

PROJECT REPORT

Of

RICE FLAKES

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **RICE FLAKES 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.]



Lucknow Office: Sidhivinayak Building ,
27/1/B, Gokhlley Marg, Lucknow-226001

Delhi Office : Multi Disciplinary Training
Centre, Gandhi Darshan Rajghat,
New Delhi 110002

Email : info@udyami.org.in
Contact : +91 7526000333, 444, 555

PROJECT AT A GLANCE

- 1 Name of the Entrepreneur : XXXXXXXX
- 2 Constitution (legal Status) : XXXXXXXX
- 3 Father's/Spouce's Name : XXXXXXXX
- 4 Unit Address : XXXXXXXX
- Taluk/Block: _____
- District : XXXXX
- Pin: XXXXX State: XXXXX
- E-Mail : XXXXX
- Mobile XXXXX
- 5 Product and By Product : **Rice flakes(Poha)**
- 6 Name of the project / business activity proposed : **Rice flakes(Poha)**
- 7 Cost of Project : Rs15.68lac
- 8 Means of Finance
- | | | |
|-------------------|---|----------------------------|
| Term Loan | - | Rs.8.77 Lacs |
| KVIC Margin Money | | As per Project Eligibility |
| Own Capital | | Rs.1.57 Lacs |
| Working Capital | | Rs.5.34 Lacs |
- 9 Debt Service Coverage Ratio : 3.33
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 6 Months
- 12 Break Even Point : 32%
- 13 Employment : 6 Persons
- 14 Power Requirement : 15.00 HP
- 15 Major Raw materials : **Paddy**
- 16 Estimated Annual Sales Turnover : 62.34 Lacs
- 16 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lacs)

Particulars	Amount
Land	Rented/Owned
Building & Civil Work	3.00
Plant & Machinery	6.00
Furniture & Fixtures	0.74
Pre-operative Expenses	-
Working Capital Requirement	5.94
Total	15.68

MEANS OF FINANCE

Particulars	Amount
Own Contribution @10%	1.57
Term Loan	8.77
Workign Capital Finance	5.34
Total	15.68

	General	Special
Beneficiary's Margin Money (% of Project Cost)	10%	5%

RICE FLAKES (POHA FOR ALU POHA & CHIVDA POHA)



INTRODUCTION:

India is second largest producer of paddy. Paddy is the major cereal crop of India, covering an area of more than 40 million hectares. It has become staple food for the people across India. Various recipes can be prepared with adding sweetness, spices to rice flakes and these are consumed on daily basis as breakfast as it is light and nutritious. Paddy is available in plenty in India, majorly in Kerala and hence the raw material has no shortage.

PRODUCT & ITS APPLICATION:

Rice flakes are heavily used for consumption across India as it is rich in fiber and carbohydrate. Importantly, it can also be consumed by people suffering from diabetes and high blood pressure etc. With variations in recipes and adding of sweetness, spices, vegetables etc. it can become more healthy and likeable across various regions across India.

INDUSTRY LOOKOUT AND TRENDS

Increasing processed food demand coupled with ready to eat healthy nutritional meals is expected to drive global cereal ingredients market over the forecast period. Cereal ingredients are expected to be preferred over other breakfast options including high calorie spreads, toasts, meat based dishes, breads and others owing to high nutritional value as compared to others. Huge and fast cereal ingredients market growth can be predicted in food ingredient sector in

coming years. Major cereal ingredients includes wheat flakes, corn puffs, wheat chunk, rice flakes, corn flakes, oat grit, corn chunks, barley puffs, rice chunks and others. Growing prevalence of health issues is expected to contribute towards the cereal ingredients market growth across the globe as developing cereal ingredient market is expected to diminish the health related issues majorly obesity based concern on global level. In addition, changing food habits mainly in developing regions is also expected to enhance market demand over the forecast period. Diet conscious and healthy eating habits of consumer are switching to cereal market. People are opting for healthy and nutritious foods over breads, pizzas and others. Increasing population coupled with widening natural and nutritive food demand over the processed food are predicted to uplift global cereal ingredients market growth in coming years. During grain extrusion process, there is a significant amount of protein disruption resulting into deteriorating cereal ingredient quality. This factor is expected to restrain the market over the forecast period. In addition, volatile prices of raw materials are also expected to act as major hindrance for the global cereal ingredients market growth.

