

SHREYAS

{A Servomax Initiative}

EMPLOYMENT & ENTERPRISE DEVELOPMENT PROGRAM

SERVOMAX

SHREYAS

EMPLOYMENT & ENTERPRISE DEVELOPMENT PROGRAM

SHREYAS is a program envisaged to promote and train youth in various skills and encourage them to gradually become entrepreneurs. This program is in tune with the message given by the Hon'ble Prime Minister of India.

Skill development leads to improved quality of the products as well as scaling up the ability to bring out better products. Simultaneously promoting entrepreneurship in youth prepares them to develop a critical attitude in order to derive benefits and achieve profit from the manufacturing sector. This will give confidence among youth for their growth and for own financial success. Added to this, the entire process of skills development / improvement and entrepreneur abilities will create wealth for individual, society as well as the nation.

Made in India & Make in India with zero defects and zero effect is the clarion call given by the Prime Minister. The implementation of SHREYAS is an exact fulfilment of his vision and prosperity of the nation.

SERVOMAX will host and brand the program leveraging social brand and SERVOMAX's enterprise brand.

OBJECTIVE

- Provide technical expertise - skill development for rural youth
- Provide employment - technical & managerial
- Identify potential and create entrepreneurs for society - Bring leadership
- Growth driven by manufacturing and education

SERVOMAX

VISION

- Improve skills and entrepreneurial abilities in youth
- Improve self-respect in rural area & improve confidence and courage in youth
- Encourage MSMEs by creating entrepreneurship among rural youth
- Self reliance on power generation - micro way

GOALS:

1. The Indian youth must attain high self esteem, financial independence and confidence and become leaders and example to other youth, thus India should become a manufacturing hub to meet domestic as well as international needs, with cost effective products, but with international quality.
2. Every Engineer / ITI / Diploma holder to become technically skilled, to move forward in contributing to value addition to self and society, having an inclination to become entrepreneur, and be on his own as well as providing employment to needy, and make that enterprise sustainable always, by upgrading technicalities, quality, quantities, certifications to meet Indian and overseas markets.
3. To overcome problems faced by MSME in India due to power shortage, resource shortage, technology shortage, skilled and committed manpower shortage, leading to challenges in cost effective manufacturing, efficient marketing and effective distribution of the products domestically and internationally by:
 - a. to meet MSMEs own energy requirement through solar power, wind power through micro-wind mills and centralised bio-fuel equipment providing energy to all MSMEs and micro enterprises in the particular village/locality, to improve the quality of living.
 - b. eradicate poverty, make the youth to earn sustainable income month on month and year on year, and to reduce dependence on government for their needs through self-empowerment, improving leadership and technical skills and entrepreneurial qualities, and becoming micro and msme manufacturing hubs at each and every locality.
 - c. improve purchasing power of rural economy by improving income generating capacity of rural youth through skill development, handholding and enterprise development leading to rejuvenation of rural economy and increase in wealth of the nation through manufacturing the goods which are locally in demand and manufactured locally.

Thus, the outflow of foreign exchange or trading economy can be minimised. The value addition will be local to particular areas.

- d. providing micro energy solution to households, thus every house will opt for modernising their living standards and improving their living standards and improve their purchase power to make financially healthy society.

PROGRAM OUTLINE:

SHREYAS, at the beginning will concentrate on energy production. Since power sector is the central nervous system of national development, the growth of industries, and baseline of a production, SHREYAS aptly chosen to address this critical sector. Thus, the manufacturing, packaging, trade and export will be not only strengthened but also developed.

There are three types of training modules planned:

1. Youth with minimum qualification of 10th class pass / intermediate will be recruited and given training on basic production / assembling techniques through skills improvement. Initially, it is decided to enrol 40 youth with this profile.
2. Recruit 40 diploma holders, engineers, graduates, management postgraduates who will not only be trained in skills, but also will be trained in supervision, quality control, packaging and capabilities to sell, negotiate, and later on to even export the products made through SHREYAS program.
3. Recruit 20 youth, normally any graduate qualification, preferably an Engineering / Technical or Management qualification who has got the ability to set up a MSME Unit under guidance, capacity to produce a product, and with an inclination to invest, irrespective of the risks, will be trained and introduced to manufacturing units.

The training is planned for a period of 6 months to 24 months for these three types of profiles. In order to develop a self-confidence and security among trainees, and potential entrepreneurs, SHREYAS mother unit will be supplying raw material, machinery, guidance to produce power related equipment, accessories and products.

The mother unit will provide hand holding, also assure the quality control, and purchase the finished product after proper packaging and branding. Thus, a motivated youth with self-interest to become a skilled worker, to develop managerial skill and who wish to become an entrepreneur will be given suitable environment to educate, develop, experiment, implement and produce/bring out a product that is useful for the society and country, besides the individuals' prosperity and prospectus.

The training will be provided as follows:

1. Module-1: 10 days orientation course which is mostly a class room education for all profiles.
2. Module-2: An exposure tour to the related industry. Subsequently, an aptitude test will be conducted and those who are not found suitable will be discontinued. The selected persons will be distributed to the various industries identified by SHREYAS, where they will gain hands-on experience by observing, learning and working at these units/facilities.

Monthly, two days re-orientation program will be held at a centrally located place, wherein a workshop type program will be conducted, which will also gauge, measure, and identify youth for segregation into the three above mentioned profiles.

At the end of six months, a written as well practical test will be conducted as the first level of evaluation. This process will be an opportunity for SHREYAS to identify different levels of comprehension, capacity, ability, suitability of the trainees for segregation into the three different profiles.

3. At the end of one year, and again at completion of 18 months of the training, similar evaluation will be conducted during which it will be identified:
 - a. hardworking trainees,
 - b. intelligent trainees,
 - c. trainees with good communication ability,
 - d. trainees with leadership quality
 - e. trainees with good interaction & interpersonal abilities,
 - f. trainees who display self-confidence to develop own enterprise,
 - g. trainees with a vision (development of own ideas and own vision)

Basing on the performance in evaluation at different periods, on completion of 18 months, trainees will be segregated and designated as skilled worker, supervisor, junior manager, quality controller, sector expert (example: packaging expert) and potential entrepreneur.

4. After completion of class room training, the candidates selected to undergo skill/technical training at various industrial units will be paid Rs...../- per month as stipend.

