

Draft Detailed Project Report

Textile & Allied Products Cluster, Hisar

Submitted to,

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

Report No. 2019-CHD-0003

March 2019

Submitted by,

Hisar Textile & Allied CFC Private Limited

Prepared by,

Ernst & Young LLP

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

25th March 2019

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, Hisar for your kind perusal. The deliverable has been prepared in accordance with our engagement agreement with Directorate of Industries, Govt. of Haryana dated 03 Jan 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 Hisar
- ▶ Textile and allied products manufacturing units located in Hisar
- ▶ 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 General Industries & Commerce-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

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Abbreviations

AEMA	Apparel Exporters & Manufacturers Association
AoA	Articles of Association
AEPC	Apparel Export Promotion Council
ATDC	Apparel Training & Design Centre
BDS	Business Development Services
BEP	Break Even Point
CAGR	Compound Annual Growth Rate
CFC	Common Facility Centre
DIC	District Industries Centre
DSR	Diagnostic Study Report
DPR	Detailed Project Report
DSCR	Debt Service Coverage Ratio
EU	European Union
GDP	Gross Domestic Product
GSDP	Gross State Domestic Product
HFC	Haryana Financial Corporation
HSI IDC	Haryana State Infrastructure & Industrial Development Corporation
HSVP	Haryana Sahari Vikas Pradhikaran
HUS	Hisar Udyog Sangh
IDBI	Industrial Development Bank of India
IRR	Internal Rate of Return
MSME	Micro, Small and Medium Enterprises
MSME-DI	Micro, Small and Medium Enterprises - Development Institute
NCR	National Capital Region
NPV	Net Present Value
NIFT	National Institute of Fashion Technology
NITRA	North India Textile Research Association
NSIC	National Small Industries Corporation
ROCE	Return on Capital Employed
SIDBI	Small Industries Development Bank of India
SWOT	Strength, Weaknesses, Opportunities and Threats
UAM	Udyog Aadhar Memorandum
USA	United States of America

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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 Hisar, 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 8th largest exporter of clothing (behind China, European Union, Bangladesh, Vietnam, and Hong Kong)¹. 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% respectively².

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.

¹ WTO - World Trade Statistical Review 2016

²FICCI 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.³ 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 producers of textiles, readymade garments and apparel. Hisar has a diverse range of establishments manufacturing full lines of automobile accessories such as seat cover, dashboard cover, floor mats etc and bags such as school bags, backpacks etc.

The Textile & Allied Products Cluster, Hisar houses about 40 micro units across the value chain for textiles (including leather). The cluster is located in and around Hisar. All the units, in the cluster are micro enterprises. These units are located in automarket of Hisar in close proximity to the National Highway 10 as the nearest National Highway. The annual turnover of the cluster is about 8 Crore. Several micro level entrepreneurs face challenges in precise cutting machinery and designing facility due to high costs and lack of local availability.

The cluster units are engaged automobile accessories & Bag manufacturing, including cutting, stitching, washing, finishing, packing, etc. Most units manufacture for other brands, while some also manufacture under their own brands in addition to manufacturing for other brands. They manufacture automobile accessories with Rexene, non-woven fabric etc. which are having a greater demand domestically.

Diagnostic Study and Interventions

A diagnostic study was undertaken by the cluster members in February 2019 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, Hisar. 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 and are unable to meet the requirements of the market 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 facilities, units are unable to diversify and produce good quality products. These

³ "Indian Leather Industry - Perspective and Strategies", EXIM Bank of India, 2015

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 Hisar on 14th March 2019. It was subsequently accepted and approved by W/DI&C on 19th March 2019. 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:

- ▶ Facility for computerized fabric cutting, designing and lamination.

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 'Hisar Textiles & Allied CFC Pvt Ltd.' Hisar' The SPV has been set up as a private limited company under section 8 of the Companies Act, 2013 and rule 7 of the Companies (Incorporation) Rules, 2014. DIC, Hisar has played an important role in SPV formation by cluster stakeholders. The SPV already includes about 12 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 textile 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 'Hisar Textiles & Allied CFC Pvt Ltd.' Hisar with support from State Government (under the Mini Cluster Development Scheme) is planning to set up a Common Facility Centre having state-of-the-art textile & allied products finishing facilities to undertake job work of cluster units with a total project cost of about **Rs.209.20 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 **INR 39.69** of the total project cost. Support from State Government is envisaged for **Rs. 169.51 Lakhs**.

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

PROJECT COST				
S. No.	Particulars	Total Project Cost	Amount as per Guidelines	Remarks
1	Land & Building			
	a. Land Value	0.00		
	b. Land Development	0.00	0.00	On Lease
	c. Building & Other Civil Works	0.00		
	d. Building Value	0.00		
	Sub Total (A)	0.00	0.00	
2	Plant & Machinery			
	a. Indigenous	15.64		
	b. Imports	158.82	188.35	Eligible
	c. Secondary Machines	13.90		
	Sub Total (B)	188.35	188.35	
3	Miscellaneous fixed assets (C)	1.50	0.00	
4	Preliminary & Preoperative Expenses (D)	4.15	0.00	
5	Contingency			
	a. Building @ 2%	0.00	0.00	
	b. Plant & Machinery @ 5%	9.42	0.00	Not eligible for grant
	Sub Total (E)	9.42	0.00	
6	Margin money for working capital @ 75% C.U. (F)	5.79	0.00	
	Grand Total (A+B+C+D+E+F)	209.20	188.35	

The total project cost is estimated to be Rs. 209.20 lakhs. As indicated above, assistance to the project from the Govt. of Haryana is envisaged to the tune of Rs. 169.51 lakhs. SPV contribution is to the tune of Rs. 39.69 lakhs of the total project cost. The means of financing are presented below:

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%	169.51	0%	0.00	169.51	As per EPP, 2015 GoH contribution is max 90% (Including soft intervention expenses)
2	Contribution of SPV	10%	18.83	100%	20.85	39.69	
	Total	100%	188.35	100%	20.85	209.20	

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

S. No.	Particulars	Estimates
1	BEP (cash BEP at initial operating capacity of 75%)	57.61%
2	Av. ROCE (PAT/CE)	29.09%
3	Internal Rate of Return (IRR)	24.15%
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. 149.691 lacs) at a conservative project life of 10 years
5	Payback period	4 years 11 months 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 Development 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, Hisar.

In addition, for implementing this CFC project, a Project Management Committee (PMC) comprising of the JD, DIC Hisar, 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 automobile accessories in the region. The strengths of the cluster lies in its location (both geographically & industrially), with a thriving textile industry in the region. Hisar 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, agriculture implements and so on. The region along the NH 10 particularly witnessed tremendous growth of the industries during the early 1990s. The Textile & Allied Products Cluster, Hisar produces automobile accessories and other products for the domestic market, including large retailers as well as the open market.

A majority of the manufacturers are concentrated in automarket of Hisar. The other enterprises including job work units are primarily located in and around Hisar 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 market.

1. Introduction

1.1 Overview of the cluster

There are about 40 textile manufacturing units in Hisar district, Haryana, with 12 units willing to join hands to form a Special Purpose Vehicle (SPV) to set up a Common Facility Centre (CFC) to address common problems of the cluster. Hisar district comprises of a total 1000 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, designing facilities 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 8 Crore.

The cluster units are engaged in textile and allied accessories manufacturing, including knitting, cutting, stitching, washing, finishing, packing, etc. Most units manufacture under their own brands. They manufacture automobile accessories such as seat cover, steering wheel cover, dashboard cover, neck rest etc and travel bags such as backpacks. Most units supply to the franchise owners of the showrooms of the various brands such as Maruti, TATA, Hyundai etc.

1.2 About the State

Haryana is 11th 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.

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.

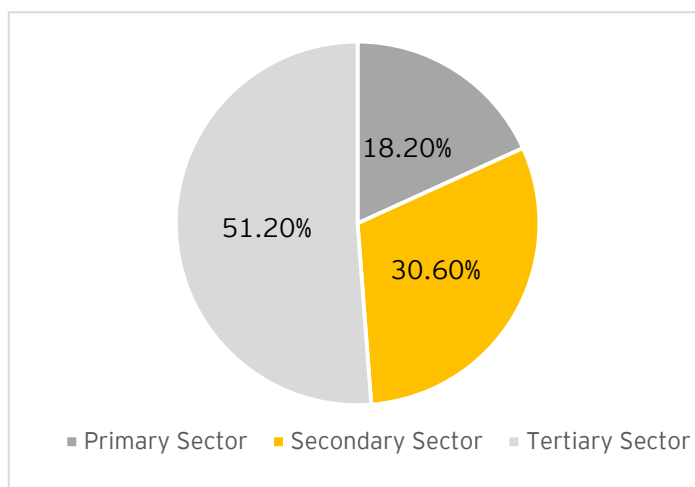


Figure 1: GSDP Composition 2015-16

The state is gradually transforming from an agrarian economy to an industrial economy. To boost the growth rate further and make Haryana a favourable investment destination, the state has developed the Enterprise Promotion Policy in 2015. With the Enterprise Promotion Policy-2015, the state has envisaged a sustainable industrial spectrum in the state with a special focus on MSMEs in its endeavour for effecting a balanced regional and sustainable development. In order to accelerate the industrial growth in the state, the focus of the government is on holistic development by encompassing initiatives for resource efficiency improvement, smarter technology, and environment friendly methods which reduce resource consumption.



Figure 2: Haryana District Map

1.3 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.

1.4 Demographic Trends and Economic Structure

Hisar is the administrative headquarters of Hisar district of Hisar division in the state of Haryana in north-western India. It is located at 29.09°N 75.43°E in western Haryana and surrounded by Fatehabad district in the North, Bhiwani district in South, Jind & Rohtak district in east.

Hisar is only 164 km to the west of New Delhi and has been identified as a counter-magnet city for the National Capital Region to develop as an alternative centre of growth to Delhi.

The total population of the district as per 2011 census is 1,743,931 consists of

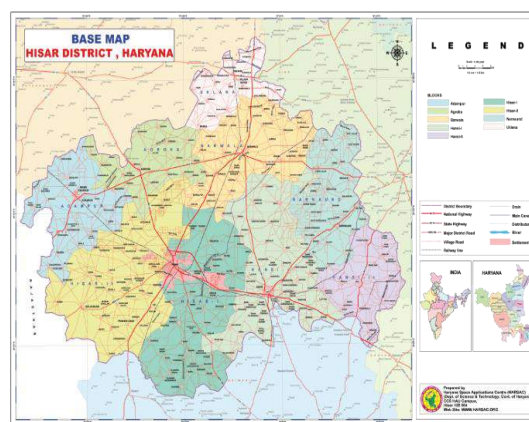


Figure 3: District Map of Hisar

931,562 male population and 812,369 female population. There was a change of 13.5 % in the population as compared to population as per 2011. Males constitute 53% of the population and females 47%, with 879 females per thousand males. The district has a population density of 438 per square kilometre. The literacy rate of the district is 72.9 percent as compared to the State literacy rate of 75.6 percent and it is ranking 15th among the districts of the State. The literacy rate is higher in urban area as compared to rural area. It is 81.7 percent in urban area and 68.7percent in rural area. The strength of population in 0-6 age group in Hisar district has decreased to 215,167 in 2011 from 237,820 in 2001 and the proportion of population in 0-6 age group is 12.34 percent in 2011. The child sex ratio of the district is 851 in 2011 as compared to 832 of 2001.

[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 product), 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% respectively⁴.

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

⁴FICCI 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 4⁵:

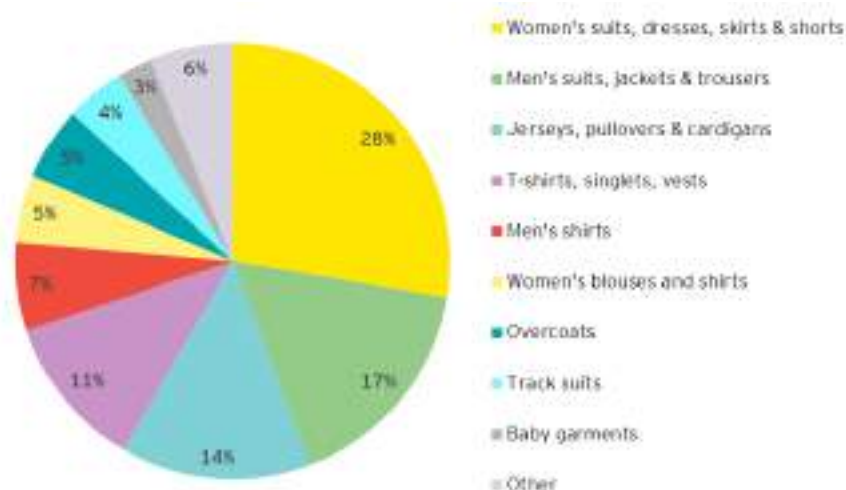


Figure 4: Global Apparel Market Segmentation (based on global export data)

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.⁶ 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 8th largest exporter of clothing (behind China, European Union, Bangladesh Vietnam, and Hong

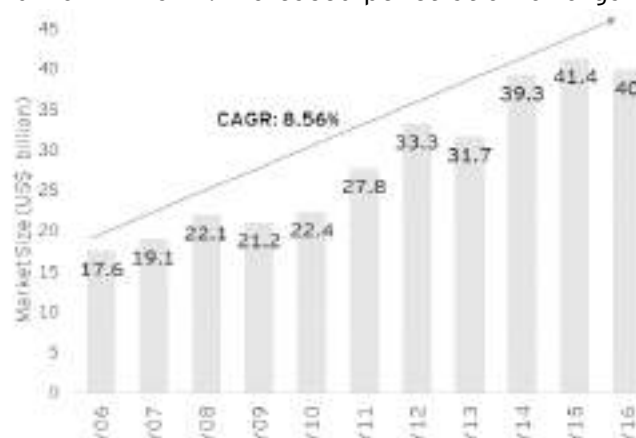


Figure 5: Textile and Garment Exports from India (US\$ billion)

⁵ International Apparel Federation

⁶ IBEF - Textile and Apparel Industry in India

Kong)⁷. 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 6:



Figure 6: Indian Textile & Garment Industry Snapshot⁸

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.

