Draft Detailed Project Report

Kaithal Rice Milling Cluster

Submitted to,

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

Report No. 2017-Chandigarh-0036

January 2018

Submitted by,
Jagdamba Impex, Kaithal

Prepared by,
Ernst & Young LLP
Under the project: MSME Ecosystem Transformation in Haryana

04 January 2018

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

Dear Sir/Madam,

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

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

- Directorate of Industries, Govt. of Haryana
- MSME-DI, Karnal
- DIC, Kaithal
- Members of the SPV
- Rice mills located in and around Kaithal
- Representatives of Haryana Chamber of Commerce & Industry, (Kaithal chapter)
- Industry experts
- Secondary research

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

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

Sincerely,

Amar Shankar, Partner – Advisory Services

Disclaimer

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

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Acknowledgement

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

We would like to convey our sincere thanks to members of **"Rice Millers and Dealers AssociationKaithal"**for their support during the on-site visits and interactions with rice millingunits in Kaithal as well as facilitation in conducting stakeholder consultations. Further, we would also like to thank officials of **DIC, Kaithal** and **Haryana Chamber of Commerce and Industries (Kaithal Chapter)** for providing support and information related to rice millingunits in Kaithal.

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

Abbreviations

APEDA	Agricultural and Processed Food Products Export Development Authority
CAGR	Compound Annual Growth Rate
CFC	Common Facility Centre
CMR	Custom Milled Rice
CONFED	The Haryana State Federation of Consumers' Cooperative Wholesale Stores Ltd.
CPCB	Central Pollution Control Board
CRRI	Central Rice Research Institute
DCMSME	Development Commissioner, Ministry of MSME
DIC	District Industries Centre
DGFT	Directorate General of Foreign Trade
EM	Entrepreneur Memorandum
ECGC	Export Credit Guarantee Corporation of India (ECGC)
FCI	Food Corporation of India
FDI	Foreign Direct Investment
FIs	Financial Institutions
FMCG	Fast Moving Consumer Goods
FSSAI	Food Safety & Security Association of India
GDP	Gross domestic product
GOI	Government of India
GSDP	Gross state domestic product
HACCP	Hazard Analysis and Critical Control Point
HAFED	Haryana State Co-operative Supply and Marketing Federation Limited (HAFED)
HAIC	Haryana Agro Industries Corporation Limited (HAIC)
HCCI	Haryana Chamber of Commerce & Industries
HFC	Haryana Financial Corporation
HPCB	Haryana Pollution Control Board
HSIIDC	Haryana State Infrastructure & Industrial Corporation
HUDA	Haryana Urban Development Authority
HYV	High Yielding Variety
ICAR	Indian Council of Agricultural Research
IICPT	Indian Institute of Crop Processing Technology (IICPT).
ITI	Industrial Training Institute
LLP	Limited Liability Partnership
MMT	Million Metric Tons

MoFPI	Ministry of Food Processing Industries (MoFPI)
MoMSME	Ministry of Micro, Small & Medium Enterprises
MSME	Micro, Small & Medium Enterprises
MSP	Minimum Support Price
NCR	North Capital Region
NH	National Highway
NIFTEM	National Institute of Food Technology & Entrepreneurship Management
NSIC	National Small Industries Corporation
O/o DC-MSME	Office of Development Commissioner – Micro, Small & Medium Enterprise
PPRC	Paddy Processing Research Centre (PPRC)
R&D	Research & Development
SIDBI	Small Industries Bank of India
SME	Small & Micro Enterprise
SPV	Special Purpose Vehicle
SWOT	Strength Weakness Opportunity & Threat
UAM	Udyog Aadhaar Memorandum
UK	United Kingdom

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Executive Summary

Executive Summary

The Government of Haryana through the Department of Industries and Commerce intends to transform the MSME sector of the state and accordinglyseveral 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 rice milling cluster at Kaithal District, Haryana.

About the Kaithal Rice Milling Cluster

Rice is an important staple food category globally. It is the second-largest food grain (by quantity) being produced worldwide after corn. Rice cultivation is the principal activity and source of income for millions of households across the globe, particularly in Asia and Africa.

Asia accounts for approximately 90% of the total harvested area of rice. In 2015–16, China accounted for 30.9% of the world's total milled rice production, followed by India (22%), Vietnam (8.6%),Indonesia (7.7%) and Bangladesh (7.2%)

The Rice milling is the process of removal of hull and bran from paddy grains to produce polished rice. Today, this unique grain helps sustain two-thirds of the world's population. About four-fifths of the world's rice are produced by small-scale farmers and are consumed locally.

India is one of the leading rice exporters, holding 22.6% of the world market. India's rice exports have slowed down significantly since the beginning of 2015-16 due to weak export demand from traditional markets in Middle East, Africa and neighbouring Bangladesh and Sri Lanka.

In Haryana, rice is one of the most important Kharif crops having witnessed tremendous increase in area, production and productivity during the last50 years. Area under cultivation of rice has increased from 1.92 lakh hectares in 1966-67 to 12.87 lakh hectares in 2015-16.

The production has gone up from 2.23 lakh tons to 40.06 lakh tons (18 times) during the same period and productivity has jumped from 11.61 q/ha to 31.13 q/ha (2.7 times). The state is known for the production of good quality scented rice and superfine quality non-scented rice.

Rice milling is one ofthe major industries in Kaithal District as well as Haryana. Kaithal &adjoining districts collectively form Rice Bowl of Haryana especially due to production of long grain aromatic world popular Basmati Rice. There are about 150 Rice milling units in Kaithal district, Haryana. The cluster comprises of more than 125 micro and small units.

The annual turnover of the cluster (micro and small units) is about INR 800 Crore. The cluster units are engaged in Sorting, Grading and Packing facilities for Rice, Pulses and Wheat to customers and dealers. Most units process rice for other larger units, while some also sell the products under their own brands in addition to processing rice for other brands. 11 MSE units have come together and formed Special Purpose Vehicle (SPV) for setting up a Common Facility Centre (CFC) to address common problems of the cluster under Mini cluster scheme.

The cluster members are predominantly located in Kutubpur road, Jind road, Khushal majra road, Cheeka inKaithaland with NH-65 as the nearest major national highway. These units are processing rice to raw rice and pre boiled rice.

Diagnostic Study and Interventions

A diagnostic study was undertaken by the cluster members in September 2017 to map the existing business processes in the cluster, identify the gaps, and understand the requirements of the cluster. The cluster stakeholders in close coordination with the District Industries Centre, Kaithal, compiled the diagnostic study report (DSR). The awareness level of the cluster units (on new rice milling technologies, cluster development initiatives, etc.) was found to be low. 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. These were the major pain areas that necessitated an urgent intervention.

The DSR was validated on 11.10.2017 and subsequently approved on 21.11.2017 . The SPV was granted permission to go ahead with preparation of Detailed Project Report (DRP) for the cluster.

Proposed Common Facility Centre

The proposed CFC will facilitate processing and testing facility of rice milling with modern equipment. Such common facility will complement the activities of firms in the cluster as there is no similar facility available in the district for use by micro and small enterprises. 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 of '**Jagdamba Impex, Kaithal.**' The SPV has been set up as a co-operative society. DIC, Kaithal has played an important role in SPV formation by cluster stakeholders. The proposed CFC will be implemented on public-private partnership basis through the SPV '**Jagdamba Impex, Kaithal**' by availing support from Government of Haryana (under EPP 2015).

Project Parameters, Viability and Sustainability

Kaithal rice milling cluster with support from State Government (under the Mini Cluster Scheme) is planning to set up a Common Facility Centre having state-of-the-art facilities for cluster members with a total project cost of about **Rs.286.87 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 **37.25% of the total project cost.** The total contribution of SPV members will amount to **Rs. 106.87 lakhs.**

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

(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	0.00	Max 25% of project cost of INR 200 lakhs
	c. Building & Other Civil Works	0.00		
	Sub Total (A)	**0.00**	**0.00**	
2	**Plant & Machinery**			
	a. Indigenous	64.38		
	b. Imports	157.04	200.00	Eligible
	c. Secondary Machines	41.90		
	Sub Total (B)	**263.32**	**200.00**	
3	**Miscellaneous fixed assets** (Furniture, fixture, fire-fighting equipment, first aid equipment, back-up power supply)	2.00	0.00	Not eligible for grant
	Sub Total (C)	**2.00**	**0.00**	
4	**Preliminary & Preoperative Expenses** (legal & administrative expenses, registration, civil engineering drawings with estimates & tender forms, telephone, stationery, (Establishment cost, travel, overheads during construction period including salaries, machine testing cost and other services, etc.)	4.77	0.00	
	Sub Total (D)	**4.77**	**0.00**	
5	**Contingency**			
	a. Building @ 2%	0.00	0.00	
	b. Plant & Machinery @ 5%	13.17	0.00	
	Sub Total (E)	**13.17**	**0.00**	
6	**Margin money for working capital**			

(Rs in Lakh)

S. No.	Particulars	Total Project Cost	Amount as per Guidelines	Remarks
	(Working capital required @ 80% C.U.)	3.61	0.00	
	Sub Total (F)	**3.61**	**0.00**	
	Grand Total (A+B+C+D+E+F)	**286.87**	**200.00**	

The actual total project cost is estimated to be Rs. 286.87 lakhs. As indicated above, assistance to the project from the Govt. of Haryana is envisaged to the tune of Rs. 180 lakhs. SPV contribution is to the tune of Rs. 106.87 lakhs (over 37%) of the total project cost. The means of financing are presented below:

S. No.	Source of finance	Project cost upto INR 200.00 lakhs (max eligible as per scheme)		Project cost over INR 200.00 lakhs		Total Amount (INR in lakhs)
		Percentage Contribution	Amount (INR in lakhs)	Percentage Contribution	Amount (INR in lakhs)	
1	Grant-in-aid under Mini Cluster Scheme (Govt. of Haryana)	90	180.00	0	0	180.00
2	Contribution of SPV	10	20.00	100	86.87	106.87
	Total	**100**	**200.00**	**100**	**86.87**	**286.87**

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

Project's financial indicators

S. No.	Particulars	Estimates
1	BEP (cash BEP at operating capacity of 80%)	59.95%
2	Av. ROCE (PAT/CE)	26.92%
3	Internal Rate of Return (IRR)	22.56%
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.175.08 lakh) at a conservative project life of 10 years
5	Payback period	5.14 years with Grant-in-aid assistance from GOH

As evident from the financials above, with viability gap funding under Mini Cluster Scheme of GoH, the project is viable and sustainable. The project is expected to generate surplus from the sixth 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 6 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, Kaithal. It is proposed to constitute a Cluster Development Coordination Committee (CDCC), constituted under the Chairmanship of Director of Industries, Government of Haryana to oversee all cluster development projects in Haryana under State Mini Cluster Scheme. The committee may operate under the overall monitoring of the State Level Steering Committee (SLSC).

This cluster has the ability to increase its output and market share by 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 rice milling requirements of the market. The facility will also provide an opportunity to micro and small units to increase their capacity utilization and profitability. The facility will provide a major infrastructural push to the units reeling under high competition. The CFC will also enhance the co-operation and joint action among cluster stakeholders to improve their competitiveness to meet the demands of the domestic as well as international markets.

Introduction

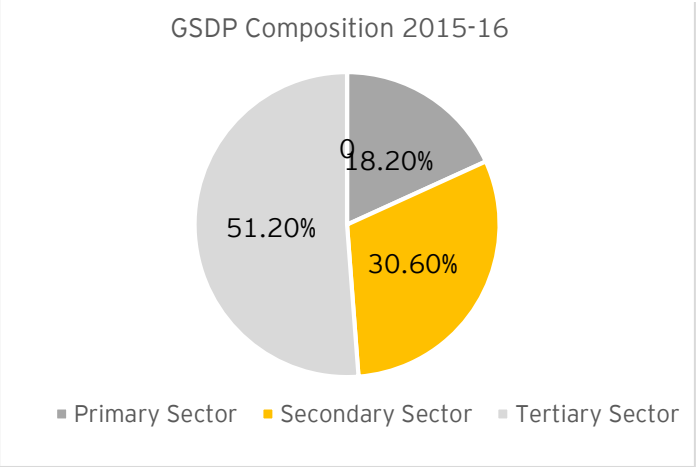
1. Introduction

1.1 Overview of the cluster

There are about 150 Rice milling units in Kaithal district, Haryana. The cluster comprises of more than 125 micro and small rice milling units. The annual turnover of the cluster (micro and small units) is about INR 800 Crore. The cluster units are engaged in Providing Sorting, Grading and Finishing facilities for Rice, Pulses and Wheat to customers and dealers. Most units process rice for other larger units, while some also sell the products under their own brands in addition to processing rice for other brands. 11 MSE units have come together and formed Special Purpose Vehicle (SPV) for setting up a Common Facility Centre (CFC) to address common problems of the cluster under Mini cluster scheme.

1.2 About the State & District

Figure 1: GSDP Composition 2015-16



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 large number of 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 2ndlargest 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.

Kaithal came to existence as district of Haryana in 1989. Kaithal district is situated in the North- West of the state and shares North-West boundaries with Punjab State, north with Kurukshetra district. It has Jind in South and to Karnal in East. As per 2011 census, district has a total population of 1,074,304 and population density of 464 per square kilometre. Kaithal district comprises approximately 4.2% of the State's total population. The district is well connected by road & railway and has easy access to domestic and international airports. National Highway No. 65 passes through the district and is situated 120 km away from Delhi as well as state capital Chandigarh. The proximity to the national capital also makes it a lucrative investment destination industrially and commercially.

1.3 Industrial Scenario of Kaithal District

Kaithal is the one of the prominent agricultural district of Haryana and is famous for agro processing and foundry industry. So far, Kaithal has remained industrially backward with no major manufacturing and processing industry. At present, there is no organised and planned industrial sector in the town and the industries have come up around the town and mainly on Kaithal-Jind road. The town is basically the most flourishing mandi (open market) in the state with a large quantity of arrivals of agricultural produce of wheat, paddy, sugarcane, oilseeds etc. Easy availability of agricultural produce had led to establishment of the agro-based and allied industries like rice shellers, oil mills, bailing, spinning and weaving mills, flour mills, bakeries, sugar mill, leather and other engineering and chemicals industries etc.

1.4 Geographical Traits

Kaithal district is one of the 22 districts of Haryana, state in northern India and located between 29^0 31′: 30^o 12′ north latitudes and 76^o 10′: 76^o42′ east longitudes. Kaithal town is the district headquarters. The district occupies an area of 2317 km². It has a population of 10,72,861 (2011 census). This district is part of Ambala Division. This district came into existence on 1 November 1989.

1.5 Demographic Trends and Economic Structure

According to the 2011 census, Kaithal district has a population of 964,231. This gives it a ranking of 452nd in India (out of a total of 640). The district has a population density of 630 inhabitants per square kilometre (1,600/sq. mi). Its population growth rate over the decade 2001-2011 was 16.81%. Kaithal has a sex ratio of 889 females for every 1000 males, and has literacy rate of 76.7%.

Economy of Kaithal is primarily agrarian in nature. Kaithal became the largest mandi in the state with highest arrivals of agricultural produce every year. A new grain mandi was established by Haryana State Agricultural Marketing Board. At present, due to rapid increase in arrivals of wheat and paddy, this new mandi has flourished over the time and laid the foundation of increased rice milling activity in Kaithal district.

There are around 150 rice mills engaged in processing/milling of rice are spread across Kaithal town due to increasing demand of processed/milled rice. An overall modernization of the paddy-rice system began for improved production through mechanical driers, rubber roll sheller mills and bran extraction plants coupled with improved storage facilities at all levels of handling.

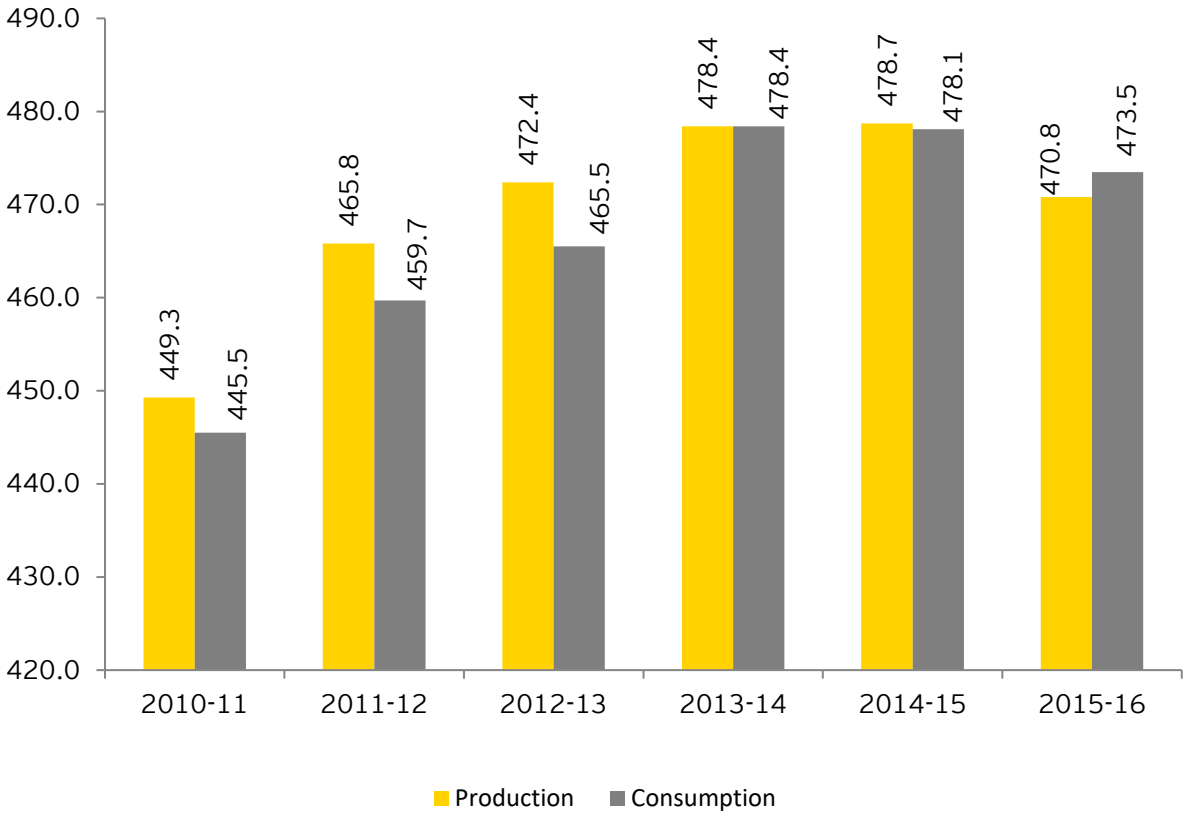
Sector Overview

2. Sector Overview

2.1 Global Scenario

Rice is an important staple food category globally. It is the second-largest food grain (by quantity) being produced worldwide after corn. Rice cultivation is the principal activity and source of income for millions of households across the globe, particularly in Asia and Africa.

Figure 2: World production and consumption of rice (in MMT), 2009-15



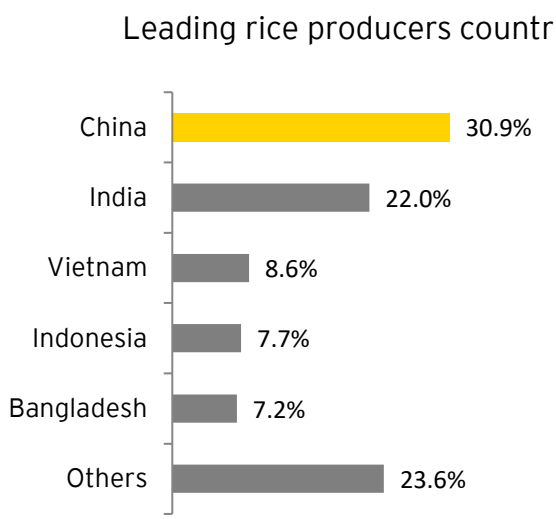
Source: United States Department of Agriculture, Foreign Agricultural Service

As shown in figure 2, global rice production for 2015-16 stood at 470.8 million metric tons (MMT), decreasing marginally by around 1.7% over 2014-15. Rice production has increased at a CAGR of 0.9% during 2011-16. Rice consumption has decreased by around 1% over 2014-15 and 473.50 MMT in 2014-15. China remained the largest consumer of rice in the world, followed by India in 2015-16[1].

Asia accounts for approximately 90% of the total harvested area of rice. In 2015-16, China accounted for 30.9% of the world's total milled rice production, followed by India (22%), Vietnam (8.6%), Indonesia (7.7%) and Bangladesh (7.2%) as shown in figure 3.

[1]*Source: https://www.worldriceproduction.com*

Figure 3: Leading producers of rice, 2015-16 (Total production: 470.8 MMT)



Source: United States Department of Agriculture, Foreign Agricultural Service

The current global rice trade accounts for nearly 8.8% of global production. The rice export market is highly concentrated with the top five rice exporters accounting for 81.2% of global rice trade. Of the five top exporters, four (Thailand, India, Vietnam and Pakistan) are from Asia and cumulatively accounting for around 72.8% of the total rice exported in 2015-16 as shown in figure 4. On the other hand, the largest importers were China, Nigeria, Saudi Arabia and Philippines as shown in figure 5

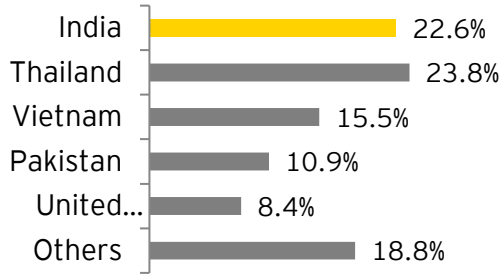


Figure 5: Share of top rice exporters in world (in quantity terms) 2015-16

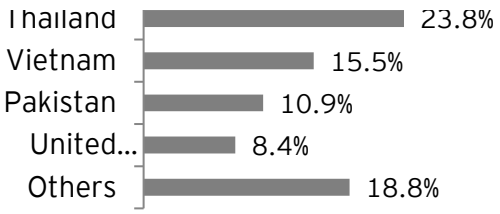
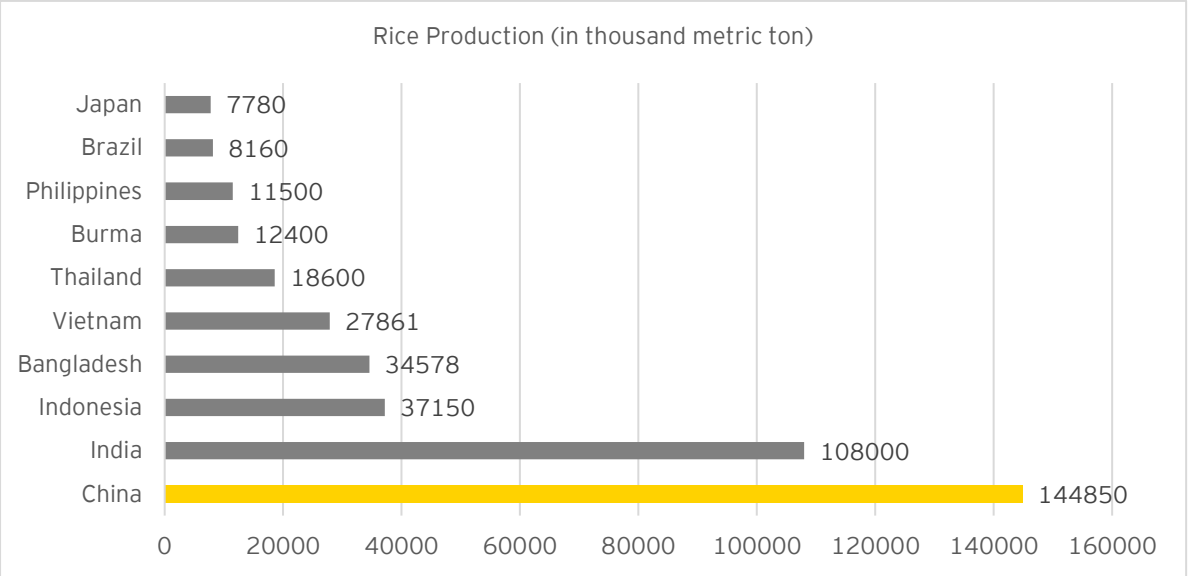


Figure 4: Share of top rice importers in world (in quantity terms) 2015-16

Source: United States Department of Agriculture

The world production of rice has increased at a faster rate than world population over the last three decades despite the fact that rice is produced by mainly small, marginal and tenant farmers. Rice price at, world level has shown a declining trend over last fifty years. However, in Asian countries, over the years, the price of rice has increased with inter-year fluctuations and intra-seasonality. Asian consumers depend more on rice for their dietary caloric intake than consumers in other continents (Chand, 1998).

