

TAMIL NADU RURAL TRANSFORMATION PROJECT

Category of Loan: Nano (INR 5 Lakhs)

Business Plan for establishing a Poultry Broiler farm

Introduction

- ❖ *Ms.AAA of BB village in CC block of Tiruvallur district is an agriculturist, owning 1.50 acres land. She cultivates Maize, Groundnut and Sorghum*
- ❖ *She is a member of a SHG functioning in the village. The SHG has been banking with ABC Bank since 2019.*
- ❖ *Bank has twice extended credit assistance to this SHG and Ms. AAA is one among the beneficiary of the SHG loan. She has availed the loan two times and promptly repaid the loan instalments*
- ❖ *She has been working in a Poultry farm near Tiruvallur for the past three years and gained good knowledge and experience in poultry farming.*
- ❖ *Now she wish to start a broiler farm in her own land.*
- ❖ *The present request is for a term loan of Rs.2.79 lakhs under TNRTP matching grant programme for establishing a broiler farm with 1000 birds' capacity.*

About the Product

The Broiler chicken production of our country is growing at the rate of 8 to 10% every year. The consumption of chicken meat has increased significantly during the past two decades. India is the third largest broiler chicken producer in the world, produces 3.8 million tons of poultry meat in a year. The market is estimated to be worth about Rs.90000 Crore. The per capita chicken consumption in India has been on the rise.

Enterprise and Entrepreneur Profile

1. Profile of the Entrepreneur:

Name	Ms.AAA
Spouse Name	
Age	40
Education	10 th Standard
Aadhaar Card No	86XXXX111111
Address	
Phone No	+91 1111111111
Mobile NO	+91 1111111111
Email ID	brioler@gmail.com
Number of years of experience in business	Three
Trainings attended (no. and hours)	Attended 3 days training program on backyard poultry rearing conducted by KVK, Tiruvallur
Spouse's occupation	Agriculture
If Special category	NA

2. Enterprise Profile:

Name of the Enterprise	M/S AAA Poultry Farm
Legal Form of Enterprise	Nil
Registration Number	Nil
Registration Date	Nil
Registered with Whom	Nil
GST No (If available)	Not Applied
Udyam Registration number	Not Applied

3. Bank Linkage Details:

Whether the enterprise has separate bank account	Yes
If any bank credit availed	Yes
Name of the bank and Branch	ABC Bank
Nature of the bank facility	-
Limit Sanctioned	-
Balance outstanding as on date	-

4. Enterprise Nature:

Type of Enterprise	Farm Sector- Agri. Allied activity
Product to be produced	Broiler birds production
Service to be offered:	Supply of disease free birds
Present Demand	The product is in good demand by Hotels, Restaurants, Messes, Chicken stalls, Mutton Stalls, Office & Company canteens located in Tiruvallur, Kadambattur, Mappedu area.
Current Supply	The 10 poultry units (4900 birds) located in and around Tiruvallur, Kadambattur, Tiruvelanagadu and Poondi are catering the supply of the broiler birds.

5. Technical Feasibility:

a. Location Brief on Location – Whether well connected to market by road etc.,	The village is easily approachable and well connected by road
b. Land Extent of Land, sq.ft. Panchayat approval, own/leased	Own 1.50 acres agricultural land with adequate water source
c. Building Approved plan from local body, Sq.ft, whether sufficient for the proposed activity	The floor space per bird is 1 Sq.ft. it is proposed to construct Poultry shed by 100'x10' and Feed storeroom by 10' x 10' for which building plan and approval will be obtained from the Village Panchayat administration
d. Power Whether required power connection is available	SEB power supply is available.
e. Water Whether adequate water is available.	Adequate water is available.

