The operating expenses include consumables, salaries, utilities and rent expenses. The details are presented in the table below.

Table 20: Calculation of Working capital requirement

(Rs. In Lakh)

WORKING CAPITAL												
S. No	Particulars	Period	As per Capacity Utilization									
			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			75%	80%	85%	90%	95%	100%	100%	100%	100%	100%
1	Consumables	1 month	0.38	0.40	0.43	0.45	0.48	0.51	0.51	0.51	0.51	0.51
2	Utilities (Power)	1 month	0.43	0.45	0.48	0.50	0.52	0.55	0.55	0.55	0.55	0.55
3	Working Expenses (Manpower )	1 month	1.61	1.69	1.76	1.84	1.92	2.00	2.00	2.00	2.00	2.00
4	Rent	1 month	1.00	1.10	1.21	1.33	1.46	1.61	1.77	1.95	2.14	2.36
5	Sundry Debtors (Sales Value)	3 months	31.95	34.08	36.21	38.34	40.47	42.60	42.60	42.60	42.60	42.60
6	Working capital (Total expenses)		35.37	37.72	40.09	42.47	44.86	47.26	47.42	47.60	47.79	48.01
7	Working Capital Margin		9.37	11.72	14.09	16.47	18.86	21.26	21.42	21.60	21.79	22.01
8	Working Capital Loan		26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00
9	Interest on Working capital loan @11% p.a.		2.86	2.86	2.86	2.86	2.86	2.86	2.86	2.86	2.86	2.86
10	Working Cap Margin %age		26.49 %	31.08 %	35.15 %	38.78 %	42.04 %	44.98 %	45.17 %	45.37 %	45.60 %	45.84%

The working capital requirement of the project for the one month of operation has been considered for consumables and expenses. The SPV will contribute the margin money for working capital and rest of working capital will be borrowed from local bank. While calculating the project cost, minimum 25% of working capital is shown as margin for working capital and the remaining will be borne by SPV as borrowings. The margin money required for working capital is estimated to Rs. 9.37 lakh during the first year of operation (75% C.U.). Further, total working capital required at an operating capacity of 75% comes out to Rs. 35.37 lakh and the corresponding loan amounts at Rs. 26 lakh.

## 6.5 Depreciation Estimates

Estimates of depreciation are non-cash expenditure and presented in this section on the basis of Written down Value (WDV) method. Accounting for depreciation would facilitate sustainability of operations in terms of developing a fund for replacement of assets. The relevant fund that is accumulated could facilitate the replacement of such assets toward the end of the envisaged asset life of 10 years. Depreciation of building is considered nil as it will be taken on lease, depreciation of plant and machinery at 15% a year, and miscellaneous fixed assets at the rate of 10% a year. The calculation is provided in the table below.

Table 21: Depreciation based on WDV

DEPRECIATION (WRITTEN DOWN VALUE METHOD) (in lakhs)										
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Land</b>										
Opening Balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Less : Depreciation	-	-	-	-	-	-	-	-	-	-
Closing Balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Building and Civil work</b>										
Opening Balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Less: Depreciation @ 10%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Closing Balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Plant &amp; Machinery</b>										
Opening Balance	233.15	198.18	168.45	143.19	121.71	103.45	87.93	74.74	63.53	54.00
Less: Depreciation @ 15%	34.97	29.73	25.27	21.48	18.26	15.52	13.19	11.21	9.53	8.10
Closing Balance	198.18	168.45	143.19	121.71	103.45	87.93	74.74	63.53	54.00	45.90
<b>Computers</b>										
Opening Balance	0.50	0.20	0.08	0.03	0.01	0.01	0.00	0.00	0.00	0.00
Less: Depreciation @ 60%	0.30	0.12	0.05	0.02	0.01	0.00	0.00	0.00	0.00	0.00
Closing Balance	0.20	0.08	0.03	0.01	0.01	0.00	0.00	0.00	0.00	0.00
<b>Furniture</b>										
Opening Balance	0.75	0.68	0.61	0.55	0.49	0.44	0.40	0.36	0.32	0.29
Less: Depreciation @ 10%	0.08	0.07	0.06	0.05	0.05	0.04	0.04	0.04	0.03	0.03
Closing Balance	0.68	0.61	0.55	0.49	0.44	0.40	0.36	0.32	0.29	0.26

Other Misc. Fixed Assets										
Opening Balance	0.50	0.43	0.38	0.34	0.31	0.28	0.25	0.23	0.20	0.18
Less: Depreciation @ 15%	0.08	0.04	0.04	0.03	0.03	0.03	0.03	0.02	0.02	0.02
Closing Balance	0.43	0.38	0.34	0.31	0.28	0.25	0.23	0.20	0.18	0.16
<b>Total Depreciation</b>	<b>35.42</b>	<b>29.96</b>	<b>25.42</b>	<b>21.59</b>	<b>18.34</b>	<b>15.59</b>	<b>13.26</b>	<b>11.27</b>	<b>9.58</b>	<b>8.15</b>
<b>Depreciated value</b>	<b>199.48</b>	<b>169.52</b>	<b>144.11</b>	<b>122.52</b>	<b>104.18</b>	<b>88.59</b>	<b>75.33</b>	<b>64.06</b>	<b>54.48</b>	<b>46.33</b>

## 6.6 Income/Revenue estimates

The CFC is expected to generate revenue by way of user charges that shall be levied based upon the hours a machine is operated for a particular job. The user charges shall vary based upon the user i.e. the SPV members and non SPV members. The user charges will be less for the SPV members as compared to non SPV members. Firms based outside Rai, Sonipat shall be charged a premium for availing the CFC services. The major income sources for the CFC are envisaged by the way of providing computerized fabric cutting facilities, fabric knitting facilities and fabric printing facilities.

The user charges have been estimated based upon the operational expenses of the CFC and the prevalent market rates in Rai, Sonipat. User charges for secondary machineries have not been considered as a part of revenue. Estimation of user charges for availing services at CFC has been done on a conservative basis.

The relevance and appropriateness of user charges is also evident from the fact that the rates fixed help meet operating expenditures and provide sustainable replacement of assets. It is also envisaged that the CFC will generate enough income to sustain and grow, making it an absolutely viable project.

The estimated user charges for various machineries are presented in table below:

Table 22: User Charges for Machinery

REVENUE GENERATION AT CFC															
S. No.	Machine Name	No. Of Machines	Rate per hour per machine (Rs.)	Working hours per day	Revenue per machine per day (Rs.)	Total Revenue per day (Rs.)	No. Of Working days per month	Revenue per month (Rs. lakh)	Annual Revenue generation (in Rs. lakh)	Amt in Rs. Lakh	Amt in Rs. Lakh	Amt in Rs. Lakh	Amt in Rs. Lakh	Amt in Rs. Lakh	Amt in Rs. Lakh
										Year 1	Year 2	Year 3	Year 4	Year 5	Year 6-10
										75%	80%	85%	90%	95%	100%
1	Fully Automatic Fabric Cutting Machine	1	1700	8	13600	13600	25	3.40	40.80	30.60	32.64	34.68	36.72	38.76	40.80
2	Flat knitting machine	2	1500	8	12000	24000	25	6.00	72.00	54.00	57.60	61.20	64.80	68.40	72.00
3	Raschel machine	1	1450	8	11600	11600	25	2.90	34.80	26.10	27.84	29.58	31.32	33.06	34.80
4	Printing	1	950	8	7600	7600	25	1.90	22.80	17.10	18.24	19.38	20.52	21.66	22.80
	<b>Total</b>								<b>170.40</b>	<b>127.80</b>	<b>136.32</b>	<b>144.84</b>	<b>153.36</b>	<b>161.88</b>	<b>170.40</b>



Total gross revenue in-flow is estimated to Rs. 127.80 lakhs for first year at an operating capacity of 75%. For projection purposes, operating capacity of 75% is considered during first year, 80% during second year and 100% from 6th year onwards.

### 6.7 Estimation of profitability: Income and Expenditure statement

The projection for income and expenditures of the CFC has been conducted for ten years. The projections have been undertaken based upon the income and expenditure heads mentioned in previous sections. The projected statements highlight income, expenses, profits earned, income tax and net profit etc. The details are presented in the table below:

The total gross revenue is estimated to be Rs. 127.80 lakhs for first year at an operating capacity of 75%. For projection purposes, operating capacity of 75% is considered during first year, 80% during next year and 100% capacity from 6th year onwards.

The income tax rates have been considered as per rates applicable to a company according to the Income Tax Act, 1961. Income tax has been considered at 25.75% per cent on taxable profit inclusive of all the tax components. The incidence of tax ranges from Rs. 15.05 lakhs in the first year to Rs. 30.45 lakhs in Year 10.

As evident from the table below, the project is financially viable. A cumulative surplus of about Rs. 546.38 lakh shall be earned by the SPV even after accounting for taxation and depreciation at the end of ten years. This surplus generated shall be used for further addition in the machinery or improvement and up-gradation of facilities. Additionally, the SPV intends to conduct a lot of other development activities in the cluster that shall be funded through the surplus earned at the CFC.

Table 23: Income and Expenditure Statement

PROFIT & LOSS ACCOUNT										(Rs. In Lakh)
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Number of working days	300	300	300	300	300	300	300	300	300	300
Number of shift	1	1	1	1	1	1	1	1	1	1
Capacity Utilization in %	75%	80%	85%	90%	95%	100%	100%	100%	100%	100%

<b>A. Income</b>										
(User/ Service Charge)	127.8 0	136.3 2	144.8 4	153.3 6	161.8 8	170.4 0	170.4 0	170.4 0	170.4 0	170.40
<b>B. Cost of Production :</b>										
1. Utilities Power (Fixed + Variable)	5.16	5.44	5.72	6.00	6.28	6.55	6.55	6.55	6.55	6.55
2. Direct labor and wages	13.91	14.84	15.76	16.69	17.62	18.55	18.55	18.55	18.55	18.55
3. Consumable	4.55	4.85	5.15	5.45	5.76	6.06	6.06	6.06	6.06	6.06
4. Repair and Maintenance	5.11	5.45	5.79	6.13	6.47	6.81	6.81	6.81	6.81	6.81
5. Depreciation	35.42	29.96	25.42	21.59	18.34	15.59	13.26	11.27	9.58	8.15
<b>Total Cost of production</b>	<b>64.15</b>	<b>60.53</b>	<b>57.84</b>	<b>55.86</b>	<b>54.47</b>	<b>53.57</b>	<b>51.23</b>	<b>49.24</b>	<b>47.55</b>	<b>46.12</b>
<b>C. Administrative expenses :</b>										
6. Manpower (Indirect)	5.41	5.41	5.41	5.41	5.41	5.41	5.41	5.41	5.41	5.41
7. Rent	12.00	13.20	14.52	15.97	17.57	19.33	21.26	23.38	25.72	28.30
8. Insurance	1.17	1.00	0.85	0.72	0.61	0.52	0.44	0.38	0.32	0.27
9. Misc Expense	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
<b>Total Administrative Expenses</b>	<b>19.78</b>	<b>20.81</b>	<b>21.98</b>	<b>23.30</b>	<b>24.79</b>	<b>26.46</b>	<b>28.31</b>	<b>30.37</b>	<b>32.66</b>	<b>35.18</b>
<b>D. Financial expenses :</b>										
10. Interest on Working capital loan @ 11% per annum	2.86	2.86	2.86	2.86	2.86	2.86	2.86	2.86	2.86	2.86
<b>Total Financial Expenses</b>	<b>2.86</b>	<b>2.86</b>	<b>2.86</b>	<b>2.86</b>	<b>2.86</b>	<b>2.86</b>	<b>2.86</b>	<b>2.86</b>	<b>2.86</b>	<b>2.86</b>
<b>E. Total Expenses B+C+D</b>	<b>86.79</b>	<b>84.20</b>	<b>82.68</b>	<b>82.02</b>	<b>82.12</b>	<b>82.88</b>	<b>82.40</b>	<b>82.48</b>	<b>83.07</b>	<b>84.16</b>
<b>F. Profit A - E</b>	<b>41.01</b>	<b>52.12</b>	<b>62.16</b>	<b>71.34</b>	<b>79.76</b>	<b>87.52</b>	<b>88.00</b>	<b>87.92</b>	<b>87.33</b>	<b>86.24</b>
<b>G. P&amp;P Expenses written off</b>	<b>1.51</b>	<b>1.51</b>	<b>1.51</b>	<b>1.51</b>	<b>1.51</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>H. Income before Tax (F-G)</b>	<b>39.51</b>	<b>50.61</b>	<b>60.66</b>	<b>69.83</b>	<b>78.25</b>	<b>87.52</b>	<b>88.00</b>	<b>87.92</b>	<b>87.33</b>	<b>86.24</b>
<b>I. Adjustment of Loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

J. Income Tax (@25.75% for company)	10.17	13.03	15.62	17.98	20.15	22.54	22.66	22.64	22.49	22.21
K. Net Profit /Loss for the year	29.34	37.58	45.04	51.85	58.10	64.98	65.34	65.28	64.84	64.03
L. Cumulative Surplus	29.34	66.92	111.95	163.80	221.90	286.88	352.22	417.51	482.35	546.38

## 6.8 Cash flow statement

Cash flow statement indicates the cash balance and the liquidity position of the project over the years. The table below presents the sources and disposal/uses of funds statement of the project.

