

TAMIL NADU RURAL TRANSFORMATION PROJECT

Business Plan for Flour Mill

1. Village Panchayat:	AA
2. Block:	BB
3. District:	DD
4. Applicant:	Ms. AAA
5. Activity:	Flour Mill
6. Classification:	MSME - Manufacturing
7. Sector classification (TNRTP)	Nano
8. Purpose of Note:	To recommend for sanction of the following limits: Term Loan/Working Capital Demand Loan/Composite Loan (Rs. In Lakhs)
9. Nature of Facility	Term loan – Composite loan
10. Purpose	For establishing flour mill.
11. Limit required	Rs. 2.27 Lakhs.
12. Margin	10% of the project cost of Rs.2.53 lakhs i.e Rs.0.26 Lakhs

Introduction: (Details of Promoter name, age, qualification and experience, activity to be financed, existing or new unit, any existing facilities with Banks etc. The present request for loan and purpose.)

Smt. AAA, aged 36years, propose to establish a simple flour mill for manufacture and sale of Atta. The applicant has one year experience in the line of activity. The name of the proposed unit is M/s. Om Sakthi Flour Mill. The present request is for term loan of Rs.2.27 lakhs under TNRTP matching grant Programme for the purpose of purchase of equipment for expansion of unit as well as for working capital.

About the product:

Flour is used in the daily process for making Chapatti, Naan, Puri etc. Flour is the essential ingredient for Indian population who consider wheat as the staple food. Wheat flour or Maida is the basic raw-material for preparing many bakery items such as cakes, biscuits, etc. Apart from wheat, millets and bajra, are also converted into flour for consumption.

I. Profile of the Entrepreneur

Name	Ms.AAA
Spouse Name	
Age	36 Years
Education	10 th
Aadhaar Card No	86XXXX111111
Address	
Phone No	Nil
Mobile No	9111111111
Email ID	
Number of years of experience in business	1 year
Trainings attended (no. and hours)	Nil
Spouse's occupation	Farming
If Special category	Nil

II. Enterprise Profile

Name of the Enterprise	BBB Flour Mill
Legal form of Enterprise	Sole Proprietor
Registration No	Nil
Registration Date	Nil
Registered with whom	MSME
GST No (if available)	Nil
Udhayam Registration(if available)	Nil

III. Bank Linkage Details

Whether the enterprise has separate bank account	No
If any bank credit availed	No
Name of the bank and Branch Details	N/a
Nature of the bank facility	N/a
Limit Sanctioned	Not applicable.
Balance outstanding as on date	0

IV. Enterprise Nature

Type of Enterprise	Manufacturing
Product to be produced:	Flour
Service to be offered:	<ol style="list-style-type: none"> 1. Retail Sales 2. Institutional Sales 3. Wholesale Supply 4. Door Delivery
Present Demand	<ul style="list-style-type: none"> ❖ The unit is located in a central place in the village, well connected to the road and easy approach to the consumers. ❖ Further since this is the only unit in the village panchayat and nearby villages/town, there is good demand for the product especially in hotels, retail provision stores and direct consumers who purchase in bulk.
Current Supply	<p>The capacity of the unit is production of 30 kgs per day with one shift of 8 hours. Initial production in the I year is assumed at 60% of the installed capacity. The raw materials required are available in the whole sale market. Hence no issues are envisaged in the production and supply.</p>

V. TECHNICAL FEASIBILITY:

Location / Infrastructure:	
1. Location Brief on Location – Whether well connected to market by road etc.,	The flour mill is located in a central place in the village, well connected to the road and easy approach to the consumers.
2. Land Extent of Land, sq.ft. Panchayat approval, own/leased	The business is proposed to be run in own premises. The required land space of 100 sq.mts is available. Panchayat approval for the proposed activity is applied for and being followed up.
3. Building	The applicant has already constructed a temporary shed to house the

Approved plan from local body, sq,ft, whether sufficient for the proposed activity	machines. Approval/License from Village Panchayat is awaited.
4. Power Whether required power connection is available	The required power for running the mill will be around 1000 units per month. Single phase is sufficient. The power connection is obtained.
5. Water Whether adequate water is available.	Water is not required for the purpose of manufacturing. Adequate water is available for other purposes.
6. Approval Pollution control Board/GST/FSSAI approvals or any other approval is required. Present Status	The applicant has applied for GST and FSSAI approvals. The approvals are expected soon. Follow up is being made by the applicant. The applicant is yet to register under UDYAM. The same is under process.
7. Materials Needed Quantity / Cost / Availability / Delivery Time to be discussed. a. Raw materials : b. Equipment : c. Technology :	<u>Raw-materials</u> Different types of grains such as wheat, Bajra, Jowar etc are required depending on the demand from customers. These grains are available at wholesale prices in the market/shandy. The average requirement will be 240 kgs/day based on the full capacity. In the first year it is assumed at 60% which is 144 kgs. Average raw material cost will be Rs.25/- per kg. Equipment:(As detailed in Annexure A) The following machines are required: 1. Pulveriser with accessories 2. Double stage Pulveriser 3. Roaster 4. Gas Stove 5. Weighing Balance 6. Sealing machine 7. Vessels

