

AGARBATHI MANUFACTURING

1. INTRODUCTION

The burning incense in religious and social functions has been practised 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 insecticidal and antiseptic properties. Agarbattis also known as dubattis similar to joss sticks are a development of dhup. Agarbattis are obtainable in different colours and with different perfumes. The burning time of agarbatti varies from 15 minutes to 3 hours depending on quality and size.

Majority of agarbattis manufactured are of cheap quality containing only charcoal powder, low quality sandal wood powder with wood gum powder. Agarbatti industry is labour intensive cottage type of traditional activity in India. The main marketing centres are situated in Mysore and Bangalore in India. It can be taken up in rural areas without any difficulty. It requires only low technology for manufacturing the agarbattis.

2. MARKET

Agarbattis are used by many communities in India daily for performing puja. Agarbattis are also used in some of the foreign countries. Hence, it has good demand. This industry can be set up with less investment in small areas.

3. MANUFACTURING PROCESS

Charcoal powder, white chip powder, jiget powder, sandal powder are mixed using water and dough is made. Dough is rolled on bamboo sticks normally. Raw agarbattis can be perfumed either by dipping in perfumed or by spraying the perfumes on the raw agarbattis.

4. PRODUCTION CAPACITY PER ANNUM

Capacity 145000 packets
Selling Price Rs. 2.00 per packet

5. PROJECT COST/CAPITAL INVESTMENT

S.No	Description	Amount Rs.
1	Preliminary & Preoperative Expns	5000
2	Fixed Capital	7300
3	Working Capital for 2 month(s)	43750
	Total Project Cost	56050

6. MEANS OF FINANCE

S.No	Description	%age	Amount Rs.
1	Promoter Contribution	15%	8408
2	Subsidy /Soft Loan	20%	11210
3	Term Loan	65%	36433
	Total		56050

7. FINANCIAL ASPECTS

A. FIXED CAPITAL

i. Land and Buildings Rented Rs. 1000 per month

ii. Machinery and Equipment

S.No	Description	Qty.	Rate	Amount Rs.
1	Wooden planks for rolling	5	150	750
2	Weighing balance	1	1000	1000
3	Hand sieves	10	30	300
4	Plastic trays	5	100	500
5	Wooden racks	3	500	1500
6	Plastic buckets	4	50	200
7	Plastic mugs	5	10	50
8	SS Steel, blending vessels	LS		1000
9	Delivery cycle	1	2000	2000
	Total			7300

B. WORKING CAPITAL

i. Salaries & Wages (per month)

S.No	Description	Nos.	Sal/mon.	Amount Rs.
1	Supervisor/Entrepreneur	1	2000	2000
2	Skilled labours	2	1500	3000
	Total			5000

ii. Raw Material (per month)

S.No	Description	Unit	Qty.	Rate	Amount Rs.
1	Charcoal powder		70	10	700
2	Jigath powder		70	30	2100
3	Whitie chips powder		30	35	1050
4	Sandle powder		20	60	1200
5	bamboo sticks		75	15	1125
6	Perfumes		20	350	7000
7	Packaging material		1	1000	1000
	Total				14175

iii. Utilities (per month)

S.No	Description	Unit	Amount Rs.
1	Power	LS	300
2	Water	LS	300
	Total		600

iv. Other Expenses (per month)

S.No	Description	Amount Rs.
1	Postage & Stationery Expenses	200
2	Transportation Expenses	300
3	Advertisement Expenses	500
4	Miscellaneous Expenses	100
	Total	1100

v. Total Working Capital (per month)

S.No	Description	Amount Rs.
1	Rent	1000
2	Salaries and Wages	5000
3	Raw Material	14175
4	Utilities	600
5	Other Expenses	1100
	Total	21875

8. COST OF PRODUCTION (PER ANNUM)

S.No	Description	Amount Rs.
1	Total Working Capital	262500
2	Depreciation @ 15%	1095
3	Interest @ 12%	4372
	Total	267967

9. TURNOVER (PER YEAR)

S.No	Description	Unit	Qty.	Rate Rs.	Amount Rs.
1	Agarbathi packs of 40 each	packets	145000	2.00	290000
	Total				290000

10. FIXED COST (PER YEAR)

S.No	Description	Amount Rs.
1	Depreciation	1095
2	Interest	4372
3	Rent	12000
4	Salaries & Wages @ 40%	24000
5	Other Expenses incl. Utilities @ 40%	8160
	Total	49627

11. PROFIT ANALYSIS & RATIOS

1	Net Profit	Rs.	22033
2	Percentage of Profit on Sales		8%
3	Percentage of Return on Investment		39%
4	Break Even Point		69%