Table 24: Cash Flow Statement

CASH FLOW STATEMENT (Amt. In Rs. Lakh)											
Particulars	Construction Period	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>A. Source Funds :</b>											
1. Cash Accruals (Net Profit + Interest Paid)		43.87	54.98	65.02	74.20	82.62	90.38	90.86	90.78	90.19	89.10
2. Increase in capital	71.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Depreciation		35.42	29.96	25.42	21.59	18.34	15.59	13.26	11.27	9.58	8.15
4. Increase in WC Loan		26.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5. Change in Expenses Payable		3.42	0.23	0.24	0.25	0.26	0.27	0.16	0.18	0.19	0.21
6. Increase in Grant-in-aid from GoH	180.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Sources of Funds</b>	<b>251.80</b>	<b>108.72</b>	<b>85.16</b>	<b>90.67</b>	<b>96.03</b>	<b>101.22</b>	<b>106.24</b>	<b>104.28</b>	<b>102.23</b>	<b>99.97</b>	<b>97.46</b>
<b>B. Use of Funds :</b>											
1. P&P Expenses	7.53	-	-	-	-	-	-	-	-	-	-
2. Increase in fixed assets	234.90	-	-	-	-	-	-	-	-	-	-
3. Increase in other Assets	9.37	35.00	9.36	10.77	12.46	14.48	16.92	17.58	21.08	25.28	30.31
4. Increase in Sundry Debtors		31.95	2.13	2.13	2.13	2.13	2.13	0.00	0.00	0.00	0.00
5. Interest		2.86	2.86	2.86	2.86	2.86	2.86	2.86	2.86	2.86	2.86
6. Taxation		10.17	13.03	15.62	17.98	20.15	22.54	22.66	22.64	22.49	22.21
<b>Total Use of Funds</b>	<b>251.80</b>	<b>79.98</b>	<b>27.38</b>	<b>31.37</b>	<b>35.43</b>	<b>39.63</b>	<b>44.44</b>	<b>43.10</b>	<b>46.58</b>	<b>50.62</b>	<b>55.38</b>
<b>C. Net Surplus (A -B)</b>		<b>28.73</b>	<b>57.78</b>	<b>59.30</b>	<b>60.60</b>	<b>61.60</b>	<b>61.80</b>	<b>61.18</b>	<b>55.65</b>	<b>49.34</b>	<b>42.08</b>
<b>D. Cumulative Surplus</b>		<b>28.73</b>	<b>86.52</b>	<b>145.81</b>	<b>206.42</b>	<b>268.01</b>	<b>329.81</b>	<b>390.99</b>	<b>446.64</b>	<b>495.98</b>	<b>538.06</b>

The cash flow statement showcases the available net surplus for 10 years of the CFC operations. Depreciation is also considered on a higher side on the Written Down Value method for cash flow calculations along with adjusted preliminary expenses. As most of the capital expenditure is being supported as grant under the State Mini Cluster Development Scheme, EPP-2015, therefore it does not have any negative effect on the Cash flow, in terms of interest, etc.

## 6.9 Projected Balance Sheets

The annual balance sheets for the CFC have been projected based upon estimates in the earlier sub-sections with regard to various current and fixed liabilities and also current and fixed assets. As evident from the projections, a considerable amount of reserves and surplus gets accumulated. These shall also be utilized for expansion of the CFC and undertaking other cluster development activities. Decision on deployment of reserves and surplus accumulated will be based on the performance of the project and requirements of cluster firms and members of the SPV. The projected balance sheets are provided in the table below:

Table 25: Balance Sheet

PROJECTED BALANCE SHEET (Amt. In Rs. Lakh)											
Particulars	At the end of impl. Period	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>1. Fixed Assets :</b>											
Gross Block	234.90	234.90	199.48	169.52	144.11	122.52	104.18	88.59	75.33	64.06	54.48
Less : Depreciation (WDV)		35.42	29.96	25.42	21.59	18.34	15.59	13.26	11.27	9.58	8.15
Net Block	234.90	199.48	169.52	144.11	122.52	104.18	88.59	75.33	64.06	54.48	46.33
<b>Total Fixed Assets (A)</b>	<b>234.90</b>	<b>199.48</b>	<b>169.52</b>	<b>144.11</b>	<b>122.52</b>	<b>104.18</b>	<b>88.59</b>	<b>75.33</b>	<b>64.06</b>	<b>54.48</b>	<b>46.33</b>
<b>2. Current Assets :</b>											
Cash & bank Surplus (B.F)		28.73	86.52	145.81	206.42	268.01	329.81	390.99	446.64	495.98	538.06
Sundry Debtors		31.95	34.08	36.21	38.34	40.47	42.60	42.60	42.60	42.60	42.60
Margin Money for WC Loan	9.37	9.37	11.72	14.09	16.47	18.86	21.26	21.42	21.60	21.79	22.01
Other Current Assets		35.00	42.00	50.40	60.48	72.58	87.09	104.51	125.41	150.49	180.59
P&P Exp	7.53	6.02	4.52	3.01	1.51	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total current Assets (B)</b>		<b>111.08</b>	<b>178.84</b>	<b>249.53</b>	<b>323.21</b>	<b>399.91</b>	<b>480.76</b>	<b>559.52</b>	<b>636.25</b>	<b>710.87</b>	<b>783.26</b>

<b>Total Assets (A+B)</b>	<b>251.80</b>	<b>310.56</b>	<b>348.36</b>	<b>393.64</b>	<b>445.73</b>	<b>504.09</b>	<b>569.35</b>	<b>634.84</b>	<b>700.31</b>	<b>765.34</b>	<b>829.59</b>
<b>3. Current Liabilities :</b>											
Working Capital Loan		26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00	26.00
Expenses Payable		3.42	3.64	3.88	4.13	4.39	4.66	4.82	5.00	5.19	5.41
<b>Total Current Liabilities (C)</b>		<b>29.42</b>	<b>29.64</b>	<b>29.88</b>	<b>30.13</b>	<b>30.39</b>	<b>30.66</b>	<b>30.82</b>	<b>31.00</b>	<b>31.19</b>	<b>31.41</b>
<b>4. Fixed Liabilities</b>											
Shareholders' Contribution	71.80	71.80	71.80	71.80	71.80	71.80	71.80	71.80	71.80	71.80	71.80
Grant from GoH	180.00	180.00	180.00	180.00	180.00	180.00	180.00	180.00	180.00	180.00	180.00
Reserves and Surplus		29.34	66.92	111.95	163.80	221.90	286.88	352.22	417.51	482.35	546.38
<b>Total Fixed Liabilities (D)</b>	<b>251.80</b>	<b>281.14</b>	<b>318.72</b>	<b>363.75</b>	<b>415.60</b>	<b>473.71</b>	<b>538.69</b>	<b>604.03</b>	<b>669.31</b>	<b>734.15</b>	<b>798.18</b>
<b>Total Liabilities (C+D)</b>	<b>251.80</b>	<b>310.56</b>	<b>348.36</b>	<b>393.64</b>	<b>445.73</b>	<b>504.09</b>	<b>569.35</b>	<b>634.84</b>	<b>700.31</b>	<b>765.34</b>	<b>829.59</b>

### 6.10 Break-even analysis

The break-even (BE) estimates of the project indicate the level of activity at which the total revenues of the project equal the total costs. The Break even percentage indicates whether the fixed costs are being covered by the revenue generated from the operations, as well as profits are being generated after paying for such fixed costs. As per the calculations, the CFC achieves break even in the first year itself as no major interest costs are being incurred. Hence, BE estimates at level of activity relevant to the first year and subsequent years of activity are provided in the table below:

Table 26: Break Even Estimates

<b>BREAKEVEN POINT AT VARIOUS C.U.</b>											
<b>Particulars</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>	
<b>Capacity Utilization</b>	<b>75%</b>	<b>80%</b>	<b>85%</b>	<b>90%</b>	<b>95%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	

<b>A. Total Earning by way of user charges</b>	<b>127.80</b>	<b>136.32</b>	<b>144.84</b>	<b>153.36</b>	<b>161.88</b>	<b>170.40</b>	<b>170.40</b>	<b>170.40</b>	<b>170.40</b>	<b>170.40</b>
<b>B. Variable costs</b>										
Consumables	4.55	4.85	5.15	5.45	5.76	6.06	6.06	6.06	6.06	6.06
Utilities (Power-Variable Charges)	4.18	4.46	4.74	5.02	5.29	5.57	5.57	5.57	5.57	5.57
Interest on WC Loan	2.86	2.86	2.86	2.86	2.86	2.86	2.86	2.86	2.86	2.86
Repair & Maintenance	5.11	5.45	5.79	6.13	6.47	6.81	6.81	6.81	6.81	6.81
Manpower (Direct)	13.91	14.84	15.76	16.69	17.62	18.55	18.55	18.55	18.55	18.55
<b>Total Variable Cost (B)</b>	<b>30.60</b>	<b>32.45</b>	<b>34.30</b>	<b>36.15</b>	<b>38.00</b>	<b>39.85</b>	<b>39.85</b>	<b>39.85</b>	<b>39.85</b>	<b>39.85</b>
<b>C. Contribution (A-B)</b>	<b>97.20</b>	<b>103.87</b>	<b>110.54</b>	<b>117.21</b>	<b>123.88</b>	<b>130.55</b>	<b>130.55</b>	<b>130.55</b>	<b>130.55</b>	<b>130.55</b>
<b>D. Fixed Overheads (Cash)</b>										
Manpower (Indirect)	5.41	5.41	5.41	5.41	5.41	5.41	5.41	5.41	5.41	5.41
Utilities (Power-Fixed Charges)	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98	0.98
Rent	12.00	13.20	14.52	15.97	17.57	19.33	21.26	23.38	25.72	28.30
Insurance	1.17	1.00	0.85	0.72	0.61	0.52	0.44	0.38	0.32	0.27
Misc. Expenditure	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
<b>Sub-total (D)</b>	<b>20.76</b>	<b>21.79</b>	<b>22.96</b>	<b>24.29</b>	<b>25.78</b>	<b>27.44</b>	<b>29.30</b>	<b>31.36</b>	<b>33.64</b>	<b>36.16</b>
<b>E. Fixed Overheads (Non-cash)</b>										
Depreciation	35.42	29.96	25.42	21.59	18.34	15.59	13.26	11.27	9.58	8.15
Preliminary & Pre-operative expenses written off	1.51	1.51	1.51	1.51	1.51	0.00	0.00	0.00	0.00	0.00
<b>Sub-total (E)</b>	<b>36.93</b>	<b>31.46</b>	<b>26.92</b>	<b>23.09</b>	<b>19.85</b>	<b>15.59</b>	<b>13.26</b>	<b>11.27</b>	<b>9.58</b>	<b>8.15</b>
<b>F. Total Fixed Overheads (D+E)</b>	<b>57.69</b>	<b>53.25</b>	<b>49.88</b>	<b>47.38</b>	<b>45.63</b>	<b>43.03</b>	<b>42.55</b>	<b>42.63</b>	<b>43.22</b>	<b>44.31</b>

<b>Breakeven point (F/C)</b>	<b>59.35</b> %	<b>51.27</b> %	<b>45.13</b> %	<b>40.42</b> %	<b>36.83%</b>	<b>32.96%</b>	<b>32.59%</b>	<b>32.65%</b>	<b>33.11%</b>	<b>33.94%</b>
------------------------------	-------------------	-------------------	-------------------	-------------------	---------------	---------------	---------------	---------------	---------------	---------------

Book break-even is achieved at 59.35% (of operational capacity at 75 per cent) and at 51.27% (of operational capacity at 80 percent). The operation of the CFC is expected to break-even and realizes profit from 1st year of operations. Therefore, very low risk is involved in the project.

Moreover, the SPV members have the potential to run the facility for longer than one shift resulting in enhanced capacity utilization and generation of more revenues. In that case, project will break even earlier than estimated. Additionally, the approach has been to develop projections based upon conservative estimates (costs on a higher side and user charge/ revenues on a lower side) whereas, in real the revenues may be far higher.



### 6.11 Feasibility analysis summary and sustainability indicators

A summary of the financial analysis in terms of key financial indicators such as Return on Capital Employed (ROCE), Net Present Value (NPV), Break Even Point (BEP) and the Internal Rate of Return (IRR) is presented in the table below. The indicators validate the financial viability and sustainability potential of the proposed project.

Table 27: Financial Analysis

FEASIBILITY		
S. No.	Particulars	Estimates
1	BEP (cash BEP at initial operating capacity of 75%)	59.35%
2	Av. ROCE (PAT/CE)	30.36%
3	Internal Rate of Return (IRR)	25.33%
4	Net Present Value (at a discount rate of 10 per cent) - incorporating viability gap funding (grant) by GoH	NPV is positive and high (Rs. 194.36 lacs) at a conservative project life of 10 years
5	Payback period	4.95 years with Grant-in-aid assistance from GOH
6	DSCR	Not Applicable (non-availment of term loan in this project)

The annual estimates in the context of ROCE are presented in the table below:

Table 28: Calculation of Return on Capital Employed

RETURN ON CAPITAL EMPLOYED (ROCE)											
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	AVERAGE
ROCE	16.8 3%	21.2 4%	25.2 2%	28.8 7%	32.2 1%	35.8 9%	36.0 8%	36.0 5%	35.8 2%	35.3 8%	30.36 %

The average value of ROCE (with grant-in-aid) is 30.36%. This indicates the high techno-economic viability of the project should the government contribute a significant portion of the project cost as grant. Capital employed considered includes SPV contribution as well as Grant-in-aid.

The Net Present Value is estimated at Rs. 194.36 lakhs at a discount rate of 10%. However, as reflected from the high values of NPV, it is positive at even 10%, the rate at which bank offers debt capital facility and even at higher discount rates. Project IRR is high at over 25.33% (at a conservative project life of 10 years). This substantiates the viability of the project.

