Draft Detailed Project Report

Agricultural Implements Manufacturing Cluster, Fatehabad

Submitted To:
Directorate of MSME, Government of Haryana
(*for assistance under Mini Cluster Development Scheme*)

November 2020

Submitted by:
Ratia Agriculture Implements Welfare Association

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

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23rd November 2020

Director General,
Directorate of MSME,
Government of Haryana,
Plot No. C-3, HSVP Complex,
Sector 6, Panchkula – 134109

Dear Sir,

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 a Common Facility Centre (CFC) for Agricultural Implements Manufacturing Cluster in Fatehabad for your kind perusal. The deliverable has been prepared in accordance with our engagement agreement with Directorate of Industries, Govt. of Haryana dated 03 January 2017, and and subsequent scope expansion work order no. Cluster/RFP/Selection of PMU/Part-II/21468-A dated 18.11.2019 our procedures were limited to those described in that agreement.

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

- Directorate of MSME, Govt. of Haryana
- DIC Fatehabad
- Agricultural Implements Manufacturing related units located in Fatehabad
- 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 Directorate of MSME, Government of 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 – Consulting Services

Disclaimer

This Draft Detailed Project Report for development of Common Facility Centre (CFC) at Fatehabad Agricultural Implements Manufacturing Cluster has been prepared by Ernst & Young LLP (hereinafter referred to as 'EY' or 'Ernst & Young' or 'Us') and delivered to the 'Office of Director General of MSME - Government of Haryana (O/o of DG-MSME)' (hereinafter referred to as 'the Client').

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Acknowledgement

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

Abbreviations

BDS	Business Development Services
BE	Break Even
AoA	Article of Association
BEP	Break Even Point
CAGR	Compound Annual Growth Rate
CEO	Chief Executive Officer
CFC	Common Facility Centre
CNC	Computerized Numerical Control
DG-MSME	Director General - Micro Small & Medium Enterprises
DIC	District Industries Centre
DPR	Detailed Project Report
DSR	Diagnostic Study Report
EPP	Enterprise Promotion Policy
FI	Financial Institution
GDP	Gross Domestic Product
GSDP	Gross State Domestic Product
GST	Goods and Service Tax
HSIIDC	Haryana State Industrial & Infrastructure Development Corporation Limited
HSVP	Haryana Shehri Vikas Pradhikara
INR	Indian National Rupee
IRR	Internal Rate of Return
LLP	Limited Liability Partnership
MoA	Memorandum of Association
MOSPI	Ministry of Statistics and Program Implementation
MSE	Micro, Small Enterprises
MSME	Micro, Small and Medium Enterprises
MSME-DI	MSME – Development Institute
NCR	National Capital Region
NPV	Net Present Value
NSIC	National Small Industry Corporation Limited
O&M	Operation and Maintenance

PMC	Project Management Committee
PNB	Punjab National Bank
R&D	Research & Development
ROCE	Return on Capital Employed
SDM	Sub-Division Magistrate
SIDBI	Small Industries Development Bank of India
SLSC	State Level Steering Committee
SPV	Special Purpose Vehicle
SWOT	Strength, Weaknesses, Opportunities and Threats
UAM	Udyog Aadhar Memorandum
USD	United State Dollars
VMC	Vertical Machining Centre
WDV	Written Down Value

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Executive Summary

Executive summary

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

In this context, this Detailed Project Report (DPR) has been prepared to seek grant-in-aid assistance under the State Mini Cluster Development Scheme to set up a state-of-the art Common Facility Centre (CFC) for agricultural implements manufacturing cluster at Fatehabad District, Haryana.

About the Fatehabad Agricultural Implements Manufacturing Cluster

There are about 200 agricultural implements manufacturing units in Fatehabad district. Most of the units in the cluster are situated in the Ratia Tehsil of Fatehabad. The annual turnover of the cluster (micro and small units) is about INR 100 Crore. Units in the cluster are Micro and Small in nature engaged in manufacturing of agricultural machinery such as Disc Plough, Rotavator, Plough Cultivator, Disc Harrow, Sub Soiler, Paddy Harrow, Land Leveller, Plough, MB plough and other miscellaneous agricultural machinery parts. Most of the manufacturers of the cluster are working under the "Crop Residue Management Scheme for 2018-19 and 2019-20" of Government of India".

Diagnostic Study and Interventions

A diagnostic study was undertaken by the cluster members in July 2020 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 by the cluster stakeholders in close coordination with the District Industries Centre, Fatehabad. 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 and non-uniform due to dependence on manual techniques and conventional machines. Due to non-availability of hi-tech cutting facility, units are dependent on private services providers for cutting which results in high cost and production delay. These were the major pain areas that necessitated an urgent intervention. In this context, the units decided to establish a CFC.

The DSR was presented to Director General - MSME and was subsequenly approved on **30th July 2020**. 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:

- Hi-tech cutting facitity for cutting of metals

- Advanced machining facility for various activities related to agricultural implements manufacturing processes
- Advanced bending facility for bending related works

Such a common facility will both supplement and complement the activities of firms in the cluster, and there is no similar facility available in the district for use by cluster units. 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 disgnosis study, the cluster units come together to form a Special Purpose Vehicle (SPV) by the name and style of "**Ratia Agriculture Implements Welfare Association**". The SPV has been set up as a society under section 9(1) of Haryana Registration and Regulation of Societies Act, 2012. DIC Fatehabad has played an important role in SPV formation by cluster stakeholders. The SPV has 10 members governing body consisting of President, Vice-President, General Secretary/Secretary, Joint Secretary and Cashier. The proposed CFC will be implemented on public-private partnership basis through the SPV "Ratia Agriculture Implements Welfare Association" by availing support from Government of Haryana (under EPP 2015).

The SPV members have a track record of cooperative initiatives. Cluster members have been autonomously undertaking several soft interventions to enhance knowledge and exposure of the cluster units on new trends in agri-implements industry and enhancing productivity of their units. This includes exposure visit to trade fairs, registration under UAM, awareness programs on new trends in agri-implemets manufacturing, design interventions and new technologies.

Project Parameters, Viability and Sustainability

The "**Ratia Agriculture Implements Welfare Association"** with support from State Government (under the State Mini Cluster Development Scheme) is planning to set up a Common Facility Centre having state-of-the-art agri-implements manufacturing facilities to undertake job work of cluster units with a total project cost of about INR 229.90 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. 180.00 lakhs, taking their overall contribution to about 21.70% of the total project cost. The total contribution of SPV members will amount to INR 49.90 lakhs. Support from State Government is envisaged for INR 180.00 Lakhs.

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

S. No.	Particulars	Actual Total Project Cost (Rs. Lakhs)	Eligible Project Cost as per guidelines (Rs. lakhs	Remarks
1.	**Land & Building**			
	(a) Building total covered area (5400 sq. ft.) single storied building including electrification & plumbing charges	0.00	0.00	Building on lease for 10-years
2.	**Plant & Machinery**			
	(a) Primary Machines	212.66	212.66	Eligible
3.	**Miscellaneous fixed assets** (fixture, furniture, fire-fighting equipment, etc.)	1.64	0.00	Not eligible for grant
4.	**Preliminary and Preoperative Expenses** (legal & administrative expenses, registration, civil engineering drawings with estimates & tender forms, telephone, stationery, machinery testing etc.)	1.88	0.00	
5.	**Contingency**			
	(a) Plant & Machinery @ **5%**	10.63	0.00	
6.	**Margin money for working capital** (Working capital required @ 75% C.U.)	3.09	0.00	
	Total	**229.90**	**212.66**	

The actual total project cost is estimated to be INR 229.90 lakhs. As indicated above, assistance to the project from the Govt. of Haryana is envisaged to the tune of INR 180.00 lakhs i.e. 78.30 percent of the project cost, SPV contribution is to the tune of INR 49.90 lakhs i.e. 21.70 percent of the total project cost. The means of financing are presented below:

S. No.	Source of finance	Project cost up to 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%	0.00	180.00
2	Contribution of SPV	10%	20.00	100%	29.90	49.90
	Total	**100**	**200.00**	**100**	**29.90**	**229.90**

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 75%)	55.90%
2.	Av. ROCE (PAT/CE)	30.93%
3.	Internal Rate of Return (IRR)	25.10%
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. 175.96 lakhs) at a conservative project life of 10 years
5.	Payback period	4.5 years with Grant-in-aid assistance from GOH
6.	DSCR	Not Applicable (non-availment of term loan in this project)

As evident from the financials above, with viability gap funding under State Mini Cluster Development Scheme of GoH, the project is highly viable and sustainable.

Project Implementation

Project implementation is envisaged to involve a time-frame of about 7 months upon receipt of approval of grant-in-aid assistance from the Government of Haryana under State Mini Cluster Development Scheme. The project will be implemented by the SPV in close association with DIC, Fatehabad.

In addition, for implementing this CFC project, a Project Management Committee (PMC) comprising of the GM, DIC Fatehabad, and representatives of the SPV and EY experts shall

be constituted to directly oversee effective monitoring and implementation. The project will be implemented through the SPV, and the PMC will report progress of implementation to the State Level Steering Committee and DIC, Fatehabad.

The potential for the Fatehabad Agricultural Implements Manufacturing cluster to grow is enormous, with an increasing demand of agri-implements in the region. The strengths of Fatehabad Agricultural Implements Manufacturing cluster lie in its location (both geographically & industrially), with easy availability of raw material. However, the cluster units are unable to effectively cater to market demand due to lack of technological capacities, low production scales and outdated machinery.

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 agri-implements requirements of the market. The facility will also provide an opportunity to micro 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 200 agricultural implements manufacturing units in Fatehabad district, with 10 units registered under Employment Memorandum or UAM (Udyog Aadhaar Memorandum) which have come together to form an SPV. The cluster comprises of mainly micro and small units. Most of the units in the cluster are situated in the Ratia Tehsil of Fatehabad. The annual turnover of the cluster (micro and small units) is about INR 100 Crore. The cluster units are engaged in manufacturing of agricultural machinery such as Disc Plough, Rotavator, Plough Cultivator, Disc Harrow, Sub Soiler, Paddy Harrow, Land Leveller, Plough, MB plough and other miscellaneous agricultural machinery parts.

1.2 About the State & District

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

The industry sector contributes about 18% of the total GSDP of the state. Haryana is fast emerging as one of the most favoured investment destinations in India. The globalization of markets and a resilient economy have given an incredible drive to the industrial sector in Haryana, which already has a competitive advantage in terms of strategic location, basic infrastructure, and a large skilled, educated and young workforce.

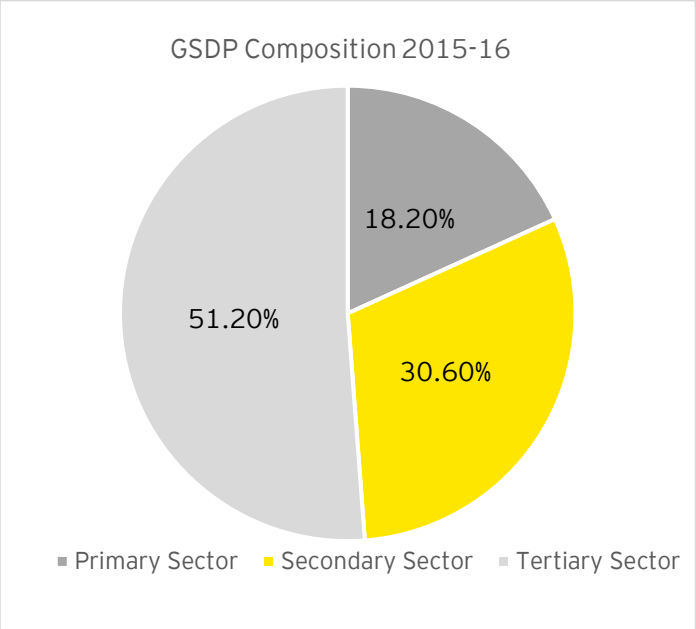


Figure 1: GSDP Composition 2015-16

Besides, the State has an investor-friendly policy and regulatory environment. It is one of the leading states in terms of industrial production, especially passenger cars, mobile cranes, two-wheelers & tractors. It is the 2nd largest contributor of food grains to India's central pool, accounts for more than 60% of the export of basmati rice in the country and is 3rd largest exporter of software.

The state is gradually transforming from an agrarian economy to an industrial economy. To boost the growth rate further and make Haryana a favourable investment destination, the State has developed the Enterprise Promotion Policy in 2015. With the Enterprise Promotion Policy-2015, the state has envisaged a sustainable industrial spectrum in the state with a special focus on MSMEs in its endeavour for effecting a balanced regional and sustainable development. In order to accelerate the industrial growth in the state, the focus

of the government is on holistic development, i.e., by encompassing initiatives for resource efficiency improvement, smarter technology, and environment friendly methods which reduce resource consumption.

Fatehabad lies in the south western part of Haryana and is surrounded by Punjab in north, Hisar in south and Jind in east. On the west of Hisar district is Rajasthan and Sirsa district. It constitutes 5.4% of the state share in terms of geographical area. The district has tropical climate with intensive hot summer and cool winter. It has a short south-west monsoon period, when it receives over 70% of the annual normal rainfall. July and August are the rainiest months in Fatehabad.

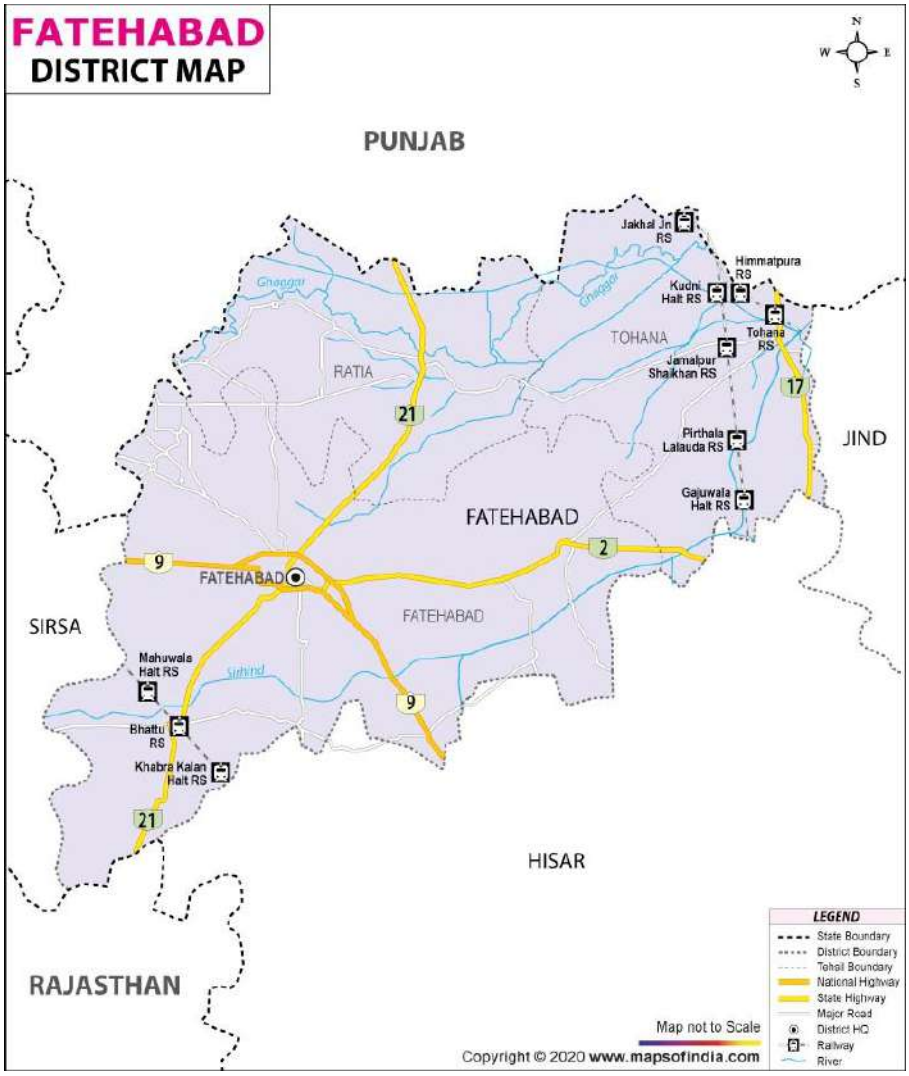


Figure 2: District map of Fatehabad District

The Fatehabad district comprises of three subdivisions – Fatehabad, Tohana and Ratia. A sub-division is headed by Sub-Division Magistrate (SDM). The district consists of 7 blocks headed by a Block Development Officer (Fatehabad, Tohana, Ratia, Nagpur, Bhuna, Bhattu Kalan and Jakhal).

1.3 Industrial Scenario of Fatehabad District

As the economy of district Fatehabad is purely based on agriculture, the industrial scenario of this district is also influenced mostly by the same sector. There are two major industrial areas in the district Fatehabad which are as under:

Table 1: Key Industrial Estates in Fatehabad

S. No	Name of Industrial Area	No. of Plots/Sheds
1.	HSIIDC, Tohana	58
2.	Rural Industrial Estate	8

The district has 829 registered MSME units having a fixed investment of approximately Rs. 14770 lakhs and providing employment to approximately 4717 persons. Following table shows the total number of MSME units in each sector, in Fatehabad, along with total investment and employment details.

Table 2: List of MSME units in each sector in Fatehabad District[1]

S. No	Industry	MSME Units (in Nos.)	Investment (in INR Lakhs)	Employment (in Nos.)
Metals & Mineral Products				
1.	Basic Metals	27	540	109
2.	Fabricated Metal Products	19	177	89
3.	Non-metallic Products	39	536	514
Food, Beverages and Tobacco				
4.	Beverages	2	195	26
5.	Food Products	239	5635	1349
Pharma, Petro-chemicals, Rubber Products				
6.	Chemical and Chemical Products	32	599	223
7.	Pharmaceuticals	9	61	47
8.	Rubber & Plastic Products	22	853	153
Electrical, Electronics and Machinery				
9.	Computer and Electronics	12	147	70
10.	Electrical Equipment	17	262	91
11.	Machinery and Equipments	48	868	432
Leather, Wood and Paper				
12.	Furniture	77	310	266

[1] Source: District Profile Report

S. No	Industry	MSME Units (in Nos.)	Investment (in INR Lakhs)	Employment (in Nos.)
13.	Leather Products	6	15	12
14.	Paper and Paper Products	6	113	39
15.	Wood Products	38	1438	310
Automotive and Auto-Components				
16.	Motor Vehicles	3	41	11
17.	Other Transport Equipment	2	15	14
Textile and Apparel				
18.	Textiles	25	114	66
19.	Wearing Apparel	64	249	153
Other Manufacturing				
20.	Other Manufacturing	142	2602	743
	Total	**829**	**14770**	**4717**

Maximum number of MSME units in Fatehabad are involved in the food products, furniture sector followed by wearing apparels. Rice is the key exportable item of Fatehabad district. Exports worth Rs. 20,985 lakhs and Rs. 41,169 lakhs were reported from Fatehabad district for the year 2017-18 and 2018-19 respectively[2].

Below table gives snapshot of service sector in Fatehabad:

Table 3: List of Service Sector industry in Fatehabad District[3]

S. No	Industry	Units (in Nos.)	Investment (in INR Lakhs)	Employment (in Nos.)
1.	Civil Engineering	1	20	8
2.	Construction of Building	6	80	46
3.	Electricity, Gas, Steam and Air Conditioning supply	2	7	12
4.	Office administrative, office support and other business support activities	77	274	157
5.	Other professional, scientific and technical activities	69	363	189

[2] The export figures mentioned represents only the information available with DIC Fatehabad, the actual exports figures might be significantly higher.
[3] Source: District Profile Report

S. No	Industry	Units (in Nos.)	Investment (in INR Lakhs)	Employment (in Nos.)
6.	Repair and installation of machinery and equipment	88	243	184
7.	Specialized construction activities	14	137	80
8.	Architecture and engineering activities; technical testing and analysis	10	29	22
9.	Financial service activities, except insurance and pension funding	22	122	42
10.	Food and beverage service activities	166	705	358
11.	Repair of computers, personals and household goods	87	273	186
12.	Warehousing and support activities for transportation	19	827	102
13.	Water collection, treatment and supply	1	4	1
14.	Computer programming, consultancy and related activities	70	252	227
15.	Human health activities	37	295	144
16.	Information service activities	19	42	38
17.	Real estate activities	5	12	14
	Total	**693**	**3685**	**1810**

The Haryana government also undertook several initiatives to promote industrial development in the region. The state ensured creation of massive infrastructure in terms of complete electrification, provision of road transport, expansion of administrative, educational and health facilities in small towns, and establishment of many new industrial townships and urban estates.

1.4 Geographical Traits

District Fatehabad is bounded by 28048'15" to 29017'10" North latitudes and 76028'40" to 77012'45" East longitude covering an area of 2490 sq.km. It has an average elevation of 208 metres (682 feet)[4]. The district is surrounded by Punjab state in the north, Jind district in the east, Sirsa district in the west direction, Hisar district and Rajasthan state in

[4] Source: https://fatehabad.nic.in/district-profile/

the South. The district headquarter, Fatehabad is connected by roads with important cities of the state and Delhi. It is also connected by railway line with Delhi.

1.5 Demographic Trends and Economic Structure

The district Fatehabad was carved out of Hisar district on 15 July 1997. The district got its name from the headquarters, Fatehabad which was named after the son of Firoz Shah Tuglak, Fateh Khan. Fatehabad is one of the smallest districts of Haryana.

Fatehabad district is situated on the Ghaggar-Yamuna plain, and due to the district's affinity to Rajasthan, its southern and western portions witness a gradual transition to the 'Thar desert'. The district can be categorized under 3 types of topographic units, i.e. sub-recent alluvial plain, late quaternary to sub-recent sand dune areas and plain with sand dunes. There is no perennial river flowing through the district but the river Ghaggar is a critical seasonal river and also the major drainage of the area. It runs almost parallel to the northern border of the district and drains a large volume of flood flow during the rainy season (July to September). The district has a well-established network of canal for irrigation purposes. The soil of the district is sandy loam to loamy sands

As per the 2011 census, Fatehabad's total population is 942,011 persons across a geographical area of 2,538 sq. kms. Fatehabad district has a population density of 371 persons per sq. km. The population growth rate for Fatehabad in the last decade (2001-2011) was 16.85%. Fatehabad has an average literacy rate of 67.92%. The district's sex ratio is lower than the national average of 940, i.e. 902 females per thousand males, but is better than the state average of 879.

Sector Overview

2. Sector Overview

Agricultural implements manufacturing sector plays a key role in supporting the performance of the agriculture sector. This industry consists of businesses that manufacture and sell agricultural machinery and related goods. The manufacture of agricultural implements is undertaken by village artisans, tiny units, small scale industries, organized medium and large-scale sector. Organized sectors manufacture sophisticated machinery such as tractors, engines, milling and dairying equipment. Traditional hand tools and bullock drawn implements are largely fabricated by village craftsmen (blacksmith and carpenters) and power operated machinery by small-scale industries.

The agricultural implements are categorised on the basis of various activities across the agriculture value chain. The major activities along the value chain and the implement used in each stage are as under:

Land Development, Tillage, Seedbed Preparation	Sowing & Planting	Weeding, Inter-cultivation, Plant Protection	Harvesting & Threshing	Post Harvest and Agri-Processing
▪ Tractors ▪ Levelers ▪ Ploughs ▪ Dozers ▪ Scrapers	▪ Drill ▪ Seeder ▪ Planter ▪ Dibbler ▪ Trans-planter	▪ Shovel/Plough ▪ Harrow ▪ Tiller ▪ Sprayer ▪ Duster	▪ Harvester ▪ Thresher ▪ Digger ▪ Reaper ▪ Sheller ▪ Sickle/Dao	▪ Seed Extractor ▪ Dehusker ▪ Huller/Dehuller ▪ Cleaner ▪ Grader ▪ Mill ▪ Dryer

Figure 3: Activities and Implements of agriculture value chain

The market is driven by various factors such as shifting of agricultural activities from animal or manual operations to automated methods, government initiatives towards farm mechanization, rising urbanization rate, easy credit and financial assistance, etc. Training programs conducted by government for technicians, farmers and machinery users is another important factor that is expected to further propel the demand of agricultural implements in coming years.

2.1 Brief Global Scenario

The Global Agri Implements market size was 146.2 billion USD in 2018 and is projected to reach 156.12 USD in 2020. The global market is projected to witness significant growth on account of upcoming technologies in the industry coupled with improved economic conditions and rising farm income. These factors are expected to boost industry growth over the next couple of years. Traditional farming techniques such as ploughs, tillage, and seeders are now being replaced with various modern agricultural machinery. Advanced farming machinery such as spraying equipment, hay and forage equipment, harvesters, and irrigation and crop processing equipment are being used in various processes to enhance overall crop output and quality.

Agriculture equipment enable easy farming; it makes the process simpler and more profitable by enhancing crop quality and reducing labour cost. The market is expected to

witness high growth over the forecast period owing to amalgamation of several novel technologies in this arena. Rise in global population is increasing the demand for food, thereby increasing pressure on agriculturists to innovate time- and cost-efficient methods of production. This is projected to spur the farm machinery market.