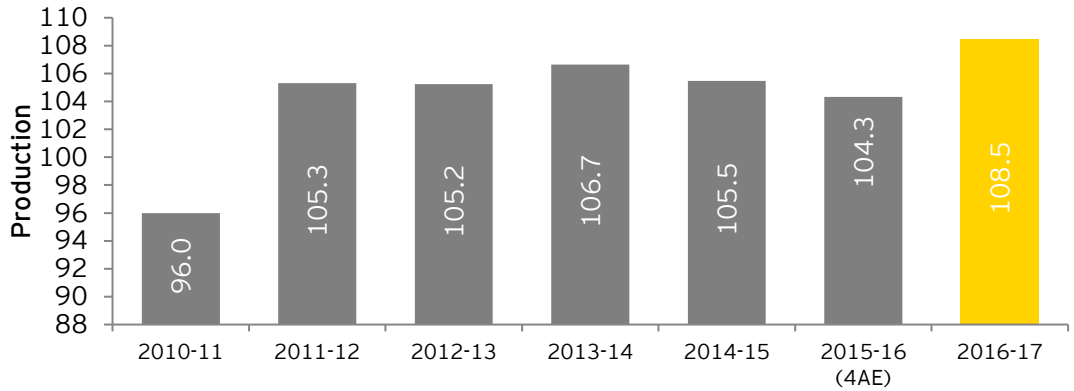
Figure 6: Annual Rice production of 10 leading countries in the world during 2016-17



2.2 India Scenario

Rice production in India has increased significantly over the last four decades due to the Green Revolution, which focused on the introduction of better agricultural inputs such as fertilizers, high-yielding varieties (HYVs) of seeds, pesticides, surface irrigation, farm machinery and electrification. India's rice production has increased at CAGR of 1.4% during 2010-2016. However, the area under cultivation has not increased substantially during this period. This indicates how yield of rice has increased over the period from 2102 kg/hectare in 2005-2006 to 2386 kg/hectare in 2015-16 (2nd advance estimates). In 2014-2015, total area under rice cultivation was 44.1 million hectares and Rice contributed 18.25% to agriculture GDP.

Figure 7: Rice production in India, 2010-2017 (in MMT)



Source: 4th advance estimate, Directorate of economics and statistics.
Figure for 2015-16 is estimated for crop year (October–September).
Figure for 2016-17 is the target for crop year.

- As shown in figure 7, India's rice production has decreased for second time consecutively by 1.1% in the ongoing 2015-16 season, as weak rainfall during the 2015 monsoon hampered the kharif crop. The 2015 summer monsoon ended up being the driest in six years as rainfall was 14% below the 50-year average. This was the first back-to-back shortfall in three decades.

- Rice production is expected to rise in 2016-17 due to the return of more favourable rainfall levels in 2016. India's 2016 summer monsoon rainfall is forecast to exceed the 50-year average (by around 6%). Department of agriculture targets rice output to grow by 4.0% to 108.5 MMT.

Figure 8: India - rice production by state, 2014-2015

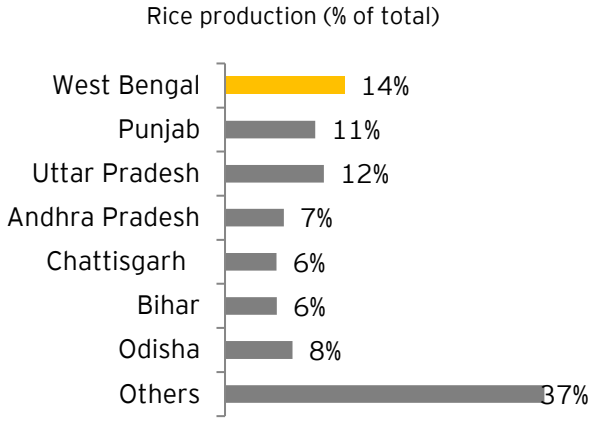
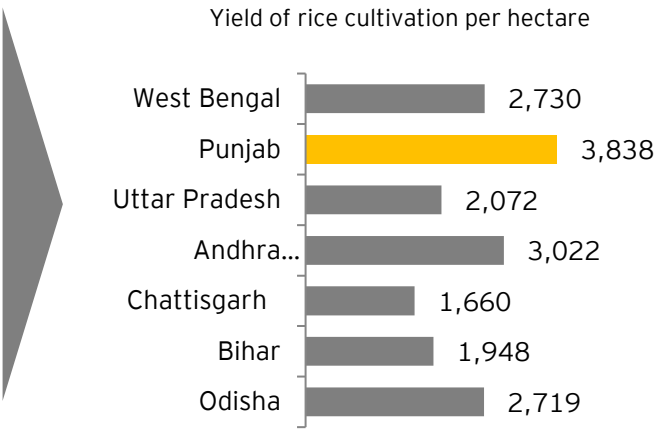


Figure 9: States with leading yield of rice cultivation, 2014-15



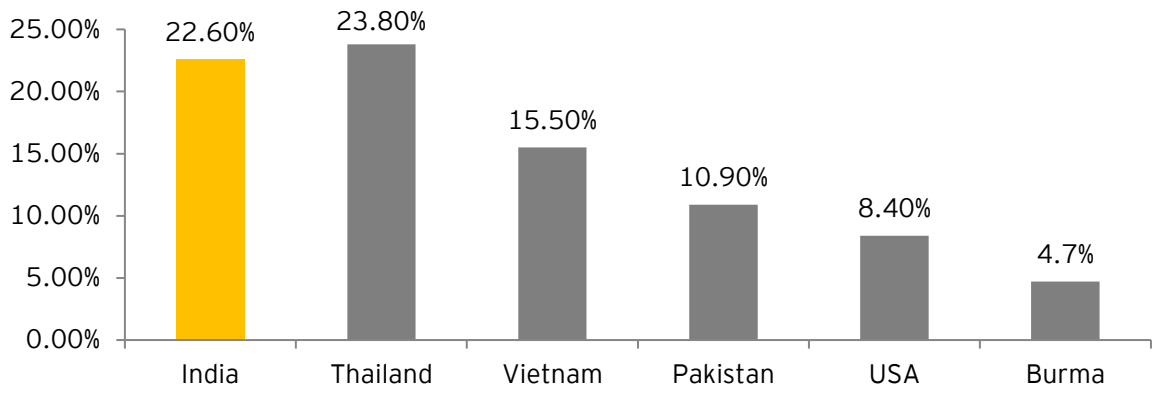
Source: Directorate of economic and statistics, Ministry of agriculture and farmers welfare

As per figure 8, seven states of the country produced 63% of the rice during 2014-15. West Bengal was the largest rice producing state followed by Uttar Pradesh, Punjab, Odisha, Andhra Pradesh, Bihar and Chhattisgarh. Punjab has the highest yield as shown in figure 9.

Import/Export scenario

India is one of the leading rice exporters, holding 22.6% of the world market as shown in figure 10. The GoI had prohibited the export of non-basmati rice from 15 October 2007 onward due to high inflation in the country; however, the ban was lifted in September 2011. India's rice exports have slowed down significantly since the beginning of 2015-16 due to weak export demand from traditional markets in Middle East, Africa and neighbouring Bangladesh and Sri Lanka. Rice imports by India are insignificant.

Figure 10: India's share in world rice export in quantity terms, 2015-16



Source: "Grain: World Markets and Trade, August 2016," USDA

- As shown in figure 11, India exported 4.0 MMT of basmati rice and Saudi Arab was the leading importing country for basmati rice from India followed by Iran and UAE.
- As shown in figure 12, India exported 6.4 MMT of non-basmati rice during 2015-16 and Senegal, Benin and Nepal were amongst India's top three importing countries for non-basmati rice.

Figure 12: Quantity of Indian basmati exports, 2012-16 (in MMT)

Figure 11: Quantity of Indian non-basmati exports, 2012-16 (in MMT)

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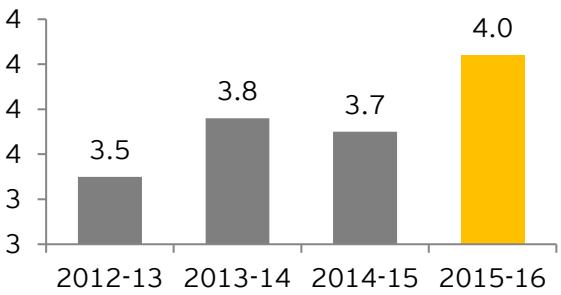
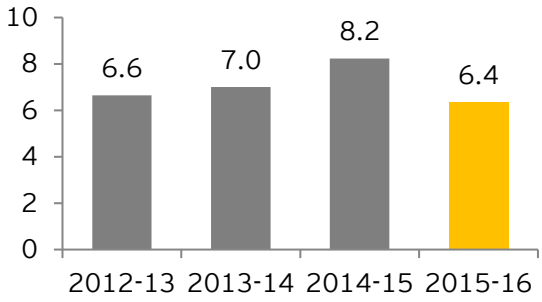




Source: Commodity profile for rice, June 2016

2.3 Cluster Scenario

Kaithal district of Haryana falls under Agro Ecological Sub Region Northern Plain. There is presence of ICAR Zonal Research Station at Karnal and Krishi Vigyan Kendra at Kaithal. Average rainfall of Kaithal district is 500-600 mm per year. Total area of the district is 2.28 lakh hectares (2789 sq.km.). There are 276 villages having a cultivable area of 2.02 lakh ha. & cultivated area being 2.01 lakh hectare. Area under forest is 3000 hectare while barren & uncultivable land is 2000 hectare. 0.97 lakh hectare land is irrigated by canals

&1.01 lakh hectares by bore wells & other sources. The cropping intensity of the district is 182% approximate, which varies year to year2. Almost 100% of the cultivated area in Kaithal has availability of irrigation facility as shown in table

Table 1: Kaithal – Block wise area under Paddy crop Kharif during 2014-15 (in '00' Hectare)

Block	Irrigated	Un-irrigated	Total
Kaithal	290	0	290
Pundri	398	0	398
Kalayat	208	0	208
Rojound	203	0	203
Gulha	407	0	407
Sewan	108	0	108
Total	**1614**	**0**	**1614**

Source: Department Of Agriculture and Farmers Welfare, Haryana

Kaithal is the largest mandi in the state with highest arrivals of agricultural produce every year. The old grain market is located near railway station for storage of grains that was insufficient to fulfil the needs of the town. Therefore, a new grain mandi was established by Haryana State Agricultural Marketing Board.

[2]*Source: Agriculture Contingency Plan District: Kaithal*

Diagnostic Study Findings

3. Diagnostic Study Findings

The diagnostic study was undertaken in the cluster during September 2017 to map the existing business processes in the cluster, identify the gaps, and understand the requirements of the cluster. The diagnostic study report (DSR) was compiled with inputs from cluster SPV in close coordination with the DIC, Kaithal. The awareness level of the cluster units (on new technologies, cluster development initiatives, etc.) was found to be good. 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 machines/equipment. The finishing of products is ordinary due to dependence on manual techniques and conventional machines.

The DSR was validated on 11.10.2017 and subsequently approved on 21.11.2017 . The SPV was granted permission to go ahead with preparation of Detailed Project Report (DRP) for the cluster. The permission to undertake the Detailed Project Report (DPR) is provided in Annexure 1. The SPV was granted permission to go ahead with preparation of DPR for the cluster. The major findings of the DSR are presented below:

3.1 Cluster Actors and their role

The primary stakeholders in the cluster are the rice milling units based in various parts of the Kaithal district. The other stakeholders include the major industry associations, government agencies, regulatory bodies, raw material suppliers, financial institutions and academic/training institutes. These cluster actors provide various services to the cluster units. Some of the major cluster actors are located outside the cluster and catering to the units of the region. The key stakeholders of Kaithal Rice milling cluster are:

A. Government Bodies

- **District Industries Centre (DIC), Kaithal**

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

- **MSME-Development Institute (MSME-DI), 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 in the state.

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

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

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

  National Small Industries Corporation (NSIC) was established in the year 1955 with a view to promote aid and foster growth of small industries in the country. Kaithal industry is served by the NSIC branch office in Chandigarh. It provides diverse services to MSMEs in Kaithal 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. Industry Associations

- **Rice Millers & Dealers Association**

  Haryana Rice Millers Associations is a state level association, which actively looks after the interest of state rice milling industry and work in coordination with associations of district levels as well as regional /block level. Kaithal Rice Millers & Dealers association is a district level association of rice milling units spread across Kaithal district. Rice millers association is also present in other districts of the state and primarily look after the interests of rice millers in their respective areas covering the member units and rice dealers. The district level & regional level associations are operating mainly from the Office of factories of respective Presidents of the association.

  These associations do not undertake developmental activities for their members except for policy issues. Their activities are mainly directed toward change in the policy for rice millers by respective Government/agency from time to time.

- **Haryana Chamber of Commerce and Industry (HCCI), Kaithal**

  HCCI is the apex industry association of the MSMEs of Haryana and has presence in all major industrial districts of Haryana. HCCI raises and addresses the problems faced by industries in the state in a coordinated manner through its chapters. It also liaisons closely with the State and the Central Government to raise its concerns for development of industries in the state in a collective manner. It has a chapter in Kaithal district that takes cares of the interest of MSMEs of Kaithal. Recently, HCCI has also been invited by the government to assist in the budget formulation of the state to promote industries in the state.

C. Educational Institutes

- **Indian Institute of Crop Processing Technology**

  (Formerly Indian Institute of Crop Processing Technology) is a pioneer Research and Development Institute under the Ministry of Food Processing Industries, Government of India. The Institute's mandate is to seek solutions for preserving high moisture paddy. The Institute was later upgraded as a national laboratory with the name Paddy Processing Research Centre (PPRC) in 1972. Ministry of Food Processing Industries (MoFPI) strengthened and upgraded the PPRC as a National Institute in February 2008 and renamed as Indian Institute of Crop Processing Technology (IICPT).The Institute is located at Thanjavur, Tamil Nadu. The IICPT with its modern laboratories equipped with hi-tech instruments, is engaged in the R&D of food grain processing, value addition, by-product utilization through bio-processing, process and product development.

- **National Institute of Food Technology Entrepreneurship and Management (NIFTEM)**

  Under the Ministry of Food Processing Industries, Government of India, NIFTEM extends support to entrepreneurs on new trends in food grains packaging, food grains processing technologies and food standards.

D. BDS Providers/ Banks / FIs

- **Business Development Service (BDS) Providers**

  The business development service (BDS) providers mainly include transporters, chartered accountants, export consultants, labour contractors and maintenance job work providers etc. They provide necessary services as per the particular requirement of the unit(s).

- **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. The DPR for the project shall be appraised by HFC/Public sector bank

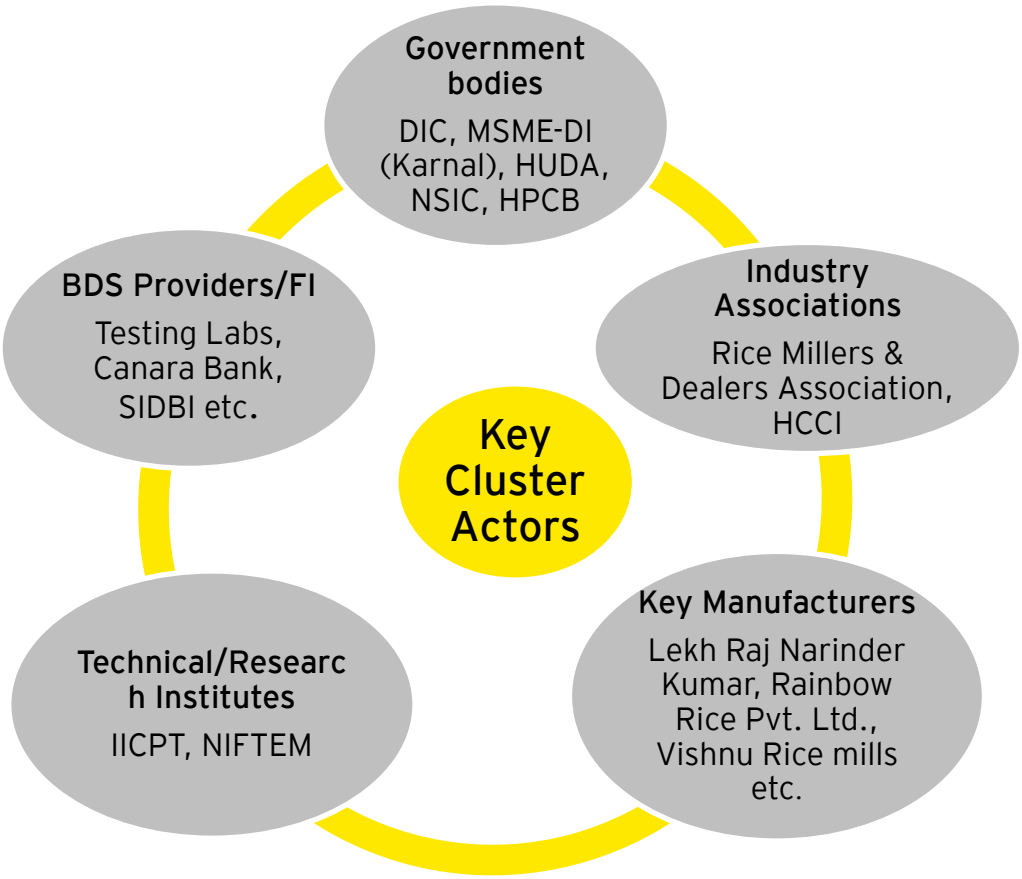
- **Punjab National Bank, Kaithal**

  Punjab National Bank is the lead bank of the Kaithal district and many local rice milling units have a banking relationship with Punjab National Bank. SPV shall obtain the working capital loan from Punjab National Bank for operation of CFC under Mini cluster scheme.

E. Leading Manufacturers

Some of the leading rice milling units in Kaithal include Lekh Raj Narinder Kumar, Rainbow Rice Pvt. Ltd., Vishnu Rice mills and so on.

Figure 13: Key Cluster Actors



3.2 Cluster Turnover, Market and Employment

Cluster market includes Export Market, Domestic Market and Central Pool. Large and medium enterprises hold major share of export of rice while micro and small enterprises primarily cater to domestic market. The exporters supply their products to export market with the assistance of various institutions including Directorate General of Foreign Trade (DGFT), Export Credit Guarantee Corporation of India (ECGC) &Agricultural and Processed Food Products Export Development Authority(APEDA). The domestic marketing for Rice, Rice husk and rice bran is done by the units as per their policies, procedures and segments.

Major export destinations for rice milling industries of Kaithal are Middle East countries (Saudi Arab, Iran and UAE) and African countries.

The Kaithal rice milling industry is quite labour intensive. The cluster provides employment to at least 720 skilled and semi-skilled manpower directly. In addition to this, the cluster provides indirect employment to manpower engaged in transportation and other activities of the cluster. In addition to this, the cluster provides indirect employment to manpower

engaged in transportation, job work for machines, labour and other activities of the cluster. Micro units employ approximately 10-15 person and small units in the cluster employ approximately 20-30 person. Due to strenuous nature of job, there is very little participation of women in the workforce. The rice milling industry does not require specialized set of skills due to labour oriented work. Skilled workforce are only employed for operating machines. Workforce in the rice milling industry is paid based on the skill set and nature of work. Average working hour ranges from 8-10 hours, with average monthly salaries of Rs. 12000 for semi-skilled and Rs. 7000 for unskilled labour. Specialized work such as operating machines can fetch a salary of Rs. 20,000 - 30,000 per month.

The cumulative annual turnover of the Rice Milling Cluster is estimated to be around INR 800 crores. The average annual turnover of micro units is approximately Rs. 5crore, of small units is approximately Rs. 10 crore, and of medium units varies from Rs. 10 – 25 crore.

However, there is an enormous potential to improve the quality of products and reduce the cost of production by employing efficient technology as common facility. This would also result in increased turnover. Currently, units are charged high prices for services such as sorting and grading facilities and testing facilities, which affect their competitiveness. DSR focuses on identifying these issues and recommendations around these have been provided in the DSR.

3.3 Production Process

In district Kaithal, the production capacity of Rice Milling plants varies from 0.5 Ton/ hr. to 8 Tons/hr. In MSE units, production capacity is around 2 tons/per hour. 60% of the units have the plant capacity of 1 Ton/hr. whereas 40% are having plant capacity of 2 ton/hr.

The flow chart of the production process diagram of followed by rice milling units is shown in figure 14 shows process flow diagram of parboiling rice production in rice milling industry while figure 15 shows process flow diagram of white raw rice production in a rice milling unit of Kaithal.

