DETAILED PROJECT REPORT

Setting up of Common Facility Centre

Srikakulam Food Processing Cluster

SPV: Sunrise Nature Foods Foundation

Srikakulam Dist., Andhra Pradesh

Submitted to:

Development Commissioner – MSME, Ministry of MSME, Government of India, New Delhi.

Submitted by

Sunrise Nature Foods Foundation
Srikakulam, Andhra Pradesh

Implementing Agency

Andhra Pradesh MSME Development Corporation

Technical Agency

Foundation for MSME Clusters

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CONTENT

Executive Summary

A Introduction

Srikakulam District is surrounded by Vizianagaram district and Parvathipuram Manyam district in the south and west, Odisha bounds it on the north and Bay of Bengal on the East. Srikakulam District is the extreme Northeastern District of Andhra Pradesh situated within the Geographic Co-Ordinates of 18°-20' and 19°- 10' of Northern latitude and 83°-50' and 84°-50' of Eastern longitude. The erstwhile district is one of the largest producer of Fruits in the state of Andhra Pradesh. There are around 408 units across the district which providing direct employment to 1182 and indirect employment to 360. All are micro scale and operates seasonal only.

The units in the cluster are facing challenges due to the non-availability of infrastructure for processing and storing the produce, which is also affecting their operational period and leading to low price realization.

In order to overcome these issues, it is proposed to set up a Common Facility Centre to cater to the need of the cluster and accordingly 24 Micro firms have come forward to establish the CFC and have registered a Special Purpose Vehicle under companies act 2013 (Section 8) and named it **Sunrise Nature Foods Foundation.** The proposed common facility is Food Processing Facility which will run on self-sustainable mode.

B Nature of activity and Cluster Services:

At present there are around 408 units involved in processing of Sweet Corn, Mango, Pineapple, Jack Fruit and Custard apple. All these firms are into primary processing (Ripening, Sorting, Grading, Storage) of Sweet Corn and Fruits available in the region. All are Micro scale and operates seasonal only.

C Critical Gaps and suggested hard interventions drawn from the Field visit.

The Food Processing units lack basic infrastructure facilities and proper equipment in the cluster. Hence there is a need for establishment of **Common Food Processing Centre** in the cluster. This facility will have the processing lines for Ripening, Retorting, Freezing (Quick & Blast), Canning and pulping.

After having consultations with various stakeholders, the following are the issues identified:

1. All firms involved in the primary processing of the produce
2. High investment in required for adoption of advanced technology.
3. A massive loss of produce has been reported as a result of improper handling and a lack of storage infrastructure. .

4. Seasonal availability of produce limits the units' ability to bring in investments

D Special Purpose Vehicle (SPV)

An SPV namely **"M/s. Sunrise Nature Foods Foundation"** was formed and registered under the Companies Act, 2013 (18 of 2013) and that the company is limited by share. The SPV will have a character of inclusiveness wherein provision for enrolling new members to enable prospective entrepreneurs in the cluster to utilise the facility is provided. In addition to the contributing members of the SPV, the organizers have obtained written commitments from 'users' of the proposed facilities so that its benefits can be further enlarged. No single unit is holding more than 10 per cent in the equity capital of the SPV which is in conformity with MSECDP guidelines.

E Management Structure

The management of the CFC will be a three-tier structure for smooth and uninterrupted operations and is as follows:

The Board of Directors: The main governing body for the SPV which is ably assisted by Technical and Secretarial staff. While the Chairman and Managing Director will oversee the entire operations, each Director is entrusted with specific responsibility like marketing, technical, finance, public relations etc. based on his past experience and qualifications.

The technical staff: The facility will have its own technical staff which is as per the requirement and guidelines.

The Secretarial Staff: A competent and well qualified person will be appointed as the manager who will look after day-to-day operations of CFC and is directly reporting to Board of Directors.

F Project Cost & Means of Finance

Description	Total Amount	% of the Project Cost
1. Equity From SPV	450.00	15.03%
2. State Contribution	449.00	15.00%
3. Grant Under MSE-CDP (CFC)	2095.00	69.97%
4. Term Loan	0.00	0.00%
Total	**2994.00**	**100%**

Part of Machinery and Building & Civil works, Full amount of Contingencies, Consultancy fees, Preliminary & Preoperative, will be Borne by the beneficiaries as their equity. State Government will

contribute part of Machinery and Building and GoI grant for Part of Machinery,

G Sustainability of CFC

The proposed project is self-sustainable and generates its revenue from Service (Testing) charges.

The project will start its operations from 1st April of financial year 2024-25 and expected to generate a revenue of ₹3025.79 Lakh during the 1st year. The revenue for the next three year are ₹ 3174.85 Lakh, ₹ 3328.13 Lakh and ₹ 3485.72 Lakh. The profit after tax during the first year of operation is estimated as ₹ 463.61 Lakh and increases to ₹ 553.78 Lakh by 4th year.

The key financial parameters for the project are as tabulated below and are within acceptable norms.

Table E1: Key Financial Parameters

Sl. No.	Parameters	Suggested as per MSE-CDP Guideline	As projected
1	Breakeven at Operating Capacity (1st year) in %	Below 60%	49.92%
2	Return on Capital Employed (RoCE)	Above 25%	47.91%
3	Debt Service Coverage Ratio	>3	Not applicable
4	NPV	Positive	₹ 1617.32 Lakh
5	IRR	Above 10%	20.82%

Since the project is not having any debt funding, DSCR is not applicable. All parameters are within acceptable limit. The above financial parameters indicate the commercial viability and long-term sustainability of the proposed Common Facilities Centre.

H Implementation Schedule

The project is scheduled to be completed to be completed within 15 months of the Sanction of Grant-in-aid by DC-MSME subjected to

- Timely formation of Purchase committee for procurement of Machinery by State Government.
- Timely receipt of funds DC-MSME through State Government.

Activity wise schedule is presented below.

Table E2: Schedule of Implementation

Sl. No.	Activity	Schedule
1	Acquisition of Land	Completed on long term lease basis
2	Sanction of Grant by DC-MSME	Dec-22
3	Civil & Building Works	Feb – Sept 2023
4	Bidding process of Machinery	Apr - May 2023
5	Purchase of P&M and Commissioning	Aug 2022 - Jan 2023
6	Electrical works	Aug 2022 – Jan 2023
7	Trial Run	Mar-24
8	Statutory Approvals	Feb - Mar 2024
9	Commercial operation	Apr-24

I Expected performance of the cluster after proposed intervention

The proposed hard interventions will show substantial increase in the tangible parameters like in number of units, employment, Turnover. Besides, intangible aspects like major improvement in quality. The following table substantiates the above points:

Table E3: Performance of the Cluster post intervention

Sl. No.	Parameters	Pre-CFC (2022-23)	Post CFC (2025-26)
1	Beneficiary Units	408	413
2	Increase in Employment (Both Direct & Indirect in core Cluster firms)	1542	1800
3	Increase in investment(Lakhs)	513.00	663.15
4	Business Value(Rs. Lakhs)	5502.24	8953.60
5	Profit Margin	5%	6.5%

All the 408 firms are expected to get benefitted from the establishment of CFC. Each and every facility of the CFC will be open for use of the Cluster firms irrespective of if they are members or not in the SPV. However, the beneficiary unit figure may vary from one facility to another.

J Selection of Machinery and Suppliers

The entire machinery was selected based on the requirement of the stake holders, and specifications laid down by the SPV in consultations with technical expert. Suppliers of different machinery were selected based on some of the following parameters

- Adoptability of the machinery by cluster firms
- Presence of all the requisite machinery as per the specifications
- Proximity of the supplier to the proposed site
- Good track record of the bidder and their linkage with cluster firms
- The warranty period and after sales service
- Presence of in-house experienced staff to attend any major breakdowns
- Cost Comparisons

K Institutional and Project Monitoring Mechanisms

The expected roles and responsibilities of various Institutions in successful implementation and operation of CFC are:

1. **MSME-DI,:** MSME-DI is the field level agency for implementation of various development programs for Ministry of MSME, GoI. They have been instrumental in motivating and providing guidance to the cluster association in Srikakulam. During the year 2012-21, MSME-DI, AP played a key role in bringing these firms to a single platform and helping them understand the benefits of function under single umbrella as a cluster. It also provided necessary support in preparation of the cluster and DPR of the proposed CFC. It further provided support which structuring and registration of the SPV so as to suite to the requirement of the project as well as the scheme. It will also provide whatever the support required by SPV while implementing the CFC project.

2. **DC-MSME:** The Office of the Development Commissioner (MSME) will act as the Nodal Agency. The agency will not only provide financial assistance in the form of grant in aid but also act as apex monitoring agency to oversee the progress of the proposed CFC through its regional MSME –DI situated at Hyderabad. After the approval of the diagnostic study report by the State Level Project Steering Committee, Implementation of soft interventions, the detailed project report earlier approved by the State Committee, will be taken up by the **Steering Committee of the MSE-CDP** (under the Chairmanship of Secretary, MSME) for in-principle approval. Proposals accorded in-principle approval will be placed in the **Steering Committee of the MSE-CDP** under the Chairmanship of Secretary (MSME) for final approval after fulfilment of the following conditions:

    - Formation of SPV.
    - Land procured and registered in the name of SPV. In case of leased premises, the lease should be legally tenable for a fairly long duration of 15 years in the name of SPV.
    - Submission of appraised Detailed Project Report (DPR) by SIDBI/ Bank (if bank financing is involved) / independent Technical Consultancy Organization.

- Details of the Shareholding of the SPV and Project Specific account in Schedule a Bank.

3. **State Level Steering Committee:** Government of Andhra Pradesh has Constituted State Level Steering Committee to ensure satisfactory and time-bound implementation of the activities. The committee will examine the Detailed Project Reports (DPR), recommend and monitor implementation and operation of approved projects. The Members of the State Level Steering Committee as per Government of Andhra Pradesh GO No. G.O.RT.No. 157, Dated: 16-09-2022 is tabulated below.

Table E4: State Level Project Steering Committee Members

Sl. No.	Member	Designation
1	Spl. Chief Secretary to Govt & CIP	Chairman
2	Commissioner / Director of Industries / MSME	Co Convener
3	VC &MD, APIIC or his nominee, Mangalagiri	Member
4	CEO, AP MSME Development Corporation, Vijayawada	Member
5	VC &MD, APTPC, Vijayawada	Member
6	Secretary, Finance Dept or his representative	Member
7	Director, MSME Development and Facilitation Office, Visakhapatnam	Member
8	General Manager, Concerned District Industries Centre	Member
9	GM,SIDBI or his representative	Member
10	Any Financial Institution or any official required for the purpose	Member
11	A representative from Technical Institution / MSME-Technology Centres of Ministry of MSME	Member

4. **Commissioner of Industries:** Considering the uneven state of development of collaborative initiatives like formation of Special Purpose Vehicle among small and micro enterprises in the cluster, Commissioner of Industries as monitoring agency will be the prime mover of a proposal for CFC in the initial stages of its conceptualization, design, determination of technical parameters, project preparation and documentation, etc., in consultation with the cluster beneficiaries.

5. **Special Purpose Vehicle (SPV):** The SPV will be the prime Governing body for the proposed CFC. The SPV will gradually take over the role of implementing agency from Commissioner of Industries after becoming self-sustainable with thrust on self-governance which is the main objective of MSECDP.

6. **Cluster Development Coordination Committee (CDCC):** A CDCC will be formed with nominated members from DC-MSME, CoI, DIC, SIDBI, SPV and a related Technical Institution. The CDCC will play the role of an advisor in technical, financial, marketing and management mechanisms for smooth functioning of CFC. It will monitor the progress of the CFC on monthly/ quarterly basis and suggest corrective actions wherever required. The Committee will also ensure procurement of proper machinery as per GoI norms.

7. **Purchase Committee:** Facilitating the SPV in identification of suitable suppliers of machinery, inviting tenders, bid processing and finalizing tenders are some of the important functions of purchase committee. The Committee will be formed for short term duration at the time of purchase of plant and machinery. General Manager – DIC, nominated members from MSME-DI, SPV and a technical institution will be the members in the committee under the chairmanship of Commissioner of Industries.

