

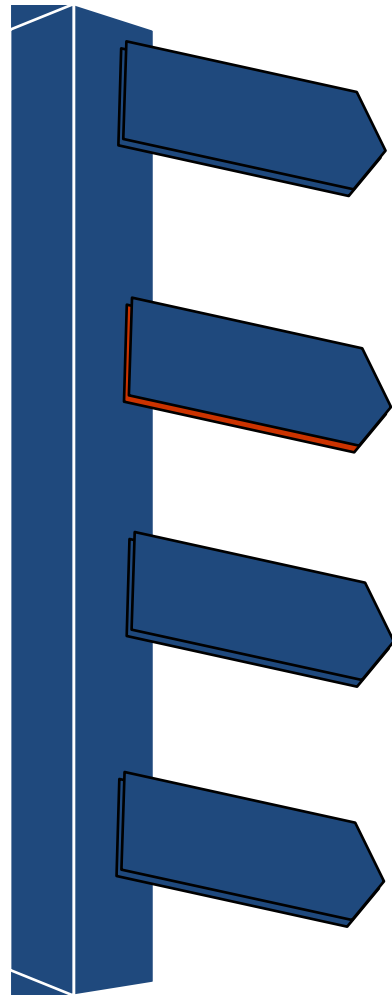
Business opportunities in Food Sector

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Developed by

Finetrain LLP

Presentation Outline



Introduction to Finetrain

Business opportunities
investment > Rs. 50 lakhs

Business opportunities
Investment between Rs. 20-50 lakhs

Business opportunities
Investment < Rs. 20 lakhs

Finetrain LLP

- Objective- Enabling finance to micro and small enterprises (MSE)

- Services offered-
 - Training entrepreneurs
 - Making project proposals
 - Company registrations, Filing tax returns
 - Research services for government and financial institutions

- Clients-
 - Commissioner of industries, Andhra Pradesh
 - ni msme
 - Institute for small enterprise development (ISED)
 - a number of first time entrepreneurs

Our Team

Bharti Krishnan , CFA
Partner

- Finance professional with over thirteen years of work experience with ICRA, CRISIL and Evalueserve.
- Core skills in training, credit research, enterprise development

Dr. Yerram Raju (advisor)

- Senior banker and consultant with 45 years of experience
- Areas of expertise include SME development and corporate governance
- Authored fourteen books on a variety of subjects related to rural banking and corporate governance of which three books deal specifically with the SME sector.

Ms. Alka Tiwari (Team member)

- Chartered accountant
- Expertise in MSME proposal development
- Experience in tax filing, book keeping, company registration



Products with investment requirements of
higher than 50 lakhs

1. Rice Mill
 2. Kulfi manufacturing
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Rice Mill- Project Profile

Product: Branded and packaged rice

Opportunity- Rising demand for packaged clean rice at affordable price

Project size

- Rice mill, Installed capacity – 2 MT per hour, or 4800 MT per annum
- Investment – Rs. 70 lakhs-1 crores

Process

- Paddy is cleaned, dehusked and converted into brown rice which is further processed into white rice.

Approvals/other factors

- Process generates husk and then ash, which has to be stored properly
- NOC from pollution board has to be obtained
- Almost 2 acres of land is needed to set up a rice mill

Investment outlay

The total outlay is around Rs. 70 lakh, of which 25 %-30% has to be contributed by the entrepreneur. Banks have specific loans for funding rice mills.

No.	Items	Rs. Lakhs	Remarks
1	Land and Land Development Charges	5	Assuming 2 Acres of land, includes cost of site development boundary wall
2	Civil Works	30	Includes storage space, borewell, cleaning space
3	Plant and Machinery and electricals Cost	20	Incudes paddy cleaner, paddy seperator, sheller, polisher and electrical works
8	working capital needs	20	
9	Total Financial Outlay	75	

Opportunities and risks

➤ Opportunities-

- Access to raw material/paddy in Andhra Pradesh
- Large consumption of rice in Andhra Pradesh/Telangana
- Growing interest among consumers to have neatly packed rice
- Consumer focus on rice quality
- New mills are most cost effective than the old mills

➤ Risks-

- The government regulation on how much rice can be sold in the open market
- The price of paddy is fixed by the Government
- Local competition- number of mills in AP, large mills with a capacity of 50 tonnes per day are also present
- Challenges related to branding and marketing rice



Natural Ice-cream- Kulfi



Kulfi: Project profile

Product: Kulfi

Opportunity- Growing demand for natural products made without adding any preservatives.

Project size

- **Investment – Rs. 65 lakhs- Rs. 70 lakhs**
- Installed capacity – 500 liters per day or 1,25,000 liters per annum

Process

- Kulfi is made from a blend of dairy products (cream, condensed milk, and butterfat), sugar, fruit purees and dry fruits

Approvals

- Approvals from FSSAI is mandatory
- Approvals under HACCP and ISO 22000 standards are advisable

Investment Outlay

The total outlay is around Rs. 70 lakh, of which 25 %-30% has to be contributed by the entrepreneur.

No.	Item	Rs. in Lakhs	Remarks
1	Leasehold Land Deposit	0.90	Leasehold land deposit for 3 months @ Rs 30000 per month
2	Civil Structure	17.00	Leasehold land is provided with shed and walls on four sides
3	Plant & Machinery	38.00	Ice cream manufacturing unit, cold storage system and Refrigeration system
4	Misc Fixed assets	5.10	Generator, water softener, RO plant, Weighing scale, lab testing equipments, F&F
5	Working Capital	4.00	
6	Total Outlay	65.00	


Opportunities & Risks

Opportunities


- Popularity of the product among all the age groups, Kulfi is served in most marriage parties
- People are more attracted towards natural consumable products
- Industry falls under green category so approval from Pollution control board can be received easily.