Figure 14: Process flow diagram of parboiled rice production

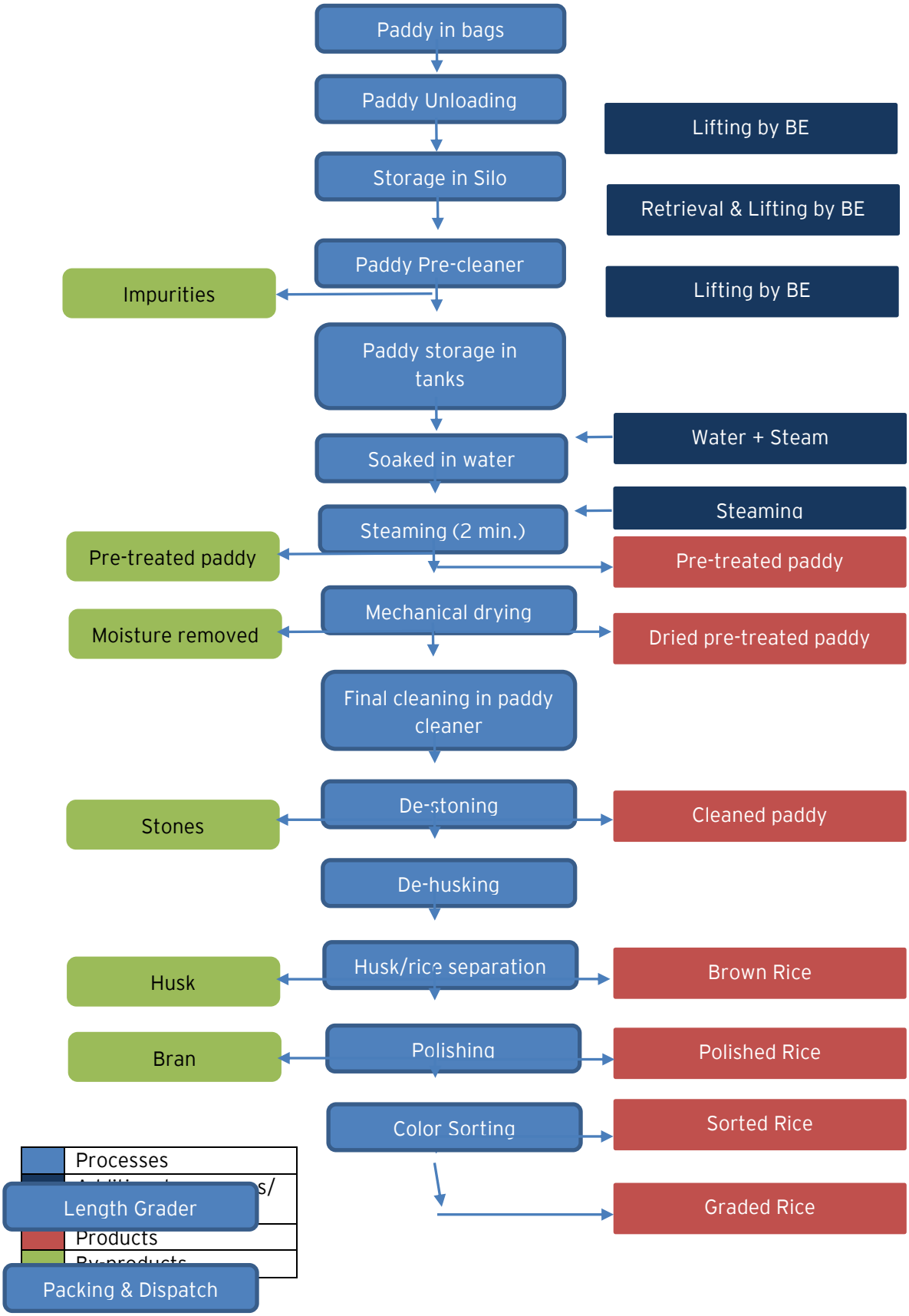
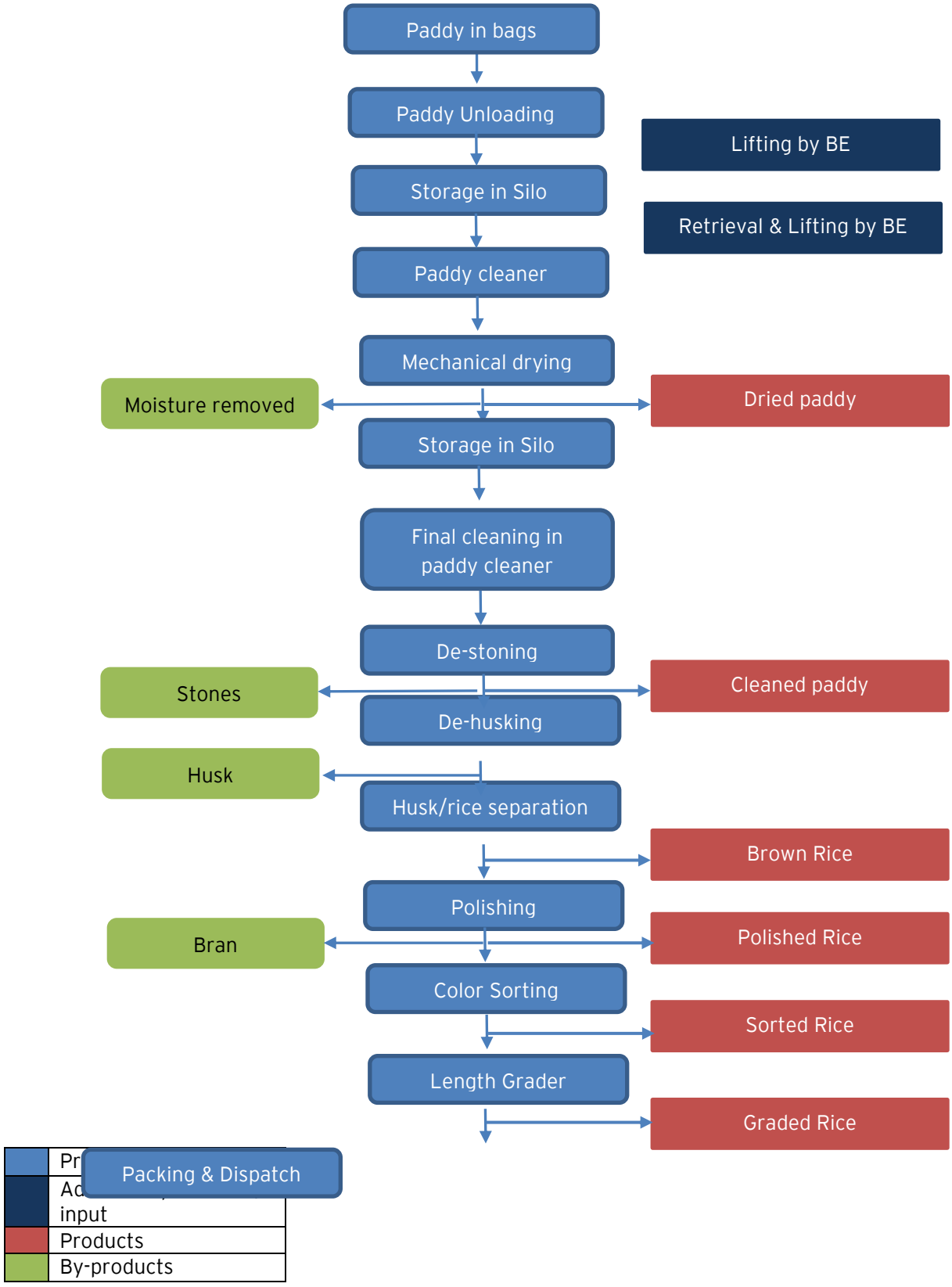


Figure 15: Process flow diagram of white/raw rice production



*BE – Bucket Elevator

Value Chain Analysis

Value chain analysis for processing of paddy to rice by cluster units (paddy from designate procurement agencies as per CMR and open market) has been conducted to ascertain the major cost areas and identify suitable interventions. The value chain analysis of Grade "A" raw rice is provided in table:

Table 2: Value Chain Analysis of 1Qtl processed rice

Process flow	Process cost/value (in Rs.)	Cumulative Value (in Rs.)
Paddy (Grade A) per quintal	1470	1470
Cleaning & Loading	157	1627
Drying	20	1647
De-stoning	13	1660
De-husking	40	1700
Polishing	20	1720
Grading	20	1740
Overhead expenses	45	1785
Manpower expenses	25	1810
Yield @ 67% of Raw rice	1810	
Sale price	1850	
Profit A (from sale of rice)	40	
Profit B (from sale of husk @ Rs. 1200 per quintal) Yield @ 5%	60	
Profit C (from sale of husk @ Rs. 250 per quintal) Yield @ 19%	48	
Overall gross profit	148	

The value chain analysis has been prepared based on the stakeholder consultation. The percentage of gross profit on Sale in respect of CMR Rice has been found as 8.0% for Raw Rice. In view of the quantum of work load given by purchasing agencies this profit margin appears to be rational. The competitiveness of the cluster units can be increased by targeting the major cost area of machinery and providing common facilities to the units in order to undertake operations at a lower cost.

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

A SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis of the rice milling units in the cluster has been 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 is provided in table:

Table 3: SWOT analysis of the cluster

Area	Current situation		Future	
	Strengths	Weaknesses	Opportunities	Threats
Market	▸ Strong presence in local and international ▸ Market & export support available under various schemes of state and central government ▸ Cluster is located within Kaithal town, which has evolved as a rice milling hub in the region ▸ Cluster is located in proximity of Delhi which is a major supply hub ▸ Increased consumer preference toward packaged rice	▸ Extended period as off season (around 6 months) for non-exporting units ▸ Lack of branding by non-exporting units ▸ Compulsory and controlled marketing for levy rice	▸ Rising income levels and increasing urbanisation are driving growth of the domestic market ▸ Potential to export products ▸ Support available under government schemes for promotion of clusters ▸ Common branding and exporting under the name of cluster to compete with large players	▸ Intense competition from Asian rice producing countries ▸ Patent exploitation of Indian Basmati by international market
Technology /Product Quality	▸ Availability of low cost fabricated machines in the market and easily available to these units ▸ Availability of technology infrastructure required for rice milling	▸ Imported machines required for high production volume are very expensive and beyond the reach of MSE ▸ Lack of awareness regarding low cost	▸ Potential of cluster units to increase productivity through use of better technology ▸ Cost reduction in production and quality	▸ Increased cost of production ▸ Increase in awareness of people on quality certifications shall lead to losing out to business / requirement for more

Area	Current situation		Future	
	Strengths	Weaknesses	Opportunities	Threats
		imported automatic plants with appropriate processing techniques ► Locally fabricated plants are unstandardized & less production capacity ► For exports, there is growing importance on various ecological parameters, which makes for more stringent requirements for the units	enhancement by use of appropriate technology ► Setting up of CFC with equipment for improved sorting, grading and testing facility	stringent testing procedures
Skill/Manpower	► Workers acquired skills on-the-job using traditional machineries	► Lack of skill up-gradation trainings to existing workforce ► Non availability of rice processing training institute in the region ► Lack of interaction between SMEs and technical institutes for providing technical training ► Lack of mechanism to mobilize local youth for training in the rice milling industry	► Customized training programs on required skills (operations, quality control etc.) ► Engagement of technical institutes for skill development programs	► Skill base needs upgrdation to adopt latest technology and management systems may lead to increased labour cost and cost of production ► Inclination of youth to work in other lucrative sectors

Area	Current situation		Future	
	Strengths	Weaknesses	Opportunities	Threats
Inputs	▸ Availability of raw materials from government procurement agencies and mandis (open market) at competitive prices ▸ Availability of incentives to exporters for purchase of materials on subsidised rates ▸ Availability of raw materials and other inputs in the vicinity	▸ Controlled MSP of paddy leads to increased cost of production ▸ Compulsion of processing the levy supply rice from procurement agencies ▸ Lack of common platform to enquire the cost and sources of raw materials	▸ Availability of inputs in sufficient quantity in domestic market ▸ Potential for non-exporting units to export ▸ Available institutional support for promotion of rice cluster	▸ Imposition of taxes & levies in comparison to neighbouring states may further lead to closure/shift of industries to neighbouring states ▸ Cost of power in India is higher than competing Asian countries like China, Bangladesh, Vietnam
Innovation	▸ Ability to produce world class quality of rice in the cluster with lower cost of production ▸ Ability to run non-standardized machines for rice milling profitably ▸ Ability to process customized quality of rice as per buyers' specifications	▸ Lack of facility for specialised processes of rice milling like sorting & grading in vicinity ▸ Lack of willingness to adopt new technology and new production methods ▸ Lack of process automation	▸ Participation in Trade fairs, Exhibition, Trainings &Workshops to learn and adopt better QMS ▸ Structured processes for information sharing among SMEs in the cluster	▸ Lack of innovation may affect the business and unit may lose market share. ▸ Competitive manufacturers from countries such as Vietnam, Bangladesh, China may affect the business through innovations
Business Environment	▸ Steady growth in domestic demand of packaged rice ▸ Cluster well known as a rice milling hub across North India	▸ Increased tax/levy & controlled trade has resulted in sustainability issues to rice milling units ▸ Lack of awareness regarding of regulatory frameworks and available	▸ Tremendous growth potential due to availability of Institutional & Policy support ▸ Establishment of CFC with latest technologies for quality improvement	▸ Imposition of higher tax, levy in comparison to neighbouring states may discourage the industry. ▸ Change in policies and regulatory environment

Area	Current situation		Future	
	Strengths	Weaknesses	Opportunities	Threats
	▸ Availability of government support in terms of encouraging policies and initiatives ▸ Proactive rice millers & dealers association in Kaithal district ▸ Ability of grow export segment & meet International requirements	incentives to micro & small rice milling units ▸ Lack of common infrastructure/CFC facilities		
Energy/ Environment	▸ Increased focus on environment due to requirement from buyers ▸ Availability and consumption of husk (by product) as source of energy for boilers	▸ Lack of energy efficient measures to reduce energy consumption ▸ High energy cost leading to increased production cost and pollution to environment	▸ Incentive available from government for setting up ETP for individual units and CETP for industrial area ▸ Potential to reduce energy costs by energy auditing	▸ Increased focus on meeting environment standards ▸ Processing of paddy causes pollution due to ash formation during combustion and particle release during husking impacts environment and require technological improvement to meet the environment compliances

3.5 Major Issues / Problem Areas of the Cluster

The key cluster related problems identified are below:

Technology

a) Most of the units in district are using traditional technology and have installed locally fabricated plants. This contributes for the majority of broken rice content along-with and de-husked and damaged paddy percentage. These machines also involve frequent and costly maintenance leading to increase production cost and lower capacity utilization.

b) Few organized units and exporters have installed semi-automatic/fully automatic plants and other machines from the reputed manufacturers of the world including Stackey (Japan), Sortey (UK) & Bhullar (Germany). These units increased productivity and product quality as per the quality conscious importers/ customer's requirements.

c) There is a scope of improvement in various processes like parboiling, storage, paddy drying, polishing and grading etc. The methods adopted by most of the units are traditional and non-scientific. This increases broken percentage and affect product quality & productivity. Besides there is need for employing scientific energy conservation, pollution control and safety methods.

d) Most of the units have not standardized their product, processes, working systems as well as quality assurance system. This lead to the haphazard working, non-standardization and inefficiency. Therefore, there is a need to induce quality management system ISO 9000 in many units and training of their human resources.

Manpower/Human Resource

The manpower employed by the units is not fully professional and consistent. Quality assurance & quality control mechanism has not been employed. Most of the units have also not employed measuring & testing equipment for raw material & product testing. Micro and small units have not been able to standardize product standards.

Most of the entrepreneurs in the rice milling trade are 3rdgeneration entrepreneurs and have learnt from experience. They have still been relying on use of traditional milling methods and yet to employ modern management techniques to enhance productivity, quality, customer satisfaction, effective utilization of resources and continual improvement.

In order to manage the industry in a professional manner to get optimum outputs there is an need to upgrade the competency of personnel at various levels i.e. for technical, managerial and at top level as per the needs of changed environment.

Marketing

Appropriate Marketing is very important input required by the units. More than 70% of the units are non-exporting units. They claim their cost of production to be higher than the cost of exporters due to which they are unable to compete with them. Some of the non-exporting units have desired to become exporters but are not aware of the potential importers, exports documentations, procedure, and other formalities.

Besides, they also need to be trained in various marketing management techniques like branding, trade marking, costing and pricing techniques and various marketing methods.

Finance

Adequate &easy finance requirement has been expressed by many units particularly for bulk procurement & storage of paddy, plant modernization &up gradation. The unit desire finance at reduced rate of interest as applicable to the exporting units. Besides for undertaking training, process up gradation including energy conservation, pollution control, and quality management systems/ISO: 9000 etc. the units will be needing more finance.

Business Development Services

The units are actively availing the BDS services from transporters, CAs, Banks, Maintenance job workers & labour contractors etc. The R&D & other institutes like ICAR, IICPT, and Standard Certification agencies, CRRI, APEDA, ECGC, DGFT, SIDBI andMSME-DI etc. are in existence but are rarely approached by the industry except by few organised units who have been benefited. There is a need to make the industry aware of various services available & provided by these institutions.

The Indian Institute of Crop Processing Technology is located at Thanjavur (Tamil Nadu). It is the only such specialized centre, which provides R&D, information, training & other assistance in Paddy processing techniques. This Institute is located at distant place and units find it difficult to approach for the assistance. There is absence of common testing laboratory in this area to provide testing services for Rice, Paddy & Rice Bran. Therefore, these services have to be made available in this area

Due to lack of these facilities, the units face higher costs, thereby reducing their competitiveness, especially compared to other competitive areas. This results in loss of market share.

3.6 Key technologies missing

The technological gaps on various fronts that the CFC proposes to target, along with scope and illustration of major facilities is provided in table 4.

Table 4: Rationale for hard interventions

Rationale for proposed hard interventions under CFC mode	
Critical technology gaps in the cluster	**Proposed technology interventions to enhance cluster's competitiveness through CFC mode**
Advanced Cleaning Facility	
Some of the clusters run cleaning facility but those machine are out-dated and not energy efficient. Repeated operations required to get final output. Quality and quantity are also on lower side as compared to competitors.	Advanced cleaning facility consist of Vibro De-stoner, Sortex Machine (12 Chute Multi-vision), Rice Fine Cleaner. Those machines are of bigger capacity than the conventional ones and can give around 100% output on a single run i.e. there will be no need of repeating the

	process. This will save energy and time and provide better quality grains.
Value Added Finishing Facility	
Finishing of rice is very important in rice business. Customer preference for rice also depends on physical look and appearance. There is a clear trend of length, appearance, aroma and colour of rice when it comes to decide its price and quantity. In the view of export, those factors become more critical.	Value added finishing facility would consist of Silky Machine, Rice Length Grading Machine, and Grain Discharger. Those facility will be available on charge basis, which may differ from members of non-members of the cluster.
Testing Lab Facility	
There is no advanced testing facility available in cluster. Some of the units have their own testing facility. However, they are very few. Rest of the millers have to outsource testing facility and in some cases the products won't be sent for testing	Some of the latest testing machinery are planned to installed in proposed CFC such as Rice Husker, Rice Polisher with control drive, Peddy Testing Dryer, Rice Miller (Mc Gill Type), Kett Moisture Meter, Whiteness Tester part no C 600 etc.

3.7 Cluster growth potential

The potential for the rice milling cluster, Kaithal to grow is steady. Domestic and international need for rice is increasing with the rising demand of increasing population. Haryana is a leading rice producing state in India and produces more than 4000thousand tons of rice every year[3]. The cumulative annual turnover of the Rice Milling Cluster is estimated to be around INR 800 crores. The average annual turnover of micro units is approximately Rs. 5crore, of small units is approximately Rs. 10 crore, and of medium units varies from Rs. 10 – 25 crore.

However, there is an enormous potential to improve the quality of products and reduce the cost of production by employing efficient technology as common facility. This would also result in increased turnover. Currently, units are charged high prices for services such as sorting and grading facilities and testing facilities, which affect their competitiveness.

Cluster market includes Export Market and Domestic Market. Large and medium enterprises holds major share of export of rice while micro and small enterprises primarily cater to domestic market. The exporters supply their products to export market with the assistance of various institutions including Directorate General of Foreign Trade (DGFT), Export Credit Guarantee Corporation of India (ECGC)&Agricultural and Processed Food Products Export

[3]https://www.mapsofindia.com/top-ten/india-crops/rice.html

Development Authority(APEDA). The domestic marketing for rice, rice husk and rice bran is done by the units as per their policies, procedures and segments.

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Diagnostic Study Recommendations

4. Diagnostic Study Recommendations

Based upon the diagnostic study report and subsequent discussions with various cluster stakeholders and members of Kaithal rice milling cluster during formulation of this Detailed Project Report (DPR), a mix of hard and soft interventions are being proposed to enhance the competitiveness of the cluster units. These have to be undertaken with government support to ensure the survival and growth of the rice milling units in Kaithal. The recommendations for both soft and hard interventions have been elaborated in subsequent sections.

4.1 Soft Interventions Recommended and Action Taken

The cluster stakeholders do not have a history of undertaking joint initiatives and hence require to organize a series of workshops, training programs and exposure visits to enhance the knowledge and exposure of the existing similar clusters. The soft interventions can be undertaken immediately upon approval of the DSR by the state government while the hard interventions will only get implemented in the long run with grant under the Mini Cluster Scheme. The key soft interventions proposed include:

- **Skill development**: Training programs on cluster development initiatives and new trends in rice milling industry. In addition to this, there is a need to increase industry-academia interface for transfer to technology to field from lab.
- **Energy conservation and pollution control**: Awareness programs shall be conducted for energy audits of existing rice milling units and incentives available under EPP 2015 for conducting energy audit, ETP and pollution control measures.
- **Market diversification**: Conducting market studies to identify new export destinations and promoting non-exporting units to export individually or by formation of consortium. Information shall also be disseminated regarding export procedure, documentation and marketing management.
- **Management capacities**: Capacity building of unit owners on contemporary management practices in small businesses.
- **Induction of Quality Management System**: QMS is one of the key focus areas for better efficiency, continual improvement &market growth. Certifications like ISO 9000 & HACCP shall ensure use of low cost automatic/high production machines, rice milling techniques, drying, polishing, grading, packaging, energy conservation, safety, pollution control, marketing & export documentation.

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

The rice milling units in Kaithal need technological support specially to enhance their competitiveness and ensure their survival. They require modern high capacity automatic machines and other related equipment to get their job work done and reduce their production costs.

The following common facilities are being proposed for the CFC, with support from the state industry department.

A. Advance Cleaning facilities

- **De-stoner machine:** Cleaning of de-husked rice is one of the key activities of ensuring quality of rice by removing the undesirable elements from rice. Stone separator machine also known as de-stoner machine removes stones, foreign particles, mud, lumps from the de-husked rice. This machine performs the segregation on the basis of density difference by adjusting the de-stoning system.

