

PROJECT REPORT

Of

BLACK RICE UNIT

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Black Rice 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, Gokhley 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 : xxxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
- Pin: xxxxxxxx State: xxxxx
- Mobile xxxxxxxx
- 5 Product and By Product : **BLACK RICE**
- 6 Name of the project / business activity proposed : **BLACK RICE UNIT**
- 7 Cost of Project : Rs.19.19 Lakhs
- 8 Means of Finance
- Term Loan Rs.11.07 Lakhs
- Own Capital Rs.1.92 Lakhs
- Working Capital Rs.6.2 Lakhs
- 9 Debt Service Coverage Ratio : 2.87
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 35%
- 13 Employment : 14 Persons
- 14 Power Requirement : 18.00 KWH
- 15 Major Raw materials : Black Rice Varieties
- 16 Estimated Annual Sales Turnover (Max Capacity) : 166.94 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	6.89
Total	19.19

MEANS OF FINANCE

Particulars	Amount
Own Contribution	1.92
Working Capital(Finance)	6.20
Term Loan	11.07
Total	19.19

BLACK RICE UNIT

Introduction:

Black rice is a type of *Oryza sativa* L. rice and is eaten as a functional food for health reasons. Black rice contains proteins, vitamins, and minerals that are higher than common white rice. A good source of minerals, iron, zinc, calcium, phosphorus, selenium, and others, Blackrice contains essential amino acids such as lysine, tryptophan, vitamins as vitamin B1 and vitamin B2 folic acid. In addition to phenol, flavonoid, and anthocyanin, it contains the most antioxidants, proteins, and dietary fiber of each rice variety. The health benefits of these antioxidant compounds can decrease the risk for different chronic diseases. This rice enhances your health and lifespan, protects your heart health, reduces atherosclerosis, controls your high blood pressure, increases your digestive system, acts against inflammation, reduces allergy, detoxifies your body, improves lipid profiles, lowers your diabetes risk, helps to manage your body's weight, helps reduce cancer growth, increases cognitive functions and improves the quality of life. That is why The nutrient density, the high fiber content, and its rich antioxidant content make black rice an excellent alternative to white and brown rice.



Uses & Market Potential:

In 2019 India was the world's largest exporter of rice, which accounts for 29.3% of worldwide rice exports, according to the ITC Trade Map. The ITC Trade Map states that the major importers of rice from India are Iran, Saudi Arabia, Iraq, the United Arab Emirates, and other Middle East countries. In the European Union and the United States, demand is high for the Indian rice variety, which increases further exports of rice from

India. Exports from India are rising with the increasing demand for rice worldwide. The export values between 2016 and 2019 have increased by 6.0 percent per year. In 2019, 98190 thousand tonnes of rice were exported in that country. In addition, growing rice consumption in developing and emerging countries around the world is likely to drive rice export growth during the forecast period..

Product:

BLACK RICE

Raw Material:

Black 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-6
- Helper- 3
- Machine Operator- 3
- 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	-	2.11	3.91	6.27	8.90
Add: Additions	1.92	-	-	-	-
Add: Net Profit	2.39	4.60	6.46	8.03	10.12
Less: Drawings	2.20	2.80	4.10	5.40	7.30
Closing Balance	2.11	3.91	6.27	8.90	11.72
CC Limit	6.20	6.20	6.20	6.20	6.20
Term Loan	9.84	7.38	4.92	2.46	-
Sundry Creditors	3.15	3.65	4.16	4.70	5.27
TOTAL :	21.30	21.14	21.55	22.26	23.18
<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	4.70	5.65	6.50	7.40	8.35
Stock in Hand	5.34	6.21	7.13	8.09	9.09
Cash and Bank	0.75	0.30	0.25	0.22	0.14
TOTAL :	21.30	21.14	21.55	22.26	23.18
	-	-	-	-	-

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
<u>A) SALES</u>					
Gross Sale	93.96	112.98	130.07	148.05	166.94
Total (A)	93.96	112.98	130.07	148.05	166.94
<u>B) COST OF SALES</u>					
Raw Material Consumed	63.00	72.90	83.25	94.05	105.30
Electricity Expenses	1.61	1.81	2.01	2.22	2.42
Repair & Maintenance	1.41	1.69	1.95	2.22	2.50
Labour & Wages	15.12	17.54	21.05	23.99	27.83
Depreciation	1.80	1.53	1.31	1.11	0.95
Cost of Production	82.94	95.48	109.57	123.59	139.00
Add: Opening Stock /WIP	-	3.24	3.78	4.35	4.95
Less: Closing Stock /WIP	3.24	3.78	4.35	4.95	5.58
Cost of Sales (B)	79.70	94.94	109.00	122.99	138.37
C) GROSS PROFIT (A-B)	14.26	18.04	21.07	25.06	28.56
	15.18%	15.97%	16.20%	16.92%	17.11%
D) Bank Interest i) (Term Loan)	1.20	0.98	0.71	0.44	0.17
ii) Interest On Working Capital	0.68	0.68	0.68	0.68	0.68
E) Salary to Staff	5.67	7.26	8.27	9.76	10.74
F) Selling & Adm Expenses Exp.	4.32	4.52	4.94	5.18	5.34
G) TOTAL (D+E+F)	11.87	13.44	14.61	16.07	16.93
H) NET PROFIT	2.39	4.60	6.46	8.99	11.63
	2.5%	4.1%	5.0%	6.1%	7.0%
I) Taxation	-	-	-	0.96	1.51
J) PROFIT (After Tax)	2.39	4.60	6.46	8.03	10.12

PROJECTED CASH FLOW STATEMENT

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution	1.92	-			
Reserve & Surplus	2.39	4.60	6.46	8.99	11.63
Depreciation & Exp. W/off	1.80	1.53	1.31	1.11	0.95
Increase In Cash Credit	6.20				
Increase In Term Loan	11.07	-	-	-	-
Increase in Creditors	3.15	0.50	0.52	0.54	0.56
TOTAL :	26.52	6.63	8.28	10.64	13.14
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	12.30	-	-	-	-
Increase in Stock	5.34	0.87	0.92	0.96	1.01
Increase in Debtors	4.70	0.95	0.85	0.90	0.94
Repayment of Term Loan	1.23	2.46	2.46	2.46	2.46
Taxation	-	-	-	0.96	1.51
Drawings	2.20	2.80	4.10	5.40	7.30
TOTAL :	25.77	7.08	8.33	10.68	13.22
Opening Cash & Bank Balance	-	0.75	0.30	0.25	0.22
Add : Surplus	0.75	- 0.45	- 0.05	- 0.04	- 0.08
Closing Cash & Bank Balance	0.75	0.30	0.25	0.22	0.14

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
<u>Finished Goods</u>					
(10 Days requirement)	3.24	3.78	4.35	4.95	5.58
<u>Raw Material</u>					
(10 Days requirement)	2.10	2.43	2.78	3.14	3.51
Closing Stock	5.34	6.21	7.13	8.09	9.09

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	5.34		
Less:			
Sundry Creditors	3.15		
Paid Stock	2.19	0.22	1.97
Sundry Debtors	4.70	0.47	4.23
Working Capital Requirement			6.20
Margin			0.69
MPBF			6.20
Working Capital Demand			6.20

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>	4.18	6.13	7.76	9.14	11.07
Interest on Term Loan	1.20	0.98	0.71	0.44	0.17
Total	5.39	7.11	8.47	9.58	11.24
<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	2.22	2.07	2.67	3.30	4.27
AVERAGE D.S.C.R.			2.87		

Assumptions:

1. Production Capacity of Black 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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