Project at a Glance

Name of the SPV	**M/s. Sunrise Nature Foods Foundation**
Name of the Project	CFC for Food Processing Centre
Name of the Cluster	Srikakulam Food Processing Cluster
Place/ District / State	Ponduru, G.Sigadam mandal, Srikakulam District, Andhra Pradesh
Type of Enterprise	Special Purpose Vehicle (Section 8, Indian Companies Act 2013) Not for Profit Company

Installed Capacity (per annum)

Installed Capacity		
Product Lines	**MTPA**	**Produce processed**
IQF	9600	Sweetcorn, Mango, Jackfruit
Blast Freezing	1440	Custard apple
Retort	4800	Sweet corn
Pulping	1440	Custard apple
Canning	480	Pineapple
Cold Storage (MT)	1782	

Operation Basis

Product	Operating days	No. of Shift / day
IQF	300	2
Blast Freezing	90	2
Retort	150	2
Pulping	90	2
Canning	60	2
Cold Storage	365	

Job Work Charges (Rs / MT)

Facility	Member	Non-members
Sweet corn- Retort	18000	21000
Sweet corn - IQF	20000	25000
Mango Dices	32000	36000
Pineapple canning	32000	36000
Jack fruit products	50000	60000
Custard apple pulp	12000	14000
Cold storage charges	2300	

Project Cost & Means of Finance

Sl. No.	Description	Total Amount	Contribution		GRANT IN AID
			SPV	State	
1	Land & Land Dev.	0.00	0.00	0.00	0.00
2	Civil & Structural Works	435.00	228.00	207.00	0.00
3	Plant & Machinery	2425.27	88.27	242.00	2095.00

	4	Contingencies	57.21	57.21	0.00	0.00
	5	Professional Charges for DSR & DPR & PMC	58.50	58.50	0.00	0.00
	6	Preliminary Expenses	2.50	2.50	0.00	0.00
	7	Pre-Operative Expenses	2.53	2.53	0.00	0.00
	8	Margin Money for WC	13.00	13.00	0.00	0.00
		Total	**2994.00**	**450.00**	**449.00**	**2095.00**

Progress so far

1. SPV is Registered
2. SPV has received PAN Card
3. DPR Prepared and to be Validated
4. Land identified and taken on long term lease
5. 11 Cluster Firms enrolled as SPV Members
6. SPV Bank Account to be opened

Schedule of Implementation

Sl. No.	Activity	Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
		2022	2023												2024			
1	Acquisition of Land	Completed																
2	Sanction of Grant by DC-MSME																	
3	Civil & Building Works																	
4	Interior and Furnishing																	
5	Bidding process of Machinery																	
6	Purchase of P&M and Commissioning																	
7	Electrical works																	
8	Trial Run																	
9	Statutory approval																	
10	Commercial operation																	

01

Introduction

1.1 Preamble

As per FAO report, In 2017-18, total food grain production was estimated at 275 million tonnes (MT). India is the largest producer (25% of global production), consumer (27% of world consumption) and importer (14%) of pulses in the world. India's annual milk production was 165 MT (2017-18), making India the largest producer of milk, jute and pulses, and with world's second-largest cattle population 190 million in 2012. It is the second-largest producer of rice, wheat, sugarcane, cotton and groundnuts, as well as the second-largest fruit and vegetable producer, accounting for 10.9% and 8.6% of the world fruit and vegetable production, respectively.

During the last five years ending 2019-20, Food Processing Industries sector has been growing at an average annual growth rate of around 11.18%. As per the Annual Survey of Industries (ASI) 2018-19, food processing was ranked 1st in total persons engaged in the manufacturing sector.

The State has 17.84 lakh hectares Under Horticulture crops with an annual production of 312.34 lakh Metric Tons. Horticulture sector contributes approximately 16.07% to the state GVA. In Andhra Pradesh area under Horticulture crops is 17.84 lakh Hectors with a production of 312.34 lakh Metric Tons. Andhra Pradesh stands at 1st position in Chillies, Cocoa, Lime, Oil Palm, Papaya and Tomato, 2nd in Cashew, Mango and Sweet Orange in India. A.P. Ranks 1st in area and production of fruits and spices and 2nd in Micro Irrigation area coverage.

According to the 2020-21 estimates of Horticulture department, Govt. of AP, The state is producing 138.88 lakh MTs of Fruits. The details pertaining to production of selected fruits in the state are given below:

Sl. No.	Crop	Area (in Ha)	Production (in MTs)
2	Banana	108083	6484968
3	Custard apple	1716	17161
4	Jack Fruit	1232	43108
5	Mango	378940	4926220
6	Papaya	15311	1454555
7	Pineapple	3958	63326

Srikakulam district occupies an important place in the state of Andhra Pradesh in terms of historical and cultural heritage. The famous Sun God Temple situated in Arasavalli village, one of the ancient and all among two sun God temples in the country. srikurmam is one of the ancient famous temple dedicated to Lord Vishnu in situated in the Srikurmam village.

The major rivers flown in the district are Nagavali, Vamsadhara, Suvarnamukhi, Vegavathi, Mahendratanaya, Gomukhi, Champavathi, Bahuda and Kumbikota Gedda. The major crops grown in the district are Paddy followed by Sweet corn. The erstwhile district is famous for Fruits and NTFP production. The major fruits grown are Cashew, Pineapple, Jack fruit and Custard Apple.

The district has around 408 units involved in processing of Sweet Corn, Mango, Pineapple, Jack Fruit and Custard Apple. All firms are involved in primary processing only. No firm is doing secondary and tertiary processing. The lack of advanced technology for converting produce to pulp and freezing is a barrier to the cluster's growth.

In order to overcome the growth hurdles, it is proposed to set up a Common Facility Centre to cater to the need of the cluster. The present document asses the need and justification of the project and evaluates the Techno Economic viability of the proposed CFC and presents it Ministry of MSME government of India for extending financial support under MSE-CDP Scheme.

1.2 Micro & Small Industry Cluster Development Program

The Ministry of Micro, Small and Medium Enterprises (MSME), Government of India (GoI) has adopted the cluster development approach as a key strategy for enhancing the productivity and competitiveness as well as capacity building of Micro and Small Enterprises (MSEs) and their collectives in the country. Clustering of units also enables providers of various services to them, including banks and credit agencies, to provide their services more economically, thus reducing costs and improving the availability of services for these enterprises.

In the present economic environment, the fiscal incentives like subsidies/tax relief are no longer feasible, nor are they compatible with the new international trade and investment regimes. Realizing the significance of above aspects, various Government agencies have started Cluster Development schemes. Some of the significant CDP Schemes are Integrated Handloom Cluster Development Programme (IHCDP) of DC- Handlooms and Ambedkar Hasta Vikas Yojana (AHVY) of DC-Handicrafts for Artisanal clusters other than MSECDP Scheme for Industrial clusters.

The primary objective of MSECDP is to improve international competitiveness of the domestic industry. The scheme aims that selecting industrial clusters with high growth potential and upgrade the infrastructure facilities in these clusters to make the entrepreneurs more competitive and enable them to face

competition from imports through cost optimization and quality assurance mechanisms.

1.3 Srikakulam Health Care Cluster

The units in Srikakulam Food Processing Cluster are Micro scale and located in 80 Km radius in the across Srikakulam District. There are 408 firms exist in the cluster. These firms are involved in processing of Sweet Corn, Mango, Pineapple, Custard apple and Jack Fruit.

Out of 408 odd firms in the cluster 24 firms are registered under Udyog Aadhar. These 408 firms are considered to be core part of the Cluster and are considered under the present proposal.

The total turnover during FY22 for the cluster (408 Firms) was ₹ 45.00 crores. All the cluster firms falls under Micro Units category of MSME Act. The cluster is providing direct employment to 1182 persons and indirect employment through support firms to 360 persons.

During the year 2022-23, AP MSME & MSME DI Andhra Pradesh played a key role in bringing these MSMEs to a single platform and helping them understand the benefits of function under single umbrella as a cluster. The Diagnostic Study conducted by Foundation for MSME Clusters. identified the intervention to be made to overcome the bottleneck in growth of the cluster. Motivated by the interaction during this period the Cluster firms joined hand to form a Special Purpose Vehicle (SPV) in order to set up a common facility centre and named it as it **M/s. Sunrise Nature Foods Foundation .** Same was registered as a Section 8 company under companies act 2013 on 01st Nov 2022. The CIN of the firm is U15130AP2022NPL123156.

1.4 About Foundation for MSME Clusters.

Foundation for MSME Clusters (FMC) is a pioneering organization specializing in promoting of MSMEs through cluster and value chain led development. Established as a trust in June 2005, FMC has experience of working directly and indirectly with over 100,000 MSMEs in around 200 clusters in over 15 other countries across the globe.

Building relationships, partnering with reputed institutions and Government bodies FMC is working towards strengthening the MSME Eco-System. With more than 125 projects undertaken, FMC is an INR 6.75 crore turnover organization.

The core areas of working are

a. The Policy and Strategy
b. Training & Capacity Building

c. Implementation & Coordination

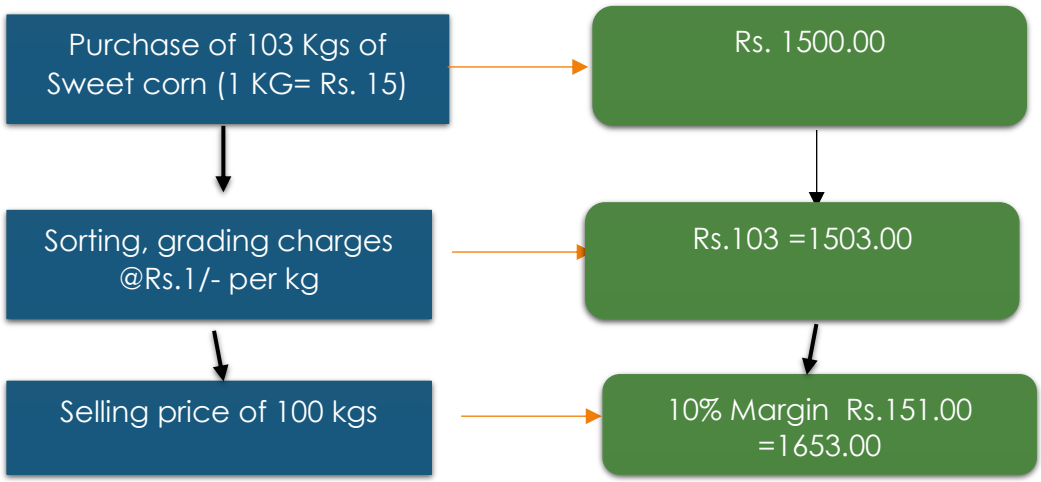
1.5 Gap Assessment/ Rationale for Setting up of Common Facility Centre

The chart below highlights the gap in the cluster. The gaps are in form of lack of processing facilities of Pulping, Retoring, Ripening and Canning in the cluster limiting the growth of the cluster. With this in mind, a Common Facility Center is proposed to process frozen and pulp products from sweet corn, mango, Jack fruit, pineapple, and custard apple for overall benefit of the cluster. All the cluster firms may utilize the machinery for which they will be charged on job work basis ensuring economic viability of the CFC.

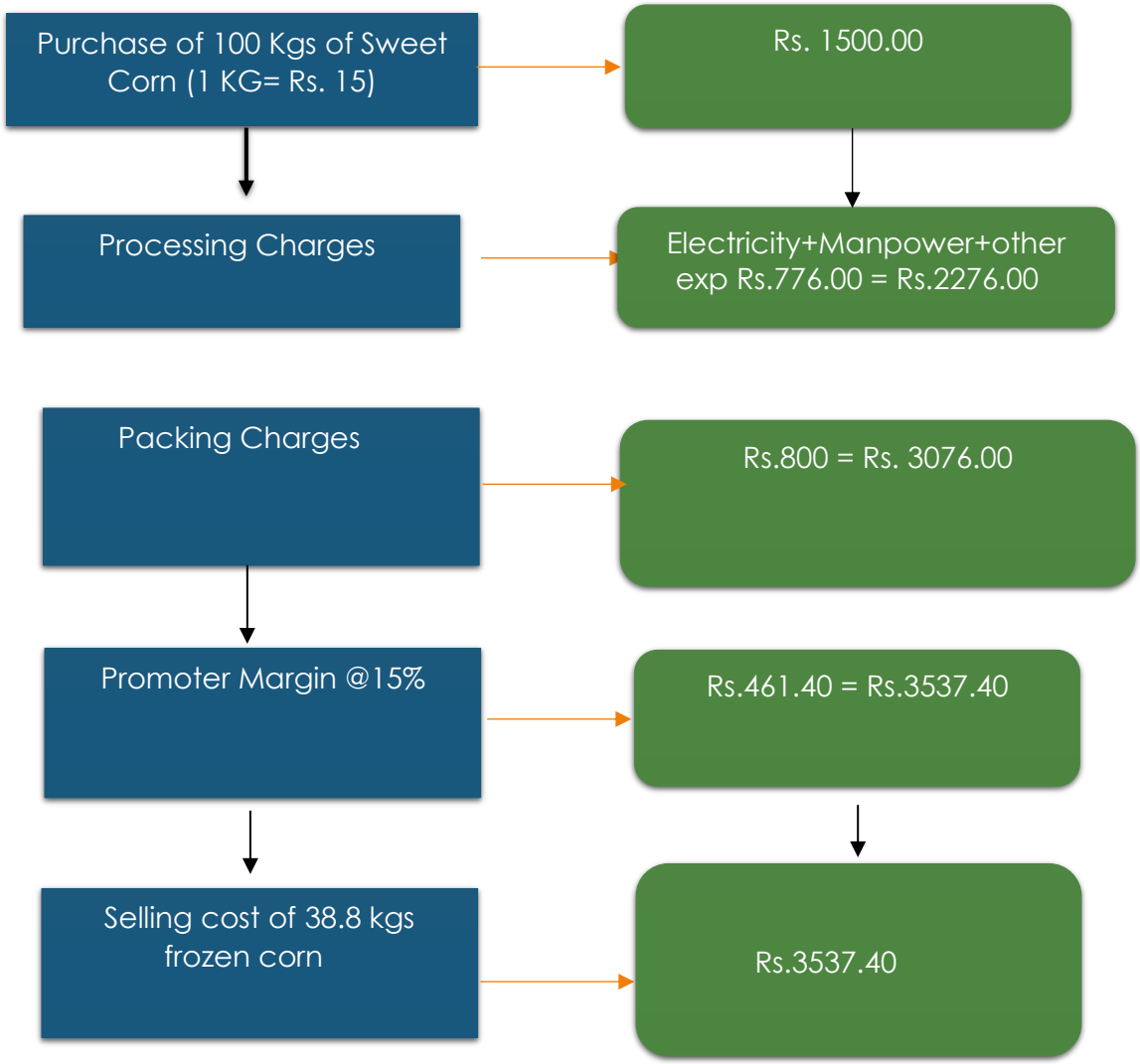
Stage wise Sample testing charges are presented below.

