

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 – DEEPAK SPINNERS’ LIMITED, BADDI, HP, INDIA

<u>KEY RESULT AREA – A :OPERATING FUNDAMENTALS</u>				
KPI – Key performance indicators	Dyed synthetic yarn industry benchmark	Deepak best – achieved (hypothetical)	H -1	H -2
Productivity in packed MT / 1000 spindle days	1	1.1	1.2	1.25
Process Yield%	95%	95.5%	96%	96%
Ring spinning productivity(gms/ss) on Ne 30 converted)	235	240	255	265
Manpower strength per 1000 spindle days (all inclusive at shop level inclusive of supervisory staff)	15	15	12	10
Total maintenance costs / plant – INR/ spindle-shift	0.50	0.45	0.40	0.33
Energy costs reduction- kWh/spindle	Deepak’s best achieved hitherto		(-5%)	(-10%0
Quality specifications – V/S market benchmarks	5% U%	5-10% U%	End user – site performance	`+10%*
REMARKS - +10%* implies gains over the competition in perceived end user site performance of the finished yarn				



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KEY RESULT AREA –B: PROFITABILITY FUNDAMENTALS				
KPI – Key performance indicators - B	Industry benchmark	Deepak current – achieved (hypothetical)	H -1	H -2
Sales revenue (lacs /1000 spindle-day)	2.10	2.20	2.50	2.75
Margin % PBIDT	20	12	15	18
BRAND REACH (market share)	NA	25%	27%	30%

KEY RESULT AREA-C: Financial re-engineering plans			
KPI – Key performance indicators - C	Q1	Q2	Q3
WCM*	20%	30%	50%
Long term debt	Status quo		
REMARKS: * implies aggressive reduction in working capital management (WCM)			



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The fundamental concentration shall be on integrating the gains into the financial re-engineering wherein the primary area of work shall be on minimizing and eventually eliminating the working capital debt altogether.

This shall be followed by the progressive reduction of the long term debt component.

All of these shall be hinged on the gains in the operational factors and in the commensurate branding initiatives designed to increase market penetration and resultant share apart from the obvious gains in the sales revenues.

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 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

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