PROJECT PROFILE

PRODUCT: AGARBATTI

QUALITY STANDARD: As per customer's demand.

PRODUCTION CAPACITY (PER ANNUM):

<table>
<thead>
<tr>
<th>QUANTITY</th>
<th>VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,20,000</td>
<td>@ Rs.6.50</td>
</tr>
</tbody>
</table>

PREPARED BY:

Business Development Department
Orissa State Financial Corporation
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INTRODUCTION:

The burning of incense in religious and social functions has been practiced in India since early times. Dhup an aromatic powder or paste is burnt in Indian homes as a fragrant fumigant and is reputed to possess insecticide and antiseptic properties. Agarbatti also is known, as Udubattis similar to joss sticks are a development of Dhup.

Agarbatties are obtainable in different colours and with different perfumes. The burning time of an agarbatti varies from 15 minutes to e hours according to quality and size. Agarbatti is also obtainable in other forms such as dashang (sticky paste or powder deep (cones and Dhup, tablets, etc.).

About 75% of the agarbaties manufactured are of cheap quality containing only charcoal powder or low quality sandal wood powder with a mixture of 50% of wood gum powder. Cheap perfumes are used to give them a top note. In superior varieties, essential oils, purified resins, natural fixatives like amber, must and civet is used along with synthetic aromatics. Absolutes are used in the costlier types.

MARKET:

Agarbatties are used by all communities in India, Sri Lanka, Burma and by Indians residing abroad. As on today about 90 foreign countries are using our agarbatties.

Agarbatti industry is one of the labour intensive cottage type of traditional industries in India and Karnataka state leads in this industry, the main centers of manufacturing being Mysore and Bangalore.

In Orissa different social institutions like Aurobindo Ashram, Gayatri Ashram, are manufacturing characteristic fragrant agarbatties. Parimal Agarbatti, Berhampur, Suravi, Susree, Indica, are very popular in Orissa market. Still 70% of the total sale of the product come from South India. More and more cottage-based units can come up in small towns and village areas of the state to meet the local demand. The raw materials are nowadays available in and around Cuttack, Bhubaneswar and in Calcutta also. Rolled sticks are nowadays marketed by some agents and can be available at doorstep. Only essencing is to be done and stress should be given on marketing the product.

BASIS AND PRESUMPTION:

1. Eight hours per day and 25 days per month has been considered in preparing the project.
2. Rolled sticks are purchased directly and then essencing is carried out.
3. 12% rate of interest is taken into account.
4. Minimum labour wages have been considered in preparing the scheme.
5. The unit will be promoted under KVIB REGP scheme.

IMPLEMENTATION SCHEDULE:

1. Project profile preparation and registration 1 month
2. Availability of finance 3 months
3. Shed construction 2 months
4. Raw material procurement 1 month
5. Recruitment of staff and trial run 1 month

TECHNICAL ASPECTS:

1. Process Outline:

There are mainly two types of agarbatties manufactured:

1. Dipped varieties or perfumed Agarbatties.
2. Masala batties.

1. Dipped Agarbatties:

Powders of Charcoal, Gigatu, White chips, etc. are mixed with water to semi solid paste. This composition is taken on a wooden plank and applied to sticks by rolling with hands. Then raw sticks are dipped in suitable perfumery compound diluted with white oil or other solvents like diethyl phthalate (D.E.P.) and dried and packed.

2. Masala Agarbatties:

The powder of charcoal, gigatu, white chips, indigenous herbs, resin, etc. are mixed along with perfumery compound consisting of essential oils, aromatic chemicals, purified resins and natural fixative like Civet, musk, etc. to a semi solid paste with the required quantity of water. This compound is applied to bamboo sticks by hand rolling and dried.

The finished agarbatti sticks are bundled either according to the number or according to weight and wrapped in moisture proof cellophane paper or butter
papers and packed in printed carton which again are wrapped in clear cellophane paper.