Strong economic growth in developing countries such as China, India, and Middle Eastern countries is projected to drive the farm machinery industry. Asia Pacific is expected to emerge as the largest market and witness the fastest growth. China alone held over 30.0% of the regional revenue in 2018[5]. Regional growth can be ascribed to low level of mechanization and large area of agricultural land. However, mechanization of various agricultural processes is evolving progressively in Asia Pacific, which is estimated to spur demand for agricultural machinery over the forecast period.

North America held a share of over 22.0% in 2018 and is anticipated to exhibit strong growth by 2025[6]. This is ascribed to introduction and utilization of machines with better fuel efficiency and improved features. Additionally, shortage of farm labour is expected to be one of the factors driving demand for farm equipment in North America.

2.2 India Scenario

The agriculture sector has been the mainstay of India's economy with more than 50% of its population engaged directly or indirectly in this sector. The livelihood of millions of farmers depends on this sector. In the last two decades its contribution to GDP has decreased significantly due to rapid growth of the services sector. The sector's GVA contribution fell from 18.2% in 2014-15 to 16.5% in 2019-20, according to the Ministry of Statistics and Program Implementation (MOSPI). The sector has recently seen growth in productivity and turnover due to use of machinery for agricultural purposes.

The Indian agricultural implements market was worth 8.5 Billion USD in 2017. The market value is further projected to reach US$ 12.8 Billion by 2023, exhibiting a CAGR of 7.03% during 2018-2023. Agricultural implements consist of a wide range of manual and mechanical tools such as threshers, cultivators, over ploughs, seed drills, chaff cutter machines, axes, etc. They help in reducing labour and improving the efficiency of agricultural activities. India has achieved considerable progress in the field of agricultural implements over the past decades.

At the time of Independence, Indian farmers mostly used animal operated implements (such as bullock-drawn ploughs and wooden planks) and hand tools (including spades, pickaxes, crowbars, sickles and choppers) for pulverization, compaction and smoothening of the soil. Later, the Green Revolution brought about large-scale farm mechanization which encouraged a significant number of farmers to opt for modern agricultural implements including combine harvesters, rice trans-planters, power tillers, threshers, tractors, pumping sets, etc.

In India, the growing incomes of the farmers have boosted the demand for farm implements. In addition, acute shortage of skilled labour for agricultural activities has further led to the growing demand for agricultural equipment. Moreover, the attractive subsidies provided by

[5] Source: https://www.grandviewresearch.com/industry-analysis/agriculture-equipment-market
[6] Source: https://www.grandviewresearch.com/industry-analysis/agriculture-equipment-market

the Central and State governments have also encouraged farmers to purchase modern agricultural implements.

Farm implements or level of mechanisation in India varies greatly by region. States in the northern region of India like Punjab, Haryana and Uttar Pradesh have high level of mechanisation due to high productive land in the region. The state governments in these states have also provided timely support in promoting the mechanisation of farms. The market size of Agriculture implements equipment is increasing year by year.

In India, between FY 2008 and FY 2013, the thresher and rotavator market grew at 2.0 and 21.0 respectively. The graph below shows the projection of thresher and rotavator[7]:

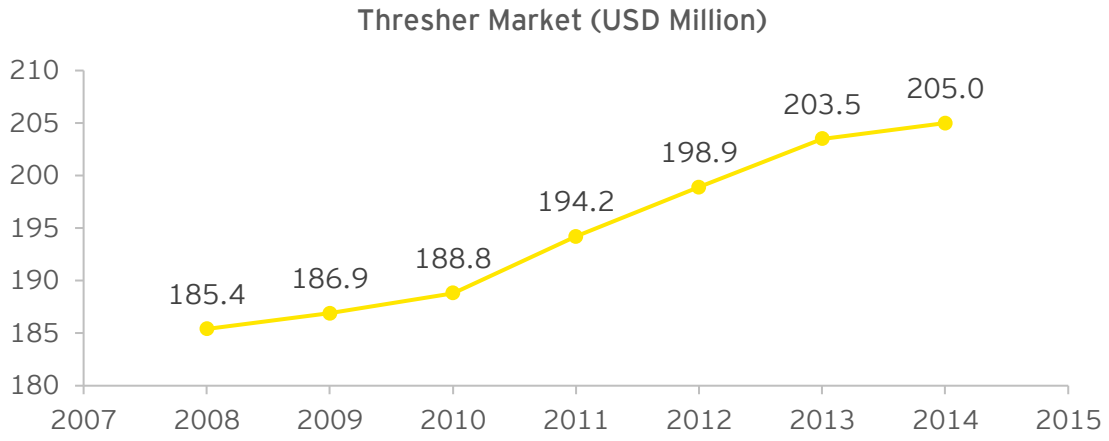


Figure 4: Thresher Market Size (2008-2014)

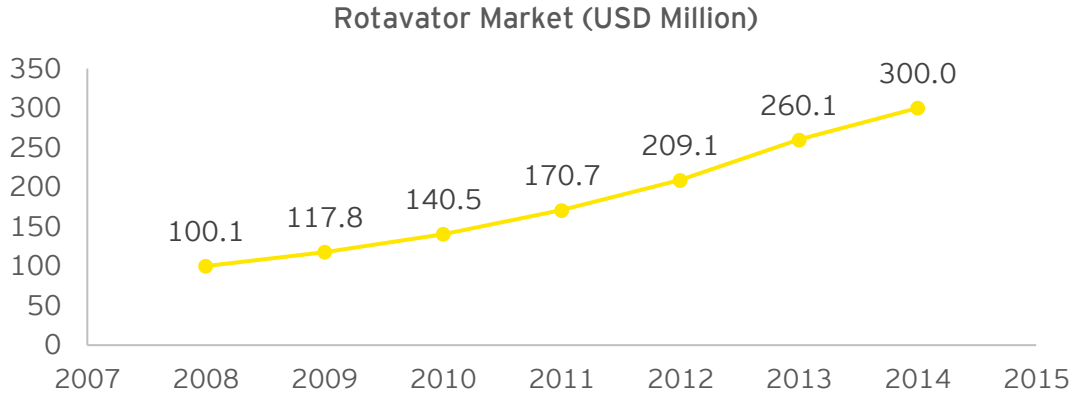


Figure 5: Rotavator Market Size (2008-2014)

Indian Agri Implements Market Drivers: Following are the key market drivers for agricultural implements industry

- **Substitute for manual labour:** One of the biggest advantages of agriculture implements is that they can replace manual labour. Although, India represents amongst the largest countries for manpower in the world, all sectors of the economy

[7] **Source:** Transforming Agriculture through Mechanization – A knowledge paper on Indian Farm Equipment Sector

have been affected by the scarcity of labour. This impact is currently being felt more in the agricultural sector compared to other sectors.

- **High Productivity and efficiency:** Use of agricultural implements increase production, efficiency and per man productivity. Mechanization increases the yield of land per unit of area and also resulting in lower cost of work, resulting in better use of land and hence increasing farm income. Agricultural implements are expected to increase yields by 25-30% in states with a low level of mechanisation, and by up to 10% in states that are already highly mechanised.
- **Long Terms Cost Savings:** Although buying agricultural implements involve a high initial capital expenditure. Over a longer period of time, they prove to be more cost effective compared to manual labour and work animals.
- **Government Support:** Another major driver of the agriculture implements industry is the fact that it represents a major focus area for the government. Agriculture remains a primary means of livelihood for more than 50% of the country's total population and, as a result, it represents an important vote bank for any government that wants to retain power. The government of India is also providing subsidies to local farmers on water, electricity, agricultural machinery, agrochemicals, hybrid seeds, etc. It has also exempted agriculture income under the Indian Income Tax Act, meaning income earned from agricultural operations is not taxed. In addition, both state and central government often waive off loans given to the farmers.
- **Improvements in Agriculture Techniques:** The use of agricultural implements also provides benefits during irrigation, land reclamation and the prevention of soil erosion.

2.3 Cluster Scenario

Known as the "*Bread-Basket of India*", Haryana has been in the forefront in terms of adoption of latest technologies in agriculture and is also counted as one of the leading states for Agriculture production in the country. Haryana is self-sufficient in food production and the second largest contributor to India's central pool of food grains. The state makes an incredible contribution of 14 per cent to the Central Pool and has achieved 163.33 lakh MTs food grain production during 2015-16[8]. The major Kharif crops are rice, jowar, bajra, maize, cotton, jute, sugarcane, sesame and groundnut, sown in April and May and harvested in November. The major Rabi crops are wheat, tobacco, gram, linseed, rapeseed and mustard, sown in late October or early November and harvested in March.

About 86% of the area is arable, and of that 96% is cultivated. About 75% of the area is irrigated, through tube wells and an extensive system of canals. About 2/3rd of the State has assured irrigation, most suited for rice-wheat production system, whereas rain fed lands (around 1/5th) are most suited for rapeseed & mustard, pearl millet, cluster bean cultivation, agro-forestry and arid-horticulture. The ideal location of state bordering National Capital Region (NCR) enables access to a range of big markets and the international airport. Rice, wheat, rapeseed & mustard, bajra, cotton and sugarcane are the major crops with considerable scope for agricultural diversification as well as off farm opportunities.

[8] http://icfa.org.in/assets/doc/reports/haryana-agriculture-and-farmers.pdf

Cauliflower, onion, potato, tomato, chillies, guava and kinnow are the important horticultural crops having good potential.

Since agricultural implements industry compliments the agriculture sector by enhancing the agricultural produce, it is observed that agricultural implements industry is growing around the major agricultural producing districts of Haryana such as Karnal, Fatehabad, Sirsa, Rohtak etc. The agriculture implements cluster located in Karnal is one of the oldest and prominent cluster manufacturing agricultural implements. Karnal cluster being a manufacturer of agricultural implements has also contributed significantly towards Green Revolution in India. There is a huge scope of developing agricultural implements cluster around other agriculture-oriented districts of the states on Karnal agricultural implements cluster pattern.

In last couple of years, Fatehabad has noticed a strong growth in agricultural implements manufacturing market. This is only because of easy availability of raw material and rise in demand of agricultural implements in the region. The Fatehabad Agricultural Implements Manufacturing Cluster has about 200 units, out of which majority of units are micro units. The cluster units engaged in manufacturing of agricultural implements like Disc Plough, Rotavator, Plough Cultivator, Disc Harrow, Sub Soiler, Paddy Harrow, Land Leveller, Plough, MB plough and other miscellaneous agricultural machinery parts.

Diagnostic Study Findings

3. Diagnostic Study Findings

The diagnostic study was undertaken in the cluster during July 2020 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, Fatehabad. 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 approved by Director General, Directorate of MSME, Govt. of Haryana. The approval of DSR and 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

Many support institutions and agencies such as industry associations, government agencies, academic/ R&D institutes, financial institutions, BDS providers etc. situated within and outside the cluster play a key role in developing the cluster as well in complementing initiatives of the cluster SPV. The key stakeholders of Fatehabad Agricultural Implements Manufacturing Cluster are:

A. Industry Associations

- **Tohana Chamber Commerce & Industry, Tohana (Fatehabad)**

  Tohana Chamber Commerce & Industry is one of the prominent Industries Association of Fatehabad. The Association plays a very constructive role by creating right rapport between the industry and the Government. Besides helping the industry in getting their views across the Government and addressing individual company's grievances, the association is also involved in various CSR activities related to environment, sports, donation camps etc. Sh. Kailash Chaudhry is the President and Sh. Tek Chand is the General Secretary of the Association. This association organised the various welfare programme for their members.

- **Industrial Welfare Association, Fatehabad**

  Industrial Welfare Association, Fatehabad is also a major Industries Association of the district. It plays a key role in helping the industries to raise their issues and help them getting addressed. It also liaisons closely with the State and the Central Government to raise its concerns for the development of industries in the district. Sh. Naresh Sardana is the President of the Association.

B. Government Bodies

- **District MSME Centre, Fatehabad**

  DMC is the most important government stakeholder for the cluster. The office of DIC comes under the Directorate of MSME, Govt. of Haryana and is headed by the Joint Director who is assisted by assistant directors and technical field officers. DMC

promotes and routes subsidy to micro and small enterprises in the region. The Mini Cluster Development Scheme under which the agricultural implements industry wants to set up a CFC will also be implemented through the DIC office. The Fatehabad DIC is actively promoting cluster development in the district and also helps the local units register under Udhyog Aadhar Memorandum (UAM). It would play a key role in project implementation

- **MSME – Development Institute (MSME-DI), Karnal (Branch office at Bhiwani)**

  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 State Infrastructure and Industrial Development Corporation (HSIIDC)**

  HSIIDC is an autonomous body set up by the Government of Haryana in 1967, headquartered at Panchkula. HSIIDC has been playing a progressive role in the industrial development of various districts of Haryana. Over the years, it has greatly accelerated the pace of its activities by facilitating land allocation to industries, creating industrial areas and developing required infrastructure. Entrusted fundamentally with the task of establishing industrial areas, HSIIDC has also taken the responsibility of providing continued assistance to the units which come up in these industrial areas. HSIIDC provides a total package of assistance at a single point to the entrepreneurs and disburses incentives of behalf of State Government.

- **National Small Industry Corporation Limited**

  NSIC headquartered at Okhla, Delhi and with offices at Faridabad, Gurugram, Bahadurgarh, Ambala and Panipat in Haryana provides assistance to MSEs on raw material assistance, tender marketing and Government Purchase Programme. It also organizes industry fairs in different locations on regular basis and is critical to access Government institutional markets. Its composite loan schemes, skill up gradation, government purchase and marketing assistance programmes shall be coupled with cluster firms to provide them additional benefits.

C. Educational Institutes

- **Northern Region Farm Machinery Training and Testing Institute, Hisar**

  This institute was setup under Ministry of Agriculture to propagate agricultural mechanization through imparting training on repair, maintenance and operation of agricultural machinery. Later the institute was also assigned the task of testing of agricultural equipment and machinery. Various agricultural equipment is tested as per BIS guidelines to assess the suitability under different agro climatic conditions. The institute is recognized to test combine harvester by Ministry. The training courses are being organized for user level, technician level and managerial level persons. Need based course are also organized. The institute is equipped for various workshops, imparting on the job trainings and demos, audio-visual facility etc.

- **Department of Farm Machinery & Power Engineering, CAET, Hisar**

  This is one of the most important departments of College of Agricultural Engineering and Technology under Agriculture University of Haryana. The college runs 4-year graduation program in technology and agriculture engineering, post graduate programs in technology, farm power, machinery, soil and water engineering. Research projects of the college include:

  a) Development, testing and popularization of implements in Haryana State
  b) All India Coordinated Research Project on research and development of farm implements and their adoption under actual field conditions in the state of Haryana.

  The Department has done pioneer research and extension work for giving a boost to farm mechanization in the state. The salient achievements of department include:

  a) Development/ promotion of bullock drawn machines like land preparation, land levelling, Stubble collector cum planter, mustard drill, seed cum fertilizer drills, weeding machines
  b) Development/ promotion of Tractor operated machines i.e. rotavators, puddlers, high clearance weeders, high capacity crop threshers, paddy trans-planters, automatic sugarcane planters, ridge seeders/bed planters, potato planter & digger etc.

D. Banks / FIs

- **Haryana Financial Corporation**

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

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

  SIDBI has been sincerely supporting cluster development initiatives in the State. SIDBI extends assistance directly as well as through primary lending institutions-FIs/Industrial Investment Corporations. SIDBI has been assisting the entire spectrum of SSIs and also Medium scale industries under various schemes tailored to meet the requirements of setting up of new projects, expansion, diversification, modernization and rehabilitation of existing units. Some related schemes such as the CGTMSE as well as the CLCSS are yet to be twinned with requirements of cluster firms.

- **Punjab National Bank (PNB), Fatehabad**

  PNB Fatehabad is the lead bank of the district and is responsible for acting as a leader for coordinating the efforts of all credit institutions in the district and to

increase the flow of credit to agriculture, small-scale industries and other economic activities included in the priority sector in the rural and semi-urban areas.

E. Leading Manufacturers

Most of the manufactures in the cluster are engaged in production of agricultural implements such as Rotavators, Disc Harrows, Cultivators, Seed Drills, Happy Seeder etc. Some of the leading manufacturers of the cluster are M/s Guru Agro Industries, M/s Sai Agro Industries, L&B Easy Farming Solutions, Lamba Farming, etc.

Key stakeholders of Fatehabad agricultural implements manufacturing cluster are presented in figure 6 below:

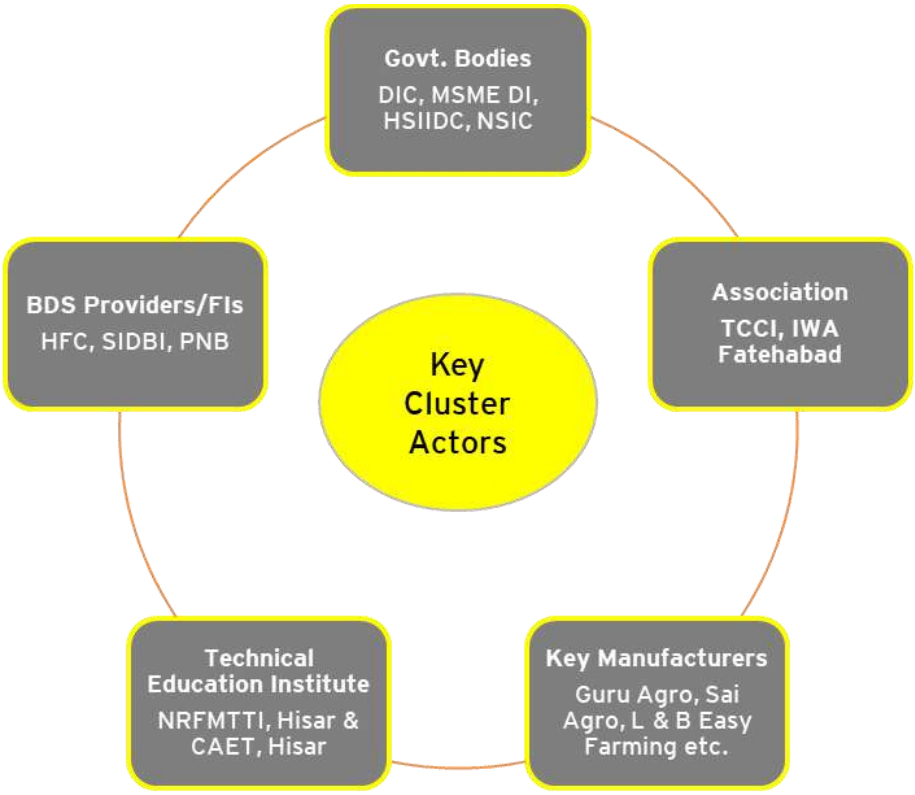


Figure 6: Key Cluster Actors

3.2 Cluster Turnover, Market and Employment

Fatehabad agricultural implements manufacturing cluster has about 200 units. Most of the units are in Tehsil Ratia of district Fatehabad. The cluster units are engaged in the manufacturing of Disc Plough, Rotavator, Plough Cultivator, Disc Harrow, Sub Soiler, Paddy Harrow, Land Leveller, Plough, MB plough and other agricultural machinery parts. The annual turnover of the cluster (micro and small) is about INR 100 Crore. All the units in the cluster are Micro and Small in nature.

The units of the cluster mainly cater to the agri-implements market of Fatehabad, Hisar, Jind and Sirsa districts of Haryana and Mansa district of Punjab. Some of the prominent manufacturers in the cluster also supply their products to Karnataka and Andhra Pradesh. At present the cluster is catering to local and national market only and no unit is exporting its products to international markets due to quality restrains and price competitiveness.

Presently, this cluster provides employment to 1100 people directly & indirectly. On an average, micro units employ approximately 3-4 persons, and small units in the cluster employ approximately 9-10 persons. On an average, micro and small-scale implements manufacturing units employ approximately 4-10 people. The average wages of unskilled labour in the industry are of Rs. 10,000-12,000 per month for workers operating on 8 to10 hour shift. The average wages of skilled labour for precision activities such as cutting, drilling, bending and finishing etc. is around Rs. 15,000-20,000 per month.

The proposed facility will be open to all cluster firms to enable them to get job work done in order to cater the requirements of the market. The proposed CFC will provide an opportunity to micro units to get job work done on modern machines and manufacture high quality products, thereby increasing their individual capacity utilization and profitability. The CFC will also lead to creation of several jobs for supervisors, machine operators and unskilled workers like helpers both within the CFC and at an individual unit level due to enhanced capacity utilization.

3.3 Production Process

The main raw materials required in production process are mild (structural) steel section, e.g. flats, angles, channels, squares, pipes, plates, rounds, BP sheets, CR sheets, etc. Agricultural implements have a wide gamut of products. All the implements have different functions, design and configuration, e.g. cultivator has no moving parts at all; harrow has low speed moving discs, mounted on an axle; seed drills and rotavators also have some low medium speed moving parts; whereas reapers and threshers have high speed moving parts. Therefore, there is no generic manufacturing process sequence for each product.

The typical production process of agriculture implements does not involve any highly technical operations. Some of the important operations involved for most of the agricultural implements are shearing, cutting, pressing, gas cutting, sheet metal fabrication, welding, turning, grinding and painting etc. However, some degree of specialization is required in manufacturing of components such as harrow disc, cultivator tyne and cultivator spring or cultivator shovel. Simple machines such as welding sets, power presses, lathes, drilling machines are enough to produce majority of the implements.

Operations involved in the manufacture of individual components are forging, heat treatment, hot forming, spring coiling, pickling, turning, drilling, punching etc. Since there are a variety of agriculture implements manufactured in the cluster, the manufacturing operations for various components and implements are different. However, some degree of specialization is required in manufacturing of components such as thresher, cultivator tyne and cultivator spring or cultivator shovel. Production process for these are shown below:

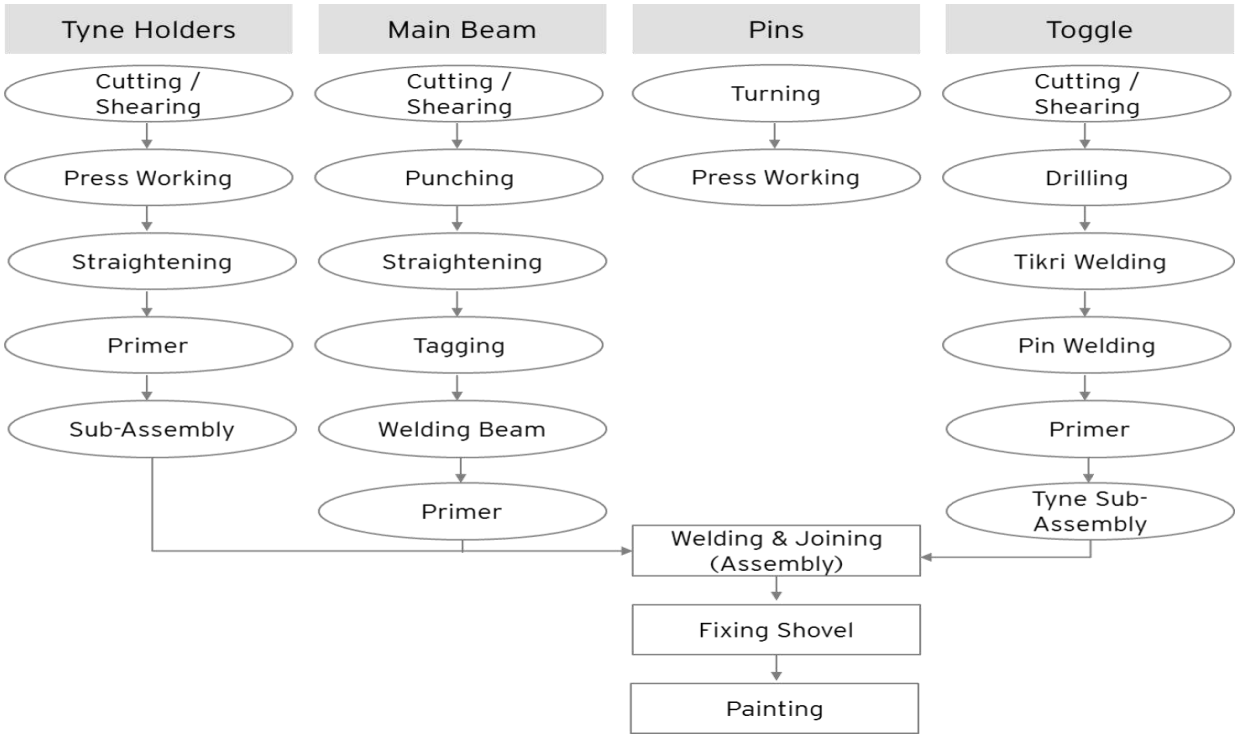


Figure 7: Manufacturing Process of Cultivator

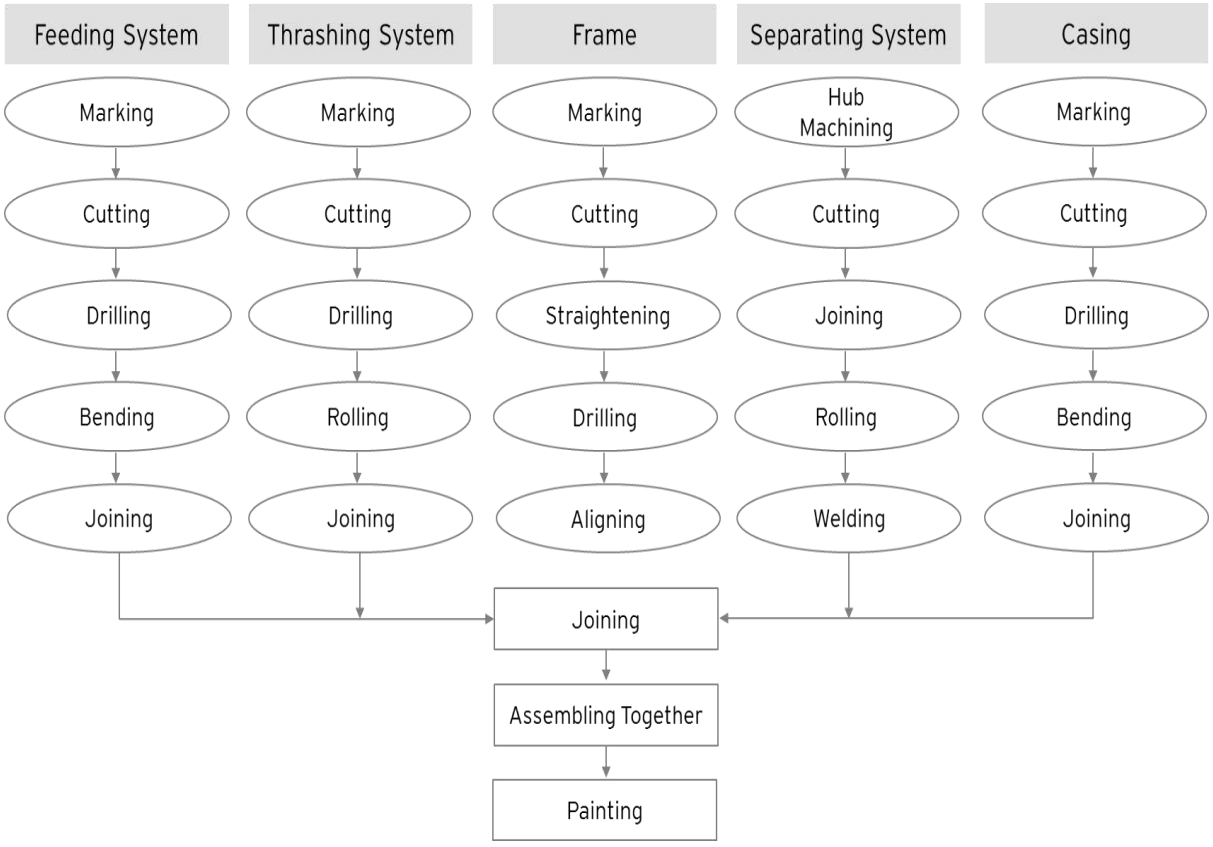


Figure 8: Manufacturing Process of Thresher

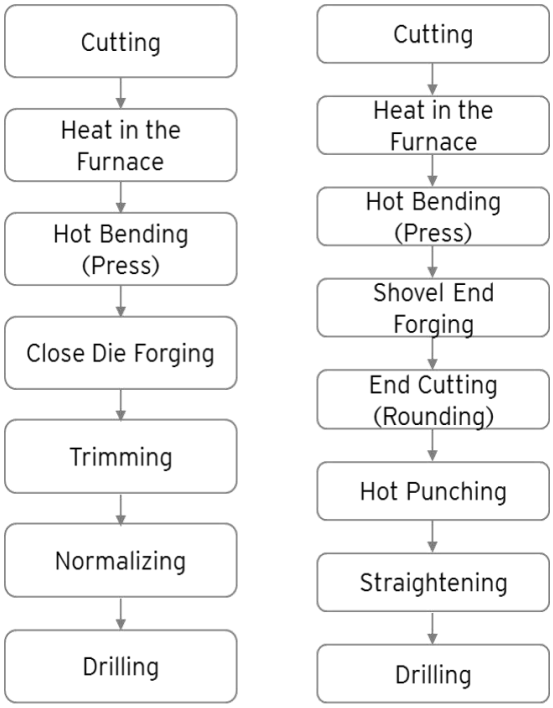


Figure 9: Manufacturing Process of Cultivator Tyne

The manufacturing also involves inspections at various stages till they are finally assembled and packed as per the quality assurance standards/plans.

3.4 Value Chain Analysis

Value chain analysis of the Rotavator has been conducted to ascertain the major cost areas and identify suitable interventions. The value chain analysis of Rotavator (Size 8 feet) is provided in table 4 below:

Table 4: Value Chain Analysis of Rotavator[9]

	Before Intervention			After Intervention		
Particulars	**Value Added (INR)**	**Total Value (INR)**	**% of cost of production**	**Value Added**	**Total Value (INR)**	**% of cost of production**
Mild (structural) steel section, e.g. Flats, Angles, Channels, squares, Pipes, Plates, Rounds, BP sheets, CR sheets, etc. (Raw Material)	50,800	50,800	68.92%	50,800	50,800	74.14%
Designing and Precision Work Cost (outsourced)	12,700	63,500	17.23%	7514	58,314	10.96%

[9] Source: Stakeholder Consultation inputs

	Before Intervention			After Intervention		
Particulars	**Value Added (INR)**	**Total Value (INR)**	**% of cost of production**	**Value Added**	**Total Value (INR)**	**% of cost of production**
Tooling Cost	1,000	64,500	1.35%	1,000	59,314	1.45%
Electricity charges	500	65,000	0.68%	500	59,814	0.73%
Labour Cost	5,000	70,000	6.78%	5,000	64,814	7.29%
Paint/ Thinner Cost	2,500	72,500	3.39%	2,500	67,314	3.64%
Paint Labour	1,000	73,500	1.35%	1,000	68,314	1.45%
Loading/ Unloading Cost	200	73,700	0.27%	200	68,514	0.29%
Total Production Cost	**73,700**		**100%**	**68,514**		**100%**
Profit Margin (10% before intervention and expected 17% after intervention)	**7,370**			**11,647**		
GST (12%)	**9,728**			**9,619**		
Selling Price	**90,798**			**89,780**		

The value chain analysis has been prepared based on the stakeholder consultation. It can be observed that the raw materials amount to over 68.92% of total cost of production. The industry is labour intensive, with labour costs accounting for approximately 8.13% of total production cost of a rotavator which includes also paint labour cost. The designing and precision work are outsourced whose costs around 17.23% of the total production cost. The painting cost is around 3.39% of the total production cost. The competitiveness of the cluster units can be increased by targeting the major cost area and providing common facilities to the units in order to undertake process at a lower cost. At present the cluster units are getting the 10% profit margin. Post implementation of CFC, there will be reduction in designing cost and thereby resulting in significant reduction of cost of production and rise in profit margin by 17%.

3.5 Strength, Weakness, Opportunities and Threats (SWOT) Analysis

A SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis of the 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 5:

Table 5: SWOT Analysis of the Cluster

Area	Current situation		Future	
	Strengths	Weaknesses	Opportunities	Threats
Market	▸ Strong presence in domestic market ▸ Haryana and adjoining states are agrarian economies and have good demand of agri-implements ▸ Major market within 1000 to 1500 km distance ▸ Good transport linkage- National Highway, State Highway and Railways ▸ Purchase by State Govt. Agriculture Departments and Corporations for further supply to farmers	▸ Seasonal marketing for different products, therefore, longer off seasons for majority units that are confined to narrow product range ▸ Most of the manufacturers of the cluster are working only under the "Crop Residue Management Scheme for 2018-19 and 2019-20" of Government of India" ▸ Implements normally have long life, therefore, the replacement sale occurs to the tune of 10 to 15% ▸ Payment is not prompt from dealers/traders due to stiff competition ▸ Lack of export opportunities due to quality restrains	▸ Possibility of export to neighbouring countries ▸ Enterprises can join hands together for International marketing, brand building and participation in trade fairs ▸ Globalization can usher tremendous market potential for competitive firms ▸ Quality and productivity can be game changer for the cluster	▸ Strong competition from international players entering domestic market and other players within the domestic market ▸ Italy, Belgium & Spain are strong in this trade in the international market ▸ Overseas importers may change their sourcing country

Area	Current situation		Future	
	Strengths	Weaknesses	Opportunities	Threats
		▸ Lack of knowledge of export marketing/ documentation ▸ Lack of brand image ▸ Cut-throat competition on price at the expense of quality ▸ Inadequate information on new farming techniques		
Technology/ Product Quality	▸ Medium investment & low accuracy machinery required ▸ Basic technology infrastructure available ▸ Labour intensive & not high-tech sector	▸ Lack of modern technology ▸ Lack of awareness about latest trends and products in the industry ▸ No modern testing facility available	▸ Lot of scope for technology upgradation ▸ Creating technological awareness among entrepreneurs will create technology base to enter into new segments ▸ Possibility of establishing Common Facility Centre	▸ Low level of technology development ▸ If after modernization, cost competitiveness is not achieved ▸ Technology is ever changing process
Skill/ Manpower	▸ Workers have the skill and knowledge to operate machinery currently being used by the units ▸ Most work can be learnt easily on the job	▸ No skill development training programme/ facility for workers in the pipeline ▸ Cluster usually depends on under qualified tools and die makers who have	▸ Training and organising workshops would help to increase the knowledge and skill of the existing workforce ▸ Unemployed youth can be trained easily	▸ Youth interested to work in other lucrative sectors ▸ Skill base needs continuous up-gradation to adapt new techniques

Area	Current situation		Future	
	Strengths	Weaknesses	Opportunities	Threats
		no facility/ ability to upgrade their knowledge		
Inputs	▸ Availability of castings from nearby districts like Kaithal and other working parts for the thresher and seed drill etc. from within the vicinity of Punjab ▸ Major raw material structural steel supply from Mandi Gobindgarh ▸ TATA & SAIL sales offices in Delhi/Faridabad & Mandi Gobindgarh are an advantage.	▸ Local non-availability of sufficient casting parts and moving parts like gears/shafts and sub-soiler ▸ Cluster is solely dependent on other districts of Haryana and Punjab for supply of structural steel ▸ No facility available for testing of raw materials and related components ▸ No structured system of quality control	▸ Increased competition would make inputs cheaper and sufficient	▸ Price escalation of steel could lead to increase in input cost which may increase price of machinery
Innovation	▸ Ability to develop products as per customer requirements ▸ Flexibility in choosing other products in the range due to similar manufacturing operations	▸ Lack of marketing products in the domestic & international market ▸ Low level of development in process ▸ Traditional methods of production	▸ Sharing of best practices and information could lead to innovation in products amongst MSMEs in the cluster	▸ Innovation required in every facet of business operation ▸ Advent of newer methods in technology for farming

Area	Current situation		Future	
	Strengths	Weaknesses	Opportunities	Threats
Business Environment	► Medium investment required in plant & Machinery ► Weak presence of other industries, entrepreneurs interested in manufacturing activity as no easy alternate for investment available in the region	► Lack of knowledge of regulatory frameworks and government schemes among micro level units ► Lack of common infrastructure/CFC facilities ► No long-term vision of manufacturers ► Competition is increasing from the local fabricators / Manufacturing at other places ► Unprofessional way of managing enterprises	► Establish CFC with latest technologies ► Progressive and innovative enterprises have the ability to grow and meet requirement of export market as the developed countries may not like to enter in the low-tech segment	► Dynamic business environment is always a challenge for less enterprising firms ► Change in policies and regulatory environment

3.6 Major issues/ Problem Areas of the cluster

The key problems cluster related problems identified are:

- **Absence of proficient and modern machines:** The major problem of the cluster is lack of modern machinery. The units are using conventional machines and methods for processes which are too old and need to be upgraded, particularly for cutting, bending and turning operations. These machineries are out-dated and cannot match the quality and standard of modern age. The machines are slow, non-precise and consume time and energy.
- **Lack of Space:** Units are very small. They cannot stock raw material in bulk at their units. So, they cannot purchase raw material in bulk to realize benefits of economies of scale.
- **Marketing:** 100% market for the cluster is within the limits of Punjab and Haryana. Only a few prominent units in the cluster are able to send their products to Karnataka and Andhra Pradesh. Therefore, there is scope for expansion of the market be it from national or international point of view. They will have to increase their capacity and capability in terms of technology, buying power, manufacturing etc. to meet latest industry quality standards and achieve cost competitiveness.
- **Technology:** Fatehabad Agriculture Implements cluster units are dominated by aging technology and practically no technological innovation. However, in recent years, the demand of automatic and semi-automatic production systems is rising. This made them to look for modernisation and adaptation of latest machinery and technology.
- **Lack of skilled manpower:** Lack of skilled manpower is responsible for wastage of raw material, higher production time, low accuracy and low productivity results.
- **Limited access to markets**: The cluster units are small in size with low production capacity. Individually, they have not been able to garner bulk orders. Moreover, they have been unable to diversify their production capacity due to lack of technological capacities, which has led to limited access to market. In order to increase the production capacity as well as manufacturing of high-quality implements, the units would require modern efficient machinery. Lack of capital to purchase these machines has limited the production capacity of these units.

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. These facilities, if provided through a CFC in the cluster with government support will help the units become more competitive.

3.7 Key Technologies Missing

The key technological gaps on various fronts that the CFC proposes to target, along with scope and illustration of major facilities is provided in table 6:

Table 6: 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**
Hi-Tech Cutting Facility	
Cluster units do not have in house hi-tech cutting facility. They are totally dependent on private service providers for advanced cutting work which results in high cost and production delays. Some units have obsolete cutting machines whose accuracy and precision are low and takes much time for cutting work.	Presence of Hi-Tech cutting facility in the cluster shall reduce the production cost & time. This shall also reduce the dependency of private service providers for cutting work. Following machines will be installed under this facility: ▸ CNC Plasma Cutting Machine ▸ CNC Laser Cutting Machine
Advanced Bending Facility	
Clusters units do not have advanced bending facility. They are using obsolete machines for bending of metal which needs to be upgraded. These machines cannot match the quality and standard of modern age.	By establishing this facility in the CFC, units will be able to do bending work in short time and at low cost. This will also help them to increase their production and meet the market demand. Following machines will be installed under this facility: ▸ CNC Hydraulic Press Brake
Machining Facility	
The major problem of the cluster is lack of modern machinery. The units are using conventional machines and methods for processes which are too old and need to be upgraded. These machineries are out-dated and cannot match the quality and standard of modern age. The machines are slow and consume time and energy.	This facility in the CFC will help the cluster units to innovate and develop new products. This will also lead to increase their productivity with required perfection and in lesser time. Following machines will be installed under this facility: ▸ CNC Turning Machine (Swing over bed 650 mm)

3.8 Cluster growth potential

The potential for the Fatehabad agricultural implements manufacturing cluster to grow is enormous, owing to the increasing demand of agricultural implements in the region. The agricultural implements market witnessed tremendous growth in last few years. The progress in agriculture sector and its related activities also provided an impetus to the demand of agricultural implements in the region. The Haryana government has also undertaken several initiatives to promote industrial development in the region. The state has ensured creation of massive infrastructure in terms of complete electrification,

provision of road transport, expansion of administrative, educational and health facilities in small towns, and establishment of many new industrial townships and urban estates.

By providing modern job work manufacturing facilities to units of the cluster under CFC mode, their production costs will reduce, and they will be able to cater the requirements of market in an efficiently manner. This will also provide an opportunity to micro units to get job work done on modern machines and manufacture high quality products. The CFC will also lead to creation of several jobs for skilled and unskilled workers.

Diagnostic Study Recommendations

4. Diagnostic Study Recommendations

Based upon the diagnostic study report and subsequent discussions with various cluster stakeholders and members of the Ratia Agriculture Implements Welfare Association 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 must be undertaken with government support to ensure the survival and growth of the agricultural implements manufacturing units in Fatehabad. The recommendations for both soft and hard interventions have been elaborated in subsequent sections.

Cluster enterprises have also been undertaking several soft interventions (before, during and after the DSR) on their own and have been active in enhancing their awareness and exposure. They have also conducted exposure visits to other developed clusters, participated in national and international exhibitions.

4.1 Soft Interventions Recommended and Action Taken

1. **Capacity Building and Awareness Generation:** One of the primary recommendations for soft interventions was to build the capacities of cluster units and generate awareness among stakeholders regarding cluster development (collective approach to address their issues) and benefits available to them in the form of cluster. In this regard, the cluster units had organized a meeting, the details of which are provided below:
    - **Member Meeting:** Cooperation and trust building among members is foremost condition for smooth functioning of the cluster and SPV. A meeting was organized by cluster members during the month of August 2020 in Fatehabad to enhance cooperation among member units and to obtain inputs for the DSR. Members of the cluster were informed about the registration of company for the cluster and identification of land for the CFC. Members of the cluster raised their concerns during the meeting which were resolved by other members of the cluster.
    - **Awareness Programme on Mini Cluster Development Scheme:** A programme for awareness of SPV members of agricultural implements manufacturing cluster Fatehabad on mini cluster development scheme was conducted on June 2020. EY team members highlighted the main points of the scheme, informed the cluster member about what benefits they can avail from the scheme, and explained their role in case if they apply for scheme.
    - **UAM registration campaign**: Many of the cluster members, who did not have UAM (Udhyog Aadhar Memorandum), got their unit registered under UAM. They not only support cluster members in online filling of UAM but also informed them about benefits of UAM.
    - **Exposure Visit to Ludhiana:** SPV members visited Ludhiana to identify essential machineries for CFC. Ludhiana is the hub of almost all kind of machineries in north India. Being the hub, in present era of competition, Ludhiana produce machines with very competitive prices. While Ludhiana

visit, beside the prices, SPV members gained knowledge of latest machineries and technologies, which would be beneficial of proposed CFC.

2. **Trade Fairs:** Cluster members have participated in various trade fairs. Some cluster members have also installed stalls in the trade fair at Muktsar (Punjab) and Mohali (Punjab). Some glimpses of trade fair are as under:

Stall at Muktsar (Punjab) organised during Maghi Mela

Stall at Mohali (Punjab) organised during Trade Fair

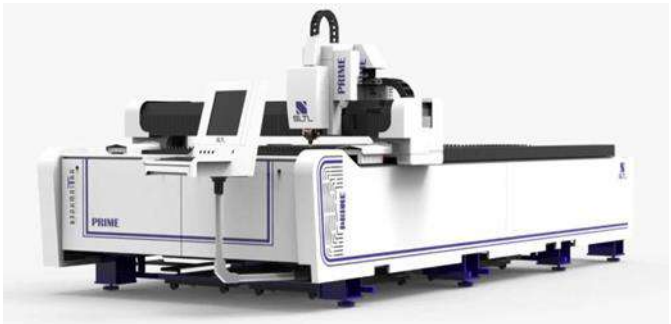
4.2 Hard Interventions (Machines/ Technology in the proposed CFC)

The agricultural implements manufacturing units in Fatehabad need technological support to enhance their competitiveness and ensure their survival. The units are reeling under bitter competition and low margins and require modern high capacity machines and other related equipment to get their job done and reduce their production cost.

The following common infrastructural facilities are being proposed for the CFC, with support from Directorate of Micro, Small and Medium Enterprise (MSME), Government of Haryana.

1. **Hi-Tech Cutting Facility:** By establishment of this facility in the CFC, cluster units will be able to do hi-tech cutting locally which will help them to reduce their dependencies on private service providers and increase their productions & profits. Currently, cluster units deploy obsolete machines and used traditional methods for cutting of metal. For hi-tech cutting of metal, they are dependent on other private service providers which results in high cost, low productivity and consumes a lot of time. Following machines will be installed under this facility of CFC:

   (a) CNC Laser Cutting Machine: In this machine a laser cutting technology is used to cut the metals. This technology is the most widely used for cutting of metals in accurate and precise manner. In this cluster this intervention will help the units in cutting of metal sheets more



accurately and all the products manufactured will be uniform.

2. **Machining Facility:** This facility in the CFC will cater the advanced machining and finishing requirement of the cluster units. Currently, the cluster units deploy outdated machines for finishing of end products which results in non-uniformity in end products, less productivity and consumption of time. Following machines will be installed under this facility:

   (a) **CNC Turning Machine:** CNC turning machine, also known as 'subtraction machine' is used to create a programmed result by removing material. In a CNC turning process bars of material are held in a chuck and rotated while a tool is fed to the piece to remove material to create the desired shape. CNC machines have tooling mounted on a turret which is computer controlled. The more tools that the turret can hold, the more options are available for complexities on the part.

3. **Advanced Bending Facility:** Currently, cluster units use outdated machines and traditional methods for bending of metal required for manufacturing of agricultural implements. Following is the machine which will be installed under this facility for bending works:

   (a) **CNC Hydraulic Press Brake: "**CNC Hydraulic Press Brake" machine is a computer numerically controlled machine that can bend sheet metal work from just a few mm across to sections many metres long on the largest industrial machines. Bending process is carried out by CNC press brakes. CNC press brakes either have a fixed bottom bed with the V block tooling clamped in place and a top beam which travels under force with the V blade tools this is known as down forming. The opposite is an up-forming machine with the bottom bend moving and the top beam fixed. Both process methods will produce the same sheet metal components and there are no restrictions to the design of your component to suit either machine.

4.3 Expected outcome after Interventions (Long term vision)

The cluster vision that has been progressively evolved is:

"*The agricultural-implements manufacturing cluster of Fatehabad would evolve into a preferred base for Indian and global customers by means of standardization, technology up-gradation through establishment of advanced facilities by the year 2020. The emphasis is on tapping national and global customer base by producing internationally competitive products*."

The mission of the project is closely twinned with cluster vision:

- Enhance productivity and efficiency in the agricultural implements manufacturing process by employing appropriate technology in the form of common facility.
- Value addition to services offered to customers by manufacturing quality products and contributing to consumer satisfaction as well as improving performance of cluster enterprises.
- Encourage cluster firms to cater the demand of large industries through integrated equipment envisaged in the CFC and benefit the firms of adjacent districts for regional development as agriculture implement manufacturing hub.

The CFC fits into the long-term vision of the cluster in terms of enabling cluster enterprises improve quality and efficiency by means of in-house appropriate facilities. This in turn shall enable cluster firms to tap regional demand and increase export. The common facility is expected to enhance the levels of co-operation and joint action among cluster stakeholders and SPV members to co-operate in the areas of marketing and procurement. The skill upgradation requirement of cluster manpower shall be met conducting training with help from equipment manufacturers and suppliers as part of additional service.

In addition, mini cluster at Fatehabad will complement the efforts of State Government to promote clusters in the State and serve as a model for up gradation of micro, small enterprise clusters.

Special Purpose Vehicle (SPV) for Project Implementation

5. SPV for Project Implementation

The micro units at Fatehabad Agricultural Implements Manufacturing Cluster came together to form a Special Purpose Vehicle (SPV) as a society under section 9(1) of Haryana Registration and Regulation of Societies Act, 2012 of Department of Industries & Commerce, Haryana. The SPV is named as "**Ratia Agriculture Implements Welfare Association**" with Registration No. HR-010-2020-01510. The SPV was registered on 18th October 2020. The certificate of registration of society along with Memorandum of Association (MoA) of the SPV are provided in ***Annexure – 2.*** The members are micro-sized firms (registered units) involved in manufacturing of various agricultural implements and related activities, predominately based in tehsil Ratia of district Fatehabad.

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

Cluster members have been autonomously undertaking several soft interventions to enhance knowledge and exposure of the cluster units on new trends in agricultural implements manufacturing industry and enhancing productivity of their units as mentioned in the previous sections. These include exposure visits to trade fairs, registration under UAM and awareness programs on new trends in the agricultural implements manufacturing industry, design interventions and new technologies.

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

5.1 Shareholder profile and shareholder mix

List of SPV office bearers: The SPV has five office bearers. The details of office bearers are furnished in table 7 below. Other than these office bearers, the SPV will have provision of having one nominee from state government. The SPV is homogeneous in nature due to similar products and activities performed by cluster units.

Table 7: List of SPV office bearers

S. No.	Office Bearer Name	Unit Name	Designation
1.	Jagjeet Singh	L&B Easy Farming Solution	President
2.	Ram Singh Brar	Waheguru Farming	Vice-President

S. No.	Office Bearer Name	Unit Name	Designation
3.	Davinder Singh Sandhu	M/s Guru Agro Industries	General Secretary
4.	Satgur Singh	Satgur Agriculture	Joint Secretary
5.	Satnam Singh Brar	Brar Agriculture	Cashier/ Treasurer

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

Post the DSR validation, the DIC Fatehabad also acknowledged the genuineness and enthusiasm of the SPV members to undertake project initiatives under state mini cluster scheme as well as verified the existence of the SPV members. The verified list is provided in ***Annexure 3***.