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

⁷ WTO - World Trade Statistical Review 2016

⁸ IBEF - Textile Industry in India

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.⁹ 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 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

⁹ "Indian Leather Industry – Perspective and Strategies", EXIM Bank of India, 2015

employment to approximately 1 million people with readymade garments worth USD 2 billion being exported from the state annually¹⁰.

Blessed with a resource advantage with Haryana as one of the largest producers of cotton in Northern India. Haryana is one of the leading producers 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 state¹¹.

Figure 7 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 2013-14¹²:

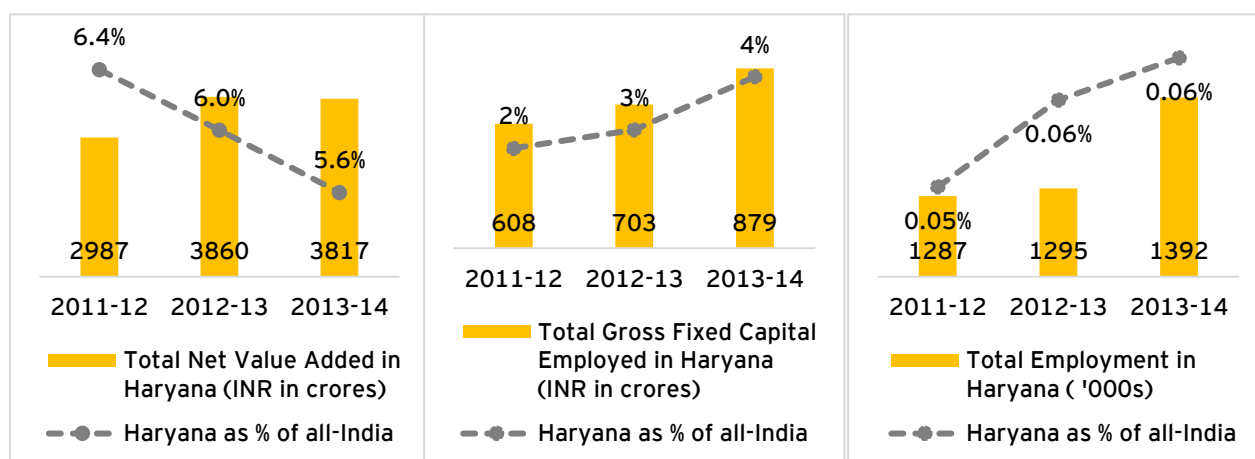


Figure 7: Textiles and Apparel Industry Trends in Haryana

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

The Hisar Textile & Allied Products Cluster houses about 40 micro units across the value chain. The cluster units of Hisar is concentrated near auto market of Hisar. The cluster produces auto accessories for the domestic market, including large retailers as well as the open market. The accessories is made from Rexene, Foam, non-woven fabric etc. Products include a range of auto accessories (seat covers, dashboard cover, neck rest, steering cover 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 fabric such as Backpacks, handbags etc. The cumulative turnover of all these units is estimated at Rs. 8 crores and provides employment to about 320 persons.

¹⁰ Haryana Textile Policy 2017

¹¹ Department of Industry and Commerce, Haryana

¹² Annual Survey of Industries

2.4 Cluster Products

The cluster products include seat cover, dashboard cover, steering cover, neck rest, bags, floor mats etc and bags such as school bags, travelling bags (Backpack) etc. The units undertake a range of activities such as manufacturing complete product, innovation and value addition, finishing and packaging.

A few of the products manufactured by the cluster are presented in figure 8:



Car Seat Cover



DashBoard Cover



Vehicle Floor Mat



Neck Rest



Backpack



Body Cover



Two-Wheeler Seat Cover

3. Diagnostic Study Findings

The diagnostic study was undertaken in the cluster February 2019 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, Hisar, with inputs from DI-MSME. 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 facilities for cutting, designing & quilting. The cluster faces challenges in fabric wastage due to manual techniques and conventional machines used in the manufacturing process.

The DSR was validated by stakeholders in a meeting held under the chairmanship of AD, DIC Hisar on **14th March 2019** 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 manufacturers of accessories for automobile such as seat covers, cushion, steering cover, neck rest, floor mats etc and other products such as Backpacks, Handbags etc. based mostly out of auto market of Hisar. 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

▶ **The Hisar Udhog Sang**

It is the most prominent association of MSMEs in Hisar. It has members from various sectors like textile, engineering, auto components and food processing. 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.

▶ **New Industrial Area Welfare Association**

It is created and run by entrepreneurs to facilitate and promote the growth and development of small businesses across Hisar. The focus of this Institution is not to just raise or highlight problems and issues, but to identify common problems and find collective solutions.

▶ **Small Scale Industrial Association**

It is the largest association of MSMEs in Hisar, and has been representing problems of small industries and working towards their overall development. It provides services such as filing of income tax returns, preparation of balance sheet, sales

tax consultation, allotment of PAN, TAN & TDS procedures, etc. to new entrepreneurs. It also regularly organizes seminars for business development for its members such as vendor buyer meets, interaction with domestic business delegations.

► **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.

► **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.

A. 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 Cluster Development Scheme under which the Textile & allied product manufacturing units want to set up a CFC will also be implemented through the DIC office. The Hisar DIC is actively promoting cluster development in the district and also helps the local units register under Udyog Aadhar Memorandum (UAM). It would play a key role in formulation of the textile & allied 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 Shahri Vikas Pradhikaran (HSVP)**

HSVP is the urban planning agency of the state of Haryana in India. It was established in 1967. 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. It provides diverse services to MSMEs in Hisar 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

B. Educational Institutes

► **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.

► **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.

▶ **Government Polytechnic Hisar**

Govt. Polytechnic, Hisar was established in 1992 with the aim to enhance employability of the youth by equipping them with latest technical skills for suitable employment through technical education.

At present, Institute offers twelve diploma courses including Textile Design, Textile Processing, Textile Technology. It also organises Institute-Industry interaction which has participation of leading industry and academia.

C. 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. Hisar industry is catered through the SIDBI regional office in Chandigarh.

▶ **Syndicate Bank, Hisar**

Syndicate Bank is the lead bank of the Hisar district and many local cluster units have a banking relationship with Syndicate Bank.

D. Leading Manufacturers

Some of the leading textile & allied products manufacturers in Hisar include Rajendra Seat Cover, Car Expert, Chauhan Bag, V.K Industries etc.

Key stakeholders of Hisar cluster are presented in figure 8:

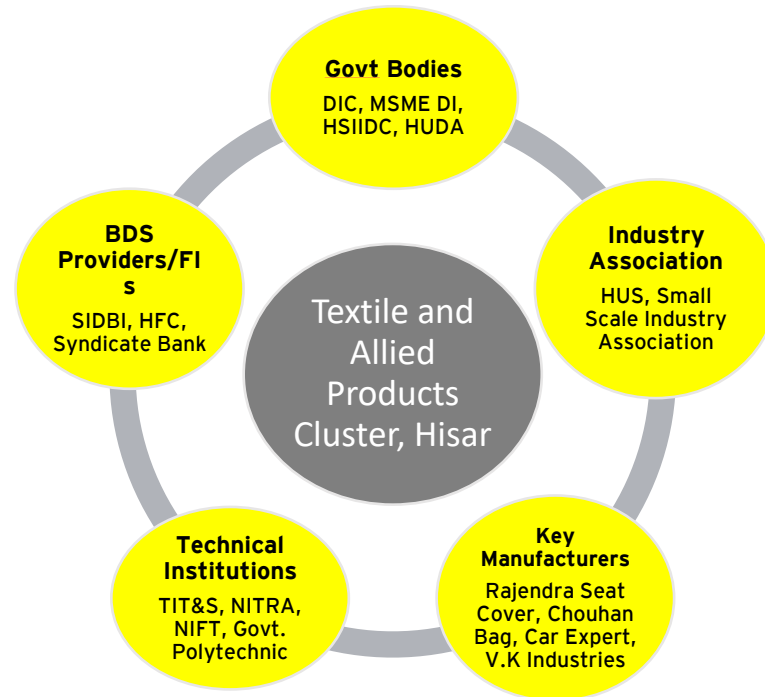


Figure 8: Key Cluster Actors

3.2 Cluster Turnover, Market and Employment

The cluster units are mainly concentrated in auto market of Hisar town. The cumulative annual turnover of the Textile & Allied Products Cluster is estimated to be around INR 8 crores. The average annual turnover of units is approximately INR 22 Lakh.

The units in the cluster cater majorly to the domestic market. Manufacturing is mostly done to order, and is usually based on the buyer's specifications. However, some of the unit manufacture made to stock for retailing in the local market. MSMEs cater to orders from retailers of Haryana and other neighboring states such as Rajasthan, Punjab, Uttar Pradesh. Apart from retailers, MSMEs also supply to franchise showrooms of the auto manufacturers such as Maruti, Hyundai, TATA, Mahindra etc.

This textile manufacturing industry is labor intensive. Presently, this cluster provides employment to approximately 320 people directly. On an average, micro units employ approximately 8 persons. The owners of units in the cluster are Graduate in engineering or Diploma in Textile Technology. Managers and employees are also technically qualified, having B. Tech/ Diploma. The workforce involved in the industry is both unskilled and skilled. Skilled labor earns more than INR 1.80 lakh per annum.

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 auto-accessories (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. Due to technological backwardness, lack of textile & allied products 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 retailers and OEMs. 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 manufacturing of various products. The units in the cluster are engaged in various activities across the value chain of manufacturing of seat covers and other accessories of automobiles. From selection of raw materials, to the finished products, various activities are involved in this process. Following are some common activities generally used by the cluster units are

Processes:

1. Order

- a. **PO Received from Client:** Purchase order is issued by the client with the delivery time and other conditions. Design sample is sent to the client of made to stock available products. Client may change some basic design elements and send the approval to manufacture the product.

2. Operations

- a. **Raw Material:** Units order the required raw material as per the order placed by buyer.
- b. **Patterns:** Units have prepared the patterns either on paper or cardboard depending upon the product cycle.
- c. **Marking:** As per the pattern, the fabric and foam is marked. This step is preparation of the cutting stage.



d. **Cutting:** The fabric & foam is cut into pieces as per the markings in the previous step.

e. **Bundling:** The cut fabric is bundled based on size in order to ensure that there is no variation.

f. **Quilting:** Layering of the Rexene, foam and non-woven fabric is done. Foam is either pasted to the Rexene or stitched.

g. **Designing:** Various design elements is added such as embossing, piping etc.

h. **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.



3. **Distribution:**

a. **Finishing:** This involves cutting of extra fabric, threads etc and inspection of each product for defects.

b. **Packaging:** Products are packaged in preparation of shipping.

c. **Shipping:** Products are shipped to the buyers or distributors.

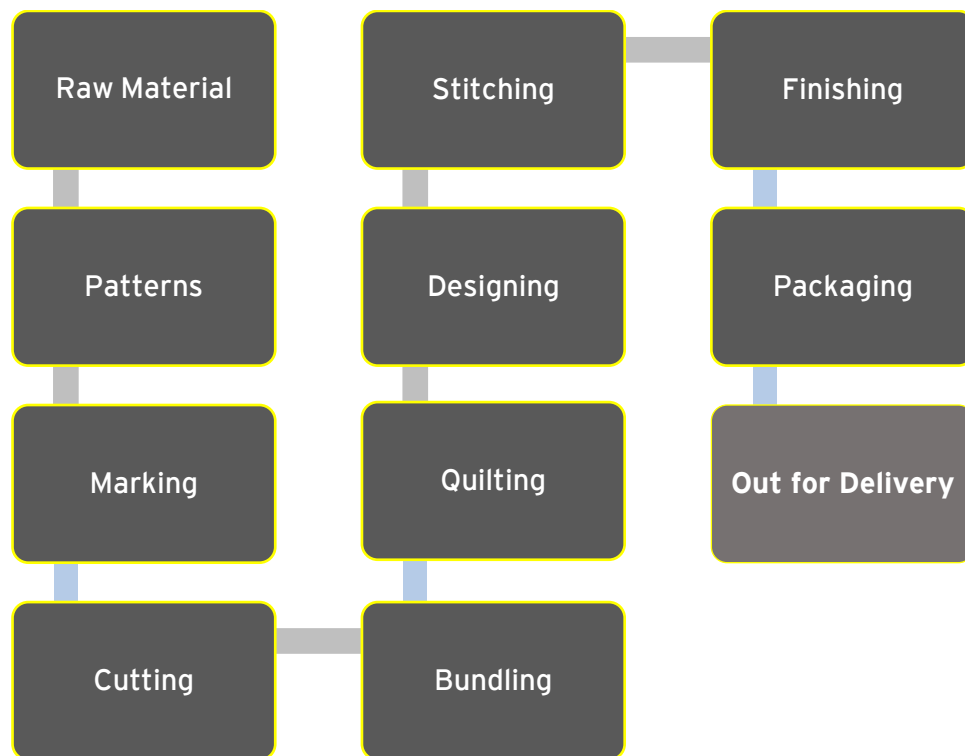


Figure 9: Flow Chart of Production Process

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 textile & allied products manufacturing. Units undertaking each of these activities have a requirement for fabric, which they either directly procure or obtain from domestic suppliers and undertake services on this fabric.