**SHREYAS will have a system of continuous evaluation of the trainees apart from formal evaluation at end of 6 months, 12 months and 18 months; through guides, mentors and other methods determined to evaluate. The trainees, if found not suitable during any of the periodical evaluations or continuous evaluation will be discontinued from the program.*

At the end of first 6 months training, the trainees will be moved to SHREYAS industrial guild (mother unit and/or msme units at SHREYAS location) to continue on-the-job training for the next 12 months.

Selection of Candidates

Selection of candidates will be by calling for applications, their screening and personal interview from identified colleges and also by way of personal references.

***Selection will be held simultaneously at colleges; MSME training centres/colleges where potential entrepreneurs are identified, and given induction training, orientation towards entrepreneurship, short practical training and support. (Such institutes are at OU, JNTU, Central University, Andhra University, VIT-Vellore, SRM University etc.)*

Mentors and Guides:

SHREYAS will identify production and engineering guides from among experienced people, including ex-service persons, who will after short duration training, will work as mentors, with each mentor guiding and supervising 10 to 15 trainees on day-to-day basis throughout the training period.

When production commences at the MSME units, qualified engineers/production controllers will be appointed who will examine the quality control as well as the fine tuning of the production process and finished products.

There will be a special team who will teach packaging and labelling skills. All the guides, mentors, production controllers will be under the control of the mother unit of SHREYAS.

Apart from imparting technical skills, SHREYAS will provide raw material, impart packaging skills and purchase the finished product. It will also provide unit accommodation, machinery, provide skilled and unskilled labourers to support the products/production. In effect, there will be a SHREYAS industrial guild which will have about 50 to 100 production units, a mother unit, a power plant, quality control labs, godown and transport facilities for transportation of goods and materials. In due course, it is envisaged to introduce transport facility for workers, managers, as well as future entrepreneurs.

SHREYAS will provide power supply at cost and support all documentation, statutory compliance, certifications, and ensure adherence to norms of government and similar entities.

The entrepreneur, whom is approved through final selection, will have option to supply and sell the finished product with quality compliance to mother unit, which will ensure minimum two years purchase (buy-back). After the initial two years, gradually over a period 24 to 36 months, each entrepreneur is expected to be independent in developing his own unit by procuring raw materials, investing necessary/additional capital, packaging and marketing opportunities. However, he can still continue to supply to the mother unit as long as he desire under the terms and conditions of SHREYAS.

Some of the information required to take the program forward:

1. *total initial investment on the project*
2. *required and expected bank funding*
3. *land & land cost*
4. *conversion cost*
5. *civic body approvals, other licenses, statutory permissions for mother unit & msme (pre-operative expenses)*
6. *civil and fabrication works of the units*
7. *power plant - solar & transformers etc.*
8. *proposed accommodation for trainees*
9. *equipment, machinery, vehicle etc.*
10. *raw material*
11. *establishing city office, staffing and resources for meeting establishment expenses and administrative overheads etc.*
12. *selection and training of candidates - Resources / investment for advertising / sourcing candidates, initial training, stipend during industrial training of 18 months*
13. *supervisory (mentors and guides) establishment expenditure*
14. *power expenditure for at least one year*
15. *transport*
16. *other expenditure incurred on trainees such as uniform etc.*
17. *production and operating expenses.*

SHREYAS - PROGRAM OVERVIEW

SERVOMAX under CSR program to develop rural youth, provide proper engagement to youth who has workable attitude to devote for their own earning and who can keep busy in value creation and wealth creation. The wealth distribution and quality engagement of the youth can be fulfilled through manufacturing sector. The major intention of the project is the requirements the States' peoples has to be manufactured within the State itself and the State should be engaged and expert in manufacturing, rather than trading of imported goods - with import referring to from across the country or across states. The people of the State, particularly the youth who had completed their ITI, Diploma, Engineering, Graduation or Post-Graduation etc. who tend to migrate can be reduced, thus social ecological balance can be maintained.

The program aims to achieve that each and every individual earns more than the average international per capita income within a reasonable and realistic period of time.

This action will in turn increase the State GDP and National GDP. Unrest, dissatisfaction among the youth and non-remunerative spending of their time can be curtailed and this program will convert citizen's time from non-productive to productive time.

Education and degrees alone will never guarantee the earnings capacity and potential of a person. It is the productivity and skills of the person that guarantees the person's revenue/earning. SHREYAS takes the responsibility to make the rural youth skilled, semi-skilled and even the unskilled to be engaged in some productive engagement, thus the prosperity of the person, the family, the locality will improve leading to enhanced health, hygiene, happiness, satisfaction of people by using latest amenities through self-empowerment and enhanced income. Thus the rural youth focus will be on the productivity and the self-goals rather than non-remunerative or counterproductive activities.

This program has broad set of ideologies, broad spectrum, broad plan and long term vision; with sustainability of income and profits for the entrepreneur as well as the organization; for creating local brands, state brands, national and international brands as well.

FIRST PROJECT:

First project located at Cherlapally Village at of Ranga Reddy District.

This particular program SHREYAS will be headed by SERVOMAX under CSR program, represented by Sri. A Venkateswara Rao of Servomax India Limited.

This program is supported by various technologists, industrialists, and senior professionals in technical, academic, marketing, finance, manufacturing and training sectors.

AIM TO ACHIEVE:

The first project aims to promote 100 MSME units to generate employment to 2,000 people, create 100 entrepreneurs with tender ideas and 2,000 skilled technical professionals.

MISSION:

The first project is planned to produce 10 electrical and electronic products /goods with a turnover of Rs.200 Crore, create 10 local brands, 5 state brands, 2 national brands and at least 1 international brand.

PRODUCTS:

In the first phase of the program, the products chosen are as below:

1. Low cost water heating system of 50 litres, 75 litres, 100 litres capacity.
2. Low cost solar power system using DC input & output to improve energy efficiency.
3. DC fans, DC lights and DC gadgets.
4. Solar street lighting - solar and hybrid.
5. Solar mixers, solar grinders, solar washing machine.
6. Roof top solar systems, upto 50 KVA
7. Solar water pumps using DC pumpsets
8. LED lamps - household, commercial and industrial
9. Energy efficient fans for domestic and industrial purpose

SERVOMAX

PROJECT SET UP:

The Project will be set up in the following lines:

The total project will look like an integrated micro-industrial estate / guild comprising of the mother industry, supported by various independent MSME units who manufactures and sells to mother industry. Mother industry require about 150 small units manufacturing components, assemblies, sub-assemblies, packing materials and finished goods under its common brand and also independent brands at one location. The location has been identified at Cherlapally, Hyderabad.

