

DHARANI FAM COOP LTD

Business Plan summary for financial year 2015-16

Dharani FaM CoOp was initiated in 2005. It was registered under the MACS act of A.P., with 300 members in 2008. By March 2010 it had accumulated losses worth Rs. 2.51 lakhs. However, things started to turn around soon.

Given below are some of the milestones for Dharani since then:

- 2010 -11
 - Produce procured from 70 farmer members;
 - Procurement value Rs 26 lakhs;
 - Sales value crosses Rs. 40 lakhs;
 - Achieves its first annual break even;
 - Earns a net profit of Rs. 46,768.
- 2011-12
 - Achieves cumulative break even and pays of all the losses.
- 2012-13
 - Pays patronage based bonus to members for the first time.
- 2013-14
 - Revenues cross Rs. 1 crore;
 - Patronage based bonus to members continues.
- 2014-15
 - Produce procured from 364 farmer members;
 - Procurement value crosses Rs 1 crore;
 - Sales value crosses Rs 1.75 crores;
 - Net profit crosses Rs. 20 lakhs;
 - Patronage based bonus to members continues for third consecutive year.

At the same time, 800 farmers have joined Dharani since 2010/11. Of the 1,800 share holding farmers in 2015/16, only 1,672 maybe considered certified organic. Certified acreage has gone up from 3000 acres to 7500 acres. Now, Dharani has an uphill task of providing procurement, processing and marketing services to all 1,672 farmers.

The business plan for 2015/16 has been prepared based on the existing processing capabilities of Dharani and a crop planning excersise conducted in all the village sanghams.

Assuming the two new processing plants being presently erected, are set up and ready for operation by September 2015, the business plan proposes the following:

- Dharani will procure 1,148 tons of millets, pulses and groundnut worth Rs. 3.51 crores, grown on 6,000 acres by its certified members;
- Dharani will process, package and sell 465 tons of millet rice, semolina, groundnut oil, nuts, pulses, etc., along with value added products worth Rs. 2.82 crores;
- Distribution centres will be set up in three cities - Bangalore, Hyderabad and Chennai;
- Customer base will be increased from 242 to 385.

To make this happen the business plan proposes that Dharani will need to :

- Raise Rs. 2 crores as loans (@ 6% per annum) from an external financing agencies, over and above Rs. 0.65 crores already raised from members of Timbaktu Collective panchayathi;

- Repay all loans in 12 months.

As per the business plan Dharani will :

- Generate 17,219 days of employment for local labour;
- Pay around Rs. 27.57 lakhs as wages to local labour;
- Make a net profit, after all expenses, of Rs. 27,24,014.

Procurement, sale and net profit values are presented in the following charts. Please note that all values for 2014-15 are unaudited estimates.