Value Chain Analysis

Value chain analysis of the most commonly produced cluster products have been conducted to ascertain the major cost areas and identify suitable interventions. The value chain analysis of seat cover for swift car is provided in table 1:

Table 1: Value Chain Analysis of seat cover for Swift Car ¹³

Particulars	Value Added (INR)	Total Value (INR)	% of cost of production
Fabric	660	660	33.25%
Foam	525	1185	26.45%
Others (thread, elastic etc)	150	1335	7.56%
Manpower	550	1885	27.71%
Electricity	25	1910	1.26%
Finishing	50	1960	2.52%
Packaging	25	1985	1.26%
Total Production Cost	1985		100.0
Profit Margin (5.8%)	115		
Selling Price	2100		

The value chain analysis has been prepared based on the stakeholder consultation. It can be observed that the raw materials amount to 67.26% of production price. Post the implementation of the CFC, there will be reduction in raw material consumption and thereby resulting in signification reduction of cost of production. Another major cost of production is manpower which is about 27.71% of cost of production. The competitiveness of the cluster units can be increased by targeting these major cost areas and providing better facilities to the units. It may be observed that the manufacturing cost will be reduced by around 20% by establishment of CFC in the cluster. Moreover, the competitiveness of the cluster units will be increased manifold in terms of cost inputs, delivery efficiency and the option to innovate.

¹³ Source: Stakeholder Consultation inputs

3.4 Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis

A SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis of the MSME textile & allied products 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
Market	<ul style="list-style-type: none"> ▶ Steady domestic demand for cluster products ▶ Cluster located within Hisar auto market area, which is well connected. ▶ Cluster located in the proximity of Delhi which is a major supply hub ▶ Presence of a large number of buying houses in the region. ▶ Presence of good rapport with buyers such as auto dealers. 	<ul style="list-style-type: none"> ▶ Presence of other large players to whom bulk orders are made ▶ Units are unable to price their product competitively due to higher cost incurred due to wastage during fabric cutting, lamination & embroidery 	<ul style="list-style-type: none"> ▶ Rising income levels and increasing urbanisation are driving growth of the domestic market ▶ Potential to price products competitively with acquisition of technology, in order to compete effectively with countries such as China ▶ Growing demand for products of the cluster. 	<ul style="list-style-type: none"> ▶ Intense competition from domestic markets ▶ Competition from other major players like Auto foam & Autokame etc.
Technology / Product Quality	<ul style="list-style-type: none"> ▶ Raw Material can be inspected upon delivery ▶ Each unit undertakes inspection of pieces at each stage in their manufacturing process ▶ Products are made as per specifications specified by buyers, and are thus 	<ul style="list-style-type: none"> ▶ Lack of latest computerised technology for fabric cutting in manufacturing results in units having to obtain these from private service providers at higher costs or from distant locations 	<ul style="list-style-type: none"> ▶ Setting up of CFC with equipment for fabric cutting, sewing, lamination & embroidery resulting in units being able to diversify, obtain these services at lower costs and price their products competitively. 	<ul style="list-style-type: none"> ▶ Increase in cost of production. ▶ Increase in awareness of people on quality certifications shall lead to losing out to business / requirement for more stringent testing procedures

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

Area	Current situation		Future	
	Strengths	Weaknesses	Opportunities	Threats
	whom they want materials	<ul style="list-style-type: none"> ▶ Challenge in achieving higher accuracy during cutting to reduce wastage of fabric 	<ul style="list-style-type: none"> ▶ Potential to develop a portal displaying information (price, suppliers) of raw materials 	<ul style="list-style-type: none"> ▶ High Cost of power in Haryana
Innovation	<ul style="list-style-type: none"> ▶ Ability to manufacture garments as per the manufacturer's specifications ▶ Most of the units manufacture their own designs and sell in the domestic market. 	<ul style="list-style-type: none"> ▶ Lack of a standardised ERP solution for garment industry. ▶ Low investment in development of designs ▶ Lack of process automation 	<ul style="list-style-type: none"> ▶ Development of a standard IT based ERP solution ▶ Structured processes for information sharing among units in the cluster 	<ul style="list-style-type: none"> ▶ Could lose business to other more price competitive manufacturers from national and international countries such as Sri Lanka, Bangladesh, China if units do not innovate
Business Environment	<ul style="list-style-type: none"> ▶ Steady growth in domestic demand ▶ Cluster well known as a garment hub across India ▶ Conducive policy and regulatory initiatives ▶ Active State Govt. and schemes for development of the sector ▶ Proactive industries associations in Hisar 	<ul style="list-style-type: none"> ▶ Lack of knowledge of regulatory frameworks and government schemes among micro level garment units ▶ High cost of industrial land in the cluster ▶ Lack of common infrastructure/CFC facilities ▶ No long-term vision of industrialists 	<ul style="list-style-type: none"> ▶ Establish CFC with latest technologies for accurate cutting, knitting yarn into fabric, critical seam sewing for diversification ▶ Create better awareness of government schemes and regulations 	<ul style="list-style-type: none"> ▶ Change in policies and regulatory environment ▶ Increase in land rates ▶ Environmental policies result in shutting down of dying houses impacting textile and allied products industry
Energy/ Environment	<ul style="list-style-type: none"> ▶ Increased focus on environment due to requirement from buyers 	<ul style="list-style-type: none"> ▶ Lack of knowledge of energy efficiency resulting in higher energy consumption 	<ul style="list-style-type: none"> ▶ Regular checks on maintaining quality and safety standards 	<ul style="list-style-type: none"> ▶ Increase in power tariff ▶ Increased focus on environment standards

Area	Current situation		Future	
	Strengths	Weaknesses	Opportunities	Threats
		<ul style="list-style-type: none"> ▶ High energy cost structure because of lack of efficient processes 	<ul style="list-style-type: none"> ▶ Potential to reduce energy costs by energy auditing 	<ul style="list-style-type: none"> ▶ Dyeing and washing require environment compliances, and if units diversify into these services then these compliances and certifications would have to be met

3.5 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 specialised facility for Designing:** Fully automatic, large format, embroidery machine with advantages such as cost - efficiency, speed, versatility. Machines such as automatic sewing & perforation, embroidery would allow the units to bring new innovations in the design of the products. With this cutting-edge technology, units can design any quality of fabrics thereby serving quality products to automobile accessories such as seat covers. Units currently are either dependent on the skilled labor or outsourcing of the same. These lead to the production delays and sometimes loss of order as manufacturing can't be completed in the stipulated time. Such facility would allow the units to not only increase their production capacity but also quality of the product at competitive prices.
- ▶ **Lack of Facility of Lamination Machine:** As mentioned in the production process, the quilting i.e. layering of the Rexene, foam and other fabric is done either by pasting or by stitching. Also, at present the layering process is done after cutting of the fabric and foam. This leads to the high wastage percentage (up to 30%) of raw material. Lamination will allow the layering process to be completed before the cutting process. The establishment of a common facility centre, which enables units to undertake the process effectively could reduce the cost on quilting by approximately 20%.

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"> ▶ High Rates of interest restrict the ability of small firms to obtain loans as they operate on low margins ▶ Machinery suppliers are also not willing to offer line of credit to small scale enterprises
2.	Market	<ul style="list-style-type: none"> ▶ Challenge in competing with international players due to higher manufacturing cost due to manual processes followed and high wastage and not meeting quality expectations

3.	Productivity	<ul style="list-style-type: none"> ▶ Currently the units are incurring increased costs due to wastage (20-30%) of fabric in manufacturing process. Manual or semi-automatic machines are used in the manufacturing process resulting in higher wastage and slow production speed.
4.	Product development	<ul style="list-style-type: none"> ▶ 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.

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.

3.6 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

Sr. No.	Facility/ Equipment	Technology Gaps Identified	Technology Interventions
1.	Fabric cutting facility	<ul style="list-style-type: none"> ▶ Absence of computerised equipment for fabric cutting (including leather) ▶ Fabric (including leather) cutting is a key requirement for reducing wastage and cost incurred ▶ This is currently done using manual and semi-automatic machinery resulting in 20-30% wastage of raw material during cutting ▶ This is leading to reduced profit margin for these units 	<ul style="list-style-type: none"> ▶ Acquisition of computerised (fully automatic) cutting equipment
2	Designing Facility	<ul style="list-style-type: none"> ▶ Absence of computerised equipment for innovation in designing. ▶ Design elements such as perforation and stitching are done manually, which leads to product delays and inconsistency in the batch. ▶ Units are currently dependent on skilled labor. ▶ Manual Process leads to the delay in the manufacturing process and high wastage of raw material 	<ul style="list-style-type: none"> ▶ Acquisition of automatic sewing & perforation machine. ▶ Acquisition of computerized embroidery machine.
3	Lamination Facility	<ul style="list-style-type: none"> ▶ Absence of lamination facility in the cluster ▶ This activity is outsourced currently and not available in-house. ▶ Units are using obsolete methods such as glue pasting and stitching of foam with fabric. 	<ul style="list-style-type: none"> ▶ Acquisition of foam fabric lamination machine.

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 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 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 Small Scale Industry Association 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 Hisar. 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. **GST Awareness:** Cluster units organized and attended the GST awareness camp which included GST implementation, process, steps to be followed, etc., was organized for the cluster stakeholders.
2. **Government Scheme:** 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.
3. **UAM Campaign:** Cluster members attended the UAM awareness program organized by Hisar Udyog Sangh. In program, cluster members are sensitized about the UAM, benefits of UAM, registration process etc.
4. **International Visit:** Cluster members recently visited China to know how the latest technologies being used in sector. Members also visited different units to understand their business cycle to increase their competitiveness in domestic as well as international market.



5. **Health Camp:** Cluster Members had organized a health camp for the benefit of the cluster stakeholders, workers etc.
6. **Exhibition Visit:** Cluster members had visited the Garment Technology Expo at NSIC Exhibition Complex, New Delhi, India on 22nd February 2018. Expo provided a complete sourcing platform to apparel manufacturers. The exhibition was focused on a wide range of garment machinery, accessories and support services from India and different parts of the world. Latest technology, live demonstrations, new products launches and technical seminars was an integral part of the show.



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

The cluster units would require modern fabric cutting, designing and lamination infrastructure facilities on an urgent basis to improve the competitiveness of the micro units 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 facility. The total cost of project is estimated around 2.04 crore. 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, designing and lamination.

Currently, the units use manual / semi-automatic machines for fabric cutting, sewing and quilting processes for undertaking 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 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 cutting, sewing resulting in higher wastage. This is a challenge for these units as higher wastage is resulting in declining profit margin.

- ▶ Manual processes lead to high dependency on skills of labor. This leads to the slow production rate and high cost in manufacturing of the product with variation in quality of finished product.
- ▶ The establishment of a common facility centre, which enables units to automate the processes could reduce the costs by approximately 20%.
- ▶ The establishment of a common facility centre, which enables units to undertake innovation in designing 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.



Automatic sewing and perforation machine:

Sewing Machine is one of the new Computer Digital Control Sewing Machine. An equipment with garment CAD software, computer control system and computer embroidery and quilting technology. Sewing machine is divided into A and B working area, alternated run. When A is running, B can prepare the fabric for next sewing process. This machine will provide the much-needed facility to manufacture the product with complex designs. Also, it will help the unit to manufacture better quality products at competitive prices.



Embroidery Machine:

Embroidery machine will provide the cluster units in house facility to design their products. With machines like sewing and embroidery, provide the necessary infrastructure to expand their market and to supply to OEMs such as Maruti, Hyundai etc.



Foam Fabric Lamination:

The equipment will allow the layering process to be completed before the cutting process. The establishment of a common facility centre, which enables units to undertake the process effectively could reduce the cost on quilting by approximately 20%.



5. SPV for Project Implementation

The micro units at Hisar 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 '**Hisar Textile & Allied CFC Private Limited**'. 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. 10.00 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 Hisar town.

DIC, Hisar and state government both played an important role in SPV formation by cluster stakeholders. The SPV includes about 12 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 '**Hisar 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 sector 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, 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, Hisar 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 Hisar and has also helped in validation of findings and recommendations. It has kept the state government and the DIC Hisar 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 5. Other than these directors, the SPV will have provision of having one director from the state government. The SPV comprises members from micro textile & allied products manufacturing units.

Table 5: List of SPV Directors

S. No.	Director Name	Name of the unit	Unit address
1	Jaswant Singh	Rajendra Seat Cover	Shop No 559, Second Floor Auto Market, Hisar
2	Narender	Car Expert	Shop No. 2, First Floor, Auto Market, Hisar

The lead promoters/ shareholders have several years of successful experience in production of textiles and allied products and 2 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 automobile accessories products in Hisar for several years. SPV directors/ members of the SPV also have considerable experience in marketing and manufacturing of textile products. Directors/members have been in close interactions with technical experts, government institutions and machinery suppliers. The DIC Hisar 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 6.

Table 6: Details of SPV Members of Textile & Allied Products Cluster, Hisar & Shareholding Pattern

Sr. No.	Contact Person	Company Name	Contact Number	Address of Unit	UAM Number	Products of the Cluster	% of Share holding
1.	Jaswant Singh	Rajendra Seat Cover	9416646297	Shop No 559, Second Floor Auto Market, Hisar	HR06A0003152	Car Seat Cover	10%
2.	Narender	Car Expert	9992011447	Shop No. 2, First Floor, Auto Market, Hisar	HR06A0003167	Car Floor Mats	10%
3.	Vipin	V.K. Industries	9992665550	Shop No. 532, Ground Floor, Auto Market, Hisar	HR06A0003166	Steering Cover and Seat Covers	10%
4.	Jitendra Singh	Shri Shyam Comforts	9680641682	Plot No. 40, Udaipurian Mohalla, Hisar	HR06A0003362	Seat Cover	10%
5.	Parveen Kumar	Chouhan Bag & Seat Tailor	9255855337	Shop No. 37, First Floor, Guru Jambheshwar Market, Hisar	HR06A0003339	Seat Cover & Bags	5%
6.	Parmod Kumar	Birma Car Covers	9416647352	Shop No.106-B, Auto Market, Hisar	HR06A0003343	Seat Cover	5%
7.	Manu Vikas	Manu Enterprises	9811847748	Shop No. 556, First Floor, Auto Market, Hisar	HR06A0003332	Seat Cover	5%
8.	Parveen	Amar Auto Covers	9896415410	Shop No. 527, First Floor, Auto Market, Hisar	HR06A0003331	Seat Cover	10%
9.	Jyoti Singh Sisodiya	Car Cushions	9351217749	Plot No. 505, Sector -14, Hisar	HR06A0003335	Neck Rest and Cushions.	10%
10.	Tanuj Nirwan	Jhalak Car Cover	7737274778	Plot No. 352, Vikas Nagar, Hisar	HR06A0003336	Seat Cover	10%
11.	Naveen	Chouhan Bag House	9416784690	Shop No.1, Sunil Lodge, Hisar	HR06A0003386	Bags	5%
12.	Love Verma	Verma Creations	7838155688	Plot No. 63, Udaipurian Mohalla, Hisar	HR06A0003388	Dashboard Cover	10%

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 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 10:



Figure 10: 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, Hisar is estimated at **Rs. 209.20 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 in Vikas Nagar, district Hisar. The building is in commercial area, and provision for power is available. Many textile & allied products units are also operating in this industrial estate. The available built up area is 3000 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 1.80 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, sewing with perforation and embroidery, etc. have been recommended to enable cluster units to 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, sewing with perforation and embroidery. The total cost of plant and machinery including secondary machine has been estimated at Rs. 188.35 lakhs and contingency works out to Rs. 9.42 Lakhs.

