



ANNUAL REPORT 2009-2010

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sharing our strength

CLUSTERKRAFT

A name to bank upon

Working towards its mission of empowering MSMEs through Local Economic Development, Clusterkraft a Cluster Development Research and Consultancy organization, has emerged as a leading organization since its foundation in the year 2004. With the experience of UNIDO's cluster development programme and 20 years closely working experience with MSMEs the founders uniquely poised the idea of Clusterkraft.

With pool of ex-UNIDO Clusters Experts, Ex-Bankers, MBAs, Economists, Financial Analysts, Cost-Accountants, Engineers and Social Scientists, the company's human resource is suitably designed to address challenges of MSMEs. ACDS has the capacity to reach out to about one lakh MSMEs in a very short span of time and is well represented in the locations like Maharashtra, Gujarat, Tamilnadu, UP, Punjab and NCR with head office in New Delhi.

The company's key role is to increase awareness in the area of MSMEs' major challenges and suitably capacitate them to face the challenges and to overcome the pressure points. There is special focus on clustering techniques through actual implementation and imbibing global benchmarks. This includes re-orientation and fostering development of Business Development Services (BDS) to MSME clusters and integrating them with cluster development forces. The major tools to achieve this are awareness, training, advocacy, breaking of isolation of cluster based MSMEs' and most importantly, forging synergic growth processes of the cluster with that of the global changes.

Constitution of the company

Apex Cluster Development Services Pvt. Ltd (ACDS), better known as ClusterKraft, founded in 2004 around the idea of MSME empowerment through local Economic Development Techniques. ACDS was constituted as a Private Ltd. Company within the meaning of Section 3(1) (iii) and 2(35) of the Companies Act 1956. It was incorporated under the Companies Act, 1956 (No. 1 of 1956) on 4th November 2004 with the Registrar of Companies, NCT of Delhi & Haryana.

*The **Registered Office** of the company is at the following address:*

*153, Sector 'A' Pocket 'C',
Vasant Kunj,
New Delhi 110070*

*The **Head Office** of the Company is located at the following address:*

*New Life House
A-246, Okhla Industrial Area Phase I,
New Delhi 110020*

PROJECTS UNDERTAKEN IN 2009

building pillars of success

Year 2009 started with a turbulent market condition which severely impacted most of the company's across the nations. In spite of the turbulent situations ClusterKraft has steered through the environment better than the most and has emerged as a leading agency in the area of Local Economic Development. Clusterkraft has emerged as a unified company that can provide a range of specialist solutions. Our strategy is to emerge as knowledge networker to the local economies and to work towards their sustainable growth.

IMPLEMENTING BDS FOR MSMES 2007-2009

LOCAL ECONOMIC DEVELOPMENT PROJECT UNDERTAKEN BY CLUSTERKRAFT IN COLLABORATION WITH SIDBI

Under the MSME Finance and Development project funded by World Bank, DFID, GTZ and KFW. The nodal agency SIDBI is implementing a multi-agency / multiactivity flagship Project on Financing and Development of Small and Medium Enterprises in India. Apex Cluster Development Services Pvt. Ltd (ACDS) is the consultancy firm appointed for the implementation of the project at grass root level in the following clusters.

- ✓ *Ludhiana Knitwear and apparel cluster 2009-2011*
- ✓ *Tirupur knitwear and textile cluster 2009-2011*
- ✓ *Pune fruits and vegetable cluster 2007-2011*

CLUSTER LEVEL ACTIVITIES

Our cluster level activities in the project interventions have centered upon the following activities:

Diagnostic Studies

Capacity Building of Local Associations

Implementation of Action Research.

