PROJECT PROPOSAL

COMMERCIAL WORKING CAPITAL LOAN FACILITY (LKR 7,000,000)

Applicant Name: Keerthirathnage Ranjith Sandakelum Rathnayake

Target Financial Institution: Bank of Ceylon

Business Name: K.R.S Animal Feed

Branch: Nochchiyagama Branch

Location: Pansala Para, Galadiwulwewa, Nochchiyagama

Submission Date: August 25, 2026

1. EXECUTIVE SUMMARY

K.R.S Animal Feed is a well-established agribusiness enterprise situated in Nochchiyagama within the North Central Province of Sri Lanka. Registered and operational since **July 28, 2023**, the enterprise specializes in raw grain procurement, industrial milling, precision feed formulation, and bulk commercial distribution of high-grade livestock feed.

To capitalize on the growing regional demand for livestock feed driven by expanding poultry and dairy operations across the Anuradhapura district, K.R.S Animal Feed formally submits this project proposal to **Bank of Ceylon (Nochchiyagama Branch)** for a Commercial Working Capital Loan Facility of **LKR 7,000,000 (LKR 7.0 Million)**.

The requested capital will be deployed 100% into direct bulk procurement of essential agricultural raw materials (Maize, Rice Polish, Oil Cake/Poonac, and Broken Rice) to scale monthly processing volumes, reduce unit acquisition costs through seasonal bulk purchasing, and secure expanded market share.

KEY PROJECT & FINANCIAL HIGHLIGHTS

Credit Facility Requested	**LKR 7,000,000 (Commercial Working Capital)**
Primary Fund Purpose	**100% Bulk Raw Material Procurement**
Total Unencumbered Asset Base	**LKR 51,500,000 (Fixed Real Estate & Commercial Fleet)**
Collateral Coverage Ratio	**7.35x Coverage (735.7%)**
Current Monthly Bank Turnover	**LKR 6,000,000 (BOC Current Account)**
Debt Service Coverage Ratio (DSCR)	**8.37x Projected Coverage**

2. BUSINESS & PROPRIETOR PROFILE

2.1 Enterprise Details

PARAMETER	DETAILS
Business Name	K.R.S Animal Feed
Commencement / Reg. Date	July 28, 2023
Operating Address	Pansala Para, Galadiwulwewa, Nochchiyagama, North Central Province
Nature of Business	Procurement of raw agricultural ingredients, industrial milling, livestock feed mixing, packaging, and regional wholesale/retail distribution.
Primary Banker	Bank of Ceylon (Nochchiyagama Branch)

2.2 Proprietor Information

Sole Proprietor: Keerthirathnage Ranjith Sandakelum Rathnayake
Industry Experience: Mr. Rathnayake possesses extensive hands-on operational experience in agricultural logistics, grain procurement networks, commercial fleet management, and regional market distribution within the North Central Province. Under his direct management, the enterprise has grown rapidly to achieve a monthly banking turnover of LKR 6.0 Million within three years of inception.

3. OPERATIONAL & PRODUCTION PROCESS

K.R.S Animal Feed maintains an efficient, end-to-end processing pipeline that transforms locally harvested raw grains into balanced commercial feed formulations.

STEP 01	STEP 02	STEP 03	STEP 04	STEP 05	STEP 06	STEP 07
Bulk Raw Material Procurement	**Quality & Moisture Inspection**	**Industrial Milling & Grinding**	**Precision Dosing & Mixing**	**Automated Bagging & Storage**	**Wholesale & Retail Sales**	**In-House Fleet Delivery**

3.1 Raw Material Sourcing & Unit Pricing

RAW MATERIAL COMPONENT	SOURCING SOURCE	UNIT COST (LKR/ KG)	NUTRITIONAL / OPERATIONAL ROLE
Maize (බඩඉරිඟු)	Local Farmers / Collectors	LKR 180.00	Primary Carbohydrate & Energy Base
Rice Polish (සහල් කුඩු)	Regional Rice Mills	LKR 135.00	Essential Fiber & Fat Supplement
Poonac / Oil Cake (පුන්නක්කු)	Coconut Oil Processors	LKR 110.00	Concentrated Plant Protein Base
Broken Rice (හුණුසහල්)	Local Rice Mills	LKR 140.00	Digestible Starch & Energy Component

4. LOAN REQUIREMENT & CAPITAL ALLOCATION

The full facility of **LKR 7,000,000** will be injected directly into purchasing inventory during harvest cycles. Bulk purchasing enables price locking, shields against off-season inflation, and guarantees steady production throughput.

4.1 Fund Allocation Breakdown

CATEGORY	SHARE (%)	AMOUNT (LKR)	VISUAL ALLOCATION
Maize Procurement	30%	LKR 2,100,000	
Rice Polish Procurement	25%	LKR 1,750,000	
Broken Rice Procurement	25%	LKR 1,750,000	
Poonac / Oil Cake Procurement	20%	LKR 1,400,000	
TOTAL WORKING CAPITAL FACILITY	**100%**	**LKR 7,000,000**	

4.2 Raw Material Procurement Volume Breakdown

INGREDIENT	ALLOCATION (%)	CAPITAL ALLOCATED (LKR)	UNIT PRICE (LKR/KG)	EST. VOLUME (KG)
Maize	30%	LKR 2,100,000	LKR 180.00	11,666 kg
Rice Polish	25%	LKR 1,750,000	LKR 135.00	12,963 kg
Broken Rice	25%	LKR 1,750,000	LKR 140.00	12,500 kg
Poonac / Oil Cake	20%	LKR 1,400,000	LKR 110.00	12,727 kg
TOTAL PROCUREMENT	**100%**	**LKR 7,000,000**	—	**~49,856 kg (~50 MT)**