The details of the proposed machinery items are presented **Table 7**. 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 7: List of Proposed Plant & Machinery

PLANT & MACHINERY												
S. No.	Machine Name	Quantity		Basic Price		Total Basic Price		Gst as Applicable *		Total Price		Grand Total
		Indigenous	Imported	Indigenous	Imported	Indigenous	Imported	Indigenous	Imported	Indigenous	Imported	
A	Primary Machinery											
1	Fully Automatic Sewing and Perforation Machine		1		25.86	-	25.86	-	4.65	-	30.51	30.51
2	Embroidery Machine		1		14.50	-	14.50	-	2.61	-	17.11	17.11
3	Computerized Fabric Cutting Machine		1		94.23	-	94.23	-	16.96	-	111.19	111.19
4	Flame Lamination Machine	1		13.25		13.25	-	2.39	-	15.64	-	15.64
	Sub Total (A)	1	3	13.25	134.59	13.25	134.59	2.39	24.23	15.64	158.82	174.45
B	Secondary Machinery											
1	DG Set	1		4.28		4.28	-	0.54	-	4.82	-	4.82
2	UPS 30KVA	1		3.60		3.60	-	0.65	-	4.25	-	4.25

3	UPS 10 KVA	1		2.61		2.61	-	0.47	-	3.08	-	3.08
4	UPS 10KVA	1		1.48		1.48	-	0.27	-	1.75	-	1.75
	Sub Total (B)	2	0	11.97	-	11.97	-	1.93	-	13.90	-	13.90
	Grand Total	3	3	25.22	134.59	25.22	134.59	4.31	24.23	29.53	158.82	188.35

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. 1.50 Lakhs. Details are provided in the Table 8.

Table 8: Miscellaneous Fixed Assets

MISCELLANEOUS FIXED ASSETS		
S. No.	Particulars	Amount
1	Office computer (1 nos.)	0.50
2	Furniture (3 tables, 6 chairs & stools)	0.50
3	Office items and allied items	0.50
	Total	1.50

(Rs in Lakh)

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. 4.15 Lakhs (details provided in the Table 9).

Table 9: Preliminary and Pre-Operative Expenses

PRELIMINARY & PRE OPERATIVE EXPENSES		
S. No.	Particulars	Amount
1	Company 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	1.47
7	Lease deed registration charges	0.43
8	Security Deposit (Rent)	0.15
9	Bank Appraisal Charges	0.50
	Total	4.15

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. 9.42 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. 23.15 lakh with margin money requirement of Rs. 5.79 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 10.

Table 10: Total Project Cost

PROJECT COST				
(Rs in Lakh)				
S. No.	Particulars	Total Project Cost	Amount as per Guidelines	Remarks
1	Land & Building			
	a. Land Value	0.00		
	b. Land Development	0.00		
	c. Building & Other Civil Works	0.00	0.00	Building on lease
	d. Building Value	0.00		
	Sub Total (A)	0.00	0.00	
2	Plant & Machinery			
	a. Indigenous	15.64		
	b. Imports	158.82	188.35	Eligible
	c. Secondary Machines	13.90		
	Sub Total (B)	188.35	188.35	
3	Miscellaneous fixed assets (C)	1.50	0.00	
4	Preliminary & Preoperative Expenses (D)	4.15	0.00	
5	Contingency			
	a. Building @ 2%	0.00	0.00	
	b. Plant & Machinery @ 5%	9.42	0.00	Not eligible for grant
	Sub Total (E)	9.42	0.00	
6	Margin money for working capital @ 75% C.U. (F)	5.79	0.00	
	Grand Total (A+B+C+D+E+F)	209.20	188.35	

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 ICICI Bank. 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, towards the total project cost. The total contribution of SPV members will amount to Rs. 39.69 lakhs. Support from the State Government is envisaged for Rs. 169.51 Lakhs.

Table 11: 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)	169.51
2	Contribution of SPV	39.69
Total		209.20

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%	169.51	0%	0.00	169.51	As per EPP, 2015 GoH contribution is max 90% (Including soft intervention expenses)
2	Contribution of SPV	10%	18.83	100%	20.85	39.69	
Total		100%	188.35	100%	20.85	209.20	

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. 39.69 lakh contributed by the cluster SPV.

The authorized share capital of the company is Rs. 10 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. 169.51 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 Threads, Needles, Grease, Oil, diesel, electronic replacements and others etc.

The detailed calculations are provided in Table 13.

Table 12: 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)	Amount (in Rs. Lakh)	Amount (in Rs. Lakh)	Amount (in Rs. Lakh)	Amount (in Rs. Lakh)	Amount (in Rs. Lakh)	Amount (in Rs. Lakh)
							Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
							75%	80%	85%	90%	95%	100%
A.	Primary Machines											
1	Fully Automatic Sewing and Perforation Machine	1	Threads, Needles & Grease, Oil	3000	3000	0.36	0.27	0.29	0.31	0.32	0.34	0.36
2	Embroidery Machine	1	Treads, Non woven pasting, oil & grease	2000	2000	0.24	0.18	0.19	0.20	0.22	0.23	0.24
3	Computerized Fabric Cutting Machine	1	Needles, Plastic Rolls, Lubrication Oil	3500	3500	0.42	0.32	0.34	0.36	0.38	0.40	0.42
4	Flame Lamination Machine	1	LPG, Foam	2000	2000	0.24	0.18	0.19	0.20	0.22	0.23	0.24
B.	Secondary Machine											
2	DG Set	1	Diesel	5000	5000	0.60	0.45	0.48	0.51	0.54	0.57	0.60

	Total					1.26	0.95	1.01	1.07	1.13	1.20	1.26
	Consumables per month					0.11	0.08	0.08	0.09	0.09	0.10	0.11

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 13 & 14:

Table 13: Expenditure Related to Salary (Direct Manpower)

MANPOWER REQUIREMENT				
Category	No. of Manpower Required	Salary per month per person (INR)	Total Salary Per Month (INR)	Total salary & wages per Year (INR lakh)
DIRECT MANPOWER				
Operator	3	10,000.00	30,000.00	3.60
Helper	3	8,000.00	24,000.00	2.88
Digitizer	1	12,000.00	12,000.00	1.44
Office Boy	1	8,500.00	8,500.00	1.02
Security Guard	1	9,000.00	9,000.00	1.08
	9	47,500.00	83,500.00	10.02
Add: Perquisites/Fringe Benefits @ 10%				1.00
Sub Total (A)				11.02

Table 14: Expenditure Related to Salary (Indirect Manpower)

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)
Cluster Development Executive (CDE)	1	15,000.00	15,000.00	1.80
Accountant	1	12,000.00	12,000.00	1.44
	2	27,000.00	27,000.00	3.24
Add: Perquisites/Fringe Benefits @ 10%				0.32
Sub-Total (B)				3.56

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 44.55 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 15: 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 Sewing and Perforation Machine	2.50	1.50
2	Embroidery Machine	3.00	1.80
3	Computerized Fabric Cutting Machine	25.00	15.00
4	Flame Lamination Machine	7.00	4.20
5	Administrative Facilities	3.00	1.80
	Total Connected load for CFC	40.50	24.30
	Buffer Connected Load (10% of Total Connected Load)	4.05	
	Total	44.55	

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 4860 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 44.55 kW.

Fixed charges for connection of 44.55kW @ Rs. 173 per kW equals Rs. 7,707.15/- and variable energy consumption charge 7 @ Rs. per unit for a consumption of 5160 units amounts to Rs. 34,020/-. This has been calculated based on the prevalent rates of the power provider.

Table 16 presents the estimated annual expenditure in terms of power related charges.

Table 16: Annual Expenditure Statement vis-à-vis Power Charges

Power charges at various C.U.										
	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	0.92	0.92	0.92	0.92	0.92	0.92	0.92	0.92	0.92	0.92
Variable	3.06	3.27	3.47	3.67	3.88	4.08	4.08	4.08	4.08	4.08
Total	3.99	4.19	4.39	4.60	4.80	5.01	5.01	5.01	5.01	5.01
Per month	0.33	0.35	0.37	0.38	0.40	0.42	0.42	0.42	0.42	0.42

6.3.4 Annual Repairs and Maintenance Expenses

The annual repair and maintenance expenses have been estimated to be Rs. 5.80 lakh. The details are presented in the table below:

Table 17: 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%	5.65
Total	5.80

(Rs. In lakh)

REPAIR & MAINTENANCE as per Capacity Utilisation										
Repair & Maintenance of	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	4.24	4.52	4.80	5.09	5.37	5.65	5.65	5.65	5.65	5.65
Total	4.35	4.64	4.93	5.22	5.51	5.80	5.80	5.80	5.80	5.80

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. 1.89 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 18: 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)	0.99
Miscellaneous Expenses (Stationery, communication, travelling, and other misc. overheads)	0.90
Total	1.89

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 19: Calculation of Working capital requirement

												(Rs. In Lakh)
WORKING CAPITAL												
S. No.	Particulars	Period	As per Capacity Utilisation									
			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	0.08	0.08	0.09	0.09	0.10	0.11	0.11	0.11	0.11	0.11
2	Utilities (Power)	1 month	0.33	0.35	0.37	0.38	0.40	0.42	0.42	0.42	0.42	0.42
3	Working Expenses (Manpower)	1 month	0.99	1.03	1.08	1.12	1.17	1.22	1.22	1.22	1.22	1.22
4	Rent	1 month	0.15	0.17	0.18	0.20	0.22	0.24	0.27	0.29	0.32	0.35
5	Sundry Debtors (Sales Value)	3 months	21.60	23.04	24.48	25.92	27.36	28.80	28.80	28.80	28.80	28.80
6	Working capital (Total expenses)		23.15	24.67	26.19	27.72	29.25	30.78	30.80	30.83	30.86	30.89
7	Working Capital Margin		5.79	6.17	6.55	6.93	7.31	7.69	7.70	7.71	7.71	7.72
8	Working Capital Loan		17.36	18.50	19.65	20.79	21.94	23.08	23.10	23.12	23.14	23.17
9	Interest on Working capital loan @11% p.a.		1.91	2.04	2.16	2.29	2.41	2.54	2.54	2.54	2.55	2.55
10	Working Cap Margin %age		25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%

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. 5.79 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. 23.15 lakh and the corresponding loan amounts at Rs. 17.36 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 20: Depreciation based on WDV

(Rs. In lakh)

DEPRECIATION (WRITTEN DOWN VALUE METHOD)										
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Land										
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
Building and Civilwork										
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
Plant & Machinery										
Opening Balance	197.77	168.10	142.89	121.45	103.24	87.75	74.59	63.40	53.89	45.81
Less: Depreciation @ 15%	29.67	25.22	21.43	18.22	15.49	13.16	11.19	9.51	8.08	6.87
Closing Balance	168.10	142.89	121.45	103.24	87.75	74.59	63.40	53.89	45.81	38.94
Computers										
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

Furniture										
Opening Balance	0.50	0.45	0.41	0.36	0.33	0.30	0.27	0.24	0.22	0.19
Less: Depreciation @ 10%	0.05	0.05	0.04	0.04	0.03	0.03	0.03	0.02	0.02	0.02
Closing Balance	0.45	0.41	0.36	0.33	0.30	0.27	0.24	0.22	0.19	0.17
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
Total Depreciation	30.09	25.42	21.56	18.31	15.56	13.22	11.24	9.56	8.13	6.91
Depreciated value	169.18	143.75	122.19	103.89	88.33	75.11	63.87	54.31	46.18	39.27

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 district Hisar, 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 district, Hisar. 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 21: 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	No. Of Working days per month	Revenue per month (Rs. lakh)	Annual Revenue generation (in Rs. lakh)	Amount in Rs. Lakh	Amount in Rs. Lakh	Amount in Rs. Lakh	Amount in Rs. Lakh	Amount in Rs. Lakh	Amount in Rs. Lakh
								Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
								75%	80%	85%	90%	95%	100%
1	Fully Automatic Sewing and Perforation Machine	1	1200	8	25	2.40	28.80	21.60	23.04	24.48	25.92	27.36	28.80
2	Embroidery Machine	1	800	8	25	1.60	19.20	14.40	15.36	16.32	17.28	18.24	19.20
3	Computerized Fabric Cutting Machine	1	2000	8	25	4.00	48.00	36.00	38.40	40.80	43.20	45.60	48.00
4	Flame Lamination Machine	1	800	8	25	1.60	19.20	14.40	15.36	16.32	17.28	18.24	19.20
	Total						115.20	86.40	92.16	97.92	103.68	109.44	115.20

Total gross revenue in-flow is estimated to Rs. 115.20 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. 21.36 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. 7.41 lakhs in the first year to Rs. 18.98 lakhs in Year 10.