Business Development Services for MSMEs

Creating knowledge base for MSMEs

Facilitating ICT adoption

Thematic workshops and seminars

LUDHIANA KNITWARE AND APPAREL CLUSTER 2009-2011

Our strategy for Ludhiana cluster was focused on efficiency and innovation tools. Major BDS intervention areas to effectively facilitate the vision were Marketing (branding, research), Technology Up gradation including ICT usage, Higher number of Quality related BDS in deficient areas like designing, and a Skill Development perspective of firms alongside proper linkages with cluster. The main emphasis for the project in the year 2009-2010 was on skill development hence the main strategy was to provide training mainly in the skill development. 30 printing operators for 5 firms were trained in printing operations. Training programs in different modules were started to tap the Female workforce which was a neglected intact potential by then. The response against this activity was astounding and industry & media applauded this initiative. More than 25 machine mechanics were trained on repair & maintenance of latest machines of stitching operations. Apart from these the other areas to be emphasized upon was Energy saving for which various workshops were conducted at firm & cluster level to showcase the potential scope of saving energy with a target of annual saving of 10% to 20% on fuel bill to make the cluster cost competitive as compared to other international clusters of same products. Workshops on effective utilization of machine capacity, productivity enhancement & quality management were organized in the cluster. Inventory management which was major challenge identified during the diagnostic study was taken into consideration and several initiatives such as meetings, training programs were organized to initiate the plan of action to overcome the same during the course of project. Awareness on Schemes of MSME, DIC & SIDBI was shared with cluster through workshops & meetings. More than 20 BDS b were introduced in the cluster in last year in various pilot & other activities.



The main emphasis for the project in the year 2009-2010 has been on skill development



Training programs in different modules were started to tap the Female workforce which was a neglected intact potential by then

TIRUPUR KNITWARE AND TEXTILE CLUSTER 2009-2011

In Tirupur cluster the year started with spreading awareness and knowledge to the industry and to create a platform for easy and sustainable implementation of the project objectives. BDSPs were brought in from various parts of the country (1 international BDSP was also introduced) to attract, develop and motivate the available human resource to become BDSPs and take up projects. Regarding this, a motivational programme was conducted which influenced a number of faculties and BDSPs, who were working in the industry without much reach and influence, to take up industry projects. Sensitization and capacity building has been the core competent blocks for the financial year 2009-2010 and thus, Seminars were organized on personal effectiveness, productivity, Waste Minimization, material management, Lean and Six Sigma Principles, Financial & Cost Management, to sensitize the cluster regarding importance of the Human Resource, scientific tools & techniques for improvement of Quality, Minimization of the wastages, modern production techniques and practical implementation of financial management techniques respectively. Workshops were organized to sensitize the cluster regarding productivity improvement which still persists as a major area for intervention which is being planned to carry forwarded to the next financial year. With NIFT TEA as the nodal agency a knowledge network named as "Progressive Managers' Forum" was also formed for sustainable and continuous developmental activities in the cluster even after completion of the project. Also emphasis was given to bring in as many middle level managers to this forum with an attempt to quantify the spread of the forum. With an attempt to widen the reach of the project a web portal Tirupurbds.com has been materialized so as to establish a platform for the MSME's and BDSP's to avail all the several facilities such as information regarding upcoming events, various services offered and various services available. It showcases most of the required fields in order to gain exposure/knowledge regarding the implementation of the project.



A knowledge network "Progressive Managers' Forum" has been formed for sustainable and continuous developmental activities in the cluster



PUNE FRUITS AND VEGETABLE CLUSTER 2007-2011

The Financial year 2009-2010 started with continuation of project's previous year's guidelines. In the first year MOU's were signed with BMOs like MCCIA, NAFARI, Gomukh, Chordia Food Park, etc. Many initiatives were taken regarding several areas such as consultancy in the fields of regulation, market research. Several initiatives were taken in the training curriculum such as Cold Chain training which was held on 30th of October. Another training programme on GMP-GHP training was held on 30th November with the idea of establishing quality concepts for Micro small and medium enterprises. Resource centre was established at NAFARI with introduction of numerous books. The Concept was to capacitate the Meso Organization. Post graduation certificate Course in Food Analysis has been initiated with support of NAFARI to enhance the Cluster's competitiveness. Many more activities such as Report on Curriculum Upgradation on industry needs analysis from educational institutes, Export marketing for fruits and vegetables, Quality issues for skill building of BDS have been undertaken. Most important and highly appreciated achievement has been of energy saving exercise implemented in several firms.



