

PROJECT PROFILE
ON
DHOOP BATTI (INCENSE STICKS)

PRODUCT : DHOOP BATTI (INCENSE STICKS)

QUALITY & STANDARDS : As per Customer's specification &

PRODUCTION CAPACITY (P.M.) : Quantity : 38,500 Kgs
Value (Rs.) : Rs. 38,70,000/-

MONTH & YEAR OF PREPARATION : August, 2012.

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1. INTRODUCTION

In our Indian society, Dhoop, Dhoop Batti, Agarbatti, all these are taken as synonymous of incense sticks because these are burnt for fragrance. But dhoop or dhoop batti is not same with agarbatti. And the term incense sticks actually refers to agarbatti and not for dhoop batti.

Dhoop Batti is prepared from the extracts of the dhoop trees, which are botanically termed as *Vateria Indica* and *Canarium strictum*. The dhoop making extracts is collected from the tree by tapping the trees just like in case of rubber. *Vateria Indica* is the source for saka dhoopa and *canarium strictum* is the source for rala dhoopa. IN market dhoop batti is available not exactly in stick form but as a bit damp paste of combustible material, somewhat similar to putty but black in colour. Dhoop batti paste is a mixture of ghee, herbs and dhoop tree extracts. These pastes are available in cones or thick sticks. Moreover, now days Dhoop batti are found in various fragrances like panch dham, kesar, nag campa etc. Where as agarbatti is a mixture of powdered wood, charcoal, barks, seeds, leaves, roots, rhizomes, flowers etc. mixed with some essential oil, mineral oil, resins, gums and aromatic chemicals etc. The paste is applied on to a bamboo core stick and dried up. Dhoop batti usually forms more smoke than agarbatti. It is mainly used during ritual ceremonies like havan and all holy occasions. The scent of Dhoop batti is also strong and creates a spiritual mood. The Dhoop trees are mostly found in eastern India. But unfortunately these trees are at the verge of being extinct, because of its heavy deforestation owing to their good market value.

2. MARKET POTENTIAL:

The product Dhoopbatti (Incense sticks) is now-a-days becoming very popular in ritual ceremonies like havan etc. In market Dhoopbatti is also sold in bulk quantities. The local vendors do repacking in small quantities. Hence, it is presumed that if this type of unit is set up in Kanpur or nearby area it will earn good profit.

3. BASIS AND PRESUMPTIONS:

1. The unit will run on three shifts basis of 8 hours per shift for 300 days per year.
2. The unit will run at 80% capacity utilization.
3. The cost of land & building, plant & machinery, raw materials & finished goods are as per prevailing market rate.
4. The name and addresses of plant & machinery of raw material suppliers are neither exclusive nor exhaustive.

4. IMPLEMENTATION SCHEDULE :

Every project requires some specific time for commercial production and are briefly as under:-

Sl. No.	Activity	Expected time
	Acquisition of land	1 month
	Filing of EM-I.	7 days
	Building construction	3 months
	Financial Arrangements	2 months
	Procurement of Machinery	3-5 months
	Installation, electrification and commissioning of machinery and other facilities	1-3 months
	NOC from Pollution Control Board	1- 2 months
	Trial run	From 9 months onwards

5. TECHNICAL ASPECTS**i) Production detail & Process of Manufacture:**

To manufacture Dhoopbatti, eucalyptus leaves, tulsi leaves are cut with the help of leaf cutting machines and left them to drying for 1-2 days. After drying leaves are pulverized and converted in powder form. Guggal, cascalia powder, jigat powder and dried compound are mixed with D.E.P. in water bath (mixing machine). Now dhoop wood, charcoal powder, ground net shell powder and powder leaves are mixed uniformly in powder mixing machine. This material alongwith rubber solution (plasticizer), perfumery compound is transferred in edge runner machine. Now material is converted in sticky paste which is transferred in cutting machine to convert it incense sticks.