As evident from the table below, the project is financially viable. A cumulative surplus of about Rs. 434.37 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 22: Income and Expenditure Statement

										(Rs. In Lakh)
PROFIT & LOSS ACCOUNT										
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 Utilisation in %	75%	80%	85%	90%	95%	100%	100%	100%	100%	100%
A. Income										
(User/ Service Charge)	86.40	92.16	97.92	103.68	109.44	115.20	115.20	115.20	115.20	115.20
B. Cost of Production :										

1. Utilities Power (Fixed + Variable)	3.99	4.19	4.39	4.60	4.80	5.01	5.01	5.01	5.01	5.01
2. Direct labour and wages	8.27	8.82	9.37	9.92	10.47	11.02	11.02	11.02	11.02	11.02
3. Consumable	0.95	1.01	1.07	1.13	1.20	1.26	1.26	1.26	1.26	1.26
4. Repair and Maintenance	4.35	4.64	4.93	5.22	5.51	5.80	5.80	5.80	5.80	5.80
5. Depreciation	30.09	25.42	21.56	18.31	15.56	13.22	11.24	9.56	8.13	6.91
Total Cost of production	47.64	44.08	41.32	39.18	37.54	36.31	34.33	32.65	31.22	30.00
C. Administrative expenses :										
6. Manpower (Indirect)	3.56	3.56	3.56	3.56	3.56	3.56	3.56	3.56	3.56	3.56
7. Rent	1.80	1.98	2.18	2.40	2.64	2.90	3.19	3.51	3.86	4.24
8. Insurance	0.99	0.85	0.72	0.61	0.52	0.44	0.38	0.32	0.27	0.23
9. Misc Expense	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Total Administrative Expenses	7.25	7.29	7.36	7.47	7.62	7.80	8.03	8.29	8.59	8.94
D. Financial expenses :										
10. Interest on Working capital loan @ 11% per annum	1.91	2.04	2.16	2.29	2.41	2.54	2.54	2.54	2.55	2.55
Total Financial Expenses	1.91	2.04	2.16	2.29	2.41	2.54	2.54	2.54	2.55	2.55
E. Total Expenses B+C+D	56.80	53.40	50.85	48.94	47.57	46.66	44.90	43.48	42.36	41.49
F. Profit A - E	29.60	38.76	47.07	54.74	61.87	68.54	70.30	71.72	72.84	73.71
G. P&P Expenses written off	0.83	0.83	0.83	0.83	0.83	0.00	0.00	0.00	0.00	0.00
H. Income before Tax (F-G)	28.77	37.93	46.24	53.91	61.04	68.54	70.30	71.72	72.84	73.71
I. Adjustment of Loss	-	-	-	-	-	-	-	-	-	-
J. Income Tax (@25.75% for Company)	7.41	9.77	11.91	13.88	15.72	17.65	18.10	18.47	18.76	18.98
K. Net Profit /Loss for the year	21.36	28.16	34.34	40.03	45.32	50.89	52.20	53.25	54.09	54.73
L. Cumulative Surplus	21.36	49.52	83.86	123.88	169.21	220.10	272.30	325.55	379.64	434.37

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 23: Cash Flow Statement

											(Rs in Lakh)
CASH FLOW STATEMENT											
Particulars	Construction Period	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
A. Source Funds :											
1. Cash Accruals (Net Profit + Interest Paid)		31.51	40.79	49.23	57.03	64.28	71.08	72.84	74.26	75.39	76.26
2. Increase in capital	39.69	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Depreciation		30.09	25.42	21.56	18.31	15.56	13.22	11.24	9.56	8.13	6.91
4. Increase in WC Loan		17.36	1.14	1.14	1.14	1.15	1.15	0.02	0.02	0.02	0.02
5. Change in Expenses Payable		1.55	0.08	0.08	0.09	0.09	0.09	0.02	0.03	0.03	0.03
6. Increase in Grant-in-aid from GoH	169.51	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Sources of Funds	209.20	80.51	67.44	72.02	76.57	81.07	85.54	84.12	83.87	83.57	83.23
B. Use of Funds :											
1. P&P Expenses	4.15	-	-	-	-	-	-	-	-	-	-

2. Increase in fixed assets	199.27	-	-	-	-	-	-	-	-	-	-
3. Increase in other Assets	5.79	34.15	7.21	8.58	10.22	12.18	14.55	17.00	20.40	24.48	29.38
4. Increase in Sundry Debtors		21.60	1.44	1.44	1.44	1.44	1.44	0.00	0.00	0.00	0.00
5. Interest		1.91	2.04	2.16	2.29	2.41	2.54	2.54	2.54	2.55	2.55
6. Taxation		7.41	9.77	11.91	13.88	15.72	17.65	18.10	18.47	18.76	18.98
Total Use of Funds	209.20	65.07	20.45	24.09	27.83	31.76	36.17	37.64	41.41	45.78	50.91
C. Net Surplus (A -B)		15.44	46.99	47.94	48.74	49.32	49.37	46.48	42.45	37.78	32.32
D. Cumulative Surplus		15.44	62.43	110.36	159.10	208.42	257.79	304.27	346.72	384.51	416.83

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 24: Balance Sheet

(Rs in lakh)

PROJECTED BALANCE SHEET											
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
1. Fixed Assets :											
Gross Block	199.27	199.27	169.18	143.75	122.19	103.89	88.33	75.11	63.87	54.31	46.18
Less : Depreciation (WDV)		30.09	25.42	21.56	18.31	15.56	13.22	11.24	9.56	8.13	6.91
Net Block	199.27	169.18	143.75	122.19	103.89	88.33	75.11	63.87	54.31	46.18	39.27
Total Fixed Assets (A)	199.27	169.18	143.75	122.19	103.89	88.33	75.11	63.87	54.31	46.18	39.27
2. Current Assets :											
Cash & bank Surplus (B.F)		15.44	62.43	110.36	159.10	208.42	257.79	304.27	346.72	384.51	416.83
Sundry Debtors		21.60	23.04	24.48	25.92	27.36	28.80	28.80	28.80	28.80	28.80
Margin Money for WC Loan	5.79	5.79	6.17	6.55	6.93	7.31	7.69	7.70	7.71	7.71	7.72
Other Current Assets		34.15	40.98	49.18	59.01	70.81	84.98	101.97	122.37	146.84	176.21
P&P Exp	4.15	3.32	2.49	1.66	0.83	0.00	0.00	0.00	0.00	0.00	0.00
Total current Assets (B)		80.30	135.10	192.23	251.79	313.91	379.26	442.74	505.60	567.86	629.56
Total Assets (A+B)	209.20	249.47	278.86	314.42	355.68	402.24	454.37	506.61	559.91	614.04	668.83
3. Current Liabilities :											
Working Capital Loan		17.36	18.50	19.65	20.79	21.94	23.08	23.10	23.12	23.14	23.17
Expenses Payable		1.55	1.63	1.71	1.80	1.89	1.98	2.00	2.03	2.06	2.09
Total Current Liabilities (C)		18.91	20.13	21.36	22.59	23.83	25.06	25.11	25.15	25.20	25.26
4. Fixed Liabilities											
Shareholders' Contribution	39.69	39.69	39.69	39.69	39.69	39.69	39.69	39.69	39.69	39.69	39.69
Grant from GoH	169.51	169.51	169.51	169.51	169.51	169.51	169.51	169.51	169.51	169.51	169.51
Reserves and Surplus		21.36	49.52	83.86	123.88	169.21	220.10	272.30	325.55	379.64	434.37

Total Fixed Liabilities (D)	209.20	230.57	258.72	293.06	333.09	378.41	429.30	481.50	534.75	588.84	643.57
Total Liabilities (C+D)	209.20	249.47	278.86	314.42	355.68	402.24	454.37	506.61	559.91	614.04	668.83

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 25: Break Even Estimates

BREAKEVEN POINT AT VARIOUS C.U.										
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Capacity Utilization	75%	80%	85%	90%	95%	100%	100%	100%	100%	100%
A. Total Earning by way of user charges	86.40	92.16	97.92	103.68	109.44	115.20	115.20	115.20	115.20	115.20
B. Variable costs										
Consumables	0.95	1.01	1.07	1.13	1.20	1.26	1.26	1.26	1.26	1.26
Utilities (Power-Variable Charges)	3.06	3.27	3.47	3.67	3.88	4.08	4.08	4.08	4.08	4.08
Interest on WC Loan	1.91	2.04	2.16	2.29	2.41	2.54	2.54	2.54	2.55	2.55
Repair & Maintenance	4.35	4.64	4.93	5.22	5.51	5.80	5.80	5.80	5.80	5.80

(Rs. In Lakh)

Manpower (Direct)	8.27	8.82	9.37	9.92	10.47	11.02	11.02	11.02	11.02	11.02
Total Variable Cost (B)	18.53	19.77	21.00	22.24	23.47	24.70	24.71	24.71	24.71	24.71
C. Contribution (A-B)	67.87	72.39	76.92	81.44	85.97	90.50	90.49	90.49	90.49	90.49
D. Fixed Overheads (Cash)										
Manpower (Indirect)	3.56	3.56	3.56	3.56	3.56	3.56	3.56	3.56	3.56	3.56
Utilities (Power-Fixed Charges)	0.92	0.92	0.92	0.92	0.92	0.92	0.92	0.92	0.92	0.92
Rent	1.80	1.98	2.18	2.40	2.64	2.90	3.19	3.51	3.86	4.24
Insurance	0.99	0.85	0.72	0.61	0.52	0.44	0.38	0.32	0.27	0.23
Misc. Expenditure	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Sub-total (D)	8.18	8.21	8.29	8.40	8.54	8.73	8.95	9.22	9.52	9.86
E. Fixed Overheads (Non-cash)										
Depreciation	30.09	25.42	21.56	18.31	15.56	13.22	11.24	9.56	8.13	6.91
Preliminary & Pre-operative expenses written off	0.83	0.83	0.83	0.83	0.83	0.00	0.00	0.00	0.00	0.00
Sub-total (E)	30.92	26.25	22.39	19.14	16.39	13.22	11.24	9.56	8.13	6.91
F. Total Fixed Overheads (D+E)	39.10	34.47	30.68	27.53	24.93	21.95	20.19	18.77	17.64	16.77
Break even point (F/C)	57.61%	47.61%	39.88%	33.81%	29.00%	24.26%	22.32%	20.75%	19.50%	18.54%

Book break-even is achieved at 57.61% (of operational capacity at 75 per cent) and at 47.61% (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 26: Financial Analysis

FEASIBILITY		
S. No.	Particulars	Estimates
1	BEP (cash BEP at initial operating capacity of 75%)	57.61%
2	Av. ROCE (PAT/CE)	29.09%
3	Internal Rate of Return (IRR)	24.17%
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. 149.69 lacs) at a conservative project life of 10 years
5	Payback period	4.91 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 27: 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 = EBIT/Capital Employed											
ROCE	15.14%	19.60%	23.65%	27.39%	30.87%	34.55%	35.34%	35.96%	36.44%	36.79%	29.09%

The average value of ROCE (with grant-in-aid) is 29.09%. 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. 149.69 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 24.52% (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 28: 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%)	57.61%	63.03%	67.76%	73.26%
2	Internal Rate of Return (IRR)	24.15%	21.93%	19.65%	17.24%
3	Av. ROCE (PAT/CE) (with Grant)	29.09%	27.77%	24.77%	21.74%
4	Net Present Value (at a discount rate of 10 per cent) - incorporating viability gap funding (grant) GoH	149.69	145.17	114.15	83.13

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. 209.20 Lakh on the basis of estimates and quotations.
2. To finance the project, a total of Rs. 209.20 Lakhs is required. The financing will consist of grant from Government of Haryana and contribution by SPV.

In the financial projections and analysis, year 2019 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% in the 6h years onwards. This is a conservative estimate for first 6 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. 7 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 10 months upon receipt of final approval of grant-in-aid assistance from the Government of Haryana under mini cluster development 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 29: Project Implementation Schedule

Activity/Month	1	2	3	4	5	6	7	8	9	10
Collecting Contribution from SPV members										
Lease deed registration of Building 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 12 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 Article of Association 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 Vikas Nagar in Hisar district. The building (of area 3000 sq. ft.) has already been identified by the SPV and shall be taken on lease by SPV soon.
7. **Availability of Requisite Clearances:** All necessary 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 Hisar Textile & Allied Products Cluster CFC project, a Project Management Committee (PMC) comprising the Joint Director, DIC - Hisar, and representatives of SPV, 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 Hisar.

8. Conclusion

There is a high demand for different types of accessories made from a variety of fabrics in both domestic and international markets. State-of-the-art production units and in-house automatic fabric cutting centre & design studios will strengthen the industry in producing products with exquisite design and quality.

The weak areas include lack of computerised fabric cutting, design facility and lamination 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 209.20 lakh**. The project shall be implemented by the SPV "**Hisar Textile & Allied CFC Private Limited**" which has been constituted by the cluster firms. The SPV has proactively undertaken various initiatives to increase the exposure level of stakeholders. 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 & commerce) 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 Development scheme, Haryana EPP 2015. The SPV members have proposed to contribute **Rs. 39.69 lakhs** of the project cost. Support from Mini Cluster Development Scheme of the State Government of Haryana is envisaged for **Rs. 169.51 lakhs**. Working capital requirement for the project will be provided by ICICI bank. 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

From The Director General of Industries & Commerce, Haryana,
Chandigarh.

To M/s Ernst & Young LLP,
SCO-166-167, 1st Floor, Sector 9-C, Madhya Marg,
Chandigarh. Email :- upinder.dhingra@in.ey.com

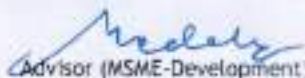
Memo No. Mini Cluster/Textile & Allied Products/Hisar/ 7110-A
Dated:- 19/03/19

Subject :- Approval of Diagnostic Study Report (DSR) and directions for
preparation of Detailed Project Report (DPR) of Hisar Textile & Allied
Products Cluster.