Value Chain analysis of the pre and post intervention are presented below.

Value Chain Analysis Sweet Corn 100 KG (pre-CFC)



Value Chain Analysis 100KG Sweet Corn (Post-CFC)



1.6 Summary of Stakeholders View

The Stakeholder meetings were held on two different occasions. The preliminary discussions were held during the month of Sept 2022. Subsequently after formulation of the draft CFC proposal the stakeholders meeting was conducted on November 2022. The concerns and observations of the stakeholders were duly incorporated in the final CFC proposal before submission for request of approval.

1.7 Financial Assistance

The Common Facility Centre project is proposed to be funded with mix of beneficiary contribution, state government contribution and financial assistance from Ministry of MSME, Government of India under MSE-CDP Scheme. As all the cluster firms are under the category of Micro Enterprises and Srikakulam district categorised under Aspirational District, financial assistance of 70% of the project is sought, balance 30% will be brought in by as state government and beneficiary contribution.

1.8 Structure of the CFC Proposal

The present report deals with the following topics in subsequent sections. A detailed proposal on common facility centre is given in Chapter 2. The detailed management structure along with individual roles & responsibilities, share holding pattern are presented in 3rd Chapter. The project profiles along with need assessment, detailing the requirements for each facility, process flow and unit operations, the merits and demerits / advantages and disadvantages, selection of appropriate technology, cost implications, facility configuration and layout comprising of each technology concepts are given in Chapter 4. Chapter 5 deals with the project economics and financial analysis. Alternative user costs have been considered, as also variation in capacity utilization in order to understand the sensitiveness of these parameters for understanding the viability of the project. The institutional mechanisms and Implementation schedule, Parameters for performance monitoring are given in Chapter 6 to 7. Chapter 8 briefs the implementing agency and the final chapter, Chapter 9 talks about the conclusions of the proposal in view of its successful execution. All supporting documents are enclosed thereafter.

02

The Proposal

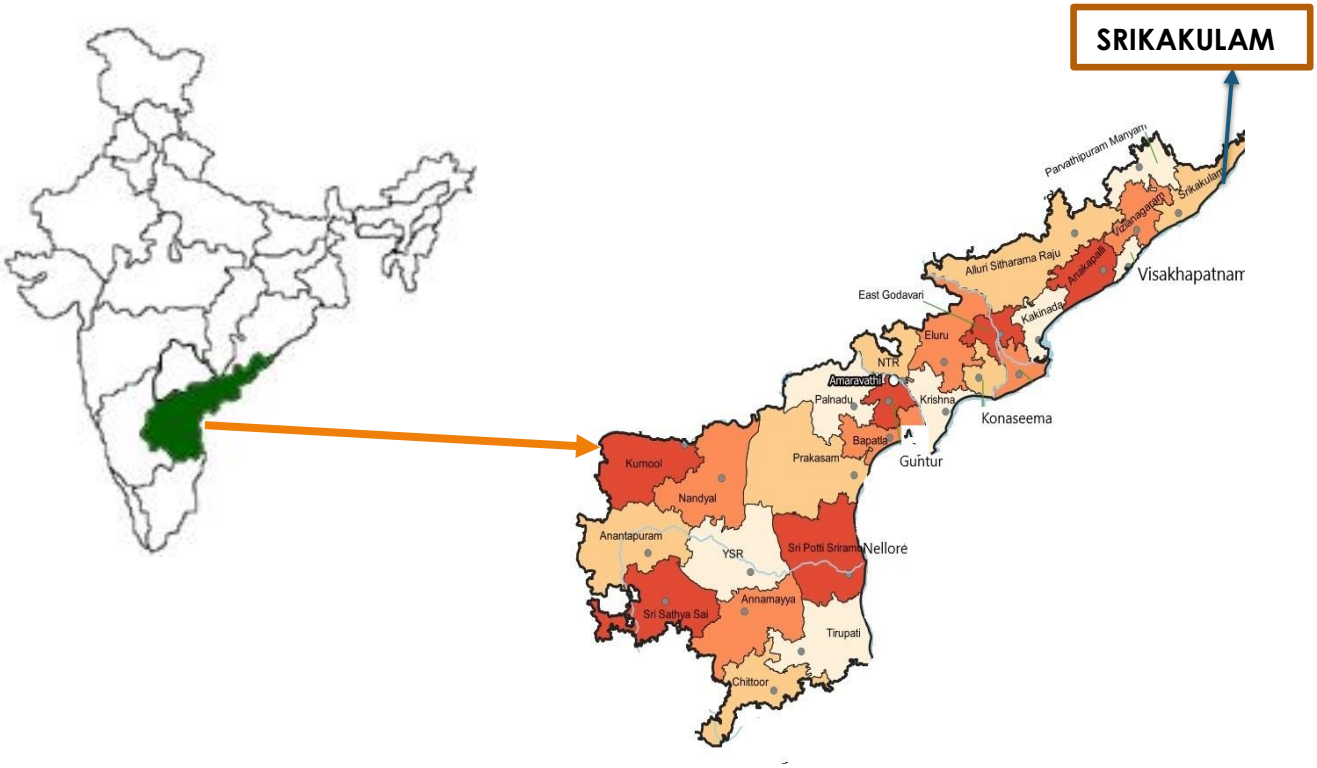
2.1 Name & Location of the Cluster

The units in the Srikakulam Food Processing Cluster are Micro Units type and the Cluster has about 408 units scattered in a radius of 80 Km. 24 units are registered under Udyog Aadhar and these firms are considered under the present proposal.

Srikakulam town is also the District Headquarter of Srikakulam and is located on the banks of the Nagavali River.

Srikakulam is 115 Kms from Visakhapatnam, which is metropolitan city of Andhra Pradesh. It is around 445 KM from Amaravati, State Capital of Andhra Pradesh.

Srikakulam District is surrounded by Vizianagaram district and Parvathipuram Manyam district in the south and west, Odisha bounds it on the north and Bay of Bengal on the East. Srikakulam is 324 Kms from Bhuvaneshwar (Capital of Odisha) and 70 Kms from Vizianagaram.



The turnover is estimated at Rs 4585 lakhs during last financial year (2021-22).

Srikakulam to Visakhpatnam by Road : 115 KM
Srikakulam to Bhuvaneshwar by Road : 324 KM
Nearest Railway Station : Srikakulam Road
Nearest Airport : Visakhapatnam , 115 KM

2.2 Nature of activity and products; number and size (also in terms of installed capacity) of units and number of units:

a) Nature of Activity: Manufacturing

b) Products: Sweet Corn Cob Retort, Sweet Corn IQF, Mango Dices, Pineapple slices, Jack fruit Fingers, Custard apple pulp.

c) No. of Units and size: The number of units are 408 which includes Sweet Corn pre-processing units, Ripening Chambers, Sorting & Grading centres of Jack Fruit, Pineapple and Custard Apple. Corn processing & Ripening chambers units are functioning on Job work basis. All other units are involved in Procurement, Sorting, Grading and Trading activity. All the firms are working on Seasonal basis only. These firms provide direct employment to more than 1182 workers and indirect employment to 360 persons. All these 408 units are scattered across the district and located in 80 Km radius. With reference to size all the firms falls under category of micro enterprises with investments less than ₹ 25 lacs.

Sl.No.	Facility	No of Firms
1	Corn processing units	350
2	Ripening chambers	8
3	Jack Fruit processing units	15
4	Pineapple processing units	20
5	Custard apple processing units	15
	Total	**408**

d) Installed Capacity: The Installed Capacity of these units are processing in the Cluster is around process around 8 Lakh Tons every year

2.3 Scale of investment (also in terms of net fixed and important current assets):

The scale of investment of the firm is below 25 lakhs only. Details of the investments are presented below:

Table 2.1: Scale of Investment in different category of firm (2018-19)

Sl. No.	Type of Firm	No of Firms	Average Investment range	Employment	
				Direct	Indirect
1	Micro	408	Upto ₹ 25 Lakh	1182	360
	TOTAL	**408**		**1182**	**360**

2.4 Information on value of output in the last 3 years (different enterprise segment - wise), including export output:

The total estimated turnover of the cluster for FY 2021-22 is Rs.4585.20 lakhs and in FY 2017-18 estimated is Rs.4150.00lakhs. Year wise turnover details from 2017-18 to 2021-22 are as follows:

Table 2.2: Past performance of the cluster (2018-21)(Rs lakhs)

Sl. No.	Nature of firm	No of firm	Turnover 2017-18	Turnover 2018-19	Turnover 2019-20	Turnover 2020-21	Turnover 2021-22
1	Micro firms	408	4150	4772.50	3818.00	3627.10	4585.20

The turnover during the year 2022-23 is expected to reach ₹ 5502.00 lakhs.

2.5 Production Process

A. PRODUCITON PROCESS OF SWEET CORN RETORT:

The corn after harvesting brought to the plant without delay. If delayed the sweetness of corn get affected.

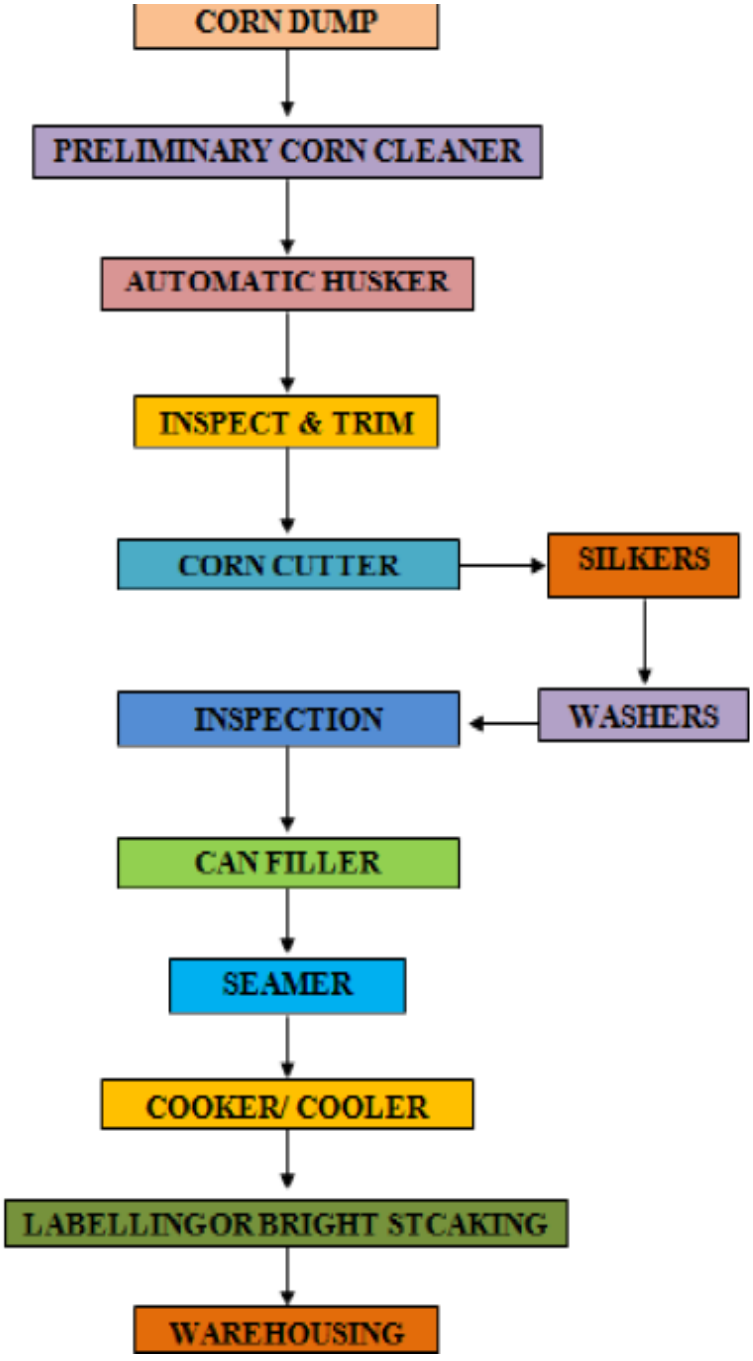
1. **Cleaning:** A conveyor in the dump pad moves the corn to the preliminary corn cleaner where loose husks and stalks are removed by high velocity air.
2. **Husking:** Husk removing of corn is done with the help of husking machine. There are two types of husking machine one is automatic butting and nonbutting huskers. Non butting husker are mostly used due to less generation of waste. Husking machine preferred over manual removal of husk because they do little injury to the corn.
3. **Silking:** Silking is performed as a separate operation by running the corn through a special machine that rolls the ear rapidly between a pair of rollers and at the same time brushes it with fibre brushes as

the ear advances. Sprays of water are introduced at the same time, which wash away the silk and clean the ears.