At the identified location, in the first phase, 40 MSME units and the mother industry will be established. The micro-industrial estate will have common security, common roof-top solar power grid and all shared amenities/utilities including accommodation to trainees and outstation faculty, and commutation facility to those staying nearby.

Activities of the Mother Industry:

1. Technical training to all persons ranging from unskilled worker to entrepreneur.
2. Providing required machinery and major infrastructure required to commence production on rental or lease basis.
3. Providing centralised alternative power arrangements, thus consistency in production can be maintained.
4. Providing quality assurance and TQM assurances, training, implementation assuring consistencies in all MSME units and products.
5. Providing quality raw materials, tested and low-cost since being bulk purchased from one source.
6. Documentation to meet national standards like ISI, MNRE, IRDA, and CE mark and maintaining the standards.
7. Providing all necessary help in implementing international environmental standards and helping entrepreneurs to meet necessary compliances of all government bodies.
8. Providing and facilitating financial assistance to deserved msme units and entrepreneurs to meet finance requirements in monitoring all activities and banking activities and assuring value addition in all levels of financial management.
9. Marketing and sales of finished goods under common brand and handholding entrepreneur to create their own brand in due course of time. Initially, 100% marketing (through buy-back) will be by the mother industry, which will be gradually phased out, thus the entrepreneur will attain self-sufficiency in branding and running the unit by themselves.
10. Upgrading of technologies in-line with the international technologies by ensuring technological tie-ups and upgrading of manufacturing techniques to meet international levels of operations.

Nature of MSME Units:

Some of the MSME units are required to produce components for mother / main industries. Few MSME units are required to provide domestic and international packing materials. Some MSME units will make fabrication of enclosures including with latest technology and latest machinery, meeting international standards.

Few MSME units are required for soldering of PCBs by using pick and place machinery and with latest technology & machinery to produce quantity with consistent quality.

Some MSME units are required to manufacture plastic parts required for goods intended to be manufactured by mother industry and/or other MSME units.

Few units are required for assembly of goods including quality control testing, quality assurance and labelling with common brand and/or different brands.

MSME Units broad responsibilities and activities:

1. Adaptability of documentation and adherence to the instructions contained in the program document,
2. financial discipline,
3. product discipline and productivity discipline,
4. maintaining zero defect process control,
5. maintaining consistent quality,
6. work-force management,
7. planning activities well in advance,
8. bringing new ideas to modify the process control and to reduce the cost and improve the productivity,
9. lead the team successfully and improve the profitability of the unit and improve income to sub-levels
10. rapport with mother industry,
11. maintaining trade secrets,
12. respecting all bye-laws and meeting all statutory obligations meticulously,

IMPLEMENTATION FLOW CHART:

1. Identification of location and land/rented shed/rented place
2. Setting up of SHREYAS office at Ameerpet
3. Transfer of land
4. Conversion of land (land use)
5. Approvals from local authority
6. Approvals from financiers
7. Identifying potential entrepreneurs, identifying work-force and training
8. Construction of sheds (civil infrastructure) for MSME units
9. Construction of Mother Industry
10. Construction of Accommodation
11. Procurement of machinery - MSME units
12. Procurement of machinery - Mother unit
13. Providing common amenities for mother industry and msme units
 - a. Power plant (solar)
 - b. Roof top solar power grid
 - c. Generator power
 - d. Micro-wind mills
 - e. Conventional power (sub-station and power connection)
14. Marketing tie-ups, marketing through social media and with government support
15. Applying for I.P. Rights for technology and documentation and new ideas.
16. Product modification - adding new products as needed.

SERVOMAX

CANDIDATES SELECTION METHODOLOGY:

The projected recruitment is about 2,000 youth, to be employed over next 5 years, with few of them becoming entrepreneurs. The training will be commensurate with this requirement.

The selection and training of suitable candidates is a continuous process. Skill development will also be a continuous process at all levels, broadly the following categories have been made:

1. Unskilled work-force
2. Semi-skilled work-force
3. Technical & Managerial work-force
4. Enthusiastic aspiring leaders to fit into leadership role and entrepreneurship role

All those under training will be called trainees - in all categories. Trainees generally will have certain amount as stipend.

Selection of Candidates:

1. For un-skilled work-force: Those with intermediate pass / intermediate dropouts from rural areas, preferably in the age group of 18 to 30 will be eligible for selection under this category.
2. For semi-skilled work-force: ITI / Polytechnic / Engineering passed candidates in the age group of 18 to 25, from rural background will be eligible for selection under this category.
3. Technical & Managerial work-force: Diploma or Degree holders in the age group 20 to 35 from rural areas are eligible for selection.
4. Potential entrepreneurs should have minimum qualification of ITI / Diploma / Graduate / Post-Graduate and willing to take risk and willing to grow and lead. Potential entrepreneurs will also undergo training for specified period.
5. Candidates selected for semi-skilled, technical & managerial work-force and potential entrepreneurs must execute legal documents, undertaking / bonds, and a security deposit to secure information given by them, materials provided (marketing, sim card, phone etc.) and also towards training cost.

TRAINING:

Basic & General Training:

All selected candidates will undergo a basic & general training in order to create a SHREYAS cadre and identity:

1. One week basic and general training for un-skilled and semi-skilled work-force.
2. Technical & Managerial work-force and potential entrepreneurs will have a minimum 10 days basic and general training.

Technical Training:

SERVOMAX

1. The technical, managerial work-force and potential entrepreneurs will undergo necessary technical training at identified industrial units, factories for specified period of time before inducting into MSME / mother unit.

Various materials / collaterals (study material), laptops, communication equipment (mobile phone, sim card etc.), will be provided as well as documentation about the product, technology of the product, apart from which the trainees will have exposure to markets.

Why security deposit is required:

SHREYAS will provide training, provide training material, communication equipment like cell phone, internet equipment, ipad, tablet, laptop etc., and for each item there will be an agreement and a deposit that require to be kept with SHREYAS.

Unskilled work-force need not make any deposit whatsoever.

Amount of refundable deposit will be collected before commencement of training. Deposits are refundable provided collaterals/materials are returned without any damage.

MOTHER INDUSTRY:

The land, buildings, all infrastructure will be owned by the mother industry. Mother industry will lease/provide/sale (except land*) on rent to eligible MSME entrepreneurs including the building, infrastructure and machinery. As per government norms to avail eligible subsidies etc., sale or lease or rental shall be determined.