Kindly refer to the subject cited above.

It is informed that the Diagnostic Study Report (DSR) of Hisar Textile & Allied Products Cluster has been approved by Director General of Industries and Commerce under the State Mini Cluster Development Programme scheme.

EY LLP is directed to ensure broad basing of the constitution of SPV before initiating steps for preparation of Detailed Project Report (DPR) of the above said cluster.


Advisor (MSME-Development)

for Director General of Industries & Commerce, Haryana

Endst. No. Mini Cluster/Textile & Allied Products/Hisar/7111-A Dated:- 19/03/19

A copy of the above is forwarded to the following:-

1. The Joint Director, District Industries Centre, Hisar for information please.
Email:- gmdichsr@gmail.com
2. SPV, Textile & Allied Products Cluster, Hisar for information. They are directed to provide the requisite information desired by EY LLP so as to enable them to prepare the DPR at the earliest. Email:- manishthakurs0072@gmail.com


Advisor (MSME-Development)
for Director General of Industries & Commerce, Haryana

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 RSC TEXTILES & ALLIED CFC PRIVATE LIMITED is incorporated on this Twenty second day of April Two thousand nineteen under the Companies Act, 2013 (18 of 2013) and that the company is limited by shares.

The Corporate Identity Number of the company is U17299HR2019PTC079841.

The Permanent Account Number (PAN) of the company is AAJCR5537K

The Tax Deduction and Collection Account Number (TAN) of the company is RTKR12739G

Given under my hand at Manesar this Twenty second day of April Two thousand nineteen .

Digital Signature Certificate
Mr. ARVIND KUMAR BUNKAR
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

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

RSC TEXTILES & ALLIED CFC PRIVATE LIMITED
352, VIKAS NAGAR, BARWALA ROAD, HISAR, Hissar, Haryana, India,
125001



* 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	SPICE MOA (e-Memorandum of Association)
---	---

MOA language: ☒ English ☐ Hindi

SRN of RUN

H47994249

Pre-fill

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

A

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

1. The Name of the Company is

RSC TEXTILES & ALLIED CFC PRIVATE LIMITED

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

Haryana-HR

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.

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 d inventions, trademarks, designs, licenses, protection and confessions 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

400,000.00

rupees, divided into,

40,000.00	Equity	shares of	10.00	rupees each	
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- 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:

S.No.	Subscriber Details					
	Name, Address, Description and Occupation	DIN/PAN/Passport Number	No. of shares taken		DSC	Dated
1	JASWANT SINGH H. NO. 63, W NO 3, UDAIPURIYAN MOHALLA, HISAR Business	8DEPS2077P	20000	Equity		17/04/19
2	NARENDER KUMAR H. NO. 63, UDAIPURIYAN MOHALLA, HISAR Business	APUPK3709B	20000	Equity		17/04/19
						
Total Shares taken			40,000.00	Equity		
Signed before Me						
Name	Address, Description and Occupation	DIN/PAN/Passport Number/ Membership Number	DSC		Dated	
ACS	PEEYUSH GUPTA	E 140, 3RD FLOOR, WEST PATEL NAGAR, NEW DELHI 110008	45086			17/04/19

2b (Articles of Associations)

[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 <input checked="" type="radio"/> English <input type="radio"/> Hindi			
SRN of AOA <input type="text" value="H47994249"/> <input type="button" value="Prefill"/>			
*Table <input type="text" value="F"/> as notified under schedule I of the companies Act, 2013 is applicable to the company			
RSC TEXTILES & ALLIED CFC PRIVATE LIMITED			
A COMPANY LIMITED BY SHARES			
		Article No	Description
			Interpretation
<input type="checkbox"/>	<input checked="" type="checkbox"/>	I	(1) In these regulations – (a) "the Act" means the Companies Act, 2013; (b) "the seal" means the common seal of the company; (c) "Company" means "RSC TEXTILES & ALLIED CFC PRIVATE LIMITED" (d) "Office" means the Registered Office of the Company; (e) "Directors" means the Directors of the Company and includes persons occupying the position of the Directors by whatever names called. (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. Private Company (3) The Company is a Private Company within the meaning of Section 2(68) of the Companies Act, 2013 and accordingly:- (i) The right to transfer shares in the Company is restricted in the manner and to the extent hereinafter appearing; (ii) The number of members of the Company (exclusive of persons who are in the employment of the Company, and 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 be limited to two hundred; Provided that for the purpose of this definition where two or more persons jointly hold one or more shares in the Company shall be treated as a single member, and (iii) Prohibits any invitation to the public to subscribe for any securities of the company;
			Share capital and variation of rights
<input type="checkbox"/>	<input type="checkbox"/>	II	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	(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, – (a) one certificate for all his shares without payment of any charges; or (b) several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first. (ii) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon. (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.

<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 <i>pari passu</i> 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.
			Lien
<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.
			<i>Calls on shares</i>
<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.
			<i>Transfer of shares</i>
<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 91 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.
			Transmission of shares
<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.
			Forfeiture of shares
<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	The notice aforesaid shall – (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 (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.
<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	(i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit. (ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.
<input type="checkbox"/>	<input type="checkbox"/>	31	(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. (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.
<input type="checkbox"/>	<input type="checkbox"/>	32	(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; (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; (iii) The transferee shall thereupon be registered as the holder of the share; and (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.
<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.
			Alteration of capital
<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	Subject to the provisions of section 61, the company may, by ordinary resolution, -- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; (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; (c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum; (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.
<input type="checkbox"/>	<input type="checkbox"/>	36	Where shares are converted into stock, -- (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: 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. (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. (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.

<input type="checkbox"/>	<input type="checkbox"/>	37	The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law, -- (a) its share capital; (b) any capital redemption reserve account; or (c) any share premium account.
			Capitalisation of profits
<input type="checkbox"/>	<input type="checkbox"/>	38	(i) The company in general meeting may, upon the recommendation of the Board, resolve -- (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 (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. (ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards -- (A) paying up any amounts for the time being unpaid on any shares held by such members respectively; (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; (C) partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B); (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; (E) The Board shall give effect to the resolution passed by the company in pursuance of this regulation.
<input type="checkbox"/>	<input type="checkbox"/>	39	(i) Whenever such a resolution as aforesaid shall have been passed, the Board shall -- (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 (b) generally do all acts and things required to give effect thereto. (ii) The Board shall have power -- (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 (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; (iii) Any agreement made under such authority shall be effective and binding on such members.
			Buy-back of shares
<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.
			General meetings
<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.
			Proceedings at general meetings





<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.
			Adjournment of meeting
<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.
			Voting rights
<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.
			Proxy
<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.
			Board of Directors
<input type="checkbox"/>	<input checked="" type="checkbox"/>	58	(i) The number of Directors shall not be less than two and not more than fifteen. (ii) The following shall be the First Directors of the Company: 1. NARENDER KUMAR 2. JASWANT SINGH (iii) The Directors may from time to time, appoint one or more of their body to the office of the Managing Director for one or more of the divisions of the business carried on by the Company and to enter into agreement with him in such terms and conditions as they may deem fit. (iv) The Directors shall have the power, at any time and from time to time, to appoint any person as additional Director in addition to the existing Director so that the total number of Directors shall not at any time exceed the number fixed for Directors in these articles. Any Directors so appointed shall hold office up to the date of the next Annual General Meeting or the last date on which the Annual General Meeting should have been held, whichever is earlier.
<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	(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. (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.
			Proceedings of the Board
<input type="checkbox"/>	<input type="checkbox"/>	65	(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"/>	66	(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"/>	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	(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 number to be Chairperson of the meeting.
<input type="checkbox"/>	<input type="checkbox"/>	69	(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"/>	70	(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"/>	71	(i) A committee may meet and adjourn as it thinks fit. (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.
<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.
			Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer
<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.
			The Seal
<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.
			Dividends and Reserve

<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, thinks 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.
			Accounts
<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.
			Winding up

<input type="checkbox"/>	<input type="checkbox"/>		Subject to the provisions of Chapter XX of the Act and rules made thereunder –
		87	<p>(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.</p> <p>(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.</p> <p>(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.</p>
			Indemnity
<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.
<input type="checkbox"/>	<input type="checkbox"/>		

Subscriber Details						
S. NO	Name, Address, Description and Occupation	DIN/PAN/Passport Number	Place	DSC	Dated	
1	JASWANT SINGH S/O SHEO KARAN DASS, H. NO. 63, W NO 3, UDAIPURIYAN MOHALLA, HISAR OCCUPATION - BUSINESS	BOEPS2077P	HISAR		17/04/2019	
2	NARENDER KUMAR S/O SHEO KARAN DASS, H. NO. 63, UDAIPURIYAN MOHALLA, HISAR-125001 HARYANA INDIA OCCUPATION- BUSINESS	APUPK3709B	HISAR		17/04/2019	
						
Signed Before Me						
Name	Address, Description and Occupation	DIN/PAN/Passport Number/ Membership Number	Place	DSC	Dated	
ACS	PEEYUSH GUPTA	E 140, 3RD FLOOR, WEST PATEL NAGAR, NEW DELHI 110008	45986	HISAR		

Checkform

Modify

Annexure 3: Verification of units by DIC, Hisar

Textile and Allied Products
List of SPV Members for ~~Hisar District~~ Cluster, HISAR

S.NO	Contact Person	Company Name	Contact Number	Address Of unit	UAM Number	Products of the Cluster	Remarks
1	AKSHANT SINGH	RAJENDRA SEAT COVER	9436645287	SHOP NO. 55B, SECOND FLOOR, AUTO MARKET, HISAR	HR06A0003152	CAR SEAT COVERS	This unit has UAM registration and is working conditions.
2	MAHENDER	CAR EXPERT	9992033447	SHOP NO. 2, FIRST FLOOR, AUTO MARKET, HISAR	HR06A0003367	CAR FLOOR MATS	This unit has UAM registration and is working conditions.
3	VIPIN	V.K INDUSTRIES	9992665550	SHOP NO. 532, GROUND FLOOR, AUTO MARKET, HISAR	HR06A0003284	STEERING COVER	This unit has UAM registration and is working conditions.
4	JITENDRA SINGH	SHRI SHIVAM COMFORTS	9680641682	PLOT NO. 40, UDAMPURIYAN, MOHALLA, HISAR	HR06A0003362	SEAT COVER	This unit has UAM registration and is working conditions.
5	CHAUHAN KUNAL	CHOUHAN BAG & SEAT TAILOR	9255855337	SHOP NO. 37, FIRST FLOOR, GURU JAMBHESHWAR MARKET, HISAR	HR06A0003338	SEAT COVER & BAGS	This unit has UAM registration and is working conditions.
6	PARMOO KUMAR	BRMA CAR COVERS	9416647352	SHOP NO. 100-B AUTO MARKET, HISAR	HR06A0003343	SEAT COVER	This unit has UAM registration and is working conditions.
7	NAWAL VIKAS	NARU ENTERPRISES	9811847748	SHOP NO. 55A, FIRST FLOOR, AUTO MARKET,	HR06A0003332	SEAT COVER	This unit has UAM registration and is working

Textile and Allied Products
List of SPV Members for ~~Hisar District~~ Cluster, HISAR

S.NO	Contact Person	Company Name	Contact Number	Address Of unit	UAM Number	Products of the Cluster	Remarks
8	ANURAG	ANAR AUTO COVERS	9890435410	SHOP NO. 527, FIRST FLOOR, AUTO MARKET, HISAR	HR06A0003331	SEAT COVER	This unit has UAM registration and is working conditions.
9	JOJO SINGH SINGH	CAR CUSHIONS	9251237745	PLOT NO. 305, SECTION - 14, HISAR	HR06A0003335	BACK REST & CUSHIONS	This unit has UAM registration and is working conditions.
10	TANU RISHWAN	SHALAK CAR SEAT COVER	7737238278	PLOT NO. 352, VIKAS NAGAR, HISAR	HR06A0003344	SEAT COVER	This unit found closed.
11	HAVERA	CHOUHAN BAG HOUSE	9436789690	SHOP NO. 1, NARAI LODGE BULLDING, HISAR	HR06A0003389	BAGS	This unit has UAM registration and is working conditions.
12	LOVE VERMA	VERMA CREATIONS	9838355088	PLOT NO. 43, UDAMPURIYAN, MOHALLA, HISAR	HR06A0003388	DASHBOARD COVER	This unit found closed.

On the recommendations of Sh. Satish Kumar, IEO and Ramon Sharma, IEO as mentioned above the units are verified.

(Signature)
Dist. Director
Hisar, Haryana

Annexure 4: Building Availability Proof

21st March, 2019

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


Subject: Regarding building lease for Hisar Textiles & Allied CFC Pvt. Ltd. Hisar

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

Dear Sir,

This is to confirm that I, Meenu Bajaj am willing to provide all floors of my building at Plot no. 352, Vikas Nagar Near GJU Hisar on a 10 year irrevocable lease to the Centre of Textile & Allied Products 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 2925 sq ft (325) square yards) and shall be provided on a lease basis with rent of Rs. 15,000 per month for the first year, with a standard annual increase as per the market norms.