The SPV was formed with the objective of taking up cluster level activity in a joint and coordinated manner, wherein all units have equal say. The shareholding pattern of members of the registered SPV includes the contribution from every member of SPV and no individual shareholder holds more than 10% equity stake in the capital of the company. Details of SPV members along with their contact persons, unit details, UAM numbers and products manufactured are provided in table 8 below:

Table 8: Details of SPV members of Fatehabad Agricultural Implements Manufacturing Cluster

S. No	Contact Person	Company Name	Contact No.	Address of Unit	UAM No.	Products	Turnover in Lakhs
1.	Davinder Singh Sandhu	M/s Guru Agro Industries	9315299100	Budhlada Road, Ratia	HR04A0001021	Farm Machinery Manufacturing	INR 5 Crore
2.	Gurpreet Charanjeet Singh Sandhu	M/s Sai Agro Industries	8087022202	Budhlada Road, Ratia	HR04A0002474	Farm Machinery Manufacturing	INR 1 Crore
3.	Jagjeet Singh	L&B Easy Farming Solution	9050020377	Sardulgarh Road, Ratia	HR04A0001002	Farm Machinery Manufacturing	INR 4 Crore
4.	Kamaljeet Kaur Lamba	Lamba Farming	9050020377	Near Choti Nehar, Sardulgarh Road, Ratia	HR04D0000842	Farm Machinery Manufacturing	INR 54 Lakhs
5.	Ram Singh Brar	Waheguru Farming	9809200777	Sardulgarh Road, Ratia	HR04A0003948	Farm Machinery Manufacturing	INR 50 Lakhs
6.	Harjinder Singh	Shri Guru Nanak Agri works	7814316096	Village Mohammadki, Ratia	HR04A0003956	Farm Machinery Manufacturing	INR 10 Lakhs
7.	Satgur Singh	Satgur Agriculture	9991845477	Ratia Road, Village Lali	HR04A0003957	Farm Machinery Manufacturing	INR 10 Lakhs
8.	Satnam Singh Brar	Brar Agriculture	7015175327	Village Hadauli, Tehsil Ratia	HR04A0003951	Farm Machinery Manufacturing	INR 8.5 Lakhs
9.	Joginder Singh	New Saini Agriculture Works	9416317952	Fatehabad Road, Ratia	HR04A0003839	Farm Machinery Manufacturing	INR 10 Lakhs
10.	Satnam Singh	Moga Agriculture Works	9467253041	Fatehabad Road, Ratia	HR04A0001263	Farm Machinery Manufacturing	INR 50 Lakhs

5.2 Initiatives undertaken by the SPV

As mentioned in detail in section 4.1 (Soft interventions recommended, and action taken), the SPV members have proactively undertaken a lot of capacity building initiatives to promote the cooperation among cluster units and enhance knowledge and exposure of the units. The major initiatives are:

- Exposure visits to trade fairs and machinery fairs for agri-implements in Ludhiana, Mohali, Muktsar to understand the technology, market requirement and available opportunities.
- Conducting various programs for capacity building, awareness generation and technological advancement in the cluster as well as participation in similar programs organized by stakeholders.

5.3 SPV roles and responsibilities

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

- Coordinating with the state industry department for DPR approvals in the SLSC
- Accompanying EY experts to various meetings at the state government departments
- Execution of lease deed 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

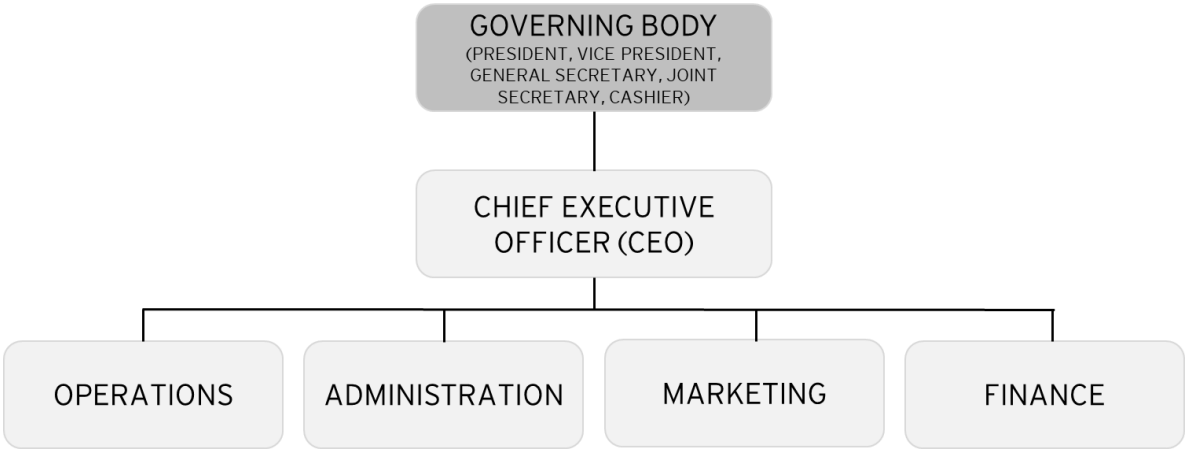
The Memorandum and by-laws of the Cluster SPV indicates the democratic process in terms of decision making on the basis of votes. All members of SPV will meet once every fortnight/month to discuss/resolve operational issues. The management of the CFC will be a two-tier structure for smooth and uninterrupted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

While various estimates on user charges/ service fees are presented in this DPR, all decisions including usage priority of facilities by members will be made by unanimous decision of the members. The CFC will seek direction and guidance from the SPV Governing

Body, and the day-to-day administration will be taken care of by the management that shall be appointed by the SPV Governing Body. Their role is detailed below:

1. **Governing Body**: The Governing Body will be the main body and will oversee the operations of the CFC. They will have the decision-making power in terms of fixing user fees (for members and non-members) and usage of reserves etc. for future expansion. The President and Vice-President will oversee the entire operations; General Secretary & Joint Secretary will be entrusted with specific responsibility like marketing, technical, finance, public relations etc. based on their interests and experience. Cashier will oversee financial transactions of the society and maintain records of receipts and expenses.
2. **Managerial, Technical and Administrative staff**: A competent and well qualified professional with a background in the agricultural implements manufacturing industry will be appointed as the Chairman, who will look after day-to-day operations of the CFC and shall be directly reporting to the Board of Directors. Each facility (Hi-Tech Cutting, Machining Facility & Advanced Bending Facility) will have its own expert staff (supervisors, operations and helpers) as per the requirement. The details of manpower and other requirements are already mentioned in the DPR in the Project Economics section. There shall be provisions for administrative staff such as accounts personnel, marketing professional, storekeepers etc. to ensure effective functioning of the CFC. The proposed organizational structure of the CFC is given in figure 10:

Figure 10: Organisational Structure of Proposed CFC



Project Economics

6. Project Economics

6.1 Project Cost

The actual project cost of setting up a CFC is estimated at INR 229.90 Lakhs. The total cost estimation includes the following project components:

1. Building
2. Machinery & Equipment
3. Miscellaneous Fixed Assets
4. Pre-liminary & Pre-operative Expenses
5. Contingency
6. Margin Money for Working Capital

6.1.1 Building

The SPV shall lease a building

Table 9: Building – Lease Basis

BUILDING - LEASE BASIS		
S. No.	**Particulars**	**Actual Cost**
1	Building Area (sq. ft.)	5400
2	Monthly Rent (INR lakh)	0.10
3	Rent for first year (INR lakh)	1.20
4	Year on year increase in rent @	10.00%

Table 10: Building – Other Particulars

BUILDING - OTHER PARTICULARS		
S. No.	**Particulars**	**Actual Cost**
1	Lease Deed Reg Cost (Rs. In lakh)	0.29
2	Security Deposit (Rs. In lakh) (2 months rent)	0.20

Table 11: Building - Rent Chart for 10 years @ 10% yearly increase

BUILDING - RENT CHART FOR 10 YRS @ 10% YEARLY INCREASE										
Particulars	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**	**Year 10**
Rent per year (Rs. in Lakhs)	1.20	1.32	1.45	1.60	1.76	1.93	2.13	2.34	2.57	2.83
Rent per month (Rs. in Lakhs)	0.10	0.11	0.12	0.13	0.15	0.16	0.18	0.19	0.21	0.24

6.1.2 Plant and Machinery

As detailed in section 4.2 (Hard interventions) several modern automatic and high capacity machines have been recommended to enable cluster units enhance their competitiveness. The major facilities proposed at the CFC are Hi-Tech Cutting Facility, Machining Facility, Advanced Bending Facility. The total cost of plant and machinery has been estimated at **Rs. 212.66 lakhs**.

The details of the proposed machinery items are presented in the table 12. The detailed quotations of the machines are provided in ***Annexure 5***. The SPV has considered quotations for machinery from suppliers based on the manufacturer's reputation, service support, price and quality. However, an open online tendering system shall be followed for procurement of these machines during project execution, and selected vendors will be further invited to negotiate.

Table 12: List of Proposed Plant & Machinery

S. No	Machine Name	Qty	Basic Price	GST as applicable	Total Price
A1	High-Tech Cutting Facility				
1	CNC Laser Cutting Machine	1	115	20.7	135.7
	Sub-total (A1)	1	115	20.7	135.7
A2	Machining Facility				
2	CNC Turning Machine (Swing over bed 500 mm)	1	30	5.4	35.4
	Sub-total (A2)	**1**	30	5.4	35.4
A3	Advanced Bending Facility				
3	CNC Hydraulic Press Brake	1	35.22	6.34	41.56
	Sub-total (A3)	**1**	35.22	6.34	41.56
	Grand Total (A1+A2+A3)	**3**	**180.22**	**32.44**	**212.66**

**All prices are in INR lakhs (Other charges include freight, packaging, etc.)*

6.1.3 Miscellaneous Fixed Assets

The CFC would also require fixed assets such as furniture, fixtures, firefighting 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 **INR 1.64 Lakhs**. Details are provided in the table 13.

Table 13: Miscellaneous Fixed Assets

Miscellaneous fixed assets Particulars	Amount (INR in Lakhs)
Office items and allied items, furniture, fixtures, firefighting equipment, etc.	1.64
Total	**1.64**

6.1.4 Preliminary and Pre-operative Expenses

Another major component of the project cost is the preliminary and pre-operative expenses. The preliminary expenses are envisaged as expenses incurred for registration of SPV, legal and administrative expenses, lease deed registration charges, tendering forms, and tendering cost etc.

Pre-operative expenses include expenses for administrative establishment, travelling, bank charges, overhead expenses during machinery testing period such as salaries, machine testing cost, bank charges, traveling, etc. The total expenditure for preliminary and pre-operative expenses are estimated at **INR 1.88 Lakhs** (details provided in the table 14).

Table 14: Preliminary and Pre-Operative Expenses

S. No.	Particulars	Amount Rs. in lakhs
1.	Company Registration Charges	0.05
2.	Tender forms & tendering cost	0.10
3.	Project Report Preparation (DSR & DPR)	Nil
4.	Project Management Charges	Nil
5.	Travelling Cost	0.50
6.	Machine testing cost	0.35
7.	Lease deed registration charges	0.43
8.	Bank Appraisal Charges	0.59
	Total	**1.88**

6.1.5 Provision for Contingencies

Provision for contingencies has to be made on plant and machinery. Contingencies on plant and machinery have been estimated at **5%** that amounts to **INR 10.63 lakh**.

6.1.6 Margin Money for working capital

The total working capital requirement during the first year of operation at 75% capacity utilization is estimated at **INR 12.34 lakh** with margin money requirement of **INR 3.09 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 actuals and as per mini cluster scheme is presented in the table 15.

Table 15: Total Project Cost

S. No.	Particulars	Actual Total Project Cost (Rs. Lakhs)	Eligible Project Cost as per guidelines (Rs. lakhs	Remarks
1.	**Land & Building**			
	(a) Building total covered area (5400 sq. ft.) single storied building including electrification & plumbing charges	0.00	0.00	Building on lease for 10-years
2.	**Plant & Machinery**			
	(b) Primary Machines	212.66	212.66	Eligible
3.	**Miscellaneous fixed assets** (fixture, furniture, fire-fighting equipment, etc.)	1.64	0.00	Not eligible for grant
4.	**Preliminary and Preoperative Expenses** (legal & administrative expenses, registration, civil engineering drawings with estimates & tender forms, telephone,	1.88	0.00	

S. No.	Particulars	Actual Total Project Cost (Rs. Lakhs)	Eligible Project Cost as per guidelines (Rs. lakhs	Remarks
	stationery, machinery testing etc.)			
5.	**Contingency**			
	(a) Plant & Machinery @ **5%**	10.63	0.00	
6.	**Margin money for working capital** (Working capital required @ 75% C.U.)	3.09	0.00	
	Total	**229.90**	**212.66**	

6.2 Means of Finance

The project will be financed from two sources: equity from SPV, and grant-in-aid from Govt. of Haryana (under state mini cluster scheme, EPP 2015). The assistance to the project from Govt. of Haryana under state mini cluster scheme is envisaged to the tune of 90% of max project cost of 200 lakhs. The SPV will be required to contribute 10% of the eligible project cost for project cost up to INR 212.66 lakh and any amount in excess of 212.66 lakhs. The total contribution of SPV members will amount to INR 49.90 lakhs. Support from State Government is envisaged for INR 180.00 lakhs.

Table 16: Means of Finance

S. No.	Source of finance	Project cost up to 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%	0.00	180.00
2	Contribution of SPV	10%	20.00	100%	29.90	49.90
	Total	**100**	**200.00**	**100**	**29.90**	**229.90**

6.2.1 Share Capital

The contribution of the SPV members will be by way of subscription to shares in the SPV registered as a Society. The extent of paid-up share capital/equity contribution would be INR 49.90 lakhs contributed by the cluster SPV.

The extent of share capital/equity contribution by each member will be restricted to a maximum of 10% of total contribution to the share capital of the company.

6.2.2 Grant-in-Aid

Grant-in-aid of INR 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 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 hydraulic oil, grease and others etc.

Table 17: Consumables

S. No.	Machine Name	No. of Machines	Particulars	Total monthly Amt (Rs.)	Consumables required annually (Rs. In Lakh)	Amount (in Rs. Lakh)	Amount (in Rs. Lakh)	Amount (in Rs. Lakh)	Amount (in Rs. Lakh)	Amount (in Rs. Lakh)	Amount (in Rs. Lakh)
						Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
						75%	80%	85%	90%	95%	100%
1	CNC Laser Cutting Machine	1	Oiling, Greasing, Tools	18000.00	2.16	1.62	1.73	1.84	1.94	2.05	2.16
2	CNC Turning Machine (Swing over Bed 740 mm)	1	Oiling, Greasing, Tools	16500.00	1.98	1.49	1.58	1.68	1.78	1.88	1.98
3	CNC Hydraulic Press Brake	1	Oiling, Greasing, Tools	4000.00	0.48	0.22	0.23	0.24	0.26	0.27	0.48
Total					**4.62**	**3.32**	**3.54**	**3.76**	**3.99**	**4.21**	**4.43**
Consumables per month					**0.39**	**0.28**	**0.30**	**0.31**	**0.33**	**0.35**	**0.37**

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 16 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 INR 18.88 lakh and for indirect at INR 5.94 lakhs. The total expense on manpower is projected at INR 24.82 lakh per annum. The details of monthly and yearly expenses for manpower required for running the project is provided in table 18:

Table 18: Expenditure Related to Salary (Direct Manpower – Machine Operators & 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	1	20,000.00	20,000.00	2.40
Operator	6	11,000.00	66,000.00	7.92
Helper	6	9,500.00	57,000.00	6.64
	13	0.41	1.43	17.16
Add: Perquisites/Fringe Benefits @ 10%				**1.72**
Total Direct Manpower				**18.88**

Table 19: Expenditure Related to Salary (Indirect Manpower – Administrative & 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)
Cluster Development Executive	1	25,000.00	25,000.00	3.00
Watchman	1	10,500.00	10,500.00	1.26
Peon	1	9,500.00	9,500.00	1.14
	3	0.45	0.45	5.40
Add: Perquisites/Fringe Benefits @ 10%				**0.54**
Total Indirect Manpower				**5.94**

6.3.3 Utilities

The most important utilities required in the project is power supply. Proposed CFC requires power for operation of machinery as well as other supporting equipment for smooth operations. The total connected load requirement has been estimated at 113.63 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.

Table 20: Machine & Equipment (Facility) wise Power Requirement

S. No.	Machine & Equipment	Power Requirement (kW)/ Connected Load	Total power requirement (60% of drawn power) kWh
1.	CNC Laser Cutting Machine	45.00	27.00
2.	CNC Turning Machine (Swing over Bed 350*650 mm)	35.00	21.00
3.	CNC Hydraulic Press Brake	23.30	13.98
Total		**103.30**	**61.98**
	Buffer Connected Load (10% of Total Connected Load)	**10.33**	**6.20**
	Total Connected load for CFC	**113.63**	**68.18**

The power requirement for operation of core machinery and equipment is 103.30 kWh. The facility is heavily based on electricity for operations and will also require 10% connected load as a buffer to get the electricity connection. The total connected load for the CFC is estimated to be 113.63 kW.

Fixed charges for connection of 113.63 kW @ INR 175 per kW = INR 19,885 and monthly consumption charge @ 135 kW yields a consumption of 12396 units which amounts to INR INR 99,168. This has been calculated based on the prevalent rates of the power provider.

The table below presents the envisaged annual expenditure in terms of power related charges.

Table 21: Annual Expenditure Statement vis-à-vis Power Charges

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
	75%	80%	85%	90%	95%	100%
Fixed (in INR lakhs)	2.39	2.39	2.39	2.39	2.39	2.39
Variable (in INR lakhs)	8.93	9.52	10.12	10.71	11.31	11.90

Total (in INR lakhs)	11.31	11.91	12.50	13.10	13.69	14.29
Per month (in INR lakhs)	0.94	0.99	1.04	1.09	1.14	1.19

6.3.4 Annual Repairs and Maintenance Expenses

The annual repair and maintenance expenses have been estimated to be INR 6.48 lakhs. The details are presented in the table below:

Table 22: Annual Repairs and Maintenance Expenditure

ANNUAL REPAIR AND MAINTENANCE EXPENSES	
Repair & Maintenance of Building (in INR lakhs)	0.10
Repair & Maintenance of Plant and Machineries @ 3% (in INR lakhs)	6.38
Total	**6.48**

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. 0.60 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 23: Insurance & Miscellaneous Administrative Expenses

S. 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	1.12
2	Miscellaneous administrative expenditure	Stationery, communication, travelling, and other misc. overheads	0.60
Total			**1.72**

6.4 Working Capital

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 24: Calculation of Working Capital Requirement

S. No.	Particulars	Period	As per Capacity Utilisation									
			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			75%	80%	85%	90%	95%	100%	100%	100%	100%	100%
1	Consumables	1 month	0.28	0.30	0.31	0.33	0.35	0.37	0.37	0.37	0.37	0.37
2	Utilities (Power)	1 month	0.94	0.99	1.04	1.09	1.14	1.19	1.19	1.19	1.19	1.19
3	Working Expenses (Manpower)	1 month	1.67	1.75	1.83	1.91	1.99	2.07	2.07	2.07	2.07	2.07
4	Sundry Debtors (Sales Value)	1 months	9.45	10.08	10.71	11.34	11.97	12.60	12.60	12.60	12.60	12.60
5	Working capital (Total expenses)		12.34	13.12	13.90	14.67	15.45	16.23	16.23	16.23	16.23	16.23
6	Working Capital Margin		3.09	3.86	4.64	5.42	6.19	6.97	6.97	6.97	6.97	6.97
7	Working Capital Loan		9.26	9.26	9.26	9.26	9.26	9.26	9.26	9.26	9.26	9.26
8	Interest on Working capital loan @11% p.a.		1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02
9	Working Cap Margin %age		25.00%	29.44%	33.38%	36.91%	40.08%	42.95%	42.95%	42.95%	42.95%	42.95%

(*Note: All prices in INR lakhs*)

The working capital requirement of the project for the one month of operation has been considered for consumables and expenses. The SPV will contribute the margin money for working capital and rest of working capital will be borrowed from local bank. While calculating the project

cost 25% of working capital is shown as margin for working capital and the remaining will be borne by SPV as borrowings. The margin money required for working capital is estimated to INR 12.34 lakh during the first year of operation (75% C.U.). Further, total working capital required at an operating capacity of 80% comes out to INR 13.12 lakh. The corresponding margin money for working capital requirement at 75% & 80% capacity utilization in the first 2 years amounts to INR 3.09 lakh and INR 3.86 lakh respectively, and the corresponding loan amounts at INR 9.26 lakh and INR 9.26 lakh respectively.

6.5 Depreciation Estimates

Estimates of depreciation are non-cash expenditure and presented in this section on the basis of Written Down Value (WDV) methods. Accounting for depreciation would facilitate sustainability of operations in terms of developing a fund for replacement of assets. The relevant fund that is accumulated could facilitate the replacement of such assets toward the end of the envisaged asset life of 10 years. Depreciation of plant and machinery at 15% a year (envisaged project life of 10 years prior to replacement of assets), depreciation of furniture at the rate of 10% per year and depreciation of miscellaneous fixed assets at the rate of 15% a year. The computation of depreciation as per WDV method is provided in the table below:

Table 25: Depreciation based on WDV

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Land										
Opening Balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Less: Depreciation	-	-	-	-	-	-	-	-	-	-
Closing Balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Building and Civil work										
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

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Plant & Machinery										
Opening Balance	223.30	189.80	161.33	137.13	116.56	99.08	84.22	71.58	60.85	51.72
Less: Depreciation @ 15%	33.49	28.47	24.20	20.57	17.48	14.86	12.63	10.74	9.13	7.76
Closing Balance	189.80	161.33	137.13	116.56	99.08	84.22	71.58	60.85	51.72	43.96
Furniture										
Opening Balance	0.42	0.38	0.34	0.31	0.28	0.25	0.22	0.20	0.18	0.16
Less: Depreciation @ 10%	0.04	0.04	0.03	0.03	0.03	0.02	0.02	0.02	0.02	0.02
Closing Balance	0.38	0.34	0.31	0.28	0.25	0.22	0.20	0.18	0.16	0.15
Other Misc. Fixed Assets										
Opening Balance	1.22	1.03	0.93	0.84	0.75	0.68	0.61	0.55	0.49	0.44
Less: Depreciation @ 15%	0.18	0.10	0.09	0.08	0.08	0.07	0.06	0.05	0.05	0.04
Closing Balance	1.03	0.93	0.84	0.75	0.68	0.61	0.55	0.49	0.44	0.40
Total Depreciation	**33.72**	**28.61**	**24.33**	**20.68**	**17.59**	**14.95**	**12.72**	**10.81**	**9.19**	**7.82**
Depreciated value	**191.21**	**162.60**	**138.28**	**117.59**	**100.00**	**85.05**	**72.33**	**61.52**	**52.33**	**44.51**

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 Fatehabad shall be charged a premium for availing the CFC services. The major income sources for the CFC are envisaged by the way of providing Hi-tech cutting facility, machining facility and advanced bending facility.

The user charges have been estimated based upon the operational expenses of the CFC and the prevalent market rates in Fatehabad. User charges for service 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 form the fact that the rates fixed help meet operating expenditures and provide sustainable replacement of assets. It is also envisaged that the CFC will generate enough income to sustain and grow, making it an absolutely viable project. The estimated user charges for various machineries are presented in table below:

Table 26: User Charges for Machinery

S.No.	Machine Name	No. of Machines	User Charge per hour (Rs.)	No. Of Working hours per day	No. Of Working days per month	Revenue per month (Rs. lakh)	Annual Revenue generation (in Rs. lakh)	Amount in Rs. Lakh	Amount in Rs. Lakh	Amount in Rs. Lakh	Amount in Rs. Lakh	Amount in Rs. Lakh	Amount in Rs. Lakh
								Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
							1	75%	80%	85%	90%	95%	100%
1	CNC Laser Cutting Machine	1	4300	8	25	8.60	103.20	77.40	82.56	87.72	92.88	98.04	103.20
2	CNC Turning Machine (Swing over Bed 350 * 650 mm)	1	1500	8	25	3.00	36.00	27.00	28.80	30.60	32.40	34.20	36.00
3	CNC Hydraulic Press Brake	1	500	8	25	1.00	12.00	9.00	6.75	5.06	3.80	2.85	12.00

6.7 Estimation of profitability: Income and Expenditure Statement

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

The total gross revenue is estimated to be INR 113.40 lakhs per annum on an operating capacity of 75%. For projection purposes, operating capacity of 75% is considered during first year, 80% during next year and 100% capacity from 6th year onwards.

The income tax rates have been considered depending upon the announcements made in the Budget 2020 and the tax applicable on a company. Income tax has been considered at 22 per cent on taxable profit inclusive of all the tax components. The incidence of tax ranges from INR 7.87 lakhs in the first year to INR 19.32 lakhs in Year 10.