Global cereal ingredient market is segmented on the basis of type and application. Type basis includes wheat along rice, oats, barley and corns. Wheat cereal ingredient can be further classified as wheat puff, wheat others, wheat Grit, wheat flake and wheat chunk, whereas rice cereal ingredients can be categorized as rice flake, rice puffs, rice grit, rice chunks and rice others. Oats cereal ingredients can be segmented into oats grit, oats flakes, oats puffs, oats chunks and others while barley cereal ingredients can be classified as barley puffs, barley chunks, barley grits, barley flakes and others. Corn cereal can be categorized as corn chunks, corn flakes, corn puffs, corn grits and others. Application basis is segmented into hot cereal and cold cereal.

MARKET POTENTIAL AND MARKETING ISSUES, IF ANY:

Because of its nutritional values, it is consumed across all section of societies with different taste/food preferences. It is mass consumption item. The market is estimated to be growing annually up to 15-18%, and with modern retail providing new recipes of the contemporary products, Indian and Western, a strong wave of growth is anticipated. The demand of Rice flake in the market is immense and therefore its market position is splendid. With various food standards such as FSSAI, FSMS, ISI and ISO standards implementation and great/attractive pack, there can be huge market growth for manufacturer.

RAW MATERIAL REQUIREMENTS

Paddy is the most basic raw material required. Food grade packaging of paper and HDPE with inner liner is required. Cardboard boxes for packing of seasoning in bunch are required.

MANUFACTURING PROCESS:

Graded, sorted paddy is stored in wooden drums or tanks. Boiling water is poured on the paddy. It is allowed to soak for about 30 hours. The paddy is removed from water a couple of hours before the commencement of work. Every time about 25 kg. Of paddy, duly roasted in contact with fine sand tills two or three grains burst, is fed into the flaking machine after removing sand. The rollers of the flaking machine are adjusted according to the fineness of the flakes desired. In a short time the paddy is pressed into fine flakes. By pressing scrapers against the rim all flakes are collected near the centre of the drum and are removed by hand. The sorted and graded flakes thus obtained are packed in suitable polythene lined jute bags.

PLANT & MACHINERY

PARTICULARS	QTY.	RATE	AMOUNT IN RS.
Avil Mill	2.00	100000.00	200000.00
Roasting Machine	2.00	17500.00	35000.00
Furnace	1.00	113000.00	113000.00
Paddy Soaking Tank	1.00	75000.00	75000.00
Storage Tank	1	35000.00	35000.00
Sieves	4.00	6000.00	24000.00
Sealing Packing fillingMachine	1.00	45,000.00	45,000.00
Weighing scale	1.00	20,000.00	20,000.00
Misc tools	LS	53,000.00	53,000.00
TOTAL			6,00,000.00

PROJECTED BALANCE SHEET

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>SOURCES OF FUND</u>					
Capital Account	1.57	1.57	1.57	1.57	1.57
Retained Profit	6.57	13.65	21.43	29.03	37.93
Term Loan	8.77	6.57	4.38	2.19 -	0.00
Cash Credit	5.34	5.34	5.34	5.34	5.34
Sundry Creditors	1.08	1.23	1.39	1.39	1.54
Provisions & Other Liab	0.36	0.40	0.44	0.48	0.53
TOTAL :	23.68	28.76	34.55	39.99	46.90
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	9.74	9.74	9.74	9.74	9.74
Gross Dep.	1.24	2.34	3.30	4.13	4.85
Net Fixed Assets	8.50	7.40	6.44	5.61	4.89
Current Assets					
Sundry Debtors	2.08	2.48	2.80	2.81	3.11
Stock in Hand	4.94	5.64	6.35	6.35	7.05
Cash and Bank	5.66	10.49	15.94	21.90	28.18
Deposits & Advances	2.50	2.75	3.03	3.33	3.66
TOTAL :	23.68	28.76	34.55	40.00	46.89
	- 0.00	0.00	0.00	0.00 -	0.00