### 6.12 Additional revenue sources

Additional sources of revenue shall also be explored by the SPV by offering procurement and marketing services in future to more enterprises. The SPV members are strong believers of the cluster concept and would like to explore the potential of undertaking cluster initiatives to improve the backward and forward linkages of the cluster units.

However, in order to ensure conservativeness in income estimates, in the initial years, the income earning possibilities of such revenues are not captured in this DPR.

### 6.13 Risk Analysis & Sensitivities

Risk in the project is relatively low in the context of the following:

- ▶ **Promoters are experienced:** Risk in the project is quite low given the strength and profile of the SPV members. They have considerable experience not only in the textile industry but also in undertaking cluster developmental initiatives.
- ▶ **Facility is pre-marketed:** Evidently, complete capacity of the core facility to be established in terms of various facilities may be easily availed by members of the SPV themselves, thus the facility would already have a captive market.
- ▶ **Sustainability indicators in terms of the strength of the SPV and the economics of the project:** Evidence of cooperative initiatives of SPV members as articulated in previous chapters; for instance, in terms of pursuing several joint efforts, registering the SPV, proceeding towards procurement of land, and securing commitment from members, vis-à-vis progressively mobilizing necessary paid up capital, all reflect the strength of the SPV.

High economic viability indicators upon considering the benefits of grant-in-aid under the state mini cluster scheme and EPP 2015 also serve as evidence of techno-economic viability and sustainability of the project. A sensitivity analysis has been carried out to ascertain the impact on the project, should there be any loss of revenue. This has been calculated assuming drop in user charges. Major financial parameters are still attractive. The important parameters related to the sensitivity analysis are presented in the table below:

Table 29: Sensitivity Analysis

SENSITIVITY ANALYSIS					
S. No.	Particulars	Base case	With 5% decline in user charge	With 10% decline in user charge	With 15% decline in user charge
1	BEP (cash BEP at operating capacity of 75%)	59.35%	63.53%	68.34%	73.93%
2	Internal Rate of Return (IRR)	25.33%	21.65%	19.35%	16.93%
3	Av. ROCE (PAT/CE) (with Grant)	30.36%	27.40%	24.41%	21.38%
4	Net Present Value (at a discount rate of 10 per cent) - incorporating viability gap funding (grant) GoH	194.36	141.43	110.41	79.39

Even assuming a fall in user charge, ROCE is favourable. From the above it is evident that the project is very viable even under (unlikely) risky environment circumstances.

#### 6.14 Assumptions for financial calculations:

The financial statements and project profitability estimates in this DPR are based on the following assumptions:

1. The total project cost is pegged at Rs. 251.80 Lakh on the basis of estimates and quotations.
2. To finance the project, a total of Rs. 251.80 Lakhs is required. The financing will consist of grant from Government of Haryana and contribution by SPV.

In the financial projections and analysis, year 2018 is the envisaged period of project implementation also involving obtaining building on lease and installation of plant, machinery and other equipment. This period will commence from the date of final approval by the State Level Project Steering Committee under the State Mini Cluster Development Scheme. The financial projections thereafter are prepared for 10 years of operation starting 2019.

4. The Registered SPV will manage CFC, and these services are to be used by the SPV to member as well as non-member units. The common facility will benefit registered SPV as well as non-member firms who (in some cases) may not afford to contribute to necessary equity capital.

5. The CFC will operate for 25 days a month, that is, for 300 days a year on an eight hour single shift basis. Operation on single shift basis is assumed for purposes of projecting income estimates.

6. Capacity utilization is assumed at 75% in the first year; 80% for second, 85% for third, and 100% thereafter. This is a conservative estimate for first 5 years as SPV members alone could avail of over 100 per cent of the installed capacity on single-shift basis.

7. The workings with regard to expenses related to the project have been tabulated and categorized in terms of those related to consumables, manpower, electricity, and miscellaneous administrative expenditures.

8. Repairs and maintenance is provided @ 3% of plant and machinery cost at varying capacity utilization.

9. Insurance is provided @ 0.5% on fixed assets including building & civil works, machinery, contingency as fixed cost at all capacity utilization.

10. Electricity connection required for the CFC shall cost at Rs. 3300/- (Rs. 1100 as security deposit and Rs. 2000 as service charge per kW) connected load as per the regulatory norms in Haryana.

11. Fixed charges per kW of electric connection shall be charged @ Rs. 173 and variable charges @ Rs. 9 per unit consumed.

12. Income estimates have been projected most conservatively. The prescribed user charges are competitive vis-à-vis charges for similar services in other regions.

13. Depreciation on fixed assets is calculated on Written Down Value (WDV) method for tax calculation purposes.

14. Provision for income tax has been made @ 25.75% including surcharge.

15. Profitability estimates in terms of ROCE, NPV, and IRR are computed considering operating results for first 10 years of operation.



## 7. Project Implementation and Monitoring

### 7.1 Envisaged Implementation Framework

1. **Time frame:** Project implementation is envisaged to involve a time-frame of about 12 months upon receipt of final approval of grant-in-aid assistance from the Government of Haryana under mini cluster scheme.
2. **User Base:** The facilities may be used by SPV members and non-members. However, the charges will vary. The SPV will also be open for new entrants subject to them subscribing to the shareholding of the SPV, and them being genuinely pro-active and interested in cluster initiatives. The BoD of the SPV can decide on same or differential user charges for both members and non-members or based upon the volume of the output.
3. **Project implementation schedule:** The project implementation schedule envisaged over a period of 10 months involves several activities. The schedule is elaborated in the table below:

Table 30: Project Implementation Schedule

Activity/Month	1	2	3	4	5	6	7	8	9	10
Collecting Contribution from SPV members										
Transfer of land in the name of SPV										
Receipt of final sanction from GoH										
Formation of purchase committee										
Inviting E tenders for purchase of machines										
Obtaining statutory clearances and approvals										
Purchase of machinery and equipment										
Installation and trial run of machinery and equipment										
Arrangement of working capital										

Monitoring of the project by BoD										
Monitoring of the project by PMC										
Commencement of operations of the facility										

4. **Contractual agreements/MoU with member units:** Agreements have been finalized in terms of utilization of assets in respect of shareholders.

A total of 11 units are participating in the SPV and all these units have agreed to contribute towards the SPV share of the project cost. The utilization of the common facility will be in line with the proposed shareholding pattern. The consent letter wherein the member units agree for payments of 10% share of cost of CFC will be submitted in due course of time and as per final approval from Government of Haryana.

5. **Memorandum and Bye-Law of Registered Company:** MOA, AOA and bye laws are indicative of the management and decision making structure of the SPV. All the members of SPV have paid an advance and are members of the Registered Private Entity. Few other units are also willing to be members of the SPV and once the CFC is approved and sanctioned from government of Haryana, many more members will be interested to subscribe to the shares of the SPV.
6. **Availability of Building& Status of Acquisitions:** Building is being procured on lease by the SPV for the proposed CFC at HSIIDC I.E, Rai, Sonipat district. A plot of land and building (of area 6000 sq. ft.) has already been identified by the SPV and shall be taken on lease by SPV soon.
7. **Availability of Requisite Clearances:** Necessary land with all required clearances will be procured by the SPV. Electricity is already available in the area and the proposed CFC can easily be connected to the grid. The other required clearances (environment, labor etc.) shall be obtained in due course.
8. **O & M Plan:** The revenue stream for O&M is dependent on realization of user charges from the SPV members and other users/MSMEs in the case of various facilities. As detailed in the financial section, the cash incomes are sufficient to meet operating expenditures, overheads as well as depreciation for sustainable replacement of assets. The SPV will also have to keep a track of maintenance of assets through collection of user charges from the members/ users.

## **7.2 Monitoring Mechanism**

As mentioned in the implementation schedule, the following key activities shall be conducted during establishment of the CFC:

- ▶ Civil Alterations
- ▶ Electrical works
- ▶ Purchase of machinery & commissioning
- ▶ Trial production
- ▶ Commercial production

The successful implementation of above activities will depend on the following aspects:

- ▶ Implementation of above within the time frame
- ▶ Supervising and overseeing the implementation of the proposals and fine tuning and advocating more measures if needed, depending on the site conditions
- ▶ Project level monitoring indicators to evaluate the implementation of the CFC proposal at recommended intervals
- ▶ Suitable purchase mechanisms for proposed plant & machinery
- ▶ Periodical reporting of the status of implementation and monitoring of the results of key performance indicators, and
- ▶ Constant evaluation of the measures implemented based on the data available from project level monitoring and status reports and providing directions accordingly.

In addition, for implementing the Sonipat Textile & Allied Products Cluster CFC project, a Project Management Committee (PMC) comprising the Joint Director, DIC, Sonipat, and representatives of SPV, Punjab National Bank and EY experts shall be constituted to directly oversee effective monitoring and implementation.

The project will be implemented through SPV and PMC will report progress of implementation to State Level Steering Committee and DIC Sonipat.



# Conclusion



## 8. Conclusion

There is a high demand for different types of apparel accessories, garments made from a variety of fabrics including air mesh, leather/synthetic leather etc., and auto accessories (seat covers, airbags, etc.) in both domestic and international markets. State-of-the-art production units and in-house design studios will strengthen the industry in producing products with exquisite design and quality.

The weak areas include lack of computerised fabric cutting, knitting and digital printing facility, which results in units having to use manual or semi-automatic machines available in-house or through outsourcing. This increases the costs due to wastage of raw material during manufacturing processes for the units, job work costs, etc., thereby reducing their competitiveness. It also results in production delays. This challenge can be overcome by setting up a CFC with this facility, which can be availed at lower costs. The recommendations have been detailed out in this DPR.

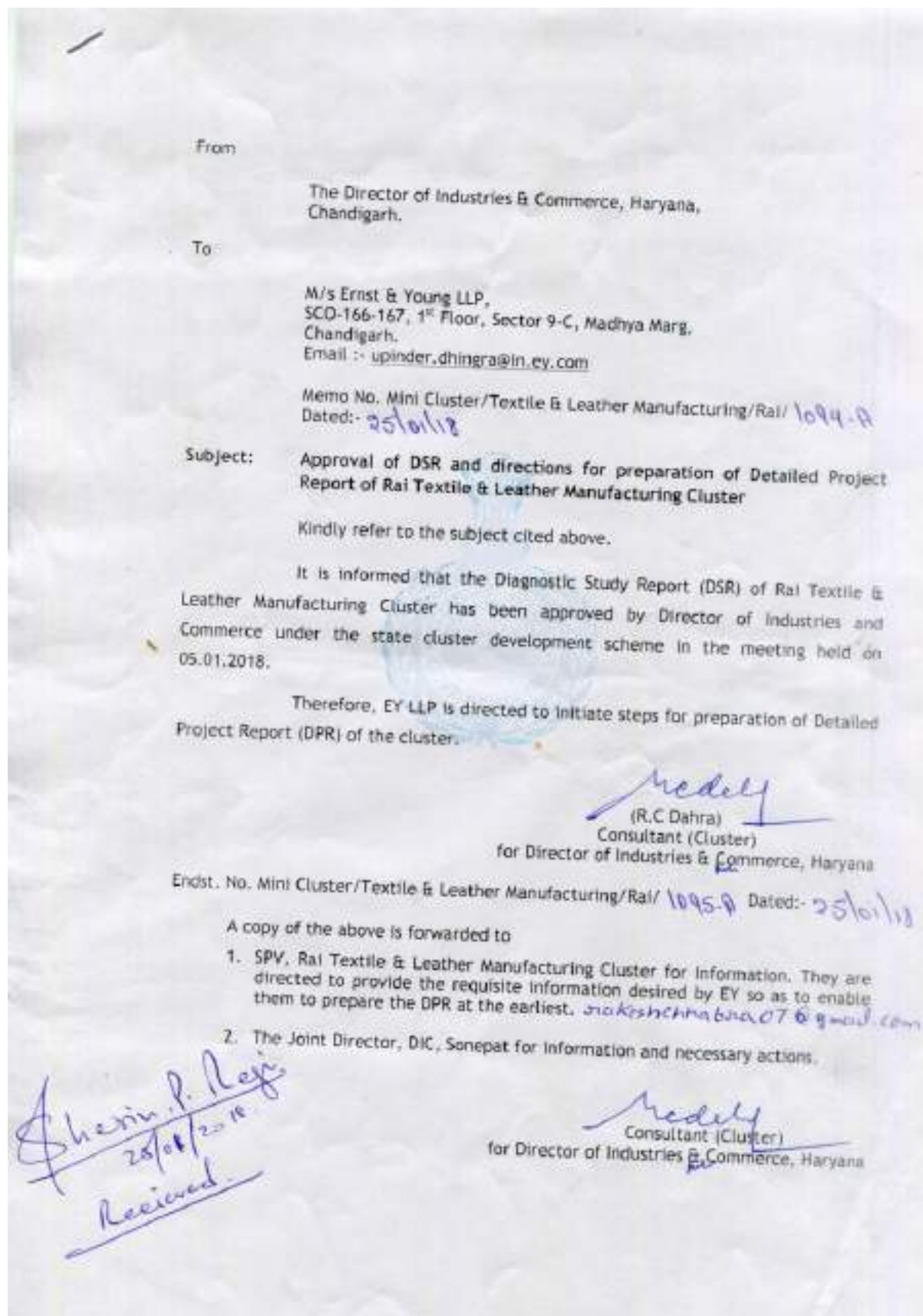
The cost of project, essentially the plant and machinery is estimated to be approximately INR 2.52 crore. The project shall be implemented by the SPV **“Rai Textile & Allied CFC Private Limited”** which has been constituted by the cluster firms. The SPV has proactively undertaken a number of initiatives and have acted upon the proposed soft interventions in the DSR. A number of capacity building programs and exposure visits have been organised by the SPV for the benefit for its members.

