

**PROJECT PROFILE
ON SANDALWOOD
POWDER**

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INTRODUCTION

Sandalwood is an aromatic evergreen tree of the genus Santalum with a hefty, yellow and fine-grained wood, which was an integral part of perfumes, fragrances, colognes for times immemorial. Sandalwood oil and powder are used extensively for its impressive beauty and health incentives. It is second costliest wood in the world after African Blackwood and its unique scent is highly prized in ancient medicines for its innumerable therapeutic properties.

Sandalwood is very expensive and it is used for making various articles. The Indian sandalwood is perhaps the planet's most expensive wood because of its cosmetic and therapeutic value. There is huge international demand for it with its highly priced fragrant heartwood. This tree grows very well in South Indian soil especially in Karnataka, Tamil Nadu and Andhra Pradesh. There was no cultivation on private agricultural land in the rest of the country. But a policy change in Karnataka and Tamil Nadu in 2001 and 2002 respectively allowed people to grow sandalwood. This inspired other states. Since past decade, large agricultural land came under sandalwood cultivation in Andhra Pradesh, Madhya Pradesh, Gujarat, Maharashtra and Uttarakhand apart from Karnataka and Tamil Nadu. The sandalwood plantation area is ever increasing, according to an estimate by the Institute of Wood Science and Technology (IWST), Bengaluru, a pioneering institute for sandalwood research. This will help revive the country's lost glory in the sandalwood trade. Now, Australia is the highest producer of Sandalwood.

PRODUCTS AND ITS APPLICATION

Sandalwood is used for various purposes – powder making, sandalwood oil, beauty products, Ayurvedic medicine, etc. Sandalwood powder is aromatic powder of sandalwood. It is mainly used for religious purposes like puja. It is applied as tilak on forehead in puja and religious rituals. When applied as paste on skin, it helps cures facial outbreaks, acne, blackheads and rashes. The paste also makes skin glow and moisturize the skin. The powder also used as cooling & healing, fragrant freshness and baby care. Sandalwood powder is the main ingredient for sandalwood oil, soap, agarbatti, perfume, etc.

DESIRED QUALIFICATION FOR PROMOTER

The promoter does not require any specific skills.

INDUSTRY OUTLOOK/TREND

Sandalwood powder is exported to various parts of the world from India. Some of the prominent importers of Indian sandalwood powders are USA, Nepal, Bangladesh, Indonesia, UAE, France and Philippines. India exported around Rs. 59,401.54 lakhs of sandalwood powder during 2020-21. The export growth is around 6.57 percent.

HS Code: 33049990

Year	Exports Value in Rs. Lakhs
2021-22 (April-June)	22,076.44
2020-21	59,401.54
2019-20	55,738.30
2018-19	53,358.74

Source: Ministry of Commerce & Industries, Govt. of India

MARKET POTENTIAL AND MARKETING ISSUES, IF ANY

Sandalwood is very expensive and it is used for making various stuffs. India slips from export status to import of sandalwood oil. Kannauj is the place for Sandalwood Oil and Attar. Due to high demand for sandalwood oil for making attar, Kannauj became the hub for distilling it even though most of the wood actually grew in the southern states of Karnataka and Tamil Nadu. After the policy change of private plantation, and several other government initiatives, sandalwood farming has been increasing in India. This will pave the way for raw material requirement for the entrepreneurs. The perfume industry and beauty products industries in the world is growing at a significant rate. The demand for Indian sandalwood is always high in the world. There are no marketing issues related to sandalwood powder.

RAW MATERIAL REQUIREMENTS (per month)

Sl. No.	Particulars	Value
1	Chips of Heartwood and sapwoods of sandalwoods	8,00,000
2	Packaging materials	50,000
	Total	8,50,000

