

# INCENSE STICKS MAKING

## 1. INTRODUCTION

The "Incense Sticks Making" project is a micro and small investment opportunity located in the picturesque region of Uttarakhand, India. Uttarakhand, often referred to as the "Devbhoomi" or Land of Gods, is known for its natural beauty, spiritual significance, and a rich tradition of incense usage. This project aims to harness the cultural and natural resources of Uttarakhand to create a thriving business venture in the incense sticks manufacturing sector.

## 2. PRODUCT & ITS APPLICATION

The primary product of this venture is high-quality incense sticks, also commonly known as agarbatti or dhup. These incense sticks are made using a blend of fragrant ingredients, including aromatic herbs, resins, and essential oils. They are widely used for religious and spiritual purposes, as well as for creating a pleasant ambiance in homes, temples, and meditation centers.

Incense sticks are an integral part of Indian culture and are in constant demand throughout the year, especially during festivals and special occasions. The product's applications also extend to aromatherapy and holistic healing practices, contributing to its growing popularity in the wellness industry.

## 3. DESIRED QUALIFICATION FOR PROMOTER

To successfully establish and operate an incense sticks manufacturing unit in Uttarakhand, entrepreneurs need to equip themselves with a blend of technical know-how, business acumen, and an understanding of regulatory compliances. A basic understanding of the incense manufacturing process, such as selecting and mixing fragrances, rolling techniques, and implementing quality control measures, is crucial. Additionally, possessing knowledge in business management, marketing, and financial planning is vital for ensuring the project's profitability and sustainability. Prospective business owners must also be familiar with the local regulations and licensing requirements specific to setting up and running a micro or small-scale manufacturing unit in the region. Given Uttarakhand's emphasis on natural preservation, a commitment to sustainable and eco-friendly production practices is essential. Furthermore, access to suitable land or rental facilities, raw materials, a reliable workforce, and an acute awareness of the market trends and consumer preferences in the incense industry are critical factors for ensuring product competitiveness and achieving market penetration.

## 4. INDUSTRY OUTLOOK AND TRENDS

The incense sticks manufacturing industry in India, particularly in the Uttarakhand region, is witnessing a period of steady growth, fueled by the country's deep-rooted spirituality, cultural traditions, and a growing emphasis on holistic well-being. Uttarakhand, known for being a major hub for spiritual tourism and pilgrimage, attracts millions of visitors each year, creating a robust market for incense products that are integral to religious rituals and meditation practices. Additionally, there's a rising demand for eco-friendly and organic products among consumers, presenting an opportunity for entrepreneurs to tap into this market by producing incense sticks made from organic and chemical-free materials, utilizing the locally sourced ingredients that Uttarakhand is rich in. The region's unique fragrant herbs and natural resources also position it well for tapping into international markets, suggesting that exploring export opportunities could significantly widen the scope of the business. Moreover, with the government of Uttarakhand actively promoting micro and small-scale industries through incentives and support, this venture aligns perfectly with state initiatives, potentially benefiting from various government schemes and subsidies aimed at uplifting local artisans and entrepreneurs.

## 5. MARKET POTENTIAL AND MARKETING ISSUES; IF ANY

The market potential for incense sticks in Uttarakhand and surrounding regions is driven by cultural, religious, and wellness factors. The area's religious significance, coupled with the growing global wellness trend, creates opportunities for specialized incense sticks tailored to religious practices and therapeutic needs. The tourist influx further adds potential, with strategic marketing aimed at tourists enhancing sales.

However, challenges include competition, requiring strong branding, and the critical aspect of maintaining consistent quality. Distribution network efficiency, especially in reaching remote areas, is crucial. The Indian incense stick market, valued between Rs 10,000 crore and Rs 12,000 crore, is anticipated to grow at 15% annually. Noteworthy companies include TataF Agarbatti, Moksh Agarbatti, and Bhavna Luxury Dhoop Sticks and Dhoop Cones. Other brands in the market include Mangaldeep, The Aroma Factory, Zed Black, Hem, Cycle Pure, Hari Darshan, Song of India, and Parag Fragrances.

