Draft Detailed Project Report

Gurugram Auto Components Cluster

Submitted to:
Directorate of Micro, Small & Medium Enterprises (MSME), Government of Haryana
(for assistance under State Mini Cluster Development Scheme)

November 2020

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

November 23, 2020

Director General
Directorate of Micro, Small and Medium Enterprises (MSME)
Government of Haryana

Dear Sir/Madam,

As part of our engagement for providing consulting services for 'MSME Ecosystem Transformation in the State of Haryana', we hereby submit the Draft Detailed Project Report (DPR) for setting up of Common Facility Centre for Gurugram Auto Components Cluster for your kind perusal. The deliverable has been prepared in accordance with our engagement agreement with Directorate of Industries, Govt. of Haryana dated 03.01.2017, 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 Diagnostic Project Report is based on studies of and discussions with:

- Directorate of Micro, Small and Medium Enterprises (MSME), Govt. of Haryana
- DIC Gurugram
- Auto Components units located in Gurugram
- 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 Directorate of MSME, Haryana and is not intended to be used by anyone other than specified party.

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

Sincerely,

Amar Shankar, Partner – Advisory Services
Ernst & Young LLP

Disclaimer

This Draft Detailed Project Report for development of Common Facility Centre for Gurugram Auto Components cluster has been prepared by Ernst & Young LLP (hereinafter referred to as 'EY' or 'Ernst & Young' or 'Us') and delivered to the 'Office of Directorate of MSME– Government of Haryana' (hereinafter referred to as 'the Client').

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Acknowledgement

We would like to express our sincere gratitude to Directorate of Micro, Small and Medium Enterprises (MSME) - Haryana and its officials for their involvement and valuable inputs during the preparation of this DPR. We are thankful to **Sh. Apoorva Kumar Singh**, **IAS, Principal Secretary, Department of Industries & Commerce** and **Sh. Vikas Gupta**, **IAS, Director General, MSME,** Government of Haryana for sharing their insights about the 'Enterprises Promotion Policy 2015' and their vision about the State Mini Cluster Development Scheme. Special thanks to **Sh. JD Kapoor, Addl. Director, MSME** for their proactive support and guidance to the team during the entire process.

We would like to convey our sincere thanks to members of Gurugram Chamber of Commerce and Industry for their assistance in facilitating stakeholder discussions. Further, we would also like to thank officials of **DIC, Gurugram** for providing support and information related to Auto Component manufacturing units in Gurugram.

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

Abbreviations

ABS	Acrylonitrile Butadiene Styrene
AOA	Articles of Association
ASSOCHAM	Associated Chambers of Commerce and Industry of India
ACMA	Automobile Component Manufacturers Association
BDS	Business Development Services
BE	Break Even
CAGR	Compound Annual Growth Rate
CFC	Common Facility Centre
CII	Confederation of Indian Industry
CIPET	Central Institute of Plastic Engineering and Technology
DIC	District Industries Centre
DPIIT	Department for Promotion of Industry and Internal Trade
DSR	Diagnostic Study Report
PS	Polystyrene
EU	European Union
FDI	Foreign Direct Investment
FICCI	The Federation of Indian Chambers of Commerce & Industry
GDP	Gross Domestic Product
GSDP	Gross State Domestic Product
GCCI	Gurugram Chamber of Commerce and Industry
HDPE	High-density Polyethylene
HSIIDC	Haryana State Infrastructure & Industrial Development Corporation
HSVP	Haryana Shahari Vikas Pradhikaran
HUDA	Haryana Urban Development Authority (or HSVP)
IAMSME	Integrated Association of Micro, Small & Medium Enterprises
ISO	Indian Standard Organisation
IIT	Indian Institute of Technology
LDPE	Low-density Polyethylene
LLDPE	Linear Low-density Polyethylene
LMCS	Lean Manufacturing Competitiveness Scheme
MSME	Micro, Small and Medium Enterprises
MSME-DI	MSME – Development Institute
NATRiP	National Automotive Testing and R&D Infrastructure Projects
NCR	National Capital Region
NSIC	National Small Industries Corporation
OEM	Original Equipment Manufacturer
PE	Polyethylene (PE)
PP	Polypropylene

PVC	Polyvinyl chloride
SIDBI	Small Industries Development Bank of India
SPV	Special Purpose Vehicle
SWOT	Strength, Weaknesses, Opportunities and Threats
SEZ	Special Economic Zone
UAM	Udyog Aadhar Memorandum
USA	United States of America
UK	United Kingdom
USD	United States Dollar

Contents

List of Figures

List of Tables

Executive Summary

Executive summary

The Government of Haryana through the Department of Industries and Commerce intends to transform the MSME sector of the state and 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 availing funding under the State Mini Cluster Development Scheme providing grant under the EPP 2015.

In the above 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 the state of the art **"Advance Machining Centre Facility"** through an SPV under the name and style of "Devagya Tools Private Limited" for Gurugram Auto Components cluster.

About Auto Components Cluster

India is fast emerging as a global hub for sourcing auto parts. The auto components industry accounts for almost seven per cent of India's gross domestic product (GDP) and employs as many as 19 million people, both directly and indirectly. The automobile components industry contributes towards 25.6% to the manufacturing GDP and 3.8% to the national GDP, proving indirect employment to 1.5 million people. There are several aspects that impact the growth of the global auto parts manufacturing market. Factors such as rising demand for high energy density batteries, manufacturing of brake pads with reduced level of copper and heavy metals, growing inclination towards technologically advanced products, wider scope for pumps as technology gains high traction, expansion and collaboration among manufacturers to increase market reach, increasing automotive production, increasing demand for lithium batteries and rising automotive production and vehicle part are boosting the growth of the global auto parts manufacturing market. India is expected to become the 4th largest automobiles producer globally by 2020 after China, US & Japan. The auto components industry is also expected to become the 3rd largest in the world by 2025.

Fastest growing major economy in the world with GDP growth rate of above 7%. A growing working population and an expanding middle-class are expected to remain key demand drivers. The growth of global Original Equipment Manufacturers (OEMs) sourcing from India and the increased indigenization of global OEMs is turning the country into a preferred designing and manufacturing base. Indian Automobile industry is flourishing its twigs worldwide and is close to a fruition of triumph in the global competition. The spine of the industry is its suppliers of auto components and accessories which is also an exclusive industrial segment. Today auto industry is enjoying the benefits while the auto component sector is in its gloom despite of hard efforts of survival. The revenue growth will be also be supported by steady increase in commodity prices and consequent impact on realization.

The growth in the auto component industry will be relatively higher than the underlying growth in the automotive industry in the medium to long term, due to increasing localization by original equipment manufacturers (OEM)s, higher component content per vehicle and rising exports from India. The Indian auto-components industry has experienced healthy growth over the last few years. Some of the factors attributable to this include: a buoyant end-user market, improved consumer sentiment and return of adequate liquidity in the

financial system. A stable government framework, increased purchasing power, large domestic market, and an ever-increasing development in infrastructure. India has been an upcoming hub for the auto components industry. The rapidly growing end user market, redesigned consumer sentiment and a clear liquidity in the financial system are said to be the drivers for this.

Automobiles industry in Gurugram, is a huge industry. Gurugram is a leading industrial district of Haryana, a popular choice for setting up industry due to its proximity to Delhi. Gurgaon, an industrial hub has emerged as the poster boy for Industrial Development in Haryana. For three decades, more than half the vehicles – two-wheelers as well as cars – sold in the country have come from five factories in the industrial belt of Gurgaon and Manesar in Haryana. Maruti Suzuki, the country's largest car maker, has one factory at Gurgaon and another at Manesar. Hero MotoCorp, owned by the Munjal family, too, has two factories here. And Honda Motorcycle & Scooters has a unit at Manesar. It was an inland production hub, which could have made imported parts prohibitively expensive. But, over the years, these companies aggressively localized their component purchases, thereby reducing the dependence on imports. Since these ventures were primarily meant to service the Indian market, and not to export to distant countries, the huge distance from ports didn't really matter.

As a result, a large army of component makers has been developed near Gurugram in Mewat, Manesar, Nuh and surrounding areas. As companies such as Maruti Suzuki and Hero gained scale, these suppliers too became bigger and bigger. As many as 200 large to mid-size component units came up in the region on an investment of $ 3-4 billion. The turnover of the industry is estimated at least $15 billion per annum, and it provided employment to 800,000 people. Many of the component kings of Gurugram-Manesar, JBM group, Sona group, for instance, have even ventured abroad

Diagnostic Study and Interventions

A diagnostic study was undertaken in September 2020 to map the existing business processes in the cluster, identify the gaps, and understand the requirements of the cluster. It was observed that most units required Advance Machining Centre which consist of Hi-end machines like CNC Vertical Machining Centre, Wire EDM Machine, Slant Bed CNC Lathe, Precision Universal Cylidrical Grinding Machine, Hydraulic Surface Grinding Machine, Fibre Laser Marking System, Turret Milling Machine for job work for the moulding/machining process.

Absence of technology for making tools and dies for production of quality products and reducing cost of production. No Individual unit has the capability to invest in these machines. Due to the dependency of the units on third party manufacturers lead to operational delays and enhanced cost of production. The units in the micro and small sector incur almost double the cost in production of the products as compared to their large counterparts as they are dependent on the private players for job work. This has hindered the ability of micro and small firms to obtain bulk orders from anchor units. Consequently, the units are witnessing plunging market shares and their sustainability is also in jeopardy. By establishing this facility in the CFC, the cluster units can improve the quality of the products as per the requirement of OEMs and reduced the wastage of raw material. This facility will

also help the MSE units to increase the volume of production and capture the more market share.

Thus, the need for setting up inhouse Advance Machining Centre to cater to the requirements of the 1350 units in the cluster, for a better and cost competitive production cost and ease of fulfilment with quality centricity, establishes a need out loud for the Gurugram Auto Components Cluster.

A DSR validation meeting was conducted with SPV and cluster members on 24th September 2020 and was put up to the Director General, MSME, Haryana for approval. It was approved by the Director General, MSME, Govt. of Haryana on 13.10.2020. The SPV was granted permission to go ahead with the preparation of Detailed Project Report (DPR) for the cluster.

Proposed Common Facility Centre

The proposed CFC will facilitate:

- **Mini Tool Facility for making of tools & dies**

  Due to the dependency of the units on third party manufacturers lead to operational delays and enhanced cost of production. The units in the micro and small sector incur almost double the cost in production of the products as compared to their large counterparts as they are dependent on the private players for job work for the moulding/machining process. This has hindered the ability of micro and small firms to obtain bulk orders from anchor units. By establishing this facility in the CFC, the cluster units can improve the quality of the products as per the requirement of OEMs and reduced the wastage of raw material. This facility will also help the MSE units to increase the volume of production and capture the more market share.

- **Common Design Development Centre**

  More than 80% of the cluster units, are still using **manual designing or hiring the services of external consultants in Computer Aided Designing.** This is resulting in improper designing, time delays and higher costing. Some of the firms are also losing export market due to poor designing of the products. Thus, there is a need to establish a design development centre, which will also serve as training facility for skilled workers to learn Auto CAD.

Special Purpose Vehicle for Project Implementation

After the diagnostic study, the cluster units came together to form a special purpose vehicle (SPV) by the name and style of "Devagya Tools Private Limited" as a private limited company under section 8 of the Companies Act, 2013 and rule 7 of the Companies (Incorporation) Rules, 2014. DIC, Gurugram has played an important role in SPV formation by cluster stakeholders. The SPV has been incorporated on 09th November 2020, and includes 11 members who are subscribing to the necessary equity base of the company. The proposed CFC will be implemented on public-private partnership basis through the SPV by availing support from Government of Haryana (under EPP 2015).

The SPV members have a track record of cooperative initiatives and are also members of prominent cluster associations. The members have been autonomously undertaking several soft interventions to enhance knowledge and exposure of the cluster units on new trends in

the auto industry and enhancing productivity of their units. This includes exposure visits to fairs and sharing of best practices, registration under UAM, awareness programs on new trends in automotive industries, entrepreneurship development, energy efficiency, GST, barcoding, equity schemes, sustainability, etc.

Project Parameters, Viability and Sustainability

The cluster with support from State Government is planning to set up Common Facility Centre having state-of-the-art advance machining facility to undertake job work of cluster units with a total project cost of about INR 192.80 lakhs. The total contribution of SPV members will amount to INR 34.43 lakhs. Support from State Government is envisaged for INR 158.37 lakh.

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

(Rs in Lakh)

PROJECT COST				
S. No.	**Particulars**	**Total Project Cost**	**Eligible Amount as per Guidelines**	**Remarks**
1	**Land & Building**			
	a. Land Value	0.00		
	b. Land Development	0.00	0.00	**Eligible (Max 25% of total of L&B, P&M, and Misc. F.A.)**
	c. Building & Other Civil Works	0.00		
	d. Building Value	0.00		
	Sub Total (A)	**0.00**	**0.00**	
2	**Plant & Machinery**			
	a. Indigenous	164.34	164.34	
	b. Imports	0.00	0.00	**Eligible**
	c. Secondary Machines	11.62	11.62	
	Sub Total (B)	**175.96**	**175.96**	
3	**Miscellaneous fixed assets (C)**	**1.64**	**0.00**	
4	**Preliminary & Preoperative Expenses (D)**	**2.80**	**0.00**	
5	**Contingency**			
	a. Building @ 2%	0.00	0.00	**Not eligible for grant**
	b. Plant & Machinery @ 5%	8.80	0.00	
	Sub Total (E)	**8.80**	**0.00**	
6	**Margin money for working capital @ 75% CU (F)**	**3.60**	**0.00**	
	Grand Total (A+B+C+D+E+F)	**192.80**	**175.96**	

The total project cost is estimated to be INR 192.80 lakhs. As indicated above, assistance to the project from the Govt. of India is envisaged to the tune of INR 158.37 lakhs of the project cost, SPV contribution is to the tune of INR 34.43 lakhs of the project cost.

Means of Finance		
S. No.	**Source of finance**	**Total Amount (Rs. In Lakh)**
1	Grant-in-aid under State Mini Cluster Development Scheme (Govt. of Haryana)	158.37
2	Contribution of SPV	34.43
	Total	**192.80**

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

FEASIBILITY		
S. No.	**Particulars**	**Estimates**
1	BEP (cash BEP at initial operating capacity of 75%)	49.96%
2	Av. ROCE (PAT/CE)	38.33%
3	Internal Rate of Return (IRR)	33.04%
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. 221.91 lacs) at a conservative project life of 10 years
5	Payback period	3.7 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. Risk and sensitivity analysis considering a decline in user charge/ capacity utilization also validates the project sustainability.

Project Implementation

Project implementation is envisaged to involve a time-frame of about 7 months upon receipt of final 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, Gurugram and the State government. For implementing this CFC project, a Project Management Committee (PMC) comprising of the GM, DIC Gurugram and representatives of the SPV shall be constituted to directly oversee effective monitoring and implementation. The project will be implemented through the SPV, and the PMC will report progress to State Level Steering Committee and DIC, Gurugram.

The potential for Gurugram Auto Component cluster to grow is enormous, owing to the growing market demand for auto components in India and globally. The strength of the cluster lies in its location (both geographically & industrially), with large industry which provides the key raw material , and its proximity to Delhi which is a key supply hub. Cluster

units are unable to effectively cater to the domestic and international markets as they are lacking price competitiveness and efficiency due to lack of Advanced Machining facility.

This cluster has the ability to increase its output and market share by manufacturing price competitive 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 requirements of auto component requirements in auto industry. The facility will also provide an opportunity to MSE units to increase their capacity utilization, profitability and major technological 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

Gurugram is known significantly for auto and auto component industries. With major auto manufacturers like Maruti Udyog Limited and Hero Honda in the district, and home appliances manufacturers like LG and Samsung in close vicinity, the auto component industry is well positioned and OEM (Original Equipment Manufacturers) for anchor sectors like automobiles, Home Appliances get a firm footing in Gurugram.

There are about 1350 auto components manufacturing units in Gurugram district, Haryana. Majority of units in the cluster are micro in nature, out of which 11 units are willing to join hands to form a Special Purpose Vehicle (SPV) to set up a Common Facility Centre (CFC) to address common problems of the cluster. The annual turnover of the cluster (micro and small units) is about INR 11000 crore. The cluster units are engaged in manufacturing of automotive & locks plastic parts like casing cap, washer cover, automotive rubber caps, dust cover, threaded and non-threaded fasteners screw end, rivets and metal turned parts, like bushes adjuster, metal casing cap, metal clamp, metal adjuster and metal bend etc.

The cluster owes its origin to derived demand through proliferation and influx of production in India under the Make in India campaign of various Auto and Home Appliances and Medical Equipment industries in the region. Increased local demand of auto components in the region further fuelled the growth of the cluster. Many units in the cluster require advance machines that the existing units are unable to deploy inhouse owing to the huge investment requirement, and therefore the units are dependent on job work-based tie ups externally for moulding/machining processes.

Cluster units are also unable to diversify their product line to cater to emerging demands of market and need advanced machineries to manufacture the quality of products as per the requirement of OEMs. The present machineries are obsolete and have low capacity.

Due to inexistence of these facilities, the units face frequent production delays, cost inefficiencies, rejections, material wastages and losing market shares. These facilities if provided through CFC in the cluster with government support will help the units become more competitive and dramatically move up the value chain.

1.2 Geographic and Economic Traits

The state of Haryana was formed on 01 November 1966. It is situated in the northwest of India with the capital of Chandigarh as a Union Territory. The state is surrounded by Delhi, Rajasthan, & Uttar Pradesh with around 30% of the total area of the state falling under National Capital Region (NCR). The state stands 21st in terms of its area. According to the Census of India 2011, the state is 18th largest by the population. Over the last 5 decades since its formation in 1966, Haryana has transformed and matured into a diversified economy with a thriving secondary and tertiary sector. Although Haryana has an area covering just 1.3 per cent of the country, Haryana contributes nearly 3.63 percent to India's GDP. The Gross State Domestic Product of Haryana for 2018-19 (at current prices) is 13% higher than the revised estimates for 2017-18.

1.3 Economic Scenario of the State

Haryana is among the northern most state in India and adjacent to Delhi, the national capital of India. It is surrounded by Uttar Pradesh in the east, Punjab in the west, Himachal Pradesh in the north, and Rajasthan in the south. The state surrounds the national capital city, New Delhi, from three sides. Historically an agrarian state, Haryana today is a well-developed industrial state.

The state is one of India's largest automobile hubs and accounts for two thirds of passenger cars, 50 percent of tractors and 60 percent of motorcycles manufactured in the country. The state has also emerged as a base for the knowledge industry, including IT and biotechnology. Haryana is the third-largest exporter of software and one of the preferred destinations for IT/ITeS facilities.

With an area covering 1.3 per cent of the country, Haryana contributed near 3.63 per cent to India's GDP in 2018-19. Between FY16-21, the state's Gross State Domestic Product (GSDP) (in Rs) grew at a CAGR of 13.65 per cent to Rs 9.40 trillion (US$ 134.46 billion) in 2020-21. The State Government of Haryana has been committed to creating a progressive business environment.

The state offers a wide range of fiscal and policy incentives for businesses under the Enterprise Promotion Policy, 2015. Haryana ranked the third best state in the country under ease of doing business in the Business Reforms Action Plan 2017. As of November 2019, the state had seven exporting Special Economic Zones (SEZs).

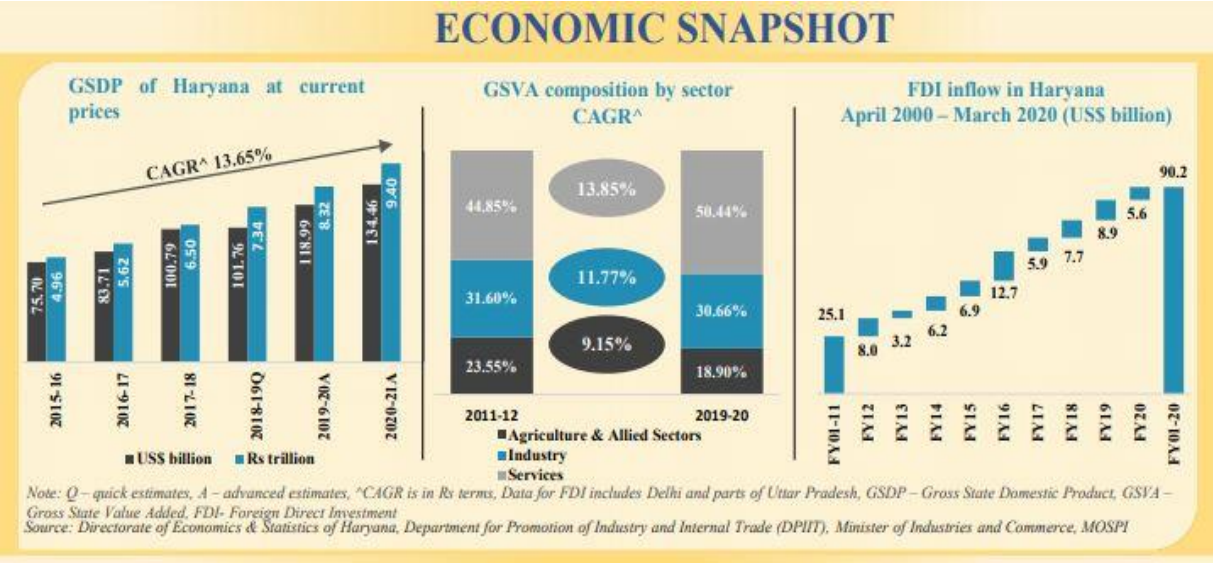


Figure 1: Economic Snapshot of Haryana

Recent Developments:

- Merchandise export from Haryana reached US$ 11.20 billion in FY20 (till February 2020).
- The state attracted Foreign Direct Investment (FDI) equity inflow worth US$ 90.2 billion during April 2000 and March 2020 as per the data released by Department for Promotion of Industry and Internal Trade (DPIIT).

Key Sectors:

- Haryana is a preferred destination for auto majors and auto-component manufacturers. The state is host to many large automotive players. Automobiles and auto component export from Haryana was around US$ 945 million in FY19 and reached US$ 835.04 million between April-December 2019.
- Gurugram has emerged as a preferred destination for the IT industry in north India with more than 400 IT and ITeS companies.
- Haryana aggressively promotes organic farming; financial assistance is provided to farmers for production and use of vermicompost. Total food grain production in Haryana in 2017-18 was 17.48 million tonnes. The state exported major agricultural products worth US$ 1,366.95 million In 2018-19 and US$ 807.76 million between April-December 2019.

Districts such as Panipat, Gurugram, Faridabad, Hisar, and Sonepat have developed into robust textiles centre in Haryana. Readymade garments of cotton have been one of the major export segments for Haryana, reaching US$ 607.52 million in FY19 and US$ 567.37 million between April-December 2019.

1.4 Demographic Trends of Gurugram

The District is situated in the NCR of Delhi and is one of Delhi's four major satellite cities within the NCR. It is located 30 km south of national capital New Delhi, about 10 kilometres from Dwarka sub-city and 268 km south of Chandigarh, the state capital. It is within commuting distance of Delhi via an expressway and Delhi Metro. The District is the second largest city in the Indian State of Haryana and is the industrial and financial centre of Haryana. It has the 3rd highest per capita income in India after Chandigarh and Mumbai. It is also the only Indian city to have successfully distributed electricity connections to all its households. Witnessing rapid urbanisation, Gurugram has become a leading financial and industrial hub with the third-highest per capita income in India.

As per the 2011 census, Gurugram had population of 1,514,432 (816,690 as male and 697,742 as females) which comprises 6% of total state population. The district has a pollution density of 1204 per square kilometre.

