

CLFMA WEBINAR

Friday 30th October, 2020 at 17:00 to 18:30 hrs.



CLFMA OF INDIA
ASSOCIATION OF LIVESTOCK INDUSTRY

Livestock Industry Government Funding & Schemes and Banking Products



WELCOME ADDRESS

Mr. S. V. Bhavé
Chairman
CLFMA OF INDIA



SPEAKER

Mr. Nitin Puri
Group President,
YES Bank



SPEAKER

Mr. Sunjay Vuppuluri
President,
YES Bank



SPEAKER

Mr. Bipin Jain
President,
YES Bank



EXPERT OPINION

Mr. B. S. Yadav
Managing Director
Godrej Agrovet Ltd.

Time	Agenda Item	Anchor/Participant(s)
17:00 -17:10 hrs.	Welcome Address	Mr. S.V. Bhavé – Chairman, CLFMA of India
17:10 -17: 15hrs.	Brief Overview of Animal Protein and Feed industry	Mr. Nitin Puri, Group President - Food and Agri Strategic Advisory and Research (FASAR), YES Bank
17:15 -17:40 hrs.	Presentation on different incentive schemes for Feed and allied sectors a) Animal Husbandry Infrastructure Development Fund (AHIDF) Scheme (17:15 – 17:30 hrs.) b) Other schemes including (17.30 – 17.40 hrs.) • Fisheries Infrastructure Development Fund (FIDF) Scheme • Pradhan Mantri Matsya SAMPADA Yojana (PMMSY) • Pradhan Mantri Kisan SAMPADA Yojana • Various State Government Schemes	Mr. Sunjay Vuppuluri, President - Food and Agri Strategic Advisory and Research (FASAR), YES Bank
17:40 -18:00 hrs.	Presentation on Working Capital Management for Feed Industry – Product Offerings from Yes Bank a) Commodity Finance b) Supply Chain Finance	Mr. Bipin Jain, President and Regional Leader South, Agri Product Management (APM), YES Bank
18.00 -18.10 hrs.	Q & A Session/Industry Interaction	YES Bank
18:10 -18:25 hrs.	Event Summary and Expert Opinion	Mr. B.S. Yadav – Managing Director, Godrej Agrovet Ltd.
18:25 -18:30 hrs.	Vote of Thanks/Closing Remarks	Mr. Divya Kumar Gulati, Secretary, CLFMA of India

Webinar Link : <https://us02web.zoom.us/j/82132073976>



Host :
MS. CHANDRIKA VENKATESH,
Executive Director,
CLFMA OF INDIA



CLFMA WEBINAR

***“Livestock Industry Government
Funding & Schemes and Banking
Products”***

Date: October 30, 2020

Time: 17:00 hrs to 18:30 hrs

Venue: Virtual

REPORT

CLFMA OF INDIA conducted a Webinar and has brought about the report consisting of the details of deliberations and outcomes of the Webinar.

Presented by:

S. V. Bhawe, Chairman, CLFMA OF INDIA

Acknowledgements

We are grateful to Yes Bank for providing the knowledge support for the webinar “Livestock Industry Government Funding & Schemes and Banking Products.”

We express sincere thanks to our speakers Mr. Nitin Puri, Group President, Food & Agri Strategic Advisory and Research (FASAR), Yes Bank, Mr. Sunjay Vuppuluri, Food & Agri Strategic Advisory and Research (FASAR), President Yes Bank, Mr. Bipin Jain, President, Food & Agri Strategic Advisory and Research (FASAR), Yes Bank, Mr. B. S. Yadav, Managing Director, Godrej Agrovet Ltd. for giving their valuable time and guidance.

Around 140 industry stakeholders participated in the webinar and we are also thankful to all the attendees for their queries that enabled clarity and insights from the panellists.



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“Livestock Industry Government Funding & Schemes and Banking Products”

Report

Introduction

CLFMA of India, the apex organization and the voice of the country's dynamic livestock sector conducted the webinar “Livestock Industry Government Funding & Schemes and Banking Products” on 30th October, 2020. This event was focused on how to avail different incentive schemes for feed and allied sectors & how to manage Working Capital for feed industry.

The Speakers of the Webinar were Mr. Nitin Puri, Group President -Food and Agri Strategic Advisory and Research (FASAR), Yes Bank, who presented a Brief Overview of Animal Protein and Feed Industry. Mr. Sunjay Vuppuluri, President - Food and Agri Strategic Advisory and Research (FASAR), Yes Bank presented different incentive schemes for feed and allied sectors, Mr. Bipin Jain, President and Regional Leader South, Agri - Food and Agri Strategic Advisory and Research (FASAR), Yes Bank gave the presentation about Working Capital Management for Feed Industry. The webinar was summarized by Mr. B. S. Yadav, Managing Director, Godrej Agrovet Ltd.

The webinar started with a welcome address by Mr. S. V. Bhawe, Chairman, CLFMA OF INDIA, he said that the present livestock business dynamics have changed and it has incurred huge losses due to COVID 19, the businesses were started with very limited resources and too many uncertainties. Also, he stated that in first three months, the market for our produce had virtually vanished and this led to the pressure on our working capital, cash flow, fund flow, thus making it difficult to restart the business again.

He added that, the main objective of the webinar is to enable the stake holders to understand the perspective of the bankers and how the bankers are addressing these problems of the livestock industry., and hence CLFMA thought it prudent to conduct a webinar regarding the same.

He thanked all the speakers for their support.