PRESUMPTIONS

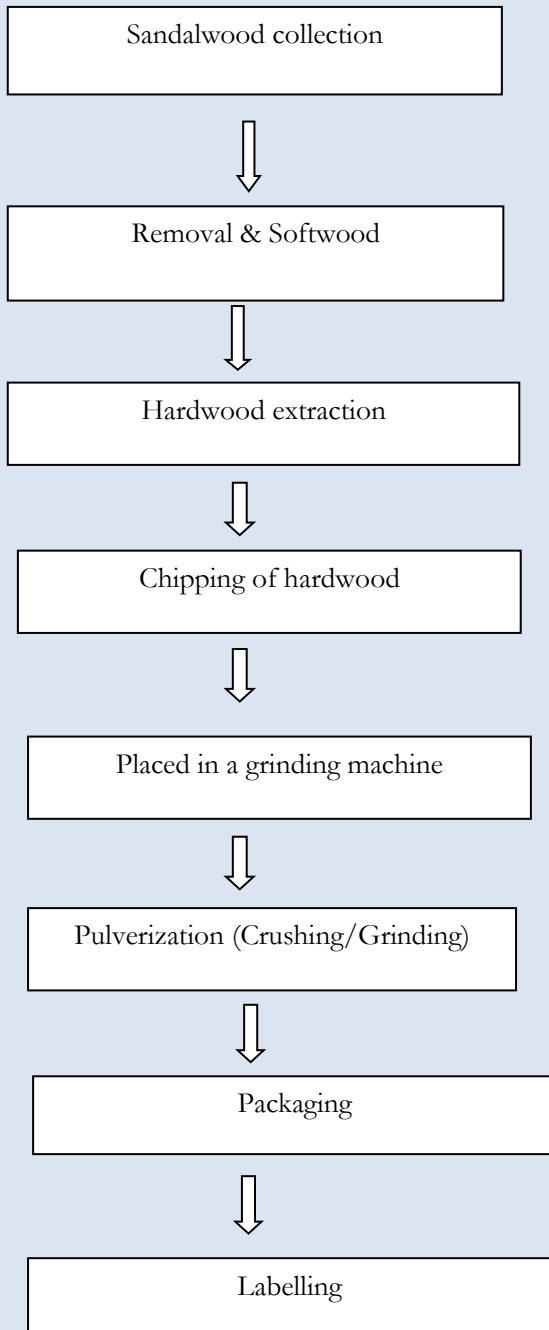
- Plants are operating 300 days in a year. It will work 8 hours shift
- Machine can crush 5 kg chips per hour
- Pre-operative expense include registration, project DPR, loan sanctioning cost, etc.
- Capacity utilization of the plant is 70%, 80%, 90% in 1st year, 2nd year and 3rd year respectively.

MANUFACTURING PROCESS

Sandal wood trees are harvested at the age of 30-60 years. Sandal is considered to be a slow growing tree. It grows at the rate of 5 cm. of girth or more per year under favorable soil and moisture conditions. The heartwood formation starts around ten years of age. The soft wood is first removed; the hard wood is chipped and then

converted into powder in a mill or machine. **Later it is pulverized to get the grind materials.** Those powders are packed in different pack size and label those packs.

The general process flow chart for Sandalwood Powder is given below:



MANPOWER REQUIREMENT (PER MONTH)

Type	Number	Cost (Rs.)
Wages of Labour		
Manager cum owner	1	30,000
Machine operator	1	12,000
Helper cum sweeper	1	8,000
Sub-total per month		50,000
Sub-total per year (in Rs. Lakh)		6.00
Salary of staffs		
Marketing personal	1	15,000
Sub-total per month		15,000
Sub-total per year (in Rs. Lakh)		1.80

LAND

Particulars	Units	Total Area	Rate per month (INR)	Total Cost per year (INR Lakh)
Land (own/lease)	Sq. Ft.	700		30.00
Covered area	Sq. Ft.	500	2000	10.00

MACHINERY SPECIFICATIONS

The Sandalwood logs of small size are placed on the circular shaped grinding stone. Crush the chips using a mortar pestle - the motor rotates the grinding stone over the sandalwood log, a small quantity of water gets added with the result that a smooth Sandalwood paste is formed. Total cost of the machineries is INR 40,000.

Particulars	Capacity	Unit Cost (INR)
Cost of furniture & fixtures	Lumpsum	20,000
Tricycle Mounted Sprayer	Capacity 5kg/hour	40,000
Total		60,000

UTILITIES & CONTINGENCIES (per month)

Sl. No	Particulars	Cost (Rs.)
1	Electricity	2,000
2	Contingencies	3,000
2.1	Postage and stationery	2,000
2.2	Advertisement & publicity	5,000
2.3	Repair & maintenance	1,000

2.4	Storage	3,000
2.5	Transportation	5,000
2.6	Insurance, taxes, and telephone bills	2,000
2.7	Unforeseen expense	2,000
	Total	25,000

WORKING CAPITAL ASSESSMENT (per month)

Particulars	Value (in INR)
Manpower	65,000
Electricity	2,000
Contingencies	3,000
Raw materials	8,50,000
Total Recurring expenditure per month	9,20,000
Total for 3 months	27,60,000

CAPITAL INVESTMENT

Sl. No	Particulars	Cost (Rs. Lakh)
1	Land	40.00
2	Plant & Machinery and Furniture	0.60
3	Preoperative Expenses	0.50
	Total Fixed Capital	4.20
4	Working Capital (for 3 months)	27.60
	Total	72.90

IMPLEMENTATION SCHEDULE

Project Stages	Months.....			
	1	2	3	4
Acquisition of Land				
Ordering of Machinery				
Delivery of Machinery				
Term/Working Loan Sanction				
Installation of Machinery				
Commissioning of Plant				
RM/Inputs Procurement				
Manpower Appointments				
Commercial Production				