Table 27: Income & Expenditure Statement

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Number of working days	300	300	300	300	300	300	300	300	300	300
Number of shifts	1	1	1	1	1	1	1	1	1	1
Capacity Utilisation in %	**75%**	**80%**	**85%**	**90%**	**95%**	**100%**	**100%**	**100%**	**100%**	**100%**
A. Income										
(User/ Service Charge)	**113.40**	**120.96**	**128.52**	**136.08**	**143.64**	**151.20**	**151.20**	**151.20**	**151.20**	**151.20**
B. Cost of Production:										
1. Utilities Power (Fixed + Variable)	11.31	11.91	12.50	13.10	13.69	14.29	14.29	14.29	14.29	14.29
2. Direct labour and wages	14.16	15.10	16.04	16.99	17.93	18.88	18.88	18.88	18.88	18.88
3. Consumable	3.32	3.54	3.76	3.99	4.21	4.43	4.43	4.43	4.43	4.43

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
4. Repair and Maintenance	4.86	5.18	5.51	5.83	6.16	6.48	6.48	6.48	6.48	6.48
5. Depreciation	33.72	28.61	24.33	20.68	17.59	14.95	12.72	10.81	9.19	7.82
Total Cost of production	**67.37**	**64.35**	**62.14**	**60.59**	**59.57**	**59.02**	**56.79**	**54.88**	**53.26**	**51.89**
C. Administrative expenses:										
6. Manpower (Indirect)	5.94	5.94	5.94	5.94	5.94	5.94	5.94	5.94	5.94	5.94
7. Rent	1.20	1.32	1.45	1.60	1.76	1.93	2.13	2.34	2.57	2.83
8. Insurance	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12
9. Misc. Expenses	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
Total Administrative Expenses	**8.86**	**8.98**	**9.11**	**9.25**	**9.41**	**9.59**	**9.78**	**9.99**	**10.23**	**10.49**
D. Financial expenses:										
10. Interest on Working capital loan @ 11% per annum	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Total Financial Expenses	**1.02**	**1.02**	**1.02**	**1.02**	**1.02**	**1.02**	**1.02**	**1.02**	**1.02**	**1.02**
E. Total Expenses B+C+D	**77.24**	**74.34**	**72.27**	**70.86**	**70.01**	**69.63**	**67.59**	**65.90**	**64.51**	**63.39**
F. Profit A – E	**36.16**	**46.62**	**56.25**	**65.22**	**73.63**	**81.57**	**83.61**	**85.30**	**86.69**	**87.81**
G. P&P Expenses written off	0.38	0.38	0.38	0.38	0.38	0.00	0.00	0.00	0.00	0.00
H. Income before Tax (F-G)	**35.78**	**46.24**	**55.87**	**64.85**	**73.26**	**81.57**	**83.61**	**85.30**	**86.69**	**87.81**
I. Adjustment of Loss	-	-	-	-	-	-	-	-	-	-
J. Income Tax (@22% for company)	7.87	10.17	12.29	14.27	16.12	17.94	18.39	18.77	19.07	19.32
K. Net Profit /Loss for the year	**27.91**	**36.07**	**43.58**	**50.58**	**57.14**	**63.62**	**65.22**	**66.54**	**67.62**	**68.49**

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
L. Cumulative Surplus	27.91	63.98	107.56	158.14	215.28	278.91	344.13	410.66	478.28	546.77

As evident from the table above, the project is financially viable. A cumulative surplus of about INR 546.77 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.

6.8 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 28: Cash Flow Statement

										(Rs. In Lakh)
PROFIT & LOSS ACCOUNT										
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Number of working days	300	300	300	300	300	300	300	300	300	300
Number of shift	1	1	1	1	1	1	1	1	1	1
Capacity Utilisation in %	**75%**	**80%**	**85%**	**90%**	**95%**	**100%**	**100%**	**100%**	**100%**	**100%**
A. Income										
(User/ Service Charge)	**113.40**	**120.96**	**128.52**	**136.08**	**143.64**	**151.20**	**151.20**	**151.20**	**151.20**	**151.20**
B. Cost of Production:										
1. Utilities Power (Fixed + Variable)	11.31	11.91	12.50	13.10	13.69	14.29	14.29	14.29	14.29	14.29
2. Direct labour and wages	14.16	15.10	16.04	16.99	17.93	18.88	18.88	18.88	18.88	18.88
3. Consumable	3.32	3.54	3.76	3.99	4.21	4.43	4.43	4.43	4.43	4.43
4. Repair and Maintenance	4.86	5.18	5.51	5.83	6.16	6.48	6.48	6.48	6.48	6.48

5. Depreciation	33.72	28.61	24.33	20.68	17.59	14.95	12.72	10.81	9.19	7.82
Total Cost of production	**67.37**	**64.35**	**62.14**	**60.59**	**59.57**	**59.02**	**56.79**	**54.88**	**53.26**	**51.89**
C. Administrative expenses:										
6. Manpower (Indirect)	5.94	5.94	5.94	5.94	5.94	5.94	5.94	5.94	5.94	5.94
7. Rent	1.20	1.32	1.45	1.60	1.76	1.93	2.13	2.34	2.57	2.83
8. Insurance	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12
9. Misc Expense	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
Total Administrative Expenses	**8.86**	**8.98**	**9.11**	**9.25**	**9.41**	**9.59**	**9.78**	**9.99**	**10.23**	**10.49**
D. Financial expenses :										
10. Interest on Working capital loan @ 11% per annum	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Total Financial Expenses	**1.02**	**1.02**	**1.02**	**1.02**	**1.02**	**1.02**	**1.02**	**1.02**	**1.02**	**1.02**
E. Total Expenses B+C+D	**77.24**	**74.34**	**72.27**	**70.86**	**70.01**	**69.63**	**67.59**	**65.90**	**64.51**	**63.39**
F. Profit A - E	**36.16**	**46.62**	**56.25**	**65.22**	**73.63**	**81.57**	**83.61**	**85.30**	**86.69**	**87.81**
G. P&P Expenses written off	0.38	0.38	0.38	0.38	0.38	0.00	0.00	0.00	0.00	0.00
H. Income before Tax (F-G)	**35.78**	**46.24**	**55.87**	**64.85**	**73.26**	**81.57**	**83.61**	**85.30**	**86.69**	**87.81**
I. Adjustment of Loss	-	-	-	-	-	-	-	-	-	-
J. Income Tax (@30% for Society)	10.73	13.87	16.76	19.45	21.98	24.47	25.08	25.59	26.01	26.34
K. Net Profit /Loss for the year	**25.05**	**32.37**	**39.11**	**45.39**	**51.28**	**57.10**	**58.53**	**59.71**	**60.68**	**61.46**
L. Cumulative Surplus	**25.05**	**57.42**	**96.53**	**141.92**	**193.20**	**250.30**	**308.83**	**368.54**	**429.22**	**490.69**

The cash flow statement showcases the available net surplus for 10 years of the CFC operations. As most of the capital expenditure is being supported as grant under the Mini Cluster 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 29: Balance Sheet

(Rs in lakh)

PROJECTED BALANCE SHEET											
Particulars	At the end of impl. Period	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
1. Fixed Assets:											
Gross Block	224.93	224.93	191.21	162.60	138.28	117.59	100.00	85.05	72.33	61.52	52.33
Less: Depreciation (WDV)		33.72	28.61	24.33	20.68	17.59	14.95	12.72	10.81	9.19	7.82
Net Block	224.93	191.21	162.60	138.28	117.59	100.00	85.05	72.33	61.52	52.33	44.51
Total Fixed Assets (A)	**224.93**	**191.21**	**162.60**	**138.28**	**117.59**	**100.00**	**85.05**	**72.33**	**61.52**	**52.33**	**44.51**
2. Current Assets:											
Cash & bank Surplus (B.F)		61.74	121.83	184.37	249.55	317.53	388.30	459.53	530.04	599.90	669.16
Sundry Debtors		9.45	10.08	10.71	11.34	11.97	12.60	12.60	12.60	12.60	12.60
Margin Money for WC Loan	3.09	3.09	3.86	4.64	5.42	6.19	6.97	6.97	6.97	6.97	6.97
Other Current Assets		0.20	0.22	0.24	0.27	0.29	0.32	0.35	0.39	0.43	0.47
P&P Exp	1.88	1.50	1.13	0.75	0.38	0.00	0.00	0.00	0.00	0.00	0.00
Total current Assets (B)		**75.98**	**137.12**	**200.72**	**266.95**	**335.98**	**408.19**	**479.46**	**550.00**	**619.89**	**689.20**
Total Assets (A+B)	**229.90**	**267.20**	**299.72**	**338.99**	**384.54**	**435.99**	**493.24**	**551.79**	**611.52**	**672.22**	**733.71**

3. Current Liabilities :											
Working Capital Loan		9.26	9.26	9.26	9.26	9.26	9.26	9.26	9.26	9.26	9.26
Expenses Payable		2.99	3.15	3.31	3.47	3.63	3.79	3.80	3.82	3.84	3.86
Total Current Liabilities (C)		**12.25**	**12.41**	**12.57**	**12.73**	**12.89**	**13.05**	**13.06**	**13.08**	**13.10**	**13.12**
4. Fixed Liabilities											
Shareholders' Contribution	49.90	49.90	49.90	49.90	49.90	49.90	49.90	49.90	49.90	49.90	49.90
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		25.05	57.42	96.53	141.92	193.20	250.30	308.83	368.54	429.22	490.69
Total Fixed Liabilities (D)	**229.90**	**254.94**	**287.31**	**326.43**	**371.82**	**423.10**	**480.20**	**538.73**	**598.44**	**659.12**	**720.59**
Total Liabilities (C+D)	**229.90**	**267.20**	**299.72**	**338.99**	**384.54**	**435.99**	**493.24**	**551.79**	**611.52**	**672.22**	**733.71**

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 30: Break-even Estimates

(Rs. In Lakh)

BREAKEVEN POINT AT VARIOUS C.U.										
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Capacity Utilization	75%	80%	85%	90%	95%	100%	100%	100%	100%	100%
A. Total Earning by way of user charges	113.40	120.96	128.52	136.08	143.64	151.20	151.20	151.20	151.20	151.20
B. Variable costs										
Consumables	3.32	3.54	3.76	3.99	4.21	4.43	4.43	4.43	4.43	4.43
Utilities (Power- variable charge)	8.93	9.52	10.12	10.71	11.31	11.90	11.90	11.90	11.90	11.90
Interest on WC Loan	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Repair & Maintenance	4.86	5.18	5.51	5.83	6.16	6.48	6.48	6.48	6.48	6.48
Manpower (Direct)	14.16	15.10	16.04	16.99	17.93	18.88	18.88	18.88	18.88	18.88
Misc. Expenditure (90% variable)	0.41	0.43	0.46	0.49	0.51	0.54	0.54	0.54	0.54	0.54
Total Variable Cost (B)	32.28	34.37	36.45	38.53	40.62	42.70	42.70	42.70	42.70	42.70
C. Contribution (A-B)	81.12	86.59	92.07	97.55	103.02	108.50	108.50	108.50	108.50	108.50
D. Fixed Overheads (Cash)										
Manpower (Indirect)	5.94	5.94	5.94	5.94	5.94	5.94	5.94	5.94	5.94	5.94
Utilities (Power - fixed charges)	2.39	2.39	2.39	2.39	2.39	2.39	2.39	2.39	2.39	2.39
Rent	1.20	1.32	1.45	1.60	1.76	1.93	2.13	2.34	2.57	2.83
Insurance	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12	1.12
Misc. Expenditure (10% fixed)	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06
Sub-total (D)	10.70	10.82	10.95	11.10	11.26	11.44	11.63	11.84	12.08	12.33
E. Fixed Overheads (Non-cash)										
Depreciation	33.72	28.61	24.33	20.68	17.59	14.95	12.72	10.81	9.19	7.82
Preliminary & Pre-operative expenses written off	0.38	0.38	0.38	0.38	0.38	0.00	0.00	0.00	0.00	0.00
Sub-total (E)	34.09	28.99	24.70	21.06	17.96	14.95	12.72	10.81	9.19	7.82

F. Total Fixed Overheads (D+E)	44.80	39.81	35.66	32.16	29.22	26.39	24.34	22.65	21.27	20.15
Break even point (F/C)	55.22%	45.97%	38.73%	32.97%	28.37%	24.32%	22.44%	20.88%	19.60%	18.57%

Book break-even is achieved at 55.22% (of operational capacity at 75 percent), 45.97% (of operational capacity at 80 percent), 38.73% (of operational capacity at 85 percent), 32.97% (of operational capacity at 90 percent), 28.37% (of operational capacity at 95 percent) and at 24.32% (of operational capacity at 100 percent). The operation of the CFC is expected to break-even and realize 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 31: Financial Analysis

S. No.	Particulars	Estimates
1.	BEP (cash BEP at operating capacity of 75%)	55.22%
2.	Av. ROCE (PAT/CE)	30.93%
3.	Internal Rate of Return (IRR)	27.37%
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. 175.96 lakhs) at a conservative project life of 10 years
5.	Payback period	4.5 years with Grant-in-aid assistance from GOH
6.	DSCR	Not Applicable (non-availment of term loan in this project)

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

Table 32: Calculation of Return on Capital Employed

Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	AVERAGE
Earnings Before Interest and Tax (EBIT)	36.80	47.26	56.89	65.86	74.28	82.59	84.63	86.32	87.71	88.82	71.12
Capital Employed (with grant)	229.90	229.90	229.90	229.90	229.90	229.90	229.90	229.90	229.90	229.90	229.90
ROCE = EBIT/Captial Employed	**16.01%**	**20.56%**	**25%**	**28.65%**	**32.31%**	**35.92%**	**36.81%**	**37.55%**	**38.15%**	**38.64%**	**30.93%**

The average value of ROCE (with grant-in-aid) is 30.93%. This indicates the high techno-economic viability of the project should the government contribute a significant portion of the project cost as grant.

The Net Present Value is estimated at a discount rate of 10%. However, as reflected from the high values of NPV, it is positive at even 10.0%, the rate at which bank offers debt capital facility and even at higher discount rates. Project IRR is high at over 27.37% (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 & Sensitiveness

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 furniture industry but also in undertaking cluster developmental initiatives.
- **Facility is pre-marketed:** Evidently, complete capacity of the core facility to be established in terms of various facilities may be easily availed by members of the SPV themselves, thus the facility would already have a captive market.
- **Sustainability indicators in terms of the strength of the SPV and the economics of the project:** Evidence of cooperative initiatives of SPV members as articulated in previous chapters; for instance, in terms of pursuing several joint efforts, registering the SPV, proceeding towards procurement of building, and securing commitment from members, vis-à-vis progressively mobilizing necessary paid up capital, all reflect the strength of the SPV.

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

Table 33: Sensitivity Analysis

SENSTIVITY ANALYSIS					
S. No.	**Particulars**	**Base case**	**With 5% decline in user charge**	**With 10% decline in user charge**	**With 15% decline in user charge**
1	BEP (cash BEP at operating capacity of 75%)	55.22%	59.34%	64.13%	69.75%
2	Internal Rate of Return (IRR)	25.10%	22.85%	20.52%	18.11%
3	Av. ROCE (PAT/CE) (with Grant)	30.93%	27.91%	24.88%	21.84%
4	Net Present Value (at a discount rate of 10 per cent) - incorporating viability gap funding (grant) GoH	175.96	146.93	117.90	88.86

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 Assumption for financial calculations

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

1. The total project cost is pegged @ INR 229.90 Lakhs on the basis of estimates and quotations.
2. To finance the project, a total of INR 229.90 Lakhs is required. The financing will consist of grant from Government to Haryana and contribution by SPV.
3. In the financial projections and analysis, year 2020 is the envisaged period of project implementation also involving installation of plant, machinery and other equipment. This period will commence from the date of final approval by the State Level Project Steering Committee under Mint-Cluster Scheme. The financial projections thereafter are prepared for 10 years of operation starting 2021.
4. The Registered SPV will manage CFC, and these services are to be used by the SPV to member as well as non-member units. The common facility will benefit registered SPV as well as non-member firms who (in some cases) may not afford to contribute to necessary equity capital.
5. The CFC will operate for 25 days a month, that is, for 300 days a year on an eight-hour single shift basis. Operation on single shift basis is assumed for purposes of projecting income estimates.
6. Capacity utilization is assumed at 75% in the first year; 80% for second, 85% for third, 90% for fourth, 95% for fifth year and 100% thereafter. Machines will operate for 1 shift.
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 are provided @ 3% of plant and machinery cost at varying capacity utilization.
9. Insurance is provided @ 0.5% on fixed assets including building, machinery, contingency as fixed cost at all capacity utilization.
10. Electricity connection required for the CFC shall cost at Rs. 1100 as security deposit and Rs. 2000 as service charge per kW connected load as per the regulatory norms in Haryana.
11. Fixed charges per kW of electric connection shall be charged @ Rs. 175 and variable charges @ Rs. 8 per unit consumed.

12. Income estimates have been projected most conservatively. The prescribed user charges are competitive vis-à-vis charges for similar services in other regions.
13. Depreciation on fixed assets is calculated on written down value (WDV) method for all purposes.
14. Provision for income tax has been made @ 30% including surcharge. This is the rate prescribed for Private Limited Companies as per the recent Budget 2019.
15. Profitability estimates in terms of ROCE, NPV, 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 7 months upon receipt of final approval of grant-in-aid assistance from the Government of Haryana under mini cluster development scheme.
2. **User Base:** The facilities may be used by SPV members and non-members. However, the charges will vary. The SPV will also be open for new entrants subject to them subscribing to the shareholding of the SPV, and them being genuinely pro-active and interested in cluster initiatives. The governing body 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 7 months involves several activities. The schedule is elaborated in the table below:

Table 34: Project Implementation Schedule

Activity/Month	1	2	3	4	5	6	7
Collecting Contribution from SPV members							
Receipt of final sanction from GoH							
Building on lease in the name of SPV							
Refurbishment of Building							
Formation of purchase committee							
Inviting E tenders for purchase of machines							
Obtaining statutory clearances and approvals							
Purchase of machinery and equipment							
Installation and trial run of machinery and equipment							
Arrangement of working capital							
Monitoring of the project by governing body							
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 10 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 bye laws are indicative of the management and decision-making structure of the SPV. All the members of SPV have paid an advance and are members of the Registered Society. Few other units are also willing to be members of the SPV and once the CFC is approved and sanctioned from government of Haryana, many more members will be interested to subscribe to the shares of the SPV.
6. **Availability of Building & Status of Acquisitions**: A building will be leased by the SPV for the proposed CFC at Ellenabad in Sirsa district. A building of area 5400 sq. ft has already been identified by the SPV and a letter establishing the proof of availability of the building has been acquired and attached in ***Annexure 4***
7. **Availability of Requisite Clearances:** A building with all required clearances will be leased by the SPV. Electricity is already available in the area and the proposed CFC can easily be connected to the grid. The other required clearances (environment, labor etc.) shall be obtained in due course.
8. **O & M Plan:** The revenue stream for O&M is dependent on realization of user charges from the SPV members and other users/MSMEs in the case of various facilities. As detailed in the financial section, the cash incomes are sufficient to meet operating expenditures, overheads as well as depreciation for sustainable replacement of assets. The SPV will also have to keep a track of maintenance of assets through collection of user charges from the members/ users.

7.2 Monitoring Mechanism

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

- 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.

The members of the SLSC comprise of the following members:

i. Secretary Industries & Commerce (Chairman)
ii. Director General, MSME, Government of Haryana
iii. Director, MSME-DI, Karnal

iv. Concerned Joint Director/Deputy Director, District MSME Centre
v. President of related industry association
vi. Directors of related SPV
vii. EY Cluster Development Expert under MSME project

In addition, for implementing the Fatehabad Agricultural Implements Manufacturing Cluster CFC project, a Project Management Committee (PMC) comprising the Deputy Director, DMC, Fatehabad, and representatives of SPV and EY experts shall be constituted to directly oversee effective monitoring and implementation.

The project will be implemented through SPV and PMC will report progress of implementation to the State Level Steering Committee and DMC Fatehabad.

Conclusion

8. Conclusion

The micro agricultural implements manufacturing units of Fatehabad are dependent on manual, low capacity and obsolete technologies for production and are barely surviving due to 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 units do not have these machines and hence are unable to cater the market demand and deliver quality agricultural implements.

Against this backdrop, it is inevitable to support the micro units in Fatehabad to adopt modern cutting, machining and bending facilities. This will reduce their processing costs significantly while increasing the quality of their products.

The future of agricultural implements industry is bright due to increase in demand of agri-implements. The only constraint is the lack of technologies and related infrastructure which can be removed by setting up a CFC. 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 products. 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:

- Hi-tech Cutting Facility
- Machining Facility
- Advanced Bending Facility

The total project cost (including plant/machinery and buildings) is estimated to be INR 229.90 Lakhs. The project shall be implemented by the SPV '**Ratia Agriculture Implements Welfare Association**' which has been constituted by the cluster firms.

The CFC will be set up with support from DIC and the state government (Directorate of MSME) under PPP mode. The building for the project has already been identified by the SPV and shall be acquired on a lease basis upon in final approval by State Government. The state Directorate of MSME 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 INR 49.90 lakhs of the project cost. Support from the State Mini Cluster Development Scheme of Government of Haryana is envisaged for INR 180.00 lakh. The project is financially viable and is expected to generate enough revenue to ensure its sustainability.

Annexures


celebrate
Entrepreneur
GROWTH
TAKE
GALA
WORLD
IDEA
options

9. Annexures

Annexure 1: DSR Approval Letter

From

The Director General, MSME, Haryana

To

M/s Ernst & Young LLP,
Unit 613-615, 6th Floor,
Elante Offices, Chandigarh
Email :- upinder.dhingra@in.ey.com

Memo No. Mini Cluster/Agri Implements Cluster/Fatehabad/ 12613-A
Dated Chandigarh, the 13/08/2020

Subject:- **Regarding conducting Detailed Project Report (DPR) in case of Fatehabad Agri Implements Cluster under the State Mini Cluster Development Scheme.**

Kindly refer to the subject cited above.

In this connection, it is informed that the Diagnostic Study Report (DSR) in case of Fatehabad Agri Implements Cluster under State Mini Cluster Development Scheme has been approved by the Director General, MSME, Haryana on 30.07.2020. You are, therefore, requested to prepare the Detailed Project Report (DPR) for the above said mini cluster.

Additional Director (Cluster)
for Director General, MSME, Haryana

Endst. No. Mini Cluster/Agri Implements Cluster/Fatehabad / 12614-A Dated:- 13/08/2020

A copy of the above is forwarded to the SPV of the Agri Implements Cluster, Fatehabad M/s Guru Agro Industries Budhlada road Ratia, District Fatehabad, Haryana with a request to provide requisite documents and information as asked by Ernst & Young LLP immediately which are required for preparation of DPR. E-mail : info@guruagro.co.in

Additional Director (Cluster)
for Director General, MSME, Haryana

Annexure 2 (a): SPV Registration Certificate along with Memorandum of Association (MoA)

Department of Industries & Commerce, Haryana

Form-III

"Certificate of Registration to be issued under Section 9(1) of the Haryana Registration and Regulation of Societies Act, 2012"

(See rule 5 and rule 6)

Certificate of Registration of Society

I hereby certify that a Society bearing the Registration Number and name as undermentioned has been registered this [18] day [Oct] month [2020] year under the Haryana Registration and Regulation of Societies Act, 2012 (Haryana Act No. 1 of 2012).

State Code	District Code	Year Of Registration	Registration Number
H R	0 1 0	2 0 2 0	0 1 5 1 0

Name Of the Society	Registered Office Address
RATIA AGRICULTURE IMPLEMENTS WELFARE ASSOCIATION	LAMBA FARMING, SARDULGARH ROAD, RATIA, DISTRICT FATEHABAD

Issued under my hand at [Fatehabad] this [18] day of (month)[Oct] (Year)[2020] having Unique Identification Number - 2000145501

Issuing Authority,
District Registrar, , Haryana.

SOME IMPORTANT PROVISIONS OF THE HRRS ACT 2012 TO BE FOLLOWED :

- One Flat one vote.
- Collegium Scheme to be approved from District Registrar if members strength is more than 1000.
- Administrator if appointed will not enroll new members, incur capital expenditure and give employement in the society.
- Terms of Governing Body not to be more than 3 years.
- Member to be not less than 21 year age.
- Office bearers of society (Three to twenty one).
- General Body and other meeting should be conducted with quorum i.e 1st meeting - 40%, 2nd meeting - 25% and 3rd meeting - 15% (see entire Provisions)
- Submission of mandatory Annual Returns i.e. list of members, list of members of collegium, list of office bearers, Annual Report on working, Balance Sheet & Auditors Report, Copy of special resolution otherwise shall attract penalities & fines as per provisions of Act.
- In case of Joint Apartment owners, 1st owner will be eligible to contest the elections.
- Proxy voting not allowed.
- Condominium/ Association covered under Apartment Ownership Act 1983 is to be formed by owners only.
- Election observer may be appointed by District Registrar or on request of Society

Department of Industries & Commerce, Haryana

Form-I-A
"Approval of Name"
(See sub-rule (2) of rule 3)

DAVINDER SINGH SANDHU

S/O JOGINDER SINGH, H. NO. 236, W. NO. 15,
FATEHABAD ROAD, BEHIND RELIANCE PETROL PUMP,
EMPLOYEES COLONY, RATIA FATEHABAD 125051

Memo Number : 2020-09-006304

Dated : 11-Sep-2020

Subject : Approval of name for the proposed Society

Dear Sir,

Kindly refer to your application dated 11-Sep-2020 for approval of name of your proposed society. Having examined the same, I am pleased to inform you that the following name has been approved against your application, namely:-

RATIA AGRICULTURE IMPLEMENTS WELFARE ASSOCIATION

2. This approval shall remain valid for a period of 180 days from the date of issue of this letter, whereafter the same shall lapse.