4. **Inspection:** When the corn is properly washed and moving toward the cutter then it is inspected on a moving belt. The ears which are not suitable for canning processing are removed.
5. **Cutting:** Cutting is done with the help of knives, which should be sharp enough to avoid group pulling of kernel. The depth of cutting should be deep to take out most of the kernel, yet not cut into the cob.
6. **Washing of Cut Corn:** Washing of corn is an important stage to remove microbial load and preventing the product from spoilage. Efficient types of washers are made especially for this purpose. If some flotation type of washer is used, this should be followed with a spray wash using fresh water at 82–93°C (180– 200 °F), which not only aids in the reduction of contamination, but also removes the chill from the corn.
7. **Filling and Brining:** In order to remove air from the cut kernels it is helpful to blanch the kernels in hot water or exhaust the filled cans before closure. The inspected kernels are then transferred to filling machines, similar to or identical with the ordinary pea filler, filled into cans, and brined with boiling hot water or a weak salt brine. When salt is used, the amount may be as little as 0.5%, but the average is approximately 2%. The brine should be added at or near the boiling temperature to accomplish an initial temperature of from 60 to 71°C (140–160 °F) in the can.
8. **Seaming:** Seaming is done to pack the mouth of can and then send for next process.
9. **Retort:** The time and temperature of retort varies as per the size of the can, larger will the can, more time will required for the retort process. For example a can with 170g fill required at least 42 minutes at 116°C, 27 minutes at 118°C and 18 minutes at 121°C where a can with 340g fill required 52 minutes at 116°C, 36 minutes at 118 °C and 26 minutes at 121 °C.

10. **Cooling:** After retorting the can are allow to cooled under pressure and when the temperature decreases to 38°C then only it can stacked.
11. **Packaging:** After cooling the sweet corn products packed to send to Storage and shift to market.

PRODUCTION PROCESS FLOW CHART



B. Frozen Sweet Corn Manufacturing Process:

1. **Reception of raw material:** Fresh picked sweet corns are transferred to factory waiting for further processing.

2. **Peeling**: Peeling the sweet corn is the first step of sweet corn processing. And the peeling work can be both done manually and mechanically.

3. **Extraction of Kernels:** Sweet corn kernel cutter machine can remove the kernels from cobs.

4. Washing: The sweet corn kernels are washed with fruit washing machine. Using forces and actions of water bubbles and water flows, the industrial veggie and fruit washer can wash and clean the corn kernels gently and efficiently.

5. **Inspection and sorting:** Inspection the washed corn kernels and sort out the defective ones as well as other foreign materials.

6. **Blanching:** This blanching process can retain the color, appearance, taste and texture of corn kernels. Our industrial blancher machine can ensure precise blanching temperature and blanching time.

7. **Cooling:** The blanched sweet corn kernels will be cooled down with industrial cooler machine. The chilling process can not only prevent over blanching, ensuring quality end results, but also save energy for freezing process.

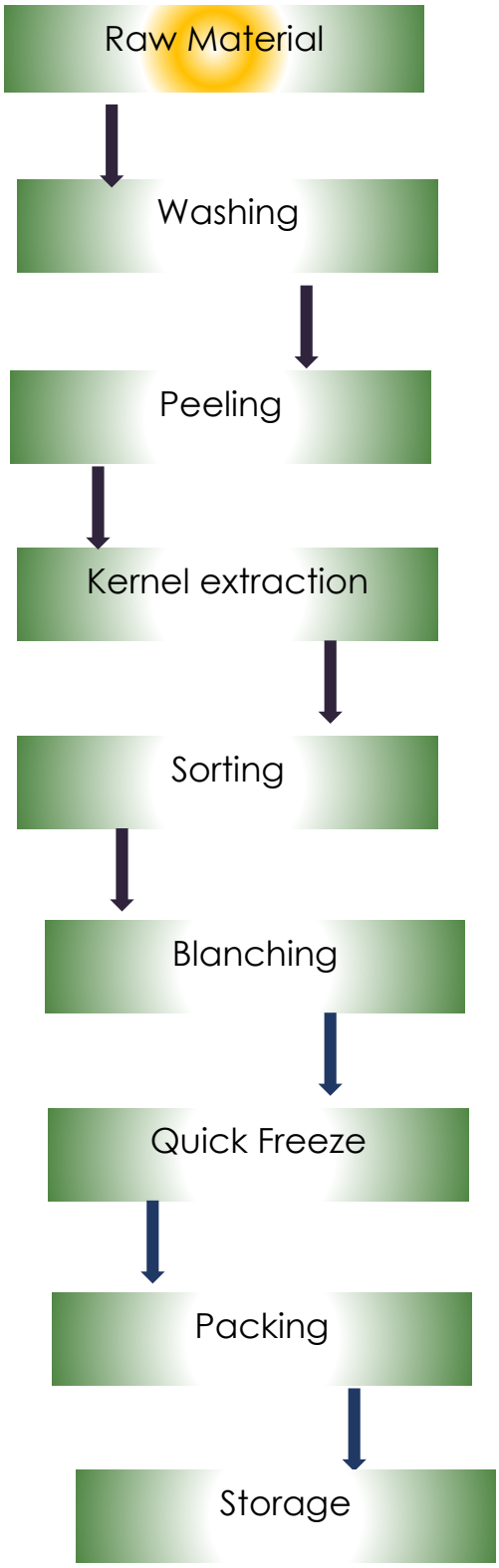
8. **Removal of excess water:** After cooling excess water will be removed from sweet corn kernels using dewatering machine to avoid negative impact on the frozen sweet corn kernels.

9. **Freezing:** Sweet corn kernels will be passed through the IQF for freezing.

10. **Weighing and packing**: The frozen sweet corns can be weighed and packed according to the required quantity

11. **Storage:** After weighing, the finished material stored in -20 degree temperature in a Cold Room.

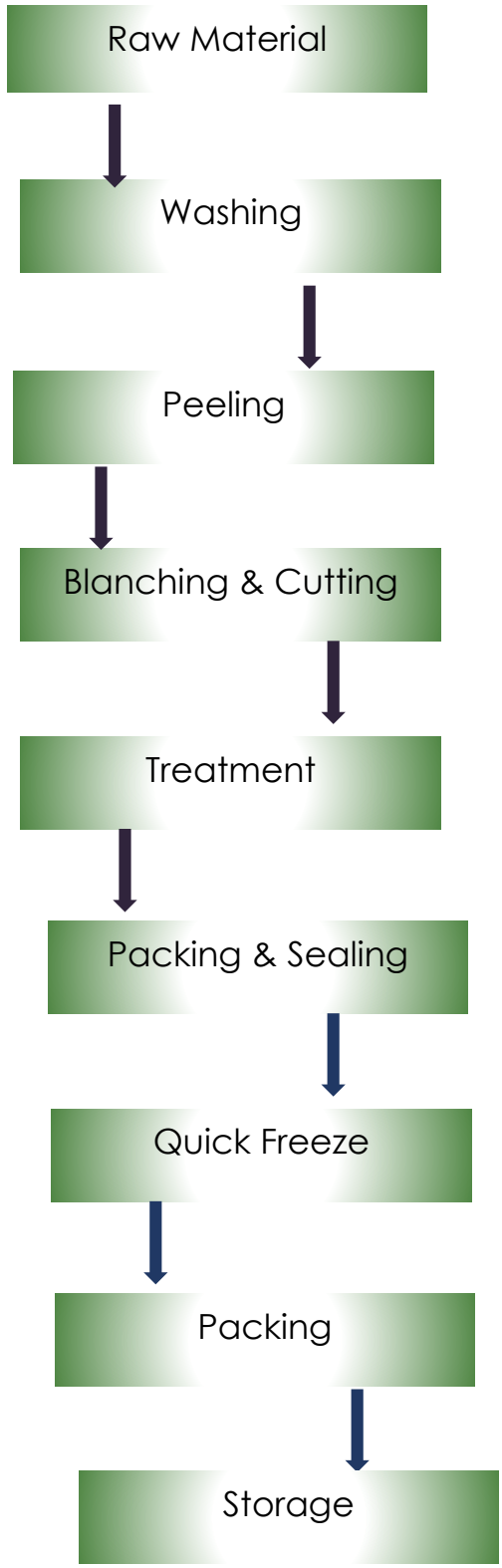
I. PRODUCTION PROCESS FLOW CHART:



C. Frozen Mango Dices Manufacturing Process:

1. **Ripening:** The mangoes procured from the farm sent to Ripening Chambers for ripening.
2. **Selection of Fruit:** Selection of ripe, juicy, shiny fresh mangoes, and removal of rotten and residual fruit
3. **Washing:** Rinsing with running water to remove the impurities such as dust, sediment and microorganisms adhering to the surface of the peel.
4. **Peeling and cutting:** The cleaned mangoes are immediately peeled, pitted and cut into pieces. Manual peeling, pitting, and dicing can be used), and then the diced mangoes are sent to the pre-cooking machine by the conveyor belt for pre-cooking;
5. **Blanching & Cooling:** The diced mango is directly blanched with steam, and the blanching temperature is controlled above 100°C for 1 to 2 minutes. Protect the color of fruit pieces by blanching and reduce the loss of pulp juice. The diced mangoes should be cooled immediately after blanching to prevent the diced mango from becoming soft.
6. **Treatment:** The mango diced after being cooled in the cooling tank is put into a low-temperature sugar solution for low-temperature dipping. The concentration of sugar solution is generally between 25 and 35 Brix;
7. **Packing and sealing:** The fruit pieces after treatment bagged and sealed
8. **Quick freeze:** The sealed slices frozen at a temperature of minus 35°C to minus 40°C.
9. **Inspection and packing:** The quick-frozen fruit pieces are inspected and can be packed
10. **Storage:** After packing, it should be stored at a low temperature of minus 18 ℃ – minus 20 ℃

PRODUCTION PROCESS FLOW CHART



D. Pineapple Canning Process:

1. **Ripening:** The Pineapple procured from the farm sent to Ripening Chambers for ripening

2. **Cleaning:** Fruit will be inserted into special wash tank filled with clean water. Pineapple fruit then sending out using conveyor which equipped with spray system-with water

3. **Inspection & Grading:** Pineapple fruit checked and grade to 3 primary grade according to size

4. **Peeling & Removing Pith:** After grading, the fruit peeled and removed pith using machine. Pineapple has been peeled then inspected to remove residually balance peel using knife. Then fruit will be channel to "Slicing Machine" and "Resizing Machine" for various cutting shapes.

5. **Filling And Syrup Process:** Fruit slice will be put in inside the can and then will be brought to syrup machine. Syrup solutions with fix concentrated prepared separately and filled into the can.

6. **Exhausting:** After syrup process, can filled with pineapple piece admitted into "exhausting box" to remove captured air in temperature of 70'c- 80'c for 7-10 minutes depends on can size used. This is to create a vacuum state.

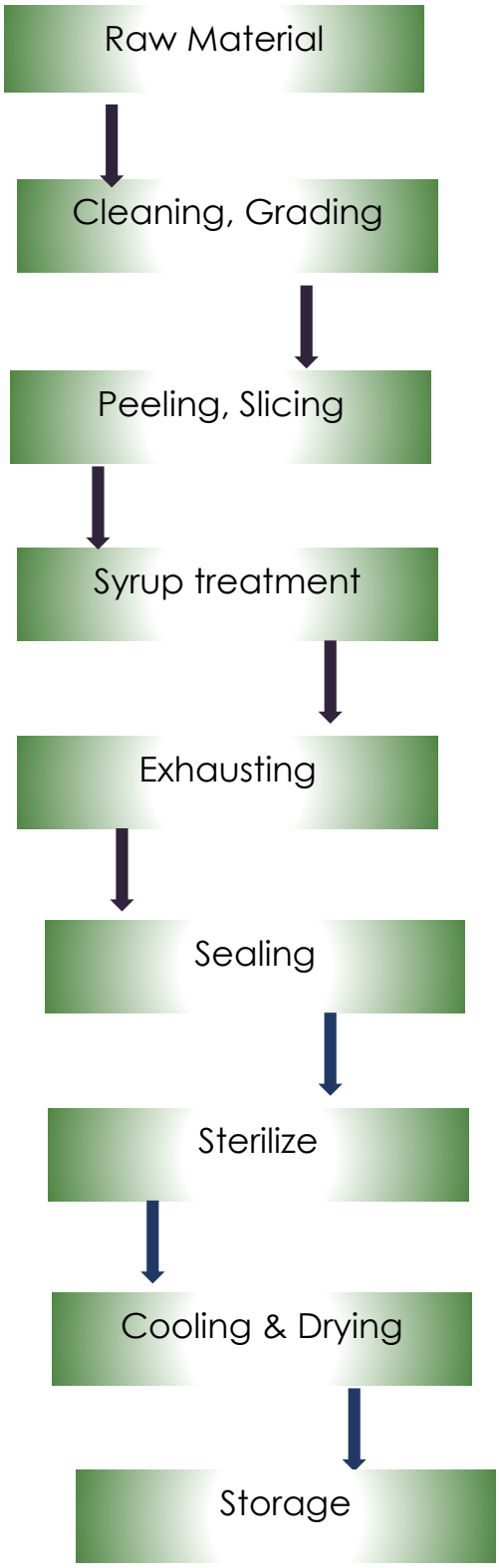
7. **Sealing:** After through "exhausting box" cans need to go through "seaming machine" and closed "harmetically seal" (air tight)

8. **Sterilize:** Covered cans are then sterilized in "Sterilization Machine" in temperature of 105'c for 30 minutes.

9. **Cooling & Drying:** Cans that had sterilized will get through refrigeration machine in temperature 40- 44°e and then is dried using "blower".

10. **Storage:** Those products that already arranged above the pallet would be kept for two (2) weeks to ensure products stability and free from contamination from microorganism during processing and operation.

PRODUCTION PROCESS FLOW CHART



E. Custard Apple Pulp Manufacturing Process:

1. **Raw Material:**

   Ripen Custard Apple in various sizes brought to the processing location in Crates. If unripen fruits received at the facility will be ripened naturally at the centre.

2. **Sorting:**

   In this process, rotten, damaged, spoiled, diseased and unripen fruits separated and discarded. This process carried out manually by the workers.

3. **Removal of Skin:**

   The out layer (Thick skin) of the fruit removed manually.