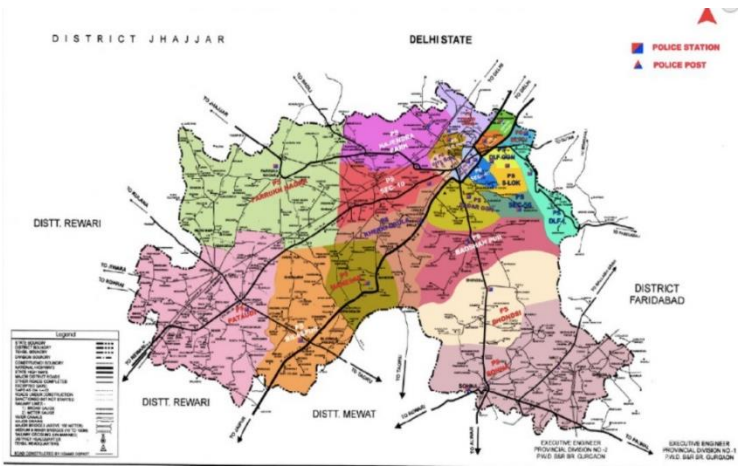


Figure 2: District Map of Gurugram

Sector Overview

2. Sector Overview

The Automotive industry can be broadly classified into organised and unorganised sectors. The organised sector caters to original equipment manufacturers (OEMs) and consist of high-value precision instruments while the unorganised sector comprises low-valued products and caters mostly to the aftermarket category. Automobile component industry's revenue stood at US$ 56.52 billion in FY19, up from US$ 35 billion in FY14. As per Automobile Component Manufacturers Association (ACMA), automobile components export from India is expected to reach US$ 80 billion by 2026. The Indian auto components industry aims to achieve US$ 200 billion in revenue by 2026. Turnover of the industry stood at Rs 1.79 lakh crore (US$ 25.61 billion) in FY20 (till September 2019) and export of auto components grew 2.7 per cent to reach Rs 51,397 crore (US$ 7.35 billion) during the same time.

2.1 Brief Global Scenario

Globally, Europe accounts for the largest share of Indian auto components exports at 36% followed by North America & Asia at 25%, Africa at 6%, South America at 4%, Central America at 3%, New-Zealand & Australia at 1%. Auto- Components can be classified into the following sub-sectors - engine parts, drive transmission & steering parts, body and chassis, suspension and braking parts, equipment, electrical parts and others such as fan belts, die castings, sheet metal parts. According to the Automotive Components Manufacturers Association of India (ACMA), the Indian auto components industry is expected to register a turnover of US$ 100 billion by 2020 backed by strong exports ranging between US$ 80- US$ 100 billion by 2026, from the current US$ 11.2 billion1.

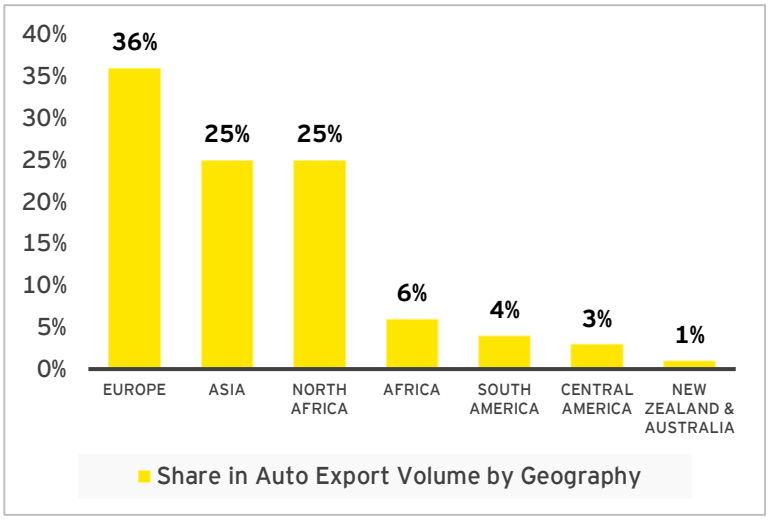


Figure 3 : Share in Exports volumes by Geography

India is emerging as a global hub for auto components sourcing. A cost-effective manufacturing base keeps costs lower by 10-25 percent as compared to operations in Europe and Latin America. Relative to its competitors, India is geographically closer to key automotive markets like the Middle East and Europe. Global auto-component players are increasingly adopting a dual-shore manufacturing model.

India' s export of auto components increased at CAGR of 11.36% during the financial year of 2009-2016 with the value of auto components exports increasing from USD 5.1 billion in FY-2009 to USD 10.8 billion in FY-2016.

[1] ACMA annual report 2015-16

2.2 India & State Scenario

The Indian automobile market is estimated to become the 3rd largest in the world by 2016 and will account for more than 5 per cent of the global vehicle sales. The auto Components sector has been observing robust growth, and turnover is anticipated to reach US$ 115 billion by FY21 from US$ 35.1 billion in FY14. India's exports of auto components could account for as much as 26 per cent of the market by 2021. India is the largest tractor manufacturer, 2nd highest two-wheeler & bus manufactures, 5th heavy truck manufacturer, 6th largest car manufacturer & 8th largest commercial vehicle manufacturers in the world.[2] Favourable government policies such as Auto Policy 2002, Automotive Mission Plan 2006-2016, National Automotive Testing and R&D Infrastructure Projects (NATRiPs), have helped the Indian auto components industry achieve considerable growth. The Indian auto-components industry is set to become the 3rd largest in the world by 2025 and is well positioned to benefit from the globalisation of the sector as exports potential could be increased by up to four times to US$ 40 billion by 2020.

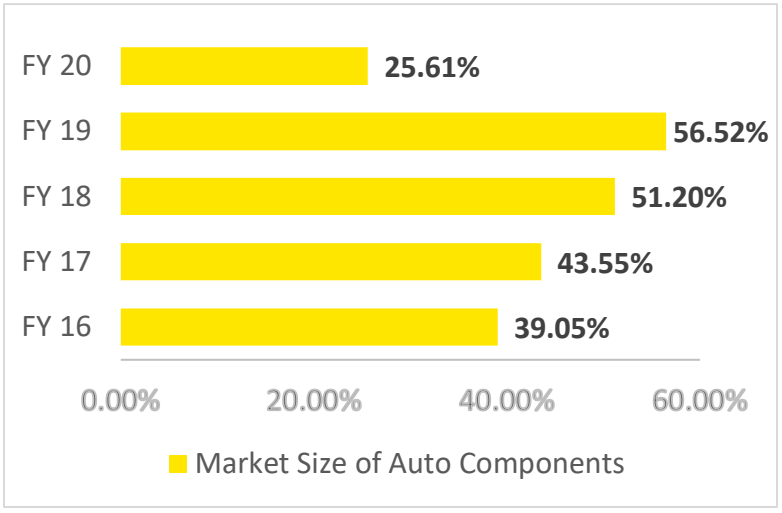


Figure 4 : Market size of auto components (in US Billion)

The Indian auto-components industry can be broadly classified into organised and unorganised sectors. The organised sector caters to the Original Equipment Manufacturers (OEMs) and consists of high-value precision instruments while the unorganised sector comprises low-valued products and caters mostly to the aftermarket category.

Over the last decade, the automotive components industry has scaled three times to reach US$ 39 billion in 2015-16 while exports have grown even faster to US$ 10.8 billion. This has been driven by strong growth in the domestic market and global market integration (including exports) of several Indian suppliers.[3]The Indian auto components industry is expected to grow by 8-10 per cent in FY 2017-18, based on higher localisation by OEMs, higher components content per vehicle, and rising exports from India, as per ICRA Limited.

[2] https://www.ibef.org/industry/autocomponents-india.aspx
[3] https://www.ibef.org/industry/autocomponents-india.aspx

In India, amongst OEM customers, auto components products are used highest for passenger vehicles with a share of 46%, followed by 2-3 wheelers with a share of 25% commercial vehicle across the spectrum from SCVs to HCVs consuming20% while farm & construction equipment consume the remaining 11%.

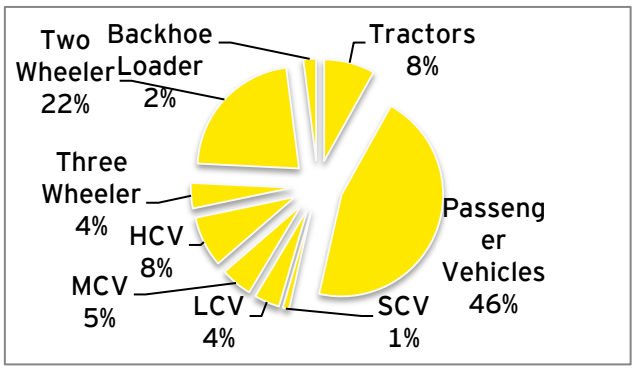
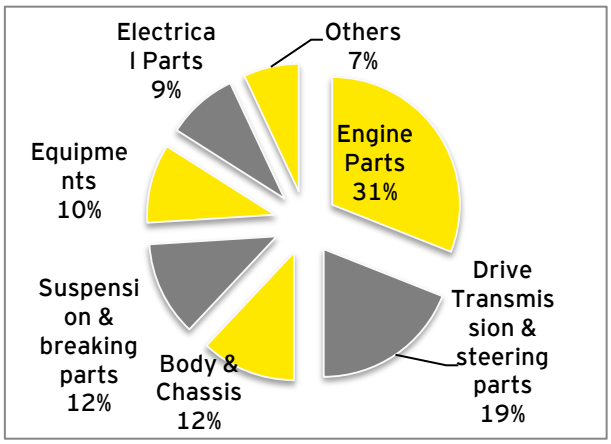


Figure 6: Production of product range of auto components

2.3 Cluster Scenario

Haryana is one of the prominent manufacturing states of the country with focus on various industries including light engineering, textiles, automotive & auto components etc. 50% of India's passengers car production, 39% of India's two wheelers production & 11% of India's tractor production; automotive sector forms the core manufacturing in Haryana. Over the last decade, the automobile sector has grown at a phenomenal rate.

Figure 7: Segment wise auto components supply to OEM



Haryana offers a strategic edge to the engineering industry in terms of market access, presence of major OEMs & industrial land to investors. Maruti Suzuki plants at Gurugram & Manesar, Honda Two-wheeler Plant at Manesar & Hero MotoCorp's motorcycle Plant at Gurgaon/Dharuhera, Escorts at Faridabad are the anchors which have facilitated growth in the automobiles & auto components sector. Haryana is the preferred destination for auto & auto components manufacturers with a presence of about 50 are located in Haryana and Gurugram & Faridabad as the important automobile centres & host to many large automotive players. The state has managed to provide the necessary support and capture the entire value chain from production of components to presence of OEMs /assemblers to logistics facilities & to ultimately facilitate retail/exports.

2.4 Products of the Cluster

The cluster units manufacture various auto components products for OEM's and Open market both. The auto components products manufacture by cluster unit can be broadly segmented in 3 major categories as below:

- **Automotive plastic parts:** Casing caps, Bike flaps, Cap locks, Scooter choke, Washer cover etc.
- **Automotive rubber parts:** Rubber grommet, O rings, rubber caps, rubber dust cover, etc.

- **Automotive metal parts:** Springs, Threaded and non-threaded fasteners screws end, Rivets, metal turned parts, etc.

PVC Pipes for Accelerator Cable

Choke of Scooter

Bike Flap

Cap Locks

Throttle Cable

Rubber grommet

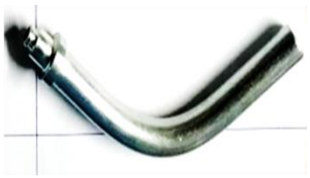
Rubber "O" ring

Car Gear Shift Rubber Dust Cover

Metal Casing Caps

Meatal Clamp

Metal Adjuster



Metal Bend

Diagnostic Study Findings

3. Diagnostic Study Findings

A diagnostic study was undertaken by the cluster members in September 2020 to map the existing business processes in the cluster, identify the gaps, and understand the requirements of the cluster. It was observed that many units required advanced machining centre, as they were currently availing these services from external service providers at high prices, and often with production delays. Additionally, external service providers sometimes do not accept the low volume orders from MSMEs.

The DSR was approved by the Director General, MSME. Govt. of Haryana on 13th October 2020 and the SPV was granted permission to go ahead with preparation of Detailed Project Report (DPR) for the cluster. The major findings of the DSR are presented in the following sections.

3.1 Cluster Actors and their role

The primary stakeholders in the cluster are the auto components manufacturing units based in the district Gurugram. The other stakeholders include the major industry associations, government agencies (mainly DIC, regulatory bodies, raw material suppliers, and academic/training institutes). These cluster actors provide various services to the cluster units. Some of the major cluster actors located in and outside the cluster and catering to the units of the region are mentioned below:

A. Industry Associations

- **Gurugram Chamber of Commerce and Industry: (GCCI)**

  The chamber works towards the promotion and development of industrial commerce and trade in the Gurugram. It is well recognised by the State/Central Governments. The Chamber serves Gurugram, Udyog Vihar, Sohna, Roz Ka Meo, IMT Manesar, Pataudi and Dharuhera industrial belts and enjoys representation on various Advisory/Consultative committees. The Chamber is well equipped to take up members problems with the concerned authorities. The Chamber acts as a common point of contact with the collective strength of its members on issues of local, regional and national importance. It is responsible for organizing, from time to time, meetings with Government officials to voice trade and industry's problems/suggestions on various issues and also to seek on the spot decision. It is affiliated to apex bodies like FICCI, CII, ASSOCHAM, and PHD Chamber. Chamber is also affiliated to international Chambers namely Indo American Chamber and Indo German Chamber. It also enjoys affiliation with the Government of India to issue Certificate of Origin for Exports and its recommendations for grant of VISA are recognised by several Embassies and High Commissions in the country. Some of the cluster units are also the members of the association.

- **The Automotive Component Manufacturers Association of India (ACMA)**

  ACMA is the apex body representing the interest of the Indian Auto Component Industry. Its membership of over 800 manufacturers contributes more than eighty-

five per cent of the auto component industry's turnover in the organised sector. ACMA is an ISO 9001:2015 Certified Association.

ACMA's charter is to develop a globally competitive Indian Auto Component Industry and strengthen its role in national economic development as also promote business through international alliances. ACMA's active involvement in trade promotion, technology up-gradation, quality enhancement and collection and dissemination of information has made it a vital catalyst for the component industry's development in India. Its other activities include participation in international trade fairs, sending trade delegations overseas and bringing out publications on various subjects related to the automotive industry.

ACMA is represented on a number of panels, committees and councils of the Government of India through which it helps in the formulation of policies pertaining to the Indian automotive industry.

B. Government Bodies

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

DIC is the most important government stakeholder for the cluster. The office of DIC comes under the Dept. of Industries & Commerce and is headed by Joint Director/who is assisted by functional managers and technical field officers. DIC promotes and routes subsidy to micro and small enterprises in the region. The State Mini Cluster Development Scheme under which the auto components manufacturing units want to set up a CFC will also be implemented through the DIC office. The Gurugram DIC is actively promoting cluster development in the district and helps the local units register under Haryana Udhyam Memorandum (HUM). It would play a key role in formulation of the Auto components manufacturing units SPV.

- **MSME-Development Institute, Delhi**

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

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

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

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

- **Haryana Shehri Vikas Pradhikaran (HSVP)**

  HSVP is the urban planning agency of the state of Haryana in India. It was established in 1967 (as Haryana Urban development Authority HUDA). It plays a key role in land development and execution of development works like roads, water supply, sewage, and drainage etc.

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

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

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

C. Educational Institutes

- **Centre for Polymer Science & Engineering in the Department of Material Science and Engineering, Indian Institute of Technology, New Delhi:** The Department of Materials Science and Engineering (DMSE) has been established on 1st January 2018 for developing and undertaking research on materials for specific end uses. It holds the privilege of being the only materials research and engineering department in Delhi-NCR region. The institute is conducting the graduate, post-graduate courses.

- **Haryana Vishwakarma skills university (HVSU):**

  HVSU has been enacted by the legislature of the state of Haryana with an objective to establish a Skill University in order to facilitate and promote skill, entrepreneurship development, skill based education and research in the emerging areas of manufacturing, textile, design, logistics, transportation, automation, maintenance, etc. and to raise skill level in various fields related to these areas. The University is also offering the diploma & undergraduate courses for automobiles engineering.

D. Banks / FIs

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

  SIDBI is the apex financial institution responsible for the growth and development of the MSME sector. Almost all the government subsidy schemes, and bilateral lines of credit are implemented through SIDBI. The business strategy of SIDBI is to address the financial and non-financial gaps in MSME eco-system. Financial support to MSMEs is provided by way of (a) Indirect / refinance to banks / Financial Institutions for onward lending to MSMEs and (b) direct finance in the niche areas like risk capital, sustainable finance, receivable financing, service sector financing, etc.

- **Syndicate Bank, Gurugram**

  Syndicate Bank is the lead bank of the Gurugram district, and many units have a banking relationship with the Bank.

E. Leading Manufacturers

Some of the leading manufacturers in Gurugram include J.K Springs, Maadhav Automotive Fasteners Pvt. Ltd., Taneja Enterprises, Anand Industries, Sneha Industries.

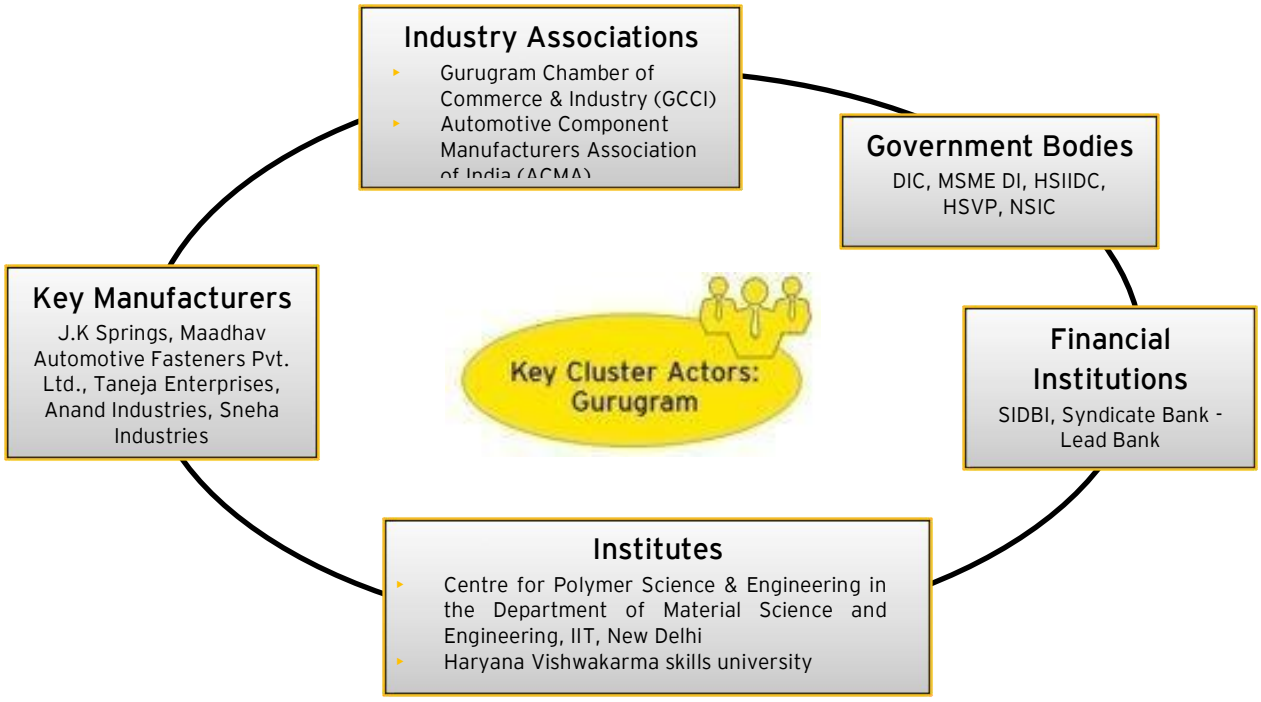


Figure 8: Key Cluster Actors

3.2 Raw Material Availability for the Cluster

The main raw materials used for the manufacturing of products in the cluster are Nylon Toray CM1017, Delrin/Polyacetal Resin, HDPE, PP, PVC, Master Batches, Aluminium and steel pipes etc. The main source of raw material are local vendors such as LDC Polymers, JPD Polyplast, Plastic Enterprises, Trade Impex Inc, D.R International, JMD Polymers, Hi-Lex India, etc.

3.3 Cluster Market

Most of units in the cluster are vendors to large manufacturers, supplying various components to OEMs. The OEMs generally have a pool of permanent vendors registered with them for supplying all kinds of products on demand basis. The major OEMs that are being catered by the cluster units have been mentioned in the previous section. The OEMs directly invite quotations from the vendors and no intermediately is involved in the business exchange. The cluster units also supply their products to local market.

3.4 Cluster Employment

Presently, this cluster provides employment to 1,50,000 people directly & indirectly. On an average micro unit employ approximately 10-15 persons, and small units in the cluster employ approximately 15-20 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 INR 8,000 – 12,000 per month for workers operating on 8-10-hour shift. The average wages of skilled labour are around INR 12,000 – 18,000 per month.

3.5 Cluster Turnover

The annual turnover of this cluster units is estimated to be around INR 11000 crore. However, there is an enormous potential of increasing the turnover as well as production of cluster units by deploying the modern machines/equipment which will speed up and localize new product development.

With the help of proposed CFC, auto components manufacturers will get better machining facilities and reduction in outsourced activities which will reflect in their improved work. Recommendations around these have been provided in the DSR.

3.6 Production Process

Although large variety of products are manufactured by cluster units, the process followed by these units broadly remains the same. Most of the units manufacture the components based on the drawing or sample provided by their respective customers. Production process for major category of auto components cluster product are mentioned below:

- Process flow for Automotive plastic parts

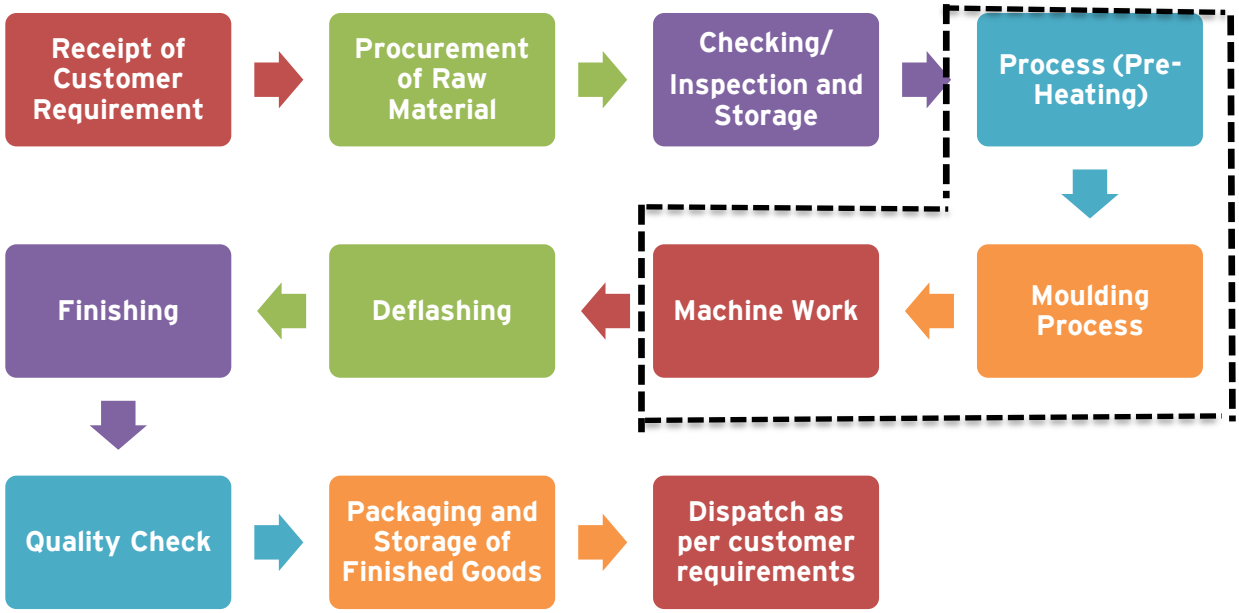


Figure 9: Production Process Flow Chart

The quality of the plastic products is of paramount importance in automotive parts, units do not buy the plastic components from vendors and prefer to buy raw material of their choice and then get it moulded from third party vendors. Currently the moulding process, as shown in the production process flow chart, is outsourced. Steps of the production process flow have been detailed below:

Step 1 - Receipt of Customer Requirement: All the products manufactured by units based on the requirement of the customer, thus units manufacture the components as per the drawing or sample provided by their respective customers.