Yours sincerely,


Meenu Bajaj

Plot No. - 352,

Vikas Nagar, Near GJU, Hisar

Annexure 5: Machinery Quotations



RICHPEACE AI CO., LIMITED

PROFORMA INVOICE

INVOICE NO.	PIRPAS190211INA	ISSUING DATE	2019-02-11
BUYER NAME	RAJENDERA SEAT COVER	SELLER NAME	RICHPEACE AI CO., LIMITED
ADDRESS	559 AUTO MARKET HISAR 125001(HARYANA)	ADDRESS	ROOM 503, 5/F, MIDAS PLAZA, 1 TAI YAU STREET, SAN PO KONG, KOWLOON, HONG KONG
TEL. NO.	0091 99864 83984	TEL. NO.	00852 275510 06
FAX. NO.		FAX. NO.	00852 275510 93

DESCRIPTION OF PRODUCTS	QTY	UNIT PRICE	AMOUNT
RICHPEACE AUTOMATIC SEWING MACHINE MODEL: RPAS-PS-1-900X600-B-2-HM, LH LEATHER PERFORATION SEWING MACHINE 1 PC LIFTING SEWING HEAD 1 PC LIFTING PUCHING HEAD MAX.WORKING AREA 900X600MM BRIDGE STRUCTURE PUNCHING SIZE 0.8MM, 1.0MM, 1.2MM, 1.5MM, 2.0MM, 2.5MM JAPAN KOBAN JUMBO ROTARY HOOK TRIMMING THREAD FUNCTION MAIN SHAFT SERVO MOTOR AUTO LUBRICATION SYSTEM 14 INCH TOUCHING SCREEN COMPUTER RICHPEACE COMPUTER CONTROL SYSTEM ONE PC RICHPEACE AUTO SEW CAD SOFTWARE ONE SET THREE LAYERS FRAME WITH STANDARD SPARE PARTS & TOOLS POWER SUPPLY: SINGLE PHASE 220V/ 50HZ MACHINE SIZE 3220*1900*1700MM	1 SET	USD37,000.00	USD37,000.00

1 / 4

ADD: ROOM 503, 5/F, MIDAS PLAZA, 1 TAI YAU STREET, SAN PO KONG, KOWLOON, HONG KONG

WEB: www.richpeace.com EMAIL: sales@richpeace.com TEL: 00852-27551096 FAX: 00852-27551093



RICHPEACE AI CO., LIMITED

RICHPEACE COMPUTERIZED EMBROIDERY MACHINE MODEL: RPCE-FN-6 9-600X1200-B FEATURES: 6 HEADS, 9 COLORS. EMBROIDERY AREA: 600X1200MM, 10.4 INCHES TOUCHING SCREEN COMPUTER WITH USB INPUT, MAIN SHAFT SERVO MOTOR; FRAME DRIVE SERVO MOTOR JAPAN ROTARY HOOKS LINEAR GUIDE RAIL SYSTEM ONE SET RICHPEACE DESIGN SOFTWARE STANDARD SPARE PARTS & TOOL BOX POWER SUPPLY: SINGLE PHASE 220V/50HZ	1 SET	USD21,000.00	USD21,000.00
RICHPEACE AUTOMATIC CUTTING MACHINE MODEL: RPAC-NW-MC6-1-1800*1800-SB-MH-P-3P380 SINGLE HEAD CUTTING AREA 1800 (WIDTH) X1800MM (LENGTH) CUTTING THICKNESS(AFTER VACUUM SUCTION) 60MM MAXIMUM EFFECTIVE CUTTING SPEED : 60M / MIN RICHPEACE COMPUTER CONTROL SYSTEM AUTOMATIC CONVEYOR MATERIAL DELIVERY SYSTEM AUTOMATIC CLEANING SYSTEM FULL PROTECTION SHIELD SYSTEM ERROR DIAGNOSTIC ALARM FUNCTION STARTING POINT ALIGNMENT CHECK FUNCTION POWER SUPPLY: THREE PHASE 380V/50HZ	1SET	USD90,000.00	USD90,000.00

CURRENCY: USD
PRICE TERM: FOB TIANJIN PORT
TOTAL AMOUNT: USD148,000.00
TOTAL VALUE IN WORDS: SAY US DOLLARS ONE HUNDRED AND FORTY-EIGHT THOUSAND ONLY.

- COUNTRY OF ORIGIN:** CHINA
- STANDARD ACCESSORIES:** YES
- PAYMENT TERMS:** 30% T/T DEPOSIT PAYMENT BEFORE PRODUCTION, 70% TT BALANCE PAYMENT BEFORE DELIVERY.
- DELIVERY TIME:** 45 DAYS AFTER RECEIVING THE DEPOSIT PAYMENT AND SIGNED PI;
- QUALITY STANDARD:** ACCORDING TO SELLER'S ENTERPRISE STANDARD; BUYER CAN NEGOTIATE OTHER STANDARD WHILE PROVIDING THE DESIGNS AND FABRICS OR OTHER NECESSARY TERMS.
- INSURANCE TERM:** TO BE EFFECTED BY SELLER;
- PACKING:** WOODEN PACKING.
- SHIPMENT:** BY SEA

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ADD: ROOM 503, 5/F, MIDAS PLAZA, 1 TAI YAU STREET, SAN PO KONG, KOWLOON, HONG KONG

WEB: www.richpeace.com EMAIL: sales@richpeace.com TEL: 00852-27551096 FAX: 00852-27551093



RICHPEACE AI CO.,LIMITED

9. **LOADING PORT:** XINGANG, TIANJIN, CHINA
10. **DESTINATION PORT:** ANY PORTS IN INDIA
11. **BENEFICIARY NAME:** RICHPEACE AI CO.,LIMITED
BENEFICIARY ADD: ROOM 503, 5/F, MIDAS PLAZA, 1 TAI YAU STREET, SAN PO KONG, KOWLOON, HONG KONG
BENEFICIARY BANK NAME: BANK OF COMMUNICATIONS CO.,LTD OFFSHORE BANKING UNIT
BANK ADD: NO 188, YINCHENG ZHONG ROAD, SHANGHAI, CHINA
SWIFT CODE: COMMCN3X0BU
BENEFICIARY ACCOUNT NO.: 05A90000347406100
12. **SHIPPING MARK:** RP RICHPEACE
13. **TRANS SHIPMENT:** NOT ALLOWED
14. **PARTIAL SHIPMENT:** NOT ALLOWED
15. **INSTALLATION AND ADJUSTMENT:** SELLER WILL SEND ONE TECHNICIAN TO BUYER'S FACTORY TO INSTALL THIS MACHINE, WHILE ALL CHARGES WILL BE BORNE BY BUYER, LIKE ROUND TICKETS, FOOD AND ACCOMMODATION, LOCAL TRAFFIC, ETC.
16. **TRAINING TERMS:** SELLER CAN PROVIDE THE FREE TRAINING TO BUYER IN SELLER'S FACTORY NOT MORE THAN 10DAYS, WHILE OTHER ACCOMMODATION AND TRAVELLING EXPENSES SHOULD BE BORNE BY BUYER.
17. **MAINTENANCE:** DAILY MAINTENANCE IS THE RESPONSIBILITY OF THE BUYER, WHILE SUPPORTED BY RICHPEACE INDIA SERVICE OFFICE. IF BUYER WANTS SELLER SEND TECHNICIAN TO BUYER'S FACTORY TO DO THE MAINTENANCE, WHILE ALL CHARGES WILL BE BORNE BY BUYER, LIKE ROUND TICKETS, FOOD AND ACCOMMODATION, LOCAL TRAFFIC, ETC.
18. **WARRANTY:** 13 MONTHS SINCE THE DATE OF MACHINE DISPATCHING FROM TIANJIN PORT. EXCLUDING THE CONSUMABLE PARTS AND HUMANLY DAMAGED PARTS. **BROKEN ELECTRICAL PARTS INCLUDING BOARDS OR MOTORS OR DRIVERS OR OTHER RELATED ELECTRICAL CONTROL COMPONENTS AND PARTS SHOULD BE RETURNED BACK TO SELLER WHILE THE EXPRESSING OR POSTING EXPENSE FOR THE NEW AND BROKEN ELECTRICAL PARTS SHOULD BE BORNE BY BUYER. EASY-BROKEN PARTS COULD BE REPLACED FREE OF CHARGE WHILE THE COURIER EXPENSES SHOULD BE BORNE BY BUYER.**
19. **QUALITY DISCREPANCIES:** IF BUYER FINDS ANY PROBLEMS AND HAS DISCREPANCIES WITH THE COMMODITY'S QUALITY, THE BUYER SHOULD RAISE THE MATTER WITHIN 30DAYS AFTER HE RECEIVES THE COMMODITY IN WRITING FORM WITH THE NECESSARY EXPLANATION FILES LIKE PHOTOS OR VIDEOS, OTHERWISE AFTER 30DAYS, IT WILL BE REGARDED AS THE QUALIFIED COMMODITY.
20. **FORCE MAJEURE:** EITHER PARTY SHALL NOT BE HELD RESPONSIBILITY FOR FAILURE OR DELAY TO PERFORM ALL OR PART OF THIS AGREEMENT DUE TO FLOOD, FIRE, EARTHQUAKE, DRAUGHT, WAR OR ANY OTHER EVENTS WHICH COULD NOT BE PREDICATED, CONTROLLED, AVOIDED OR OVERCOME BY THE RELATIVE PARTY. HOWEVER, THE PARTY AFFECTED BY THE EVENT OF FORCE MAJEURE SHALL INFORM THE OTHER PARTY OF ITS OCCURRENCE IN WRITING AS SOON AS POSSIBLE AND THEREAFTER SEND A CERTIFICATE OF THE EVENT ISSUED BY THE RELEVANT AUTHORITIES TO THE OTHER PARTY WITHIN 15DAYS AFTER ITS OCCURRENCE.
21. **LICENSE, DUTIES & TAXES:** EXCEPT AS OTHERWISE PROVIDED HEREIN, ALL IMPORT PERMITS, LICENSES, IMPORT DUTIES, CUSTOMS FEES & TAXES LEVIED BY ANY GOVERNMENT AUTHORITY OTHER THAN THE SELLER'S COUNTRY SHALL BE THE SOLE RESPONSIBILITY OF THE BUYER.
22. **LAW APPLICATION:** ALL DISPUTES ARISING FROM THE EXECUTION OF THIS CONTRACT SHALL BE

3 / 4

ADD: ROOM 503, 5/F, MIDAS PLAZA, 1 TAI YAU STREET, SAN PO KONG, KOWLOON, HONG KONG

WEB: www.richpeace.com; EMAIL: sales@richpeace.com; TEL: 00852-27551096; FAX: 00852-27551093



RICHPEACE AI CO.,LIMITED

SETTLED BY FRIENDLY TALK & NEGOTIATION BETWEEN THE SELLER & THE BUYER FIRST. IN CASE NO SETTLEMENT CAN BE REACHED, THE CASE IN DISPUTE SHALL BE SUBMITTED TO HONG KONG INTERNATIONAL ARBITRATION CENTER (HKIAC). THE LAW OF HONG KONG GOVERNS IT. THE ARBITRATION COMMITTEE SHALL BE THE FINAL & BINDING UPON BOTH PARTIES AND THE ARBITRATION FEE SHALL BE BORNE BY THE LOSING PARTY.

23. **TAKING EFFECT:** THIS CONFIRMATION IS IN 2 COPIES, EFFECTIVE SINCE BEING SIGNED / SEALED BY TWO PARTIES.

SELLER'S CONFIRMATION

BUYER'S CONFIRMATION



IMA S.P.A.
Import: Macchine Affettatrici
Via Pastore, 1/A
25039 Pazzano (PS) Italy
C.P. 6006280170
P.iva 0557505887
C.C.I.A.A. 03.210155

Details / Contacts:
TEL. +39 030 6450211
FAX +39 030 6450209
info@imasty.it
www.imasty.it

**To be mentioned in every correspondence
File N.**

Proforma no. **CMAS-20190225-100459**

Date **25/02/2019**

Customer Code

Messrs.

M/S RAJENDRA SEAT COVER

559, AUTO MARKET, HISAR-125001

HARYAN

INDIA

H.S. CODE 8451.50.00

All prices quoted are in Euro

**A Pos.01
CUTTING MACHINE**

919.70.1018

AUTOMATIC CUTTING MACHINE H70X180

STORM 7 - Automatic Cutting Machine for compressed lay thickness up to 70 mm according to the kind of fabric to be cut.

Industrially developed with a modular technology that allows full interchangeability between the various solutions proposed by Ima. Flexible configurations for the optimization of the cutting process, specific configurations for all industries and parameter settings customized for each customer. Digital control, intuitive of all functions to best fit the needs of production. New design that combines compactness of the machine with a ratio of construction simple and light. Fast, noiseless and precise, the new cutting machine "Formula Evo Plus" is equipped with modern human machine interface (HMI) by PC with touch-screen on board to ensure maximum reliability and make available to the operator all machine functions and therefore also data feed-back in real time. Available in a wide range of useful cutting heights in according to the characteristics required and for configurations of any thickness lay: from single ply up to 7 cm. compressed. Machine eco-friendly thanks to a mentality towards the working environment protection with high power saving.

TECHNICAL SPECIFICATIONS:

- Cutting window length 175 cm
- Available cutting window width: 180
- Cutting thickness: from single ply up to 70 mm of compressed fabric
- Power plant 22 Kw
- Average power consumption 5,5 kw
- Environment temperature from 10° to 60°
- Humidity from 30% to 80% without condense
- Voltage 400 V 3 PH 50/60 H
- Weight 2790 kg
- Dimensions: l=5000 x b=3080

SOFTWARE APPS:

- HMI (Human Machine Interface) system, designed by IMA. Very easy and intuitive build on a color touch screen.
- Possibility to transform the polygonal system to the cartesian geometry system, for better movements thanks to the optimization of ISO cutting file.
- Adaptive movements functions of the machine while performing curves or critical angles, then use zero buffer on marker..
- Possibility to manage symmetries of all patterns.
- Possibility to recognize and manage common lines.
- Automatic research of the starting point of the pattern.
- Possibility to change the cutting direction of the pattern.
- Different strategy of cutting for windows management, adjustable according to every kind of fabric and marker, with cutting path optimization.
- Possibility to manage, convert and transform all kind of notches (normal, V notch and fly notch).
- Possibility of merging different markers, to delete a single pattern inside the marker and to manually move the pieces with a collision control to optimize the workflow.