Discussion Details:

1. Brief Overview of Animal Protein & Feed Industry

This section was addressed by Mr. Nitin Puri, Group President, Food & Agri Strategic Advisory and Research (FASAR), Yes Bank. He enumerated the following points:

- 1.1. The first two to three months of the entire Covid situation, was very challenging for the entire industry. The challenges were on the supply and demand side.
- 1.2. Rumour mongering on social media about zoonotic diseases on livestock products.
- 1.3. The markets revived after the first 3 months of COVID19, but the institutional sales still continue to be a challenge not just in India, but globally as well as in the European markets, American Markets, far Eastern markets, Gulf markets, Middle East Markets, etc.
- 1.4. He appreciated the initiatives taken by the Government of India in terms of the Working Capital and other differentiation, which have come about through credit guarantees, interests' subvention and said that this has happened across sectors through sector

specific schemes viz. Animal Husbandry Infrastructure Development Fund, Dairy Fund, Pradhan Mantri Matsya Sampada Yojana and added that this is a very good welcome step.

- 1.5. He said that the credit offtake will be a very huge challenge, because of less demand, less capacity to service the markets.
- 1.6. The intensive demand side challenges will be present due to the Challenges existing in the ability of people to take credit in a viable manner and the ability of banks to extend credit will also become a challenge, but nevertheless all these announcements have been made under the larger Atmanirbhar Bharat mechanism.

2. Presentation on Various Central/State Government Schemes for Animal Feed and Allied Sectors by Mr. Sunjay Vuppuluri, President - Food and Agri Strategic Advisory and Research (FASAR), Yes Bank

2.1. Animal Husbandry Infrastructure Development Fund (AHIDF) Scheme

2.1.1. Key features

- 2.1.1.1. Private investment in Dairy, Poultry & Meat Processing, Value addition & Cattle Feed infrastructure.
- 2.1.1.2. INR 15,000 Crores Fund – to be disbursed by the Scheduled Banks within a period of 3 years starting from 2020-21.
- 2.1.1.3. Implementing Agency – DADH, Ministry of Agriculture & Farmer Welfare.
- 2.1.1.4. 3% interest subvention on Term Loan for a period of 8 years (including moratorium).

2.1.2. Objectives

- 2.1.2.1. Increase milk and meat processing capacity and product diversification thereby providing greater access for unorganized rural milk and meat producers to organized milk and meat market.
- 2.1.2.2. Increased price realization for the producer and access to quality milk and meat products for the domestic consumer.
- 2.1.2.3. Meet protein enriched quality food requirement of the growing population and prevent malnutrition.
- 2.1.2.4. Develop entrepreneurship and generate employment.
- 2.1.2.5. Promote exports and increase the export contribution in the milk and meat sector.
- 2.1.2.6. Make available **quality concentrated animals feed** to the cattle, buffalo, sheep, goat, pig and poultry to provide **balanced ration at affordable prices**.

Area of Operation

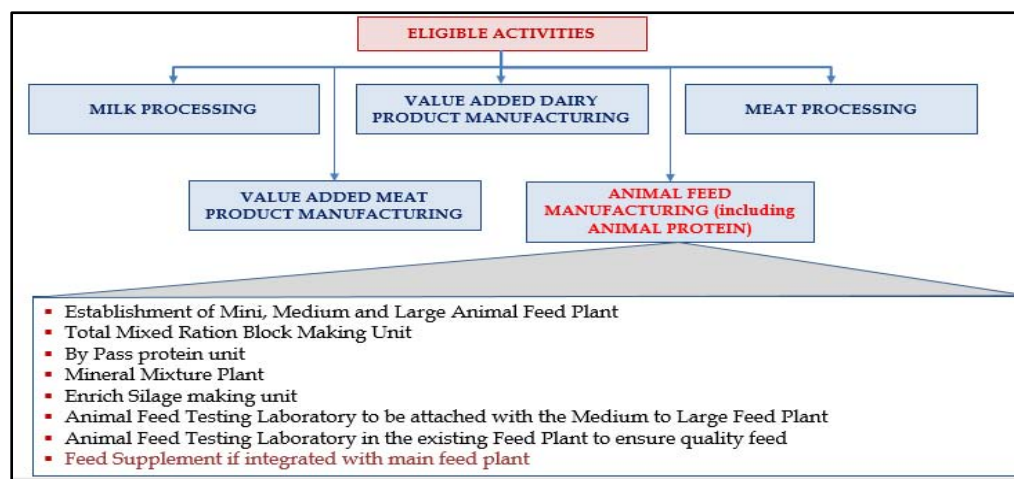
All States and Union Territories

Eligible Entities

Farmer Producer Organization(FPO)
Private Companies
Individual Entrepreneurs
Section 8 companies
Micro, Small and Medium Enterprises

Implementing Agencies

Department of Animal Husbandry and Dairying, Ministry of Fisheries, Animal Husbandry and Dairying



Quantum of Loan and Margin Money

LOAN ELIGIBILITY

The quantum of eligible loan	Maximum 90% depending on category of enterprise
Eligible financial Institution	All Schedules Commercial Banks operating in India (NBFC, ECBs not eligible)
Non Eligible loan components	Land, Working Capital, Old Machineries, Vehicles
Cost escalation in project cost due to genuine reason allowed	Not more than 2 years from date of approval
Under implementation projects with no or partial disbursement of loan or old sanctioned letters	Will be eligible if lending Bank provides the consent. Not eligible if full disbursement done

MARGIN MONEY REQUIREMENT



Proposed Benefits

Extent of Interest Subvention	3% for all Eligible Entities (EE)
Lending Rate of Interest	Should not exceed at 200 basis points plus External Bench Mark Based Lending Rate (EBLR) for MSME For other project – based on commercial interest rate of SCBs
Mode of Payment	DAHD will directly pay the interest subvention to the Scheduled Bank.
Frequency of Payment	Advance upfront interest subvention to lending bank for the first year. For 2 nd year onward, based on non-NPA borrowers entitlement claimed by bank
Event of Default	No interest subvention in case of default, Applicant can clear the payment and regularize the account during given year to avail the benefits
Loan Disbursement Period	To be disbursed by the Scheduled Banks within a period of 3 years starting from 2020-21
Repayment Schedule	8 Years inclusive of moratorium period of 2 years on Principal amount. Should not exceed 10 years from the date of first disbursement