Step 2 - Receipt of Raw Material: On the very first step the purchase of raw material, raw material like PP (Polypropylene) & ABS (Acrylonitrile Butadiene Styrene) required. The raw material is purchased from Delhi, Gurugram & Faridabad. The testing report is provided by the suppliers along with raw material. In addition, the specifications of the raw materials are checked.

Step 3 - Checking/Inspection & Storage: After the receipt of the raw material the grade and parameter are checked. During the checking/ inspection, material grade not meeting the expectations are discarded and the finalized raw material storage with tag in the storage area.

Step 4 – Pre-heating of raw material, molding and machining: This activity is carried out by the third-party private players. Under this, the raw material is pre-heated and molded for the shape of the product as per the specifications. After, this the machining work is performed to provide primary finish to the products.

Step 5 – Deflashing : After the molding is done activity to remove excess material attached to a molded, forged, or cast product, which is typically caused by leakage of the material between the two surfaces of a mold is carried out which is called Deflashing**.**

Step 6 - Finishing: The finishing work is performed at the unit level. The finishing work is performed at press & lathe machine.

Step 7 - Quality Checking: After the product is ready, check is done by the quality engineer to check the molding defects, short, burn marks, over cut / deep cut, flow mark, silver streaks, etc.

Step 8 - Packaging and Storage of Finished Goods: Final products are packaged and stored as finished goods.

Step 9 - Dispatch: Packed equipment are shipped to buyer's premises as per agreement.

- **Process flow for Automotive metal parts**

These units use metal sheets as raw materials (to produce various metal turned automotive parts) which are bent into desired shapes according to the customer requirements. Production is carried out though several processes such as shearing, bending, welding, punching, pressing, grinding and painting. The above-mentioned processes account for maximum energy consumption.

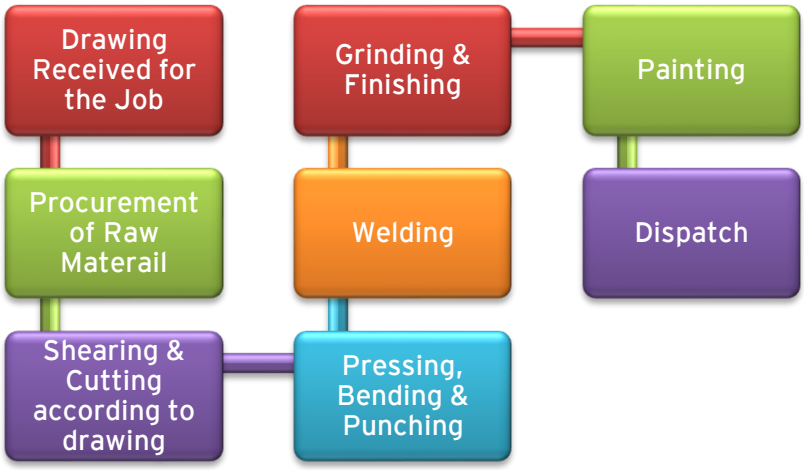


Figure 10: Production Process Flow Chart

3.7 Value Chain Analysis

Value chain analysis is a strategic tool used to analyse internal firm activities. Its goal is to recognize, which activities are the most valuable to the firm and which ones could be improved to provide competitive advantage. The analysis also reveals a firm's competitive advantages and disadvantages. The units of auto component cluster, Gurugram competes through cost advantage. These units intend to perform some production activities at lower costs to enhance their competitiveness.

Value chain analysis of most commonly produced cluster product has been conducted to analyse the internal activities to propose corrective measure to increase competitiveness. The same is provided in table 1.

Table 1: Value chain analysis of plastic products

Particulars	Value Added (INR)	Total Value (INR)	% of Cost of production
Raw Material	1.25	1.25	38%
Process [Pre Heating+ Moulding + Machine Work+ Deflashing+ Electricity +Labour]	1	2.25	31%
Finishing and Inspection	0.5	2.75	15%
Quality Check	0.25	3	8%
Packing and Forwarding	0.25	3.25	8%
Production Cost		**3.25**	100%
Profit		**1.05**	32%
Sales Cost		**4.3**	

It is evident from the above table that raw material (38%) and Pre-heating of raw material, moulding and machining: (31%) contributes maximum to the cost of production. Processing includes electricity and labour. Targeting these major cost areas and providing better facilities to the units in these areas will lead to increased competitiveness of the cluster units.

Based upon the recommendation for hard intervention of Advance Machining Centre under the banner of CFC, the processing cost per product will reduce significantly. The key objective of the CFC shall be to enable the cluster units reduce their cost of production through minimizing the cost of processing raw material through advance machinery, which constitutes the major portion of the production costs. Further, minimizing the cost of production through increased value addition in production and finishing operations shall increase the profit margin of the cluster units.

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

A SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis of the manufacturing 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 2: SWOT Analysis of the Cluster

Area	Current situation		Future	
	Strengths	Weaknesses	Opportunities	Threats
Market	▸ Steady local demand for cluster products from several automotive units in Gurugram district ▸ Cluster located within the Gurugram Industrial area, which is well connected with all major national and international industrial hubs. ▸ Cluster located in the proximity of NCR which is a major supply hub. ▸ Strong natural business ecosystem in the region with presence of many buying houses.	▸ Presence of other large players to whom bulk orders are made. These units have a well-established clientele. This makes market penetration, a challenge. ▸ Lack of information on changing customer preference ▸ Lack of marketing capabilities of entrepreneurs ▸ Loss of orders occasionally due to inordinate delay in processing of orders.	▸ Growing domestic market potential of auto components ▸ Potential to price products competitively with acquisition of technology, in order to compete effectively with countries ▸ Capacity building of entrepreneurs on export promotion & documentation ▸ Government support available for buyer-supplier contacts through fairs, meets, web portal etc. ▸ There is huge market scope within India	▸ Intense competition from global markets. ▸ Competition from other units based in Delhi ▸ Squeezing margins driving many micro units out of the market
Technology/ Product Quality	▸ High focus on product quality as raw material can be inspected upon	▸ Absence of High Precision Machines	▸ Setting up of state-of-the-art Common Facility Centre resulting in units	▸ Micro units unable to get orders from large anchor

Area	Current situation		Future	
	Strengths	Weaknesses	Opportunities	Threats
	delivery both manually and by using specialized machinery ► Each unit undertakes inspection of pieces at each stage in their manufacturing process ► Some buyers specify testing labs from which products need to be certified ► Products are made as per 'tech packs' specified by buyers, and are thus made-to-order	► Lack of advance machining centres ► Most of the units are using obsolete machines leading to poor quality of products ► Cluster units lack capability to install advance facilities to manufacture quality products ► Inability to execute large orders at competitive prices ► Lack of awareness on quality assurance measures	being able to obtain these services both timely and at lower costs and price their products competitively. ► Extended support from government to improve the technology used by MSE ► Aid to small units to adopt lean techniques to enhance their productivity	units due to their low production capacities ► Increase in cost of production, low productivity and reduced margin leading to shutting down of units ► Increase in awareness of people on quality certifications shall lead to losing out to business / requirement for more stringent testing procedures. ► Rapid technology obsolescence. ► Production process is increasingly mechanized to increase efficiency & product quality. Might drive micro players out of the market
Skill/ Manpower	► Skills acquired on-the-job ► Educated & active entrepreneurs	► High labour costs ► Shortage of skilled manpower in the cluster ► Lack of interaction between SMEs and technical institutes for providing technical training	► Availability of government sponsored training program by CIPET for skill upgradation ► Conducting on job training program on required skills	► Youth interested to work in other lucrative sectors and not keen on working in small units ► Non availability of skilled manpower

Area	Current situation		Future	
	Strengths	Weaknesses	Opportunities	Threats
		▸ No mechanism to mobilize regional youth for training in the sector ▸ Absence of a dedicated training centre for Automotive & Allied products Industry	(operations, soft skills etc.) ▸ Engage technical institutes for skill development programs ▸ Bridge gap between industry and academic institutes providing specialised training programmes	
Inputs	▸ Availability of raw materials in vicinity ▸ Stable prices of raw material due to regulation ▸ Availability of quality power	▸ No web portal displaying prices and sources of raw materials ▸ Fluctuation in prices of other raw material (HDPE, PP, PVC, Master Batches) ▸ High energy cost structure because of lack of efficient processes ▸ No energy audits practised, wastage of raw material.	▸ Potential to develop a portal displaying information (price, suppliers) of raw materials ▸ Potential to reduce energy cost by energy auditing	▸ Cost of power in India is, on average, higher than key competing countries like China ▸ Rise in price of raw materials and fuels
Business Environment	▸ Gurugram well known as a leading industrial hub of India for Automotive sector ▸ Steady growth in domestic demand ▸ State industry department is	▸ High cost of industrial land in the cluster ▸ Lack of common infrastructure/CFC facilities ▸ No long-term vision of industrialists	▸ Establish CFC with latest technologies for quality products and increasing efficiencies ▸ Create better awareness of government schemes and regulations	▸ Change in policies and regulatory environment ▸ Increase in land rates ▸ Auto components & Allied product industry is a dynamic industry and large firms with modern technologies are

Area	Current situation		Future	
	Strengths	Weaknesses	Opportunities	Threats
	proactively undertaking several developmental initiatives for MSMEs ► Conducive policy and regulatory initiatives ► Active State Govt. and schemes for development of the sector ► Proactive industries associations in Gurugram and cluster SPV, have good knowledge about govt. schemes	► Lack of amenities for workers ► Lack of bargaining power of units		capturing major market share, leading to a declining trend for micro and small industries
Energy/ Environment	► Increased focus on environment due to requirement from buyers	► Lack of knowledge of energy efficiency resulting in higher energy consumption ► High energy cost structure because of lack of efficient processes	► Regular checks on maintaining quality and safety standards ► Potential to reduce energy costs by energy auditing	► Increase in power tariff ► Increased focus on environment standards

3.9 Major Issues / Problem Areas of the Cluster

Various factors such as availability of raw materials and association with secured buyers i.e. Original Equipment Manufacturer in a highly competitive market are the two major challenges. However, the cluster units face below challenges in their backward and forward value chain;

- **Absence of Mini Tool Room for making of tools & dies**

  Absence of technology for making tools and dies for production of quality products and reducing cost of production. No Individual unit has the capability to invest in this machine. Due to the dependency of the units on third party manufacturers lead to operational delays and enhanced cost of production. The units in the micro and small sector incur almost double the cost in production of the products as compared to their large counterparts as they are dependent on the private players for job work for the moulding/machining process. This has hindered the ability of micro and small firms to obtain bulk orders from anchor units. Consequently, the units are witnessing plunging market shares and their sustainability is also in jeopardy. By establishing this facility in the CFC, the cluster units can improve the quality of the products as per the requirement of OEMs and reduced the wastage of raw material. This facility will also help the MSE units to increase the volume of production and capture the more market share.

- **Common Design Development cum Training Centre:**

  More than 80% of the cluster units, are still using **manual designing or hiring the services of external consultants in Computer Aided Designing.** This is resulting in improper designing, time delays and higher costing. Some of the firms are also losing export market due to poor designing of the products. Thus, there is a need to establish a design development centre, which will also serve as training facility for skilled workers to learn Auto CAD.

- **Lack of skilled manpower**

  Lack of skilled manpower is responsible for wastage of raw material, higher production time, low accuracy and low productivity results.

Cluster units are also unable to diversify their product line to cater to emerging demands of market and need advanced machineries to manufacture the quality of products as per the requirement of OEMs. The present machineries are obsolete and have low capacity.

Due to inexistence of these facilities, the units face frequent production delays, cost inefficiencies, rejections, material wastages and losing market shares. These facilities if provided through CFC in the cluster with government support will help the units become more competitive and dramatically move up the value chain.

3.10 Key Technologies Missing

The key technologies that are required in the cluster along with the proposed intervention to be set up under the CFC are mentioned in below table 3:

Table 3: Key Technologies Missing

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**
Mini Tool Room	
At present, there is no tool room available in region housing modern machines for job work. The cluster units are mostly dependent on the private players located far off at places like Ludhiana, Delhi, Mumbai, Chennai for the **tooling job work**. Moreover, the products are often sent faraway for obtaining better finishing on the products. The private player's charge high prices for the job work and often refuse to accept work low volume work from small payers. In addition, there is an absence of **repair & maintenance work machinery** within the cluster which is badly required. Therefore, due to lack of modern machining equipment and software, quality mould, dies & other production aids are procured from outside the cluster/region, which results in delays in production & affects their productivity.	Toom room is the backbone of engineering industry. By establishing mini tool room, the cluster, the units will be able to make high quality tools and dies as well as achieve high quality finishing for their products. Moreover, the units would also be able to do new product development. A dedicated Mini Tool Room housing modern CNC Lathe Machine, VMC Machine, Laser marking, and grinding machines for the cluster will enable strengthening the production and productivity of the cluster units in following areas: ► Good tool design and manufacturing facilities within the cluster. ► Eliminating the need for relying on the private players. ► Obtain tools economically at low costs. ► Reduction in cycle time & deliver the finished product faster to the customers. ► Enhanced the quality of products. ► Increased the quality of products with minimum rejections. ► Minimize the wastages of materials. ► This facility will be run on commercial basis in the cluster.
Design Centre	
At present more than 80% of the cluster units, are still using manual designing or hiring the services of outside consultants in Computer Aided Designing. This is resulting in improper designing, time delays and higher costing. Some of the firms are also losing export market due to poor designing of the products.	A CAD/CAM facility has been proposed in the CFC to enable micro & small units do new product development. The proposed facility in the CFC will help the cluster units to make the proper design as per the requirement of customer. By this facility units are also able to make the new design and diversify their products line.

3.11 Cluster growth potential

The potential for the growth of auto components is enormous, owing to the growing market for these products in India and internationally. Gurugram is in the proximity of Delhi, providing it with a strategic advantage in terms of its proximity to a key supply hub. Additionally, there is a large raw material base readily available as Haryana. Currently units are facing challenges in cost competitiveness and efficiency due to the absence of advance machining centre and testing lab facility. They are obtaining these services from external providers, which is increasing their costs as a result of which the units often get priced out and face loss of orders.

Against this backdrop, if these facilities are provided to the units under the CFC mode, their production costs and inefficiencies will reduce and they will be able to compete with other international players from low-cost production destinations such as China, Sri Lanka, Bangladesh, etc.

Diagnostic Study Recommendations

4. Diagnostic Study Recommendations

Based upon the diagnostic study and intense discussions with various cluster stakeholders and on-site visits to cluster units, technology and infrastructure gap has been identified. Accordingly, hard interventions (setting up of CFC) are being proposed to enhance the competitiveness of the auto components manufacturing cluster units. The CFC is proposed to include advance machining centre.

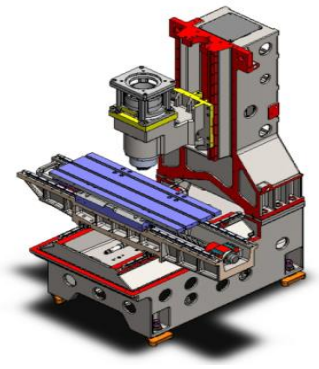
The cluster has presence of a couple of proactive industries associations which frequently keep organizing awareness and training programs for the auto industry. The awareness level of the units is found to be satisfactory. Some of the units in the Gurugram cluster are members of such associations, which actively conducts trainings and workshops related to entrepreneurship development, energy efficiency, GST, Industries department incentive scheme, sustainability, etc. Hence, the cluster does not intend to obtain government funding for the soft interventions.

The recommendations for hard interventions have been elaborated in subsequent sections.

4.1 Hard Interventions for Setting up a CFC

The cluster would require the following common infrastructure facilities on an urgent basis to improve the competitiveness of the micro and small auto component manufacturing units and to enable them to move up the value chain. The potential members of the proposed SPV with support from the state government are willing to set up a dedicated Common Facility Centre which shall have state-of-the-art advance machining center. The cost for machinery and equipment is estimated at **INR 175.96 lakhs.** This facility shall provide a much-needed technical impetus to the cluster units and will enable them to become more competitive.

CNC Vertical Machining Centre:



Milling is the process of machining using rotary cutters to remove material by advancing a cutter into a work piece. This may be done varying direction on one or several axes, cutter head speed, and pressure. Milling covers a wide variety of different operations and machines, on scales from small individual parts to large, heavy-duty gang milling operations. It is one of the most commonly used processes for machining custom parts to precise tolerances. At present the clusters units are dependent on private players for machining work. The private players in the market charged exorbitant prices for the machining work. Due to which the cluster units are not able sell their product at competitive price. In addition, the private players are not accepted the small orders. So, the cluster units want to set the Computerized Numeric Vertical Machining Centre in the CFC.

EDM Machine:

Electrical discharge machining (EDM), also known as spark machining, spark eroding, die sinking, wire burning or wire erosion, is a metal fabrication process whereby a desired shape is obtained by using electrical discharges (sparks). Material is removed from the work piece by a series of rapidly recurring current discharges between two electrodes, separated by a dielectric liquid and subject to an electric voltage. One of the electrodes is called the tool-electrode, or simply the tool or electrode, while the other is called the workpiece-electrode, or work piece. The process depends upon the tool and work piece not making physical contact. The tools & die are the backbone of the cluster. Presently, the cluster units are dependent on private player for making of tools & dies for their products. These tools and dies are frequently required by the cluster units. The private players in the market charged exorbitant prices for the machining work. Due to which the cluster units are not able sell their product at competitive price. In addition, the private players are not accepted the small orders. So, the cluster units want to establish an EDM machine in the CFC.

CNC Wire Cut EDM Machine:

The wire-cut type of machine is used for to process various punch tie, plastic mould, Powder metallurgy mould and etc, which have 2D and 3D faces combined, or components. It can also cut various sample plate, magnetic steel, Silicon Steel Sheet, semi-conductive material or precious metal. This machine is utilised in CFC for making of wire products like metal casing cap, metal adjuster, metal clamp and metal bend.

Laser Marking Machine:

Laser marking can be automated and processed at high speeds, while leaving permanent traceability marks on a range of materials, including steel, titanium, aluminium, copper, ceramic, plastic, glass, wood, paper, and cardboard. Cluster units can gain many benefits from the laser marking process, whether it is basic part identification and branding or complete traceability to track and trace parts from cradle to grave. This machine is utilised at CFC for marking of various seatbelt components with information such as barcodes, serial numbers & various components and buttons

on dashboards. Laser marking is used at CFC of other automotive parts too, including crank shafts, wiper blades, engine blocks, bearings, bolts, fuse boxes, circuit boards, shift levers, air filters and vehicle body frames.

Surface Grinder:

Surface grinding is the most common of the grinding operations. It is a finishing process that uses a rotating abrasive wheel to smooth the flat surface of metallic or non- metallic materials to give them a more refined look by removing the oxide layer and impurities on work piece surfaces. This will also attain a desired surface for a functional purpose. This machine is utilised at CFC for the finishing of a products.

Cylindrical Grinder:

The cylindrical grinder is a type of grinding machine used to shape the outside of an object. The cylindrical grinder can work on a variety of shapes; however, the object must have a central axis of rotation. This includes but is not limited to such shapes as a cylinder, an ellipse, a cam, or a crankshaft. This machine is used at CFC for grinding workpieces, precisely shape and finish the given material with high surface quality and low surface roughness. It is primarily a finishing operation in which small quantities of metal are removed in order to deliver highly accurate products.

CNC Lathe Machine:

A lathe is a machine tool that rotates a workpiece about an axis of rotation to perform various operations such as cutting, sanding, knurling, drilling, deformation, facing, and turning, with tools that are applied to the workpiece to create an object with symmetry about that axis. Servo mechanisms were applied to the control of lathes and other machine tools via numerical control, which often was coupled with computers to yield computerized numerical control (CNC). Lathes that are controlled by a computer are CNC lathes. CNC lathes use computers and servomechanisms to regulate the rates of movement. This machine is utilised at CFC for high precision machining work which is currently outsourced from private player.

4.2 Expected Outcome after Intervention (Long term vision)

The cluster vision that has been progressively evolved is:

"The auto component cluster of Gurugram would evolve into a preferred base for Indian and global customers by means of standardization, technology up-gradation and quality improvement through advanced machining 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 auto products 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 plastic & allied products 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 appropriate machining 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 amongst 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 Gurugram 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 and small units in the Gurugram auto component manufacturing cluster came together to form a Special Purpose Vehicle (SPV) as a private limited company under section 7 of the Companies Act, 2013 and rule 8 of the Companies (Incorporation) Rules, 2014 under the name and style of 'Devagya Tools Private Limited' with CIN U29309HR2020PTC090793. The SPV was registered on 09-11-2020. The certificate of registration/ incorporation along with Memorandum of Association (MoA) and Articles of Association (AoA) and PAN card of the SPV are provided in ***Annexure – 2 & 3***. The Company has an authorized paid up capital of INR 10 lakh which shall be enhanced soon. The members are micro and small sized firms (registered units) in Gurugram involved in manufacturing of auto components for auto sector.

DIC, Gurugram and State Government both played an important role in SPV formation. The SPV was incorporated in the month of November 2020 and already includes 11 members who are subscribing to the necessary equity base of the company. The SPV shall always be open for new members to join and for the existing members to leave while maintaining a minimum member base of at least 10. The proposed CFC will be implemented on public-private partnership basis through an SPV under the name and style of 'Devagya Tools Private Limited' by availing support from Government of Haryana's State Mini Cluster Development Scheme (under Haryana EPP-2015).

The SPV members have a track record of cooperative initiatives. SPV members are also members of prominent cluster associations. Cluster members have been autonomously undertaking several soft interventions to enhance knowledge and exposure of the cluster units on new trends in the automotive industry and enhancing productivity of their units. This includes exposure visits to fairs and sharing of best practices, registration under UAM, awareness programs on new trends in auto manufacturing, entrepreneurship development, energy efficiency, GST, barcoding, equity schemes, sustainability, etc.These programs were conducted in collaboration with DIC, the State Government, and Industry Association of Gurugram district etc.Therefore, no support (in the form of grant-in aid) will be sought under this project for undertaking soft interventions.

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

5.1 Shareholder profile and Shareholding mix

List of Directors: The SPV has two directors. The details of the directors are furnished in Table 4. Other than these directors, the SPV will have provision of having one director each from the State Government. The SPV comprises members from micro and small auto

components manufacturing units. It is homogeneous in nature due to similar products and activities performed by the cluster units.

All the 11 SPV members will be shareholders in the **'Devagya Tools Private Limited'**. Two members will be the directors in the company. Other than these directors, the SPV will have provision of having one director each from the state DIC and the State Government.

Table 4: List of Directors

S. No.	Directors	Name of the unit	Unit address
1	Sh. Dhiraj Kumar	Sneha Industries	Plot No. 477 Pace City II Sector 37 Gurugram
2	Sh. Ashok Kumar Mehta	Maadhav Automotive Fasteners Pvt. Ltd.	Plot No. 87-90 Phase-VI Udyog Vihar Sector 37 Gurugram

The lead promoters/shareholders have several years of successful experience in manufacturing 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 Gurugram also acknowledged the genuineness and enthusiasm of the SPV members to undertake project initiatives under State Mini Cluster Development Scheme and has recorded that the CFC demand is authentic. The unit verification details have been added in Annexure 4.

