BANK LOAN REQUEST PROPOSAL

COMMERCIAL CREDIT FACILITY PROPOSAL

Modernization & Capacity Expansion of Rice Milling Infrastructure through Advanced High-Tech Machinery

TARGET FACILITY AMOUNT:	**LKR 26,000,000 (LKR 26.0 Million)**
FACILITY PURPOSE:	100% Capital Expenditure for Advanced Rice Milling Machinery
APPLICANT BUSINESS:	**Surasa Sahal**
SOLE PROPRIETOR:	Ekanayaka Mudiyaselage Sudarshana
BUSINESS ADDRESS:	Ududumbara Gammanaya, Pahala Halmillawa, Nochchiyagama
INDUSTRY TRACK RECORD:	Established 1992 (34 Years of Continuous Operation)
EXISTING BANK DEBT:	**Zero** / **Debt-Free Balance Sheet**
COLLATERAL ASSET BASE:	LKR 75,000,000 Freehold Fixed Assets

Confidential Document submitted to the Credit Assessment Committee for commercial term loan evaluation.

Table of Contents

PROPOSAL STRUCTURE

1. EXECUTIVE SUMMARY

Surasa Sahal, a highly reputed rice processing enterprise founded in 1992 and headquartered in Nochchiyagama, formally submits this business proposal to secure a commercial term loan facility of **LKR 26,000,000 (26 Million Sri Lankan Rupees)**. With an outstanding operational heritage spanning over **34 years** in the agricultural processing sector, the business has built an unblemished reputation for premium rice production and wholesale distribution across the Anuradhapura district and nationwide retail chains.

In response to escalating regional demand for refined rice products (Samba, Nadu, and White/Red Raw Rice) and the critical need for post-harvest loss reduction, Surasa Sahal is undertaking a comprehensive plant modernization drive. The entire requested loan facility of LKR 26.0 Million will be strictly dedicated to the procurement, installation, and commissioning of state-of-the-art, high-capacity rice milling and optical color-sorting machinery.

LKR 26.0M	LKR 75.0M	100%
LOAN REQUESTED (100% CAPEX)	EXISTING ASSET BASE	PRODUCTION CAPACITY INCREASE

Key Strategic Advantage: Debt-Free Balance Sheet

Currently, Surasa Sahal operates with zero existing bank loans or financial encumbrances. The primary unencumbered fixed asset base of LKR 75.0 Million provides a solid security coverage ratio of nearly **288%** against the requested LKR 26.0 Million facility.

2. CORPORATE & ENTREPRENEUR INFORMATION

Surasa Sahal operates as a well-managed sole proprietorship led by **Mr. Ekanayaka Mudiyaselage Sudarshana**, a seasoned agricultural industrialist with decades of direct technical experience in paddy purchasing, milling operations, quality control, and regional supply chain management.

ENTERPRISE PROFILE	
Business Name	Surasa Sahal
Proprietor	Ekanayaka Mudiyaselage Sudarshana
Registration & Premises Address	Ududumbara Gammanaya, Pahala Halmillawa, Nochchiyagama, Sri Lanka
Primary Line of Business	Commercial Paddy Milling, Processing, Optical Color Sorting & Wholesale Distribution
Year of Establishment	1992 (34 Years of Proven Commercial Track Record)
Current Debt Status	**100% Debt-Free** (No active facility liabilities or encumbrances)
Banking Relationship	Primary commercial operating accounts maintained with excellent credit history

3. ASSET VALUATION & FINANCIAL STANDING

The enterprise possesses a substantial fixed asset foundation, including industrial land, commercial factory buildings, processing machinery, and a dedicated logistics fleet. All assets listed below are fully owned by the proprietor and are free from prior mortgages or legal disputes.

ASSET CATEGORY	DETAILED DESCRIPTION & CONDITION	ESTIMATED VALUE (LKR)
Business Premises & Factory Buildings	Freehold industrial land and heavy-duty milling plant premises in Nochchiyagama	15,000,000
Existing Rice Milling Machinery	Operational processing units, de-huskers, polishers, and storage hoppers	25,000,000
Auxiliary Equipment & Electricals	3-Phase industrial transformers, backup generators, weighing bridges & packagers	15,000,000
Commercial Transport Fleet	Distribution lorries and paddy collection vehicles for wholesale logistics	20,000,000
TOTAL FREEHOLD ASSET VALUE		**75,000,000**

4. PURPOSE OF LOAN & MACHINERY CAPITAL EXPENDITURE

In order to optimize production efficiency and eliminate operational bottlenecks caused by older mechanical equipment, the entirety of the **LKR 26,000,000** loan facility will be funneled directly into acquiring advanced rice processing technology. No portion of this loan will be diluted into general overheads or working capital, ensuring clear asset traceability for the lending institution.