Credit Guarantee

Credit Guarantee Fund (CGF)

CGF of INR 750 Crore – Established and managed by NABARD (INR 75 Cr./Year for 10 Years)
Only for viable projects falling in MSME ceiling
Guarantee coverage – 25% of the credit facility available to borrower

Land and Statutory Clearances Required

Land Requirement:-

1. Need to acquire necessary land at their own cost and submit necessary documentary evidence on availability of land and statutory clearances.
2. Land on long term lease (minimum 30 years) may also be considered in which case, requisite No Objection Certificate from the competent authority for mortgage to Bank may be obtained.
3. Name of the Statutory Clearances.
4. Local Authority Clearances as per the State Requirements.
5. No objection from the Land Authority on the lease hold or ownership of the land.
6. Consent to Establish (COE) and Consent to Operate (CO) from the State Pollution Control Board.
7. Trade Licenses.
8. Food Safety and Standard Authority of India.
9. Water and Air Acts.
10. State Electricity Board.
11. MSME Registration (only for MSME companies).
12. Registration under Companies Act (only for companies).
13. Registration under Labour Act/ EPF Act.
14. Any other Statutory Clearances required from the respective State.

Formulation of Detailed Project Report (DPR)

- ❖ Need to submit detailed viable Project Report seeking loan along with self-contained proposal.
- ❖ Every project report must include the proposal for establishment of quality management unit for milk, meat and animal feed, packaging unit. Should contain
 - ✓ Procurement of raw materials
 - ✓ Future market generation, product promotion
 - ✓ Employment opportunity
 - ✓ identification of suitable site
 - ✓ Necessary engineering and socio-economic investigations and surveys
 - ✓ Planning and designing of the facilities including building plan and lay out of plant and machinery
 - ✓ Model studies wherever required.
 - ✓ Any other information related to project.
- ❖ Submit DPR through "Udyami Mitra" Portal developed by Small Industries Development Bank of India (SIDBI)

- ❖ The Schedule Bank after due appraisal and sanction of loan will forward the application/ project to the Department of Animal Husbandry and Dairying for approval of interest subvention through online mechanism.

Project Evaluation and Sanction


Evaluation based on - Eligibility criteria of the EEs, Eligible Activities proposed, Bank's approval, geographical preferences, MSME certification, sectorial preferences, demand and economic viability.

The Project Approval Committee will accord approval to projects costing up to INR 50 Crores for grant of interest subvention.

- The Project Approval Committee shall recommend the project above INR 50 Crores to the Project Sanctioning Committee (PSC) after screening and evaluation of the projects.
- The Bank shall send a copy of loan sanction to Project Sanctioning Committee/ Project Approval Committee prior to such projects being considered for interest subvention under AHIDF.
- The Project Approval Committee/ Project Sanctioning Committee will also recommend for Credit Guarantee on each project falling within the definition of MSME once the loan is sanctioned by the Bank.

2.2. Other Schemes (Fisheries Infrastructure Development Fund (FIDF) Scheme

Fisheries Infrastructure Development Fund (FIDF) Scheme



Key Benefit: 3% of interest subvention to all eligible entities for 80% of unit cost (*defined projects and quantum*) as term loan. For fish feed mills with capacity of :

- Minimum 4 to 5 tonnes / day – Unit cost of INR 10 lakhs
- Minimum 10 tonnes / day – Unit cost of INR 650 lakhs

Repayment Schedule: 12 Years inclusive of moratorium period of 2 years on Principal amount

Application to be made directly to Department of Fisheries and NFDB on first come first serve basis
Corpus: INR 7500 crores

<u>Implementing Agency</u>	<ul style="list-style-type: none"> ▪ Department of Fisheries, <u>MoA</u> and National Fisheries Development Board, Hyderabad (NFDB)
<u>Nodal Lending Agencies (NLE)</u>	National Bank for Agriculture and Rural Development (NABARD) National Cooperatives Development Corporation (NCDC), All Scheduled Banks

Sl No.	Eligible Investment Activities (Unit Cost) under FIDF	Unit	Unit Cost (Rs. in lakhs)
1	Establishment of Fishing Harbours	No.	15000.00
2	Establishment of Fish Landing Centers	No.	1000.00
3	Construction of Ice Plants (both Marine and Inland Fisheries Sectors)	No.	100.00
4	Construction of Cold storage (both Marine and Inland Fisheries Sectors)	No.	100.00
5	Fish Transport Facilities (Marine & Inland Fisheries Sector)	No.	20.00
6	Integrated Cold Chain (Marine & Inland Sector)	No.	500.00
7	Development of Modern Fish Markets	No.	100.00
8	Setting up of Brood Banks	No.	1000.00
9	Development of Hatcheries	No.	50.00
10	Development of Aquaculture	Ha	7.00
11	Modernization State Fish Seed Farms	No.	500.00
12	Establishment of state of art of Fisheries Training Centres	No.	500.00
13	Fish Processing Units	No.	4674.00
14	Fish Feed Mills/Plants		
	(a) Feed mills of minimum 4 to 5 tonne per day capacity	No	10.00
	(b) Feed mills/plants of minimum 10 tonne per day capacity	No	650.00
15	Establishment of Cage culture in Reservoir	No.	3.00
16	Introduction of Deep Sea Fishing Vessels	No.	80.00
17	Establishment of Disease Diagnostic Laboratories	No.	150.00
18	Development of Mariculture		
	(a) Sea cage culture	No	5.00
	(b) Hatcheries	No	50.00
	(c) Nursery Area	Ha	6.00
	(d) Sea weed/Bivalve/Pearl cultures	With a total lump sum amount of Rs.4225.00 lakh	
19	Establishment of Aquatic Quarantine Facilities	No.	2500.00
20	Any other innovative projects/activities designed to enhance fish production/productivity/value.	Lump sum	