Members of the SPV have been engaged in manufacturing of auto components in Gurugram for several years and have considerable experience in marketing and manufacturing. Directors and SPV members have had close interactions with technical experts, government institutions and machinery suppliers.

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 5.

Table 5: Details of SPV Members

S. No.	Authorized Person	Unit Name	Unit Address	Contact No.	UAM No.	Annual Turnover (INR Crore)	Investment (INR Crore)	Products
1	Vinod Gupta	Pik India	Pataudi Road Gurugram	9910064841	HR05A0001640	1.5	0.14	Manufacture of Rubber & Plastic Parts
2	Jagdish Taneja	Taneja Enterprises	547-C Pace City II, Sector 37 Gurugram	9910109310	HR05B0000832	6	1.2	Manufacture of Rubber & Plastic Parts
3	Rajan Malik	J.K Springs	543-R Pace City II, Sector 37 Gurugram	9810495195	HR05B0003041	6	3	Manufacture of Springs & metal forming
4	Himanshu	ALP Industries	1433/26 Basai Road Near Enkay Factory Gurugram	9899039971	HR05A0008805	0.205	7	Manufacture of Rubber Parts
5	Vinod Chhabra	Anand Industries	814/2 Basai Road Gurugram	9212145505	HR05B0001500	3.5	0.5	Manufacture of Springs & metal forming
6	Dhiraj Kumar	Sneha Industries	Plot No. 477 Pace City II, Sector 37 Gurugram	9711151035	HR05B0007362	3.2	0.95	Manufacture of Plastic Parts
7	Hemant	Harshit Enterprises	Plot No. 1521/31 Behind Arvind Engg. Daulatabad Road Gurugram	9416907917	HR05A0007967	0.142	0.07	Manufacturer of Pressing & Metal Forming
8	Lalu Kumar Shah	Samitra Industries	Anjana Colony Sector 37 Khandsa Gurugram	7011696433	HR05A0007464	0.156	0.09	Manufacture of Turning & metal forming
9	Sanjay Kumar	Ramco Auto Parts	Khasra 226/227/228 Tek Chand Nagar Plot No. 08 Daultabad Ind. Area Gurugram	8130224658	HR05A0009212	0.75	0.2	Manufacture of Turning & metal forming

S. No.	Authorized Person	Unit Name	Unit Address	Contact No.	UAM No.	Annual Turnover (INR Crore)	Investment (INR Crore)	Products
10	Rajender Kumar	Sneha Auto Comp.	Plot No. 154 Udhyog Vihar Phase VI Gurugram	9891700538	HR05A0026085	0.35	0.08	Manufacture of Rubber & Plastic Parts
11	Ashok Kumar Mehta	Maadhav Automotive Fastnerss Pvt. Ltd.	Plot No. 87-90 Phase VI-Udhyog Vihar Sector 37 Gurugram	9891135345	HR05B0004786	24	4	Manufacturer of Metal Fasteners Threaded and Non Threaded

5.2 Initiatives undertaken by the SPV

As mentioned in detail in section 4.1, the SPV members have proactively undertaken multiple capacity building initiatives to promote the cooperation among cluster units and enhance knowledge and exposure of the units. The major initiatives are:

- Regular member meetings for discussion on the CFC as well as technologies, marketing, discussion on incentives available to MSMEs, etc.
- Participation in various programs for capacity building, awareness generation and technological advancement in the cluster.
- Identification of building to be taken on lease for the SPV.
- The preparation of DSR was led by EY consultant and the validation & approval process for the DSR was also led by EY consultant.

5.3 SPV Roles and Responsibilities

The SPV will play a 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
- Building lease deed agreement in SPVs name.
- Garnering the equity 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 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 based on decision by members of SPV.
- Preparation and submission of progress reports to state industry department.

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

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 main governing body, and the

day-to-day administration will be taken care of by the management that shall be appointed by the SPV board of directors. Their role is detailed below:

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

2. **Managerial, Technical and Administrative staff**: A competent and well qualified professional with background in auto component manufacturing industry will be appointed as the Cluster Development Executive (CDE) also referred to as the Cluster Executive Officer, who will look after day-to-day operations of the CFC and shall be directly reporting to the board of directors. The 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 below:

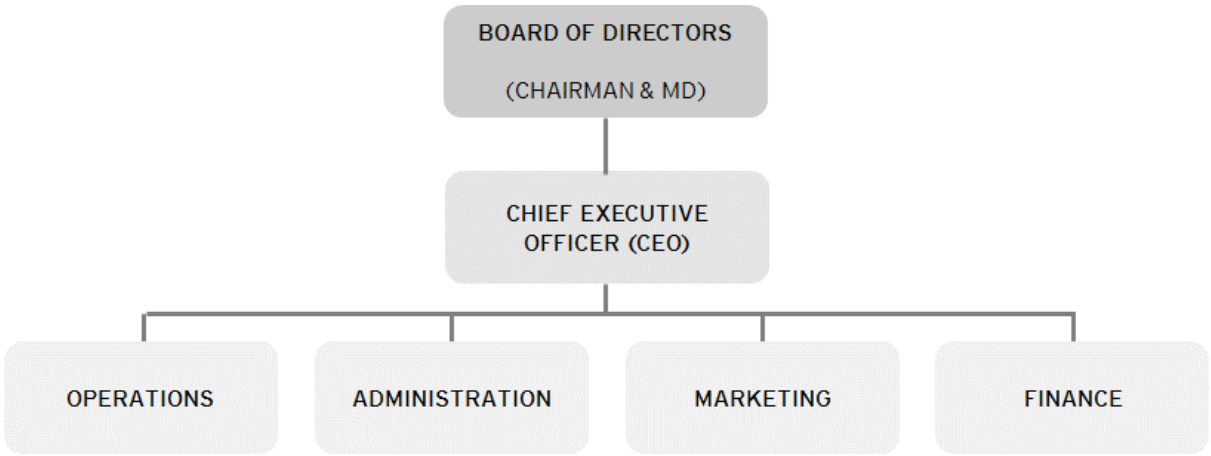


Figure 11: Organisational Structure

Project Economics

6. Project Economics

6.1 Project Cost

The total project cost is estimated at **Rs. 192.80 lakhs**. The project cost for setting up a CFC in the Gurugram auto components manufacturing cluster includes the following:

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

The detail of each project component is provided below:

6.1.1 Building

The SPV shall lease one floor of a building on a 10-year irrevocable lease. The SPV has identified the building and obtained a letter establishing the availability of the building. The building is located at Plot No 154, Udyog Vihar, Phase VI, Gurugram Haryana. The available area is 1500 square feet and the monthly rent for the first year would be Rs. 0.30 lakhs, with an annual increase at the market rate (estimated at 10%).

6.1.2 Plant and Machinery

As detailed in section 4.1 (hard interventions), the machines proposed in the cluster will enable cluster units enhance their competitiveness. The machines have been categorized as primary and secondary. The machines that shall be used primarily for job work have been categorized as primary, whereas, the auxiliary/supporting machines have been categorized as secondary machines. The major facilities proposed at the CFC are for high end machining facility. The total cost of plant and machineries has been estimated at INR 175.96 lakhs including transportation charges, taxes and installation fees, and contingency works out to INR 8.80 lakhs.

The details of the proposed machinery items are presented in the table below. The detailed specifications and quotations of the machines are provided in the annexure. 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 6: List of Proposed Plant & Machinery

(Rs. In lakh)

PLANT & MACHINERY											
S. No.	**Machine Name**	**Quantity**	**Basic Price**	**Total Basic Price**	**Transportation Charges***	**Custom Duty as Applicable ***	**Gst as Applicable ***	**Other Charges like Insurance, Installation etc.**	**Total Price**	**Supplier Options**	**Model / Specifications**
		Indigenous	**Indigenous**	**Indigenous**	**Indigenous**	**Indigenous**	**Indigenous**	**Indigenous**	**Indigenous**		
A	**Primary Machinery**										
1	CNC Vertical Machining Centre	1	26.95	26.95	0.50	-	4.94		32.39	Ace Manufacturing Systems Ltd.	Mitsubishi M80BVU
2	Wire EDM Machine	1	30.20	30.20	0.50	-	5.53	3.75	39.98	Electronica HiTech Machine Tools Pvt. Ltd.	Job Master-Dzire
3	Slant Bed CNC Lathe	1	18.00	18.00	0.30	-	-	-	18.30	Ace Designer Ltd.	J 300 LM
4	Precision Universal Cylindrical Grinding Machine	1	13.98	13.98	0.20	-	2.55	-	16.74	Micromatic Grinding technologies Pvt. Ltd.	ECO 200 U
5	Hydraulic Surface Grinding Machine	1	12.95	12.95	0.03	-	2.34	0.09	15.40	GM Machine Tools Pvt. Ltd.	PH-1632
6	Fibre Laser Marking System 20 W	1	17.75	17.75	-	-	3.20	0.50	21.45	Infion Advance Laser Systems Pvt. Ltd.	Infion Fibre Laser Marking Machine INFIMARK ILM-2S-20

(Rs. In lakh)

PLANT & MACHINERY											
S. No.	Machine Name	Quantity	Basic Price	Total Basic Price	Transportation Charges*	Custom Duty as Applicable *	Gst as Applicable *	Other Charges like Insurance, Installation etc.	Total Price	Supplier Options	Model / Specifications
		Indigenous	Indigenous	Indigenous	Indigenous	Indigenous	Indigenous	Indigenous	Indigenous		
A	**Primary Machinery**										
7	Electric Discharge Machine	1	12.15	12.15	0.35	-	2.19	-	14.69	Electronica HiTech Machine Tools Pvt. Ltd.	ELTECH D 400 ZNC
8	Turret Milling Machine	1	4.55	4.55	0.03	-	0.82	-	5.40	GM Machine Tools Pvt. Ltd.	LTM-3SS
	Sub Total (A)	**8**	**136.5**	**136.5**	**1.9**	**0.0**	**21.6**	**4.3**	**164.3**		
B	**Secondary Machinery**										
1	Dell Precision 3630 Tower with Solidwork Software	1	6.89	6.89	-	-	1.24	0.54	8.67	Tech Savvy Pvt. Ltd.	
2	200 Kva Three Phase Digital Servo Voltage Stablizer	1	2.50	2.50	-	-	0.45	-	2.95	Servokon Systems Limited	Servokon
	Sub Total (B)	**2**	**9.39**	**9.39**	**0.00**	**0.00**	**1.69**	**0.54**	**11.62**		
	Grand Total	**10**	**145.92**	**145.92**	**1.91**	**-**	**23.25**	**4.88**	**175.96**		

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 Rs. 1.64 Lakhs. Details are provided in the table 7 below.

Table 7: Miscellaneous Fixed Assets

(Rs in Lakh)

MISCELLANEOUS FIXED ASSETS		
S. No.	**Particulars**	**Amount**
1	Office Table (1)	0.10
2	Office Chair (4)	0.12
3	Guest Chair (4)	0.20
4	Firefighting equipment	0.22
5	Miscellaneous Fixed Assets	1.00
	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, tendering forms, tendering cost, etc.

Pre-operative expenses include expenses for electricity connection charges, refurbishment of the building, administrative establishment, travelling, bank charges, stationery, telephone, overhead expenses during machinery testing period such as salaries, machine testing cost, bank charges, travelling, etc. The total expenditure for preliminary and pre-operative expenses are estimated at Rs. 2.80 Lakhs (details provided in the table 8 below).

Table 8: Preliminary and Pre-Operative Expenses

(Rs. In Lakh)

PRELIMINARY & PRE-OPERATIVE EXPENSES		
S. No.	**Particulars**	**Amount**
1	Company Registration Charges	0.50
2	Tender forms & tendering cost	0.00
4	Project Management Charges	Nil
5	Travelling Cost	0.50
6	Machine testing cost	0.35
7	Lease deed registration charges	0.86
8	Bank Appraisal Charges	0.59
	Total	**2.80**

6.1.5 Provision for Contingencies

As per the guidelines of state-mini cluster development scheme a provision for contingencies has to be made on plant/machinery and building (not applicable in this case as the building is being taken on a lease basis). Contingencies on plant and machinery have been estimated at 5% that amounts to Rs. 8.80 lakhs.

6.1.6 Margin Money for Working Capital

The total working capital requirement during the first year of operation at 75% capacity utilization is estimated at Rs. 12.60 Lakh. The working capital loan, if required, will be availed from a local bank and is calculated at Rs. 9 Lakh with margin money requirement of Rs. 3.60 Lakh (minimum 25% of working capital requirement as margin). The working capital requirement has been calculated based on requirement of one month of operational expenses and 1 months' debtor collection period. The calculation has been provided in the subsequent section.

6.1.7 Summary Project Cost

A summary of the total estimated project cost as per actual and as per State Mini Cluster Development Scheme is presented in the table 9 below:

Table 9: Total Project Cost

(Rs in Lakh)

PROJECT COST				
S. No.	Particulars	Total Project Cost	Eligible Amount as per Guidelines	Remarks
1	**Land & Building**			
	a. Land Value	0.00		
	b. Land Development	0.00	0.00	Eligible (Max 25% of total of L&B, P&M, and Misc. F.A.)
	c. Building & Other Civil Works	0.00		
	d. Building Value	0.00		
	Sub Total (A)	**0.00**	**0.00**	
2	**Plant & Machinery**			
	a. Indigenous	164.34	164.34	
	b. Imports	0.00	0.00	Eligible
	c. Secondary Machines	11.62	11.62	
	Sub Total (B)	**175.96**	**175.96**	
3	**Miscellaneous fixed assets (C)**	**1.64**	**0.00**	
4	**Preliminary & Preoperative Expenses (D)**	**2.80**	**0.00**	
5	**Contingency**			
	a. Building @ 2%	0.00	0.00	Not eligible for grant
	b. Plant & Machinery @ 5%	8.80	0.00	
	Sub Total (E)	**8.80**	**0.00**	
6	**Margin money for working capital @ 75% CU (F)**	**3.60**	**0.00**	
	Grand Total (A+B+C+D+E+F)	**192.80**	**175.96**	

6.2 Means of Finance

The project will be financed from two sources: equity from SPV, and grant-in-aid from Govt. of Haryana (under State Mini Cluster Development Scheme, EPP-2015). Working capital

loan, if required, will be secured from a local bank. The assistance to the project from Govt. of Haryana under State Mini Cluster Development Scheme is envisaged to the tune of 90% of the project cost for project up to Rs. 192.80 lakhs. SPV will be required to contribute 10% of project cost for project cost up to Rs. 192.80 lakhs. Hence, the SPV members have proposed to contribute the entire amount beyond Rs. 158.37 lakhs, taking their overall contribution to about 17.86% of the total project cost. The total contribution of SPV members will amount to Rs. 34.43 lakhs. Support from State Government is envisaged for Rs. 158.37 Lakhs. Details of the means of finance are provided in the table 10 below:

Table 10: Means of Finance

Means of Finance		
S. No.	**Source of finance**	**Total Amount (Rs. In Lakh)**
1	Grant-in-aid under State Mini Cluster Development Scheme (Govt. of Haryana)	158.37
2	Contribution of SPV	34.43
	Total	**192.80**

Detailed Means of Finance							
S. No.	**Source of finance**	**Project cost upto eligible cost**		**Project cost over eligible cost**			**Remarks**
		Percentage Contribution	**Amount (INR in lakh)**	**Percentage Contribution**	**Amount (INR in lakh)**	**Total Amount (INR in lakh)**	
1	Grant-in-aid under State Mini Cluster Development Scheme (Govt. of Haryana)	90%	158.37	0%	0.00	158.37	As per EPP, 2015 GoH contribution is max 90% (Including soft intervention expenses)
2	Contribution of SPV	10%	17.60	100%	16.84	34.43	
	Total	**100%**	**175.96**	**100%**	**16.84**	**192.80**	

6.2.1 Share Capital

The contribution of the SPV members will be by way of subscription to shares in the SPV registered as a Private Limited Company. The extent of paid-up share capital would be Rs. 34.43 lakh contributed by the cluster SPV.

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

6.2.2 Grant-in-Aid

Grant-in-aid of Rs. 158.37 lakh is expected from Government of Haryana. The amount received by the way of grant under State Mini Cluster Development Scheme will only 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 conducted on nine-hour single shift (i.e. 9 hours) 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 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 at 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 oil, grease and chemicals, etc.

Table 11: Consumables

CONSUMABLES REQUIRED FOR MACHINES															
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)	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	Year 7	Year 8	Year 9	Year 10
						75%	80%	85%	90%	95%	100%	100%	100%	100%	100%
1	CNC Vertical Machining Centre	1	Hydraulic, Oiling, Greasing, Tools	5000.00	0.60	0.45	0.48	0.51	0.54	0.57	0.60	0.60	0.60	0.60	0.60
2	Wire EDM Machine	1	Hydraulic, Oiling, Greasing, Tools	5000.00	0.60	0.27	0.29	0.31	0.32	0.34	0.36	0.36	0.36	0.36	0.36
3	Slant Bed CNC Lathe	1	Hydraulic, Oiling, Greasing, Tools	5000.00	0.60	0.16	0.17	0.18	0.19	0.21	0.22	0.22	0.22	0.22	0.22
4	Precision Universal Cylindrical Grinding Machine	1	Hydraulic, Oiling, Greasing, Tools	5000.00	0.60	0.10	0.10	0.11	0.12	0.12	0.13	0.13	0.13	0.13	0.13
5	Hydraulic Surface Grinding Machine	1	Hydraulic, Oiling, Greasing, Tools	5000.00	0.60	0.06	0.06	0.07	0.07	0.07	0.08	0.08	0.08	0.08	0.08
6	Fibre Laser Marking System 20 W	1	Hydraulic, Oiling, Greasing, Tools	5000.00	0.60	0.03	0.04	0.04	0.04	0.04	0.05	0.05	0.05	0.05	0.05

CONSUMABLES REQUIRED FOR MACHINES															
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)	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	Year 7	Year 8	Year 9	Year 10
						75%	80%	85%	90%	95%	100%	100%	100%	100%	100%
7	Electric Discharge Machine	1	Hydraulic, Oiling, Greasing, Tools	5000.00	0.60	0.02	0.02	0.02	0.03	0.03	0.03	0.03	0.03	0.03	0.03
8	Turret Milling Machine	1	Hydraulic, Oiling, Greasing, Tools	2500.00	0.30	0.01	0.01	0.01	0.02	0.02	0.02	0.02	0.02	0.02	0.02
	Total				4.50	1.11	1.18	1.25	1.33	1.40	1.47	1.47	1.47	1.47	1.47
	Consumables per month				0.38	0.09	0.10	0.10	0.11	0.12	0.12	0.12	0.12	0.12	0.12

6.3.2 Manpower Requirement

Another major expenditure head is the manpower. Facilities installed at CFC will require manpower to function effectively. The total manpower requirement for the project would be about 14 persons. The manpower required under project has been divided under two categories: Direct & Indirect. Direct manpower is required for operation of machines while indirect manpower is required for administrative purposes. The annual expenditure on salary component for direct manpower is estimated at Rs. 18.15 lakh and for indirect at 6.47 lakhs. The total expense on manpower is projected at Rs. 2.05 lakh per month or Rs. 24.62 lakh per annum.

The details of monthly and yearly expenses for manpower required for running the project is provided in table 12 & 13 below:

Table 12: Expenditure related to Salary (direct manpower - machine operators and helpers)

DIRECT MANPOWER				
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	30,000.00	30,000.00	3.60
Operators	5	12,500.00	62,500.00	7.50
Helper	5	9,000.00	45,000.00	5.40
			-	0.00
	11	**0.52**	**1.38**	**16.50**
Add: Perquisites/Fringe Benefits @ 10%				**1.65**
Sub Total (A)				**18.15**

Table 13: Expenditure Related to Salary (indirect manpower – administrative and support staff)

INDIRECT MANPOWER				
Category	**No. of Manpower Required**	**Salary per month per person (INR)**	**Total Salary Per Month (INR)**	**Total salary & wages per Year (INR lakh)**
Cluster Dev Executive (Supervisor)	1	25,000.00	25,000.00	3.00
HR & Accounts	1	15,000.00	15,000.00	1.80
Peon	1	9,000.00	9,000.00	1.08
	3	**0.49**	**0.49**	**5.88**
Add: Perquisites/Fringe Benefits @ 10%				**0.59**
Sub-Total (B)				**6.47**

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 129.80 kW. The table 14 below depicts the machine and equipment wise power requirement in the CFC. The drawn power is conservatively assumed at 60% of the connected load in the case of operating facilities and shop floor.

Table 14: Machine & Equipment (facility) wise power requirement

UTILITIES				
Power				
	Total connected load	**129.80**	**kW**	
	Power consumption per month	**14160.00**	**Units**	
	ELECTRIC POWER CHARGE PER MONTH	**Rate pe kW/Unit**	**Total Rate**	
	Fixed Charges for kW	175.00	22,715.00	Per month
	Variable Energy Charges for units consumed	9.00	1,27,440.00	Per month
	Total		**1,50,155.00**	**Per Month**
	Annual Charges		**18,01,860.00**	**Per Year**
	Say Rs.		**18.02**	**Lakhs Approx.**

The power requirement for operation of core machinery and equipment and administrative facilities is 118 KW. The facility is heavily based on electricity for operations and will also require additional 10% connected load as a buffer to get the electricity connection. The total connected load for the CFC is estimated to be 129.80 kW.

Fixed charges for connection of 129.80 kW @ Rs. 175 per kW equals Rs. 22,715/- per month and monthly consumption charge @ Rs. 9 per unit for 14,160 units amounts to Rs. 1,27,440/- per month. This has been calculated based on the prevalent rates of the power provider. The table 15 below presents the envisaged annual expenditure in terms of power related charges.

Table 15: Annual Expenditure Statement vis-à-vis Power Charges

Power charges at various C.U.										
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	75%	80%	85%	90%	95%	100%	100%	100%	100%	100%
Fixed	2.73	2.73	2.73	2.73	2.73	2.73	2.73	2.73	2.73	2.73
Variable	11.47	12.23	13.00	13.76	14.53	15.29	15.29	15.29	15.29	15.29
Total	14.20	14.96	15.72	16.49	17.25	18.02	18.02	18.02	18.02	18.02
Per month	1.18	1.25	1.31	1.37	1.44	1.50	1.50	1.50	1.50	1.50

6.3.4 Annual Repairs and Maintenance Expenses

The annual repairs and maintenance expenses have been estimated to be Rs. 5.38 lakh. The details are presented in the table 16 below:

Table 16: Annual Repairs and Maintenance Expenditure

REPAIR & MAINTENANCE	
ANNUAL REPAIR AND MAINTENANCE EXPENSES	
Repair & Maintenance of Building	0.10
Repair & Maintenance of Plant and Machineries @ 3%	5.28
Total	**5.38**

Insurance and miscellaneous Administrative Expenses

Insurance is a critical component of asset protection at the CFC. Insurance is computed based on 0.5 percent 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 details are presented in the table 17 below:

Table 17: Insurance and Miscellaneous Administrative Expenses

OTHER EXPENSES	
Insurance Charges (Estimate @ 0.5% on fixed assets (such as buildings, civil works, and Plant & machinery, including related contingency expenses of approx. Rs. Lakh)	0.92
Miscellaneous Expenses (Stationery, communication, travelling, and other misc. overheads)	0.60
Total	**1.52**

6.4 Working Capital Requirements

Working capital has been calculated in terms of one month's operating expenses required for the CFC as well as one months' debtor collection period. The operating expenses includes in form of consumables, salaries, utilities and rent expenses.

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, a minimum of 25% of working capital is shown as margin for working capital and the remaining will be borne by SPV as borrowings. The total working capital is estimated to be Rs. 12.60 lakh during the first year of operation (75% C.U.). Further, total working capital required at an operating capacity of 80% during the second year comes out to Rs. 13.39 lakh. The corresponding margin money for working capital requirement at 75% & 80% capacity utilization in the first 2 years amounts to Rs. 3.60 lakh and Rs. 4.39 lakh respectively, and the corresponding loan amounts to Rs. 09 lakh.

