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PROJECT REPORT

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PROJECT:

Incense Sticks (Agarbatti)

PROJECT REPORT

Of

INCENSE STICKS (AGARBATTI)

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Incense Sticks (Agarbatti)**

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.]

Agarbatti (incense sticks Manufacturing



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Brief Details: The burning of incense in religious and social functions has been practiced in India since ancient times. *Dhup*, an aromatic powder or paste, is burned in Indian homes as a fragrant fumigant and is reputed to possess insecticidal and antiseptic properties. Agarbattis are available in different colors and fragrances. The burning time of an agarbatti varies from 15 minutes to 3 hours, depending on quality and size. Agarbattis are also available in other forms such as dhoop (sticky paste or powder), deep (cones), and tablets.

About 75% of the agarbattis produced are of low quality, containing mainly charcoal or low-grade sandalwood powder mixed with about 50% "wood gum" powder. Cheap perfumes are used to provide fragrance. Superior varieties use essential oils, purified resins, and natural fixatives like amber, musk, and civet, along with synthetic aromatics.

Market:

Agarbatti Industry is one of the labour intensive cottage types of traditional industries in . Moreover; it is an export-oriented industry also. In fact, this is one the items considered for boosting exports. Owing to the low level of technology involved in this industry, this can be taken to rural /urban areas without much difficulty.

The entire production of the unit is presently supplied to resellers at Lucknow. However the firm is planning to establish own brand and start direct marketing to earn more profits.

PROJECTED BALANCE SHEET

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
<u>SOURCES OF FUND</u>					
Capital Account	0.76	0.76	0.76	0.76	0.76
Retained Profit	1.04	2.86	5.21	8.07	11.07
Term Loan	4.28	3.21	2.14	1.07	-
Cash Credit	1.45	1.45	1.45	1.45	1.45
Sundry Creditors	0.10	0.17	0.19	0.22	0.22
TOTAL :	7.64	8.45	9.75	11.57	13.50
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	5.95	5.95	5.95	5.95	5.95
Gross Dep.	0.84	1.56	2.18	2.71	3.16
Net Fixed Assets (WDV)	5.11	4.39	3.77	3.24	2.79
Current Assets					
Sundry Debtors	1.15	1.40	1.60	1.80	1.81
Stock in Hand	0.97	1.13	1.29	1.45	1.45
Cash and Bank	0.41	1.54	3.09	5.07	7.45
TOTAL :	7.64	8.45	9.75	11.57	13.50

PROJECTED CASH FLOW STATEMENT

PARTICULARS	IST YEAR	IIND YEAR	IIRD YEAR	IVTH YEAR	VTH YEAR
<u>SOURCES OF FUND</u>					
Share Capital	0.76				
Reserve & Surplus	1.49	2.60	3.35	4.09	4.29
Depriciation & Exp. W/off	0.84	0.72	0.62	0.53	0.46
Increase in Cash Credit	1.45	-	-	-	-
Increase In Term Loan	5.36	-	-	-	-
Increase in Creditors	0.10	0.07	0.02	0.02	-
TOTAL :	10.00	3.39	3.99	4.64	4.75
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	5.95	-	-	-	-
Increase in Stock	0.97	0.16	0.16	0.16	-
Increase in Debtors	1.15	0.25	0.20	0.20	0.01
Repayment of Term Loan (New)	1.07	1.07	1.07	1.07	1.07
Taxation	0.45	0.78	1.00	1.23	1.29
TOTAL :	9.58	2.26	2.44	2.66	2.37
Opening Cash & Bank Balance	-	0.41	1.54	3.09	5.07
Add : Surplus	0.41	1.12	1.55	1.98	2.38
Closing Cash & Bank Balance	0.41	1.54	3.09	5.07	7.45

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	IST YEAR	IIND YEAR	IIIRD YEAR	IVTH YEAR	VTH YEAR
Capacity Utilisation %	60%	70%	80%	90%	90%
<u>A) SALES</u>					
Gross Sale	11.29	13.76	15.74	17.72	17.82
Other Income	0.20	0.22	0.24	0.27	0.29
Total (A)	11.49	13.98	15.98	17.99	18.11
<u>B) COST OF SALES</u>					
Raw Mateiral Consumed	4.32	5.04	5.76	6.48	6.48
Elecricity Expenses	0.74	0.86	0.98	1.11	1.11
Repair & Maintenance	0.11	0.14	0.16	0.18	0.18
Labour & Wages	2.82	3.44	3.94	4.43	4.46
Depreciation	0.84	0.72	0.62	0.53	0.46
Cost of Production	8.83	10.20	11.46	12.73	12.68
Add: Opening Stock /WIP	-	0.53	0.62	0.71	0.80
Less: Closing Stock /WIP	0.53	0.62	0.71	0.80	0.80
Cost of Sales (B)	8.30	10.11	11.37	12.64	12.68
C) GROSS PROFIT (A-B)	3.19	3.87	4.62	5.35	5.43
	28%	28%	29%	30%	30%
D) Bank Interest (Term Loan)	0.57	0.45	0.32	0.20	0.08
Bank Interest (C.C. Limit)	-	-	-	-	-
F) Selling & Adm Expenses Exp.	1.13	0.83	0.94	1.06	1.07
TOTAL (D+E)	1.70	1.27	1.27	1.26	1.15
H) NET PROFIT	1.49	2.60	3.35	4.09	4.29
I) Taxation	0.45	0.78	1.00	1.23	1.29
J) PROFIT (After Tax)	1.04	1.82	2.34	2.86	3.00
K) DIVIDEND	-	-	-	-	-
L) RETAINED PROFIT	1.04	1.82	2.34	2.86	3.00

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