

Sector	Project Title
Agriculture/Food Processing	Manufacturing Unit for Soyabean Products

### Project Description

The Agricultural sector contributes approximately 15.7% of India's GDP. India is the world's largest producer across a range of commodities due to its favourable agro-climatic conditions and rich natural resource base.



The Food Processing sector is a highly fragmented industry and widely comprises of the following sub-segments:

- Fruits and Vegetables,
- Milk and Milk products,
- Beer and Alcoholic beverages,
- Meat and Poultry,
- Marine products,
- Grain processing,
- Packaged or Convenience food and Packaged drinks.

It accounts for more than 70% of the sector's output in terms of volume and 50% in terms of value. Though the organized sector seems comparatively small, it is growing at a much faster pace.

Consumption of oilseeds has grown along with their industrial usage. Increasing awareness about health is leading to an increased demand for Soyabean and Soyabean based products. China and India are the major producers of Soyabean in the world. However, they consume most of their produce and hence also have to depend on imports to meet their domestic demand.

Most conventional solvent plants in Madhya Pradesh have been making soya oil and meal for use as animal feed. This project proposes to set up a unit for manufacturing soya protein concentrate and soya food flakes/grits/flour. It is a step towards forward process integration where the soya bean cake will be processed to make edible soya flour and textured soya protein.

Worldwide, soya protein concentrate and isolate are considered to be the best proteins for the human body in terms of their nutritional value. In this project, soya protein concentrate will be produced using the latest enzyme processing technology which is much superior to the conventional aqueous alcohol and isometric precipitation technology which require large quantity of water for processing resulting in high wastage as effluents.

### Project's Value Proposition

India is one of the world's major food producers but accounts for less than 1.5 % of international food trade. This indicates vast scope for both investors and exporters.

In order to further boost the growth of the Food Processing industry, the Government of India has formulated a Vision-2015 action plan under which specific targets have been set. This includes:

- Trebling the size of the food processing industry from around US\$ 70 billion to about US\$ 210 billion
- Raising the level of processing of perishables from 6% to 20%

- Increasing value addition from 20% to 35%
- Enhancing India's share in global food trade from 1.5% to 3%

Soyabean is one of the principal crops in the western and central parts of Madhya Pradesh. 82 out of 171 solvent extraction units of the country are located in the State with a crushing capacity of approx. 1 million tonnes p.a. (total capacity of 1.6 million tonnes). As per a study conducted by the Soya Bean Processors Association (SOPA), M.P. accounts for over 60% of total Soyabean production of India. The industry has become a foreign exchange earner for the country through the export of oil meals, particularly soya meal. Out of the total production, 80% of DOC (de-oiled cake) is being exported mainly due to worldwide acceptability of non-GMO seed/ seed based products. The Indian Soya meal is preferred due to its higher protein content and economic unit cost.

Although the Soyabean harvest in the year 2009 declined due to drought conditions, harvest and subsequent meal exports are expected to rise this year due to adequate monsoon rainfall in India. Following figure depicts the patterns of Soyabean production and export over the last decade:



This project would help in providing the following advantages to the oilseeds industry:

- Provide an opportunity to reach the domestic as well as export market as the demand for soya products is continuously growing
- The latest enzyme processing technology will minimize wastages

#### MP's value proposition

Madhya Pradesh is ideally suited to house this project on account of the following reasons:

#### Natural resources and abundant raw materials

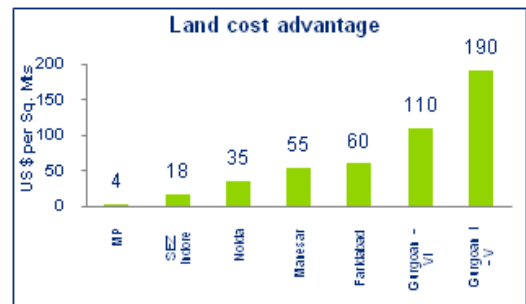
- Presence of 11 out of 18 Agro Climatic zones of India, 5 crop zones, and 4 soil types will suit production of almost any crop
- Established diversified crops - Field Crops, Fruits, Spices, Vegetables, Medicinal and aromatic plants

- Wider combination of soil type, rainfall, sun light, and temperature to suit new crops
- Largest producer of soya bean, garlic, gram and pulses
- Second largest producer of lentils
- MP shares 15% of pea production of India
- Around 100 agricultural farms with an area of over 20,000 acres which is available on lease to investor
- Marketable surplus in several key commodities

Crop	Paddy	Maize	Soyabean	Sesamum	Wheat	Cotton	Gram	Mustard
Production (in lakh MT)	13.7	8.4	47.8	0.88	73.3	8.65	21.4	6.9
Surplus (in lakh MT)	5.0	2.3	43.0	0.68	38.1	7.74	8.5	6.2

