

PROJECT REPORT
ON
'DHOOP BATTI'
PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding 'Dhoop Batti'

The objective of the pre-feasibility report is primarily to facilitate potential entrepreneurs in project identification for investment and in order to serve his objective; the document covers various aspects of the project concept development, start-up, marketing, finance and management.

[We can modify the project capacity and project cost as per your requirement. We can also prepare project report on any subject as per your requirement.]

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PROJECT REPORT ON DHOOP BATTI



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 pudding 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 champa 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.

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 it will earn good profit.

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 60% capacity utilization with 10% increase PA.

The cost of land & building, plant & machinery, raw materials & finished goods are as per prevailing market rate

3. Rate of interest on loan is assumed at 11.50% PA

TECHNICAL ASPECTS**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.(Diethyle phthalate oil) in water bath (mixing machine). Now dhoop wood, charcoal powder, groundnut 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.

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.

Production Capacity (per annum)

a) Quantity : 38,400 Kgs

POLLUTION CONTROL

As this unit doesnot comes under heavy polluted industry, although the minimum height of shed may be maintained with exhaust fans for removing decongestion, fumes, dust, etc. and to provide proper ventilation.No Objection Certificate from pollution control board should be taken.

POWER CONSUMPTION

As this is a small unit it has less power consumption, which is approx. 5H.P

LABOUR REQUIREMENT:

4 Manpower is required for Dhoop batti manufacturing Includes:

- 2 Skilled Labour
- 2 Unskilled Labour

BANK LOAN

Rate of Interest is assumed to be at 11.50%

DEPRECIATION

Depreciation has been calculated as per the provisions of Income Tax Act, 1961

APPROVALS & REGISTRATION REQUIREMENT:

Basic registration required in this project:

- GST Registration
- Udyam Registration
- NOC from State Pollution Control Board

FINANCIAL ANALYSIS:

Product and By Product	:	Dhoop Batti	
Name of the project / business activity proposed :		Dhoop Batti	
Cost of Project	:	Rs.13.00lac	
Means of Finance			
Term Loan		Rs.4.81 Lacs	
KVIC Margin Money	-	As per Project Eligibility	
Own Capital		Rs.1.3 Lacs	
Working Capital		Rs.6.9 Lacs	
Debt Service Coverage Ratio	:	7.15	
Pay Back Period	:	5	Years
Project Implementation Period	:	6	Months
Break Even Point	:	27%	
Employment	:	9	Persons
Power Requirement	:	5.00	HP
Major Raw materials	:	Guggal,Sandal Wood Powder,Dhoop wood ,Jigat powder etc	
Estimated Annual Sales Turnover	:	66.09	Lacs

COST OF PROJECT

(Rs. In Lacs)

Particulars	Amount
Land	Rented/Owned
Building & Civil Work (2000 Sq Ft)	
Plant & Machinery	4.40
Furniture & Fixtures	0.50
Pre-operative Expenses	0.44
Working Capital Requirement	7.66
Total	13.00

MEANS OF FINANCE

Particulars	Amount
Own Contribution @10%	1.30
Term Loan	4.81
Workign Capital Finance	6.90
Total	13.00

Beneficiary's Margin Money 10% of project cost

Special **General**
5% 10%

PLANT & MACHINERY

PARTICULARS	QTY.	RATE	AMOUNT IN RS.
Roller Mill Machine	1	40,000.00	40,000.00
Leaves Cutting Machine	1	25,000.00	25,000.00
Water Bath (Mixing Machine)	1	10,000.00	10,000.00
Powder Mixing Machine (Ball Mill Machine)	1	50,000.00	50,000.00
Edge Runner Machine	1	1,50,000.00	1,50,000.00
Pulverizer	1	1,00,000.00	1,00,000.00
Oil Storage Tanks	10	1,000.00	10,000.00
Laboratory Equipments	LS	25,000.00	25,000.00
Installation of plant & machinery @ 10%	LS	30,000.00	30,000.00
Total			4,40,000.00

COMPUTATION OF MANUFACTURING OF DHOOP BATTI

Manufacturing Capacity per day	128.00	KG
No. of Working Hour	8	
No of Working Days per month	25	
No. of Working Day per annum	300	
Total Production per Annum	38,400.00	KG
Year	Capacity	KG
	Utilisation	
IST YEAR	60%	23,040
IIND YEAR	65%	24,960
IIIRD YEAR	70%	26,880
IVTH YEAR	75%	28,800
VTH YEAR	80%	30,720

COMPUTATION OF RAW MATERIAL

Item Name		Quantity of	Recover	Unit Rate	Total Cost
		Raw Material KG	y	of /	Per Annum (100%)
Guggal	KG	360.00		200.00	72,000.00
Sandal Wood Powder	KG	360.00		600.00	2,16,000.00
Dhoop Wood	KG	3,600.00		40.00	1,44,000.00
Casalia Powder	KG	360.00		130.00	46,800.00
Charcoal Powder	KG	1,800.00		250.00	4,50,000.00
Groundnut shell	KG	9,000.00		6.00	54,000.00
Wood Dust/leaves of eucalyptus, tej patta etc.	KG	18,000.00		3.00	54,000.00