** Land will never be sole and will always be provided on lease.*

ENTREPRENEUR

At the end of determined duration of training (12 to 24 months), those who are identified with capabilities and willingness to be entrepreneurs has to deposit half of the value of the equipment, two years lease rentals as a security deposit before taking possession of a MSME unit. The MSME unit is in all practical sense a readymade unit, which generally does not require any upfront capital investment from the entrepreneur. Thus the P&L (Profit & Loss) and BS (Balance Sheet) of the MSME unit will be bright. There is no botheration of paying EMIs etc. MSME owner has to pay monthly electricity bills, water bills, security bills, other utility payments if any and community charges as decided by the entrepreneurs' forum.

The financially capable entrepreneurs can opt for various options to invest in their units instead of bank loans, thus the bank interest can be saved. Those entrepreneurs investing their own monies in any enterprise can be assured of a minimum 40% ROI (PAT) on their own investment.

Standard format and agreements as laid by the Bankers, Financiers, Financial institutions, as per company law need to be fulfilled by the entrepreneur. Parents of entrepreneurs must be willing to provide/extend counter-guarantee.

**If any entrepreneur has good influence in the society, and choose to market the products manufactured at the MSME unit independently without involving the mother unit are free to do so. Selling back to mother unit is not mandatory, but it is a support extended to MSME units by the mother industry.

ADMINISTRATION AND MARKETING

A centralised administration and marketing unit will be located at a central location at Hyderabad, initially premises at Ameerpet.

MSME COOPERATIVE:

All the MSME Units will be brought under one cooperative society to promote cohesiveness among them and also for members to avail eligible tax exemptions. (Example: Member to member sale is not taxed). All the employees will also be under cooperative net.

Benefits of the cooperative society will cover all employees and employers of the MSME units.

TENTATIVE / ILLUSTRATIVE WORKINGS OF MSMEs (PLAN-A):

MSMEs have been designed to have average sale of INR 20 Crores per annum with an investment of INR 1 Crore as margin money and INR 3 Crores from a Working Capital loan from any bank with a collateral as required by the bankers and personal guarantee contribution by the entrepreneur. The entrepreneur will have a profitability of 60% ROI **PAT** (on own investment). The estimated INR 1 Crore investment includes the working capital and margin money.

In case the bank average interest is charged at 15% p.a., the entrepreneurs who have the capacity to invest can invest the entire working capital of 4 Crores and avail the interest at 18% p.a. which is almost 100% more than any conventional fixed deposit interest offered by the bankers.

Refundable deposit has to be made as per the project, as per the cost of machinery and as per cost of shed/infrastructure. This deposit does not carry any interest. It is a transferrable entrepreneurship. Anyone who opt to leave, the mother industry and/or MSME cooperative shall identify/provide the successor who will take over the MSME by paying investments made and deposits made along with executing NDA (non-disclosure agreement) for the products, technologies etc. as per the agreement terms.

If deposits are also counted as investment by the entrepreneur, the projected ROI (on entrepreneurs share + security & other deposits) will not be less than 40%.

In exceptional cases, within the framework of SHREYAS program guidelines, highly vibrant entrepreneur who has enthusiasm to grow, but who does not have capacity to pay, or maintain deposits and/or margin money, mother industry or the society support such talented entrepreneur in order not to deprive the enthusiasm to become an entrepreneur will be allowed to invest/provide security deposit at concession. However, at least 10% contribution has to be from the side of the person who wish to become an entrepreneur.

In SHREYAS program, the uniqueness is that finance is not a bar to start an industry by an aspiring entrepreneur, technology is not a bar to start an industry, skilled manpower is not a bar to get productivity and quality production, marketing and market will never be a hurdle for produce, taxation and compliances, government licenses, facing government authorities are all being taken care of by the mother industry for a period of about 5 years, till the entrepreneur become self sufficient to face these associated hurdles in the business.

In case of collateral restrictions from Bank, or collateral hurdles for getting loan or financial assistance, it will be addressed by mother industry and society to some extent at some cost.

TENTATIVE / ILLUSTRATIVE WORKINGS OF MSMEs (PLAN-B):

This scheme is specially designed for all individuals who wanted to setup a separate unit not under **Shreyas Collective Program under Co-operative Scheme**, these units can be anywhere in India.

MSMEs have been designed to have average sale of INR 3 to 4 Crores per annum with an investment of INR 1 Crore as working capital out of which 75% will be bank contribution and 25% will be personal contribution by the entrepreneur. The entrepreneur will have a profitability of 40% ROI **PAT** (on own investment). The estimated INR 1 Crore investment includes the working capital.

In case the bank average interest is charged at 15% p.a., the entrepreneurs who have the capacity to invest can invest the entire working capital and avail the interest at 18% p.a. which is 100% more than any conventional fixed deposit interest.

Refundable deposit has to be made as per the project, as per the cost of machinery and as per cost of shed/infrastructure. This deposit does carry an interest. Anyone who opt to leave, the OEM industry shall identify so as to provide a successor who will take over the OEM Industry by paying investments made and deposits made along with executing NDA (non-disclosure agreement) for the products, technologies etc. as per the agreement terms.

In case of collateral restrictions from Bank, or collateral hurdles for getting loan or financial assistance, it will be addressed by mother industry and society to some extent at some cost.

OEM PLAN

- ✓ Servomax will provide 100% Marketing
- ✓ Servomax will provide 100% Service
- ✓ Servomax will provide 100% technical expertise
- ✓ Servomax will provide design & documentation
- ✓ Servomax will provide forecasting and models to be manufactured monthly
- ✓ Servomax will lift all stocks, whatever the case it may be the responsibility of purchase from OEM is of Servomax

SERVOMAX

OEM COMMERCIALS

- ✓ Servomax will guarantee a sale of Rs. 20 Crs per unit per annum
- ✓ Servomax will guarantee a profit of 4% of cost of goods manufactured annually
- ✓ Servomax will try to provide more sales upon the relations improved and quality maintained
- ✓ The minimum investment is 20% of the gross sales estimated for raw materials
- ✓ The investment can be gradually increased upon capacity
- ✓ The OEM growth will be minimum 35% per annum
- ✓ The OEM profit growth will be minimum 30% per annum
- ✓ The OEM is protected against all market volatilities like price variations in raw material prices, market demand, specification changes, payment realisations from customers and whatever Servomax will protect the guaranteed margins at the end of the Financial Year
- ✓ The minimum investments from OEM will be 1 Cr and based on 1 Cr investment the returns are :-
 - The investment is converted into working capital, with bank assistance of 3 Crs total put together the 4 Crs will be working capital as a raw material and debtors
 - A minimum business of 20 Crs per annum and Rs. 60 Lakhs as a profit is being guaranteed by SMPL thus the investment of 1 Cr will fetch at least 60% of returns.
 - An identified and interested OEM has to enter an OEM Agreement with Servomax
 - An identified and interested OEM has to deposit Rs. 50 Lakhs as a refundable Security Deposit for their documentation and technology being given
 - The deposit will earn interest @ 18% per annum payable once in a year
 - This deposit will be in force till the OEM agreement validity