- **Sorting machine:** Rice color sorting machine also called as Rice color sorter is primarily used for sorting rice according to the color differences of granular materials in raw rice. This helps to remove impurities and enhance the quality of rice. Automatic sorting technology ensures faster, better and more accurate sorting of rice grains, which in turn leads to increased product consistency and quality improvement. Desired specifications for the machine have been identified based on the inputs from established European supplier.

B. Value added finishing facility

- **Silky polisher machine:**Silky Polisher machine is used for polishing the rice surface by spraying water through the mixing chamber and by creating friction among rice grains using milling rollers. The outlet of polisher is controlled by the weight of the grain; this ensures that kernels are retained inside the milling chamber for sufficient time. The water Jet (Silky) polisher produces rice grains with a shiny surface finish. With change in customers' preference to consume polished rice and advent of technology, polishing has become one of the most important requirements by FMCG industry.

- **Grading Machine:**Uniformity (size, shape and type) of the rice is key important element for confirming the rice price. Uniform size with less broken rice and same color/type looks good and improve customers' preferences sense, which in turn increases the rice commodity value. Rice grading machine is used to separate head rice, common rice, broken rice, and small broken rice into different grades by adopting layers of perforated screens of different diameters with reciprocating movement.

C. Testing facility

Whiteness Tester: The physical quality of milled rice is characterized by a combination of desirable and measurable characteristics. In line with the market requirements, whiteness of rice is one of the key requirement to influence buyers' preferences. Whiteness is measured by a colorimeter or as an index number from a whiteness meter. That meter evaluate the whole grain on the principle of reflective light measurements, which is completed in less than five seconds.

Mini compact rice mill machine: It is imperative in the rice milling industry to do the sample milling of rice to measure the quality of paddy and estimation of quality of rice. This helps to assess rice milling units regarding the estimates price of paddy, production and cost benefit analysis. Mini compact rice mill machine is equipped with stone cleaning, grinding mill, paddy separator, polishing, grading and dust bag. This is one of the most economic, practical and economic way to assess the product quantity and quality.

Moisture meter: Moisture meter is designed as a decision-making tool in postharvest operations of paddy and is not intended for trade. Paddy should have ideal moisture percentage of 12-14% for milling purpose. Paddy with lower moisture content will result into increased broken rice percentage while higher moisture content results in more losses from poor grain quality. It also helps to decide the due course of post-harvest treatment of paddy: paddy with high moisture content is dried using a dryer or sun-drying, while paddy with less moisture content is fit for storage

4.3 Expected Outcome after Intervention

The project will be beneficial for rice milling units in the cluster as a whole. The setting up of the CFC is expected to generate the following benefits for the cluster units:

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

Table 5: Expected Outcome of CFC

Area	Current Scenario	Expected Out Comes
Production Units	About 125MSEs	About 140MSEs
Competitiveness	Most of the units are unable to price their products competitively, and are priced out by other countries	Units will be able to competitively price their products and compete with international players in the market
Employment	About 1200	About 1400
Technology	• No testing lab in the cluster • Outdated machineries	• Testing facility available • Quality will increase
Production	• Material wastage • Delays • High costs	• Quick Production • Lowered production costs • Competitive prices
Turn Over	About 800 crores	Will increase by 10-15%

Special Purpose Vehicle (SPV) for Project Implementation

5. SPV for Project Implementation

The micro and small units at rice milling cluster, Kaithal have formed a Special Purpose Vehicle (SPV) in the name and style of "**Jagdamba Impex**" as a partnership firm under The Indian Partnership Act, 1932. The SPV has been registered on **29th December 2017** with Registration Number **06-005-2017-00189**.

The certificate of registration along with Partnership Deed is provided in ***Annexure – 2.*** The firm has a total capital of Rs. 1.00 Lakh, which shall be enhanced in the near future. The members are micro-sized firms (registered units) involved in rice milling related activities, predominately based in Kutubpur Road, Jind road and Cheeka area of Kaithal.

DIC, Kaithal and the State Government both played an important role in SPV formation by cluster stakeholders. The SPV consist of 11 partners sharing partnerships in the ratio of 8% and 10%. 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 'Jagdamba Impex' by availing support from Government of Haryana (under EPP 2015) State Mini Cluster Development Scheme.

The SPV members have a strong track 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 rice milling and enhancing productivity of their units.

The SPV has conducted a series of stakeholder consultations (with various members, DIC, Kaithal 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 the State Mini Cluster Development Scheme in Kaithal, and has helped in validation of findings and recommendations. It has kept the State Government and the DIC Kaithal engaged during the entire period of development of DSR and DPR.

5.1 Partner profile and Capital Contribution

List of Partners: The SPV has eleven partners. The details of the partners are furnished in Table 7. Other than these partners, the SPV will have provision of having one representative from the State Government. The SPV comprises members from micro and small rice milling units. It is homogeneous in nature due to similar products and activities performed by the cluster units.

Table 6: List of Partners

S. No.	Partners	Name of the unit	Unit address
1	Sandeep Garg	Sunfood Overseas	Kutubpur Road, Kaithal
2	Jog Dhyan	Kuber Rice Mill	Jind Road, Kaithal
3	Ashu Goyal	Shiva Rice Co.	Khushal Majra Road, Cheeka, Kaithal

The lead partners (with 10% stake each) have several years of successful experience in rice milling and are also well versed with the benefits of cluster development initiatives. These units are financially viable in nature.

Members of the SPV have been engaged in rice milling activities in Kaithal for several years. They have been in close interactions with technical experts, government institutions and machinery suppliers. Post the DSR validation, the DIC Kaithal also acknowledged the genuineness and enthusiasm of the SPV members to undertake project initiatives under State Mini Cluster Development Scheme as well as verified the existence of the SPV members. The verified list is provided in **Annexure 3**.

The SPV is formed with the objective of taking up cluster level activity in a joint and coordinated manner. The partnership pattern of members of the registered SPV include the contribution from every member of SPV and no individual partner holding more than 10% stake in the firm. Details of SPV members along with their contact persons, unit details, UAM numbers and products manufactured are provided in Table 8.

Table 7: Details of SPV Members of Rice Milling Cluster, Kaithal

Details of SPV Members – Kaithal Rice Milling Cluster						
S.No.	**Company Name**	**Contact Person**	**Contact No.**	**Address**	**UAM No**	**Product**
1	Sunfood Overseas	Mr. Sandeep Garg	9729348888	Kutubpur Road, Kaithal	HR09B0000261	Rice
2	S.D. Rice Mill	Mr. Raj Kumar	9896500331	Kutubpur Road, Kaithal	HR09B0004036	Rice
3	Aggarwal Rice Mill	Mr. Jagdish Rai	9896039799	Shergadh road, Kaithal	HR09A0000199	Rice
4	Kuber Rice Mill	Mr. Jog Dhyan	9416095427	Jind Road, Kaithal	HR09B0004023	Rice
5	Kewal Kumar Pawan Kumar Rice Mill	Mr. Sanjay Garg	9034427555	Jind Road, Kaithal	HR09B0004039	Rice
6	Kundan Foods	Mr. Kewal Kumar	9416407887	Jind Road, Kaithal	HR09B0004042	Rice
7	Shiva Rice Co.	Mr. Ashu Goyal	9354172086	Khushal majra road, Cheeka	HR09A0004021	Rice
8	Ma Saraswati Rice Mill	Mr. Amit Goel	9416158763	Khushal majra road, Cheeka	HR09A0004028	Rice
9	Goel Foods	Mr. Tarsem Goel	9416023140	Jind Road, Kaithal	HR09B0000200	Rice
10	Sandeep Rice Mill	Mr.Amarjeet Goyal	9355572768	Khushal Majra Road, Cheeka	HR09B0004043	Rice
11	R R Foods	Mr. Sandeep Singla	9355572768	Khushal Majra Road, Cheeka	HR09B0000396	Rice

5.2 Initiatives undertaken by the SPV

As mentioned in detail in section 4.1 (Soft interventions recommended and action taken), the cluster units have proactively undertaken many capacity building initiatives to promote the cooperation among cluster units and enhance knowledge and exposure of the units. Some of them are following:

- **Visit to Karnal:** Karnal has better rice milling facility then Kaithal. Keeping this view in mind, SPV members decided to visit Karnal. Five cluster members visited Unique Sortex, Karnal in September 2017 to understand the sortex and other machines for rice milling. Technical specifications of 12 chute Sortex machine was studied which would be a first machine of its kind in Kaithal. Further, quotations for sortex machine were taken.
- **Visit to Delhi NCR:** SPV members visited Friulair India Pvt Ltd, Sona foods, H K Trading in and around NCR region to get understanding and specifications of machines e.g. air compressors, rice fine cleaner, de-stoner and grain discharger etc. for the proposed CFC.
- **Discussion on proposed laboratory:** SPV members had a meeting with Mr. Ramesh Garg, representative of Jagdamba Mill Store, Kaithal. Details of laboratory testing equipment were discussed in detail. The value of laboratory in rice milling was also discussed. Quotations for testing equipment were obtained.
- **Visit to Sonepat:** Meeting with Mr. Anurag Bhatnagar, representative of Kaeser Compressors, Sonepat Technical parameters of Kaeser compressor were discussed briefly. Quotations were taken.
- **UAM:** UAM camp has been organised in October 2017.

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 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 land registration in SPV name
- Garnering the SPV project contribution from the members
- Formation of purchase committees for procurement of goods and services
- 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 Partnership Deed of the Cluster SPV indicates the democratic process in terms of decision-making based on mutual consent. 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 will include the lead partners, 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 lead partners, and the day-to-day administration will be taken care of by the management that shall be appointed by the lead partners. Their role is detailed below:

1. **Lead Partners**: These 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. They will oversee the entire operations; each partner 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 qualified professional with a background in the rice milling industry will be appointed as the Cluster Development Executive (CDE), who will look after day-to-day operations of the CFC and shall be directly reporting to the Lead Partners. 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 figure7:

Figure 16: Organisational Structure of Proposed CFC

Project Economics

6. Project Economics

6.1 Project Cost

The actual total cost of setting up a CFC, Kaithal rice milling cluster is estimated **at Rs. 286.87 Lakhs.**

The total cost estimation includes the following project components:

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

The detail of each project component is provided below:

6.1.1 Land and Building

The SPV has identified a building for CFC and will obtain it on lease basis on own expense. The total land area is 9100 sq. ft. The proposed CFC would require space for installation of machinery and provision for stocking material. A sizable amount of open space is also required considering the industry FAR norms in the state. In line with the space requirements of the proposed facilities in the CFC and the FAR norms, it is estimated that a plot of about 9100sq ftis required.

The cluster SPV has identified a building at Jind- Khanori by-pass, Kaithal. Provision for power and water is available. The land is strategically located in the major existing industrial estate in Kaithal.

The SPV has identified a single story building of 5460sq. ft. floor area that shall be taken on lease by the SPV completely at their expense. The SPV is undertaking building lease. The document highlighting this and establishing the proof for availability of building is provided in **Annexure 4**.The amount required to take the building on lease shall entirely be borne by the SPV members as their contribution towards the project cost.

Table 8: Requirement in terms of land and building

BUILDING - LEASE BASIS		
S.No.	Particulars	Actual Cost
1	Building Area (sq. ft.)	5460.00
2	Monthly Rent (INR lakh)	0.35
3	Rent for first year (INR lakh)	4.20
4	Year on year increase in rent @	10.00%

6.1.2 Plant and Machinery

As detailed in section 4.2 (Hard interventions) machines relating to advanced cleaning, value added finishing as well as testing are required with essential props. Those particulars have been recommended to enable cluster units enhance their competitiveness. The machines have been categorized as primary and secondary. The machines that shall be used primarily for job work have been categorized as primary, whereas, the auxiliary/supporting machines have been categorized as secondary machines. The major facilities proposed at the CFC are advanced cleaning, value added finishing and testing. The total cost of plant and machinery including secondary machine has been estimated at Rs. 263.32 lakhs and contingency works out to Rs. 13.17 Lakhs. The details of the proposed machinery items are presented in the table 10. The detailed specifications and quotations of the machines are provided in **Annexure 7**. 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 9: List of Proposed Plant & Machinery

S. No.	Machine Name	Quantity	Total Price INR in lakh)
A	**Primary Machinery**		
1	**Advanced Cleaning Facility**		
1a)	Vibro De-stoner	1	2.52
1b)	Sortex Machine (12 Chute Multi-vision)	1	157.04
1c)	Rice Fine Cleaner	1	2.83
2	**Value Added Finishing Facility**		
2a)	Silky Machine	1	10.69
2b)	Rice Length Grading Machine	24	23.94
2c)	Grain Discharger	22	12.82
3	**Testing Lab Machines**		
3a)	Rice Husker	1	0.84
3b)	Rice Polisher with control drive	1	0.90
3c)	Peddy Testing Dryer	1	0.84
3d)	Rice Miller (Mc Gill Type)	1	0.60
3e)	Vernier Clipers	1	0.86
3f)	Kett Moisture Meter	1	0.69
3g)	Whiteness Tester part no C 600	1	6.85
B	**Secondary Machinery**		
1	Air Filter	1	4.37
2	Compressor	1	10.20
3	Electric Panel	1	5.16
4	Genset 125 KVA	1	9.70
5	Platform and Tanks	1	12.06
6	Air Conditioner	1	0.41
	TOTAL	**63**	**263.32**

6.1.3 Miscellaneous Fixed Assets

The CFC would also require fixed assets such as furniture, fixtures, fire-fighting equipment, first-aid equipment etc. for smooth running of operations. The total estimated capital expenditure for purchase of miscellaneous fixed assets is estimated to be Rs. 2.00 Lakhs. Details are provided in the table 10.

Table 10: Miscellaneous Fixed Assets

Miscellaneous fixed assets Particulars	Amount (INR in Lakhs)
Office items and allied items, furniture, fixtures, fire-fighting equipment and back-up power supply etc.	2.00
Total	2.00

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 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 machine testing cost, bank charges, travelling etc. The total expenditure for preliminary and pre-operative expenses are estimated at Rs. 4.77 Lakhs(details provided in the table 12).

Table 11: Preliminary and Pre-Operative Expenses

S. No.	Particulars	Amount Rs. in lakhs
1	Partnership Registration Charges	0.15
2	Tender forms & tendering cost	1.00
3	Travelling Cost	0.25
4	Machine testing cost	0.25
5	One time electricity connection charges for 1 kW connection @Rs. 3000(security + service charge etc.) per kWh	3.12
	Total	**4.77**

6.1.5 Provision for Contingencies

Provision for contingencies is calculated on machinery as well as building. As the building will be acquired on lease, no contingency for the same has been calculated. Contingencies on plant and machinery have been estimated at 5% amounting to Rs. 13.17 lakh.

6.1.6 Margin Money for Working Capital

The total working capital requirement during the first year of operation at 80% capacity utilization is estimated at Rs.14.42 lakh with margin money requirement of Rs. 3.61 lakh (25% of working capital requirement as margin). The working capital requirement has been calculated based on requirement of one month of operational expenses and 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 mini cluster scheme is presented in the table 13.

Table 12: Total Project Cost

(Rs in Lakh)

S. No.	Particulars	Total Project Cost	Amount as per Guidelines	Remarks
1	**Land & Building**			Max 25% of project cost of INR 200 lakhs
	a. Land Value	0.00	0.00	
	b. Land Development	0.00		
	c. Building & Other Civil Works	0.00		
	Sub Total (A)	**0.00**	**0.00**	
2	**Plant & Machinery**			Eligible
	a. Indigenous	64.38	200.00	
	b. Imports	157.04		
	c. Secondary Machines	41.90		
	Sub Total (B)	**263.32**	**200.00**	
3	**Miscellaneous fixed assets** (Furniture, fixture, fire-fighting equipment, first aid equipment, back-up power supply)	2.00	0.00	Not eligible for grant
	Sub Total (C)	**2.00**	**0.00**	
4	**Preliminary & Preoperative Expenses** (legal & administrative expenses, registration, civil engineering drawings with estimates & tender forms, telephone, stationery, (Establishment cost, travel, overheads during construction period including salaries, machine testing cost and other services, etc.)	4.77	0.00	

(Rs in Lakh)

S. No.	Particulars	Total Project Cost	Amount as per Guidelines	Remarks
	Sub Total (D)	**4.77**	**0.00**	
5	**Contingency**			
	a. Building @ 2%	0.00	0.00	
	b. Plant & Machinery @ 5%	13.17	0.00	
	Sub Total (E)	**13.17**	**0.00**	
6	**Margin money for working capital**			
	(Working capital required @ 80% C.U.)	3.61	0.00	
	Sub Total (F)	**3.61**	**0.00**	
	Grand Total (A+B+C+D+E+F)	**286.87**	**200.00**	

6.2 Means of Finance

The project will be financed from two sources: contribution from SPV, and grant-in-aid from Govt. of Haryana (under State Mini Cluster Development Scheme, EPP-2015). The assistance to the project from Govt. of Haryana under State Mini Cluster Development Scheme is envisaged to the tune of 90% of max project cost of 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 200 lakh. Hence, the SPV members have proposed to contribute Rs. 106.87 lakh and GoH aid will be Rs. 180.00 lakh.

Table 13: Means of Finance

S. No.	Source of finance	Project cost upto INR 200.00 lakhs (max eligible as per scheme)		Project cost over INR 200.00 lakhs		Total Amount (INR in lakhs)
		Percentage Contribution	Amount (INR in lakhs)	Percentage Contribution	Amount (INR in lakhs)	
1	Grant-in-aid under Mini Cluster Scheme (Govt. of Haryana)	90	180.00	0	0	180.00
2	Contribution of SPV	10	20.00	100	86.87	106.87
	Total	**100**	**200.00**	**100**	**86.87**	**286.87**

6.2.1 Share Capital

The contribution of the SPV members will be by way of membership fees/share subscription in the SPV registered as a Co-operative society. The extent of contribution by the SPV would be Rs. 106.87 lakh.

The extent of contribution by each member will be restricted to a maximum of 10% of total contribution to the capital of the co-operative society.

6.2.2 Grant-in-Aid

Grant-in-aid of Rs. 180.00 lakh is expected from the Government of Haryana. The amount received by the way of grant under State Mini Cluster Development Scheme will be utilized to procure 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 an 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 lubricants, belts, sieve, membrane, diesel and others.

Table 14: Consumables

S. No.	Machine Name	Hours available daily	Particulars	Amount (@ 80% C.U. in Rs. Lakh)	Amount (@ 85% C.U. in Rs. Lakh)	Amount (@ 100% C.U. in Rs. Lakh)
				80%	85%	100%
	Advanced Cleaning Facility			1	2	4
1	Vibro De-stoner	8	Lubricants, Belts	0.19	0.20	0.24
2	Sortex Machine (12 Chute Multi-vision)	8	AMC	1.20	1.28	1.50
3	Rice Fine Cleaner	8	Lubricants, Belts	0.19	0.20	0.24
	Value Added Finishing Facility					
4	Silky Polishing Machine	8	Sieve	0.40	0.43	0.50
5	Rice Length Grading Machine	8	Lubricants, Betls	0.19	0.20	0.24
	Secondary Machines					
6	Air Filter	8	Membrane, Lubricants	0.23	0.24	0.29
7	Compressor	8	Belt, Lubricants	0.19	0.20	0.24

S. No.	Machine Name	Hours available daily	Particulars	Amount (@ 80% C.U. in Rs. Lakh)	Amount (@ 85% C.U. in Rs. Lakh)	Amount (@ 100% C.U. in Rs. Lakh)
9	Platform and Tanks	8	Maintenance	0.10	0.10	0.12
10	DG Set	NA	Diesel, grease & oil	0.08	0.09	0.10
11	Misc. & Administrative	NA	Stationery & office related consumables	0.08	0.09	0.10
Total				**2.86**	**3.04**	**3.58**
Consumables per month				**0.24**	**0.25**	**0.30**

6.3.2 Manpower Requirement

Another major expenditure head is the manpower. Therefore, 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 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. The annual expenditure on salary component for direct manpower is estimated at Rs.18.08 lakh and for indirect at 8.58 lakhs. The total expense on manpower is projected at Rs. 2.22 lakh per month and Rs. 26.66 lakh per annum. The details of monthly and yearly expenses for manpower required for running the project is provided in table 16:

Table 15: Expenditure Related to Salary (direct manpower-machine operators and helpers)

Category	No. of Manpower Required	Salary per month per person (INR)	Total Salary Per Month (INR)	Total salary & wages per Year (INR lakh)
Supervisor-cum-Incharge	1	22,000.00	22,000.00	2.64
Advanced Cleaning Facility				
Operator	2	18,000.00	36,000.00	4.32
Helper	1	9,000.00	9,000.00	1.08
Value Added Finishing Facility				
Operator	2	18,000.00	36,000.00	4.32
Helper	1	9,000.00	9,000.00	1.08

Testing Facility				
Lab Tech	1	15,000.00	15,000.00	1.80
Lab assistant	1	10,000.00	10,000.00	1.20
Total	**9**	**1,01,000.00**	**1,37,000.00**	**16.44**
Add: Perquisites/Fringe Benefits @ 10%				**1.64**
Sub Total (A)				**18.08**

Table 16: Expenditure Related to Salary (indirect manpower – administrative and support staff)

Category	No. of Manpower Required	Salary per month per person (INR)	Total Salary Per Month (INR)	Total salary & wages per Year (INR lakh)
Manager	1	22,000.00	22,000.00	2.64
Accountant-cum-computer operator	1	15,000.00	15,000.00	1.80
Office assistant	1	10,000.00	10,000.00	1.20
Security Guard	2	9,000.00	18,000.00	2.16
Total	**5**	**56,000.00**	**65,000.00**	**7.80**
Add: Perquisites/Fringe Benefits @ 10%				**0.78**
Sub-Total (B)				**8.58**

6.3.3 Utilities

The most important utilities required in the project are 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 at104.07 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 17: Machine & Equipment power requirement

S. No.	Machine & Equipment	Power Requirement (kW)/ Connected Load	Total power requirement (60% of drawn power) kWh
1	Vibro De-stoner	8.50	5.10
2	Sortex Machine (12 Chute Multi-vision)	3.50	2.10
3	Rice Fine Cleaner	8.00	4.80
4	Silky Machine	35.00	21.00
5	Rice Length Grading Machine	0.75	0.45
6	Grain Discharger	1.00	0.60
7	Rice Husker	3.00	1.80

8	Rice Polisher with control drive	3.00	1.80
9	Paddy Testing Dryer	1.20	0.72
10	Rice Miller (Mc Gill Type)	2.55	1.53
13	Whiteness Tester part no C 600	1.85	1.11
14	Air Filter	1.05	0.63
15	Compressor	20.00	12.00
16	Electric Panel	0.21	0.13
17	Administrative Load	5.00	3.00
	Total Connected load for CFC	**94.61**	**56.77**
	Buffer Connected Load (10% of Total Connected Load)	**9.46**	
	Total	**104.07**	

The power requirement for operation of core machinery and equipment, testing lab and administrative facilities is 56.77 kWh. Electricity required for shop floor activities in terms of operation of core machinery and equipment is 11353.20 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 104.07 kW.