Proposed Benefits and Application Submission

YES BANK

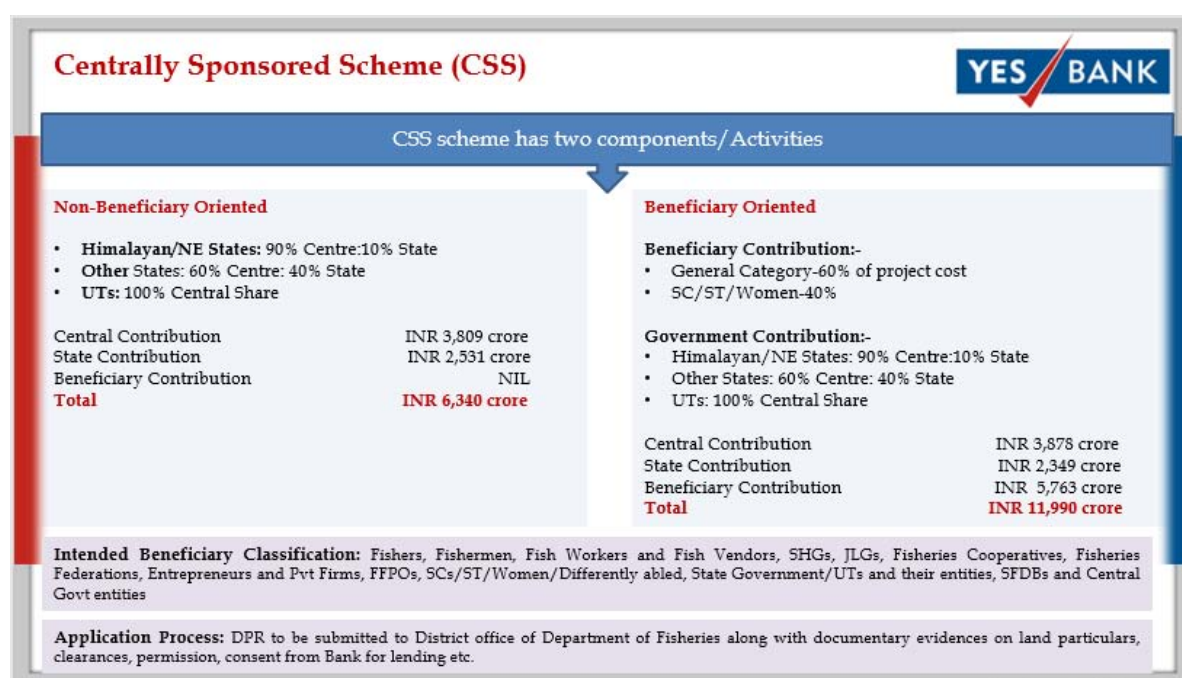
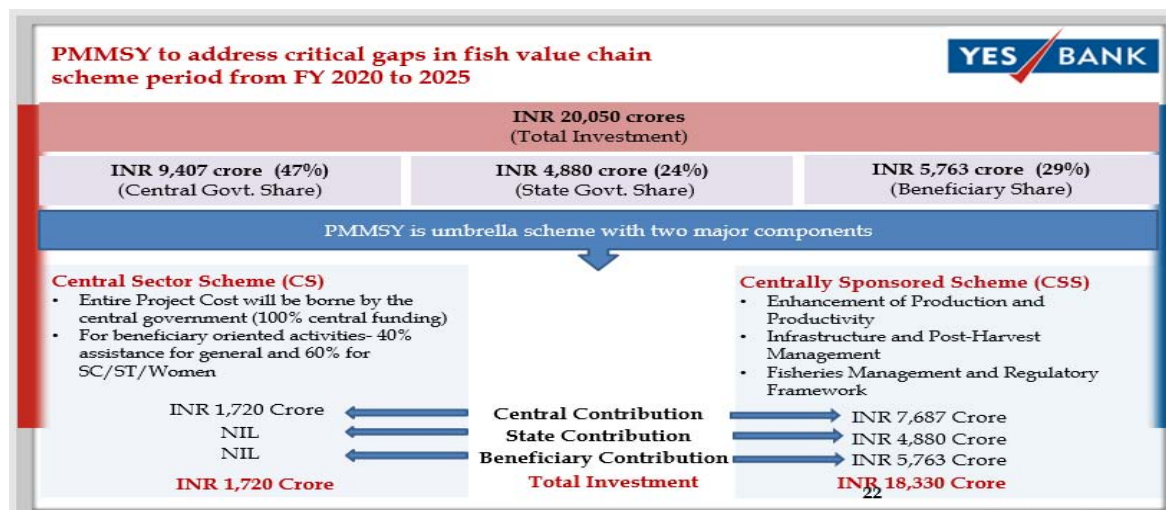
INTEREST SUBVENTION

Extent of Interest Subvention	3% for all Eligible Entities (EE) (includes 0.6% margin for fund management charge and Risk coverage costs for NLEs)
Quantum of Loan	80% of unit cost (20% Margin Money)
Lending Rate of Interest	Not lower than 5%
Frequency of Payment	NABARD to submit quarterly claims on behalf on all NLEs
Event of Default	
Loan Disbursement Period	5 years (from 2018-19 to 2022-23)
Repayment Schedule	12 Years inclusive of moratorium period of 2 years on Principal amount