SALES REVENUE

Computation of sale					
Particulars	1st year	2nd year	3rd year	4th year	5th year
Op Stock (MT)		0.70	0.96	1.10	1.20
Production (MT)	7.04	9.60	10.8	10.8	10.8
Less: Closing Stock (MT)	0.70	0.96	1.10	1.20	1.21

Net Sale	6.34	9.34	10.66	10.7	10.79
sale price per KG	1600	1700	1800	1900	2000
Sales (in Lacs)	95.10	149.44	181.22	192.60	205.01

PROFITABILITY CALCULATION

Sl. No	Particulars	1 st year	2 nd year	3 rd year	4 th year	5 th year
	Capacity Utilization (%)	60	80	90	90	90
A	Gross Sales (INR Lakh)	95.10	149.44	181.22	192.60	205.01
	Cost of Sales					
B1	Raw Materials (INR Lakh)	72.00	100.80	118.80	124.20	129.60
B2	Electricity (INR Lakh)	0.24	0.24	0.24	0.24	0.24
B3	Contingencies (INR Lakh)	0.36	0.36	0.36	0.36	0.36
B4	Wages (INR Lakh)	4.00	6.00	6.60	7.20	7.90
B5	Packaging cost & overheads (INR Lakh)	4.00	6.00	6.60	7.20	7.90
B	Cost of Production (INR Lakh)	80.60	113.40	132.60	139.20	146.00
	Add opening stock (INR Lakh)	0.00	13.30	19.20	23.10	26.40
	Less closing stock (INR Lakh)	12.60	18.24	22.00	25.20	26.62
B	Cost of sales (per year) (INR Lakh)	68.00	108.46	129.80	137.10	145.78
C	Gross Profit (INR Lakh)	27.10	40.98	51.42	55.50	59.23
D	Interest on Capital Investment (INR Lakh) @10%	6.79	6.79	6.79	6.79	6.79
E	Salary	1.20	1.80	1.98	2.18	2.40
F	Marketing & Admin Expense	1.20	1.80	1.80	1.80	1.80
G	Depreciation of machineries @10%	0.06	0.06	0.05	0.05	0.05
H	Depreciation of building @10%	1.0	0.90	0.81	0.73	0.66
	Total (D+E+F+G+H)	10.25	11.35	11.43	11.55	11.7
H	Net Profit	16.85	29.63	39.99	43.95	47.53
I	Tax @30%	5.06	8.89	12.00	13.19	14.26
J	Profit after taxation	11.80	20.74	27.99	30.77	33.27

BREAK EVEN POINT ANALYSIS

Sl. No	Particulars	Cost (Rs. Lakh)
1	Depreciation on machineries @ 10%	0.06
2	Depreciation on building @ 10%	1.00
3	Interest on capital investment @10%	6.79
4	40% of salary and wages	2.08
5	40% of the utilities and contingent expense	1.20
6	Insurance	0.12
7	Total Fixed Cost	11.25
	Net profit 1 st year	11.80
	BE Point: $\text{Net profit} \times 100 / \text{Net Profit} + \text{Fixed Cost}$	51.19%

Reference:

- 10th National Grassroots Innovation and Outstanding Traditional Knowledge Awards – 2019, https://nif.org.in/dwn_files/10th-award-book-2019.pdf
- Video link-
Sandalwood Powder Making: <https://www.youtube.com/watch?v=-JBck46pMu4>

MANUFACTURES/ SUPPLIERS OF MACHINERY

- INVENTO PROCESSING TOOLS PVT. LTD., Mr Swapnil Jagtap-,623, Station Road, Near station road, At post - Shendurni, Ta - Jamner, Jalgaon, Maharashtra, 424204, India
- Shri Krishna Pulverisers, Rishabh Rai Khare (Managing Director) Shri Krishna Pulverisers, 30, Kalpi Road Industrial Estate, Shastri Nagar, Kanpur - 208012, Uttar Pradesh, India
- Shree Hari Enterprise, No. 40, Jimmy Towers, Opposite Swaminarayan Gurukul Gondal Road, Bhakti Nagar, Rajkot-360002, Gujarat, India

REQUIREMENT:

MSME & GST registration, IEC Code for Export of end products and local authority clearance may be required for Shops and Establishment, for Fire and Safety requirement and registration for ESI, PF and Labour laws may be required if applicable.

DISCLAIMER:

This is an indicative illustration of project profile; the above calculation can vary with the locations. Only few machine manufacturers are mentioned in the profile, although many machine manufacturers are available in the market. The addresses given for machinery manufacturers 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.

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