Fixed charges for connection of 104.07 kW @ Rs. 170 per kW equals Rs. 17,692.07 and monthly units consumption is 11353.20. The monthly energy charges @ Rs. 7.00 per unit equals Rs. 79,472.40. This has been calculated based on the prevalent rates of the power provider.

Table 19 presents the estimated annual expenditure in terms of power related charges.

Table 18: Annual Expenditure Statement vis-à-vis Power Charges

S. No.	Expenditure component	Particulars	Amount per annum (@ 100% C.U. in Rs. Lakh)	Amount per annum (@ 80% C.U. in Rs. Lakh)	Amount per annum (@ 85% C.U. in Rs. Lakh)
1	Fixed monthly connection charge (total connected load)	Shop-floor, support facilities & administrative (Rs. 17,692.07per month)	2.12	2.12	2.12
2	Variable charges (as per consumption of units)	Shop-floor, support facilities & administrative (Rs. 79,472.40 per month)	9.54	7.63	8.11
Total			**11.66**	**9.75**	**10.23**

6.3.4 Annual Repairs and Maintenance Expenses

The annual repair and maintenance expenses have been estimated to be Rs. 8.40 lakh. The details are presented in the table below:

Table 19: Annual Repairs and Maintenance Expenditure

S. No.	Expenditure component	Particulars	Amount per annum (@ 100% C.U. in Rs. Lakh)	Amount per annum (@ 80% C.U. in Rs. Lakh)	Amount per annum (@ 85% C.U. in Rs. Lakh)
1	Repair & maintenance	Building: repair & maintenance @ 2%	0.50	0.40	0.43
2		Plant & machinery: repair & maintenance @ 3%	7.90	6.32	6.71
Total			**8.40**	**6.72**	**7.14**

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. 1.00 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 20: Insurance and Miscellaneous Administrative Expenses

No.	Expenditure component	Particulars	Amount per annum (@ 100% C.U. in Rs. Lakh)
1	Insurance	Estimate @ 0.5% on fixed assets (such as buildings, civil works, and Plant & machinery, including related contingency expenses	1.38
2	Miscellaneous administrative expenditure	Stationery, communication, travelling, and other misc. overheads	1.00
Total			**2.38**

6.4 Working Capital Requirements

Working capital has been calculated in terms of one month's operating expenses required for the CFC. The operating expenses include consumables, salaries, utilities, repair & maintenance, insurance and miscellaneous administrative expenses. The details are presented in the table below.

Table 21: Calculation of Working capital requirement

(Rs. In Lacs)

WORKING CAPITAL											
Sr. No.	**Particulars**	**Period**	**As per Capacity Utilisation**								
			1st Yr	**2nd Yr**	**3rd Yr**	**4th Yr**	**5th Yr**	**6th Yr**	**7th Yr**	**8th Yr**	**9th Yr**	**10th Yr**
1	Consumables	1 month	0.24	0.25	0.25	0.30	0.30	0.30	0.30	0.30	0.30	0.30
2	Utilities (Power)	1 month	0.81	0.85	0.85	0.97	0.97	0.97	0.97	0.97	0.97	0.97
3	Working Expenses (Manpower)	1 month	1.92	2.00	2.00	2.22	2.22	2.22	2.22	2.22	2.22	2.22
4	Rent	1 month	0.35	0.39	0.42	0.47	0.51	0.56	0.62	0.68	0.75	0.83
5	Sundry Debtors (Sales Value)	3 month	11.10	11.79	11.79	13.88	13.88	13.88	13.88	13.88	13.88	13.88
6	Working capital (Total expenses)		14.42	15.28	15.32	17.83	17.88	17.93	17.99	18.05	18.12	18.19
7	Working Capital Margin (25%)		3.61	3.82	3.83	4.46	4.47	4.48	4.50	4.51	4.53	4.55
8	Working Capital Loan		10.82	11.46	11.49	13.37	13.41	13.45	13.49	13.54	13.59	13.64
9	Interest on Working capital loan @11% p.a.		1.19	1.26	1.26	1.47	1.48	1.48	1.48	1.49	1.49	1.50

The working capital requirement of the project for one month of operation has been considered for consumables and expenses. The SPV will contribute the margin money for working capital and the rest will be borrowed from local bank. While calculating the project cost, 25% of working capital has been calculated as margin, and the remaining will be borne by SPV as borrowings. The total working capital required during the first year of operation (80% C.U.) is estimated to Rs. 14.42 lakh. Further, total working capital required at an operating capacity of 85% comes out to Rs. 15.28 lakh. The corresponding margin money for working capital requirement at 80% & 85% capacity utilisation amounts to Rs. 3.61 lakh and Rs. 3.82 lakh respectively, and the corresponding loan amounts at Rs. 10.82 lakh and Rs. 11.46 lakh respectively..

6.5 Depreciation Estimates

Estimates of depreciation are non-cash expenditure and presented in this section based on 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 accumulated could facilitate the replacement of such assets toward the end of the envisaged asset life of 10 years. Depreciation of building is at the rate of 10% per year, plant and machinery at 15% a year (envisaged project life of 10 years prior to replacement of assets), furniture at 10%, computer at 60% and depreciation of other miscellaneous fixed assets at the rate of 15% a year as per the WDV method. Depreciation based on Written down Value method (WDV) method has been used for computation of income tax. The computation as per WDV method is as mentioned in the table below:

Table 22: Depreciation based on WDV

(Rs. In lakh)

DEPRECIATION (WRITTEN DOWN VALUE METHOD)										
Particulars	**Ist Year**	**2nd Year**	**3rd Year**	**4th Year**	**5th Year**	**6th Year**	**7th Year**	**8th Year**	**9th Year**	**10th Year**
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	275.96	234.57	199.38	169.48	144.06	122.45	104.08	88.47	75.20	63.92
Less: Depreciation @ 15%	41.39	35.19	29.91	25.42	21.61	18.37	15.61	13.27	11.28	9.59
Closing Balance	234.57	199.38	169.48	144.06	122.45	104.08	88.47	75.20	63.92	54.33
Computers										
Opening Balance	0.53	0.21	0.08	0.03	0.01	0.01	0.00	0.00	0.00	0.00
Less: Depreciation @ 60%	0.32	0.13	0.05	0.02	0.01	0.00	0.00	0.00	0.00	0.00
Closing Balance	0.21	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	1.0	0.85	0.77	0.69	0.62	0.56	0.50	0.45	0.41	0.37
Less: Depreciation @ 15%	0.15	0.09	0.08	0.07	0.06	0.06	0.05	0.05	0.04	0.04
Closing Balance	0.85	0.77	0.69	0.62	0.56	0.50	0.45	0.41	0.37	0.33
Total Depreciation	**41.91**	**35.44**	**30.08**	**25.55**	**21.71**	**18.46**	**15.69**	**13.34**	**11.34**	**9.64**
Depreciated value	**236.08**	**200.64**	**170.56**	**145.02**	**123.31**	**104.85**	**89.16**	**75.82**	**64.48**	**54.83**

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 Kaithal shall be charged a premium for availing the CFC services. The major income sources for the CFC are envisaged by the way of providing cleaning facilities, finishing facility and testing facilities etc.

The user charges have been estimated based upon the operational expenses of the CFC and the prevalent market rates in Kaithal. 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 a viable project.

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

Table 23: User Charges for Machinery

S. No.	Machine Name	Rate per MT / Test (Rs.)	Per hour production (MT)	No of Hours available per day	No. of days	Amount (@ 80% C.U. in Rs. Lakh)	Amount (@ 85% C.U. in Rs. Lakh)	Amount (@ 100% C.U. in Rs. Lakh)
						80%	85%	100%
	Advanced Cleaning Facility							
1	Vibro De-stoner	500	8	8	300	76.80	81.60	96.00
2	Sortex Machine (12 Chute Multi-vision)							
3	Rice Fine Cleaner							
	Value Added Finishing Facility							
4	Silky Machine	250	8	8	300	38.40	40.80	48.00
5	Rice Length Grading Machine							
6	Grain Discharger							
S. No.	**Machine Name**	**Rate per Test (Rs.)**	**No. Of Tests per day**	**No of Hours available per day**	**No. of days**	**Amount (@ 80% C.U. in Rs. Lakh)**	**Amount (@ 85% C.U. in Rs. Lakh)**	**Amount (@ 100% C.U. in Rs. Lakh)**
7	Testing Charges	300	25	-	300	18.00	19.13	22.50
	Total					**133.20**	**141.53**	**166.50**

Total gross revenue in-flow is estimated to Rs. 154.56 lakhs per annum on an operating capacity of 80%. For projection purposes, operating capacity of 80% is considered during first year, 85% during next two years and 100% capacity from 4th year onwards.

Table 24: Income and Expenditure Statement

(Rs. In Lakh)

PROFIT & LOSS ACCOUNT										
Particulars	**Ist Year**	**2nd Year**	**3rd Year**	**4th Year**	**5th Year**	**6th Year**	**7th Year**	**8th Year**	**9th Year**	**10th Year**
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 %	80%	85%	85%	100%	100%	100%	100%	100%	100%	100%
A. Income										
(User/ Service Charge)	**133.20**	**141.53**	**141.53**	**166.50**	**166.50**	**166.50**	**166.50**	**166.50**	**166.50**	**166.50**
B. Cost of Production :										
1. Utilities Power (Fixed + Variable)	9.75	10.23	10.23	11.66	11.66	11.66	11.66	11.66	11.66	11.66
2. Direct labour and wages	14.47	15.37	15.37	18.08	18.08	18.08	18.08	18.08	18.08	18.08
3. Consumable	2.86	3.04	3.04	3.58	3.58	3.58	3.58	3.58	3.58	3.58
4. Repair and Maintenance	6.72	7.14	7.14	8.40	8.40	8.40	8.40	8.40	8.40	8.40
5. Depreciation	41.91	35.44	30.08	25.55	21.71	18.46	15.69	13.34	11.34	9.64
Total Cost of production	**75.71**	**71.22**	**65.86**	**67.27**	**63.43**	**60.17**	**57.41**	**55.06**	**53.06**	**51.36**
C. Administrative expenses :										
6. Manpower (Indirect)	8.58	8.58	8.58	8.58	8.58	8.58	8.58	8.58	8.58	8.58
7. Rent	4.20	4.62	5.08	5.59	6.15	6.76	7.44	8.18	9.00	9.90
8. Insurance	1.38	1.18	1.00	0.85	0.73	0.62	0.52	0.45	0.38	0.32
9. Misc Expense	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total Administrative Expenses	**15.16**	**15.38**	**15.67**	**16.02**	**16.45**	**16.96**	**17.54**	**18.21**	**18.96**	**19.81**
D. Financial expenses :										
10. Interest on Working capital loan @ 11% per annum	1.19	1.26	1.26	1.47	1.48	1.48	1.48	1.49	1.49	1.50
Total Financial Expenses	**1.19**	**1.26**	**1.26**	**1.47**	**1.48**	**1.48**	**1.48**	**1.49**	**1.49**	**1.50**

E. Total Expenses B+C+D	**92.06**	**87.86**	**82.78**	**84.76**	**81.36**	**78.61**	**76.44**	**74.76**	**73.52**	**72.67**
F. Profit A - E	**41.14**	**53.66**	**58.74**	**81.74**	**85.14**	**87.89**	**90.06**	**91.74**	**92.98**	**93.83**
G. P&P Expenses written off	0.95	0.95	0.95	0.95	0.95	0.00	0.00	0.00	0.00	0.00
H. Income before Tax (F-G)	**40.18**	**52.71**	**57.79**	**80.78**	**84.19**	**87.89**	**90.06**	**91.74**	**92.98**	**93.83**
I. Adjustment of Loss	-	-	-	-	-	-	-	-	-	-
J. Income Tax (as per tax rates of co-op society)	12.39	16.26	17.83	24.93	25.98	27.13	27.80	28.32	28.70	28.96
K. Net Profit /Loss for the year	**27.80**	**36.45**	**39.96**	**55.85**	**58.20**	**60.76**	**62.26**	**63.42**	**64.28**	**64.87**
L. Cumulative Surplus	**27.80**	**64.25**	**104.21**	**160.06**	**218.27**	**279.03**	**341.29**	**404.72**	**469.00**	**533.86**

As evident from the table above, the project is financially viable. A cumulative surplus of about Rs.533.86 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.

6.7 Computation of Income tax

As per table no 25, the income tax implication is computed at the rates applicable to a cooperative society. The incidence of tax ranges from Rs. 12.39 lakh per annum for year 1 to Rs. 28.96 lakh per annum in year 10.

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 25: Cash Flow Statement

(Rs in Lakh)

CASH FLOW STATEMENT											
Particulars	**Construction Period**	**1st Year**	**2nd Year**	**3rd Year**	**4th Year**	**5th Year**	**6th Year**	**7th Year**	**8th Year**	**9th Year**	**10th Year**
A. Source Funds :											
1. Cash Accruals		42.33	54.92	60.00	83.21	86.62	89.36	91.55	93.23	94.48	95.33
(Net Profit + Interest paid)											
2. Increase in capital	106.87	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Depreciation		41.91	35.44	30.08	25.55	21.71	18.46	15.69	13.34	11.34	9.64
4. Increase in WC Loan		10.82	0.64	0.03	1.89	0.03	0.04	0.04	0.05	0.05	0.06
5. Increase in Grant-in-aid from GoH	180.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Sources of Funds	**286.87**	**95.05**	**91.01**	**90.11**	**110.64**	**108.36**	**107.86**	**107.28**	**106.62**	**105.87**	**105.03**
B. Use of Funds :											
1. P&P Expenses	4.77	-	-	-	-	-	-	-	-	-	-
2. Increase in fixed assets	278.49	-	-	-	-	-	-	-	-	-	-
3. Increase in other Assets	3.61	20.00	2.21	2.21	3.05	2.67	2.94	3.24	3.56	3.91	4.31
4. Increase in Sundry Debtors		11.10	0.69	0.00	2.08	0.00	0.00	0.00	0.00	0.00	0.00
5. Interest		1.19	1.26	1.26	1.47	1.48	1.48	1.48	1.49	1.49	1.50
6. Taxation		12.39	16.26	17.83	24.93	25.98	27.13	27.80	28.32	28.70	28.96
Total Use of Funds	**286.87**	**44.68**	**20.42**	**21.30**	**31.53**	**30.13**	**31.55**	**32.52**	**33.36**	**34.11**	**34.77**
C. Net Surplus (A -B)		**50.38**	**70.58**	**68.81**	**79.11**	**78.23**	**76.31**	**74.76**	**73.25**	**71.76**	**70.26**
D. Cumulative Surplus		**50.38**	**120.96**	**189.77**	**268.88**	**347.11**	**423.42**	**498.19**	**571.44**	**643.20**	**713.46**

The cash flow statement highlights the available net surplus for 10 years of the CFC operations. Depreciation is also considered on a higher side on the WDV 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 26: Balance Sheet

											(Rs in lakh)
PROJECTED BALANCE SHEET											
Particulars	**At the end of Implementation Period**	**1st Year**	**2nd Year**	**3rd Year**	**4th Year**	**5th Year**	**6th Year**	**7th Year**	**8th Year**	**9th Year**	**10th Year**
1. Fixed Assets :											
Gross Block	278.49	278.49	236.58	201.14	171.06	145.52	123.81	105.35	89.66	76.32	64.98
Less : Depreciation (WDV)		41.91	35.44	30.08	25.55	21.71	18.46	15.69	13.34	11.34	9.64
Net Block	278.49	236.58	201.14	171.06	145.52	123.81	105.35	89.66	76.32	64.98	55.33
Total Fixed Assets (A)	**278.49**	**236.58**	**201.14**	**171.06**	**145.52**	**123.81**	**105.35**	**89.66**	**76.32**	**64.98**	**55.33**
2. Current Assets :											
Cash & bank Surplus (B.F)		50.38	120.96	189.77	268.88	347.11	423.42	498.19	571.44	643.20	713.46
Sundry Debtors		11.10	11.79	11.79	13.88	13.88	13.88	13.88	13.88	13.88	13.88
Margin Money for WC Loan	3.61	3.61	3.82	3.83	4.46	4.47	4.48	4.50	4.51	4.53	4.55
Other Current Assets		20.00	22.00	24.20	26.62	29.28	32.21	35.43	38.97	42.87	47.16
3. P&P Exp	4.77	3.82	2.86	1.91	0.95	0.00	0.00	0.00	0.00	0.00	0.00
Total current Assets (B)		**88.90**	**161.44**	**231.50**	**314.79**	**394.74**	**473.99**	**551.99**	**628.80**	**704.47**	**779.04**
Total Assets (A+B)	**286.87**	**325.48**	**362.58**	**402.57**	**460.31**	**518.54**	**579.34**	**641.65**	**705.12**	**769.45**	**834.37**
4. Current Liabilities :											
Working Capital Loan		10.82	11.46	11.49	13.37	13.41	13.45	13.49	13.54	13.59	13.64
Total Current Liabilities (C)		**10.82**	**11.46**	**11.49**	**13.37**	**13.41**	**13.45**	**13.49**	**13.54**	**13.59**	**13.64**
5. Fixed Liabilities											
Shareholders' Contribution	106.87	106.87	106.87	106.87	106.87	106.87	106.87	106.87	106.87	106.87	106.87
Grant from GoH	180.00	180.00	180.00	180.00	180.00	180.00	180.00	180.00	180.00	180.00	180.00
Reserves and Surplus		27.80	64.25	104.21	160.06	218.27	279.03	341.29	404.72	469.00	533.86
Total Fixed Liabilities (D)	**286.87**	**314.66**	**351.12**	**391.08**	**446.93**	**505.13**	**565.89**	**628.16**	**691.58**	**755.86**	**820.73**
Total Liabilities (C+D)	**286.87**	**325.48**	**362.58**	**402.57**	**460.31**	**518.54**	**579.34**	**641.65**	**705.12**	**769.45**	**834.37**

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. From this point, a project is expected to start generating profits. 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 27: Break Even Estimates

(Rs. In Lakh)

BREAKEVEN POINT			
Particulars	**Amount (@ 80% C.U.)**	**Amount (@ 85% C.U.)**	**Amount (@ 100% C.U.)**
A. Total Earning by way of user charges	133.20	141.53	166.50
B. Variable costs			
Consumables	2.86	3.04	3.58
Utilities (power- variable charge)	7.63	8.11	9.54
Interest on WC Loan	1.19	1.26	1.50
Repair & Maintenance	6.72	7.14	8.40
Manpower (Direct)	14.47	15.37	18.08
Total Variable Cost (B)	**32.87**	**34.92**	**41.10**
C. Contribution (A-B)	**100.33**	**106.61**	**125.40**
D. Fixed Overheads (Cash)			
Manpower (Indirect)	8.58	8.58	8.58
Utilities (Power - fixed charges)	2.12	2.12	2.12
Rent	4.20	4.62	9.90
Insurance	1.38	1.18	0.32
Misc. Expenditure	1.00	1.00	1.00
Sub-total (D)	17.29	17.50	21.93
E. Fixed Overheads (Non-cash)			
Depreciation	41.91	35.44	9.64
Preliminary & Pre-operative expenses written off	0.95	0.95	0.00
Sub-total (E)	42.86	36.40	9.64
F. Total Fixed Overheads (D+E)	**60.15**	**53.90**	**31.57**
Break even point (F/C)	**59.95%**	**50.56%**	**25.18%**

Book break-even is achieved at 59.95% (operational capacity 80%) and at 50.56% (operational capacity 85 %). The operation of the CFC is expected to break-even and realise 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 28: Financial Analysis

S. No.	Particulars	Estimates
1	BEP (cash BEP at operating capacity of 80%)	59.95%
2	Av. ROCE (PAT/CE)	26.92%
3	Internal Rate of Return (IRR)	22.56%
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.175.08 lakh) at a conservative project life of 10 years
5	Payback period	5.14 years with Grant-in-aid assistance from GOH

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

Table 29: Calculation of Return on Capital Employed

Particulars	1Yr	2Yr	3Yr	4Yr	5Yr	6Yr	7Yr	8Yr	9Yr	10Yr
ROCE	14.01%	18.37%	20.14%	28.16%	29.35%	30.64%	31.39%	31.98%	32.41%	32.71%

The average value of ROCE (with grant-in-aid) is 26.92%. 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 are those elements excluding the grant component to the project.

The Net Present Value (NPV) is estimated 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 22.56% (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 rice milling 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 such as 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, reflect the strength of the SPV.

High economic viability indicators upon considering the benefits of grant-in-aid under the State Mini Cluster development Scheme 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 30: 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 80%)	59.95%	64.18	69.05	74.73
2	Internal Rate of Return (IRR)	22.56%	20.41%	18.20%	15.90%
3	Av. ROCE (PAT/CE)	26.92%	24.19%	21.46%	18.73%
4	Net Present Value (at a discount rate of 10 per cent) - incorporating viability	175.08	142.51	109.94	77.36

S. No.	Particulars	Base case	With 5% decline in user charge	With 10% decline in user charge	With 15% decline in user charge
	gap funding (grant) GoH				

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 @ Rs. 286.87 lakh on the basis of estimates and quotations.

2. To finance the project, a total of Rs. 286.87 lakhs is required. The financing will consist of grant from Government of Haryana and contribution by SPV.

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

4. The Registered SPV will manage CFC, and these services provided 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 80% in the first year; 85% for second & third year and 100% thereafter. This is a conservative estimate for first 3 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 @ 2% of building cost and @ 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. 3000 as security deposit and 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. 170 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.

14. Provision for income tax has been made at rates applicable to a cooperative society. This is the rate prescribed for societies as per the Income Tax Act, 1961.

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

Project Implementation and Monitoring

7. Project Implementation and Monitoring

7.1 Envisaged Implementation Framework

1. **Time frame:** Project implementation is envisaged to involve a time-frame of about 6 months upon receipt of final approval of grant-in-aid assistance from the Government of Haryana under mini cluster scheme.

2. **User Base:** SPV members and non-members may use the facilities. 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 6 months involves several activities. The schedule is elaborated in the table below:

Table 31: Project Implementation Schedule

Activity/Month	1	2	3	4	5	6
Collecting Contribution from SPV members						
Land agreement for rent						
Formation of purchase committee						
Inviting E tenders for purchase of equipment						
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 indicatively finalized in terms of utilization of assets in respect of shareholders.

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

5. **Memorandum and By-Law of Registered Company:** MOA, AOA and byelaws 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 Land-Building& Status of Acquisitions**: A building is being identified by SPV for the CFC on a land of 9100 sq.ft. and will be taken on lease after approval of DPR. Floor area of the building will be around 5460 sq.ft. and building will be single storied.

7. **Availability of Requisite Clearances:** Necessary land with all required clearances will be procured by the SPV. Electricity is already available in the area and the proposed CFC can easily be connected to the grid.