<p>f.Approval Pollution control Board/GST/FSSAI approvals or any other approval is required. Present Status</p>	<p>“Poultry farms less than one lakh birds need not to obtain CTO” (As per CPCB F.No. B-29012/IPC-VI/2017-18, dated 19.07.2017)</p>
<p>g. Materials Needed</p> <p>Quantity / Cost / Availability / Delivery Time to be discussed.</p> <p>Raw materials</p> <p>Equipment</p> <p>Technology</p>	<p><u>Raw-materials</u></p> <ul style="list-style-type: none"> ❖ Day old chicks will be procured from Venkateshwara Hatcheries Ltd, Hosur ❖ Litter material (Paddy Husk) can be sourced from rice mills in Tiruttani ❖ Feed for chicks and birds can be purchased from poultry feed dealers, traders in Chennai and Tiruvallur , ❖ Equipment’s – Nipple Drinkers, Turbo Feeders, Vaccinators, HDPE Tarpaulin Poultry curtains. Card board sheets can be purchased from sellers at Chennai ❖ Adequate water supply is ensured from the bore well in use for agriculture. ❖ Services of Seven Veterinary Health care centres in the block can be utilized for the farm ❖ Technology: The applicant has adequate experience in broiler farming, undergone necessary training and capable of adopting new technology
<p>h. Cost of capital assets</p>	<p>As per Annexure A.</p>
<p>i. Cost of working capital</p>	<p>The assessment has been done as per Annexure C</p>
<p>j. 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 well experienced in the line of activity for more than 3 years. Skilled labourers are easily available</p>

Production Process:	
Production Plan/cycle (operating cycle may be one-day / week / month or one year as per the activity selected):	The operating cycle is assumed at one batch as detailed in Annexure C .

6. Commercial Feasibility:

a. Marketing strategy: :	❖ Bulk supply to Hotels, Restaurants, Messes, Chicken stalls, Mutton Stalls, Office & Company canteens located in Tiruvallur, Kadambattur, Mappedu area.
b. Market promotion strategies:	<ul style="list-style-type: none"> ❖ Contract farming is an effective institutional alternative for promotion of broiler production. ❖ Nearly 90 per cent of the poultry farming in Tamil Nadu has come under the contract farming concept ❖ Suguna Poultry Farm Ltd & Venkateshwara Hatcheries Ltd has emerged the leading integrated broiler producers in the country, with contract farming. ❖ Suguna Poultry Farm Ltd, Corp Off: 5th Floor, Jaya Enclave, 1057, Avinashi Road, Coimbatore – 641018 ❖ Venkateshwara Hatcheries Ltd, 1-5, Upper Ground Floor, World Trade Centre, Babar Road, Cannuaght Place, New Delhi- 11000 ❖ Contract poultry farming managed to free the small farmers from the worries of production and market planning of the poultry products.
d. Physical and digital connectivity:	
e. Risks and risk mitigation planned:	Risk assessment details as per Annexure E.

7. Environment Assessment:

Category of the enterprise proposed: White/Green / Orange / Red

“Poultry farms less than one lakh birds need not to obtain CTO” (As per CPCB F.No. B-29012/IPC-VI/2017-18, dated 19.07.2017)

Environment Issue identified	Environment Guidelines or mitigation measures Integrated (Please tick)	Greening Measures identified	Support needed	
		(for green, orange and red categories)	Implement the mitigation measures	Implement the greening measures
Exploitation of local resources (water and energy)	<ul style="list-style-type: none"> • Water • Wood • Electricity 	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 • Disposal of waste water 	To ensure adequate measures for Proper disposal of Smoke and waste water	NA	NA
Worker and Community safety	<ul style="list-style-type: none"> • Safety measures / gadgets 	Fire extinguishers to be fixed in sensitive places in the unit. Full fire protection dresses and gloves for workers	NA	NA

