

101, VALLEY FIELD COURT, KOROSHO ROAD, off-Gitanga Road Kobil
petrol station, NAIROBI - 00604, P.O. BOX: 23365



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Business Transformation Modeling – Winsome Yarns Limited, Chandigarh

A. Demonstration Modes:

KPI	Demonstration Mode Guarantees- Over Benchmarks	Estimated Timeline
Gms/ss	+10%	Week-1 : 6 working days and approximately 60 shop floor hours
End breakage rate	$\leq 2.5/100$ spindle hours	
Online tolerable slubs	$\geq +15\%$	
Online medium and long thin	$\geq +15\%$	
Drafting slubs	$\geq +15\%$	
Long slubs	$\geq +15\%$	
Knitting performance	$\geq +15\%$	
Fabric process (dyeing properties) performance	Barre / color tone / color depth / Delta E	Week-2: 6 working days and approximately 60 shop floor hours
Knitted Garment skew and drape properties	Physical properties of light weight garments	
Sizing – add-on % performance	$\geq +3\%$	
Sizing – breaks /million meters	$\geq +10\%$	
Loom –warp breaks%	$\geq +10\%$	
Loom-weft breaks	$\geq +10\%$	



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B. Key Result Areas: Operating fundamentals

B. Operating Fundamentals : The shop floor transformation					
KPI	UOM – units of measurement	Gains (+) / Losses (-) over benchmarks	Timeli ne	Sustainability guarantees	T&D derivatives
1.Productivity	gms/ss- count specific across the board	+20%	Q1	5 years	Technical teams – mech, electrical & process engg.
2.Yield	Yarn realization	+5%	Q1		
3.Online quality differential	Measurable quantified values as defined classically	+15%	Q1		
4.Offline quality differential			Q1		
5.Knitting performance quality differential	i)End breaks, ii) Holes, iii) knitting needle breaks, iv) Greige/ bleached / dyed fabric inspection quality report	25%	Q2		Shop floor teams – interpreting statistical trends
6.Knitted fabric processing quality differential	i) Barre, ii) Neps, iii) Slubs, iv) Long thick, v) Long thin, vi) skew	20%	Q2		Data modeling on a mathematical plane
7.Garment quality differential – Physical properties	i) Skew, ii) Drape, iii) Fabric abrasion, iv) Fabric resilience, v) Pilling properties	15%	Q2		Advanced TPM models on the shop floor for operatives and cross-functional teams
8.Garment quality differential – processing & dyeing performance	i) Color tone, ii) Color depth, iii) Delta E, iv) Color fastness, v) Pilling properties and v) Fabric feel	20%	Q2		
9.Sizing performance quality differential	i) End breaks, ii) Sizing beam speed, iii) Tensile loss post-sizing V/S greige states, iv)	15%	Q2		



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	Add-on%				
10.Loom performance quality differential	i) Warp breaks, ii) Weft breaks, iii) Loom speeds, iv) Fabric defects in greige state	20%	Q2	5 years	Online process appraisal mechanisms
11.Processing ,dyeing & finishing quality performance differential	i) Barre, ii) Cockled density, iii) weft way slubs frequency, iv) Rejection percentage, v) Color differential, vi) Center to selvedge shrinkage percentage	15%	Q2	5 years	

Notes on the implementation modes:

1. **Cross-functional teams** shall be drawn in at the site and shall complement the implementation program in bulk through specific work groups that shall monitor the machinery groups.
2. The **data acquisition on multi-domain planes** shall be subjected to advanced statistical analyses on automated planes to **derive inferences and decision models to enable a logical sequence of the decisions amongst the rank and files of the teams** so that the learning objectives cascade well with the work forces at site.
3. The **actions on the floor and the results therein** shall be integrated into a comprehensive process matrix that shall serve as the **transformation blueprint for the company on a long term basis** over the years – these are the implications of the five –year guarantees for **sustainability modes that are included in the performance guarantees of the consulting engagement.**
4. The **technical interventions** shall be on mechanical, electrical and process engineering domains and shall have the **data driven approaches to generating transformations on a business model.**
5. The site teams shall be part of the learning process and the actions generated shall be **internalized as there shall be fundamental shifts in the paradigms of routine production** to ensure that the objectives get translated into real time performances day-in and day-out.