The details are presented in the table below:

Table 18 Working Capital Requirements

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(Rs. In Lakh)

WORKING CAPITAL											
S. No.	Particulars	Period	As per Capacity Utilisation								
			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
			75%	80%	85%	90%	95%	100%	100%	100%	100%	100%
1	Consumables	1 month	0.09	0.10	0.10	0.11	0.12	0.12	0.12	0.12	0.12	0.12
2	Utilities (Power)	1 month	1.18	1.25	1.31	1.37	1.44	1.50	1.50	1.50	1.50	1.50
3	Working Expenses (Manpower)	1 month	1.67	1.75	1.82	1.90	1.98	2.05	2.05	2.05	2.05	2.05
4	Sundry Debtors (Sales Value)	1 months	9.65	10.30	10.94	11.58	12.23	12.87	12.87	12.87	12.87	12.87
5	Working capital (Total expenses)		12.60	13.39	14.18	14.97	15.76	16.55	16.55	16.55	16.55	16.55
6	Working Capital Margin		3.60	4.39	5.18	5.97	6.76	7.55	7.55	7.55	7.55	7.55
7	Working Capital Loan		9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
8	Interest on Working capital loan @11% p.a.		0.99	0.99	0.99	0.99	0.99	0.99	0.99	0.99	0.99	0.99
9	Working Cap Margin %age		28.58%	32.79%	36.53%	39.87%	42.88%	45.61%	45.61%	45.61%	45.61%	45.61%

6.5 Depreciation Estimates

Estimates of depreciation are non-cash expenditure and presented in this section based on 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 is considered at 15% a year (envisaged project life of 10 years prior to replacement of assets), depreciation of computers is considered at 60% per year, depreciation of furniture at 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 tables below.

Table 19: Depreciation based on WDV

(Rs. In lakh)

DEPRECIATION (WRITTEN DOWN VALUE METHOD)										
Particulars	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**	**Year 10**
Land										
Opening Balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Less : Depreciation	-	-	-	-	-	-	-	-	-	-
Closing Balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Building and Civilwork										
Opening Balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Less: Depreciation @ 10%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Closing Balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Plant & Machinery										
Opening Balance	184.76	157.05	133.49	113.47	96.45	81.98	69.68	59.23	50.35	42.79
Less: Depreciation @ 15%	27.71	23.56	20.02	17.02	14.47	12.30	10.45	8.88	7.55	6.42
Closing Balance	157.05	133.49	113.47	96.45	81.98	69.68	59.23	50.35	42.79	36.37

(Rs. In lakh)

DEPRECIATION (WRITTEN DOWN VALUE METHOD)										
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
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	27.94	23.70	20.15	17.13	14.57	12.39	10.54	8.96	7.62	6.48
Depreciated value	158.46	134.76	114.61	97.48	82.91	70.52	59.98	51.02	43.40	36.92

6.6 Income/Revenue estimates

The CFC is expected to generate revenue by way of user charges that shall be levied based upon the manufacturing of auto components. 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 Gurugram shall be charged a premium for availing the CFC services. The major income sources for the CFC are envisaged by the way of manufacturing different auto components through molding/machining process.

The user charges have been estimated based upon the operational expenses of the CFC and the prevalent market rates in Gurugram. User charges for secondary machines 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. An average user charge has been used, considering the demand for injection molding.

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

The estimated user charges are presented in table below:

Table 20: User Charges for Machinery

REVENUE GENERATION AT CFC																	
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)	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	Year 7	Year 8	Year 9	Year 10
								75%	80%	85%	90%	95%	100%	100%	100%	100%	100%
1	CNC Vertical Machining Centre	1	1200	9	26	2.81	33.70	25.27	26.96	28.64	30.33	32.01	33.70	33.70	33.70	33.70	33.70
2	Wire EDM Machine	1	850	9	26	1.99	23.87	17.90	19.09	20.29	21.48	22.67	23.87	23.87	23.87	23.87	23.87
3	Slant Bed CNC Lathe	1	750	9	26	1.76	21.06	15.80	16.85	17.90	18.95	20.01	21.06	21.06	21.06	21.06	21.06
4	Precision Universal Cylindrical Grinding Machine	1	600	9	26	1.40	16.85	12.64	13.48	14.32	15.16	16.01	16.85	16.85	16.85	16.85	16.85
5	Hydraulic Surface Grinding Machine	1	600	9	26	1.40	16.85	12.64	13.48	14.32	15.16	16.01	16.85	16.85	16.85	16.85	16.85
6	Fibre Laser Marking System 20 W	1	700	9	26	1.64	19.66	14.74	15.72	16.71	17.69	18.67	19.66	19.66	19.66	19.66	19.66

REVENUE GENERATION AT CFC																	
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)	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	Year 7	Year 8	Year 9	Year 10
7	Electric Discharge Machine	1	500	9	26	1.17	14.04	10.53	11.23	11.93	12.64	13.34	14.04	14.04	14.04	14.04	14.04
8	Turret Milling Machine	1	300	9	26	0.70	8.42	6.32	6.74	7.16	7.58	8.00	8.42	8.42	8.42	8.42	8.42
	Total						154.44	115.83	123.55	131.27	139.00	146.72	154.44	154.44	154.44	154.44	154.44

6.7 Estimation of profitability: Income and Expenditure statement

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

The total gross revenue is estimated to be Rs. 115.83 lakhs for the first year of operation at an operating capacity of 75%. For projection purposes, operating capacity of 75% is considered for first year, 80% for second year and 100% capacity from 6th year onwards.

The income tax rates have been considered depending upon the announcement made in the Budget 2020 and the tax applicable to a Pvt. Limited 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 9.20 lakhs in the first year to INR 19.24 lakhs in Year 10.

Table 21: Income and Expenditure Statement

(Rs. In Lakh)

PROFIT & LOSS ACCOUNT										
Particulars	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**	**Year 10**
Number of working days	300	300	300	300	300	300	300	300	300	300
Number of shift	1	1	1	1	1	1	1	1	1	1
Capacity Utilisation in %	**75%**	**80%**	**85%**	**90%**	**95%**	**100%**	**100%**	**100%**	**100%**	**100%**
A. Income										
(User/ Service Charge)	**115.83**	**123.55**	**131.27**	**139.00**	**146.72**	**154.44**	**154.44**	**154.44**	**154.44**	**154.44**
B. Cost of Production:										
1. Utilities Power (Fixed + Variable)	14.20	14.96	15.72	16.49	17.25	18.02	18.02	18.02	18.02	18.02
2. Direct labour and wages	13.61	14.52	15.43	16.34	17.24	18.15	18.15	18.15	18.15	18.15
3. Consumable	1.11	1.18	1.25	1.33	1.40	1.47	1.47	1.47	1.47	1.47
4. Repair and Maintenance	4.03	4.30	4.57	4.84	5.11	5.38	5.38	5.38	5.38	5.38
5. Depreciation	27.94	23.70	20.15	17.13	14.57	12.39	10.54	8.96	7.62	6.48
Total Cost of production	**60.89**	**58.66**	**57.13**	**56.13**	**55.58**	**55.41**	**53.56**	**51.98**	**50.64**	**49.50**
C. Administrative expenses:										
6. Manpower (Indirect)	6.47	6.47	6.47	6.47	6.47	6.47	6.47	6.47	6.47	6.47
7. Rent	3.60	3.96	4.36	4.79	5.27	5.80	6.38	7.02	7.72	8.49
8. Insurance	0.92	0.92	0.92	0.92	0.92	0.92	0.92	0.92	0.92	0.92
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	**11.59**	**11.95**	**12.35**	**12.78**	**13.26**	**13.79**	**14.37**	**15.01**	**15.71**	**16.48**
D. Financial expenses:										

(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
10. Interest on Working capital loan @ 11% per annum	0.99	0.99	0.99	0.99	0.99	0.99	0.99	0.99	0.99	0.99
Total Financial Expenses	**0.99**	**0.99**	**0.99**	**0.99**	**0.99**	**0.99**	**0.99**	**0.99**	**0.99**	**0.99**
E. Total Expenses B+C+D	**73.47**	**71.60**	**70.47**	**69.90**	**69.83**	**70.19**	**68.92**	**67.98**	**67.34**	**66.97**
F. Profit A - E	**42.36**	**51.95**	**60.81**	**69.10**	**76.89**	**84.25**	**85.52**	**86.46**	**87.10**	**87.47**
G. P&P Expenses written off	0.56	0.56	0.56	0.56	0.56	0.00	0.00	0.00	0.00	0.00
H. Income before Tax (F-G)	**41.80**	**51.39**	**60.25**	**68.54**	**76.33**	**84.25**	**85.52**	**86.46**	**87.10**	**87.47**
I. Adjustment of Loss	-	-	-	-	-	-	-	-	-	-
J. Income Tax (@22% for company)	9.20	11.31	13.25	15.08	16.79	18.53	18.81	19.02	19.16	19.24
K. Net Profit /Loss for the year	**32.61**	**40.08**	**46.99**	**53.46**	**59.54**	**65.71**	**66.71**	**67.44**	**67.94**	**68.22**
L. Cumulative Surplus	**32.61**	**72.69**	**119.68**	**173.14**	**232.68**	**298.39**	**365.10**	**432.54**	**500.47**	**568.70**

As evident from the table above, the project is financially viable. A cumulative surplus of about Rs 568.70 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 22: Cash Flow Statement

(Rs in Lakh)

CASH FLOW STATEMENT											
Particulars	Construction Period	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
A. Source Funds :											
1. Cash Accruals (Net Profit + Interest Paid)		43.35	52.94	61.80	70.09	77.88	85.24	86.51	87.45	88.09	88.46
2. Increase in capital	34.43	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Depreciation		27.94	23.70	20.15	17.13	14.57	12.39	10.54	8.96	7.62	6.48
4. Increase in WC Loan		9.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5. Change in Expenses Payable		3.25	0.18	0.18	0.18	0.19	0.19	0.05	0.05	0.06	0.06
5. Increase in Grant-in-aid from GoH	158.37	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Sources of Funds	**192.80**	**83.54**	**76.81**	**82.13**	**87.40**	**92.63**	**97.82**	**97.10**	**96.46**	**95.77**	**95.00**
B. Use of Funds :											
1. P&P Expenses	2.80	-	-	-	-	-	-	-	-	-	-
2. Increase in fixed assets	186.40	-	-	-	-	-	-	-	-	-	-
3. Increase in other Assets	3.60	0.90	0.88	0.89	0.90	0.91	0.92	0.14	0.16	0.18	0.19
4. Increase in Sundry Debtors		9.65	0.64	0.64	0.64	0.64	0.64	0.00	0.00	0.00	0.00
5. Interest		0.99	0.99	0.99	0.99	0.99	0.99	0.99	0.99	0.99	0.99
6. Taxation		9.20	11.31	13.25	15.08	16.79	18.53	18.81	19.02	19.16	19.24
Total Use of Funds	**192.80**	**20.74**	**13.82**	**15.78**	**17.61**	**19.33**	**21.09**	**19.95**	**20.17**	**20.33**	**20.43**
C. Net Surplus (A -B)		**62.80**	**62.99**	**66.35**	**69.79**	**73.30**	**76.73**	**77.15**	**76.29**	**75.44**	**74.58**

(Rs in Lakh)

CASH FLOW STATEMENT											
Particulars	Construction Period	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
D. Cumulative Surplus		62.80	125.79	192.15	261.94	335.24	411.97	489.11	565.40	640.84	715.42

The cash flow statement shows the available net surplus for 10 years of the CFC operations. As most of the capital expenditure is being supported as grant under the State Mini Cluster Development Scheme (EPP 2015), therefore it does not have any negative effect on the Cash flow, in terms of interest, etc.

6.8 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 23 below:

Table 23: 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	186.40	186.40	158.46	134.76	114.61	97.48	82.91	70.52	59.98	51.02	43.40
Less : Depreciation (WDV)		27.94	23.70	20.15	17.13	14.57	12.39	10.54	8.96	7.62	6.48
Net Block	186.40	158.46	134.76	114.61	97.48	82.91	70.52	59.98	51.02	43.40	36.92
Total Fixed Assets (A)	**186.40**	**158.46**	**134.76**	**114.61**	**97.48**	**82.91**	**70.52**	**59.98**	**51.02**	**43.40**	**36.92**
2. Current Assets:											
Cash & bank Surplus (B.F)		62.80	125.79	192.15	261.94	335.24	411.97	489.11	565.40	640.84	715.42
Sundry Debtors		9.65	10.30	10.94	11.58	12.23	12.87	12.87	12.87	12.87	12.87
Margin Money for WC Loan	3.60	3.60	4.39	5.18	5.97	6.76	7.55	7.55	7.55	7.55	7.55
Other Current Assets		0.90	0.99	1.09	1.20	1.32	1.45	1.59	1.75	1.93	2.12
P&P Exp	2.80	2.24	1.68	1.12	0.56	0.00	0.00	0.00	0.00	0.00	0.00
Total current Assets (B)		**79.19**	**143.15**	**210.47**	**281.25**	**355.54**	**433.83**	**511.12**	**587.57**	**663.19**	**737.96**
Total Assets (A+B)	**192.80**	**237.65**	**277.91**	**325.08**	**378.72**	**438.44**	**504.35**	**571.10**	**638.60**	**706.59**	**774.88**
3. Current Liabilities :											
Working Capital Loan		9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Expenses Payable		3.25	3.42	3.60	3.78	3.97	4.16	4.21	4.26	4.32	4.38

(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
Total Current Liabilities (C)		12.25	12.42	12.60	12.78	12.97	13.16	13.21	13.26	13.32	13.38
4. Fixed Liabilities											
Shareholders' Contribution	34.43	34.43	34.43	34.43	34.43	34.43	34.43	34.43	34.43	34.43	34.43
Grant from GoH	158.37	158.37	158.37	158.37	158.37	158.37	158.37	158.37	158.37	158.37	158.37
Reserves and Surplus		32.61	72.69	119.68	173.14	232.68	298.39	365.10	432.54	500.47	568.70
Total Fixed Liabilities (D)	192.80	225.40	265.49	312.48	365.94	425.47	491.19	557.90	625.33	693.27	761.50
Total Liabilities (C+D)	192.80	237.65	277.91	325.08	378.72	438.44	504.35	571.10	638.60	706.59	774.88

6.9 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. It also portrays whether the revenue contribution is sufficient to meet the fixed costs. From this point, the 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 24: 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	115.83	123.55	131.27	139.00	146.72	154.44	154.44	154.44	154.44	154.44
B. Variable costs										
Consumables	1.11	1.18	1.25	1.33	1.40	1.47	1.47	1.47	1.47	1.47
Utilities (Power- variable charge)	11.47	12.23	13.00	13.76	14.53	15.29	15.29	15.29	15.29	15.29
Interest on WC Loan	0.99	0.99	0.99	0.99	0.99	0.99	0.99	0.99	0.99	0.99
Repair & Maintenance	4.03	4.30	4.57	4.84	5.11	5.38	5.38	5.38	5.38	5.38
Manpower (Direct)	13.61	14.52	15.43	16.34	17.24	18.15	18.15	18.15	18.15	18.15
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)	31.21	33.23	35.24	37.26	39.27	41.29	41.29	41.29	41.29	41.29
C. Contribution (A-B)	84.62	90.32	96.03	101.74	107.45	113.15	113.15	113.15	113.15	113.15
D. Fixed Overheads (Cash)										
Manpower (Indirect)	6.47	6.47	6.47	6.47	6.47	6.47	6.47	6.47	6.47	6.47

(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%
Utilities (Power - fixed charges)	2.73	2.73	2.73	2.73	2.73	2.73	2.73	2.73	2.73	2.73
Rent	3.60	3.96	4.36	4.79	5.27	5.80	6.38	7.02	7.72	8.49
Insurance	0.92	0.92	0.92	0.92	0.92	0.92	0.92	0.92	0.92	0.92
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)	**13.78**	**14.14**	**14.53**	**14.97**	**15.45**	**15.98**	**16.56**	**17.19**	**17.89**	**18.67**
E. Fixed Overheads (Non-cash)										
Depreciation	27.94	23.70	20.15	17.13	14.57	12.39	10.54	8.96	7.62	6.48
Preliminary & Pre-operative expenses written off	0.56	0.56	0.56	0.56	0.56	0.00	0.00	0.00	0.00	0.00
Sub-total (E)	**28.50**	**24.26**	**20.71**	**17.69**	**15.13**	**12.39**	**10.54**	**8.96**	**7.62**	**6.48**
F. Total Fixed Overheads (D+E)	**42.28**	**38.40**	**35.24**	**32.66**	**30.58**	**28.36**	**27.09**	**26.15**	**25.51**	**25.15**
Break even point (F/C)	**49.96%**	**42.51%**	**36.70%**	**32.11%**	**28.46%**	**25.07%**	**23.94%**	**23.11%**	**22.55%**	**22.22%**

Book break-even is achieved at 49.96 % (of operational capacity at 75 per cent) and at 42.51 % (of operational capacity at 80 percent). The operation of the CFC is expected to break-even and realizes profit from 1st year of operations. Therefore, very low risk is involved in the project.

6.10 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 25 below. The indicators validate the financial viability and sustainability potential of the proposed project.

Table 25: Financial Analysis

FEASIBILITY		
S. No.	**Particulars**	**Estimates**
1	BEP (cash BEP at initial operating capacity of 75%)	49.96%
2	Av. ROCE (PAT/CE)	38.33%
3	Internal Rate of Return (IRR)	33.04%
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. 221.91 lacs) at a conservative project life of 10 years
5	Payback period	3.7 years with Grant-in-aid assistance from GOH
sss6	DSCR	Not Applicable (non-availment of term loan in this project)

The annual estimates in the context of ROCE are presented in the table 26 below:

Table 26: Calculation of Return on Capital Employed

RETURN ON CAPITAL EMPLOYED (ROCE)											
Particulars	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**	**Year 10**	**AVERAGE**
Earning Before Interest and Tax (EBIT)	42.79	52.38	61.24	69.53	77.32	85.24	86.51	87.45	88.09	88.46	73.90
Capital Employed (with grant)	192.80	192.80	192.80	192.80	192.80	192.80	192.80	192.80	192.80	192.80	192.80
ROCE = EBIT/Captial Employed											
ROCE	22.19 %	27.17 %	32%	36.06 %	40.10 %	44.21 %	44.87 %	45.36 %	45.69 %	45.88 %	**38.33%**

The average value of ROCE (with grant-in-aid) is 38.33%. This indicates high techno-economic viability of the project should the government contribute a significant portion of the project cost as grant. Capital employed considered includes the SPV contribution as well as the grant component to the project.

The Net Present Value, estimated at a discount rate of 10%, is Rs. 239.84 Lakhs. As reflected from the high values of NPV, it is positive at even 10%, the rate at which bank offers debt capital facility and even at higher discount rates. Project IRR is high at over

33.04 % (at a conservative project life of 10 years). This substantiates the viability of the project.

6.11 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.

6.12 Risk Analysis & Sensitivities

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

- **Promoters are experienced**: Risk in the project is quite low given the strength and profile of the SPV members. They have considerable experience not only in the plastic packaging 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; in terms of pursuing several joint efforts, registering the SPV and proceeding towards procurement of land, and securing commitment from members, vis-à-vis progressively mobilizing necessary paid up capital, all reflect the strength of the SPV.

High economic viability indicators upon considering the benefits of grant-in-aid under the State Mini Cluster Development 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 27 below:

Table 27: Sensitivity Analysis

SENSTIVITY ANALYSIS					
S. No.	Particulars	Base case	With 10% decline in user charge	With 15% decline in user charge	With 5% decline in user charge
1	BEP (cash BEP at operating capacity of 75%)	49.96%	57.89%	62.77%	53.63%
2	Internal Rate of Return (IRR)	33.04%	27.45%	24.39%	30.29%
3	Av. ROCE (PAT/CE) (with Grant)	38.33%	31.08%	27.28%	34.71%

SENSTIVITY ANALYSIS					
S. No.	**Particulars**	**Base case**	**With 10% decline in user charge**	**With 15% decline in user charge**	**With 5% decline in user charge**
4	Net Present Value (at a discount rate of 10 per cent) - incorporating viability gap funding (grant) GoH	239.84	174.07	140.71	206.95

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

6.13 Assumptions for financial calculations:

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

1. The total project cost is pegged @ Rs. 192.80 Lakh based on estimates and quotations.

2. To finance the project, a total of Rs. 192.80 Lakhs is required. The financing will consist of grant from Government of Haryana and contribution by SPV.

In the financial projections and analysis, year 2020-21 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 Steering Committee under State Mini Cluster Development Scheme. The financial projections thereafter are prepared for 10 years of operation starting 2021.

4. The registered SPV will manage the 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 26 days a month, that is, for 300 days a year on a nine-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 year and 100% from 6th year onwards.

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

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

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

10. Electricity connection will not be required as it is already present in the building.

11. Fixed charges per kW of electric connection shall be charged @ Rs. 175 and variable charges @ Rs. 9 per unit consumed.

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

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

14. Debtors' collection period is taken at 1 months of calculation of Working Capital Limits.

15. Provision for income tax has been made @ 22% (excluding cess).

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

Project Implementation and Monitoring

7. Project Implementation and Monitoring

7.1 Envisaged Implementation Framework

1. **Time frame:** Project implementation is envisaged to involve a timeframe of about 7 months upon receipt of final approval of grant-in-aid assistance from the Government of Haryana under state 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 entrant's subject to them subscribing to the shareholding of the SPV, and them being genuinely pro-active and interested in cluster initiatives. The board of directors 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. These are elaborated upon in the table below:

Table 28: Project Implementation Schedule

Activity/Month	1	2	3	4	5	6	7
Contribution from SPV members							
Receipt of final sanction from GoH							
Lease deed agreement of building 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 Board of Directors							
Monitoring of the project by PMC							
Commencement of operations of the facility							

4. **Contractual agreements/MoU with member units:** Agreements have been indicatively finalized in terms of utilization of assets in respect of shareholders.
   A total of 11 units are participating in the SPV and all these units have agreed to contribute towards the capital contribution of the SPV. 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 and as per final approval from Government of Haryana.

5. **Registration of the Private Limited Company:** Company registration is indicative of the management and decision-making structure of the SPV. All the members of SPV have paid an advance and are members of the Registered Private Entity. Few other units are also willing to be members of the SPV and once the CFC is approved and sanctioned from government of Haryana, many more members will be interested to subscribe to the shares of the SPV.

6. **Availability of Building& Status of Acquisitions**: A building will be leased by the SPV for the proposed CFC in the Gurugram district. A floor of a building of 1500 square feet 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 building is 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:

- Refurbishment of building
- 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 building 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, status reports and providing directions accordingly.

For implementing the CFC creation for Gurugram Auto Component Manufacturing Cluster, a Project Management Committee (PMC) comprising the Joint Director, DIC, Gurugram 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 DIC Gurugram.