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.

It is proposed to constitute a governance mechanism in the form of a **Cluster Development Co-ordination Committee (CDCC) under the chairmanship of Director of Industries, Government of Haryana** to oversee all cluster development projects in Haryana. The CDCC will look after the project under Mini Cluster Scheme to be implemented under the state's Enterprise Promotion Policy 2015.

The committee may operate under the overall monitoring of the State Level Steering Committee (SLSC). Other key stakeholders such as representatives of cluster SPV, related government departments, support institutions, cluster level industry associations and consultants may be inducted as members under the committee.

The members may comprise the following:

i. Director, Industries and Commerce, Government of Haryana (Chairman)
ii. JD, DIC Kaithal
iii. Directors of related SPV
iv. EY Cluster Development Expert under MSME project

The meeting of CDCC may be held on a quarterly basis to review performance of the clusters. The CDCC will guide monitoring and implementation of the project.

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

Conclusion

8. Conclusion

The micro cattle and small rice milling units of Kaithal are dependent on manual, low capacity and obsolete technologies for production and facing intense competition from large firms. The increasing costs of raw materials coupled with high production costs is driving many micro players out of the market. The micro and small units do not have modernized machines and therefore unable to procure orders from MNCs.

Against this backdrop, it is inevitable to support the micro rice milling units in Kaithal to adopt modern testing equipment and machines. This will reduce their processing costs significantly while increasing the quality of their produce.

The future of rice milling industry is bright. Rice milling segment is poised to grow at a steady rate. Particularly in the Kaithal region, the market possibility for high quality rice milling products is promising. The cluster firms have not been able to obtain bulk orders from large customers due to lack of quality, production capacity and poor quality of product. The technologies required for upgradation are extremely expensive and the same cannot be adopted by any individual units in the cluster. Hence, the following facilities have been proposed in the CFC:

- Advanced Cleaning Facility
- Value added finishing facilities
- Value added testing facilities

The total project cost (including plant/machinery and buildings) is estimated to be Rs. 286.87 lakhs. The project shall be implemented by the SPV 'Jagdamba Impex' which has been constituted by the cluster firms. A number of capacity building programs and exposure visits have been organised by the SPV for the benefit for its members.

The CFC will be set up with support from DIC and the state government (Department of Industries) under PPP mode. The land for the project has already been identified by the SPV and shall be acquired immediately upon final approval by the State Government. The state industry department is envisaged to provide grant for setting up of the modern machines under the Mini-Cluster scheme, Haryana EPP 2015. The SPV members have proposed to contribute Rs.106.87 lakhs of the project cost. Support from Mini Cluster Scheme of the State Government of Haryana is envisaged for Rs. 180.0 lakh. Working capital requirement for the project will be provided by Canara Bank. The project is financially viable and is expected to generate enough revenue to ensure its sustainability.

Annexure

9. Annexures

Annexure 1: Minutes of State Level Project Steering Committee

From

The Director of Industries & Commerce, Haryana

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/Rice Milling/Kaithal/ 19883-91
Dated:- 21/11/2017

Subject: **Approval of DSR and directions for preparation of Detailed Project Report of Kaithal Rice Milling Cluster.**

Kindly refer to the subject cited above.

It is informed that the Diagnostic Study Report (DSR) of Kaithal Rice Milling Cluster has been approved by Director of Industries and Commerce under the state mini cluster scheme.

Therefore, EY LLP is directed to initiate steps for preparation of Detailed Project Report (DPR) of the cluster. Please ensure that the rice sortex machine proposed by SPV in CFC is a unique one and is different from other such machines already installed by the shelling units. EY LLP would also certify that no other unit is affected adversely after installation of sortex machine in CFC.

(R.C Dahra)
Consultant (Cluster)
for Director of Industries & Commerce, Haryana

Endst. No. Mini Cluster/Rice Milling/Kaithal/ 19883-AA Dated:- 21/11/17

A copy of the above is forwarded to

1. Jagdamba Impex (SPV), Rice Mill Cluster, Kaithal for information. They are directed to provide the requisite information desired by EY so as to enable them to prepare the DPR at the earliest.
2. Assistant Director - DIC, Kaithal.

21/11/17

Consultant (Cluster)
for Director of Industries & Commerce, Haryana

Received

Annexure 2 (a): SPV Certificate of Incorporation

Form-A

[Rule(5)]

REGISTER OF FIRM

(Maintained under Section 59 of the Indian Partnership Act, 1932)

1. Registration number of the firm : **06-005-2017-00109**

2. Name of the Firm (Original) : **M/s Jagdamba IMpex**

3. Name of the Firm (New): **N/A**

4. Date of Registration : **29/12/2017**

5. Duration of the Firm : **at will**

6. Principal place of business (Original) : **Khanori BYe pass, jind road, kaithal ,Kaithal**

7. Other place of business (Original) :

A.	List of Partners :			
Sr. No.	Name of the Partner	Permanent address of the Partner	Date of Joining	Date of Ceasing
1	SANDEEP GARG	HOUSE NO 212, WARD NO 23, SATGURU PARK, MODEL TOWN, KAITHAL, Kaithal, Haryana	2017-12-09	
2	SANJAY KUMAR	318, MODEL TOWN, JIND ROAD, KAITHAL, Kaithal, Haryana	2017-12-09	
3	KEWAL KUMAR	HOUSE NO 318, JIND ROAD, MODEL TOWN, KAITHAL, Kaithal, Haryana	2017-12-09	
4	TARSEM GOYAL	H.NO 96, MODEL TOWN, JIND ROAD, KAITHAL, Kaithal, Haryana	2017-12-09	
5	AMARJEET GOYAL	WARD NO 8, HUDA, KAITHAL, Kaithal, Haryana	2017-12-09	
6	SANDEEP KUMAR	HOUSE NO 106, WARD NO 8, CHEEKA, KAITHAL, Kaithal, Haryana	2017-12-09	
7	RAJ KUMAR GARG	h no 819, sec-19, huda, kaithal, Kaithal, Haryana	2017-12-09	
8	RAJESH GARG	355/14, JAKHOLI ADDA, JIND ROAD, SARGODA COLONY, KAITHAL-HARYANA, Kaithal, Haryana	2017-12-01	
9	JOGDHIAN GOYAL	HOUSE BO 1604A/4 WARD NO 5, CHIRANJEEV COLONY, AMBALA ROAD, KAITHAL, Kaithal, Haryana	2017-12-29	
10	ASHU GOEL	HOUSE NO 135, HUDA R-1, WARD NO 07, CHEEKA, KAITHAL, Kaithal, Haryana	2017-12-28	

11	AMIT KUMAR	HOUSE NO 302, NEAR WARE HOUSE GDAUN HOUSEING BOARD COLONY, CHEEKA, KAITHAL, Kaithal, Haryana	2017-12-28	

District Registrar of Firms
Kaithal, Haryana

Application for Registration under Indian Partnership Act, 1932

Form-C

[Rule(9)]

Acknowlegment of Registration of Firms

Memo No : 2017-12-0000149

The Registrar of Firm, Haryana acknowledges the receipts of the statement prescribed by the section 58(1) of Indian Partnership Act, 1932.

The Statement has been filed and name of the Firm

M/s **Jagdamba IMpex**

has been entered in the Register of Firms

Kaithal
Dated :[]

District Registrar of Firms
Kaithal, Haryana

Verification Link: https://haryanaindustries.gov.in/meme/verifyfirmregistration/id/13437/ref/08-005-2017-00189

Annexure 2(b): Partnership Deed

PARTNERSHIP DEED

This Deed of Partnership is made at Kaithal on this 29th day of November 2017 between:-

1. Sandeep Garg S/o Sh. Suresh Garg R/o H.no 212, W.No-23, Jind Road, Kaithal, Mobile No 98126-59888, Partner of M/s Sunfood Overseas at Kutubpur Road, Kaithal, UAM No. HR09B0000261, Products- RICE
(hereinafter called the Party of the First part.)

And

2. Rajesh Garg S/o Sh. Sadhu Ram R/o 35/5/14 Iakholi Adda, Jind Road, Sargoda Colony, Kaithal-Haryana, Mobile No. 92151-44055, Partner of M/s Jagdamba Rice Mill at Jind Road, Kaithal- Haryana, UAM No. HR09A0000199, Products RICE
(hereinafter called the Party of the Second Part.)

And

3. Jog Dhyan S/o Sh. Faquir Chand R/o Amabala Road, Behind Milan Palace, Distt- Kaithal Haryana , Mobile No. 94160-95427 , Partner of M/s Kuber Rice Mill at Jind Road, Kaithal, UAM No. HR0980004023 , Products RICE
(hereinafter called the Party of the Third Part.)

And

4. Sanjay Garg S/o Sh. Kewal Kumar R/o 318 Model Town, Jind Road, Kaithal-Haryana, Mobile No. 90344-27555, Partner of M/s Kewal Kumar Pawan Kumar Rice Mill at Jind Road, Kaithal- Haryana, UAM No. HR0980004039, Products RICE
(hereinafter called the Party of the Forth Part.)

And

5. Kewal Kumar S/o Sh. Chiranji Lal R/o H.No- 318, Jind Road, Model Town, Kaithal-Haryana, Mobile No. 94164-07887,Partner of M/s Kundan Foods at Jind Road, Kaithal-Haryana, UAM No. HR0980004042, Products RICE
(hereinafter called the Party of the Fifth Part.)

And

FOR JAGDAMBA IMPEX PARTNER

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6. Ashu Goyal S/o Sh. Subhash Chand R/o Residential Colony, Cheeka, Distt- Kaithal-Haryana, Mobile No. 93541-72086, Partner of M/s Shiva Rice Co. at Khushal Majra Road, Cheeka, Kaithal, UAM No. HR09A0004021, Products RICE
(hereinafter called the Party of the Sixth Part.)

And

7. Amit Goel S/o MAM RAJ R/o HOUSE NO 302, HOUSING BOARD COLONY, Distt- Kaithal-Haryana, Mobile No. 94161-58763, Partner of M/s Ma Saraswati Rice Mill at Khushal Majra Road, Cheeka- Kaithal, UAM No. HR09A0004028, Products RICE (hereinafter called the Party of the Seventh Part.)

And

8. Tarsem Goel S/o Gian Chand R/o H.No- 96, Model Town, Kaithal-Haryana, Mobile No. 94160-23140, Partner of M/s Goel Foods at Jind Road, Kaithal-Haryana, UAM No. HR09B0000200, Products- RICE
(hereinafter called the Party of the Eighth Part.)

And

9. Amarjeet Goyal S/o Sh. Dina Nath Goyal R/o Ward No-8, R3-Huda-Cheeka-Kaithal, Mobile No. 93555-72768, Partner of M/s Sandeep Rice Mill at Khushal Majra Road, Cheeka- Kaithal, UAM No. HR09B0004043, Products RICE
(hereinafter called the Party of the Nineth Part.)

And

10. Sandeep Singla S/o Sh. Rangi Ram R/o H.No-106, Ward No-8, Cheeka-Kaithal, Mobile No. 93541-49113, Partner of M/s RR Foods at Khushal Majra Road- Kaithal- Haryana, UAM No. HR09B0000396, Products RICE
(hereinafter called the Party of the Tenth Part.)

And

11. Raj Kumar S/o Sh. Siri Ram R/o H.No-819, Huda Sec-19, Kaithal- Haryana, Mobile No. 9896325728, Partner of M/s S. D. Rice Mill at Kutubpur Road, Kaithal, UAM No.HR09B0004036, Products RICE
(hereinafter called the Party of the Eleventh Part.)

FOR JAGDAMBA IMPEX

Whereas No deed in Writing has been executed evidencing the terms and conditions Governing the mutual rights and interest of the parties of this partnership.

AND WHEREAS it is considered expedient to execute such a document now, therefore this deed of partnership provides and confirm as under:-

1. **NAME & STYLE:** - that the business of partnership firm shall be carried in the name and style of **M/s JAGDAMBA IMPEX.**

2. **PRINCIPAL PLACE OF BUSINESS**: - that the principal place of business shall be **Jind Road Khanori Bye pass, Kaithal-136027**. However other branch or branches can be opened at such other place or places as the partners may determine from time to time.

3. **BUSINESS**: - That the business of the partnership shall comprise of Rice Processing job works related mainly to rice milling industry. However, partners with their mutual consent can also do the other business.

The major objectives on the business include:

(i) To function as Special Purpose Vehicle (SPV) and Set up Common Facility Centre (CFC) and other infrastructure activities for Rice Milling 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.

(ii) To undertake works/schemes/programs of the Government relating to growth and development of Rice Milling Industry and carry out/conduct soft and hard intervention activities under Mini Cluster Scheme of Government of Haryana.

(iii) 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 Rice Milling Industry under Mini Cluster Scheme of Government of Haryana.

(iv) To render assistance and encouragement as may be necessary to persons engaged in Rice Milling Industry.

(v) To undertake research work in connection with development Rice Milling Industry.

(vi) To conduct training programs/seminars for capacity building of partners and other key stakeholders.

4. That a nominated officer of the state government shall be inducted as a partner in the firm at a suitable time without any financial stake in the firm.

5. CAPITAL: - Each partner will make an investment into the capital of the firm. That no partner will invest over 10% in the capital of the firm. The amount invested shall be credited to their firm account.

6. DURATION: - That the partnership will remain in force for a period of 10 years and may be extended at will of all partners.

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7. PRIVILEGES AND RIGHTS: - That all the rights, privileges good will quota rights, registration rights, distributorship rights etc, granted to the firm shall vest exclusively with the partnership.
8. ACCOUNTS: - That the bank account will be opened in a scheduled bank which is operated by three working partners with mutual consent of all Partners.
9. THAT the usual and proper books of accounts in English shall be maintained and the same be opened to inspection to all parties.
10. THAT the first account shall be closed on 31st March of the succeeding year.
11. THAT no salary or incentive will be paid to any of the partners.
12. THAT no interest or dividend will be paid to any partners on capital.
13. THAT no profit will be distributed amongst any of the partners. All profit shall be ploughed in the business & added to reserves & surplus for future use/expansion.
14. THAT the partnership shall be deemed to have commenced on and w.e.f. 29 November 2017.
15. THAT either of the partners can also arrange funds for the firm from banks, financial institutions or from any other outside institution/ party with the consent of other partner.
16. THAT the tax liability relating to the firm shall be adjusted in the books of accounts of every year. The partners shall however bear by themselves the personal tax liabilities in respect of their shares in the profits of firm.
17. THAT the firm shall not in any manner be responsible for any debts or obligations of any of the partners.
18. THAT any partner may retire from the firm by giving one month's notice in writing to the other partners who shall take care to settle the accounts during that period of notice. The retiring partner shall be entitled only to the amount standing to the credit of his capital account. However, the total number of partners at any given point of time shall not be below 10.
19. THAT any new partner shall be introduced in the firm with the written consent of other partners.
20. THAT the partners will hire a professional Cluster Development Executive (CDE) having knowledge of cluster development aspects to run the Common Facility Centre (CFC) as per the guidelines of the State Mini Cluster Development Scheme of Govt. of Haryana. No partner will be a CDE.
21. THAT any other matter not set out herein before shall be governed by the provisions of the Indian partnership Act, 1932 as amended from time to time.
22. THAT any term [s] or clause [s] of the instant deed can be varied, altered and/or added to with the mutual consent of both the partners and such variation/ alteration/ addition

FOR JAGDAMBA IMPEX PARTNER | FOR JAGDAMBA IMPEX PARTNER | FOR JAGDAMBA IMPEX PARTNER

of the terms/ clause shall be either expressed in writing or be implied from the conduct of partners.

23. THAT in case of any dispute between the partners arising out of the instant partnership the same shall be referred to an arbitrator to be appointed by mutual consent of partners and the reference shall be decided in accordance with the provisions of the Arbitration & Conciliation Act, 2015 as amended from time to time.
24. The below partners will be working partners of the firm and shall be a part of the Purchase Committee constituted as per the guidelines of State Mini Cluster Development Scheme of Govt. of Haryana.

S.NO.	NAME	COMPANY NAME	ADDRESS
1.	Sandeep Garg	Sunfood Overseas	Kutubpur Road, Kaithal
2.	Jog Dhyan	Kuber Rice Mill	Jind Road, Kaithal
3.	Ashu Goyal	Shiva Rice Co.	Khushal Majra Road, Cheeka

IN WITNESSES WHERE OF THE PARTNERS HEREUNDER HAVE SET THEIR RESPECTIVE HANDS TO THE CORRECTNESS OF THIS PARTNERSHIP DEED IN THE PRESENCE OF THE FOLLOWING WITNESSES, AT THE DATE AND PLACE MENTIONED ABOVE

WITNESSES: -

1. Party of the First Part

(Sandeep Garg)

2. Party of the Second Part

(Raj Kumar)

3. Party of the Thied Part

Sandeep

[illegible]

[illegible]

9812369095

4. [illegible]

[illegible]

9034311400

5. Ravi Rohilla

V.P.O. Diwal

Distt. And Teh. Kaithal

7876952628

6. Surender Singh,

VPO. Chandana

Distt.:- Kaithal

M.No. 9812370400

7. Sumit

Sumit S/o Suresh Garg,

H.No 812 [illegible]

[illegible] 9729348888

8. Vinod Mittal

[illegible]

[illegible]

Ph. 7056516394.

(Rajesh Garg)

Party of the Fourth Part

(Jog Dhyan)

Party of the Fifth Part

(Sanjay Garg)

Party of the Sixth Part

(Kewal Kumar)

Party of the Seventh Part

(Ashu Goyal)

Party of the Eighth Part

(Amit Goel)

9. रमेश गर्ग
C/o Sunrise Polytube,
Kurukshetra Road Kaithal.
Ramesh.. 9896098300

Party of the Ninth Part

(Tarsem Goel)

10. सुमित गर्ग
म.न. 216 मॉडल टाउन जींद रोड
कैथल। Sumit 9992362888

Party of the Tenth Part

(Amarjeet Goyal)

11. Surender

सुरेन्द्र S. रामपाल
न्यू बैंक कॉलोनी
कैथल
96075 71719

Party of the Eleventh Part

(Sandeep Singla)

Annexure 3: Verification of units by DIC, Kaithal

280
6.10.17

From

The Deputy Director,
Distt. Industries Centre,
Kaithal.

To

The Director of Industries & Commerce, Haryana,
(Cluster), Chandigarh.

Memo No. 2964 Dated: 29/9/17

Subject: Application for Mini Cluster-Jagadama Impex Rice Cluster, Kaithal.

In continuation of this office memo no. DIC/KTL/2675 dated 20/07/2017 on the subjected noted above,

Please find herewith application for Mini Cluster - Jagadama Impex Rice Cluster and attached the following information/document attached herewith as per your Memo No. Mini Cluster/Jagadama Impex Rice Cluster/15541-A dated 12-09-2017.

(i) All the 10 units have been verified & have filled UAM also.

(ii) Out 150 units of Rice Manufacturers in District Kaithal only about 80 units have installed surtax machines for their factory use only. There is no common facility for surtax in the district. Besided it, the Mini Cluster will provide common facility for testing and finishing rice.

(iii) The common facility centre will be setup in confirming zone.

(iv) List of product manufacturing, investment & employment already mentioned in the application form.

The demand of the cluster is genuine and case may be taken up under Mini Cluster Scheme. So, it is recommended that the cluster may be approved as per policy in vogue.

Deputy Director
District Industries Centre,
Kaithal.

Details of SPV Members – Kaithal Rice Milling Cluster						
S.No.	Company Name	Contact Person	Contact No.	Address	UAM No	Product
1	Sunfood Overseas	Mr. Sandeep Garg	9729348888	Kutubpur Road, Kaithal	HR09B0000261	Rice
2	S.D. Rice Mil	Mr. Raj Kumar	9896500331	Kutubpur Road, Kaithal	HR09B0004036	Rice
3	Aggarwal Rice Mill	Mr. Jagdish Rai	9896039799	Shergadh road, Kaithal	HR09A0000199	Rice
4	Kuber Rice Mill	Mr. Jog Dhyan	9416095427	Jind Road, Kaithal	HR09B0004023	Rice
5	Kewal Kumar Pawan Kumar Rice Mill	Mr. Sanjay Garg	9034427555	Jind Road, Kaithal	HR09B0004039	Rice
6	Kundan Foods	Mr. Kewal Kumar	9416407887	Jind Road, Kaithal	HR09B0004042	Rice
7	Shiva Rice Co.	Mr. Ashu Goyal	9354172086	Khushal majra road, Cheeka	HR09A0004021	Rice
8	Ma Saraswati Rice Mill	Mr. Amit Goel	9416158763	Khushal majra road, Cheeka	HR09A0004028	Rice
9	Goel Foods	Mr. Tarsem Goel	9416023140	Jind Road, Kaithal	HR09B0000200	Rice
10	Sandeep Rice Mill	Mr.Amarjeet Goyal	9355572768	Khushal Majra Road, Cheeka	HR09B0004043	Rice
11	R R Foods	Mr. Sandeep Singla	9355572768	Khushal Majra Road, Cheeka	HR09B0000396	Rice

Annexure 4: Land Availability Proof

Non Judicial

Indian-Non Judicial Stamp
Haryana Government

Date: 15/12/2017

Certificate No: N0O2017L3
GRN No: 32125541

Stamp Duty Paid: ₹ 5400
Penalty: ₹ 0

Seller / First Party Detail

Name: Sun foods Overseas
H No/Floor: Na | Sector/Ward: Na | LandMark: Kaithal
City/Village: Kaithal | District: Kaithal | State: Haryana
Phone: 9896094300 | Others: Etc

Buyer / Second Party Detail

Name: Ms jagdamba impex
H No/Floor: Na | Sector/Ward: Na | LandMark: Kaithal
City/Village: Kaithal | District: Kaithal | State: Haryana
Phone: 9896094300

Purpose: TRANSFER OF LEASE

6614
1

The authenticity of this document can be verified by scanning this QrCode Through smart phone or on the website https://egrashry.nic.in

तबदील हकूक पटटा मयादी दस साल दिनांकः–01/03/2017 ता 28/02/2027

जरे पटटा मु0–1,80,000/–रूपये बिलमुक्ता प्रति वर्ष आखिर पर

वर स्टाम्प मु0 54,00/–रू0 बैंक रसीद न0:– N002017L3 dt. 15-12-2017

शब्द अन्दाजन 400 ———

हम मै0 सन फुड ओवरसीज कुतुबपुर रोड कैथल मार्फत डिस्सेदारान संदीप पुत्र श्री सुरेश कुमार–अनिता पत्नी श्री रमेश चन्द–कविता पत्नी श्री रामगोपाल व प्रिया पत्नी श्री राकेश कुमार निवासीगण कैथल तह0 व जिला कैथल

प्रथम पक्ष.....