5. ASSET EVALUATION & FINANCIAL STRENGTH

5.1 Asset Base (Collateral Profile)

ASSET DESCRIPTION	ESTIMATED MARKET VALUE (LKR)	ASSET UTILITY & OPERATIONAL ROLE
Residential Property & Real Estate	LKR 25,000,000	Primary Real Estate Collateral Security
Heavy Commercial Utility Vehicle	LKR 10,000,000	Logistics & Machinery Transport Support
Commercial Delivery Lorry 01	LKR 10,000,000	Bulk Raw Material Sourcing & Transport
Commercial Delivery Lorry 02	LKR 6,500,000	Finished Goods Wholesale Distribution
TOTAL FIXED ASSET BASE	**LKR 51,500,000**	**Robust Collateral Foundation**

5.2 Collateral Strength Analysis

• **Facility Amount Requested:** LKR 7,000,000
• **Total Tangible Asset Base:** LKR 51,500,000
• **Security Coverage Ratio:** 735.7% (7.35x Coverage)
The asset value exceeds the requested credit facility by over 7.3 times, offering Bank of Ceylon complete security exposure coverage.

5.3 Banking Relationship & Cash Flow Velocity

K.R.S Animal Feed maintains its primary commercial current account with **Bank of Ceylon (Nochchiyagama Branch)**. The account exhibits active, regular trading movement:

- **Average Monthly Account Turnover:** LKR 6,000,000 (LKR 60 Lakhs)
- **Annualized Account Throughput:** LKR 72,000,000 (LKR 720 Lakhs)

6. MARKET ANALYSIS & STRATEGIC POSITIONING

6.1 Market Opportunity

The North Central Province is an agricultural stronghold with accelerating commercial poultry and cattle operations. High import tariffs and currency fluctuations have shifted livestock farmers toward locally formulated, high-protein feed options. K.R.S Animal Feed is positioned to capture this demand by supplying consistent, locally milled formulas at competitive prices.

6.2 Competitive Advantages

- **Geographic Proximity:** Located in Galadiwulwewa/Nochchiyagama near primary grain growers, minimizing raw material inbound freight.
- **Owned Fleet Logistics:** Operating two commercial lorries and one heavy utility vehicle eliminates reliance on third-party transport contractors and reduces operational overhead.
- **Established Track Record:** Proven revenue momentum of LKR 6.0M monthly turnover demonstrates market confidence and steady distribution channels.

7. FINANCIAL PROJECTIONS & DEBT SERVICING CAPACITY

Following the injection of LKR 7,000,000 in working capital, production capacity is projected to scale smoothly, generating strong cash flows to comfortably service the facility.

7.1 Projected Monthly Income Statement (Post-Loan)

FINANCIAL LINE ITEM	MONTHLY AMOUNT (LKR)
Expected Monthly Gross Sales Revenue	**LKR 9,500,000**
Less: Raw Material Cost of Goods Sold (COGS)	(LKR 7,200,000)
GROSS OPERATING PROFIT	**LKR 2,300,000**
Less: Operational Expenses (Fuel, Power, Labor, Maintenance)	(LKR 750,000)
NET OPERATING PROFIT BEFORE DEBT SERVICE (EBITDA)	**LKR 1,550,000**
Less: Estimated Monthly Loan Installment + Interest	(LKR 185,000)
NET SURPLUS MONTHLY CASH FLOW	**LKR 1,365,000**

7.2 Debt Service Coverage Ratio (DSCR)

DSCR CALCULATION:

$$DSCR = \frac{Net\ Operating\ Income\ (EBITDA)}{Total\ Monthly\ Debt\ Service} = \frac{LKR\ 1{,}550{,}000}{LKR\ 185{,}000} = \mathbf{8.37x}$$

A Debt Service Coverage Ratio of **8.37x** demonstrates exceptional debt servicing capability, confirming that the business generates over 8 times the net operational cash flow required to meet monthly loan commitments.

8. RISK MANAGEMENT & MITIGATION STRATEGIES

IDENTIFIED RISK FACTOR	SEVERITY	MITIGATION STRATEGY
Seasonal Raw Material Scarcity	**Medium**	Utilizing working capital to secure 50 MT bulk inventory during peak harvest windows.
Fluctuating Grain Prices	**Medium**	Direct contract purchasing from key regional farmers to lock in fixed supply pricing.
Vehicle Breakdown & Delays	**Low**	In-house fleet of 3 commercial vehicles provides operational redundancy.
Market Credit Risk	**Low**	Enforcing strict 14-day credit terms for buyers while leveraging cash discounts.

9. CONCLUSION & FORMAL REQUEST

K.R.S Animal Feed has demonstrated strong operational capability, an unencumbered fixed asset base of **LKR 51.5 Million** (7.35x collateral coverage), and a robust banking relationship with Bank of Ceylon reflecting **LKR 6.0 Million** in monthly turnover.

The requested working capital loan of **LKR 7,000,000** will address raw material inventory constraints, allow seasonal cost optimization, and enable sustainable expansion. We respectfully request the Credit Committee of Bank of Ceylon to approve this commercial working capital facility.

Respectfully submitted,

Keerthirathnage Ranjith Sandakelum Rathnayake
Proprietor, K.R.S Animal Feed
Pansala Para, Galadiwulwewa,
Nochchiyagama
Date: August 25, 2026