Conclusion

8. Conclusion

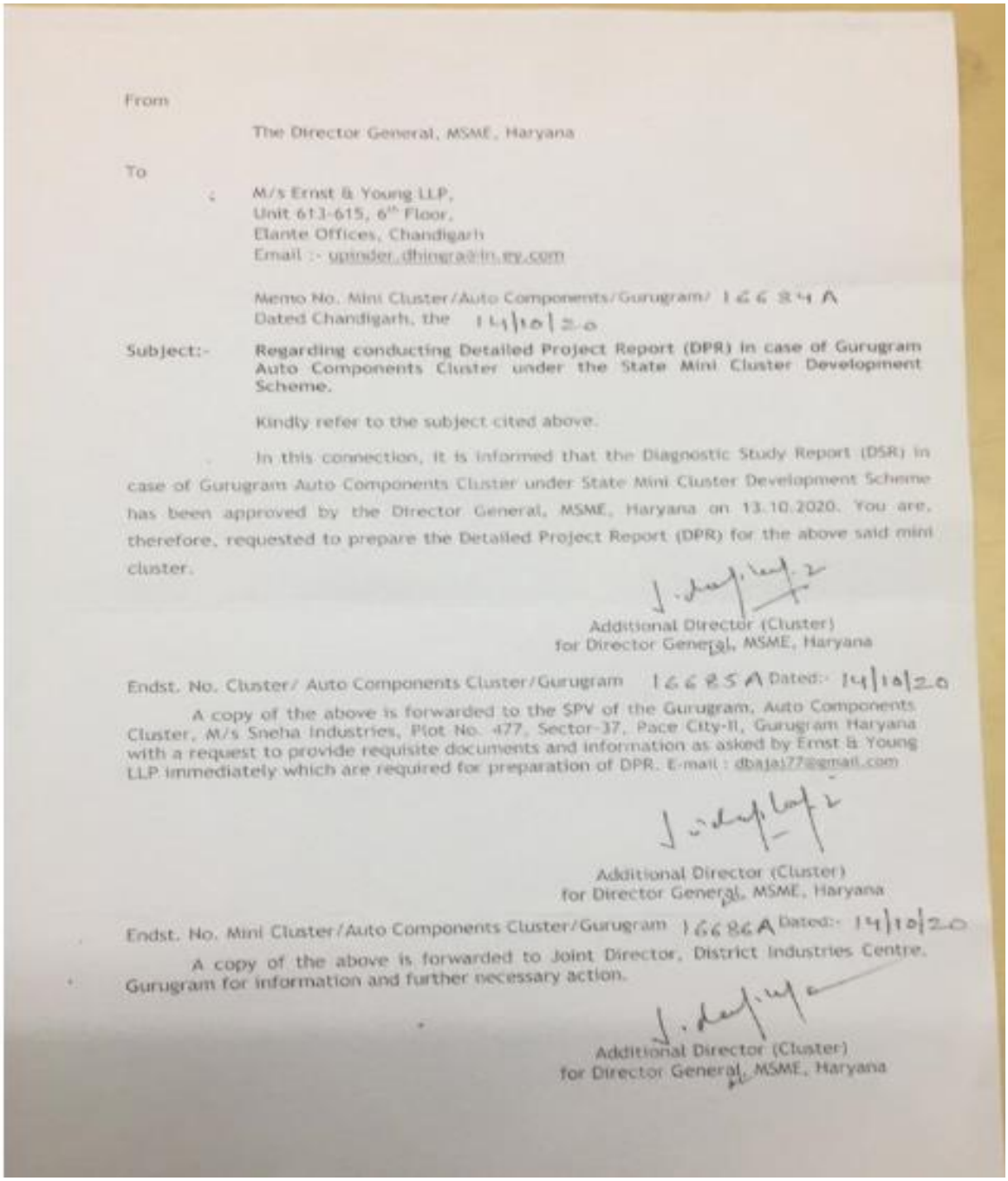
There is a high demand for automotive components, in both domestic and international markets. Gurugram, as one of the leading automotive parts hubs of the country, is a leading market for auto components manufacturing units from OEMs, supplying to some of the leading players such as Maruti, Mahindra, KIA, LG & Samsung, etc.

The total project cost (including plant/machinery and building) is estimated to be INR 192.80 lakhs. The project shall be implemented by the "Devagya Tools Private Limited" which has been constituted by the cluster firms. The SPV has proactively undertaken a number of initiatives for capacity building and knowledge enhancement of the cluster. A number of capacity building programs and exposure visits have been organised by the SPV for the benefit for its members. The CFC will be set up with support from DIC and the state government (Department of Industries) under a 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 industry department is envisaged to provide grant for setting up of the CFC under the State Mini-Cluster Development Scheme, EPP 2015. The support from State Mini Cluster Development Scheme of the State Government of Haryana is envisaged for INR 158.37 lakh, and the SPV members will contribute INR 34.43 lakhs towards the project cost. The working capital requirement for the project, if required, will be provided by the preferred bank. The project is financially viable and is expected to generate enough revenue to ensure its sustainability.

Annexures

9. Annexures

1. DSR Approval Letter from Department of MSME, Government of Haryana



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/Auto Components/Gurugram/ 16684A
Dated Chandigarh, the 14/10/20

Subject:- **Regarding conducting Detailed Project Report (DPR) in case of Gurugram Auto Components 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 Gurugram Auto Components Cluster under State Mini Cluster Development Scheme has been approved by the Director General, MSME, Haryana on 13.10.2020. 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. Cluster/ Auto Components Cluster/Gurugram 16685A Dated:- 14/10/20

A copy of the above is forwarded to the SPV of the Gurugram, Auto Components Cluster, M/s Sneha Industries, Plot No. 477, Sector-37, Pace City-II, Gurugram 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 : dbaja177@gmail.com

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

Endst. No. Mini Cluster/Auto Components Cluster/Gurugram 16686A Dated:- 14/10/20

A copy of the above is forwarded to Joint Director, District Industries Centre, Gurugram for information and further necessary action.

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

2. Certificate of Incorporation

GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS

Central Registration Centre

Certificate of Incorporation

[Pursuant to sub-section (2) of section 7 and sub-section (1) of section 8 of the Companies Act, 2013 (18 of 2013) and rule 18 of the Companies (Incorporation) Rules, 2014]

I hereby certify that DEVAGYA TOOLS PRIVATE LIMITED is incorporated on this Seventh day of November Two thousand twenty under the Companies Act, 2013 (18 of 2013) and that the company is limited by shares.

The Corporate Identity Number of the company is U29309HR2020PTC090793.

The Permanent Account Number (PAN) of the company is **AAICD1238Q** *

The Tax Deduction and Collection Account Number (TAN) of the company is **RTKD09178B** *

Given under my hand at Manesar this Ninth day of November Two thousand twenty .

Digital Signature Certificate
PM MOHAN
ASST. REGISTRAR OF COMPANIES
For and on behalf of the Jurisdictional Registrar of Companies
Registrar of Companies
Central Registration Centre

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

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

DEVAGYA TOOLS PRIVATE LIMITED
PLOT NO. 154 PHASE-VI UDYOG VIHAR, NEAR KHANDSA ROAD
SECTOR-37, Gurgaon, Gurgaon, Haryana, India, 122001

* as issued by the Income Tax Department

2a Memorandum of Association (MoA)

[Pursuant to Schedule I (see sections 4 and 5) to the Companies Act, 2013] FORM NO. INC-33

SPICe+MOA

(e-Memorandum of Association)

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

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

1. The Name of the Company is: DEVAGYA TOOLS PRIVATE LIMITED

2.The Registered office of the company will be situated in the state of: Haryana-HR

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

1) To function as Special Purpose Vehicle (SPV) and to set up Common Facilities Centre (CFC) and other infrastructure activities to manufacture tools and equipment for automobile, light engineering industry and for the benefits of the members and industry/concerned stake holders following the guidelines and notifications for Mini Cluster Scheme of Government of Haryana.
2) To undertake works/ scheme/programs of Government relating to growth and development of Automobile Industry and/or Light Engineering Industry and to carry out /conduct soft and/or hard intervention activities under mini cluster scheme of government of Haryana.
3) To Act as resource centre for the development and strengthening network as Business Development Services related to Technology, Market, Capacity Building and Hand holding support of growth and development of the Automobile Sector, Light Engineering Industry under Mini Cluster scheme of government of Haryana.
4) To arrange latest technology for upgrading all manufacturing units to provide quality certificate to its members.
5) To render assistance and encouragement as may be necessary to persons engaged in Manufacturing of Automobile/Light Engineering Industry.
6) To undertake and to do trading, manufacturing of all types of Automobile and light engineering products and research work in relation to development of Automobile and/or Engineering Industry.
7) To conduct training, programs and seminars to develop skills in the employees and to promote products manufactured for Automobile and Light Engineering Industry.

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

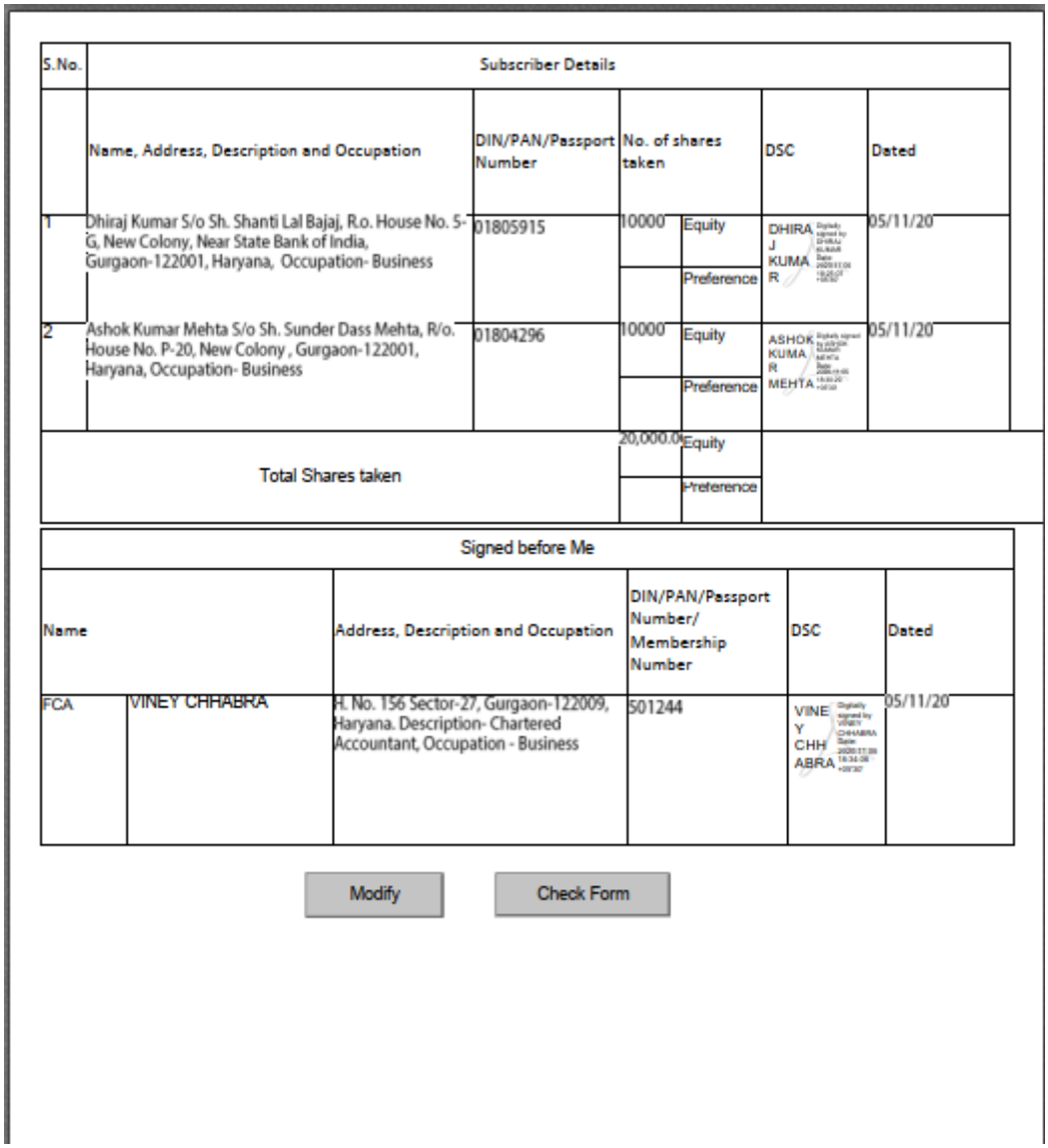
1.To purchase, exchange or otherwise any movable or immovable property and any rights or privileges which the Company may deem necessary or convenient for the purpose of its main business.
2. To enter into partnership or into any arrangement for sharing profits, union of interest, joint venture, reciprocal concession or co-operation with persons or companies carrying on or engaged in the main business or transaction of this Company.
3. To import, buy, exchange, alter, improve and manipulate in all kinds of plants, machinery, apparatus, tools and things necessary or convenient for carrying on the main business of the Company.
4. To vest any movable or immovable property, rights or interests required by or received or belonging to the Company in any person or company on behalf of or for the benefit of the Company and with or without any declared trust in favour of the Company.
5. To purchase, build, carry out, equip, maintain, alter, improve, develop, manage, work, control and superintend any plants, warehouse, sheds, offices, shops, stores, buildings, machinery, apparatus, labour lines, and houses, warehouses, and such other works and conveniences necessary for carrying on the main business of the Company.
6. To undertake or promote scientific research relating to the main business or class of business of the Company.
7. To takeover the whole or any part of the business, goodwill, trade-marks properties and liabilities of any person or persons, firm, companies or undertakings either existing or new, engaged in or carrying on or proposing to carry on business this Company is authorised to carry on, possession of any property or rights suitable for the purpose of the Company and to pay for the same either in cash or in shares or partly in cash and partly in shares or otherwise.
8. To negotiate and enter into agreements and contracts with Indian and foreign individuals, companies, corporations and such other organizations for technical, or any other such assistance for carrying out all or any the main objects of the Company or for the purpose of activity research and development of manufacturing projects on the basis of know-how, or technical collaboration and necessary formulas

Page 1 of 4

and patent rights for furthering the main objects of the Company.
9. Subject to the Provisions of the Companies Act 2013, to amalgamate with any other company of which all or any of their objects companies having similar to the objects of the Company in any manner whether with or without the liquidation.
10. Subject to any law for the time being in force, to undertake or take part in the formation, supervision or control of the business or operations of any person, firm, body corporate, association undertaking carrying on the main business of the Company.

11. To apply for, obtain, purchase or otherwise and prolong and renew any patents, patent-rights, brevets, inventions, processes, scientific technical or other assistance, manufacturing processes know-how and other information, patterns, copyrights, trade-marks, licenses concessions and the like rights or benefits, conferring an exclusive or non-exclusive or limited or unlimited right of use thereof, which may seem capable of being used for or in connection with the main objects of the Company or the acquisition or use of which may seem calculated directly or indirectly to benefit the Company on payment of any fee royalty or other consideration and to use, exercise or develop the same under or grant licenses in respect thereof or otherwise deal with same and to spend money in experimenting upon testing or improving any such patents, inventions, right or concessions.
12. To apply for and obtain any order under any Act or Legislature, charter, privilege concession, license or authorisation of any Government, State or other Authority for enabling the Company to carry on any of its main objects into effect or for extending any of the powers of the Company or for effecting and modification of the constitution of the Company or for any other such purpose which may seem expedient and to oppose any proceedings or applications which may seem expedient or calculated directly or indirectly to prejudice the interest of the Company.
13. To enter into any arrangements with any Government or Authorities or any persons or companies that may seem conducive to the main objects of the Company or any of them and to obtain from any such Government, authority, person or company any rights, charters, contracts, licenses and concessions which the Company may think desirable to obtain and to carry out, exercise and comply therewith.
14. To procure the Company to be registered or recognised in or under the laws of any place outside India and to do all act necessary for carrying on in any foreign country for the business or profession of the Company.
15. To draw, make, accept, discount, execute and issue bills of exchange, promissory notes bills of lading, warrants, debentures and such other negotiable or transferable instruments, of all types or securities and to open Bank Accounts of any type and to operate the same in the ordinary course of the Company.
16. To advance money either with or without security, and to such persons and upon such terms and conditions as the Company may deem fit and also to deal with the money of the Company not immediately required.
17. To undertake and execute any trusts, the undertaking of which may seem to the Company desirable, either gratuitously or otherwise.
18. To establish, or promote or concur in establishing or promote any company for the purpose of dealing all or any of the properties, rights and liabilities of the Company.
19. To sell, mortgage, exchange, grant licenses and other rights improve, manage, develop and dispose of undertakings, properties, assets and effects of the company or any part thereof for such consideration as may be expedient and in particular for any shares, stocks, debentures or other securities of any other such company having main objects altogether or in part similar to those of the Company.
20. Subject to the Provisions of Companies Act 2013, to distribute among the members in specie or otherwise any property of the Company or any proceeds of sale or disposal of any property of the Company in the event of winding up.
21. To distribute as dividend or bonus among the member or to place to reserve or otherwise to apply, as the Company may, from time to time, determine any money received by way of premium on debentures issued at a premium by the Company and any money received in respect of forfeited shares, money arising from the sale by the Company of forfeited shares subject to the provisions of Sec. 52 of the Companies Act, 2013.
22. To employ agents or experts to investigate and examine into the conditions, prospects value, character and circumstances of any business concerns and undertakings and generally of any assets properties or rights which the Company purpose to acquire.
23. To create any reserve fund, sinking fund, or any other such special funds whether for depreciation, repairing, improving, research, extending or maintaining any of the properties of the Company or for any other such purpose conducive to the interest of the Company.
24. Subject to the provisions of Section 179 to 183 of Companies Act, 2013, to subscribe contribute, gift or money, rights or assets for any national educational, religious, charitable, scientific, public, general or usual objects or to make gifts or such other assets to any institutions, clubs, societies, associations, trusts, scientific research associations, funds, universities, college or any individual, body of individuals or bodies corporate.
25. To establish and maintain or procure the establishment and maintenance of any contributory or non-contributory pension or superannuation, provident or gratuity funds for the benefit of and give of procure the giving of the gratuities pensions, allowances, bonuses or emoluments of any persons who are or were at any time in the employment or service of the company or any company which is a subsidiary of the Company or is allied to or associated with the Company or with any such subsidiary company or who are or were at any time Directors or officers of the Company or any other company as aforesaid and the wives, widows, families and dependents of any such persons and also to establish and subsidise and subscribe to any institutions, associations, club or funds calculated to be for the benefit of or advance aforesaid and make payments to any such persons as aforesaid and to do any of the matters aforesaid, either alone or in conjunction with any such other company as aforesaid.
26. To establish, for any of the main objects of the Company, branches or to establish any firm or firms at places in or outside India as the Company may deem expedient.
27. To pay for any property or rights acquired by or for any services rendered to the Company and in particular to remunerate any person, firm or company introducing business to the company either in cash or fully or partly-paid up shares with or without preferred or deferred rights in respect of dividend or repayment of capital or otherwise or by any securities which the company has power to issue or by the grant of any rights or options or partly in one mode and partly in another and generally on such terms as the company may determine.
28. To pay out of the funds of the company all costs, charges and expenses of and incidental to the formation and registration of the company and any company promoted by the company and also all costs, charges, duties, impositions and expenses of and incidental to the acquisition by the company of any property or assets.
29. To send out to foreign countries, its director, employees or any other person or persons for investigation possibilities of main business or trade procuring and buying any machinery or establishing trade and business connections or for promoting the interests of the company and to pay all expenses incurred in the connection.

30. To compensate for loss of office of any Managing Director or Directors or other officers of the Company within the limitations prescribed under the Companies Act or such other statute or rule having the force of law and to make payments to any person whose office of employment or duties may be determined by virtue of any transaction in which the Company is engaged.
31. To agree to refer to arbitration any dispute, present or future between the Company and any other company, firm, individual or any



S.No.	Subscriber Details					
	Name, Address, Description and Occupation	DIN/PAN/Passport Number	No. of shares taken		DSC	Dated
1	Dhiraj Kumar S/o Sh. Shanti Lal Bajaj, R.o. House No. 5-G, New Colony, Near State Bank of India, Gurgaon-122001, Haryana, Occupation- Business	01805915	10000	Equity	DHIRAJ KUMAR	05/11/20
				Preference		
2	Ashok Kumar Mehta S/o Sh. Sunder Dass Mehta, R/o. House No. P-20, New Colony , Gurgaon-122001, Haryana, Occupation- Business	01804296	10000	Equity	ASHOK KUMAR MEHTA	05/11/20
				Preference		
	Total Shares taken		20,000.00	Equity		
				Preference		

Signed before Me					
Name		Address, Description and Occupation	DIN/PAN/Passport Number/ Membership Number	DSC	Dated
FCA	VINEY CHHABRA	H. No. 156 Sector-27, Gurgaon-122009, Haryana. Description- Chartered Accountant, Occupation - Business	501244	VINEY CHHABRA	05/11/20

Modify Check Form

2b Article of Association (AoA)

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

SPICe + AOA
(e-Articles of Association)

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

DEVAGYA TOOLS PRIVATE LIMITED

A COMPANY LIMITED BY SHARES

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

Page 1 of 10

			certificate. (ii) The provisions of Articles (2) and (3) shall mutatis mutandis apply to debentures of the company.
☐	☐	4	Except as required by law, no person shall be recognised by the company as holding any share upon any trust, and the company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.
☐	☐	5	(i) The company may exercise the powers of paying commissions conferred by sub-section (6) of section 40, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder. (ii) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40. (iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.
☐	☐	6	(i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 48, and whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. (ii) To every such separate meeting, the provisions of these regulations relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.
☐	☐	7	The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.
☐	☐	8	Subject to the provisions of section 55, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the company before the issue of the shares may, by special resolution, determine.
			Lien
☐	☐	9	(i) The company shall have a first and paramount lien- (a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and (b) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the company: Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause. (ii) The company?s lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.
☐	☐	10	The company may sell, in such manner as the Board thinks fit, any shares on which the company has a lien: Provided that no sale shall be made- (a) unless a sum in respect of which the lien exists is presently payable; or (b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.
☐	☐	11	(i) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof. (ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer. (iii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
☐	☐	12	(i) The proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable. (ii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.
			Calls on shares
☐	☐	13	(i) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times: Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call. (ii) Each member shall, subject to receiving at least fourteen days? notice specifying the time or times and place of payment, pay to the company, at the time or times and place so specified, the amount called on his shares. (iii) A call may be revoked or postponed at the discretion of the Board.

Page 2 of 10

☐	☐	14	A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be required to be paid by instalments.
☐	☐	15	The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
☐	☐	16	(i) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent per annum or at such lower rate, if any, as the Board may determine. (ii) The Board shall be at liberty to waive payment of any such interest wholly or in part.
☐	☐	17	(i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable. (ii) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
☐	☐	18	The Board- (a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and (b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the company in general meeting shall otherwise direct, twelve per cent per annum, as may be agreed upon between the Board and the member paying the sum in advance.
			Transfer of shares
☐	☐	19	(i) The instrument of transfer of any share in the company shall be executed by or on behalf of both the transferor and transferee. (ii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.
☐	☐	20	The Board may, subject to the right of appeal conferred by section 58 decline to register- (a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or (b) any transfer of shares on which the company has a lien.
☐	☐	21	The Board may decline to recognise any instrument of transfer unless- (a) the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56; (b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and (c) the instrument of transfer is in respect of only one class of shares.
☐	☐	22	On giving not less than seven days? previous notice in accordance with section 91 and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine: Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.
			Transmission of shares
☐	☐	23	(i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the company as having any title to his interest in the shares (ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.
☐	☐	24	(i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either- (a) to be registered himself as holder of the share; or (b) to make such transfer of the share as the deceased or insolvent member could have made. (ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.
☐	☐	25	(i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects. (ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share. (iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

Page 3 of 10

☐	☐	26	A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company: Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.
			Forfeiture of shares
☐	☐	27	If a member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.
☐	☐	28	The notice aforesaid shall- (a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and (b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.
☐	☐	29	If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.
☐	☐	30	(i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit. (ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.
☐	☐	31	(i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the company all monies which, at the date of forfeiture, were presently payable by him to the company in respect of the shares. (ii) The liability of such person shall cease if and when the company shall have received payment in full of all such monies in respect of the shares.
☐	☐	32	(i) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the company, and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share; (ii) The company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of; (iii) The transferee shall thereupon be registered as the holder of the share; and (iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
☐	☐	33	The provisions of these regulations as to forfeiture shall apply in the case of nonpayment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.
			Alteration of capital
☐	☐	34	The company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.
☐	☐	35	Subject to the provisions of section 61, the company may, by ordinary resolution,- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; (b) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination; (c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum; (d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.
☐	☐	36	Where shares are converted into stock,- (a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit: Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose. (b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the

Page 4 of 10

			dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage. (c) such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in those regulations shall include "stock" and "stock-holder" respectively.
☐	☐	37	The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law,- (a) its share capital; (b) any capital redemption reserve account; or (c) any share premium account.
			Capitalisation of profits
☐	☐	38	(i) The company in general meeting may, upon the recommendation of the Board, resolve- (a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the company?s reserve accounts, or to the credit of the, profit and loss account, or otherwise available for distribution; and (b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions. (ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards- (A) paying up any amounts for the time being unpaid on any shares held by such members respectively; (B) paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid; (C) partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B); (D) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares; (E) The Board shall give effect to the resolution passed by the company in pursuance of this regulation.
☐	☐	39	(i) Whenever such a resolution as aforesaid shall have been passed, the Board shall- (a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and (b) generally do all acts and things required to give effect thereto. (ii) The Board shall have power- (a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and (b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares; (iii) Any agreement made under such authority shall be effective and binding on such members.
			Buy-back of shares
☐	☐	40	Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.
			General meetings
☐	☐	41	All general meetings other than annual general meeting shall be called extraordinary general meeting.
☐	☐	42	(i) The Board may, whenever it thinks fit, call an extraordinary general meeting. (ii) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.
			Proceedings at general meetings
☐	☐	43	(i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. (ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.
☐	☐	44	The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the company.

