

PROJECT REPORT

Of

KALA NAMAK CHAWAL PROCESSING UNIT

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Kala Namak Chawal Processing Unit.

The objective of the pre-feasibility report is primarily to facilitate potential entrepreneurs in project identification for investment and in order to serve his objective; the document covers various aspects of the project concept development, start-up, marketing, finance and management.

[We can modify the project capacity and project cost as per your requirement. We can also prepare project report on any subject as per your requirement.]



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PROJECT AT A GLANCE

- 1 Name of the Entrepreneur : xxxxxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
- Pin: xxxxxxxx State: xxxxx
- Mobile xxxxxxxx
- 5 Product and By Product : **KALA NAMAK RICE**
- 6 Name of the project / business activity proposed : **KALA NAMAK CHAWAL PROCESSING UNIT**
- 7 Cost of Project : Rs.18.66 Lakhs
- 8 Means of Finance
- Term Loan Rs.11.07 Lakhs
- Own Capital Rs.1.87 Lakhs
- Working Capital Rs.5.72 Lakhs
- 9 Debt Service Coverage Ratio : 2.93
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 33%
- 13 Employment : 11 Persons
- 14 Power Requirement : 18.00 KWH
- 15 Major Raw materials : Kala Namak Rice Varieties
- 16 Estimated Annual Sales Turnover (Max Capacity) : 156.17 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Plant & Machinery	11.30
Furniture & Fixtures	1.00
Working Capital	6.36
Total	18.66

MEANS OF FINANCE

Particulars	Amount
Own Contribution	1.87
Working Capital(Finance)	5.72
Term Loan	11.07
Total	18.66

KALA NAMAK CHAWAL PROCESSING UNIT

Introduction:

Kalanamak is one of India's finest scented quality rice. Its name comes from the black husk (Kala=black; namak means salt). Since Buddhist times this variety is being cultivated (600 BC). It is also well known as the scented black pearl of Uttar Pradesh, in Himalayan Tarai in eastern Uttar Pradesh. It was featured by the Food and Agriculture Organization of the United Nations as part of the book 'Specialty rice of the world. In 2012 the Government of India granted Kalanamak Rice the Geographical Index (GI) Tag and the geographical area was defined to allow for the production of Kalanamak Rice. In this defined area, only Kalanamak rice can be labeled as Kalanamak rice. Even the most exclusive Basmati rice with all qualities, except for grain length, is said to have outshined kalanamak rice. Kalanamak is short- to medium-length non-basmati rice. The aroma is more powerful than any of the Basmati variants and the Kalanamak rice is said to be the gift of Gautama Buddha. Elongation after cooking, after cooking is 40 percent more than the Basmati rice which is one of the most important quality features on the international rice market. Cooked kalanamak is softer and fluffier than other types of rice.



Uses & Market Potential:

India has an enormous abundance of aromatic rice varieties and landraces of Basmati and non-Basmati that show wide variability in their grain quality and cooking characteristics. Kalanamak is an important and popular aromatic rice species cultivated in East Uttar Pradesh, among non-basmati aromas.

Their taste and aroma are renowned. It is cooked in eastern India or given as a present to a guest. While Kalanamak is rapidly abandoned, if it is promoted properly, this is an Indigenous Aromatic Rice Species that offers a huge promise not only on the internal market but also as a commodity for exports. It may be a boon to Eastern Uttar Pradesh farmers and the Bihar Tarai region. Iran and Saudi Arabia are India's largest basmati rice importers, accounting for the majority of the country's overall basmati rice export value. In the last five years, the Indian domestic rice market has grown at a CAGR of over 4%. Non-basmati rice holds a larger share of the Indian rice market than basmati rice because basmati rice production is limited to only a few states and is considered premium rice. Increased urbanization is playing an important role in developing India's packed rice market, which is shifting from an unorganized to an organized market that is growing at a CAGR of nearly 12% consumer awareness. Basmati rice dominates the packed rice market in India, as do new healthy rice segments such as brown rice and organic rice, whose demand has risen in recent years.

Product:

KALA NAMAK RICE

Raw Material:

Kala Namak rice varieties are the only raw material required for the milling plant. It is easily available in the market.

Manufacturing Process:



Fig. 1 – Process Flowchart

Area:

The approximate total area required for construction of shed is 2000-2500 Sq. ft. for smooth production including storage area.