The CFC will be set up with support from DIC and the state government (Department of Industries) under PPP mode. The building space to be taken on lease for the project has already been identified by the SPV and shall be acquired immediately upon in final approval by State Government. The state industry department is envisaged to provide grant for setting up of the modern machines under the Mini-Cluster scheme, Haryana EPP 2015. The SPV members have proposed to contribute RS. 71.80 lakhs of the project cost. Support from Mini Cluster Scheme of the State Government of Haryana is envisaged for Rs. 180 lakh. Working capital requirement for the project will be provided by PNB. The project is financially viable and is expected to generate enough revenue to ensure its sustainability.

[illegible]

## 9. Annexures

### Annexure 1: DSR Approval & DPR Preparation Letter





## Annexure 2: SPV Certificate of Incorporation



GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS  
Central Registration Centre

### Certificate of Incorporation

[Pursuant to sub-section (2) of section 7 of the Companies Act, 2013 (18 of 2013) and rule 18 of the Companies (Incorporation) Rules, 2014]

I hereby certify that RAI TEXTILE & ALLIED CFC PRIVATE LIMITED is incorporated on this Thirteenth day of March Two thousand eighteen under the Companies Act, 2013 (18 of 2013) and that the company is limited by shares.

The Corporate Identity Number of the company is **U17309HR2018PTC073010**.

The Permanent Account Number (PAN) of the company is **AAICR8178D**

The Tax Deduction and Collection Account Number (TAN) of the company is **RTKR11047B**

Given under my hand at Manesar this Fifteenth day of March Two thousand eighteen .

Digital Signature Certificate  
Keerthi Thej N  
Deputy Registrar Of Companies  
For and on behalf of the Jurisdictional Registrar of Companies  
Registrar of Companies  
Central Registration Centre

Disclaimer: This certificate only evidences incorporation of the company on the basis of documents and declarations of the applicant(s). This certificate is neither a license nor permission to conduct business or solicit deposits or funds from public. Permission of sector regulator is necessary wherever required. Registration status and other details of the company can be verified on [www.mca.gov.in](http://www.mca.gov.in)

Mailing Address as per record available in Registrar of Companies office:

RAI TEXTILE & ALLIED CFC PRIVATE LIMITED  
PLOT NO. -1805, HSIIDC INDUSTRIAL ESTATE, RAI, SONEPAT,  
Sonapat, Haryana, India, 131029



\* as issued by the Income Tax Department

## Annexure 2(a) & (b) : Copy of Memorandum of Association (MoA) & Article of Association (AoA)

[Pursuant to Schedule I (see Sections 4 and 5) to the Companies Act, 2013] FORM NO. INC-33	<b>SPICE MOA</b> (e-Memorandum of Association)
--	---

MOA language: ☒ English ☐ Hindi

SRN of RUN

\* Table applicable to company as notified under schedule I of the companies Act, 2013

**Table A- MEMORANDUM OF ASSOCIATION OF A COMPANY LIMITED BY SHARES**

1. The Name of the Company is

2. The Registered office of the company will be situated in the state of

3.(a) The objects to be pursued by the company on its incorporation are

1. To function as Special Purpose Vehicle (SPV) and Set up Common Facility Centre(CFC) and other infrastructure activities for textile & allied Industry, for the benefits of its members and Industry/concerned stake holders following the guidelines and notifications for Mini Cluster Scheme of Government of Haryana.  
 2. To undertake works/schemes/programs of the Government relating to growth and development of textile & allied Industry and carry out/ conduct soft and hard intervention activities under Mini Cluster Scheme of Government of Haryana.  
 3. To act as a resource centre for development and strengthening network as business development Services related to Technology, Market, Capacity building and Hand holding support for the purpose of growth and development of the textile & allied Industry under Mini Cluster Scheme of Government of Haryana.  
 4. To make available raw material to all members of textile & allied Industry at competitive rates by opening of raw material bank.  
 5. To arrange latest technology for upgrading all manufacturing units to provide quality certificate to its members.  
 6. To render assistance and encouragement as may be necessary to persons engaged in textile & allied industry.  
 7. To undertake research work in connection with development of textile & allied Industry.  
 8. To conduct training programs/seminars for capacity building of partners and other key stakeholders.

3.(b) Matters which are necessary for furtherance of the objects specified in clause 3(a) are

1. To purchase and otherwise acquire, own, import all materials, substances, appliances, machines, containers and such other articles and apparatus and things capable of being used in any of the main business and to own, otherwise acquire and use facilities of whatever kind as may be convenient or useful or conducive to the effective working of the main business of the Company.
2. To acquire, build, alter, maintain, enlarge, remove or replace and to work, manage and control any buildings, offices, factories, mills, shop machinery, conveniences which may seem necessary to achieve the main objects of the Company.
3. To carry on and transact every kind of guarantee and corporate guarantee and counter guarantee business and to guarantee the payment/repayment of loans, borrowings of any nature whatsoever granted by any institutions and/or any person to any individual, firm(s), HUF, company(s), association of person and money secured by or payable under or in receipt of stocks, bonds, debenture, debentures stocks, contracts, mortgages, charges, obligations and securities of any company whomsoever whether incorporated or not.
4. To purchase or in exchange, hire, take, options over or otherwise acquire any estate or interests whatsoever and to hold, develop work, concessions, grants, decrees, licenses, privileges, claims, options, property real or personal or rights or powers of any kinds which may appear to be necessary for the main business of the Company.
5. To pay preliminary and incorporation expenses of the Company.
6. To exchange, mortgage, royalty or tribute, grant licenses, easements, options and such other rights over dispose of the whole or any part of undertaking, property assets, rights and effects of the company for such consideration as may be thought fit and in particular stocks, shares, debentures whether fully or partially paid up or securities of any other such company having objects whole or in part similar to those of the Company.
7. To pay for any rights or property acquired by the Company and to remunerate any person, firm or body corporate rendering services to the company either by cash payment or by allotment to him or them of shares or securities of the Company as paid up in full.
8. To open account or accounts with any individual, firm or company or with any bank or banks or bankers or shroffs and to pay into and to withdraw money from such account or accounts.
9. To undertake financial and commercial obligations, transactions and operations of all kinds.
10. To guarantee the performance of any contract or obligations and the payment of any money or dividends and interest on any stock, shares or securities of any company, corporation, firm or person in any case in which such guarantee may be considered directly or indirectly to further the main objects of the Company.
11. To guarantee the payment of money unsecured or secured or payable under or in respect of promissory notes, bonds, debenture stocks, contracts, mortgages, charges, obligations, instruments and securities of any company or of any authority, supreme, municipal, local or of any persons whether incorporated or not incorporated and to guarantee or become sureties for the performance of any contracts or obligations as may be necessary for the main business of the Company.
12. To subscribe for, acquire shares, share-stock, debentures, bonds, debenture stock, mortgages, obligations, securities of any kind issued or guaranteed by any company (body corporate undertaking) of whatever nature and whatsoever constituted or carrying on the main business and to subscribe for, acquire shares, debentures and debenture stocks and debenture bonds, mortgages, obligation and such other securities issued or guaranteed by any government, trust, municipal, local or such other authority or body of whatever nature whether in India or elsewhere as may be conducive to the main business of the Company.
13. To negotiate and/or enter into agreements and contracts with individuals companies, corporation and such other organizations, foreign or Indian for obtaining or providing technical or any other assistance for carrying out all or any of the main objects of the Company and also for the purpose of activating financial participation and for technical collaboration and to acquire or provide necessary formula and patent rights for furthering the main objects of the Company.
14. Subject to the provisions of Companies Act, 2013 to borrow or raise money in such manner as the Company shall think fit and in particular by the issue of debentures or debenture stock (perpetual or otherwise) and to secure the payment of any money borrowed, raised or owing on the mortgage, charge or lien upon all or any of the property or assets of the company including its uncalled capital and also by similar mortgage, charge or lien to secure and guarantee the performance by the Company or any other such person or company, of any obligation undertaken by the company.
15. To draw, make, accept, endorse, discount, negotiate, execute and issue bills of exchange, promissory notes, bills of lading, debentures and other negotiable or transferable instruments or securities.
16. To apply for purchase or otherwise acquire and protect prolong and renew in any part of the world any patents, patent rights, brevets of inventions, trademarks, designs, licenses, protection and concessions conferring any exclusive or non exclusive or limited right to their use of information as to any invention, process or privileges which may seem capable of being used for the main objects designs, licenses, protections, and concessions conferring any exclusive or non-exclusive or limited of the Company or the acquisition of which may seem calculated directly or indirectly to benefit the Company and to use, exercise, develop or grant licenses or privileges in respect of the property, rights and information so acquired.
17. To spend money in experimenting upon and testing and improving or seeking to improve any patents, rights, inventions, discoveries, processes or information of the Company or which the Company may acquire or propose to acquire.
18. To do all or any of the main objects either as principals, agents, trustees, contractors or otherwise and either alone or in conjunction with others and either by or through agents, sub contractors, trustees or otherwise.
19. To acquire and takeover the whole or any part of the business, goodwill, trademarks properties and liabilities of any person or persons, firms, companies or undertakings either existing or new engaged in or carrying on or proposing to carry on business which this company is authorized to carry on, possession of any property or rights suitable for the purpose of the Company and to pay for the same either in cash or in shares or partly in cash and partly in shares or otherwise.
20. To procure the registration or recognition of the Company in or under the laws of any place outside India.
21. To form, incorporate or promote any company or companies whether in India or elsewhere having amongst its or their objects the acquisition of all or any of the assets or controls management or development of the Company or any other such objects which in the opinion of the Company could or might directly or indirectly assist the Company in the management if it's main business or the development of its properties or otherwise prove advantageous to the Company and to pay all or any of the cost and expenses incurred in connection with any such promotion or incorporation and to remunerate any person or company in any matter it shall think fit for services rendered or to be rendered in or about the formation or promotion of the company or the conduct of its main business or in about the promotion of any other such company in which the Company may have any interest.
22. Subject to the provisions of Companies Act, 2013, to amalgamate or to enter into partnership or into any arrangement for sharing profits, union of interests, co-operation, joint venture or reciprocal with any person or persons of the company or companies carrying on or engaged in the main business of the Company.



4. The liability of the member(s) is limited and this liability is limited to the amount unpaid, if any, on the shares held by them.

5. The share capital of the company is  rupees, divided into,

330,000.00	Equity	shares of	10.00	rupees each	
------------	--------	-----------	-------	-------------	--

- 6 ☒ We, the several persons, whose names and addresses are subscribed, are desirous of being formed into a company in pursuance of this memorandum of association, and we respectively agree to take the number of shares in the capital of the company set against our respective names:
- ☐ I, whose name and address is given below, am desirous of forming a company in pursuance of this memorandum of association and agree to take all the shares in the capital of the company (Applicable in case of one person company):



S.No.	Subscriber Details					
	Name, Address, Description and Occupation	DIN/PAN/Passport Number	No. of shares taken		DSC	Dated
1	Rakesh Chhabra s/o Atam Parkash Chhabra, R/o 112, Chander Lok Enclave, Pitam Pura, Saraswati Vihar, Delhi-110034 Occupation: Business	08052204	10000	Equity		07/03/18
2	Rakesh Bathia s/o Niranjan Dass Bathia, R/o B-4/6, Rajouri Gardens, New Delhi, Delhi-110027 Occupation: Business	01797649	10000	Equity		07/03/18
Total Shares taken			20,000.00	Equity		

Signed before Me				
Name	Address, Description and Occupation	DIN/PAN/Passport Number/ Membership Number	DSC	Dated
ACA	Preeti Puri	House No. 420/12-A, Post Office Sonipat, Near Nanki Gurudawara, Sikka Colony, Sonipat, Haryana-131001 Occupation: Chartered Accountant	527480	07/03/18

[Pursuant to Schedule I (see Sections 4 and 5) to the Companies Act, 2013] FORM NO. INC-34

**SPICE AOA**

(e-Articles of Association)

AOA language ☒ English ☐ Hindi

SRN of **RUU**

IG77526465

Prefill

\*Table **F** as notified under schedule I of the companies Act, 2013 is applicable to the company

RAI TEXTILE & ALLIED CFC PRIVATE LIMITED

A COMPANY LIMITED BY SHARES

**Table F - ARTICLES OF ASSOCIATION OF A COMPANY LIMITED BY SHARES**

		Article No	Description
			<i>Interpretation</i>
<input type="checkbox"/>	<input checked="" type="checkbox"/>		<p>(1) In these regulations –</p> <p>(a) "the Act" means the Companies Act, 2013,</p> <p>(b) "the seal" means the common seal of the company.</p> <p>(2) Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the company.</p> <p>(3) The Company is a Private Company within the meaning of Section 2(68) of the Companies Act, 2013 and accordingly:-</p> <p>(i) restricts the right to transfer its shares;</p> <p>(ii) limits the number of its members to two hundred.</p> <p>Provide that where two or more persons hold one or more shares in a company jointly, they shall, for the purposes of this clause, be treated as a single member.</p> <p>Provided further that-</p> <p>(a) persons who are in the employment of the company; and</p> <p>(b) persons who, having been formerly in the employment of the company, were members of the company while in the employment and have continued to be members after the employment ceased, shall not be included in the number of members; and</p> <p>(ii) Prohibits any invitation to the public to subscribe for any securities of the company;</p>
			<i>Share capital and variation of rights</i>
<input type="checkbox"/>	<input type="checkbox"/>	11	Subject to the provisions of the Act and these Articles, the shares in the capital of the company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.
<input type="checkbox"/>	<input type="checkbox"/>	2	<p>(i) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within one month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be provided, –</p> <p>(a) one certificate for all his shares without payment of any charges; or</p> <p>(b) several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.</p> <p>(ii) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.</p> <p>(iii) In respect of any share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders</p>

<input type="checkbox"/>	<input type="checkbox"/>	3	(i) If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of twenty rupees for each certificate.  (ii) The provisions of Articles (2) and (3) shall mutatis mutandis apply to debentures of the company.
<input type="checkbox"/>	<input type="checkbox"/>	4	Except as required by law, no person shall be recognised by the company as holding any share upon any trust, and the company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.
<input type="checkbox"/>	<input type="checkbox"/>	5	(i) The company may exercise the powers of paying commissions conferred by sub-section (6) of section 40, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder. (ii) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40. (iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.
<input type="checkbox"/>	<input type="checkbox"/>	6	(i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 48, and whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.  (ii) To every such separate meeting, the provisions of these regulations relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.
<input type="checkbox"/>	<input type="checkbox"/>	7	The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.
<input type="checkbox"/>	<input type="checkbox"/>	8	Subject to the provisions of section 55, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the company before the issue of the shares may, by special resolution, determine.
			<b>Lien</b>
<input type="checkbox"/>	<input type="checkbox"/>	9	(i) The company shall have a first and paramount lien – (a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and (b) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the company: Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.  (ii) The company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.
<input type="checkbox"/>	<input type="checkbox"/>	10	The company may sell, in such manner as the Board thinks fit, any shares on which the company has a lien:  Provided that no sale shall be made – (a) unless a sum in respect of which the lien exists is presently payable; or (b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.
<input type="checkbox"/>	<input type="checkbox"/>	11	(i) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof  (ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer.  (iii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.