व मैसर्ज जगदम्बा इम्पैक्स कैथल तह0 कैथल मार्फत श्री आशु गोयल पुत्र श्री सुभाष गोयल निवासी चीका जिला कैथल हिस्सेदार फर्म

द्वितीय पक्ष.....

जो कि याका भोजा पटटी डोगर कैथल तह0 कैथल एक किता गोदाम रकबा 02 कनाल 09 मरला खेवट न0–123 मिन खाता न0–161 मु0 न0–36 किला न0–14/2 (1–11), 17 मिन उतर (0–18) बरूवे जमाबंदी साल 2014–2015 मलकियत श्रीमति मामो देवी विधवा व देवी दयाल–श्यामलाल–सुरेश कुमार–रमेश चन्द–रामगोपाल पुत्रान श्री चुडिया मल निवासीगण कैथल है, जो प्रथम पक्ष के पास

संदीप कविता अनिता प्रिया गवाह

प्रलेख नं: 6684

दिनांक 15/12/2017

डीड संबंधी विवरण

डीड का नाम TRANSFER OF LEASE
तहसील/सब-तहसील कैथल
गांव/शहर [illegible]

धन संबंधी विवरण

राशि जिस पर स्टाम्प ड्यूटी लगाई 180,000.00 रुपये — स्टाम्प ड्यूटी की राशि 11,250.00 रुपये
रजिस्ट्रेशन फीस की राशि 1,000.00 रुपये — पेस्टिंग शुल्क 5.00 रुपये
[illegible] N0O2017L54 राशि 5850 रुपये — दिनांक 15/12/2017

Drafted By: [illegible]

Service Charge: 200.00 रुपये

यह प्रलेख आज दिनांक 15/12/2017 दिन शुक्रवार समय 4:14:00PM बजे श्री/श्रीमती/कुमारी M/s Sun Food Overseas Thru पुत्र/पुत्री/पत्नी श्री/श्रीमती/कुमारी [illegible] निवासी कैथल द्वारा पंजीकरण हेतु प्रस्तुत किया गया।

हस्ताक्षर प्रस्तुतकर्ता

उप/संयुक्त पंजीयन अधिकारी
कैथल

श्री M/s Sun Food Overseas Thru Sandeep, M/s Sun Food Overseas Thru [illegible], M/s Sun Food Overseas Thru [illegible], M/s Sun Food Overseas Thru [illegible]

उपरोक्त पट्टादेने वाला व श्री/श्रीमती/कुमारी [illegible] Thru Ashu Goel पट्टालेने वाला हाजिर है। प्रस्तुत प्रलेख के तथ्यों को दोनों पक्षो ने सुनकर तथा समझकर स्वीकार किया। दोनों पक्षो की पहचान श्री/श्रीमती/कुमारी [illegible] पुत्र/पुत्री/पत्नी श्री निवासी कैथल व श्री/श्रीमती/कुमारी [illegible] पुत्र/पुत्री/पत्नी श्री/श्रीमती/कुमारी [illegible] निवासी कैथल ने की। साक्षी नं: 1 को हम नम्बरदार/अधिवक्ता के रूप में जानते है तथा वह साक्षी नं: 2 की पहचान करता है।

दिनांक 15/12/2017

उप/संयुक्त पंजीयन अधिकारी
कैथल

यह प्रमाणित किया जाता है कि पंजीकृत वसीका की स्कैन प्रति jamabandi.nic.in पर डाल दी गई है।

उप / संयुक्त पंजीयन अधिकारी
कैथल

Revenue Department Haryana — HARIS-EX — NIC-HSU

—2—

बराए म्याद 35 साल दिनांक–01/03/2012 ता 28/02/2047 तक पटटे पर है। प्रथम पक्ष को उक्त गोदाम सबलैट करने का हक हासिल है। जो पहले किसी जगह रहन व बैय आदि ना है। हर प्रकार के भार से मुक्त है अब प्रथम पक्ष ने अपनी रजामन्दी से बिना किसी दबाव व प्रभाव के उक्त गोदाम को मय जुमला हकूक मुतलका हर किस्म मय हक रास्ता जो प्रथम पक्ष इस्तेमाल कर रहा है, हक गुजर, मय छत आदि के तमाम अधिकारों सहित बातकरर जरे लगान मु0–1,80,000/–रू0 (एक लाख अस्सी हजार रू0) बिलमुक्ता प्रति वर्ष की दर से बराये मयाद दस साल दिनांक:–01/03/2018 ता 28/02/2028 तक अपने हकूक पटटा द्वितीय पक्ष को मुन्तकिल/ट्रांस्फर कर दिए हैं। जरे पटटा साल दर साल हर साल के आखिर में द्वितीय पक्ष, प्रथम पक्ष को अदा करता रहेगा तथा रसीद लेता रहेगा। बिना रसीद कोई राशि पटटानामा वसूल ना समझी जावेगी। जिस साल का जरे पटटा द्वितीय पक्ष अदा ना करेगा तो प्रथम पक्ष को हक होगा कि वह बजरीय अदालत मय हर्जा व खर्चा पटटा की राशि द्वितीय पक्ष से वसूल करे लेवे। ता म्याद द्वितीय पक्ष बेदखल ना हो सकेगा। कब्जा मौके पर द्वितीय पक्ष को दिनांक–01/03/2018 को दिया जावेगा। द्वितीय पक्ष उक्त गोदाम में अपनी सुविधा के लिये दफतर बनवा सकता है, तथा बिजली, पानी, टैलीफोन कनैक्शन व फर्म से सम्बन्धित किसी भी विभाग से हर किस्म लाईसैंस/पैन न0, जीएसटी न0 आदि ले सकता है व इसके अन्दर हर किस्म मशीनरी व जनरेटर लगा सकता है। बाद खत्म मयाद दस साल द्वितीय पक्ष उक्त गोदाम का कब्जा वापिस प्रथम पक्ष के

संदीप कविता अनिता प्रिया

Annexure 5: Machinery Quotations

A. Air Filter

FRIULAIR Dryers

FRIULAIR (INDIA) PVT. LTD.

805, Pragati Tower, 26, Rajendra Place, New Delhi-110008 (INDIA)
Ph : 0091-11-25854101, 25860389 Telefax : 0091-11-25823599
E-mail : friulair@friulairindia.com

Ref.: FRU-HAR-17057-JS-2017-18 Date: 18th Oct, 2017

M/s Jagdamba Impex
Kutubpur Road, Kaithal,
(Haryana)
Mob. : 09812659888
E-mail : sunfoodoverseas@gmail.com

Kind Attn. : **Mr. Sandeep Garg**
Subject : **Refrigerated Air Dryer**

Dear Sir,

This bears the reference of the discussions we had with your goodself in connection with your requirement for the above mentioned subject. At the outset, please allow us to introduce ourselves as a 100% Indian Joint Venture Co. of **M/s FRIULAIR s.r.l. ITALY** who is a leading manufacturer of compressed air dryers. The dryer offered by us is approved by major consultants all over world and is running successfully in **INDIA** from the last decade.

In the enclosed docket we are offering you our dryer model **AMD 75** suitable for a capacity of 265 scfm, at an operating pressure of 7 Kg/cm^2. AMD dryer achieve excellent performance even in instances of high ambient & high inlet temp.

AMD dryer is monitored by DMC – 15 electronic controller, which indicates the Dew point temp. Digitally, controls the condensate drain valve via a timer and the condenser fan via a probe. A hot gas by pass valve allows the dryer to operate at part load and prevent the evaporator from freezing. The ALU-DRY aluminum module has vertical flow layout ensuring the wet compressed air flows don to the automatic drain.

Should you require any clarifications please feel free to contact us.

Assuring you of our best services at all times to come,

Best regards,
For **Friulair India Pvt. Ltd.**

S/D

(Jagdeep Singh)
Sr. Engineer – Sales
Mob. : 08199988009

■ Refrigerated Air Dryers ■ Air Filters ■ Automatic Drain Valves
■ Air Receivers ■ Water / Oil Separators ■ After Coolers

CUSTOMER : **M/s Jagdamba Impex**
OFFER NO : FRU-HAR-17057-JS-2017-18 Date: 18.10.2017

TECHNICAL SPECIFICATION FOR REFRIGERATED DRYER (AIR COOLED)

OFFER & SPECIFICATION : -

S.NO.	SPECIFICATION	CAPACITY
1.	Model	AMD 75
2.	Capacity	265 SCFM
3.	Operating Pressure	7 Kg/Cm^2
4.	Maximum Operating Pressure	14 Kg/Cm^2
5.	Pressure Dew Point	05° C
6.	Nominal Ambient Temperature	25° C
7.	Max. Ambient Temperature	45° C
8.	Nominal Inlet Temperature	35° C
9.	Max. Inlet Temperature	55° C
10.	Refrigerant	R 404.A/ 0.70 Kg
11.	Inlet / Outlet Connection	G 1. ½" BSP – F
12.	Exit pressure drop	0.25 BAR
13.	Power Supply	1 Ph /230V-240V/50 Hz
14.	Power Consumption (Nominal)	740 Watts
15.	Power Consumption (Maximum)	1050 Watts
16.	Weight	56 – 68 kg
17.	Max. Noise Level	< 70 Dba at 1 m
18.	Dimensions (in mm)	555 X 580 X 885
19.	Relative Humidity	100%

CUSTOMER : **M/s Jagdamba Impex**
OFFER NO : FRU-HAR-17057-JS-2017-18 Date: 18.10.2017

TECHNICAL SPECIFICATION FOR FILTER

CUSTOMER DATA

MEDIA	: Compressed air	CAPACITY	: N. S.
OPERATING PRESSURE	: 7 Kg/Cm^2	MICRON RATING	: 1 & 0.01
OPERATING TEMP.	: Not specified	MODEL	: 055

OFFER & SPECIFICATION

FILTER MODEL	: 055	COMBINATION	: FTS + FTX
CAPACITY	: 194 scfm	OPERATING TEMP	: Ambient
OPERATING PRES.	: 7 kg/ cm^2	MAX. TEMP	: 120^0 C
TEST PRESSURE	: 16 BAR		

HOUSING MATERIAL
DIE CAST ALLUMINIUM

END CONNECTION
G 1½" BSP(F)

ELEMENT MATERIAL
FTS + FTX - Pleated Borosilicate Fiber Glass

NO OF ELEMENT
1each

INITIAL PRESSURE DROP IN ELEMENT (CLEAN CONDITION OF FILTER)
- Pre-filter Package : Pre-filter FTS – 0.06 BAR
- Post-filter Package : Micro-filter FTX – 0.06 BAR

MICRON RATING
- Pre-filter : FTS – 1 micron
- Post-filter : FTX – 0.01 micron

EFFICIENCY
99.9999 % (Related to pore size)

RESIDUAL OIL CONTENT AFTER THE FILTER
0.01 mg/Nm^3 (MAX) TEST PRESSURE : 16 BAR

CUSTOMER : **M/s Jagdamba Impex**
OFFER NO : FRU-HAR-17057-JS-2017-18 Date: 18.10.2017

TECHNICAL DATA SHEET FOR

AIR RECIEVER

S.NO.	DESCRIPTION	CAPACITY 1000 LTS.
1.	Type & Shape	Vertical cylindrical with dish ends.
2.	Working Pressure	8 Kg./Sq.cm
3.	Hydraulic Test Pressure	15 Kg./Sq.cm
4.	Material of construction	M.S. (IS 2062)
5.	Dia. Of Air Receiver	800 mm
6.	Shell Height	1650 mm
7.	Plate Thickness	06 mm for Shell 08 mm for Dish end
8.	Size & Shape of Manhole	44x250 mm dia Elliptical
9.	Pressure Gauge	100 mm dial 0-15 Kg/sq cm
10.	Drain Valve	15 mm Ball Valve
11.	Painting.	Two coat of synthetic enamel paint over a coat of red oxide Primer
12.	Safety Valve	20 mm of std. Make

CUSTOMER : **M/s Jagdamba Impex**
OFFER NO : FRU-HAR-17057-JS-2017-18 Date: 18.10.2017

PRICE BID

S. NO.	DESCRIPTION	ORDERING CODE	UNIT PRICE (Rs) EACH
1.	Refrigerated air dryer complete With all standard accessories As per the literature & Technical specification	**AMD – 75**	Rs. 2,52,285.00
2.	Pre Filter complete of 1 micron rating	**FTS – 055**	Rs. 29,150.00
3.	Micro Filter complete of 0.01 micron rating	**FTX – 055**	Rs. 29,150.00
4.	Air Receiver Tank 1000 ltr.		Rs. 60,000.00

COMMERCIAL TERMS AND CONDITIONS

1.	Price	Ex – godown, Delhi
2.	Packing & Forwarding	Extra @ 2%
3.	I. G. S. T.	Extra @ 18%
4.	Freight / Octroi	Extra, at actual
5.	Transit Insurance	Extra, at actual
6.	Orders to be on	**Friulair India Pvt. Ltd.**
7.	Validity of offer	30 Days
8.	Delivery period	Ex-Stock / 3 – 4 Week
9.	Transporter	Unless otherwise specified, we shall dispatch material through our regular transporter.
10.	Warranty	12 months from the date of commissioning or 18 months from the date of dispatch whichever is earlier against manufacturing defect, poor workmanship.
11.	Payment	50% advance & balance 50% against Proforma Invoice before dispatch of material.

For Friulair India Pvt. Ltd.

B. Compressor

NORTH INDIA COMPRESSORS

Compressors & Color Sorters With Modular Piping

Address: Plot No.286, Phase-2, HSIIDC Industrial Estate, Kundli, Distt.Sonepat, Haryana-13026

QUOTATION

M/s Jagdamba Impex **Date: 17-10-2017**
Add:Kutubpur road,Kaithal,Haryana
Mr. Sandeep Garg
Mail id: sunfoodoverseas@gmail.com

Sub: offer of 25kw. "Kaeser" make Screw Compressed air system

Dear sir, We thankfully acknowledge the receipt of your inquiry of Compressed air system
We are please to submit our offer as follows.

Summary of the Quotation

S/N	Description			Power		Total INR
A	Kaeser make screw compressed air system with air dryer FAD of compressor is 162cfm @ 8 bar Motor power is 25 kw. Made in Germany (ASD57T+F46KE+1000Ltr.)			25 kw		8,64,000
	Total Ex-Pune Price.....(a)					8,64,000
	Tax as per GST					Extra
	Freight from pune to your site Extra					Extra
						8,64,000

We hope our offer is suitable to you & looking forward to receive your valued order.

Thanking you

Yours faithfully

For North India Compressors

Rajeev Rana

NORTH INDIA COMPRESSORS

Compressors & Color Sorters With Modular Piping

Address: Plot No.206, Phase-2, HSIIDC Industrial Estate, Kundli, Distt.Sonepat, Haryana-13028

Terms and Conditions

TERMS OF PAYMENT:

1) 30% Of total payment as advance payment by cheque/DD.
2) Balance payment against PI before dispatch of the equipment from Pune.

DELIVERY:

1) The time for Ex-works delivery is 2-3 weeks from advance payment.

GUARANTEE:

The Seller will guarantee the delivered equipments for a period ("warranty period") of 12 months after commissioning but not later than 18months after delivery.

The guarantee will be started after one week for testing period.

There is under no circumstance, guarantee provided for defects caused entirely or partly due the following:

1) Normal wear-off and natural un-forecast force.
2) Non-compliance with the operation and maintenance instructions at normal usage.
3) Application of non-original parts.
4) Materials, operating procedures being altered under explicit instruction from the Buyer.

NOTE:

1) Price in INR and quantity stated below. Any additional equipment and service needed, accordingly the price shall be increased.
4) The training program for the buyer's operators and production manager will be held while commissioning.
5) The voltage of power source to connect with MCCB shall be 415V, 50HZ
6) The quotation do not contain air pipe, ball valves, installation and electrical supplies and so on

VALIDITY:

Expired on 14-nov-2017

Note : Kindly raise your PO & make Payment in favour of -

Mr. Mahesh chandra
North india compressors
Plot no 206,Phase -2,HSIIDC Kundli,
Distt. Sonepat,Haryana-131028

North India compressors
Ac. No. : 092905000238
RTGS Code : ICIC0000929
Branch : ICICI BANK,Narela,Delhi

NORTH INDIA COMPRESSORS

Compressors & Color Sorters With Modular Piping

Address: Plot No.286, Phase-2, HSIIDC Industrial Estate, Kundli, Distt.Sonepat, Haryana-13028

THE PRICE DETAILS

S/N	DESCRIPTION	Q'TY	POWER (KW)		PRICE (INR)	
			UNIT	TOTAL	UNIT	TOTAL
1	**Kaeser make screw air compressor with air dryer** Model: ASD50T-8.5 bar with Sigma Control Include Motor, electric panel & sound proof canopy FAD: 162 cfm @ 8.5 bar & sound level 66 db Power(KW): 25 kw Size(mm): 1770 x 900 x 1530 (WxDxH) Weight(kg): 790 Made in Germany	1	25.00	25.00	7,90,000	7,90,000
2	**Microfilter** Model: F46KE Capacity (CFM): 170 cfm & pressure drop 0.21 Dust Particle retention: 0.01 microns Oil particles: 0.001 mg/m3 Oil vapor: 0.003 mg/m3 Size(mm): 133x389x298 Weight(kg): 4.6 Made in Germany	1	0.00	0.00	26,000	26,000
3	**Vertical type air receiver tank** Model: VAR 1 Capacity (Liters): 1000 liters Hardware: pressure gauge with syphon & valve Safety valve & manual drain. Bitumous coating inside for rust prevention Size(mm): 900 X 1600 Weight(kg): 500; Inlet & outlet connection: 1-1/2" made in india	1	0.00		48,000	48,000

C. Electric Panels

Subject To Kaithal Jurisdiction

Quotation

Mob. 98122 45000
99922 20353
99928 41441

Dated.................

Ref. No. 0042/2017

SM S.M. POWER CONTROL

Shop No. 33, New Sikka Market, Near Randhir Cinema, Kaithal-136027

M/S- Jagdamba Impex Kutubpur Road Kaithal
(Sortex Plant)

(1) Main MCCB- 400 Amp (1) 60 BHP Motor S/D (1) 15 BHP (1) 7½ BHP (48 Nos) 1 to 5 HP- DOL Motor 35 Nos with MCB Control Panel — Rs 450000/-

(2) Plant Main Cable 240 mm² 3½ Core ALM, and motors cable 16 mm 3 core, 6 mm 3 core, 25 mm, 3 core 1.5 mm 3 core copper cable. — Rs 175000/-

(3) G I Tray 18x2, 12x2, 8x2, 6x2 and Plant Panel, Set Earthing and Plant Fitting. — Rs 225000/-

Eight Lakh fifty thousand only — 850000/-

Note: A 18% G.S.T Extra
B Freight - Extra
C. 90% Payment Adv.
D- 10% Payment on Running

For S.M. Power Control

Prop.

D. Elevators

Manufacturer/Exporter

M/S SONA FOODS (INDIA)

AN ISO 9001 : 2000 Company

Plot No. B-25, Sec. A5/6, Industrial Area, Tronica City, Loni, Distt: Ghaziabad, Uttar Pradesh
Ph.No.- 0120-2696977,0120-2696599
Mobile no.-9717822822,9312403754

Unit -2, Khasra No.43/1,Barwala Road
Vill & Post Begumpur , Delhi 110086
www.sonafoodsindia.com
Email:- sonafoodsdelhi@yahoo.co.in

ESTIMATE FOR RICE MILL PLANT MACHINERY

Contact Person: Mr.Sumit — Email: sunfoodoverseas@gmail.com — Date : 23-October-2017

M/s. Jagdamba Impex — Cont. No.- 097293 - 40888

Address: Rataihpur Road , Kaithal, Haryana

S.No	Description	H.P.	No. of Motor	Total H.P.	Qty	Unit Price	Total Price
1	**Rice Fine Cleaner**				1 No	240,000.00	240,000.00
	M/c with Motor	1.5 H.P.	1	1.5			
	Fan with motor	7.5 H.P.	1	7.5			
2	**Vibro De- Stoner**				1 No	240,000.00	240,000.00
	M/c with Vibro motor	1 H.P.	2	2			
	Asp------						
	Fan with motor	7.5 H.P.	1	7.5			
	Airlock 150mm with gear motor	1 H.P.	1	1			
	Cyclone 950 mm						
3	**Grain Discharger**				22 No	55,500.00	1,221,000.00
	(150-50 Model)						
	With guard Motor	1 H.P.	22	22			
					Sub Total		**1,701,000.00**
				41.5	**ADD GST 5%**		**85,050.00**
				H.P.	**TOTAL**		**1,786,050.00**

Rs. In Words:- Seventeen Lac Eighty Six Thousand Fifty Only.

SONA FOODS INDIA
Auth. Sign.

TERM & CONDITIONS

Packing	-	Extra
Freight	-	Extra (To be Paid By Consignee)
Mode of Dispatch	-	By Lorry (To Pay Basis)
Delivery	-	Two To Four Week After receiving Advance Payment
Term Of Payment	-	25% advance Payment with confirmed order. Balance 75% payment before the dispatch of the Entire Plants.
Guaranty	-	12 month from the date of dispatch of material from our work
Validity	-	30 days, price are subject to change after that period
Exclusion	-	**This supply does not include** Additional loading and Discharge hopper Mechanical Installation Electrical installation
OUR BANK	-	**ORIENTAL BANK OF COMMERCE** BRANCH - TRONICA CITY, LONI (UP) A/C NO. 1187101100497 RTGS / NEFT : ORBC0101187

E. Testing Equipments

Jagdamba Mill Store

OFFER

Offer No. AMB/2017/ 10/501 **Date: 10.10.2017**

To,

Jagdamba Impex
Kaithal , Haryana, India

Sub: Quotation for Rice Laboratory Equipments

Dear Sir,

As desired, we are sending you the offer for Rice Laboratory Equipments

We hope our offer is in line with your requirement. However if you have any queries or any additional information required please feel free to contact us.

Thanking you and assuring our best services at all time.