Risks

- Competition from existing branded products in the same category from companies, some of the popular brands in Andhra Pradesh/Telangana include scoops, Bombay natural kulfi and Prachi's kulfi
- Increase in raw material prices is difficult to be passed on to customers
- Fluctuations in revenue because of seasonal demand for the product
- Unavailability of power from the State can increase the costs as diesel based power is almost thrice as expensive as compared to power from State electricity board



Business opportunities with
investment requirements of
Rs. 20-50 lakhs : Dal mill



Dal Mill: Project Profile

Product: Branded and packaged dal of several varieties

Opportunity- Growing interest among consumers to buy packaged dal

Project size

- **Investment – Rs 40 lakhs to Rs 45 lakhs**
- **Installed capacity – 40MT per month or 480 MT per annum**

Process

Pulses are cleaned, dehusked , graded and packaged. Pulses based products such as besan are also prepared. Pulses can be dehusked either through wet or dry grinding, wet grinding results in lower wastage.

Approvals/other factors

- There are no critical issues connected with dal mill except power supply
- No pollution is generated while processing is done in dal mill.

Investment Outlay

Total project outlay of around Rs. 40 lakhs to be funded with at least 25% entrepreneur's contribution. Many banks have specific schemes such as Dal Mill Plus for funding dal mills.

S. No.	Item	Rs. Lakhs	Remarks
1	Land & Site Development	2.75	Cost of the land and site development
2	Civil Works	17.20	Includes storage space, processing area, office space, drying platform etc
3	Plant & Machinery	9.25	Includes Precleaner, dehuskers, Grader, Bucket Elevators, Aspirators, Blowers, Control Panels, Destoner and Pedal Mixer
4	Miscellaneous FA	2.80	office furniture, weighing balance, gunny bag sealing machine, office equipment
5	Working Capital	8.00	
6	Total Financial Outlay	40.00	

Opportunities & Risks

Opportunities


- Most of the pulses are consumed in dehusked and split form. Thus processing of pulses has a lot of importance
- Easy access to raw material as AP & Telangana together stands at fifth position in pulse production in India
- Dal mill is considered as green activity so approval from Pollution control board is easily received in less time.
- The improved dal mills have dehusking efficiency of about 95% and the yield of split pulses is about 80-85%

Risks

- Competition from other dal mills present in the area.
- Presence of large number of intermediaries in pulses procurement which increases the cost of pulses
- Marketing of finished products



Business opportunities with investment < Rs. 20 lakhs

1. Chili and turmeric powder
 2. Potato and banana chips
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Chili and Turmeric powder

Product: Chili and Turmeric powder

Opportunity: Increasing demand for processed/powdered spices

Project size

- Investment – Rs. 5 lakh upwards
- Installed capacity – 100 tonnes per annum

Process

- Spices are cleaned and powdered

Approvals/other factors

- FSSAI approval and certification is required, Aggmark certificate is advisable
- Hygienic storage space and water availability for washing spices is critical

Investment outlay

The total outlay is around Rs. 8 lakh, of which 25 %-30% has to be contributed by the entrepreneur.

Items	Rs. Lakhs	Remarks
Lease deposit	60,000	Rent deposit for 6 months
Machinery	2,50,000	Spice pulverizers, disintegrater, sealing machine
Marketing expense	1,00,000	
Working capital needs	4,00,000	One month of raw material and half month of finished goods, salary and power
Total Financial Outlay	8,10,000	
Entrepreneur's contribution	2,02,500	
Bank loan	6,07,500	

Opportunities and risks

➤ Opportunities

- Growing popularity of powdered spices as they are easy to use
- Are required for both domestic and industrial use, the manufacturers of pickles, ready to eat foods, restaurants also consume large quantities of spices
- Can be easily scaled up as the same machinery can be used to process other spices such as Cumin, Pepper
- Investment requirements are low

➤ Risks

- Marketing is a key challenges, as a number of branded players are already present
- Product has to be attractively packaged



Business opportunities with investment < Rs. 20 lakhs

Potato and banana chips



Potato and banana chips

Product: Potato and banana chips

Opportunity- Increased consumption of snacks among urban consumers

Project Size

- Installed capacity: 45 MT annually, capacity can be increased by more peeling machines, frying pans and other equipment
- Investment: Rs. 8 lakhs upwards

Process

- Potato and banana are peeled, sliced, fried and packaged

Approvals/other requirements

- Approval from FSSAI is mandatory
- Water requirements are large , up to 5000 liters per day

Investment Outlay

Items	Rs.	Remarks
Rent deposit	60,000	Rent for 6 months
Plant and machinery	5,00,000	Potato peeling machines, Oil sieve, Diesel furnance, Pouch ceiling machine
Miscellaneous	50,000	Fee for various approvals/consultantcy charges
Working capital requirement	80,000	For one monh, includes Raw material, power and rent
Marketing expense	1,00,000	
Total project cost	7,90,000	
Margin Money	1,97,500	to be paid by the entrepreneur
Bank loan	5,92,500	Bank loan

Opportunities and risks

➤ Opportunities

- Growing popularity of chips as a snack in both urban and rural markets
- Small investment requirement of up to Rs. 10 lakhs
- Can be easily scaled up as there are no capacity constraints as such
- Lower power requirements as the furnace/stove runs on diesel

➤ Risks

- Marketing is a key challenges, as a number of branded players are already present
- Location of the outlet is critical
- Process has to be hygienically maintained, otherwise FASSAI certificate may be revoked

Thank you!

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