Whether the activity proposed is in the negative list: **No**

8. Financial Viability

Cost of the project and Means of the project:

a. Cost of the Project:	(Rs in lakhs)
<i>I. Fixed capital-Cost of all the equipment's /machinery /construction(excluding land cost) As per Annexure-A</i>	2.20
<i>ii. Working capital As per Annexure- C</i>	0.90
<i>iii. Pre-operative expenses</i>	**From Own Source
<i>Total cost of the project (i + ii + iii)</i>	3.10
b. Means of the project:	
<i>Loan from financial Institution / Bank (90%):</i>	2.79
<i>Margin money -Borrower's contribution (10%):</i>	0.31
<i>Total means of the project (i + ii)</i>	3.10
c. Matching grant from the project**	0.93
<i>** The preliminary expenses will be met by the borrower from his own source. Hence not included in the project cost. The borrower has sufficient source to meet the preliminary expenses.</i>	
<i>Whether the entrepreneur has the sufficient means to bring in the margin money and has enough buffer to manage any cost escalations</i>	Yes.

***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)
<i>Loan initially disbursed by the Bank</i>	- 2.79
<i>Less 30% matching grant</i>	- 0.93

Balance principal amount to be repaid by Borrower - 1.86

Upon completion of minimum period of 18 months and upon repayment of principal amount of Rs.1.86 lakhs and the interest portion, the matching grant of Rs.0.93 lakh can be adjusted to the loan account of the borrower and the loan account can be closed.

Income & Expenses of the Enterprise

Particulars	Amount in INR
a. Sales	1033050
b. Cost of Production	731964
i. Cost of Raw Material	644364
ii. Direct Wages	87600
iii. Cost of utilities(Water, Power , Fuel, Repair)	
c. Gross Profit(a-b)	301086
d. Admin & Selling Exp	0
e. Operating Profit before Depreciation, Interest, Tax & Amortization (c-d)	301086
f. Depreciation	14750
g. Interest on Term Loan	9961
h. Taxes	0
i. Profit After Tax {e-(f+g+h)}	276375
J. Cash Surplus (. Profit After Tax+ Depreciation)-Withdrawal	291125
k. Income from household members by way wages	180000
l. Total Income (j+k)	471125
m. Household Expenses	120000
n. Net Disposable income(l-m)	351125
o. 50% of Net Disposable income	175562
Avg repayment obligation p.a (Prin:58740 Interest: 10997)	69737

50% of net disposable income covers the loan instalment and interest.

Recommendation:

The proposal is viable and complies with the guidelines of Matching Grant Programme. We may recommend to the concerned Bank.

ANNEXURE – A Cost of the Capital Assets

Capital	Nos	Price per unit (Rs)	Total Cost (Rs)
1.Poultry Shed 1000 Sq.ft	1	Rs.175/Sq.ft	175000
2. Store for feed 100 Sq.ft	1	Rs.200/Sq.ft	20000
3 Equipment	1000 Birds	Rs.25 per Bird	25000
		Total	220000

ANNEXURE – B

Basis & Presumptions

- ❖ Birds purchased @1050 per batch
- ❖ Birds considered for recurring expenditure @ 1020
- ❖ Birds considered for selling 1000
- ❖ Floor space @ 1 Sq. ft per bird
- ❖ Size of the Poultry shed 100'x10' = 1000 Sq.ft
- ❖ Size of the Feed storeroom 10 x '10' = 100 Sq.ft
- ❖ Cost of construction of Poultry Shed @ Rs.175 per Sq.ft
- ❖ Cost of construction of Feed storeroom @ Rs.200 per Sq.ft
- ❖ Cost of equipment @ Rs.25 per bird
- ❖ Cost of day old chick @ Rs.20 per bird
- ❖ Feed requirement per bird @ 3.3 Kg
- ❖ Cost of feed @ Rs. 22 per kg
- ❖ Medicines, Vaccines, Labour, Electricity and Misc. charges @ Rs.10 per bird
- ❖ Insurance per bird @ Re.1 per bird
- ❖ Insurance for sheds and equipment @ Rs.10 per Rs.1,000
- ❖ Live weight of bird @ 1.7 Kg per bird
- ❖ Sale price @ Rs.100 per kg
- ❖ Value of Manure sold @ Re.1 per bird
- ❖ Capacity of 1 gunny bag of feed- 50 Kg
- ❖ No. of gunny bags available per annum- 470
- ❖ Sale price of gunny bags(50 Kg capacity) @ Rs.15 per bag
- ❖ Margin @ 10 %
- ❖ Interest on bank loan @ 12%
- ❖ Rearing period - 6 weeks
- ❖ Cleaning period of shed - 2 week
- ❖ Depreciation @ 5% on Shed and Equipment
- ❖ Depreciation @ 20% on Equipment
- ❖ Cost of Litter @ Rs.2 per Bird

