

Mega Food Parks

The list of the Points/Information to be covered in the Eols Proposals for **In- Principle Approval**

(The objective of this Checklist is to facilitate the potential promoters to submit the proposal covering the salient features of the proposed Project, to enable the assessment of the project against the criterion)

1. **Profiles of the Promoters who will be the key shareholders of the Proposed SPV**

- 1.1. Names and brief profiles of the proposed promoters/shareholders of SPV along with their contact details.
- 1.2. Indicate the nature and location of existing operations of the Promoters.
- 1.3. Audited balance sheets for last 3 years or Chartered Accountant (CA) Certificates that would establish the net worth of each of the promoters. In case of companies, CA certificates need to be certified by their statutory auditors.
- 1.4. Experience of the key promoters related to food processing industry and related infrastructure development, particularly the relative strengths of each of the promoters that will help in the smooth execution of MFP.
- 1.5. A brief note as to why the promoters are keen to undertake the Mega Food Park project, their vision etc.
- 1.6. In case the SPV is already registered, the details of the SPV including shareholding pattern.
- 1.7. Any other relevant information that would establish the credentials and suitability of the promoters in the context of the Scheme.

2. **Profile of the Proposed Project**

- 2.1. Rationale for proposed cluster/location in terms of availability of agricultural produces and marketable surplus, with focus on perishable produces.
- 2.2. Proposed Area and availability of requisite land for establishment of central processing centre(CPC), primary processing centres (PPCs) and collection centres (CCs) along with tentative layout of the CPC and a typical PPC/ CC.
- 2.3. In case of CPC, selection of site needs to be justified in terms of connectivity and availability of basic infrastructure including power, water, approach road etc.
- 2.4. In case of land being available with promoter(s), proof of possession of land in form of sale deed/lease deed (CLU if applicable).
- 2.5. Details of the proposed core processing facilities (both at CPC and PPCs) and rationale for their selection in terms of availability of raw materials/market and type of food processing units being targeted.
- 2.6. Details of proposed enabling basic infrastructure including requirements of basic utilities like power, water, effluent treatment (both at CPC and PPCs) along with rationale in terms of overall business plan
- 2.7. Details of proposed non-core infrastructure (both at CPC and PPCs) and their justification
- 2.8. Above details for various project components should include area required, estimated capacities and costs for various facilities
- 2.9. Proposed strategy/methodology for building supply chain to ensure supply of raw materials, particularly fruits and vegetables, to the food processing units inside CPC,

- including estimated quantities
- 2.10. Proof of backward and forward linkages in terms of letters of intent from farmers' bodies and food processors respectively
 - 2.11. Estimated turnover of the proposed food processing industry units covered in the project, after successful execution of the project
 - 2.12. Estimated employment generation out of implementation of the project, and other impact on the industry and farm produce in the project area
 - 2.13. Investment details, mix of the products and processes and area requirement of the processing unit(s) to be set up by the Anchor Investor in the park.
 - 2.14. Any other related information.

3. Project Financials and Business Plan

- 3.1. Summary of estimated cost of each of the eligible components of the project for funding by Government as outlined in the Scheme
- 3.2. Proposed means of finance to fund the project: equity, debt etc
- 3.3. The amount of grant support needed for the project, as per the Scheme
- 3.4. Tie-ups with Financial Institutions/Banks, if any, for funding of the Project
- 3.5. Proposed Business Plan –Estimated revenue sources and assumptions, Estimated operating costs and assumptions, Projected profit and loss statements, balance sheets and cash flows based on these assumptions
- 3.6. Key financial indicators such as IRR, DSCR based on above financial assumptions

Documents for for Final Approval

1. Project will be accorded Final Approval on fulfillment of the following conditions:
 - i. Submission of Detailed Project Report (DPR) consisting of technical, commercial, financial and management aspect of the project and its appraisal/recommendations of the PMA and Screening Committee. The DPR should include cluster analysis depicting availability of raw materials, legible contour survey report and contour plan/maps of the proposed land, site analysis for element like soil analysis, flood history, onsite features etc. for realistic cost estimate of land development and construction, detailed master plan along with sectional drawings and building plan with legends giving clear picture/title of drawings and other relevant details, construction cost certified by Chartered Engineer, cost of plant and equipment backed with quotations from equipment and machinery suppliers etc. and its appraisal/recommendations of PMA and Screening Committee.
 - ii. Submission of proof for possession of at least 50 acres of contiguous land by the SPV for the CPC. The land should have permission for change of land use for industrial /infrastructure purposes.
 - iii. Submission of proof for incorporation of SPV and execution of Share Subscription Agreement (SSA) amongst the members of SPV, as per draft SSA to be given by the APFPS.
 - iv. Plan to fund the project duly supported by proposed equity contribution clearly suggesting respective cash contribution from each of the shareholders in proportion to their equity holding and sanction letter of term loan from the bank along with bank appraisal report.