3. Accordingly, you may take further necessary steps for the registration of the Society within a period of 180 days from the date of issue of this letter.

Issuing Authority
District Registrar,
Fatehabad, Haryana.

Verification Link: https://haryanaindustries.gov.in/msme/verify/societyapprovalname/id/155619

RATIA AGRICULTURE IMPLEMENTS WELFARE ASSOCIATION

Memorandum of Association

1 **Name of the Society**
The name of the Society shall be **"Ratia Agriculture Implements Welfare Association"**

2 **Location of Registered office**
The Regd. office of the Society shall be situated at Lamba Farming, Sardulgarh Road, Ratia, Distt. Fatehabad.

3. **Area of operation**
The area of operation of the Society shall be spread in the territory of Haryana.

4 **Aims & Objects**
The aims & objects of the Society shall be as under: -

Main Objective: The main objective of the society is to work for the welfare of farmers.

a) To Operate/ Manage the Ratia Agriculture Implements Welfare Association, Lamba Farming Sardulgarh Road, Ratia, Distt- Fatehabad.
b) To make available high quality seeds of different crops and fertilizers to farmers.
c) To give the knowledge to the farmers about latest technology of farming.
d) To arrange camps for farmers.
e) To provide the knowledge about the cashless transactions
f) To make available the latest rates of markets.
g) To maintain/increase water level by crop diversification.
h) To give the knowledge to the farmers about land re-culmination
i) To give the knowledge to the farmers about IPM, INM etc.
j) To work for the welfare of farmers.
k) To work for the betterment and welfare of street children, women, handicapped, needed person, etc
l) To work for the benefit of villagers & nation.
m) To promote education, sports etc. and to run & manage such institutions opened by the Society.
n) To work for the betterment & welfare of the staff of the Society.
o) To reduce the gap between farmers and agriculture department.
p) To give the knowledge to the farmers about organic farming.
q) To promote swadeshi culture through education with special emphasis on mutual cooperation.
r) To raise funds by subscriptions, donations and grants to utilize, invest or spend the same as decided by executive committee of the Society from time to time, for the promotion of objects of the Society.
s) To purchase, take on lease or in exchange, or otherwise acquire any property, including vehicles, movable or immovable, necessary or convenient for the purposes of the Society and to improve, develop, manage, sell, lease, mortgage, dispose or turn to account or take loan from any bank, financial institution, member, person, firm etc. for the above purpose and to procure funds for running the Society by way of donations gifts, subscription etc.
t) This society is a multipurpose society. To encourage the people by organizing special [illegible] for the uplift the society.
u) To organize special programs & classes to maintain the morality & high thinking in our young generation.
v) To provide timely help to educational & religious institutions as far as possible.

President · General Secretary/ Secretary · Treasurer

RATIA AGRICULTURE IMPLEMENTS WELFARE ASSOCIATION

w) To provide food free of cost to general public at various occasions like festiaval. fair & religious occasion.

x) To encourage the society to uplift the games, sports & player.

y) To organize sports tournaments, sports events.

z) To promote sports & sportsman's, provide help to player.

aa) To manage the educational institution by above society.

bb) To promote the swadeshi culture through education with special emphasis on mutual co-peration and brotherhood.

cc) To work for the removal of social evils such as untouchabilit, illiteracy and inferiority complex among the students from their childhood.

dd) To promote institutions to impart computer. Technical medical Management Engineering education and regarding to the latest Technologies.

5 **Conditions**

a) The income and property of the Society shall be applied solely towards the promotion of the objects of the Society as set forth in the memorandum of Association and no portion thereof shall be paid or transferred directly or indirectly, to the member of the Society.

b) No members of the Society shall be appointed to any salaried office of the Society, or any office of the society paid by fees, that no remuneration shall be given by the society to any member except repayment of out of pocket expenses and interest on money lent or rent for premises to the society.

c) The Society by its constitution is required to apply its profits, if any, or other income in promoting its objects.

d) If upon the winding up or dissolution of the Society there remains after satisfaction of all its debts and liabilities any property whatsoever the same shall not be paid to or distributed among the members of the Society, but shall be given or transferred to some other institution having objects similar to the objects of the Society to be determined by the members of the Society at or before the time of dissolution.

Distt. Registrar of Societies — Department of Industries & Commerce, Haryana

President General Secretary/Secretary Treasurer 2

Satnam Singh

Management

The management of the affairs of the society is entrusted in accordance with the rules & regulations of the society to a Governing Body of which the first members are:-

Sr. No	Name of member	Father's Name	Address	Occupation	D.O.B.	Designation
1	JAGJEET SINGH	S/O SUKHCHAIN SINGH	S/O SUKHCHAIN SINGH, VILLAGE-PALSAR, DISTT-FATEHABAD	AGRICULTURIST	30/07/1980	PRESIDENT
2	RAM SINGH BRAR	S/O VIKRAMJEET SINGH BRAR	S/O VIKRAMJEET SINGH BRAR, VILLAGE- HAROLI, DISTT-FATEHABAD	AGRICULTURIST	01/03/81	VICE PRESIDENT
3	DAVINDER SINGH SANDHU	S/O JOGINDER SINGH	S/O JOGINDER SINGH, EMPLOYEES COLONY, RATIA, DISTT-FATEHABAD	AGRICULTURIST	14/10/1974	General Secretary
4	SATGUR SINGH	S/O JAGROOP SINGH	S/O JAGROOP SINGH, VILLAGE-PALSAR, DISTT-FATEHABAD	AGRICULTURIST	11/04/88	JOINT SECRETARY
5	SATNAM SINGH BRAR	S/O LABH SINGH BRAR	S/O LABH SINGH BRAR, VILLAGE-HAROLI, DISTT-FATEHABAD	AGRICULTURIST	18/11/1986	Cashier/Treasurer

President

General Secretary/ Secretary

Cashier

Declaration

We the several persons whose names and addresses are hereunder subscribed, are desirous of being formed into a society in pursuance of this memorandum of Association:

Sr. No	Name of member	Father's Name	Address	D.O.B.	Occupation	Signature
1	JAGJEET SINGH	S/O SUKHCHAIN SINGH	S/O SUKHCHAIN SINGH, VILLAGE- PALSAR, DISTT- FATEHABAD	30/07/1980	AGRICULTURIST	
2	RAM SINGH BRAR	S/O VIKRAMJEET SINGH BRAR	S/O VIKRAMJEET SINGH BRAR, VILLAGE- HAROLI, DISTT- FATEHABAD	01/03/81	AGRICULTURIST	
3	DAVINDER SINGH SANDHU	S/O JOGINDER SINGH	S/O JOGINDER SINGH, EMPLOYEES COLONY, RATIA, DISTT- FATEHABAD	14/10/1974	AGRICULTURIST	
4	SATGUR SINGH	S/O JAGROOP SINGH	S/O JAGROOP SINGH, VILLAGE- PALSAR, DISTT- FATEHABAD	11/04/88	AGRICULTURIST	
5	SATNAM SINGH BRAR	S/O LABH SINGH BRAR	S/O LABH SINGH BRAR, VILLAGE- HAROLI, DISTT- FATEHABAD	18/11/1986	AGRICULTURIST	
6	SATNAM SINGH	S/O SADHU SINGH	S/O SADHU SINGH, RATIA, DISTT- FATEHABAD	03/11/59	AGRICULTURIST	
7	JOGINDER SINGH	S/O TEJA SINGH	S/O TEJA SINGH, RATIA, DISTT- FATEHABAD	01/01/81	AGRICULTURIST	
8	KAMALJEET KAUR LAMBA	W/O JAGJEET SINGH LAMBA	W/O JAGJEET SINGH LAMBA, VILLAGE- PALSAR, DISTT- FATEHABAD	13/01/1985	AGRICULTURIST	
9	GURPREET CHARANJEET SINGH SANDHU	S/O CHARANJEET SINGH	S/O CHARANJEET SINGH KUNDANSINGH SANDHU, EMPLOYEES COLONY, RATIA,	28/06/1989	AGRICULTURIST	
10	HARJINDER SINGH	S/O GURMUKH SINGH	S/O GURMUKH SINGH, VILLAGE- SANDLI, DISTT- MANSA	01/01/82	AGRICULTURIST	

I/We know the above signatories and they have signed in my/our present and thumb impressions obtained in front of us

Kirat Pal
M.C. Ward No. 15
Ratia (Fatehabad)

Station RATIA

Witness 1:

Dated: 12.10.2020

Witness 2:

RATIA AGRICULTURE IMPLEMENTS WELFARE ASSOCIATION

Bye Laws/ Rules and Regulations

1. **INTRODUCTION :**

I(a) The name of the society shall be **"Ratia Agriculture Implements Welfare Association "**

I(b) Location of Registered office, **Lamba Farming, Sardulgarh Road, Ratia, Distt. Fatehabad**

I(c) Area of operation The area of operation of the Society shall be spread in the territory of Haryana

2. **MEMBERSHIP**

(A) The Society shall have a maximum of 350 members including the founder members/ original members.

(B) **Eligibility:** In order to be admitted as a member of the society, a person

(i) Must be 21 years of age on the date of admission.

(ii) Should subscribe to the aims and object of the society.

(iii) Must have deposited the admission fee and annual subscription fee & must not be arrear of payment of such fee as on the date of annual general meeting for continuing as a member.

(iv) Must not be insolvent and of unsound mind; and

(v) Must not have been convicted of an offence involving turpitude involving imprisonment of one year or more.

(C) Kinds/ Types/ Categories of members: the society shall consist of four different categories of members as under:

(i) Founder Members –A member who has been admitted as founder member at the time of registration of the society and has paid the requisite membership fee to the society. The number of founder members shall not exceed 08. The founder members shall also be deemed to / have become life members of the society and shall have the privilege of being members of the collegium without election. In case the total number of members of the society exceeds 1000.

(ii) Life Members: - a person may be admitted as a life member on payment of the prescribed fees and such person shall continue to be the member of the society for his life. The total number of life members shall not exceed 100

(iii) Ordinary member: - the society shall have a total of 200 ordinary members who shall continue to enjoy their membership only so long as they are not in arrear of payment of their annual subscription fee. Ordinary members may be admitted as a tenure member, say, for a period of two to five year(s), as the case may be, and he will cease to be a member of the society on completion of his tenure, unless it is renewed by the governing body for another tenure.

(iv) Honorary Member The governing body may admit individual of distinguished talent and merit or whose association is deemed to be beneficial to the society or who has rendered services of outstanding merit to the society or who is a distinguished citizen of India or any other country as honorary member of the society, after obtaining [illegible] the individual, without payment of any membership or subscription fees. The [illegible] of such

President

General Secretary/ Secretary

Treasurer

RATIA AGRICULTURE IMPLEMENTS WELFARE ASSOCIATION

honorary members shall not exceed NIL. The honorary members shall be entitled to attend the meetings and contribute to the deliberations but shall have no right to vote.

(D) Membership Fee & Annual subscription

(i) the rates for membership of the society and the annual subscription shall be as under :-

Sr.	Type of member	Admission Fee	Annual Subscription
(i)	Founder Member	Rs. 1100/-	Nil
(ii)	Life Member	Rs. 500/-	Nil
(iii)	Ordinary member	Rs. 100/-	Rs. 100/-
(iv)	Honorary Member	Nil	Nil

(ii) The payment of annual subscription of a member shall become due as on the 1st of April of every year, which may be paid latest by the 30th of June of such year. The membership of a defaulting member shall be deemed to be under suspension after the due date (30th June) and such member shall not be entitled to cast his vote during the elections of the society held after 1st July of the said year.

(iii) The suspension of membership on account of default in payment of the annual subscription may be revoked after he has cleared the default with along with 18 % interest on the account payable. However, he shall not be entitled to cast his vote in any election held during the remember of the financial.

(E) Admission procedure (for members other then the subscribers):

(i) The admission of a person as a member of the society shall be decided by its governing body from time to time.

(ii) An individual willing to be a member of the society has to submit an application in prescribed form, and along with supporting documents to the secretary duly filled in and signed and recommended by a regular member of the society.

President | General Secretary/ Secretary | Treasurer

RATIA AGRICULTURE IMPLEMENTS WELFARE ASSOCIATION

(iii) The Secretary shall examine the application and place the same before the Governing Body for a decision

(iv) The Governing Body may accept or reject the application and the decision of the Governing Body in this regard shall be final. It shall not be bound to assign any reason for its decision.

(v) The approval of the Governing Body shall be intimated to the member, his name shall be entered in the register of members to be maintained in such manner & form as prescribed under the Haryana Societies Registration and Regulation Rules, 2012 and he/she will be issued an identity Card of the Society.

(F) **Identity Card for every member:**

Every person admitted as a member will be issued an Identity card containing his/her photograph, brief particles and membership category, duly signed by the individual Member and the General Secretary of the Society.

(G) **Rights & Obligation of Member:**

i) All the members of the Society shall be bound by the rules and regulation of the Society as contained in its byelaws and amended from time to time.

ii) Every member except an honorary member shall have a right to cast his vote at the election of the Society provided such member is not a defaulter in payment of any dues of the Society and the annual subscription for a period of three months beyond the due date.

iii) Every member of the society shall have the right to inspect the books of accounts, books containing the minutes of proceedings of the general meetings of the Governing Body and register of member of the society on any working day by giving a notice of seven days.

iv) Every member shall inform the Society about any change in his address, which shall be duly recorded in the register of members of the Society and upon which the Society shall issue a fresh Identity Card to such member.

(H) **Cessation of Membership:**

Any person admitted as a member shall cease to be a member of the Society on the following events:

i) Attracts the provision contained in Section 22 of the Act.

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President

General Secretary/ Secretary

Treasurer

RATIA AGRICULTURE IMPLEMENTS WELFARE ASSOCIATION

ii) Upon his/her acting contrary to the aims and objectives of the Society

iii) Upon such member being found guilty of a financial misappropriation of the funds of the Society

v) Upon indictment and direction for removal by the District Registrar/ Registrar/ Registrar General of society

vi) An Honorary member shall cease to be a member of the Society, if the Governing Body decides so by passing a resolution in this behalf.

(3) General Body:

A) Every person admitted as a member shall be a member of the General Body of the Society and shall be entitled to cast his vote for the election of the Governing Body of the Society unless he is in arrears of payment of any dues of the Society Including the annual subscription.

B) Every member shall cast his vote in person and no proxy voting shall be allowed.

(4) Meetings of the General Body:

i) A meeting of the General Body of the society will be held as and when required. However, at least one meeting of the General Body of the Society, called as the Annual General Meeting (AGM) will be held in a year, within six months of the close of the financial year for consideration and adoption of the duly audited annual accounts of the society in addition to transaction of any other business of the Society as may be required.

ii) The Governing Body of the society may convene an extra-ordinary meeting of the General Body of the society at any time after giving due notice as prescribed hereunder , either of its own or within 45 days of receipt of a written requisition along with reason for convening such meeting from at least $1/10^{th}$ of the members of the General Body.

iii) For any meeting of the General Body, a clear notice of at least 14 days along with a copy of the agenda of the business to be transacted, date, time & venue of the meeting will be given to the members of the General Body. A copy of such notice will also be endorsed to the D\strict Registrar.

iv) A meeting of the General Body may also be convened at a shorter noti[illegible]ceed to, by a majority (at least above 50% of the total members) of the me[illegible] the General Body.

President | General Secretary/ Secretary | Treasurer

RATIA AGRICULTURE IMPLEMENTS WELFARE ASSOCIATION

v) Quorum for the meeting of the General Body will be 40% of the total members entitled to vote and present in person, subject a minimum of four members. In case of a meeting adjourned for want of quorum, the quorum for the adjourned meeting shall not be less than 10% of the total members, subject to a minimum of three. The General Body shall be competent to transact all business in such adjourned meeting except the consideration of any Special Resolution. Any Special Resolution can be passed in such adjourned meeting only if at least 25% of the total members of the Society are present.

vi) The proceedings of al meeting of the General Body will be recorded in the minute – book (bound or in loose leaves) maintained separately for the purpose by the Secretary and such minutes will be signed by the Chairman of the meeting and the Secretary of the Society

5) Powers, Functions & Duties of the General Body:

i) To guide the Society in determining and fulfilling its aims and objectives.

ii) To decide policy matters such as change of name of the society, amendments in the Memorandum of Association and the Byelaws of the society, approval of annual accounts of the Society, approval for disposal of immovable assets of the society etc. and all such other acts as may be required under the Haryana Registration and Regulation of Societies Act & Rules, 2012.

iii) To elect the members of the Governing Body.

iv) To remove any member from the Governing Body and according approval to the continuation of a person appointed as a member of the Governing Body against a casual vacancy.

(6) **GOVERNING BODY ;**

I) **Composition** : The Governing Body of the society shall consist Of a total of 5 Office Bearers and Members as under

a)	President	**1**
b)	Vice President	1
c)	General Secretary/ Secretary	1
d)	JOINT SECRETARY	1
e)	Treasurer/Cashier	1

(2) **Election of the Governing Body:**

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President | General Secretary/ Secretary | Treasurer

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i) The Term of the Governing Body shall be three years from the date of approval of its election by the District Registrar.

ii) The Governing Body will declare the Schedule of Elections and appoint the returning Officer for conduct of elections and also notify/ display a list of members of the General Body entitled to vote at least 45 days prior to the holding of the General meeting for conduct of the elections. The Governing Body shall also send notices for holding election of the Governing Body to all the members, conveying the date, time & the manner. The information w.r.t holding of election for the Governing Body shall also be sent to District Registrar to appoint an observer, if he so desire.

iii) Any objection qua the list of members of the Society entitled to vote shall be decide by the Retuning Officer in consultation with the office bearer of the society. However, the decision

of the Returning Officer shall be final in the event of any difference of opinion. The Returning Officer shall, thereafter, invite nomination to be files within the period prescribed in the Schedule of elections scrutiny and withdrawal of nominations if any, for election of the office- bearer and the executives members of the Governing Body:

iv) The Returning Officer will display a list of the contesting members on the notice board of the society. The returning officer will conduct the election on the notified date. The members eligible to vote will be allowed to cast their vote in person and wherever disputed, on production of the identity card issued by the society.

v) After closing hours on the date of the poll, the returning officer will declare the results and constitute the Governing Body of the Society. A list of the elected office- bearers and the executive members of the Governing Body, duly signed by the Returning Officer, will be filed with District Registrar within 30 days, who shall accord his approval of the same upon his satisfaction.

vi) The office- bearers of the Society shall not be entitled to any remuneration for rendering services to the society.

(7) FILING OF ANY CASUAL VACANCY ON THE GOVERNING BODY-

Any vacancy arising on account of resignation or death of any member of the Governing Body or for any other reason, may be filled up by the Governing Body, if required from amongst the members of the General Body on adhoc basis till the holding of Annual General Meeting Society. Such adhoc member of the Governing Body shall be a member of the Governing Body on the date of the next Annual General Meeting/ If his

President | General Secretary/ Secretary | Treasurer

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appointment is not approved in the Annual General Meeting by a majority vote for the balance term of the Governing Body.

(8) MEETING OF THE GOVERNING BODY:

I) The meetings of the Governing Body will be held as and when required. However the Governing Body shall meet at least once in every quarter and there will be minimum four meetings of the Governing Body in a financial year.

II) A clear notice of three days of every such meeting will be given by the secretary of the Governing Body to the office bearers and members before the date appointed for the meeting. However, the Governing Body may meet at shorter notice, wherever so required, with the consent of at least 50% of its members.

III) The quorum of the meeting of the Governing Body shall be at least 40% of the total members of the Governing Body, subject to a minimum of 5 members. In case quorum is not present, the meeting shall be adjourned to another date for which a proper notice shall be issued. The members present in the adjourned meeting, subject to a minimum of three members, shall form the quorum for the adjourned meeting.

IV) The proceedings of every meeting of the Governing Body will be recorded in the proceedings book separately maintained for this purpose. Such minutes shall be signed by the chairman or the Secretary are not available to sign the minutes, these will be signed by any two members present in the meeting as may be authorized by the Governing Body.

V) The minutes of every meeting of the Governing Body will be placed for confirmation in the succeeding meeting of the Governing Body.

(9) POWERS, FUNCTIONS & DUTIES OF THE GOVERNING BODY

I) The Governing Body will be responsible for achieving the aim & objectives of the Society and

II) shall work in the best interests of the Society, for which it shall be empowered to deploy the funds & assets of the society for the stated objectives.

III) The Governing Body will be competent to raise funds and purchase property, movable and immovable, on free hold or lease basis in its name , as decided by it .

IV) The Governing Body shall have full charge of all immovable and movable properties and assets belonging to or vested in the Society and these will be managed in such a manner as it considers appropriate subject to the overall control and directions of the General Body of the Society.

President | General Secretary/ Secretary | Treasurer

RATIA AGRICULTURE IMPLEMENTS WELFARE ASSOCIATION

V) The Governing Body shall be competent to invest the funds in the manner it consider appropriate in the best interests of the Society and it shall be competent to borrow or mortgage or hypothecate the properties on behalf of the Society in the manner decided.

VI) To constitute various standing or adhoc Committees for looking such functions as may be assigned from time to time.

VII) To create provisions fir engagements of regular or part time employees of the Society to look after the secretarial. accounting and other functions in a seamless manner.

VIII) To outsource certain functions e.g. cleaning. security and similar other maintenance activities of the premises of the society.

(10) POWERS, FUNCTIONS & DUTIES OF INDIVIDUAL MEMBERS OF THE GOVERNING BODY

I) President

a) To preside over all the meetings of the General Body and of the Governing Body and regulate the proceedings of such meetings.

b) To do all such acts, deeds and things as may be authorized by the General Body and/or the Governing Body from time to time.

c) To allow or disallow discussion on any matter which is not included in the agenda.

d) To ensure proper & transparent functioning of the society/ Governing Body.

e) To ensure strict compliance of the provisions of the Haryana Registration and Regulation of Societies Act, 2012 and the rule made there under.

f) To supervise and guide the overall activities/ achievements of aims& Objectives of the Society.

II) Vice- President

a) To assist the president in carrying out his duties.

b) In the absence of the President to act on his behalf and perform all duties and exercise all the powers of the President.

c) To do all such acts, deeds and things as may be authorized by the Governing Body.

III) General Secretary/ Secretary:

(a) To conduct, orgnise, supervise and manage all the affairs of the society and do all such acts and perform all such duties for the working of the society as the ... may be assigned by the president/ Governing Body.

President | General Secretary/ Secretary | Treasurer

RATIA AGRICULTURE IMPLEMENTS WELFARE ASSOCIATION

(b) To receive, scrutinize and place applications for membership of the society before the governing body and to enter the name of the members, it approved, in the register of members under his initials and to intimate the members about the same and issue identity cards to the members so admitted.

(c) To convene meetings of the general body/governing body with the consent of the president and serve proper notices as prescribed under these byelaws.

(d) To attend all the meetings of the general body and the governing body and assist the president in conducting the meetings and record proceedings of all the meetings.

(e) To prepare annual report of the society and place it before the governing body along with audited annual accounts of the society, for approval to place the same before the general body in the Annual General Meeting.

(f) To keep and preserve the records of the society/ Governing Body.

(g) To help and assist the president in looking after the complete affairs of the society and in attaining aims & objects of the society

(h) To ensure timely filling of all statutory returns/ documents in the office of the district registrar and such other authorities as may be prescribed under the Haryana registration and regulation of the society act. 2012 and the rules made there under.

(i) To be the custodian for safe custody of common seal of the society and affix the same, wherever required, as per the authorization of the governing body.

(j) To conduct correspondence on behalf of the society/ Governing body and to sign letters and papers on its behalf and to ensure that all statutory registers and records are properly kept and maintained.

(k) To prepare before announcing of the date of election and the annual general meeting, the list of all members eligible to vote, duly updated and to place it before the governing body including creation of posts, fixation of salaries/ remuneration/ allowance etc., make appointment/ engagement of staff, make purchases and do all other such thing as may be necessary in the furtherance of the aims & objects of the society in accordance with the delegation is specifically made, in consultation with the president of the society.

Join Secretary

(i) To assist the general secretary/ secretary of the society in carrying out his functions and duties:

(ii) To discharge the function and duties of the general secretary/ secretary of the society in his absence to the extent authorized by the governing body.

(iii) To look after such functions and duties and exercise such powers as may be assigned and delegated by the governing body of the society from time to time.

Treasurer

(a) to keep accounts of all financial transactions of the society and of all the sums of money received and spent by the society and maintained records of receipts and expenses relating to the such matters, assets, credits and liabilities.

President | General Secretary/ Secretary | Treasurer

RATIA AGRICULTURE IMPLEMENTS WELFARE ASSOCIATION

(b) To get account of the society, audited by the chartered accountant appointed by the governing body at the close of the every financial year.

(c) To submit to the governing body through general secretary/ Secretary the audited annual accounts of the society, at least one prior to the date of annual general meeting.

(d) To act as the overall custodian of all the books of accounts of the society, financial statements, receipt books, expenses vouchers, bank pass book & chaque book, cash etc.

(11) CEASATION OF MEMBERS OF THE GOVERNING BODY

An office bearer/ executive member of the governing body shall cease to be an office bearer or executive member

(a) upon submission & acceptance of his resignation.

(b) If he ceases to be a member in accordance with sub clause (8) of clause 4 of these byelaws.