DEP (Diethyle phthalate oil)	Ltrs	3,600.00		100.00	3,60,000.00
Jigat Powder	KG	1,080.00		25.00	27,000.00
Compound of Perfumes	KG	720.00		1,000.00	7,20,000.00
Plasticizer	KG	360.00		30.00	10,800.00
Preservative	KG	36.00		150.00	5,400.00
Packaging Box	No s	9,00,000.0 0		0.75	6,75,000.00
Corrugated Box	No s	7,200.00		25.00	1,80,000.00
				Total	30,15,000.00
Annual Consumption cost				(In Lacs)	30.15

Raw Material Consumed	Capacity Utilisation	Amount (Rs.)
IST YEAR	60%	18.09
IIND YEAR	65%	19.60
IIIRD YEAR	70%	21.11
IVTH YEAR	75%	22.61
VTH YEAR	80%	24.12

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>Finished Goods</u>					
(30 Days requirement)	2.64	4.07	4.47	4.89	5.32
<u>Raw Material</u>					
(30 Days requirement)	1.81	1.96	2.11	2.26	2.41
Closing Stock	4.45	6.03	6.59	7.15	7.73

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Total Amount
Stock in Hand	4.45
Sundry Debtors	4.15
Total	8.60
Less:Sundry Creditors	0.90
Working Capital Requirement	7.66
Less:Margin	0.77
Working Capital Finance	6.90

COMPUTATION OF SALE

Particulars	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
Op Stock	-	2,304	2,496	2,688	2,880
Production	23,040	24,960	26,880	28,800	30,720
	23,040	27,264	29,376	31,488	33,600
Less : Closing Stock	2,304	2,496	2,688	2,880	3,072
Net Sale	20,736	24,768	26,688	28,608	30,528
Sale Price per Kg	200.00	204.00	208.08	212.24	216.49
Sale (in Lacs)	41.47	50.53	55.53	60.72	66.09

Note : The sticks will be packed in 20 gm,50gm,100gm etc packets for onward selling

At 100% capacity

Name of items	Quantity (Nos.)		Rate (Rs.)	Value (Rs.)
Dhoopbatti – 20 gms	5,00,000	Per Pkt	4.00	20,00,000.00
Dhoopbatti – 50 gms	3,00,000	Per Pkt	10.00	30,00,000.00
Dhoopbatti – 100 gms	1,00,000	Per Pkt	20.00	20,00,000.00
Dhoopbatti	3500	Per Kg	225.00	7,87,500.00
Total				77,87,500.00

PROJECTED BALANCE SHEET

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>SOURCES OF FUND</u>					
Capital Account	1.30	4.31	9.21	13.69	18.46
Retained Profit	8.00	10.91	11.47	12.77	14.10
Less Withdrawal	5.00	6.00	7.00	8.00	9.00
	4.31	9.21	13.69	18.46	23.56
Term Loan	4.81	3.60	2.40	1.20	-
Cash Credit	6.90	6.90	6.90	6.90	6.90
Sundry Creditors	0.90	0.98	1.06	1.13	1.21
Provisions & Other Liab	0.36	0.40	0.44	0.48	0.53
TOTAL :	17.27	21.09	24.48	28.17	31.69
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	4.90	4.90	4.90	4.90	4.90
Gross Dep.	0.69	1.29	1.81	2.26	2.64
Net Fixed Assets	4.22	3.61	3.09	2.64	2.26
Current Assets					
Sundry Debtors	4.15	5.05	5.55	6.07	6.61
Stock in Hand	4.45	6.03	6.59	7.15	7.73
Cash and Bank	1.96	3.40	5.25	7.30	9.08
Deposits & Advances	2.50	3.00	4.00	5.00	6.00
TOTAL :	17.27	21.09	24.48	28.17	31.69

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>A) SALES</u>					
Gross Sale	41.47	50.53	55.53	60.72	66.09
Total (A)	41.47	50.53	55.53	60.72	66.09
B) COST OF SALES					
Raw Mateiral Consumed	18.09	19.60	21.11	22.61	24.12
Elecricity Expenses	0.43	0.47	0.50	0.54	0.57
Repair & Maintenance	-	0.51	0.56	0.61	0.66
Labour & Wages	5.15	5.66	6.23	6.85	7.54
Depriciation	0.69	0.61	0.52	0.44	0.38
Consumables and Other Expenses	2.07	2.53	2.78	3.04	3.30
Cost of Production	26.43	29.37	31.69	34.09	36.57
Add: Opening Stock /WIP	-	2.64	4.07	4.47	4.89
Less: Closing Stock /WIP	2.64	4.07	4.47	4.89	5.32
Cost of Sales (B)	23.78	27.94	31.29	33.67	36.14
C) GROSS PROFIT (A-B)	17.69	22.59	24.25	27.05	29.94
	43%	45%	44%	45%	45%
D) Bank Interest (Term Loan)	0.41	0.50	0.36	0.22	0.08
Bank Interest (C.C. Limit)	0.69	0.69	0.69	0.69	0.69
E) Salary to Staff	5.68	6.24	6.87	7.55	8.31
F) Selling & Adm Expenses Exp.	2.90	3.54	3.89	4.25	4.63
TOTAL (D+E)	9.68	10.97	11.81	12.72	13.71
H) NET PROFIT	8.00	11.62	12.44	14.33	16.24
I) Taxation	-	0.71	0.97	1.55	2.14
J) PROFIT (After Tax)	8.00	10.91	11.47	12.77	14.10



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