Yours faithfully,
for Jagdamba Mill Store

Ramesh Garg
(Proprietor)

Reg. Office: Jind Road, Bijli Ghar Chowk, Kaithal, Haryana, India

Mob: +91-98960-95300
Email: s.garg@live.com

Jagdamba Mill Store

S. No.	Item Name & Specifications	Qty.	Unit Price (INR)	Discount Price (INR)
1.	**Rice Husker** **Rice Sheller with all safety standards** **Model :ASR 1103** **Make :A-Square** **Specifications :** • It is used to de husk paddy samples in the laboratory level and for test purposes. • Provide with rubber roll sheller and aspirator to separate the husk. • Suitable for both dry & wet samples of any variety. • All moving parts are covered with pulley guard. • Easy cleaning by use of fly nuts. **Specification :** Capacity : 40-45 Kg/hr Operating Voltage : 220V, 50 Hz, A.C. Motor : ½ HP of Crompton/ Kirloskar other standard make Size (LxBxH) : 82x43x62 cm (Approx) Weight : 76 kg. (Approx)	01	90,000/-	80,000/-
2.	**Rice Polisher with Drive Control** **Model - ASR 1104** **Specifications :** • It is used to check sun cracks, chalky grain from shelled rice. • Complete cleaning facility and suitable for polishing Brown Rice. • The speed of the polisher stone is controlled through drive instead of Pulley. Capacity : 150 -200 gm / Batch Motor : 0.5 HP Operating Voltage : 220V, 50 Hz AC Size : 52 x 39 x 40 cm (Approx) Weight : 50 kg (approx)	01	96,000/-	86,000/-

Reg. Office: Jind Road, Bijli Ghar Chowk, Kaithal, Haryana, India

Mob: +91-98960-95300
Email: s.garg@live.com

Jagdamba Mill Store

3.	**Paddy Testing Dryer** **Model- ASR 11L10** **(or)** **Model – ASR 11L20** Designed to drying samples of paddy upto 10,20, 40 samples at a time.	01	90,000/-	80,000/-
4.	**Rice Miller (Mc Gill Type)** **Model:LTJM-2099** **Specifications :** Multifunctional rice polishing machine has the advantages of simple operation. It's the perfect instrument for judging the quality of paddy rice and examining yellow-colored rice, disease spot, and abdominal white and imperfect rice. Time set : digital Power require : 550w work time : 10-200 seconds LTJM-2099 Rice Polisher can quickly judge the quality of rice through fully automatic and once for all hulling of paddy rice and whitening of brown rice. LTJM-2099 Rice Polisher has the advantages of simple operation, large sample quantity, good effect on milling rice white, less broken rice, short working time, strong wear-resisting machine head, and beautiful appearance, easy to carry and so on. It's the perfect instrument for judging the quality of paddy rice and examining yellow-colored rice, disease spot, abdominal white and imperfect rice. **Main technical parameters:-** Working voltage : AC220V±10%, 50Hz Working time : default 50 seconds (10-90s adjustable) Motor power : 650W Sample weight : 150~170g Hulling rate : ≥99% (according to the sample) Net weight : 16kg	01	60,000/-	57,000/-

Reg. Office: Jind Road, Bijli Ghar Chowk, Kaithal, Haryana, India
Mob: +91-98960-95300
Email: s.garg@live.com

Jagdamba Mill Store

5.	**Vernier caliper** **Model - ASR 1115 (Mitutoya Make)** **Specifications :** It is used for measuring length and breadth of Rice	01	8,500/-	8200/-
6.	**Kett Moisture Meter Part No: Ricter F-506** **Specifications :** Weight : 443 gms. Moisture Range : 8% to 25%. Measuring Principle : Electric Resistance Measuring Accuracy : S.E.C 0.5% (9-20%) Display : LCD with backlight illuminator Temperature : Dual Automatic Accessories : Sample Pans (2), brush, Spoon with tweezers size, AA Batteries , handy husker Carrying Case.	01	68,000/-	66,000/-
7.	**Whiteness Tester Part No. - C 600** Principle : Light Reflectance Product : Polished, Brown and Pre-washed rice- , non-glutinous Measurement Item : Whiteness Range : 5.0 - 69.9 Display format : Fluorescent LCD Light Source : Blue LED Functions : Whiteness, Average Environment : Temperature 5-40^{0}C Humidity : 30-85% RH (Non-condensing) Power Source : AC 100-240 V (50/60 Hz) Dimensions & Weight : 290 (W) x 295 (D) x 180 (H) mm, 5.0 Kg Accessories : Whiteness Standard Plate, Sample Case, Sample Platter, fixed quantity Shooter, sample cup, main unit cover, glass wipe, replacement sponge et	01	6,60,000/-	6,52,000/-

Reg. Office: Jind Road, Bijli Ghar Chowk, Kaithal, Haryana, India
Mob: +91-98960-95300
Email: s.garg@live.com

Jagdamba Mill Store

COMMERCIAL TERMS AND CONDITIONS

Prices	:	Ex Works
GST 5% Extra		
Payment Terms	:	100 % advance
Delivery	:	Within 2-3 weeks from the receipt of technically & commercially clear supply purchase order.
Warranty	:	One year from the date of commissioning.
Validity	:	30 days from the date hereof. After that please reconfirm all our products.
Force Majeure Clause	:	For the condition beyond our control like fire, flood etc.

Yours faithfully,
for Jagdamba Mill Store

Ramesh Garg
(Proprietor)

Reg. Office: Jind Road, Bijli Ghar Chowk, Kaithal, Haryana, India

Mob: +91-98960-95300
Email: s.garg@live.com

F. Platform & Tanks

TIN : 06952104575
PAN NO. : ABBPM4585C

All Subject to Kaithal Jurisdiction

(S) 01746- 227324
(M) 092155- 35234

M/S DAYAL TIMBER STORE

Timber Market, Jind Road, Kaithal -136 027 (Haryana)

Quotation 17-10-17

M/S

Shapes & Section

Joists, channel, Angle weight 19.135 @ 38000/- per MT

Value - 727130=

M.S. Sheet Plate weight 4.335 @ 50000/- per MT

Value - 216750=

Pipe weight 1.630 @ 48000 per MT

Value - 78120=

Total Value - 1022120=

GST SGST 9% 91991=

CGST 9% 91991=

G. Total 1206102=

Lob extra @ 120 per MT.

For DAYAL TIMBER STORE

PROPRIETOR

G. Sortex machine

Buhler Sortex Ltd
20 Atlantis Avenue,London E16 2BF,England
Switchboard: +44(0) 20 7055 7777
Fax: +44(0) 20 7055 7700

Date :
Ref. No.: SO / 2018 /H / 16

Jagdamba Impex,
Kutabpur Road,
Kaithal
Haryana
India

Kind Attn. : **Mr. Sandeep Garg**

Subject : As per your requirement of sortex model – A6 (*Multivision*) – 1no.

Dear Sir,
This, has reference to the meeting we had on the said subject. We gratefully acknowledge receipt of your enquiry and thank you for your interest.

As, required by you we are pleased to enclosed here with our offer for sortex model – A6 (*Multivision*) – 1no. machine for Basmati, Non-Basmati and Resorting Rice commodity.

Hope, the above is in line with your requirement. In case of any clarifications, please feel free to contact us.

We, look forward to a long and mutually beneficial association with your company.

I, request you to please reply on time so that we may proceed further regarding the above.

Thanking you & assuring our best services at all times.

Waiting, for your reply.

Best Regards,

Aman Walia
Commercial Manager- India Division
+44-7880506275

Buhler Sortex Limited
Authorised

Buhler Sortex Ltd
20 Atlantis Avenue,London E16 2BF,England
Switchboard: +44(0) 20 7055 7777
Fax: +44(0) 20 7055 7700

PROFORMA INVOICE: SO/ 2018 / H / 16

Jagdamba Impex,
Kutabpur Road,
Kaithal
Haryana
India

Kind Attn.: - Mr. Sandeep Garg

Qty Model	Description	Unit Extension price Sterling
1. Sortex A6 (*Multivision*)	Sortex electronic automatic colour sorting machine with essential spare parts.	£ 129,000
		========
	CIP Delhi	£ 129,000

Payment terms: By irrevocable letter of credit confirmed by a first class bank in London (not associated with the opening bank) and made payable in Pounds – Sterling 300 Days from the date of shipment. Confirmation charges to seller's account.

*Note:- The aforementioned price is exclusive of Import Duty and GST.

Point of delivery: CIP Delhi.

Date of despatch: 14 – 16 weeks from receipt of letter of credit.

Destination: Delhi.

Per: Airfreight.

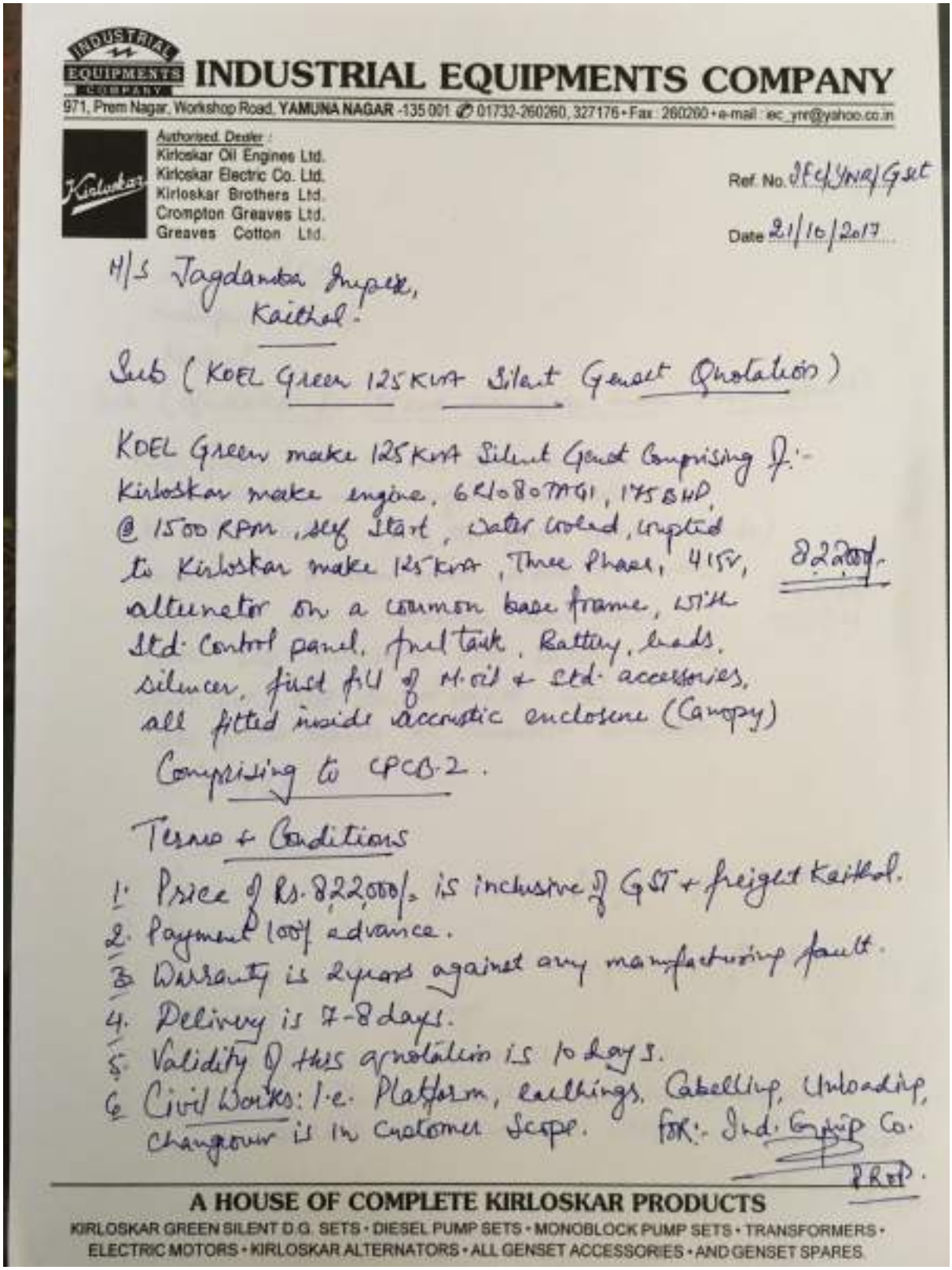
Commodity: Basmati & Non-Basmati Rice

Electricity Supply: 220 - 1 – 50.

Validity: Two months.

Buhler Sortex Limited
Authorised

G. Genset



INDUSTRIAL EQUIPMENTS COMPANY

971, Prem Nagar, Workshop Road, YAMUNA NAGAR -135 001 ✆ 01732-260260, 327176 • Fax: 260260 • e-mail : ec_ynr@yahoo.co.in

Authorised Dealer :
Kirloskar Oil Engines Ltd.
Kirloskar Electric Co. Ltd.
Kirloskar Brothers Ltd.
Crompton Greaves Ltd.
Greaves Cotton Ltd.

Ref. No. IEC/YNR/Gset

Date 21/10/2017

M/s Jagdamba Impex,
Kaithal.

Sub (KOEL Green 125 KVA Silent Genset Quotation)

KOEL Green make 125 KVA Silent Genset Comprising of:-
Kirloskar make engine, 6RI080TNG1, 175 BHP,
@ 1500 RPM, Self Start, Water Cooled, coupled
to Kirloskar make 125 KVA, Three Phase, 415V, 822000/-
alternator on a common base frame, with
Std. Control panel, fuel tank, Battery, leads,
silencer, first fill of H.oil & Std. accessories,
all fitted inside acoustic enclosure (Canopy)
Comprising to CPCB-2.

Terms & Conditions

1. Price of Rs. 822,000/- is inclusive of GST + freight Kaithal.
2. Payment 100% advance.
3. Warranty is 2 years against any manufacturing fault.
4. Delivery is 7-8 days.
5. Validity of this quotation is 10 days.
6. Civil Works: i.e. Platform, earthings, Cabelling, Unloading, Chargour is in Customer Scope.

For:- Ind. Equip Co.

Prop.

A HOUSE OF COMPLETE KIRLOSKAR PRODUCTS

KIRLOSKAR GREEN SILENT D.G. SETS • DIESEL PUMP SETS • MONOBLOCK PUMP SETS • TRANSFORMERS • ELECTRIC MOTORS • KIRLOSKAR ALTERNATORS • ALL GENSET ACCESSORIES • AND GENSET SPARES.

H. Graders

H.K. Trading & Mfg. Co.

317-C, Mian Wali Colony, Gurgaon-122001 (HR)
GSTIN- 06ADEPV5702B1ZV

Quotation

Tuesday 17 October 2017

JAGDAMBA IMPEX
KUTUBPUR ROAD
KAITHAL
HARYANA

Sub. – Quotation of Rice Length Grading Machines

Dear Sir,
With reference to our discussion, we are pleased to place Quote for following material as below…..

S.No	Description	Qty.	Rate	Amount	HSN CODE	GST
1	**Rice Length Grading Machine complete with HARDENED indented cylinder & Geared motor (make – SIEMENS) 1 HP 50 RPM 3 PH, 26" x 32" x 93, Indent Size - 7.5mm- 6 Nos, 7.2mm- 3 Nos, 6.4mm- 3 Nos, 5.6mm – 3 Nos, 4.4mm – 3 Nos, 3.6mm – 3 Nos, 2.6mm – 3 Nos**	24 Nos	95,000/-	22,80,000/-	8437	5%

Terms & Conditions
Taxes : - All taxes & Freight Should be extra. i.e. - SGST- 2.5%, CGST – 2.5%
Delivery : - Within 10-12 Days.
Payment : - Payment will be 100% advance with confirm P.O.
Validity : - The above mentioned quote is valid for the period of 10 Days.

Should you require any further clarifications, Please feel free to contact undersigned.
Looking forward to receive your most valued orders, assuring you of our best services.

Thanks & Regards,

Hemraj Vashishta
09810160741
09312247274

I. Silky Machine

MILLTEC Machinery Pvt.Ltd. MILLTEC

No.51-A,1st Phase,KAIDB Indl.Area,

Bommasandra

Bangalore – 560099

QUOTATION FOR RICE MILL

M/S SUN FOODS OVERSEAS KUTAB PUR ROAD, DISTT.KAITHAL CONT PERSON : MR SUMIT CONT NO. : 97293-48888	LST : 10123090 CST : 10173092 TIN NO. 29860072677 E-mail : marketing@milltec machinery.com Visit at :www.milltecmachinery.com

Dear Sir,

We thank you for your Enquiry for MILLTEC Equipment As requested, please find below our offer for your perusal.Should you have any doubts/clarification,please contect the undersigned.

Quote No Q/17-18/ 180

Date- 12.10.2017

NO.	Type	Description	Qty	Unit of measure	Unit Price	Amount
RWPD 2	SILK-(FINAL MC)	Water Jet Polisher – SILKI N1 WITH WATER PUMP(Final Mc)	1	Nos.		
AFMV 12	BLOWER 12.5	12.5HP Blower V.D	1	Nos		
ACYC LA	CYCL-1100	Cyclone -1100-Left	1	Nos		1018000.00

ABDA 1	BNDS-S	Bran Discharge With GM BNDS	1	Nos		
RMSB 1	MASE-B	Magnet-MASE-S	1	Nos		
SUB TOTAL ADD IGST @ 5% Total Amount						1018000.00 50900.00 1068900.00
Amount (in Words :) TEN LAC SIXTY EIGHT THOUSAND NINE HUNNDRED ONLY .						

Annexure 6: Minutes of Validation Meeting for Detailed Project Report

Minutes of Meeting: Validation meeting for Detailed Project Report (DPR) of Cattle Feed Cluster, Kurukshetra under Mini Cluster Development scheme held under the chairmanship of Sh. Ashok Sangwan, IAS, Director Industries & Commerce, Haryana, Govt. of Haryana

Date: 4th January 2018	Time: 1:00 PM-1:30 PM	Venue: Modern Feed Industries, Kurukshetra
Agenda: Discussion on the Draft DPR of Cattle Feed Cluster, Kurukshetra by EY for validation Discussion on proposed hard intervention with stakeholders Discussion on project economics Validation of recommendations by key stakeholders Outlining the next steps and the way forward		
Attendees: Mr. Ashok Sangwan IAS, Director, DI& C, Chandigarh (Govt. Of Haryana) Mrs. Sushma Bawe, ja, Dy. Director, DIC Kurukshetra All 10 Members of Cattle Feed Cluster, Kurukshetra SPV Mr. Vishal Srivastava, EY PMU		

The Validation meeting for Detailed Project Report (DPR) of Cattle Feed Cluster, Kurukshetra under Mini Cluster Development scheme held under the chairmanship of Mr. Ashok Sangwan, IAS, Director Industries & Commerce, Haryana, Govt. of Haryana. Mr. Ashok Sangwan welcomed and greeted the SPV members and asked them to brief about their proposed project. Mr. Akshay Mittal (Member of SPV) extended gratitude to Department of Industries, Govt. of Haryana and EY team for putting their efforts to prepare DPR for Cattle Feed Cluster, Kurukshetra in time.

The participants provided their introduction and outlined the brief about the cluster requirements. EY PMU provided an overview of the cluster elaborated on various aspects of the proposed project and highlighted the project economics.

Discussion and Action Points

Building:

The area required for the proposed facility is estimated to be around 2000 sq. feet. The SPV has identified a suitable building (having proximity to all SPV members) having adequate space for the CFC and the building shall be taken on a 10 year irrevocable lease. The building is located at industrial area, sector-2, Kurukshetra and is within confirming zone. The SPV has also obtained a letter from the building owner establishing the availability of the building for lease. The SPV has planned to construct an additional floor as a training center which costs about Rs 22.00 lakh. The monthly rent for the first year would be Rs. 10,000, with an annual increase at the market rate (estimated at 10%).

During the discussion, it was suggested by Mr. Ashok Sangwan, IAS that there should be separate entry/exit gate for CFC and electricity connection, water connection etc. and the electricity and water connection should be in the name of SPV as well.

Plant and Machinery:

The proposed recommendations include the following:

Advanced Testing Facility: This comprises of NIR Analyser, Brill Formulation Software, Accuscan Gold Reader and Reveal Q+ for Aflatoxin. This facility would provide cattle feed manufacturers with state of the art testing facility which reduces processing time, increases quality and productivity. The SPV members informed that such a facility with modern testing equipment is not available in cluster at present. This would be a unique facility having rapid processing system. Due to this, processing time and cost of final product will reduce significantly.

Advanced Blending Facility: Under cattle feed manufacturing, mixing or blending of micro ingredients uniformly is very critical. This Facility will provide efficient blending of ingredients for cattle feed manufacturers at economical prices. This would result in uniform distribution of micro ingredients in whole cattle feed lot. Thus increasing the quality of feed and gaining customer satisfaction.

Training Centre: A training centre for carrying training activities for cattle feed manufacturers, farmers and stockmen about the importance of testing and blending in cattle feed manufacturing and its effect over the animals. The focus will also be on promotion of testing activities and its benefits, so that CFC can generate revenue simultaneously.

Total Cost of the Project:

The project economics were briefed. The total project cost for setting up the CFC is estimated at Rs. 133.84 Lakhs. The contribution of the State Government is envisaged at Rs. 109.61 Lakhs & the remaining contribution will be made by the SPV. This SPV contribution is estimated at Rs. 24.23 Lakhs. SPV members gave their consent for the due contribution.

Finally, SPV members validated the recommendations as mentioned in the DPR.

In concluding remark, Sh. Ashok Sangwan, appreciated the efforts of SPV members in coming together and forming the cluster. Further, he lauded the commitment of the SPV members towards completing the DPR and the society registration process in time. He further informed to the participants that the DPR will be taken up for approval in the forthcoming State Level Steering Committee

The list of participants and a few selected photos of the meeting are provided below.

Annexure 1

List of participants:

Stakeholder Validation meeting of Cattle Feed Cluster, Kurukshetra is held on 4th January 2018 at National informatics Centre Kurukshetra under the chairmanship of Sh. Ashok Sangwan (IAS) Director of Industries & Commerce, Haryana (Chandigarh). Time:

Sl No	Name	Unit Name and Address	Email ID	Contact No	Signature
1	Sh. Parveen Garg. President	Super Industries G.T. Rd, Kurukshetra		9896007765	[illegible]
2	Sh. Ankur Garg [illegible]	Modern Feed Indus. 84/2, Kurukshetra		9896421406	[illegible]
3	Sh. Arun Garg	Krishna Feed Ind. 78/2, Kurukshetra		9812454907	[illegible]
4	Sh. Manmohan [illegible]	Satyug Feed Indu. Dayalpura		94162-20498	[illegible]
5	Sh. Devender [illegible]	Shankar Feed Products Kaithal Rd, Cheeka		9615 25695	[illegible]
6	Sh. Jaiwant [illegible]	Shri Ambey [illegible] Mirzapur, KKR		9413561243	[illegible]
7	Sh. Anil Kr	Swami Feeds Pipli, Kurukshetra		7991885555	[illegible]
8	Sh. Rajinder Kr Rep. [illegible]	Rajay Oil Mills Yamuna Nagar		98120 20725	[illegible]
9	Smt. [illegible] Gupta Rep. By Parveen Kr	Haryana Food Mills. Kurukshetra	[illegible]@yahoo.com	94160-31515	[illegible] 4/1/18
10	Sh. [illegible] Gaba	Pepsu Feed Karnal		98120-2094	[illegible]
11.	Sushma Baweja	Dy. Director, DIC, Kurukshetra		9467645767	[illegible] 4/1/18
12.	Vishal Srivastava	EY PMU		9815763340	[illegible]
13.	Dinesh Kumar	Consultant Kaithal		9034912440	[illegible]

Annexure 2

Some snaps of the meeting

Our offices

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

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

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

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

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

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

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

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

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

Block B-2, 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
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