(c) If he is removed by a resolution passed in the meeting of the general body.

(12) EXCLUSIONS FROM THE EMPLOYMENT OF THE SOCIETY:

(a) No members of the society shall be in full time or part time employment of the society.

(b) No dependant or family member or close relative of the office bearers and members of the governing body shall be engaged as an employee of the society during its term.

(c) Every office bearer and member of the governing body shall make a declaration in case any person in the employment of the society in his close relative.

(13) AMENDMENT IN THE MEMORANDUM OF ASSOCIATION, BYELAWS, NAME OF THE SOCIETY ETC.

Any Amendment in the memorandum of association, Byelaws, change of name amalgamation or division of the society will be done only with the approval of the general body by way of special resolution. The intimation of such amendment or change, along with the attested copy of the requisite documents, shall be filed in the office of registrar by the secretary with in such time as may be prescribed under the Haryana registration and regulation of the society act, 2012 and te rules made there under.

(14) MANAGEMENT OF ASSETS & FUNDS OF THE SOCIETY

(i) the source of income of the society will include receipts on account of membership fee, annual subscription, rent from property/ assets, interest consultation fee, donations, gifts, grant etc. the society can also raise fund through interest free short term loan from its members or from schedule banks on interest. Loan from scheduled banks on interest will be taken only for the purchase of creation of capital assets and not for meeting of recurring revenue expenditure under any circumstances.

(ii) The governing body will prepare and approve an annual budget of the society on the basis of its estimated income and the capital & revenue expenditure during the first quarter of the financial year and shall also place a copy thereof before the general body in its annual general meeting for information.

(iii) The bank accounts of the society will be jointly operated by such members/ office bearers as may be decided by the governing body from time to time.

(iv) All assets and funds will belong to the society and vest in the society.

(v) All receipts and payments of the society shall be made through bank instruments (i.e. Pay order/ Chaques / bank transfers/RTGS) including all receipts towards the membership fees [illegible] annual subscription form the members, However, the governing body may determine the limits of financial transactions which may be conducted in cash in certain other cases.

Distt. Registrar of Societies — Department of Industries & Commerce, Haryana

President | General Secretary/ Secretary | Treasurer

RATIA AGRICULTURE IMPLEMENTS WELFARE ASSOCIATION

(15) ACCOUNTS OF THE SOCIETY

(i) the treasurer of the society will be responsible for keeping & maintaining proper books of accounts. i.e. cash Book, ledger etc. as required under the income tax laws and /or any other authority including the institute of chartered accountant of India, as its registered office with respect to all sums of money received and expended by the society and the assets and liabilities of the society.

(ii) The books of accounts of the society shall be open to inspection during the business hours by the registrar general, registrar, district registrar or any officer authorised by them and by any members of the society.

The annual account of the society will be signed by any two authorized office – bearer of the society.

(iii) The governing body will appoint a chartered accountant, who shall not be a member of the governing body or family member of the governing body, audited the accounts and filing the income tax return of the society for each financial yea, at such remuneration as may be determined by the governing body.

(16) COMMON SEAL

The society will have a common seal which shall be kept in safe custody of the general secretary/ secretary and shall be affixed wherever it is required in accordance with the authorization by the governing body.

(17) AMALGMATION OF THE SOCIETY

The society may be amalgamated itself with any other society established with the identical aims and objects or allow any other society to amalgamate with itself by a special resolution passed in this behalf in accordance with the provisions contained in section 51 of the act and rule 25 made there under.

(18) DISSOLUTION OF THE SOCIETY

(i) the society may resolve to dissolve itself in accordance with the provisions contained in the act and rules there under in case it becomes difficult to carry on with the operation of the society, or it becomes insolvent or for any other pressing and unavoidable reasons.

(ii) In the event of dissolution of the society, no assets of the society shall devolve on or distributed amongst the members of the society.

(iii) Its assets & properties shall be first used to liquidate any liabilities and the left over properties/ Assets, if any shall be considered for transfer to any other society established with identical aims and objects or to the District collector for use thereof in the genera public interest.

President

General Secretary/ Secretary

Treasurer

Declaration

We the several persons whose names and addresses are hereunder subscribed, certify the above to be the true copy of byelaws of society

Sr. No	Name of member	Father's Name	Address	D.O.B.	Occupation	Signature
1	JAGJEET SINGH	S/O SUKHCHAIN SINGH	S/O SUKHCHAIN SINGH, VILLAGE-PALSAR, DISTT- FATEHABAD	30/07/1980	AGRICULTURIST	
2	RAM SINGH BRAR	S/O VIKRAMJEET SINGH BRAR	S/O VIKRAMJEET SINGH BRAR, VILLAGE- HAROLI, DISTT- FATEHABAD	01/03/81	AGRICULTURIST	
3	DAVINDER SINGH SANDHU	S/O JOGINDER SINGH	S/O JOGINDER SINGH, EMPLOYEES COLONY, RATIA, DISTT- FATEHABAD	14/10/1974	AGRICULTURIST	
4	SATGUR SINGH	S/O JAGROOP SINGH	S/O JAGROOP SINGH, VILLAGE-PALSAR, DISTT- FATEHABAD	11/04/88	AGRICULTURIST	
5	SATNAM SINGH BRAR	S/O LABH SINGH BRAR	S/O LABH SINGH BRAR, VILLAGE-HAROLI, DISTT- FATEHABAD	18/11/1986	AGRICULTURIST	
6	SATNAM SINGH	S/O SADHU SINGH	S/O SADHU SINGH, RATIA, DISTT-FATEHABAD	03/11/59	AGRICULTURIST	
7	JOGINDER SINGH	S/O TEJA SINGH	S/O TEJA SINGH, RATIA, DISTT-FATEHABAD	01/01/81	AGRICULTURIST	
8	KAMALJEET KAUR LAMBA	W/O JAGJEET SINGH LAMBA	W/O JAGJEET SINGH LAMBA, VILLAGE- PALSAR, DISTT-FATEHABAD	13/01/1985	AGRICULTURIST	
9	GURPREET CHARANJEET SINGH SANDHU	S/O CHARANJEET SINGH KUNDANSINGH SANDHU	S/O CHARANJEET SINGH KUNDANSINGH SANDHU, EMPLOYEES COLONY, RATIA, DISTT-FATEHABAD	28/06/1989	AGRICULTURIST	
10	HARJINDER SINGH	S/O GURMUKH SINGH	S/O GURMUKH SINGH, VILLAGE-SANDLI, DISTT- MANSA	01/01/82	AGRICULTURIST	

I/We know the above signatories and they have signed in my/our present and thumb impressions obtained in front of us.

Kirat Pal
M.C. Ward No. 15
Ratia (Fatehabad)

Station RATIA

Witness 1:

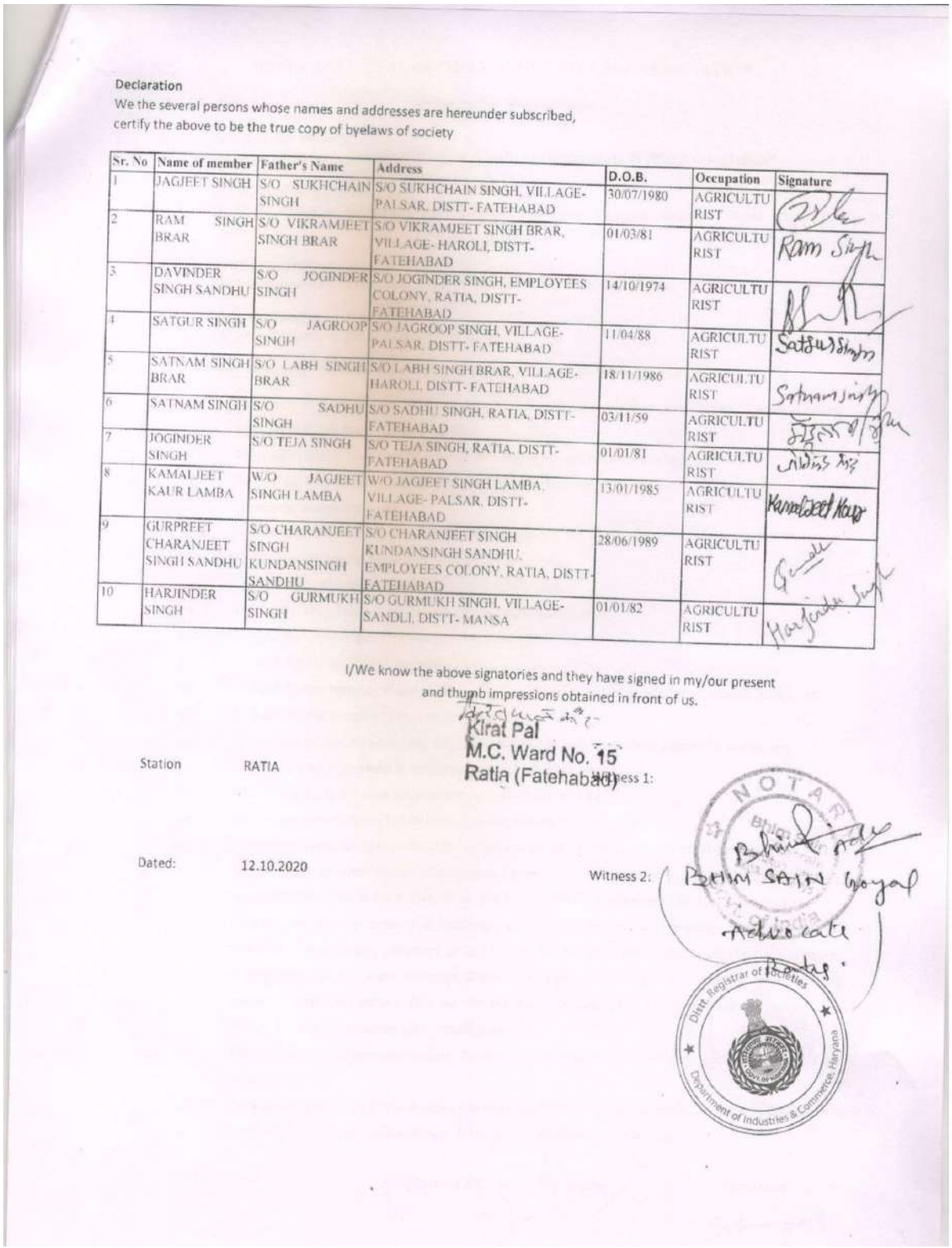
Dated: 12.10.2020

Witness 2: Bhim Sain Goyal
Advocate

NOTARY

Distt. Registrar of Societies
Department of Industries & Commerce, Haryana

Annexure 3: Verification of units by DIC, Fatehabad



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Kirat Pal
M.C. Ward No. 15
Ratia (Fatehabad)

Station RATIA

Witness 1:

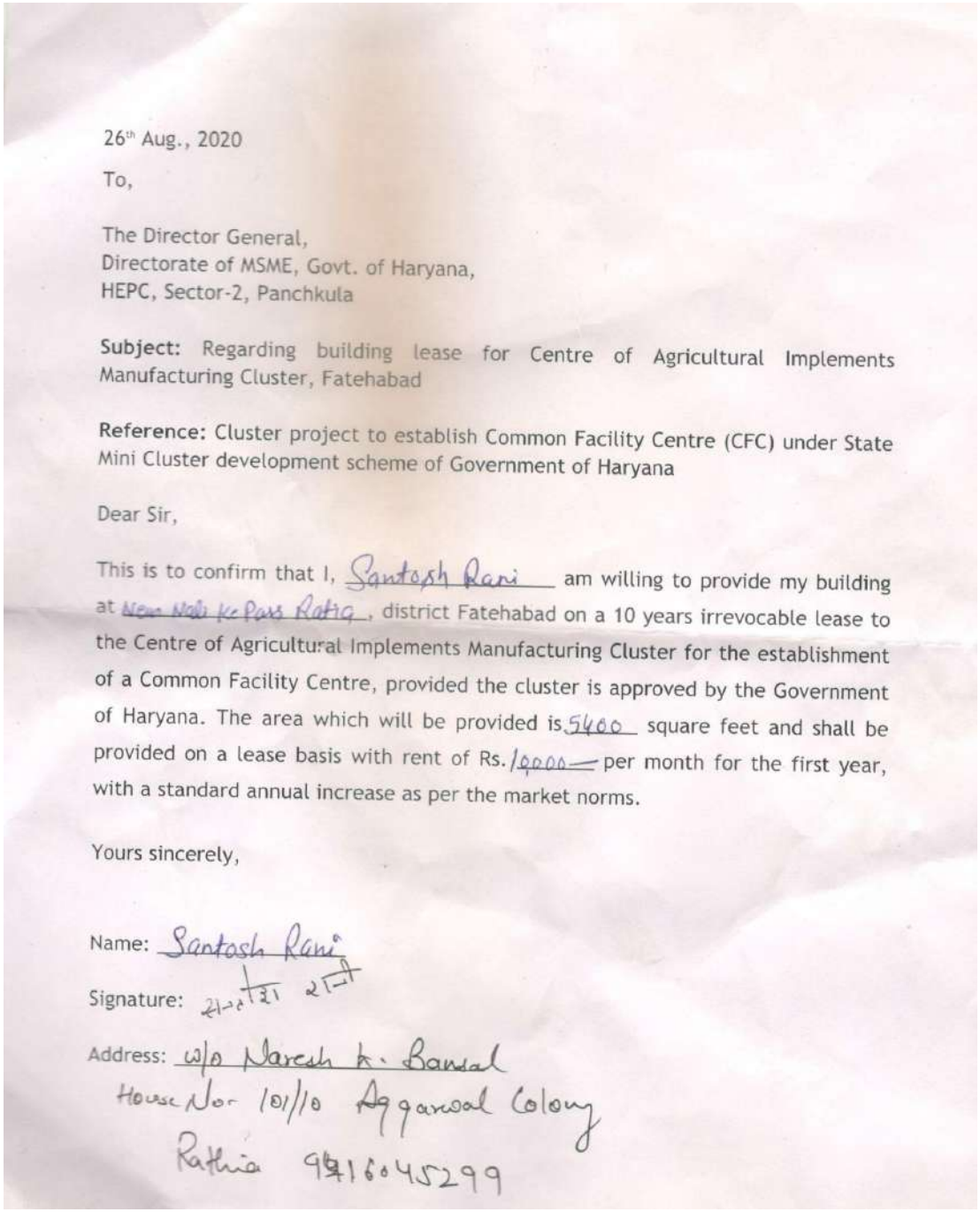
Dated: 12.10.2020

Witness 2: BHIM SAIN Goyal
Advocate

NOTARY

Distt. Registrar of Societies
Department of Industries & Commerce, Haryana

Annexure 4: Building availability proof



26th Aug., 2020

To,

The Director General,
Directorate of MSME, Govt. of Haryana,
HEPC, Sector-2, Panchkula

Subject: Regarding building lease for Centre of Agricultural Implements Manufacturing Cluster, Fatehabad

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

Dear Sir,

This is to confirm that I, Santosh Rani am willing to provide my building at New Wali ke Pass Ratia, district Fatehabad on a 10 years irrevocable lease to the Centre of Agricultural Implements Manufacturing Cluster for the establishment of a Common Facility Centre, provided the cluster is approved by the Government of Haryana. The area which will be provided is 5400 square feet and shall be provided on a lease basis with rent of Rs. 10000/- per month for the first year, with a standard annual increase as per the market norms.

Yours sincerely,

Name: Santosh Rani

Signature:

Address: w/o Naresh K. Bansal
House No. 101/10 Aggarwal Colony
Ratia 9416045299

STAR INDUSTRIAL SOLUTIONS

Solution providers for Industrial cutting & joining

Ph No. 0161-4623922 , 0161-5011484

Ref: SAZ/L/21-22/KYB Dated: 28-10-2020

M/s Ratia Agriculture Welfare

Association

Sir

Our company has a strong presence in the field of cutting & welding with over 10 years of experience serving the steel fabrication industry. Our team's focus and dedication has resulted us to be one of the top companies dealing in sale and service of cutting and welding equipment's.

We are associated with world's top brands such as Hypertherm, SLTL, Starktek, Trumpf power tools, Marknstamp, Broachcutter.

Primarily we deal in:

- CNC Oxy fuel/Plasma cutting machines, CNC Laser cutting machines
- Welding automation for Pre-Engineered Buildings
- Welding solution for Heavy Fabrication Industry

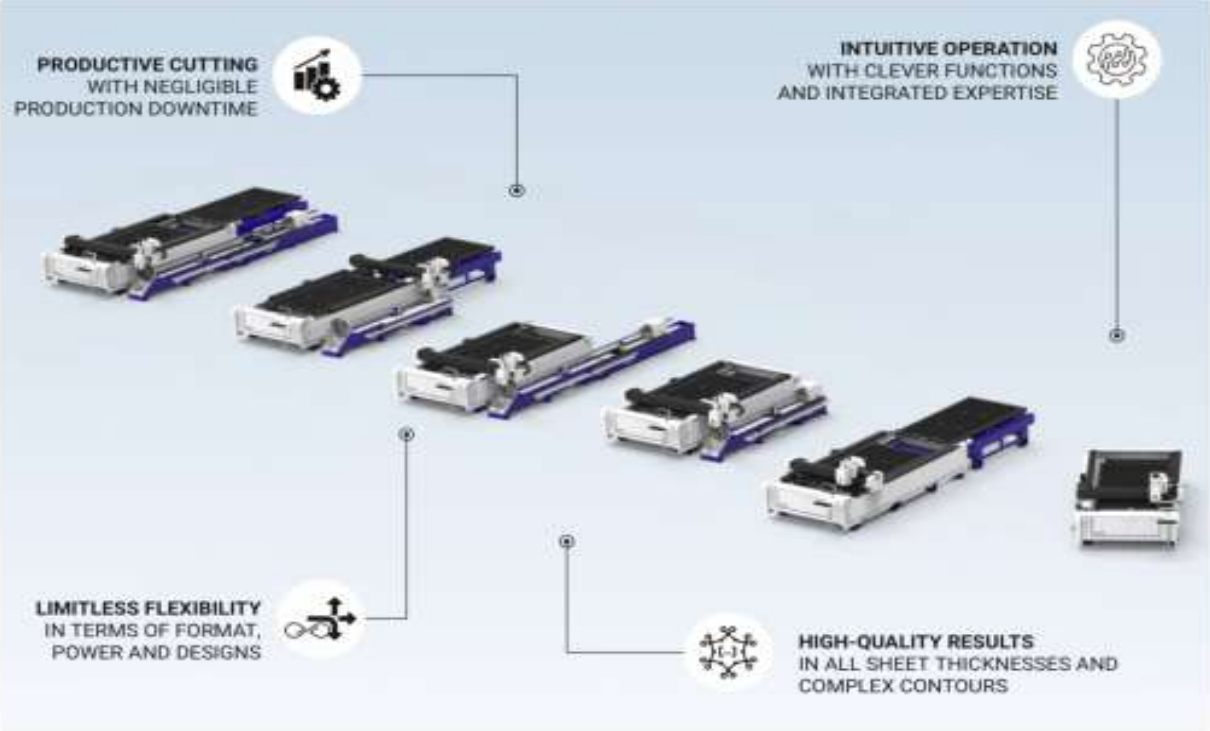
Besides these, we offer consultancy for projects related to steel industry and ultra-modern steel structures.

Further to our discussion we are pleased to offer you the following.

Office: #79, Rajouri Garden, Barewal, Ferozepur Road, Ludhiana-141012

Works: #422, Industrial Area-A, R.K. Road, Ludhiana-141003

Email: starindustrialsolutions@gmail.com , support@starindustrialsolutions.com



CUSTOMER SCOPE OF SUPPLY:

•	Electrical supply points	-	MCB's (as per drawings)
•	UPS	-	30 KVA online
•	Air compressor with dryer	-	20 HP
•	Oil filter (FR)	-	25 Micron + 5 Micron
•	Earthing	-	As per drawing

Office: #79, Rajouri Garden, Barewal, Ferozepur Road, Ludhiana-141012

Works: #422, Industrial Area-A, R.K. Road, Ludhiana-141003

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Products:

Office: #79, Rajouri Garden, Barewal, Ferozepur Road, Ludhiana-141012
Works: #422, Industrial Area-A, R.K. Road, Ludhiana-141003
Email: starindustrialsolutions@gmail.com , support@starindustrialsolutions.com

STAR INDUSTRIAL SOLUTIONS

Solution providers for Industrial cutting & joining

Ph No. 0161-4623922 , 0161-5011484

COMMERCIAL TERMS:

CNC Plate and Pipe Laser cutting machine with 2 kW IPG Germany Laser source
For Plate cutting 1.5 metres x 3 metres and Pipe cutting upto 3 metres
With dual bed Pallet changer and protection cover.

Price : INR 1,15,00,000/-

GST@18% extra

Installation, commissioning and training is provided FOC.

Payment Terms:
30% as advance balance before shipment.

Warranty: Complete system is warranted for two years from the date of installation.

Delivery	90 days
Validity of Quotation	30 Days

Thanks and regards

For Star Industrial Solutions

Parveen Sharma

Office: #79, Rajouri Garden, Barewal, Ferozepur Road, Ludhiana-141012
Works: #422, Industrial Area-A, R.K. Road, Ludhiana-141003
Email: starindustrialsolutions@gmail.com , support@starindustrialsolutions.com

Technical Specifications:

Sr. No.	Description	Specification
1	CNC controller	SLCC / Beckhoff / Siemens
2	Minimum Working Area for Plate	3000 mm x 1500 mm
3	Minimum Working Area Pipe	3000 mm
4	Minimum Z axis travel	300 mm
5	Repeatability X, Y and Z axes	Should not vary more than 20 microns
6	Acceleration	Minimum 1.5 G
7	Machine weight	Not less than 8500 kgs
8	Laser source make	IPG / IFA / Trulaser
9	Laser source Power	2000 w
10	Cutting thickness	M.S. 16 mm , S.S. 10 mm , Al. 5 mm
11	Rapid travel speed	Not less than 100 metres / min.
12	Max. Cutting speed	35000 mm / min.
13	Motors and drives	Panasonic/ Fuji/ Beckhoff/ Siemens
14	Laser cutting head	FFA- Fine Focus Auto
15	Assist gas pressure	Not more than 15 Bar
16	Rack and Pinion	YYC / PMI / Apex
17	Chiller	Hexacool / Kartick / Werner Finley
18	Chiller temperature range	1 deg. - 45 deg.
19	Dual pallet changer	Yes
20	Pallet changer speed	Max. 14 seconds
21	Protection cover	Yes
22	Gearbox	Beitto / YYC / Nidec
23	Fume Suction Blower	Hexagon / Mittal / Laxmi
24	Online UPS with batteries	30 kVA (Numeric / SAPT / Amson)
25	Air compressor	20 HP (ELGI / Atlas copco / IR)

Installation, commissioning & Training	:	Inclusive for 4 days. However our Engineer's Lodging, boarding, traveling, and conveyance shall be borne by you. Beyond 4 days chargeable at Rs. 15,000/- per day per engineer.
Validity	:	30 days from the date of offer.
Testing at SLTL	:	Machine will be tested under rigorous production process for 48 hrs.
Cancellation Terms	:	In case of cancellation of order, the advance amount can be used either for future procurement within 6 months or will be forfeited.
Warranty	:	All Products are warranted by SLT Ltd against in materials and workmanship for 24 months from the date of installation or 25 months from the date of machine readiness at our plant. During warranty, our Engineer's Lodging; boarding, traveling, and conveyance shall be borne by you. Consumables, lens, nozzle, mirror, ceramic part, optics, fiber and any physical damage are not covered in Warranty. Further details of warranty is mentioned in the Warranty Enclosure.
Proforma Invoice	:	Proforma Invoice will be provided on request for the remittance of payment Any changes in the company name and address should be intimated at the time of Proforma Invoice as no changes will be accepted after generation of final Invoice.
Other	:	In case of bank loan or hypothecation of any financial organization, sanction letter from bank or the financial organization needs to be provided. Dispatch of machine is subjected to realization of payment in SLTL account. Machine need to be lifted within 10 days from date of intimation of readiness. Incase of non lifting within the specified time, the machine will be diverted and new date will be provided. However machine can be kept in our warehouse for a minimum period of 30 days on receipt of balance payment and warehouse charges. Machine need to be lifted within 6 months from the date of confirmation of order. In case of delay, revised offer will be applicable. If drawing approval process applicable, then duly signed and stamped acceptance should reach us within 5 working days. CAD, dxf format drawings of samples should be provided as per SLTL requirement. After approval, if any additional requirement, it will be charged extra and there could be change in delivery period.

Quotation for CNC Lathe Machine

JYOTI CNC AUTOMATION LTD.
CIN : U29221GJ1991PLC014914
Plot No.,G-506, Lodhika GIDC,Vill.-Metoda, Dist.-Rajkot - 360 021.
Gujarat (India) T +91-2827-235100-101 F +91-2827-235141 / 235161
E info@jyoti.co.in W jyoti.co.in

Date : 28/10/2020

To,
GURU AGRO INDUSTRIES
BUDHLADA ROAD
RATIA-
INFO.GURUAGRO@GMAIL.COM

Kind Attention : **Mr. DAVINDER SANDHU**
Cell No. : 9315299100

Sub: Quotation of 'JYOTI' Make CNC Machine Model : **DX 200-5A**
Proposal No. : BR_1400 / 2020 / 10 / 13596

Dear Sir,

We thank you for the opportunity given us to address your requirement.