## 6. RAW MATERIAL REQUIREMENTS

The production of incense sticks involves a meticulous selection of raw materials that contribute to their aroma, texture, and burning qualities. Central to this process is charcoal powder, known for its even burn and consistent fragrance release. Alongside, black premix powder—a blend of charcoal and brown wood powder—adds a smooth texture and distinctive color. Sawdust, particularly from machilus wood, is valued for its fragrance absorption qualities and is used to coat the upper portion of the sticks. Bamboo sticks form the core structure, ensuring stability during use. The fragrance of incense sticks comes from a variety of aromatic substances, including sandalwood, agarwood, herbs, spices, and resins, allowing for a wide range of scents that can be tailored to specific preferences. Binders like gum Arabic or jiggat are essential for cohering the fragrant materials to the bamboo sticks, with essential oils such as lavender, rose, and jasmine further enhancing the aroma and aiding in binding. Colorants, either natural or synthetic, are employed to give the sticks their unique visual appeal, while water is judiciously used to achieve the desired consistency in the mixture. The crafting of incense sticks is labor-intensive, with a typical composition by weight comprising around 21% herbal and wood powder, 35% fragrance material, 11% adhesive powder, and the remaining 33% as the bamboo stick.

**Here is the details of suppliers:**

- **Bamboo Traders** - Address: Subhash Colony Road, Rudrapur, Uttarakhand 263153
- **Prasatti Bamboo India Pvt Ltd** - Address: Ward no. 4, Kali Nagar Road, Dineshpur, Uttarakhand 263160
- **Vive Cosmetics**: +91 8699748774; Plot No. 773, Sector 82, JLPL, Ind. Area, Mohali, Punjab
- **Aadhunik Ayurveda Vitals**: Call/Whatsapp :+91-81-71-3076-01; +91-88-000-976-00; Email : aadhunikayurvedavitals@gmail.com

## 7. MANUFACTURING PROCESS

The manufacturing process of incense sticks is an intricate operation that unfolds through a series of carefully executed steps. Initially, bamboo sticks are trimmed to the required length and soaked in water to prevent ignition during subsequent stages. Concurrently, selected fragrant ingredients are purified and ground into a fine powder, while essential oils and binders are readied for use. Following preparation, these components are combined to form a dough-like mixture, with water added incrementally until the right consistency is achieved. This mixture is then either manually or mechanically applied onto the bamboo sticks, a procedure that demands meticulous attention to ensure even coating and maintain the uniformity of the sticks. After rolling, the incense sticks are spread out on racks or trays to air dry, a process that might

extend for several days based on the prevailing environmental conditions. Upon drying, a stringent quality control check is performed to identify and eliminate any sticks that fail to meet the set standards for aroma and burning properties. For packaging, the incense sticks are usually measured to a fixed length of 11 inches, with dimensions of 80–120 mm in width and 50 mm or less in height, utilizing materials such as Bopp, Opp, or Pp with a thickness of 30 microns or more. A standard box contains 50-60 sticks, with a carton accommodating 5 such boxes. Finally, the packaged incense sticks are distributed through various channels to reach retailers, wholesalers, or end consumers, aligning with the distribution strategy of the business. The Bureau of Indian Standards (BIS) code for incense sticks is IS: 13582. The BIS continuously checks standard marked products to ensure they conform to the standard.

## 8. MANPOWER REQUIREMENT

Sr. No	Particulars	No. of Person	Months	Monthly Wages Amount/Pers on (Rs in Lakhs)	Monthly Wages - Total (Rs in Lakhs)	Annual Expenses (Rs in Lakhs)
1	Skilled	2	12	0.15	0.30	3.60
2	Semi-skilled	1	12	0.12	0.12	1.44
3	Unskilled	2	12	0.10	0.20	2.40
	<b>Total</b>					<b>7.44</b>

## 9. IMPLEMENTATION SCHEDULE

Sr. No.	Activity	Time Required (in months)
1	Acquisition of premises	2
2	Construction (if applicable)	1
3	Procurement & installation of Plant & Machinery	3
4	Arrangement of Finance	1
5	Recruitment of required manpower	2
<b>Total time required (some activities shall run concurrently)</b>		<b>9</b>

## 10. COST OF PROJECT

Sr. No.	Particulars	Amount (Rs in Lakhs)
1	Pre-operative Expenses	4.00
2	Land and Building	6.00
3	Machinery	3.69
4	Equipment and Furniture	0.66
5	Working Capital	8.00
	<b>Total Project Cost</b>	<b>22.35</b>

Assumed production capacity is 15000-18000 cartons per annum and 50-60 cartons a day.

## 11. MEANS OF FINANCE

Bank-term loans are assumed @ 75 % of fixed assets.