Page 5 of 10

☐	☐	45	If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.
☐	☐	46	If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.
			Adjournment of meeting
☐	☐	47	(i) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place. (ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. (iii) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. (iv) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
			Voting rights
☐	☐	48	Subject to any rights or restrictions for the time being attached to any class or classes of shares,- (a) on a show of hands, every member present in person shall have one vote; and (b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.
☐	☐	49	A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.
☐	☐	50	(i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. (ii) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.
☐	☐	51	A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.
☐	☐	52	Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.
☐	☐	53	No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid
☐	☐	54	(i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. (ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.
			Proxy
☐	☐	55	The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.
☐	☐	56	An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.
☐	☐	57	A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.
			Board of Directors
☐	☒	58	The number of the directors and the names of the first directors shall be determined in writing by the subscribers of the memorandum or a majority of them. The following shall be first directors of the company: 1. DHIRAJ KUMAR 2. ASHOK KUMAR MEHTA

Page 6 of 10

☐	☐	59	(i) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day. (ii) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them- (a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or (b) in connection with the business of the company.
☐	☐	60	The Board may pay all expenses incurred in getting up and registering the company.
☐	☐	61	The company may exercise the powers conferred on it by section 88 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may thinks fit respecting the keeping of any such register.
☐	☐	62	All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.
☐	☐	63	Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.
☐	☐	64	(i) Subject to the provisions of section 149, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles. (ii) Such person shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for appointment by the company as a director at that meeting subject to the provisions of the Act.
			Proceedings of the Board
☐	☐	65	(i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit. (ii) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.
☐	☐	66	(i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes. (ii) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.
☐	☐	67	The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.
☐	☐	68	(i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office. (ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting.
☐	☐	69	(i) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit. (ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.
☐	☐	70	(i) A committee may elect a Chairperson of its meetings. (ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.
☐	☐	71	(i) A committee may meet and adjourn as it thinks fit. (ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.
☐	☐	72	All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.
☐	☐	73	Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.
			Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer

Page 7 of 10

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

Page 8 of 10

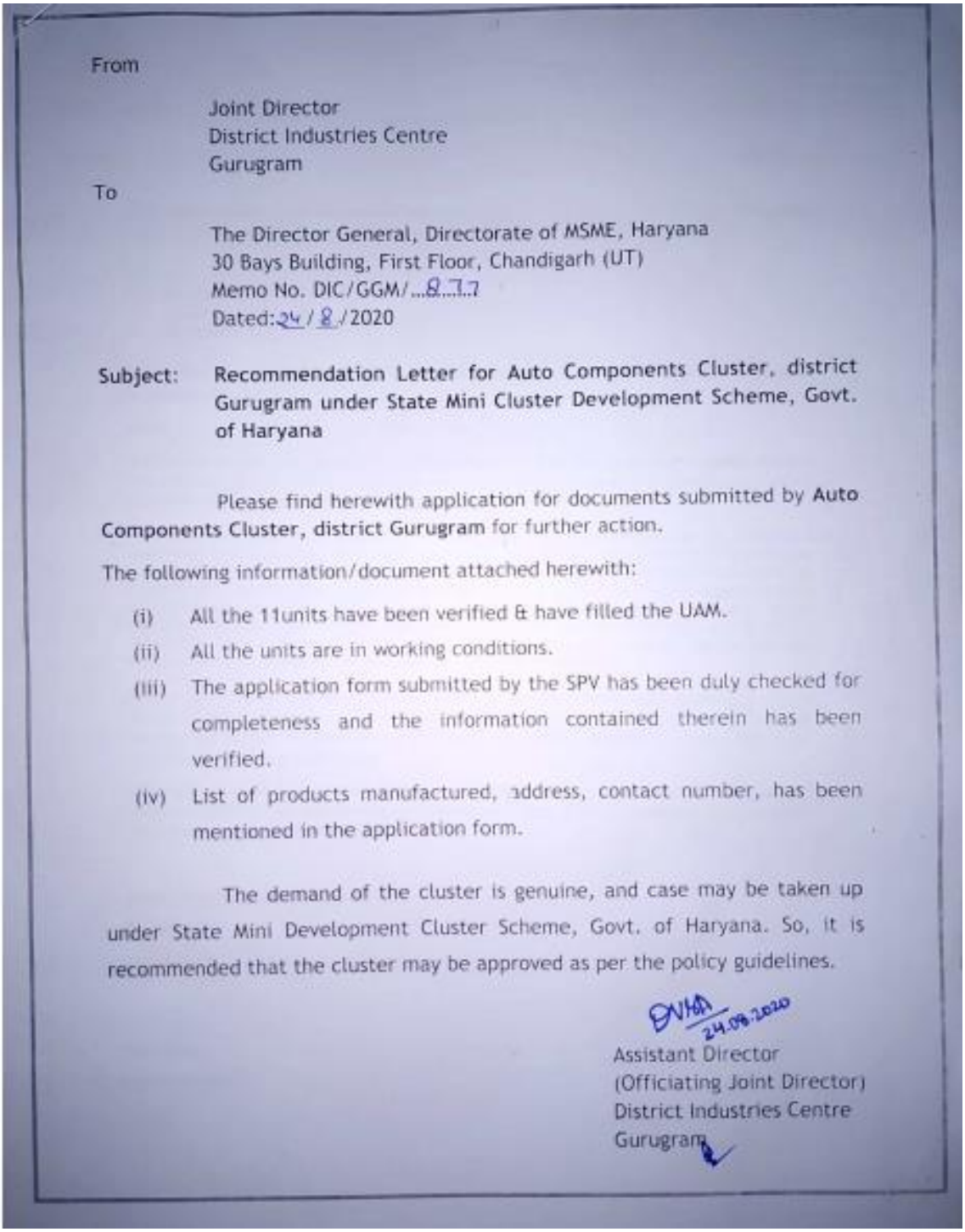
			(ii) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting.
			Winding up
☐	☐	87	Subject to the provisions of Chapter XX of the Act and rules made thereunder- (i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not. (ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. (iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.
			Indemnity
☐	☐	88	Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.

	Subscriber Details				
S. NO	Name, Address, Description and Occupation	DIN/PAN/Passport Number	Place	DSC	Dated
1	Dhiraj Kumar S/o Sh. Shanti Lal Bajaj, R.o. House No. 5-G, New Colony, Near State Bank of India, Gurgaon-122001, Haryana, Description- Director, Occupation- Business	01805915	GURGAON	DHIRAJ KUMAR	05/11/2020
2	Ashok Kumar Mehta S/o Sh. Sunder Dass Mehta, R/o. House No. P-20, New Colony , Gurgaon-122001, Haryana, Description- Director, Occupation- Business	01804296	GURGAON	ASHOK KUMAR MEHTA	05/11/2020

Signed Before Me						
Name		Address, Description and Occupation	DIN/PAN/ Passport Number/ Membership Number	Place	DSC	Dated
FCA	VINEY CHHABRA	Address- H.no. 156 Sector-27, Gurgaon-122009, Description- Chartered Accountant, Occupation - Business	501244	GURGAON	VINEY CHHABRA	05/11/2020

Checkform Modify

3. Verification of units by DIC, Gurugram



From

Joint Director
District Industries Centre
Gurugram

To

The Director General, Directorate of MSME, Haryana
30 Bays Building, First Floor, Chandigarh (UT)
Memo No. DIC/GGM/...8..7..7
Dated: 24 / 8 /2020

Subject: **Recommendation Letter for Auto Components Cluster, district Gurugram under State Mini Cluster Development Scheme, Govt. of Haryana**

Please find herewith application for documents submitted by **Auto Components Cluster, district Gurugram** for further action.

The following information/document attached herewith:

(i) All the 11units have been verified & have filled the UAM.
(ii) All the units are in working conditions.
(iii) The application form submitted by the SPV has been duly checked for completeness and the information contained therein has been verified.
(iv) List of products manufactured, address, contact number, has been mentioned in the application form.

The demand of the cluster is genuine, and case may be taken up under State Mini Development Cluster Scheme, Govt. of Haryana. So, it is recommended that the cluster may be approved as per the policy guidelines.

24.08.2020

Assistant Director
(Officiating Joint Director)
District Industries Centre
Gurugram

4. Building Availability Proof

18th Nov.., 2020

To,

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

Subject: Regarding building lease forCentre of AutoComponents Cluster at Gurugram

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, Rajender Kumar Bajaj am willing to providemy building at Plot No.154,Udyog Vihar Ph VI district Gurugram a 10 years irrevocable lease to the Centre of AutoComponents 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_1500_square feet and shall be provided on a lease basis with rent of Rs. 30000/_per month for the first year, with a standard annual increase as per the market norms.

Yours sincerely,

Name: Rajender Kumar Bajaj

Signature: Bajaj

Address: 154 Udyog Vihar Phase-6
Gurgaon.

5. Machinery Quotations

Ace Manufacturing Systems Ltd

AMS
In Pursuit of Excellence

Date : 18-10-2020

Price List

Sl. No.	Description	Amount (₹)
A.	**CNC Vertical Machining Center Model: 850V – Mitsubishi M800VU** - Without tool magazine - AC Servo Axes Drive (Mitsubishi Make) - Ball screw stretching for X, Y & Z Axes - Chip disposal to the front side of the machine - CNC System Mitsubishi M80 BVU with 10.4" Colour LCD - Coolant tank with chip tray - Fail safe brake for vertical axis (Z-Axis) - Flexible coupling for X, Y & Z Axes - LM Guideways for X, Y & Z Axes - Manual Pulse Generator (Handheld) - One set of manuals - Panel cooler for electrical cabinet - Rapid traverse of 30 / 30 / 30 m/min. for X, Y & Z Axes - Rigid tapping - Spindle nose taper 7/24 No.40 - Spindle power (Mitsubishi Make) 15 Min./Cont. Rating - 11 / 7.5 KW - Spindle speed of 60 - 6000 rpm (Indirect drive) - Standard Worklight - Tool life management - Tool shank BT - 40 - Total Machine Enclosure - Without Auto Tool Changer	
1	Die & Mould / Aerospace application.	
2	Die & Mould / Aerospace application requirements consisting of the following :- a) Z-Axis retraction function b) Program restart function c) Ethernet port near electrical panel d) Tool Clamping button near the spindle e) Air nozzle for dry cutting. f) Additional tests for die mould application g) Separate switches for Rapid & Feed override.	
3	Die mould kit.	
4	Full packing for basic machine.	

Plot Nos. 467 to 469, 12th Cross, 4th Phase, Peenya Industrial Area,
Bangalore, Karnataka, India -
Phone: 41826899, Fax: 91-80-41826891
E-mail: mktg@amsindia.co.in
Website: http://www.amsl.in

Ace Micromatic Group Company

Ace Manufacturing Systems Ltd

5	M80 AVU in lieu of M80 BVU for Mitsubishi CNC Control.	
6	25 Kva Stabiliser	
7	Additional price for spindle speed of 80-8000 rpm (Indirect drive)	
8	Chip flushing system on the base	
9	Coolant gun	
10	Transporation & Transit Insurance	
11	GST @ 18%	
	Best Price of the Machine with Above Scope	31,80,000/-

For Ace Manufacturing Systems Ltd

Authorised Signatory

Plot Nos. 467 to 469, 12th Cross, 4th Phase, Peenya Industrial Area,
Bangalore, Karnataka, India -
Phone: 41626069, Fax: 91-80-41626091
E-mail: mktg@amsindia.co.in
Website: http://www.amsl.in

Ace Manufacturing Systems Ltd

AMS
In Pursuit of Excellence

ANNEXURE - I	
TERMS AND CONDITIONS	
Rates Quoted	Ex-Works
Taxes	Extra as applicable at the time of despatch. At present **IGST** is **18%** (if Interstate) or **CGST 9%** and **SGST 9%** (if Intra state)
Delivery Terms	Ex- Works
Delivery	Delivery will be committed by our Marketing Person at the time of Order finalization.
Packing	Full packing/Container packing at extra cost
Payment	30% Advance along with Order & Balance against PI before despatch. **RTGS Details:** **Beneficiary Name : Ace Manufacturing Systems Ltd** **Beneficiary Bank : Karnataka Bank Limited, Karnataka Bank Limited, Karnataka-560001** **IFSC Code : KARB0000118 and Account No : 1187001000006601**
Inspection	By us, at our end before despatch of the machine. Test report will be supplied with the machine.
Pricing	Any significant price increase in import inputs / contents like CNC controls (Fanuc or Siemens), LM guide ways, Ball screws & Bearings, hi-precess gages, auto balancing units, flagging devices, probes, vibration & force sensors, linear scales, encoders, robots, gantry systems, special work holding devices (and any other imported items not specifically mentioned herewith) will be conveyed to you a month before delivery. Any such significant price increases will require an amendment in the PO value and will have to be borne by you. This clause is necessitated by uncontrolled exchange variation of foreign currency like Yen, Dollar, Euro etc. which is beyond our control
Warranty	a) One year (i.e. 12 months) from the date of commissioning of the machine or 15 months from the date of supply of the machine whichever is earlier against faulty material and workmanship. Guarantee is not applicable for part, which has normal wear & tear (like chucks & collets, revolving centres etc.) and certain other items like Bulbs, Lamps, Indicator Lamps, Revolving Lamps, Seals and Glass Fuses. b) For Fanuc CNC System, Motors & Drives, the warranty will be for 2 years from the date of despatch of the machine. This warranty is applicable only for the first installation of the machine. c) The standard warranty does not cover damage, fault, failure or malfunction due to external causes, including accident, abuse, misuse, problems with electrical power and servicing by people not authorized by us. Our sole sale and service associates Micromatic Machine Tools are only authorized to service the machines.
Standard colour	The machine will be supplied as per our standard colour only. For any special colour combination our marketing person will discuss at the time of order finalization.
Training	Training for one person each on Programming and Maintenance will be provided by our Sales and Service Associates M/s. Micromatic Machine Tools Pvt. Ltd. for a period of 2 to 3 days. These courses are conducted at regular schedules at their Technology Centres and not linked to machine despatch. Training schedule and location of training will be communicated to you periodically. Boarding and Lodging to your account.
Manuals	We give one set of documents. Each additional set will be supplied at an extra price.
Erection and Commissioning	Erection to be done by you. Commissioning will be done by Engineers from our Sales and Service Associates M/s. Micromatic Machine Tools Pvt. Ltd.
Transportation	To Buyer's account. The machine will be despatched through any reputed road transporter with full truck load on 'Door-Delivery' and Freight 'TO-PAY' basis.
Validity of quotation	30 days from the date of quotation.
Transit Insurance	Transit Insurance will be covered by you. However, the despatch particulars will be informed to you by Phone/Email.

Plot Nos. 467 to 469, 12th Cross, 4th Phase, Peenya Industrial Area,
Bangalore, Karnataka, India :
Phone: 41626099, Fax: 91-80-41626091
E-mail: ...
Website: http://www.amsl.in

Ace Micromatic
Group Company

electronica

ELECTRONICA HITECH
SRP Electronica Group

FN/MKTG/8.2/F06

Quotation

DESCRIPTION	EX WORKS PRICE IN RS.
WEDM Machine Model : Job Master -Dzire • MAIN TABLE TRAVEL (X,Y) – 400 X 300 mm • TABLE TRAVEL (U x V) – 80 X 80 mm • Z AXIS TRAVEL - 250 MM • MAX.JOB WEIGHT 300 KGS • MAX.TAPER ANGLE ±30°/50 MM • REFRIGERATED RECIRCULATING LIQUID CHILLER • PAPER FILTRTATION SYSTEM • STANDARD SCOPE OF SUPPLY STANDARD ACCESSORIES. STANDARD CONSUMABLES. AS LISTED BELLOW..	**30,20,000.00 (Quotation price) + 543600 (GST 18%) + 50000 Transportation) TOTAL -3613600/-**

	OPTIONAL ACCESSORIES:		Rs.
1	ADJUSTABLE BRIDGE	1 NO	35000.00
2	ROUND JOB HOLDER	1 NO	15000.00
3	ECOFRIENDLY MINERAL BED FILTRATION	1 NO	150000.00

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ELECTRONICA HITECH
SRP Electronica Group

FN/MKTG/8.2/F06

	SYSTEM		
4	PROGRAMMABLE SOFTWARE PACKAGE	1NO	65000.00

	OPTIONAL CNC SOFTWARE FEATURES:	RS
1	QUICK MACHINE REFERENCE.	60000.00
2	TAPER CORRECTION FOR STRARIGH CUT.	
3	PRECISION CUTTING MODE.	
4	JOB PROFILE LOCATION VIEW WITH REFERENCE TO WORKTABLE.	

Sr. No.	Description	Quantity
	STANDARD ACCESSORIES	
1	UPPER FLUSHING NOZZLE (H.T.)	1 NO.
2	LOWER FLUSHING NOZZLE (H.T.)	1 NO.
3	VERTICALITY ALINGMENT PIECE	1 NO.
4	WIRE GUIDE REMOVAL GAUGE RING	1 NO.
5	JOB CLAMPING KIT	1 NO.
6	UMBRELLA COMPLETE	1 NO.
7	DIAL STAND	1 NO.
	STANDARD CONSUMABLES	
1	POWER FEED CONTACT *	1 SET
2	WORKPIECE FOR TRIAL	1 NO.
3	WIRE GUIDE TYPE 0.255 DIA. (1 SET = 2 NOS) *	1 SET
4	ION EXCHANGE RESIN	5 KGS
5	EDM WIRE (SOFT) 0.25mm Ø Diffused. (3~3.5 KG SPOOL)	1 SPOOL
6	SET OF FUSES	1 SET
7	CONTROLLER KEY	1 SET

electronica

ELECTRONICA HITECH
SRP Electronica Group

FN/MKTG/8.2/F06

8	UPPER FLUSHING NOZZLE *	1 NO
9	LOWER FLUSHING NOZZLE *	1 NO

*Fitted on machine

INSTALATION KIT :

1	ALLEN KEY SET 1.5mm TO 10mm	1 NO

MANUALS :

1	MACHINE TOOL INSTRUCTION MANUAL	1 NO
2	DI-ELECTRIC SYSTEM INSTRUCTION MANUAL	1 NO
3	OPERATING MANUAL	1 NO
4	TECHNOLOGY MANUAL	1 NO

TERMS & CONDITIONS

Transportation	By full truck at actuals on to pay basis
Packing Charges	Nil
Transit Insurance	By Customer
Payment Terms	30% advance with the order and balance Against Proforma Invoice before dispatch of machine.
Taxes & Duties	Extra. As per GST.
Delivery	2-3 months subject to reconfirmation, from the date of receipt of technically and commercially clear order with 30% of total value as advance.
Validity	30 days from the date of this offer

electronica

ELECTRONICA HITECH
SRP Electronica Group

FN/MKTG/8.2/F06

Order in favor of	ELECTRONICA HITECH MACHINE TOOLS PVT.LTD. S.NO.-194 (OLD 159), FURSUNGI , PUNE –SASWAD ROAD, PUNE -412308.
Installation and Commissioning	By Electronica and the charges included in the machine price.
Warranty	12 months from date of installation or 15 months from date of dispatched whichever is earlier

*** IF ORDER CANCELLED 10% OF AMOUNT WILL BE DEDUCTED FROM ADVANCE***

For ELECTRONICA HITECH MACHINE TOOLS PVT.LTD.

Authorized Signatory

Note:

1. **The machine needs a 3 phase 415V, 15 KVA servo stabilizer. This has to be procured separately.**
2. **The machine needs D. M. Water (approx. 450 ltrs) to be procured separately.**
3. **If voltage fluctuations are abnormal then additional precaution is to be taken by using either isolation transformer or motor alternator set. This has to be procured separately.**
4. **The machine should be kept in Air Conditioned Room having vibration free industrial floor and temperature has to be maintained at 20°, +/- 1° for achieving job accuracy and has to be placed as per our floor plan otherwise we reserve the right to Cease the warranty**

PART PROGRAMMING SYSTEM SPECS. REQUIRED

System configuration for part programming system software for Job Master -Dzire

The System should be IBM COMPATIBLE with following minimum specifications:

•PENTIUM –IV processor with WINDOWS XP-PROFESSIONAL with 32 bit operating system

•4 GB RAM

Micromatic Grinding Technologies Pvt. Ltd.