PROJECTED CASH FLOW STATEMENT

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>SOURCES OF FUND</u>					
Share Capital	1.57	-			
Reserve & Surplus	6.57	7.86	9.73	9.50	11.12
Depriciation & Exp. W/off	1.24	1.11	0.96	0.83	0.72
Increase in Cash Credit	5.34	-	-	-	-
Increase In Term Loan	8.77	-	-	-	-
Increase in Creditors	1.08	0.15	0.15	-	0.15
Increase in Provisions	0.36	0.04	0.04	0.04	0.05
TOTAL :	24.92	9.16	10.88	10.37	12.04
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	9.74	-	-	-	-
Increase in Stock	4.94	0.71	0.70	-	0.71
Increase in Debtors	2.08	0.41	0.31	0.02	0.30
Increase in Deposits & Adv	2.50	0.25	0.28	0.30	0.33
Repayment of Term Loan	-	2.19	2.19	2.19	2.20
Taxation	-	0.79	1.95	1.90	2.22
TOTAL :	19.25	4.34	5.43	4.41	5.76
Opening Cash & Bank Balance	-	5.66	10.49	15.94	21.90
Add : Surplus	5.66	4.82	5.45	5.96	6.29
Closing Cash & Bank Balance	5.66	10.49	15.94	21.90	28.18

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
A) SALES					
Gross Sale	62.34	74.53	83.91	84.38	93.28
Total (A)	62.34	74.53	83.91	84.38	93.28
B) COST OF SALES					
Raw Mateiral Consumed	46.20	52.80	59.40	59.40	66.00
Electricity Expenses	1.50	1.72	1.93	1.93	2.15
Repair & Maintenance	-	0.75	0.84	0.84	0.93
Labour & Wages	3.04	3.34	3.67	4.04	4.45
Depriciation	1.24	1.11	0.96	0.83	0.72
Consumables and Other Expenses	1.25	1.49	1.68	1.69	1.87
Cost of Production	53.22	61.20	68.48	68.73	76.11
Add: Opening Stock /WIP	-	2.63	3.00	3.38	3.38
Less: Closing Stock /WIP	2.63	3.00	3.38	3.38	3.75
Cost of Sales (B)	50.60	60.82	68.11	68.73	75.73
C) GROSS PROFIT (A-B)	11.74	13.71	15.80	15.64	17.55
	19%	18%	19%	19%	19%
D) Bank Interest (Term Loan)	0.76	0.91	0.66	0.41	0.16
Bank Interest (C.C. Limit)	0.53	0.53	0.53	0.53	0.53
E) Salary to Staff	2.64	2.90	3.19	3.51	3.87
F) Selling & Adm Expenses Exp.	1.25	1.49	1.68	1.69	1.87
TOTAL (D+E)	5.18	5.84	6.07	6.15	6.42
H) NET PROFIT	6.57	7.86	9.73	9.50	11.12
I) Taxation	-	0.79	1.95	1.90	2.22
J) PROFIT (After Tax)	6.57	7.08	7.79	7.60	8.90

COMPUTATION OF SALE

Particulars	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
Op Stock	-	13	15	17	17
Production	263	300	338	338	375
	263	313	353	354	392
Less : Closing Stock	13	15	17	17	19
Net Sale	249	298	336	338	373
Sale Price per MT	25,000.00	25,000.00	25,000.00	25,000.00	25,000.00
Sale (in Lacs)	62.34	74.53	83.91	84.38	93.28

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
Finished Goods					
(15 Days requirement)	2.63	3.00	3.38	3.38	3.75
Raw Material					
(10 Days requirement)	2.31	2.64	2.97	2.97	3.30
Closing Stock	4.94	5.64	6.35	6.35	7.05