These incense sticks are packed in small boxes and in corrugated boxes for dispatching the material.

ii) Quality Control & Specification:

As such there are no quality specifications for incense sticks. However, good perfume, burning till last point make incense sticks more popular for sale among people.

iii) Production Capacity (per annum)

- a) Quantity : 38,500 Kgs
b) Value (Rs.) : Rs. 38,70,000/-

iv) Motive Power Requirement:

5 KW

6. FINANCIAL ASPECTS:**(A) Fixed Capital:****i) Land and Building :**

Land & Building – 200 Sq. Mtrs. (Rent)	Rs.	15,000/-
Total:	Rs.	15,000/-

ii) Plant & Machinery:

Sl. No.	Description	Qty (Nos.)	Value (Rs.)
1	Roller Mill Machine	1	40,000/-
2	Leaves Cutting Machine	1	25,000/-
3	Water Bath (Mixing Machine)	1	10,000/-
4	Powder Mixing Machine (Ball Mill Machine)	1	50,000/-
5	Edge Runner Machine	1	1,50,000/-
6	Pulverizer	1	1,00,000/-
7	Oil Storage Tanks	10	10,000/-
8	Laboratory Equipments	LS	25,000/-
9	Installation of plant & machinery @ 10%		30,000/-
10	Preoperative expenses		10,000/-
Total:			4,50,000/-

Total Fixed Capital Requirement:

1.	Land & Building (On Rent basis)	-
2.	Plant & Machinery	4,50,000/-
Total:		4,50,000/-

(B) Working Capital (Per Month):

i) Staff and Labour (per month)

Sl. No.	Designation	No.	Rate (Rs.)	Amount (Rs.)
1	Purchase Manager	1	9000/-	9,000/-
2	Accountant / Store Keeper	1	7000/-	7,000/-
3	Skilled Workers	2	5000/-	10,000/-
4	Sales Man	1	6000/-	6,000/-
5	Watchman	1	4000/-	4,000/-
6	Helper	2	4000/-	8,000/-
Total				44,000/-
Perquisites @ 15% of salary				6,600/-
Total				50,600/-

ii) Raw Material:

Sl. No.	Particulars	Quantity Kg	Rate (Rs)	Value (Rs.)
1	Guggal	30 Kg	200/Kg	6,000/-
2	Sandal Wood Powder	30 Kg	125/Kg	3,750/-
3.	Dhoop Wood	300 Kg	25/Kg	7,500/-
4.	Casalia Powder	30 Kg	130/Kg	3,900/-
5.	Charcoal Powder	150 Kg	30/Kg	4,500/-
6.	Groundnut shell	750 Kg	6/Kg	4,500/-
7.	Wood Dust/leaves of eucalyptus, tej patta etc.	1500 Kg	3/Kg	4,500/-
8.	DEP	300 Ltrs.	100/Ltr	30,000/-
9.	Jigat Powder	90 Kg	25/Kg	2,250/-
10.	Compound of Perfumes	60 Kg	500/Kg	30,000/-
11.	Plasticizer	30 Kg	30/Kg	900/-
12.	Preservative	3 Kg	150/Kg	450/-
13.	Packaging Box	75000 Nos.	0.65 /Pc	48,750/-
14.	Corrugated Box	600 Nos.	25/Pc	15,000/-
Total				1,61,190/-

iii) Utilities:

Sl. No.	Particulars	Quantity	Rate	Value (Rs.)
1	Electricity & Power	1000 units	Rs. 7.00/unit	7,000/-
2	Fuel (Diesel)	LS		3,000/-
Total				10,000/-

iv) Other Contingent Expenses:

Sl. No.	Description		Amount in Rs.
1.	Rent	:	15,000/-
2.	Telephone and stationery	:	1,000/-
3.	Travelling & Transport	:	10,000/-
4.	Repair & Maintenance	:	2,000/-
5.	Insurance	:	10,000/-
6.	Other expenditure	:	5,000/-
Total			43,000/-

v) Total Recurring Expenses (per month)

a.	Salary & Wages	:	50,600/-
b.	Raw material	:	161,190/-
c.	Utilities	:	10,000/-
d.	Other contingent expenses	:	43,000/-
Total:			2,64,790/-

Total Working Capital for 3 months = 2,64,790/- X 3 = : Rs.7,94,370/-

Say = Rs. 7,95,000/-

7. Total Capital Investment:

a)	Fixed Capital	4,50,000/-
b)	Working Capital for 3 months	7,95,900/-
Total:		12,45,000/-

Means of Finance:

i)	Promoter's share	25%	3,11,250/-
ii)	Loan from Financial Institution	75%	9,33,750/-
Total:			12,45,000/-

8. Financial Analysis:

(A) Cost of production (Recurring Expenses) (per annum)

S. No.	Particulars	Amount (Rs.)
1.	Total Recurring Expenditure	31,77,480/-
2.	Depreciation on Machinery & Equipments @ 10% (Except Electrification & Installation, Trial run)	40,000/-
3.	Interest on 75% on loan @ 14% p.a.	1,30,725/-
Total :		33,48,205/-
Say:		33,48,000/-

(B) Turnover (per annum)

Sales proceeds as shown below:

Sl. No.	Name of items	Quantity (Nos.)	Rate (Rs.)	Value (Rs.)
1.	Dhoopbatti – 20 gms	5,00,000	Rs. 2.60/Pkt	13,00,000/-
2.	Dhoopbatti – 50 gms	3,00,000	Rs. 5.60/Pkt	16,80,000/-
3.	Dhoopbatti – 100 gms	1,00,000	Rs. 7.50/Pkt	7,50,000/-
4.	Dhoopbatti	3500 Kgs	40/Kg	1,40,000/-
TOTAL:				38,70,000/-

(C) Net Profit (Per Annum):

Turn Over	(-) Cost of Production	Rs.	5,22,000/-
38,70,000/-	(-) 33,48,000/-		

(D) Net Profit Ratio (Per Annum):

$\frac{\text{Profit/annum} \times 100}{\text{Sales Per Annum}}$	$\frac{5,22,000/- \times 100}{38,70,000/-}$	=	13.48%
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(E) Rate of Return:

$\frac{\text{Profit/Annum} \times 100}{\text{Total Capital Investment}}$	$\frac{5,22,000/- \times 100}{12,45,000/-}$	=	41.92%
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(F) BREAK EVEN POINT:**Fixed Cost (Per Annum):**

1.	Depreciation on Plant & Machinery @ 10% p.a.	40,000/-
2.	Interest on loan @ 14% p.a.	1,30,725/-
3.	40% salary and wages	2,42,880/-
4.	40% of Utilities	48,000/-
5.	40% of other expenses	2,06,000/-
	Total Fixed Cost:	6,67,605/-

Break Even Point:

$\frac{\text{Fixed Cost} \times 100}{\text{Fixed Cost} + \text{Profit}}$	$\frac{6,67,605/- \times 100}{6,67,605/- + 5,22,000/-}$	=	56.11%
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9. Names and Addresses of Plant & Machinery and Raw material Suppliers:

1. M/s Piyush Traders,
45/60, GayaPrasad Lane,
Kanpur-208001. Ph. 0512 – 2365322.
2. M/s United Chemicals,
45/39, Gaya Prasad Lane,
Kanpur-208001.

3. M/s B. S. Machines,
44, B. S. Market, Latouche Road,
Kanpur-208001. Ph. 0512 – 2368776
4. M/s Kanpur Iron & Steel Corporation,
31, Bhagat Singh Market, Latouche road,
Kanpur – 208001. Ph. 0512 – 6451683
5. M/s Sri Kamta Nath Traders,
Nayaganj, Kanpur – 2028001.
Mob. 09415222918.

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