<input type="checkbox"/>	<input type="checkbox"/>	12	(i) The proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable. (ii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.
			<b>Calls on shares</b>
<input type="checkbox"/>	<input type="checkbox"/>	13	(i) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times: Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call. (ii) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the company, at the time or times and place so specified, the amount called on his shares. (iii) A call may be revoked or postponed at the discretion of the Board.
<input type="checkbox"/>	<input type="checkbox"/>	14	A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be required to be paid by instalments.
<input type="checkbox"/>	<input type="checkbox"/>	15	The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
<input type="checkbox"/>	<input type="checkbox"/>	16	(i) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent per annum or at such lower rate, if any, as the Board may determine. (ii) The Board shall be at liberty to waive payment of any such interest wholly or in part.
<input type="checkbox"/>	<input type="checkbox"/>	17	(i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable. (ii) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
<input type="checkbox"/>	<input type="checkbox"/>	18	The Board – (a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and (b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the company in general meeting shall otherwise direct, twelve per cent per annum, as may be agreed upon between the Board and the member paying the sum in advance.
			<b>Transfer of shares</b>
<input type="checkbox"/>	<input type="checkbox"/>	19	(i) The instrument of transfer of any share in the company shall be executed by or on behalf of both the transferor and transferee. (ii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.
<input type="checkbox"/>	<input type="checkbox"/>	20	The Board may, subject to the right of appeal conferred by section 58 decline to register – (a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or (b) any transfer of shares on which the company has a lien.
<input type="checkbox"/>	<input type="checkbox"/>	21	The Board may decline to recognise any instrument of transfer unless – (a) the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56; (b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and (c) the instrument of transfer is in respect of only one class of shares.

<input type="checkbox"/>	<input type="checkbox"/>	22	On giving not less than seven days' previous notice in accordance with section 81 and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine;  Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.
			<b>Transmission of shares</b>
<input type="checkbox"/>	<input type="checkbox"/>	23	(i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the company as having any title to his interest in the shares  (ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.
<input type="checkbox"/>	<input type="checkbox"/>	24	(i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either – (a) to be registered himself as holder of the share; or (b) to make such transfer of the share as the deceased or insolvent member could have made.  (ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.
<input type="checkbox"/>	<input type="checkbox"/>	25	(i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects.  (ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.  (iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.
<input type="checkbox"/>	<input type="checkbox"/>	26	A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company;  Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.
<input type="checkbox"/>	<input type="checkbox"/>	27	In case of a One Person Company –  (i) on the death of the sole member, the person nominated by such member shall be the person recognised by the company as having title to all the shares of the member;  (ii) the nominee on becoming entitled to such shares in case of the member's death shall be informed of such event by the Board of the company;  (iii) such nominee shall be entitled to the same dividends and other rights and liabilities to which such sole member of the company was entitled or liable;  (iv) on becoming member, such nominee shall nominate any other person with the prior written consent of such person who, shall in the event of the death of the member, become the member of the company.
			<b>Forfeiture of shares</b>
<input type="checkbox"/>	<input type="checkbox"/>	27	If a member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

<input type="checkbox"/>	<input type="checkbox"/>	28	<p>The notice aforesaid shall --</p> <p>(a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and</p> <p>(b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.</p>
<input type="checkbox"/>	<input type="checkbox"/>	29	If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.
<input type="checkbox"/>	<input type="checkbox"/>	30	<p>(i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.</p> <p>(ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.</p>
<input type="checkbox"/>	<input type="checkbox"/>	31	<p>(i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the company all monies which, at the date of forfeiture, were presently payable by him to the company in respect of the shares.</p> <p>(ii) The liability of such person shall cease if and when the company shall have received payment in full of all such monies in respect of the shares.</p>
<input type="checkbox"/>	<input type="checkbox"/>	32	<p>(i) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the company, and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;</p> <p>(ii) The company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;</p> <p>(iii) The transferee shall thereupon be registered as the holder of the share; and</p> <p>(iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.</p>
<input type="checkbox"/>	<input type="checkbox"/>	33	The provisions of these regulations as to forfeiture shall apply in the case of nonpayment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.
			<b>Alteration of capital</b>
<input type="checkbox"/>	<input type="checkbox"/>	34	The company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.
<input type="checkbox"/>	<input type="checkbox"/>	35	<p>Subject to the provisions of section 61, the company may, by ordinary resolution, --</p> <p>(a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;</p> <p>(b) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;</p> <p>(c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;</p> <p>(d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.</p>



<input type="checkbox"/>	<input type="checkbox"/>	36	<p>Where shares are converted into stock, –</p> <p>(a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:</p> <p>Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.</p> <p>(b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.</p> <p>(c) such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in those regulations shall include "stock" and "stock-holder" respectively.</p>
<input type="checkbox"/>	<input type="checkbox"/>	37	<p>The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law, –</p> <p>(a) its share capital;</p> <p>(b) any capital redemption reserve account; or</p> <p>(c) any share premium account.</p>
			<b>Capitalisation of profits</b>
<input type="checkbox"/>	<input type="checkbox"/>	38	<p>(i) The company in general meeting may, upon the recommendation of the Board, resolve –</p> <p>(a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and</p> <p>(b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.</p> <p>(ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (ii), either in or towards –</p> <p>(A) paying up any amounts for the time being unpaid on any shares held by such members respectively;</p> <p>(B) paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;</p> <p>(C) partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B);</p> <p>(D) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares;</p> <p>(E) The Board shall give effect to the resolution passed by the company in pursuance of this regulation.</p>
<input type="checkbox"/>	<input type="checkbox"/>	39	<p>(i) Whenever such a resolution as aforesaid shall have been passed, the Board shall –</p> <p>(a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and</p> <p>(b) generally do all acts and things required to give effect thereto.</p> <p>(ii) The Board shall have power –</p> <p>(a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and</p> <p>(b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;</p> <p>(ii) Any agreement made under such authority shall be effective and binding on such members.</p>
			<b>Buy-back of shares</b>

<input type="checkbox"/>	<input type="checkbox"/>	40	Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.
			<b>General meetings</b>
<input type="checkbox"/>	<input type="checkbox"/>	41	All general meetings other than annual general meeting shall be called extraordinary general meeting.
<input type="checkbox"/>	<input type="checkbox"/>	42	(i) The Board may, whenever it thinks fit, call an extraordinary general meeting. (ii) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.
			<b>Proceedings at general meetings</b>
<input type="checkbox"/>	<input type="checkbox"/>	43	(i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. (ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.
<input type="checkbox"/>	<input type="checkbox"/>	44	The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the company.
<input type="checkbox"/>	<input type="checkbox"/>	45	If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.
<input type="checkbox"/>	<input type="checkbox"/>	46	If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.
<input type="checkbox"/>	<input type="checkbox"/>		In case of a One Person Company – (i) the resolution required to be passed at the general meetings of the company shall be deemed to have been passed if the resolution is agreed upon by the sole member and communicated to the company and entered in the minutes book maintained under section 118; (ii) such minutes book shall be signed and dated by the member; (iii) the resolution shall become effective from the date of signing such minutes by the sole member.
			<b>Adjournment of meeting</b>
<input type="checkbox"/>	<input type="checkbox"/>	47	(i) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place. (ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. (iii) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. (iv) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
			<b>Voting rights</b>
<input type="checkbox"/>	<input type="checkbox"/>	48	Subject to any rights or restrictions for the time being attached to any class or classes of shares, – (a) on a show of hands, every member present in person shall have one vote; and (b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.
<input type="checkbox"/>	<input type="checkbox"/>	49	A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.



<input type="checkbox"/>	<input type="checkbox"/>	50	(i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. (ii) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.
<input type="checkbox"/>	<input type="checkbox"/>	51	A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.
<input type="checkbox"/>	<input type="checkbox"/>	52	Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.
<input type="checkbox"/>	<input type="checkbox"/>	53	No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid.
<input type="checkbox"/>	<input type="checkbox"/>	54	(i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. (ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.
			<b>Proxy</b>
<input type="checkbox"/>	<input type="checkbox"/>	55	The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.
<input type="checkbox"/>	<input type="checkbox"/>	56	An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.
<input type="checkbox"/>	<input type="checkbox"/>	57	A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given: Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.
			<b>Board of Directors</b>
<input type="checkbox"/>	<input checked="" type="checkbox"/>	58	The number of the directors and the names of the first directors shall be determined in writing by the subscribers of the memorandum or a majority of them.
<input type="checkbox"/>	<input type="checkbox"/>	59	(i) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day. (ii) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them – (a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or (b) in connection with the business of the company.
<input type="checkbox"/>	<input type="checkbox"/>	60	The Board may pay all expenses incurred in getting up and registering the company.
<input type="checkbox"/>	<input type="checkbox"/>	61	The company may exercise the powers conferred on it by section 88 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may think fit respecting the keeping of any such register.
<input type="checkbox"/>	<input type="checkbox"/>	62	All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.
<input type="checkbox"/>	<input type="checkbox"/>	63	Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.

<input type="checkbox"/>	<input type="checkbox"/>	64	<p>(i) Subject to the provisions of section 149, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.</p> <p>(ii) Such person shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for appointment by the company as a director at that meeting subject to the provisions of the Act.</p>
			<b>Proceedings of the Board</b>
<input type="checkbox"/>	<input type="checkbox"/>	65	<p>(i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.</p> <p>(ii) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.</p>
<input type="checkbox"/>	<input type="checkbox"/>	66	<p>(i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.</p> <p>(ii) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.</p>
<input type="checkbox"/>	<input type="checkbox"/>	67	The continuing directors may act notwithstanding any vacancy in the Board, but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.
<input type="checkbox"/>	<input type="checkbox"/>	68	<p>(i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.</p> <p>(ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting.</p>
<input type="checkbox"/>	<input type="checkbox"/>	69	<p>(i) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.</p> <p>(ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.</p>
<input type="checkbox"/>	<input type="checkbox"/>	70	<p>(i) A committee may elect a Chairperson of its meetings.</p> <p>(ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.</p>
<input type="checkbox"/>	<input type="checkbox"/>	71	<p>(i) A committee may meet and adjourn as it thinks fit.</p> <p>(ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.</p>
<input type="checkbox"/>	<input type="checkbox"/>	72	All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.
<input type="checkbox"/>	<input type="checkbox"/>	73	Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.
<input type="checkbox"/>	<input type="checkbox"/>		<p>In case of a One Person Company –</p> <p>(i) where the company is having only one director, all the businesses to be transacted at the meeting of the Board shall be entered into minutes book maintained under section 118;</p> <p>(ii) such minutes book shall be signed and dated by the director;</p> <p>(iii) the resolution shall become effective from the date of signing such minutes by the director.</p>
			<b>Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer</b>



<input type="checkbox"/>	<input type="checkbox"/>	74	Subject to the provisions of the Act, –  (i) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;  (ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer
<input type="checkbox"/>	<input type="checkbox"/>	75	A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.
			<b>The Seal</b>
<input type="checkbox"/>	<input type="checkbox"/>	76	(i) The Board shall provide for the safe custody of the seal.  (ii) The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorised by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.
			<b>Dividends and Reserve</b>
<input type="checkbox"/>	<input type="checkbox"/>	77	The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.
<input type="checkbox"/>	<input type="checkbox"/>	78	Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.
<input type="checkbox"/>	<input type="checkbox"/>	79	(i) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, think fit.  (ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve
<input type="checkbox"/>	<input type="checkbox"/>	80	(i) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.  (ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.  (iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.
<input type="checkbox"/>	<input type="checkbox"/>	81	The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.
<input type="checkbox"/>	<input type="checkbox"/>	82	(i) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.  (ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
<input type="checkbox"/>	<input type="checkbox"/>	83	Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.