4. **Pulping:**

   Then the Soft Pulp portion with seed feed to the pulper. The pulper removes the pulp from the seed and separate the seed. The fine pulp stored in a SS Tank. The pulp packed in one kg polythene packets.

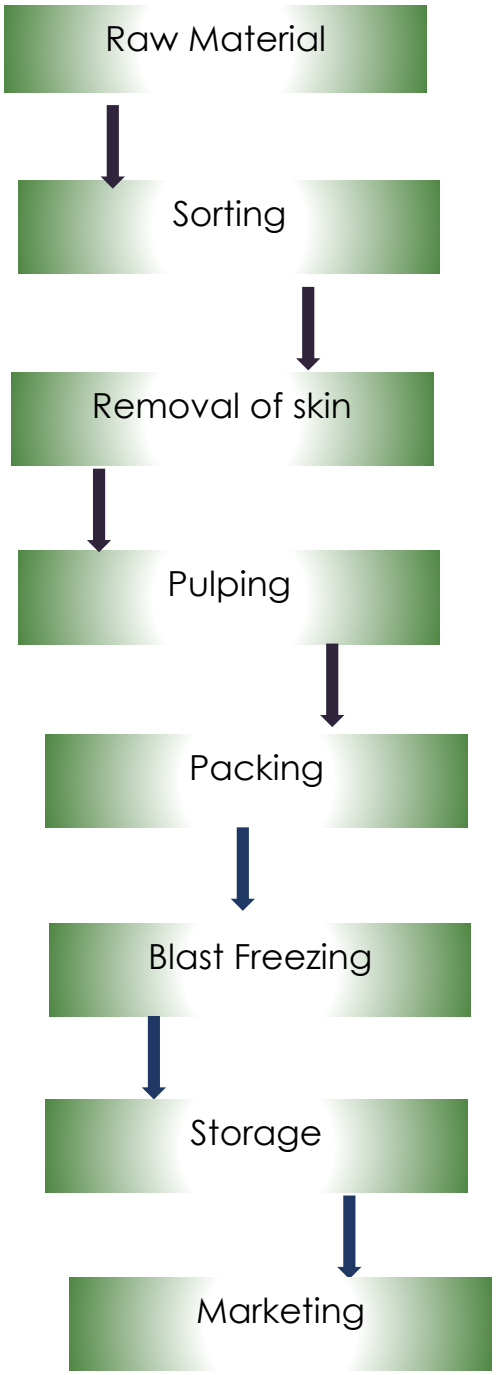
5. **Blast Freezing:**

   The pulp packets placed in Blast Freezer for 8 hours at -40 degree temperature.

6. **Storage:**

   The pulp stored in Cold Chamber of -20degree temperature. Then the product sent to the market as per the orders

PROCESS FLOW CHART:



2.6 Proposed Intervention

Other that setting up of CFC (which is primary Intervention) it is proposed to have soft intervention. A provision of ₹ 1.50 Lakh has been made towards soft intervention activity in the Preliminary expenses. The suggested Intervention and the cost thereof is presented below.

Table 2.3: Soft Intervention Activity

Sl. No.	Activity	Budget (INR Lakh)
1	Trust Building	0.40
2	Validation Program for DSR & DPR	0.30
3	Management Development Program	0.30
4	Interaction meet with FSSAI	0.20
5	BDS Provider for Selection of Machinery for CFC	0.30
	TOTAL	**1.50**

2.7 Projected economies of scale and growth potential, expected performance of the cluster after proposed intervention (in terms of production for domestic and export markets in volumetric and nominal financial terms-export/domestic sales and direct/indirect employment, etc.):

2.7.1 Firm / Enterprise Level

- The Common Facility Centre is expected to be utilised by all the firms.
- An Increase in Installed Capacity, Capacity Utilization, productivity, operating days and sales will have a direct impact on employment, which is expected to increase by 50% in the cluster in next 5 years.
- Strengthening of forward and backward linkages and local institutions, provision of linkages with public & private support institutions, strengthening of local infrastructure through public-private partnerships will benefit at least 20% of the existing firms indirectly, within 3 years.
- At least 10 firms adopt advanced technology and adhere to the FSSAI norms
- With availability of the CFC facility, it is expected that at least 25 new firms will come in next 5 years.

2.7.2 Cluster Level

The performance indicators at cluster level are given as below:

Table 2.4: Post Intervention performance Indicators

Sl. No.	Indicator	Pre-CFC (2022-23)	Post CFC (2024-25)
1	Total Domestic Turnover INR Cr.	5502.24	8527.24
2	Export in INR Cr.	Nil	60.5
3	Investment INR Cr.	513.5	663.5
4	Profitability (%)	10%	15%
5	Direct Employment	1182	1300
6	Indirect Employment	360	414

2.8 Diagnostic study/comparative advantage benchmark survey (main findings); information on nature of critical gaps identified (such as poor storage facility, poor testing and quality control facilities-item-wise cost estimates):

Critical Gaps identified during the interactions with cluster stake holders are given below:

At present Cluster firms are involved in Primary Processing only ie., Sorting, Grading, Ripening, Storage and Selling. The firms were not involved in Secondary and Tertiary Processing of the produce due to high investment requirements.

Majority of the firms are operating in seasonal only.

The estimated cost of the proposed Common Processing centre is ₹ 2994 lakhs.

2.9 Elaboration on gaps, if any, to be filled through assistance from schemes of other Ministries (e.g., technology up-gradation under TUFS, MoFPI schemes):

As all the units in the cluster falls under Micro Enterprise and Srikakulam District categorised under Aspiration district, the proposed CFC is eligible for 70% Grant and the balance 30% will be raised by the members of the SPV and contribution of State Government. The land for the CFC will be leased and the Grant received from DC-MSME will be utilized for the purpose of Plant and Machinery only, adhering to the Scheme Guideline. The working capital required being less will also be brought in by the SPV members, hence no Gap funding is sought from any other Ministry or Scheme.

2.10 Implementation schedule; structuring of the SPV, such as copy of certificate of incorporation, articles of association and letter of agreement with stakeholders:

During Stakeholders meeting held during November 2022 cluster member were appraised about importance of SPV formation for operational

management of proposed CFC. All the members were also sensitized about MSECDP Scheme and role of SPV in establishment of CFC.

An SPV namely "**Sunrise Nature Foods Foundation**" was formed and registered under Company's Act, 2013 as a Section 8 Company. Copy of Certificate of incorporation and articles of association are enclosed as **Appendix 1**.

A letter of agreement among stake holders about the executive committee, financial and operational management is signed. A copy of the same is enclosed as **Appendix 2**.

2.11 Revenue generation mechanism for sustainability of assets (service/user charges to be levied, any other-to be specified):

All the SPV members and other principle cluster firms are expected to utilise the services of various facilities proposed to be established on user charge basis for sustainability of its operations. Separate charges will be levied for members and non – members which is as per the guidelines of MSECDP. All the charges proposed are highly competitive and less than prevailing local market prices. These charges were finalized after due consultations with stakeholders balancing both commercial as well as social viability of the CFC. The Facility wise and activity wise charges are given in the following table:

Table 2.5: User Charges in CFC

Facility	Member	Non-members
Job work charges (Rs/MT)		
Sweet corn- Retort	18000	21000
Sweet corn - IQF	20000	25000
Mango Dices	32000	36000
Pineapple canning	32000	36000
Jack fruit products	50000	60000
Custard apple pulp	12000	14000
Cold storage	2300	

All facility will be open for use for members as well as non-members.

2.12 Project Implementation Schedule and completion period

The project is scheduled to be completed within 16 month of the Sanction of Grant-in-aid by DC-MSME subjected to

- Timely formation of Purchase committee for procurement of Machinery by State Government.

- Timely receipt of funds DC-MSME through State Government.

Activity wise schedule is presented below.

Table 2.6: Activity wise Schedule of Implementation

Sl. No.	Activity	Schedule
1	Acquisition of Land	Completed on long term lease basis
2	Sanction of Grant by DC-MSME	Dec-22
3	Civil & Building Works	Feb – Sept 2023
4	Bidding process of Machinery	Apr - May 2023
5	Purchase of P&M and Commissioning	Aug 2022 - Jan 2023
6	Electrical works	Aug 2022 – Jan 2023
7	Trial Run	Mar-24
8	Statutory Approvals	Feb - Mar 2024
9	Commercial operation	Apr-24

The CFC will need approval from FSSAI after completely setting up of the CFC and before commencing its operation and hence a provision of 3 month have been made in the schedule of implementation of the project. The CFC will also need trade licence before operation. Activity wise bar chart is presented separately as **Appendix 6.**

2.13 Monitorable targets in terms of year-wise number of beneficiary units, increase in employment, increase in production, domestic sales, exports, others (specify):

The proposed hard interventions will show substantial increase in the tangible parameters like in number of units, operating days, employment, production. Besides, intangible aspects like major improvement in quality may increase turnover by minimum of 12% percent. The following table substantiates the above points:

Table 2.7: Year wise Monitorable targets

Sl. No.	Parameters	18-19	19-20	20-21	21-22	22-23
1	Beneficiary Units	408	413	428	430	433
2	Increase in	1300	1365	1433	1505	1580
3	Direct Employment	414	435	456	479	503
4	Increase in In-direct Employment					
	Total Sales (Rs Cr)	8527.24	8953.60	9401.28	9871.35	10364.91
5	Export Sales (Rs Cr)	60.50	89.54	94.01	98.71	103.65
6	Profit Margin (%)	5.00%	6.50%	7.50%	9.00%	10.00%

2.14 Sustainability of SPV and project highlights-total cost of project, contribution from cluster enterprises/stakeholders, average contribution

by individual enterprises, grant in aid under MSECDP, term loans , debt-equity ratio in this context, repayment schedule and estimated debt service coverage ratio (DSCR) (where debt finance is availed of), annual estimated income, expenditure, gross and net profit at expected/optimal levels of operations, breakeven (BE)/internal rate of return (IRR) calculations, payback period, etc.:

The total cost of the project is **₹ 2994 Lakh** which is inclusive of CFC building (₹ 435 Lakh), plant & machinery (₹ 2425.27 Lakh), Professional charges for DPR & PMC (₹ 58.50 Lakh), Preliminary & Preoperative Expenses (₹ 5.03 Lakh), working capital (₹ 13.00 Lakh) and contingencies (₹ 57.21 Lakh).

Table 2.8: Project Cost and Sources of fund

Sl. No.	Description	Total Amount	SPV Contribution	State Contribution	GRANT IN AID
1	Land & Land Dev.	0.00	0.00	0.00	0.00
2	Civil & Structural Works	435.00	228.00	207.00	0.00
3	Plant & Machinery	2425.27	88.27	242.00	2095.00
4	Contingencies @ 5%	57.21	57.21	0.00	0.00
5	Professional Charges for DSR & DPR & PMC	58.50	58.50	0.00	0.00
6	Preliminary Expenses	2.50	2.50	0.00	0.00
7	Pre-Operative Expenses	2.53	2.53	0.00	0.00
8	Margin Money for WC	13.00	13.00	0.00	0.00
	Total	**2994.00**	**450.00**	**449.00**	**2095.00**

As the land of CFC is leased on long term basis the cost of land is not considered.

The SPV will contribute 15.03% (₹ 450.00 Lakhs), State Government will contribute 15% (Rs. 449.00 Lakh) and remaining 69.97% (₹2095.00 Lakhs) is sought from DC-MSME as grant in aid.

The part cost of civil works& Machinery and full amount of working capital, and preoperative expenses, WC margin, Consultancy charges, Preliminary expenses will be Borne by the beneficiaries and state government as their contribution and GoI grant is restricted to part cost of Plant & Machinery.

An SPV was formed and registered under Company Act 2013 for operational management of proposed CFC. The SPV will have a character of inclusiveness wherein provision for enrolling new members to enable prospective entrepreneurs in the cluster to utilise the facility is provided. In addition to the contributing members of the SPV, the organizers have obtained written commitments from 'users' of the proposed facilities so that its benefits can be further enlarged.

Care has been taken while preparing Memorandum of Articles about:

- All the SPV members are independent in terms of their financial stakes and management.
- No single unit is holding more than 10 per cent in the equity capital of the SPV.

The proposed project is self-sustainable and generates its revenue from user charges. As per the guidelines there will be separate charge for members and non-members for each facility.

The project will start its operations from 1st April of financial year 2024-25 and expected to generate a revenue of ₹ 3025.79 Lakh during the 1st year. The revenue for the next three year are ₹ 3174.85 Lakh, ₹ 3328.13 Lakh and ₹ 3485.72 Lakh. The profit after tax during the first year of operation is estimated as ₹ 406.97 Lakh and increases to ₹ 495.67 Lakh by 4th year.
The key financial parameters for the project are as tabulated below and are within acceptable norms.

Table 2.9: Key Financial Indicators

Sl. No.	Parameters	Suggested as per MSE-CDP Guideline	As projected
1	Breakeven at Operating Capacity (1st year) in %	Below 60%	49.92%
2	Return on Capital Employed (RoCE)	Above 25%	47.91%
3	Debt Service Coverage Ratio	>3	Not applicable
4	NPV	Positive	₹ 1617.32 Lakh
5	IRR	Above 10%	20.82%

The sensitivity analysis shows the unit can withstand 10% drop in capacity utilization, 10% decrease in user charges. But the SPV need to give more attention in the case-III i.e., coupled with 10% decrease in user charges and 10% decrease in capacity utilisation.

(The detailed sensitivity analysis is given in **Chapter 6** of the Report).