OEM COMMERCIALS PAYMENT GUARANTEE ARRANGEMENT

- ✓ Servomax has many products upto 72 varieties and various technologies
- ✓ Some of the products are standard in model and range and specifications

SERVOMAX

- ✓ Some are of customized products where design changes customer to customer
- ✓ Some orders are customized and bulk quantity in nature
- ✓ Some are of Rate contract in nature for a period of one year
- ✓ OEM manufacturer can manufacture standard models as indicated by Servomax time to time which are to be kept in ready stock
- ✓ SMPL take delivery of goods by paying full payment by a cheque for a period of 30 days for all small quantities and small values
- ✓ For bulk orders and customized high valued orders/work orders/Rate Contract orders if it is being sourced from OEM manufacturer, his payment is protected through an ESCROW Agreement and ESCROW account. Thus his payment is paid by Bank immediately on receipt of such big payment from designated end customer

Support Required by Govt.of Telangana

1. We request Govt. To allot us a suitable land to tune of 150 acres per CLUSTER to accommodate one MOTHER INDUSTRY, 20 numbers of Individual product manufacturing units and 40 numbers of ancillary industries and amenities and this CLUSTER will provide 1000 direct jobs.
2. We request Govt. To provide infrastructure like roads, electricity, mobile communication, wi fi communication, water etc.
3. We request Govt. To provide seed capital to the tune of Rs.20.00 Crs on repayable in 5 years from the date of production.
4. We request Govt. To subsidize all the interest costs for purchase of land, building and machineries for period of 10 years.
5. We request Govt. To support us by reimbursement of training cost for the BC and SC students.

SERVOMAX

S H R E Y A S

OPERATIONAL PLAN

SHREYAS will be implemented by SERVOMAX under CSR Program represented by with SERVOMAX represented by its Chairman, Sri A V Rao

Location:

The Administrative Office will be located at Meridian Plaza, Ameerpet, Hyderabad - 500016 India.

Staffing of the administrative office will initially be a full-time or part-time Junior Manager; an Accountant; one or two Secretarial staff and an Office Assistant.

The Administrative Office will start functioning from _____.

First step in identifying trainees:

Letters will be sent to all ITI s of AP & TS encouraging students to apply.

Letters will be sent to Engineering Colleges to placement officers to sponsor candidates.

Letters will be sent to MBA Colleges to sponsor candidates.

ALTERNATIVELY

Advertisement will be released in News Papers like Saakshi , Andhra Jyothi, Namasthe Telengana, Times of India or syndicate papers.

Second Stage

Screening of applications received and short listing of candidates for interview, sending call letters for interview.

Interview will be conducted for the shortlisted candidates on three dates for different category of candidates.

Interview will consist of written test or oral test or both.

Third Stage

Selected candidates will be directed to report to Admin Office on designated date along with their qualification certificates and other credentials. Both genders are selected, however for the first unit of SHREYAS, only male candidates will be selected.

The first intake will be 120 to 150 candidates. At the end of ten days class room training, it is expected that 90 to 100 candidates will successfully emerge for the next level.

During first six months of industrial training, drop out of 10 to 15% could be expected. Strong motivation and assurance is needed to retain the candidates. After six months, if we can retain 100 candidates, it can be considered as a good result.

An overview of the initial classroom training

The candidates selected after the interview will be either taken directly to Cherlapally on the same day or told to report on a designated day for training.

At Cherlapally, during the training, they will be provided with food and accommodation.

Induction program, for a period ranging from one week to ten days will be conducted as per the schedule given below:

Wake up call at 4-30 AM.

Daily bath is compulsory.

Morning session / First half of the day, all candidates must wear white dress.

Afternoon session they are free to wear any formal dress.

Every day starts with meditation at 6 AM.

Breakfast 8 AM

Classes from 8-30 AM to 1-30 PM

Lunch 1-30 to 2-30 PM

Afternoon classes by 3 to 5-30 PM

Shramadan 5-30 to 6-30 pm

Evening Prayer 6-30 PM

Dinner 8-30 to 9-30 PM

Lights off at 10 PM

Induction Program will consist of:

General introduction of the Program

Over view of the Country's industrial situation

Priority Sector focus

Introduction to the industries to which the candidates will be inducted for the primary industrial training

Discipline

Code of conduct

Character building

Identity

National pride

Attention and dedication on Products they are expected to manufacture

Quality expectations

Packing

Market

Relevant Government Rules including cooperative & labour laws, tax laws, income tax etc.

SERVOMAX

Perception of the Program for next 5 - 10 - 20 years

After ten days training, examination will be conducted, both written and verbal.

Only satisfactory candidates will be retained and inducted into industrial training. Candidates who comes up to the expectations like leadership quality, enthusiastic, interested to take up responsibilities, dedication, keen in learning, optimistic, clean in habits healthy etc only will be selected. The others will be asked to leave.

Selected candidates will be given an identity card. They will be distributed to various industries under Servomax, in and around Hyderabad for practical training under supervision.

Period of the practical/industrial training will be for six months.

During the practical training, monthly stipend will be paid to candidates for their sustenance.

Once a month, or at least bi-monthly, a review meeting of the trainees undergoing practical training will be held, batch-wise. It could be one day program consist of 20 to 30 candidates. It could be at Cherlapally or Ameerpet or at a designated location. During the meeting, the performance of the candidates will be reviewed and feedback will be given to them for corrective steps and improvement of their performance.

At the end of six months practical training, a re-orientation program for two to three days will be conducted at Cherlapally. This will be participative program.

Based on the periodic and continuous assessment during the practical training and observing their participation during the re-orientation program at the end of the practical training, they will be grouped under three categories:

Skilled worker
Supervisory worker
Potential Entrepreneur

SERVOMAX

The candidates will then be sent to Servomax units and/or sent to the SHREYAS units for undergoing further on-the-job training in the selected categories. This training will be for a period of 12 months. The quantum of monthly stipend will be changed as per the category.