Technology summit & General Consultation & Advisory Session on Latest Food Labeling Requirements.

DO YOU KNOW!!!!!!

PUNE FRUITS AND VEGETABLE CLUSTER PROCESSING CLUSTER 2007-2011

Pune cluster has close to 500 units, mainly offering processed Fruits and vegetables products, like fruit pulp, squash, sauces, jams spices and ready to eat(RTE)/ready to cook (RTC) products. A large number of these units are micro units.

LUDHIANA KNITWARE AND APPAREL CLUSTER 2009-2011

Ludhiana in Punjab is famous for woolen hosiery and constitutes a sizable chunk of the cotton hosiery market also. About 90% of the nation's output of woolen/acrylic hosiery comes from this region. Ludhiana knitwear cluster has a highly diversified base with about 11, 000 formal and informal firms, and employs more than 200,000 workers.

TIRUPUR KNITWARE AND TEXTILE CLUSTER 2009-2011

Tirupur is one of the important garment clusters in India, providing employment to more than 3, 00,000 people directly and indirectly. It is earning considerable amount of foreign exchange by contributing more than 50% cotton knitwear exports from India. There are around 700 active exporters and 1700 domestic garment suppliers at Tirupur. There are more than 2000 small units, which specialize in knitting, compacting and calendaring, bleaching, dyeing and embroidery,

NOKIA TEJ APPLICATION PROJECT - 2009

Nokia TEJ product Evangelization and strategic marketing

Apex was retained by Nokia India Pvt. Ltd in its strategic marketing initiative to create visibility and drive demand for order management application TEJ. Nokia Tej is an application that aims to facilitate the collection of order information from the field and allow systematic processing of these orders. Field information is collected by using mobile phones. This Application synchronizes with a central server using the GPRS capability of the phone. A variety of order processing actions can then be performed using a simple web interface. Periodic synchronization ensures that the information on the phone stays up to date, in line with these actions.



Nokia TEJ offers faster order cycle, increased business and paperless order processing and has the potential to lead a paradigm shift in the supply marketplace, especially in textiles.

We did initial assessment of five clusters viz. Burhanpur, Bhilwara, Ludhiana, Ahmadabad and NCR Delhi. Objective of this initial assessment was to study the basic cluster readiness for the product and adopt a Technology Adoption Strategy based on the salient points. PoCs/Pilot installation of Nokia-Tej in three textiles clusters of Bhilwara, Ludhiana and Ahmadabad were suggested.

Scope of work under the assignment

- Strategic Planning in the selected clusters
- Identification of potential users
- Nokia Tej Positioning as unique order management system
- Creation of suitable client funnel
- Deployment and readiness of Nokia Tej
- Doing PoCs
- Nokia Tej Campaign/Driving the Brand through selected events
- Our efforts also involved preparing the ground ready for commercial launch of NOKIA Tej.
- Giving feedback to Nokia Product Team for product enhancement / customization

For achieving the objective of creating visibility and increasing the number of users, local partner (ISV) driven model was used. During the assignment we mapped approx. 300 suppliers / agents as Nokia Tej users, across 3 different clusters. Suppliers were enabled by local resource with Connectivity, GPRS, Compatible Handset and User Guide, product usage information, As a result of this exercise supplier started making transactions using Nokia Tej.

ACDS engagement with Nokia Tej has created visibility, drive demand and increased the number of user with a local partner driven model in the clusters.