APPLICATION SUBMISSION

Land Requirement	Eligible Entities are required to acquire necessary land and water bodies on their own cost and secure necessary approvals before submission of application
Detailed Project Report (DPR)	Concessional financing under the FIDF is based on Detailed Project Reports (DPRs) / Self Contained Proposals. DPR shall cover:- (i) Identification of suitable site, (ii) Necessary engineering and socio-economic investigations and surveys, (iii) Planning and designing of the facilities and (iv) Model studies wherever required etc.
Proposal Submission	Three copies of DPR to be submitted to - Joint Secretary(Fisheries) Department of Fisheries, Ministry of Fisheries, Animal Husbandry and Dairying, <u>Krishi Bhavan</u> , Delhi. & The Chief Executive, NFDB, Department of Fisheries, Ministry of Fisheries, Animal Husbandry and Dairying, <u>GoI</u> , Hyderabad

2.3. Pradhan Mantri Matsya Sampada Yojana(PMMSY)



Indicative list of activities for Private Sector *

YES BANK

Infrastructure	Unit cost	Subsidy General Category (40%)	Subsidy (SC/ST/ Women) (60%)
Construction of large Marine Finfish Hatcheries	INR 2.5 Cr	Up to INR 1 Cr	Up to INR 1.5 Cr
Medium Fish Feed mills (8-19 ton/day)	INR 1 Cr	Up to INR 0.4 Cr	Up to INR 0.6 Cr
Large Fish Feed mills (20-99 ton/day)	INR 2 Cr	Up to INR 0.8 Cr	Up to INR 1.3 Cr
Fish Feed mill of Capacity (>=100 ton/day)	INR 6.5	Upto INR 2.6 Cr	Up to INR 3.9 Cr
Construction of fish retail markets including ornamental fish/aquarium markets.	INR 1 Cr	Up to INR 0.4 Cr	Up to INR 0.6 Cr
Cold Storage/ Ice plant Capacity 30-49 MT	INR 1.2 Cr	INR 0.48 Cr	INR 0.72 Cr
Cold Storage/ Ice plant Capacity 50 ton	INR 1.5 Cr	INR 0.6 Cr	INR 0.9 Cr
Modernization of Cold Storage	INR 0.5 Cr	INR 0.2 Cr	INR 0.3 Cr
Establishment of Fresh water Ornamental Fish Brood Bank.	INR 1 Cr	INR 0.4 Cr	INR 0.6 Cr
E-platform for e-trading and e-marketing of fish and fisheries products	Decided on case to case basis		

* For detailed opportunities kindly refer the PMMSY detailed guidelines - <http://dof.gov.in/sites/default/files/PMMSY-Guidelines24-June2020.pdf>

2.4. Pradhan Mantri Kisan Sampada Yojana

SAMPADA covers 7 schemes

YES BANK

- ✓ Scheme for Agro-Marine Produce Processing and Development of Agro-Processing Clusters
- ✓ Provides grant in aid of between INR 5 Crores to INR 50 Crores for setting up food processing facilities

Creation / Expansion of Food Processing & Preservation Facilities	<ul style="list-style-type: none"> • Food / feed processing units – new as well as expansion • In MFP and APC only
Agro Processing Clusters	<ul style="list-style-type: none"> • For development of 10 acres of land as common facility to set up food processing units
Integrated Cold Chain	<ul style="list-style-type: none"> • For new investment in processing of perishable produce • F&V, Dairy, Aqua, Spices, Meat, RTE Frozen
Backward Forward Linkage Scheme	<ul style="list-style-type: none"> • For existing Processors in perishable produce
Mega food Parks	<ul style="list-style-type: none"> • To develop 50 acres of land as common facility for setting up food processing facilities
Operation Green	<ul style="list-style-type: none"> • Value chains of Tomato, Onion & Potato
Setting up/ Upgradation of Food testing labs	<ul style="list-style-type: none"> • Creating FSSAI/ NABL accredited Food testing labs

Overview of Incentive

YES BANK

	Scheme	Grant (Up to INR Cr)	Grant (% of eligible project cost)		Status / Last date of sub.
			General Areas	Difficult areas**	
1	Integrated Cold Chain & Value Added Infrastructure	10 Cr	35% to 50%	50% to 75 %	EOI expected
2	Creation/ Expansion of Food Processing and Preservation Capacities	5 Cr	35%	50%	30/11/20
3	Backward and Forward Linkages	5 Cr	35%*	50%*	31/12/20#
4	Infrastructure for Agro-Processing Clusters (APC)	10 Cr	35%	50%	30/11/20
5	Operation Green (TOP)	50 Cr	50%	NA	31/12/20
6	Setting up/ Up-gradation of Food testing labs		25-50%	33-70%	EOI expected
7	Mega Food Parks	50 Cr	50%	75%	Not active

* For Farmer Producer Organizations – 50% and 75% respectively in Backward and Forward linkages scheme

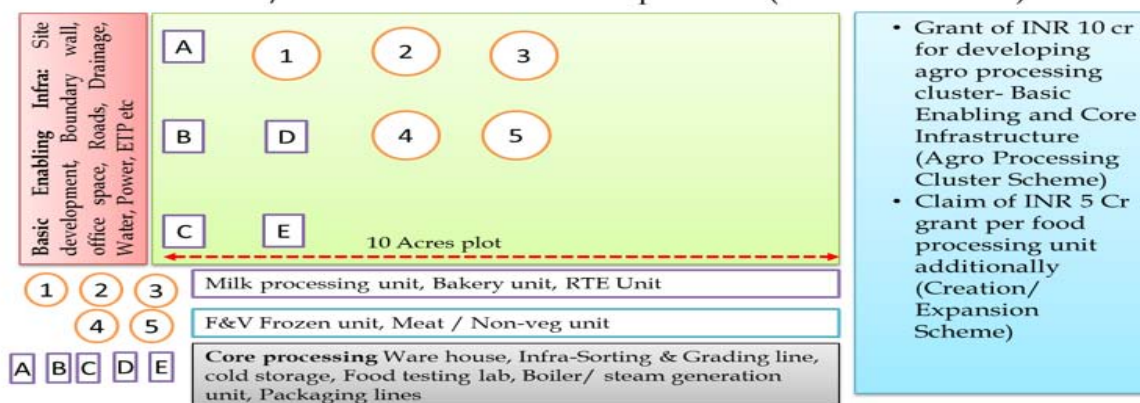
** Difficult areas include - North East States, Himalayan States, ITDP Areas & Islands