At the end of 18 months of joining the SHREYAS program, one week re-orientation program will be conducted at Cherlapally. At this event, the trainees will be given a permanent direction about their future course like employment / entrepreneur and profile like Skilled worker, Supervisor or Entrepreneur.

13th to 19th month onwards he/she will be drawing a salary and following a guided career.

SUPERVISORS / MENTORS / GUIDES:

Meanwhile, a new cadre has to be recruited and trained to supervise/mentor/guide the trainees.

They shall be identified through references and by way of advertisement in news papers and/or in job portals.

It is preferable to select the supervisors/mentors with defence (ex-service) background.

They should also undergo the induction training.

Observe their performance during the induction training.

Fix their salaries.

Each supervisor/mentor should be assigned not more than 20 candidates.

Provide them vehicle (two-wheeler) or conveyance allowance if the candidates are located at different locations (during their first 6 months practical training).

Design a proforma for supervisor's observations / assessment of the trainees.

Design a proforma for monitoring and reporting the work of Supervisors.

Determine who will monitor the supervisors and to whom they will report.

SHREYAS - FIRST UNIT:

Once the successful candidates at the end of the first 10 days induction training are deputed to various industries for the first six months practical training, SHREYAS will draw plan of action for establishing the first industrial guild/park.

Acquiring land for building the Industrial Guild "Akshaya Samvridhi Vanam" (Ever-generating Prosperous Park)

Start construction of MSME units (60 to 100 depending on the area)

Construction of Mother Unit/Industry

Construction of power plant

Construction of field office

Godown/Storage for raw materials

Godown/Storage for finished good

Quality Control Lab

An Exhibition stall for the products manufactured at Akshaya Samvridhi Vanam

A mini-conference hall (can be one of the sheds)

A Lakshmi Temple

Vehicles shed / parking

Living Quarters

By the time, the trainees complete their first six months industrial training, the construction of Akshaya Samvridhi Vanam should be completed.

The second spell of industrial/on-the-job training for a period of 12 months, in the profile and category under which the trainees are selected, will be held at _____. In other words, a candidate joining SHREYAS will in effect hit production floor from the 7th month of joining, under supervision and with quality control.

SERVOMAX

S H R E Y A S

A dynamic approach for creating of employment, skilled people, managerial professionals,
new entrepreneurs and wealth creation to the nation

FINANCIAL OUTLAY *(Tentative)*

1. Communication Expenses:
 - a. Logo design,
 - b. Web design,
 - c. Web hosting,
 - d. Name Board (display board and signages),
 - e. White papers,
 - f. Letter heads,
 - g. Business cards,
 - h. Pamphlets / Brochure,
 - i. Postage
 - j. Fund for advertisement (if needed)
 - k. Press Conference expenses (if needed)

2. Office infrastructure:
 - a. Furniture & fixtures,
 - b. Computers,
 - c. Printer,
 - d. Fax machine,
 - e. Land line phone,
 - f. Copier (if needed)
 - g. Rent advance

3. Recurring Expenses:

SERVOMAX

- a. Imprest Advance with Manger or Office in charge towards contingency expenses hospitality and unforeseen expenditures if any.
 - b. Staff salary: Office in charge, Accountant, Secretarial staff, Office assistant, Housekeeping persons, Drivers, PRO (if needed)
 - c. Remuneration of top management
 - d. Public relation expenditure
 - e. Electricity for office
 - f. Water for office
 - g. Security for office
4. Training Expenditure
- a. Selection of candidates
 - b. Material for written exams (if planned)
 - c. Examiner or interviewer honorariums if outsiders are engaged.
 - d. Transportation charges for candidates from Hyderabad to Cherlapally
 - e. Food expenses for the 10 days training
 - f. Accommodations charges for 10 days training
 - g. Guest Lecturers conveyance, honorarium (if we engage guest lecturers)
 - h. Allotment of Candidates to different industries as apprentice.
 - i. Uniform if decided
 - j. ID cards
 - k. Monthly Bus Pass for the Candidates for six months
 - l. Monthly/bi-monthly one or two day review meeting expenses per candidate.
5. Investments
- a. Cost of land
 - b. Registration charges
 - c. Conversion charges (land use)
 - d. Construction of office building
 - e. Construction of MSME units
 - f. Contraction power plant
 - g. Construction of quality control labs
 - h. Godown/Storage for raw materials
 - i. Godown/Storage for finished products

SERVOMAX

- j. Construction of Mother Unit
 - k. Official Car (s)
 - l. Mini Van
 - m. Bus if needed
6. Security Deposit for Power, Transformer and other expenditure to get electricity.
 7. Cost of Machineries for each MSME unit, Mother unit, Quality Assurance Lab
 8. Investment for Raw Materials for each Unit
 9. Investment for Packing Materials including labelling for each product
 10. Expenditure for Trademark for SHREYAS, and each Product
 11. Production Expenditure (including wastage, promotional samples etc.)
 12. Marketing expenditure
 13. Brochures and publicity materials
 14. Advertisements commercial releases if needed.
 15. Promotional Expenditure like VVIP visits, launching of product
 16. Travel of top management.
 17. To determine: During the second practical/on-the-job training or apprenticeship, for a period of 12 months each candidate is expected to get a stipend or a salary. Will this be borne by the Servomax units where they undergo on-the-job practical experience and also contribute their services? Or is it SHREYAS MSME units will pay it?
- CERTAIN OTHER POINTS TO BE CONSIDERED:
18. Will there be a separate marketing department? If so, the expenditure for marketing establishment should be worked out. (Or is Servomax marketing the product after buy-back?)
 19. Expenditure for obtaining permits needs to be worked out including any unforeseen expenses.
 20. Audit expenditure.
 21. Travel cost for domestic and international (if needed) travel
 22. Consultant(s) expenditure
 23. Sources of Funds.
 24. Funds mobilization expenditure.
 25. Board of Directors, How many and who are they?

SERVOMAX

SHREYAS COMMERCIALS AND PROJECT COST

Servomax has 18 technologies and 74 Products to cater National and International Market. Each product has abundant Market Potential in India and Abroad. The Shreyas program clubbed with a commercial project to sustain this project forever and to become example to many states to venture into such programs and bigger projects.

We have derived a part of this program as Partnering for Mutual Growth where each unit has taken as a commercial project and entrepreneur is selected based on their capacity and capabilities. The mother industry will support technically and commercially to make the project successful.