	<p>Technology: The applicant has necessary experience for operating the machines. No specific technology is required.</p>
<p>8. Cost of capital assets: Details of equipment/machinery with cost of individual item required along with quotations.</p>	<p>As per Annexure A.</p>
<p>9. Cost of working capital for one operating cycle a. raw-materials, b. Semi-finished goods, c. finished goods, d. receivables outstanding e. Total working capital needs (The value of raw-materials, semi-finished goods, finished goods, receivables outstanding to be arrived)</p>	<p>The working capital requirement is arrived at Rs.153000/- as per Annexure C.</p>
<p>OR</p>	
<p>25% of projected annual sales turnover if necessary. (The projected annual sales should be reasonable and acceptable)</p>	<p>The assessment has been done as per holding levels detailed in annexure C.</p>
<p>10. Skills Requirements: skilled labour available / Not available If not available: whether people can be trained? If so, training period and training facility?</p>	<p>The promoter is experienced in the line of activity for one year. No specific skills are required to run the flour mill. Two unskilled laborers are to be employed for routing work such as packing etc.,</p>
<p>11. Production Process:</p>	
<p>a. Production Plan/cycle (operating cycle may be one-day / week / month or one year as per the activity selected):</p>	<ul style="list-style-type: none"> Grains should be cleaned and dried before grinding and then break split by sieving to superior or intermediate particles and other rough particles. Flouring is done 5-6 times to get smooth

	<p>flour. The flour is then packed and sealed in bags.</p> <p>The operating cycle is assumed at 32 days for the unit as detailed in Annexure C.</p>
--	---

VI. COMMERCIAL FEASIBILITY:

<p>Marketing strategy :</p> <p>a. Direct to customers :</p> <p>b. Bulk to Institutions :</p> <p>c. Through Retailers / Wholesalers:</p> <p>d. Through Online:</p>	<p>There is considerable scope in view of the central location. It is proposed to allocate a small counter for direct sales to customers. As this is the only unit in the village and nearby panchayats, there will be demand for the product. Further tie up arrangements are to be made with star hotels such as Hotel CCC, HHH hotel in DD district, for supply of flour in bulk. Focus will also be on supply to local retailers.</p>
<p>e. Pricing & Discounts :</p>	<p>One Kg of flour is to be priced at Rs.40/- . Bulk supply and immediate cash payment will be encouraged with a discount in price.</p>
<p>f. Market promotion strategies:</p>	<p>Advertisement through pamphlets and in local dailies are planned.</p>
<p>g. Physical and digital connectivity:</p>	<p>While the payments are also accepted by way of cash, digital payments will be encouraged with appropriate equipment installed and cost will be borne by the applicant.</p>
<p>h. Risks and risk mitigation planned:</p>	<p>Market risk – The unit is the only unit working in the village and nearby areas. Further the quality of the product will be superior due to procurement of high quality ingredients at a discounted rate.</p>

VII. ENVIRONMENT ASSESSMENT

To be entered as per the required				
Category of the enterprise proposed: Green (CODE 3020)				
Environment Issue identified	Environment Guidelines or mitigation measures Integrated (Please tick)	Greening Measures identified (for green, orange and red categories)	Support needed	
			Implement the mitigation measures	Implement the greening measures
Exploitation of local resources (water and energy)	<ul style="list-style-type: none"> •Electricity •Fuel 	To ensure adequate measures for Proper disposal of Smoke and waste water	NA	NA
Waste generation and disposal	<ul style="list-style-type: none"> •Dust/air pollutants 	To ensure adequate measures for Proper disposal of Smoke/dust and waste	NA	NA
Worker and Community safety	<ul style="list-style-type: none"> •Safety measures / gadgets 	Safety masks to be provided.	NA	NA

Whether the activity proposed is in the negative list: No

VIII. FINANCIAL VIABILITY

1. Cost of the project and Means of the project:	
a. Cost of the Project:	(Rs in lakhs)
i. Fixed capital Cost of all the equipments/machinery/construction(excluding land cost)	Machineries – 1.00
ii. Working capital	Working capital 1.53
iii. Pre-operative expenses	Nil
Total cost of the project (i + ii + iii)	2.53
b. Means of the project:	
i. Loan from financial Institution / Bank (95% or 90%):	2.27
ii. Margin money -Borrower's contribution (5% or 10%):	0.26
Total means of the project (i + ii)	2.53
c. Matching grant from the project**	0.76
Whether the entrepreneur has the sufficient means to bring in the margin money and has enough buffer to manage any cost escalations	Yes. The applicant has deposit to the extent of Rs.0.26lakhs in the Bank.