Cost of Machines:

S No.	Machine	Price (INR)
1.	Paddy Pre Cleaning Machine	1,80,000/-
2.	Compact Milling Machine	2,20,000/-
3.	Packaging Machine	3,80,000/-
4.	Material Handling & Other Equipments	3,50,000/-
	Total	11,30,000/-

Power Requirement- - The estimated Power requirement is taken at 18 KWH.

Manpower Requirement- Following manpower is required:

- Skilled/unskilled worker-5
- Helper- 2
- Machine Operator- 2
- Sales Personal and Accountant- 2

FINANCIALS

<u>PROJECTED BALANCE SHEET</u>					
PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
<u>Capital Account</u>					
Opening Balance	-	2.01	3.79	6.04	8.60
Add: Additions	1.87	-	-	-	-
Add: Net Profit	3.05	4.98	6.55	8.06	9.87
Less: Drawings	2.90	3.20	4.30	5.50	7.10
Closing Balance	2.01	3.79	6.04	8.60	11.37
CC Limit	5.72	5.72	5.72	5.72	5.72
Term Loan	9.84	7.38	4.92	2.46	-
Sundry Creditors	2.97	3.44	3.94	4.46	5.00
TOTAL :	20.55	20.34	20.62	21.24	22.09
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	12.30	12.30	12.30	12.30	12.30
Gross Dep.	1.80	3.33	4.63	5.75	6.70
Net Fixed Assets	10.51	8.97	7.67	6.55	5.60
Current Assets					
Sundry Debtors	4.35	5.25	6.05	6.91	7.81
Stock in Hand	4.98	5.81	6.68	7.59	8.55
Cash and Bank	0.71	0.31	0.23	0.19	0.13
TOTAL :	20.55	20.34	20.62	21.24	22.09
	-	-	-	-	-

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
<u>A) SALES</u>					
Gross Sale	87.00	104.91	121.10	138.18	156.17
Total (A)	87.00	104.91	121.10	138.18	156.17
<u>B) COST OF SALES</u>					
Raw Material Consumed	59.40	68.85	78.75	89.10	99.90
Electricity Expenses	1.61	1.81	2.01	2.22	2.42
Repair & Maintenance	1.31	1.57	1.82	2.07	2.34
Labour & Wages	11.34	13.61	16.33	18.78	21.78
Depreciation	1.80	1.53	1.31	1.11	0.95
Cost of Production	75.45	87.38	100.22	113.28	127.39
Add: Opening Stock /WIP	-	3.00	3.51	4.05	4.62
Less: Closing Stock /WIP	3.00	3.51	4.05	4.62	5.22
Cost of Sales (B)	72.45	86.87	99.68	112.71	126.79
C) GROSS PROFIT (A-B)	14.55	18.04	21.42	25.47	29.37
	16.72%	17.20%	17.69%	18.43%	18.81%
D) Bank Interest i) (Term Loan)	1.20	0.98	0.71	0.44	0.17
ii) Interest On Working Capital	0.63	0.63	0.63	0.63	0.63
E) Salary to Staff	5.67	7.26	8.93	10.53	11.80
F) Selling & Adm Expenses Exp.	4.00	4.20	4.60	4.84	5.47
G) TOTAL (D+E+F)	11.50	13.06	14.87	16.44	18.06
H) NET PROFIT	3.05	4.98	6.55	9.03	11.31
	3.5%	4.7%	5.4%	6.5%	7.2%
I) Taxation	-	-	-	0.97	1.44
J) PROFIT (After Tax)	3.05	4.98	6.55	8.06	9.87

<u>PROJECTED CASH FLOW STATEMENT</u>					
PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	1.87	-			
Reserve & Surplus	3.05	4.98	6.55	9.03	11.31
Depreciation & Exp. W/off	1.80	1.53	1.31	1.11	0.95
Increase In Cash Credit	5.72				
Increase In Term Loan	11.07	-	-	-	-
Increase in Creditors	2.97	0.47	0.50	0.52	0.54
TOTAL :	26.47	6.98	8.35	10.66	12.80
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	12.30	-	-	-	-
Increase in Stock	4.98	0.83	0.87	0.92	0.96
Increase in Debtors	4.35	0.90	0.81	0.85	0.90
Repayment of Term Loan	1.23	2.46	2.46	2.46	2.46
Taxation	-	-	-	0.97	1.44
Drawings	2.90	3.20	4.30	5.50	7.10
TOTAL :	25.76	7.38	8.44	10.70	12.86
Opening Cash & Bank Balance	-	0.71	0.31	0.23	0.19
Add : Surplus	0.71	- 0.40	- 0.09	- 0.04	- 0.06
Closing Cash & Bank Balance	0.71	0.31	0.23	0.19	0.13