Flock Chart

SL.NO	Details	I YEAR	II YEAR TO V YEAR
1	No. of Batches	7	7
2	Rearing Weeks	40	42
3	Batches Sold	6	7

PROFITABILITY PROJECTIONS

Particulars	Yr 1	Yr 2	Yr3	Yr 4	Yr 5
(Amount in Rupees)					
A. Sales					
No. of Batches per year(a)	6	7	7	7	7
Birds per Batch (b)	1000	1000	1000	1000	1000
Live weight per bird(Kg) (c)	2	2	2	2	2
Price per Kg (d)	100	105	110	116	122
Income by sale of Birds (axbxcxd)	1020000	1071000	1124550	1180778	1239816
Sale of manure @ Re.1 per Bird(axbx1)	6000	6300	6615	6946	7293
Sale of Gunny bags @ Rs.15 per bag @ 470 bags per year	7050	7403	7773	8161	8569
Total Sales	1033050	1084703	1138938	1195885	1255679
B. Cost of Production					
Raw Materials					
No. of Batches per year	7	7	7	7	7
No. of Birds per batch	1020	1020	1020	1020	1020
Cost of DOC @ Rs.20/Chick @ 1050 chicks per batch	126000	132300	138915	145861	153154
Cost of Feed @ 3.3 Kg/Bird @ Rs.22 per kg@ @1020 chicks per batch	518364	544282	571496	600071	630075
Cost of Medicines, Vaccines, Labour, Electricity and Misc. charges @ Rs.10 per Bird	71400	74970	78719	82654	86787
Cost of Litter @ Rs.2 per bird	14000	14700	15435	16207	17017
Cost of insurance for shed and equipment @ Rs.10 per Rs.1000 on the capital cost	2200	2310	2426	2547	2674
Cost of Production(B)	731964	768562	806990	847340	889707
Gross Profit(A-B) =C	301086	316140	331947	348545	365972
Depreciation @ 5% on Shed	9750	9750	9750	9750	9750
Depreciation @ 20% on Equipment	5000	5000	5000	5000	5000
Interest	9961	15345	8883	2467	0
Tax on profit	0	0	0	0	0
Sub Total (D)	24711	30095	23633	17217	14750
Cost of Sales (B+D)= E	756675	798657	830623	864557	904457
Net Profit after tax (A-E) =F	276375	286046	308315	331328	351222
Cash Surplus(F + Depreciation)	291125	300796	323065	346078	365972

ANNEXURE - C
Working Capital Assessment

1	Unit size (Nos)	1000 Birds
2	Unit cost(Rs)as per NABARD	224000
3	System of rearing	Deep Litter System (DLS)
4	Cost of 1050 chicks @ Rs.20/chicks	21000
5	Cost of Feed for 1020 birds@ 3.3 Kg/bird @ Rs.22/Kg of feed	74052
6	Cost of Medicine Vaccine, Labour, Water, Electricity for 1020 birds @ Rs.10/bird	10200
7	Insurance for 1020 birds@ Re.1/bird	1020
8	Insurance for sheds and equipment @ Rs.10/ Rs.1000 on the capital cost	2200
9	Cost of litter material for 1020 birds@ Rs.2 per bird	2040
	Total Working Capital	89512