No. 1





IMA S.p.A.
Impianti Macchine e Accessori
Via Fontana, 5/A
20090 Piacenza (PR) Italy
G.P. 0585/260170
P.va 0585/088907
E.C.I.A.A. 88/218198

Contatti / Contacts:
TEL. +39 053 0465011
FAX +39 053 0465099
info@imasty.it
www.imasty.it

Synco Cutting Room

- Possibility of markers elaboration with graphic and statistic reports.
- Possibility to create and print a HPGL file for plotters from ISO file.

HARDWARE DETAILS:

- HMI software for machine management and CAM for cutting file processing are pre-installed on the PC supplied as standard. Windows 10 as operating system.
- Intelligent vacuum controller in real time and managed by PID algorithm (control Proportional-Integral-Derivative), with high power saving.
- Grinding stone sharpener of long lasting and a excellent sharpening result.
- Vacuum filter easy to remove and fast to clean.
- Brushless motors and servo-drives of Mitsubishi last generation technology.
- Synchronized loading and unloading conveyors.
- Bristles very easy to remove and to clean of long lasting.

5.919.70.02

No. 1

Drill

5.919.65.01-60

No. 1

Auto-wrapped nylon cover h. 180

5.919.75.01

No. 1

Blade air cooling

5.919.60.01-10

No. 1

Cutting translation device between 2 tables.

Device for automatic translation for cutting machine with cutting window length 1750 including material for mechanical part to be installed on the ground.

N.B. The a.m. material is 9 mt. for translation between 2 tables of 5 mts. For bigger distances keep contact directly with IMA.

5.919.89.00-02

N. 1

Evo Plus Cutting Optimizer - File ISO Processing

- Automatic recognition of symmetry and creation of new symmetries by manual
- Management of common lines to avoid double cut
- Slow-down management in the critical points

5.919.89.00-03

N. 1

Evo Plus Cutting Optimizer - Notches management

- Notches conversion
- Notches resizing
- Various automatic functions for notches

5.919.89.00-04

N. 1

Evo Plus Cutting Optimizer - Marker modification

- Manual pattern handling
- Different markers placing
- Geometrical control of pattern overlapping

5.919.89.00-05

N. 1

Evo Plus Cutting Optimizer - Smoothing

- Recognition and correction of anomalous points along the curved lines.

5.919.92.00-02

N. 1

Evo Plus Cutting Control Center (HMI):

- Management of work queues

5.919.92.00-03

N. 1

Evo Plus Cutting Control Center (HMI):

- Reports

5.919.92.00-04

N. 1

Evo Plus Cutting Control Center (HMI):

- Users management

Pos.01

€ 157.720,00



IMA S.P.A.
Importo Macchine e Accessori
Via Piantada, 9/A
25036 Palazzolo s/O (BS) Italy
C.F. 03062900370
P.Iva 00587090367
C.C.I.A.A. BS 218/188

Contact / Contatti:
TEL. +39 030 6485011
FAX +39 030 6485088
info@imaitaly.it
www.imaitaly.it

TOTAL AMOUNT

All prices quoted are in €

Machine and accessories	157.720,00
Packing	2.480,00
Total gross amount	€ 160.200,00
Special 35% discount on the value of machines and accessories	55.202,00
Total net amount EXW Palazzolo s/O - packing included	€ 104.998,00

S. E. & O.

Sale Conditions

Prices quoted:

ex our works in Palazzolo s/O (Brescia) - Italy.

Validity of the offer:

60 days.

Payment:

100% advanced payment at order confirmation by TT on our bank:

UBI BANCA

BRANCH OF PALAZZOLO S/O (BS) - ITALY

SWIFT: BLOPIT22

IBAN: IT 84 Q 03111 54900 000000076531

Beneficiary:

IMA S.P.A.

VIA PIANTADA, 9/A

25036 PALAZZOLO S/O (BS) ITALY

Delivery time:

60 working days from order confirmation and payment receipt.

**Working days are to be considered as: Mon-Fri (5 days/week) - festivities excluded.

Machines "Start up":

included, at IMA's care by local technical staff.

Packing:

included, in sea-wooden case.

IMA S.p.A.
Via Piantada, 9/A
25036 PALAZZOLO S/O. (Bs)

TIN No. 06954535670
GSTIN: 06AABHN5255M12W



Mob. : 98966-72609

GALAXY POWER SOLUTIONS



Deals in : All types of Inverter, Batteries & UPS etc.
Distributor of : Microtek Solar Panels



368, 1st Floor, Auto Market, HISAR-125001

E-mail : gpshisar@gmail.com

Ref. No.

Quotation

Dated 16/3/19

To

Rajendra Seat Cover
559, Auto Market
HISAR

① MICROTEK ONLINE UPS

30kVA / 360V.DC

3PH - 3PH

with 30 minutes Back-up time

with Battery Stand

360,000/-
Each

→ ONLINE UPS Warranty One Year

→ Battery Warranty two Year
Exide make

→ Installation Free

→ F.O.R. HISAR

Thanks.

For Galaxy Power Solutions
[Signature]

TIN No. 06951535670
GSTIN: 06AADYN5255M12W



Mob. : 98966-72609

GALAXY POWER SOLUTIONS



Deals in : All types of Inverter, Batteries & UPS etc.
Distributor of : Microtek Solar Panels



368, 1st Floor, Auto Market, HISAR-125001

E-mail : gpshisar@gmail.com

Ref. No.

Quotation

Dated 16/3/19

To

Rajendra Seat Cover
559, Auto Market
HISAR

- ① MICROTEK ONLINE UPS 10KVA/360V.
3PH-3PH.
with 30 minutes Back-up time
with Battery Stand. } 26,000/-
est.
- * ONLINE UPS Warranty one Year
 - * Battery warranty two Year
Exide make.
 - * Installation free
 - * F.O.R. HISAR

Thanks,

For Galaxy Power Solutions
★

TIN No. 06951535670

Gstin. 06AADDH5255M12W

Mob. : 98966-72609



GALAXY POWER SOLUTIONS



Deals in : All types of Inverter, Batteries & UPS etc.
Distributor of : Microtek Solar Panels



368, 1st Floor, Auto Market, HISAR-125001

E-mail : gpshisar@gmail.com

Ref. No.

Quotation

Dated 16/3/19

To
Rajendra Seed Co. Ltd.
559, Auto Market
HISAR

① MICROTEK ONLINE UPS 10KVA/192V
1PH - 1PH.
with 30 minutes Back-up
with Batteries sealed } ② 148200/-

② UPS Warranty one year
Batteries warranty two year
Exide Make.

③ Installation fee

④ F.O.R. HISAR

Thanks

For Galaxy Power Solutions
A



INDUSTRIAL EQUIPMENTS COMPANY
 AN ISO 9001, 14001, 50001 & OHSAS 18001 Certified Company
Karnal Branch: 2nd Floor, Durga Mandir Complex,
 Near Bus Stand, Opp. Central Bank, Karnal
 Tel: 0184-4040509 : 9812050509
 E – mail: iec.karnal@iecgensets.com , www.iecgensets.com



REF/IEC-KAR/2018-19/DG/RKJ

Dated:-16-03-2019

RAJENDRA SEAT COVER
 559 AUTO MARKET
 HISAR

K.A. MR. MANISH THAKUR

SUB: QUOTATION FOR KOEL GREEN SILENT ELECTRIC GENERATING SET WITH STD MANUAL PANEL.

Dear Sir,

We acknowledge with thanks the receipt of your valued enquiry referred to above. We are accordingly submitting our most competitive offer for your favorable consideration.

S. No.	DESCRIPTION	UNIT PRICE EACH
1	Supply of 45 KVA KOEL GREEN SILENT DG SET comprising of Kirloskar make AIR cooled Diesel Engine model HA494TCI-G1 (CPCB NORMS II COMPLIANT) developing 56 BHP @ 1500 RPM & 45 KVA Kirloskar Green make Alternator rated at 3Phase, 415 Volts, 50 Hz; 0.8 p. f. @ 1500 RPM both mounted, and aligned on a common MS base frame complete with MS Fuel Tank, MANUAL Control Panel , Residential Exhaust Silencer, AVM Pads fitted on base frame, 1 Nos. 12 Volts DC Battery (KOEL GREEN) with Battery Leads, 1 st fill of Lube Oil and Coolant, all housed in Sound Proof Acoustic Enclosure	4,73,000-00
2	Supply of 62.5 KVA KOEL GREEN SILENT DG SET comprising of Kirloskar make WATER cooled Diesel Engine model 4R810TA-G1 (CPCB NORMS II COMPLIANT) developing 83 BHP @ 1500 RPM & 62.5 KVA Kirloskar Green make Alternator rated at 3Phase, 415 Volts, 50 Hz; 0.8 p. f. @ 1500 RPM both mounted, and aligned on a common MS base frame complete with MS Fuel Tank, MANUAL Control Panel , Residential Exhaust Silencer, AVM Pads fitted on base frame, 1 Nos. 12 Volts DC Battery (KOEL GREEN) with Battery Leads, 1 st fill of Lube Oil and Coolant, all housed in Sound Proof Acoustic Enclosure	4,28,000-00

TERMS & CONDITIONS

PRICE : - : Ex-Works, Freight EXTRA & transit insurance to customer a/c.

G.S.T : **GST EXTRA @18%. However G.S.T will be charged as applicable at the time of dispatch.**

DELIVERY: - 3-4 Weeks from the receipt of your Tecno-comercial clear order with advance

STATUTORY VARIATIONS: All state taxes, duties, levies like Octroi, entry tax, WCT, GST etc. and statutory variations or imposition of new taxes/duties shall be to purchaser's account.

PAYMENT: **25 % advance along with your confirmed order and balance by D.D. Fav: INDUSTRIAL EQUIPMENTS CO., payable at CHANDIGARH. Against Performa Invoice before dispatch Of D.G Set.**

ERECTION: As the order is for supply of material, the Erection of the same (As per drawing) including material Like Earthling, Cabling & connection with proper thimbling, Civil Work, Exhaust Pipe & Unloading of D.G Set etc is not in our Scope, However, we will undertake Commissioning of the set free of cost after you complete Installation work.

REVALIDATION: In case dg set not got commissioned within 6 months from the date of invoice customer has to get the dg set revalidation on payment from KOEL service dealer before calling us for commissioning.

CANCELLATION: All disputes are subject to Chandigarh jurisdiction only. In Case of Cancellation of order, 50% advance or 10 % value of Order (whichever is higher) shall be deducted as cancellation charges alongwith GST paid on your behalf shall not be refunded.

WARRANTY : 2 years from the date of installation or 5000 operating hours or 30 calendar months from dispatch date whichever is earlier, subject to sourcing of spares, consumables & services from Kirloskar Authorized Service Dealer (KOEL CARE) and DG set installed with proper Installation Guidelines.

VALIDITY: **10 DAYS.**

Please note that the order should be placed on

M/s INDUSTRIAL EQUIPMENTS COMPANY, BARWALA, DISTT- PANCHKULA (HARYANA). However all the correspondences should be addressed to our booking office at **KARNAL.**

Detailed Technical Specifications attached.

Should you need any further clarification(s). Please feel free to contact the undersigned.

Thanking you,

Yours faithfully,

FOR INDUSTRIAL EQUIPMENTS CO,

(RAJESH CHADHA)

BRANCH MANAGER

M -9812050509, 74045-10509

RTGS DETAIL: - INDUSTRIAL EQUIPMENTS COMPANY

HDFC BANK A/C NO.01070330000592

IFSC CODE.HDFC 0000107

BANK ADDRESS. SCO 78-79, 18-C, CHANDIGARH



UNI KANSULTANTS N MANUFACTURERS

56, Jagan Nath Vihar,
Near Fort, Panipat-132103
Haryana (India)

Phone: 0991-160-5533994
Fax: 0991-160-5005994
Email: ukmindia@gmail.com
Website: www.ukmindia.com



M/S. RAJENDRA SEAT COVER,
HISAR-
MOB. 99964 83984,

DT. 03/18/2019,

PERFORMA INVOICE -No.UU0899/03/19

FLAME LAMINATION MACHINE FLM -06

Technical specifications:

Model	FLM-06 One Side bounding
Working width	1700 M.M.
Application	Lamination/ Fabrics +PU/EPE Foam + all Fabrics,
Foam Thickness	1.8 mm to 15 mm Adjustable
Speed	1- 40 meters per minute (Variable)
Main rolls hard chrome,	11.5" O.D (one cooling roller and one normal Roller) Water Circulation System,
Winder rolls non skid	8.5" O.D. (Both Learning rolls)
Main Motor	AC.3 HP with reduction and panel
Winder Motor	AC. 2 HP with reduction and panel
Lifting System	All Three rollers with Pneumatic system,
Flame Burner	LPG Gas + Air mixed (1.5 hp AC/ 2 Motor) With Both Pneumatic lifting System with cooling system,
Fuel can be used	Automatic Feeding propane, Butane, Natural Gas, Urban Coal Gas, (Liquefied Petroleum Gas)
Floor Space required	15' x 10' x 6'
Other	Fully Synchronizing System

Price:- Rs. 9,25,000/= FOB. Ex. Works, PNP,

BANKER:-

PUNJAB NATIONAL BANK (IBB)
PALIKA BAZAR, PANIPAT (INDIA)
CURRENT A/C NO.4189002100101047
RTGS Code No.PUNB0418900

Terms and conditions

1. The prices are ex-works without packing
2. The taxes will be charge extra as applicable.
3. 50% T/T deposit, 50% delivery time,
4. Delivery in four week after confirmation of the order.
5. All products are subjects to rigid inspection before dispatched hence are warranty to a period of one year against any manufacturing defects.
6. our technician will do erection but you have to pay the charges Rs.2500/= Per. Day, your company provide for all living expenses.

Thanks

Yours truly,

FOR UNI KANSULTANTS N MANUFACTURERS

Ajay Singh

Mob.No.0991+9813033618

56,jagan nath vihar,panipat-132103,INDIA

Email info@ukmindia.com

Our offices

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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

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Ernst & Young Pvt. Ltd.
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Fax: +91 172 6717888

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

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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, 5th 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

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Artwork by: JG



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