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
<u>Finished Goods</u>					
(10 Days requirement)	3.00	3.51	4.05	4.62	5.22
<u>Raw Material</u>					
(10 Days requirement)	1.98	2.30	2.63	2.97	3.33
Closing Stock	4.98	5.81	6.68	7.59	8.55

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	4.98		
Less:			
Sundry Creditors	2.97		
Paid Stock	2.01	0.20	1.81
Sundry Debtors	4.35	0.44	3.92
Working Capital Requirement			5.72
Margin			0.64
MPBF			5.72
Working Capital Demand			5.72

REPAYMENT SCHEDULE OF TERM LOAN					11.0%		
Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	-	11.07	11.07	0.30	-	11.07
	Iind Quarter	11.07	-	11.07	0.30	-	11.07
	IIIrd Quarter	11.07	-	11.07	0.30	0.62	10.46
	Ivth Quarter	10.46	-	10.46	0.29	0.62	9.84
						1.20	1.23
II	Opening Balance						
	Ist Quarter	9.84	-	9.84	0.27	0.62	9.23
	Iind Quarter	9.23	-	9.23	0.25	0.62	8.61
	IIIrd Quarter	8.61	-	8.61	0.24	0.62	8.00
	Ivth Quarter	8.00		8.00	0.22	0.62	7.38
						0.98	2.46
III	Opening Balance						
	Ist Quarter	7.38	-	7.38	0.20	0.62	6.77
	Iind Quarter	6.77	-	6.77	0.19	0.62	6.15
	IIIrd Quarter	6.15	-	6.15	0.17	0.62	5.54
	Ivth Quarter	5.54		5.54	0.15	0.62	4.92
						0.71	2.46
IV	Opening Balance						
	Ist Quarter	4.92	-	4.92	0.14	0.62	4.31
	Iind Quarter	4.31	-	4.31	0.12	0.62	3.69
	IIIrd Quarter	3.69	-	3.69	0.10	0.62	3.08
	Ivth Quarter	3.08		3.08	0.08	0.62	2.46
						0.44	2.46
V	Opening Balance						
	Ist Quarter	2.46	-	2.46	0.07	0.62	1.85
	Iind Quarter	1.85	-	1.85	0.05	0.62	1.23
	IIIrd Quarter	1.23	-	1.23	0.03	0.62	0.61
	Ivth Quarter	0.61		0.61	0.02	0.62	- 0.00
						0.17	2.46
<p>Door to Door Period 60 Months</p> <p>Moratorium Period 6 Months</p> <p>Repayment Period 54 Months</p>							

CALCULATION OF D.S.C.R

PARTICULARS	I	II	III	IV	V
<u>CASH ACCRUALS</u>	4.84	6.51	7.86	9.18	10.82
Interest on Term Loan	1.20	0.98	0.71	0.44	0.17
Total	6.04	7.49	8.57	9.61	10.99
<u>REPAYMENT</u>					
Repayment of Term Loan	1.23	2.46	2.46	2.46	2.46
Interest on Term Loan	1.20	0.98	0.71	0.44	0.17
Total	2.43	3.44	3.17	2.90	2.63
DEBT SERVICE COVERAGE RATIO	2.49	2.18	2.70	3.32	4.18
AVERAGE D.S.C.R.			2.93		

Assumptions:

- 1.** Production Capacity of Kala Namak Rice is 1500 Kg per day. First year, Capacity has been taken @ 40%.
- 2.** Working shift of 10 hours per day has been considered.
- 3.** Raw Material stock and Finished goods closing stock has been taken for 10 days.
- 4.** Credit period to Sundry Debtors has been given for 15 days.
- 5.** Credit period by the Sundry Creditors has been provided for 15 days.
- 6.** Depreciation and Income tax has been taken as per the Income tax Act, 1961.
- 7.** Interest on working Capital Loan and Term loan has been taken at 11%.
- 8.** Salary and wages rates are taken as per the Current Market Scenario.
- 9.** Power Consumption has been taken at 18 KWH.
- 10.** Selling Prices & Raw material costing has been increased by 3% & 2% respectively in the subsequent years

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