CLUSTER CITY ECONOMIC DEVELOPMENT PROJECT 2009-2010

ACDS has done a flagship project on City Cluster Development in association with Asian development bank (ADB) which largely focuses on agglomerated pattern of urbanization in Asia. The project aims at investigating the application and development of CCED as an approach to sustainable economic development in the three South Asian countries namely Bangladesh, India and Sri Lanka .ADB has appointed strategic Planning and Management Services (SPMS) Pvt. Ltd of Australia to lead a research project to develop a framework to support innovative interventions for Clustered Cities Development (CCD) in South Asian cities. The project was undertaken in association with three national partners, the National Institute for Urban Affairs (India), Centre for Urban Studies (Bangladesh) and SEV ANTHA-Urban Resource Centre (Sri Lanka). The three cities selected for the project to develop and test the framework are: Delhi Metropolitan Region (India) Metropolitan Dhaka (Bangladesh) and Metropolitan Colombo (Sri Lanka).

The study, research and analysis of Delhi Region was done by ACDS under the project

The primary objectives of this project were to:

- (i) Assess the spatial economic characteristics of the selected cities and explain the patterns and causes of economic and spatial agglomeration;
- (ii) Identify the key major challenges in CCD for sustainable urban economic growth;
- (iii) Explore good practices and innovative solutions to deliver urban infrastructure services for wider populations in clustered cities, and
- (iv) Develop innovative intervention strategies and draft action plans for a better integration mechanism between state and local development on planning,

ACDS took the task of identifying the primary drivers contributing to the economic growth and development of the city; factors contributing to the competitiveness of sector industries or clusters; identifying economic risks and development opportunities in key industry sectors; and identifying the types of infrastructure, economic governance and investment strategies needed to support the development of targeted sectors.

ACDS also identified the critical elements of strategic infrastructure needed to support investment and employment in the key industries or clusters in Delhi region which are considered to have the strongest long term development potential. ACDS also identified the key initiatives and projects needed to support, the building of the enabling environment to facilitate economic development; research and development; education; logistics and transport systems; business and other networks; infrastructure; innovation; entrepreneurship; planning; government regulation reform and incentives to investment and employment in selected industry sectors or clusters. In the final part of the project we did a synthesis of all the research to develop strategies and a draft action plan identifying and describing a priority investments program of strategic infrastructure needed to support CCD in the Delhi region.

Due to the contribution, research and analysis of ACDS the project has been a huge success in Delhi region.

WOODEN TOY CLUSTER DEVELOPMENT PROJECT 2009-2011

ACDS is doing the skill inducement project for Development of Wooden Toy Clusters in Shahdol and Sheopur under Madhya Pradesh Rural Livelihood Project (MPRLP), of the Madhya Pradesh government and Department for International Development (DFID). The project was put into action from 1st September, 2009, with the signing of MoU between ACDS and MPRLP. The two years long project aims at inducing wood turning and lacquerware craft in the rural and tribal areas of Shahdol and Sheopur, as a means of alternate livelihood for the villagers. The major objective of the project was to provide training to at least 100 artisans from villages under the MPRLP schedule in Shahdol and Sheopur, and to produce and market wooden toys in the local, national and if possible, in the national and international market as well.



OBJECTIVE OF THE PROJECT:

The project was founded with the major objective of inducing skills for the production of wood turning lacquerware toys in Shahdol and Sheopur districts of Madhya Pradesh by training at least 100 artisans.

The following are the major goals envisaged:

- To provide artisans with the technical training in order to provide new skills and establish alternate means of livelihood.
- To facilitate in reaching various market sources and creating market linkages.
- To create networks and business model for sustainable functioning of the supply chain
- To provide guidance for setting up of a common facility center

TRAINING

The main focus of the project is to make the villagers self sufficient and adept in the production of toys which will provide them livelihood. For which training has been imparted to them. For this training centers were established at various locations at both the districts. Trainers were appointed. First batch of training ran for three months in which the participants were trained in wooden toy value chain. In the present scenario the training of all the batches has been completed, machineries have been made available to the trainees in order to start the commercial production. The marketing channel of all the products has already been explored.



The following table shows the target which has been achieved till now as was envisioned at the beginning of the project.