Since the project is not having any debt funding, DSCR is not applicable. All parameters are within acceptable limit. The above financial

parameters indicate the commercial viability and long term sustainability of the proposed Common Facilities Centre.

2.15 **Previous track record of co-operative initiatives pursued by SPV members need to be highlighted with support documentation.**

Xxxxxxxx

2.16 **Benchmarking impact of CFC with regard to international competition (one section of the proposal should be devoted to highlight the impact of the project on beneficiary enterprises vis-à-vis exports/global competition, particularly with regard to tradable (any product that may be conventionally exported or imported) :**

The CFC proposing will adhere to the norms and standards of FSSAI and other Global certifications. It is envisaged that the CFC will enable the units to produce value added products and drive them to enter into global market.

2.17 **CFC may be utilised by SPV members as also others in a cluster. However, evidence should be furnished with regard to SPV member ability to utilise at least 60 per cent of installed capacity.**

All the 24 firms which form the core cluster are going to use the facility and for which they already signed a letter of agreement (Copy enclosed as **Appendix 2**).

03

Management & Shareholding Pattern

3.1 Management

The Proposed Common Facilities will be managed by Special Purpose Vehicle namely "**M/s. Sunrise Nature Foods Foundation** " Company Limited by Shares and Not For Profit Incorporated under Section 8 of Companies Act, 2013 on 01st November 2022.. The CIN of the firm is U15130AP2022NPL123156.

The SPV will oversee the following functions:

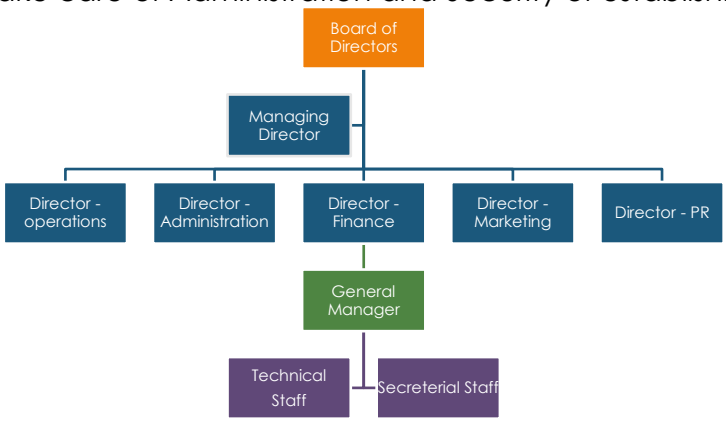
- Establishing, operating and maintaining all common facilities as mentioned in the DPR.
- Collection of user charges from SPV members and other users of the facilities so as to meet the recurring expenses and future expansions
- Preparation and submission of progress reports to Commissioner of Industries and DC-MSME as per the guidelines

The management of the CFC will be a three tier structure for smooth and uninterrupted operations and is as follows:

The Board of Directors: The main governing body for the SPV which is ably assisted by Technical and Secretarial staff. While the Chairman and Managing Director will oversee the entire operations, each Director is entrusted with specific responsibility like marketing, technical, finance, Public relations etc. based on his past experience and qualification.

The technical staff: The facility will have its own technical staff which is as per the requirement and guidelines of **FSSAI (Food Safety and Standards Authority of India)**. The plant will have 01 Food technologist, 01 QA Manager, 6 Lab technicians, 8 operations, Cold storage incharge 02 members, IQF technician 01 persons and Forklift operators 02 members.

The Secretarial Staff: A competent and well qualified person will be appointed as the CEO who will look after day to day operations of CFC and will directly reporting to Board of Directors All the accounting and financial management will be looked after by 5 persons. In addition to the above 18 persons to take care of Administration and Security of establishment.



3.2 Bio-Data of the Promoters

Smt. Metta Bhagya Lakshmi is having 5 years of experience in Food processing unit in the district. She was established M/s. Bhagyam Fruit Preserving unit in 2018 and running it successfully.

Sri. Kuna Naga Raju is having 6 of experience in Food Processing sector. He was established M/s. Raju Fruits Processing unit in Srikakulam and running it successfully.

3.3 List of SPV Members & Shareholding Pattern

The Proposed Common Facilities will be managed by Special Purpose Vehicle namely "**M/s.Sunrise Natural Foods Foundation**". Details of the 11 members of the SPV is presented in the table below.

No.	Name Of The Unit	EnterepreneurName & Address & Phone No.	UDYAM REGISTRATION NO.	SPV Member Aadhar No.	SPVMember Pan No.	Sharie holding pattern in %
1	Best fruits & Food Processing Unit	Metta Krishna Rao D No-34/1, Chinnaraopalli (v), Main Road, Etcherla (M),Srikakulam (d), Ph no.9618796170.	UDYAM-AP-09-0009437	4900-9179-8233	JCPM9098N	9 %
2	Raju Fruits Processing Unit	Kuna Nagaraju D No-1, Main Road, Kinthali, Srikakulam, Ph No.9160380944.	UDYAM-AP-09-0009390	8536-7875-1311	BONPR6550J	2 %
3	Hari food processing unit	Sanapala Hari D No-1, Main Road, KAnimetta, Srikakulam, Ph No-7680808815.	UDYAM-AP-09-0009406	3789-4492-1085	IRVPS3057M	2 %

4	Naidu fruit Processing Unit	Singupurapu Chiranjeevi, D No-1,Main Roa, Santhavuriti, Srikakulam, Ph No. 9133455319	UDYAM-AP-09-0010474	4055-3763-1487	CVJPC9994H	8 %
5	Gandhi Sweet Corn Unit	Bagadi Gandhi D No-1, Main Street, Paparajupeta, Thandyam, Ponduru, Srikakulam, Ph No. 9676959065.	UDYAM-AP-09-0010353	4811-5597-5524	DVXPG1794L	2%
6	Harandh Fruit Processing Unit	Boddepalli Harandha rao D No.1, Main Road, Konchada, Ponduru, Srikakulam, Ph No. 7893715508.	UDYAM-AP-09-0010472	2010-4548-6526	BPZPH9471P	2 %
7	CHANDRA MANGO & BANANA RIPENING PLANT	Pedada Satish D No.1, Main Road, Abothula Peta, G. Sigadam, Srikakulam, Ph No.6303217670	UDYAM-AP-09-0010596	2252-0542-3266	CYCPP7104A	2 %
8	SAVITRI SWEET CORN PROCESSING UNIT	Pedada Savitri, D No.1 Main Road, Abothula Peta, G. Sigadam, Srikakulam, Ph No.6301344919	UDYAM-AP-09-0010590	6231-5321-6803	PKIPS3861N	2 %
9	VENI SWEET CORN PROCESSING PLANT	Pedada Krishna Veni, D No. 1, MAIN STREET, V R GUDEM, PONDURU, SRIKAKULAM, PhNo.8688081031	UDYAM-AP-09-0010555	3754-4815-7668	MUEPK1747G	2 %
10	SAI SWEET CORN PROCESSING PLANT	Singupurapu Sai Kumar, D No.1, MAIN ROAD, KONCHADA, PONDURU,	UDYAM-AP-09-0010541	2095-6339-1033	PUXPS4994D	8 %

		SRIKAKULAM, Ph No.8317531464				
11	K V K SWEET CORN PROCESSING PLANT	KAPALA PRASADA RAO RAO, D No.1, MAIN ROAD, KONCHADA, PONDURU(RS), SRIKAKULAM, Ph No.7337352655	UDYAM-AP-09-0010551	5904-5578-3834	BAKPK4434R	2 %
12	CHIKKOLU SWEET CORN PROCESSING UNIT	KOTTAKOTA MANMADHA RAO, CHIKKOLU TAMARIND PROCESSING UNIT	UDYAM-AP-09-0010543	3769-7254-7544	EHSPR8958D	2 %
13	JAI DURGA SWEET CORN PROCESS UNIT	Boddana Durga Prasad, Door No.1, Ponduru, Main road, Srikakulam, Ph No. 703209 1875	UDYAM-AP-09-0010667	9878-8875-3192	GYOPP6383R	2 %
14	TANKALA SWEET CORN UNIT	Tankala Ramesh Babu, Door No. 1, Main Street, T.D. Valasa, G. Sigadam, Srikakulam, Ph No. 9346559315.	UDYAM-AP-09-0010677	6950-1339-5801	AIGPT4687E	2 %
15	LAXMI SWEET CORN PROCESSING UNIT	Pedada Laxmi, Door No. 1, Main Street, Davala Peta, G. Sigadam, Srikakulam, Ph No.9849977625.	UDYAM-AP-09-0010671	9224-9455-4441	BPUPL6300L	2 %
16	MUKUNDA SWEET CORN PROCESSING UNIT	Pedada Mukunda Rao, Door No. 1, Main Raod, Abothulapeta, G.Sigadam,	UDYAM-AP-09-0010670	2310-3144-5077	GFAPR6072E	2 %

		Srikakulam, Ph No. 9849977625.				
17	SATYAVATHI SWEET CORN PROCESSING UNIT	Door No. 1, Main Street, Kanimetta, Ponduru, Srikakulam, Ph No. 9883201434.	UDYAM-AP-09-0010680	4507-2054-2461	FAQPS4106C	2 %
18	PRAKASH SWEET CORN UNIT	Door No.1, Main Street, Kanimetta, Ponduru, Srikakulam, Ph No. 9883201434.	UDYAM-AP-09-0010679	4663-2088-9574	FAQPS4106C	2 %
19	VENKATA SWAMY MANGO & PINAPPLE PROCESSING UNIT	Pedada Venkata Swamy, Main Road, Abothula peta, G. Sigadam, Srikakulam(D), Ph No. 8498070122	UDYAM-AP-09-0008949	2454-9943-8933	BFMPP0875A	9 %
20	AVP FRUIT PROCESSING UNIT	Annepu Veera Prakash Rao, Main Road, Venkata Puram, Srikakulam. Ph No. 9292850974	UDYAM-AP-09-0009388	8522-2608-5423	AVHPA4975E	8 %
21	BHAGYAM FRUIT PRESERVATING PLANT	Metta Bhagya Lakshmi, Chinna rao Palli, Etcherla mandal, Srikakulam (D), Ph No. 6301756790	UDYAM -AP-09-0009385	9742-6791-9134	BYJPM1133Q	8 %
22	JK FRUITS PRESERVATING UNIT	P. Venkata Swamy, Srikakulam Road,Kotta Road, Srikakulam, Ph No. 9292007123.	UDYAM-AP-09-0002664	2454-9943-8933	AASFP3165F	9 %

23	GIRI SWEET CORN PROCESSING UNIT	Budumuru Giri Babu, Door No. 1, Main Street, Dharma Puram, Ponduru , Srikakulam, Ph no. `	UDYAM-AP-09-0010685	2399-0669-7389	EBBPG7160K	2 %
24	SANKAR SWEET CORN PROCESSING UNIT	METTA SUJATHA, ADDRESS : DHAVALAPETA, G.SIGADAM, SRIKAKULAM, PH NO. 9494693209	UDYAM-AP-09-0008758	7299-8267-8910	BRAPM5825M	9 %

04

Common Facility Centre – Processing Facility

4.1 Need & Market for the Proposed Facility

The cluster has 408 firms which are involved in Primary Processing of the Sweet corn, Mango, Jack fruit, Custard Apple and Pineapple. There is no facility available in the cluster to carryout secondary level of processing. Non-availability of these facilities limiting the growth of the cluster units and restricting them to operate in the season in the limited available market.

4.2 Applications

The CFC would cater to the following requirements of stakeholders :

Section	Produce Processed / Stored
IQF	Sweet Corn, jack Fruit, Mango Dices
Blast Freezing	Custard apple
Retort	Sweet Corn
Pulping	Custard apple
Canning	Pineapple
Ripening	Mango, Jack Fruit, Pineapple
Cold Storage	Frozen Sweet Corn, Mango Slices, Custard apple Pulp

4.3 Land and Building

The proposed CFC facilities would be constructed in the land taken on lease by SPV. The lease of the land taken for a period of 15 years. The rent for the Land is ₹1,00,000/- per month and increases by 5% every year. The lease agreement is enclosed as **Appendix 4.** The layout of the buildings is Enclosed as **Appendix 4**.

4.4 Raw Material Requirement

The raw material required is Sweet Corn, Mango, Jack Fruit, Pineapple, Custard apple, and Chemicals used in the process for cleaning, treatment and Preservation and Packing material.

Fruits will be brought by the users. Chemicals and Packing material will be supplied by CFC.

4.5 List of Machinery

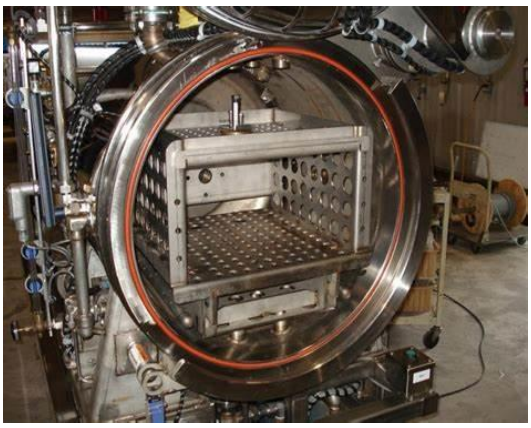
List of Machinery in the processing centre is tabulated below.