<input type="checkbox"/>	<input type="checkbox"/>	84	Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.
<input type="checkbox"/>	<input type="checkbox"/>	85	No dividend shall bear interest against the company.
			<b>Accounts</b>
<input type="checkbox"/>	<input type="checkbox"/>	86	(i) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors. (ii) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting.
			<b>Winding up</b>
<input type="checkbox"/>	<input type="checkbox"/>	87	Subject to the provisions of Chapter XX of the Act and rules made thereunder – (i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not. (ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. (iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.
			<b>Indemnity</b>
<input type="checkbox"/>	<input type="checkbox"/>	88	Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.

**Table G- ARTICLES OF ASSOCIATION OF A COMPANY LIMITED BY GUARANTEE AND HAVING A SHARE CAPITAL**

			<b>Number of members</b>
			All the articles of Table F in Schedule I annexed to the Companies Act, 2013 shall be deemed to be incorporated with these articles and to apply to the company.
<input type="checkbox"/>	<input type="checkbox"/>		The number of members with which the company proposes to be registered is hundred, but the Board of Directors may, from time to time, register an increase of members.

**Table I-ARTICLES OF ASSOCIATION OF AN UNLIMITED COMPANY AND HAVING A SHARE CAPITAL**

			<b>Number of members</b>
			All the articles of Table F in Schedule I annexed to the Companies Act, 2013 shall be deemed to be incorporated with these articles and to apply to the company.
<input type="checkbox"/>	<input type="checkbox"/>		The number of members with which the company proposes to be registered is hundred, but the Board of Directors may, from time to time, register an increase of members.
<input type="checkbox"/>			

Subscriber Details					
S. NO	Name, Address, Description and Occupation	DIN/PAN/Passport Number	Place	DSC	Dated
1	Rakesh Chhabra s/o Atam Parkash Chhabra, R/o 112, Chander Lok Enclave, Pitam Pura, Saraswati Vihar, Delhi-110034 Occupation: Business	08062204	New Delhi		06/03/2018
2	Rakesh Bathla s/o Niranjana Dass Bathla, R/o B-4/6, Rajouri Garden, New Delhi, Delhi -110027 Occupation: Business	01797649	New Delhi		06/03/2018
3	Gagan Deep Suri s/o Kuldeep Kumar Suri, R/o G0-30, Pitam Pura, Saraswati Vihar, Delhi -110034 Occupation: Business	08062187	New Delhi		06/03/2018
Signed Before Me					
	Name	Address, Description and Occupation	DIN/PAN/Passport Number/ Membership Number	Place	DSC
ACA	Preeti Puri	House No. 420/12-A, Post Office Sonapat, Near Nanki Gurudwara, Sikka Colony, Sonapat, Haryana-131001 Occupation: Chartered Accountant	527480	Sonapat	06/03/2018

Table H- ARTICLES OF ASSOCIATION OF A COMPANY LIMITED BY GUARANTEE AND NOT HAVING SHARE CAPITAL

	Article No	Description
		<b>Interpretation</b>
<input type="checkbox"/>	<input type="checkbox"/>	<p>(1) In these regulations—  (a) "the Act" means the Companies Act, 2013;  (b) "the seal" means the common seal of the company.</p> <p>(2) Unless the context otherwise requires, words or expressions contained in these regulations shall have the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the company.</p>
		<b>Members</b>
<input type="checkbox"/>	<input type="checkbox"/>	The number of members with which the company proposes to be registered is hundred, but the Board of Directors may, from time to time, whenever the company or the business of the company requires it, register an increase of members.



<input type="checkbox"/>	<input type="checkbox"/>	2	The subscribers to the memorandum and such other persons as the Board shall admit to membership shall be members of the company.
			<b>General meetings</b>
<input type="checkbox"/>	<input type="checkbox"/>	3	All general meetings other than annual general meeting shall be called extraordinary general meeting.
<input type="checkbox"/>	<input type="checkbox"/>	4	(i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. (ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.
			<b>Proceedings at general meetings</b>
<input type="checkbox"/>	<input type="checkbox"/>	5	(i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. (ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.
<input type="checkbox"/>	<input type="checkbox"/>	6	The Chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the company.
<input type="checkbox"/>	<input type="checkbox"/>	7	If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as Chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.
<input type="checkbox"/>	<input type="checkbox"/>	8	If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.
			<b>Adjournment of meeting</b>
<input type="checkbox"/>	<input type="checkbox"/>	9	(i) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place. (ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. (iii) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. (iv) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
			<b>Voting rights</b>
<input type="checkbox"/>	<input type="checkbox"/>	10	Every member shall have one vote.
<input type="checkbox"/>	<input type="checkbox"/>	11	A member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.
<input type="checkbox"/>	<input type="checkbox"/>	12	No member shall be entitled to vote at any general meeting unless all sums presently payable by him to the company have been paid.
<input type="checkbox"/>	<input type="checkbox"/>	13	(i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. (ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.
<input type="checkbox"/>	<input type="checkbox"/>	14	A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given: Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

<input type="checkbox"/>	<input type="checkbox"/>	15	A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.
<input type="checkbox"/>	<input type="checkbox"/>	16	Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.
			<b>Board of Directors</b>
<input type="checkbox"/>	<input type="checkbox"/>	17	The number of the directors and the names of the first directors shall be determined in writing by the subscribers of the memorandum or a majority of them.
<input type="checkbox"/>	<input type="checkbox"/>	18	(i) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day. (ii) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them— (a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or (b) in connection with the business of the company
			<b>Proceedings of the Board</b>
<input type="checkbox"/>	<input type="checkbox"/>	19	(i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit. (ii) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.
<input type="checkbox"/>	<input type="checkbox"/>	20	(i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes. (ii) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.
<input type="checkbox"/>	<input type="checkbox"/>	21	The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.
<input type="checkbox"/>	<input type="checkbox"/>	22	(i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office. (ii) If no such chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their members to be Chairperson of the meeting.
<input type="checkbox"/>	<input type="checkbox"/>	23	(i) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit. (ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.
<input type="checkbox"/>	<input type="checkbox"/>	24	(i) A committee may elect a Chairperson of its meetings. (ii) If no such Chairperson is elected, or if at any meeting the chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.
<input type="checkbox"/>	<input type="checkbox"/>	25	(i) A committee may meet and adjourn as it thinks proper. (ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the chairman shall have a second or casting vote.
<input type="checkbox"/>	<input type="checkbox"/>	26	All acts done by any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.
<input type="checkbox"/>	<input type="checkbox"/>	27	Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be as valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.

			<b>Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer</b>
<input type="checkbox"/>	<input type="checkbox"/>	28	<p>Subject to the provisions of the Act,—</p> <p>(i) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it thinks fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board.</p> <p>(ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.</p>
<input type="checkbox"/>	<input type="checkbox"/>	29	A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.
			<b>The Seal</b>
<input type="checkbox"/>	<input type="checkbox"/>	30	<p>(i) The Board shall provide for the safe custody of the seal.</p> <p>(ii) The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorised by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.</p>

**TABLE J - ARTICLES OF ASSOCIATION OF AN UNLIMITED COMPANY AND NOT HAVING SHARE CAPITAL**

All the articles of Table H in Schedule I annexed to the Companies Act, 2013 shall be deemed to be incorporated with these articles and to apply to the company.

<input type="checkbox"/>			
--------------------------	--	--	--



### Annexure 3: Verification of units by DIC, Sonipat

04  
3.1.2018

102  
10.3 JAN 2018

From: The Joint Director,  
District Industries Centre,  
Sonapat.

To: The Director of Industries & Commerce, Haryana  
Chandigarh

Memo No-DIC/SNP/Cluster/ 2117  
Dated 27/12/17

Subject: Verification report of Application submitted under Mini Cluster Scheme- Rai  
Textile and Leather Manufacturing cluster.

(cluster)

This in reference to your letter no 23855-A dated 7.12.2017 from your office,  
please find below the verification report:


The following information/document attached herewith:

- (i) All the 10 units have been verified & have filled the UAM.
- (ii) The common Facility Centre being proposed as part of the hard intervention will be setup in conforming zone.
- (iii) The application form submitted by the SPV has been duly checked for completeness and the information contained therein has been verified.
- (iv) List of products manufactured, investment & employment has been mentioned in the application form.

The demand of the cluster is genuine and case may be taken up under Mini-Cluster Scheme as per the policy guidelines.

Joint Director  
District Industries Centre  
Sonapat

#### Annexure 4: Building Availability Proof

 **CHOUHRY ENTERPRISES** (Unit-III)  
Manufacturers & Suppliers of  
★ CAR SEAT COVERS ★ CAR COVERS

1805, HSIIDC Rai Distt - Sonapat, Hr. (India)  
PH : -91-130-3202112  
E-mail : autokameseatcovers@yahoo.com

Ref. No. .... Dated, .....

08<sup>th</sup> December, 2017


To,  
The Director, Industries  
Department of Industries & Commerce  
Govt. of Haryana  
Sector 17, Chandigarh

Subject: Regarding building lease for Rai Textile and Leather Cluster, Rai, Sonipat, Haryana

Reference: Cluster project to establish Common Facility Centre (CFC) under State Mini Cluster scheme of Government of Haryana

Dear Sir,

This is to confirm that I, RAKESH CHHABRA (Partner) of M/s CHOUHRY ENTERPRISES am willing to provide the Ground floor of my building at Plot no. 1805, HSIIDC Industrial Estate, Rai, Sonipat Haryana-131001 on a 10 year irrevocable lease to the RIA Textile and Leather Cluster for the establishment of a Common Facility Centre, provided the cluster is approved by the Government of Haryana. The area which will be provided is 6000 sqft (666.66) square yards) and shall be provided on a lease basis with rent of Rs. 1,00,000/- (One Lac Only) per month for the first year, with a standard annual increase as per the market norms.

Yours sincerely,  
  
Rakesh Chhabra (Partner)

## Annexure 5: Machinery Quotations



To  
**M/s Choudry Enterprises**  
 Rai Industrial Area  
 Sonapat  
 Haryana, India

Currency: Euro  
 Date: 04-12-2017

QUOTATION					
Working Width in mm: Max.2.600mm					
Item-No.	Pos.	Qty.	Description	Price/Unit	Total
ars1316-26	1	1	Unwinding device ARS 1 for 1 material roll, for material with low tendency to warp - with stationary base frame - for unwinding of 1 material roll, non-driven (unrolling bar is not included) - pulling-off of material by cutter bitefeed - with mechanical brake Working width: approx. 2.600 mm Max. roll weight: 300 kg Max. roll diameter: 600 mm		
shv-26	2	2	Fabric roll bar Ø 35 mm Working width: approx. 2.600 mm		
kon1v	3	4	Cone for inner-diameter of fabric roll tube 40-75 mm, for fabric roll bar with Ø 35 mm		
elc20-26	4	1	PREMIUMCUT 2620 CV (2600 x 2000) Working width: approx. 2.600 mm Length of cutting zone: appr. 2.000 mm Height of cutting surface: 880 mm +/- 40 mm Max. cutting speed: 120 m/min		
elcvt	5	1	Voltage 400 V, 50/60 Hz, 3-Ph, N, PE		
eklack7016	6	1	Colouring of the PREMIUMCUT in RAL 7016. Defined parts and components to be painted in standard colour RAL 7016 (Anthracite grey). All other painted parts and components in colour RAL 9002		
elcvr75	7	1	Vacuum unit 7,5 kW with insulated housing, exhaust air silencer, frequency controlled		
elcvux-16	8	1	Automatic vacuum chamber sectioning of cutting-zone-length (X-direction), to divide the cutting-zone into several sections, depending on the position of the cutting tool. From the second chamber. (Price per each chamber). Working width: approx. 1.600 mm Please specify dimensions of chambers in cutting length		
elcovez20-26	9	1	Conveyor extension Feeding-Zone Working width: approx. 2.600 mm Extension length: approx. 2.000 mm		
elcovea20-26	10	1	Conveyor extension Off-Load-Zone Working width: approx. 2.600 mm Extension length: approx. 2.000 mm		
b2202020-26	11	1	Cutting belt (gray, 4 mm) Working width: approx. 2.600 mm Cutting zone: approx. 2.000 mm Extension zone: approx. 2.000 mm Extension zone: approx. 2.000 mm		
elcedw-26	12	1	Pressure roller in front of the cutter with return stop and pneumatic operation for pressing on the material to the feeding-zone Working width: approx. 2.600 mm		

## ORBITO ASIA PTE LTD.,

COMPANY No.20000 4297D  
 1557, KEPEL ROAD #03-06, CANTONMENT CENTRAL BLOCK "C"  
 SINGAPORE - 089066  
 TEL: 0065 - 67532553

1/3





QUOTATION					
		Working Width in mm: Max.2.600mm			
Item-No.	Pos.	Qty.	Description	Price/Unit	Total
elcom2.1f	13	1	Connector Module 2.1 for max. 2 tools incl. 1 additional passive high adjustment axis incl. laser pointer		
elcom2	14	1	Universal-Module 2		
elcack10	15	1	Electric oscillating knife 1.0 mm idle stroke incl. knife adapter 0.63 mm		
elcakh15	16	1	Pressure pad for electrically oscillating knife for leather		
elcapr	17	1	Electric powered rotary blade incl. blade adapter up to Ø 32 mm		
elcom	18	1	Notch-Module incl. V-Notch-Support and V-Notch 6 mm		
elcck	19	1	Drag knife incl. knife adapter 0.63 mm		
elma1	20	1	Knife support type 1 (6 mm / 0.63 mm)		
MS_CN_Pf	21	1	CutNest Professional Software - adjustment of marker parameters - interactive nesting - simple automatic nesting - pieces cutting sequence adjustment - plan checking - pieces parameters adjustment - includes PlotManager module - optional: connection to Plug-in Import - optional: connection to Plug-in Postprocessor - optional: connection to Plug-in Projection - optional: connection to Plug-in Export AAMA/DXF - optional: connection to Plug-in PhotoTrace - optional: connection to Plug-in AutoNest - optional: connection to Plug-in CutStatistic		
MS_IM_AAMA/D XF	22	1	Plug-in Import AAMA/DXF - loading files from ASTM/AAMA/DXF data format - loading files into UniPDS, FootwearCAD or CutNest		
MS_PT_Pf	23	1	Plug-in PhotoTrace Professional - connection just to one digital photo-camera - scanning of material shape - scanning of material defects - scanning of material quality areas		
MS_PP	24	1	Plug-in Postprocessor - optimizing data for CNC-Cutter - cutting simulation - sending data to the cutting queue		
MS_CN_Lite	25	1	CutNest Lite - basic platform for loading plans and creating new plans - interactive pieces nesting - plotting and cutting features are not available - automatic nesting is not available		
DSLRCamera	26	1	Digital camera DSLR for Scanprocess incl. - Objective - Camera holder - Cable and power supply		
LCS_WS2	27	1	Cutter station, PC+Monitor related software and accessories		
elcbpas1	28	1	Operator Panel as lockable board for monitor and keyboard. With extended table top for 2 Monitors.		