**Matching Grant is @30% of the total cost of the project (excluding pre-operative expenses, land cost, lease). As Matching Grant will be kept in a "Subsidy Reserve Fund" account of the bank as a back-ended grant, it is not shown under the Means of the project. The matching grant to be adjusted as below:

	(Rs in Lakhs)
Loan initially disbursed by the Bank	- 2.27
Less 30% matching grant	- 0.76
Balance principal amount to be repaid by Borrower	- 1.51

Upon completion of minimum period of 18 months and upon repayment of principal amount of Rs.1.51 lakhs and the interest portion, the matching grant of Rs.0.76 lakhs can be adjusted to the loan account of the borrower and the loan account can be closed.

IX. Repayment capacity

Particulars	Value in Rs.
Cash surplus from enterprise (as per annexure BB)	22000/-
Other income from house hold members (To be obtained from the applicant)	25000/-
Total income	47,000/-
Total House hold expenses- (To be obtained from the applicant)	23,000/-
Net disposable income	24,000/-
50% of net disposable income	12000/-
Repayment commitment Loan repayment period is 36 months for Rs.2.27 lakhs. Principal repayment P.M. – Rs.6300/-	6300/-

50% of net disposable income covers the loan instalment. The repayment capacity is comfortable.

X.Recommendation:

As the proposal is viable and complies with the guidelines in respect of Matching Grant Programme, we may recommend to the concerned Bank.

ANNEXURE - A

MACHINERY & EQUIPMENTS

Machine	Unit	Rate	Price (In Rs)
Pulverizer with accessories(30 Kgs)	1	26,000	26,000
Double stage pulverizer	1	24,000	24,000
Roaster	1	20,000	20,000
Gas stove	1	10,000	10,000
Weighing balance	1	8,000	8,000
Sealing machine	1	4,000	4,000
Vessels	1	8,000	8,000
Total			1,00,000

Annexure B

BASIS & PRESUMPTIONS

1. Production Capacity of the unit is 40 Kgs per hour. First year, Capacity has been taken @ 60%.
2. Working shift of 8 hours per day has been considered
3. Raw material price is estimated on an average at Rs.25/- per kg.
4. Power consumption has been assumed at 1000 units per month at Rs.9/- per unit.
5. It is proposed to employ 2 workers at Rs.5000/- each p.m.
6. Interest on Term loan and working capital is assumed at 11% p.a.
7. Cost of sales arrived at Rs.34/- per Kg.
8. Selling price has been fixed at Rs.40/- per kg.

COMPUTATION FOR PRODUCTION OF FLOUR /SALES

Items to be Manufactured	
Flour	
Machine capacity Per hour	30 Kgs
Total working Hours	8
Machine capacity Per Day	240 Kgs
Working days in a month	25 Days
Working days per annum	300 Days
Wastage Considered	3%
Capacity in I year	60%
Raw material requirement P.A.@60% (240kgs*60%*300 days)	43200 Kgs
Cost of Raw Material P.A. at 60% capacity (43200 * Rs.25/- per Kg)	Rs.1080000/-
Cost of Raw Materials per month	Rs.90,000/-
Sales p.a. in Kgs after wastage (43200*3%)	41904 Kgs
Value of sales per annum(41904*Rs.40)	Rs.1676160/-
Value of sales per month	Rs.139680/- (say Rs.140000/-

ANNEXURE BB
COMPUTATION OF CASH SURPLUS

Particulars (per month)	Value in Rs.
Sales per month (A)	1,40,000
Cost of Sales	
Cost of Raw materials per month	90,000
Packing material (5% of RM cost)	4,500
Wages (2 Persons at Rs.5000/-)	10,000
Power (1000 units @ Rs.9/- per unit)	9,000
Gas	2,000
Other admin & selling expenses	1000
Depreciation(At 10% on Rs.1 Lakh/1 months)Rs.833 - Rounded off to Rs.900/-	900
Interest @11% on Net Loan amount excluding grant – i.e.(Rs.2.27 lakhs – Rs.0.76 lakhs = Rs.1.51 Lakhs). Rs.1384/- Rounded off	1500
Cost of sales per month (B)	118900
Net profit per month	21,100
Cash surplus (Net profit + Depreciation)	22,000

Annexure C

Assessment of Working Capital

S.No.	Current Asset	Number of days holding	Quantity required/day	Rate per kg (Rs)	Value (Rs)
1.	Raw materials	10 days	144 kgs (240kgs*60%)	25/- per kg	36,000/-
2.	Finished Goods	7 days	140 Kgs* 34/- per Kg Cost		33,000/-
3.	Debtors	15 days	140 Kgs*40/- per Kg		84,000/-
	Total	32 days			1,53,000/-

Working Capital for One operating cycle of 32 days -
Rs.1,53,000/- lakhs

Prepared by
S.Gopal Ratnam
Consultant – BPF
TNRTP.