PROJECT PROFILE

ON

PUFFED RICE
(WOMEN SHG ONLY)

Month & Year
Aug 2010

PREPARED BY
TANSTIA-FNF SERVICE CENTRE
B-22, INDUSTRIAL ESTATE
CHENNAI-600032

Supported by

PUFFED RICE
(WOMEN SHG ONLY)

1.   Introduction

Puffed Rice is a commonly consumed commodity as a pastime snack. It can be used in combination with nuts such as groundnut or roasted and salted cashews; with fried gram; with jaggery and coconut gratings, or dusted with salt and spices after enrobing with oil. Since the product is easily digested and assimilated, it finds a wide acceptance among a cross section of the households. It is a versatile product with an excellent market potential.

2.   Market

The major market outlets are the " A" and "B" class outlets. The product also finds placement in self service counters and departmental stores. Some "C" class outlets also stock the product.

3.   Packaging

The processed product is packed in 50 grams and 100 grams pouches.

4.   Production capacity

- The plant will be in operation for one shifts a day.
- The plant operates to a production capacity of 25 kilograms per hour.
- The estimated production per day is 200 kilograms.
- The total production per month will be 5 M.T while the annual production is estimated at 60 M.T
- The time period required for achieving full capacity utilization is one year.

5.   Sales revenue

- The ex-factory selling price will be Rs. 80 per kilogram thereby yielding a sales revenue of Rs. 48 lakhs on full capacity utilization.

6.   Production process outline.

Rice is first cleaned to remove stones and husk. It is then soaked in brine solution and dried. On drying it is fed into the puffing machine from where the

puffed product is obtained. It is cooled and packed immediately to prevent moisture absorption.

7. Quality specifications

- Moisture   - Maximum 2.0%
- Mold and fungal growth   - Absent
- Stones and mud   - Absent
- Total plate count   - Maximum 10,000 per gram
- Coliforms   - Absent
- Salmonella   - Absent
- Streptococci   - Absent

8. Pollution control measures

Not necessary as there are no pollutants or effluents.

9. Energy conservation measures

Common measures will do.

10. Land and construction cost for the proposed unit

The processing area is to be taken up on lease. The area required is 1600 square feet as described below.

SI	Description	Sq. feet
1	Processing area	500
2	Raw material store (paddy)	400
3	Finished goods storage room	400
4	Packaging material storage room	100
5	Office space	100
6	Toilet space	100
7	**Total**	**1600**

Lease rent – Rs. 5.00 per square foot
Total rent per month – Rs. 8000
Lease advance – Rs. 40000

11. Costing of machinery and equipment

SI	Description	Rs. lakhs
1	Paddy destoner	0.250
2	Puffing machine with accessories	1.250
3	Storage silo	0.350
4	Weighing scales and accessories	0.150
5	**Total**	**2.000**

12. Project cost

SI	Description	Rs. lakhs
1	Land	On lease
2	Civil works	On lease
3	Plant machinery	2.000
4	Laboratory equipment	0.000
5	Transport vehicle (Tata Ace)	3.760
6	Pollution control equipment	0.000
7	Energy conservation equipment	0.000
8	Cost of power connection	0.250
9	Cost of electrification	0.350
10	Erection and commissioning	0.200
11	Cost of machinery spares	0.050
12	Cost of office equipment	0.500
13	Deposits if any	0.320
14	Company formation expenses	0.100
15	Gestation period expenses	0.300
16	Sales tax registration expenses	0.100
17	Initial advertisement and publicity	2.000
18	Contingencies	0.150
19	Working capital margin money	1.426
20	**Total**	**11.506**

13. Working capital requirements per month

a. Salaries and wages

SI	Description	No of persons	Total salary / month (Rs. lakhs)
1	Production In charge (female)	1	0.100
2	Production supervisor (female)	1	0.080
3	Skilled workers (female)	1	0.060
4	Unskilled workers (female)	2	0.080
5	Packing workers (female)	2	0.080
6	Driver	1	0.070
7	**Total**	**8**	**0.470**

b. Raw material requirement per month

SI	Description	Qty (kgs)	Rate / kg (Rs)	Value (Rs. lakhs)
1	Rice	5000	30.00	1.500
2	**Total raw material**	**5000**		**1.500**

c. Packaging material requirement per month

SI	Description	Qty	Rate / unit Rs)	Value (Rs. lakhs)
1	Primary packaging material – poly propylene pouches	20000 nos	1.00	0.200
2	HDPE bags	4000 nos	8.00	0.320
3	**Total**			**0.520**

Total raw + packaging material = Rs. 2.020 lakhs

d. Utilities per month

SI	Description	Rs. lakhs
1	Power 2000 kwh @ Rs. 5.50 per unit	0.110
2	Water	0.010
3	Boiler fuel	0.000
4	**Total utilities**	**0.120**

e.   Contingent expenses per month

SI	Description	Rs. lakhs
1	Rent for processing shed	0.080
2	Postage and stationery	0.010
3	Telephones, fax etc.	0.050
4	Consumable stores	0.020
5	Repairs and maintenance	0.028
6	Local transports, loading and unloading	0.200
7	Advertisement and publicity @ 10% of sales	0.400
8	Insurance	0.006
9	Sales expenses @ 1% of sales	0.040
10	Miscellaneous expenses @ 1% of sales	0.040
11	Trade incentives @ 2% of sales	0.080
12	**Total contingent expenses**	**0.954**

f.   Total working capital requirement per month

SI	Description	Rs. lakhs
1	Salaries and wages	0.470
2	Raw material and packaging material	2.020
3	Utilities	0.120
4	Contingent expenses	0.954
5	**Total**	**3.564**

14.   Means of finance

SI	Description	Rs. lakhs
1	Total Project Cost	11.506
2	Equity	3.797
3	Debt	7.709
4	Working capital margin money	1.426

15.   Financial analysis

SI	Description	Rs. lakhs
1	Total recurring cost per year	42.768
2	Depreciation on land and building	0.000
3	Depreciation on machinery and vehicle	0.355
4	Depreciation on furnaces	0.000
5	Depreciation on moulds and fixtures	0.020
6	Depreciation on office equipment	0.100
7	Interest on long term loan @ 13.5%	1.040
8	Interest on short term borrowings@ 13.5%	0.288
9	**Total cost of production**	**44.571**

16.   Turnover per year

SI	Item	Qty	Rate/unit (Rs)	Total Rs. lakhs
1	**Puffed rice**	**60000 kgs**	**80**	**48.00**

17.   Viability analysis

SI	Description	Value
1	Net profit before income tax (Rs. lakhs)	3.429
2	Net profit ratio	7.1%
3	Internal rate of return	20.8%
4	Break even percentage	54%
5	Debt service coverage ratio	1.868

List of machinery suppliers for puffed rice

Machinery has to be fabricated locally as per customers requirements.