**ORBITO ASIA PTE LTD.,**

COMPANY No.200304297D

1557, KEPEL ROAD #03-06, CANTONMENT CENTRAL BLOCK "C"

SINGAPORE - 089066

TEL: 0065 - 67532553

2/3



QUOTATION					
Working Width in mm: Max.2.600mm					
Item-No.	Pos.	Qty.	Description	Price/Unit	Total
MS-L	29	1	Lighting control for leather system, Led Panel 4 pcs incl. Accessories		
portal-az-26	30	1	Portal framework for Leather-System with 2 feet. To be used at the feeding-zone or off-load-zone. Feet have to be dowelled to the floor. Working width: up to approx. 2.600 mm		
ET1	31	1	Spares Kit		
				Packing	Ind
				Freight	Ind
			Special Price	Grand Total	1,15,000.00 EUR

**TERMS & CONDITIONS:-****PAYMENT** : 100 % T.T IN ADVANCE.**BANKER DETAILS:** INDIAN BANK,

NO.5, RAFFLES PLACE, BHARAT BUILDING, SINGAPORE – 048617.

A/C NO: 8899-131681-006, SWIFT CODE: IDIBSGSG

**VALIDITY** : January 3, 2018**SHIPMENT** : 14-16 WEEKS FROM THE DATE OF YOUR CONFIRMATION**SHIPPED BY** : SEA/ FROM ANY PORT IN EUROPE TO ICD DELHI, INDIA.**WARRANTY** : TWO YEARS FROM COMPLETION OF INSTALLATION, AND INCLUDES ALL NON-CONSUMABLE PARTS AND LABOUR IN A ONE SHIFT OPERATION.**REMARKS** : INSURANCE TO BE COVERED FROM SELLERS WARE HOUSE TO BUYERS PORT.

PLEASE SIGN AND RETURN THE DUPLICATE AS ORDER CONFIRMATION

**BUYER:**

for M/s Choudry Enterprises

**SELLER:**

for ORBITO ASIA PTE LTD.,

**ORBITO ASIA PTE LTD.,**

COMPANY No.20000 4297D

1557, KEPEL ROAD #03-05, CANTONMENT CENTRAL BLOCK "C"

SINGAPORE – 089066

TEL: 0065 – 67532563

3/3

Tin No. 03962151082



国盛机械  
GUOSHENG MACHINE

+91-161-5002200  
+91-98534-00008, +91-98155-07711



**ARORA INTERNATIONAL**

Importer of : All Types of Fully Fashion High Speed Knitting Machines

## PROFORMA INVOICE

TO: M/S ANJU INTERNATIONAL  
115, H.S.I.D.C., RAI INDUSTRIAL AREA  
SONIPAT, HARYANA(INDIA)  
PHONE: 0130-6499861, 9034027919

PI NO. 2017-IR 0031  
DATE: 27-11-2017  
ORIGIN: CHINA

QUANTITIES IN SETS	DESCRIPTIONS OF GOODS	UNIT PRICE IN RS.	AMOUNT IN RS.(INR.)
2 SETS	FULLY FASHIONED HIGH SPEED KNITTING MACHINE MODEL NO. GSIX3-72 (INTARSIA SPECIAL 16 FEEDERS)	Rs8,25,000.00	16,50,000.00
	IGST 18 %		2,97,000.00
	<b>GRAND TOTAL :</b>		<b>Rs. 19,47,000.00</b>

AMOUNT IN RUPEES 19,47,000/-

SAY RUPEES: NINETEEN LAC FOURTY SEVEN THOUSAND ONLY /-

TERMS & CONDITION :

PAYMENT: 100% ADVANCE AT TIME OF BILL OF LADING COPY.

WARRANTY: FIVE YEARS

DELIVERY : WITH IN 60 DAYS (APPROX.)

INCLUSIVE ALL TAXES

**BANK DETAILS:-**

BENEFICIARY NAME :- ARORA INTERNATIONAL

ACCOUNT NO:- 52524015001284

BANKER:- ORIENTAL BANK OF COMMERCE

BANK ADDRESS : SARGODA KHALSA CO-EDUCATION III SCHOOL, FIELD GANA,  
LUDHIANA.

IFSC CODE :- ORBC0105252



## WUYANG TEXTILE MACHINERY CO., LTD

## PROFORMA INVOICE

ADD:Hi-Tech District South Area Longyue Road -3 Wujin ,Changzhou , Jiangsu, CHINA

Tel: +86-519-86533988

Fax:+86-519-86537838

Buyer : JAY BEE TRADER

1406, HSIDC RAI,

DIST SONEPAT

NUMBER:WY201711

Date: NOV 22,2017

## PERFORMA INVOICE

Part	Description	Qty	Unit price(USD)	Amount(USD)
	GE2292 DOUBLE NEEDLE BAR PLUSH RASCHEL MACHINE GAUGE E22 WIDTHS 138"	01 set	60000	60000
	7 bars , WITH EL/EBA			
	BEAM 21" X 30 85KG	40 PCS	300	12000
	<b>CIF DELHI</b>		<b>72,000</b>	
	(SAY TOTAL USD. SEVENTY TWO THOUSAND ONLY )			

1. PAYMENT TERM: The 10 % of total amount will be paid by TT as advance ,and 90 % against irrevocable l/c at sight before delivery.
2. SHIPPMENT TIME: 30 days from the date of receiving 10 % advance T/T(Seller's factory).
3. DELIVERY PLACE: CIF DELHI
4. GUARANTEE: we guarantee the quality of machine one year, during the period, except the rapid spare parts,Man action factor and not correct use the machine lead to the damage to the machine spare parts.We will change the spare parts for you for free.
- 5.INSTALLATION : INSTALLATION FREE, (LOGING /BOARDING PAID BY JAYBEE KNITS ) AND AIR TICKET 50% PAID BY WUYANG AND 50% PAID BY JAYBEE KNITS
6. Any dispute between the two parties should be settled by friendly consultation,if have no result two parties could lodge a complaint to Changzhou court in China.
7. Bank: Agricultural Bank of China Changzhou wujin sub branch  
Add: NO.88 Hua yuan st hutang wujin Changzhou Jiangsu China  
AC NO: 10600414040002021  
swift NO.:ABOCCNBJ CHIPS UID :279631  
Agricultural Bank of China H.O.BEIJING  
Beneficiary :wuyang textile machinery co.,ltd  
Add:wujin hi- technic strict south area longyue 3,Changzhou ,Jiangsu China
- 8.The fax of the proforma invoice is also useful.

The seller	The buyer
WUYANG TEXTILE MACHINERY CO., LTD	JAYBEE
The legal person signature:	The legal person signature:
Telephone :+86-519-86533988	The agent:
Fax:+86-519-86537838	Telephone:
	Fax:
WUYANG TEXTILE MACHINERY CO.,LTD.	



INSIGHT PRINT COMMUNICATIONS PVT. LTD.



### Quotation

Date : 05.Dec.2017  
Ref.No. : IPCPL/CELX57005122017  
To : Choudhary Enterprises,  
1806-07,HSIDC Rai  
Distt-Sonapat, Maryana  
Kind Attn : Mr Rakesh Chhabra

[illegible]

**Terms & Conditions :**

# Payment : 100% Advance before delivery along with Confirmed PO  
# Delivery : 2-3 weeks after receipt of payment  
# Warranty : 03 Year  
# Validity : 30 days from the date of quotation

Thanks and Regards  
For Insight Print Communications Pvt. Ltd.



**DHEERAJ SHARMA**  
Regional Sales Manager  
+919871374504

Branch Office: 5-1033, Bazar Mohalla, Tugababai Village, Near Baba Mangaldas Mandir, New Delhi-110044  
Corporate Office: FBD One, 1<sup>st</sup> Floor, Faridabad By-Pass Road, Delhi-Batapur Border, Faridabad, Haryana-121003. Tel No.: 0205595102/103/104/105  
Registered Office: 2, Vakil Industrial Estate, Walibat Road, Goregaon (East) Mumbai - 400083. Tel: +91 22 61123456  
www.insightwithin.com | Email: sales@insightwithin.com  
CIN Number: U22219PN2007PTC29820 – 2008-07

### **Reciprocating Compressors**

**Choudhary Enterprises.**

Plot No. 1805, HSIIDC,  
Rai,  
Sonapat  
Haryana

Quote No : QN/SP/69515/17-18

Quote Date :14/12/2017

Phone : 91-9416014368

Email : sudhir.autokame@gmail.com

**Kind Attn. : Mr. Sudhir**

**Subject : AIR COMPRESSOR FOR MANUFACTURING AUTO PARTS.**

**Reference : Your telephonic discussions held with us.**

Dear Sir,

We wish to introduce ourselves as Authorized Distributors of M/S Elgi Equipments Ltd., Coimbatore for Northern India who are the largest manufacturers of Reciprocating & Screw Air Compressors in India.

M/s Elgi Equipments Ltd. Coimbatore are manufacturing Reciprocating & Screw Air Compressors for the last five decades and are supplying their equipment to Defence, Govt./Semi Govt.Undertakings,Oil Companies,Petrol Pumps Cum Service Stations,Automobile Dealers & Road Transport Corporations , all Private industries like Plastic, Rubber , Auto Parts manufacturers, Food processing units, Electronic industries etc.

ELGi's Reciprocating Compressors are designed for Continuous running and every part is precision crafted for durability, efficiency and safety. These compressors are fitted with Deep finned cast iron cylinders, aluminium cooler tubes, Aero dynamically designed fan, totally enclosed Belt Guard , Air Receiver conforming to ASME and EURO norms, Sturdy Robust Cast Iron Crankcase, Forged Steel Crankshaft , Pressure Relief Valve, Convenient Oil Sight Glass, Oil Drain , Low Wear Stainless Steel Valves, Efficient Air Filter and Low Expansion Aluminium Alloy Piston.

Apart from Reciprocating Compressors , ELGi is also known for their Rotary Screw Compressors which not only give you tremendous amount of power saving, run round the clock for continuous industrial applications but also have the lowest maintenance cost in comparison to any other machine available in the market. These features make the ELGi machines give you the best return on your investment.

We also deal in Compressed Air Accessories such as Air Dryers, Air Receivers, Air Filters, VFDs, Compressed Air Pipeline, Automotive Garage Equipment as well as Amaron UPS SMF Quanta Batteries.

Please visit our website [www.serviceequipmentcompany.com](http://www.serviceequipmentcompany.com) for more information on our Company .

We hope you will find our offer as per your requirement and will favour us with your valued order at the

earliest.

Thanking you,

Yours faithfully

SERVICE EQUIPMENT CO.

MANAGER

: \_\_\_\_\_

**PRODUCT DESCRIPTION :**

**Elgi Recip.Air Compressor TS 07 LB-12(TS 07 120HN) :**

Elgi Horizon Series Reciprocating Air Compressor Model TS 07 LB-12 (TS 07 120 HN) two stage, two cylinder, giving a Free Air Delivery of 20.5 cfm at 12Kg/ cm<sup>2</sup> Working Pressure. The Compressor is belt driven by a 7.5 HP Electric Motor suitable for AC 440V, Three Phase, 50 Hz Electric supply. The Compressor is Mounted on a Horizontal tank of 220 Ltrs capacity. The supply is complete with Motor, Starter, Automatic Pressure Switch, Pressure Gauge, Safety Valves, Non- return Valve, Visible Oil Level Indicator and Belt Guard.

**Flexible PU Pipe for Compressed Air - 8/12 mm :**

Flexible PU Pipe for Compressed Air - 8/12 mm- 1 mtr

**Flexible PU Pipe for Compressed Air - 4/6 mm :**

Flexible PU Pipe for Compressed Air - 4/6 mm- 1 mtr

Sr. No.	Product Name	Quantity	Unit	Rate (per unit)	Total Amount
1	Elgi Recip. Air Compressor TS 07 LB-12(TS 07 120HN)	1.00	1	95,300.00	95,300.00
2	Anti - Vibration Pads - 1 Set ( 4 Nos.)	4.00	1	350.00	1,400.00
3	Elgi. Air Lube Oil-1 ltr(Inclusive of Sales Tax)	1.00	1	215.00	215.00
4	Flexible PU Pipe for Compressed Air - 8/12 mm	5.00	1	120.00	600.00
5	Flexible PU Pipe for Compressed Air - 4/6 mm	5.00	1	50.00	250.00
6	Air Blow Gun	1.00	1	450.00	450.00
	Net Amount :				98,215.00

**TERMS & CONDITIONS:**

FOR : Ex-Godown at Libaspur (Delhi) / UP Border [Freight Charges Extra]

P&F Charges : @ 3% Extra

DELIVERY : Ex-Stock

GST : @ 18% extra on items no 1, 2 and 4 to 6

PAYMENT : 100% advance with the Purchase Order,

WARRANTY : Six months for item no 1 for all mfg. defects from the date of supply.