❖ Working capital for One Batch of 1000 Birds= Rs.90000

❖ **Working Capital is not prescribed for Broiler units under Contract Farming arrangement.** Only initial investments are required. All inputs and services are supplied to the poultry farmer under contract farming

ANNEXURE – D

- ❖ Loan Amount – Rs.279000/-
- ❖ Interest Rate - 11%
- ❖ Repayment period – 60 months with a holiday period of 3 months
- ❖ Net repayment period – 57 months

Date	Particulars	Debit	Credit	Balance	NetLoan	Interest on Net Loan	Interest Per annum	Principal repayment
01.09.2021	To loan	279000		279000	186000			
1	By repayment		0	279000	186000	1705		0
2			0	279000	186000	1705		0
3			0	279000	186000	1705		0
4			4895	274105	181105	1660		
5			4895	269210	176210	1615		
6			4895	264315	171315	1570	9961	14685
7			4895	259420	166420	1526		
8			4895	254525	161525	1481		
9			4895	249630	156630	1436		
10			4895	244735	151735	1391		
11			4895	239840	146840	1346		
12			4895	234945	141945	1301		
13			4895	230050	137050	1256		
14			4895	225155	132155	1211		
15			4895	220260	127260	1167		
16			4895	215365	122365	1122		
17			4895	210470	117470	1077		
18			4895	205575	112575	1032	15345	58740
19			4895	200680	107680	987		
20			4895	195785	102785	942		
21			4895	190890	97890	897		
22			4895	185995	92995	852		
23			4895	181100	88100	808		
24			4895	176205	83205	763		
25			4895	171310	78310	718		
26			4895	166415	73415	673		
27			4895	161520	68520	628		

28			4895	156625	63625	583		
29			4895	151730	58730	538		
30			4895	146835	53835	493	8883	58740
31			4895	141940	48940	449		
32			4895	137045	44045	404		
33			4895	132150	39150	359		
34			4895	127255	34255	314		
35			4895	122360	29360	269		
36			4895	117465	24465	224		
37			4895	112570	19570	179		
38			4895	107675	14675	135		
39			4895	102780	9780	90		
40			4895	97885	4885	45		
41			4885	93000	0	0	2467	53835
	Grant @30%		93000	0				
		279000	279000				36656	186000

ANNEXURE – E

Risk assessment for the entrepreneur / enterprise

CREDIT RISK:	
a. Whether the borrower is a permanent resident of the area as per KYC Document	Yes
b. No Negative references about the entrepreneur during oral enquiry	Yes
c. In case of SHG Members, the applicant should have completed one-cycle of loan with full repayment	Yes
d. No Previous record of overdue in the loans of the entrepreneur	Yes
OPERATIONAL RISK	
e. No major risks for systems failure (e.g. IT servers kept in risk areas like flood prone or earthquake prone areas) in the proposed business	Yes
f. No major risks for human failure (e.g. chances for monitoring lapse due to remote or decentralized operations) resulting in frauds	Yes
BUSINESS RISK:	
g. The entrepreneur has the adequate experience in the Line of activity selected	Yes
h. The selected activity has enough scope or market	Yes
i. The entrepreneur has a plan to manage the Competition in the industry /sector	Yes
j. The business will be commenced on time as per the plan (Is there any risk for time lapse due to construction or approval from Govt.)	Yes
FINANCIAL RISK:	
k. The entrepreneur can maintain the profit margin assumed	Yes
l. The payment terms of the clients (credit for 15 / 30 /60 days) are manageable to the entrepreneur	NA
ENVIRONMENT RISK	
m. The selected activity is not in the Negative list	Yes

i. I have reviewed all the risk factors and find "No major risk" in the proposal.

ii. I find the following risk as a significant risk and the entrepreneur has the following plan to manage that risk. – No significant risk.

Date:

Name and Signature of OSF