For NE states and ST categories only

Addressing APC & 5 units in CEFPPC as a Combination

YES BANK

- ✓ Single applicant can address grant in aid opportunity of INR 35 Crores
 - INR 10 Cr from APC
 - INR 5 Cr / unit for 5 units to be set up in APC (total of INR 25 Cr)



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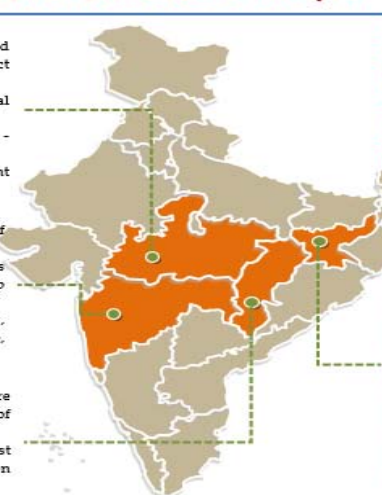
2.5. Various State Government Schemes

State Level Schemes – MP, MH, CHG, AS and JH

Madhya Pradesh:
 Creation/ Modernization/ Expansion of Food Processing Units - Grant in aid of 25% of total project cost up to INR 2.5 crore
 Integrated Cold Chain- Grant in aid of 50% of total project cost up to INR 10 crore
 Primary Processing Center & Collection Center. - Grant in aid of 50% up to INR 10 Crore.
 Implementing Agency - MP Industrial Development Corporation

Maharashtra:
 CM's Food Processing Scheme - Capital subsidy of 30% of project cost up to INR 50 Lakhs
 Package Scheme of Incentives - Bouquet of Benefits such as Interest subventions, power tariff, tax, stamp duty exemption etc.
 Implementing Agency - Department of Industries, Offc. of The Commissioner of the Agriculture, Maharashtra

Chhattisgarh:
 Creation of Integrated cold Chain - for horticulture and non horticultural produce - Grant in aid of 35% of total project cost up to INR 5 crore
 Additionally, Bouquet of Benefits such as Interest subventions, power tariff, tax, stamp duty exemption etc.
 Implementing Agency - CSIDC



Assam:
 Capital Investment Incentive scheme - Grant in aid of 30% of cost of Plant & Machinery up to INR 5 Crore for setting up any manufacturing unit
 Additionally, 100% reimbursement of insurance premium paid for building and P&M for 5 years
 Implementing Agency - North East Industrial Development Finance Corporation Ltd. (NEIDFI)

Jharkhand:
 Creation/Modernization/Expansion of Food Processing Units - Grant in aid of 35% of total project cost up to INR 5 crore
 Integrated Cold Chain- Grant in aid of 35% & 50% of total project cost in general & ITDP areas resp. up to INR 7 crore
 Mega Project in food processing - Grant in aid of 35% up to INR 30 Crore
 Primary Processing Center & Collection Center. - Grant in aid of 50% up to INR 2.5 Crore.
 Implementing Agency - Department of Industry, Govt. of Jharkhand

#Schemes highlighted in Red are either inactive or there is shortage of funds with state govt.

3. Presentation on Financing Opportunities for Feed Sector by Mr. Bipin Jain-President & Regional Head, Agribusiness Product Management, YES Bank

3.1. Financing Feed Players – Working Capital and Term Loan (for AHIDF and allied schemes)

Financing Feed Players

Working Capital

Fund based

Cash Credit

Overdraft

Short Term Loan

Export Finance

Commodity Finance

Bill / Invoice Disc under supply chain financing

Non-fund based

Letter of Credit

Bank Guarantee

Term Loan

✓ Offered for Capital expenditures like expansion of the existing facility and setting up a new facility


✓ Yes Bank is keen to associate and extend credit facilities for the projects under any of the 3 Government schemes currently relevant to the feed sector:

- Animal Husbandry Infrastructure Development Fund (AHIDF)
- Fisheries and Aqua Infrastructure Development Fund (FIDF)
- PM Matsya Sampada Yojana (PMMSY) (Grant available depending on activity undertaken)

✓ Interest subvention is not applicable for WC under AHIDF and FIDF.


3.2. Financing Feed Players – Commodity Finance

Financing Feed Players – Commodity Finance



Key Features

- ✓ Attractive ROI; No additional collateral requirement; Simplified credit assessment; Financing and repayment in tranches aligned with stock build up / usage.
- ✓ FPOs supplying to processors can also be funded.