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars			Total
			Amount
Stock in Hand			4.94
Sundry Debtors			2.08
		Total	7.01
Sundry Creditors			1.08
Working Capital Requirement			5.94
Margin			0.59
Working Capital Finance			5.34

COMPUTATION OF ELECTRICITY

(A) POWER CONNECTION				
Total Working Hour per day		Hours	8	
Electric Load Required			15	
Load Factor			0.7460	
Electricity Charges		per unit	8.00	
Total Working Days			300	
Electricity Charges (8 Hrs Per day)				2,14,848.00
Add : Minimim Charges (@ 10%)				
(B) D.G. SET				
No. of Working Days			300	days
No of Working Hours			-	Hour per day
Total no of Hour			-	
Diesel Consumption per Hour			8	
Total Consumption of Diesel			-	
Cost of Diesel			65.00	Rs. /Ltr
Total cost of Diesel			-	
Add : Lube Cost @15%			-	
Total			-	
Total cost of Power & Fuel at 100%				2.15
Year		Capacity		Amount
				(in Lacs)
IST YEAR		70%		1.50
IIND YEAR		80%		1.72
IIIRD YEAR		90%		1.93
IVTH YEAR		90%		1.93
VTH YEAR		100%		2.15

BREAK UP OF LABOUR

Particulars		Wages	No of	Total
		Per Month	Employees	Salary
Skilled Worker		8,000.00	1	8,000.00
Unskilled Worker		5,000.00	3	15,000.00
				23,000.00
Add: 10% Fringe Benefit				2,300.00
Total Labour Cost Per Month				25,300.00
Total Labour Cost for the year (In Rs. Lakhs)				3.04

BREAK UP OF SALARY

Particulars		Salary	No of	Total
		Per Month	Employees	Salary
Manager		12,000.00	1	12,000.00
Accountant		8,000.00	1	8,000.00
Total Salary Per Month				20,000.00
Add: 10% Fringe Benefit				2,000.00
Total Salary for the month				22,000.00
Total Salary for the year (In Rs. Lakhs)				2.64

COMPUTATION OF DEPRECIATION

Description	Land	Building/shed	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation		10.00%	15.00%	10.00%	
Opening Balance	Leased	-	-	-	-
Addition	-	3.00	6.00	0.74	9.74
	-	3.00	6.00	0.74	9.74
Less : Depreciation	-	0.30	0.90	0.04	1.24
WDV at end of Ist year	-	2.70	5.10	0.70	8.50
Additions During The Year	-	-	-	-	-
	-	2.70	5.10	0.70	8.50
Less : Depreciation	-	0.27	0.77	0.07	1.11
WDV at end of IIInd Year	-	2.43	4.34	0.63	7.40
Additions During The Year	-	-	-	-	-
	-	2.43	4.34	0.63	7.40
Less : Depreciation	-	0.24	0.65	0.06	0.96
WDV at end of IIIrd year	-	2.19	3.68	0.57	6.44
Additions During The Year	-	-	-	-	-
	-	2.19	3.68	0.57	6.44
Less : Depreciation	-	0.22	0.55	0.06	0.83
WDV at end of IV year	-	1.97	3.13	0.51	5.61
Additions During The Year	-	-	-	-	-
	-	1.97	3.13	0.51	5.61
Less : Depreciation	-	0.20	0.47	0.05	0.72
WDV at end of Vth year	-	1.77	2.66	0.46	4.89