Date : 19-10-2020

Price List

Sl. No.	Description	Amount (₹)
A.	**Micromatic make Precision Universal Cylindrical Grinding Machine model ECO 200 U(Internal and External grinding both)**	
	- Balancing mandrel	
	- Box structure machine bed for high static & dynamic rigidity	
	- Carbide tipped precision MT3 centre for tailstock	
	- Carbide tipped precision MT4 centre for work head	
	- Colour – Machine Bottom Anthrocite Grey RAL 7016 & Machine Top (enclosure) Traffic White RAL No. 9016	
	- Complete hydraulic equipment including motor, pump, & Tank	
	- Diamond for dresser (single point) for External Wheel 2 Crt	
	- Draw bar for Spindle Adapter	
	- Dresser block without diamond (tailstock mounted)	
	- Electrical circuit diagram	
	- Electrical equipments suitable for 415 volts, 50 Hz, AC supply	
	- Front Splash Guard with partial side guarding	
	- Grinding wheel 350 x 50 ROS with Wheel adapter and 3 nos. balancing blocks	
	- Hydrodynamic Rotating (Live & Dead Spindle) & Swiveling base Work head with 1 Micron roundness Accuracy on standard test piece	
	- Hydrodynamic wheel head driven thru 3.7 kW 3 phase AC Induction Motor	
	- Instruction & maintenance manual	
	- Internal grinding head on independent slide with 1.5 kW, 3 phase Induction Motor, belt guard and Motor pulley, head bore suitable for Spindle dia 60 x 250 mm	
	- Internal Grinding Spindle Dia 60x250 mm with 3 nos pulleys suitable for 11000/ 14000/ 18000 rpm with 3 nos quills	
	- Manual Tailstock with MT 3 taper	
	- MGT standard Coolant tank (Baffel type) with motor and pump 40 lpm, 100 ltr tank capacity with caster wheels	
	- Micro Dresser , Swivel back, Table mounted (without diamond)	
	- Precision hand scraped V- flat table guide ways with continuous automatic lubrication	
	- Set of Driving dogs with Pin	
	- Set of machine mounting leveling plates	
	- Set of service tools	
	- Swiveling wheel head (only 0o, 15o & 30o) with Linear bearing on guide ways.	
	- Turcite lining on the table	

1 of 6

C-27 & 28, Meerut Road, Industrial Area,
Ghaziabad, Uttar Pradesh, India -

Ace Micromatic

Ace Designers Ltd

Date : 16-10-2020

Sl. No.	Description	Amount (₹)
A.	**Ace Slant Bed CNC Lathe J 300 LM** - 3 Jaw power operated hollow high speed chuck nominal Ø165mm (Indigenous make) including power chucking cylinder ("Pragati" or equivalent make) and accumulator - (Bar Capacity: Ø 42 mm max.) - 8 station Bi-directional turret (BTP-80) with wedge type OD tool clamping - A2-5 Spindle (Cartridge) - AC Servo Axes Drives ('Fanuc' make) - AC Spindle Drive ('Fanuc' make) - Air condition unit for control cabinet (Panel mounted type) (Model : IGLOO: Ace make) - Automatic Centralised Oil Lubrication System - Basic Hydraulic System with Drain line Oil cooler - Built-in lighting system - Controls: Fanuc Oi – TF - Coolant System - Drain line Oil cooler - Electronic hand wheel (MPG) (make: Fanuc) - Standard - Linear Motion Guideways for both Axes - Machine 'Ball Bar' calibrated - Machine Axes (X&Z) laser calibrated for high positioning accuracy and repeatability - Machine Colour: RAL 7022 (Umbra Grey), RAL 9010 (Pure White) and RAL 1028 (Melon Yellow) - One set of machine manuals (Instruction manual and Parts manual) along with 01 no. CD - Oriented Spindle Stop (M19 Command) - Packing - Standard - Programmable quill - Smart Feature – Machine Connect™ (OEM) - Spindle Motor Power: 7.5 kW 15 mins. Rating / 5.5 kW continuous rating - Spindle Speed: 50 – 4000 rpm (Subject to Work holding selection) - Standard tooling package as per Annexure - II and with all other standard features - Tailstock with external rotating centre - Three Colour Machine status lamp - Training (One person for programming and one person for maintenance – refer Terms and Conditions)	
	Transportation & Transit Insurance	
	15 Kva Stabilizer	
	GST @ 18%	
	Best Price of the Machine with Above Scope	**18,00,000/-**

1 of 2

Plot No. 533, 10th Main, IV Phase, Peenya Industrial Area,
Bangalore, Karnataka, India -
Phone: 22186700, Fax: 91-80-22186723
E-mail: acesales@acedesigners.co.in
Website: http://www.acemicromatic.net

Ace Designers Ltd

ANNEXURE - I	
TERMS AND CONDITIONS	
Rates Quoted	Ex-Works.
Taxes	Extra as applicable at the time of despatch. At present **IGST** is **18%** (if Interstate) or **CGST 9%** and **SGST 9%** (if Intra state)
Delivery Time	Normally 3 Weeks from the date of receipt of your firm order along with advance. However, estimated month of delivery will be indicated while ordering.
Delivery Terms	Ex- Works
Packing	Full packing at extra cost
Payment	30% Advance along with Order & Balance against PI before despatch. **RTGS Details:** **Beneficiary Name : Ace Designers Ltd** **Beneficiary Bank : Syndicate Bank, Syndicate Bank, Karnataka-** **IFSC Code : SYNB0000461 and Account No : 04611250000145**
Inspection	By us, at our end before despatch of the machine. Test report will be supplied with the machine.
Delivery	Delivery will be committed by our Marketing Person at the time of Order finalization.
Pricing	Any significant price increase in import inputs / contents like CNC controls (Fanuc or Siemens), LM guide ways, Ball screws & Bearings, In-process gages, auto balancing units, flagging devices, probes, vibration & force sensors, linear scales, encoders, robots, gantry systems, special work holding devices (and any other imported items not specifically mentioned herewith) will be conveyed to you a month before delivery. Any such significant price increases will require an amendment in the PO value and will have to be borne by you. This clause is necessitated by uncontrolled exchange variation of foreign currency like Yen, Dollar, Euro etc. which is beyond our control
Warranty	a) One year (i.e. 12 months) from the date of commissioning of the machine or 15 months from the date of supply of the machine whichever is earlier against faulty material and workmanship. Guarantee is not applicable for part, which has normal wear & tear (like chucks & collets, revolving centres etc.) and certain other items like Bulbs, Lamps, Indicator Lamps, Revolving Lamps, Seals and Glass Fuses. b) For Fanuc CNC System, Motors & Drives, the warranty will be for 2 years from the date of despatch of the machine. This warranty is applicable only for the first installation of the machine. c) The standard warranty does not cover damage, fault, failure or malfunction due to external causes, including accident, abuse, misuse, problems with electrical power and servicing by people not authorized by us. Our sole sale and service associates Micromatic Machine Tools are only authorized to service the machines.
Standard colour	The machine will be supplied as per our standard colour only. For any special colour combination our marketing person will discuss at the time of order finalization.
Training	Training for one person each on Programming and Maintenance will be provided by our Sales and Service Associates M/s. Micromatic Machine Tools Pvt. Ltd. for a period of 2 to 3 days. These courses are conducted at regular schedules at their Technology Centres and not linked to machine despatch. Training schedule and location of training will be communicated to you periodically. Boarding and Lodging to your account.
Manuals	We give one set of documents. Each additional set will be supplied at an extra price.
Erection and Commissioning	Erection to be done by you. Commissioning will be done by Engineers from our Sales and Service Associates M/s. Micromatic Machine Tools Pvt. Ltd.
Transportation	To Buyer's account. The machine will be despatched through any reputed road transporter with full truck load on 'Door-Delivery' and Freight 'TO-PAY' basis.
Validity of quotation	30 days from the date of quotation.
Transit Insurance	Transit Insurance will be covered by you. However, the dispatch particulars will be informed to you by Phone/Email.

2 of 2

Plot No. 533, 10th Main, IV Phase, Peenya Industrial Area,
Bangalore, Karnataka, India -
Phone: 22186700, Fax: 91-80-22186723
E-mail: acesales@acedesigners.co.in
Website: http://www.acemicromatic.net

Infion Advanced Laser Systems Pvt. Ltd

Enabling Value Engineering

No. 29-A2, KIADB Industrial Area, Hoskote, Bangalore - 562114. India.
Phone : +91 80 27921026/27 , 8861542428
Email : admin@infionlaser.com www.infionlaser.com CIN : U74900KA2015PTC084245

Quotation

To	**Sneha Industries** Plot No 477, Udhyog Vihar, Sector 37, Gurugram – 122001 Haryana	Quote No : Infi/Quot/20090301/Sneha01 Date : 03.09.2020 Customer Contact: Mr. Gulshan Kumar :
Subject: Infion Laser Marking System - INFIMARK		

We thank you for your interest in our products. We are pleased to offer you our quotation for supply of Infion Advanced Laser Marking System for marking of Plastic Auto Components.

Sl No	Model No	Description	Unit Price Rupees	Qty	Total Price Rupees
01	INFIMARK ILM-2S-20	**Infion Ytterbium Fiber Laser Marking System, 20 W**, Output power, 170 x 170 Marking area with standard accessories for Marking of Plastic Auto Components. **System Includes** 1. **20 W** Pulsed Fiber Laser (with 5 mts delivery fiber and collimator) 2. Enclosed cabinet 3. Auto Z axis 4. HP Office PC with Marking Software 5. Infion Laser & Making control Card 6. Fume Suction System – 575 CFM 7. Laser Safety viewing Glass 100x 200mm 8. UPS for soft shutdown 9. Associated interfacing cables and accessories 10. Two Station CAM Based Rotary Indexing system with manual loading and manual unloading. Customer make arrangement for fixtures on each station.	17,75,000=00	01	17,75,000=00
		TOTAL			**17,75,000=00**
		OTHERS			**00,000=00**
		FINAL PRICE			**17,75,000=00**
	TOTAL COST	**Rupees SEVENTEEN LAKHS , SEVENTY FIVE THOUSAND ONLY**			

Infion Advanced Laser Systems Pvt. Ltd
Enabling Value Engineering

No. 29-A2, KIADB Industrial Area, Hoskote, Bangalore - 562114. India.
Phone : +91 80 27921026/27 , 8861542428
Email : admin@infionlaser.com www.infionlaser.com CIN : U74900KA2015PTC084245

Terms and Conditons :

Price Basis :

- Basic Ex- Works, Infion Laser. Bangalore.
- GST as Applicable. Present:18%. HSN Code : 84561000 Our GST Number : 29AADCI9693P1ZF
- Packing & Forwarding : Included
- Freight & Insurance : To be arranged by Customer.

Warranty :

- 12 Months from the date of Invoice.
- Warranty terms & conditions as per Infion standard warranty terms and conditions.

Payment conditions :

- 30% Advance along with Purchase Order
- 60% plus taxes, against Proforma Invoice before shipment – after pre-dispatch acceptance by customer.
- 10% immediately after installation.

Delivery time

- 6 – 8 weeks from date of PO with Advance

.

Installation & Commissioning

- Rs. 50,000/- (Fifty Thousand Only)

Others

- The Supplier takes responsibility to provide for repair and service of the systems during the warranty period provided the system is used as per supplied instruction manuals. The Supplier does not take any responsibility in connection with losses, damages, claims etc directly or indirectly linked to the operation, application or performance of supplied systems.

Validity of Offer : 90 days.

We hope this offer is in line with your requirement and look forward to receiving your valuable Order at the earliest.

Thanking You,

For Infion Advanced Laser Systems Pvt. Ltd.

Sd/-
(Thirulokapathy.D)
Head - Operations

TechSavvy

3. Commercial Proposal:

S.No.	Description	HSN/SAC	Qty	Offer Price
1	Dell Precision 3630 Tower: Processor: Intel Xeon Processor – 6 Core RAM: 16 GB RAM Graphic Card: NVIDIA Quadro P Series 5GB Hard Disk: 1 TB HDD Windows: Windows 10 Pro Dell Key Board & Mouse Dell 21" Monitor	84714190	1	Rs. 1,75,000/-
2	GST @18%			Rs. 31,500/-
	Total Price (Incl.Tax)			Rs 2,06,500/-

Terms and Conditions:

Sr. No.	Particulars	Description
1.	Purchase Order and Payment:	**Tech Savvy Engineers Pvt. Ltd.** **Regd. Office:** **303, 926/1, NAIWALA, FAIZ ROAD, KAROL BAGH,** **NEW DELHI 110005** **GSTIN No: 07AADCT7890F1Z0** RTGS Detail: Tech Savvy Engineers Pvt. Ltd. Axis Bank Ltd., Sector 62, Noida (UP), Noida 201301 A/c No: 917020040192317 IFSC Code: UTIB0000723 **Payment Terms: 100% Advance along with the Purchase Order.**
2.	Maintenance & Support	OEM will provide all maintenance & Support for DELL Workstation as per agreement.
3.	Supply	4-5 weeks after obtaining all clearances, on receipt of your order technically and commercially clear in all respects.
4.	Validity	The validity of this offer is up to 20th-October-2020.
5.	Other Terms & Condition	• This offer is made subject to acceptance by DELL India for the supply of DELL Workstation. • Purchase Order once released cannot be cancelled • All disputes subject to Delhi Jurisdiction Only. • Lodging and Boarding of the trainer would be arranged by client outside Delhi/ NCR Region.

TECH SAVVY ENGINEERS PRIVATE LIMITED
Suite No: 412A, The Ithum, Plot No A -40, Sector 62, Noida – 201301
Suite No.: 547, Tower B2, Spaze I-Tech Park, Sohna Road, Sector 49, Gurugram – 122018
M-7, RIICO Software Complex, EPIP, Sitapura Industrial Area, Jaipur, Rajasthan-302022
www.techsavvy.co.in I info@techsavvy.co.in I +91-120-2401121/31

Micromatic Grinding Technologies Pvt. Ltd.

	- Wheel adapter puller - Work Head Spindle Adapter	
1	2 point steady rest (Dia 6 ~ 85 mm)	
2	Anti vibration leveling pads (3 Nos) in lieu of standard - Make Bilz Make	
3	Electronica Make DRO Model EL 302C with magnetic scale for both Axis	
4	Lighting System LED type (24v)	
5	Machine lifting pin	
6	Micro taper correction on Tailstock (±0.03mm)	
7	One set of work drivers (Dia. 6 – 85 mm) 9 pieces	
8	Precision 3 Jaw Chuck (OD 100 mm) with Adapter & flange	
9	Side & Angle dressing attachment Range ± 60°.- ECO Series	
10	Static Balancing unit for Wheel Dia. upto 400 mm (Blade Type)	
11	Table fine feed attachment (Worm & Worm Wheel Type) with Turcite on Lower Table.	
12	Transportation & Transit Insurance	
13	GST @18 %	
	Total Price of the Machine with Above Scope	**16,50,000/-**

For Micromatic Grinding Technologies Pvt. Ltd.

Authorised Signatory

Micromatic Grinding Technologies Pvt. Ltd.

ANNEXURE - I	
TERMS AND CONDITIONS	
Rates Quoted	Ex-Works.
Taxes	Extra as applicable at the time of despatch. At present **IGST** is **18%** (if Interstate) or **CGST 9%** and **SGST 9%** (if Intra state)
Delivery Terms	Ex- Works
Delivery	Delivery will be commited by our Marketing Person at the time of Order finalization.
Packing	Full packing/Container packing at extra cost.
Payment	30% Advance along with Order & Balance against PI before despatch. **RTGS Details**: **Beneficiary Name : Micromatic Grinding Technologies Pvt. Ltd.** **Beneficiary Bank : Canara Bank, CANARA BANK, Uttar Pradesh-201001** **IFSC Code : CNRB0001149 and Account No : 1149261010059**
Inspection	By us, at our end before despatch of the machine. Test report will be supplied with the machine.
Pricing	Any significant price increase in import inputs / contents like CNC controls (Fanuc or Siemens), LM guide ways, Ball screws & Bearings, In-process gages, auto balancing units, flagging devices, probes, vibration & force sensors, linear scales, encoders, robots, gantry systems, special work holding devices (and any other imported items not specifically mentioned herewith) will be conveyed to you a month before delivery. Any such significant price increases will require an amendment in the PO value and will have to be borne by you. This clause is necessitated by uncontrolled exchange variation of foreign currency like Yen, Dollar, Euro etc. which is beyond our control
Warranty	a) One year (i.e. 12 months) from the date of commissioning of the machine or 15 months from the date of supply of the machine whichever is earlier against faulty material and workmanship. Guarantee is not applicable for part, which has normal wear & tear (like chucks & collets, revolving centres etc.) and certain other items like Bulbs, Lamps, Indicator Lamps, Revolving Lamps, Seals and Glass Fuses. b) For Fanuc CNC System, Motors & Drives, the warranty will be for 2 years from the date of despatch of the machine. This warranty is applicable only for the first installation of the machine. c) The standard warranty does not cover damage, fault, failure or malfunction due to external causes, including accident, abuse, misuse, problems with electrical power and servicing by people not authorized by us. Our sole sale and service associates Micromatic Machine Tools are only authorized to service the machines.
Standard colour	The machine will be supplied as per our standard colour only. For any special colour combination our marketing person will discuss at the time of order finalization.
Training	Training for one person each on Programming and Maintenance will be provided by our Sales and Service Associates M/s. Micromatic Machine Tools Pvt. Ltd. for a period of 2 to 3 days. These courses are conducted at regular schedules at their Technology Centres and not linked to machine despatch. Training schedule and location of training will be communicated to you periodically. Boarding and Lodging to your account.
Manuals	We give one set of documents. Each additional set will be supplied at an extra price.
Erection and Commissioning	Erection to be done by you. Commissioning will be done by Engineers from our Sales and Service Associates M/s. Micromatic Machine Tools Pvt. Ltd.
Transportation	In MGTL Account
Validity of quotation	30 days from the date of quotation.
Transit Insurance	In MGTL Account (Transit Risk will be your)

SSSSSSS

SERVOKON
RAKHE SAB CONTROL MEIN

QUOTATION

Ref: SS//3PH(SSL)-OC/2020-21/5124
Dated: 20/10/2020

M/s Mr Dheeraj Kumar
Gurgaon
Gurgaon
Haryana

Kind Attn : Mr Dheeraj

Subject : Quote for 200 kva Three Phase Digital Servo Voltage Stabilizer

Dear Sir/Madam,

Thank you for your courtesy extended to the undersigned and the opportunity to provide a proposal for the supply of Digital Servo Voltage Stabilizer at your prestigious project. We have the pleasure to quote our most competitive offer as under:

S.No.	DESCRIPTION	QTY.	UNIT PRICE (INR Rs)	
1	SERVOKON make 200 kva, THREE PHASE DIGITAL MICROCONTROLLED SERVO STABILIZER	1.00	Base Price	250,000.00
			Excise - N/A	0.00
	Cooling : Oil Cooled		GST @ 18 %	45,000.00
	Price Including First Filling Of Oil		Total Amount	295,000.00

Commercial Tearms & Condition

1) Ex-works, Ghaziabad.
2) Excluding of any packing & forwarding Charges (If required).
3) Excluding of Freight charges & Transit Insurance which shall be arranged by buyer as their own risk and cost with prior intimation.
4) Excluding of any scope of loading/unloading at site.

Payment Terms:

50% advance and balance 50% against Proforma Invoice along with all taxes & charges before dispatch of the material.

Delivery:

Readiness at our works within 3-4 weeks after receipt of your technically commercially clear order along with advance

Validity:

Our offer is valid for 30 Days for your acceptance from the date of this offer.

Warranty

Stand for 1 years against any manufacturing defects from the date of invoice/delivery.

Installation

Supervision of Installation will not be in our scope, In general, Installation does not include any raw material required for Installation i.e. cable, switchgears, thimbles etc. and neither any scope of any civil or labour work.
*If suppervision of Installation is included then our person will visit only once for the installation, if any delay from clients side then next visit charges will be charged extra

ELECTRONICA HITECH
SRP Electronica Group
FN/MKTG/8.2/F06

Quotation

DESCRIPTION	EX-WORKS, PRICE IN RS.
I. ELECTRIC DISCHARGE MACHINE MODEL ELTECH D 400 ZNC WITH 40 A ZNC GENERATOR, PACKAGE CONSISTS OF: A) MACHINE TOOL ZNC WITH BUILT IN PUMP FILTER UNIT (DIELECTRIC UNIT) & AC SERVO MOTOR FOR Z AXIS, BALL SCREW FOR X & Y AXIS. X, Y, Z AXIS 400 X 300 X 250 mm +(200 MM Back slide) LM GUIDEWAYS FOR X,Y,Z AXIS WORK TANK SIZE 1000 X 600 X 400 MM SURFACE FINISH 0.8 MICRON Ra MAX.LOAD ON TABLE 500 KG MAX.ELECTRODE WEIGHT 100 KG UNIVERSAL ELECTRODE HOLDER FLUSH AID B) PULSE GENERATOR DIGISOFT 40AMPS ZNC GENERATOR. MAX.CURRENT AMPS 40 + 4 MAX MRR (COPPER TO STEEL) 220 MM CU./MIN MIN.ELECTRODE WEAR ≤ 0.2% TFT LCD COLOUR DISPLAY. MICRO CONTROLLER BASED ANTIARC CONTROL. C) STANDARD SCOPE OF SUPPLY TO BE SUPPLIED ALONGWITH THE MACHINE, COMPRISING OF	**12,15,000/-** **(Quotation price)** **+ 218700 (GST18%)** **+35000(Transport)** **TOTAL-** **RS.1468700**

ELECTRONICA HITECH
SRP Electronica Group
FN/MKTG/8.2/F06

1) SET OF INSTRUCTION MANUALS

2) INSTALLATION KIT

OPTIONAL ITEMS:

	Inr PRICES Ex works
EDM OIL	RS 140 PER LITRE

Terms and condition :-

Packing Charges	Nil
Transportation	By full truck at actuals
Transit Insurance	BY Customer
Payment Terms	30% advance with the order & balance against Proforma Invoice
Taxes & Duties	Extra. As per GST
Delivery	Within 4 Weeks subject to reconfirmation, on receipt of technically and commercially clear order with 30% of total value as advance.
Order in favor of	**M/s. Electronica Hitech machine Tools Pvt Ltd** **Survey No.194 (old 159), Pune Saswad Road** **Fursungi, Pune - 412308**
Validity	30 days from the date of this offer
Installation and Commissioning	By Electronica and the charges included in the machine price.
Warranty	12 months from date of installation or 15 months from date of dispatched whichever is earlier

For ELECTRONICA HITECH MACHINE TOOLS PVT LTD

Authorized Signatory

GM MACHINE TOOLS PVT. LTD.

H.O.: 5C-77, N.I.T. Faridabad-121 001
Office Cum Godown : 3A-170, Near Chimani
Bai Dharamshala, N.I.T. Faridabad - 121 001
Phone : 0129-4029859, Mobile : 09312499859, 09311507241
E-mail : garima9844@gmail.com, gmmachinetools@gmail.com

Ref. No..... Date.....

REF: - GMMTPL/SNEHA/20-21 DATED 20-10-20

TO

M/S SNEHA INDUSTRIES

477 SEC. 37 GURGAON

KIND ATTN.:- MR. RAJENDER BAJAJ, M-9891700538

SUBJECT: - OFFER FOR HYDRAULIC SURFACE GRINDER & TAIWAN TURRET MILLING MACHINE

DEAR SIR

THIS REFERS TO ABOVE SUBJECT & AS PER OUR DISCUSSIONS, PL. FIND HEREWITH OUR OFFER FOR HYDRAULIC SURFACE GRINDING MACHINE & TAIWAN TURRET MILLING MACHINE WITH THE FOLLOWING DETAILS:-

QUOTATION

SR. NO.	DESCRIPTION	QTY.	UNIT RATE	BEST PRICES
1.	**JPLINK TAIWAN MAKE** TURRET MILLING MACHINE MODEL **LTM-3SS** WITH **-TABLE SIZE 254X1270(10"x50")** **-SPINDLE TAPER-R-8** **-MOTOR- 3HP** WITH ALL STANDARD ACCESSORIES TOOL BOX,DRAW BAR, WORKING LAMP (HALOGEN LAMP),LUBRICATION PUMP,2-AXIS DRO	01 NO.	RS. 4,55,000.00	RS. 4,55,000.00
2.	**PH-1632 SUPREME COLUMM DRIVE** (400x800MM) HYDRAULIC SURFACE GRINDING MACHINE **(PRAYOSHA BRAND)**WITH ACCESSORIES ELECTRO MAGNETIC CHUCK, LUBRICATION PUMP,SPANNER SET,WHEEL FLANCH,GRINDING WHEEL, WHEEL DRESSER, ELECTRIC MOTOR,COOLANT SYSTEM, WHEEL PULLER,ELECTRIC PANEL BOARD, HYDRAULIC POWER PACK,MACHINE MANUAL	01 NO.	RS. 12,95,000.00	RS. 12,95,000.00
			TOTAL	RS. 17,50,000.00
			-ADD FREIGHT	RS. 6,000.00
			--INSURANCE	RS. 8,750.00
			TOTAL	RS. 17,64,750.00
			-ADD CGST @ 9%	RS. 1,58,827.50
			-ADD SGST @ 9%	RS. 1,58,827.50
			GRAND TOTAL	RS 20,82,405.00

TERMS & CONDITIONS

2. Taxes: - GST@ 18% Extra

3. Transportation: - Extra at actual

4. Insurance: - 0.5% Extra

5. Delivery: - Ready Stock for Milling Machine & Within 6-8 weeks from recipe of commercially & technically P.O.

For Hydraulic Grinder

6. Payment: - 50% advance balance against Performa invoice before dispatch

7. Warranty: - 12 months from the date of dispatch against any manufacturing defects (without electronic & electrical Parts)

8. Validity: - 30 days from the date of offer.

Thanks & Regards

For GM Machine Tools Pvt. Ltd.

Rakesh Baweja 09312499859

Surendra Sharma 9311507241