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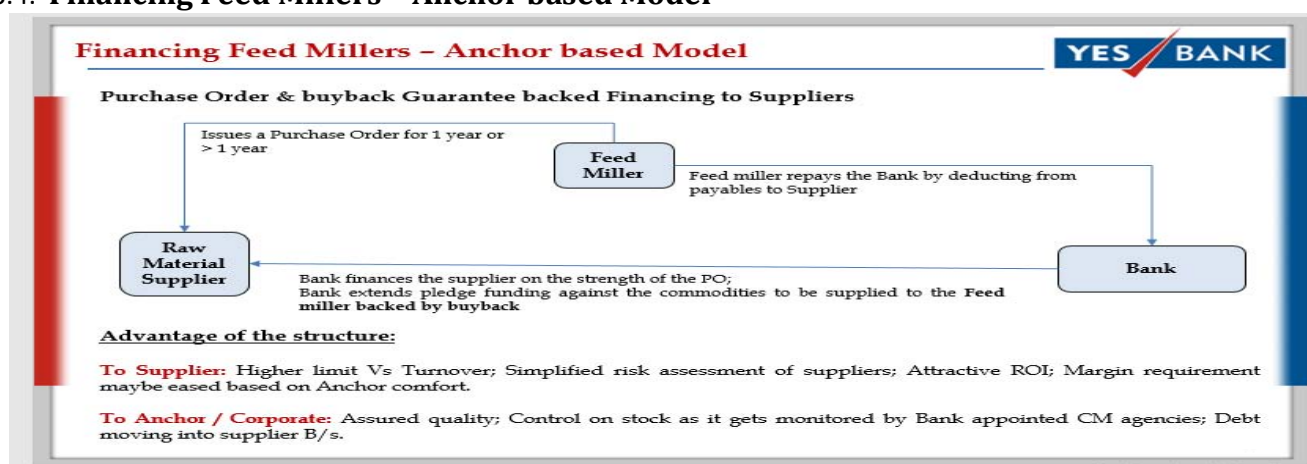
3.3. Commodities being funded by YBL for Animal Feed and Protein Industry

Commodities being funded by YBL for Animal Feed and Protein Industry				YES BANK
Commodities	Funding %	Initial Margin %	Tenor (months)	
Cotton / Mustard / Soyabean seed oilcake	70	30	6	
Maize	75	25	9	
Wheat	75	25	9	
Jowar (Sorghum)	75	25	9	
Soyabean	70	30	9	
Barley	70	30	9	
Rice	70	30	9	

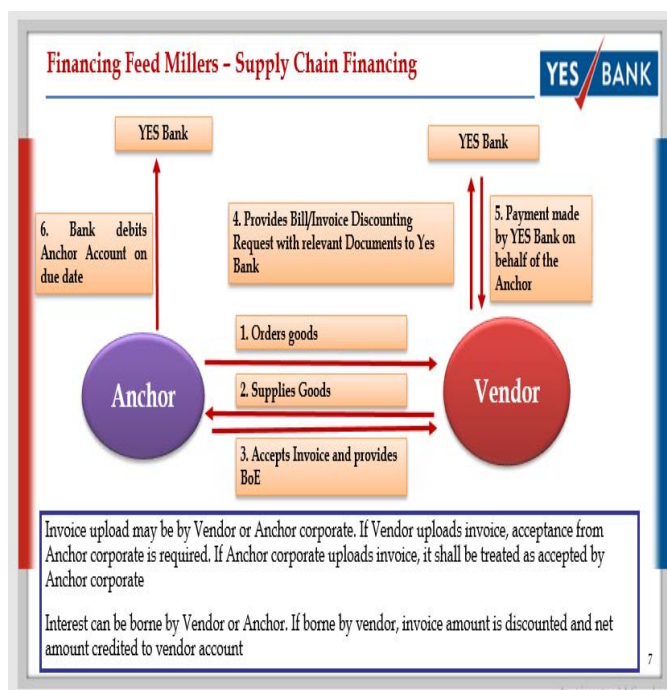
Product Variants:

- ✓ Physical WR Financing: Processors, Traders
- ✓ Demat Stock Finance: Exchange participants
- ✓ e-NWR Finance: Negotiable and tradable under WDRA
- ✓ Commodity backed EPC Finance: For exporters
- ✓ Anchor based Finance: Supply chain & Vendor funding
- ✓ OTC Product: Quick and simplified credit assessment

3.4. Financing Feed Millers – Anchor based Model



3.5. Financing Feed Millers – Supply Chain Financing



Benefits to Vendor and Anchor Corporate		YES BANK
Vendor	Corporate	
<ul style="list-style-type: none"> ✓ Immediate realization of bills ✓ Steady and cheaper source of Unsecured Funds. ✓ Additional facility for Vendor which increases liquidity for increased sales and appetite for production ✓ Simplicity of documentation and approval procedures ✓ No change in existing system ✓ Vendor can carry on with facilities and loans availed from their existing banks. 	<ul style="list-style-type: none"> ✓ Immediate payment of bills can help avail Cash Discounts from vendors ✓ Financing of 100% of the Invoice amount, as compared to 75% in Working Capital ✓ Financed amount reduces Debt (WC) in Balance Sheet, leading to better credit profile/ rating ✓ Minimal compliances as compared to Working Capital - No Stock Statements, periodic documents, NOC/ <u>Pari Passu</u> from existing lenders etc. 	

4. Q & A Session/Industry Interaction

1. Can I get a clarification for this animal husbandry scheme? Is it applicable to the farms and to the hatcheries also?

Ans. by Mr. Sunjay Vuppuluri, No sir, It's not applicable for production Not for hatcheries. Not for Farms.

2. And what about the reimbursements for the projects just completed?

Ans: by Mr. Sunjay Vuppuluri: If they are completed and disbursement is already done, you're not eligible. It's for upcoming projects or projects under construction, where disbursement is yet to be done or a very small amount is done.

3. While you were just talking about Feed Supplement Plant, you mentioned that it should be integrated. suppose if, we integrate any plant, which is manufacturing intermediary supplements or feed supplements catering to the other plant, but it is a standalone or in a separate some other Location will it is still qualify under raise-able unit?

Ans: Basically, this question was also raised to Dr. O. P. Chaudhary, JS-NLM in an interaction with the private sector. He mentioned that it has to be integrated with an Animal Feed Mill. So, the answer to the first question is if it is separate from a Feed Mill, you cannot apply because it is a standalone project. But if it is integrated or tied into an existing feed mill or a feed mill that is upcoming then it can be put together as a project with the existing one, we can put it as an expansion and for a new one, we can put it as an integrated- one project.