REPAYMENT SCHEDULE OF TERM LOAN

11.5%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
IST YEAR	Opening Balance						
	Ist Quarter	-	8.77	8.77	-	-	8.77
	IInd Quarter	8.77	-	8.77	0.25	-	8.77
	IIIrd Quarter	8.77	-	8.77	0.25	-	8.77
	Ivth Quarter	8.77	-	8.77	0.25	-	8.77
					0.76	-	
IIND YEAR	Opening Balance						
	Ist Quarter	8.77	-	8.77	0.25	0.55	8.22
	IInd Quarter	8.22	-	8.22	0.24	0.55	7.67
	IIIrd Quarter	7.67	-	7.67	0.22	0.55	7.12
	Ivth Quarter	7.12	-	7.12	0.20	0.55	6.57
					0.91	2.19	
IIIRD YEAR	Opening Balance						
	Ist Quarter	6.57	-	6.57	0.19	0.55	6.03
	IInd Quarter	6.03	-	6.03	0.17	0.55	5.48
	IIIrd Quarter	5.48	-	5.48	0.16	0.55	4.93
	Ivth Quarter	4.93	-	4.93	0.14	0.55	4.38
					0.66	2.19	
IVTH YEAR	Opening Balance						
	Ist Quarter	4.38	-	4.38	0.13	0.55	3.84
	IInd Quarter	3.84	-	3.84	0.11	0.55	3.29
	IIIrd Quarter	3.29	-	3.29	0.09	0.55	2.74
	Ivth Quarter	2.74	-	2.74	0.08	0.55	2.19
					0.41	2.19	
VTH YEAR	Opening Balance						
	Ist Quarter	2.19	-	2.19	0.06	0.55	1.64
	IInd Quarter	1.64	-	1.64	0.05	0.55	1.10
	IIIrd Quarter	1.10	-	1.10	0.03	0.55	0.55
	Ivth Quarter	0.55	-	0.55	0.02	0.55	0.00
					0.16	2.20	

CALCULATION OF D.S.C.R

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>CASH ACCRUALS</u>	7.80	8.18	8.74	8.43	9.62
Interest on Term Loan	0.76	0.91	0.66	0.41	0.16
Total	8.56	9.10	9.40	8.83	9.77
<u>REPAYMENT</u>					
Instalment of Term Loan	2.19	2.19	2.19	2.20	2.20
Interest on Term Loan	0.76	0.91	0.66	0.41	0.16
Total	2.95	3.11	2.85	2.61	2.35
DEBT SERVICE COVERAGE RATIO	2.90	2.93	3.30	3.39	4.15
AVERAGE D.S.C.R.			3.33		

BREAK EVEN POINT ANALYSIS

Year	I	II	III	IV	V
Net Sales & Other Income	62.34	74.53	83.91	84.38	93.28
Less : Op. WIP Goods	-	2.63	3.00	3.38	3.38
Add : Cl. WIP Goods	2.63	3.00	3.38	3.38	3.75
Total Sales	64.97	74.91	84.28	84.38	93.66
Variable & Semi Variable Exp.					
Raw Material & Tax	46.20	52.80	59.40	59.40	66.00
Electricity Exp/Coal Consumption at 85%	1.28	1.46	1.64	1.64	1.83
Manufacturing Expenses 80%	1.00	1.79	2.01	2.03	2.24
Wages & Salary at 60%	3.41	3.75	4.12	4.53	4.99
Selling & administrative Expenses 80%	1.00	1.19	1.34	1.35	1.49
Intt. On Working Capital Loan	0.53	0.53	0.53	0.53	0.53
Total Variable & Semi Variable Exp	53.41	61.52	69.05	69.49	77.08
Contribution	11.56	13.38	15.23	14.89	16.58
Fixed & Semi Fixed Expenses					
Manufacturing Expenses 20%	0.25	0.45	0.50	0.51	0.56
Electricity Exp/Coal Consumption at 15%	0.23	0.26	0.29	0.29	0.32
Wages & Salary at 40%	2.27	2.50	2.75	3.02	3.32
Interest on Term Loan	0.76	0.91	0.66	0.41	0.16
Depreciation	1.24	1.11	0.96	0.83	0.72
Selling & administrative Expenses 20%	0.25	0.30	0.34	0.34	0.37
Total Fixed Expenses	4.99	5.52	5.49	5.39	5.45
Capacity Utilization	70%	80%	90%	90%	100%
OPERATING PROFIT	6.57	7.86	9.73	9.50	11.12
BREAK EVEN POINT	30%	33%	32%	33%	33%
BREAK EVEN SALES	28.04	30.89	30.41	30.56	30.81

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