

PROJECT PROFILE

ON

**RICE ADA AND PRATHAMAN
(WOMEN SHG ONLY)**

Month & Year
Aug 2010

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

Supported by

Friedrich Naumann
STIFTUNG **FÜR DIE FREIHEIT**

RICE ADA AND PRATHAMAN (WOMEN SHG ONLY)

1. Introduction

Rice is the staple food in many parts of the country and particularly so for the people in South India. Rice preparations have been traditional and eternal favourites for large sections of the society. Rice ada is a traditionally processed gelatinised (cooked) rice product. It is used in the making of ada prathamam a sweet dish commonly prepared during festive occasions.

2. Market

The product finds placement in all “A”, and “B” class outlets, self service, departmental stores and supermarkets. The product has a lot of market potential if it is very hygienically processed and dried, does not disintegrate on cooking and if reasonably priced.

3. Packaging

Rice ada is best packed in polyethylene or polypropylene or BOPP pouches as a primary packing. The pouch is placed in cartons and strapped prior to dispatch. The product is packed in weights of 200, 500 and 1000 gms.

4. Production capacity

- The plant operates to two shifts a day with each shift of eight hours duration.
- The plant will operate to a capacity of raw material (rice) input of 50 kilograms per hour. The anticipated production of rice ada is 750 kilograms per day or 225 M.T per annum.
- The time period required for achieving full capacity utilization is one year.

5. Sales revenue

- At an ex-factory selling price of Rs. 64 per kilogram of the product, the net sales revenue per annum will be Rs. 144.00 lakhs on full capacity utilization.

6. Production process outline.

Rice is first cleaned to remove stones and husk. It is then ground to about 400 micron particle size and then steamed in the cooking pan to a consistency extrudable in nature. The product is then extruded in the form of strips, steamed

in the steaming trays till fully cooked. The product is then dried before being packed.

7. Quality specifications

- Moisture - maximum 10 %.
- Ash - maximum 0.5%.
- Acid insoluble ash - maximum 0.01%
- Total solids in gruel - maximum 8%.
- The product should be free from coliforms, salmonella and streptococci bacteria. The total plate count should not exceed 30,000 per gram.
- The product should be free from rodent excreta, human hair, and insect infestation It should also not contain any added coal tar food colours, preservatives, emulsifiers, stabilizers, and artificial flavouring agents.

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 proposed unit is to be set up on a leased shed. The total processing area required is 2000 square feet vide details given below.

| SI | Description | Sq. feet |
|-----------|-------------------------|-------------|
| 1 | Processing area | 1000 |
| 2 | Raw material store | 150 |
| 3 | Other ingredients store | 100 |
| 4 | Finished goods store | 150 |
| 5 | Laboratory | 100 |
| 6 | Office space | 100 |
| 7 | Machinery spares room | 100 |
| 8 | Toilets | 100 |
| 9 | Miscellaneous space | 100 |
| 10 | Boiler house | 100 |
| 11 | Total | 2000 |

Lease rent – Rs. 8.00 per square foot; Total rent per month – Rs. 16000

Lease advance – Rs. 100,000.

11. Costing of machinery and equipment

| SI | Description | Rs. lakhs |
|-----------|---|--------------|
| 1 | Baby boiler and accessories | 1.850 |
| 2 | Flour sifter | 0.350 |
| 3 | Micro pulveriser with a grinding capacity of 100 kgs per hour | 1.500 |
| 4 | Electrically operated screw press with die | 1.500 |
| 5 | Tray drier | 1.600 |
| 6 | Cooking vessels jacketed (2 nos) | 1.500 |
| 7 | Pedal sealing machines (2 nos) | 0.150 |
| 8 | Weighing scales (3 nos) | 0.250 |
| 9 | Machine spares | 0.100 |
| 10 | Total | 8.800 |
| 11 | Laboratory equipment | 1.000 |
| 12 | Grand total machinery and equipment | 9.800 |

12. Project cost

| SI | Description | Rs. lakhs |
|----|-------------------------------------|-----------|
| 1 | Land | On lease |
| 2 | Civil works | On lease |
| 3 | Plant machinery | 8.800 |
| 4 | Laboratory equipment | 1.000 |
| 5 | Transport vehicle (Tata Ace) | 3.760 |
| 6 | Pollution control equipment | 0.000 |
| 7 | Energy conservation equipment | 0.000 |
| 8 | Cost of power connection | 0.500 |
| 9 | Cost of electrification | 0.650 |
| 10 | Erection and commissioning | 0.800 |
| 11 | Cost of machinery spares | 0.100 |
| 12 | Cost of office equipment | 1.000 |
| 13 | Deposits if any | 0.400 |
| 14 | Company formation expenses | 0.100 |
| 15 | Gestation period expenses | 0.500 |
| 16 | Sales tax registration expenses | 0.100 |
| 17 | Initial advertisement and publicity | 10.000 |
| 18 | Contingencies | 0.250 |

| | | |
|-----------|------------------------------|---------------|
| 19 | Working capital margin money | 4.356 |
| 20 | Total | 32.316 |