A typical composition for Masala batties is as under:

<table>
<thead>
<tr>
<th>Item</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>White chips</td>
<td>40%</td>
</tr>
<tr>
<td>Gigatu</td>
<td>20%</td>
</tr>
<tr>
<td>Charcoal</td>
<td>20%</td>
</tr>
<tr>
<td>Aromatic chemicals</td>
<td>20%</td>
</tr>
<tr>
<td>Essential oil</td>
<td></td>
</tr>
<tr>
<td>Other ingredients</td>
<td></td>
</tr>
</tbody>
</table>

The composition can be modified according to the requirement.

The process of manufacture of Agarbatti is made simply and almost all processes are similar and manufacturer to manufacture only formulated can change simple.

**RECIPE TO PREPARE 1000 PKTS./10,000 STICKS OF AGARBATTI**

<table>
<thead>
<tr>
<th>S.no.</th>
<th>Item</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Charcoal</td>
<td>6 kg.</td>
</tr>
<tr>
<td>2.</td>
<td>Gigatu</td>
<td>4.8 kg.</td>
</tr>
<tr>
<td>3.</td>
<td>White chips powder</td>
<td>2 kg.</td>
</tr>
<tr>
<td>4.</td>
<td>Sandal wood powder</td>
<td>1 kg</td>
</tr>
<tr>
<td>5.</td>
<td>Bamboo sticks</td>
<td>6 kgs.</td>
</tr>
<tr>
<td>6.</td>
<td>Kuppam dust</td>
<td>2 kg.</td>
</tr>
<tr>
<td>7.</td>
<td>Perfumes</td>
<td>1.5 kg.</td>
</tr>
</tbody>
</table>

**QUALITY CONTROL:**

As per customer's specification/local demand.
FINANCIAL ASPECTS:
Land and building:

Land: 5000 sq. ft.  Own.
Shed: 500-sq. ft.  Own

Plant and machinery:

1. Aluminium trays 5'x5' 4 nos. 3000/-
2. Wooden planks 5'x5' 4 nos. 2000/-
3. Heat sealing machine 2 nos. 1000/-
4. Sprayer 4 nos. 500/-
5. Weighing balance platform type 1 no. 2000/-
6. Plastic Buckets, jug, and
Other containers 4 each 500/-
7. Bag stitching machine 1 no. 1000/-
8. HDPE container for storing & mixing
Of chemicals 4 nos. 2000/-
9. Working table for packing 2 nos. 3000/-
10. Office furniture, etc. 5000/-

Installation charges & misc. L.S. 2000/-

Total: 22,000/-

Fixed Capital:
Machinery and equipment 22,000
Other exp. 8,000

30,000/-

WORKING CAPITAL ANALYSIS:
A. RAW MATERIALS:

<table>
<thead>
<tr>
<th>S.no.</th>
<th>Item</th>
<th>Qty./rate</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Rolled sticks</td>
<td>500 kg @ Rs. 35/kg</td>
<td>17,500</td>
</tr>
<tr>
<td>2.</td>
<td>D.E.P.</td>
<td>100lit. @ 120/lit.</td>
<td>12,000</td>
</tr>
<tr>
<td>3.</td>
<td>Perfumes</td>
<td>10lit. @ 1000/lit</td>
<td>10,000</td>
</tr>
<tr>
<td>4.</td>
<td>Polythene wrapper, packets,etc.</td>
<td>@ 1.00</td>
<td>2,500</td>
</tr>
<tr>
<td>5.</td>
<td>Polythene bags</td>
<td>10 nos. @ 20/-</td>
<td>200</td>
</tr>
</tbody>
</table>

TO PREPARE 20,000 PKTS. (100 sticks in each pkt) OF AGARBATTI

42,200/-
B. **STAFF AND LABOUR P.M.**:

<table>
<thead>
<tr>
<th>Position</th>
<th>Quantity</th>
<th>Rate</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salesman</td>
<td>1 no.</td>
<td>3000</td>
<td>3000</td>
</tr>
<tr>
<td>Skilled labour</td>
<td>2 no.</td>
<td>4000</td>
<td>8000</td>
</tr>
<tr>
<td>Unskilled labour</td>
<td>4 nos.</td>
<td>4000</td>
<td>16000</td>
</tr>
<tr>
<td>Accountant cum storekeeper</td>
<td>1 no.</td>
<td>2500</td>
<td>2500</td>
</tr>
</tbody>
</table>

**Total: 13,500**

C. **UTILITY**:

<table>
<thead>
<tr>
<th>Utility</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>500</td>
</tr>
<tr>
<td>Water</td>
<td>100</td>
</tr>
</tbody>
</table>

**Total: 600**

D. **OTHER EXPENDITURE**:

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel</td>
<td>1500</td>
</tr>
<tr>
<td>Telephone charges</td>
<td>300</td>
</tr>
<tr>
<td>Sale tips/Advt.</td>
<td>2000</td>
</tr>
<tr>
<td>Taxes</td>
<td>200</td>
</tr>
<tr>
<td>Other misc. exp.</td>
<td>1000</td>
</tr>
</tbody>
</table>

**Total: 5,000**

**WORKING CAPITAL P.M.**

\[
A + B + C + D = 61,300/-
\]

**TOTAL CAPITAL INVESTMENT**:

<table>
<thead>
<tr>
<th>Capital Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed capital</td>
<td>30,000</td>
</tr>
<tr>
<td>Working capital for 1 months</td>
<td>61,300</td>
</tr>
</tbody>
</table>

**Total: 91,300/-**

**MEANS OF FINANCE**:

- **Promoter’s contribution 5%** 4,565
- **Finance by Bank 95%** 86,735
- **Under KVIC Margin money scheme@30%** 27,390/-
COST OF PRODUCTION PER ANNUM:

1. Dep. on machinery and equipt.@ 10% 2,000
2. Interest @ 12% 10,956
3. Total recurring expr. 7,35,600

7,48,556

TURNOVER (P.A):

1,20,000 pkts. @ Rs.6.50 7,80,000

PROFIT: Rs. 7,80,000 - Rs 7,48,556 = Rs 31,444/-

NET PROFIT RATIO: Profit x 100 = 4%
Turnover

RATE OF RETURN: Profit x 100 = 34.4%
Invt.

BREAK EVEN ANALYSIS:

Fixed Cost

Depreciation of Machinery & Furniture @ 10% = Rs. 2,000
Interest @ 12% = Rs 10,956
40% of Salary = Rs .64,800
40% of other expenditure = Rs 27,840
Total = Rs.1, 05,596

Break Even Point = Fixed Cost x 100 = 77%
Fixed Cost + Profit
**Address of Raw material suppliers:**

1) M/s. Sony Purfumary Works, C/o. Sri P.K. Nayak, Near Santha Nirankari Sathsangha Bhawan, Rajendra Nagar, Madhupatna, Cuttack. Tel-641442
2) M/s. Mother India Chemicals, Near Durga Mandap, Khapuria. Tel-644491
3) M/s. R.K. Trading, Bakharabad, Cuttack-2, Tel-622021

**Rolled Stick:**

1) M/S. bajaranga Aromatics India, Bajaranga Darshan-100, Saroj kumar Khuntia, kandarpur, -2802386, Cell- 9861064491
2) M/s. Patnaik Traders, Dakbangala Chhak, Jajpur Road, Dist.Jajpur. Tel-(06726)-21191

**For Printing Packets:**

1) M/s. East Coast Polyflex (P) Ltd., Hotel Roxy Lane, Badambadi, Cuttack. Tel-611922, 611122.
2) M/s. Orissa Coating, 6/11 B.J.B. Nagar, Bhubaneswar-14, Tel-(0674)-430151, Factory-583744.