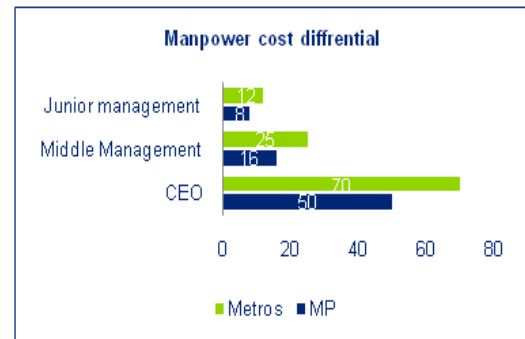
### Land cost advantage

- MP offers cheap land cost in comparison to other developed industry centres



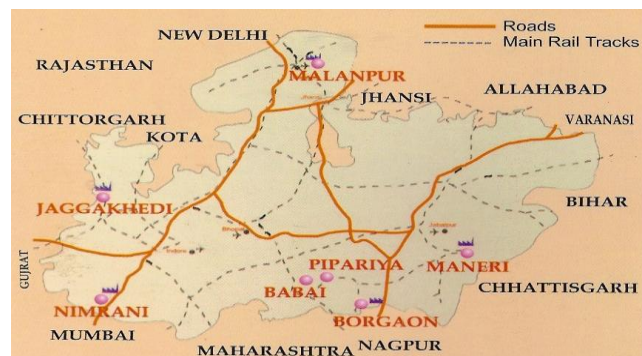
### Man Power Cost Advantage & peaceful labour environment

- Cost to a company for human resources is cheaper by 30-35% in the State
- Greater saving potential for the executive level on account of cheaper land, cheaper housing and cheaper labour
- Mandays lost over last 5 years < 1% of total available mandays
- One of the most peaceful and labour productive State



### Food Parks & supporting infrastructure

- Six food parks are / are being established in MP at:
  - Jaggakhedi – Dist Mandasaur
  - Nimrani – Dist Khargone
  - Babai-Pipariya – Dist Hoshangabad
  - Borgaon – Dist Chhindwara
  - Malanpur-Ghirongi - Dist Bhind
  - Maneri – Dist - Mandla



- These food parks have all the common facilities expected in an industrial park along with common facilities needed for agro industry like:-
  - Cold Storages /modified atmosphere cold storages
  - Warehousing facilities
  - Milk Chilling plants
- All the food parks have excellent rail and road connectivity
- Another 16 food parks have already been planned across the State
- A Centre for Perishable Cargo is being developed at Indore airport
- A Mega Food Park in Jabalpur is proposed, to be developed as an SEZ
- A Multi Modal Logistics Hub to be developed in Pawarkheda, MP.

#### **Presence of leading players engaged in manufacturing soya based products**

To take benefits of the advantages that Madhya Pradesh offers, many renowned players have already set up their soya products manufacturing units in the State. A list of some key players is furnished below:

<b>Sr.</b>	<b>Name of Unit</b>	<b>Location / District</b>	<b>Main Products *</b>
1	Ruchi Soya Industries Ltd.	Indore	Soya Flour, Soy Nuggets/TVP, Soy Lecithin
2	Sam Industries Ltd.	Indore	Soya Flour, Soy Lecithin
3	Mahakali Foods Pvt. Ltd.	Dewas	Soya Flour, Soy Nuggets/TVP
4	Gujarat Ambuja Exports Ltd.	Pithampur	Soya Flour, Soy Nuggets/TVP, Soy Lecithin
5	Premier Proteins Ltd.	Dewas	Soya Flour,
6	Prestige Food Ltd.	Indore	Soya Flour, Soy Nuggets/TVP, Soy Lecithin
7	Sonic Biochem Extractions Ltd.	Indore	Soya Flour, Soy Nuggets/TVP, Soy Lecithin
8	Vippy Industries Ltd.	Dewas	Soya Flour, Soy Nuggets/TVP, Soy Lecithin
9	Faith Foods Pvt. Ltd.	Pithampur	Soy Nuggets/TVP
10	Kriti Industries Ltd.	Indore	Soy Nuggets/TVP, Soy Lecithin
11	Agro Solvent Products Pvt. Ltd.	Gwalior	Soy Lecithin
12	Krishna Oil Extractions Ltd.	Indore	Soy Lecithin
13	Laxmi Solvex	Indore	Soy Lecithin
14	Sawariya Agro Oils Limited	Itarsi	Soy Lecithin
15	Satya Sai Agroils Pvt. Ltd.	Vidisha	Soy Lecithin

\* Soya based only, oils & other products not included in the list

#### **Policy Initiatives (for developers and food processors)**

- 50% of project cost (excluding land cost) upto maximum of Rs. 500 million available from MOFPI under MFP scheme (subject to MFPS guidelines)
- State capital subsidy for SSI up to Rs. 5.00 lacs

- Central Capital subsidy up to Rs. 5 million
- Entry tax exemption up to five years
- ISO-9000 certification cost reimbursement up to Rs. 75000/-
- Project report cost reimbursement upto Rs. 0.3.million
- Interest subsidy up to Rs. 4 million
- Investment Promotion Assistance
- Concessions to Mega Projects
- Exemption in stamp duty and registration charges
- Interest subsidy on term loan
- Reimbursement of expenditure on Quality Certification

### Project Specification

The proposed project will have the following specifications:

- Location: Project can be located in a food park from where there is ample availability of raw material in nearby area.
- Capacity: The annual capacity is proposed at 250000 MT
- Project Cost: Major components of the project (for a single unit) and their estimated costs are presented in the table below:

Particulars	Amount (INR in Millions)
<b>Land</b>	150.00
<b>Building</b>	250.00
<b>Plant &amp; machinery</b>	950.00
<b>Misc. Fixed assets/furniture fixtures</b>	45.00
<b>Contingencies</b>	-
<b>Pre-operative expenses</b>	-
<b>Margin money for working capital</b>	150.00
<b>Total</b>	<b>1545.00</b>

- Returns: Internal rate of return is estimated at 18-20%

### Project Contacts

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