13. Working capital requirements per month

a. Salaries and wages

| SI | Description | No of persons | Total salary / month (Rs. lakhs) |
|----------|-----------------------|---------------|----------------------------------|
| 1 | Production supervisor | 1 | 0.150 |
| 2 | Chemist | 1 | 0.100 |
| 3 | Skilled workers | 2 | 0.120 |
| 4 | Administrative staff | 1 | 0.100 |
| 5 | Sales coordinator | 1 | 0.100 |
| 6 | Unskilled workers | 10 | 0.400 |
| 7 | Security staff | 3 | 0.120 |
| 8 | Total | 19 | 1.090 |

b. Raw material requirement per month

| SI | Description | Qty (kgs) | Rate / kg (Rs) | Value (Rs. lakhs) |
|----|---------------------------|--------------|----------------|-------------------|
| 1 | Rice (broken) | 20000 | 30.00 | 6.000 |
| 2 | Total raw material | 20000 | | 6.000 |

c. Packaging material requirement per month

| SI | Description | Qty | Rate / unit (Rs) | Value (Rs. lakhs) |
|----|---|----------|------------------|-------------------|
| 1 | Primary packaging material – laminated polyester – poly pouches | 50000 | 2.000 | 1.000 |
| 2 | Cartons and straps | 1000 nos | 40 | 0.400 |
| 3 | Total | | | 1.400 |

Total raw + packaging material = Rs. 7.400 lakhs

d. Utilities per month

| SI | Description | Rs. lakhs |
|----|------------------------------------|-----------|
| 1 | Power 4000 kwh @ Rs. 5.50 per unit | 0.220 |
| 2 | Water | 0.050 |
| 3 | Boiler fuel | 0.100 |

| | | |
|---|------------------------|--------------|
| 4 | Total utilities | 0.370 |
|---|------------------------|--------------|

e. Contingent expenses per month

| SI | Description | Rs. lakhs |
|-----------|---|------------------|
| 1 | Rent for processing shed | 0.160 |
| 2 | Postage and stationery | 0.010 |
| 3 | Telephones, fax etc. | 0.050 |
| 4 | Consumable stores | 0.020 |
| 5 | Repairs and maintenance | 0.075 |
| 6 | Local transports, loading and unloading | 0.150 |
| 7 | Advertisement and publicity @ 5% of sales | 0.600 |
| 8 | Insurance | 0.006 |
| 9 | Sales expenses @ 1% of sales | 0.120 |
| 10 | Miscellaneous expenses @ 1% of sales | 0.120 |
| 11 | Trade incentives @ 2% of sales | 0.240 |
| 12 | Taxes @ 4% | 0.480 |
| 13 | Total contingent expenses | 2.031 |

f. Total working capital requirement per month

| SI | Description | Rs. lakhs |
|-----------|-------------------------------------|------------------|
| 1 | Salaries and wages | 1.090 |
| 2 | Raw material and packaging material | 7.400 |
| 3 | Utilities | 0.370 |
| 4 | Contingent expenses | 2.031 |
| 5 | Total | 10.891 |

14. Means of finance

| SI | Description | Rs. lakhs |
|-----------|------------------------------|------------------|
| 1 | Total Project Cost | 32.316 |
| 2 | Equity | 10.664 |
| 3 | Debt | 21.652 |
| 4 | Working capital margin money | 4.356 |

15. Financial analysis

| SI | Description | Rs. lakhs |
|----------|--|----------------|
| 1 | Total recurring cost per year | 130.692 |
| 2 | Depreciation on land and building | 0.000 |
| 3 | Depreciation on machinery and vehicle | 1.300 |
| 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% | 2.923 |
| 8 | Interest on short term borrowings@ 13.5% | 0.882 |
| 9 | Total cost of production | 135.917 |

16. Turnover per year

| SI | Item | Qty | Rate/unit (Rs) | Total Rs. lakhs |
|----|----------|-------------|----------------|-----------------|
| 1 | Rice Ada | 225,000 kgs | 64.00 | 144.00 |

17. Viability analysis

| SI | Description | Value |
|----|--|-------|
| 1 | Net profit before income tax (Rs. lakhs) | 8.083 |
| 2 | Net profit ratio | 5.6% |
| 3 | Internal rate of return | 24.0% |
| 4 | Break even percentage | 42% |
| 5 | Debt service coverage ratio | 2.014 |

Machinery supplier for Rice Ada

1. Saraswathi Industries, 41-A., L.G.B. Nagar, Krishnapuram, Sarvanampatty P.O., Coimbatore 641035, Tamil Nadu.; Tel: 0422 – 5531536; 9943012777