Sr. No.	Particulars	Percentage Share	Amount (Rs in Lakhs)
1	Promoter's Contribution	25%	5.59
2	Bank Finance	75%	16.76
	<b>Total</b>		<b>22.35</b>

## 12.LIST OF MACHINERY REQUIRED

### A. Machinery

Sr. No	Particulars	Unit	Unit Cost (Rs in Lakhs)	Total Amount (Rs in Lakhs)
1	Incense Stick Making Machine	1	1.25	1.25
2	Mixing Machine	1	0.25	0.25
3	Drying Trays	10	0.015	0.15
4	Weighing Scale	1	0.035	0.04
5	Packaging Machine	1	0.20	0.20
6	Raw Material Storage Containers	5	0.04	0.20
7	Quality Control Equipment	1	0.15	0.15
8	Air Compressor	1	0.20	0.20
9	Sealing Machine	1	0.07	0.07
10	Office Computer	1	0.15	0.15
11	Office Furniture	1	0.07	0.07
12	Miscellaneous Tools and Equipment	-	0.10	0.10
	<b>Total Amount</b>			<b>2.83</b>
	Tax, Transportation, Insurance, etc.			0.57
	Electrification Expenses (Wiring)			0.29
	<b>Grand Total</b>			<b>3.69</b>

### B. Furniture & Equipment

Sr. No	Particulars	Unit	Unit Cost (Rs in Lakhs)	Total Amount (Rs in Lakhs)
1	Office Desk	2	0.15	0.30
2	Office Chairs	4	0.06	0.24
3	Shelves/Racks	3	0.04	0.12
	<b>Total Amount in Rs</b>			<b>0.66</b>

- **Veenus Engineerings:** Offers stainless steel incense stick making machines in Bengaluru, Karnataka
- **Krishna Fab Tech:** Offers bamboo less incense stick making machines, 6G Eco Model, and 6G Pro Model for agarbatti making machines
- **DS Industries:** Offers automatic stainless steel agarbatti making machines in Kolkata, West Bengal
- **Harikrishna Engineering:** Offers 5G incense stick making machines located in Ahmedabad-382430, Gujarat.

## 13. SALES REALIZATION CALCULATION

Sr. No	Product	Quantity (in caton)	Total Sales (Rs in Lakhs)
1	Incense sticks - Various	20000	35.00
	<b>Total</b>		<b>35.00</b>

## 14. PROFITABILITY CALCULATIONS

Sr. No	Particulars - Amount (Rs.)	Year-I (Rs in Lakhs)
A.	<b>Sales Realization</b>	
	Sales (Assuming 15% growth per year)	35.00
	Other Income (Assuming constant)	
	Total Sales Realization	35.00
B.	<b>Cost of Production</b>	
	i) Raw Materials	14.00
	ii) Utilities (Assuming constant)	0.35
	iii) Manpower (Salaries/wages)	7.44
	iv) Administrative Expenses (Assuming constant)	0.28
	v) Selling & Distribution Expenses (Assuming constant)	0.42
	viii) Interest (Assuming constant)	2.24
	Total Cost of Production	24.73
	No of Units Produced	20,604
	Cost of Goods Sold	0.0012
	Gross Profit/Loss (A – B)	10.28
	Less: Depreciation	1.79
C.	<b>PBIT (Profit Before Interest and Tax)</b>	<b>8.49</b>
D.	<b>Income-tax (Assuming 28% tax rate)</b>	<b>2.38</b>
E.	<b>Net Profit/Loss (C - D)</b>	<b>6.12</b>
F.	<b>Repayment</b>	<b>2.24</b>
	Retained Surplus (E - F)	3.88

## 15. BREAKEVEN ANALYSIS

Fixed Cost	Rs in Lakhs
Depreciation	1.79
Interest	2.24
Manpower	2.23
<b>Total Fixed cost</b>	<b>6.26</b>
<b>Variable cost</b>	
Raw materials	14
Utilities	0.35
ManPower	5.21
Administrative expenses	0.28
Selling & distribution expenses	0.42
<b>Total Variable cost</b>	<b>20.26</b>
<b>Contribution margin</b>	<b>20%</b>
Break-Even Point in Value	31.30

## 16. STATUTORY/GOVERNMENT APPROVALS

To commence the business of incense stick manufacturing in Uttarakhand, several statutory and government approvals are required to ensure legal compliance. These approvals include:

1. **Registration of Business:** Register the business with relevant authorities, such as the Uttarakhand State Industrial Development Corporation (USIDC). USIDC plays a pivotal role

in facilitating investments, providing infrastructure support, and fostering industrial growth within the state.