Table 4.1: List of Machinery for Processing centre at CFC

S.No.	Name of the machinery	Power HP	details	Qty
1	Racking System - Cold Storage		1782 Pallets each @ 1 MT capacity	1
2	Plastic Roto Pallets	0	Loading bearning capacity Static - 4MT, Dynamic-1 MT, Racking- 1MT	1782
3	Plate type Evaporative Condenser	46	Heat Rejection: 1000KW, 40oC Cond. temp. & 28oC WBT, Refrigerant: Ammonia. MOC: SS 304 (Plates, Basin & Casing)	2
4	Falling Film Chiller	110	(Model – OIFC 30030) Made of SS 304 Cooling capacity 110 Kw System Refrigerant: R717 (Ammonia, Pump Feed)	1
5	Insulated Water Base Tank	Nil	Made with SS 304	1
6	Recirculation water pump	Nil	LS	1
7	Ripening Equipment	30	40 MT * 5 chambers	5

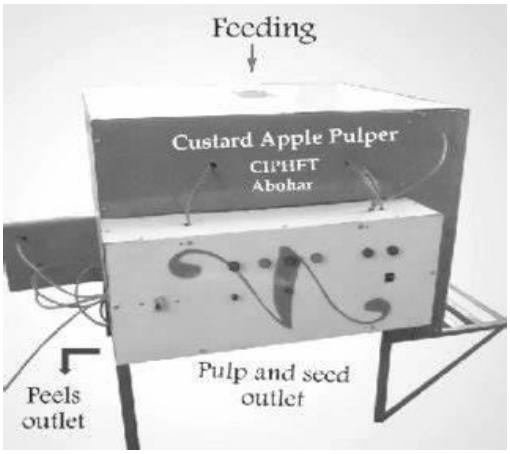
8	Automatic Gas Dosing with piping & Electric cables		(Ethylen Gas Dosing Sytmes	5
9	Refrigeration system for IQF & 2 Blast Freezers			1
10	Refrigeration system for Cold Rooms & Anti Rooms	480		1
11	IQF line	670	2 Ton per hour	1
12	PUF Wall, Ceiling & Partition Panels, Floor Insulation, Insulated Doors, Flashings & Accessories			LS
13	Corn pre-processing line	21		1
14	Mango pre-processing line	46		1
15	Retort			1
16	Canning			1
17	Pulping line			1
18	Electrical Lines &systems			LS
19	Boiler			1
20	Water Treatment Plant			1
21	Effluent Treatment Plant			1
22	Pallets & Crates			LS
	Imported			
S.No.	**Name of the machinery**	**Power HP**	**details**	**Qty**
1	Dicer	5	Diversacut 2110 cut	1
2	Compressors	1		1
3	Ammonia pumps	1		1

Images of Machinery proposed in CFC:



Retorter

IQF



Pulper

Sweet Corn Kernel Peeler

4.6 Other Equipment's

No other technical equipment's required for the processing centre. Furnitures suiting the core equipment's have been proposed separately.

4.7 Power & Utility

The total motor capacity of Centre is coming to 1450 KVA. Thus the power requirement per day of operations will come to 72.40 lakh units for first year of operations. Water required for the process is 150 KL per day for the entire CFC.

4.8 List of Major Supplier of the Machineries

In CFC, 5 types of process lines are proposed. The required machinery to be sourced from the different suppliers. The equipment wise list of Major Supplier of the Machinery is tabulated below.

Table 4.2: List of Machinery Suppliers for processing centre

Sl. No.	Supplier
1	Godrej & Boyce Mfg Co Ltd, No.1 Sidco Ind. Estate, Ambattur, Chennai - 600098, India, www.godrejstoragesolutions.com
2	KAKAMANI ENTERPRISES, 8-43/5/12/3, Balaji Hills, Uppal, Hyd – 500039
3	Omega Ice Hill Pvt Ltd, 39/ First Floor, Raghu Shree Market, Ajmeri Gate, New Delhi www.omegaicehill.co.in Email id: info@omegaicehill.co.in Mob:- +91-9990475111 ; arish.singh@omegaicehill.co.in
4	Hindustan Agri Business Pvt Ltd, Gat No: 182, Bhugaon, Mulshi, Pune-412115; Ph: 8237030722; gvk@habpl.net
5	Refrigeration Allied Works Plot No-68-1, Wood complex, Vedayapalem, AK nagar Post, S.P.S.R. Nellore – 524 005 Mobile: +91 77022 46621 Mail:- refaw@rediffmail.com
6	SOUTHERN REFRIGERATION SYSTEMS PVT LTD First Floor, Plot No. 78, V.V.Koil Street, Thiruvalleswarar Nagar, Anna Nagar West, Chennai – 600040. Email: venkat@southernrefrigeration.co.in
7	M/s.Star Coolers & Condensers Pvt Ltd H-13(Unit-1),M.I.D.C,Jalgaon425003,Maharashtra,India Tel: +91 (0)257 2272779 e-mail: sales@starcooler.co.in Fax: +91 (0)257 2272778
8	LLOYD INSULATIONS (INDIA) LIMITED # 5-5-35/154, Plot No.85,First Floor, Prashanth Nagar, Beside BSNL Office, Kukatpally, HYDERABAD – 500 072 Phone : 040 – 23071414 / 23070834 Fax: 040 - 23076871, Email: ymsr@lloydinsulations.in; yms.reddy@rediffmail.com; Web site : www.lloydindia.com / www.lloydinsulation.com
9	M/s. Kailas Engg. Systems Sector-7, Plot no:206, PCNTDA, MIDC Bhosari, Bhosari, Pune, Maharastra-411026; www.kailasengineering.com
10	URSCHEL ASIA PACIFIC PTE. LTD. 10 Tagore Lane, Singapore 787473, Tel: (65) 6254-7757 Fax: (65) 6554-4733 Web: www.urschel.com Email: asia@urschel.com, GST Registration No.: 20-0311223-K
11	BITZER India Pvt. Ltd. Mobile: +91 90043 58133. Email : karthik.m@bitzer.in
12	Hermetic- Pumps Singapore Pte Ltd Oxelay Biz Hub, Bik 65, Ubi Road 1, #03-82, Singapore 408729 www.hermetic-pumps.sg

4.9 Justification for selection of the Suppliers:

The company after initial screening proposed to procure the machinery from the above bidders due to following reasons:

- Proximity of the supplier to the proposed site there by reduction in travel costs.
- Presence of all the requisite machinery as per the specifications
- Good track record of the supplier as they have already supplied some of the machines in Andhra Pradesh and in other states also.
- Presence of in house experienced staff who can immediately attend to any major breakdowns
- The cost of machinery is also reasonable as per market rates.

05

Analysis of Project Economics

The proposed CFC will work on a self-sustainable model. It will generate revenue from user charges and meet its recurring expenses. The financial viability of the project is arrived based on following assumptions.

5.1 Project Cost & Means of Finance

5.1.1 Project Cost and Basis for Arriving the same

The project cost, the basis for arriving at the cost and the supporting documents available for the same are presented in the below table.

Table 5.1: Project Cost, Basis for arriving & Supporting documents

Sl. No.	Description	Total Amount	Basis for arriving at cost	Supporting Document if any
1	Land & Land Dev.	0.00	Leased	Lease Document
2	Civil & Structural Works	435.00	Detailed Cost estimation	Appendix 5
3	Plant & Machinery	2425.27	Quotation	Appendix 6
4	Contingencies	57.21	@2% of Civil and P&M	NA
5	Professional Charges for DSR & DPR & PMC	58.50	Actuals & estimated	
6	Preliminary Expenses	2.50	Estimated	
7	Pre-Operative Expenses	2.53	Estimated	
8	Margin Money for WC	13.00	Evaluated	Annexure 7
	Total	**2994.00**		

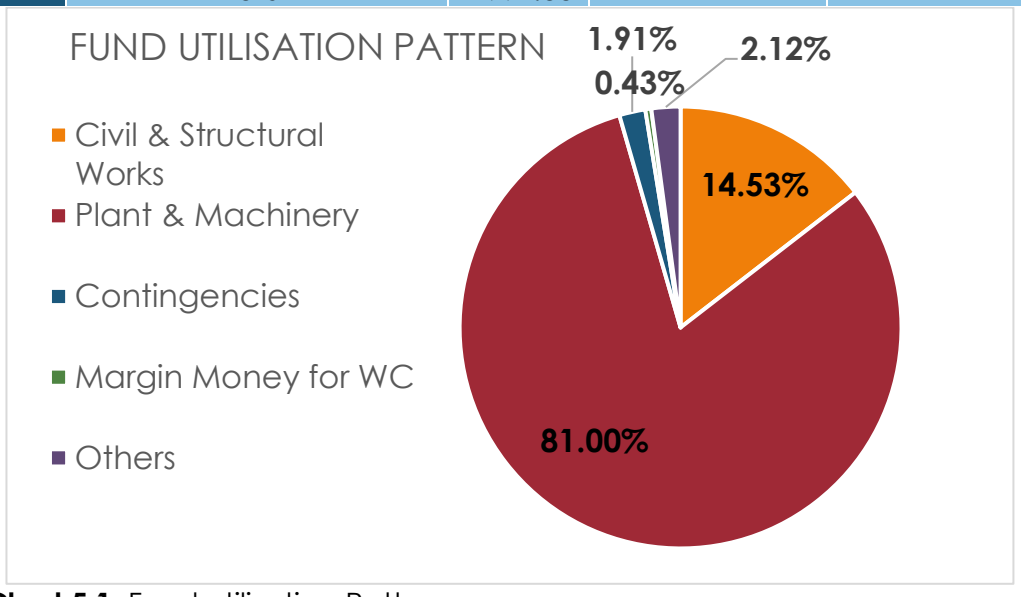


Chart 5.1: Fund utilization Pattern

5.1.2 Means of Finance

As all the enterprise in the cluster are under Micro Enterprise category, the district categorised under Aspirational District, the SPV is eligible for 70%

grant. Head wise funding is tabulated below. The following chart presentes the head wise fund sharing pattern on an Logarithmic scale.

Table 5.2: Means of Finance

Sl. No.	Description	Total Amount	SPV Contribution	State Contribution	GRANT IN AID
1	Land & Land Dev.	0.00	0.00	0.00	0.00
2	Civil & Structural Works	435.00	228.00	207.00	0.00
3	Plant & Machinery	2425.27	88.27	242.00	2095.00
4	Contingencies @ 5%	57.21	57.21	0.00	0.00
5	Professional Charges for DSR & DPR & PMC	58.50	58.50	0.00	0.00
6	Preliminary Expenses	2.50	2.50	0.00	0.00
7	Pre-Operative Expenses	2.53	2.53	0.00	0.00
8	Margin Money for WC	13.00	13.00	0.00	0.00
	Total	**2994.00**	**450.00**	**449.00**	**2095.00**

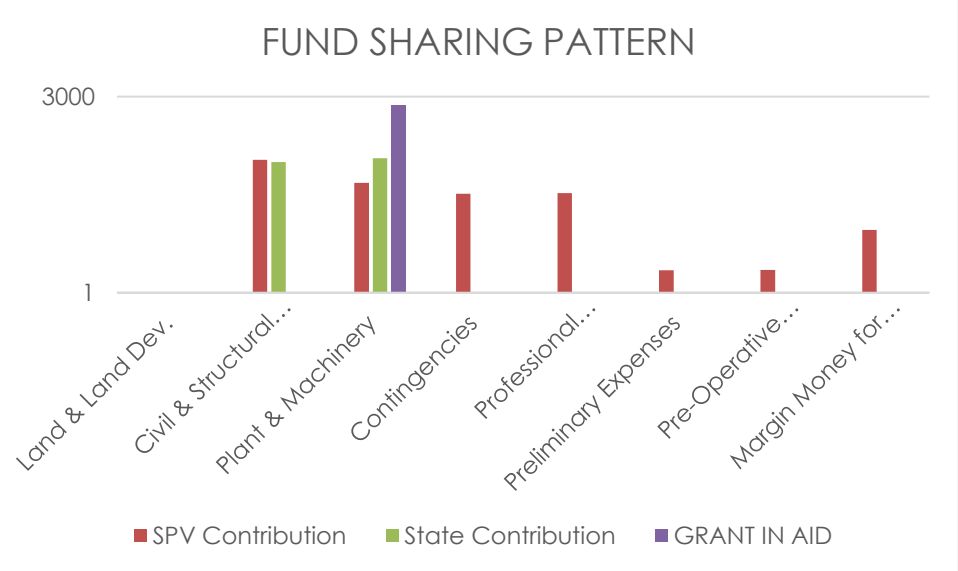


Chart 5.2: Fund Sharing Pattern (Total Cost, SPV Contribution, Grant)
Note: The Chart is in Logarithmic Scale

05.2 Assumptions for Profitability

5.2.1 Assumption for Revenue

The CFC will operate on Service basis where by the Members and Non-Members of the cluster will bring the Raw Material to the CFC and get the same converted to the retorted / pulp / frozen / canned products and will pay the Job Work Charges for the same. The following assumptions are made for the purpose of the estimation of revenue.

The produce processed at the CFC will be Sweet Corn, Mango, Pineapple, Jack Fruit and Custard Apple stored in a Cold Storage or sent to market.

- The commercial operation of the CFC will start from April 2024.
- Product wise number of Job Work and user Charges are considered as mentioned below

Job work charges including packing material (Rs/MT)			
S.No.	**Facility**	**Member**	**Non-members**
1	Sweet corn- Retort	18000	21000
2	Sweet corn - IQF	20000	25000
3	Mango Dices	32000	36000
4	Pineapple canning	32000	36000
5	Jack fruit products	50000	60000
6	Custard apple pulp	12000	14000
7	Cold storage	2300	

- Charges will increase by 1% every year from 2nd year onwards.