Commissioning Charges will be extra @ Rs. 3,000.00 + GST as applicable.

VALIDITY : 30 DAYS

Note:- Freight charges from our godown to the customer's site along with unloading of the equipment(s) at the site, Civil, Electrical & Pipeline works (if any) including arrangement for a Single / Three Phase Power connection at the usage point with the necessary electric cables, MCB / MCCB and oils / lubes required for commissioning of the equipment(s) are to be borne / provided by the customers.


Thanking You,  
Yours Faithfully,  
FOR SERVICE EQUIPMENT COMPANY

MANAGER



AMINARAYAN

# SUSHIL ENGINEERS



## COMMERCIAL

**PRICE SCHEDULE:**

S.No.	Description	Qty.	Price (Rs.)	Amount (Rs.)
1	Supply of 82.5 KVA Silent DG set comprising of CUMMINS make Engine Model 4BTAA3.9-G4 coupled to 415 Volts 82.5KVA Stamford make alternator mounted on a common Base frame along with other accessories i.e. Manual Control Panel, Fuel tank, Battery with leads.	1	7,19,156.00	7,19,156.00
Less Discount				201,363.68
Price After Discount				5,17,792.32
ADD GST @ 18%				93,202.62
Rounded off				0.06
<b>Net Price</b>				<b>6,10,995.00</b>

**TERMS & CONDITIONS:**

**GST:**  
Inclusive Any statutory variation at the time of actual dispatch shall be to your account.  
Octroi/ Entry Tax, if applicable shall be to your account.

**TERMS OF PAYMENT:**  
30% payment as an advance along with order & balance 70% payment against dispatch details before delivery in the name of **Sushil Engineers** only vide demand draft/ payee's cheque only.

**FREIGHT:**  
Inclusive of freight charges. (Delhi NCR)

**APPROVALS:**  
Approvals from concern authorities shall be to customers account

PLOT No. 324, HSIIIDC Rai Industrial Area, Distt. Sonapat, Haryana-131029.  
Phone: 0130-2367034,  
Email: power@sushilengineers.net  
Web: www.sushilengineers.net

**Boost Performance**  
Reduce Power Consumption



REF: ETPL/NSP/FBD/8061

14-12-2017

**CHOUDHRY ENTERPRISES**  
PLOT No. 1805  
HSIDC RAI  
SONIPAT (HARYANA)

Sub: EnVENTA make 20KVA Online UPS Systems.

Dear Sir,

We **ENVENTAENERGY SYSTEMS PVT LTD.** take great pleasure in introducing ourselves as one of India's leading end-to-end application solution provider backed with value added service support. We manufacture, market and Service online UPS Systems. We enjoy the trust of innumerable delighted customers from the industrial and corporate sector as our clientele.

We are manufacturing UPS Systems indigenously since last more than 15years and are committed to provide world class products.

**ENVENTA** UPS Systems are designed on double conversion, on- Line, IGBT/PWM and fully microprocessor based platform which provides excellent and reliable protection against all input power disturbances. The solutions are offered in Rack-mount, tower and slim types unitary and modular configurations to suit all customer needs. The vast range of solution starts from 1 KVA basic to 4000 KVA configured solution. Needless to mention, all state of the art and latest functionalities such as active power factor correction, battery test, life enhancement and replacement warning, lightning and surge protection etc. are integrated into the units.

Our state-of-the-art manufacturing facilities is one of the best equipped in Northern India and a team of more than 45 qualified engineers is available round-the-clock for quality support.

Our company has been awarded ISO 9001:2008 for Quality, Procedures, Environment management which is a testimony to the high quality of products and services we offer to our customers.

We have installed more than 15000 On-Line UPS Systems for Industrial Application all over India.

We do hope that you will find our proposal in line to your requirement and look forward receiving your valuable order at an early date.

Thanking you,

**For ENVENTA ENERGY SYSTEMS PVT. LTD.**

MANISH VERMA  
9891012135

**EnVENTA ENERGY SYSTEMS PVT. LTD.**  
E Block, Plot No. 188B, Sector 63, Noida  
Tel. 22165613, 22165642, 22165643,  
Website: [www.enventa.co.in](http://www.enventa.co.in)  
e-mail: [Manish.enventa@gmail.com](mailto:Manish.enventa@gmail.com)

The Power of Now : Delivering the right information to the right person at the right time



### THE ENVENTA ADVANTAGE

- UPS TAILORED FOR INDUSTRIAL/ HOSTILE ENVIRONMENTS
- EX-STOCK AVAILABILITY UPTO 120 KVA
- 24X7 SERVICE SUPPORT AT SELECT CENTERS.
- HIGH OPERATIONAL EFFICIENCY (>93%). LOWER RUNNING COSTS FOR CUSTOMER.
- OPTION FOR REGENERATIVE BACK FEED PROTECTION.
- WIDE INPUT WINDOW- MAXIMUM BATTERY BACKUP AVAILABILITY FOR BLACKOUTS.
- UPGRADABILITY AND SCALABILITY TO GROW WITH CUSTOMER LOAD DEMAND INCREASE.
- SPECIALISED INDUSTRIAL POWER AUDIT TO ENABLE PROPER UPS SIZING FOR EACH INSTALLATION.
- INTELLIGENT BATTERY CHARGER TO MAXIMIZE BATTERY LIFE/ REDUCTION IN RECURRING EXPENSES.
- INDUSTRIAL GRADE PROTECTION CIRCUITRY.
- UPS MANUFACTURED IN INDIA FOR INDIAN POWER CONDITIONS
- SPECIALISED SUPPORT FOR CUSTOMISED OEM REQUIREMENTS.
- UPS DESIGNED FOR 'ALMOST ZERO' MTTR.
- POWER AUDIT CONSULTANCY.
- APPLICATION ENGINEERING CELL FOR INDUSTRIAL LOADS.
- PROVEN AND ESTABLISHED COMMITMENT TO LONG TERM TECHNICAL SUPPORT TO THE ENTIRE RANGE OF ITS PRODUCTS.

#### **EnVENTA ENERGY SYSTEMS PVT. LTD.**

E Block, Plot No. 198B, Sector 63, Noida

Tel. 22165613, 22165642, 22165643,

Website: [www.enventa.co.in](http://www.enventa.co.in)

e-mail: [Manish.enventa@gmail.com](mailto:Manish.enventa@gmail.com)

The Power of Now - Delivering the right information to the right person at the right time

**Boost Performance**  
Reduce Power Consumption



**QUOTATION**

Sr. No.	PRODUCT DESCRIPTION	QTY	UNIT PRICE	Amount
1.	<p><b>20kVA EnVENTA</b> make Double Conversion Advance True Online UPS System Three Phase Input Three Phase Output as per our standard specifications with inbuilt Isolation Transformer Along with SMF Batteries for ½ hour backup on machine load alongwith Battery Stand Battery Connectors and all accessories.</p> <p><b>UPS Model : ENVENTA HT33-SERIES</b> <b>Battery Model: 26AH/12V 30Nos.</b></p>	1 Set	<p>Rs.1,95,000.00 (UPS Price)</p> <p>Rs.69,000.00 (Battery Price)</p>	Rs.2,64,000.00

**COMMERCIAL TERMS AND CONDITIONS**

<b>Purchase Order to be placed on</b>	M/s.Enventa Power Technologies Pvt. Ltd. Plot No.198b, BLOCK E, SECTOR 63, NOIDA
<b>GST</b>	Extra @18% mon UPS and 28% on batteries., in case of any variation at the time of Billing, shall be incorporated accordingly.
<b>Price Basis</b>	Our Prices are F.O.R DELHI NCR Basis. Freight from Delhi to Sonapat shall be charged extra at actual (Approx.Rs.2,000.00)
<b>Payment Terms</b>	100% advance along with Purchase Order
<b>Delivery</b>	Goods will be despatched within 2 days from the date of receipt of technically and commercially clear Purchase Order along with advance.
<b>Warranty</b>	12 months on UPS and 24 months on battery (from the date of dispatch), battery warranty by manufacturer.
<b>Installation and Commissioning</b>	Nil. If installation is delayed due to non-readiness of site, TA/DA shall be charged extra @Rs.3,000/- per day.
<b>Octroi / Entry Tax</b>	Nil
<b>Scope of supply</b>	We shall supply UPS unit as per our standard specification enclosed and along with Batteries.
<b>Validity of Offer</b>	30 days.

**EnVENTA ENERGY SYSTEMS PVT. LTD.**

E Block, Plot No. 198B, Sector 63, Noida  
Tel. 22165613, 22165642, 22165643,  
Website: [www.enventa.co.in](http://www.enventa.co.in)  
e-mail: [Manish.enventa@gmail.com](mailto:Manish.enventa@gmail.com)

The Power of Now - Delivering the right information to the right person at the right time



# Our offices

## Ahmedabad

2nd Floor, Shivalik Ishaan  
Near CN Vidhyalaya,  
Ambawadi,  
Ahmedabad - 380 015  
Tel: + 91 79 6608 3800  
Fax: + 91 79 6608 3900

## Bengaluru

"UB City", Canberra Block  
12th & 13th floor  
No.24, Vittal Mallya Road  
Bengaluru - 560 001  
Tel: + 91 80 4027 5000,  
+ 91 80 6727 5000  
Fax: + 91 80 2210 6000  
Fax: + 91 80 2224 0695

## Chandigarh

1st Floor, SCO: 166-167  
Ernst & Young Pvt. Ltd.  
Sector 9-C, Madhya Marg,  
Chandigarh, Punjab 160009  
Tel: +91 172 6717800  
Fax: +91 172 6717888

## Chennai

TPL House, 2nd floor  
No 3, Cenotaph Road  
Teynampet  
Chennai - 600 018  
Tel: + 91 44 4219 4400  
+ 91 44 6632 8400  
Fax: + 91 44 2431 1450

## Hyderabad

205, 2nd floor  
Ashoka Bhoopal Chambers  
Sardar Patel Road  
Secunderabad - 500 003  
Tel: + 91 40 6627 4000  
Fax: + 91 40 2789 8851

Oval Office, 18, iLabs Centre,  
Hitech City, Madhapur,  
Hyderabad - 500081  
Tel: +91 40 6736 2000  
Fax: +91 40 6736 2200

## Kochi

9th Floor, Abad Nucleus  
NH-49, Maradu PO  
Kochi, Kerala 682304, India  
Tel: + 91 484-3044000  
Fax: + 91 484 2705393

## Kolkata

22, Camac Street  
Block 'C', 3rd floor  
Kolkata - 700 016  
Tel: + 91 33 6615 3400  
Fax: + 91 33 2281 7750

## Mumbai

6th floor & 18th floor  
Express Towers  
Nariman Point  
Mumbai - 400 021  
Tel: + 91 22 6657 9200 (6th floor)  
+ 91 22 6665 5000 (18th floor)  
Fax: + 91 22 22876401 (6th floor)  
+ 91 22 2282 6000 (18th floor)

Block B-2, 5<sup>th</sup> Floor,  
Nirlon Knowledge Park,  
Off Western Express Highway,  
Goregaon (E), Mumbai - 400 063  
Tel: +91 22 6749 8000  
Fax: +91 22 6749 8200

15th Floor, The Ruby, 29,  
Senapati Bapat Marg, Dadar (W), Mumbai  
- 400 028, India  
Tel: +91 22 6192 000

## NCR

Golf View Corporate Tower - B  
Near DLF Golf Course  
Sector 42  
Gurgaon - 122002  
Tel: + 91 124 464 4000  
Fax: + 91 124 464 4050

6th floor, HT House  
18-20 Kasturba Gandhi Marg  
New Delhi - 110 001  
Tel: + 91 11 4363 3000  
Fax: + 91 11 4363 3200

4th and 5th Floor, Plot No. 2B, Tower 2,  
Sector 126, NOIDA - 201 304  
Gautam Budh Nagar, UP, India  
Tel: +91 120 671 7000  
Fax: +91 120 671 7171

## Pune

C-401, 4th floor  
Panchshil Tech Park  
Yerwada (Near Don Bosco School)  
Pune - 411 006  
Tel: + 91 20 6603 6000  
Fax: + 91 20 6601 5900

## Ernst & Young LLP

Assurance | Tax | Transactions | Advisory

### About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit [ey.com](http://ey.com).

Ernst & Young LLP is one of the Indian client serving member firms of EYGM Limited. For more information about our organization, please visit [www.ey.com/in](http://www.ey.com/in).

Ernst & Young LLP is a Limited Liability Partnership, registered under the Limited Liability Partnership Act, 2008 in India, having its registered office at 22 Camac Street, 3rd Floor, Block C, Kolkata - 700016

© 2017 Ernst & Young LLP. Published in India.

All Rights Reserved.

ED 0515

This publication contains information in summary form and is therefore intended for general guidance only. It is not intended to be a substitute for detailed research or the exercise of professional judgment. Neither Ernst & Young LLP nor any other member of the global Ernst & Young organization can accept any responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this publication.

Artwork by: JG



EY refers to the global organization, and/or one or more of the independent member firms of Ernst & Young Global Limited