2. **Factory Licensing:** If the manufacturing unit falls under the definition of a factory as per the Factories Act, obtain licensing from the Directorate of Factories and Boilers. This department oversees industrial safety, health, and boiler-related matters in various states.
3. **Environmental Clearance:** Obtain environmental clearance from both the State Pollution Control Board (SPCB) and the Ministry of Environment, Forest and Climate Change (MoEFCC). Compliance with environmental regulations is crucial, as non-compliance may lead to fines, legal actions, and even closure of non-compliant units. Environmental clearances are essential to ensure eco-friendly and sustainable manufacturing practices.
4. **BIS Certification:** Secure certification from the Bureau of Indian Standards (BIS) for product testing and compliance. BIS certification is mandated by various government departments and ministries to ensure product safety, quality, and adherence to specified standards. It guarantees uniformity, consistency, and safety standards for the product. The BIS also has a tentative standard for agarbattis, IS 13582 (1992). Manufacturers and producers can contact the BIS for details on the conditions for obtaining a license to use the Standard Mark.
5. **Tax Registration:** Register for applicable taxes, such as the Goods and Services Tax (GST), depending on the type and turnover of the business. Tax registration is mandatory to comply with tax regulations and ensure proper tax filing and payment.
6. **Customs and Duties:** If the manufacturing unit involves importing or exporting materials, adhere to customs and duties regulations related to international trade. These regulations are essential for the regulation, control, and revenue generation associated with international trade.

## 17. BACKWARD AND FORWARD INTEGRATIONS

### Backward Integration:

- **Raw Material Production:** Backward integration can involve the cultivation and production of raw materials used in incense stick manufacturing, such as bamboo sticks, sawdust, or specific herbs and spices for fragrances.
- **Essential Oil Extraction:** If the project requires specific fragrances, backward integration may include establishing facilities for essential oil extraction from natural sources like flowers, woods, or herbs.
- **Bamboo Plantations:** For incense stick sticks made from bamboo, backward integration may involve bamboo cultivation or even ownership of bamboo plantations to ensure a consistent and quality supply of raw material.
- **Manufacturing of Specialized Machinery:** Backward integration can extend to manufacturing or acquiring specialized machinery used in the production process, such as machines for bamboo splitting or powder mixing.

### Forward Integration:

- **Brand Retail Outlets:** Forward integration can involve establishing and managing retail outlets to sell incense sticks directly to consumers. This enhances brand visibility and allows for direct interaction with customers.
- **E-commerce Platforms:** Setting up an online presence through e-commerce platforms enables the direct sale of incense sticks to a global audience. This can involve creating an official website or partnering with existing online marketplaces.
- **Diversification into Related Products:** Forward integration might include diversification into related products such as aromatic candles, essential oils, or other home fragrance items, creating a comprehensive product line for consumers.

- **Export and Distribution Channels:** Establishing or strengthening export channels and distribution networks can be a form of forward integration, allowing the incense sticks to reach international markets and diverse retail outlets.
- **Branded Specialty Stores:** Opening branded specialty stores focused exclusively on incense sticks and related products can create a unique shopping experience and strengthen the brand's presence in the market.
- **Customized Fragrance Services:** Offering customized fragrance services where customers can personalize the scents of their incense sticks can be a forward integration strategy to cater to specific preferences.

## 18. TRAINING CENTERS AND COURSES

There are many different training centers and courses available for learning how to make incense sticks. Some of the most popular options include:

The Sangneria Foundation in India offers a three-day residential training program that covers all aspects of incense stick making, from preparation of the raw materials to packaging and marketing.

The FFDC in India offers an online training course that teaches students how to make different types of incense sticks, including hand-rolled, coated, and masala agarbatti.

The YouTube channel "Agarbatti Making" has a number of videos that demonstrate the incense stick making process.

In addition to these formal training options, there are also a number of books and websites that can provide information on how to make incense sticks.

Swayam portal (link: <https://swayam.gov.in/>) can also be accessed for enhanced learning on business commerce, accounting, production, marketing, and areas of entrepreneurship.

### Disclaimer

Only few machine manufacturers/institutes are mentioned in the profile, although many machine manufacturers/institutes are available in the market. The addresses given for machinery manufacturers/institutes have been taken from reliable sources, to the best of knowledge and contacts. However, no responsibility is admitted, in case any inadvertent error or incorrectness is noticed therein. Further the same have been given by way of information only and do not carry any recommendation.