THE MEGA PROJECT INTENDED TO ESTABLISH IN TELANGANA AREA:

This mega project contain one mother industry and 20 product industries and 60 raw material industries and service industries. Each product industry delivers 20 Crs per annum as their sales thus 20 product industries will have 400 Crs sales. The mother industry with its value addition will touch a sale of 500 Crs per annum. Similarly the ancillary industries in support industries for this 20 product industries will have a sale of 350 Crs per annum. All put together this mega project will witness a 850 Crs positive business run around in the entire project.

This project requires 100 acres of land to accommodate mother industry and 20 independent product industries and 40 ancillary industries.

The land costs are estimated as 5 lakhs per acre. The total land cost would be 5 Crs.

Mother industry requires building of 1,00,000 sft and each independent product unit will require a 10,000 sft building and ancillary units requires 5,000 sft industry sheds. Each sft cost about 2,000/-, the mother industry would cost 20 Crs and independent product unit cost 2 Crs and each ancillary unit costs 1 Cr.

Total Cost for Mother Industry is Rs. 20 Crs

Independent Product Units each Rs. 2 Crs and 20 such units is Rs. 40 Crs

Ancillary Units each 1 Cr and 40 such units is Rs. 40 Crs

Total Land and Building Cost is Rs. 105 Crs

Plant and Machineries average 1 Cr per unit. Total 60 units costs Rs. 60 Crs

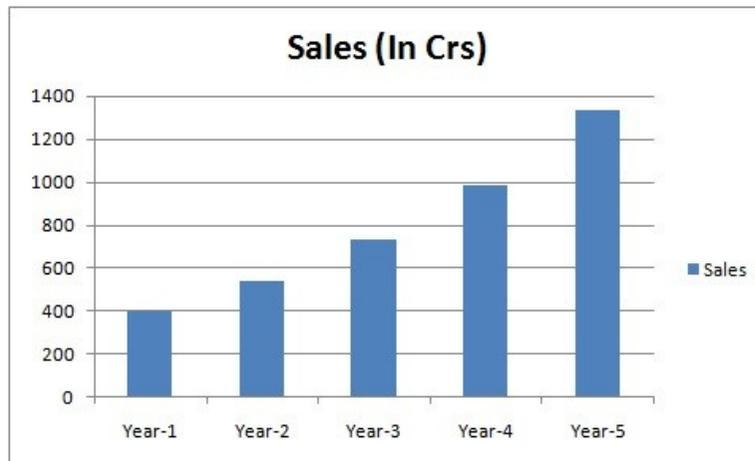
Total Fixed costs approximately Rs. 160 Crs. The running cost raw materials and others will be @ 25% of estimated Sale of

Mother industry i.e Rs. 100 Crs

This project can be scaled up to Rs. 200 Crs of capital outlay thus this project attract Mega Industrial status and eligible for many incentives as the whole project will provide direct employment to more than 1000 people.

SALES PROJECTION FOR THE NEXT FIVE YEARS FOR MOTHER INDUSTRY

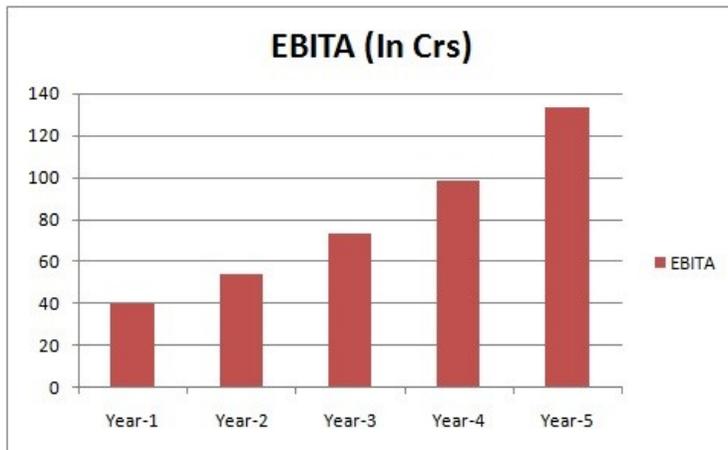
Sales Projects (In Crs)				
Year-1	Year-2	Year-3	Year-4	Year-5
400	540	730	985	1330



SERVOMAX

EBITA PROJECTION FOR THE NEXT FIVE YEARS FOR MOTHER INDUSTRY

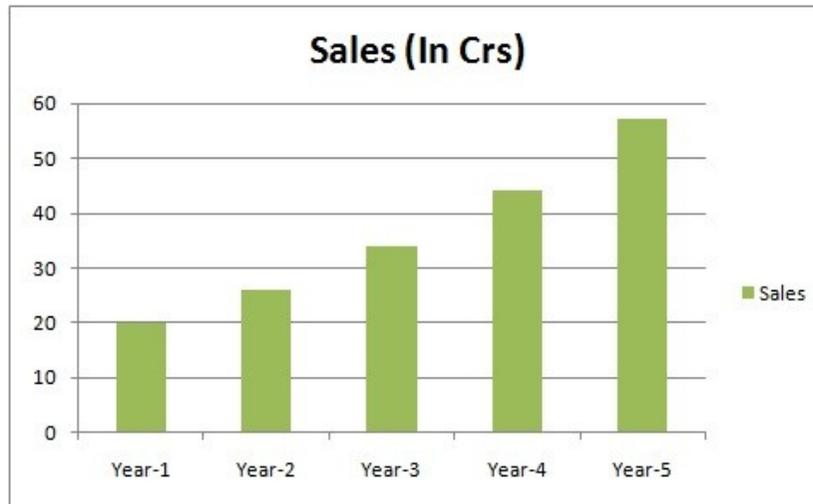
EBITA (In Crs)				
Year-1	Year-2	Year-3	Year-4	Year-5
40	54	73	98.5	133