Proof of appointment of Project Management Consultant (PMC). The PMC for the project should be selected from the agencies empanelled by APFPS.

Release of Funds

2. Once the project is accorded Final Approval by the SLEC the grant will be released by the APFPS subject to fulfillment of conditions prescribed for each instalment as below:

First Instalment:

- 2.1. First Instalment of 30 percent of total grant under the Scheme will be released subject to fulfillment of following criteria:
 - i. Establishment of Trust and Retention Account and signing of the TRA Agreement with any Schedule - A Commercial Bank and Regional Rural Banks (RRB). Draft TRA Agreement, clearly giving mode of account operation and duties/responsibilities of lending bank, SPV and PMC, would be shared by the APFPS with SPV.
 - ii. Representative of State Government will be appointed as a nominee on the board of the SPV. Tenure of the nominee will be co-terminus to the operationalization of the project.
 - iii. Proof of increase in authorized capital of SPV to allow stipulated equity contribution as per approved means of finance for the project.
 - iv. Expenditure certificate from Chartered Accountant confirming expenditure of at least 10 percent of the eligible project cost.
 - v. Award of contracts worth at least equivalent to 30 percent of total project cost including at least 20 percent of approved components of basic enabling infrastructure.
 - vi. Recommendation of PMA confirming the fulfilment of above conditions.

Second Instalment:

- 2.2. Second Instalment representing 30 percent of approved grant assistance will be released to SPV subject to fulfilment of following criteria:
 - i. Utilization Certificate for the 1st instalment.
 - ii. Proof of proportionate expenditure by SPV (including term loan and equity) of the eligible project cost equivalent to percentage of grant released as 1st instalment.
 - iii. Proof of proportionate contribution by SPV (including term loan and equity) in TRA account, of the eligible project cost equivalent to percentage of grant to be released as 2nd instalment.
 - iv. Submission of documents in lieu of proof of possession of land for all PPCs along with construction schedule.
 - v. Proof of commencement of construction of Standard Design Factory sheds for SMEs.
 - vi. Recommendation of PMA confirming the fulfilment of above conditions.

Third Instalment:

- 2.3. Third Instalment representing 20 percent of approved grant assistance will be released to SPV subject to fulfilment of following criteria:
- i. Utilisation Certificate for the grant released as 2nd instalment.
 - ii. Proof of proportionate expenditure by SPV (including term loan and equity) of the eligible project cost equivalent to grant released as 2nd instalment.
 - iii. Proof of proportionate contribution by SPV (including term loan and equity) in TRA account, of the eligible project cost equivalent to percentage of grant to be released as 3rd instalment.
 - iv. Certificate from PMC confirming completion of at least 40 percent of construction of PPCs and proof of expenditure of at least 40 percent of the total proposed cost for PPCs as per approved DPR
 - v. Certificate from PMC confirming completion of at least 50 per cent construction of Standard Design Factory sheds for SMEs
 - vi. Proof of allotment of at least 25 per cent of total plots open to be allotted.
 - vii. Recommendation of PMA confirming the fulfilment of above conditions.

Fourth and Final Instalment:

- 2.4. Fourth and final Instalment representing 20 percent of approved grant assistance will be released to SPV subject to successful completion of project and commencement of operations. The criteria for completion of project are as follows:
- i. Utilization Certificate for the grant released as 3rd instalment.
 - ii. Proof of expenditure of 100% envisaged contribution of SPV including term loan and equity on the approved project components.
 - iii. Certificate from PMC confirming completion of the project as per approval.
 - iv. Proof of allotment of at least 75 percent of total allotable plots and commencement of operations in at least 25 percent of the units.
 - v. Completion and Commissioning of the Processing unit (s) of the Anchor Investor in the Park.
 - vi. Recommendation of PMA confirming the fulfilment of above conditions.
3. Separate bank account as stipulated in Trust & Retention Account (TRA) Agreement shall be kept by the SPV for the funds released by Government of Andhra Pradesh.
4. In the event of any SPV withdrawing from executing a project before utilizing the Government assistance, the SPV has to immediately return the Government assistance together with the interest accrued thereon, in accordance with provision laid under GFR 19 as defined by Government of India.
5. SPV shall have to submit a Utilization Certificate (UC) for utilization of amount of grant released by the Government as per provisions of General Financial Rules. A format of the Utilization Certificate (UC) is given as per Annexure-E