District	Shahdol		Sheopur	
Particulars/locations	Mehroi	Jaitpur	Aawda	Total
Artisans	30	45	36	111
No. of Artisans (women SHG's)	25	25	20	70
Total no. of the artisans Trained	55	70	56	181

MARKET OF THE PROJECT

ACDS has done a diligent effort in exploring the market opportunities for the products generated and have come with the outcome that, main target buyers for the toys are the Aanganwaadis under the Ministry of Child and Women Welfare. These are day care centers for pre-scholars and primary school children. Thus the products have been selected keeping this age group in mind. The other important market source would be the local haats and bazaars, thus, items of daily use and toys with local ethnic admiration have also been selected.

PROJECTION (scope and opportunities)

Our efforts and hardwork is bearing fruits in the form of the projections which has been done by our experts which foresees a very good future scope and opportunities. Since the project is an ongoing project the following projections will lead it towards the road of glory

1. Payback Period Projection The Payback period for an individual machine has been approximately projected for duration of 10 to 12 months on the basis of following studies:

Cost of the Machine	Machine required in one group	Total Machine cost	Minimum per month Saving per Group	Total Months to recover the initial cost	Breakeven point
16,000	2	32,000	3000	11	1 year latest

2. Income From the project: it has been projected that after one year of starting the commercial production a family will earn approximately 200 Rs. per day after meeting all other expenses which would give a boost to the living standards of the folk.

IT-SME PROJECT WITH GTZ, 2009

ACDS did an e-Governance project called “Economic development through e-Governance” with GTZ and STQC, Ministry for Communications and Information Technology, Govt. of India. The project basically intended to build technical capabilities of the SMEs working in the IT sector through training so that these IT-SMEs can become part of the e-governance project either at their own or in association with large IT companies. Assignment involved Analysis and clustering of requirements of IT SMEs who could potentially or already provide services for e-Governance projects.

The project included three components. The first component focused on the Conformity Assessment of e-Governance and supports the establishment of a Conformity Assessment Framework (CAF). The second component supports SMEs in the IT sector through training. These trainings intend to improve the business environment for SMEs and strengthen their technical capabilities to support large IT companies or customers in the e-Governance sector. The third component intends to train “User SMEs” in using e-Governance to access new e-business concepts as well as e-Governance services provided by the Government of India (Gol).

ACDS came up with the following four broad objectives:

- 1. Analysis and clustering of requirements of IT SMEs; feasibility analysis of these requirements; focus on IT SMEs who could potentially or already provide services for e-Governance projects.*
- 2. Identification of cooperation possibilities (actors)*
- 3. Identification of intermediaries and SME/SME clusters associated with intermediaries Preparation of comprehensive body of knowledge and skill set for intermediaries and SMEs, based on competences of STQC and other relevant organizations or companies*
- 4. Plan of action (strategy and monitoring)*

ACDS surveyed 120 IT SMEs and 10 Intermediaries across 5 regions (IT clusters) in India and mapped their requirements with respect to size, industries and regions. We also conduct interviews with stakeholders to prepare selected case studies. The study took about 6 weeks in survey of five locations. The five locations for which we did the survey were

Delhi-North Zone ,Kolkata- East Zone, Pune – West Zone, Chennai – South Zone, Bangalore – South Zone

ACDS also gave the three options to build the capacity of ITSMEs

- Developing a Technical support organization or intermediary between STQC and IT SMEs so that the SMEs which cannot have direct access to STQC can have the training through these Intermediaries.*
- Direct access of SMES to STOC for training and certification.*
- Collaboration between big companies and IT SMES so that there could be two way coordination with big companies getting easy access to the far remote areas through these small SMEs in depletion of their projects under E-governance and the SMEs benefitting in the way of getting projects , recognition and capacity building.*

The project was a huge success and a strong initiative for giving a U-turn to the capacity building of SMEs in IT, ITES and e-governance.

LITTLE ACTS OF HAPPINESS

lending a helping hand

Women empower through local economic developmentour initiative

Lack of skilled Labour was one of common problem faced by Ludhiana cluster. The industry which was already reeling under the pressure of global recession, unrest among the migrant labour added on to it. Being a labour intensive industry it was being difficult for the cluster to meet the production demand. As a result of which the industry started exploring options.