SERVOMAX

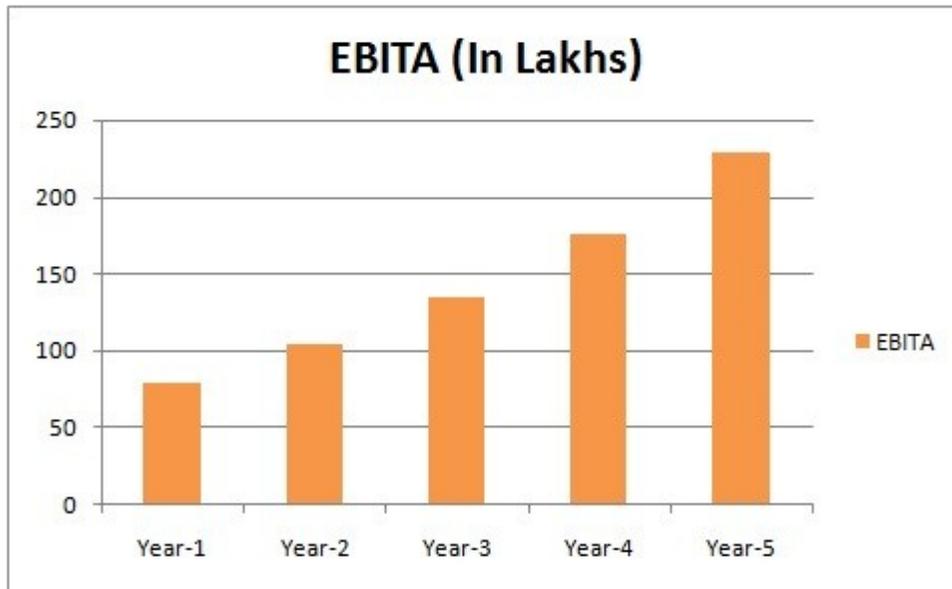
SALES PROJECTION FOR THE NEXT FIVE YEARS FOR EACH INDEPENDENT PRODUCTION UNIT

Sales Projects for each Independent Production Unit (In Crs)				
Year-1	Year-2	Year-3	Year-4	Year-5
20	26	34	44	57



EBITA PROJECTION FOR THE NEXT FIVE YEARS FOR EACH INDEPENDENT PRODUCTION UNIT

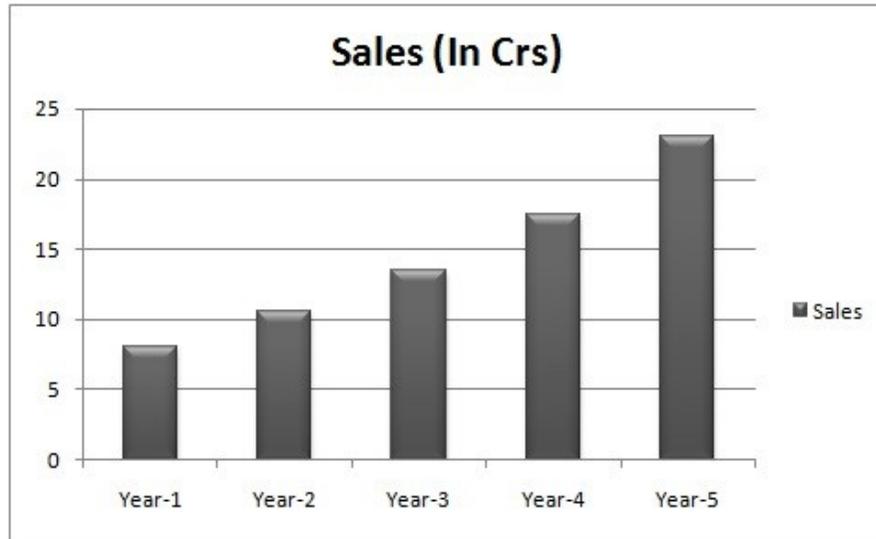
EBITA for each Independent Production Unit (In Lakhs)				
Year-1	Year-2	Year-3	Year-4	Year-5
80	104	135	176	229



SERVOMAX

SALES PROJECTION FOR THE NEXT FIVE YEARS FOR EACH ANCILLARY UNIT

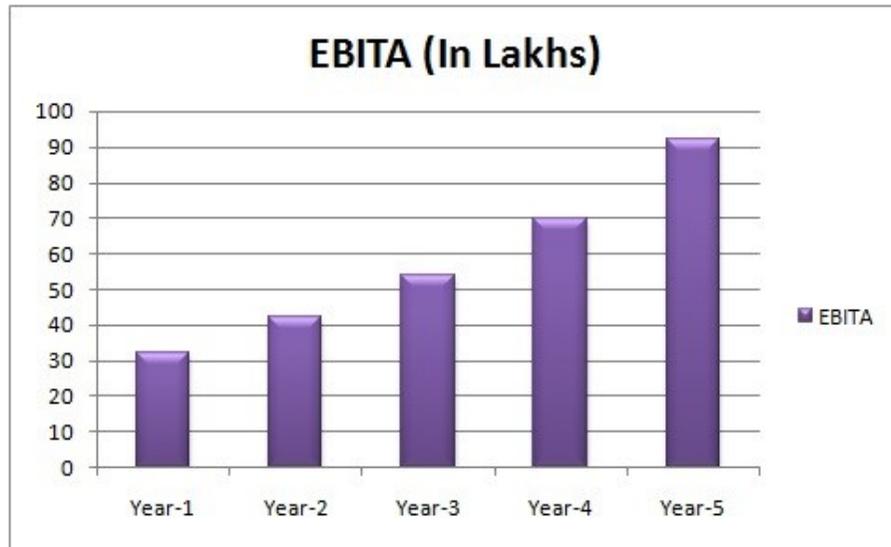
Sales Projects for each Ancillary Unit (In Crs)				
Year-1	Year-2	Year-3	Year-4	Year-5
8	10.5	13.5	17.5	23



EBITA PROJECTION FOR THE NEXT FIVE YEARS FOR EACH ANCILLARY UNIT

EBITA for each Ancillary Unit (In Lakhs)				
Year-1	Year-2	Year-3	Year-4	Year-5
32	42	54	70	92

SERVOMAX



SERVOMAX

INVESTMENT ON MOTHER INDUSTRY

Total Land 100 acres Rs. 5 Crs

Building including all 20 Independent Production units and 40 ancillary units together Rs. 100 Crs

Plant and Machinery for Mother Industry is Rs. 20 Crs

Total Fixed investment is Rs. 125 Crs

INVESTMENT ON EACH INDEPENDENT PRODUCTION UNIT

Plant and Machinery cost is Rs. 1 Crs

Raw materials investment is Rs. 2 Crs

INVESTMENT ON EACH ANCILLARY UNIT

Plant and Machinery cost is Rs. 1 Cr

Raw materials and other costs is Rs. 50 Lakhs

SERVOMAX

MAN POWER REQUIREMENT (DIRECT)

Mother Industry	150
-----------------	-----

Each Independent Production Unit 40

Each Ancillary Unit 2

SERVOMAX