Calculations are presented as **Annexure 2A**

5.2.2 Assumptions for Expenditure

Raw Material: Since the CFC will be operated on Service Mode (Job Work Basis) the required raw material for the Process will be provided by the User. Hence Raw Material cost is not considered.

Consumable: The consumables used in the process are Ethylene gas, citric acid, etc., Cost of consumables is considered 6% of the sales price.

Packing Cost: Packing Cost is considered as 8% of sale price.

Power Cost: The Power Cost is considered as Rs. 10 per unit and demand charges of Rs. 495 per KVA per Month. The estimated power consumption is 72.40 Lakh Units during the first year and the estimated bill during the same years is Rs. 810.14 Lakh.

Manpower Cost: Manpower required for the operation of the CFC is 246 and that for Administration is 19. The Average Salary of Operation staff is considered as Rs. 36000 per month and that for administrative staff is Rs. 38000/-

Repair & Maintenance: The Repair & Maintenance is considered as 2% of the Sales.

Other Operating Expenses: Other operating expenses is considered as 2% of the Sales.

Water: Water requirement per day is 100 KL. The cost of per litre considered is Rs500/- per KL.

Administrative Expenses: Administrative expenses is considered as 4% of the Sales value.

Sales Expenses: Selling expenses is considered as 4% of the Sales value.

5.3 Working Capital Requirement

The working capital requirement during the initial year of operation is ₹53.78 Lakhs, of which Promoters' share is Rs.13.00 lakhs and remaining ₹40.34 lakhs from the bank. Any additional working requirement during operation also will be arranged by the SPV members or through internal accruals. Calculation are presented as **Annexure 7**.

5.4 Depreciation

Depreciation has been worked out in SLM and WDV method. Depreciation under WDV is used for evaluation of Income tax. Calculation are presented as **Annexure 6**.

5.5 Profitability

The project makes profit from very first year of operation. The revenue during first year of operation is ₹406.97 Lakh and same increase to ₹ 495.67 Lakh by the end of 4th year of operation. The increase primarily is due to increase in capacity utilization. The detailed calculation for a period of 10 years are presented in **Annexure 5**.

5.6 Balance Sheet and Fund Flow

Increasing total assets (Fixed & Current assets) in balance sheet shows the strength of the project. The closing balance during the first year of operation is ₹ 610.89 Lakh and increases to ₹ 7349.87 Lakh by the end of 10th year. Since the SPV is registered as a Not for Profit company the profits will not be shared and hence proposed to be utilization of development of the cluster and further creation of fixed assets. The detailed calculations are presented in **Annexure 8 & 9**.

5.7 Breakeven Point

The first year breakeven is reached at 49.92% of the operating capacity. The breakeven at operating capacity improves to 44.58% by the end of 5th year. The average is evaluated as 44.86% over a period of 10 Years. The detailed calculations are presented in **Annexure 10**.

5.8 Internal Rate of Return & Return on Capital Employed

The project's IRR works out to 20.82% and RoCE is calculated as 47.91%, which indicates a comfortable return on investment made in the project particularly with a Common Facility Centre proposed to be set up in a cluster.

5.9 Sensitivity Analysis

The financial projections presented here have been worked based on practical assumptions; however it will be very important to assess the economic viability of the project under sensitive conditions. The ability of the project to be economically viable and self-sustainable under three sensitive scenarios has been worked out and the key financial indicators are tabulated below.

Case 1: Normal
Case 2: Decrease in Sales (Job work) Price by 10%
Case 3: Decrease in Capacity Utilization by 10%
Case 4: Combination of Case 2 & Case 3

The key financial indicators of base case model and sensitivity models (pertaining to third year of projections) are presented in the following table:
Table 7.3: Key Financial Indictor under Sensitive Condition (3rd Year)

Sl. No.	Indicators	Case 1	Case 2	Case 3	Case 4
1	Revenue	3025.79	2723.21	2723.21	2450.89
2	PAT	406.97	231.66	288.46	130.65
3	Breakeven (Op. Capacity)	49.92%	62.54%	57.28%	73.89%
5	Breakeven (In. Capacity)	12.48%	15.63%	14.32%	18.47%
6	IRR	20.82%	13.74%	16.45%	9.66%
7	RoCE	47.91%	30.59%	37.45%	21.62%

5.10 Risk & Uncertainty

- Processors from other districts utilize the facility as non-members
- The CFC is created as a Multi-product facility centre, can accommodate more fruits & vegetables other than the listed in DPR

- SPV need to adhere to the quality standards as the products dealing are highly perishable.
- SPV need to prepare the processing cycle based on the Harvesting Seasons of produce to handle the different raw materials.
- Self-Governance of the CFC by SPV needs cohesiveness among members and other stakeholders
- Optimal Utilisation of all the Facilities is most important factor for viability of the project. Any deviation in the working hours as assumed in the financial analysis would run in to lower RoCE.
- Though minimal, if there is a overrun in the cost of the project, SPV members have agreed to bring in the additional fund required for the project.

06

Stakeholders Consultation & Meeting

6.1 Focused Group Discussion with Stakeholders

A team of professionals of Foundation for MSME Clusters has formed as focus group and conducted meeting and held discussions with key players of the cluster. In these discussions, the team has covered the issues of CFC requirements; site location and contribution form stake holders and grant in aid to be sought form DC-MSME.

The group has also held discussions with Public Service Providers like DIC, CoI, MSME-DI and other State Government agencies related to major gaps in the cluster as perceived by them, their contribution in the proposed intervention and monitoring mechanism after commissioning of proposed intervention.

6.2 Individual Meeting with stakeholders

The Foundation for MSME Clusters team met key players of the cluster. They also met all the supporting units like raw material suppliers, machinery suppliers in the backward integration and retail marketing out lets in the forward integration.

6.3 Stake Holder Concern and their Mitigation

The stake holder's concern of the existing gaps and proposed CFC with regard to the design, construction and implementation are tabulated as below:

Table 8.1: Stakeholders Concern & Mitigation

Sl. No.	Concerns	Mitigation
1	Non-availability of Processing facilities	Establishment of CFC
2	Lack of finance for purchase of advanced Machinery by individual Entrepreneur	
3	Limited operating days (Seasonal)	
4	Lack of knowledge and procedures involved in SPV formation	Foundation for MSME Clusters will help the association in formation of SPV and registering it as legal entity
5	How to meet recurring expenditure on proposed CFC and make self-sustainable	By levying Service charges on members and non-members of SPV upon usage of facilities in CFC
6	Lack of land and building for proposed CFC with the association and high land prices to purchase	Taking a land on lease basis and construct the building with financial support of state government
7	Apprehensive about DPR preparation and submission to DC-MSME	Foundation for MSME Clusters will prepare and facilitate the

		SPV to submit the DPR to SIDBI and steering Committee.

07

Institutional, Project Monitoring & Financial Mechanism

7.1 Institutional Arrangements

7.1.1 During the implementation of the Common Facilities Centre (CFC), the proposal involves the following key activities.

- CFC Building Construction & Interior Works
- Electrical works
- Purchase of machinery & commissioning
- Trial production
- Commercial production

The successful implementation of above activities will depends on the following aspects:

- Implementation of above within the time frame
- Supervising and overseeing the implementation of the proposals and fine-tuning and advocating more measures, if needed depending on the site conditions
- Project level monitoring indicators to evaluate the implementation of the CFC proposal at recommended intervals
- Suitable purchase mechanisms for proposed plant & Machinery
- Periodical reporting of the status of implementation and monitoring of the results of key performance indicators, and
- Constant evaluation of the measures implemented based on the data available from project level monitoring and status reports and providing directions accordingly

These activities have to be carried out by various agencies those who would be involved in the implementation of the CFC. It is also to be noted that all these activities will be carried out concurrently or at regular intervals. This makes it pertinent to all agencies involved work within a pre-defined set-up.

The agencies identified and their sphere of activities is presented in the following paragraphs.

7.1.2 MSME – DI, Hyderabad

MSME-DI is the field level agency for implementation of various development programs for Ministry of MSME, GoI. It will provide whatever the support required by SPV while implementing the CFC project.

7.1.3 DC-MSME

The Office of the Development Commissioner (MSME) will act as the Nodal Agency. The agency will not only provide financial assistance in the form of grant in aid but also act as apex monitoring agency to oversee the progress of the proposed CFC through its regional MSME –DI situated at Hyderabad. The nodal agency will also appraise the implementation and

progress of the CFC to the Steering Committee headed by Secretary, Ministry of MSME.

After the approval of the diagnostic study report by the State Level Project Steering Committee, Implementation of soft interventions, the detailed project report earlier approved by the State Committee, will be taken up by the **Steering Committee of the MSE-CDP** (under the Chairmanship of Secretary, MSME) for in-principle approval. Proposals accorded in-principle approval will be placed in the **Steering Committee of the MSE-CDP** under the Chairmanship of Secretary (MSME) for final approval after fulfilment of the following conditions:

- Formation of SPV.
- Land procured and registered in the name of SPV. In case of leased premises, the lease should be legally tenable for a fairly long duration of 15 years in the name of SPV.
- Submission of appraised Detailed Project Report (DPR) by SIDBI/ Bank (if bank financing is involved) / independent Technical Consultancy Organization.
- Details of the Shareholding of the SPV and Project Specific account in Schedule a Bank.

7.1.4 Commissioner of Industries

Considering the uneven state of development of collaborative initiatives like formation of Special Purpose Vehicle among micro enterprises in the cluster, Commissioner of Industries as monitoring agency will be the prime mover of a proposal for CFC in the initial stages of its conceptualisation, design, determination of technical parameters, project preparation and documentation, etc., in consultation with the cluster beneficiaries. However, as per the guidelines of MSECDP it is necessary that an SPV will be formed at the earliest possible. CoI through its concerned District Industries Centre will also help the unit holders in formation, adaptation and Self Governance of Special Purpose Vehicle as they are the real stake holders for proposed CFC.

7.1.5 District Industries Centre

On behalf of the CoI and Govt. of Andhra Pradesh, District Industries Centre plays a crucial role in successful implementation of the project. The DIC with the help of and periodically submit the progress made by the proposed CFC through Special Purpose Vehicle. It also acts as facilitator in smooth governing of CFC in long run.

7.1.6 Special Purpose Vehicle

A Special Purpose Vehicle namely "**Sunrise Nature Foods Foundation"** with a clear legal entity (as Company under company act 2013) will be the prime applicant of the proposed CFC and assures sound operational and

financial management. 11 cluster firms will together have majority stake in such an entity, with no single unit having financial share of more than 10 per cent in the equity capital (or equivalent capital contribution) of the SPV. It is the prime Governing body for the proposed CFC. The SPV will gradually take over the role of implementing agency from Commissioner of Industries after becoming self-sustainable with thrust on self-governance which is the main objective of MSECDP.

7.2 Committees

7.2.1 Cluster Development Coordination Committee (CDCC)

A CDCC will be formed with nominated members from DC-MSME, CoI, DIC, SIDBI, SPV and a related Technical Institution. The CDCC will play the role of an advisor in technical, financial, marketing and management mechanisms for smooth functioning of CFC. It will monitor the progress of the CFC on monthly/ quarterly basis and suggest corrective actions wherever required. It will a catalyst committee between SPV and other concerned Central/ State institutions for smooth coordination.

7.2.2 Purchase Committee

Facilitating the SPV in identification of suitable suppliers of machinery, inviting tenders, bid processing and finalizing tenders are some of the important functions of purchase committee. The Committee will be formed for short term duration at the time of purchase of plant and machinery. General Manager – DIC, nominated members from MSME-DI, SPV and a technical institution will be the members in the committee under the chairmanship of Commissioner of Industries.

7.3 Financial Mechanisms

The total financial outlay required for the proposed CFC is ₹ 2994.00 Lakhs, out of which ₹ 2425.27 Lakhs is required for plant and machinery and remaining ₹ 568.74 lakhs for misc. fixed assets, civil works, preliminary and preoperative expenses and other contingencies.

The Special Purpose Vehicle will contribute 15.03% (₹ 450.00 Lakhs). Matching financial support will be given by State Government i..e, 15% (₹ 449.00 Lakhs. The SPV is seeking a grant in aid of remaining 70% of the project cost (₹ 2095.00 Lakhs) from DC-MSME.

The SPV will generate revenue in the form of User Charges from members and also from non-members to meet the recurring expenditure requirement.

8

Profile Implementing Agency

8.1 Profile of Implementing Agency

Andhra Pradesh MSME Development Corporation is a Private incorporated on 16 July 2018. It is classified as State Govt company and is registered at Registrar of Companies, Vijayawada.

9

Conclusion

9.1 Conclusion

The following conclusions can be drawn after deliberations with the stake holders and cluster analysis

- There is a need of these facilities for the long term sustainability of the units.
- The individual entrepreneurs cannot afford to buy the above said machines due to financial constraints and lack of enough space in its own facilities.
- There is need of forming Special Purpose Vehicle to run the CFC on commercial lines
- Setting up of Multi Product Processing Lines as a Common facility centre is need of the hour.
- As the SPV cannot afford to invest the entire project cost on its own and there is a need of financial assistance from Central/ State Government Agencies
- As per the guidelines, the GOI grant upto 70% of the project cost available as the cluster units are categorised under Micro Scale as per MSME Act and the district categorised as Aspiration district
- To make the CFC self-sustainable and meet the recurring expenditure the SPV will charge the members on user charge/ Fees basis
- The Consultant will facilitate the stake holders in the formation of SPV, CFC Detailed project report preparation and submission to DC-MSME
- The CoI and MSME-DI through a coordination committee need to oversee the smooth transition of CFC to the SPV.