4. On this Fishery Infrastructure Development, you mentioned some infrastructure development like R&D, will our Solar plant also be treated as an infrastructure for the Feed Plant for the Fisheries.

Ans: Fisheries, I don't think Solar plant and these are treated, because primarily in the Fisheries sector if we see, there is a unit cost cap. So, within that unit cost, I don't know how much will be allocated for the other peripherals because the unit cost is not very high. For instance, 100 MT capacity per day unit cost @ 6.5 Crores. I don't think the amount is sufficient for peripherals.

5. What about R&D project?

Ans: Solar as an R&D project, if it is integrated into the entire project, probably yes, but then again there is a unit cost cap. So, I think you'll require that cost for your equipment and no civil structures will be considered.

6. In the Sampada Scheme, the subsidy or whatever the financial assistance is given is the kill line included?

Ans: So basically, all these schemes are for post killing. This is a good question. Again. We need to check and get back to you.

7. There is a cap of 6.5 crores on setting up a fish feed plant. Right now, government is giving 40% subsidy on that 6.5 crores. How is that disbursement planned? Like what are the phases in which the disbursement is planned by the government?

Ans: Mr. Sunjay Vuppuluri said that we are talking about the Pradhan Mantri Matsya Sampada Yojana, so the Pradhan Mantri Matsya Sampada Yojana detailed guidelines are yet to come. It will come in December. So, this is a broad indication of how they've allocated funds. The Central government has said that each state government has to submit their requirements. So, the exact disbursement structures are yet to be announced.

8. We are planning to set up NEBL accredited food Labs, food testing Labs across India, but this is a joint venture partnership with a foreign company. We owned 51%, the other company may own minor stake. So, can I as an Indian company, can we take advantage of Sampada Scheme? When we are setting up these labs. If yes, then how? Can we do that? Is there any guidelines on that?

Ans- Yes, sir. You can do that. But there is no restriction. In fact, Sampada is open to Multinationals and a number of Multinationals have availed the scheme. The food Testing Lab scheme is in the draft form. As I said it is yet to be declared. Once that comes out, you can look at the guidelines and apply for the Scheme. And we'll be happy to help you as well.

5. Event Summary & Expert Opinion by Mr. Balram Singh Yadav, Managing, Director, Godrej Agrovet Ltd.

Mr. Balram Singh Yadav, MD of Godrej Agrovet Ltd., said that it was a privilege to summarize the forum, he greeted and thanked everybody and made the following points:-

- 5.1. He said that it was the correct time to organize this webinar, as the industry is still recovering from covid shock, even though we see some green shoots and poultry but Aqua is still very volatile plus milk will take still more time to recover and we strongly believe that industry will need a lot of support both from the financial institutions and from the government to come up to the pre-covid level and
- 5.2. He congratulated and complemented the government for coming up with these funds as the same is essential for this industry.
- 5.3. The fund allocation is very important now because the industry will have to think through a different game plan for future, as every time the livestock industry is hit in a big way.
- 5.4. The most important thing for this industry is now to go for the Value additions and that is one of the ways of insulating ourselves from the volatility which comes up due to various reasons especially with the rumour mongering which comes up due to different viruses.
- 5.5. He quoted the example of Thailand that Thailand suffered immensely because of bird flu and unfortunately in the mid-2000s, they were the largest exporter of raw chicken to several Asian countries and European countries and in three years, they transformed their industry from a value-added fresh product or frozen product to value added cooked product and insulated themselves from any problems which may occur because of a virus because no country ever bans cook food products. So that was one of the things their government did and suggested that this fund should be utilized for Value addition.

- 5.6. The second thing is that Capital formation is needed to improve productivity and bring in efficiency in the industry and he referred to Automation and to use of better equipment because low cost in a volatile Market, where cost leadership defined in terms will always be our best friend, and this fund will be very helpful.
- 5.7. He appreciated the initiative of the government for coming up with the schemes and suggested that, the evaluation should be done by government in terms of the benefits which people have taken from these schemes and how many beneficiaries have really survived and thrived because of these schemes.
- 5.8. He also said that now the government has been very kind to put one minister in charge for animal husbandry, Dairying & Fisheries and that all these schemes at least at the central government level should be merged and made simple.
- 5.9. He said, the understanding of this industry at the Ministry level should be increased. The future and the current state of this industry is that it is an integrated show.
- 5.10. He advised that, the government should understand the problem of displaced priorities and the financing will be viable only if all the components of the business are included for financing, for example the business will not survive unless and until they are integrated and if we don't give money for breeder farms, for hatchery, for commercial operation, for kill line, for other elements of the chain, then, who will take advantage he said that Feed Mill without integrated systems are not viable.
- 5.11. He suggested that the numbers are big but the way they are going to be distributed is something which is not very exciting for the industry and needs to be reviewed.
- 5.12. He said that the government has lot of interest in helping the industry but requested the government to come up with schemes and their allocation in consultation with the industry.
- 5.13. He appreciated the government's initiative for giving money to the private sector through this fund because earlier this did not exist.
- 5.14. He suggested that the industry should be a part of the co-creation and all Associations including CLFMA, should make a representation that, whenever the government makes fund allocation the industry has to be consulted on what are the quantum, which can make a difference.
- 5.15. He concluded saying that this sector has a long way to go. The great part of this sector is that, people talk about it but the issue is that though this industry has done very well in terms of generation of employment in rural sector, alleviation of poverty, the schemes are not dynamic and suggested the schemes should be made more dynamic so that more number of people can be fostered as animal agriculture is very important in doubling the farmers income and all this things if put together and then these funds are directed to the right place and right time and in the right quantum for the right thing to make a sizable impact.

Mr. Divya Kumar Gulati, Secretary CLFMA OF INDIA gave the Vote of thanks.