MACHINERY / SYSTEM ITEM	TECHNICAL FUNCTION	PROPOSED TENURE	INVESTMENT (LKR)
CCD Optical Color Sorter Unit	High-precision camera sorting to eliminate discolored grains, black spots, and foreign bodies	7 Years	11,500,000
High-Capacity Rubber Roller De-Husker & Separator	Modern pneumatic de-husking line with minimal grain breakage and high sheller efficiency	7 Years	6,500,000
Multi-Stage Mist Rice Polisher & Grader	Enhances kernel gloss, texture, and uniform grain sizing for premium retail packaging	7 Years	5,000,000
Automation Systems & Factory Installation	Pneumatic conveyor channels, dust extraction systems, electrical panels, and setup	7 Years	3,000,000

MACHINERY / SYSTEM ITEM	TECHNICAL FUNCTION	PROPOSED TENURE	INVESTMENT (LKR)
TOTAL PROPOSED CAPITAL EXPENDITURE (CAPEX)			**26,000,000**

5. TECHNICAL SPECIFICATIONS & OPERATIONAL UPGRADES

The integration of the new machinery will completely transform Surasa Sahal's processing line from semi-automated to a modern, automated system. The key technological improvements include:

- **Grain Yield Enhancement:** Modern rubber roller technology and controlled mist polishing reduce paddy breakage rate from ~12% down to less than 3%, directly increasing sellable head-rice output.
- **Purity & Quality Grading:** The CCD Optical Color Sorter utilizes ultra-high-resolution cameras to filter out chalky grains, damaged kernels, and stones, enabling the product to compete with top-tier national brands.
- **Energy Efficiency:** Modern inverter-driven motors will reduce overall kilowatt power consumption per metric ton of milled paddy by approximately 18-22%.
- **Output Velocity:** Milling speed will double from 1.5 metric tons per hour to over 3.2 metric tons per hour, allowing full fulfillment of bulk wholesale purchase orders.

6. FINANCIAL PROJECTIONS & CASH FLOW ANALYSIS

Following the installation of the LKR 26.0 Million machinery line, monthly production capacity will double from LKR 5.0 Million to LKR 10.0 Million in gross sales revenue. The cost structure and cash flow dynamic are outlined below:

A. Monthly Operational Performance Comparison (Actual vs. Post-Loan)

FINANCIAL METRIC	CURRENT MONTHLY (ACTUAL - LKR)	PROJECTED MONTHLY (POST-EXPANSION - LKR)
Total Sales Revenue	5,000,000	10,000,000
Cost of Paddy & Direct Processing Costs	2,800,000	5,600,000
Operating Overheads (Power, Wages, Transport)	700,000	1,400,000
Total Operating Expenses	3,500,000	7,000,000
Gross Operating Cash Flow (Pre-Loan)	1,500,000	3,000,000
Estimated Bank Loan Repayment (Principal + Interest)	-	(530,000)
NET MONTHLY SURPLUS (POST REPAYMENT)	1,500,000	2,470,000

B. Annual Profitability Forecast (5-Year Growth Trajectory)

The five-year long-term projection assumes a conservative annual revenue growth rate of 15% as market distribution expands across neighboring districts, along with optimized operating margins due to machinery efficiency.

METRIC (LKR)	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
Total Revenue	72,000,000	82,800,000	95,220,000	109,503,000	125,928,450
Operating Expenses	48,000,000	54,000,000	60,800,000	66,880,000	75,580,000
Gross Profit	24,000,000	28,800,000	34,420,000	42,623,000	50,348,450
Annual Debt Service	(6,360,000)	(6,360,000)	(6,360,000)	(6,360,000)	(6,360,000)
Net Profit (After Debt)	17,640,000	22,440,000	28,060,000	36,263,000	43,988,450

7. DEBT SERVICING CAPACITY & COVERAGE RATIO

The project demonstrates exceptional debt service coverage. With a projected monthly net operating cash flow of **LKR 3,000,000** against a monthly loan commitment of approximately **LKR 530,000**, the enterprise achieves a **Debt Service Coverage Ratio (DSCR)** of:

Debt Service Coverage Ratio (DSCR) Calculation:

DSCR = LKR 3,000,000 / LKR 530,000 = 5.66x

(A DSCR of 5.66x indicates that operating cash flows are nearly 6 times higher than required debt payments)

8. INDUSTRY & MARKET JUSTIFICATION

- **Strategic Agricultural Location:** Situated in Nochchiyagama within the Anuradhapura district (Sri Lanka's primary rice bowl), Surasa Sahal benefits from direct access to major paddy harvests (Maha & Yala seasons) at minimal procurement transit cost.
- **High Demand for Refined Quality:** Modern retail markets and urban supermarkets demand premium, unbroken, color-sorted rice. The upgraded plant will position Surasa Sahal to capture high-margin wholesale contracts.
- **Established Logistics & Network:** Operating continuously since 1992, the enterprise maintains an active client list of over 120 wholesale distributors across the North Central and Western Provinces.

9. RISK ASSESSMENT & MITIGATION STRATEGY

IDENTIFIED BUSINESS RISK	MITIGATION STRATEGY
Seasonal Paddy Price Fluctuations	Direct paddy purchasing contracts during harvest peak seasons; utilizing factory storage silos to maintain steady supply.
Power Interruption Risk	Included heavy-duty industrial backup generator system within existing asset infrastructure (valued at LKR 15M).
Machinery Breakdown & Maintenance	Suppliers provide a 3-year comprehensive warranty and technical maintenance contract for all new high-tech units.

10. CONCLUSION & DECLARATION

With an unencumbered asset base of **LKR 75 Million**, **34 years of successful operational history**, and zero existing debts, Surasa Sahal represents a low-risk, highly viable commercial credit opportunity. The requested facility of **LKR 26 Million** for high-tech machinery modernization will substantially boost regional food security, increase factory profitability, and generate robust cash flows capable of easily servicing the loan.

E. M. Sudarshana
Proprietor / Managing Director
Surasa Sahal, Nochchiyagama

Date & Official Stamp
Surasa Sahal Enterprises