Thanks to the World Bank funded project which decided to tap the until untapped labour pool of local and rural female and decided to train them for working in the factory. Training programmes were started in factories and training centers were set up in the villages as well. Under the first phase females in the age group of 18-35 and a minimum qualification of intermediate were selected for training at a factory producing T- shirts and Track suits for a reputed brand. After giving five days extensive knowledge on machines and its parts the actual training was imparted on various operations like stitching , flat locking , over locking etc. the training continued for one month during which transportation facility and a stipend of Rs. 1500 was also given to the women along with the training infrastructure and raw material. Industry visits for the girls as well as families were also organized to show them the working atmosphere and make them comfortable in the working environment.

The females who were unemployed or working as household labour till only a month back were placed as regular employees of the firm at the salary of Rs 3500 per month plus transportation and perks .The same training program is repeated in two more firms in which a total of 110 girls have been trained till now and 50 more girls are undergoing training at a factory. Of the trained girls, almost 98% have received confirmed employment in professional working environment and are extremely satisfied with their new found financial freedom. The girls are extremely happy to get a gainful training and hopeful of fulfilling their dreams with the help of regular employment opportunity at their doorstep. They are now confident and happy at their financially independent status and can look forward to a better future

Ray of hope.....Just a beginning



ACDS under its wooden toy clusters development project is running skill inducement programme in two districts of Madhya Pradesh which has provided livelihood to many unemployed people of these places. **Tirath Prasad Sahu** was one of such poor and unemployed villager of Shahdol district of Madhya Pradesh. He had no family income or earning, which was making his life miserable as he was unable to make both ends meet. Although energetic and agile, he had a capability of earning but due to unavailability of opportunities he couldn't utilize it , he was losing his confidence and enthusiasm.

As soon as he heard about the project, being a proactive and inquisitive person he approached us to enquire about the same. We found a quality of good team leader in him and assigned him a task of gathering and orienting trainees for the project. Within a period of one week he came up with a number of 30 participants, which made our first batch of trainees.

Tirath was appointed the animator in this project and was also give a stipend for his services. Along with that he also took the training for wooden toys making. Now he has become a skilled artisan and is earning a decent amount by producing toys and working as an animator for our project. He has regained his confidence and enthusiasm along with a permanent livelihood.

OUR PARTNERS-NATIONAL AND INTERNATIONAL

manifesting credibility

Project Partners

SIDBI

The nodal agency in our cluster development projects in Ludhiana, Tirupur and Pune.

MPRLP

Our implementing partner in MPRLP Toyclusters development project

NIUA (National Institute of Urban Affairs, New Delhi)
cluster city economic development project

Asian Development Bank

Cluster city economic development project

GTZ and Ministry of Information Technology,
Government of India
integration of small IT companies in E-governance

NOKIA

Nokia –Tej product evangelization and strategic marketing

Our Cluster Partners

- *Mahratta Chamber of Commerce Industry and Agriculture - Pune*
- *National Agriculture & Food Analysis and Research Institute- Pune*
- *GOMUKH (Environment Trust for Sustainable Development)- Pune*
- *Tirupur Exporters' Association –Tirupur*
- *Ambur Economic Development Organisation- Chennai*
- *Auto Cluster Development & Research Institute- Pune*
- *Federation of Knitwear Textile and Allied Industries Association- Ludhiana*
- *Agra Footwear Manufacturers' & Exporters' Chambers- Agra*
- *Sportking Institute of Fashion Technology- Ludhiana*

FINANCIAL STATEMENT OF THE COMPANY

soaring high

AGENDA FOR THE NEXT FINANCIAL YEAR

working with vision

DECENT BEGINNINGHIGH AIM.....INCESSANT WORK.....ACHIEVEMENT OF GOAL IS WHAT WE WORK WITH