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C. Strategic Models – branding, sales, marketing and financial re-engineering

C1: Strategic Models for the business process (product engineering)				
KPI	UOM	ESTIMATES	TIMELINE	SUSTAINABILITY
1. Product pricing equilibrium – Premiums	Peer / unit benchmarks over past 5 years	5%	Q2	Model shall be sustainable for ten years
2. Product sale volumes		15%	Q3-Q4,	
3. Contribution-product specific		20%	Q3-Q4	
4. Operating profit		40%	Q3-Q4	

C2: Strategic Models for the business process (Financial re-engineering)				
Key action modes	Elements	Estimated results	Timeline	Sustainability
1. Restructuring liability	Lending consortium presentation on operating fundamentals an product leadership	Plant viability	Q1-Q4: (four)financial quarters	FY 1
2. Demonstrating sustainable product and plant performances	Moratorium on debt payments – 4 quarters			
	Infusion of working capital			
3. Turnaround in the business process	Accelerated debt liquidation programs Balance sheet PBDIT – 30% and EAT – 18%, RONW – 20%	Transformation model implementation	FY 2-3: two financial years after the viability phase of FY-1: Q1-Q4	FY 2, FY 3
4. Stabilization mode	PBDIT – 35%, EAT – 20%, RONW – 25%		FY 4-5	FY 4-15
5. Judicious mix of takeover – expansion mix	Investment of the accrued profits *		FY -6-10	



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Notes on the strategic models C1:

1. The elements of product pricing and sales volumes shall be driven by the forces of operating fundamentals in the exhibit – B and shall translate into major successes stores riding on the derivatives therein.
2. The sustainability of the quality and product economy gains would be guided by the internalizing of the learning objectives as enumerated in the exhibit B.
3. Consistency of the gains shall translate in to market confidence vis-à-vis the competition and shall help realize the predicted financial derivatives. Hence the operating fundamentals boil down to measurable indices all around and related decision making.

Notes on the strategic models C2:

1. Financial re-engineering initiatives always succeed on the foundation of sound manufacturing practices and the internalization of the gains right through the rank and files of the company. Once the operating models are convincingly at leadership position by global standards, the lending consortium can take liberal decisions in the realm of corporate debt restructuring and moratorium on the repayment schedules.
2. The premise is on starting afresh once certain operating fundamentals are achieved.
3. The proposals hinge on convincing the lending consortium to re-jig the repayment schedules of the loans by working on a time frame; preferably four quarters to achieve healthy operating profits and the commensurate PBDIT and EAT. Once the capacities are enhanced, then the onus shall lie on sustaining the gains and building on the consolidation factors.

Blackstone Synergy as a corporate entity and the Principal Consultant and CEO shall be responsible for bringing in the changes as per the guided roadmap enumerated above.

The initiatives are directed for the common weal and for making a lasting impact on the economy and the organization in particular.

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D. Consulting fees for the demonstration mode:

US\$ 1500 or INR 100,000 approximately with 40% advances.

E. Contracted mode fees:

US \$ 4000 or INR250,000 per month for the Phase 1 period of Q1-Q4.

CONCLUSIVE REMARKS;

1. The execution needs to be seamless with minimized attrition points. There shall be **two engineers with degrees in textile/ mechanical/electrical engineering in the site execution team of Blackstone Synergy** Consulting group Limited with the prime responsibility resting with the Principal Consultant and CEO. The **Blackstone team of project engineers shall be permanently stationed at site on a 24X 7 basis** to closely oversee the execution and shall be the main coordinating points for achieving the targets.
2. There shall be a re-jig in the ways of performing the tasks with the existing work force (like a fundamental change shall be the creation of cross-functional work groups drawn in from the production, maintenance/ engineering and quality functions) and the consulting engineer's road map needs to be followed for achieving the results as envisaged in the main document. (THERE SHALL BE A READY REFERENCE TO THE DETAILED WHITE PAPER FOR THE EXECUTION OF THE TASKS)
3. The consulting fees for the first phase-1 (Q1-Q4 of intervention) shall be INR 250,000 per month payable by the 27th of the month (the initial month shall see a start-off of the program with an advance of 40% for an initial support). REVIEWS OF THE DAILY PLANT PERFORMANCE SHALL BE DAILY THROUGH AN ANALYTICAL TOOL USING ADVANCED STATISTICS TO DRAW AUTOMATED INFERENCES).

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The Phase-2 shall be structured after the fulfillment of the objectives of the Phase-1.

The performance guarantees mentioned in the charts shall hold strength irrespective of the variances in the macro-fundamentals of the economy and the dynamic changes that can be registered therein.

Submitted By:

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ED & CEO

Blackstone Synergy Consulting Group Limited, Nairobi

On 28th of December, 2016.