Attached is our detailed Techno - Commercial offer for your consideration.

We shall be glad to discuss personally, any clarifications required to ensure that the right solutions are provided for your application.

Hope our offer is in line with your requirement and in case of any further queries, feel free to contact us.

In anticipation of your valued order.

Regards,
For, **Jyoti CNC Automation Ltd.**

Mandeep Kalra
Contact No: 9872888746
Email : info@mtaindia.in

Encl.:1. Commercial Offer
2. Technical Specification
3. Terms of Offer

Jyoti CNC Automation Ltd.
C/o. MTA Technologies. SCF-21 | Urban Estate,
Phase: II | Focal Point | Ludhiana - 141010
Web: www.jyoti.co.in, www.huron.fr

Ex-works offered price: 30,00,000/- exclusive of GST

JYOTI

GURU AGRO INDUSTRIES
Proposal No. BR_1400 / 2020 / 10 / 13596 Date: 28/10/2020
Jyoti Make Machine : DX 200-5A

Technical Specification

2.1	**Capacity**	
	Swing Over Bed	500 mm
	Std. Turning Dia.	250 mm
	Max. Turning Dia.*	365 mm
	Maximum Turning Length *	500 mm
2.2	**Slides**	
	X-Axis Travel (Cross)	200 mm
	Z-Axis Travel (Longitudinal)	500 mm
	Rapid Feed (X & Z axis)	24 m/min
2.3	**Main Spindle**	
	Spindle Motor Power - Fanuc	11/7.5 kW
	Spindle Motor Power - Siemens	13.5/9 kW
	Spindle Speed Range	50-4000 rpm
	Spindle Bore	70 mm
	Spindle Nose	A2-6
	Max. Bar Capacity	52 mm
2.4	**Turret**	
	Number of Station	8
	Max. Boring Bar Dia.	40 mm
	Tool Size (Cross Sectional)	25 x 25 mm
2.5	**Tail Stock**	
	Quill Dia.	85 mm
	Quill Stroke	120 mm
	Thrust (Adjustable)	500 kgf
2.6	**Accuracy (As per VDI/DGQ 3441)**	
	Positioning Uncertainty (P)	0.007 mm
	Repeatability (Ps medium)	0.005 mm
2.7	**Other Data**	
	Machine Weight # (Approx.)	3400 kg
	Machine Dimension # (Approx.)	
	Length	1730 mm
	Width	2605 mm
	Height	1580 mm
*	Depends upon clamping arrangement, Tooling and Job.	
#	Refer Machine Detailed Layout for overall machine dimensions & space requirements.	

JYOTI

GURU AGRO INDUSTRIES
Proposal No. BR_1400 / 2020 / 10 / 13596 Date: 28/10/2020
Jyoti Make Machine : DX 200-5A

The Next-Gen Industry 4.0 Tool.

Redefining PPC
Plan. Produce. Complete.

7th SENSE

Jyoti leads the fourth industrial revolution in CNC automation and manufacturing with 7th SENSE. The next generation's i4.0 tool that redefines the conventional PPC model to Plan. Produce. Complete.

Jyoti is committed to lead the way in India for this revolution with 7th SENSE.

7th SENSE is a highly automated machine capable of processing the most sophisticated operations in the industry. With technology and this passion, Jyoti introduces 7th SENSE an i4.0 machine capable of performing mundane and repeat tasks independently allowing humans to focus on the outcomes of these operations.

Cockpit
Comprehensive Dashboard

OEE
Live Overall Equipment Efficiency

Production
Scheduling & Productivity Monitoring

Live
Machine Monitoring

Reports
Intelligent Reports

Health
Health Monitoring

Tool
Tool Life Management

Big Data
Cloud / Local data Management

Productivity with Live Monitoring, Scheduling, Health Monitoring & Reports

Master Modules & Productivity Features

- ✔ Machine, Part, Shift Management
- ✔ Production Scheduling Tool
- ✔ Daily Production Virtualization & Visualization
- ✔ Daily Task Manager
- ✔ Planned Downtime Management
- ✔ Reports
- ✔ Live Breakdown Alarms
- ✔ Live Production Monitoring
- ✔ Live Machine Monitoring
- ✔ Virtual Screen
- ✔ Alarm Logs
- ✔ Downtime & Productivity Alerts
- ✔ Dedicated operator Screen**
- ✔ User Management (operator, Supervisor etc.)

Health Monitoring Features*

- ✔ Live Machine Health Monitoring
- ✔ Machine Health Alarms Logs
- ✔ Machine Health Analysis
- ✔ Spindle - Bearing Temperature, Head Stock Temperature, Vibration, Load, Power Utilization, Run Hours
- ✔ Coolant - Flow Pressure
  Conveyor Coolant Level
- ✔ Pneumatic Pressure
- ✔ Hydraulic - Pressure Status, Oil Level Status, Oil Temperature
- ✔ Electrical Cabinet Temperature
- ✔ Lubrication
  Axis Lubrication Oil Level
  Axis Lubrication Pressure
  Gear Box Lubrication Temperature
  Gear Box Lubrication Oil Level
  Gear Box Lubrication Filter Obstruct

Reports & Analysis

OEE, Down Time Analysis, Availability Chart, Good/Scrap Parts, Machine Utilization, Production Trend, Speed-loss Analysis, Cycle Time Analysis, QMS***

* health monitoring software are enabled based on installed sensors in the machine, available with standalone license only.

** dedicated operator screeen sold sepratly and not included in given pricing.

*** QMS integration is separate than the standard features and shall be charged extra, available with standalone license only.

JYOTI

GURU AGRO INDUSTRIES
Proposal No. BR_1400 / 2020 / 10 / 13596 Date: 28/10/2020
Jyoti Make Machine : DX 200-5A

Terms of Offer

1) **Price**
Unless otherwise stated, all prices quoted are "Ex works Metoda, Rajkot" and are subject to correction, alteration, modification on account of omissions, errors and variations in foreign exchange rate. In case of any variation in foreign exchange rate affecting the cost of imported materials used/to be used in machine, then the company shall notify such variation to the customer 1 month prior to delivery of machine and the customer must have to pay and bear any upward revision in price of machine quoted hereby. The price shall remain firm unless the buyer is unable to fulfill its obligations under the terms of the offer or in case of any variations in the terms of offer mutually agreed by the parties.
Kindly consider this as our final quotation and supersedes all previous quotations submitted.
The validity of prices offered is up to 15 days from the date of this quotation. Thereafter subject to confirmation prior to placing order.

2) **Taxes and Duties**
All taxes, duties, cess, entry fees, etc. as may be levied by central, government, state government and local government bodies, shall be extra and to be borne by the customer. In case the customer is entitled to purchase at nil or concessional or reduced rate of tax under any applicable tax laws of either Central Government or State Government of Gujarat, then the customer must have to deliver valid declaration (in duplicate) along with necessary exemption certificate, documents, if any, to the company within fifteen days of placing purchase order and any failure by the customer in this regard, would not entitle him to claim such exemption/concessional rate of tax from the company and the company is not liable for the same in any manner. Further, the company reserves the right to recover from the purchaser all statutory levies, duties, cess, etc. that may legally become chargeable and recoverable on the transactions.

3) **Design and Manufacturer**
At the time of placing purchase order, the customer has to specify in wiring in his/her/it purchase order of all his/her/it requirements about the machine and in case of any omission, the company will not be liable for the same.

Unless otherwise expressly agreed in writing and specify to the company, the manufacturing of machine shall be undertaken as per design and specifications of the company and the company shall not be liable to accept and entertain any such request after receipt of purchase order of customer by the company. The company may at its own discretion manufacture machines and its components either at its own premises or at premises of its vendor.

4) **Inspection**
The Pre Acceptance test at the will of customer shall be given by the company and the test shall consist of machine Geometrical Acceptance and Functional Acceptance.

5) **Tests / Trial**
Where the purchase order stipulates that acceptance of goods is subject to tests/trials by the customer, the trials shall be the Company's normal tests/trials for goods of that type and all costs for other than standard tests/trials required by the buyer shall be borne solely by the buyer. Any material required for such production tests/trials or for commissioning shall be supplied by the buyer at the buyers cost. Also, such tests/trials should be within the scope of stipulations and specification of machine as provided in the purchase order and the customer has to ensure the same.

6) **Terms of Payment**
All the payments to be made net of any deductions.
25% Advance Payment with Purchase order, 75% balance Before Dispatch against Proforma Invoice prior to dispatch of goods.

All tooled up/special machines and High end machines shall attract specific staggered payment schedule as per the Final Offer submitted. Any queries with respect to the invoice to be intimated to the company in writing within one week from the date of Invoice. The buyer shall make good the payment within 15 days from the date of submission of documents for collection to the bank as specified and agreed by the buyer, if for any reasons whatsoever and/or failure of the bank to credit the said amount to the company's account.

7) **Warranty**
The warranty period for mechanical parts and CNC systems shall be for 12 and 24 months respectively from the date of installation and commissioning at customer's site, or for period of 15 months on mechanical parts/CNC system after delivery, if the commissioning is delayed due to reasons beyond the company's control. The warranty does not cover damages caused by corrosion, inappropriate handling or damage caused by any third party. If, after installation of machine at customer's premises, any alterations, modifications, changes done by customer himself or without the consent of the company, the warranty on machine shall come to end immediately and the company shall not be liable and responsible for any damage caused to the machine.
The following component parts are not included in warranty period.
Door glass, Machine light stick, Cycle start / stop buttons, Any physical/accidental damage in machine & Other Consumable items.

8) **Delivery Period**
The time for delivery is based on estimation only; starting from the date of receipt of Technical and commercial clear Purchase Order with the requisite Advance payment and Order Acceptance copy duly signed by the company. The time of delivery shall be deemed to be reckoned from the latest of the following dates, namely either receipt of all necessary information required to be given by the buyer for the execution of the work, receipt of Order Acceptance copy duly signed or when buyer makes the complete payment as per the stipulated terms of offer.

Approximate Delivery Time: 1 - 2 Months

9) Special Order Supply
The company cannot accept cancellation of all or any single machine / items or reduction in quantities ordered which are other than stated in standard product range with special options after the order has once been confirmed and placed in production.

10) Materials
The company shall use its standard material in respect to the manufacture of the goods, but if whenever any of the same are not available, the company shall be entitled to substitute the most suitable alternatives that can be obtained at the time of manufacture.

11) Conditions of Delivery
For delivery, transportation of goods, the customer has to make arrangement for the same or the company shall make arrangement for the same as per instruction of the customer. However, in all cases, the customer shall have to bear all risks after the goods are loaded on the vehicle and leaves the company's premises. No claim for shortage or any other queries with respect to delivery be entertained by the company unless notified within 7 days from receipt of the goods and moreover the goods in regard to which such claim shall be made be Preserved intact as delivered till such time the representatives of the company inspect the goods in question. Any breach of this condition shall disentitle the customer to any allowance for such alleged shortages. The company shall not be liable in any manner for damage, delay in transit and transportation of goods.

12) Insurance
The Customer shall have to arrange transit insurance for goods and also bear the cost for the same. The company shall not be liable in any manner for damage caused to the goods during transit from company's premises to customer's premises.

13) Validity of Quotation
This offer is valid for a period of 15 days from the date of this quotation.

14) Retention of Title of Goods
The goods (including materials, components and accessories) delivered by the Company will only be transferred to the buyer when the buyer has paid all the sums owed to the company on any account whatsoever. Prior to realization of all such payments the company retains ownership of the goods.

15) Cancellation and Rescheduling Delivery
Orders shall not be treated as cancelled without written intimation and confirmation of the same by the company in writing. Cancellation of order by the buyer does not warrant refund of advance amount paid to the company. If for any reason the buyer anticipates his inability to accept delivery on the date intimated by the company he shall notify the company in writing stating the reasons for the same. The company shall notify the buyer in writing to accept delivery of the said goods within further ONE week of grace period. If the buyer fails to accept the delivery within this grace period, the company is entitled to divert the machine to other buyers and a new purchase order has to be raised by the buyer as per the prevailing prices at that time or otherwise agreed between the parties.

16) Erection And Commissioning
The erection and installation of the machine shall be done by the customer at his/its premises and upon due confirmation by customer, the Commissioning shall be done by the company's engineer for first time only. Subsequent commissioning of the same machine due to change in location shall be on Chargeable basis as per the company's policy.

17) Legal Jurisdiction
In case of any dispute relating to goods sold, arises between the company and the customer, then the Court at Rajkot shall have jurisdictions and all such dispute shall be referred to the it only.

18) Force Majeure
The company shall be relieved of its obligations under the contract to the extent of which arises from or is attributable to acts, events, omissions or accidents beyond our reasonable control including, without limitation, strikes, lockouts or other industrial disputes (whether involving our workforce or any other party), acts of God, war, riot, civil commotion, malicious damage, compliance with any law or governmental order, rule, regulation or direction, accident, breakdown of plant or machinery, fire, flood or storm or default of suppliers or sub-contractors.

Quotation for CNC Hydraulic Press Brake

HINDUSTAN HYDRAULICS

G.T. Road, Suranussi
Jalandhar – 144027 (Punjab)
Tel: +91 181 2670054 / 55 56
Email: - sales@hindustanhydraulics.in
varinder@hindustanhydraulics.co.in
Website: www.hindustanhydraulics.com

Quotation no. HH.SALES NO. 2020-2021/ 478/R0 **Dated: - 23/10/2020**

M/S L & B EASY FORMING
SARDULGARH ROAD, RATTIA
(M):- 9050020377

KIND ATTN: - MR. JAGJEET SINGH

Dear Sir,

This has reference to your discussions with Mr. Pratul Arora regarding your requirement of CNC Hydraulic Press Brake. We are hereby sending you our best offer for the same as under:-

A. CNC Hydraulic Press Brake Model EHPe 150 x 3100 mm

Our offer is valid for a period of 30 days from the date hereof and thereafter subject to our confirmation.

You are requested to kindly go through the above offer. In case you require any technical and commercial clarifications, you may contact us or we can depute our representative at your office under prior intimation.

Thanking you

For Hindustan Hydraulics Pvt Ltd

Rajan Kumar
Manager Sales

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Scope & Detail

A. CNC Hydraulic Press Brake Model EHPe 150 x 3100 mm

CONTROLLER

- **CNC controller Model S 630 – ESA, Italy make as per following details:-**
  - Graphic colour 10" touch screen display (1024 x 600 pixels resolution
  - 128 MB silicon disk.
  - Interactive 2d graphic editor for work-pieces and tools data entry
  - 2D graphic display of machine frame, work-piece and tools
  - 2 serial port rs232.
  - 1 VGA port for external monitor connection
  - 2 USB (2.0) ports.

CNC BACKGUAGE

- CNC X axis Backguage
- AC servo driven
- Range 0 – 550 mm
- R axis manual adjustment
- Z axis on LM Guide
- **Total 4 nos. backguage pedestals**

OTHER ACCESSORIES

- **CNC Anti Deflection System**
- Front support arms – 2 nos.
- Foot control pedal with emergency switch
- Side guard, Rear guard
- Set of operational manual

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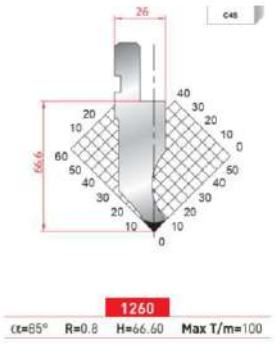
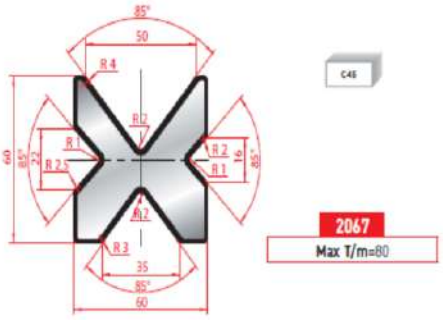
TOOLING

- Punch code 1260 – 835 mm x 4 pcs,
- 4 V die code 2067 – 835mm x 4 pcs (V= 16-22-35-50mm)

Make Eurostamp, Italy

EX-WORKS BEST PRICE: - Rs. 35,22,000/- **(Rs. Thirty Five Twenty Two lac fifty thousand only)**





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TECHNICAL SPECIFICATIONS

CNC HYDRAULIC PRESS BRAKE

MODEL EHPe 150 x 3100 mm

CAPACITY	**KN**	**1500**
MAX. WORKING LENGTH	**MM**	**3100**
FRAME DISTANCE	**MM**	**2550**
THROAT	**MM**	**300**
DAYLIGHT	**MM**	**400**
STROKE	**MM**	**175**
NO. OF CYLINDERS	**NOS.**	**2**
LOWERING SPEED	**MM/SEC.**	**100**
PRESSING SPEED	**MM/SEC.**	**8**
RETURN SPEED	**MM/SEC.**	**70**
POWER	**KW**	**11**

The bending accuracies will be as per DIN 55222 standards

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FEATURES OF CNC HYDRAULIC PRESS BRAKE – EHPe SERIES

- EHP series of CNC Press Brake has a solid and rigid frame designed ensuring minimum deflection even during full load operation.
- Design is based on Synchronized bed reference principle (SBR) with Y1-Y2 beam control.
- The position of the press beam is continuously monitored by measuring system.
- The measuring system consists of linear glass scales mounted on separate sub "C" frame fixed on the lower machine beam.
- The electronic scales are fixed on either side of the press beam, providing a continuous feedback to the CNC unit regarding actual position of the press beam, with respect to the table.
- Machine offers press beam depth accuracy with high repeatability.
- The parallelism between press beam and table is maintained with electronic measuring system Y1-Y2.
- Machine is with direct-angle programming feature. Also is ideal for multiple – angle bending in a particular profile.
- With Y1-Y2 control the press beam can be used with eccentric load, while bending short length jobs off center of the machine. This is without affecting quality or accuracy of machine
- Due to use of proportional Hydraulics, the exact force required for the job is calculated by the controller is exerted thereby resulting in the power saving
- Press beam tilting is available upto ±10 mm for the machine tonnage upto 110 ton and above 150 ton will be with ±2mm as standard features.
- Machine structure parts are machined in single set up ensuring very high accuracy on parallelism between top beam & lower table over the entire bed length and high perpendicularity accuracy over the entire stroke length on upper beam movement with respect to the table length.
- Machine is designed & manufactured to ensure very precise backguage setting through out the length across the backguage beam.
- Machine offers vibration force movement throughout the stroke length, even at extended dwell time and increased / reduced speeds.
- Machine can be adapted to different type of tool design i.e. European design, low cost Japanese design modifix design.

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GENERAL TERMS & CONDITIONS (COMMON FOR ALL MACHINES)

1. PRICES

Quoted prices are ex - works Jalandhar. (Punjab)

2. TRANSPORTATION

Since our prices are ex works buyer has to arrange for transportation and have also to bear the freight charges. We may assist in getting quotes from some transporters. We shall coordinate with transporter approved by buyer to organize dispatch of machines. Our responsibility ceases once the machines are handed over to transporter and dispatch details are conveyed to buyer.

3. INSURANCE

Insurance will be arranged by buyer. We shall send copy of invoice with dispatch particulars once the machines are loaded on vehicle provided by the transporter. In case buyer wants to get the insurance done by us the same must be intimated once the information about readiness of machine is given. We shall convey the cost of insurance.

Note: - If transporter is nominated by customer they will have to get the insurance done themselves.

4. TAXES & DUTIES

All Government taxes & levies will be extra as applicable as per Govt. Regulations. Currently **Goods & Service Tax (GST) @18% is applicable.**

5. DELIVERY PERIOD

The machine will be offered for inspection by 3-4 Months

The delivery period will start from the date of receipt of earnest money in our account along with technically and commercially clear purchase order. Once the machine is offered for inspection it will be considered that we have met with our obligation of meeting the delivery schedule.

6. PAYMENT TERMS

Earnest Money: - 30% of total value along with technically & commercially clear order.

Balance: - Balance payment along with full taxes and duties after pre dispatch inspection against Performa invoice, before dispatch of the machine by demand draft or electronic transfer. If the payment is by cheque then the dispatch will be made after realization of cheque. **Please note our bank details as under:-**

PUNJAB NATIONAL BANK

OLD RAILWAY ROAD, JALANDHAR CITY

ACCOUNT NO. - 3513008700000319

RTGS NUMBER: - PUNB0351300

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7. PROVISIONS BY CUSTOMER

The following will be to customer account:-

- Unloading and shipment to the work site of the machine.
- Civil Foundation of machines as per our drawing.
- Individual earthing and power cabling form the nearest connection points.
- Servo voltage stabilizer of reputed make as per specifications given by us.
- First fill of hyd. oil &lubricants as per details provided by us along with order confirmation.
- All the labour and facilities such as crane etc. for the work during the installation of the machine at site.
- All the skilled & unskilled labour at your work site for machine start up& trials.

8. COLOR

Our all machines will be supplied in our standard color as under:-

RAL 5021	-	BLUE
RAL 9002	-	WHITE GREY

9. INSPECTION

After receipt of our confirmation of readiness of machine customers may carry out pre dispatch inspection and must intimate us in five working days prior to date of visit. Inspection will be limited to visual inspection.

If customer intends to take working and load trial during pre-dispatch inspection material required for such trial will have to be supplied by the customer at his own cost to reach our works at least three working days prior to date of inspection. Machine will be accepted by the customer if result of demonstration is within limits specified in order and our order acceptance..

10. OPERATION & SERVICE MAINTENANCE MANUAL

We shall supply you one set of operational manual along with the machine with all the details even like spares parts required / trouble shooting etc.

11. WARRANTY

The Machine will be warranted for a period of 12 Months from date of Commissioning or 14 months from date of dispatch whichever is earlier against any defect in material, design and workmanship provided the same is used in single shift (8 hours) basis.

This warranty does not cover damages due to improper use /abuse of machine and accidents. This warranty does not include normal wear and tear parts like Tooling such as Punch, Dies, Shearing Blades, Rubber Parts, O ring, seals, electrical and electronic components etc.

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In the event of any failure during warranty, of any parts of machine, the same will be replaced or repaired. Choice of repair or replacement is at our discretion.

This warranty is limited to providing services and/ or repairing or replacing parts on the machine and does not cover any compensation for/ to anybody for loss of time of man or machine and any loss of business directly or indirectly.

Warranty will become invalid automatically on non-payment of dues within stipulated time. Warranty on Machine is applicable only if machine is commissioned and put into use within a maximum period of 45 days after dispatch.

If any parts is opened/tampered by the purchaser without our consent which may lead to further damage, the warranty will stand expired automatically.

The warranty on CNC System is applicable only if:-

A. Stable power supply is ensured through dedicated servo stabilizer and is provided with dedicated Earthing.

B. Electronic and Electrical parts are not tampered with by persons not authorized by us.

12. ERRECTION, COMMISSIONING & TRAINING

You will make the site ready with required foundation and equipment for machines for which HHPL will provide necessary details i.e.

1. Foundation drawing
2. Electrical connection details
3. Servo voltage stabilizer details
4. Hydraulic oil detail (Shell 68/ Servo 68 Make)
5. Earthing details

These equipment & foundation are required to be kept ready by you before arrival of our engineer for commissioning of machine. The unloading of the machine will be arranged by you.

HHPL will provide the engineer, once it is confirmed that the machines are put on the foundation and electrical connection and above mentioned requirements have been arranged. In case these are not ready we shall charge for next visit of our service engineer.

HHPL will arrange to commission the machines & required trials will be conducted at site.

The required training on application & maintenance will be provided by HHPL during commissioning of machine only for one day.

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13. STORAGE CHARGES

If the buyer fails to take delivery of the goods within one week from the date of intimation of readiness of machine or when offered for inspection, we shall charge storage charges @ 1% per week. Further, if the buyers fails to take delivery of machine for more than one month from the date of intimation for inspection and readiness and fails to pay the balance payment due to be paid before dispatch we have right to divert the machine to some other customers and forfeit the earnest money to cover our losses ..

14. ORDER CANCELLATION

There will not be any provision to cancel the order, under any circumstances once confirmed. In any event earnest money shall be forfeited; we shall be legally eligible to recover all the investments made on your behalf on the machine ordered with interest.

15. JURISDICTION

Suits of any matter arising out of this quotation / P.O shall be settled in Jalandhar Court.

Also find enclosed herewith-technical write up, catalogue and specification for the same. In case you need any clarification please do not hesitate to ask us.

Thanking You

For Hindustan Hydraulics Pvt Ltd

Rajan Kumar
Manager (Sales)

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Our offices

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

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"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
Elante Offices, Unit No. B 613-615, Industrial & Business Park,
Phase 1, Chandigarh, Punjab 160002
Tel: +91 172 6717800
Fax: +91 172 6717888

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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 - 400 028, India
Tel: +91 22 6192 000

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

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

4th and 5th Floor, Plot No. 2B, Tower 2,
Sector 126, NOIDA – 201 304
Gautam Budh Nagar, UP, India
Tel: +91 120 671 7000
Fax: _91 120 671 7171

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

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Assurance | Tax | Transactions | Advisory

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